Legal Principles and Problems of Applying Special Economic Sanctions and Other Restrictive Measures and Their Impact on Civil Law Obligations

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The article examines the legal principles of applying special economic sanctions and other restrictive measures in a multi-level system of international, regional (EU law) and national (Ukrainian legal order) regulation. It is shown how sanction regimes affect the validity and performance of civil law obligations, transforming the traditional constructions of force majeure, significant change in circumstances, public order and imperative norms. The judicial and arbitration practice regarding contracts with entities under sanctions is analyzed, as well as the collision between sanction restrictions and the principle of pacta sunt servanda. Based on a comprehensive, comparative law and case-oriented approaches, proposals are formulated for harmonizing sanction regulation in the civil law system and improving the contractual practice of managing sanction risks.

Keywords: special economic sanctions; restrictive measures; civil law obligations; force majeure and hardship; public order; pacta sunt servanda; sanction clauses.

1. Introduction

In the current conditions of escalation of international conflicts, hybrid aggression and systemic violation of human rights, special economic sanctions and other restrictive measures have become one of the key instruments of foreign policy of states and international organizations. Their wide-scale application leads to a deep intervention in the private law sphere, primarily in contractual obligations, which are located between the imperatives of public order and the requirements of the stability of civil turnover. This actualizes the need for a comprehensive study of how sanctions transform the content, validity and implementation of civil law obligations at the national and supranational levels.

The above-mentioned issues are particularly acute for the legal order of Ukraine, which is simultaneously under the influence of global sanction regimes, develops its own system of special economic sanctions and integrates into the legal space of the European Union (hereinafter referred to as the EU). The collision and interaction of universal, regional and national sanction mechanisms create a situation of "imposed" regulation, in which private law entities are forced to navigate a complex network of prohibitions, restrictions and compliance requirements. Under these conditions, it is especially important to find out how sanction regulations affect the constructions of force majeure, significant change in circumstances, public order and imperative norms in civil law. The purpose of the article is to clarify the regulatory and legal principles of the application of special economic sanctions and restrictive measures, analyze the mechanisms of their implementation in the legal order of Ukraine and the EU, as well as study their impact on civil law obligations through the prism of the principle of pacta sunt servanda. To achieve this goal, the international legal sources of sanctions are considered, the features of their "translation" into the language of private law, judicial and arbitration practice regarding contracts with entities under sanctions, and doctrinal and legislative approaches to harmonizing sanctions regulation in the civil law system are proposed.

2. Methodology

The methodological basis of the study is a complex of general scientific and special legal methods that allow combining the analysis of the public-legal nature of sanctions with the study of their private-legal consequences. The dogmatic (formal-legal) method was used to interpret the norms of international public law, EU law and national legislation of Ukraine, which regulate the introduction, content and implementation of sanctions regimes and their impact on civil-law obligations. Using the comparative legal method, the differences and common features of the mechanisms for implementing sanctions in the legal systems of Ukraine and the EU were investigated, including approaches to the qualification of sanctions as force majeure, hardship or subsequent illegality.

System-structural and interdisciplinary approaches are used to identify the relationship between sanctions law, private international law and contract law, when economic sanctions, being an instrument of foreign policy, are "filtered" through the mechanisms of private law and transformed into specific consequences for contractual relations. Elements of case studies and analysis of judicial and arbitration practice are used to illustrate how abstract constructions of public order, imperative norms and pacta sunt servanda are implemented in resolving specific disputes related to sanctions restrictions. Such methodological tools allow us to formulate well-considered conclusions regarding the optimal balance between protecting public interests and preserving the predictability of civil turnover in the context of increasing sanctions influence.

3. Normative and legal principles for the application of special economic sanctions and restrictive measures

The normative and legal principles for the application of special economic sanctions and other restrictive measures are formed in a multi-level system of international, regional and national law, where each level provides its own instruments of coercion and restriction of economic activity of private entities. At the same time, sanction regimes have a common goal - to change the behavior of states, organizations or individuals that pose a threat to international peace, security or national interests of a particular state, without resorting primarily to the use of armed force [1]. This combination of multi-levelness and a single teleological orientation determines the complex impact of sanctions on the sphere of private law, in particular civil law, obligations.

