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One Year On: A Comparison of Canadian and U.S. Sanctions and Export Control Responses to Russia's Invasion of Ukraine

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In the wake of the one-year anniversary of war in Ukraine, our cross-border sanctions and export controls team has prepared a comparative chart of the Russia-related economic sanctions and export control measures currently in force in Canada and the United States. This table is intended to be used as a quick-reference tool for trade compliance teams in North America. The table does not detail every intricacy of sanctions and export control laws in the two countries but is instead intended to provide a high-level overview of the key aspects of the prohibitions. It is also by necessity a snapshot in time (as of April 3, 2023) given that sanctions and export control laws in both countries continue to evolve and develop as the war continues.

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	Canada	United States	Key Comparisons
Sanctioned Individuals and Entities	Canada imposed its broadest dealings ban on over 1,300 persons and 340 entities by adding them to Schedule 1 of the <i>Special Economic Measures (Russia) Regulations</i> .	The United States has blocked over 1,225 persons and 1,315 entities by adding them to its Specially Designated Nationals (“SDN”) list.	Although these lists overlap, they are not identical. There are significantly more entities subject to U.S. sanctions. U.S. sanctions also apply to companies 50% or more owned by SDNs; such companies may not appear on the SDN list. The extent to which Canadian sanctions apply to companies that are owned or controlled by entities or individuals listed on Schedule 1 but that are not themselves listed on Schedule 1 is unclear in Canada and requires a case-by-case analysis.
Investment Prohibitions	Canada has not imposed a broad investment ban. However, Canada prohibits investments with sanctioned individuals or in respect of sanctioned industries.	The United States has imposed a broad prohibition on new investment in any sector of the Russian Federation economy, and specifically prohibits U.S. persons from purchasing new and existing debt and equity securities issued by an entity in the Russian Federation, as well as investment in the Russian energy sector.	Canada has not imposed a general prohibition against new capital investments in Russia, whereas the United States has.
Banking Prohibitions	Canada has designated Russia’s major commercial banks (e.g., VEB, VTB, Sberbank, Otkritie, Sovcombank, Novikom, Alfa Bank, and Gazprombank) and the Central Bank of the Russian Federation on Schedule 1 of the <i>Special Economic Measures (Russia) Regulations</i> , imposing broad dealings bans and asset freezes on property owned, held, or controlled by or on behalf of these banks.	The United States has designated certain Russian financial institutions as SDNs, including VEB, VTB, Sberbank, Otkritie, PSB, Sovcombank, Novikom, and Alfa Bank. All property and interests in property of these entities in the possession or control of U.S. persons or financial institutions are blocked and must be reported to OFAC. All U.S. persons and financial institutions are prohibited from transacting with these entities unless exempt or authorized by OFAC. Additional banks are subject to sectoral sanctions restrictions and are not fully blocked.	Both countries have imposed broad prohibitions on dealings with designated Russian financial institutions. The United States has added the Russian Central Bank to the Non-SDN Menu-Based Sanctions List. Although not an SDN, U.S. persons are prohibited from engaging in any transactions with the Russian Central Bank, subject to certain exemptions. OFAC also has the authority to utilize secondary sanctions.

<p>Import Tariffs on Russian and Belarussian Goods</p>	<p>Canada removed “Most Favoured Nation” treatment for Russian and Belarussian goods imported into Canada, meaning that importers must now pay a 35% tariff on the goods upon importation.</p>	<p>The United States has suspended MFN treatment for both Russia and Belarus. Duty rates set forth in HTSUS Column 2 apply to Russia and Belarus, which are as high as 70%. The President may increase duty rates for Russian and Belarussian imports until January 1, 2024. The United States has also implemented 200% tariffs for aluminum products from Russia.</p>	<p>The United States has raised certain tariff rates to 70%, and under Section 232 has increased tariff rates on Russian-origin aluminum and products that contain aluminum smelted or cast in Russia to 200%.</p> <p>Instead of imposing tariffs, Canada has a blanket prohibition against Canadians and person in Canada from acquiring/purchasing Russian steel and aluminum anywhere in the world.</p>
<p>Import Bans on Russian Goods</p>	<p>Canada banned the importation of 26 categories of Russian Federation-origin goods, including seafood products, alcoholic beverages, diamonds, and six categories of Russian-origin gold products.</p> <p>With respect to gold, Canada prohibits Canadians and persons in Canada from importing Russian-origin gold and certain jewelry products into Canada and purchasing or acquiring these products anywhere in the world.</p>	<p>The United States banned the importation of Russian Federation-origin fish, seafood, and preparations thereof; alcoholic beverages; non-industrial diamonds; and gold.</p> <p>U.S. persons are generally prohibited from engaging in any gold-related transactions involving Russia.</p>	<p>Canadians are not permitted to purchase Russian-origin gold in any country in the world for any purpose, whereas the United States has similar restrictions in place, but also extends them to non-U.S. persons.</p>
<p>Oil Price Cap</p>	<p>Canada prohibits the provision of certain services related to marine transport of Russian petroleum products if the products were not purchased at or below the price outlined in the “G7 + Coalition Oil Price Cap List.”</p>	<p>The United States prohibits the provision of certain services related to marine transport of Russian petroleum products if the products were not purchased at or below the price outlined in the “G7 + Coalition Oil Price Cap List.”</p>	<p>The United States and Canada are both part of the Price Cap Coalition of the G7 and thus have similar regulations. The price cap guidelines cap high-value Russian exports such as diesel and gasoline at \$100 and lower-value products such as fuel oil at \$45.</p>

<p><i>Oil and gas related bans</i></p>	<p>Canada prohibited Canadians and persons in Canada from purchasing, acquiring, or importing Russian-origin oil and gas products <i>anywhere in the world.</i></p> <p>Canada also prohibits Canadians and persons in Canada from supplying certain oil and gas related products and related services for certain end uses in Russia or to any person in Russia.</p>	<p>The United States banned the importation of certain oil, gas, and coal products of Russian origin; U.S. persons are prohibited from new investment in the energy sector in the Russian Federation.</p>	<p>U.S. restrictions on Russian oil and gas extend to prohibitions on investment in the energy sector.</p> <p>Like gold, Canadians must not purchase Russian-origin oil or gas products anywhere in the world. OFAC does not prohibit all transactions in Russian-origin oil and gas products, and will generally not impose sanctions on non-U.S. persons that engage in transactions that would be authorized for U.S. persons.</p>
<p><i>Ban on Export of Luxury Goods</i></p>	<p>Canada has banned the exportation of 257 categories of luxury goods, including apparel, jewelry, art, and electrical machinery to Russia and Belarus.</p>	<p>The United States also banned the exportation of luxury goods, including apparel, jewelry, art, and electrical machinery to Russia and Belarus.</p>	<p>The U.S. restrictions also cover exports of luxury goods to certain Russian/Belarusian oligarchs wherever located. Clothing and footwear are subject to a minimum per unit value of US \$1000; no other goods are subject to a minimum dollar value.</p> <p>Canadian restrictions would only prohibit the exportation of luxury products to other countries if being exported to a person or entity listed on Schedule 1 or owned or controlled by a person or entity listed on Schedule 1. There is no minimum per unit value for any of the products under Canadian restrictions.</p>

<p>Export of Controlled Goods and Technologies</p>	<p>Canada has instituted a policy of denial with respect to the issuance of permits otherwise required to export goods controlled under Canada’s Export Control List to Russia or Belarus.</p> <p>Canada has also created the Restricted Goods and Technologies List and Schedule 5.1 and prohibits Canadians and persons in Canada from selling or supplying those goods to Russia or any person in Russia, regardless of where the good originates from/is supplied from.</p>	<p>The United States has instituted a policy of denial with respect to the review of most license applications involving Russia and significantly restricts the use of EAR license exceptions for Russian exports.</p> <p>The United States has also broadened export controls to restrict exports to Belarus and to expand the range of products covered, which includes certain EAR99 items. Additional items not typically subject to control under the EAR, including certain non-U.S. origin items, are now captured via foreign direct product rules and the <i>de minimis</i> rule.</p>	<p>The United States also requires licenses for exports of certain EAR99 items, thus extending export restrictions to items that are generally not subject to control. U.S. foreign direct product rules and the <i>de minimis</i> rule provide extraterritorial reach to certain non-U.S. origin items.</p> <p>Canada’s Export Control List does not have extraterritorial reach; however, Canadians are prohibited from supplying anything listed on the Restricted Goods and Technologies List or Schedule 5.1 from any country in the world, regardless of whether it is of Canadian origin or not.</p> <p>The United States also prohibits the export of U.S. dollar-denominated banknotes to the Government of the Russia or any person located in Russia.</p>
<p>Ban on Provision of Services</p>	<p>Canada has prohibited the provision of certain listed services (e.g., accounting, IT, engineering, architectural, among others) to certain listed industries (e.g., mining, manufacturing of certain products, among others).</p>	<p>The United States has prohibited the provision of accounting, trust, corporate formation and management consulting services to any person located in Russia, as well as the provision of services related to quantum computing.</p>	<p>U.S. restrictions on the provision of these services are not limited to specific industries.</p>
<p>Russian Occupied Regions in Ukraine</p>	<p>Canada prohibits the purchase or sale of anything to or from Crimea or the Russian-occupied areas of the Donetsk, Luhansk, Kherson, and Zaporizhzhia regions of the Ukraine.</p> <p>Canada also prohibits investments dealing with property, the provision or acquisition of services related to investments or tourism, and technical assistance.</p>	<p>The United States has comprehensive sanctions on the Crimea region, and has generally prohibited transactions involving the Russian-occupied areas of Ukraine. The United States has also frozen the assets of persons involved in the occupation and annexation of areas in Ukraine and those associated with the referendums in these areas.</p>	<p>The United States has indicated its intention to use secondary sanctions to target persons whose activities constitute support for the annexation of these regions by Russia.</p>

<p>Shipping Bans</p>	<p>Canada has prohibited any ship registered in Russia or used, leased or chartered by or on behalf of Russia from docking in Canada or passing through Canadian waters, unless the docking or passage is necessary to protect human life or for navigational safety.</p>	<p>The United States bans Russian-affiliated ships from docking at U.S. ports or accessing American waters. The ban includes a force majeure provision allowing Russian ships entry to U.S. ports for emergency circumstances or other humanitarian need.</p>	<p>Both the United States and Canada ban Russian-affiliated ships from docking at their ports or passing through their waters.</p>
<p>Insurance Related Bans</p>	<p>Canada has prohibited Canadians and persons in Canada from providing insurance or reinsurance to Russia or any person in Russia in respect of certain aviation and aerospace products.</p>	<p>U.S. insurance companies are under an obligation not to issue policies to an SDN. U.S. insurers are encouraged to include an explicit exclusion for risks that would violate U.S. sanctions laws in any global insurance policies.</p>	<p>The United States does not have specific Russian-related provisions for insurers but does generally prohibit insurers from violating any U.S. sanctions laws.</p>
<p>Virtual Currency Considerations</p>	<p>Canada does not formally reference virtual currency with Russia sanctions, but the prohibition against “Dealing in any property, wherever situated” is likely broad enough to capture virtual currency, which like cash, is an intangible asset.</p>	<p>All U.S. persons are required to comply with all Russia-related sanctions, regardless of whether a transaction is denominated in traditional fiat currency or virtual currency.</p>	<p>U.S. regulations, unlike Canadian regulations, specifically reference virtual currency, and guidance has been issued to this effect in OFAC’s Sanctions Compliance Guidance for the Virtual Currency Industry.</p>

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