



Global Affairs
Canada

Affaires mondiales
Canada



Canada's Sanctions Regime

An Overview

Canada

Overview



- **What are Sanctions?**
- **Exceptions, Permits, and Certificates**
- **Compliance and Enforcement**
- **Questions and Discussion**

Note: The information provided is for informational purposes and does not constitute guidance or legal advice. Canadian stakeholders should hire private legal counsel to advise on sanctions compliance.

What are Sanctions?



- Foreign policy tool for maintaining and restoring international peace and security, combatting corruption, and promoting respect for norms and values, including human rights.
- Action taken to enforce international law (e.g. UN sanctions)
- Measures to incite behavioural or policy change, including by constraining the ability of a state or individual to engage in “bad” behaviours
- Sanctions place restrictions on the activities permissible between Canadians and foreign states, individuals, and/or entities.

Canada's Sanctions Toolkit



Canada has three pieces of legislation authorizing the imposition of sanctions:

United Nations Act (UNA)

Special Economic Measures Act (SEMA)

The Justice for Victims of Corrupt Foreign Officials Act (JVCFOA)

Multilateral sanctions

Autonomous sanctions

UNA Sanctions

Al-Qaida and Taliban
CAR
DRC
Iraq
Lebanon
Somalia
Yemen

SEMA Sanctions

Belarus
China
Guatemala
Moldova
Myanmar
Nicaragua
Russia
Sri Lanka
Syria
Ukraine
Venezuela
Zimbabwe
 Hamas
Extremist Israeli Settlers

Haiti
Iran
Libya
North Korea
South Sudan
Sudan

Over 4,500+ listings under SEMA

Types of listings under the JVCFOA

30 individuals linked to the murder of Sergei Magnitsky

17 individuals linked to killing of Jamal Khashoggi

Total: 80 listings

Dozens of others from:

- Myanmar
- South Sudan
- Venezuela
- Lebanon

Canada's Sanctions Toolkit



UNA Trigger:

Implement decisions of the United Nations Security Council (UNSC)

SEMA and JVCFOA Triggers:

SEMA



Grave Breach of
Int'l Peace &
Security



Association
of States /
Multilateral



Acts of
Significant
Corruption



Human
Rights
Violations

JVCFOA

Restrictions and Prohibitions:

Vary based on the regulations and can include:

UNA &
SEMA



Export and
Import



Financial
Prohibitions



Arms
Embargo



Technical
Assistance



Asset
freeze

JVCFOA



Exceptions, Permits and Certificates

- Sanctions legislation often contain **exceptions** to allow for specified activities to occur (e.g., humanitarian activities, fulfilling prior contracts, diplomatic relations)
- The Minister of Foreign Affairs may issue a **permit** to authorize activities otherwise prohibited by SEMA and JVCFOA, but only in exceptional circumstances
- The Minister of Foreign Affairs may issue a **certificate** to authorize activities otherwise prohibited by UN sanctions.
- These permits and certificates are issued on an exceptional, case-by-case basis, at the Minister's discretion.
- Applications can be made to the Sanctions Bureau at

sanctions@international.gc.ca

Sanctions Compliance – Screening and Due Diligence



All Canadian individuals and entities are required to conduct their own due diligence to determine if an activity is at risk of being prohibited by Canadian Sanctions

- Designated or Listed individuals or entities
 - Is there a **dealing** with any sanctioned persons, or companies owned by a sanctioned person?
 - Is a **payment** being made to a person or entity, or through a bank, in a sanctioned country?
- Import/Export and service prohibitions
 - Does the activity involve the **import or the export of prohibited goods**?
 - Does the activity involve the provision of prohibited **services** to a sanctioned entity, and/or the provision of prohibited **technical assistance or technical data**?
- Does the implementing partner have **specific policies** in place to ensure that its activities do not engage sanctions?

Compliance Screening - Potential Red Flags



- ❏ **Sudden changes** in business activity after February 24, 2022
 - or after subsequent changes in export controls/sanctions
- ❏ **False, inaccurate, or missing** documentation
- ❏ **Concealing** the end user
- ❏ **Inconsistencies** in the transaction
- ❏ **Vague details** and/or **incomplete information**
- ❏ **Dividing invoices** into smaller amounts to remain under limits
- ❏ **Suspicious or unclear** customer information
- ❏ Customer has **connections of concern**

Sanctions Compliance – Addressing Circumvention



Domestic Activity:

- GAC and CBSA working to identify circumvention and stop shipments at the border
- FINTRAC identifying tactics used to circumvent sanctions
- Outreach to Canadian exporters/stakeholders on importance of robust due diligence and on risks of engaging with countries known to re-export to sanctioned countries

International Cooperation:

- Canada engaging with other countries to identify evasion patterns and to coordinate anti-evasion efforts and foster collaboration



Compliance and Enforcement

Contravening sanctions is a criminal offence, enforced by the RCMP and the CBSA.

Sanctions must be respected by all persons located in Canada and all Canadian persons located or engaged in activities abroad.

Penalties for Contravening Sanctions:

- SEMA and JVCFOA maximum penalties:
 - Summary conviction - \$25,000 fine / 1-year prison term
 - Conviction on indictment – 5-year prison term
- UNA maximum penalties:
 - Summary conviction - \$100,000 fine / 1-year prison term
 - Conviction on indictment – 10-year prison term

The CBSA's role in enforcing sanctions



- Primary agency responsible for enforcing Canada's strategic export controls and sanctions regime within an import / export context.
- The CBSA drives regulatory enforcement, while also supporting criminal investigations.
- Regulate the trade of all goods prohibited by sanctions including military and dual-use goods.
- The CBSA:
 - Assesses risk, detains and examines goods for potential import/export control list / sanctions violations
 - Coordinates the assessments of goods with GAC and OGDs
 - Takes regulatory enforcement action when applicable
 - Prevents sanctioned individuals from entering Canada

Introduction of Bill C-59

FINTRAC's Role in Enforcing Sanctions



- Under Bill C-59, reporting Entities under the **Proceeds of Crime (Money Laundering) and Terrorist Financing Act** are now also required to report transactions suspected of being related to **sanctions evasion** in Suspicious Transactions Reports (STR) to FINTRAC
- FINTRAC has the ability to **analyze and disclose** on Sanctions Evasion as a **primary threshold**, without links to money laundering and terrorism financing. FINTRAC can also publish **strategic intelligence** with respect to Sanctions Evasion
- To support FINTRAC's efforts to **counter sanctions evasion**, regulations are currently in pre-publication that will require Reporting Entities to **report the existence of sanctioned property under their control**

The RCMP's role in enforcing sanctions



- The RCMP is responsible for investigating criminal sanctions evasion.
 - All potential contraventions should be reported to the RCMP at Federal_Policing_Intake_Unit@rcmp-grc.gc.ca

On the civil side, the RCMP:

- a) Is the main point of contact to receive and maintain the information as it relates to self-reporting;
- b) Can provide subject matter knowledge for asset attribution/tracing.
- c) Can provide support during asset confiscation.

Additional Information



Information on Canadian sanctions can be found on Canada's Sanctions Web Sites:

- **Canadian sanctions:** https://www.international.gc.ca/world-monde/international_relations-relations_internationales/sanctions/index.aspx?lang=eng
- **Current sanctions imposed by Canada** – list of countries under Canadian sanctions: https://www.international.gc.ca/world-monde/international_relations-relations_internationales/sanctions/current-actuelles.aspx?lang=eng
- **Consolidated Canadian autonomous sanctions list** – full list of persons designated under the SEMA and JVCFOA: https://www.international.gc.ca/world-monde/international_relations-relations_internationales/sanctions/consolidated-consolide.aspx?lang=eng
- **Consolidated UN sanctions List** - full list of persons designated under UN sanctions: <https://www.un.org/securitycouncil/content/un-sc-consolidated-list>
- Information on **Permits and Certificates:** https://www.international.gc.ca/world-monde/international_relations-relations_internationales/sanctions/certificates_permits-certificats_permis.aspx?lang=eng
- **Frequently asked questions** - https://www.international.gc.ca/world-monde/international_relations-relations_internationales/sanctions/faq.aspx?lang=eng#a11
- **Preventing Russian Export Control and Sanctions Evasion: Updated Guidance for Industry** - [Preventing Russian Export Control and Sanctions Evasion: Updated Guidance for Industry](#)
- Inquiries? Please contact: sanctions@international.gc.ca



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Questions?

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