



Japan: Sanctions on Iran, North Korea, and Syria

July 2013

LL File No. 2013-009743
LRA-D-PUB-000010

This report is provided for reference purposes only.
It does not constitute legal advice and does not represent the official
opinion of the United States Government. The information provided
reflects research undertaken as of the date of writing.
It has not been updated.

Japan: Sanctions on Iran, North Korea, and Syria

Sayuri Umeda
Senior Foreign Law Specialist

SUMMARY Japan has imposed sanctions on Iran in accordance with United Nations Security Council (UNSC) resolutions but has not implemented unilateral sanctions against Iran. Japan initiated unilateral sanctions against North Korea and later imposed further sanctions on the basis of an agreement with the United States and UNSC resolutions. Japan has also imposed sanctions on Syria in cooperation with the United States and the European Union.

I. Sanctions Against Iran

Japan followed United Nations Security Council (UNSC) resolutions and began imposing sanctions on Iran in February 2007.¹ Japan has not implemented any unilateral sanctions against Iran.

A. Measures to Freeze the Assets of Those Engaged in Iran's Nuclear and Other Related Activities

1. *Payment Regulation*

Payments to those designated by UNSC resolutions as being engaged in Iran's nuclear and other related activities are subject to a licensing system.²

2. *Capital Transaction Regulation*

Capital transactions (contracts for deposits, trusts, and money lending) with those designated by UNSC resolutions as being engaged in Iran's nuclear and other related activities are subject to a licensing system.³

¹ The first UNSC resolution Japan followed was UNSC Resolution 1737, adopted on Dec. 23, 2006. *See*, Press Release: Measures Based on the Foreign Exchange and Foreign Trade Law to Prevent the Transfer of Financial Resources and to Prohibit the Import of Items Related to Iran's Proliferation Sensitive Nuclear Activities and Development of Nuclear Weapon Delivery Systems, Feb. 16, 2007, MOFA, <http://www.mofa.go.jp/announce/announce/2007/2/0216-2.html>.

² Foreign Exchange and Foreign Trade Act, Act No. 228 of 1949, *amended by* Act No. 59 of 2009, art. 16, paras. 1 & 3, *translated in* http://www.japaneselawtranslation.go.jp/law/detail_main?re=02&vm=02&id=2076; Foreign Exchange Order, Cabinet Order No. 260 of 1980, *amended by* Cabinet Order No. 237 of 2008, art. 6, para. 1, *translated in* http://www.japaneselawtranslation.go.jp/law/detail_main?re=02&vm=02&id=1862; Ministry of Economy, Trade and Industry (METI) Notification No. 28, Feb. 16, 2007, No. 196, Sept. 3, 2010; Ministry of Finance (MOF) Notification No. 58, Feb. 16, 2007, No. 256, Aug. 3, 2010, and No. 290, Sept. 3, 2010; Ministry of Foreign Affairs (MOFA) Notification Nos. 92 & 93, Feb. 16, 2007, No. 293, May 18, 2007, No. 255, Apr. 22, 2008, No. 360, Aug. 3, 2010, No. 395, Sept. 3, 2010, No. 391, Dec. 9, 2011 & No. 59, Feb. 27, 2013.

3. *Travel Ban*

People designated by UNSC resolutions as being engaged in Iran's nuclear and other related activities are banned from traveling to Japan.⁴

4. *Termination of Correspondent Banking Relationships with Designated Iranian Banks*

Assets of designated Iranian banks have been frozen with the effect that correspondent banking relationships with those banks have been halted.⁵ The Japanese government has requested Japanese banks not to establish new correspondent banking relationships with any Iranian banks.⁶

B. Prevention of Transfer of Financial Resources to Aid Iran's Nuclear Activities

A licensing system has been applied to any payments abroad that contribute to the supply, sales, or transfer to Iran, or manufacture or use in Iran, of goods and technology connected with Iran's nuclear and other related activities. Payments that could be used to contribute to activities related to the supply of large conventional weapons are also subject to this licensing system.⁷

The prohibition on the transfer of funds was expanded in 2010 to cover the following transactions:

- The transfer from Japan to Iran of trade-related funds connected with Iran's nuclear activities or with activities pertaining to supplying Iran with large conventional weapons;
- All transfers from Iran to Japan of funds connected with Iran's nuclear activities or with activities pertaining to supplying Iran with large conventional weapons.⁸

Japanese financial institutions have the obligation to scrutinize all fund transfers and are subject to monthly reporting requirements concerning all Iran-related transfers.⁹

³ Foreign Exchange and Foreign Trade Act art. 21, para. 1 & art. 24, para. 1; Foreign Exchange Order art. 15, para. 1; METI Notification No. 29, Feb. 16, 2007 & No. 198, Sept. 3, 2010; MOF Notification No. 59, Feb. 16, 2007; MOFA Notification Nos. 92 & 93, Feb. 16, 2007, No. 293, May 18, 2007 & No. 59, Feb. 27, 2013.

