

Minister
of Foreign Affairs



Ministre
des Affaires étrangères

Ottawa, Canada K1A 0G2

June 14, 2023

Mr. Ali Ehsassi
Chair
House of Commons Standing Committee
on Foreign Affairs and International Development
House of Commons
Ottawa, ON K1A 0A6

Dear Mr. Ehsassi:

It is my pleasure to respond on behalf of the Government of Canada to the Tenth Report of the Standing Committee on Foreign Affairs and International Development (FAAE), entitled “*The Russian State’s Illegal War of Aggression Against Ukraine*” of February 14, 2023.

In addition to the present report, I want to also take the opportunity to thank the Committee for the other two reports it issued on this topic in 2022, including Report 1: “*Russia’s Invasion of Ukraine*”, and Report 4: “*Referendums in Russian-Occupied Parts of Ukraine*”. Both reports have helped guide the Government of Canada as it continues to take a clear, principled and resolute stance against the Russian invasion of Ukraine.

Ukraine is fighting an existential war, and on my three visits there as Minister of Foreign Affairs, I have had a unique opportunity to witness Ukraine’s struggle and resilience first-hand. On my first visit, before the war, in January 2022, I emphasized Canada’s unshakeable commitment as tensions escalated. By my second visit, in May 2022, I saw a nation reeling from the initial assault. However, by the time of my third visit, in February 2023, I encountered a united, determined and deeply grateful population which has been strengthened by Canada’s humanitarian, development, military and financial assistance.

The heartbreaking scale of the human suffering generated by this war has deeply affected us all. Russia’s military aggression has displaced millions, killed thousands, disrupted the global economy and threatened global food and energy security for the world’s poorest and most vulnerable. Russia is not relenting in its aggression.

Throughout these trials, Ukraine retains its dignity, morale, identity and sovereignty. All Canadians, including the 1.4 million strong Ukrainian-Canadian community, have reason to be proud of Canada’s contribution to this global effort. More than ever, Ukrainians have stepped up to defend their communities, fight for justice, and pursue accountability. Ukrainians know they can continue to depend on Canada.

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Ultimately, Canada's core principles in this war have been reaffirmed: aggression will not be rewarded. Borders cannot be changed by force. Canada will continue to stand strong with its allies. Ukraine must be free to choose its own destiny as a stable, prosperous and democratic country.

On behalf of the Government of Canada, I thank the members of the Standing Committee on Foreign Affairs and International Development for their multi-partisan support for Ukraine, which is crucial to Canada's ability to be a steadfast ally of Ukraine, and for remaining so actively engaged on this critical area of Canadian foreign policy. This issue is above politics; it's about defending democracy and defending the right of freedom and sovereignty. I look forward to continuing to work with the Committee as the situation evolves.

Sincerely,

A handwritten signature in blue ink, appearing to read 'M. Joly', is positioned below the word 'Sincerely,'.

The Honourable Mélanie Joly, P.C., M.P.
Minister of Foreign Affairs

Government Response to the Tenth Report of the House of Commons Standing Committee on Foreign Affairs and International Development: *The Russian State's Illegal War of Aggression Against Ukraine*

Recommendation 1: That the Government of Canada continue to play a leading role in the pursuit of justice and accountability for war crimes, crimes against humanity, and violations of international human rights and humanitarian law in relation to Russia's war against Ukraine.

The Government of Canada agrees with this recommendation.

Canada is playing a leading role pursuing justice and accountability at the International Criminal Court (ICC), International Court of Justice (ICJ), United Nations Human Rights Council (UNHRC), Organization for Security and Cooperation in Europe (OSCE), and has joined the Atrocity Crimes Advisory Group for Ukraine (ACA) alongside the US, UK and EU. Canada also directly funds monitoring, documentation and rapid response on the ground.

Specifically, Canada is a leading advocate in raising the voices of survivors of sexual violence and ensuring their needs are met in the design and implementation of support services, investigations and to bring perpetrators to justice. In line with Canada's leadership in supporting specific expertise on sexual violence and crimes against children for the ICC Office of the Prosecutor, Canada supported the referral of the situation in Ukraine to the Prosecutor of the ICC, increased Royal Canadian Mounted Police (RCMP) deployments to support ICC investigations, and provided \$2 million to an ICC Trust Fund to investigate sexual and gender-based crimes and crimes against children.

Canada and the Netherlands also jointly intervened in Ukraine's case against Russia at the International Court of Justice (ICJ), which seeks to establish that Russia has no lawful basis to take military action in Ukraine on the basis of unsubstantiated allegations of genocide. Canada has also supported the establishment of the Commission of Inquiry at the UNHRC focused on violations of human rights and international humanitarian law in Russia's war of aggression against Ukraine. Canada has invoked the Organization for Security and Cooperation in Europe (OSCE) Moscow Mechanism twice, and publicly welcomed OSCE conclusions that Russia committed atrocities and human rights violations in Ukraine, including war crimes and possible crimes against humanity.

Domestically, Canada's Crimes Against Humanity and War Crimes Program seeks to pursue accountability for allegations of crimes against humanity, war crimes, and genocide (core crimes). This Program reviews all allegations of core crimes captured under Canadian legal jurisdiction and, where appropriate, initiates an independent criminal investigation. The program is not specific to Ukraine, and addresses allegations of core crimes committed anywhere in the world, provided there is a connection to Canada.

The RCMP, under the purview of this Program, launched a national structural investigation into allegations of core crimes committed in Ukraine. The investigation does not involve specific suspects. Rather, it is aimed at collecting, preserving and analyzing evidence from Ukrainians seeking refuge in Canada and Canadians who were in Ukraine during the conflict, regarding what they witnessed and experienced. The evidence that the RCMP collects is intended to inform potential future domestic and/or international criminal investigations. Given the number of actors involved in evidence-gathering,

cooperation with the International Criminal Court, civil society organizations/ nongovernmental organizations, and other countries is essential.

Canada continues to explore additional support for Ukraine's domestic criminal justice system.

Recommendation 2: That the Government of Canada work with Ukraine and other international partners in support of the documentation, investigation, and prosecution of sexual and gender-based violence committed during Russia's war against Ukraine, and provide support to survivors.

The Government of Canada agrees with this recommendation.

Canada is deeply concerned about increasing allegations of conflict and sexual-based violence against women and girls in the context of Russia's illegal war in Ukraine. Canada's *National Action Plan on Women, Peace and Security* and Canada's Feminist Foreign Policy guide the Government's response to ensure that the voices of women and girls are heard and acknowledged, and that their needs are considered throughout this crisis.

Canada's approach in international institutions emphasizes the need to work quickly to gather evidence and pursue accountability. Canada is providing \$9.7 million to address human rights violations in Ukraine, focusing on cases of sexual and gender-based violence (SGBV) and a further \$13 million in project funding for accountability and conflict-related sexual violence (CRSV). Canada's aforementioned \$2 million commitment to an ICC Trust Fund will also increase the Court's capacity to investigate and collect evidence of sexual and gender-based crimes and crimes against children.

Canada's international assistance continues to provide support for sexual and gender-based violence prevention and survivor-centred services. Canada has doubled its support to the *United Nations Population Fund* (UNFPA), for a total of \$14 million. This is supporting those impacted by SGBV and helps provide sexual and reproductive health services in Ukraine through mobile psychosocial support teams, equipment and safe spaces. Canada continues to work closely with global partners in this space.

Recommendation 3: That the Government of Canada work with Ukraine and other international partners to prosecute individuals principally responsible for Russia's crime of aggression against Ukraine by supporting the establishment of the Special Tribunal for the Crime of Aggression against Ukraine or another similar mechanism.

The Government of Canada agrees with this recommendation.

