NORTH MACEDONIA

Country Report on Commercial and Investment Arbitration
Legal Framework

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I. COMMERCIAL ARBITRATION

1. What domestic law(s) regulate(s) commercial arbitration in your country?

a. Is this legislation applicable to both domestic and international arbitration? Are these rules based on the UNCITRAL Model Law? If yes, what are the meaningful differences?

b. How are the laws aligned with European rules/regulations and what is the status of progress reports of the EU (except for Croatia)?

c. Are there any legislative initiatives ongoing to amend the domestic law? If yes, on what aspect of the arbitration law(s) and for which reasons?

d. By your expertise, is the legislative framework efficient and effective?

In the Republic of North Macedonia, the legal framework regarding arbitration is set in two separate laws: The Law on International Commercial Arbitration of the Republic of Macedonia (hereinafter LICA) and the Civil Procedure Act (hereinafter CPA). The LICA applies to international commercial arbitration if the place of arbitration is on the territory of Republic of North Macedonia.[2] The CPA rules applies to internal (domestic) arbitration before selected courts whose seat is in the Republic of North Macedonia.[3]

Current provisions governing international arbitration in North Macedonia are set in the LICA. LICA was enacted in 2006 and it is predominantly based on the internationally recognized model rules of the UNCITRAL Model Law on International Commercial Arbitration of 1985 (hereinafter UNCITRAL Model Law). The current legislation has not yet implemented the amendments of the UNCITRAL Model Law of 2006. The LICA directly refers to the New York Convention on Recognition and Enforcement of Foreign Arbitral Awards of 1958 regarding the recognition and enforcement of foreign arbitral awards. Since the amendments of UNCITRAL Model Law of 2006 are not yet adopted in the domestic legal order, the LICA needs to undergo slight alterations in the future.

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[2] Article 1, paragraph 1 of LICA.

[3] Article 439 of CPA.

Internal (domestic) arbitration is regulated by provisions stipulated with the CPA in a special chapter named Procedure before Selected Court[4]. The current legal framework is based on the old provisions of the CPA of 1976 and is waiting to be revised for quite a long time.

The legal framework on commercial arbitration is largely in line with European standards.

In regard to the status of progress reports of the EU in the field of alternative dispute resolution, as stated in the progress report of EU for 2019, regarding arbitration, efforts are needed to promote the use of alternative dispute resolution. Arbitration is still not considered as a viable tool to ensure justice, either by parties or by the courts.[5] The report of 2020 again only reconfirms the findings of the previous reports by stating that efforts are needed to further promote the use of alternative dispute resolution, including through the relevant chambers.[6] The same can be concluded for the report of 2021, which established that permanent efforts are needed to promote the use of alternative dispute resolution including for commercial cases.[7] Again, the same recommendation was repeated in the report of 2022 stating that work is needed to continuously promote mediation and the use of other alternative dispute resolution methods, including through the relevant chambers, the Academy for Judges and Prosecutors, and the Association of Judges.[8]

Currently, there are no legislative initiatives concerning amending the domestic law in regard to the settlement of disputes through arbitration.

As for the question whether North Macedonia has an efficient and effective legislative framework regarding arbitration, it can be noted that at the moment North Macedonia does not follow the contemporary trends in arbitration law in regard to existence of unified rules that would apply both on international and internal (domestic) arbitration. Even though, LICA is based on the UNCITRAL Model Law and thus is being considered as a modern, effective and efficient set of rules governing arbitration, the existence of duality of rules regarding international and internal (domestic) arbitration brings numerous problems since many procedural institutes that are considered substantial to the arbitration are regulated differently, meaning that there are inconsistencies and different solutions regarding issues such as arbitrability of disputes, challenge of arbitrators, grounds for setting aside of arbitral award, etc.

