

# Ukraine Hosts Local and International Counsels

**O**n 26-29 June Ukraine became the host country of the 8th CIS Local Counsel Forum. For the first time the event was held in two cities — Kiev and Odessa. The ultimate goal of the venue to be a platform for communication between local and international counsels enables to attract delegates to various points of the forum's location.

Forum co-chair Dr. **Irina Paliashvili, RULG-Ukrainian Legal Group** (Kiev) opened the management hour, where the delegates had an opportunity to discuss the recent Western trends of legal business. These covered digitalization as a recent tool of cost cutting policy. However, this trend goes further than technological innovations. Mrs. Paliashvili drew attention to the occurrence of legal outsourcing. Thus, in terms of cost saving it is a usual practice for English law firms to arrange the outsourcing of legal tasks to India.

## CIS competition follow up

**Vassily Rudomino**, senior partner of **Alrud** (Moscow), provided delegates with the latest competition law update in the CIS.

He singled out the growing importance of the Eurasian Economic Commission (EEC). In October 2012 the criteria



aimed at the establishment of unified competition rules for member-states (Russia, Belarus, Kazakhstan) were adopted. In March 2013 the Protocol of intention was signed between the EEC and antimonopoly authorities of the Customs Union to develop a common strategy of competition development in member states. It is notable that Ukraine began to take part in the mentioned initiative.

According to Mr. Rudomino, these processes at supranational level affect the practice of competition lawyers. For

example, in the analysis of territorial restrictions in agreements the rules of the EEC should be taken into account.

Elaboration of the new model competition law in the framework of the Common Economic Space (CES) continues and it is expected to be adopted in 3 years. And again Ukraine is likely to join this process as well.

Certainly this incentive attempts to decrease the scope of legal work at national levels and increase it at the supranational one. This also enhances coopera-



tion of lawyers from different jurisdictions caused by policy integration.

The Interstate Council on Antimonopoly Policy demonstrates several important developments. The most interesting one touches upon a working group for investigating pricing at the oil and petroleum products market, working groups on food products and pharmaceuticals.

## Ukraine and its regions

The developments of regional legal markets in Ukraine were presented at the special showcase. The panelists examined the key trends they experience across their regions.

**Andriy Hrynychuk**, managing partner of **Hrynychuk Mazur & Partners** (Lvov), emphasized that the major push for infrastructure projects has been caused by the EURO 2012 championship. The key regional distinction — absence of “big capital.

The typical legal business in the region falls into a frame of up to 10 lawyers. On average — 3-5 lawyers make up a middle-sized law firm in Lvov. The major clients are regional companies and foreign investors. The firms do not follow narrow specialization, and nor do they have typical for big law firms departments such as PR, marketing, HR, etc. The striking difference is an absence of tenders as such. “The client prefers not to change counsels and to hire the single one to support the whole range of its projects”, the speaker concluded.

**Olena Kibenko**, managing partner of **Kibenko, Onika & Partners** (Kharkov), stressed that the Eastern region benefits



from the preserved industrial strength that enables local counsels to attract solid clientele. In addition, the city of Kharkov is a native land for several Ukrainian business groups. Being a center for legal education, the city has a lot of young practitioners. “The legal business is quite structured and more developed compared to other regions”, noted Mrs. Kibenko. This is specified by the nature of clients that intent to hire external legal counsels. Unlikely other regions like Donetsk or Dnepropetrovsk, where industrial clients traditionally have big legal departments and opposite to Lvov, the client may hire different counsels according to projects specifics. Tenders are the common practice here.

The image of a typical Kharkov law firm is as follows: 2-3 partners, widespread sole management, 10-20 lawyers, and a minimum number of administrative staff (the functions are spread among lawyers or are outsourced). Notably, the average rate for partners is EUR 100. This advantage enables regional players to attract foreign clients.

**Andriy Selyutin**, head of South Ukrainian Branch of **Arzinger** (Odessa), pointed out that sea port status and climate conditions determine the region's economic development. Transportation, wine production, local retail chains enjoy development here. The situation with real estate is better than in other regions of Ukraine. At the same time, big business groups are absent in Odessa. Local law firms are focused on servicing foreign investors carrying out projects in the region and compete for middle-sized customers. The typical structure of the Odessa legal market covers a huge number of private practicing lawyers and a quite limited number of law firms.