⁴ Accompanying Measures Pursuant to United Nations Security Council Resolution 1929, MOFA, Sept. 3, 2010, http://www.mofa.go.jp/region/middle_e/iran/measures_unsc_1009.html.

⁵ Foreign Exchange and Foreign Trade Act art. 21, para. 1; Foreign Exchange Order art. 11, para. 1; MOF Notification No. 289, Sept. 3, 2010; MOFA Notification No. 394, Sept. 3, 2010, No. 390, Dec. 9, 2011 & No. 69, Mar. 13, 2012.

⁶ Accompanying Measures Pursuant to United Nations Security Council Resolution 1929.

⁷ Foreign Exchange and Foreign Trade Act art. 16, paras. 1 & 3; Foreign Exchange Order art. 6, para. 1; MOF Notification No. 59, Feb. 16, 2007, & No. 255, Aug. 3, 2010; MOFA Notification No. 92, Feb. 16, 2007, No. 294, May 18, 2007, No. 362, Aug. 3, 2010.

⁸ MOF Notification 290, Sept. 3, 2010.

⁹ Foreign Exchange and Foreign Trade Act art. 55-8; Foreign Exchange Order art. 18-8.

C. Measures to Prohibit Investments

A license and prior notification are required for capital transactions and inward direct investments, respectively, by Iran-related entities and individuals that invest in the stocks of Japanese companies involved in the industries designated by MOFA as being subject to the measures prohibiting investment by Iran.¹⁰

The Japanese government will not authorize applications from Iranian financial institutions for licenses to open branches or subsidiaries under the Banking Act, nor will it authorize applications from Japanese financial institutions for licenses to open branches or subsidiaries in Iran under the Banking Act.¹¹

D. Prohibition of Insurance to Iran

The government has prohibited Japanese companies from providing insurance/reinsurance services if the activities covered by such insurance/reinsurance services could contribute to Iran's nuclear activities or to supplying Iran with large conventional weapons.¹²

E. Prohibition of Brokering of Securities Related to Iran

The government has prohibited Japanese companies from providing brokerage services both in primary and secondary markets for securities issued by Iranian entities if those securities could contribute to Iran's nuclear activities or to supplying Iran with large conventional weapons.¹³

F. No New Medium- or Long-Term Commitments for Export Credit

Japan Bank for International Cooperation and Nippon Export and Investment Insurance (NEXI) will no longer enter into new medium- to long-term (two years or more) commitments for export credit for trade with Iran. In addition, NEXI exercises the utmost due diligence with strict conditions when providing short-term export credit for trade with Iran.¹⁴

New oil- or gas-related investments have been halted by this measure.¹⁵

¹⁰ Cabinet Office, Ministry of Internal Affairs and Communications, MOF, Ministry of Education, Culture, Sports, Science and Technology, Ministry of Health, Labour and Welfare, Ministry of Agriculture, Forestry and Fisheries, Ministry of Land, Infrastructure, Transport and Tourism, and Ministry of Environment Notification No. 1, Aug. 3, 2010, MOFA Notification 361, Aug. 3, 2010.

¹¹ Accompanying Measures Pursuant to United Nations Security Council Resolution 1929.

¹² Foreign Exchange Order art. 18, para. 3; METI Notification No. 199, Sept. 3, 2010; MOFA Notification No. 288, Sept. 3, 2010.

¹³ MOFA Notification No. 288, Sept. 3, 2010.

¹⁴ Accompanying Measures Pursuant to United Nations Security Council Resolution 1929.