By our opinion, a single set of rules that will regulate international and internal (domestic) arbitration should be stipulated. Both international and internal (domestic) arbitration should be regulated with a single law and on same principles. That will entail drafting of a completely new Law on Arbitration. Also, future amending of present legislation, regardless whether it will be in a form of amendments of the current legislation or in a form of a completely new law, issues such as objective arbitrability and the possibility of expanding its limits, or interim measures in

[4] Chapter Thirty of the CPA, Article 439-460.
[5] North Macedonia 2019 Report, Brussels, 29.5.2019, SWD (2019) 218 final, p. 18 (https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20190529-north-macedonia-report.pdf)
[6] North Macedonia 2020 Report, Brussels, 6.10.2020, SWD (2020) 351 final, p. 20 (https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/north_macedonia_report_2020.pdf)
[7] North Macedonia 2021 Report, Brussels, 19 October 2021, SWD (2021) 294 final, p. 20 (https://ec.europa.eu/neighbourhood-enlargement/north-macedonia-report-2021_e (16/04/2023))
[8] North Macedonia 2022 Report, Brussels, 12 October 2022, SWD (2022) 337 final, p. 19 (https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52022SC0337 (16/04/2023)

arbitration proceedings, i.e. its revision according to the amendments of the UNCITRAL Model Law of 2006 should be considered.

2. Is there an arbitration institution in your country? If yes, how is it structured and are these structures sufficient? Did this institution create its own procedural rules?

In Republic of North Macedonia, the Permanent Court of Arbitration attached to the Economic Chamber of Macedonia (hereinafter Arbitration Court) is the only operative arbitral institution in the country. As far as we know, Permanent Court- Arbitration within Macedonian Chambers of Commerce has also been established, but at the moment it is not a functional arbitral institution.

As an institution responsible for arbitration of domestic disputes and disputes with an international element, the Arbitration Court at the Economic Chamber of Macedonia, has been operating since 1993. Before 1993 it was an arbitral institution for resolving only domestic disputes, while international disputes were resolved by the Foreign Trade Court of Arbitration in Belgrade.

The Permanent Court of Arbitration attached to the Economic Chamber of Macedonia is a permanent arbitral institution established according to the Law on Chambers of Commerce and the Statute of the Economic Chamber of Macedonia. It has the competence to administer both domestic and international disputes. The parties may agree on its jurisdiction for resolving disputes concerning rights which parties can freely dispose of and rights for which the law does not stipulate exclusive jurisdiction of the courts of Republic of North Macedonia.

The Permanent Court of Arbitration attached to the Economic Chamber of Macedonia has its own procedural rules.

In the past period, the operation of the Arbitration Court attached to the Economic Chamber of Macedonia was conducted in accordance with the autonomous arbitration rules of the institution. In order to improve and modernize the organization and functioning of the arbitral institution and to meet the current practices in this field, in 2011 modernized Rules for the procedure before the Permanent court of Arbitration attached to the Economic Chamber of Macedonia were adopted.[9] On April 29, 2021, new Arbitration Rules of the Permanent court of Arbitration attached to the Economic Chamber of North Macedonia (Skopje Arbitration Rules) were adopted, with the aim of modernizing the arbitration settlement of disputes and implementing current trends in this sphere.[10]

According to article 1 of the Skopje Arbitration Rules the Permanent Court of Arbitration attached to the Economic Chamber of North Macedonia is a permanent arbitral institution that provides

[9] Rules of the Permanent court of Arbitration attached to the Economic chamber of Macedonia no. 07-1177/8 from 20 April 2011, modified and amended in 2011 and 2016 (Decision on Amendments and Modifications of the Rules of the Permanent court of Arbitration attached to the Economic chamber of Macedonia no.07-3479/8 from 15 December 2011 and Decision on Amendments and Modifications of the Rules of the Permanent court of Arbitration attached to the Economic chamber of Macedonia no 02-2088/6 from 15 December 2016). The consolidated text of the Rules available at: http://www.mchamber.mk//upload/Rules%20of%20the%20Permanent%20court%20of%20Arbitration%20attached%20to%20the%20Economic%20chamber%20of%20Macedonia%20-%20unofficial%20consolidated%20text.pdf

[10] Skopje Arbitration Rules ((applicable to proceedings initiated before the Permanent Arbitration after May 6, 2021) available at: https://arbitraza.mchamber.mk/upload/Skopje%20Arbitration%20Rules.pdf.

support and organizes resolution of disputes with and without international element in accordance with the Arbitration Rules of the Permanent Court of Arbitration attached to the Economic Chamber of North Macedonia.