## Russia in facts and figures

**Sergey Pepeliaev**, managing partner of **Pepeliaev Group** (Moscow), provided a brief overview of the recent news and legislative developments in Russia.

Thus, on the eve of the Forum6 the Supreme Arbitration Court of the Russian Federation retained in force the decision of the Moscow court according to which judicial costs in the amount of RUB 32 million (more than USD 1 million) were levied from the supermarket chain BILLA. In Russia this case has been tagged as “Kill BILLA”.

“This astronomical sum is the first one, but not the last. The development of judicial costs recovery is a trend of our court system,” he said. Notable that last year the first landmark decision of the Supreme Arbitration Court was adopted and judicial costs of USD 5,000 were recovered. Mr. Pepeliaev expressed his vision that recovery of judicial costs is a very important measure to bring discipline to state administration. “As long as state authorities do not start paying for their mistakes, there will be no progress in interaction between business and state authorities,” he added.





Furthermore, the recent Russian trend of judicial costs recovery from tax authorities resulted in a sharp decrease in tax disputes in arbitration courts of Russia. Indeed, in the tax section of the Doing Business survey Russia migrated from 120nd position to 63rd.

As Sergey Pepeliaev said, while doing legal business in Russia it is crucial to bear in mind that the number of new laws adopted by the Russian Parliament is astronomical. For instance, in 2012 380 federal laws were adopted and entailed new subordinate legislation — 5,600 by-laws were registered by the Ministry of Justice over the past year. For this reason, Russian lawyers are not able to learn all of them and the specialization is extremely important on this market.

**Dmitry Afanasiev**, Forum co-chair, **Egorov Puginsky Afanasiev & Partners** pointed out that recently on the legal front the major trends in Russia are deoffshorization efforts which are considered to make Russian jurisdiction more attractive. “I am very pleased that some of the ideas discussed at this Forum in previous years found their way into being implemented”, he said.

According to Mr. Pepeliaev, this is a political decision, which is converted into practice in reform of civil legislation, which becomes more suitable for corporate deals, change of judicial practice (e.g., there are several decisions on non-arbitrability of corporate disputes, development of practice regarding shareholder agreements).

### Legal infrastructure industry

Summarizing the European and CIS experience in designing legal infrastruc-



ture industry, the organizers introduced a dedicated panel to discuss its increasing role for legal markets.

Commenting on the current state of play with the professional media in Ukraine, **Olga Usenko**, head of research programs at **Yuridicheskaya Praktika Publishing**, emphasized that the publishing group is following its principal strategy of a diversified production line. This includes a wide range of publications and events of a different frequency and target audience.

**Alexander Moskovkin**, deputy CEO of **Lexpro** (Moscow), said that the most requested consulting in Russia was centered in the IT field. “Advising our clients in this particular area, we usually recommend them to hire an IT specialist”, he said.

Describing the role of legal directories as an essential for the legal market, **Nick Eastwell**, consultant at **Kinstellar**, session’s moderator, listed a Western understanding of what is called “legal directory”. The panellists agreed on the importance of national directories in Ukraine.

“Ukrainian Law Firms. A Handbook for Foreign Clients, which is produced annually, provides an in-depth analysis of market players’ activity across the major practice areas and industrial specializations. Such a broad number of sections is a crucial advantage of the national directory”, Ms. Usenko said, sharing her editorial experience.

“All legal marketing tools may work if they are applied in the right place at the right time”, Mr. Moskovkin added. In his opinion, a really efficient way to attract clients is actually networking, which broadens the personal connections base.

The key communication channels of Ukrainian legal marketing remain the same. “We observed that marketing specialists try to introduce a sort of innovation and invent a new cover for the same filling”, Ms. Usenko said. This results in a growing number of webinars, video blogs and new approaches towards event activity. In the framework of events’ activity, a strong industrial focus with targeting of sharp practices is the recent trend in Ukraine.

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*Following the tradition to change the hosting jurisdiction, the next venue has been confirmed to be in Sochi, Russia.*

