

# NEW RUSSIAN SANCTIONS AND TERRORIST DESIGNATIONS INCREASE COMPLIANCE REQUIREMENTS FOR BUSINESSES IN CANADA

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**Categories:** [Insights](#), [Publications](#)

The Government of Canada has sanctioned an additional 32 individuals and 44 entities who have supported Russia's illegal invasion of Ukraine. The Government has also further expanded its sanctions regime against Russia to cover past as well as current conduct, to apply to former as well as current senior officials, and to include two non-Russian affiliates of a Russian sanctioned person.

In addition, the Government of Canada has designated seven transnational criminal organizations as terrorist entities under the *Criminal Code*. The organizations listed include major cartels and street gangs associated with drug trafficking, illegal firearms trafficking, human trafficking, and extortion.

## Russia Regulations Expanded to Sanction Non-Russian Volga-Dnepr Affiliates

On February 14, 2025, the Government added two divisions of Volga-Dnepr Group, the Russian airline holding company, to its sanctions list. Volga-Dnepr Airlines (Ireland) Limited, a company based in Ireland, and Volga-Dnepr Logistics B.V., a company based in the Netherlands, are now listed under Part 2 of Schedule 1 to the *Special Economic Measures (Russia) Regulations* ("**the Russia Regulations**").<sup>[1]</sup>

Both Volga-Dnepr Group and Volga-Dnepr Airlines, a Russian cargo carrier, have been sanctioned under the Russia Regulations since April 5, 2023.<sup>[2]</sup> Typically, companies based outside of Russia that are associated with sanctioned entities, such as Volga-Dnepr Airlines (Ireland) and Volga-Dnepr Logistics, would not be designated separately under the Russia Regulations because the regime contains provisions that prohibit dealings with entities owned, held, or controlled by sanctioned entities.

The **Special Economic Measures Act** ("**SEMA**") was amended in June 2022 to allow the Government of Canada to make a seizure order, potentially followed by a forfeiture order, in respect of any property situated in Canada that is owned, held, or controlled, directly or indirectly, by a sanctioned person.<sup>[3]</sup> It is likely that the Government of Canada has added Volga-Dnepr Airlines (Ireland) and Volga-Dnepr Logistics in further support of its June 2023 seizure of the Antonov-124 cargo plane which has been held at Toronto's Pearson Airport since

February 2022,<sup>[4]</sup> and is “believed to be owned by a subsidiary of Volga-Dnepr Airlines LLC and Volga-Dnepr Group”.<sup>[5]</sup> The seizure order issued in 2023<sup>[6]</sup> was recently repealed and re-issued with the property to be seized listed as Aircraft RA-82078.<sup>[7]</sup>

### **Russia Regulations Applicable to Prior Sanctionable Conduct and Former Senior Officials, as well as Additional Russian Ships, Oil Tankers, and Goods**

Canada has broadened the Russia Regulations to apply to a person “who *has* engaged”, in addition to a “person engaged”, in sanctionable conduct.<sup>[8]</sup> This change in language will allow Canadian authorities to sanction individuals and entities under Schedule 1 to the Russia Regulations who have previously engaged in sanctionable conduct, even if they are no longer actively engaging in such activities.

Canada has similarly extended the Russia Regulations to include “a *current or former* senior official” of listed entities.<sup>[9]</sup> This change means that individuals who are no longer senior officials with a listed entity can be sanctioned under the Russia Regulations for conduct that occurred when they were in positions of authority.

Additionally, on February 21, 2025, the Government expanded the Russia Regulations to prohibit ships that it believes are transporting, or have transported, property or goods on behalf of or for the benefit of Russia or a person in Russia.<sup>[10]</sup> Ships that are specifically prohibited are identified by a unique ship identification number (“**IMO number**”) and are listed in Schedule 1.1. The ships prohibited from docking in or passing through Canada now include:

- Ships registered in Russia;
- Ships whose IMO number is listed in Schedule 1.1; and
- Any other ship that is used, leased or chartered by or on behalf of or for the benefit of Russia, a person in Russia or a person or entity sanctioned under the Russia Regulations.<sup>[11]</sup>

Canada has also included ball or roller bearings under Schedule 7 to the Russia Regulations, which prohibits the export, sale, supply, or shipment of goods linked to the manufacture of weapons.<sup>[12]</sup>

