

FAQ: Canada's proposed ban on trade with illegal Israeli settlements

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1. What did Canada announce?

On September 8, 2026, the Canadian government announced its intention to impose restrictions on trade with illegal Israeli settlements.

In a [joint statement](#) signed by the United Kingdom, France, and 9 other European countries, Canada congratulated the recent bans on trade with settlements adopted by countries including Ireland, Spain, and Norway, and “pledged to bring forward national measures to ban trade in settlement goods.”

Canada's Foreign Minister Anita Anand later [pledged](#) that restrictions would be introduced “in the coming months.” A [joint statement](#) by Prime Minister Carney alongside the leaders of France and the UK promised that the countries would “take steps to ban the importation of goods from settlements and enforce targeted measures against settlements and those who facilitate them or profit from them.”

However, Canada has not yet announced any details about its forthcoming policy or how it intends to implement it.

2. Is Canada's announcement symbolic? Or can it make a difference?

Canada's announcement is welcome, as it marks the first time that Israel will face material, economic consequences for its blatant violations of international law. Because of the deep integration of the settlements into the broader Israeli economy, CJPME believes that the implications for sanctions against Israeli individuals and entities are potentially far-reaching. If Canada is serious about taking action against those who **facilitate and profit from** settlements, then these sanctions could have a real material and political impact.



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However, the effectiveness of Canada's trade ban will ultimately depend on the details: how comprehensive it is, the specific mechanisms involved, and Canada's willingness to enforce it. That is why the restrictions must not be limited to the import of goods and also include a comprehensive ban on trade with services, investment, property. For example, it must take action not only against the settlements but also the Israeli banks that finance them, the companies that insure them, and the politicians who approve them.

It is important to stress that the settlements are not an isolated problem, but are a mechanism of deliberate Israeli policy to maintain permanent control over the occupied Palestinian territory (OPT). Canada's sanctions must not be limited to individual settlers and businesses, but target economic and political aspects of Israel's state and economy that are complicit in and facilitate the illegal occupation. Canada's recent statements do appear to acknowledge Israel's central role in the settlement enterprise, to an extent, but the proof will be in the details of the final policy.

3. Does Canada's announcement align with international law?

Yes, Canada's proposed ban on trade with settlements appears to represent an important step towards aligning Canadian policy with international law, notably the [2024 Advisory Opinion](#) of the International Court of Justice (ICJ).

In that opinion, the ICJ determined that Israel's occupation of the Palestinian territories is illegal and must be brought to an end as soon as possible. The ICJ further [concluded](#) that states like Canada have an obligation to restructure their economic relations with Israel so that they do not contribute to its illegal presence in the OPT, including by taking steps to "prevent trade or investment relations" that uphold the occupation. Canada's proposed ban on trade would move in this direction.

However, a ban on trade with settlements would not go far enough to meet all of its legal obligations per the ICJ. As a start, Canada must also take steps to prevent other forms of investment and military trade that uphold the illegal occupation, and ensure that no government pension or other funds are invested in complicit companies. Canada must also cancel the [Canada-Israel Free Trade Agreement \(CIFTA\)](#), which continues to violate the ICJ and the right of the Palestinian people to self-determination by treating occupied Palestine as if it belongs to Israel.

4. Is targeting the settlements enough?

No. In order to address the gravity of Israel's crimes of occupation, apartheid, and genocide, Canada needs to impose broad sanctions against any Israeli structures that uphold its illegal conduct in occupied Palestine, just as Canada took broad sanctions against Apartheid South Africa in the 1980s and against Russia following its recent invasion of Ukraine.

5. Why is Canada taking this step now?

In their statements, Canada and its European partners have specifically pointed to the crisis of Israeli settler violence against Palestinians and Israel's advancement of the "doomsday" E-1 settlement, which threatens to cut the occupied West Bank in two. One year after Canada, the UK and France recognized the State of Palestine, the countries [now say](#) that "the time has come to take further action to uphold our commitment to protect the two-state solution, our interests and to stand up for our values, before it is too late."

This announcement also comes in the context of Canada seeking greater coordination and integration with Europe. In recent months, the European Union (EU) has faced intensifying [political pressure](#) to adopt an EU-wide ban on settlement goods, with member states including [Spain](#), [Ireland](#) and [Belgium](#) already adopting unilateral bans. Canada has issued several escalatory statements over the past year warning about possible consequences for businesses that support settlements.

