

Reference to EU sanctions sufficient basis to refuse recognition of arbitration award (Arbitrazh Court of Murmansk Region, Russia)

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

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In *Case No A42-5661/2025 (Murmansk Region Court)*, the Russian Arbitrazh Court of Murmansk Region refused to recognise an ICC arbitration award, finding that the tribunal's decision was based on EU sanctions against Russia and Russian entities, and rendered by arbitrators from "unfriendly states".

Maxim Kulkov and Maria Ivanova, Kulkov, Kolotilov & Partners

The Russian Arbitrazh Court of Murmansk Region has refused to recognise an ICC arbitration award, finding that it was based on EU sanctions against Russia.

The award was rendered in a dispute relating to work on the Murmansk transport hub project. The Russian companies State Transport Leasing Company JSC and its successor Lavna Commercial Sea Port LLC (Lavna) were the buyers. In 2022, the EU banned the execution of some services for Russian companies, and the suppliers to the project, Thyssenkrupp Industrial Solutions AG (Germany) and AS LNK Industries (Latvia), refused to install the equipment. Lavna commenced a Dutch-seated ICC arbitration seeking the return of advance payments made to the suppliers.

The tribunal issued its award, dismissing Lavna's claim.

The Prosecutor's Office in the interests of Russia, which was the sole shareholder of State Transport Leasing Company JSC, applied to the Arbitrazh Court of Murmansk Region requesting that it refuse to recognise the ICC award. Article 245.1 of the Russian Arbitrazh Procedure Code provides for automatic recognition of arbitration awards, which do not require enforcement, unless there are objections from one or more interested parties. The Prosecutor's Office applied to the court raising objections to prevent the automatic recognition of the award.

The court, granting the Prosecutor's Office's application and refusing to recognise the award, stated that:

- In rejecting Lavna's claim, the tribunal referred to EU sanctions against Russia as a ground for refusing to direct the return of the advance payments. The recognition of an arbitration award that makes reference to the binding nature of EU sanctions against Russia violates the fundamental principles of Russian law and is contrary to Russian public policy.
- Recognition should also be refused on the additional ground that the arbitrators appointed in the ICC arbitration were citizens of the Netherlands and Singapore, which are classed as "unfriendly states" in accordance with Russian law.

The court explicitly held that the reference to EU sanctions alone was a sufficient basis to refuse recognition of the award.

It follows that, going forward, any foreign arbitration awards or court judgments that refer to sanctions against Russian parties may be refused recognition on the same ground. The case also follows the latest trend in Russian case law, which is the

interference of the Prosecutor's Office in private law arbitration disputes related to sanctions, even where Russia's interests are affected only indirectly.

Case: [Case No A42-5661/2025 \(Murmansk Region Court\) \(1 August 2025\)](#).

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