

SERVICES, SENSITIVE TECHNOLOGIES, LUXURY GOODS, GOLD, AND DISINFORMATION SANCTIONS – PLUS A FORFEITURE REGIME: CANADA’S LATEST RESPONSES TO THE RUSSIAN INVASION OF UKRAINE

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Canada has targeted Russia and Belarus with a series of further economic sanctions. During the G7 Summit in Germany, Prime Minister Trudeau announced that Canada would introduce sanctions against state-sponsored disinformation and propaganda agents and entities that are controlled by senior Russian government officials, and would ban the import of certain gold goods from Russia. Canada has also expanded restrictions on the exports of products that could contribute to Russian and Belarusian domestic military capabilities, and services that support key manufacturing industries in Russia. More broadly, Canada has established a forfeiture regime for property seized from designated persons and is expected to use the proceeds from property forfeited under the Russia and Belarus sanctions to support Ukraine.

New Sanctions against Russian and Occupied Ukrainian Defense Sectors

On June 27, 2022, Canada designated 6 individuals and 46 entities connected to the Russian defense sector^[1] as well as 15 Ukrainians (including former senior officials in the Ukrainian government, their family members, and individuals in charge of areas of Ukraine that are currently illegally occupied and controlled by Russian forces or Russian-based proxies) on its sanction lists.^[2]

Canada also banned the export of certain advanced technologies that could be used to improve Russia's domestic defense manufacturing capabilities.^[3] This ban supplements the previous items placed on the Restricted Goods and Technologies List (see details [here](#)).^[4] It covers quantum computing equipment and technology; cryogenic freezers; and various types of manufacturing equipment and technology, including apparatus for ultrasonic extrusion or certain laser cladding, certain software, microscopes, and related equipment.^[5] The prohibitions came into effect immediately.^[6] Canadians, as well as other persons and entities in Canada, can no longer export, supply, sell, or ship any such goods or technologies – including intangibles related to the technology, such as technical data, software, assistance, training, or consulting – to

Russia or any person in Russia, regardless of where the goods or technology are located.

On June 27, 2022, Canada released a similar set of sanctions against Belarus, including a ban on the export of quantum technology, advanced technologies, and goods that could be used to manufacture weapons in Belarus.^[7] The sanctions list was also amended to add 13 Belarusian individuals and 2 entities who are connected to government and military activities.^[8]

Disinformation Sanctions

Canada sanctioned 30 individuals and 15 entities from Russia who are involved in “disinformation” activities, effective on July 8, 2022.^[9] Canada initially identified 21 individuals as Russian disinformation agents and 13 entities involved in disinformation activities on June 24, 2022,^[10] and added 9 individuals and 2 entities on July 5, 2022.^[11] This brings a new dimension to Canadian sanctions by targeting persons that are assisting the Russian invasion through misleading media and other communications. However, it is unclear how significant the practical effect of asset freezes and dealings prohibitions will be, since these targets may have a less significant international economic footprint than many other sanctioned persons.

Gold Sanctions

Canada also imposed a new round of economic sanctions against Russia's ability to benefit from selling gold products on July 8, 2022. Canada banned the imports of Russian gold products, including unwrought gold, semi-manufactured gold, gold powder, monetary gold, and jewelry made of gold.^[12] In conjunction with similar bans by the United States, United Kingdom, and Japan, the stated objective is “shutting the commodity out of the formal international markets and further isolating Russia from the international financial system.”^[13]

Luxury Goods Sanctions

Canada banned the import of luxury goods from and the export of luxury goods to Belarus on June 27, 2022. These restrictions are similar to luxury goods trade prohibitions against Russia, which entered into force on May 18, 2022 (see details [here](#)). Luxury goods cover a wide range of products, including alcoholic beverages, tobacco, certain textiles and sportswear, footwear, luxury clothing and accessories, jewelry, kitchenware, art, seafood, fish, and non-industrial diamonds.^[14]

Forfeiture Orders for Property Seized from Sanctioned Persons

On June 23, 2022, Canada enacted a legal framework for forfeiture orders related to the property of individuals and entities included in Canada's sanctions lists (see details [here](#)).^[15] To date, few countries have implemented a similar scheme for selling assets of sanctioned persons; however, discussions at the G7 Summit suggest other countries are preparing to follow Canada's path.^[16] Although this power applies to any individual on Canada's

sanctions lists, the impetus for introducing this new remedy is to allow the Canadian Government to assist the Ukrainian people by selling off seized assets of oligarchs and others that have been sanctioned for involvement in or support of the invasion of Ukraine.

The assets of a sanctioned individual can be seized whether they were acquired legally or illegally, and whether they are owned directly or indirectly. The amendments expand the definition of property to allow for seizure and forfeiture of any type of property. The definition includes money, funds, currency, digital assets and virtual currency, as well as other assets – whether real or personal, immovable or movable, tangible or intangible, and corporeal or incorporeal.