These Rules regulate the organization of the Permanent Court of Arbitration, the jurisdiction and the composition of the arbitral tribunals, and the rules on the procedure before the arbitral tribunals in disputes with or without international elements. The rules also contain two annexes, Annex I which regulates the organization of the Permanent Court of Arbitration, and Annex II which regulates the procedure before an emergency arbitrator. Aside from the novelty of introducing the rules for an emergency arbitrator in 2021, there are no specific rules adopted that are related to expedited proceedings.

According to the autonomous arbitration rules of the institution, the Permanent Court of Arbitration performs its jurisdiction through several bodies: The Presidency, the President, and the Secretary of the PCA.[11] The Presidency of the PCA consist of seven members: the President, the Vice-president, and five members with no special function. They are appointed by the Managing Board of the Economic Chamber of Macedonia for a mandate period of 5 years.[12] The Arbitration Rules specify in detail the activities and responsibilities of each body regarding the functioning of the arbitral institution and administering the resolution of disputes before the PCA.[13]

3. How is the commercial arbitration practice in your country?

a. How many commercial arbitration cases are there annually in your country?

According to the data provided by the Permanent Court of Arbitration attached to the Economic Chamber of Macedonia, in the last eight years, 52 arbitration cases have been filed before the Court, by years as follows:

Year	Number of cases	Total amount in dispute
2015	5	21.096.897,00 Eur
2016	8	408.858,00 Eur
2017	5	373.345,00 Eur
2018	8 (2 counterclaims)	1.471.134,00 Eur
2019	6	310.941,00 Eur
2020	8 (1 counterclaim)	11.508.034,00 Eur
2021	7 (1 counterclaim)	484.023,00 Eur
2022	5 (2 counterclaims)	1.964.982,00 Eur

Regarding whether those disputes were with or without international element, data shows that 69% of disputes were without international element and 31% of disputes were with international element, by years as follows:

[11] Article 3, of the Annex 1 to the 2021 Skopje Arbitration Rules.
[12] Article 4(1), of the Annex 1 to the 2021 Skopje Arbitration Rules.
[13] Articles 6-10 of the Annex 1 to the 2021 Skopje Arbitration Rules.

Year	Disputes with int. element	Disputes without int. element
2015	2	3
2016	1	7
2017	5	0
2018	2	6 (2 counterclaims)
2019	3	3
2020	3	5
2021	0	7
2022	0	5
Total:	**16**	**36**

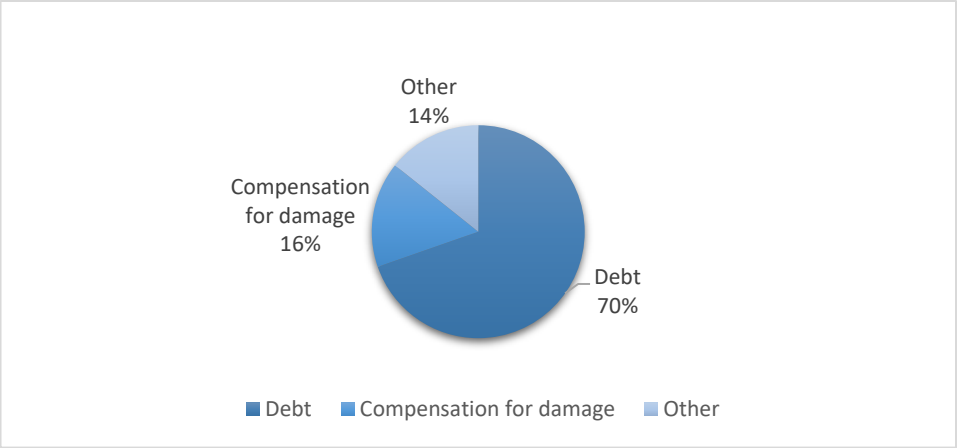
The amount in dispute by years was as follows:

	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**Total**
0-10.000 Eur	1	1	1	1	1	2	2	1	**10**
10.000-50.000 Eur	1	5	2	4	3	3	2	2	**22**
50.000-100.000 Eur		1	1	2	1		1		**6**
Over 100.000 Eur	3	1	1	1	1	3	2	1	**13**

