



## PRESS RELEASE No 136/24

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Judgment of the Court in Case C-351/22 | Neves 77 Solutions

### **Restrictive measures against Russia: the confiscation of the entire proceeds of a brokering transaction covered by the prohibition on providing brokering services for military equipment is permitted**

*In addition, the Court has jurisdiction to interpret a measure of general scope of a CFSP decision which should have been implemented in a regulation and which forms the basis for a national sanction*

The prohibition on providing brokering services for military equipment to an operator in Russia, which forms the basis for a national sanction, should have been implemented in a regulation. That prohibition applies even if those goods were never imported into a Member State. EU law permits the confiscation of the full amounts received in relation to the provision of such services.

Neves 77 Solutions SRL (Neves), a Romanian aeronautics company, acted as intermediary in a transaction between a Ukrainian company, SFTE Spetstechnoexport, and an Indian company for the sale of 32 radio sets, 20 of which were manufactured in Russia. The Russian authorities informed Neves in the summer of 2019 that the brokering activities related to those goods were covered by the prohibition on providing brokering services in relation to military equipment to an operator in Russia, adopted by the European Union in response to Russia's actions destabilising the situation in Ukraine.

Shortly afterwards, Neves nevertheless received close to €3 million from SFTE Spetstechnoexport for the provision of its brokering services. This led to the Romanian authorities imposing a fine of 30 000 Romanian lei (RON) (approximately €6 000) on Neves and confiscating the amount received for those services.

A Romanian court asks the Court of Justice whether that prohibition applies where the military equipment concerned was never imported into the European Union and whether the national sanctions imposed for infringement of that prohibition are compatible with the right to property of the undertaking concerned.

First, the Court of Justice confirms that it has **jurisdiction** to interpret a measure of general scope of a CFSP decision which forms the basis for national sanctions imposed on an undertaking. The Court's jurisdiction to give a uniform interpretation of EU law cannot be circumvented where, as in the present case, the restrictive measure of general scope concerned should have been included in a regulation, in respect of which the Court has, in any event, jurisdiction.

On the substance, the Court considers that **the prohibition** on providing brokering services in relation to military equipment to an operator in Russia **applies even if those goods were never imported into a Member State**. Indeed, such a prohibition could be circumvented easily if it were sufficient, in order to escape it, for that equipment to be routed without passing through EU territory.

The Court also observes that EU law **permits the automatic confiscation of the full amounts received in**

**relation to the provision of brokering services** concerning military equipment to an operator in Russia. Admittedly, this limits the provider's right to property over those amounts. Such a limitation is nevertheless appropriate in order to ensure that the prohibition in question is effective and, consequently, proportionate in principle in the light of the legitimate objectives pursued by the European Union, that is, the protection of Ukraine's territorial integrity, sovereignty and independence.

**NOTE:** A reference for a preliminary ruling allows the courts and tribunals of the Member States, in disputes which have been brought before them, to refer questions to the Court of Justice about the interpretation of EU law or the validity of an EU act. The Court of Justice does not decide the dispute itself. It is for the national court or tribunal to dispose of the case in accordance with the Court's decision, which is similarly binding on other national courts or tribunals before which a similar issue is raised.

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The [full text and, as the case may be, an abstract](#) of the judgment is published on the CURIA website on the day of delivery.

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