International Commercial Arbitration in the Shadow of EU Sanctions: Recent CJEU Case Law, the Approach of Lithuanian Courts, and Key Legal Challenges

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EU sanctions have become one of the defining challenges for international commercial arbitration in Europe. Since 2022, the volume of sanctions-related disputes has grown sharply, raising questions that go to the heart of how arbitration functions within the EU legal order. This article examines three connected issues. First, it analyses the regulatory framework – in particular the no-claims clause in Article 11(1) of Regulations No 833/2014 and No 269/2014 – and the amendments introduced by the EU's 20th sanctions package in April 2026. The legislative picture that emerges is one of careful calibration – the EU has sought to preserve arbitration as a dispute resolution mechanism whilst ensuring that sanctions objectives cannot be circumvented through arbitral proceedings. Second, the article examines the Advocate General's Opinion in Case C-802/24 (Reibel). The Opinion concludes that sanctions-related claims are arbitrable, that Article 11(1) forms part of EU public policy, and that a claimant's underlying legal right survives even where enforcement is temporarily barred. These conclusions impose real obligations on national courts at the recognition and enforcement stage. Third, the article addresses the distinction between recognition and enforcement, and argues that national courts may recognise arbitral awards whilst deferring enforcement until regulatory authorisation is obtained. The article further argues that the practical centre of gravity in sanctions-related arbitration is shifting from the arbitral proceedings themselves to the recognition and enforcement stage before Member State courts. In that sense, recent EU legislative and judicial developments do not evidence a retreat from arbitration, but rather the emergence of an EU model of sanctions-sensitive arbitration: disputes remain arbitrable and awards remain recognisable, but the ultimate satisfaction of sanctions-affected claims is subject to public policy review and regulatory control.

INTRODUCTION

The judgment of the Court of Justice of the European Union (CJEU) of 6 March 2018 in *Achmea case*[1] marked a significant milestone in defining the relationship between European Union (EU) law and international arbitration. In that judgment, the CJEU affirmed the primacy of EU law over intra-EU investment arbitration, declaring the investor-State dispute settlement (ISDS) mechanism established by bilateral investment treaties between EU Member States to be incompatible with the EU legal order.

[1] Case C-284/16, Slovak Republic v Achmea BV EU:C:2018:158.

Although the ruling concerned investment arbitration specifically, it prompted broader discussion regarding the influence of EU law on commercial arbitration more generally.

It is important, however, not to overstate the significance of Achmea for commercial arbitration. The CJEU has generally distinguished between investment arbitration and commercial arbitration. Unlike investor-State arbitration under intra-EU bilateral investment treaties, commercial arbitration derives from party autonomy rather than from an international treaty concluded between Member States and does not, at least in the same way, remove disputes from the EU judicial system. Nevertheless, the broader concern underlying Achmea remains relevant: where disputes raise questions of EU law, their resolution must remain subject to sufficient judicial supervision by Member State courts to ensure the uniform and effective application of EU law.

Russia's large-scale military invasion of Ukraine in February 2022 and the subsequent, significant expansion of the EU sanctions regime have given those discussions an entirely new dimension. Although the EU has employed sanctions as a foreign policy instrument for more than a decade, most notably in relation to Iran, it is the measures adopted in response to Russian aggression that have had the greatest impact on economic operators within the EU, including Lithuanian companies and their contractual relationships. These measures affect commercial contracts, investment arrangements, financing agreements, and dispute resolution mechanisms alike. The volume of sanctions-related disputes before arbitral tribunals has risen sharply: according to official data, approximately 25 per cent of disputes pending before the International Chamber of Commerce (ICC) at the start of 2024 were related to sanctions.[2]

This has given rise to both technical and substantive legal issues. Technical difficulties, such as how to pay arbitral institution fees and arbitrators' remuneration when a party is subject to sanctions, and how to secure premises and other logistical support, have prompted various arbitral institutions (for example, the SCC[3], VIAC[4]) to issue individual guidance. More fundamental debates have arisen in relation to substantive questions: whether disputes connected to the sanctions regime are arbitrable; to what extent arbitral tribunals may apply and interpret EU law; what role national courts should play in determining the recognition and enforcement of arbitral awards in EU Member States; and whether EU sanctions provisions form part of EU public policy, affording courts a basis on which to refuse enforcement of awards.

Recent developments in CJEU case law indicate that sanctions-related disputes may become a defining issue in European arbitration practice. Case C-802/24 (*Reibel* case) is particularly significant, as it directly addresses the relationship between EU sanctions and the enforceability of arbitral awards. The Opinion of Advocate General Biondi, delivered on 26 February 2026,[5] provides important guidance on three key issues: arbitrability, EU public policy, and the scope of judicial review. The Lithuanian Court of Appeal has also made a timely contribution to this area of law, having referred Cases C-635/25[6] and

[2] N Darwazeh and S Grémaud, '2024 PAW: Sanctions and Arbitration: Lessons Learned and Possible Strategies' (Kluwer Arbitration Blog, 23 March 2024) <https://legalblogs.wolterskluwer.com/arbitration-blog/2024-paw-sanctions-and-arbitration-lessons-learned-and-possible-strategies/> accessed 26 August 2026.

[3] SCC Arbitration Institute, *Q&A on the EU Sanctions against Russia* (SCC Arbitration Institute, December 2024) <https://sccarbitrationinstitute.se/wp-content/uploads/2024/12/qa_eu_sanctions.pdf> accessed 26 August 2026.

[4] Vienna International Arbitral Centre (VIAC), 'VIAC Note on Sanctions' (VIAC) <https://www.viac.eu/en/rules-and-tools-at-a-glance/resources-at-a-glance/viac-note-on-sanctions/> accessed 26 August 2026.

[5] Case C-802/24, *NV Reibel v JSC VO Stankoimport*, Opinion of Advocate General Biondi, EU:C:2026:110.

[6] Case C-635/25, *INTER RAO Lietuva AB v Axpo Nordic AS*, request for preliminary ruling lodged 30 September 2025, OJ C/2026/281.

C-733/25[7] to the CJEU for preliminary rulings concerning the recognition and enforcement of arbitral awards in the context of the sanctions regime.

