



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

44th PARLIAMENT, 1st SESSION

Standing Committee on Foreign Affairs and International Development

EVIDENCE

NUMBER 069

Tuesday, June 6, 2023

Chair: Mr. Ali Ehsassi



Standing Committee on Foreign Affairs and International Development

Tuesday, June 6, 2023

• (1105)

[English]

The Chair (Mr. Ali Ehsassi (Willowdale, Lib.)): I call this meeting to order.

Welcome to meeting number 69 of the Standing Committee on Foreign Affairs and International Development.

Today's meeting is taking place in a hybrid format pursuant to the House order of June 23, 2022. Members are attending in person in the room, as well as using the Zoom application.

I'd like to make a few comments for the benefit of the witnesses and members.

Please wait until I recognize you by name before speaking. For those participating by video conference, please click on your microphone icon to activate your mike, and please mute yourselves when you are not speaking.

Interpretation for those on Zoom is at the bottom of your screen. You have a choice of either floor, English or French audio. For those in the room, you can use the earpiece and select the desired channel.

In accordance with our routine motion, I am informing the committee that all witnesses have completed the required connection tests.

Now, pursuant to Standing Order 108(2) of the motion adopted by the committee on Wednesday, September 21, 2022, the committee resumes its study of Canada's sanctions regime.

It is my great pleasure to welcome as witnesses before our committee, first of all, Mr. Brandon Silver, who I suspect is well known to you all, the director of policy and projects at the Raoul Wallenberg Centre for Human Rights. He is joining us by video conference. We also have witnesses from the Canadian Bankers Association. We have Stephen Alsace, global head of economic sanctions at the Royal Bank of Canada, and Ms. Angelina Mason, general counsel and vice-president, legal and risk, from the Canadian Bankers Association.

Each of you will be provided five minutes for your opening remarks, after which we will open the floor to members so they can ask you questions.

We will go with Mr. Silver first.

You have five minutes. Once you're getting very close, I'll put this up. We would be grateful if you could attempt, to the best of your abilities, to conclude your remarks.

Mr. Silver, the floor is yours.

Mr. Brandon Silver (Director of Policy and Projects, Raoul Wallenberg Centre for Human Rights, As an Individual): Thank you, Chairman Ehsassi.

Honourable members, it's a pleasure and privilege to see so many friends and familiar faces. I bring warm regards from honourable Professor Irwin Cotler, who regrets he couldn't be with you today, but very much endorses the content of our centre's submission.

[Translation]

Thank you for the opportunity to join you today. I am pleased to testify as a lawyer and director of policy and projects at the Raoul Wallenberg Centre for Human Rights.

Our organization is very engaged in the development and implementation of Canada's sanctions regime. We also manage a global coalition of almost 400 civil society organizations that act to call for sanctions and promote human rights.

• (1110)

[English]

Canada can be a global leader in safeguarding dignity and democracy by strengthening the use of targeted sanctions. This committee's study presents a most propitious opportunity to chart such a path forward.

It is especially timely, as Putin's illegal and unjustified aggression against Ukraine is giving violent expression to a broader authoritarian assault on the rules-based order and those who seek to defend it.

Targeted sanctions have proven to be a powerful tool in pushing back. The visa bans, asset seizures and business dealing prohibitions that these sanctions entail are isolating the architects of repression, turning them into global pariahs and cutting them off from the financial flows that fund their oppression.

These sanctions are also protecting Canadian sovereignty from the corrosive effects of corrupt foreign capital and from the rights abuses of those who would seek to co-opt and undermine our democracy and financial institutions. It therefore ensures that our markets and our economy are not contributing to these abuses or acts of aggression abroad.

Honourable members, these are all measurable successes. Indeed, Canada's adoption in 2017 of our Magnitsky law was a game-changer. It lowered the implementing threshold for autonomous sanctions from a "grave breach of international peace and security that [has] resulted or is likely to result in a serious international crisis" to now also include gross and systematic human rights violations and acts of corruption.

Accordingly, our centre uses the term "Magnitsky sanctions" to refer to actions taken pursuant to these post-2017 lower thresholds under both the Justice for Victims of Corrupt Foreign Officials Act and SEMA.

With these measurements and new thresholds, out of the over 2,000 targeted sanctions that have been implemented since the adoption of the Magnitsky law in 2017, 482 of these are Magnitsky-style sanctions for human rights abuses and corruption. Out of roughly 35 Magnitsky jurisdictions, this makes Canada a leader in Magnitsky implementation, a close second to the United States and far ahead of every other jurisdiction. That's all the more admirable when you consider that we have a fraction of their resources.

However, with that being said, Magnitsky decisions are overwhelmingly undertaken unilaterally and without structured co-operation amongst allies, despite the shared interests, values and threats we all may be seeking to address. In a practical way, this can result in asset flight, with a sanctioned individual laundering their ill-gotten gains and conducting their business in another parallel jurisdiction upon being sanctioned in Canada. It also lessens the significant rhetorical and reputational value, as the listing can be presented as a singular aberration amongst more reasonable democracies, rather than an achievement in the pursuit of justice and accountability.

Therefore, the Wallenberg Centre suggests that an international contact group of jurisdictions with the Magnitsky law be established, which would greatly assist with the coordination and multilateralization of sanctions implementation while also creating a forum for the sharing of best practices.

As well, Canada should take a whole-of-government approach to sanctions and create a single focal point to ensure interdepartmental co-operation and co-operation amongst allies internationally. This is well grounded in parallel precedent. If you look at the U.S., with the Treasury Department's Office of Foreign Assets Control, at the U.K., at the State Department's special envoy on sanctions, I think there are a lot of great models that we can be following internationally to ensure that we continue to lead.

We could assume a leadership role and unique convening capacity internationally to make sure that Canada's sanctions policies advance our foreign policy priorities. For example, we can use sanctions to give teeth to our leadership in advancing the Declaration Against Arbitrary Detention in State-to-State Relations, and thereby shift the calculus in hostage-taking.

We can also, at a time when the rules-based international order is under assault and multilateral institutions are being undermined, use our sanctions regime to show our confidence in these institutions and the enforceability of these international norms by using decisions of UN special procedures like the UN Working Group on Arbitrary Detention, or international treaty monitoring mechanisms

like the Committee Against Torture, as the basis for the implementation of sanctions.

I will conclude with this, honourable members. An especially important refinement to our sanctions frameworks would enshrine the crucial oversight role of all of you here today. Ultimately, some of the most impactful precedents and policies have been proposed by civil society and pursued by Parliament. Formalizing this relationship would only strengthen it.

Our centre's written evidence to the committee elaborates upon these proposals, in particular the final one drawing upon existing parliamentary precedent and practice like Order Paper questions, tabling public petitions and the like. We'd be pleased to discuss these with you either in the Q and A or in greater depth separately from this committee hearing.

I'd like to conclude by thanking all of you for your important work in guiding Canadian foreign policy, and for the opportunity and privilege to testify before your committee today.

Thank you.

• (1115)

The Chair: Thank you very much, Mr. Silver.

As I understand it, we will now go to Ms. Mason. Is that correct?

Ms. Heather McPherson (Edmonton Strathcona, NDP): Mr. Chair, on a point of order, there will be bells shortly. Would it be possible for us to get unanimous consent to work through that?

The Chair: Is that the will of the committee?

Some hon. members: Agreed.

The Chair: Thank you, Ms. McPherson.

We now go to Ms. Mason.

You have five minutes for your opening remarks.

Ms. Angelina Mason (General Counsel and Senior Vice-President, Legal and Risk, Canadian Bankers Association): Thank you for inviting the Canadian Bankers Association and the Royal Bank of Canada to appear this morning to participate in the committee's review of Canada's sanctions regime.

My name is Angelina Mason and I am the general counsel and senior vice-president, legal and risk, with the CBA. I am joined today by Stephen Alsace, global head, economic sanctions, with the Royal Bank of Canada.

Recent proposed legislative changes and federal budgetary commitments in the sanctions space highlight the federal government's continued commitment to the laudable policy goals that drive the regime, which are the safeguarding of human rights, combatting significant corruption, and preserving international peace and security.

Banks operating in Canada have invested heavily in their efforts to comply with and thus enable the evolving regime. Our members work extensively with Global Affairs Canada and the RCMP to ensure broad compliance with sanctions requirements. They also have in place systems and procedures for managing sanctions risk, and they conduct active screening against sanctions lists.

The government provides valuable support for this work. We appreciate GAC's consolidated Canadian autonomous sanctions list, the increasing willingness of GAC officials to engage with stakeholders, including our members, on sanctions matters, and their efforts to perform public outreach. Further, the federal government's announced investment of \$76 million in GAC's development of a devoted sanctions bureau and additional support for the RCMP is an important initial step towards ensuring the growing regime is properly resourced to function effectively and efficiently.

Given their role within the global financial system, our members have observed several ways in which Canada's sanctions regime should continue to evolve. Primarily, as the regime continues to evolve and become more complex—including with the recent proposal of deemed control provisions that contain highly subjective elements in Bill C-47—there is a need for written, publicly available guidance.

This need is well understood. It was highlighted by this committee's 2017 report, as well as in the Senate Standing Committee on Foreign Affairs and International Trade's recently published report detailing its review of the regime. It is also common practice for sanctions authorities in other jurisdictions, such as the United Kingdom and the United States, and in other regulatory contexts within Canada.

To address this need and align with international and domestic best practices, we encourage GAC to develop this written guidance in consultation with stakeholders. Guidance will provide clarity and transparency for stakeholders—especially those that lack or cannot afford access to expensive resources to support their activities—thus mitigating the operation and regulatory risks that may flow from regulatory opacity when doing business globally. It will also help to ensure that the Sergei Magnitsky Law and SEMA are implemented as intended and that their desired policy goals are efficient and effective.

Along with written guidance—as endorsed by the Senate committee report—the government should also work to educate the Canadian public on the nature, rationale and impact of Canada's sanctions laws. In the current context, private sector entities, such as our members, are often required to address the questions and concerns of their clients. To ensure that the public receives accurate, up-to-date information that is consistent, we suggest that the federal government would be best placed to answer these questions, as our members and other stakeholders are still trying to understand the impact of the law on their own businesses.

There is also currently an opportunity to improve the efficiency and effectiveness of sanctions reporting. More specifically, our members currently provide sanctions reports to various government agencies. The government's recent proposed amendments in Bill C-47 to create additional reporting requirements to FINTRAC open the door for meaningful engagement between the regulator and in-

dustry to refine reporting requirements and ensure they meet the policy intent of the legislative amendments.

Operationally, the permit system also requires the federal government's attention. We understand that in other jurisdictions there are streamlined mechanisms for seeking permits or certificates to authorize certain specified activities or transactions that are otherwise prohibited. For example, the United States has provisions for general licences that authorize particular types of transactions for a class of persons, without the need to apply for a specific licence. This general approach has not been used in Canada, although it is possible under the law.

- (1120)

Given the lack of guidance and clarity in the law, we understand that GAC has been flooded by permit applications. It appears this increased volume has created a backlog of applications, leaving Canadians waiting with unclear timelines for formal responses. These permits are not always sought by large corporations. Often, it is everyday Canadians seeking these permits, such as retail banking clients attempting to remit funds to family members in jurisdictions impacted by sanctions.

We suggest that GAC align with the approach taken in foreign jurisdictions. Further, we also recommend that GAC hire additional resources to focus specifically on licence applications and, ideally, set out a mandate to complete all licence requests within a reasonable period.

Finally, as the Senate report recommends, sufficient investment in GAC's sanctions bureau and other federal departments involved in the regime is needed. We appreciate and support the government's previous budgetary commitments to GAC and understand the government is considering providing additional government agencies with a role in the sanctions space.

Given the complexity of the regime, it is critical that any government department or agency involved in the regime, including GAC, be properly resourced and that staff receive extensive training on and have sufficient knowledge of this highly technical area of the law.

This approach will help ensure oversight is tailored to and reflects the uniqueness of the regime and that it is not conflated with that of other legislative areas, such as Canada's anti-money laundering—

The Chair: Ms. Mason, could I ask you to conclude your remarks? You're a minute and a half over.

Ms. Angelina Mason: I apologize.

Thank you. We look forward to your questions.

The Chair: Thank you.

You'll have an opportunity to mention all of the things you wanted to during questions by the members.

Ms. Angelina Mason: You caught me in my last sentence.

The Chair: Absolutely.

We now open it to questions from the members.

The first member up is Mr. Hoback.

You have five minutes.

Mr. Randy Hoback (Prince Albert, CPC): Thank you, Chair, and thank you, witnesses.

Ms. Mason, I'm going to go to you first.

You talked about written guidance. Could you maybe expand on it a bit?

Right now, when you're dealing with, let's say, a Canadian business that is looking at doing business in another country, what is there for you to provide for guidance? Because there's no guidance in place, is it possible that they get different advice from one institution versus another?

Just give me some—

Ms. Angelina Mason: Sure.

Compared to other jurisdictions, the guidance is very detailed. It goes into specific fact scenarios. It definitely has a lot more structure. Therefore, people can interpret the particular sanction differently.

Guidance is the best way to ensure that there's clarity and consistency in approach.

Mr. Randy Hoback: Wouldn't that be for the courts to define, or is that something that should be right in the legislation?

Ms. Angelina Mason: Guidance is actually very common, not only within the sanctions area but in other regulatory areas within Canada, whether it's OSFI or the consumer protection framework. It's very common for regulators to add guidance to what's in a particular statute or regulation, because, necessarily, there will be fact scenarios that you can't contemplate within the four corners of a piece of legislation.

Mr. Randy Hoback: What are the consequences for you, then, if you make a mistake because you haven't been provided that guidance?

Ms. Angelina Mason: Well, that's why we're wanting to ensure that guidance is provided. What happens is that you end up not being able to proceed, in an abundance of caution, because there isn't clarity on exceptions.

We have assisted our clients in seeking permits, but it's two sides of the same coin. If the guidance is better, there's less need for permits. Otherwise, people are having to apply for permits to understand whether or not their transactions are permissible.

• (1125)

Mr. Randy Hoback: Okay, thank you.

Mr. Silver, I want to say that we really appreciate your work, your organization's work and Mr. Cotler's work on this file.

You talked a little about an "asset flight". I'm curious as to whether you have some examples of what that looks like. You then talked a bit about a "single focal point" to prevent some of this, so maybe just give a bit more texture or content, if you don't mind.

Mr. Brandon Silver: Thank you, Mr. Hoback, for your kind words and important questions.

If we look at Magnitsky multilateralization, it's the idea that with imposing sanctions, the asset freezes and visa bans should ideally be coordinated among multiple jurisdictions with parallel laws. If we sanction an individual in Canada and we are the only country to do so, they can easily make use of parallel banking systems—the very same amenities and rights that they seek to deny their compatriots at home—and enjoy those rights abroad.

The statistics in Canada are that 79% of our sanctions are unilateral. That means that most of the sanctions we're implementing are undertaking important components of naming and shaming and protecting our domestic financial systems and democracy from being co-opted or abused by foreign nationals or entities engaging in maligned behaviour, but doing so is less effective because they can go to the U.K., the U.S., the EU or any of the other 30-odd Magnitsky jurisdictions.

With respect to the 21% of Canadian sanctions that are multilateralized—i.e. involving not just us—we usually do those with only one partner, so they're not very broad or multilateral. When we say that we're not engaging unilaterally, we're really usually doing so only bilaterally, so Canada will make an announcement with the U.K. or with the U.S. or with the EU. Of that 21% of multilateralized sanctions, 14% are bilateral, meaning that only a couple per cent of Canada's sanctions are truly global in reach and scale.

That is in a bit of a nexus with our recommendation to create this diplomatic coordination group. If Canada is engaging in a concerted and coordinated effort to share intelligence, to share Magnitsky implementation and diplomatic action with like-minded states, we can really tighten the screws and increase the pressure on rights abusers both reputationally and rhetorically—because it would be multiple democracies sanctioning them—but also substantively in terms of depriving them of the ability to access the vacations or the universities that their families often seek to use, as well as the banking sector, markets and economies in Canada, the U.S. and the U.K. If we're acting concertedly, we can be far more impactful.

Mr. Randy Hoback: I assume I'm out of time.

Mr. Brandon Silver: I'm sorry. If there's some time, would you mind repeating your second question?

The Chair: Mr. Hoback is out of time.

We'll now go to Ms. Bendayan.

You have five minutes.

[*Translation*]

Ms. Rachel Bendayan (Outremont, Lib.): Thank you very much, Mr. Chair.

I thank the witnesses for joining us today.

Canada and its allies have imposed unprecedented sanctions on Russia, affecting almost every aspect of its economy. Our objective is very clear: to limit Russia's access to funding.

There is one sanction that I find very interesting: The main Russian banks have been removed from the international financial transfer network, SWIFT. I would like to hear the witnesses' comments, especially those from the Canadian Bankers Association, on this point in particular.

[*English*]

Ms. Mason, perhaps I'll begin with you on the SWIFT sanctions that Canada imposed with our allies. Mr. Silver just noted the importance of working with multiple allies. In the case of SWIFT, we worked with a number of important allies in order to get that done. I wonder if you could speak a bit from your perspective as to the effectiveness of those SWIFT sanctions.

• (1130)

Ms. Angelina Mason: Yes. Removing them from SWIFT definitely had a chilling effect, and it did create some challenges in the context of how to deal with certain impacts to Canadians.

I'll turn it over to my colleague Stephen Alsace. He can speak a little bit about what we were talking about in terms of guidance and some uncertainty that happens when you're not able to deal with certain banks, and the impact on Canadians.

