

Canada Trimmed Russia Sanctions to Protect Own Interests, Report Says

By [The Moscow Times](#)

May 16, 2014



Canada's Prime Minister Stephen Harper speaks during Question Period in the House of Commons on Parliament Hill in Ottawa, Canada.

Canada broke with the U.S. and did not impose sanctions on two key allies of Russian President Vladimir Putin because the pair had Canadian business interests, according to sources familiar with the matter.

The revelation puts into question the government's tough line on Russia over the crisis in Ukraine. Canadian Prime Minister Stephen Harper recently compared Putin's actions to those of Adolf Hitler in the run-up to World War II.

Canada, home to 1.2 million people of Ukrainian descent, has imposed sanctions on more than 80 Russian and Ukrainian officials and businesses, compared to about 60 by the U.S.

But unlike the U.S., Canada has not moved against Sergei Chemezov, who heads state-owned

industrial and defense conglomerate Rostec, and Igor Sechin, CEO of oil giant Rosneft . Both men, who are close to Putin, have business ties to Canada.

Rosneft owns some 30 percent of a Canadian oil field, while Rostec has an aircraft assembly joint venture lined up with Bombardier Inc. The venture is vital to the Canadian plane and train maker, as the fate of a roughly \$3.4 billion aircraft sale deal is tied to it.

Asked about the decision not to go after either Sechin or Chemezov, a Canadian government source familiar with Ottawa's sanctions strategy told Reuters: "Our goal is to sanction Russia, it is not to go out of our way to sanction or penalize Canadian companies."

The comments appear to contrast with the official government approach. Harper, referring to the Ukraine crisis, said in March that "we will not shape our foreign policy to commercial interests" and officials say that stance is still valid.

Indeed, the Conservative government on Wednesday called on business executives not to attend events in Russia, like the St. Petersburg International Economic Forum this month and the World Petroleum Congress in Moscow in June.

"We will continue to apply pressure to Russia, we will continue to impose sanctions along with our allies, but we will also look out for Canada's broader interests," the government source said.

Canada's official opposition New Democrats said the failure to target Chemezov and Sechin undermined the case for sanctions.

"It's egregious. I think this is not consistent with what the government's rhetoric is on getting tough with the Russians and getting tough with Putin," the party's foreign affairs spokesman Paul Dewar said.

In Europe, some leaders have also tempered their criticism of Moscow, in a sign they, too, are worried about business ties with Russia, a major provider of oil and gas to the region.

But Harper took a strong line from the start, castigating Putin and pushing the effort to have Russia kicked out of the Group of Eight leading industrialized nations.

CEO Lobbies Ottawa

As Ottawa developed its sanctions policy, it was being lobbied by top officials from Bombardier, which is one of Canada's major industrial players.

The company last year signed a preliminary deal to sell 100 short-haul aircraft in Russia and agreed to set up an assembly line for the planes in that country, in partnership with Rostec. Bombardier also has other interests in Russia, including a long-standing joint venture in its rail business.

Canada's official registry of lobbyists shows Bombardier CEO Pierre Beaudoin reported six meetings in March with government officials, including Transport Minister Lisa Raitt and Industry Minister James Moore.

One source familiar with the discussions said Bombardier did not specifically ask the government to keep Chemezov off the sanctions list but stressed the ramifications that punitive measures could have on its business interests in Russia.

Three of the meetings took place on March 4 and one on March 7. After Canada announced sanctions in mid-March, Bombardier again met with senior officials on March 20 and 27.

Bombardier declined to comment on the specifics of its lobbying efforts in Ottawa but said the discussions revolved around its extensive overseas interests, among other matters.

A spokeswoman said the firm remained hopeful about the joint venture with Rostec, but acknowledged the current political environment was likely to delay its timeline.

The registry of lobbyists showed no record of Rosneft representatives meeting with the Canadian government in March. But a third well-placed source, familiar with sanctions planning, confirmed the decision to exclude both Chemezov and Sechin was made because of Canada's commercial interests.

Rosneft owns 30 percent of an Exxon Mobil Corp oil field in the western province of Alberta, where it is learning the horizontal drilling and fracturing techniques that have revolutionized the North American oil industry.

Canada coordinates sanctions closely with the U.S., which described Chemezov as a trusted Putin ally and said Sechin "has shown utter loyalty" to the Russian leader.

Outwardly, Canada's reluctance to impose sanctions on the pair does not appear to have caused tensions with its neighbor. A White House official said the U.S. valued its cooperation with Canada and other partners.

In Moscow, spokespeople for both Rosneft and Rostec declined to comment.

Original url:

<https://www.themoscowtimes.com/2014/05/16/canada-trimmed-russia-sanctions-to-protect-own-interests-report-says-a35507>