The (North) Macedonian perspective on insolvency law and cross-border insolvency with particular reference to relations with the European Union

Miodrag Dordevic and Dejan Kostovski

Abstract:

This paper examines the initiatives and challenges faced by North Macedonia in its journey towards European Union integration, with a focus on the reform of its insolvency legislation. It analyses the impact of the EuropeAid project on strengthening the administrative capacities for bankruptcy and liquidation proceedings, and the alignment of Macedonian laws with EU directives and regulations. The paper also discusses the obstacles in the accession process, including bilateral disputes and the need for continuous reforms to enhance the efficiency and transparency of the insolvency system.

Keywords: North Macedonia, European Union, insolvency law, bankruptcy, liquidation, reforms, accession process, EuropeAid project, harmonization, cross-border insolvency.

In 2016 and 2017 I (M.D.) was working at the EuropeAid funded project **'Strengthening the administrative capacities for implementation of the legal framework for bankruptcy and liquidation of companies'** (the Project) in North Macedonia. My role was **Key Expert 2 (Senior Insolvency Expert)**. As an expert I was to contribute to creating a knowledge base through transfer of best practices and policies in conducting efficient bankruptcy proceedings on the side of both bankruptcy organs, debtors and creditors, in terms of use of the bankruptcy proceedings in an efficient way to accomplish the goals of collective settlement of creditor's claims and fast liquidation of debtor's assets or restructuring the respective business.

Namely, the Project should contribute to sufficient understanding and awareness of the need for timely commencement of the relevant proceedings. The Project should achieve a greater understanding of the role and positive effects of early filling for bankruptcy, as well as of the possibilities on the side of creditors as to the use of the debtor's assets in such a way so to achieve higher recovery rate or restructure the bankrupt businesses. Generally, the Project was to contribute towards the strengthening of the country's ability to serve as a business destination and market where insolvent companies are quickly exiting the market, thus preventing any negative impact on the overall business and competition. With regard to my expert activities related to this project I feel sort of obliged to help (assist) the country in its way forward – towards international insolvency community, in particular European Union.

A. Accession of North Macedonia to the European Union

North Macedonia (at that time officially termed Former Yugoslav Republic of Macedonia) began its formal process of rapprochement with the European Union in 2000, by initiating negotiations about *the EU's Stabilization and Association Process*, and it became the first non-EU country in the Balkans to sign a Stabilization and Association Agreement (SAA), on 9 April 2001 in Luxembourg[1]. The agreement was ratified by the Macedonian parliament on 12 April 2001 and came into force on 1 April 2004[2].

On 22 March 2004, Macedonia submitted its application for EU membership. On 6 September 2004, the Macedonian government adopted *a National Strategy for European integration*, supported by the country's parliament through its Commission for European Issues. The government subsequently began the procedure of answering the questionnaire of the European Commission regarding its performance in preparation for membership in accordance with *the Copenhagen criteria*, a process that was finished by 31 January 2005. The European Council officially granted the country candidate status on 17 December 2005, after a review and a positive recommendation of the candidacy by the European Commission.

After the naming dispute with Greece was solved in 2019[3], accession negotiations were expected to start within the same year, but in June 2019 the EU General Affairs Council decided to postpone the decision to October,

1 See https://eur-lex.europa.eu/EN/legal-content/summary/stabilisation-and-association-agreement-with-north-macedonia.html (accessed 12.12.2025).
2 Text of the agreement at https://eur-lex.europa.eu/eli/agree_internation/2004/239(2)/oj/eng (accessed 12.12.2025).
3 See https://en.wikipedia.org/wiki/Macedonia_naming_dispute (accessed 21.12.2025).

due to objections from a number of countries including the Netherlands and France. France vetoed the decision again in October. On 25 March 2020 the Council of the European Union decided to open accession negotiations, which was endorsed by the European Council the following day. However, on 17 November 2020 Bulgaria blocked the official start of accession talks with the country. North Macedonia is now expected to offer further guarantees to Bulgaria that it will keep on a 2017 friendship treaty with Sofia, which deals with historical issues. Pending bilateral issues between Bulgaria and Macedonia need to be resolved as a matter of priority. Namely, the delays in the official launch of accession negotiations are having a negative impact on the credibility of the EU.