Mr. G. Stephen Alsace (Global Head, Economic Sanctions, Royal Bank of Canada, Canadian Bankers Association): Thank you, Angelina.

Mr. Chair and members, effectively, we're removing some of the largest Russian banks from SWIFT. It has choked off any transactions. Most of the Canadian banks no longer have direct access to Russia in terms of facilitating payments. It's had a good effect in the sense that it has denied some of the largest banks, like VEB, VTB and Sberbank access to western capital, but it has had unintended consequences for ordinary Canadians, and that's part of the reason for a lot of the permit applications to Global Affairs Canada.

Ordinary Canadians are no longer able to easily send money—like remittances for child support, for example—to Russia, or to receive pension payments. Or, in the case of hockey players who are playing in North America, if their employer happens to be owned by a sanctioned entity, their payroll has been cut off. That's one of the results that has occurred.

One other point that I'll also make with respect to Mr. Silver's remarks is that although we are very supportive of the Magnitsky sanctions and we agree that greater coordination is important, most of the large Canadian banks have international operations. For us, for example, we have to comply with sanctions requirements in the United States, in the EU and in the U.K. and other jurisdictions. Although it's not written into our law here in Canada, we also honour other jurisdictions in which we operate.

Ms. Rachel Bendayan: Thank you.

Have you seen rival systems emerging as alternatives to SWIFT?

Mr. G. Stephen Alsace: Yes. In China, there's the CIPS system, and Russia has SPFS. In terms of the rise, we haven't seen significant traffic in that regard, but I think that in terms of alternatives to SWIFT they are on the rise, and there is certainly that risk of capital flight away from that system.

Ms. Rachel Bendayan: Can you perhaps advise the committee of what else we could do to ensure Russia is excluded from the western financial system?

Mr. G. Stephen Alsace: That's a bit challenging. A lot of it is diplomatic, isn't it? I think the focus on those jurisdictions—not necessarily the G20, but.... We know there are jurisdictions that are sanctions evaders, like the UAE. We're seeing potential transactions through India and through China. I think the focus needs to be on some of those other jurisdictions.

Ms. Rachel Bendayan: Mr. Alsace, you previously suggested that there's a bit of a struggle in providing regulatory guidance to financial institutions such as yours. With the proposal for a devoted sanctions bureau—and I hear you, Ms. Mason, on the importance of written guidance—can you be a little more specific as to what exactly you feel you need?

Mr. G. Stephen Alsace: Interpretative guidance would assist. As an example, if you look at the United States and OFAC, they have something like 1,300 FAQs that have been published.

Some of the interpretation around the proposed Bill C-47 is looking at changing beneficial ownership, but rather than using an OFAC 50% plus one rule, they have elected to go even further than the EU and the U.K., so it's really going to make it complicated when you look at the control test they're suggesting. That's an area where we're definitely going to need greater clarification on the amount of due diligence that will be required, because from an operational perspective it will be impossible to stop every single payment and then actually review it and exercise enhanced due diligence against it.

Ms. Rachel Bendayan: In a similar way, Mr. Alsace, it's also impossible—

The Chair: Ms. Bendayan, your time is over.

Ms. Rachel Bendayan: Thank you, Mr. Chair.

The Chair: We next go to Mr. Garon.

[*Translation*]

Mr. Garon, you have the floor for five minutes.

Mr. Jean-Denis Garon (Mirabel, BQ): Thank you very much, Mr. Chair.

I'll put my questions to Mr. Silver.

Mr. Silver, you talked about Magnitsky-style sanctions and how they have made a difference. You pointed out—I think it was in the case of Canada—that 482 such sanctions had apparently been imposed. I was under the impression that Canada had not imposed such sanctions since 2018, when it used them against 17 Saudi nationals because of the torture and execution of journalist Jamal Khashoggi.

Are there reasons why the imposing of these kinds of sanctions has been slowed down, and how do you explain that?

• (1135)

Mr. Brandon Silver: Thank you for the question, Mr. Garon. That is an important point.

The data that our centre has submitted to the committee is the result of the amendments made to the Special Economic Measures Act in the context of human rights and the fight against corruption.

The Magnitsky Act has been used a little over 60 times. However, the amendments to the Special Economic Measures Act that the Magnitsky Act led to have made our sanctions regime much clearer and more definitive in the fight against human rights violations and corruption.

[*English*]

The numbers that we submitted, the 482, are those that would have been possible only post 2017. Before then, the threshold for sanctions was a grave breach of international peace and security that has resulted in or is likely to result in an international crisis. That threshold change has allowed for a much more expansive use of sanctions that we think are rather timely given the global resurgence of authoritarianism, of neo-liberal populism and of acts of aggression. The fact that those laws were changed accordingly is incredibly important.

The disuse of the Magnitsky law as it is, as opposed to the lower thresholds under the Special Economic Measures Act, is an interesting question that we explore in greater depth in our written submissions to the committee. It's our assertion that this is an issue of rhetoric rather than substance. The laws are largely parallel. There are some minor distinctions between them—you know, the allowance for a sanctioning of entities under SEMA, but only of individuals under the Magnitsky act—but by and large, we actually call for, because of this, a shift in the use of language in order to allow for better coordination among our allies and to make use of the important resonance that the word “Magnitsky” has, such that we call both SEMA and Magnitsky law implementation for human rights and anti-corruption “Magnitsky laws”.

[*Translation*]

Mr. Jean-Denis Garon: Mr. Silver, if I may interrupt, I don't have a lot of time.

You talked about multilateralism. As we know, capital is very mobile. You also talked about the flight of capital and said that this could happen when a territory unilaterally imposes sanctions.

Do you have any idea of the extent of the capital flights that result from sanctions imposed in this way?

Can you give us some concrete examples of the ineffectiveness of unilateral sanctions, particularly by Canada?

Mr. Brandon Silver: The extent of the flights is difficult to determine, but we can rely on the circumstances. As I mentioned to your colleague, most Canadian sanctions are unilateral. It is important to set standards and let those who do not respect human rights know that Canada will not let them continue to do so. The country has to stand up, even if its allies do not.

We are not opposed to the use of unilateral sanctions because they are important measures. Sometimes we are leaders in this regard. I will give a good example—the case of Vladimir Kara-Murza. He appeared before the committee on a number of occasions, and his testimony was essential to the passage of the Magnitsky Act. In fact, the reason is currently in prison in Moscow, for 25 years, is because he testified before a House of Commons committee.

Canada is the first country to sanction corrupt judges and prosecutors, as well as those who give false evidence, and to send a message that we are acting in solidarity with human rights defenders around the world. Because of this unilateral sanction—

• (1140)

[*English*]

The Chair: Mr. Silver, I'm afraid your time is over. I'm sorry about that. You're 40 seconds over. We will have to go to the next member.

Ms. McPherson, you have five minutes.

Ms. Heather McPherson: Thank you, Mr. Chair.

Thank you very much to all our witnesses for being here today and for sharing their expertise with us. I think it's clear from all the questions we've heard so far that everybody is interested in ensuring that Canada's sanctions regime is as strong and effective and coordinated as it can be.

Certainly, Ms. Mason, I heard what you were saying about the challenges with reporting and permitting.

Mr. Silver, you talked about that single focal point. I think that's an excellent suggestion. Could you talk about that single focal point? I know you're talking about it in terms of determining who is sanctioned, but in terms of the enforcement of sanctions and in terms of measuring the effectiveness of our sanctions regime, would that also be useful in that manner?

Mr. Brandon Silver: That's exactly what we envision, Ms. McPherson, and we elaborated upon it somewhat in our written submission.

If you look at parallel jurisdictions, you see that there is a department with an interdepartmental responsibility for coordination, such as OFAC in the U.S., or the U.K.'s newly established office. There's an opportunity for Canada to do the same.

The budget implementation act announced the allocation of \$75 million...the creation of a financial crime task force. There's an opportunity there, perhaps, for this task force to have an interdepartmental coordination opportunity, but also one internationally. When our allies are talking to us on sanctions matters, it seems to largely be ad hoc and subject specific, rather than comprehensive and multilateral.

Having a focal point can assist with that broader coordination and with coordination internally among the myriad and often regrettably disparate and siloed government departments, whether it be FINTRAC, RCMP, CSIS, the Department of Justice, GAC and the like. Having that main focal point both within Canada domestically and for our allies internationally can help streamline things and address some of the issues.

Fellow witnesses from the Canadian Bankers Association have addressed them, and in particular, because of the diffuse nature of engagements, the gathering of data has fallen to civil society. I mentioned at the outset of my remarks that we co-chair a group of about 400 major international NGOs working on sanctions, and the data and metrics I shared with you earlier were largely compiled by civil society, because we've had to fill the void that should largely be filled by government. The government should be tracking these numbers and using them as a means of refining their actions.

If I could, I'll use the remainder of my answer time, Ms. McPherson, on Vladimir Kara-Murza's case, because you've been a leader on this case in an all-party way. I know that Mr. Garon and his colleague Alexis Brunelle-Duceppe joined in calling for freedom for Vladimir Kara-Murza. I was referencing in my response earlier that that's a good example of where we sometimes can't coordinate with allies, but we lead. Canada sanctioned all those involved in this case, and then advocated for our allies to do the same. It was one of those rare instances where both the U.S. Department of Treasury and the U.K. sanctioned the Kara-Murza case, and both of them in their public statements said they were following Canada's lead.

That's one of those times where unilateral action helped, combined with multilateral advocacy. Canada took the lead, and all of our allies followed.

Ms. Heather McPherson: It was, of course, my deep honour to be on that working group and to continue to push for honorary citizenship for Vladimir Kara-Murza.

I get your point, though, when you speak about the fact that there is this ad hoc thing. We heard that from the CBSA. We heard that from the RCMP in the last meeting, that there is no coordinated effort, and it makes it very difficult. In fact, I've asked Order Paper questions that I've not received adequate responses on, because I don't think the mechanisms are in place.

Perhaps for my last minute I'll ask Ms. Mason to just talk a little more about the fact that Global Affairs is overwhelmed. There is a backlog and confusion.

Could you speak about how you would see that being fixed? How could that be alleviated?

Ms. Angelina Mason: It's resourcing. We see there are very promising signs in the devotion of such a large budget that, through resourcing, you will have the expertise to be able to provide the guidance, deal with permits.

We also agree with our fellow witness, Mr. Silver, on ensuring there's coordination among all the different stakeholders within the government. There are various different aspects to the sanctions, and it's important to make sure there's one stop where we have a full understanding, and data and support.

• (1145)

Ms. Heather McPherson: I will say that it's complicated for parliamentarians. It's complicated for banking. It's obviously very complicated for Canadians to understand this as well. Thank you very much for that clarity.

The Chair: Thank you.

Next we go to—

Mr. Garnett Genuis (Sherwood Park—Fort Saskatchewan, CPC): Chair, I just have a quick point of order.

The convention is that we leave 10 minutes after a vote before we resume.

Given that we're all clearly voting by app anyway, I wonder if there would be unanimous consent to resume the committee meeting immediately following the vote.

The Chair: Is that the will of the committee?

Some hon. members: Agreed.

The Chair: Okay, yes.

For this round we have two minutes.

Ms. Kramp-Neuman, you have two minutes.

Mrs. Shelby Kramp-Neuman (Hastings—Lennox and Addington, CPC): Excellent. Thank you.

To complement some earlier questions, Mr. Silver, I'd like to ask you this: Do you think that giving Vladimir Kara-Murza honorary Canadian citizenship would have an impact on his situation?

Mr. Brandon Silver: That's an immensely important question. We're in Parliament advocating for honorary citizenship for Vladimir, because we believe that would offer a life-saving protective cover.

He has written from prison mentioning that... As an aside, it shows the effectiveness of targeted sanctions. His jailers were the same people who tried to assassinate him twice. He miraculously survived, and they have not tried to assassinate him a third time, because they know the world is watching and cares, and those sanctions have helped in this case.

There's a risk of that attention waning. The acts of aggression and global crises may be shifting. We need to show that we continue to support this expression of Canadian values for someone who testified before this committee and helped make our country's foreign policy more effective and humane. By adopting the very sanctions we're discussing today, he deserves our solidarity and support just as a matter of shared values, let alone for the life-saving actions it will give him.

The jailers in his prison have often said to him, and he's written about this from prison, "Please make sure we're not included in Magnitsky sanctions. Please make sure we're not referenced in international statements." Those who are holding his life in their hands are watching what this Parliament does. Adopting a motion by unanimous consent to accord him honorary citizenship may very well help save his life, and will certainly be an expression of what this Parliament stands for.

Mrs. Shelby Kramp-Neuman: That's excellent. Thank you.

My last question is with regard to the Magnitsky sanctions. How do you assess the effectiveness of the sanctions in comparison to other forms of diplomatic or economic pressure, such as traditional sanctions or targeted engagement? Are there any lessons learned or best practices that Canada can share with other countries considering similar measures?

Mr. Brandon Silver: It's complementary. We believe that often-times it can be used to advance Canadian foreign policy goals.

We referenced that earlier as a centre, and followed up on that in our written submissions. For example, in combatting arbitrary detentions, targeted sanctions on those directly responsible for engaging in acts of arbitrary detentions can help shift the calculus in hostage-taking. It's something that the families of those being held hostage feel strongly about. People like Richard Ratcliffe and Nazanin Zaghari-Ratcliffe, who testified before this very committee some years ago, had been referencing this, as well. The combination of diplomatic engagement supplemented by targeted sanctions can help advance a country's foreign policy priorities, and that's just one example.

As well, domestically in Canada, we have a national anti-racism strategy—

The Chair: Mr. Silver, I apologize for doing this to you again, but we're going to have to move along, because we're very short on time, and you are over time.

Next, we'll go to Mr. Sarai for two minutes.

Mr. Randeep Sarai (Surrey Centre, Lib.): Thank you.

In light of the time, I'll go to Ms. Mason with some questions that probably haven't been asked.

Are there measures that can prevent innocent victims of sanctions from being harmed, particularly from the banking perspec-

tive? You probably see families selling their estates, or businesses that have sold goods prior to a sanction being made, being paid and then perhaps having their funds blocked.

Are there ways and best practices you might have seen in other jurisdictions that our Parliament can learn from in creating measures to prevent innocent victims from being harmed under these sanctions?

Ms. Angelina Mason: One example is in the U.S., where rather than having to do a specific fact case scenario permit, a general licence is provided. People could have a general licence that captures a general fact scenario that could then be applied to impacted Canadians. It's something as straightforward as what Mr. Alsace mentioned about pensioners being able to receive their funds, and receiving support payments.

In the estate case that you mentioned, you can have either a general licence to deal with that scenario, which allows a great deal of flexibility, or you have guidance—one or the other—that will address that specific type of scenario.

• (1150)

Mr. Randeep Sarai: Are there any gaps in the Magnitsky act that can be addressed, or things that could be done to fill in these gaps, for these and, on the reverse side, for those that might slip in that are not currently covered by the act itself?

Ms. Angelina Mason: It really comes down to ensuring that the policy intent is reflected. Typically, these sanctions are drafted quite broadly, which is appropriate. It's just then the nuance on interpretation. Consistent with other types of regulatory oversight, regulators will provide guidance on what's not intended to be captured within, perhaps, broad language that on its face captures everything.

The Chair: Thank you.

We next go to Mr. Garon.

You have a minute.

[*Translation*]

Mr. Jean-Denis Garon: Thank you very much, Mr. Chair.

Ms. Mason, you talked a lot about the lack of guidelines for the application of sanctions or the fact that the guidelines are drafted quite broadly.

Would you be willing to submit a brief to the committee with recommendations on sanctions enforcement guidelines?

I would like you to provide us with a list or to explain to us the types of guidelines you need on a daily basis to apply sanctions.

[*English*]

Ms. Angelina Mason: Sure. We'd be happy to follow up with examples from other markets.

[*Translation*]

Mr. Jean-Denis Garon: Do you have any examples? That could guide our reflections.

[English]

The Chair: Answer very briefly, please.

Ms. Angelina Mason: Yes, absolutely.

As my fellow witness mentioned, there are over 1,300 FAQs on the U.S. site alone. There are certain specific questions that, if they were to be included in an assessment of our sanctions regime, would be of great assistance.

The Chair: Thank you.

For the final one minute, we go to Ms. McPherson.

Ms. Heather McPherson: Thank you very much for that generous time allocation.

This question is for our witnesses from the Canadian Bankers Association. In 2012, changes made by the Harper government led to the sudden closing of Canadian bank accounts due to Ottawa's economic sanctions against Iran. Iranian Canadians who were affected, many of whom had no ties whatsoever to the Iranian regime, were quite frustrated at the time.

Is this a problem that has been resolved in the past 10 years, or are you aware of ongoing problems whereby innocent Canadians' bank accounts may be included in sanctions? If so, what's the remedy for this?

Mr. G. Stephen Alsace: We're not aware that the problem continues. I think, in part, the challenge in 2012 had to do with a lack of guidance from Global Affairs Canada on the interpretation of some of those sanctions. That's why it's so important either to have written guidance or to make sure we have ongoing discussions and dialogue with Global Affairs Canada to assist in avoiding those kinds of problems in the future.

Ms. Heather McPherson: That's my minute.

The Chair: Yes, thank you. It's on the dot.

At this juncture, right before we vote, allow me to thank our three witnesses, Mr. Silver, Madam Mason and Mr. Alsace. We are very grateful for your time and for your expertise.

I have every confidence that your perspectives will very much find their way into our final report. We are very grateful.

We will suspend for the vote. Then, as was agreed by all the members, we will reconvene as soon as it's over.

• (1150) _____ (Pause) _____

• (1210)

The Chair: Welcome back, everyone. We'll now resume our study of the sanctions regime.

It is my great pleasure to welcome several witnesses before our committee. We have, as individuals, Ms. Anaïs Kadian, an attorney; Ms. Erica Moret, senior researcher and coordinator of the sanctions and sustainable peace hub, Geneva Graduate Institute; and Mr. Zaw Kyaw, spokesman for the government in exile of the Republic of the Union of Myanmar.

Witnesses, I should let each of you know that you get five minutes for your opening remarks. After having heard from you, we will open it to the members for questions.

Ms. Kadian, we will first go with you. You have five minutes.

• (1215)

[Translation]

Ms. Anaïs Kadian (Attorney, As an Individual): Thank you, Mr. Chair.

Honourable members of the committee, good afternoon. Thank you for inviting me to appear before you today.

My name is Anaïs Kadian. I'm a lawyer specializing in civil and commercial litigation in Montreal. I also have an undergraduate degree in international studies. More recently, I have spoken out with other lawyers and professionals in support of human rights in the heartbreaking situation of the Armenians of Nagorno-Karabakh.

Not too long ago, two of our briefs were submitted to the committee. One is about the review of export permits to Turkey, and the other concerns the status of Nagorno-Karabakh under international law.

[English]

Today I would like to speak about the report prepared by the civil society network Hayren Partners for Humanity, which was submitted to this committee. It covers the important opportunity Canada has to respond concretely to the human rights crisis created in Nagorno-Karabakh through targeted economic sanctions against the Azerbaijani regime.

Since this committee's motion was to "review the need for new recommendations...resulting from Canada's response to the situation in Ukraine and other situations since 2017", Nagorno-Karabakh is one of these other situations where new recommendations should be made to Canada's response.

In fact, the lack of concrete measures, such as sanctions, has unfortunately only served to embolden the Azerbaijani authoritarian regime to continue violating international law and human rights without impediment.

Some recent examples include capturing and torturing Armenian prisoners of war in the fall of 2022, as reported by Human Rights Watch; continuing to hold over 100 prisoners of war and subjecting them to inhumane treatment; continually attacking and killing civilians in border villages and in Karabakh on an almost weekly basis; illegally attacking Armenia last fall, leading to hundreds of deaths and the seizure of 140 square kilometres of sovereign territory; and illegally blocking the Lachin corridor, chokeholding 120,000 indigenous ethnic Armenians from the outside world since last December.

Genocide Watch has qualified the blockade of the Lachin corridor as "a clear attempt by the Azerbaijani government to starve, freeze, and ultimately expel Armenians from Nagorno-Karabakh."

The Lemkin Institute for Genocide Prevention issued red flag alerts for genocide, stating, “The responsibility for this humanitarian crisis lies solely with the Azerbaijani state and particularly with the regime of President Ilham Aliyev.”

In February 2023, the International Court of Justice ordered Azerbaijan to take all measures to ensure unimpeded movement through the Lachin corridor. Azerbaijan has ignored this order. It remains in blatant violation of the ICJ's decisions to this day.

These human rights and international violations fall squarely in those covered by section 4 of Canada's SEMA and also warrant the application of Canada's Magnitsky law.

The call for sanctions against Azerbaijan has also recently been made by the following government bodies and officials: the European Parliament, in March 2023, which called on the council to impose targeted sanctions against Azerbaijan officials for not respecting the International Court of Justice's order; the chairman of the U.S. Senate's Foreign Relations Committee, in May; the French Senate and the French National Assembly; and the ambassador from Armenia to Canada, who gave evidence to this very committee in January. Genocide Watch and the Lemkin Institute have also called for sanctions against the Azerbaijani regime officials.

Similarly, this committee should recommend the imposition of targeted sanctions on the Azerbaijani regime in order to uphold human rights, international law and justice. Canada's laws allow it to apply specific actions in a balanced manner, while still maintaining diplomatic relations. Without accountability, there's no justice, and without justice there can be no peace.

[*Translation*]

Canada has repeatedly affirmed its commitment to promoting international justice and respect for human rights. I think Canadians expect Canada to set an example to protect the rights of Armenians in Nagorno-Karabakh and Armenia, as it does in similar contexts.

I applaud the hard but crucial work of this committee, which has committed to studying these and other issues in order to review Canada's application of the sanctions regime.

Thank you for your attention, and I remain available for any questions you may have.

• (1220)

[*English*]

The Chair: Thank you very much, Ms. Kadian.

We now go to Mr. Kyaw.

You have five minutes, sir.

Mr. Zaw Kyaw (Spokesperson, Government of the Republic of the Union of Myanmar): Thank you, Mr. Chair.

Mr. Chair, vice-chairs and standing committee members, my name is Zaw Kyaw. I am a Myanmar Canadian living in Canada since 1991.

During Myanmar's brief democratization period, I worked as a CEO in the most successful special economic zone in Myanmar.

Currently I am acting as a spokesperson for the national unity government of Myanmar.

I am honoured to have this opportunity to appear as a witness in view of the committee's study of Canada's sanctions regime, particularly on Burma/Myanmar.

On the morning of February 1, 2021, the Myanmar military launched an attempted coup against the democratically elected government, halting the country's fragile transition towards democracy.

Following the coup, the people of Myanmar took to the streets for mass peaceful protests. The military responded with deadly violence, killed many people and imposed a campaign of terror, raiding homes and arresting anyone suspected of supporting democracy.

Faced with defiant and widespread resistance to date, the military has been unable to consolidate its control of the country. It has deployed increasingly brutal violence to crush opposition, but the people's resistance is still strong and growing.

Since the military coup, over 3,600 civilians have been killed, nearly 23,000 have been arbitrarily detained, and over 60,000 properties, including religious facilities, hospitals and schools, have been burned down. Over 1.7 million internally displaced people have been reported across the country.

Canada has shown no hesitation in taking action against the Myanmar military. In December 2007, the special economic measures (Burma) regulations came into force in response to the humanitarian and human rights crisis situation in Myanmar/Burma. Canada's sanctions were one of the toughest sanctions regimes at that time.

Following positive developments in Myanmar, Canada eased its economic sanctions in April 2012; however, Canada still maintained sanctions against certain listed individuals and entities, as well as an arms embargo.

The regulations were amended in 2018 to add seven senior military officials who occupied positions of authority during the military clearance operations against the Rohingya in Rakhine state.

Canada was among the first countries to impose new sanctions in light of the February 1, 2021 coup. Since then, Canada has imposed additional sanctions six times, resulting in sanctions on a total of 95 individuals and 63 entities. Canada is the first country to impose sanctions on Myanmar military jet fuel suppliers.

Despite the sanctions from Canada and the west, the Myanmar military is still capable of increasing its terror acts against civilians. Their foreign partners and new corporate fronts are easily able to skirt the existing sanctions.

In September 2022, the Myanmar junta shut down public access to the Myanmar Companies Online, or MyCO, corporate registry in order to shield the shareholders' information and to hide newly established front companies. This demonstrates the need to strengthen the current sanctions regime.

While I believe the sanctions are a useful tool to pressure the brutal military, there is also room to improve Canada's sanctions regimes on Myanmar to make it more robust and effective.

Yesterday, Nikkei issued a report that Russian repurchased parts for tanks and missiles, which had been exported to Myanmar and India, would be used by Russia in Ukraine. The Myanmar military is now a threat to global security. Canada and the west must coordinate to target arms suppliers and brokers.

Canada has to target aviation fuel suppliers. Canada needs to coordinate with allies to plan protection and indemnity clubs, or P and I clubs, from providing insurance to any vessels carrying aviation fuel to Myanmar ports.

• (1225)

Canada and democratic countries could strengthen sanctions to choke off dollars to the military by targeting the junta's foreign revenue flows, such as the Myanma Foreign Trade Bank, or MFTB, and the Myanma Oil and Gas Enterprise, or MOGE.

I am very much concerned about the purchase of Chevron's stake in Yadana offshore gas, of which Chevron owns 41%, by the Canadian entity MTI Energy's subsidiary, a little-known company called Et Martem Holdings. By the way, the Yadana gas field is the largest gas field in Myanmar.

I would be happy to discuss it further. Thank you so much for giving me the opportunity.

Thank you, Mr. Chair.

The Chair: Absolutely. Thank you, Mr. Kyaw.

You will have ample opportunity to respond to questions by the members.

We now go to Ms. Moret.

Ms. Moret, you have five minutes for your opening remarks.

Dr. Erica Moret (Senior Researcher and Coordinator, Sanctions and Sustainable Peace Hub, Geneva Graduate Institute, As an Individual): Thank you very much.

Chair and distinguished members of the committee, thank you for the opportunity to testify today.

I've been working on multilateral and autonomous sanctions for 20 years or so. During this time I've explored questions of the impacts, effectiveness and coordination of sanctions regimes, such as those targeting Russia, Syria, Afghanistan, Iran, North Korea and so on.

