

Canada bans the export of certain services to Russia

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Russia's invasion of Ukraine has surpassed the 100-day mark. As President Putin continues his offensive, the West continues to act in close concert, imposing further restrictive measures pressuring the Putin regime to withdraw from Ukraine. Most recently, on June 8, 2022, Canada announced new measures prohibiting the export of 28 services to Russia for the operation of oil, gas and chemical industries, including technical, management, accounting and advertising services.

Export ban: restrictions on the provision of identified services to energy industries

In its most recent action, Canada has [announced](#) new measures imposing a ban on the export of 28 services, insofar as these services are being provided to Russia or to any person in Russia for use in relation to specified industries. These measures [amend the *Special Economic Measures \(Russia\) Regulations*](#) (the Russia Regulations) by — among other things — adding a new schedule (Schedule 8), which lists the services and industries to which this prohibition applies. These services, listed in Part 1 of the new Schedule 8, include

- construction work
- retail sales of motor fuel
- sales on a fee or contract basis of fuels, metals, ores, timber, building materials and industrial and technical chemicals
- wholesale trade services of solid, liquid and gaseous fuels and related products
- retail sales of fuel oil, bottled gas, coal and wood
- repair services of personal and household goods
- other lodging services not elsewhere classified
- transportation of petroleum and natural gas
- water transport services – freight transportation
- water transport services – towing and pushing services
- bulk storage services of liquids or gases
- leasing or rental services concerning machinery and equipment without operator
- computer and related services
- research and development services
- accounting, auditing and bookkeeping services
- market research and public opinion polling services
- management consulting services

- services related to management consulting services
- architectural services
- engineering services
- integrated engineering services
- related scientific and technical consulting services
- technical testing and analysis services
- advertising services
- services incidental to mining
- repair services incidental to metal products, machinery and equipment
- services incidental to energy distribution
- sewage and refuse disposal, sanitation and other environmental protection services

The new measures prohibit Canadians or persons in Canada from providing the above-noted services to Russia or any person in Russia in relation to the following industries:

- mining of coal and lignite
- extraction of crude petroleum and natural gas
- mining of metal ores
- other mining and quarrying
- mining support service activities
- manufacture of coke and refined petroleum products
- manufacture of chemicals and chemical products

These industries are listed in Part 2 of Schedule 8.

It is also prohibited for Canadians or persons in Canada to knowingly do anything that causes, facilitates or assists in, or is intended to cause, facilitate or assist in, providing any of these services in a manner that would contravene the new measures.

The Canadian government has based the industry classifications set out in Part 2 of Schedule 8 on the United Nations' [International Standard Industrial Classification of All Economic Activities](#) [PDF] (ISIC). The ISIC includes further breakdowns in the classification of these industries, which can provide some additional guidance on what types of businesses would be covered by the industries set out in Part 2 of Schedule 8.

The stated purpose of Canada's measures is to target the oil, gas and chemical services sectors — industries which together account for 50% of Russia's federal budget revenues. The measures are intended to reduce Russia's ability to wage war and signal to the Russian regime that Canada will continue to work with like-minded partners in the international community to coordinate further measures.

These measures follow the imposition of service export restrictions by the United States, which [announced measures](#) [PDF] in early May restricting the provision of management consulting, trust, corporate formation and accounting services to any person in Russia, and the United Kingdom's [similar ban on services exports](#) that prevents Russian business from using accountancy, management, consultancy and public relations firms in Britain.

Canada's measures imposed to date

These amendments follow on other product/sector-specific trade restrictions on Russia that

Canada has imposed recently. Prior restrictions include prohibitions on the export to Russia or persons in Russia of goods on the Restricted Goods and Technologies List, those used in the manufacture of weapons, those requiring export permits (where any existing export permits were also revoked), and those concerning the import and export of luxury goods. Canada has also imposed sector-specific restrictions regarding the import of Russian oil and gas, including the import ban enacted in response to Russia's invasion of Ukraine and existing supply restrictions targeting the Russian oil and gas sector that have been in place since 2014.

Import and export restrictions are only one element of Canada's broader sanctions framework. To date, Canada's sanctions enacted in response to Russia's invasion of Ukraine also include

- prohibiting Canadians or persons in Canada from entering into any direct or indirect dealings with various designated persons or persons acting on their behalf, or knowingly causing, facilitating, assisting or intending to cause, facilitate or assist such dealings. This includes a prohibition on dealing in any property, providing any financial or related services or making any goods available to such persons. The lists of designated persons changes rapidly; a consolidated list of designated persons subject to the Russian Regulations can be found in the Consolidated Canadian Autonomous Sanctions List, which the Canadian government has kept fairly up-to-date through this volatile period.
- prohibiting Canadians or persons in Canada from engaging in various dealings in the Donetsk, Luhansk and Crimea regions, or knowingly causing, facilitating, assisting or intending to cause, facilitate or assist such dealings.
- prohibiting Canadians or persons in Canada from buying or dealing in most new Russian debt, directly or indirectly.
- the withdrawal of Most-Favoured Nation tariff treatment for goods originating in Russia and Belarus.
- restrictions on Russian vessels and aircraft from entering Canadian airspace or landing in Canada.
- the de-“SWIFTing” of certain Russian banks.

Individuals and businesses should be mindful that, in many cases, the restrictions are broad in scope. Canadians and persons in Canada conducting business in or around this region of the world should continue to be vigilant and mindful of existing and amended sanctions.

For more information on these measures, please see our previous Updates, published in mid-February, late February, March and April.

Anticipated future developments

As the situation in Ukraine continues to develop, Canada and its allies have shown a clear willingness to impose additional restrictive measures. Sanctions have continued to be implemented at a rapid pace; it appears that so long as President Putin continues with the invasion of Ukraine, Canada and its allies will continue to respond with sanctions.

Osler's International Trade Group continues to monitor global developments closely in this dynamic area of law. If you require 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.