The key international legal basis for the application of sanctions at the global level is Chapter VII of the UN Charter, which authorizes the Security Council to determine the existence of a threat to the peace, breach of the peace or act of aggression and to take measures, including economic ones, to eliminate them. Sanctions in this context are considered as coercive measures intended to ensure compliance with the obligations enshrined in the UN Charter, and therefore are not regarded as new "legislation", but rather as a form of executive regulation aimed at implementing existing norms [1]. Given the global nature of such sanctions, they become mandatory for all UN member states, which, in turn, must implement them in their domestic legal systems, which creates a channel of influence on private law relations.

At the regional level, the EU plays a leading role in the area of sanctions, developing its own system of "restrictive measures" within the framework of the Common Foreign and Security Policy (CFSP) and EU law in general [2]. The legal basis for such measures combines decisions within the framework of the CFSP and regulations adopted on the basis of Article 215 of the Treaty on the Functioning of the EU, forming a relatively single and coherent regime [3]. These regulations have direct effect in the Member States, without the need for additional implementing acts, which means their direct impact on the ability of EU residents to fulfill civil law obligations in relation to persons included in the sanctions lists.

National sanctions regimes, including the Ukrainian one, are built taking into account the international obligations of the state, but at the same time reflect the specifics of its security needs and constitutional principles. The Law of Ukraine "On Sanctions" defines sanctions as special economic and other restrictive measures aimed at protecting national interests, national security, state sovereignty and territorial integrity, as well as preventing interference in the internal affairs of

Ukraine [4]. This definition distances sanctions from the classical understanding of "punishment" and emphasizes their preventive and protective function, which is important for interpreting the consequences of their application in the field of private law contractual relations [5].

International legal sources of sanctions, in particular acts of the UN Security Council, regional decisions of the EU and relevant national laws, create a multi-level regulatory matrix, where each level establishes separate criteria for including individuals in the sanctions lists, a list of prohibited operations and control mechanisms. As a result, private law entities find themselves in a situation of multiple regulation, when one and the same transaction can be simultaneously limited by several sanction regimes. This requires the parties to the agreements to constantly monitor the sanctions lists and regulatory changes, since failure to take into account new restrictions can lead to the invalidity of transactions or to administrative and criminal legal consequences.

The legal nature of sanctions in international law is traditionally understood through the prism of the concepts of coercion, responsibility and collective security. Sanctions are understood as a tool designed to induce a state or other subject of international law to change its behavior, and not as an end in itself of a punitive nature, which distinguishes them from classical measures of responsibility. In this sense, they constitute a type of "countermeasures", which, however, are applied not by an individual state, but by collective bodies, such as the Security Council or the EU, which strengthens their legitimacy, but also increases the intensity of their influence on third parties.

In the field of foreign policy, sanctions are an important tool for implementing the strategic priorities of states and international organizations, allowing them to influence the behavior of other subjects without the direct use of military force. Their use has gained particular intensity in the 21st century, when economic and financial instruments have become key means of responding to violations of international law, security threats, human rights violations or the undermining of democratic institutions. At the same time, the expansion of sanctions regimes is accompanied by increasing risks to civilian turnover, in particular through restrictions on access to financial markets, bans on exports of products and technologies, and the blocking of assets of private individuals.

As a foreign policy tool, sanctions are becoming increasingly flexible: instead of broad trade embargoes, so-called "targeted" sanctions are being used, directed against specific officials, companies or sectors of the economy. This approach is designed to reduce the negative impact on the population of the recipient state, but in practice it significantly complicates the legal assessment of the consequences of sanctions for private counterparties in international agreements. When an individual company or bank falls under sanctions, this can paralyze existing contractual relations, changing the distribution of risks between the parties and raising the issue of force majeure, changes in circumstances and the legality of continuing to fulfill obligations. The legal classification of sanctions measures usually includes a division into economic, financial, transport, visa, information and other forms of restrictions [1]. Economic sanctions include a ban on the import or export of goods, restrictions on investments and technology transfers, while financial sanctions include the blocking of assets, a ban on the provision of loans or investment services to entities under sanctions. For civil law obligations, measures relating to capital movements and the execution of payment transactions are particularly significant, since their introduction directly affects the possibility of proper execution of monetary and non-monetary obligations.

From the point of view of contract law, it is also important to divide sanction measures according to their addressees - into "personal" sanctions against individuals and legal entities and "sectoral" sanctions that restrict entire segments of the economy [3]. Personal sanctions directly affect the ability of specific counterparties to participate in civil turnover, conclude and execute contracts, dispose of property and make payments. Sectoral sanctions create a common risk regime for all entities in the industry, which is reflected in an increase in the cost of capital, insurance, hedging and leads to a revaluation of contract terms.

