

Commercial Court of the Yamalo-Nenets Autonomous District accepts sanctions restrictions as grounds for freezing injunction in support of future arbitration claim

by *Practical Law Arbitration*, with *Kulkov, Kolotilov & Partners*

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In *Case No A81-7665/2023*, the Commercial Court of the Yamalo-Nenets Autonomous District arrested the assets of a US oilfield services company's local subsidiary in support of a future ICC arbitration. The arrest was required due to sanctions restrictions and, as a consequence, the subsidiary's withdrawal from the Russian market.

Maxim Kulkov and Anastasia Khalyavina, Kulkov, Kolotilov & Partners

On 9 August 2023, Yamal-LNG JSC (Yamal-LNG), a Russian sanctioned gas production company engaged in the manufacture of liquefied natural gas, applied to the Commercial Court of the Yamalo-Nenets Autonomous District (court) for preliminary interim measures by arrest of assets of Baker Hughes Rus Infra LLC (BHRI).

Yamal-LNG submitted that it intended to file a request for arbitration before the ICC as agreed by the parties in their contract. The future claim related to the refund of advance payments, compensation for the value of delivered goods and reimbursement of losses in the amount of around \$51 million.

Yamal-LNG argued for the necessity to grant a freezing order on two grounds. First, due to the sanctions restrictions, it would be practically impossible for Yamal-LNG to enforce a future arbitral award outside Russia. Second, it would also not be able to effectively enforce the award in Russia, as BHRI was divesting Russian assets and refusing to participate in Russian projects under the pretext of sanctions.

The court found all of Yamal-LNG's arguments to be valid. Accordingly, it ordered the arrest of BHRI's funds, movable and immovable property for an amount equal to the future arbitration claim amount.

The court stated that the arrest was valid only for a period of 15 working days from the ruling date (that is, until 31 August 2023). To continue the arrest, Yamal-LNG must apply to the ICC within that period. BHRI has the right to appeal the court's ruling until 10 September 2023.

Case: *Case No. A81-7665/2023 (10 August 2023)*.

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