Canada has joined a Core Group of countries convened by Ukraine to examine the most effective mechanisms to hold Russia to account. Canada co-facilitated, with the Netherlands and Guatemala, a successful UN General Assembly resolution that recognizes the need for a compensation mechanism and recommends the creation of a register of damages resulting from Russia's aggression against Ukraine.

Recommendation 4: That the Government of Canada expel Russian diplomats involved in any activities that are not consistent with their official diplomatic status.

The Government of Canada agrees with this recommendation.

Canada has previously expelled Russian diplomats involved in activities that were not consistent with their official diplomatic status and will continue to do so in future.

All diplomatic representatives in Canada are expected to abide by the Vienna Convention on Diplomatic Relations (VCDR) and the Vienna Convention on Consular Relations (VCCR). These include respecting applicable Canadian laws and regulations, and avoiding interference in Canada's internal affairs. The context for a decision to declare a foreign representative *persona non grata*, either under Article 9 of the VCDR or Article 23 of the VCCR, varies from case to case, and each decision based on specific circumstances. The Vienna conventions provide that the receiving State (Canada) does not have to explain its decision to the Sending State. In order to protect this prerogative, data on *Persona Non Grata* concerns and declarations cannot be disclosed.

Recommendation 5: That the Government of Canada support independent civil society organizations in Russia, including by supporting a free and open internet in Russia through the use of technologies such as virtual private networks (VPNs).

The Government of Canada agrees with this recommendation.

While engagement with civil society organizations in Russia can entail significant risks for civil society counterparts, Canada will continue to do so where possible in a manner that minimizes risks to civil society partners.

As many Russian independent civil society organizations have had to relocate outside of Russia in recent months, Canada will also continue to work with and support these partners.

Though VPN services remain openly available in Russia, Canada will explore potential support to partners in this area.

Canada's role as secretariat for the G7 "Rapid Response Mechanism" helps monitor and detect Russian state-sponsored disinformation, deepen international collaboration, and map the civil society and independent media space in Russia. This includes identifying civil society organizations and journalists currently in exile, and opportunities to support them.

Programming with experienced partners is also underway to support Ukrainian government and civil society partners to improve strategic communications and build Ukrainian resilience to disinformation, including through the \$3 million in new funding to counter Russian disinformation announced by the Prime Minister in March 2023.

Recommendation 6: That the Government of Canada continue to strengthen global food security, and the role of Ukraine as one of its guarantors, and join the efforts with Ukraine on the Black Sea Grain Initiative in the Global South

The Government of Canada agrees with this recommendation.

As co-chair of the Global Agriculture and Food Security Program, Canada is well-positioned to support the global fight against hunger, malnutrition, and poverty in the poorest countries. Canada's development programming targets long-term drivers of food insecurity for vulnerable populations, especially women and girls, but in response to increasing emergency food and nutrition needs, Canada has also increased the share of its humanitarian funding in these sectors from \$260 million in 2017 (representing 30% of Canada's humanitarian budget) to a record of nearly \$650 million in 2022 (48%). This includes \$100 million to the African Development Bank to support food security in Africa.

Canada's development assistance program in Ukraine helps displaced farmers integrate into host communities, supports farmers through on-farm training, essential supplies (seeds, fuel, fertilizer and dairy and horticulture equipment, etc.), and community gardens across Ukraine. This includes \$52 million for the United Nations Food and Agriculture Organization (UNFAO) to urgently increase Ukraine's grain storage capacity and support export certification in advance of the 2022/2023 harvest season. Additionally, Canada has provided \$93 million to the World Food Programme in Ukraine to address immediate food security needs.

Canadian support is directly helping to stabilize global food systems already under threat from climate change, conflict, and COVID-19. Canada strongly supports the Black Sea Grain Initiative (BSGI) brokered by the United Nations, Türkiye, Ukraine, and Russia, which helps to mitigate global food security and supply chain disruptions caused by Putin's war. The BSGI enabled commercial and humanitarian ships to leave selected ports in Ukraine, and has relieved pressure on global food inflation with export levels of over 24.4 million metric tonnes as of March 2023. In 2022, Canada provided \$30 million to facilitate the transport, storage and distribution of Ukrainian grain through the BSGI towards countries with acute food insecurity. Canada remains in regular contact with the Government of Ukraine, the EU and G7 allies to support Ukrainian agricultural exports. As of March 18, 2023, the United Nations had confirmed the extension of the BSGI.

Recommendation 7: That the Government of Canada continue to provide dedicated assistance to Ukraine for civilian winterization programs and the sustainment of the country's energy infrastructure.

The Government of Canada agrees with this recommendation.

Canada is offering expertise, knowledge and equipment to support Ukraine's energy infrastructure. Though the 2022/23 winter was comparatively mild, the Government of Canada will continue to explore options in advance of the 2023/24 winter and beyond.

Ukrainian officials estimate that as much as half of the country's electricity infrastructure was damaged as a result of targeted Russian attacks, with no large thermal or hydroelectric power plants left intact in

Ukraine. To ensure millions of people retain access to electricity and water, Canada has committed over \$5 billion in financial assistance to Ukraine. This assistance has helped Ukraine to cover essential services, including the purchasing of fuel and restoring energy infrastructure. Canada also allocated \$55 million of its humanitarian funding to support winterization activities, including shelter and essential items like blankets, clothing, heating appliances, and fuel, as well as \$10 million to procure and distribute over 1,250 generators. Canada provided \$115 million in grant assistance to repair Kyiv's power grid through the World Bank Group Ukraine Relief, Recovery, Reconstruction and Reform Trust Fund (URTF). In addition, Canada provided a €36.5 million (\$50 million) loan guarantee through the European Bank for Reconstruction and Development to facilitate support to Ukraine's state-owned energy company, Naftogaz. Canada is working closely with Canadian industry, including via Electricity Canada, to obtain priority energy equipment needed by Ukraine.

As a member of the G7 Coordination Group on energy, Canada continues to coordinate and explore potential additional contributions.

Recommendation 8: That the Government of Canada work with its international and domestic partners to improve the coordinated implementation and enforcement of sanctions against Russia, by working to identify all assets connected to designated persons and closing any loopholes that may exist.

The Government of Canada agrees with this recommendation.

A key principle underpinning Canada's approach to sanctioning Russia is alignment with Canada's international allies and partners. For example, Canada's sanctions announced on March 10, 2023, which prohibit the import of Russian aluminum and steel products, were imposed to align with similar measures taken by the United States and the European Union. Similarly, in December 2022, Canada worked with its G7 partners and Australia to impose a price cap on Russian-origin crude oil, and then extended this prohibition to refined petroleum products in February 2023.

Through these and other measures, Canada seeks to strategically support Ukraine by isolating Russia, imposing maximum economic pressure, degrading Russia's military capability, and making it difficult for Putin and his followers to profit from their aggression. Canada also seeks to shine a light on specific individuals and entities that are responsible for the ongoing violations of Ukraine's sovereignty and territorial integrity, as well as of international peace and security.

These sanctions have succeeded in damaging the Russian economy, reduced its military efficiency, and increased awareness of the Putin regime's atrocities. The United States Treasury reports that Russian industrial output has contracted for nine consecutive months, underscoring the effects of Western sanctions and labor shortages. Russia's state-owned defence conglomerate, Rosoboronexport, is facing supply chain challenges and expecting a 25% decrease in its arms exports. The European Union, drawing on analysis from the Organisation for Economic Co-operation and Development (OECD), the World Bank and the International Monetary Fund (IMF), states that Russian GDP contracted in 2022 with minimal growth (if any) expected for 2023. The International Energy Agency reported that after significant earnings at the beginning of 2022, Russia's oil revenues dropped by over a quarter in January 2023 (compared to January 2022). The drop in February was even more significant (over 40%). This is due to the Oil Price Cap imposed by Canada and partners.

Canadian sanctions and export/import restrictions contributed to a 64.5% decrease in Canada's total merchandise imports from Russia for 2022 from 2021, falling to \$761M. Exports to Russia declined to \$215 million in 2022, representing a 67.2% contraction from 2021. Canada also took a leading role in imposing sanctions on Russian officials involved in the jailing of prominent human rights activist Vladimir Kara-Murza, which other countries subsequently replicated in their own systems.

Moving forward, Canada is seized of the importance of addressing sanctions diversion and improving effective implementation. Canada is keen to work with allies to find ways to collectively address enforcement challenges.

As a first step, Canada is actively sharing trade data with allies to compare trade anomalies and identify circumvention and backfilling patterns. We will also continue to look at how best to address below-threshold goods that may be diverted to third parties. This will help us to understand and address Russia's evasion tactics, so we can ensure our sanctions are effectively constricting Russia and curtailing its ability to engage on the battlefield.

Canada also regularly cooperates with allies to improve the effectiveness of sanctions once they are imposed. This includes participation in multilateral fora on sanctions implementation and enforcement, with a particular focus on working with allies and partners to develop solutions to confront tactics of evasion, circumvention, and backfilling. For example, the G7 recently established an Enforcement Coordination Mechanism aimed at maintaining, fully implementing and expanding the measures imposed, including by preventing and responding to sanctions evasion and circumvention.

Shortly following Russia's invasion of Ukraine, Australia, Canada, France, Germany, Italy, Japan, the United Kingdom, the United States, and the European Commission jointly launched the Russian Elites, Proxies, and Oligarchs (REPO) Task Force, a multilateral effort that has used information sharing and coordination to isolate and exert unprecedented pressure on sanctioned Russian individuals and entities. The REPO Task Force's collective efforts have resulted in the freezing of tens of billions of dollars and in some cases asset seizures. The Task Force is also tackling loopholes that facilitate sanctions evasion. Notably, on March 9, 2023, the REPO Task Force and its members coordinated to publish a global advisory that outlines tactics employed by the Russian Federation, oligarchs and their proxies to evade sanctions in an effort to access funds and support their war efforts. Canada will continue to play an active role in the REPO Task Force to coordinate sanctions implementation and crack down on sanctions evasion.

Sanctions implementation is a joint responsibility across the Government. While administering sanctions falls under the authority of the Minister of Foreign Affairs, other departments and agencies, including the RCMP and the Canada Border Services Agency (CBSA), play a critical role in investigating potential violations and enforcing willful contraventions. For example, the CBSA regularly stops and detains prohibited shipments at the border, and works with vigilance and often in partnership with international allies to identify instances of possible diversion or evasion.

Budget 2023 announced further measures that will strengthen sanctions compliance and enforcement, including the role of the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) in these efforts. In Budget 2023, the government proposed targeted changes to the *Special Economic Measures Act* (SEMA) and *Justice for Victims of Corrupt Foreign Officials Act* (Magnitsky Act) to support the effectiveness of the seizure, forfeiture and disposal framework introduced in 2022, and related

amendments to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* to require FINTRAC to disclose information to the Minister of Foreign Affairs in certain circumstances. The Government further intends to set up obligations for the financial sector to report sanctions-related information to FINTRAC and will review the mandate of FINTRAC to determine whether it should be expanded to counter sanctions evasion.

The Government of Canada also relies on Canadians and persons in Canada to comply with sanctions, and to report instances of possible violations. Under SEMA, every person in Canada and all Canadians outside of Canada must disclose to the RCMP the existence of property in their possession or control that is believed to be owned or controlled by a designated person. Canadian financial institutions continue to play an essential and appreciated role in this regard.

The effectiveness of Canada's sanctions should not be measured or defined by the numbers of sanctioned individuals and entities, or the number of assets that have been frozen or seized. Success will be defined through the demonstrable change in the behaviour of authoritarian regimes, armed gangs, and those who incite violence, and the level of support Canada can provide to those restoring order and security. Canada will continue to work towards these ends, alongside international allies.

Recommendation 9: That the Government of Canada enhance the transparency of its sanctions policy by providing regular reporting to Parliament on the scope, intent, effect, impact and enforcement of its sanctions regulations.

The Government of Canada agrees with this recommendation.

The Government of Canada is committed to sharing information on sanctions with Parliamentarians to the extent possible.

Between tabling evidence, question period and responding to Committee reports like this one, the Government is already responding to Parliament in many ways, and Global Affairs Canada regularly notifies Parliament of new sanctions measures. Once entered into force, all new autonomous sanctions regulations are tabled in both chambers of Parliament within 5 sitting days for regulations under SEMA and within 15 days for the Magnitsky Act. Information relating to scope, intent, and enforcement of sanctions is made available online through various Government of Canada webpages, including the Global Affairs Canada sanctions website, Regulatory Impact Analysis Statements published in the *Canada Gazette, Part II*, and News Releases and Backgrounders that are issued alongside new sanctions listings.

In some instances, information cannot be shared with Parliamentarians, for example, to preserve the commercial confidentiality or the integrity of ongoing investigations. Though Global Affairs Canada has a central role to play in ensuring the effectiveness of sanctions as a foreign policy tool, their implementation and enforcement relies on collaboration with other departments and agencies, including CBSA, RCMP and other departments and agencies. The CBSA and the RCMP are responsible for investigating and enforcing potential sanctions violations. Investigations of potential sanctions violations are often complex and dynamic, and require that information be kept in confidence as the investigation process unfolds. Though there are limitations to the information that can be shared during an active

investigation, the Government of Canada remains committed to transparency as it relates to sanctions enforcement.

The Minister of Foreign Affairs and Global Affairs Canada officials have frequently spoken on sanctions and addressed questions from parliamentarians during committee appearances, and have also responded to specific parliamentary enquiries. The Government of Canada is committed to pursuing transparency in Parliament, notably by continuing to participate in parliamentary studies, such as at the House of Commons Standing Committee of Foreign Affairs & International Development to discuss the Nord Stream 1 turbines in August 2022. More recently, in fall 2022, Global Affairs Canada officials also spoke before the Senate Standing Committee on Foreign Affairs and International Trade as part of their comprehensive review of the provisions and operation of the Magnitsky Act and SEMA.

In October 2022, the Prime Minister announced \$76 million in funding to strengthen Canada's capacity to implement sanctions, including through the establishment of a dedicated sanctions bureau at Global Affairs Canada and additional support to the RCMP for enforcement efforts. A new sanctions bureau at Global Affairs Canada will work collaboratively across government to explore opportunities to further enhance how information on Canada's sanctions listings are conveyed to Canadians.

Recommendation 10: That the Government of Canada expedite the establishment of the new Canada Financial Crimes Agency.

The Government of Canada agrees with this recommendation.

To strengthen Canada's ability to respond to complex cases of financial crime, Budget 2022 announced the government's intent to establish a new Canada Financial Crimes Agency (CFCA), and provided \$2 million to Public Safety Canada to undertake this work.

The CFCA will become Canada's lead enforcement agency against financial crime. It will bring together expertise necessary to increase money laundering charges, prosecutions and convictions, and asset forfeiture results in Canada. These actions will address the key operational challenges identified in both domestic and international reviews of Canada's AML/ATF Regime.

Public Safety Canada is developing options for the design of the CFCA, working in conjunction with federal, provincial, and territorial partners and external experts, as well as engaging extensively with stakeholders.

Recommendation 11: That the Government of Canada utilize the legislative authorities allowing for the seizure and forfeiture of sanctioned assets, aiming to make those assets available to support Ukraine's rebuilding process as soon as possible.

The Government of Canada agrees with this recommendation.

Canada is proud to be the first and, to date, only country to implement the G7 commitment through our sanctions legislation, allowing us to seize and forfeit assets belonging to sanctioned individuals and entities in connection with Russia's invasion of Ukraine. This commitment was implemented into

Canadian sanctions law in June 2022, demonstrating our leadership and commitment to continuing to pressure the Russian regime and its key proxies and elites.