The impact of sanctions on contractual relations is manifested, in particular, in a change in the legal regime for the performance of obligations: transactions that were lawful and economically justified before the introduction of sanctions may be outlawed or subject to serious regulatory restrictions. This raises the question for the parties of the qualification of such changes as force

majeure, a significant change in circumstances or the illegality of the subject of the obligation, which, accordingly, affects the admissibility of unilateral refusal from the contract, revision of its terms or termination [6]. The international doctrine of contract law recognizes that sanctions may become the exceptional factor that destroys the initial economic equivalence of the obligation. The principle of pacta sunt servanda, which requires the conscientious performance of contractual obligations, finds itself in a tense interaction with imperative sanction provisions that prohibit or significantly limit certain types of transactions [6]. For national courts and international arbitrations, this means finding a balance between respect for the autonomy of the parties and the obligation of the State to ensure compliance with the sanctions regime, which has the character of mandatory norms (lois de police). In practical terms, this often leads to prioritization of public law restrictions over contractual freedom, especially when non-compliance with sanctions may entail serious legal consequences for the State and its organs.

The judicial and arbitration practice of the EU Member States shows that EU sanctions regulations, being part of the Union legal order, have direct effect and priority over conflicting contractual provisions, even if the relevant contract was concluded before their adoption. This means that parties cannot rely on contractual guarantees or stabilization clauses to circumvent the prohibitions established by sanctions law, and any attempts to circumvent sanctions may be regarded as an abuse of law. For private market participants, this creates an additional level of legal uncertainty, especially in long-term transnational contracts.

In national law, in particular Ukrainian law, sanctions acts perform the function of special imperative norms that establish a ban on the performance of certain transactions in relation to persons or states that pose a threat to national interests. Such a ban is transformed into a criterion of the legality of the subject of the contract and its compliance with public order, which allows recognizing as invalid transactions aimed at circumventing sanctions or concluded in violation of them [5]. In this aspect, sanctions become an instrument of “hard law” that directly modifies the boundaries of private autonomy.

An important characteristic of sanctions regimes is their dynamism: the composition of sanctions lists, types of restrictive measures and their scope of application are constantly reviewed and clarified depending on the development of the political and security situation. For civil law obligations, this means that the risk of changing the regulatory environment becomes one of the key elements of commercial risk that the parties must take into account when structuring contracts. Practice shows the spread of special “sanctions clauses” designed to distribute the risks of changing the sanctions regime between the parties, but their effectiveness depends on how well they are consistent with the imperative norms of the relevant legal systems [6]. The doctrine of international law increasingly emphasizes that sanctions, being an instrument of foreign policy, at the same time have serious “side effects” for private law relations, which were not initially the main purpose of these measures. This is especially noticeable in the conditions of a globalized economy, where supply chains, financial flows and corporate structures are cross-border in nature, and sanctions of one jurisdiction easily extend to companies from other states. Thus, sanctions law is gradually turning into an autonomous regulatory subsystem that permeates both the public and civil law spheres.

In summary, the regulatory framework for special economic sanctions and other restrictive measures is a complex multi-level structure in which international, regional and national norms interact and influence each other, forming a special regime of restrictions on private autonomy in the field of civil law obligations. International sources determine the general teleology and limits of permissible coercion, regional regimes detail the tools and procedures, and national legislation ensures implementation and enforcement, including the assessment of the validity of contracts and the proper performance of obligations. It is on this basis that a more objective analysis of the specific mechanisms of the impact of sanctions on contractual relations is possible in the future, including the issues of force majeure, change of circumstances and the priority of imperative norms over the principle of pacta sunt servanda.

4. Mechanism of Sanctions Implementation in the Legal Order of Ukraine and the

European Union

The mechanism of sanctions implementation in the legal order of Ukraine and the EU is based on a combination of political decisions of public authorities and regulatory acts that directly generate legal consequences for private entities. Each of these systems has its own procedure for initiating, adopting, publishing and implementing sanctions, but in both cases they are imperative in nature and are subject to unconditional application by all addressees. This determines the close connection between public-law decisions on the introduction of sanctions and the transformation of the regime of civil law obligations.

