

CANADA ISSUES POLICY STATEMENT ON INVESTMENTS LINKED TO RUSSIA UNDER THE *INVESTMENT CANADA ACT*

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In response to the ongoing conflict in Ukraine, on March 8, 2022, the Minister of Innovation released a [Policy Statement](#) under the *Investment Canada Act* (“**ICA**”) indicating that investments by Russian investors will be subject to in-depth scrutiny and prolonged timelines.

Key Takeaways for Business

- Under the ICA, non-Canadian investors are required to submit filings when they propose to acquire control of Canadian businesses. The filings require that the investor identify its country of origin and any material connections to a non-Canadian state or government.
- The policy confirms that the Government of Canada will effectively block investments by Russian investors which are subject to any direct or indirect influence of the Russian Federation for the foreseeable future. Over the last decade, only three Russian investments have been subject to national security reviews. Of these, one was blocked, one withdrawn, and one allowed after review.^[1]
- This policy will apply to acquisitions of control as well as minority voting interests and establishments of new businesses in Canada, but not to existing investments. It applies to any investor that is determined to be state-influenced, which may extend well beyond the lists of Russian entities and individuals that have been designated under Canada’s economic sanctions against Russia.
- While the policy is silent on how the Minister will treat the sale of Canadian businesses by Russian investors, we anticipate those investments may also be subjected to enhanced scrutiny to verify that such a sale does not circumvent sanctions or other financial measures currently imposed by Canada or its allies. (See our recent [bulletins](#) on Canada’s economic sanctions, implications for contracts between Russian and Canadian companies, Canada’s support of Russia’s removal from the SWIFT banking system and the revocation of Russia’s most favored nation treatment and banning of oil imports into Canada.)

Please reach out to us, or to your usual McMillan contact, if you have any questions about these developments, or in connection with a new investment in Canada.

[1] Innovation, Science and Economic Development Canada, “[Investment Canada Act Annual Report](#)”

[2020-2021](#)"; Innovation, Science and Economic Development Canada, "[Investment Canada Act Annual Report 2018-2019](#)".

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A Cautionary Note

The foregoing provides only an overview and does not constitute legal advice. Readers are cautioned against making any decisions based on this material alone. Rather, specific legal advice should be obtained.

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