This article argues that recent developments in EU sanctions law do not signal a retreat from arbitration, but rather the emergence of a distinctive EU model of sanctions-sensitive arbitration. Under this model, disputes remain arbitrable and arbitral awards remain capable of recognition, but effective enforcement is increasingly conditioned upon public policy review and regulatory authorisation. The practical centre of gravity therefore shifts from the arbitral proceedings themselves to the recognition and enforcement stage before Member State courts. The emerging case law of the CJEU and the legislative amendments adopted in 2025 and 2026 demonstrate that the EU seeks neither to prohibit arbitration nor to immunise sanctions-related disputes from adjudication, but to subject the ultimate satisfaction of sanctions-affected claims to heightened regulatory control.

This article further examines how CJEU case law has shaped the relationship between EU law and arbitration; the content and operation of the no-claims clause in Article 11 of Council Regulation (EU) No 833/2014[8] and Council Regulation (EU) No 269/2014[9] and its interaction with the arbitral process; how the Advocate General in *Reibel* approaches arbitrability, EU public policy, and judicial review; whether and on what basis arbitral awards may be recognised whilst enforcement is deferred; and what position Lithuanian courts may adopt. The article also addresses the amendments introduced by Council Regulation (EU) 2026/511 of 23 April 2026, which significantly clarify the scope of Regulation No 269/2014 in the arbitration context.[10]

I. THE EU SANCTIONS REGIME AND INTERNATIONAL COMMERCIAL ARBITRATION

1.1. THE REGULATORY INSTRUMENTS AND THE 'NO-CLAIMS' CLAUSE

The EU's restrictive measures in relation to Russia are implemented through two complementary regulatory instruments. Council Regulation (EU) No 269/2014[11] establishes measures applicable to specific designated entities: Article 2 provides for the freezing of all funds and economic resources belonging to, owned, held, or controlled by the natural or legal persons listed in Annex I, and prohibits the making available of any funds or economic resources to those persons, whether directly or indirectly. Council Regulation (EU) No 833/2014, as amended on numerous occasions, establishes sector-specific restrictions: prohibitions on the export of dual-use goods, and restrictions on certain financial and other services.[12]

Both Regulations contain a so-called 'no-claims' clause in Article 11(1). That provision stipulates that no claims arising out of contracts or transactions whose performance has been affected, directly or indirectly, by the restrictive measures imposed under the relevant Regulation may be satisfied where such claims are brought by specified sanctioned persons or en-

[7] Case C-733/25, *Alpiq AG v INTER RAO Lietuva AB*, request for preliminary ruling lodged 18 November 2025, OJ C/2026/934.

[8] Council Regulation (EU) No 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine [2014] OJ L229/1.

[9] Council Regulation (EU) No 269/2014 of 17 March 2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine [2014] OJ L78/6.

[10] Council Regulation (EU) 2026/511 of 23 April 2026 amending Regulation (EU) No 269/2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine [2026] OJ L 2026/511.

[11] Council Regulation (EU) No 269/2014 of 17 March 2014 [2014] OJ L78/6.

[12] Council Regulation (EU) No 833/2014 of 31 July 2014 [2014] OJ L229/1.

tities, persons acting on their behalf, or certain third-country persons or entities falling within the scope of the respective Regulation.

This clause is at the core of sanctions-related arbitration disputes. It applies both to designated entities and to any other Russian person or entity falling within its scope. The questions it raises are twofold. The first, and the one directly addressed in Case C-802/24 (*Reibel*), is whether the clause precludes recourse to arbitration altogether, on the basis that the satisfaction of claims is prohibited. The question arises from the setting-aside proceedings before the Svea Court of Appeal. Under Swedish law, an arbitral award is null and void where it concerns a non-arbitrable matter or is manifestly incompatible with Swedish public policy. Arbitrability in Sweden turns on whether the parties may settle the claim out of court: if they may not, the dispute cannot be submitted to arbitration. Accordingly, if Article 11(1) were interpreted as precluding out-of-court settlement, a reading that the need to prevent circumvention might support, the arbitration clause would itself be void and the award would lack any legal basis, without any need for judicial review.[13]

The second is more commonly encountered in the arbitration proceedings themselves: Article 11 has become one of the most frequently litigated provisions in sanctions-related disputes, shaping both the conduct of arbitral proceedings and the substance of the claims advanced within them. A further difficulty concerns consistency of interpretation. Unlike national courts, arbitral tribunals cannot refer questions of EU law to the CJEU for a preliminary ruling. There is accordingly a real risk that different tribunals will interpret Article 11 differently, with no mechanism to ensure uniformity. That risk is compounded where arbitration is seated outside the EU, where compliance with EU Regulations is harder to supervise and enforce. The combined effect has been an extensive debate about the arbitrability of sanctions-related disputes, the primacy of EU law in arbitral proceedings, the content of EU public policy, and the appropriate intensity of judicial scrutiny when recognition or enforcement of an award is sought.

Two legally distinct scenarios recur throughout this article, and keeping them apart is essential to a clear analysis. The first, which lies at the heart of Case C-802/24 (*Reibel*), arises where a sanctioned entity is the claimant: it initiates or pursues arbitral proceedings against an EU party and seeks to enforce an award in its own favour. It is in this scenario that Article 11(1) of the Regulations directly applies, prohibiting the satisfaction of the claim. The central legal question is whether arbitration may be used as a forum at all, and whether an award granting such relief can stand. The second scenario is legally and practically different: the sanctioned entity is the respondent, and an unsanctioned EU party holds an arbitral award made against that sanctioned debtor. Here, Article 11(1) does not directly prohibit enforcement (the award runs in favour of the unsanctioned party, not the sanctioned one), but the asset-freeze imposed by Regulation No 269/2014 prevents execution against the debtor's frozen assets. This is the scenario that dominates Part III of this article. The two situations raise different legal questions, engage different provisions of the sanctions framework, and call for different analysis.

1.2. RECENT REGULATORY DEVELOPMENTS

1.2.1. NEW ARTICLE 5C OF REGULATION No 269/2014

The sanctions regime has been substantially shaped by political developments, and both Regulations have been amended on numerous occasions since 2014, with the pace of amendment accelerating considerably after 2022. One of the most recent and directly relevant amendments, adopted as part of the EU's

[13] See Case C-802/24, *NV Reibel v JSC VO Stankoimport* (n 5) paras 10–12 and 25.

20th sanctions package,[14] concerns arbitration specifically.