In the legal order of Ukraine, the basic act that determines the mechanism for the implementation of special economic sanctions and other restrictive measures is the Law of Ukraine "On Sanctions" No. 1644-VII of August 14, 2014, which establishes the types of sanctions, the grounds for their application, the subject composition and the general procedural framework [4]. The law stipulates that decisions on the application of sanctions are adopted by the National Security and Defense Council of Ukraine on the basis of proposals from a certain range of entities – the Verkhovna Rada, the President, the Cabinet of Ministers, the National Bank and the Security Service of Ukraine [4]. Such decisions are put into effect by decrees of the President of Ukraine and, if necessary, are subject to approval by the Verkhovna Rada, which emphasizes their political and legal nature.

The competence of the bodies involved in Ukraine's sanctions policy is delimited in such a way as to combine political leadership and technical implementation of measures. The National Security and Defense Council acts as a coordination center that evaluates proposals, determines the range of persons or sectors to which sanctions are applied, and formulates their content. The President of Ukraine ensures that NSDC decisions are given the form of a binding act by issuing a decree, while individual bodies (the National Bank, the Security Service of Ukraine, the State Border Guard Service, etc.) adopt by-laws detailing the procedures for blocking assets, restricting financial transactions, and controlling the movement of persons and goods.

In EU law, the sanctions mechanism has a clear two-stage structure, reflecting the division of competences between the Common Foreign and Security Policy (CFSP) and the EU's internal policies. In the first stage, the Council of the EU adopts a decision in the field of CFSP on the basis of Article 29 of the Treaty on European Union, which defines the general regime of restrictive measures, the categories of addressees and the main prohibitions [3]. In the second stage, when the measures are of an economic or financial nature, a Council regulation is adopted on the basis of Article 215 of the Treaty on the Functioning of the EU, ensuring their direct effect on the territory of all Member States. The role of the EU institutions in the sanctions process is complementary: the High Representative of the Union for Foreign Affairs and Security Policy prepares proposals in the field of CFSP, the European External Action Service ensures the coordination and monitoring of the sanctions regimes, and the European Commission participates in the preparation of regulations with economic content [3]. The EU Council, acting usually unanimously in the CFSP area, adopts decisions that are then "translated" into the form of regulations adopted by qualified majority within EU law, ensuring unity of application. Thus, the political decision to apply sanctions is inseparable from the legal mechanism for their implementation in the Union's internal market.

A comparative analysis of the Ukrainian and European mechanisms reveals both structural similarities and significant differences. In both cases, the starting point is a political decision by the body responsible for security policy (the National Security and Defense Council in Ukraine and the EU Council within the CFSP), which is then "translated" into legally binding acts applicable to a wide range of subjects. At the same time, in the EU this process is more formalized and delimited between different levels of Union law, while in Ukraine a significant part of the implementation procedures is left to the discretion of individual bodies through subordinate legislation, which may contribute to the fragmentation of the regime.

The enforcement of sanctions in the EU legal order is ensured both at the Union level and in the Member States. EU regulations establish general prohibitions – freezing of assets, restrictions on financial transactions, prohibition of the provision of economic resources, while Member States

determine the sanctions for their violation and the authorities responsible for supervision (financial intelligence, national banks, customs and law enforcement authorities) [3]. As a result, private entities operating within the EU internal market are subject to double control: supranational – regarding the content of the prohibitions, and national – regarding prosecution for their violation. EU case law plays a key role in defining the limits of the sanction mechanism, in particular from the point of view of protecting the rights of individuals and effective legal remedies. In the Bank Refah Kargaran case, the Court of Justice confirmed its jurisdiction to hear actions for damages caused by restrictive measures, including where they are based on decisions in the CFSP area, thereby expanding the possibilities for private actors to challenge sanctions acts. [7] This reinforces the requirements for reasons to be given for decisions to include individuals on sanctions lists and underlines the importance of the rule of law in the Union's sanctions policy.

In Ukraine, judicial practice on sanctions is only just taking shape, but several important trends are already evident. First, courts in administrative disputes mostly recognize decisions on the application of sanctions as acts of a political nature that meet the functions of protecting national security, and intervene quite limitedly in assessing the appropriateness of such measures, focusing on compliance with the procedure and the competence of the authorities. Second, in private law cases, sanctions are considered as imperative requirements that affect the validity of transactions and the possibility of their proper execution, although a single standardized practice regarding the consequences for civil law obligations has not yet developed. In private law disputes in the EU, sanctions are increasingly appearing as a factor determining both the admissibility of concluding and executing contracts and the distribution of risks between the parties. National courts of the Member States, applying EU regulations, recognize the priority of sanctions prohibitions over contractual freedom and are ready to qualify transactions aimed at circumventing sanctions as null and void or contrary to public policy. Combined with the case law of the Court of Justice of the EU, this creates a relatively predictable, albeit strict, standard of due diligence for businesses in the field of sanctions compliance.