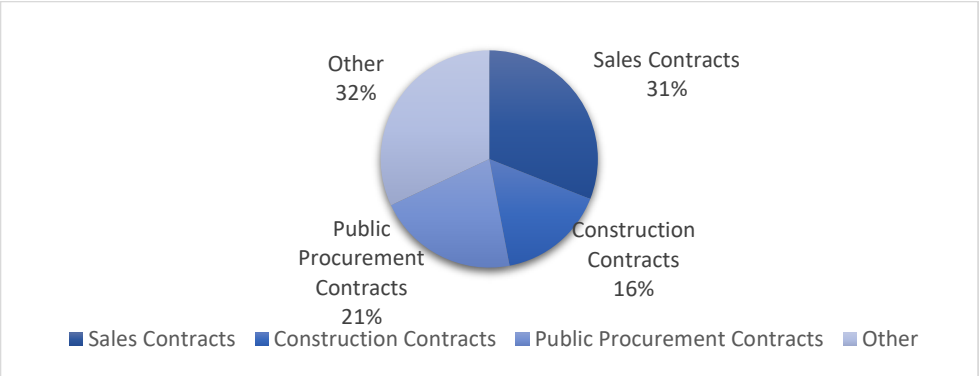
The highest amount in dispute settled before the Permanent Court of Arbitration attached to the Economic Chamber of Macedonia in the last 8 years is 20,429,401.67 Eur.

b. Which are the main subject-matters the cases deal with?

According to the data provided by the Permanent Court of Arbitration attached to the Economic Chamber of Macedonia, in the last eight years most of initiated arbitration proceedings are regarding debt collection or compensation for damage.



In the period 2017-2019, proceedings before the Permanent Court of Arbitration attached to the Economic Chamber of Macedonia were mainly for claims arising from sales contracts, business cooperation contracts, public procurement contracts, construction contracts, contracts for providing security services and others.



c. Are there any subject matters considered non-arbitrable in domestic laws?

According to the Macedonian legislation, arbitrability *ratione materiae* is determined by the so-called general clause. LICA stipulates that based on the agreement of the parties, international commercial arbitration resolves disputes over rights that the parties freely dispose of.[14] Regarding the internal arbitration, the issue of objective arbitrability is determined in the same way. According to CPA, disputes without an international element regarding rights that the parties freely dispose of, can be brought before permanently selected courts.[15]

The so-called general clause for defining disputes that are suitable for settlement through arbitration is not of absolute nature. The general rule that disputes over rights that the parties freely dispose of are arbitrable has specific limitation. Namely, for admissibility of *ratione materiae* arbitration, in addition to the fact that the dispute should be over rights that the parties freely dispose of, it is essential that the law does not stipulate an exclusive competence of a state court regarding the settlement of such dispute.

[14] Article 1, paragraph 2 of LICA.

[15] Article 441, paragraph 1 of CPA.

The exclusive jurisdiction of state courts as a specific limitation regarding arbitrability of disputes is explicitly set in both laws regulating arbitration, the LICA and the CPA as well.

As LICA explicitly states, this law does not refer to issues for which it is prescribed by law that the court in the Republic of North Macedonia is exclusively competent for resolving certain disputes.[16]

According to CPA, disputes without an international element regarding rights that the parties freely dispose of, can be brought before permanently selected courts founded by chambers of commerce and other organizations determined by law, unless it is stipulated by the law that certain types of disputes are resolved exclusively by other court.[17]

Regarding the arbitrability *ratione jurisdictionis*, according to Macedonian legal order the following disputes are considered as non-arbitrable:

- disputes regarding establishment, termination and status changes of legal entities;
- disputes regarding validity of the entry in public registers established in the Republic of North Macedonia;
- disputes regarding registration and validity of industrial property rights, if the application was submitted in the Republic of North Macedonia;
- disputes regarding ownership and other real estate rights, disputes over disturbance of possession of real estate, disputes arising from lease or rent of real estate, or from contracts for the use of an apartment or business premises, if the real estate is located on the territory of the Republic of North Macedonia; and
- disputes regarding ownership and other rights on ships and aircrafts, as well as disputes from lease for an aircraft and ship or disputes over disturbance of possession of an aircraft and ship if on the territory of the Republic of North Macedonian the register is established in which the aircraft or the ship is registered or if the disturbance of possession occurred on the territory of the Republic of North Macedonia.[18]

4. What are the grounds for refusal of enforcement and recognition of arbitration awards in your country? Is your country party to the New York Convention (with reservations)? How strict are your national courts when enforcing awards (e.g. in relation to public policy)?

The LICA regulates the issue concerning the recognition and enforcement of arbitral awards.