In exercising this new authority to seize and forfeit certain assets of specific listed persons, Canada will assess the risks associated to all applicable domestic and international legal frameworks. These can include issues related to State Immunity, property law and potentially international law. If forfeited, the proceeds generated from the sale of forfeited assets may be used to compensate victims of human rights abuses, restore international peace and security, or rebuild affected states.

Since new authorities took effect in June 2022, a whole-of-government effort has been underway to identify potential assets. The gathering and assessment of credible evidence is a crucial step in the process that requires careful due diligence and a strong case should an asset be considered for seizure and/or forfeiture.

On December 19, 2022, the Government of Canada announced the restraint of US\$26 million from Granite Capital Holdings Ltd., a company believed to be owned by Roman Abramovich, a Russian oligarch sanctioned under Canada's *Special Economic Measures Act (Russia) Regulations*. Restraint is the first stage of action under the new asset seizure and forfeiture regime. Forfeiture of the asset is not automatic and requires a court application – ensuring judicial oversight in the process.

The government is and will continue to actively explore other potential assets of sanctioned individuals and entities that could be pursued using these authorities, across all our sanctions regimes. One of the RCMP's roles under SEMA is to collect and consolidate disclosures on assets owned or controlled by designated persons in Canada, and relay that information to Global Affairs Canada for further assessment. Global Affairs Canada, in turn, determines next steps in coordination with other implicated government departments.

Recommendation 12: That the Government of Canada not grant a sanctions waiver to Siemens Energy Canada Limited for Nord Stream 1 pipeline turbines as long as sanctions remain in effect.

The Government of Canada agrees with this recommendation.

On December 14, 2022, the Minister of Foreign Affairs announced that the Government of Canada was revoking the permit it had granted to Siemens Canada.

The Government of Canada responded to Russia's unprovoked and unjustifiable invasion of Ukraine by imposing sanctions that aim to provoke a change of behaviour on the part of President Putin and those who have enabled and supported his war of choice.

Canada's sanctions are not intended to harm Canada's allies, and they are designed to avoid humanitarian consequences, including impacts to energy or food security. To mitigate against these risks, Canada's sanctions regime was designed to include a permit process. This process enables the Minister of Foreign Affairs to grant permits in specific instances where Canada's sanctions might otherwise cause unintentional consequences.

Recognizing Germany's efforts to end its dependency on Russian gas imports, and in an effort to maintain aligned solidarity with Ukraine, in July 2022 Canada granted a time-limited permit to Siemens Canada, authorizing it to continue providing essential services on the engines that power the Nord Stream 1 pipeline. Canada took this decision following extensive discussions and engagements with Germany and other European allies and partners, including Ukraine.

The decision to grant a permit to Siemens removed Russia's pretext for refusing to fulfill its commitment to deliver gas to Europe through Nord Stream 1. However, over the course of summer 2022, Russia used varying and contradictory excuses to justify its "stop and go" supply of gas. Then, on September 5, 2022, Russia announced it would completely suspend gas supply until Western sanctions are lifted. Nord Stream 1 has since been damaged in what is being reported as acts of sabotage.

Once it became clear that Nord Stream 1 was inoperable, both as a result of Putin's decision to suspend the flow of gas, as well as the apparent sabotage on the pipeline itself, the Government of Canada considered that the permit it had granted to Siemens no longer served its intended purpose of enabling the restoration of gas flows to Europe. The permit was duly revoked on December 14, 2022.

Recommendation 13: That the Government of Canada adopt as a policy goal the enhancement of the energy security of Canada's democratic allies, while fully complying with Canada's domestic and international obligations related to climate change.

The Government of Canada agrees with this recommendation.

The Government of Canada is committed to countering global energy insecurity caused by the unjustifiable Russian invasion of Ukraine. To ensure that Russia does not exploit its position as an energy producer to profit from its aggression at the expense of vulnerable countries, Canada has committed to phase out dependency on Russian energy, including by phasing out or banning the import of Russian coal and oil, without compromising on climate and biodiversity goals.

Canada is helping stabilize global energy markets by encouraging the oil and gas sector to increase production where feasible. Through collaboration with global partners, including the G7 and International Energy Agency (IEA), Canada is also promoting action that mitigates spillover effects for the most vulnerable countries.

Canada has also negotiated energy deals with European partners, including a "Canada-Germany Hydrogen Alliance" to enable further investment in hydrogen projects, exports and supply chains. Canada has also provided \$2M to support International Atomic Energy Agency expertise in Ukraine, to monitor and ensure safe and secure operating conditions for nuclear power plants.

Canada stands by its domestic and international climate change obligations. Canada is committed to accelerate towards a climate resilient, nature-positive, circular, net-zero emissions economy and to deliver cleaner, more affordable and more secure energy supplies.

Recommendation 14: That the Government of Canada continue to provide significant military, financial and humanitarian assistance to Ukraine so long as Ukraine must defend itself from Russian aggression.

The Government of Canada agrees with this recommendation.

Canada has committed over \$8 billion in whole-of-government support, including military, financial, humanitarian and development assistance to Ukraine. This significant and wide-ranging support reflects Canada's long-term commitment to Ukrainian sovereignty and the depth of our bilateral relationship, Canada having been the first Western country to recognize Ukrainian independence on December 2, 1991. Significant support to Ukraine will continue to be a priority, though specific long-term commitments will depend on sufficient resources being made available by appropriate authorities.

As of April 2023, the Government of Canada has committed over \$1.2 billion in military aid and donated equipment to Ukraine, including air defence, Leopard II tanks, armoured personnel carriers, artillery, drone cameras, ammunition, and satellite communications equipment. Additionally, as part of Operation UNIFIER, extended and expanded until March 2025, Canada has trained over 36,000 Ukrainian troops and deployed trainers and combat engineers to allies and international partners in Europe.

Canada remains committed to supporting Ukraine's economic resilience, and has committed over \$5 billion in financial assistance. This includes \$4.35 billion channeled through the International Monetary Fund's (IMF) Administered Account for Ukraine, the creation of which was championed by Canada, as well as a \$500 million bilateral loan issued in spring 2022. Canada also provided \$115 million in grant assistance through the World Bank Group Ukraine Relief, Recovery, Reconstruction and Reform Trust Fund (URTF) to repair Kyiv's power grid. Canada and other official creditors to Ukraine are also providing a coordinated suspension of debt service until at least 2027, and will provide Ukraine with additional debt treatments in support of Ukraine's new IMF financing program (approved by the IMF Executive Board on March 31, 2023).

Canada is responding to the humanitarian impacts of Russia's invasion in Ukraine and neighbouring countries with \$320 million in humanitarian assistance for the United Nations, Red Cross, and non-governmental partners, which underpins emergency health services, protection, support to displaced populations and essential life-saving services such as shelter, water, sanitation and food. This assistance is complemented by a commitment of \$96 million in development assistance, including \$52 million to urgently increase Ukraine's grain storage capacity and \$35 million to support Ukraine's government institutions and civil society. Canada has also committed over \$81 million in new security and stabilization programming funding to support Ukrainian security sector institutions like the police enhance the resilience of Ukrainian civil society, mine action, CBRN (chemical, biological, radiological and nuclear) threat reduction, countering Russian disinformation and advancing accountability for human rights violations, including conflict-related and sexual violence.

In Budget 2023, Canada also committed \$84.8 million to provide targeted support to Ukraine for humanitarian assistance, mental health support, demining, agriculture, and other priorities.

Recommendation 15: That the Government of Canada list the Wagner Group, a Russian mercenary organization, as a terrorist group under the *Criminal Code*.

The Government of Canada takes note of this recommendation.