Thus, the mechanisms for implementing sanctions in Ukraine and the EU demonstrate a general trend towards institutional strengthening of sanctions policy and its ever deeper integration into the legal order, including the civil law sphere. However, the degree of procedural certainty, the level of judicial control and the consistency of practice in the field of private law disputes currently differ significantly, which should be taken into account in further analyzing the impact of sanctions on contractual obligations and developing proposals for harmonizing the relevant legal mechanisms.

5. The impact of sanctions and restrictive measures on civil obligations

The impact of sanctions and other restrictive measures on civil obligations is manifested primarily in the fact that they change or make impossible the performance of contractual obligations already assumed by the parties [6]. Sanctions can directly prohibit certain payments, deliveries of goods or provision of services or indirectly make performance excessively complicated and economically burdensome. As a result, the parties are faced with the question of the applicability of the doctrines of force majeure, changes in circumstances, as well as the validity of the contracts themselves in the light of the imperative prohibitions of sanctions law.

The issue of the impossibility of performing obligations due to sanctions is closely related to the institution of force majeure, which traditionally covers extraordinary and irresistible circumstances beyond the control of the parties. Sanctions can be considered as such a circumstance if they introduce an explicitly prohibited legal regime for the relevant transaction (for example, an export or payment ban), and do not only complicate its performance. In this case, the legal effect consists in releasing the debtor from liability for non-performance, but not always in the automatic termination of the obligation itself, which requires an analysis of the specific terms of the contract and the applicable law.

In the area of change of circumstances (hardship), sanctions often do not make the performance of the contract legally impossible, but radically change the economic equilibrium of the

obligation - for example, due to a sharp increase in the cost of alternative delivery routes or the need to restructure supply chains [8]. Under such conditions, the question arises whether the parties can demand a revision of the contractual terms or its termination on the grounds of a significant change in circumstances that the parties could not reasonably have foreseen at the time of concluding the contract. In international unified acts, sanctions are often cited as an illustration of an event that can destroy the initial equivalence of counter-performance.

Also important is the contractual practice of including special “sanctions clauses”, which directly stipulate that the introduction of sanctions against a party, its counterparties or the subject of the contract may be considered a force majeure circumstance or a basis for revising or terminating the contract [6]. Such clauses are designed to reduce legal uncertainty by specifying in advance the algorithm of the parties’ behavior in the event of sanctions, but their application is always assessed through the prism of the imperative norms of sanctions and public law. If a contractual construction is aimed at circumventing sanctions prohibitions, it risks being declared null and void as contrary to public order.

The question of the validity of contracts with entities subject to sanctions is directly related to the doctrine of illegality and public order [9]. Where sanctions expressly prohibit the conclusion or performance of a certain type of transaction (for example, the provision of financial services or the transfer of certain technologies), contracts aimed at carrying out such actions may be considered invalid as having an unlawful subject matter. Even if the contract formally meets the general requirements of civil law, the presence of an imperative prohibition enshrined in the sanctions acts makes it legally ineffective and deprives the parties of the opportunity to demand its judicial enforcement. At the same time, not every contact with an entity under sanctions automatically entails the invalidity of the contract: the content of the relevant sanctions regime and the specific type of prohibition are decisive. If sanctions only restrict certain methods of performance (for example, payments in a particular currency or through specific banks) but do not prohibit the economic transaction itself, courts may be inclined to interpret such circumstances in terms of force majeure, change of circumstances, or the need to adapt the method of performance. The validity of the contract then depends on whether its causa and subject matter contradict the sanctions prohibitions, or whether it only concerns restrictions on the technical aspects of performance. The civil law consequences of violating the sanctions regime go beyond public law fines and other measures of state coercion and cover the scope of contractual liability and restitution [9]. If a party concludes or performs a contract in violation of the applicable sanctions prohibitions, it not only faces administrative or criminal liability, but also risks losing the right to judicial protection in civil proceedings. Courts may refuse to grant a claim for enforcement of such a contract or for damages, citing the principle that the law should not facilitate the implementation of illegal agreements.