On 23 April 2026, the EU adopted Council Regulation (EU) 2026/511 of 23 April 2026 amending Regulation (EU) No 269/2014.[15] The amendment introduced a new Article 5c, which addresses a specific scenario in which a sanctioned entity initiates arbitration proceedings, is unsuccessful, and is ordered to pay the other party's arbitration and litigation costs.

Under Article 5c(1), the competent national authority (in Lithuania, the Financial Crime Investigation Service (FNTT)) may authorise the unfreezing of the relevant funds where three cumulative conditions are met: the arbitral award was issued after the person's designation in Annex I to Regulation No 269/2014; the arbitration was initiated by the designated person; and the costs are awarded to a party that is neither designated, nor a Russian national or entity established in Russia, nor subject to Regulation No 833/2014.

Article 5c(2), however, establishes an important exemption: the authorisation extends only to the costs of the arbitration proceedings themselves (tribunal fees, administrative fees, and the other party's reasonable legal costs). It expressly does not apply to 'the payment of any principal amount, damages, interest or other substantive claims awarded for as long as sanctions are in force'. This raises a question of considerable practical importance: does this provision mean that substantive monetary claims under an arbitral award cannot be enforced for the duration of the sanctions regime?

The analysis requires careful attention to the relationship between Article 5c and the pre-existing Article 5(1). Article 5c operates as a *lex specialis* provision – it governs cases where an arbitral award may be enforced directly, without the need for a court decision granting enforcement, that is, where no exequatur procedure is required. In those cases, the competent authority may authorise payment of procedural costs only. Article 5(1)(a) addresses a distinct scenario. It permits the competent authority to authorise the unfreezing of funds where a 'judicial decision enforceable in the Member State concerned' has been issued in respect of those funds. That wording encompasses an exequatur ruling, for example, a ruling by the Lithuanian Court of Appeal recognising a foreign arbitral award and declaring it enforceable in Lithuania. Such a ruling is precisely a 'judicial decision enforceable in the relevant Member State', which provides the competent authority with the legal basis to authorise the unfreezing of the principal sum.

On a systematic reading, Articles 5c and 5(1) are not alternative mechanisms, they are complementary. Article 5c applies where no exequatur is required; Article 5(1) applies where the award has been declared enforceable by a Member State court. The exequatur stage is therefore not a mere procedural formality – it is the necessary gateway to Article 5(1) and, through it, enables the competent authority to authorise the release of the principal sum. Whether courts will adopt this approach in practice remains to be seen.

1.2.2. RUSSIAN RETALIATORY LITIGATION AND THE EU'S LEGISLATIVE RESPONSE

Alongside the substantive legal questions that sanctions pose for international arbitration, Russia has actively deployed its domestic legal system to obstruct foreign proceedings. In 2020, Russia amended Article 248 of its Code of Arbitration Procedure (CAP), enabling Russian

[14] Council of the European Union, 'Russia's War of Aggression against Ukraine: 20th Round of Stern EU Sanctions Hits Energy, Military-Industrial Complex, Trade and Financial Services Including Crypto' (Council of the EU, 23 April 2026) <https://www.consilium.europa.eu/en/press/press-releases/2026/04/23/russia-s-war-of-aggression-against-ukraine-20th-round-of-stern-eu-sanctions-hits-energy-military-industrial-complex-trade-and-financial-services-including-crypto/> accessed 26 August 2026.

[15] Council Regulation (EU) 2026/511 of 23 April 2026 amending Regulation (EU) No 269/2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine [2026] OJ L 2026/511.

courts to: (i) assume exclusive jurisdiction over sanctions-related disputes, notwithstanding valid arbitration or jurisdiction clauses (Article 248(1)); (ii) issue anti-suit injunctions suspending foreign proceedings (Article 248(2)); and (iii) impose fines of up to the full value of the claim plus litigation costs for non-compliance (Article 248(10)).[16] What began as a legislative amendment has, in practice, become a systematic instrument for disrupting international arbitration proceedings.

The penalties imposed under this mechanism have reached extraordinary levels. In *OMV P&E v Gazprom*, in February 2026, the Commercial Court of St Petersburg and the Leningrad Region imposed interim measures prohibiting OMV from enforcing any arbitral or court awards against Gazprom outside Russia, citing OMV's failure to comply with a prior anti-arbitration order. In *Wintershall v Russia (II)*, the Moscow Commercial Court issued an anti-arbitration injunction on 9 September 2025, directed not only at Wintershall and its counsel but at all three members of the arbitral tribunal by name; on 21 November 2025, all three were held jointly and severally liable to pay EUR 7.5 billion to the Russian Federation for non-compliance. In *Uniper v Gazprom Export (II)*, on 4 July 2024, a Russian court upheld a fine of EUR 14.312 billion — reportedly the largest penalty ever imposed in Article 248 proceedings at the time.[17]

The EU's 20th sanctions package, adopted on 23 April 2026, responded to these developments through a combination of defensive and offensive legislative measures. Council Regulation (EU) 2026/506[18] inserted a new Article 11ca into Regulation No 833/2014[19], conferring on EU parties the right to obtain a counter-order from a court of a Member State, requiring a Russian counterpart to discontinue proceedings in Russia that are incompatible with a valid arbitration or jurisdiction clause. Non-compliance may result in financial penalties payable to the EU party, proportionate to the potential loss caused. The pre-existing Article 11c was defensive in nature, shielding EU parties from the recognition or enforcement within the EU of Russian court judgments based on Article 248 of the CAP. Article 11ca is offensive in character – EU Member State courts may now actively issue counter-orders backed by enforceable financial penalties, mirroring the mechanism Russia itself employs.

Whether Article 11ca will prove effective in practice remains to be seen. Its utility depends, in the first place, on the location of the relevant assets – EU counter-orders backed by financial penalties can protect parties against the enforcement of Russian judgments within the EU, but they cannot prevent Russian courts from issuing or maintaining such orders, nor can they shield assets located in Russia or third countries from execution. The practical reach of the new mechanism is therefore greatest for EU parties whose counterparts hold assets within the EU, and considerably more limited where that is not the case.

Regulation 2026/506 also inserted Article 5aj[20] into Regulation No 833/2014, which expressly permits certain transactions that would otherwise be prohibited where they are 'strictly necessary to ensure access to judicial, administrative or arbitral proceedings in a Member State, or for the recognition or enforcement of a judgment or arbitral award made in a Member State', provided they are consistent with the objectives of both Regulations. This provision constitutes an important legislative safeguard, confirming that the sanctions regime does not

[16] Russian Federation Arbitration Procedure Code, Art 248 (as amended by Federal Law No 197-FZ of 8 June 2020).