Unlike the UNCITRAL Model Law which has a unified approach towards the arbitral award regardless of the country in which was made, LICA accepts the traditional concept of classification of arbitral awards as foreign and domestic when considering the issue of recognition and enforcement of arbitral awards.

The LICA regulates the issue of recognition and enforcement of foreign arbitral awards in only one article stipulating that the recognition and enforcement of foreign arbitral awards shall be carried out according to the provisions of the Convention signed in New York on 10 June 1958

[16] Article 1, paragraph 6 of LICA.

[17] Article 441, paragraph 1 of CPA.

[18] Article 129, 130, 141, 143 and 144 of Law on International Private Law and Article 49 and 50 of CPA.

on the recognition and enforcement of foreign arbitral awards (hereinafter New York Convention).[19] That means that the domestic legislation does not create its own rules regarding this issue but opts for the method of indirect regulation with referral to other relevant legal sources.

Regarding the matter of enforcement and recognition of foreign arbitral awards the LICA only explicitly regulates the issue concerning the notion of foreign arbitral award stating that a foreign arbitral award shall be the arbitral award which was not made in Republic of Macedonia and that it shall be treated as an award pertaining to the state in which it was made.[20]

Since the LICA refers to the New York Convention on the matter of recognition and enforcement of foreign arbitral awards, the grounds for refusal of recognition and enforcement of foreign arbitral awards in North Macedonia are those set in article V of the New York Convention.

According to article V of the New York Convention recognition and enforcement of the award may be refused, at the request of the party against whom it is invoked, only if that party furnishes to the competent authority where the recognition and enforcement is sought, proof that:

(a) The parties to the agreement referred to in article II were, under the law applicable to them, under some incapacity, or the said agreement is not valid under the law to which the parties have subjected it or, failing any indication thereon, under the law of the country where the award was made; or

(b) The party against whom the award is invoked was not given proper notice of the appointment of the arbitrator or of the arbitration proceedings or was otherwise unable to present his case; or

(c) The award deals with a difference not contemplated by or not falling within the terms of the submission to arbitration, or it contains decisions on matters beyond the scope of the submission to arbitration, provided that, if the decisions on matters submitted to arbitration can be separated from those not so submitted, that part of the award which contains decisions on matters submitted to arbitration may be recognized and enforced; or

(d) The composition of the arbitral authority or the arbitral procedure was not in accordance with the agreement of the parties, or, failing such agreement, was not in accordance with the law of the country where the arbitration took place; or

(e) The award has not yet become binding on the parties, or has been set aside or suspended by a competent authority of the country in which, or under the law of which, that award was made.

Recognition and enforcement of an arbitral award may also be refused if the competent authority in the country where recognition and enforcement is sought finds that:

(a) The subject matter of the difference is not capable of settlement by arbitration under the law of that country; or

[19] Article 37, paragraph 3 of LICA.

[20] Article 37, paragraph 1 and Article 37, paragraph 2 of LICA.

(b) The recognition or enforcement of the award would be contrary to the public policy of that country.

Republic of North Macedonia is a contracting state of the New York Convention.[21] Republic of North Macedonia ratified the New York Convention with its both reservations: the reciprocal and the commercial reservations. With the LICA, the reciprocal reservation was withdrawn, but the commercial reservation is still valid.[22]

As for the question how strict are the national courts when enforcing arbitral awards, it is important to note that in the proceedings for recognition and enforcement of foreign arbitral awards the courts perform limited control only examining whether certain meritorious circumstances exists as grounds to refuse enforcement. The court is not entitled to examine whether the arbitral tribunal has correctly established the factual situation or whether the substantive law is correctly applied.

5. Is commercial arbitration in your country perceived as a viable alternative to taking cases in front of national courts?

The promotion of arbitration in the Republic of North Macedonia is going slow and with modest results. In the global commercial community North Macedonia has an image of a country which is not entirely arbitration-prone. Although the modern normative framework is (partly) established over decade ago, arbitration in North Macedonia is still in its infancy: arbitration is neither well-known nor well-exploited. Macedonia is far from being an attractive venue for international arbitrations. Furthermore, arbitration has not yet become an issue in courts proceedings, so there have not yet been any viable opportunities for the courts to support arbitration and display a pro-arbitration approach.