The issue of risk allocation between the parties is of particular importance when sanctions are imposed after the conclusion of the contract [8]. If a party continues to perform its obligations in conscious violation of the sanctions, it may be deprived of the right to invoke their illegality to avoid liability to the counterparty. On the other hand, a party that conscientiously refuses to perform due to new sanctions restrictions and properly informs the other party usually has a better chance of being released from liability or revising the terms of the contract due to force majeure or hardship, especially if such a possibility is enshrined in the contract clauses.

In international arbitration, sanctions are increasingly becoming the subject of disputes related to the interpretation of force majeure and hardship clauses, as well as the doctrine of “supervening illegality” [6]. Arbitral tribunals analyze whether sanctions are a valid legal obstacle to performance, whether the parties could have foreseen the risk of their introduction and whether they took sufficient efforts to minimize it. The answer to these questions depends on whether the contract will be terminated, adapted or whether the party will be released from liability for non-performance. As a result, sanctions and other restrictive measures form a complex set of legal risks for civil obligations, covering both the phase of concluding a contract and the stage of its performance and termination. They highlight the need for careful design of contractual clauses regarding force majeure, change of circumstances, sanction clauses and consequences of illegality, as well as for continuous monitoring

of sanction regimes throughout the life cycle of the contract. Further analysis of specific cases and case law allows for the formulation of more detailed recommendations on the distribution of sanction risks between the parties and the construction of contractual structures that are resistant to regulatory changes.

6. Approaches to resolving conflicts between sanction restrictions and the principle of pacta sunt servanda

Approaches to resolving conflicts between sanction restrictions and the principle of pacta sunt servanda are built around the recognition that contractual stability is not absolute and must be adjusted by the imperative requirements of sanction law [10]. At the heart of the discussion is the question of whether sanctions should be considered as an element of international and national public order capable of limiting the effect of contracts concluded and performed by bona fide parties. Modern doctrine affirms an approach according to which pacta sunt servanda retains the status of a basic principle, but is implemented taking into account overriding mandatory rules, which include sanction regimes.

The balance between the stability of contractual obligations and the public interest in the area of sanctions is achieved through a differentiated approach to the consequences of their impact on contracts [11]. On the one hand, the effectiveness of sanctions as an instrument of foreign policy requires that they actually change the behavior of private actors, in particular by restricting the performance of certain obligations. On the other hand, excessive or unpredictable restrictions on contractual freedom undermine trust in the rule of law and investment attractiveness, which forces the legislator and the courts to seek proportional models of the relationship between the protection of public interests and the preservation of the predictability of civil turnover. In EU law, this relationship is often described through the function of private international law as a “filter” that transforms public-law sanctioning regulations into consequences for private-law relations [10]. The courts of the Member States, when applying sanctioning regulations, must decide whether they should lead to the invalidity of the contract, change the method of performance or only limit the possibility of enforcement. The choice of a particular model is directly related to the assessment of what level of interference with pacta sunt servanda is necessary to achieve the objectives of sanctions, without violating the principle of legal certainty.

European and international arbitration practice demonstrates different approaches to how sanctions affect the arbitrability of disputes and the application of pacta sunt servanda [12]. Some doctrine and courts proceed from the fact that the presence of sanctions does not in itself make a dispute non-arbitrable, but may affect the enforceability of the award in specific jurisdictions. Arbitral tribunals in such cases focus on whether the performance of the contract or award will lead to a violation of the applicable sanctions and, if necessary, adapt the ways of protecting the rights of the parties to avoid conflict with the sanctions regime.

An important manifestation of the tension between sanctions and pacta sunt servanda is the practice of refusing to recognize and enforce arbitral awards on the grounds of public policy. Against the backdrop of the strengthening of EU sanctions against individual states and entities, the courts of some member states explicitly recognize that the enforcement of a decision that effectively eliminates sanctions restrictions or provides economic benefits to a person under sanctions may be contrary to the public order of the forum. This creates additional uncertainty for the parties, but at the same time emphasizes that sanctions are increasingly perceived as the core of public policy, rather than as a purely foreign policy instrument. To reduce conflicts between sanctions and pacta sunt servanda, the doctrine proposes various models of contractual “adaptation” to the sanctions reality, primarily through special sanctions, force majeure and hardship clauses [13]. They are designed to distribute the risk of sanctions between the parties, determining in advance in which cases sanctions entail the termination of the contract, and in which cases - a revision of its terms or a temporary suspension of its execution. Thus, some of the conflicts are transferred from the plane of general public order to the plane of the autonomy of the will of the parties, but taking into account the fact that no conditional

construction can legitimately provide for the circumvention of imperative sanctions prohibitions.

A separate direction is the harmonization of sanctions regulation in the EU, in particular in the field of criminalization of sanctions violations and unification of minimum standards of liability, which has an indirect impact on private law [14]. The adoption of Directive (EU) 2024/1226 on the criminalization of sanctions violations indicates the desire to create a more consistent space for the application of sanctions, in which private entities will have a clearer guideline regarding the limits of permissible behavior. The consistency of the public-law block of sanctions, in turn, facilitates the development of unified approaches to their impact on civil law obligations and reduces the risks of conflicting interpretations between jurisdictions.

Recommendations for harmonizing sanctions regulation in the civil law system include strengthening the role of private international law as a tool for harmonizing states' approaches to third-country sanctions [10]. It is proposed to develop more unified criteria by which national courts recognize or refuse to recognize foreign sanctions regimes as part of their public order, in particular through the doctrine of "friendly" or "hostile" attitude to third-country sanctions. Such unification is intended to prevent situations where the same sanctioning event generates fundamentally different consequences for contracts depending on the chosen forum.

At the doctrinal level, it is consistently emphasized that harmonization does not mean complete unification, but rather the establishment of minimum standards for taking sanctions into account in private law relations [15]. Such standards include: recognition of sanctions as a potential basis for force majeure or hardship; prohibition of forced execution of contracts that contradict sanctions prohibitions; as well as the obligation of courts and arbitrations to verify whether the execution of the decision will not lead to a violation of the applicable sanctions. All this should be done with respect for pacta sunt servanda, but with the recognition that in the conditions of modern sanctions policy this principle can no longer function in its classic, absolutely unconditional form.

7. Conclusion.

Summarizing the results of the study, it should be stated that special economic sanctions and other restrictive measures have ceased to be purely an instrument of foreign policy and have become an autonomous layer of legal regulation that deeply permeates the sphere of private law relations. The multi-level structure of sanctions regimes – from UN Security Council acts to EU regulations and national legislation, in particular Ukraine's – forms a complex normative matrix within which private entities are forced to constantly adjust their contractual behavior. This objectively narrows the space of private autonomy, while at the same time strengthening the importance of imperative prescriptions related to ensuring international peace, security and protection of national interests.

The analysis of the mechanisms for implementing sanctions in the legal order of Ukraine and the EU has shown the presence of a common logic – a political decision of a competent authority, "translated" into legally binding acts that directly affect civil turnover – but also significant differences in the degree of procedural formalization and judicial control. In the EU, sanctions regimes are integrated into Union law as lois de police with extensive mechanisms for protecting the rights of individuals, while in Ukraine a single coordinated practice of implementing and monitoring the implementation of sanctions is still in progress. This necessitates the need for doctrinal and legislative specification of the consequences of sanctions specifically for civil law obligations.

In the area of contract law, sanctions appear as a factor capable of changing or making impossible the performance of obligations, questioning the validity of individual transactions and depriving the parties of the right to judicial protection under contracts that contradict sanction prohibitions. This requires rethinking and expanding the traditional constructions of force majeure, a significant change in circumstances, the subsequent illegality, as well as the in-depth use of special sanction clauses capable of more fairly distributing the risks of regulatory changes between the parties. Judicial and arbitration practice shows that effective consideration of sanctions in contracts becomes an element of due diligence and compliance, and not just a technical aspect of contractual techniques.

The interaction of sanctions restrictions with the principle of pacta sunt servanda has

demonstrated that the classical understanding of the "inviolability" of the contract is giving way to a model in which the stability of obligations is correlated with the imperatives of public order and proportionality of intervention. The harmonization of sanctions regulation in the civil law system should be carried out through a combination of three vectors: clarifying the role of sanctions as a basis for force majeure, hardship and illegality; strengthening the role of private international law in resolving conflicts between different sanctions regimes; and developing contractual practice focused on preventive management of sanctions risks. As a result, sanctions should be perceived not as an exception that destroys the logic of private law, but as a stable element of its modern architecture, which requires the adaptation of the classical principles of contractual regulation.

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