

Canada Imposes New Economic Sanctions Against China

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For the first time in several decades, Canada has imposed economic sanctions against four Chinese individuals and one Chinese entity engaging in conduct deemed unacceptable by the Government of Canada based on their participation in gross and systematic human rights violations against China's Uyghur population, and other Muslim minority groups and population the in the Xinjiang Uyghur Autonomous Region of China (XUAR). The violations include the mass arbitrary detention of more than one million Uyghurs and other Muslim ethnic minorities on the basis of their religion and ethnicity, as well as political re-education, forced labour, torture, and forced sterilization.

Canada is implementing these sanctions in coordination with sanction authorities in the United States, United Kingdom, and European Union.

Canadian Measures

The *Special Economic Measures (People's Republic of China) Regulations* impose - on listed individuals - a prohibition on any transaction (effectively, an asset freeze) by prohibiting persons in Canada, and Canadians outside of Canada, from engaging in any activity or dealing related to any property of these individuals or providing financial or related services to them.

The names of the designated individuals and entity targeted by these regulations are:

- Zhu Hailun
- Wang Junzheng
- Wang Mingshan
- Chen Mingguo
- Xinjiang Production and Construction Corps Public Security Bureau

The designated persons include Zhu Hailun, believed to be the "architect" of the large-scale surveillance, detention, and indoctrination programme against the Uyghurs. The other three individuals are Wang Junzheng, Wang Mingshan and Chen Mingguo, who are deemed responsible for arbitrary detentions and degrading treatment inflicted upon Uyghurs and people from other Muslim ethnic minorities, as well as systematic violations of their freedom of religion or belief.

The penalised entity is Xinjiang Production and Construction Corps (XPCC) Public Security Bureau, a state-

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owned economic and paramilitary organisation considered to be in charge of security matters and the management of the detention centres in Xinjiang.

Penalties for engaging in any such prohibited transactions (ranging from hefty civil fines to criminal prosecution) are those provided under the *Special Economic Measures Act*.

Implications for Business

Compliance with the complex net of sanctions laws is an integral aspect of managing reputational, legal, and regulatory risks of every business, and must be addressed in the context of every economic undertaking.

Businesses must assess their operation and conduct appropriate due diligence on their counterparts (including customers, agents, and suppliers) and supply chains to detect any involvement in sanctionable conduct and terminate relationships and activity as appropriate. In particular, businesses that have potential exposure in their supply chain to the Xinjiang Uyghur Autonomous Region or, to facilities outside Xinjiang that use labor or goods from that region, should proceed with caution.

Procedures should be proactively implemented to mitigate the risk of engaging in offending conduct in the future, and in transactions directly or indirectly with designated persons or persons owned or controlled by designated persons.

Facilitation

Canadian sanctions legislation generally makes it an offence to do anything that, directly or indirectly, causes, facilitates, promotes, or assists in a prohibited activity. Compliance programs must have measures in effect to detect and prevent any corporate activities that engage sanctions law prohibitions indirectly.

Permit Authorizations

Canadian sanctions legislation includes mechanisms for the Minister of Foreign Affairs to issue permits or authorizations to authorize certain specified activities or transactions that are otherwise prohibited. Permits may be granted on an exceptional basis in respect of activities that are prohibited under the SEMA regulations.

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This publication is a general summary of the law. It does not replace legal advice tailored to your specific circumstances.