Finally, Canada has also sanctioned several individuals suspected of being involved in Russia’s disinformation campaign and who have publicly supported Russia’s invasion of Ukraine, as well as several entities in the shipping and electrical machinery and equipment manufacturing industries.<sup>[13]</sup> One of the individuals is Aleksandra Melnichenko, who has been relisted under the Russia Regulations. Melnichenko was initially sanctioned on February 23, 2023,<sup>[14]</sup> then subsequently delisted on November 9, 2023. Her husband, Andrey Melnichenko, has also been listed under the Russia Regulations since 2023.<sup>[15]</sup> In 2022, ownership of two of the world’s largest fertilizer and coal companies, SUEK and EuroChem, was ceded to Melnichenko following her husband’s designation under European sanctions laws.

## Cartels Sanctioned under the *Criminal Code*

In what appears to be a partial response to tariff threats and pressure for stronger border security from the Trump Administration, the Government of Canada listed seven transnational criminal organizations as terrorist entities under the *Criminal Code* on February 20, 2025:

- Cártel del Golfo;
- Cártel de Sinaloa;
- La Familia Michoacana;
- Cárteles Unidos;
- La Mara Salvatrucha;
- Tren de Aragua; and
- Cártel de Jalisco Nueva Generación.<sup>[16]</sup>

The Government cited national security concerns that such organizations “play a leading role in the production and distribution of fentanyl throughout Canada.”<sup>[17]</sup> This designation coincides with an announcement from the US Department of State on the same day that designating eight drug cartels, six of which are Mexico-based, as terrorists.<sup>[18]</sup> All seven criminal organizations designated as terrorists by Canada are also designated by the US.

The *Anti-Terrorism Act* governs the process for listing terrorist entities. The Minister of Public Safety must review all entities listed every five years to determine whether they continue to meet the threshold for listing.

Canada’s terrorist list includes companies that:

- have knowingly carried out, attempted to carry out, participated in or facilitated a terrorist activity, or
- knowingly acted on behalf of, at the direction of or in association with an entity that has knowingly carried out, attempted to carry out, participated in or facilitated a terrorist activity.<sup>[19]</sup>

The *Criminal Code* defines “terrorist activity” to include an act or omission committed with the intention of intimidating the public or compelling a person to do or refrain from doing something for a political, religious, or ideological purpose, objective, or cause, if the activities will intentionally cause death or serious harm, endanger life, cause a serious risk to public health or safety, cause substantial property damage, or interfere with essential services or systems.<sup>[20]</sup>

Historically, terrorist listings under the *Criminal Code* involved religiously, politically, or ideologically motivated groups, since the *Criminal Code* also contains other specific offences relating to activities undertaken by criminal organizations.<sup>[21]</sup> However, becoming listed as a terrorist entity makes property and assets subject to

seizure by the Government of Canada, followed by the possibility of a forfeiture proceeding. In addition, institutions such as banks and brokerages must implement asset freezes and are subject to reporting requirements once an entity is designated as a terrorist organization.<sup>[22]</sup> These terrorist designations will provide Canada's law enforcement authorities with additional tools to trace and prosecute terrorist offences, including those related to financing, travel, and recruitment, as well as the ability to seize, restrain and obtain forfeiture of property and assets in Canada belonging to the listed groups.<sup>[23]</sup>

### ***Practical Implications for Companies***

Canadian and international businesses must continue to stay vigilant in ensuring their compliance with Canada's expanding sanctions obligations, including by closely reviewing supply chains and contracts to ensure businesses are not inadvertently conducting business, directly or indirectly, with the newly-listed entities, persons, ships, or terrorist groups. Companies should take the opportunity to revise their trade and sanctions compliance programs and ensure they address Canada's Criminal Code terrorism provisions, including those relating to facilitating offences and financing the activities of listed entities.

McMillan's International Trade Group regularly reports on sanctions updates (see our [bulletin](#) on Global Affairs Canada's guidance on the application of economic sanctions in the SEMA, and our [bulletin](#) on Canada's recent changes to sanctions enforcement). We have published extensively on how companies can ensure their compliance with evolving sanctions laws,<sup>[24]</sup> and will continue to provide further alerts as Canada's sanctions landscape continues to evolve. McMillan's International Trade Group has also commented on the rapidly evolving tariffs and retaliatory trade measures,<sup>[25]</sup> and will continue to monitor developments relating to the US Administration trade actions and Canada's responses.

