

Republic of Macedonia

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The Republic of Macedonia has not been spared the ramifications of the economic recession, with market commentators noting a decreased number of business deals including M&A undertakings and overall investment activities. Accordingly, Quarter 1 (Q1) figures highlighted this stagnation of global M&A deal activities in the Macedonian market.

However, Q1 did prove that there are still deals to be made. According to Sanja Veljanovska, junior partner at Mens Legis Law Firm, which is primarily based in Skopje, one notable transaction was the sale and purchase of the Stater bank JSC Kumanovo, which was under the majority ownership of Milestone EHF Iceland. 100% of the shares of the bank were purchased by Central Cooperative Bank JSC from Sofia, Bulgaria, which plans to make a complete accession of Stater Bank JSC Kumanovo, after which the bank will terminate its activities. Mens Legis was engaged in the sale-purchase of Stater Bank, acting as legal adviser on the side of one of the bidders.

Mrs. Veljanovska added: “Apart from this activity, there were numerous other deals of note in 2009, for which Mens Legis acted as adviser – including the biggest business transaction in Macedonia on record for the year. This was the deal of purchase of the second largest mobile telephone operator in the country, Cosmofon AD Skopje, which was acquired by Telekom Slovenije through the purchase of 100% of the shares of its founder, OTE MTS Holding B.V Netherlands, a Special Purpose Vehicle Company of COSMOTE Mobile Communications S.A. Greece. This was significant – as a complex cross border business deal involving diverse legislation.”

When asked to discern some of the key legal challenges associated with acquiring businesses in Macedonia, Mrs. Veljanovska identified the major challenges as those arising from unregulated and uncertain property rights and relations. She noted: “The historical nationalisation of the land still creates difficulties pertaining to present land relations. For example, since there are still land parcels in state ownership waiting to be privatised, the privatisation procedures can last for a significant amount of time. This results in a lack of stability and certainty for investors, who, in absence of enough guarantees for their investments, often withdraw from business deals. Those who still decide to invest are faced with a high level of bureaucracy and long procedures for resolving these issues.”

Established in 1995, Mens Legis has positioned itself as one of the leading law firms in the Republic of Macedonia, advising a wide range of large corporations, private equity funds and financial institutions based both nationally and abroad, as well as maintaining beneficial relationships with regulatory bodies and public institutions.

Mrs. Veljanovska added that even though the Macedonian market is relatively small from a global point of view, its geopolitical location on the crossroad between East and West still places it on the investment map. She said: “Our government is working continuously on attracting foreign investments, by creating legal and tax incentives as well as other benefits for the investors. Co-operation of the economic chambers and organised meetings between the

Macedonian and foreign businessmen are also invaluable contributions to the economic exchange and co-operation between countries.”

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