[17] M. Burgstaller and I. Sauvagnac, 'EU's 20th Sanctions Package: Sharpening the EU's Arbitration Toolkit Against Retaliatory Russian Litigation' (Lexology, 2026) <https://www.lexology.com/library/detail.aspx?g=83a4553d-5412-4fa4-95cb-fc8c67b3c8c1> accessed 27 August 2026.

[18] Council Regulation (EU) 2026/506 of 23 April 2026 amending Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine [2026] OJ L 2026/506.

[19] Council Regulation (EU) 2026/506 of 23 April 2026 [2026] OJ L 2026/506, Art 11ca.

[20] Council Regulation (EU) 2026/506 of 23 April 2026 [2026] OJ L 2026/506, Art 5aj.

itself preclude EU parties from participating in arbitration proceedings.

The regulatory landscape examined in this section reveals a sanctions framework that is simultaneously expanding in scope and responding, with increasing specificity, to the challenges posed by arbitration. Two conclusions can be drawn at this stage. First, the legislative trajectory (from the original no-claims clause through to Articles 5c, 5aj, 11c, and 11ca) reflects a considered policy choice to preserve arbitration as a dispute resolution mechanism whilst ensuring that the objectives of the sanctions regime are not circumvented through arbitral proceedings. Second, the interplay between the no-claims clause in Article 11(1) and the deferred-enforcement framework created by Articles 5 and 5c gives rise to legal questions of considerable complexity, which it falls to the CJEU and national courts to resolve.

II. CASE C-802/24: THE *REIBEL* ADVOCATE GENERAL OPINION

The *Reibel* case[21] is among the most closely watched CJEU proceedings in recent years, both for its implications for commercial arbitration and for the interpretation of the sanctions regime more broadly. The questions it raises may fundamentally shape the CJEU's approach to commercial arbitration going forward, and in particular whether the EU will remain an attractive arbitral seat.

2.1. THE FACTS, THE ARBITRAL AWARD AND THE REFERRAL TO THE CJEU

The dispute arose between a Belgian company, NV Reibel, and a Russian company, JSC VO Stankoimport. On 8 December 2015, the parties concluded a supply contract under which Reibel was to supply Stankoimport with goods intended for use in the manufacture of helicopter parts. The contract contained an arbitration clause providing that all disputes, other than those falling within the exclusive jurisdiction of national courts, would be referred to arbitration in accordance with Swedish law.

On 23 March 2017, the Belgian authorities refused to grant Reibel an export licence. Reibel's appeal was dismissed by the Belgian Conseil d'État. The authorities had classified the goods as dual-use items within the meaning of Council Regulation (EC) No 428/2009[22], the export of which to Russia was prohibited by Regulation No 833/2014, on the basis that the goods were intended for helicopter manufacturing. The supply contract had been lawfully concluded before the prohibition entered into force in respect of the relevant category of goods.

Stankoimport had already made an advance payment for the goods. When delivery was never effected, it demanded repayment. Following Reibel's refusal, Stankoimport terminated the contract and filed a request for arbitration before the SCC. The arbitral tribunal issued its award on 5 December 2021.

The tribunal partially upheld Stankoimport's claims. It ordered Reibel to repay the advance payment together with accrued interest, on the basis that these claims fell outside the scope of Article 11(1) of Regulation No 833/2014. The tribunal reasoned that repayment claims are restitutory in nature, they seek to restore the parties to their pre-contractual positions rather than to derive financial benefit from the prohibited performance of the contract. In the tribunal's view, the no-claims clause was not designed to encompass claims for the recovery of value already transferred under a contract that became unenforceable as a consequence of EU measures. By contrast, the tribunal refused to award damages for breach of contract and other losses, treating those claims as falling within Article 11(1), they sought financial benefit from Reibel's failure to perform a prohibited transaction, rather

[21] Case C-802/24, *NV Reibel v JSC VO Stankoimport* (n 5).

[22] Council Regulation (EC) No 428/2009 of 5 May 2009 setting up a Community regime for the control of exports, transfer, brokering and transit of dual-use items [2009] OJ L134/1.

than merely reversing an existing transfer of value.[23]

Reibel challenged the award before the Svea Court of Appeal, seeking to have it set aside on grounds of incompatibility with Swedish and EU public policy. Unable to resolve the matter without authoritative guidance on EU law, the Svea Court referred three questions to the CJEU for a preliminary ruling: (i) whether sanctions-related disputes are arbitrable; (ii) whether EU sanctions form part of EU public policy, such that courts are required to review arbitral awards for compliance of their own motion; and (iii) whether repayment of an advance payment constitutes a 'claim' barred by Article 11(1)[24].

2.2. THE ADVOCATE GENERAL'S OPINION: THREE KEY QUESTIONS

Following submissions from the parties and from Sweden, Estonia, Spain, France, Poland, and the European Commission at the oral hearing, Advocate General Biondi delivered his Opinion on 26 February 2026. The Opinion addresses three issues in sequence: arbitrability; EU public policy and the scope of judicial review; and the scope of the no-claims clause in Article 11(1).[25]

First, on arbitrability, the Advocate General identifies the legally relevant question as not whether Article 11(1) bars all out-of-court dispute resolution, but specifically whether it precludes recourse to arbitration. Applying a three-stage interpretive analysis (textual, contextual, and teleological) he concludes that it does not. Textually, Article 11(1) prohibits the satisfaction of claims, not their submission; the provision is addressed to the recipient of a claim, not to the forum in which it is heard. Contextually, the EU legislature has never required parties to remove arbitration clauses from existing contracts, and where it has wished to regulate contract content it has done so expressly. Article 12, which prohibits circumvention of the sanctions regime,[26] provides adequate safeguards without the need for a blanket prohibition on arbitration. Teleologically, the purpose of the no-claims clause, to protect EU operators from liability for sanctions-related non-performance, is fully achieved at the enforcement stage, rather than at the referral stage. This reading is reinforced by Article 5aa(3)(g) of Regulation No 833/2014, which expressly permits transactions necessary to access arbitration in a Member State.[27]

The Advocate General's conclusion on the first question is clear – Article 11(1) does not preclude parties from referring a dispute to arbitration, even where the claim is one that cannot ultimately be satisfied. This position is subject to two conditions: no award may be made that amounts to the satisfaction of a claim contrary to Article 11(1); and the arbitral award must remain open to judicial review to ensure compliance with EU public policy.

Second, on EU public policy and judicial review, the Advocate General concludes that Article 11(1) of Regulation No 833/2014 forms part of EU public policy. This conclusion is grounded in the nature and objectives of the sanctions regime. Regulation No 833/2014 implements measures adopted under Article 215 TFEU,[28] to restrict

[23] Case C-802/24, *NV Reibel v JSC VO Stankoimport* (n 5) paras 6–15.

[24] Case C-802/24 (n 5) para 15.

[25] Council Regulation (EU) No 833/2014 of 31 July 2014 [2014] OJ L229/1, Art 11(1).

[26] Council Regulation (EU) No 833/2014 of 31 July 2014 [2014] OJ L229/1, Art 12.

[27] Council Regulation (EU) No 833/2014 of 31 July 2014 [2014] OJ L229/1, Art 5aa(3)(g).

[28] Consolidated version of the Treaty on the Functioning of the European Union [2012] OJ C326/47, Art 215 (ex Art 301 TEC): '1. Where a decision, adopted in accordance with Chapter 2 of Title V of the Treaty on European Union, provides for the interruption or reduction, in part or completely, of economic and financial relations with one or more third countries, the Council, acting by a qualified majority on a joint proposal from the High Representative of the Union for Foreign Affairs and Security Policy and the Commission, shall adopt the necessary measures. It shall inform the European Parliament thereof. 2. Where a decision adopted in accordance with Chapter 2 of Title V of the Treaty on European Union so provides, the Council may adopt restrictive measures under the procedure referred to in paragraph 1 against natural or legal persons and groups or non-State entities. 3. The acts referred to in this Article shall include necessary provisions on legal safeguards'.

economic relations with Russia in pursuit of the Union's external action objectives under Articles 3(5) and 21 TEU,[29] including the preservation of peace, international security and respect for international law. The no-claims clause is not merely a private-law defence. It is an instrument designed to ensure the effectiveness of the Union's restrictive measures by preventing sanctioned or covered persons from shifting the economic burden of those measures onto EU operators.

This public policy character of Article 11(1) is expressly endorsed by Recital 22 of Regulation (EU) No 2025/1494,[30] which states that effective implementation of the no-claims clause 'is a matter of public policy for the Union and the Member States'. The Advocate General nevertheless takes care not to characterise the entirety of Regulation No 833/2014 as EU public policy. His conclusion is confined to Article 11(1), thereby preserving a measure of proportionality and avoiding an excessively broad expansion of judicial intervention in arbitral awards.

This reasoning should also be viewed within the broader development of CJEU case law on arbitration and EU public policy. The Court has long accepted that, in exceptional circumstances, national courts must review arbitral awards for compliance with fundamental provisions of EU law. In *Eco Swiss*, the Court held that Article 101 TFEU constituted a matter of public policy for the purposes of judicial review of arbitral awards.[31] More recently, in *Royal Football Club Seraing*, the Court confirmed that certain provisions of EU law may pursue objectives of such fundamental importance that Member State courts are required to ensure effective review of arbitral awards for compliance with them.[32] Against this background, the Advocate General's Opinion in *Reibel* does not create an entirely new category of judicial intervention, but extends an existing doctrine into the sanctions sphere.

On the scope of judicial review, the Advocate General makes clear that national courts are not confined to a purely formal or superficial examination. A court faced with an arbitral award implicating Article 11(1) must be able to examine whether the arbitral tribunal correctly interpreted Article 11(1), whether it drew the appropriate legal consequences from that interpretation, and whether it correctly classified the relevant facts for the purposes of the no-claims clause. Where the award is incompatible with Article 11(1), the court must draw the necessary conclusions under national procedural law, including, where appropriate, setting aside the award or refusing recognition or enforcement. This obligation may arise of the court's own motion where the circumstances of the case disclose a potential incompatibility with Article 11(1), reflecting the public policy character of that provision.

At the same time, this review should not become a disguised appeal on the merits. The public policy review required by Article 11(1) is concerned with ensuring the effectiveness of the EU sanctions regime, not with reopening all aspects of the tribunal's reasoning. The proper balance is therefore one of targeted substantive review:

[29] Consolidated version of the Treaty on European Union [2012] OJ C326/13, Arts 3(5) and 21. Art 3(5): 'In its relations with the wider world, the Union shall uphold and promote its values and interests and contribute to the protection of its citizens. It shall contribute to peace, security, the sustainable development of the Earth, solidarity and mutual respect among peoples, free and fair trade, eradication of poverty and the protection of human rights, in particular the rights of the child, as well as to the strict observance and the development of international law, including respect for the principles of the United Nations Charter.' Art 21(1): 'The Union's action on the international scene shall be guided by the principles which have inspired its own creation, development and enlargement <...> Art 21(2): 'The Union shall define and pursue common policies and actions <...> in order to: (a) safeguard its values, fundamental interests, security, independence and integrity; <...> (c) preserve peace, prevent conflicts and strengthen international security, in accordance with the purposes and principles of the United Nations Charter <...>'.

[30] Council Regulation (EU) 2025/1494 of 14 July 2025 amending Regulation (EU) No 833/2014 [2025] OJ L 2025/1494, Recital 22.

[31] Case C-126/97, *Eco Swiss China Time Ltd v Benetton International NV* EU:C:1999:269.

[32] Case C-600/23, *Royal Football Club Seraing and Others* EU:C:2025:617.

national courts must intervene where the award permits the satisfaction of a claim prohibited by Article 11(1), but they should not otherwise reassess the merits of the commercial dispute.

Third, on the scope of the no-claims clause, the Advocate General declines to adopt the arbitral tribunal's distinction between restitutory and compensatory claims. Article 11(1) is deliberately broad in scope: it covers claims arising from any contract or transaction affected by Regulation No 833/2014, employs an illustrative rather than exhaustive list of covered claims, and catches all claims relating to the affected contract irrespective of their legal characterisation. Since 1992, when the first such clause appeared in Council Regulation (EEC) No 3541/92,[33] the provision has functioned to protect EU operators from all claims arising from sanctions-affected contracts, including claims for the return of value already transferred.