Based on the progress achieved and the conditions having been met, the European Council endorsed the Council's decision to open accession negotiations with Macedonia in March 2020. Overall, the country has continued to maintain a steady and determined pace in advancing EU reforms, focusing on the fundamentals. The authorities in Macedonia continued to demonstrate publicly their commitment to advance on their EU path. After the European Council approved of the Negotiating Framework, in accordance with the revised enlargement methodology, on 19 July 2022 the EU started the opening phase of the accession negotiations with North Macedonia. The Commission started the screening process.

B. The bankruptcy law of North Macedonia

The main source of (North) Macedonian bankruptcy law is currently still the Law on Bankruptcy (Bankruptcy Law, in the following: BL) of 2006, which was most recently revised in 2025[4]. It includes also provisions on cross-border insolvency comprised in Part 11 (art.319 – 354 BL). Another, more recent, source of insolvency law in North Macedonia is the Law on Out-of-Court Settlement of 2014 (Out-of-Court Restructuring Law)[5]. A new codification of Macedonian bankruptcy law by a Law on Insolvency (Insolvency Law) is currently pending[6].

Macedonian bankruptcy law governs the settlement of creditors' claims against insolvent debtors. Bankruptcy proceedings may be initiated over the

4 See https://dejure.mk/zakon/zakon-za-stechaj (accessed 21.12.2025).
5 Official Gazette of the Republic of Macedonia No. 12/2014.
6 The Draft Insolvency Law (in Macedonian and Albanian) is available at https://www.economy.gov.mk/mk-MK/regulativa/zakoni/zakoni-met (accessed 21.12.2025).

property of a debtor, be it a legal entity, an individual, a deceased person, joint property of spouses, or a business. However, bankruptcy proceedings may not be implemented over a public legal entity or property owned by the Republic of Macedonia.

C. The EuropeAid project in North Macedonia with reference to bankruptcy law

In the context of Macedonia's application to EU membership, the EU has supported several projects aiming to improve the general business environment in the country. This included reforms of bankruptcy law, e.g. with a view towards faster winding up of companies through bankruptcy proceedings and voluntary liquidation. The overall purpose is to strengthen the institutional capacity for the implementation of the laws on bankruptcy and voluntary liquidation in order to identify and overcome the administrative bottlenecks and weaknesses arising from the implementation. The Project was initiated due to shortcomings in the extant system of „market exit', in particular due to the imbalance between the stakeholders fundamental for successful implementation of bankruptcy (i.e. government, judiciary, creditors and debtors).

Despite significant recent progress in the legislation, some remaining gaps had to be addressed. There was also a need to strengthen the bankruptcy organs as well as debtors and creditors with regard to their knowledge, capacity and general understanding of the bankruptcy and other market exit proceedings.

The Ministry of Economy had invested in strengthening the role of bankruptcy trustees (hereinafter: also, administrators). Although progress had been shown after the past reforms (shorter duration of bankruptcy proceedings, less malpractices, better disciplinary system), timely initiation of bankruptcy proceedings and the exercise of rights of the creditors and debtors were still considered a serious problem. A need had been indicated for strengthening the Ministry of Economy staff responsible for tracking, monitoring and analysing the implementation of the law on bankruptcy.

Given that the implementation of bankruptcy law and the length of the proceedings are essential in the insolvency process, the lack of specialization of judges in bankruptcy proceedings and the lack of knowledge was still seriously affecting its outcomes. The awareness of the importance for a timely initiation of bankruptcy proceedings also needed to be raised between the creditors and debtors.

The Project implementation was comprised of three components (activities). Component I was focused on strengthening the capacity of the Legal Department (Unit for Bankruptcy) in the Ministry of Economy and other beneficiaries. Component II was focused on revised and improved functionalities and Legal provisions in the current Bankruptcy system. Component III was focused on revised and improved functionalities and legal provisions in the current liquidation procedure.

National bankruptcy systems depend on a range of structural, institutional, social, and human foundations to make a modern market economy work. There are as many combinations of variables, though regional similarities have created common customs and legal traditions. The Recommendations under the Project have been designed to be sufficiently flexible to apply as a benchmark to a country system and to embody several fundamentally important propositions. First, *effective systems must respond to national needs and problems*. Second, *transparency, accountability, and predictability are fundamental*. Third, *legal and institutional mechanisms must align incentives across a broad spectrum of market-based systems – commercial, corporate, financial and social*. One of the recommendations was to establish a framework for cross-border insolvencies, with recognition of foreign proceedings.