All recommendations to list or consider listing alleged terrorist groups under the *Criminal Code* are received with the utmost seriousness. This includes the unanimous House of Commons motion adopted on January 30, 2023.

The method to establish whether an entity meets the threshold for listing is rigorous and based on evidence, intelligence and legal analysis. The Minister of Public Safety may recommend to the Governor in Council that individuals or groups be designated as a “listed entity” pursuant to subsection 83.05 (1) of the *Criminal Code* if there are reasonable grounds to believe that a person or group has knowingly carried out, participated in, or facilitated a terrorist activity, or a person or group is knowingly acting on behalf of, at the discretion of, or in association with a terrorist entity.

The process to add entities to the list is iterative, ongoing and the Government of Canada does not disclose the specifics of this publicly. Where there are reasonable grounds to believe that the above test has been met, then the entity may be placed on the list of entities and the listing is made public.

To date, Canada has imposed restrictive measures against Russia and continues to look at all possible options to further constrain Wagner activities that threaten regional security. Canada has sanctioned more than 2400 individuals and entities in Russia, Belarus and Ukraine since 2014, and the Government of Canada will continue to use sanctions to put pressure on Russia to end the war in Ukraine. Canada recognizes the deployment of the Wagner Group by Russia in Ukraine and elsewhere, and has already sanctioned Wagner, its head, Yevgeny Prigozhin, and its co-founder Dmitry Utkin, as well as Prigozhin’s family members, associates, and Prigozhin’s other entities, such as the Internet Research Agency, under SEMA. Canada will continue to pursue further sanctions against Wagner, including more of its senior leaders, associates, and affiliated-entities, as appropriate.

Government Response to the Tenth Report of the House of Commons Standing Committee on Foreign Affairs and International Development: *The Russian State's Illegal War of Aggression Against Ukraine*

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Canada is playing a leading role pursuing justice and accountability at the International Criminal Court (ICC), International Court of Justice (ICJ), United Nations Human Rights Council (UNHRC), Organization for Security and Cooperation in Europe (OSCE), and has joined the Atrocity Crimes Advisory Group for Ukraine (ACA) alongside the US, UK and EU. Canada also directly funds monitoring, documentation and rapid response on the ground.

Specifically, Canada is a leading advocate in raising the voices of survivors of sexual violence and ensuring their needs are met in the design and implementation of support services, investigations and to bring perpetrators to justice. In line with Canada's leadership in supporting specific expertise on sexual violence and crimes against children for the ICC Office of the Prosecutor, Canada supported the referral of the situation in Ukraine to the Prosecutor of the ICC, increased Royal Canadian Mounted Police (RCMP) deployments to support ICC investigations, and provided \$2 million to an ICC Trust Fund to investigate sexual and gender-based crimes and crimes against children.

Canada and the Netherlands also jointly intervened in Ukraine's case against Russia at the International Court of Justice (ICJ), which seeks to establish that Russia has no lawful basis to take military action in Ukraine on the basis of unsubstantiated allegations of genocide. Canada has also supported the establishment of the Commission of Inquiry at the UNHRC focused on violations of human rights and international humanitarian law in Russia's war of aggression against Ukraine. Canada has invoked the Organization for Security and Cooperation in Europe (OSCE) Moscow Mechanism twice, and publicly welcomed OSCE conclusions that Russia committed atrocities and human rights violations in Ukraine, including war crimes and possible crimes against humanity.

Domestically, Canada's Crimes Against Humanity and War Crimes Program seeks to pursue accountability for allegations of crimes against humanity, war crimes, and genocide (core crimes). This Program reviews all allegations of core crimes captured under Canadian legal jurisdiction and, where appropriate, initiates an independent criminal investigation. The program is not specific to Ukraine, and addresses allegations of core crimes committed anywhere in the world, provided there is a connection to Canada.

The RCMP, under the purview of this Program, launched a national structural investigation into allegations of core crimes committed in Ukraine. The investigation does not involve specific suspects. Rather, it is aimed at collecting, preserving and analyzing evidence from Ukrainians seeking refuge in Canada and Canadians who were in Ukraine during the conflict, regarding what they witnessed and experienced. The evidence that the RCMP collects is intended to inform potential future domestic and/or international criminal investigations. Given the number of actors involved in evidence-gathering,

cooperation with the International Criminal Court, civil society organizations/ nongovernmental organizations, and other countries is essential.

Canada continues to explore additional support for Ukraine's domestic criminal justice system.

Recommendation 2: That the Government of Canada work with Ukraine and other international partners in support of the documentation, investigation, and prosecution of sexual and gender-based violence committed during Russia's war against Ukraine, and provide support to survivors.

The Government of Canada agrees with this recommendation.

Canada is deeply concerned about increasing allegations of conflict and sexual-based violence against women and girls in the context of Russia's illegal war in Ukraine. Canada's *National Action Plan on Women, Peace and Security* and Canada's Feminist Foreign Policy guide the Government's response to ensure that the voices of women and girls are heard and acknowledged, and that their needs are considered throughout this crisis.

Canada's approach in international institutions emphasizes the need to work quickly to gather evidence and pursue accountability. Canada is providing \$9.7 million to address human rights violations in Ukraine, focusing on cases of sexual and gender-based violence (SGBV) and a further \$13 million in project funding for accountability and conflict-related sexual violence (CRSV). Canada's aforementioned \$2 million commitment to an ICC Trust Fund will also increase the Court's capacity to investigate and collect evidence of sexual and gender-based crimes and crimes against children.

Canada's international assistance continues to provide support for sexual and gender-based violence prevention and survivor-centred services. Canada has doubled its support to the *United Nations Population Fund* (UNFPA), for a total of \$14 million. This is supporting those impacted by SGBV and helps provide sexual and reproductive health services in Ukraine through mobile psychosocial support teams, equipment and safe spaces. Canada continues to work closely with global partners in this space.

Recommendation 3: That the Government of Canada work with Ukraine and other international partners to prosecute individuals principally responsible for Russia's crime of aggression against Ukraine by supporting the establishment of the Special Tribunal for the Crime of Aggression against Ukraine or another similar mechanism.

The Government of Canada agrees with this recommendation.

Canada has joined a Core Group of countries convened by Ukraine to examine the most effective mechanisms to hold Russia to account. Canada co-facilitated, with the Netherlands and Guatemala, a successful UN General Assembly resolution that recognizes the need for a compensation mechanism and recommends the creation of a register of damages resulting from Russia's aggression against Ukraine.

Recommendation 4: That the Government of Canada expel Russian diplomats involved in any activities that are not consistent with their official diplomatic status.

The Government of Canada agrees with this recommendation.

Canada has previously expelled Russian diplomats involved in activities that were not consistent with their official diplomatic status and will continue to do so in future.

All diplomatic representatives in Canada are expected to abide by the Vienna Convention on Diplomatic Relations (VCDR) and the Vienna Convention on Consular Relations (VCCR). These include respecting applicable Canadian laws and regulations, and avoiding interference in Canada's internal affairs. The context for a decision to declare a foreign representative *persona non grata*, either under Article 9 of the VCDR or Article 23 of the VCCR, varies from case to case, and each decision based on specific circumstances. The Vienna conventions provide that the receiving State (Canada) does not have to explain its decision to the Sending State. In order to protect this prerogative, data on *Persona Non Grata* concerns and declarations cannot be disclosed.

Recommendation 5: That the Government of Canada support independent civil society organizations in Russia, including by supporting a free and open internet in Russia through the use of technologies such as virtual private networks (VPNs).

The Government of Canada agrees with this recommendation.

While engagement with civil society organizations in Russia can entail significant risks for civil society counterparts, Canada will continue to do so where possible in a manner that minimizes risks to civil society partners.

As many Russian independent civil society organizations have had to relocate outside of Russia in recent months, Canada will also continue to work with and support these partners.