I've also researched sanctions in relation to areas such as chemical weapons abuses, nuclear non-proliferation, cybersecurity, modern slavery and human trafficking, and humanitarian considerations. I also coordinate several multi-stakeholder initiatives on sanctions on behalf of the European Union, the Swiss Federal Department of Foreign Affairs and the United Nations. In recent years, I've also provided testimony on sanctions to the U.S. Congress, both U.K. Houses of Parliament, the Canadian Senate and the European Parliament.

In 2020, I provided research and strategic policy advice to Global Affairs Canada's new sanctions unit, including a suggested checklist for sanctions design and a blueprint for areas where Canada could play a positive leadership role in global sanctions fora, drawing on its unique position in the world. I'll draw on this work today, as well as the testimony I provided to the Canadian Senate in December 2022.

I'd like to share reflections today on just two key areas that I feel most qualified to talk about and that relate to recommendations this committee made in April 2017 as part of Canada's parliamentary review on Canadian sanctions, which led to Global Affairs Canada being afforded stronger capabilities and more flexibility in the area of autonomous sanctions.

The first area is the recommendation to "properly resource and reform the structures responsible for [Canada's] sanctions regimes".

An earlier criticism was that the Canadian government didn't have adequate resources to implement and enforce an effective sanctions regime or to allow for independent oversight of Canada's sanctions procedures. Important steps appear to have happened in the right direction in recent years through the establishment of the sanctions policy and operations coordination division, with stepped-up resourcing and legislative reforms. From my experience, this is staffed by extremely dedicated, expert and hard-working officials, who have adapted well to the fast-changing global sanctions landscape.

In response to earlier critiques over difficulties in navigating sanctions lists, Global Affairs Canada now has consolidated autonomous and UN sanctions lists on its website, and other sites also provide useful information on sanctions resources, such as that contained on the Parliament of Canada site. As I understand it, regular reviews are conducted, and Canada has also contributed to a number of detailed studies and tools that help aid sanctions design, both within Canada and globally.

Another notable change has been the rise in Canada's prominence in autonomous sanctions practice, in close coordination with the EU, the U.K. and the U.S. in particular, alongside others. I see this as something of a positive step that responds to recommendations that closer collaboration was warranted. The formalization and streamlining of these types of collaboration, I would say, is a merit of Canada's involvement.

In light of this close work with international partners, I'd say that Canada's sanctions use is increasingly "plurilateral", to borrow the term from the World Trade Organization, and really not particularly unilateral—as per some critiques of autonomous sanctions—with between 30 and 40 countries working together. Given the impasse we see today on sanctions at the UN Security Council, this allows Canada to join allies in addressing breaches of international law and to play something of a leadership role in international foreign and security policy. This also serves, of course, as a force multiplier by working together.

We also see formalization and other types of collaboration, such as through the Russian elites, proxies and oligarchs task force, which is a multilateral effort that has used information sharing and coordination to identify and exert pressure on sanctioned Russian individuals and entities. Canada is, of course, a member, alongside a number of other different countries and the European Commission.

An expansion in terms of staffing, training, capacity and resourcing appears to be warranted, in my view at least, not only in Canada but also elsewhere, considering the very steep rise in prominence of sanctions we're seeing across the world today, and particularly following Russia's full-scale invasion of Ukraine in 2022.

If we take a couple of examples from elsewhere, the U.K. sanctions unit has grown dramatically in recent times and is now sitting at around 160 individuals. The Netherlands has just seen the creation of and growth in its own sanctions unit. This has been happening elsewhere as well. This gives a kind of context in terms of the need for proper resourcing across the board of different areas.

• (1230)

I will make a very quick point to conclude in terms of the recommendation for Global Affairs Canada to provide comprehensive, publicly available written guidance to the public and private sectors regarding the interpretation of sanctions regulations in order to maximize compliance.

Canada, of course, lacks an investigative or enforcement body like OFAC in the U.S. Treasury. Alongside this, we know that Russia and other actors are using sophisticated evasion and circumvention techniques in coordination with other sanctions targets, particularly DPRK, Iran and so on, so enforcement has now become the name of the game. I think we can learn some lessons from what other countries are doing.

We have seen the U.S. Treasury working together with the U.K. Treasury to develop common approaches in terms of enforcement and investigative powers. We also see the EU and U.S.—

The Chair: Ms. Moret, I would ask you to conclude in the next 20 seconds or so.

Dr. Erica Moret: Sure.

We see stepped-up outreach by the U.S. and European Union, and that's also to reduce overcompliance, which has become a growing problem, particularly in relation to financial sector de-risking, but in order to do so, again, it really does require proper resourcing and capacity.

The Chair: Thank you very much, Ms. Moret.

We will now open it to questions from the members. We start off with Mr. Genuis.

Mr. Genuis, you have four minutes.

Mr. Garnett Genuis: Thank you, Chair.

I want to share a brief notice of motion that follows our discussions in the last hour:

That the committee report to the House that it wishes to see the awarding of honorary Canadian citizenship to Vladimir Kara-Murza, and that it calls for Mr. Kara-Murza's immediate release.

I know there will be further discussions among the parties, but I want to put that on notice to give options.

Ms. Kadian, we have talked at this committee about the importance of reopening the Lachin corridor. We have called for that. The committee is waiting for the government to respond to a report to the House on that. Hopefully, that response will be forthcoming very soon.

What kinds of targeted sanctions specifically do you think would affect or increase the chances of bringing about the reopening of the Lachin corridor?

Ms. Anaïs Kadian: The types of targeted sanctions that would be useful, I think, would be towards regime officials who are implicated in the blockade, those who are directing these acts, those who are operating on these acts. These types of sanctions can be on individuals. They can be very specific. They can also, I think, send a very strong message, because—

Mr. Garnett Genuis: I'm sorry, but maybe I can jump in. My understanding is that there's a bit of a Mickey Mouse game that has gone on, in that people have said that these are environmental activists and they have nothing to do with the regime. Obviously that's not credible, but does that complicate your proposal to target regime officials, or can we know externally who the people directing these things are?

Ms. Anaïs Kadian: I think there is open-source information from different organizations and different partners. There is an order from the International Court of Justice to the Azerbaijani regime to open the corridor.

The Lemkin Institute and Genocide Watch NGOs have also called upon this regime to open the corridor. If there's information muddying the waters, I believe it is coming from sources that are not credible.

• (1235)

Mr. Garnett Genuis: Thank you.

I want to move on to another witness, but perhaps you could provide some follow-up written information with specific names, specific individuals and specific institutions that you think should be sanctioned with that particular goal in mind.

Mr. Kyaw, it seems clear from your testimony that the sanctions that have thus far been implemented against Burma have been ineffective.

I wonder if you would agree with that characterization and if you can share a bit more, specifically about how we can close the gaps through our sanctions regime.

Also, if there's time, could you also speak to collaboration between the military junta and Russia, and how gaps in sanctions may be a mechanism by which certain materials are making their way to Russia and being used in the invasion of Ukraine?

Mr. Zaw Kyaw: The military junta is increasing attacks on civilians—for example, using fighter jets and helicopter gunships to attack civilians. Last year alone, there were almost 600 air strikes against civilian targets. The planes were supported by China and Russia. Like Mr. Genuis mentioned, Canada sanctioned the aviation fuel supplies, but they skirt around the sanctions. Canada and its allies should use the protection and indemnity clubs to ban insurance for the vessels supplying aviation fuel to Myanmar. The Myanmar military relies 100% on imported jet fuels. If you cut that off, it will protect civilian lives.

I know that Russia is in trouble because of the global sanctions against its arms purchases, so it uses Myanmar to purchase the arms—the parts and rounds—and repurchase the parts for the tanks and the missiles, and then Myanmar re-exports them to Russia. Then the Russians can use them in Ukraine.

That's a recently released report, but it's been doing it for months now. That's why Canada and allies should close the gap and place sanctions against the arms brokers. We have the arms brokers list that we can provide. Then, also, for the military regime, the biggest single source of revenue comes from the oil and gas sector. Myanma Oil and Gas Enterprise alone is \$1.5 billion, so Canada and the west could sanction MOGE.

Thank you.

The Chair: Thank you.

We now go to Mr. Zuberi.

You have four minutes.

Mr. Sameer Zuberi (Pierrefonds—Dollard, Lib.): Thank you to the witnesses for being here.

Mr. Kyaw, I'll ask you most of my questions. I know that you are the spokesperson for the national unity government, in exile, for Myanmar and that you are responding to the military junta in Myanmar. I think that's important, what we're hearing from you—that response.

I'd like to ask a few things around some policies of the national unity government, which I know includes Aung San Suu Kyi's party and other ethnic minority groups and minority parties. With respect to the Rohingya, what is the position of the national unity government?

Mr. Zaw Kyaw: I just want to point out that the national unity government is not an exiled government. Actually, the acting president, the prime minister and many of the ministers are working inside Myanmar. Also, the national unity government...even though

NUG members are included, NUG members are minorities. About 46% are NUG members, and over 50% are representing different ethnic groups. There are the NGO groups, as well.