C. Excerpts from the final report of the EuropeAid Project in Macedonia (November 2017)

III.4. FINAL RECOMMENDATIONS

III.4.1. RECOMMENDATION on EUROPEAN INSOLVENCY REGULATION (recast)

Harmonization of Macedonian bankruptcy legislation with the European Insolvency Regulation (recast)

Introduction

The European Commission put forward a proposal in 2012 updating the 2000 Regulation to improve the application some of its provisions, so as to enhance the effective administration of cross-border insolvency proceedings. This proposal was adopted by the European Parliament and the Council of the European Union on 20 May 2015 and enters into force on

26 June 2017. The new rules aim at facilitating debt recovery in cross-border insolvency proceedings. They will make it easier for businesses to restructure and for creditors to get their money back, by ensuring that collective procedures for cross-border debt recovery are effective and efficient**.** The Regulation focuses on resolving the conflicts of jurisdiction and laws in cross-border insolvency proceedings. It also ensures the recognition of insolvency-related judgments across the EU.

Key features of the new rules:

- **Wider scope:** The new rules apply to a wider range of national restructuring proceedings. Certain modern and efficient types of national restructuring proceedings were not covered by the old set of rules, meaning that they could not be used in cross-border cases. It will now be possible to use the modern national restructuring proceedings to rescue businesses or recover money from debtors in other EU countries.
- **Increased legal certainty and safeguards against bankruptcy tourism:** If a debtor relocates shortly before filing for insolvency, the court will have to carefully look into all circumstances of the case to see that the relocation is genuine and not to take advantage of more lenient bankruptcy rules. The court will have to check that the debtor is not acting as a 'bankruptcy tourist'.
- **Increased chances to rescue companies:** The new rules avoid 'secondary proceedings' (proceedings opened by courts in an EU country other than the one where the company's registered office is based). This will make it easier to restructure companies in a cross-border context. The rules at the same time also provide for safeguards guaranteeing the interests of local creditors.
- **Group insolvency proceedings:** The new rules introduce framework for group insolvency proceedings. This will increase the efficiency of insolvency proceedings involving different members of a group of companies. In turn, this will increase the chances of rescuing the group as a whole.
- **Linking insolvency registers:** By the summer of 2019 there will be an EU-wide interconnection of electronic national insolvency registers. This will make it easier to obtain information on insolvency proceedings in other EU countries.

Explanation

As a candidate for accession to the European Union, Macedonia should accelerate its efforts to progress towards the EU in all areas of legislation, including insolvency legislation. The Regulation was adopted in order to enhance the effective administration of cross-border insolvency proceedings. Since the activities of undertakings have more and more cross-border effects and since the increase of cross-border insolvency proceedings is also expected in Macedonia, the implementation of (at least certain) provisions of the Regulation would be beneficial. It is especially noteworthy that the scope of the Regulation extends to proceedings which promote the rescue of economically viable but distressed businesses and which give a second chance to entrepreneurs.

III.4.2. RECOMMENDATION on PREVENTIVE RESTRUCTURING DIRECTIVE (PROPOSAL)

Implementation of Preventive Restructuring Directive upon its adoption

Introduction

In 2014, the European Commission has issued a Recommendation on restructuring and second chance. When the Commission reviewed the implementation of the Recommendation by Member States, it became clear that rules still diverge and remain inefficient in some countries. Reviews of the implementation of the 2014 Recommendation on restructuring and second chance showed that, despite reforms in the area of insolvency, rules still diverge and remain inefficient in some countries. In several Member States, it is not possible to restructure a business before it is insolvent. As regards the second chance, important discrepancies have remained as to the duration of the discharge period. Such differences in Member States' legal frameworks lead to legal uncertainty, additional costs for investors in assessing their risks, less developed capital markets and persisting barriers to the efficient restructuring of viable companies in the EU, including cross-border enterprise groups. In this context, the 2015 Capital Markets Union Action Plan announced a legislative initiative on business insolvency, including early restructuring and second chance. This initiative is intended to address the most important barriers to the free flow of capital and build on national regimes that work well.

This initiative is a key deliverable under the Capital Markets Union Action Plan and the Single Market Strategy. It will contribute to removing important barriers to the development of capital markets in the EU by providing legal certainty to cross-border investors and companies operating across the EU. The new rules will help attract investors, create and preserve jobs, as well as help economies absorb economic shocks. Currently, too many viable companies in financial difficulties are steered towards liquidation rather than early restructuring and too few entrepreneurs get a second chance.