Though VPN services remain openly available in Russia, Canada will explore potential support to partners in this area.

Canada's role as secretariat for the G7 "Rapid Response Mechanism" helps monitor and detect Russian state-sponsored disinformation, deepen international collaboration, and map the civil society and independent media space in Russia. This includes identifying civil society organizations and journalists currently in exile, and opportunities to support them.

Programming with experienced partners is also underway to support Ukrainian government and civil society partners to improve strategic communications and build Ukrainian resilience to disinformation, including through the \$3 million in new funding to counter Russian disinformation announced by the Prime Minister in March 2023.

Recommendation 6: That the Government of Canada continue to strengthen global food security, and the role of Ukraine as one of its guarantors, and join the efforts with Ukraine on the Black Sea Grain Initiative in the Global South

The Government of Canada agrees with this recommendation.

As co-chair of the Global Agriculture and Food Security Program, Canada is well-positioned to support the global fight against hunger, malnutrition, and poverty in the poorest countries. Canada's development programming targets long-term drivers of food insecurity for vulnerable populations, especially women and girls, but in response to increasing emergency food and nutrition needs, Canada has also increased the share of its humanitarian funding in these sectors from \$260 million in 2017 (representing 30% of Canada's humanitarian budget) to a record of nearly \$650 million in 2022 (48%). This includes \$100 million to the African Development Bank to support food security in Africa.

Canada's development assistance program in Ukraine helps displaced farmers integrate into host communities, supports farmers through on-farm training, essential supplies (seeds, fuel, fertilizer and dairy and horticulture equipment, etc.), and community gardens across Ukraine. This includes \$52 million for the United Nations Food and Agriculture Organization (UNFAO) to urgently increase Ukraine's grain storage capacity and support export certification in advance of the 2022/2023 harvest season. Additionally, Canada has provided \$93 million to the World Food Programme in Ukraine to address immediate food security needs.

Canadian support is directly helping to stabilize global food systems already under threat from climate change, conflict, and COVID-19. Canada strongly supports the Black Sea Grain Initiative (BSGI) brokered by the United Nations, Türkiye, Ukraine, and Russia, which helps to mitigate global food security and supply chain disruptions caused by Putin's war. The BSGI enabled commercial and humanitarian ships to leave selected ports in Ukraine, and has relieved pressure on global food inflation with export levels of over 24.4 million metric tonnes as of March 2023. In 2022, Canada provided \$30 million to facilitate the transport, storage and distribution of Ukrainian grain through the BSGI towards countries with acute food insecurity. Canada remains in regular contact with the Government of Ukraine, the EU and G7 allies to support Ukrainian agricultural exports. As of March 18, 2023, the United Nations had confirmed the extension of the BSGI.

Recommendation 7: That the Government of Canada continue to provide dedicated assistance to Ukraine for civilian winterization programs and the sustainment of the country's energy infrastructure.

The Government of Canada agrees with this recommendation.

Canada is offering expertise, knowledge and equipment to support Ukraine's energy infrastructure. Though the 2022/23 winter was comparatively mild, the Government of Canada will continue to explore options in advance of the 2023/24 winter and beyond.

Ukrainian officials estimate that as much as half of the country's electricity infrastructure was damaged as a result of targeted Russian attacks, with no large thermal or hydroelectric power plants left intact in

Ukraine. To ensure millions of people retain access to electricity and water, Canada has committed over \$5 billion in financial assistance to Ukraine. This assistance has helped Ukraine to cover essential services, including the purchasing of fuel and restoring energy infrastructure. Canada also allocated \$55 million of its humanitarian funding to support winterization activities, including shelter and essential items like blankets, clothing, heating appliances, and fuel, as well as \$10 million to procure and distribute over 1,250 generators. Canada provided \$115 million in grant assistance to repair Kyiv's power grid through the World Bank Group Ukraine Relief, Recovery, Reconstruction and Reform Trust Fund (URTF). In addition, Canada provided a €36.5 million (\$50 million) loan guarantee through the European Bank for Reconstruction and Development to facilitate support to Ukraine's state-owned energy company, Naftogaz. Canada is working closely with Canadian industry, including via Electricity Canada, to obtain priority energy equipment needed by Ukraine.

As a member of the G7 Coordination Group on energy, Canada continues to coordinate and explore potential additional contributions.

Recommendation 8: That the Government of Canada work with its international and domestic partners to improve the coordinated implementation and enforcement of sanctions against Russia, by working to identify all assets connected to designated persons and closing any loopholes that may exist.

The Government of Canada agrees with this recommendation.

A key principle underpinning Canada's approach to sanctioning Russia is alignment with Canada's international allies and partners. For example, Canada's sanctions announced on March 10, 2023, which prohibit the import of Russian aluminum and steel products, were imposed to align with similar measures taken by the United States and the European Union. Similarly, in December 2022, Canada worked with its G7 partners and Australia to impose a price cap on Russian-origin crude oil, and then extended this prohibition to refined petroleum products in February 2023.

Through these and other measures, Canada seeks to strategically support Ukraine by isolating Russia, imposing maximum economic pressure, degrading Russia's military capability, and making it difficult for Putin and his followers to profit from their aggression. Canada also seeks to shine a light on specific individuals and entities that are responsible for the ongoing violations of Ukraine's sovereignty and territorial integrity, as well as of international peace and security.

These sanctions have succeeded in damaging the Russian economy, reduced its military efficiency, and increased awareness of the Putin regime's atrocities. The United States Treasury reports that Russian industrial output has contracted for nine consecutive months, underscoring the effects of Western sanctions and labor shortages. Russia's state-owned defence conglomerate, Rosoboronexport, is facing supply chain challenges and expecting a 25% decrease in its arms exports. The European Union, drawing on analysis from the Organisation for Economic Co-operation and Development (OECD), the World Bank and the International Monetary Fund (IMF), states that Russian GDP contracted in 2022 with minimal growth (if any) expected for 2023. The International Energy Agency reported that after significant earnings at the beginning of 2022, Russia's oil revenues dropped by over a quarter in January 2023 (compared to January 2022). The drop in February was even more significant (over 40%). This is due to the Oil Price Cap imposed by Canada and partners.

Canadian sanctions and export/import restrictions contributed to a 64.5% decrease in Canada's total merchandise imports from Russia for 2022 from 2021, falling to \$761M. Exports to Russia declined to \$215 million in 2022, representing a 67.2% contraction from 2021. Canada also took a leading role in imposing sanctions on Russian officials involved in the jailing of prominent human rights activist Vladimir Kara-Murza, which other countries subsequently replicated in their own systems.

Moving forward, Canada is seized of the importance of addressing sanctions diversion and improving effective implementation. Canada is keen to work with allies to find ways to collectively address enforcement challenges.

As a first step, Canada is actively sharing trade data with allies to compare trade anomalies and identify circumvention and backfilling patterns. We will also continue to look at how best to address below-threshold goods that may be diverted to third parties. This will help us to understand and address Russia's evasion tactics, so we can ensure our sanctions are effectively constricting Russia and curtailing its ability to engage on the battlefield.

Canada also regularly cooperates with allies to improve the effectiveness of sanctions once they are imposed. This includes participation in multilateral fora on sanctions implementation and enforcement, with a particular focus on working with allies and partners to develop solutions to confront tactics of evasion, circumvention, and backfilling. For example, the G7 recently established an Enforcement Coordination Mechanism aimed at maintaining, fully implementing and expanding the measures imposed, including by preventing and responding to sanctions evasion and circumvention.

