

## Canada expands sanctions against Russia with 'Restricted Goods and Technologies List'

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As the Russian invasion of Ukraine persists, the international response continues to escalate. As we've discussed in our prior Osler Updates (as published on [February 23](#), [February 28](#) and [March 10](#)), Canada's sanctions on Russia have expanded rapidly since the Russian invasion of Ukraine. In one of its recent actions, Canada has created an additional list of items, the "Restricted Goods and Technologies List", and has implemented regulations prohibiting the supply of these items to Russia. This broad list is in addition to the existing Export Controls List, and could present challenges to providers of goods and services to Russian customers.

Further, Canadian sanctions on Russia have also been expanded by increasing the scope of the general prohibitions on dealing with designated individuals and entities, implementing sector-specific restrictions impacting oil and gas and transportation, and designating about 100 additional individuals and entities. This Update provides a high-level overview of these new measures.

### The creation of the 'Restricted Goods and Technologies List'

An amendment made to the [Special Economic Measures \(Russia\) Regulations](#) (the Russia Regulations) on March 24 added a new section to the Russia Regulations (section 3.6), which expands restrictions on exports to Russia or any persons in Russia. It is now broadly prohibited to supply any "restricted goods and technologies", as listed in the newly released [Restricted Goods and Technologies List](#). Pursuant to the new section 3.6, Canadians and persons in Canada are prohibited

- from exporting, selling, supplying or shipping any good on this Restricted Goods and Technologies List, wherever situated, to Russia or any person in Russia
- from providing to Russia or to any person in Russia any technology that is described in the Restricted Goods and Technologies List

The Restricted Goods and Technologies List includes a broad range of electronic equipment, telecommunication equipment, information security equipment and software, optical sensors, cameras and lasers, navigation equipment, aircraft, diesel engines, and components thereof. It also includes "technology" related to certain restricted items, which is defined as including technical data and technical assistance.

The Government's [position](#) is that the purpose of these restrictions is to deny Russia access to goods and technology that could benefit their military.

There are exemptions for certain goods and technologies that would otherwise be subject to the supply ban provided in section 3.6. These include goods for use in support of multilateral

measures (e.g., nuclear safeguards verifications and goods for use in relation to the International Space Station), consumer communication devices and personal effects, certain goods stored on ship or aircraft, software updates for civilian end-users owned or controlled by Canadians or nationals of a partner country and goods exported for use by media representatives from Canada or partner countries. The list of partner countries includes 33 jurisdictions, including E.U. members, the U.S., the U.K., Australia, Japan, New Zealand and South Korea. Importantly, section 3.6 of the Russian Regulations seems to apply to contracts for any goods included on the list where the contract was entered into before the restriction came into force.

## Other recent changes

In addition to the implementation of the Restricted Goods and Technologies List, recent amendments to the Russian Regulations expand the scope of the general prohibitions on dealing with sanctioned individuals. The dealings ban, contained in section 3 of the Russia Regulations, is one of the major components of the regulations. It sets out the specific dealings that Canadians and persons in Canada are prohibited from engaging in with individuals and entities designated in "Schedule 1" of the Russian Regulations, which encompasses the vast majority of the individuals and entities sanctioned under the Russian Regulations. Section 5 is directly linked to section 3 and prohibits Canadians or persons in Canada from knowingly doing anything that causes, facilitates, or assists in, or is intended to cause, facilitate, or assist in any activity prohibited by section 3. The March 23 amendments expand the scope of this dealings ban, and now prohibits dealings in property "*owned, held or controlled by or on behalf of a designated person*" (s. 3(a)), and prohibits making any goods available "*to a designated person listed in Schedule 1 or to a person acting on their behalf*" (s. 3(d), new language in italics). This is in line with more recent regulations implemented under the *Special Economic Measures Act*, such as the *Special Economic Measures (People's Republic of China) Regulations*.

Canada's amended sanctions measures include expanded restrictions on the import of Russian energy products. The existing restrictions on exports from Canada to Russia of goods and services related to oil and gas exploration have now further been supplemented by a broad ban on the import of Russian petroleum and crude oil products, and the extension of section 5 to this ban. It is prohibited for any Canadian or person in Canada to import, purchase or acquire these products from Russia or from a person in Russia. There is an exception for contracts entered into before March 10, 2022. However, given other measures in force (including the removal of certain Russian banks from the SWIFT network and other financial restrictions discussed in our previous Update), it may be difficult to facilitate payment for such contracts.

Restrictions on Russian vessels and aircraft entering Canada have also been expanded. As of February 27 Russian aircraft are banned from flying through Canadian airspace or landing in Canada. As of March 6, it is further prohibited for any ship registered in Russia or used for the benefit of Russia to dock in Canada or pass through Canada, unless such docking or passage is necessary to safeguard human life or to ensure navigational safety. These restrictions will likely have an impact on global supply chains, particularly as similar measures have been implemented in other jurisdictions.

Finally, Canada continues to develop and expand the list of designated individuals under the Russia and related Regulations. At the time of writing, the Canadian government's summary of the sanctions levied in response to Russia's actions in Ukraine indicates that over 1,000 individuals and entities have now been designated under the *Special Economic Measures Act Russia, Ukraine and Belarus* Regulations. Individuals added by the various amendments include Russian entities with ties to defence contracts with the Russian government, all remaining members of the Russian Federation Council and numerous government officials

and state agencies.

A list of all individuals and entities that have been sanctioned under the Russian Regulations (and other regulations under the *Special Economic Measures Act*) can be found in the Consolidated Canadian Autonomous Sanctions List. Businesses should be mindful that even where an individual or entity does not appear on the list, such individuals or entities may still be subject to the Russia Regulations, particularly in light of the expanded scope of the dealings prohibitions described above.

## Anticipated future developments

As indicated in our prior Updates on the measures announced in February and early March, the recent measures are an expansion of Canada's existing sanctions imposed upon Russia for its prior conduct in the region. All existing sanctions, including those that predate 2022 (e.g., those levied in response to Russia's actions in Crimea), are expected to remain in place. Canadians and persons in Canada who are conducting business in or around this region of the world should continue to be vigilant and mindful of existing and amended sanctions.

Sanctions have continued to be implemented at a rapid pace and it is expected that Canada will continue to act in concert with its international allies. Osler's International Trade Group is watching the global developments in this rapidly changing area of law closely. If you require any assistance or have any questions regarding this or any matter regarding compliance with Canada's trade and sanctions regulatory regime, please contact a member of our team, who would be happy to assist.