The proposal is also good news for financial stability since efficient restructuring procedures will prevent businesses from defaulting on their loans to the banks and will help addressing the issue of high levels of non-performing loans in parts of the EU banking sector. This is turn will allow banks to lend more to consumers and businesses.

The proposed Directive focuses on three key elements:

- Common principles on the **use of early restructuring frameworks**, which will help companies continue their activity and preserve jobs.
- Rules to allow **entrepreneurs to benefit from a second chance**, as they will be fully discharged of their debt after a maximum period of 3 years. Currently, half of Europeans say they would not start a business because of fear of failure.
- Targeted measures for Member States to **increase the efficiency of insolvency**, restructuring and discharge procedures. This will reduce the excessive length and costs of procedures in many Member States, which results in legal uncertainty for creditors and investors and low recovery rates of unpaid debts.

The new rules will observe the following key principle to ensure insolvency and restructuring frameworks are consistent and efficient throughout the EU:

– Companies in financial difficulties, especially SMEs, will have access to early warning tools to detect a deteriorating business situation and ensure restructuring at an early stage.
– Flexible preventive restructuring frameworks will simplify lengthy, complex and costly court proceedings. Where necessary, national courts must be involved to safeguard the interests of stakeholders.
– The debtor will benefit from a time-limited "breathing space" of a maximum of four months from enforcement action in order to facilitate negotiations and successful restructuring.
– Dissenting minority creditors and shareholders will not be able to block restructuring plans but their legitimate interests will be safeguarded.
– New financing will be specifically protected increasing the chances of a successful restructuring.

- Throughout the preventive restructuring procedures, workers will enjoy full labour law protection in accordance with the existing EU legislation.
- Training, specialization of practitioners and courts, and the use of technology (e.g. online filing of claims, notifications to creditors) will improve the efficiency and length of insolvency, restructuring and second chance procedures.

Well-functioning insolvency and restructuring systems are of key importance for economic growth and job creation support. This initiative will increase the opportunities for companies in financial difficulties to restructure early on so as to prevent bankruptcy and avoid laying-off staff. It will ensure that entrepreneurs get a second chance at doing business after a bankruptcy. It will also lead to more effective and efficient insolvency procedures throughout the EU.

Explanation

As a candidate for accession to the European Union, Macedonia should accelerate its efforts to progress towards the EU in all areas of legislation, including insolvency legislation.

III.4.3. RECOMMENDATION on the NAME of the LAW COVERING INSOLVENCY PROCEEDINGS

Changing the name of the relevant law from Bankruptcy Law to Insolvency Law

Introduction

Bankruptcy is the last stage of insolvency. When it is clear that no other remedy is possible, an insolvent business may apply for bankruptcy. Insolvency is only a financial or accounting term, while bankruptcy is a legal term. In some countries bankruptcy applies to individuals, while insolvency applies to business. A business or a company do not file for bankruptcy, they rather face liquidation. If a business has become insolvent, it is not necessarily bankrupt. Bankruptcy is a legal process to provide relief to a person whose business has become insolvent. Bankruptcy is a legal declaration of one's inability to pay off debts. When one files for bankruptcy, there are, in general, two main forms of bankruptcy – reorganization and liquidation bankruptcy. What Bankruptcy and Liquidation share in common is the concept of ''Insolvency'. This means that it takes a person or a company becoming 'Insolvent' to trigger a Bankruptcy or Liquidation.

Explanation

While analysing the existing insolvency legislation in the Republic of Macedonia, it has been pointed out that the existing name of the main law on the subject matter – »Bankruptcy Law« – is inappropriate as it is too narrow. While the Law itself covers different types of proceedings that an insolvent company can face, this is not reflected in the name of the Law, thus creating unnecessary confusion. The more appropriate name of the Law would be »Insolvency Law«.

III.4.4. RECOMMENDATION on INTERNATIONAL LANGUAGE

Introduction of English as an additional language to the official language (for cooperation of domestic courts and domestic administrators with foreign courts and foreign administrators)

Introduction

Business is becoming increasingly international and, consequently, cross-border insolvency proceedings are becoming increasingly common. Therefore, it is important to provide effective mechanisms for dealing with cases of cross-border insolvency and to promote cooperation between the courts and other competent authorities of the States involved in such cases. In the EU, the Regulation 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast) requires cooperation. The use of a common language makes cooperation faster and more efficient.