The Advocate General does not, however, consider that Stankoimport's rights are entirely extinguished. The underlying legal right subsists even where its current satisfaction is barred. A court may issue a judgment acknowledging the claim whilst suspending its enforcement; or, in the alternative, a declaratory judgment upholding the claim. Once the restrictive measures, which are provisional and revocable, are lifted, payment must follow.[34] The right is preserved, only its enforcement is deferred. This reasoning is of direct relevance to the question addressed in Part III of this article.

In summary, the Advocate General's Opinion maintains that arbitration remains available as a forum for resolving disputes affected by EU sanctions. Arbitral tribunals must not grant relief that amounts to the satisfaction of claims prohibited by Article 11(1), and that provision is to be construed broadly. Member State courts must ensure, as a matter of EU public policy, that awards are compatible with Article 11(1), and must set aside or refuse to recognise awards that are not.

It is important to note that the CJEU is not bound by the Advocate General's Opinion and may reach different conclusions. Were the Court to adopt a more restrictive view on the arbitrability of sanctions-related disputes, the tension between EU law and international arbitration could be sharpened considerably. Equally, the Court might take a narrower approach to the public policy designation or to the scope of Article 11(1), with significant consequences for the enforceability of arbitral awards across the EU.

The Advocate General's Opinion in *Reibel* represents a careful attempt to reconcile the imperatives of the EU sanctions regime with the fundamental principles of international commercial arbitration. Three conclusions can be made. First, arbitration remains available as a dispute resolution mechanism even for sanctions-affected disputes, provided that no award grants relief incompatible with Article 11(1). Second, that provision forms part of EU public policy, imposing a duty of substantive, not merely formal, judicial review on national courts at the recognition and enforcement stage. Third, the underlying right of a sanctioned claimant is preserved rather than extinguished, with enforcement deferred until the sanctions are lifted. These conclusions carry immediate practical consequences for how national courts, including the Lithuanian Court of Appeal, should approach arbitral awards affected by the sanctions regime.

III. RECOGNITION WITHOUT ENFORCEMENT: THE LITHUANIAN PERSPECTIVE

Although the CJEU has not yet delivered its judgment in *Reibel*, the Advocate General's position, supporting arbitrability whilst calling for more intensive judicial scrutiny at the recognition and enforcement stage, and the legis-

[33] Council Regulation (EEC) No 3541/92 of 7 December 1992 prohibiting the satisfying of Iraqi claims with regard to contracts and transactions, the performance of which was affected by United Nations Security Council Resolution 661 (1990) and related resolutions [1992] OJ L361/1.

[34] Case C-802/24 (n 5) para 89.

lative signal sent by Council Regulation (EU) 2026/511[35] together indicate that the EU does not regard arbitration as an inappropriate forum for sanctions-related disputes. The key challenges that national courts will increasingly face are what standard of scrutiny must be applied; whether it is possible to recognise an award whilst deferring its enforcement; and when the competent national authority must intervene.

3.1. THE NEW YORK CONVENTION FRAMEWORK

In practice, the most significant legal question arising from the interaction between sanctions and arbitration is whether a national court may recognise a foreign arbitral award whilst staying its enforcement pending authorisation by the competent sanctions authority. The answer turns primarily on how the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention) [36] treats the relationship between recognition and enforcement.

The UNCITRAL Secretariat's Guide to the New York Convention confirms that the Convention does not define 'recognition' and 'enforcement', and that the body of case law interpreting those terms is limited. The Guide notes, however, that there is broad academic agreement on the distinction: 'recognition' refers to treating an arbitral award as binding, though not necessarily as capable of immediate execution; 'enforcement' refers to giving the award operative legal effect through the coercive mechanisms of the forum state. On the question of whether recognition may be sought independently of enforcement, the Guide records that courts in India, Portugal, and the United States have held that it can, for example, to prevent the re-litigation of matters already determined by an arbitral tribunal. This approach 'finds support in the *travaux préparatoires* and commentaries on the Convention'[37].

One of the Convention's fundamental principles is that Contracting States may not impose conditions stricter than those the Convention itself prescribes. A court that refuses recognition solely because immediate enforcement is impossible would be applying a more demanding standard than the Convention requires, since the Convention treats recognition as a free-standing right. Article III of the Convention confirms that each Contracting State shall recognise arbitral awards as binding and enforce them in accordance with its rules of procedure; it does not make recognition conditional on the immediate availability of enforcement. Article VI of the Convention further illustrates this – it permits enforcement proceedings to be adjourned where the award is being challenged at the seat, without any suggestion that such adjournment violates the Convention.

At least one EU Member State court recently has already addressed the recognition and enforcement of a sanctions-affected arbitral award. The Higher Regional Court of Cologne, in its decision of 24 May 2024,[38] considered an application for recognition and a declaration of enforceability of an SCC arbitral award made in favour of a designated (sanctioned) entity. The court drew a clear distinction between two procedural stages under German law: a first stage, at which the court rules on the recognition of the foreign award (a declaration of enforceability); and a second stage, at which actual enforcement against assets is carried out. The court held that there was no obstacle to the first stage – recognition – because the Regulation freezes assets but does not divest the award creditor of its underlying legal title. By granting recognition at the first

[35] Council Regulation (EU) 2026/511 of 23 April 2026 amending Regulation (EU) No 269/2014 [2026] OJ L 2026/511, Art 5c.

[36] Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York, 10 June 1958) 330 UNTS 38.

[37] UNCITRAL Secretariat, *UNCITRAL Secretariat Guide on the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York, 1958)* (2016 edn, United Nations 2016) 9-10.

[38] OLG Köln [Higher Regional Court of Cologne], 19 Sch 26/23, Beschluss vom 24 Mai 2024.

stage, the court preserved the legal status of the award and avoided the need for a second round of recognition proceedings once the sanctions are eventually lifted, thereby reducing costs, delay, and uncertainty for the parties.

Thus, refusing to recognise an award solely because its enforcement is temporarily blocked by sanctions imposes a stricter standard than the New York Convention requires, deprives the creditor of any domestic legal title, and forces a second recognition procedure once the measures are lifted, adding cost and delay for no good legal reason. The preferable approach is to grant recognition whilst making clear that enforcement remains subject to the competent authority's authorisation. Recognition at this stage costs nothing in terms of sanctions compliance, it does not transfer any funds or benefit any designated person, but it secures the *res judicata* effect of the award and preserves the creditor's legal position for the future.

