

Canada's Boycott Policy

Information for Exporters

Almost thirty years ago the Government of Canada clarified its position on international boycotts. At that time the Government strongly affirmed its opposition to discrimination and boycotts based on race, national or ethnic origin or religion. Accordingly the Government took measures to deny its support or facilities for various kinds of trade transactions in order to combat any discriminatory effects which boycotts may have on Canadian companies or individuals.

Shortly thereafter, EDC, as a federal Crown corporation, implemented a corporate policy on international boycotts which reflects the policy of the Government of Canada.

Consequently:

1. While EDC recognizes the right of nations to impose boycotts on other nations, EDC support and services will be denied or withdrawn where the transaction requires a Canadian company to:
 - a) engage in discrimination based on race, national or ethnic origin or religion;
 - b) refuse to purchase from or sell to any other Canadian company;
 - c) refuse to sell Canadian goods to any country;
 - d) refrain from purchases from any country; or
 - e) restrict commercial investment or other economic activity in any country.
2. EDC recognizes that a Canadian company, in shipping goods to a boycotting country, may comply with the shipping requirements of that country with respect to: the country of origin of the goods; the name of the carrier; and the route of the shipment.
3. EDC will find unacceptable any negative or exclusionary contractual clauses, statements, or declarations made by a Canadian company regarding the country of origin of the goods or services related to an export transaction. Nevertheless, information regarding carriers or routes of shipment may be negatively stated.
4. EDC will find unacceptable any contractual clauses which may require a Canadian company, as a precondition for doing business in a boycotting country, to limit its commercial activities with respect to another country.
5. Statements of fact on commercial dealings, past or present, with any country or company are acceptable. Statements of intention not to engage in such dealings in the future are unacceptable.

Illustrations:

Frequently the boycott provisions are unclear and/or improperly translated. **Exporters are strongly advised to contact EDC for advice when faced with a boycott provision in their contracts or international business dealings.**

Failure to comply with EDC's Boycott Policy may jeopardize an exporter's support under, and any future access to, EDC's products and services.

There are many variations on boycott clauses and the following illustrations are provided as examples only.

<u>Certification of Facts</u>	
Goods/Services are of [X country] of origin	Okay
Goods/Services are not of [X country] of origin	Prohibited
Goods/Services are not from blacklisted company	Prohibited
Goods/Services are not from a company cooperating with [X country]	Prohibited
Goods/Services are not manufactured by a person in trade with the government, nationals or companies of [X country]	Prohibited
Supplier/Exporter/Contractor is not blacklisted or an affiliate of a blacklisted company	Okay
Supplier/Exporter/Contractor has no direct/indirect connection with [X country]	Okay with addendum*
Providing information regarding race, religion or national or ethnic origin	Prohibited
Ship carrying goods is not blacklisted	Okay with declaration*
Ship carrying goods is not [X country] owned	Okay
Ship carrying the goods is not scheduled to call at [X country] port	Okay
Insurer of the goods is not blacklisted	Prohibited
<u>Contract Provisions</u>	
Will not send [X country] nationals to host country to perform services	Okay
Compliance with import, export and/or other laws of host country	Okay
Supplier/exporter will abide by host country boycott regulations	Not okay unless with addendum*
Contract & disputes will be governed by laws of host country	Okay
Customer has the right of prior approval of subcontractors	Okay
Contract specifies permissible subcontractors, but none are blacklisted	Prohibited

*** Addendum/Unilateral Declaration**

In some cases, such as those noted above, the exporter must include an addendum to the contract for it to be acceptable for EDC support. In other cases a unilateral declaration by the exporter to EDC would make the contract acceptable for EDC support.

The addendum/unilateral declaration would be along the following lines:

“In meeting the terms of this contract, the sellers are not required: a) to discriminate against any person on the basis of race, religion or national or ethnic origin; b) to refuse to purchase from or sell goods and/or services to any other company, agency or individual; c) to refuse to sell Canadian goods and/or services to any country; or d) to purchase goods and/or services from any country, except that it is the right of the purchaser to refuse to accept goods, components and/or services of specified non-Canadian origin that would be prohibited entry if imported directly.”