Explanation

As the number of cross-border insolvency proceedings in the Republic of Macedonia is expected to gradually increase, and considering the fact that the Republic of Macedonia is a candidate country to the European Union. Joining the European Union *Acquis Communautaire*, including the Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast), will become part of the national (insolvency) legislation, it is advised that English is introduced as an additional language to the official language for international cooperation.

Example of good practice – the Republic of Slovenia

Article 473.a of Financial Operations, Insolvency Proceedings and Compulsory Dissolution Act states: 'In the cooperation of domestic court and domestic administrator with foreign courts and foreign administrators, the national court or the national administrator may use the language which is officially used in the national court or English.'

D. The Bankruptcy Law of 2006 – Provisions on cross-border insolvency

Part 11 of the Bankruptcy Law (art.319 – 354 BL) contains detailed provisions on cross-border insolvency. They are a combination of elements of the UNCITRAL Model Law on Cross-Border Insolvency (MLCBI), the European Insolvency Regulation (EIR) and inspirations taken from other sources, in particular the law of Croatia.

Chapter 1 (art. 319 BL) defines the scope of application of these provisions, basically following Art.1 MLCBI, but adding rules on domestic proceedings with an international dimension. Chapter 2 (art. 320 – 326 BL) deals with jurisdiction of Macedonian courts in international cases and contains also rules on conflicts of law and on cooperation between bankruptcy trustees of concurrent proceedings. This Chapter basically follows the EIR, though in a shortened form. Chapter 3 (art. 327 – 336 BL) contains the basic provisions on recognition of foreign insolvency proceedings, and Chapter 4 (art. 337 – 350 BL) adds more specific provisions on the consequences of recognition. Chapter 5 (art. 351 – 353 BL) adds provisions on the consequences of non-recognition, and Chapter 6 (art. 354 BL) addresses recognition of foreign settlements, bankruptcy plans or other similar decisions.

I. Domestic proceedings (art.320 – 326 BL)

According to art. 320 para.1 BL) Macedonian court are exclusively competent to open bankruptcy proceedings with universal effect (see art.320 para. 4 BL: main proceedings) if the debtor's headquarters is situated in Macedonia. Proceedings with territorial effect (special bankruptcy proceedings) can also be opened in Macedonia on the basis of a local business unit or local assets of the debtor (art. 321 para. 1 and 2 BL), with some limiting conditions laid down in the law.

Art. 322 BL lays down the lex fori concursus as basic conflict of laws rule in bankruptcy, but provides for possible exceptions under this law. As such exceptions, art.323 BL refers to the law of the location of foreign assets with respect to right of exemption and rights in rem, and art. 324 BL refers to the lex contractus laboris for effects of bankruptcy on employment contracts, by and large following the approach of the EIR.

II. Recognition of foreign insolvency proceedings

1. Chapter 3 (art. 327–336 BL) deals with the recognition of a foreign court decision for opening (i.e. commencement) of a bankruptcy procedure, not distinguishing between recognition of EU insolvencies and non-EU insolvencies.
   A foreign decision for opening of a bankruptcy procedure shall be recognized (art. 330 para.1 BL) if:
   1. the decision has been reached by a competent court or other body which, according to the Macedonian Law, is authorized for cases with international elements;
   2. the decision is enforceable according to the respective national legislation of the State where it is adopted, even if it is not a final decision;
   3. the recognition of the decision is not contrary to the public policy of the Republic of Macedonia; and if
   4. reciprocity exists.

   Courts shall refuse the proposal for recognition of a foreign decision (art. 330 para.2 BL), if upon a complaint from the debtor or other participant in the proceeding, it is found that:
   – the decision for opening of the proceeding was not delivered to the debtor in accordance with the law of the State where the decision has been adopted and if
   – the debtor's basic rights to participate in the bankruptcy procedure have been violated.

   In its decision for recognition of the foreign decision on opening of the bankruptcy procedure the court shall state the legal effects of the recognized foreign decision (art. 334 para.2 BL). If the legal effect of the decision for recognition of the foreign decision for opening of the bankruptcy procedure is to commence a bankruptcy procedure in the Republic of Macedonia, the decision for recognition shall have the same legal effect as a decision for opening of a bankruptcy procedure under Macedonian law (art. 334 para.3 BL).

