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Judgments of the General Court in Cases T-635/22 | Fridman and Others v Council and T-644/22 |
Timchenko and Timchenko v Council

Economic sanctions against Russia: the Council has the power to establish reporting and cooperation obligations to ensure the effectiveness of fund-freezing measures

The need for action to counteract legal and financial arrangements facilitating the circumvention of restrictive measures justifies such obligations

The names of Elena Timchenko, Gennady Timchenko, Mikhail Fridman, Petr Aven and German Khan were included on the lists of persons, entities and bodies subject to restrictive measures adopted by the Council of the European Union against the backdrop of Russia's invasion of Ukraine.

In view of the increasing complexity of sanction evasion schemes, on 21 July 2022 the Council adopted a regulation¹ laying down obligations to report funds and to cooperate with the competent authorities. Failure to comply with those obligations is treated as a circumvention of fund-freezing measures. In practical terms, the aim is to prevent use being made of complex legal and financial arrangements capable of making it, if not easier to circumvent measures, then at least more difficult for the competent national authorities to identify the funds or economic resources subject to restrictive measures.

The parties concerned brought actions before the General Court of the European Union seeking the annulment of those obligations to declare their funds or economic resources before 1 September 2022 and to cooperate with the competent national authorities. They submit that, since those obligations are not laid down in a decision taken by the Council in the field of the common foreign and security policy (CFSP), they cannot be regarded as measures necessary for the implementation of such a decision. In particular, they argue that the Council regulation amounts to a misuse of powers, since the adoption of the obligations in question should fall within the implementing powers of the Member States.

The General Court **dismisses** the actions in their entirety.

In its judgments, the General Court recalls that EU law permits the adoption of regulations by the Council in order to implement or give effect to restrictive measures so as to ensure their uniform application in all Member States. The measures provided for by EU law are **not limited to obligations not to act** and **the Council was entitled to adopt reporting and cooperation obligations**, even though they were not expressly provided for in the decision to which they relate.

The General Court also takes the view that the Council did not act in the stead of the Member States in deciding how the restrictive measures should be implemented and what penalties should apply in their territory. On the contrary, the national authorities **retain their power** to decide whether the offence of participation in circumvention activities and the penalties attached thereto are to be of a criminal, civil or administrative nature.

NOTE: An action for annulment seeks the annulment of acts of the institutions of the European Union that are contrary to EU law. The Member States, the European institutions and individuals may, under certain conditions, bring an action for annulment before the Court of Justice or the General Court. If the action is well founded, the act is annulled. The institution concerned must fill any legal vacuum created by the annulment of the act.

NOTE: An appeal, limited to points of law only, may be brought before the Court of Justice against the decision of the General Court within two months and ten days of notification of the decision.

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The full text and, as the case may be, the abstracts of the judgments ([T-635/22](#) and [T-644/22](#)) are published on the CURIA website on the day of delivery.

Press contact: Jacques René Zammit ☎ (+352) 4303 3355.

Images of the delivery of the judgment are available from "[Europe by Satellite](#)" ☎ (+32) 2 2964106.

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¹ [Council Regulation \(EU\) 2022/1273](#) of 21 July 2022 amending Regulation (EU) No 269/2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine.