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# CANADA'S SANCTIONS REGIME





# OVERVIEW

- ❖ **What are Sanctions?**
- ❖ **Exceptions, Permits, and Certificates**
- ❖ **Compliance, Due diligence 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.*

*Information contained in this presentation is subject to change over time. Please consult regulations for the most up-to-date information.*



# WHAT ARE SANCTIONS?



# FOREIGN POLICY TOOL

- ✓ Maintaining and restoring international peace and security
- ✓ Combatting corruption
- ✓ Promoting respect for norms and values, including human rights



- ✓ Enforce international law (e.g. UN sanctions)
- ✓ Incite behavioural or policy change – constrain “bad” behaviours
- ✓ Restrain permissible activities between Canadians and foreign states, individuals, and or entities

# WHY SANCTIONS MATTER

**Iran:** Aim to restrict Iran's access to knowledge and goods to support its nuclear program

**Russia:** Sanctions following Ukraine invasion aimed to cripple economy and military

**Libya:** Sanctions led to dismantling WMD programs and eventual political change

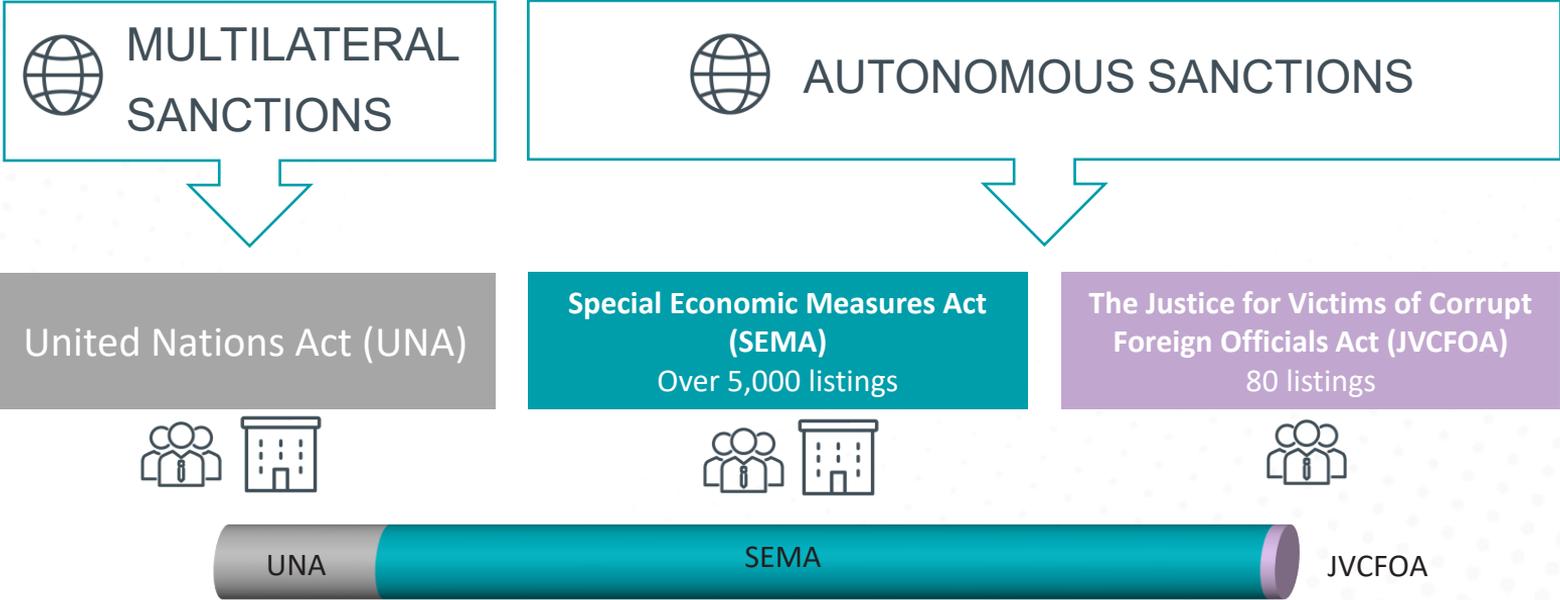
**North Korea:** Sanctions target weapons programs and deter missile tests

**Myanmar:** Sanctions imposed after military coup to condemn human rights abuses



# CANADA'S SANCTIONS TOOLKIT

Three pieces of legislation authorizing the imposition of sanctions



## UNA Sanctions

Al-Qaida  
and Taliban  
CAR  
DRC

Lebanon  
Somalia  
Yemen

Haiti  
Iran

Libya  
North Korea

South Sudan  
Sudan

Belarus  
China  
Guatemala  
Moldova  
Myanmar

Nicaragua  
Russia  
Sri Lanka  
Syria  
Venezuela

Zimbabwe  
**Hamas**  
**Extremist Israeli Settlers**

## SEMA Sanctions



Asset freeze



Export and Import Restrictions



Financial Prohibitions



Arms Embargo



Technical Assistance Prohibitions

## JVCFOA Sanctions

✓ 30 individuals linked to the murder of Sergei Magnitsky



✓ Dozens of others from Myanmar, South Sudan, Venezuela and Lebanon

✓ 17 individuals linked to the murder of Jamal Khashoggi



Asset freeze

# Exceptions, Permits and Certificates



■ Sanctions legislation contains **EXCEPTIONS** for specified activities:

- ✓ Humanitarian activities
- ✓ Fulfill prior contracts
- ✓ Diplomatic relations

■ In exceptional circumstances, the Minister of Foreign Affairs may issue:

## PERMIT:

- ✓ To authorize specific activities otherwise prohibited by **SEMA** and **JVCFOA**

## CERTIFICATE:

- ✓ To authorize specific activities otherwise prohibited by **UN sanctions**



For more information, you may consult [Permits and certificates](#)

# 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

# RCMP'S ROLE IN ENFORCING SANCTIONS

The RCMP is responsible for investigating criminal sanctions evasion under SEMA

The RCMP also assists GAC in fulfilling its civilian mandate

SEMA Coordination Team for the Eastern Region is located in Québec City and is responsible for the following provinces:

- Québec
- Prince Edward Island
- New Brunswick
- Nova Scotia
- Newfoundland & Labrador

Our team works in collaboration with its partners to achieve the following operational objectives:

1. Prevention
2. Detection
3. Disruption
4. Enforcement

Any **request for assistance** regarding SEMA violations can be reported to [Cdiv\\_Quebec\\_SEMA-LMES@rcmp-grc.gc.ca](mailto:Cdiv_Quebec_SEMA-LMES@rcmp-grc.gc.ca)

All **potential violations** must be reported to the RCMP at [Sanctions\\_Intake-Triage@rcmp-grc.gc.ca](mailto:Sanctions_Intake-Triage@rcmp-grc.gc.ca)

# 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
- ✓ Regulates the trade of all goods prohibited by sanctions including military and dual-use goods



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



# FINTRAC'S ROLE IN ENFORCING SANCTIONS



**Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) analyzes and discloses** on Sanctions Evasion as a **primary threshold**, in addition to money laundering and terrorism financing. FINTRAC publishes **strategic intelligence** with respect to Sanctions Evasion.

Reporting Entities under FINTRAC are **required to report**:



- Transactions suspected of being related to **sanctions evasion** in Suspicious Transactions Reports (STR)
- **The existence of sanctioned property under their control** in a Listed Person or Entity Property Report



# **SANCTIONS COMPLIANCE – DUE DILIGENCE AND QUESTIONS**

# Screening and Due Diligence

- ❑ **Subscribe** to the Global Affairs Canada Sanctions Bureau [distribution list](#)
- ❑ **Verify** if any [client you plan to deal with is listed](#) under any of the following sanctions lists:
  - ✓ [Consolidated Canadian Autonomous Sanctions List](#)
  - ✓ [Consolidated UN sanctions list](#)
- ❑ **Consult** the [sanctions legislation and associated regulations](#) implemented by Canada against the countries of individuals or entities you plan on dealing with
- ❑ **Import/Export and service prohibitions**



# Export/Import Restrictions

## Common High Priority List

The list of six-digit HS codes (HS6) is divided into four tiers, with tiers one and two containing particularly sensitive items:

- **Tier 1:** Integrated circuits (also referred to as microelectronics).
- **Tier 2:** Electronics items related to wireless communication, satellite-based radio navigation, and passive electronic components.

Restricted Goods and Technologies List DO NOT have HS CODES associated with them.

**Other restrictions: luxury goods, revenue-generating goods, industries, services, arm embargoes, etc.**

# Screening and Due Diligence

- ❑ **Screen any direct or indirect association** between your client and sanctioned persons, i.e., **any indirect dealings** with a sanctioned person through associates, family members, subsidiaries, parent/holding company, intermediary bank, etc.



## Questions to Consider

- 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?
- Does the activity involve the provision of prohibited goods or 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?

- ❑ **Document** your assessment process, decisions or legal advice.

# 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 small 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



# ADDITIONAL INFORMATION

Consult Canada's Sanctions Web Sites for More Information on Sanctions

**Canadian sanctions:** [https://www.international.gc.ca/world-monde/international\\_relations-relations\\_internationales/sanctions/index.aspx?lang=eng](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](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](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](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](https://www.international.gc.ca/world-monde/international_relations-relations_internationales/sanctions/faq.aspx?lang=eng#a11)

**G7 Guidance for Industry** – [Preventing Russian Export Control and Sanctions Evasion: Updated Guidance for Industry](#)

Inquiries? Please contact: [sanctions@international.gc.ca](mailto:sanctions@international.gc.ca)



# Questions?

[Subscribe to our email feed for the latest announcements on Canada's sanctions](#)