If no special decision for recognition of a foreign decision on opening of a bankruptcy procedure has been rendered, each court may decide upon the recognition of that decision as a preliminary issue in the proceeding, but this decision shall have effect only in that proceeding (Art. 336 para. 1 BL).

2. Chapter 4 (art. 337–350 BL) deals with the validity of a recognized foreign decision for opening a bankruptcy procedure. A foreign decision for opening of a bankruptcy procedure which meets the requirements for recognition pursuant to article 330 BL shall be recognized even though, prior to the submission of the proposal for recognition, a bankruptcy procedure has been opened against the debtor in the Republic of Macedonia in respect of a branch office or the assets of a foreign debtor in the Republic of Macedonia (art. 337 para. 1 BL).
   The validity of the recognized foreign decision opening of a bankruptcy procedure shall be determined according to the law of the State where the proceeding has been opened unless it is not in compliance with the basic principles of the bankruptcy law in the Republic of Macedonia and unless otherwise stipulated in this Law (art. 338 para. 1 BL).
   In the proposal for recognition of a foreign decision opening a bankruptcy procedure, the foreign bankruptcy trustee or creditors may, as a direct legal consequence of recognition, require the opening of a bankruptcy procedure in the Republic of Macedonia (art. 344 para. 1 BL). The creditors and the foreign bankruptcy trustee (i.e. administrator) may contest registered claims in that proceeding (art. 345 para. 1 BL). The foreign bankruptcy trustee shall also have the right to contest legal acts of the bankruptcy debtor in the bankruptcy procedure in the Republic of Macedonia (art. 346 para. 2 BL).
   The bankruptcy trustee of the special bankruptcy procedure in the Republic of Macedonia shall be obliged to enable the bankruptcy trustee of the foreign main bankruptcy procedure to state the manner of turning into cash the assets of the bankruptcy debtor who is included in the domestic special bankruptcy procedure (art. 350 para. 1 BL).

3. Chapter 5 (art. 351 – 353 BL) deals with the non-recognition of a foreign decision opening a bankruptcy procedure. If the court rejects the proposal for recognition of a foreign decision for opening a bankruptcy procedure, upon the proposal of the creditors or the bankruptcy debtor, the court shall open a bankruptcy procedure in the Republic of Macedonia if this is necessary for an equal settlement of all the debtor's creditors (art.

351 para. 1 BL). The foreign bankruptcy debtor, the foreign bankruptcy trustee and the creditors have the right to appeal against a decision that rejects the proposal for recognition of the foreign decision for opening a bankruptcy procedure (art. 352 para. 1 BL). Each creditor as well as the bankruptcy debtor is authorized to request the opening of a bankruptcy procedure in the Republic of Macedonia apart from the fact that a main bankruptcy procedure is opened in a foreign state, if the terms 'because of which the proposal for accepting the foreign decision for opening a foreign proceeding could be rejected' are met (art. 353 para. 1 BL) – if that is what the principle of equal settling of the debtors' creditors requires (art. 353 para. 2 BL).

E. Draft of new North Macedonian insolvency law

In 2022, the Ministry of Economy drafted in cooperation with the International Finance Corporation (IFC, World Bank Group) a new Insolvency Law[7]. According to the Ministry of Economy, the purpose of the adoption of this Insolvency Law was to establish a solid and efficient insolvency system, by improving the insolvency regulatory framework and especially to encourage companies with difficulties to try to negotiate temporary debt relief and to negotiate the terms of out-of-court debt settlement through an appropriate insolvency mechanism. The draft law envisages harmonization with the EU Restructuring Directive of 2019[8]. It also includes provisions on cross-border insolvency (Part 14, art. 436 – 471 draft Insolvency Law), These provisions follow closely the Bankruptcy Law 2006, but they nevertheless contain some significant changes. For example, reciprocity would no longer be a prerequisite for recognition of foreign insolvencies. At present, the draft is still pending in the legislative process.

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7 See Djuro M. Djuric, North Macedonia the first EU candidate country to adopt the EU Directive, https://www.insol-europe.org/download/documents/2628&ved=2ahUKEwjLhNTips-RAxXsBNsEHbQHMCUQFnoECBsQAQ&usg=AOvVaw3S4E0sScm7U2__FovrMu-K. The text of the draft is accessible at https://www.economy.gov.mk/mk-MK/regulativa/zakoni/zakoni-met (both accessed 21.12.2025).

8 Directive (EU) 2019/1023 of the European Parliament and of the Council of 20 June 2019 on preventive restructuring frameworks, on debt relief and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt etc.