Shortly following Russia's invasion of Ukraine, Australia, Canada, France, Germany, Italy, Japan, the United Kingdom, the United States, and the European Commission jointly launched the Russian Elites, Proxies, and Oligarchs (REPO) Task Force, a multilateral effort that has used information sharing and coordination to isolate and exert unprecedented pressure on sanctioned Russian individuals and entities. The REPO Task Force's collective efforts have resulted in the freezing of tens of billions of dollars and in some cases asset seizures. The Task Force is also tackling loopholes that facilitate sanctions evasion. Notably, on March 9, 2023, the REPO Task Force and its members coordinated to publish a global advisory that outlines tactics employed by the Russian Federation, oligarchs and their proxies to evade sanctions in an effort to access funds and support their war efforts. Canada will continue to play an active role in the REPO Task Force to coordinate sanctions implementation and crack down on sanctions evasion.

Sanctions implementation is a joint responsibility across the Government. While administering sanctions falls under the authority of the Minister of Foreign Affairs, other departments and agencies, including the RCMP and the Canada Border Services Agency (CBSA), play a critical role in investigating potential violations and enforcing willful contraventions. For example, the CBSA regularly stops and detains prohibited shipments at the border, and works with vigilance and often in partnership with international allies to identify instances of possible diversion or evasion.

Budget 2023 announced further measures that will strengthen sanctions compliance and enforcement, including the role of the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) in these efforts. In Budget 2023, the government proposed targeted changes to the *Special Economic Measures Act* (SEMA) and *Justice for Victims of Corrupt Foreign Officials Act* (Magnitsky Act) to support the effectiveness of the seizure, forfeiture and disposal framework introduced in 2022, and related

amendments to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* to require FINTRAC to disclose information to the Minister of Foreign Affairs in certain circumstances. The Government further intends to set up obligations for the financial sector to report sanctions-related information to FINTRAC and will review the mandate of FINTRAC to determine whether it should be expanded to counter sanctions evasion.

The Government of Canada also relies on Canadians and persons in Canada to comply with sanctions, and to report instances of possible violations. Under SEMA, every person in Canada and all Canadians outside of Canada must disclose to the RCMP the existence of property in their possession or control that is believed to be owned or controlled by a designated person. Canadian financial institutions continue to play an essential and appreciated role in this regard.

The effectiveness of Canada's sanctions should not be measured or defined by the numbers of sanctioned individuals and entities, or the number of assets that have been frozen or seized. Success will be defined through the demonstrable change in the behaviour of authoritarian regimes, armed gangs, and those who incite violence, and the level of support Canada can provide to those restoring order and security. Canada will continue to work towards these ends, alongside international allies.

Recommendation 9: That the Government of Canada enhance the transparency of its sanctions policy by providing regular reporting to Parliament on the scope, intent, effect, impact and enforcement of its sanctions regulations.

The Government of Canada agrees with this recommendation.

The Government of Canada is committed to sharing information on sanctions with Parliamentarians to the extent possible.

Between tabling evidence, question period and responding to Committee reports like this one, the Government is already responding to Parliament in many ways, and Global Affairs Canada regularly notifies Parliament of new sanctions measures. Once entered into force, all new autonomous sanctions regulations are tabled in both chambers of Parliament within 5 sitting days for regulations under SEMA and within 15 days for the Magnitsky Act. Information relating to scope, intent, and enforcement of sanctions is made available online through various Government of Canada webpages, including the Global Affairs Canada sanctions website, Regulatory Impact Analysis Statements published in the *Canada Gazette, Part II*, and News Releases and Backgrounders that are issued alongside new sanctions listings.

In some instances, information cannot be shared with Parliamentarians, for example, to preserve the commercial confidentiality or the integrity of ongoing investigations. Though Global Affairs Canada has a central role to play in ensuring the effectiveness of sanctions as a foreign policy tool, their implementation and enforcement relies on collaboration with other departments and agencies, including CBSA, RCMP and other departments and agencies. The CBSA and the RCMP are responsible for investigating and enforcing potential sanctions violations. Investigations of potential sanctions violations are often complex and dynamic, and require that information be kept in confidence as the investigation process unfolds. Though there are limitations to the information that can be shared during an active

investigation, the Government of Canada remains committed to transparency as it relates to sanctions enforcement.

The Minister of Foreign Affairs and Global Affairs Canada officials have frequently spoken on sanctions and addressed questions from parliamentarians during committee appearances, and have also responded to specific parliamentary enquiries. The Government of Canada is committed to pursuing transparency in Parliament, notably by continuing to participate in parliamentary studies, such as at the House of Commons Standing Committee of Foreign Affairs & International Development to discuss the Nord Stream 1 turbines in August 2022. More recently, in fall 2022, Global Affairs Canada officials also spoke before the Senate Standing Committee on Foreign Affairs and International Trade as part of their comprehensive review of the provisions and operation of the Magnitsky Act and SEMA.

In October 2022, the Prime Minister announced \$76 million in funding to strengthen Canada's capacity to implement sanctions, including through the establishment of a dedicated sanctions bureau at Global Affairs Canada and additional support to the RCMP for enforcement efforts. A new sanctions bureau at Global Affairs Canada will work collaboratively across government to explore opportunities to further enhance how information on Canada's sanctions listings are conveyed to Canadians.

Recommendation 10: That the Government of Canada expedite the establishment of the new Canada Financial Crimes Agency.

The Government of Canada agrees with this recommendation.

To strengthen Canada's ability to respond to complex cases of financial crime, Budget 2022 announced the government's intent to establish a new Canada Financial Crimes Agency (CFCA), and provided \$2 million to Public Safety Canada to undertake this work.

The CFCA will become Canada's lead enforcement agency against financial crime. It will bring together expertise necessary to increase money laundering charges, prosecutions and convictions, and asset forfeiture results in Canada. These actions will address the key operational challenges identified in both domestic and international reviews of Canada's AML/ATF Regime.

Public Safety Canada is developing options for the design of the CFCA, working in conjunction with federal, provincial, and territorial partners and external experts, as well as engaging extensively with stakeholders.

Recommendation 11: That the Government of Canada utilize the legislative authorities allowing for the seizure and forfeiture of sanctioned assets, aiming to make those assets available to support Ukraine's rebuilding process as soon as possible.

The Government of Canada agrees with this recommendation.

Canada is proud to be the first and, to date, only country to implement the G7 commitment through our sanctions legislation, allowing us to seize and forfeit assets belonging to sanctioned individuals and entities in connection with Russia's invasion of Ukraine. This commitment was implemented into

Canadian sanctions law in June 2022, demonstrating our leadership and commitment to continuing to pressure the Russian regime and its key proxies and elites.

In exercising this new authority to seize and forfeit certain assets of specific listed persons, Canada will assess the risks associated to all applicable domestic and international legal frameworks. These can include issues related to State Immunity, property law and potentially international law. If forfeited, the proceeds generated from the sale of forfeited assets may be used to compensate victims of human rights abuses, restore international peace and security, or rebuild affected states.

Since new authorities took effect in June 2022, a whole-of-government effort has been underway to identify potential assets. The gathering and assessment of credible evidence is a crucial step in the process that requires careful due diligence and a strong case should an asset be considered for seizure and/or forfeiture.

On December 19, 2022, the Government of Canada announced the restraint of US\$26 million from Granite Capital Holdings Ltd., a company believed to be owned by Roman Abramovich, a Russian oligarch sanctioned under Canada's *Special Economic Measures Act (Russia) Regulations*. Restraint is the first stage of action under the new asset seizure and forfeiture regime. Forfeiture of the asset is not automatic and requires a court application – ensuring judicial oversight in the process.

The government is and will continue to actively explore other potential assets of sanctioned individuals and entities that could be pursued using these authorities, across all our sanctions regimes. One of the RCMP's roles under SEMA is to collect and consolidate disclosures on assets owned or controlled by designated persons in Canada, and relay that information to Global Affairs Canada for further assessment. Global Affairs Canada, in turn, determines next steps in coordination with other implicated government departments.