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[1] *Regulations Amending the Special Economic Measures (Russia) Regulations*, [online](#).

[2] *Regulations Amending the Special Economic Measures (Russia) Regulations: SOR/2023-72*, [online](#).

[3] *Special Economic Measures Act*, SC 1992, c. 17, as amended, section 4(1)(b). See our previous publications on developments in Canada's seizure and forfeiture provisions under the SEMA: [Sanctions Enforcement Rising: Border Seizures and Forfeitures, Administrative Penalties and a New Reporting Obligation for Sanctions Evasion Offences; Sanctions Pivot: Canada Seeks Forfeiture of Russian-Owned Assets to Fund Reconstruction of Ukraine and Adds Oil Price-Cap Restrictions](#);

[4] *Order Respecting the Seizure of Property Situated in Canada (Aircraft RA-82078)*, 2025-0105, [online](#).

[5] Global Affairs Canada, *Government of Canada orders seizure of Russian-registered cargo aircraft at Toronto Pearson Airport*, June 10, 2023, [online](#).

[6] *Order Respecting the Seizure of Property Situated in Canada (Volga-Dnepr Airlines or Volga-Dnepr Group)*,

SOR/2023-120, [online](#).

[7] *Order Respecting the Seizure of Property Situated in Canada (Aircraft RA-82078)*, SOR/2025-0105, [online](#).

[8] *Regulations Amending the Special Economic Measures (Russia) Regulations*, [online](#); *Special Economic Measures (Russia) Regulations*, SOR/2014-58, section 2(a).

[9] *Special Economic Measures (Russia) Regulations*, SOR/2014-58, section 2(g).

[10] *Regulations Amending the Special Economic Measures (Russia) Regulations*, section 2.01, [online](#).

[11] *Regulations Amending the Special Economic Measures (Russia) Regulations*, section 3.04, [online](#).

[12] *Regulations Amending the Special Economic Measures (Russia) Regulations*, section 3.09(1), Schedule 7, [online](#).

[13] *Regulations Amending the Special Economic Measures (Russia) Regulations*, Schedule 1, [online](#).

[14] *Regulations Amending the Special Economic Measures (Russia) Regulations: SOR/2023-33*, [online](#).

[15] *Regulations Amending the Special Economic Measures (Russia) Regulations: SOR/2023-33*, [online](#).

[16] Public Safety Canada, *Government of Canada lists seven transnational criminal organizations as terrorist entities*, [online](#).

[17] Public Safety Canada, *Government of Canada lists seven transnational criminal organizations as terrorist entities*, [online](#).

[18] US Department of State, *Designation of International Cartels*, [online](#).

[19] Public Safety Canada, *About the listing process*, [online](#).

[20] *Criminal Code*, RSC, 1985, c. C-46, s. 83.01(1), definition of "terrorist activity". Conspiring, aiding or abetting, being an accessory after the fact, or counselling in relation to any such act or omission are also included in the definition of "an act or omission" under "terrorist activity".

[21] *Criminal Code*, RSC, 1985, c. C-46, s. 467.

[22] See our previous publications on recent developments in the AML space: [Canada Overhauls Sanctions and Anti-Money Laundering Compliance and Penalties and Further Targets Russian Assets; Canada's Anti-Money Laundering and Sanctions Overhaul Gets Serious: New Players, More Rules and Broad Reports](#).

[23] *Criminal Code*, RSC, 1985, c. C-46, ss. and 83.13(1) and 83.14(1).

[24] See, for example: [Sanctions Enforcement Rising: Border Seizures and Forfeitures, Administrative Penalties and a New Reporting Obligation for Sanctions Evasion Offences; Careful what you wish for! Canada issues long-awaited "guidance" on economic sanctions; Two-Year Anniversary of Russia's Illegal Invasion of Ukraine: New Sanctions Designations and Expansion of Export Prohibitions; Sanctions Update: Countering Russian Evasion of Export Controls and New Sanctions Designations; One Year On: Economic Sanctions Have Become a Primary Tool of Canadian Foreign Policy and New Russian Sanctions are Imposed](#).

[25] [Preparing for Potential US Tariffs: Key Dates and Strategic Considerations; The Pause on the Tariff War: How Businesses Can Use the Reprieve Wisely](#).

### **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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