The Canadian authorities will be provided with enhanced enforcement powers to seize property that is subject to asset freezes and dealings prohibitions, including the sharing of information and compelled disclosure. The Minister is now expressly permitted to collect and share information with several other government entities, including the Canadian Security Intelligence Service, the Royal Canadian Mounted Police (RCMP, Canada's national police force), and the Canada Border Services Agency (which administers Canada's import/export/customs/immigration laws, among other powers). The RCMP will assist the Minister in matters related to the seizure and restraint of property that is the subject of sanctions and subsequent forfeiture orders.

Sanctions on Services Provided to Russian Manufacturing Industries

On July 9, 2022, Canada announced its intention to impose a new round of sanctions that expands existing measures involving services supplied to Russia's oil, gas and chemical sectors (see details [here](#)) to include the industrial manufacturing sector. These measures prohibit Canadian businesses (anyone in Canada, as well as Canadian individuals and entities outside Canada) from providing a wide range of services that could contribute to the production of goods in these four key sectors of the Russian economy. At this time, such sanctions do not apply to these four sectors in Belarus.

The new measures will apply to land and pipeline transport, the manufacturing of metals and of transport, computer, electronic and electrical equipment, as well as of machinery.^[17] Currently, 28 categories of services are prohibited from being supplied to Russia or any person in Russia in the oil, gas and chemical sectors, including construction, retail sales, repair, accounting, engineering, computer, advertising, management consulting, research and development, and technical and scientific services.^[18] The targeting of Russia's industrial manufacturing sector reflects the Canadian Government's view that it is a fourth key pillar of the Russian economy.

Unlike many of Canada's sanction announcements, Canadian businesses will have 60 days to discontinue contracts with targeted industries and services once these measures are in effect.^[19] For further discussion of contract issues arising from the imposition of sanctions, see details [here](#).

To date, Canada has imposed sanctions on 1,088 individuals and entities in Russia, 466 in Ukraine, and 90 in Belarus, as well as a wide range of import, export and other trade restrictions. For more information on the previously imposed sanctions, see our prior bulletins: [February 25, 2022](#), [March 4, 2022](#), [March 29, 2022](#), [June 1, 2022](#), and [June 13, 2022](#), or contact any member of McMillan's international trade law team.

[1] Government of Canada, "[Canadian Sanctions Related to Russia](#)" (June 27, 2022).

[2] Government of Canada, "[Sanctions – Russian invasion of Ukraine](#)" (July 7, 2022).

[3] [Regulations Amending the Special Economic Measures \(Russia\) Regulations \(SOR/2022-165\)](#), amending SOR/2014-58.

[4] Government of Canada, "[Restricted Goods and Technologies List](#)" (May 10, 2022).

[5] [Regulations Amending the Special Economic Measures \(Russia\) Regulations \(SOR/2022-165\)](#).

[6] [Regulations Amending the Special Economic Measures \(Russia\) Regulations \(SOR/2022-165\)](#).

[7] Government of Canada, "[Canadian Sanctions Related to Belarus](#)" (June 27, 2022).

[8] [Regulations Amending the Special Economic Measures \(Belarus\) Regulations \(SOR/2022-167\)](#), amending SOR/2020-214.

[9] Government of Canada, "[Sanctions – Russian invasion of Ukraine](#)" (July 7, 2022).

[10] Government of Canada, "[Regulations Amending the Special Economic Measures \(Russia\) Regulations](#)" (June 24, 2022).

[11] Government of Canada, "[Regulations Amending the Special Economic Measures \(Russia\) Regulations](#)" (July 5, 2022).

[12] Government of Canada, "[Regulations Amending the Special Economic Measures \(Russia\) Regulations](#)" (July 5, 2022).

[13] Prime Minister of Canada, "[Prime Minister announces additional sanctions in support of Ukraine](#)" (June 27, 2022).

[14] Special Economic Measures (Russia) Regulations, SOR/2014-58, [Schedule 6](#).

[15] Bill C-19, [An Act to implement certain provisions of the budget tabled in Parliament on April 7, 2022 and other measures](#) [*Budget Implementation Act, 2022*, No. 1] (Bill C-19 received royal assent on June 23, 2022, but the date of coming into force is not yet published); also see Government of Canada, "[Legislation to grow Canadian economy and make life more affordable receives Royal Assent](#)" (June 23, 2022).

[16] Reuters, "[G7 mulling Russian asset seizures to help rebuild Ukraine, German finance minister says](#)" (May 20, 2022).

[17] Government of Canada, "[Minister Joly announces Canada's intent to further sanction key Russian economic sectors](#)" (July 9, 2022).

[18] Government of Canada, "[Regulations Amending the Special Economic Measures \(Russia\) Regulations](#)" (June 6, 2022).

[19] Government of Canada, “[Minister Joly announces Canada’s intent to further sanction key Russian economic sectors](#)” (July 9, 2022).

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A Cautionary Note

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