Recommendation 12: That the Government of Canada not grant a sanctions waiver to Siemens Energy Canada Limited for Nord Stream 1 pipeline turbines as long as sanctions remain in effect.

The Government of Canada agrees with this recommendation.

On December 14, 2022, the Minister of Foreign Affairs announced that the Government of Canada was revoking the permit it had granted to Siemens Canada.

The Government of Canada responded to Russia's unprovoked and unjustifiable invasion of Ukraine by imposing sanctions that aim to provoke a change of behaviour on the part of President Putin and those who have enabled and supported his war of choice.

Canada's sanctions are not intended to harm Canada's allies, and they are designed to avoid humanitarian consequences, including impacts to energy or food security. To mitigate against these risks, Canada's sanctions regime was designed to include a permit process. This process enables the Minister of Foreign Affairs to grant permits in specific instances where Canada's sanctions might otherwise cause unintentional consequences.

Recognizing Germany's efforts to end its dependency on Russian gas imports, and in an effort to maintain aligned solidarity with Ukraine, in July 2022 Canada granted a time-limited permit to Siemens Canada, authorizing it to continue providing essential services on the engines that power the Nord Stream 1 pipeline. Canada took this decision following extensive discussions and engagements with Germany and other European allies and partners, including Ukraine.

The decision to grant a permit to Siemens removed Russia's pretext for refusing to fulfill its commitment to deliver gas to Europe through Nord Stream 1. However, over the course of summer 2022, Russia used varying and contradictory excuses to justify its "stop and go" supply of gas. Then, on September 5, 2022, Russia announced it would completely suspend gas supply until Western sanctions are lifted. Nord Stream 1 has since been damaged in what is being reported as acts of sabotage.

Once it became clear that Nord Stream 1 was inoperable, both as a result of Putin's decision to suspend the flow of gas, as well as the apparent sabotage on the pipeline itself, the Government of Canada considered that the permit it had granted to Siemens no longer served its intended purpose of enabling the restoration of gas flows to Europe. The permit was duly revoked on December 14, 2022.

Recommendation 13: That the Government of Canada adopt as a policy goal the enhancement of the energy security of Canada's democratic allies, while fully complying with Canada's domestic and international obligations related to climate change.

The Government of Canada agrees with this recommendation.

The Government of Canada is committed to countering global energy insecurity caused by the unjustifiable Russian invasion of Ukraine. To ensure that Russia does not exploit its position as an energy producer to profit from its aggression at the expense of vulnerable countries, Canada has committed to phase out dependency on Russian energy, including by phasing out or banning the import of Russian coal and oil, without compromising on climate and biodiversity goals.

Canada is helping stabilize global energy markets by encouraging the oil and gas sector to increase production where feasible. Through collaboration with global partners, including the G7 and International Energy Agency (IEA), Canada is also promoting action that mitigates spillover effects for the most vulnerable countries.

Canada has also negotiated energy deals with European partners, including a "Canada-Germany Hydrogen Alliance" to enable further investment in hydrogen projects, exports and supply chains. Canada has also provided \$2M to support International Atomic Energy Agency expertise in Ukraine, to monitor and ensure safe and secure operating conditions for nuclear power plants.

Canada stands by its domestic and international climate change obligations. Canada is committed to accelerate towards a climate resilient, nature-positive, circular, net-zero emissions economy and to deliver cleaner, more affordable and more secure energy supplies.

Recommendation 14: That the Government of Canada continue to provide significant military, financial and humanitarian assistance to Ukraine so long as Ukraine must defend itself from Russian aggression.

The Government of Canada agrees with this recommendation.

Canada has committed over \$8 billion in whole-of-government support, including military, financial, humanitarian and development assistance to Ukraine. This significant and wide-ranging support reflects Canada's long-term commitment to Ukrainian sovereignty and the depth of our bilateral relationship, Canada having been the first Western country to recognize Ukrainian independence on December 2, 1991. Significant support to Ukraine will continue to be a priority, though specific long-term commitments will depend on sufficient resources being made available by appropriate authorities.

As of April 2023, the Government of Canada has committed over \$1.2 billion in military aid and donated equipment to Ukraine, including air defence, Leopard II tanks, armoured personnel carriers, artillery, drone cameras, ammunition, and satellite communications equipment. Additionally, as part of Operation UNIFIER, extended and expanded until March 2025, Canada has trained over 36,000 Ukrainian troops and deployed trainers and combat engineers to allies and international partners in Europe.

Canada remains committed to supporting Ukraine's economic resilience, and has committed over \$5 billion in financial assistance. This includes \$4.35 billion channeled through the International Monetary Fund's (IMF) Administered Account for Ukraine, the creation of which was championed by Canada, as well as a \$500 million bilateral loan issued in spring 2022. Canada also provided \$115 million in grant assistance through the World Bank Group Ukraine Relief, Recovery, Reconstruction and Reform Trust Fund (URTF) to repair Kyiv's power grid. Canada and other official creditors to Ukraine are also providing a coordinated suspension of debt service until at least 2027, and will provide Ukraine with additional debt treatments in support of Ukraine's new IMF financing program (approved by the IMF Executive Board on March 31, 2023).

Canada is responding to the humanitarian impacts of Russia's invasion in Ukraine and neighbouring countries with \$320 million in humanitarian assistance for the United Nations, Red Cross, and non-governmental partners, which underpins emergency health services, protection, support to displaced populations and essential life-saving services such as shelter, water, sanitation and food. This assistance is complemented by a commitment of \$96 million in development assistance, including \$52 million to urgently increase Ukraine's grain storage capacity and \$35 million to support Ukraine's government institutions and civil society. Canada has also committed over \$81 million in new security and stabilization programming funding to support Ukrainian security sector institutions like the police enhance the resilience of Ukrainian civil society, mine action, CBRN (chemical, biological, radiological and nuclear) threat reduction, countering Russian disinformation and advancing accountability for human rights violations, including conflict-related and sexual violence.

In Budget 2023, Canada also committed \$84.8 million to provide targeted support to Ukraine for humanitarian assistance, mental health support, demining, agriculture, and other priorities.

Recommendation 15: That the Government of Canada list the Wagner Group, a Russian mercenary organization, as a terrorist group under the *Criminal Code*.

The Government of Canada takes note of this recommendation.

All recommendations to list or consider listing alleged terrorist groups under the *Criminal Code* are received with the utmost seriousness. This includes the unanimous House of Commons motion adopted on January 30, 2023.

The method to establish whether an entity meets the threshold for listing is rigorous and based on evidence, intelligence and legal analysis. The Minister of Public Safety may recommend to the Governor in Council that individuals or groups be designated as a “listed entity” pursuant to subsection 83.05 (1) of the *Criminal Code* if there are reasonable grounds to believe that a person or group has knowingly carried out, participated in, or facilitated a terrorist activity, or a person or group is knowingly acting on behalf of, at the discretion of, or in association with a terrorist entity.

The process to add entities to the list is iterative, ongoing and the Government of Canada does not disclose the specifics of this publicly. Where there are reasonable grounds to believe that the above test has been met, then the entity may be placed on the list of entities and the listing is made public.

To date, Canada has imposed restrictive measures against Russia and continues to look at all possible options to further constrain Wagner activities that threaten regional security. Canada has sanctioned more than 2400 individuals and entities in Russia, Belarus and Ukraine since 2014, and the Government of Canada will continue to use sanctions to put pressure on Russia to end the war in Ukraine. Canada recognizes the deployment of the Wagner Group by Russia in Ukraine and elsewhere, and has already sanctioned Wagner, its head, Yevgeny Prigozhin, and its co-founder Dmitry Utkin, as well as Prigozhin’s family members, associates, and Prigozhin’s other entities, such as the Internet Research Agency, under SEMA. Canada will continue to pursue further sanctions against Wagner, including more of its senior leaders, associates, and affiliated-entities, as appropriate.