However, even though the modern arbitration-friendly legislation that provides a solid framework and support to arbitration is crucial precondition for building a strong arbitration community, it seems that even current Macedonian legal framework is not a difficult obstacle for that process. The underlying concepts and procedural provisions are sufficiently contemporary and accordingly satisfactory for the development of the arbitration.

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[21] In fact, the New York Convention is ratified by the former SFRY (Official Gazette of SFRY, International Agreements, No. 11/81). After its dissolution, upon succession, the New York Convention binds Republic of North Macedonia as well. The former SFRY had acceded to the Convention on 26 February 1982 with the following reservation: "1. The Convention is applied in regard to the Socialist Federal Republic of Yugoslavia only to those arbitral awards which were adopted after the coming of the Convention into effect"; "2. The Socialist Federal Republic of Yugoslavia will apply the Convention on a reciprocal basis only to those arbitral awards which were adopted on the territory of the other State Party to the Convention."; "3. The Socialist Federal Republic of Yugoslavia will apply the Convention [only] with respect to the disputes arising from the legal relations, contractual and non-contractual, which, according to its national legislation are considered as economic" (available at: http://www.newyorkconvention.org/list+of+contracting+states). Republic of Macedonia has notified the succession to the Convention on 10 Mar 1994.

[22] On 16 September 2009, the Government of the Former Yugoslav Republic of Macedonia notified the Secretary-General of its decision to withdraw the reservation made upon succession to the Convention. The text of the reservation withdrawn reads as follows: "2. The Socialist Federal Republic of Yugoslavia will apply the Convention on a reciprocal basis only to those arbitral awards which were adopted on the territory of the other State Party to the Convention.". Available at: http://www.newyorkconvention.org/list+of+contracting+states.

At least so far, our society has shown no inclination towards the ADR methods of resolving disputes in general, given that the tradition to litigate is still dominant. This requires serious efforts to raise general awareness of the importance and benefits of arbitration as a method for resolving disputes in the society. Since 2011, when the new structure of the Permanent Court of Arbitration attached to the Economic Chamber of Macedonia was established, a lot of energy and time has been devoted to encourage the use of arbitration in North Macedonia, focusing on raising the awareness, understanding and publicity to the process (forums, seminars and conferences, etc.) and principally highlighting the advantages of referring to the Permanent Court of Arbitration attached to the Economic Chamber of Macedonia for commercial disputes where Macedonian companies are parties of. Notwithstanding the serious efforts that have been undertaken in the recent years to promote arbitration in North Macedonia, much still needs to be done in order to develop arbitration culture among businesses.

II. INVESTMENT ARBITRATION

6. How is the international legal framework for investment arbitration constituted?

a. Do(es) your country's arbitration law(s) also apply to investment arbitration?

b. Has your country signed and ratified the ICSID Convention?

c. Which arbitration rules are the most often used?

d. Is your country party to many BITs and/or regional investment treaties (such as the Energy Charter Treaty)?

e. Does your country have a Model BIT, or otherwise use model language in its BITs?

Disputes related to foreign investments can occur on different levels: investment disputes between private entities as investors; disputes between states that arise due to non-compliance with international obligations in regard to the investment; or disputes arising from foreign investments between the foreign investor and the host state.

As mentioned above, the legal framework for arbitration in North Macedonia consists of two laws (CPA and LICA), each of them separately regulating the internal (domestic) and international commercial arbitration. LICA does not explicitly stipulate its application to investment arbitration, but given the previously mentioned types of disputes that can arise from foreign investments, in one part, its provisions can apply to investment arbitration as well.

Namely, investment disputes where both parties are private entities can be settled as any other dispute meaning it can be settled either before a national state court or before an international commercial arbitration if there is an arbitration agreement concluded by the parties. In such case, provisions of domestic arbitration law can be applied.