F. The North Macedonian way forward

A credible EU perspective remains the strongest incentive for Macedonia to conduct comprehensive political and socio-economic reforms. Despite the challenges introduced on the accession path, it is crucial that Macedonia does not stagnate and continues to advance the national EU reform agenda. A clear way forward on EU integration is key to keep Macedonia's future as part of the European Union.

Strong institutions and regulations are crucial to an effective insolvency system, both domestically and in cross-border relations. The institutional framework has three main elements: the institutions responsible for insolvency proceedings, the operational system through which cases and decisions are processed, and the requirements needed to preserve the integrity of those institutions. In Macedonia it still seems that the way forward should be planned taking into account the (summarized) final recommendations from the Final Report of the EuropeAid project (November 2017). Amendments of legislation concerning insolvency proceedings should be adopted in the regular legislative procedure.

A reliable and predictable regulatory environment for businesses should be ensured by reducing the use of the urgency procedure for legislation, ensuring proper consultation of the stakeholders and reinforcing the independence of commercial courts. Urgent (fast track) legislative procedures are intended for specific purposes and should be used in a very limited number of occasions, when unpredictable and exceptional circumstances require an immediate reaction by the legislator.

Laws adopted in such procedures have many disadvantages. They are usually nomotechnically extremely problematic. Time constraints in urgent procedures force the drafters of legislative proposals to disregard the rules of good legislative technics. Ideas and proposals on new solutions that appear during the procedure cannot be given much thought and discussion. The proposal as a whole can be unclear, unconcise and does not fit well in the overall legal system. The explanation of the proposed norms is insufficient. Consequently, laws adopted in urgent procedures are usually of lower quality both in contents and in legislative technique. The regular legislative procedure, on the other hand, is intended to clarify, resolve and harmonize the issues at stake. It offers a chance for expert discussion and evaluation, sufficient time to form clear and technically appropriate text and to critically judge the proposal.

It is difficult to find a well-founded reason why amendments of insolvency and liquidation legislation should be adopted in an expedited or urgent procedure. Such haste cannot be justified by the interests of security or defence of the state, the elimination of the consequences of natural disasters or avoiding consequences for the functioning of the state, which are the usual reasons for urgent legislative procedures. Therefore, it is strongly recommended that the amendments of legislation concerning insolvency proceedings and liquidation proceedings should be adopted in a regular legislative procedure. In this context, we would like to express some recommendations:

I. Recommendations on strengthening the institutional capacity of the Legal Department (Unit for Bankruptcy) in the Ministry of Economy and other beneficiaries:

(1) Formation of the Insolvency Sector (within the Ministry of Economy), followed by a formation of the Insolvency Supervision Agency (within the Ministry of Economy).
(2) Regular and continuous training of the staff of the Sector/Agency.
(3) Establishment of a new management system for bankruptcy and reorganization proceedings within the Ministry of Economy (or within the Central Register or within the Supreme Court).
(4) Interconnection of different registers and databases with the ability of automatic and prompt updating of data.
(5) Websites for publications in Bankruptcy should be managed by special agency.
(6) Publishing of the data in the Register with effect on the day of the publishing (without publishing in the Official Gazette or other newspapers).
(7) Access to the data based on the name of the subject or its identification number.
(8) Access to the data should be free of charge.
(9) Establishment of an Early Warning System, featuring tools available to debtors to be able to detect a deteriorating business development.
(10) Only four specialized first instance courts should be competent to decide in insolvency cases (Bitola, Gostivar, Shtip and Skopje).
(11) Establishment of special insolvency departments within these four courts.

(12) Only one second instance (appeals) court should be competent to decide in insolvency cases (exclusive jurisdiction of the Appellate Court in Skopje).
(13) Establishment of a special insolvency department or a chamber within the competent appeals court.
(14) Specialization of bankruptcy judges, assigned to special insolvency departments or chambers, including through tailored training events.
(15) Organization of an annual conference/seminar on the topic of insolvency and liquidation law in order to provide the judges with appropriate knowledge and inform them of recent developments in this field of law.
(16) Upgrade the system of the electronic selection of administrators, taking into account that more extensive knowledge and experience is required in certain types of insolvency proceedings.
(17) Establish separate systems of the selection of administrators according to the type of proceedings (bankruptcy, reorganization, voluntary liquidation, and entrepreneur).
(18) Determine more criteria for ranking of the administrators based on considerations particular to each type of proceedings.
(19) Mandatory continued training for administrators in order to improve overall quality of administering the insolvency proceedings.
(20) Assuring the impartiality of the administrator, including through mandatory disclosure of the financial situation of the administrator before the appointment in particular insolvency case.
(21) Formation of the Implementation Monitoring Group with the Ministry of Justice, in addition to the Consultative Body set up within the Ministry of Economy.
(22) An Association of Creditors should be established.
(23) Inclusion of a member of the Association of Creditors into the Implementation Monitoring Group.

II. Recommendations on reviewing the functionalities and legal provisions in the current bankruptcy system:

(1) Harmonization of Macedonian bankruptcy legislation with the European Insolvency Regulation (recast).
(2) Implementation of Preventive Restructuring Directive upon its adoption.

(3) Changing the name of the relevant law from Bankruptcy Law to Insolvency Law.
(4) Transposition of the majority of the provisions on the exam for candidates for administrators from Bankruptcy Law to a specific rulebook.
(5) Reconsider the form of the exam: only a written test or also an oral exam.
(6) Introduction of English as an additional language to the official language (for cooperation of domestic courts and domestic administrators with foreign courts and foreign administrators).
(7) Inclusion of mediation in the bankruptcy (and reorganization) proceedings by determining the types of claims suitable for mediation, the nature of mediation and deadlines for reaching the agreement.
(8) Proceedings should be diversified, covering different types of debt distress. They should offer an insolvent debtor or debtor facing imminent insolvency appropriate options according to its particular situation by establishing clear distinguishing criteria and functional classification.
(9) Both bankruptcy (with reorganization) and liquidation proceedings should be addressed.
(10) Different types of reorganization suitable for different debtors considering their particular features.
(11) Inclusion of specific provisions on environmental protection in the new Insolvency Law (for example, on the liability for potential damage, cost of pollution management, secondary liability of State for the damage caused, etc).
(12) The Law on the Out-of-Court Settlement should be abolished.
(13) The (appropriate) content of the Law should be transposed into the (new) Insolvency Law (into the Chapter on the reorganization plan submitted by the debtor).
(14) Development of the system of personal bankruptcy also for a consumer in the (near) future.

III. Recommendations on reviewing the functionalities and legal provisions in the current liquidation procedure:

(1) Clear distinction between different types of liquidation.
(2) Clear distinction between liquidation as a consequence of the bankruptcy proceedings and compulsory liquidation.
(3) Detailed regulation of liquidation proceedings, with special emphasis on the reasons for the commencement of the proceedings, the subjects entitled to propose the commencement of the proceedings, rights and duties of the parties to the proceedings, notifications, legal remedies, payment of outstanding claims and distribution of assets.
(4) Clear distinction between liquidation proceedings and deletion without liquidation (dissolution).
(5) Detailed regulation of dissolution proceedings, with special emphasis on the reasons for the commencement of the proceedings, the subjects entitled to propose the commencement of the proceedings, rights and duties of the parties to the proceedings, notifications and legal remedies.
(6) Regulate the status and mandate of liquidators.

IV. Recommendations common to bankruptcy and liquidation:

(1) Introduction and implementation of the case management system ('Triage')
(2) Preparing the contents aspect of the 'Triage' project.
(3) Adopting appropriate legal basis for the implementation of the 'Triage' project.
(4) Establishment of a working group and commencement of the 'Triage' project.
(5) Ensuring adequate staffing, in particular of the non-judicial personnel.
(6) Judicial advisers and/or judicial assistants should have more competencies in insolvency proceedings (which will disburden the judges and ensure more efficient court proceedings).
(7) Provide legal basis for such new competencies of judicial advisers / assistants.
(8) Provide a system of legal remedies against the decisions of judicial advisers/assistants.

(9) A plan of bankruptcy proceedings should be laid down by the court on the proposal of the insolvency administrator and in cooperation with other relevant stakeholders.
(10) Adoption of business-financial standards for valuation of the assets (in bankruptcy proceedings).
(11) Inclusion of a provision in the new Insolvency Law providing for a legal basis for the establishment of a Warranty Fund.
(12) Adoption of a special law on a Warranty Fund.
(13) Establishment of a Warranty Fund.
(14) Amendments of legislation concerning insolvency proceedings and liquidation proceedings should be adopted in the regular legislative procedure.