The acting president is a Kachin ethnic minority, a Christian, and then also the prime minister is a Karen ethnic.

To answer your questions, the national unity government's minister of human rights presented a paper to the UN Human Rights Council. Also, the national unity government released a Rohingya policy paper that clearly sets out recognition of the citizenship rights of the Rohingya and their dignified return to their villages and homes.

Rohingya representation in the NUG is a work in progress. Another thing is the indiscriminate citizenship law. That's a law that discriminates against the Rohingya and other ethnic minorities. The NUG made the decision to repeal and replace it with a more democratic and internationally acceptable law.

Those are the biggest things that the national unity government is working on. For example, right now, cyclone Mocha landed in Rakhine state. Most of the casualties are Rohingya refugees. Also, we are supporting those refugees through the local civil society, and this is how our government works for equality and self-determination, including for the Rohingya.

• (1240)

Mr. Sameer Zuberi: Thank you.

As a follow-up to that, I guess you have answered how you'll look to include diverse groups into future governments. Do you have any further comments on that particular point of how to include groups into a future government, including the Rohingya?

Mr. Zaw Kyaw: Now it's that the NUG will be the interim government, and that will be the transitional government as well, to be formed after the transition of the constitution is approved by the People's Assembly.

Even this NUG, interim government...we will begin to work towards the Rohingya communities. We will include the Rohingyas in our cabinet. Also, in the future, the transitional government will be more inclusive.

By the way, this government is the most inclusive government in Burmese history. The Bamar are the majority ethnic group in Burma, with about 70% of the population, but in the NUG, Bamar ethnic people make up only about 40%. Over 60%—almost 70%—are of non-Bamar ethnicity, but we still need to include Rohingya people in the cabinet. That's what we are working towards with the Rohingya communities as well.

Mr. Sameer Zuberi: With respect to the refugee crisis—

The Chair: I'm afraid you're out of time.

We will now go to the next member, who is Mr. Garon.

You have four minutes.

[Translation]

Mr. Jean-Denis Garon: Thank you, Mr. Chair.

I'm going to put my questions to Ms. Moret.

Ms. Moret, in December 2022, you told the Standing Senate Committee on Foreign Affairs and International Trade that the methodologies and tools used to measure the impact and effectiveness of Canada's autonomous sanctions still did not exist.

For example, I asked a witness earlier today if they've been able to quantify capital flight caused by unilateral sanctions.

Do these kinds of impact measures exist elsewhere? Where is Canada in that regard? If Canada is not far enough along, what kind of mechanism do we need to think about concretely?

Dr. Erica Moret: Thank you very much for the question.

[English]

This is a challenge that's faced by all those who are making use of sanctions autonomously, and also in the United Nations as well. Mechanisms or tools to assess the effectiveness and impacts are not very well developed yet.

Nevertheless, there are methodologies out there that could be adapted, should those states wish to do so. In the absence of this, it's quite hard, with any confidence, to make an accurate assessment of the impacts of the sanctions.

As an aside, it's also incredibly difficult to do, methodologically, when it comes to proving causation over correlation, because there are so many complicated factors going on in any one context, particularly those where there is an armed conflict under way, or in the context of humanitarian emergencies as well.

[Translation]

Mr. Jean-Denis Garon: I understand that this may be methodologically complex, but could improving our ability to measure the impact of sanctions also help a country like Canada avoid unforeseen and probably undesirable impacts of sanctions, particularly on civilians, for example, or on financial flows?

• (1245)

[English]

Dr. Erica Moret: Yes. There are certainly lots of things that could be done and that could draw on methods that have been developed elsewhere.

In parallel to that, I think there are really important things that Canada could be doing and I believe has already started to do. The first is to create something of a trisector group within the country. That would typically be between the governments, those designing the sanctions, regulators and so on, but also NGOs, the banking sector, the wider private sector and so on—and would meet regularly. That has been very important in other countries to allow for regular exchanges with relevant stakeholders that can be flexible, respond to changing situations on the ground, and also allow for policy change where needed.

Also, engaging in international fora is really critical here. We have now 10 or more years of really excellent studies and multisectoral dialogues, which have generated recommendations. Some of them—

[Translation]

Mr. Jean-Denis Garon: Ms. Moret, I'm sorry to interrupt, but we have limited time.

You kind of paved the way for my last question. When it comes to sanctions, Canada rarely acts alone, as it still favours multilateralism. You have already suggested that Canada should formalize its coordination and strategic planning channels.

What would formalizing these channels look like at the institutional level?

[English]

Dr. Erica Moret: To an extent, this has already begun with some of the coordination that's happening on the Russia sanctions. My understanding is that a lot of the time, some of the relationships or mechanisms are quite informal in nature and perhaps depend on individuals who are in certain positions. Then, when they move on, some of those links need to be recreated.

I understand that now, the exchanges and interactions are particularly regular and much more coordinated than they used to be. However, given the fact that in all likelihood the sanctions we see coming out of Canada moving forward are going to be planned in very close collaboration with the three actors I mentioned already—the U.K., the U.S. and the EU, and likely a host of others, as well, such as Australia—the more mechanisms and formal processes that can be in place to allow for joint planning, monitoring and so on—sovereignty concerns notwithstanding—the better when it comes to the effectiveness of the measures.

The Chair: Thank you very much.

We now turn to Ms. McPherson.

You have four minutes.

Ms. Heather McPherson: Thank you very much, Mr. Chair, and thanks to all of our witnesses for being here.

Ms. Moret, I'm going to continue on with the questions my colleague was just asking you.

We've added a number of names to our sanctions list. As you mentioned in your testimony, the increase in the use of the sanctions mechanisms has skyrocketed around the world. Obviously, what's happening in Ukraine is the reason for that. Adding the names is not the same as enforcing the sanctions, and it's not as useful if we don't have those enforcement mechanisms.

In Canada, the RCMP has reported that approximately \$136 million in assets have been frozen and \$292 million in financial transactions have been blocked.

I'd like your perspective. How would you evaluate how we are doing with regard to enforcement? What are the exact key things we need to do to make sure that the enforcement of the sanctions is equal to adding names to lists of the sanctions?

Dr. Erica Moret: I think it's a huge challenge elsewhere, not just in Canada.

First of all, Canada doesn't have the investigative or enforcement capabilities that the Office of Foreign Assets Control in the U.S. Treasury has. There, the staffing is in the hundreds of people, and the sophistication of the techniques they use has also been honed over many years.

I think that is the first point. Having the proper ability to conduct investigations and to engage in enforcement is critical. At the moment, I believe all of this—decisions on new sanctions and outreach to private sector investigations—is done by a small group within Global Affairs Canada. They simply can't do everything. I would say that really warrants some closer capacity if that is to change.

Another lesson is that working with partners is really key. It's not for no reason that we see the special envoys of the U.S. and the EU, Jim O'Brien and David O'Sullivan, working together to encourage third countries to clamp down on circumvention, or to not, at least, support evasion and so on. It is also key, working with international partners.

A final point I would make is that capacity in third countries is absolutely critical. Many of the countries you'd hope are helping not to fill gaps, or at least to help enforce sanctions, may be really lacking in capacity. That's not just in the government department, but also customs, the intelligence services, policing and so on.

There really need to be some very serious capacity-building efforts overseas that could be done collectively with other partners.

• (1250)

Ms. Heather McPherson: Thank you very much.

It sounds like what you're telling us is that there is some capacity building that needs to be done in Canada too, when you talk about hundreds of people working on this work, whereas I think we heard we had seven or 12, or some very small number working in Canada. I think resources are a key priority.

I'd like to ask a question of our witness from Myanmar, Burma, if I could.

You spoke a bit about the arms and the Myanmar military. Could you talk a bit about how Canada could better ensure that all arms, including Canadian parts and dual-use systems, don't make it into the hands of people or governments under sanctions?

Mr. Zaw Kyaw: Thank you.

It's very unfortunate that parts and supplies are still going to the Myanmar military, including from the west. I'm not sure about the Canadian arms out there, but from Europe and the U.S., companies are directly or indirectly providing them.

That's why we need to target the parts brokers. They are using different channels. It's the arms brokers, not only the arms suppliers. This way, Canada needs to coordinate with allies on targeted sanctions against arms brokers. This would ensure that the junta does not receive the parts or arms to kill people, and that it does not re-export them to Russia to kill the Ukrainian people, as well as the Russian people.

Ms. Heather McPherson: Thank you very much.

I believe that's all my time.

The Chair: Thank you.

We'll move to the next round. This will be a three-minute round.

Mr. Genuis, you have three minutes.

Mr. Garnett Genuis: Thank you, Chair.

Mr. Kyaw, I want to follow up on your comments about arms brokers. Would you be able to provide the committee with a follow-up in writing of some names and details about who the particular arms brokers are and how they can be sanctioned?

Mr. Zaw Kyaw: Yes. I can provide it after. Some of the brokers are already sanctioned in Canada and the U.S., but many more are still out there. As I mentioned, some of them evade the existing sanctions as well.