In any other case of investment-related dispute, the domestic arbitration law can be applied to investment arbitration if the contracting parties (the foreign investor and the state) agreed upon settling the dispute before international commercial arbitration, rather than before ICSID. In that regard, LICA explicitly states that Republic of Macedonia, legal persons established by the Republic of Macedonia, all other state bodies, the units of local self-government and legal entities established

by them can be a party to international commercial arbitration.[23] Given that this provision allows the state to be a party in particular arbitration, it can be assumed that disputes arising from particular business venture that can be qualified as foreign investment can be settled before international commercial arbitration, and thus with application of domestic arbitration law, if the foreign investor and the state did not opt for the ICSID as an institution for settling the investment-related dispute, but rather opted for the international commercial arbitration as a mechanism for settling the dispute. Certainly, in such cases, the domestic arbitration law will apply only if the place of arbitration is on the territory of the Republic of North Macedonia.[24]

North Macedonia is ICSID Member State. It signed the ICSID Convention on September 16, 1998. The ICSID Convention was ratified on October 27, 1998 and entered into force on November 26, 1998.

Regarding the question which arbitration rules are most often used in proceedings upon investment arbitration cases, in all the cases that have been initiated by foreign investors before ICSID against North Macedonia as a respondent state Arbitration Rules of ICSID are used. In one case administered by the Permanent Court of Arbitration (PCA), UNCITRAL Arbitration Rules of 1976 were used.[25]

The Republic of North Macedonia is a party of significant number of Bilateral Investment Treaties (BITs). According to the available data, North Macedonia has concluded 41 BITs (total of 37 in force, two signed, not entered into force and two terminated.)[26]

As for the Treaties with Investment Provisions (TIPs), North Macedonia is a party of several TIPs, among them the Energy Charter Treaty as well. The European Energy Charter, the Energy Charter Treaty (ECT), the Protocol on Energy Efficiency and Related Environmental Aspects (PEEREA) and the Amendment to the Trade-related provisions of the Energy Charter Treaty were entered into by the Republic of Macedonia. The ECT was signed in 1994 and entered into force in 1998.

North Macedonia has a Model BIT since 2009.[27] It consists of preamble and 13 articles, each of them regulating particular issue in regard to foreign investments: Definitions for the purpose of the agreement (Article 1); Promotion and Admission of Investments (Article 2); Protection and Treatment of Investments (Article 3); Expropriation and Compensation (Article 4); Transfer (Article 5); Subrogation (Article 6); Settlement of Disputes between one Contracting Party and an Investor of the Other Contracting Party (Article 7); Settlement of Disputes between the Contracting Parties (Article 8); Consultations and Exchange of Information (Article 9); Additionality provisions (Article 10); Scope of Application (Article 11); Entry into Force (Article 12); and Duration and Termination (Article 13).

In regard to the settlement of disputes between one of the contracting parties and the investor, the Model BIT principally stipulates amicable settlement of disputes between the investor and the state – "any dispute between a Contracting Party and an investor of the other Contracting Party should

[23] Article 1, paragraph 7 of LICA.
[24] Arg. ex. Article 1, paragraph 1 of LICA.
[25] For details on the cases see infra II.7.
[26] Further details available at: https://investmentpolicy.unctad.org/international-investment-agreements/countries/124/north-macedonia?type=bits.
[27] Available at: https://investmentpolicy.unctad.org/international-investment-agreements/treaty-files/4792/download

be settled by friendly agreement".[28] If the dispute cannot be settled amicably within six months from the date of the written notification, by which the other Contracting Party was informed about the subject of the dispute, the investor concerned may suggest, at his own choice, for the dispute to be submitted to: a) the competent court of the Contracting Party in whose territory the investment is made; b) "ad hoc" court of arbitration established under the Arbitration Rules of Procedure of the United Nations Commission for International Trade Law (UNCITRAL); c) the International Center for Settling Investment Disputes (ICSID), in accordance with the Convention on the Settlement of Investment Disputes between States and Nationals of Other States, if both Contracting Parties signed this Convention. Once the dispute has been submitted to the competent court of the Contracting Party or to international arbitration, the choice of one or the other procedure shall be definitive.

7. How is the investment arbitration practice in your country?

a. How many investment arbitration cases are there annually against your country?

b. How many investment arbitration cases are there annually initiated by investors from your home country?

In the last 14 years, a total of 7 publicly known Investor-State Dispute Settlement (ISDS) cases have been initiated by foreign investors before ICSID against North Macedonia as a respondent state.

The most recent cases were initiated in 2023 and currently there are 3 pending cases before ICSID against North Macedonia as a respondent state. The outcome of the completed proceedings is as follows: one settled, one discontinued pursuant to ICSID Arbitration Rule 43(1), one decided in favor of the state, and one decided in favor of the investor.