The practical significance of this point should not be underestimated. The dominant question in sanctions-related arbitration has shifted – it is no longer whether such disputes can be submitted to arbitration (if the CJEU confirms Advocate General's position in *Reibel* case), but whether the resulting awards can be enforced within the EU once they are made. If Article 11(1) forms part of EU public policy, courts may refuse enforcement of awards that grant prohibited relief, leaving a successful claimant with an award it cannot collect. Creditors must therefore evaluate enforcement prospects at the outset of proceedings, not after an award has been rendered. The recognition-first approach described above is one practical response to that risk – it secures a legal foothold now, while leaving the question of actual payment to be resolved when the sanctions landscape changes.

3.2. THE LITHUANIAN CONTEXT: EXEQUATUR AND DEFERRED ENFORCEMENT

Lithuania is among the more arbitration-friendly EU Member States. The Law on Commercial Arbitration is modelled on the UNCITRAL Model Law and, in general, limits judicial intervention to a narrow set of grounds. Lithuania has been a party to the New York Convention since 1995 and has traditionally been supportive of the recognition and enforcement of foreign arbitral awards. At the same time, Lithuanian courts consistently apply the doctrine of EU law supremacy. If the CJEU endorses the Advocate General's reasoning in *Reibel*, Lithuanian courts are likely to treat Article 11(1) as forming part of Lithuanian public policy, meaning that awards relating to the sanctions regime may be subject to considerably more intensive judicial scrutiny than has traditionally been the case in arbitration proceedings.

The more pressing question is what happens where no ground for refusing recognition exists, specifically, whether a Lithuanian court may recognise a foreign arbitral award whilst staying its enforcement until the competent sanctions authority grants authorisation. Articles 55-57 of the Law on Commercial Arbitration regulate the recognition and enforcement of foreign arbitral awards through a general exequatur procedure, in which the court issues a single decision. Article 50 sets out the grounds for setting aside an award, which correspond to those in Article V of the New York Convention. The Law on Commercial Arbitration does not expressly provide for a separate 'recognition without enforcement' mechanism. There is, however, a compelling argument that such a mechanism is available as a matter of general procedural law, and that it represents the legally correct approach in sanctions cases.

Recognition of an award through the exequatur procedure establishes that the award is valid and binding in Lithuania, creating a domestic legal title in favour of the award creditor. Crucially, this declaratory step does not of itself make funds available to any sanctioned entity. Where the exequatur order runs in favour of an unsanctioned creditor against a sanctioned debtor, the funds flow away from the sanctioned entity, not towards it. Accordingly, there is

no infringement of Article 2(2) of Regulation No 269/2014, which prohibits the making of funds available to or for the benefit of designated persons. Article 5(1) of Regulation No 269/2014 itself contemplates precisely this sequence of events. It allows the FNTT to authorise the unfreezing of frozen funds where a 'judicial decision enforceable in the Member State concerned' has been issued in respect of those funds. An exequatur order of the Lithuanian Court of Appeal, recognising a foreign arbitral award and declaring it enforceable in Lithuania, is exactly such a decision. At that point, the FNTT may, at the enforcement stage, authorise the release of specific funds upon satisfying itself that: (a) those funds will be used solely to satisfy claims established by the court decision (Article 5(1)(b)); (b) the decision does not run in favour of a designated person (Article 5(1)(c)); and (c) recognition is not contrary to Lithuanian public policy (Article 5(1)(d)).[39]

The New York Convention permits this phased approach. Recognition is not made conditional on the immediate availability of enforcement – Article III confers on courts procedural discretion in determining the rules applicable to recognition and enforcement, provided those rules are not substantially stricter than those applicable to domestic awards. The Convention sets a ceiling on the grounds for refusing recognition and enforcement, it does not require courts to enforce awards against all and any obstacles.

Recently added Article 5c of Regulation No 269/2014 also raises a further practical concern. Under Article 41(4) of the Law on Commercial Arbitration, an arbitral award is an enforceable instrument from the date on which it enters into force. Under Article 606(2) of the Code of Civil Procedure of the Republic of Lithuania (Code of Civil Procedure)[40], a writ of execution pursuant to a court judgment may be submitted for enforcement within five years of the date on which the judgment becomes final. Article 646(6) of the Code of Civil Procedure provides that a court shall not issue a writ of execution where the limitation period for submission has expired, unless that period has been renewed under Article 608 of the Code of Civil Procedure. This creates genuine uncertainty in the sanctions context – since the duration of the sanctions remains unknown, there is a real risk that the five-year period will expire before enforcement becomes possible, leaving unsanctioned creditors without an effective remedy. Courts and the legislature must address this risk – either by confirming that the existence of active sanctions constitutes a justified reason for missing the deadline within the meaning of Article 608 of the Code of Civil Procedure, or by establishing a practice in which a writ of execution is issued upon the grant of exequatur but held in pending FNTT authorisation.

On the interplay between Articles 5 and 5c of the Regulation No 269/2014, the choice for courts may be framed as two distinct options: (a) recognise the arbitral award but stay enforcement until the sanctions are lifted, pursuant to Article 5c; or (b) recognise the award and authorise enforcement upon receipt of FNTT approval under Article 5(1), treating the exequatur order as a 'judicial decision enforceable in the Member State concerned'. The Advocate General's reasoning in *Reibel*, that the sanctions regime cannot properly be directed against an unsanctioned entity, together with a textual and systematic reading of Articles 5 and 5c, more points towards the second option. Under that approach, the FNTT would authorise the unfreezing of funds to satisfy a Lithuanian court decision, rather than the foreign arbitral award directly – the exequatur order, not the award itself, is the object of enforcement.

It may be objected that recognition without enforcement is artificial because it leaves the

[39] Council Regulation (EU) No 269/2014 [2014] OJ L78/6, Art 5(1).

[40] Lietuvos Respublikos civilinio proceso kodeksas [Code of Civil Procedure of the Republic of Lithuania], 28 February 2002, No IX-743 (as amended), Arts 606(2), 646(6), 608.

award creditor without immediate economic recovery. That criticism is not without force. However, it overlooks the legal functions served by recognition. Recognition preserves the binding effect of the award, prevents re-litigation of the same dispute, and avoids the need for a second recognition procedure once sanctions are lifted or authorisation becomes available. It also respects the distinction drawn by the New York Convention between recognition and enforcement. In sanctions cases, therefore, recognition without immediate enforcement is not an empty formality, but a mechanism for preserving legal certainty while maintaining compliance with EU restrictive measures.