Further, the UK has explicitly pointed to the ICJ Advisory Opinion on the illegality of Israel's occupation as a key motivation for imposing sanctions.

6. How much trade does Canada do with Israel's illegal settlements?

Unfortunately, we currently have no way of knowing the degree of Canadian trade with the Israeli settlements. This is because [Canada does not distinguish between trade with Israel vis-a-vis the settlements](#), and does not appear to even keep track of the volume of settlement trade.

Officially, exports from settlements appear to be a small portion of overall Israeli trade. For what it is worth, Israeli manufacturers [claim](#) that “less than 5 percent of Israeli exports originate in factories in the West Bank.” However, the official numbers do not give an accurate picture of the problem. This is because Israeli companies use a variety of methods along the supply chain to [obfuscate the origin](#) of their products, including by providing false addresses or by “commingling” their products with goods from Israel. Many goods from Israel are likely to include component parts produced in settlements that are undisclosed. A [recent investigation](#) by Global Echo found that nearly 20% of agricultural shipments to the European Union have included settlement goods.

Apart from goods themselves, the Israeli economy is deeply tied to the settlements in many ways, including through banking and financial services. Israel has increasingly sought to erase any distinction between itself and its unlawful presence in Palestine, which means that a major part of its overall economic and political systems are complicit. There are likely to be many forms of trade and economic cooperation conducted under the banner of CIFTA in support of the settlements, raising the importance of investigation and enforcement measures to ensure meaningful compliance.

7. What can Canada learn from the UK's announcement?

While Canada has so far not divulged any details about the policy that it intends to introduce, the United Kingdom has already [announced](#) more specific measures which go beyond simply banning imports. In particular, Secretary Miliband has promised to “take action against specific companies and individuals who provide services such as construction, infrastructure, financing, or real estate for settlement expansion.” This includes advertising. As he warned: “to those who finance or facilitate illegal settlements, let me say this, you will face the full force of UK sanctions.”

Further reports [suggest](#) that the UK trade ban will rightfully extend to illegal settlements in occupied East Jerusalem and the occupied Syrian Golan.

Aside from settlement trade itself, the UK has acknowledged the finding of the ICJ in its 2024 Advisory Opinion that Israel's occupation as a whole is illegal, and has acknowledged the implication for its arms exports to Israel. As Secretary Miliband [explained](#): "We will now also refuse all license applications for arms and other exports that materially contribute to the occupation, in effect a double lock against arms sales. This means the ban on such exports will now remain as long as the occupation persists." This is a major development in the strengthening of UK policy to ensure that its arms trade policy does not contribute to sustaining Israel's illegal occupation, and is a measure that must also be urgentl applied at home.

8. Will the trade ban hurt Palestinians?

Israel's supporters have tried to argue that imposing sanctions will hurt Palestinian workers. It is certainly possible that there could be a nominal economic impact, due to Israel's control over the Palestinian economy and its development of settlement industrial zones that are designed to exploit the cheap labour of a captive population.

However, Palestinians overwhelmingly support imposing economic measures against Israel. In this way, there is a noteworthy parallel with the movement against Apartheid South Africa in the 1970s and 80s, when supporters of the racist regime often tried to argue that boycotts would hurt Black South Africans. Then as now, it is the victims of Apartheid themselves who are calling for economic measures, including sanctions and boycotts and the cancellation of trade deals with Israel.

Of course, sanctions can and must be designed in ways that avoid inadvertently punishing Palestinians. Sanctions must target Israeli settlement areas and exclude Palestinian communities in the occupied territories. But it is not a legitimate goal to preserve Palestinian employment by upholding Israeli settlement businesses, which are completely illegal and contribute to the exploitation of Palestinian labour and plunder of natural resources.

9. Should Canada worry about retaliation from Israel?

Canada should expect retaliation from Israel over its proposed trade restrictions. Israel has already responded to the UK announcement by [closing](#) the British consulate in East Jerusalem, expelling UK personnel who were part of a Gaza security coordination centre and involved in security training of Palestinian Authority forces, and banning 12 UK citizens from visiting the country. Any retaliatory measures faced by Canada should be welcomed as a point of pride, as this is the price of taking real action against injustice. Many of these security-related programs have been criticized by Palestinians as contributing to the unjust status quo and upholding Israel's occupation, and they are less valuable than sanctions that can hold Israeli perpetrators accountable.