The known cases where North Macedonia is a respondent state before the ICSID are as follows:

Year of Initiation	Case Name	Outcome of the Original Proceedings	Summary
2023	Amadeus Group and Amadeus Development DOOEL v. Republic of North Macedonia ICSID Case No. ARB/23/35	Pending	Claims were filed by Amadeus Group (from Albania), Amadeus Development DOOEL (from Macedonia) over a real-estate project.

[28] Article 7, paragraph 1 of Macedonian Model BIT.

2023	FCL Ambiente S.r.l. v. Republic of North Macedonia ICSID Case No. ARB/23/31	Pending	Claims were filed by FCL Ambient (from Italy) over a concession to run the Drisla landfill.
2019	Artem Skubenko and Others v. Republic of North Macedonia ICSID Case No. ARB/19/9	Pending	Claims arising out of the Government's termination in March 2018 of the claimants' (from Ukraine) concession for the exploitation of copper, gold and silver at the Kazandol deposit in southern Macedonia, allegedly related to environmental concerns.
2017	Cunico N.V v. Republic of North Macedonia ICSID Case No. ARB/17/46	Concluded January 31, 2020 - The Tribunal issues an order taking note of the discontinuance of the proceeding pursuant to ICSID Arbitration Rule 43(1).	Claims arising out of the alleged interference by the Government in the claimant's (from Netherlands) planned sale of FENI Industries, which allegedly led to initiation of bankruptcy proceedings against FENI.
2012	Guardian Fiduciary Trust Ltd, f/k/a Capital Conservator Savings & Loan Ltd v. Former Yugoslav Republic of Macedonia	Decided in favor of the State Award of 22 September 2015	Claims arising out of the closure of the claimant's (from Netherlands) bank accounts at Stopanska Banka on money laundering grounds, arrest of one of the claimant's directors for money laundering and disclosure of this information to the public.

	ICSID Case No. ARB/12/31		
2009	EVN AG v. Macedonia, former Yugoslav Republic of ICSID Case No. ARB/09/10	Settled	Claims arising out of EVN's (Austria) acquisition of Macedonia's national electricity distributor and a decision by a domestic court finding the claimant liable for pre-existing debts to ELEM, Macedonia's state electricity company that used to own the firm, under certain share purchase agreement.
2009	Swisslion DOO Skopje v. Macedonia, former Yugoslav Republic of ICSID Case No. ARB/09/16	Decided in favor of Investor Award of 6 July 2012	Claims arising out of a share sale agreement concluded between Swisslion (Switzerland) and Macedonia under which the investor acquired a controlling stake in Agroplod AD Resen, a Macedonian food production company, and subsequent Government's measures leading to the termination of such agreement and ordering the transfer of claimant's Agropold shares to a State Ministry without compensation.

Also, there are two more publicly known ISDS case against North Macedonia – Mr. Gokul Das Binani and Mrs. Madhu Binani v. Republic of Macedonia (PCA Case No. 2018-38) and Blazo Tasev v. North Macedonia.

In the case of Binani v. North Macedonia, the Permanent Court of Arbitration (PCA) provided administrative support in arbitration, which has been brought under the Agreement between the Government of the Republic of India and the Government of the Republic of Macedonia for the Promotion and Reciprocal Protection of Investments (17 March 2008) and the UNCITRAL Arbitration Rules 1976.

The case of Blazo Tasev v. North Macedonia is initiated in 2017 before an ad hoc arbitration under the UNCITRAL Arbitration Rules. The dispute over lead-zinc mine has been brought under the Agreement between the Republic of Macedonia and the Republic of Slovenia for Reciprocal Protection and Promotion of Investments (1996). We cannot report any further details on this case relaying on available public sources.

The data on these cases is as follows:

Year of Initiation	Case Name	Case Status	Summary
2017	Binani v. North Macedonia	Concluded Final Award of 17 February 2020	Claims arising out of the Government's alleged expropriation of the claimants' mining concessions and their reassignment to another company by auction.

2017	Blazo Tasev v. North Macedonia	Pending	Dispute over lead-zinc mine

Since there is no tracking system of such cases, for the purposes of this report, we were unable to provide data on investment arbitration cases initiated by investors from North Macedonia. This does not preclude the possibility of such disputes being raised, pending or settled.