



## Article Detail

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### Article

Canada Targets Financial Services and Oil & Gas Sectors in New Unilateral Sanctions Against Iran

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Following similar actions taken by the United States and the European Union, Canada today announced the implementation of its own unilateral sanctions against Iran, including controls on goods, services, technology and investments. These measures extend well beyond the United Nations sanctions implemented several weeks ago and further described in our recent report, *Sanctions Alert: The Brave New World of Doing Business with Iran*, and add to the compliance burden of Canadian companies doing business internationally, particularly financial institutions and firms operating in the oil and gas sectors.

The new measures are being implemented under Canada's *Special Economic Measures Act (SEMA)*, which has also been used to impose unilateral sanctions against Burma and Zimbabwe.

The Canadian government has advised that these sanction measures prohibit the following:

- making any new investment in the Iranian oil and gas sector;
- exporting or otherwise providing to Iran items used in refining oil and gas;
- establishing correspondent banking relationships with Iranian financial institutions;
- providing or acquiring financial services to allow an Iranian financial institution (or a branch, subsidiary or office) to be established in Canada, or vice versa;
- purchasing any debt from the Government of Iran;
- dealing with designated persons involved in nuclear, chemical, biological and missile proliferation;
- exporting or otherwise providing to Iran arms and related material not already banned, and items that could contribute to Iran's proliferation activities; and
- providing a vessel owned or controlled by, or operating on behalf of the Islamic Republic of Iran Shipping Lines with services for the vessel's operation or maintenance.

The Canadian government has also advised that the measures are effective July 26, 2010 and that the regulations will be released within the next few days.

Canadian companies should be carefully reviewing these and the existing sanctions regimes implemented by Canada and other countries, including extraterritorial measures of the United States, when contemplating any activities involving Iran or any Iranian entities.

McCarthy Tétrault's International Trade and Investment Law Group continues to closely monitor developments in economic sanctions and export controls concerning Iran and other countries and entities. Our group's practitioners have

significant expertise in these matters and regularly assist clients in developing solutions to compliance and enforcement issues in this area.

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