Mr. Garnett Genuis: Thank you.

Could you take a minute or so to elaborate on oil and gas sanctions specifically? How should we do those? How can they be targeted, and what's effective?

Mr. Zaw Kyaw: Oil and gas sanctions are a source of vulnerability to the Myanmar military. Yes, we have done a lot of sanctions from Canada, many of them symbolic, but Myanmar Oil and Gas Enterprise alone has a revenue of \$1.5 billion. It is the single source of income, of foreign exchange income, for the Myanmar military. The EU already sanctions Myanmar Oil and Gas Enterprise, but as my fellow witnesses say, it has to be coordinated. They're using different loopholes. Canada, the U.S. and the EU should have sanctions against Myanmar Oil and Gas.

Mr. Garnett Genuis: In terms of your discussion about loopholes, is the problem that sanctions are supposed to be applied but are not being effectively enforced, or is the problem that we're sanctioning some entities but we're not sanctioning others, and effectively the entities are able to use legal means to bypass the sanctions by engaging with unsanctioned entities?

Mr. Zaw Kyaw: It's the other way around. For example, Asia Sun Group, another arms supplier, is already sanctioned by Canada and the west, but our information says that they have another front company, called Shoon Energy. Shoon is the one that's importing arms.

Mr. Garnett Genuis: I guess my question is around whether the use of these front companies is formally illegal. Is the circumvention being done through legal means or illegal means?

Mr. Zaw Kyaw: We don't know. It could be illegal, because of the sanctions. They're bypassing the sanctions. Is it illegal—

Mr. Garnett Genuis: Thank you.

Just quickly, Ms. Kadian, with the time I have left, I want to get your thoughts on Turkish government officials who may be involved in violations of human rights in the conflict between Armenia and Azerbaijan. Are there officials affiliated with the Turkish regime that you'd recommend for sanctions as well? Do you have thoughts on that, just briefly? If you want to follow up in writing, that would be great too.

• (1255)

The Chair: Please be very brief. You have under 15 seconds.

Ms. Anaïs Kadian: There are obvious links and supports that are happening from Turkey to Azerbaijan in creating this human rights crisis. We can provide other names as well afterwards.

The Chair: Thank you.

Dr. Fry, you have three minutes.

Hon. Hedy Fry (Vancouver Centre, Lib.): Thank you, Chair, and I want to thank the witnesses for being here.

I am particularly concerned about what Ms. Moret has pointed out, even though it would seem to be difficult. If sanctions are going to work, have we...? We can't evaluate what the impact of it has been. It looks like in Myanmar we haven't changed anything. Really, things are worse.

Do we have indicators that we can use, for instance, to measure and look at how we're getting to where we want to go? What happens if you sanction the country and that country continues to escalate its behaviour against human rights, etc.? How do we know if that happens? How can we, for instance, look at loopholes? If we don't have indicators and we can't measure, we can spend tons and tons of money trying to do something that in fact has no impact.

Do you know any country that has developed at least a set of indicators or some form of benchmark measurements that we can use to at least, even if crudely, evaluate what's going on?

Dr. Erica Moret: That's a great question.

I would say that all governments are most likely using a set of internal benchmarks of a kind. Whether or not it's a very comprehensive or established methodology is another question. I would say that there are certainly ways we can start to think about different types of impacts. For me, that's the key question. It's not just one type of impact. It is the signalling and the political function of showing that something decisive is being done, of course, but there's also constraining access to key resources.

I think we can see that very clearly in Russia at the moment. The fact that Russia is having to purchase ammunition shells or rockets from the DPRK, or drones from Iran, suggests that they're really having to go to great lengths now to access some of the dual-use goods that are otherwise hard to reach.

Hon. Hedy Fry: Thank you, Ms. Moret.

I don't have a lot of time, and I would like to ask a further question.

First and foremost, are there other countries that have established certain indicators and an ability to measure? That's the first part.

The second part I want to get to is this: Should we expand sanctions to countries that...? We are already sanctioning Myanmar, but should we expand sanctions to countries that are being used as funnels by other countries that are already sanctioned? How do we do that? How do we know that is going on?

Dr. Erica Moret: When it comes to your question on other countries, the key here is this: There are various initiatives under way in the U.S. and the EU, as far as I understand it. I know Canada is closely involved in some of those discussions, as well. I think that's a very positive thing.

With regard to your question on sanctions on countries serving as funnels, this is definitely being discussed elsewhere at the moment. That's the purpose of U.S. extraterritorial sanctions, of course, in many cases. It would probably be a big step forward for Canada to start entering into that terrain, given our long-standing opposition, alongside the EU, to those kinds of measures. At the same time, there are other ways, in my view, to work together with other countries to ensure circumvention and evasion are clamped down on.

Ultimately, with the idea of changing a behaviour.... That's something less likely to come about with sanctions. Constraining access to vital resources such as weapons, financing and so on is a much bigger success story for sanctions in many cases.

The Chair: Thank you for that.

We now move to Mr. Garon for a minute and a half.

[Translation]

Mr. Jean-Denis Garon: Thank you very much, Mr. Chair.

Ms. Moret, in a recent article published in *La Presse*, you talk about the American regime and its Office of Foreign Assets Control, which has a lot of staff and has several divisions to conduct investigations and follow up on the application of sanctions.

What is the difference between that office and the way we operate in Canada? If it's different, what would be the benefit to Canada of having an office like that?

• (1300)

[English]

Dr. Erica Moret: The first thing is to learn what not to do. What we've seen happening with U.S. sanctions in the past 10 years or so is a consequence of overcompliance in financial sector de-risking. That has very broad-ranging ramifications that go way beyond the intended functions of sanctions. The first lesson is to find a very delicate balance between compliance—that means ensuring correct compliance—and not falling onto the other side of the scale, which would be overcompliance.

Again, I come back to the point that OFAC depends on hundreds of people. That extends to other government agencies, as well. There's an extremely close working relationship, as I understand it, between different government departments within the U.S.

That, again, is a key issue: working together with others that play different roles. We see how that's not always the case when the decision-making, or at least the responsibility for enforcing sanctions, falls to one particular part of government. It's vital to work across the board, as well.

The Chair: Thank you, Ms. Moret.

For the last minute and a half, we'll go to Madame McPherson.

Ms. Heather McPherson: Thank you very much.

This has been very interesting and informative. Thank you to the witnesses for being here for us.

One of the things I'm picking up on from some of your testimony, Ms. Moret, is the need for clarity and transparency. Currently, it's a bit opaque—how people are selected and put on the list, how that is being enforced and what that looks like.

I'm wondering whether you could talk a little about best practices and what Canada could do to ensure civil society is engaged, ensure diaspora communities are engaged and ensure it is a more transparent and effective system.

Dr. Erica Moret: Absolutely. This is very much the focus of my work elsewhere.

The first point is to have regular interactions and dialogue in a way that can be done in a trusted forum where a common language is established, because it takes time. My experience has shown that it can take a number of years to build up the trust required for different sectors to communicate with one another effectively on these delicate topics. That's the first point. That can include representatives of groups of NGOs, as well, as a way of streamlining some of this type of interaction. The same should also apply, of course, to banks and the wider private sector in terms of things such as trade, global supply chains and so on, where Canada has played a role.

The second area is thinking about harnessing some of the technology. In Canada, you have a fantastic fintech sector and fantastic

innovation. There is a lot that can be done to harness some of the positive sides of tech in terms of helping bring down due diligence obligations, increasing transparency and even facilitating humanitarian fund transfers and so on.

The third point is having a point of contact where NGOs, civil society and so on are able to get in touch when they have questions. It's the same for banks and so on, when the nature of commissionable activities isn't clear to them and where wording may not be clear and so on.

Ms. Heather McPherson: I believe I'm out of time.

The Chair: That concludes our questions.

Allow me to thank Ms. Kadian, Mr. Kyaw and Ms. Moret for their expertise. As you could tell from the members, your session here today was very helpful.

Before I adjourn, I want to let members know that today we will dispense with the 10 minutes of business for the committee, because everyone agreed to make some changes to the schedule.

It was agreed by all the members that for the remainder of this session we will be focused on the sanctions regime, with the exception of next Tuesday, when, for the first hour, we will be hearing from GAC officials regarding the Wagner Group. For the second hour, we will be hearing from the Lithuanian vice-minister of foreign affairs as part of our ongoing study on Ukraine. That's for next Tuesday.

Also, given the change in the schedule, we are now moving back the submission of recommended witnesses for the Wagner Group study to next Tuesday by the end of the day.

Does anyone have any questions? Is it all good?

The committee is adjourned.

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

The proceedings of the House of Commons and its committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the Copyright Act. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the Copyright Act.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the House of Commons website at the following address: <https://www.ourcommons.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la Loi sur le droit d'auteur. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre des communes.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la Loi sur le droit d'auteur.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante :
<https://www.noscommunes.ca>