3.3. ARBITRAL TRIBUNALS AND THE PRELIMINARY RULING PROBLEM

Against the background of legal uncertainty as to the standard of judicial review that Member State courts will be required to apply in recognition proceedings, one further issue deserves attention. The fundamental difficulty at the intersection of sanctions law and arbitration is that arbitral tribunals cannot refer questions to the CJEU for a preliminary ruling. This limitation has attracted justified criticism – it has been observed that 'it is not right that the Court of Justice requires arbitral tribunals to comply with EU law, yet prevents them from seeking a preliminary ruling to ensure a fair resolution of the dispute'[41].

The key precedent is the CJEU's judgment in *Nordsee* case.[42] When questions of EU law arose in that arbitration, the arbitrator sought a preliminary ruling from the CJEU. The Court declined, holding that, notwithstanding certain judicial features of the process – the award was made according to law, had the force of *res judicata*, and could be enforced with court authorisation – those features were insufficient to qualify the arbitral tribunal as a 'court or tribunal'.

The Court did not, however, leave arbitration entirely without recourse. The judgment in *Nordsee* noted that where a question of EU law arises before an arbitral tribunal acting under a contractual arbitration clause, the tribunal may cooperate with the national court at the seat, which may in turn make a preliminary reference to the CJEU on the tribunal's behalf.[43] In the sanctions context, this mechanism is worth revisiting. Where arbitration is seated in an EU Member State, a tribunal wrestling with the interpretation of Article 11(1) could, in principle, request the national court at the seat to refer the question to the CJEU, obtaining authoritative guidance on EU law.

This mechanism is expressly established in Danish law. Article 27(2) of the Danish Arbitration Act[44] stipulates that where an arbitral tribunal considers it necessary to resolve a question of EU law before it can make its award, it may request the national courts to refer that question to the CJEU. The Danish model demonstrates that such a mechanism is both legally feasible. Its adoption in other Member States, or its recognition as a matter of general practice, would go some way towards addressing the structural asymmetry: arbitral tribunals would remain required to comply with EU law whilst having, at least, an indirect pathway to authoritative guidance on its interpretation.

The analysis in this section leads to three principal conclusions. First, the New York Convention permits the phased approach of recognition followed by deferred enforcement – a national court may recognise a foreign arbitral award whilst staying enforcement pending authorisation by the competent sanctions authority, without imposing conditions stricter

[41] E Kybartienė, *Entities Entitled to Request a Preliminary Ruling under European Union Law* (doctoral thesis, Vilnius University, 2014) 116.

[42] Case C-102/81, *Nordsee Deutsche Hochseefischerei GmbH v Reederei Mond Hochseefischerei Nordstern AG* EU:C:1982:107.

[43] Case C-102/81, *Nordsee Deutsche Hochseefischerei GmbH v Reederei Mond Hochseefischerei Nordstern AG* EU:C:1982:107, para 14.

[44] Danish Arbitration Act 2005 (Lov om voldgift), Art 27(2).

than those the Convention prescribes. Second, one possible way forward for Member State courts is to couple exequatur recognition with subsequent authorisation by the competent national authority under Article 5(1) of Regulation No 269/2014 once the sanctions are lifted, an approach that may prove more consistent with the regulatory framework than a direct stay under Article 5c and appears aligned with the Advocate General's reasoning in *Reibel*, though the matter ultimately rests with national courts and the CJEU to confirm. Third, the structural inability of arbitral tribunals to seek preliminary rulings from the CJEU is a genuine gap in the current framework; the Danish model, which allows tribunals to request the national court at the seat to make such a reference, offers a workable solution worthy of adoption or recognition in other Member States.

CONCLUSIONS

The relationship between EU sanctions and international commercial arbitration is entering a new phase. The question is no longer simply whether arbitration can operate in a sanctions environment, but how arbitral proceedings and arbitral awards should be integrated into the EU's regulatory framework. Recent legislative amendments and the Advocate General's Opinion in Reibel indicate that the EU does not seek to exclude sanctions-related disputes from arbitration altogether. Rather, it seeks to preserve arbitration as a dispute resolution mechanism while ensuring that the ultimate satisfaction of claims does not undermine the objectives of the sanctions regime.

The no-claims clause in Article 11(1) of Regulations No 833/2014 and No 269/2014 therefore performs a dual function. It does not bar parties from submitting sanctions-related disputes to arbitration, but it places clear limits on what relief can be granted by an arbitral tribunal and, more importantly, on what relief may be enforced by a national court. If the CJEU follows the Advocate General's Opinion in *Reibel*, Article 11(1) will form part of EU public policy, requiring Member State courts to conduct substantive review of awards where sanctions compliance is at issue. That review should remain carefully confined to the sanctions-related public policy question and should not become a disguised appeal on the merits. Nevertheless, it represents a real and important shift in the role of national courts.

In this context, the distinction between recognition and enforcement becomes legally significant rather than merely procedural. Recognising an arbitral award without immediately enforcing it does not make funds available to a sanctioned party and does not, by itself, frustrate the sanctions regime. It establishes the legal title of the award creditor and preserves the *res judicata* effect of the award. Actual satisfaction of the award may then be deferred until sanctions are lifted or until the competent national authority grants the required authorisation. This phased approach is consistent with the New York Convention, supported by the legislative structure of Regulation No 269/2014, and aligned with the Advocate General's reasoning in *Reibel*.

One structural problem, however, remains unresolved. Arbitral tribunals are expected to apply EU law correctly, including complex and evolving sanctions provisions, yet they cannot themselves refer questions of EU law to the CJEU for a preliminary ruling. This creates a risk of inconsistent interpretation, particularly where similar sanctions provisions are interpreted by different tribunals seated in different jurisdictions. The Danish model, which allows arbitral tribunals to request national courts to refer questions of EU law to the CJEU, offers a practical solution that merits closer consideration in other Member States.

The emerging model may therefore be described as sanctions-sensitive arbitration. Arbitration remains available, awards remain capable of recognition, and party autonomy is preserved. At the same time, enforcement is no longer a purely private matter between award creditor and award debtor. Where EU sanctions

are engaged, Member State courts and competent national authorities become essential actors in ensuring that the arbitral process remains compatible with the Union's public policy and foreign policy objectives. This is not necessarily a weakening of arbitration. Rather, it reflects the adaptation of arbitration to a legal environment in which sanctions compliance has become an unavoidable part of cross-border dispute resolution.