¹⁵ *Id.*

G. Measures to Prohibit Procurement of Items Connected with Iran's Nuclear and Other Related Activities

An approval system has been applied to the import of items originating or shipped from Iran that are designated in UNSC resolutions as being connected with Iran's nuclear and other related activities.¹⁶

H. Export Control

Japan has imposed export controls on the transfer of all Australia Group-listed and Wassenaar items to Iran under the Foreign Exchange Act.¹⁷

II. Sanctions Against North Korea

Japan has implemented both unilateral sanctions against North Korea and sanctions against North Korea based on cooperation with the United States and UNSC resolutions. After a missile launch by North Korea in 2006, Japan implemented unilateral sanctions against North Korea by banning the docking of the Mangyongbyon-92, a ferry that shuttles between North Korea and Japan.¹⁸ Then, following North Korean nuclear tests, Japan imposed further sanctions, which included banning

- the entrance of North Korean nationals into Japan;
- the docking of North Korean ships;
- any shipping to North Korea;¹⁹
- all imports originating or shipped from North Korea;²⁰
- sales, loans, and gifts of goods that involve their transfer between North Korea and third countries; and
- payments for goods originating or shipped from North Korea.²¹

The Japanese sanctions against North Korea that are based on cooperation with the United States and UNSC resolutions are as follows:

¹⁶ Import Control Order, Cabinet Order No. 414 of 1949, art. 3, para. 1; METI Notification No. 30, Feb. 16, 2007.

¹⁷ Press Release, MOFA, Accompanying Measures Pursuant to United Nations Security Council Resolution 1929 on Iran (Sept. 3, 2010), http://www.mofa.go.jp/announce/announce/2010/9/0903_02.html.

¹⁸ Special Measures Act on Banning Docking of Designated Ships, Act No. 125 of 2004, art. 3, para. 1; Cabinet Notification No. 3, July 5, 2006.

¹⁹ Foreign Exchange and Foreign Trade Act art. 48.

²⁰ *Id.* art. 52.

²¹ *Recent Economic Sanctions*, CENTER FOR INFORMATION ON SECURITY TRADE CONTROL (Apr. 16, 2013), http://www.cistec.or.jp/export/keizaiseisai/saikin_keizaiseisai/#2_nihon (in Japanese).

- freezing assets (payments and capital transactions) of designated individuals and organizations;²²
- requesting Japanese financial institutions and financial institutions located in Japan to refrain from establishing or maintaining correspondent relationships with North Korean financial institutions;
- denying approval, upon receipt of an application for a banking license, to North Korean financial institutions to open a branch or establish a subsidiary in Japan, or to Japanese financial institutions to open a branch or establish a subsidiary in North Korea;
- implementing the strict inspection of all cargo;²³ and
- denying permission to aircraft to land, take off, and overfly when there are reasonable grounds to believe that the aircraft contains items whose supply, sale, transfer, or export is prohibited by UNSC resolutions.²⁴

III. Sanctions Against Syria

In concert with the United States and the European Union, Japan implemented payment and capital transaction regulations to freeze the assets of designated individuals and entities in September 2011.²⁵ The designation has been expanded several times since then.²⁶

Japan has not approved charter flights to Japan using Syrian aircraft since July 2012.²⁷

A stricter and more individualized review of the issuance of visas has been imposed on the designated individuals.²⁸

²² Foreign Exchange and Foreign Trade Act art. 16, paras. 1 & 3, art. 21, para. 1 & art. 24, para. 1; Foreign Exchange Order art. 6, para. 1 & art. 15, para. 1; MOF Notification Nos. 111 & 112 of 2013; METI Notification Nos. 98 & 99 of 2013; MOFA Notification Nos. 297 & 392 of 2009, No. 174 of 2010, Nos. 41, 115 & 118 of 2013.

²³ Special Measures Act on Cargo Inspection Implemented Based on UNSC Resolution 1874, Act No. 43 of 2010.

²⁴ Measures Taken by Japan against North Korea (Announcement by the Chief Cabinet Secretary), Prime Minister of Japan and His Cabinet (Apr. 5, 2013), http://www.kantei.go.jp/foreign/96_abe/decisions/2013/0405tyoukan_happyou_e.html.

²⁵ Foreign Exchange and Foreign Trade Act, art. 16, paras. 1 & 3, art. 21, para. 1 & art. 24, para. 1; Foreign Exchange Order art. 6, para. 1, art. 11, para. 1 & art. 15, para. 1; MOF Notification Nos. 309 & 310, Sept. 9, 2011; METI Notification Nos. 189 & 190, Sept. 9, 2011; MOFA Notification No. 315, Sept. 9, 2011.

²⁶ MOFA Notification No. 409, Dec. 22, 2011, No. 60, Mar. 9, 2012, No. 239, July 6, 2012, & No. 370, Nov. 27, 2012.

²⁷ Addition of Lists for the Measures to Freeze the Assets of President Bashar Al-Assad and His Related Individuals and Entities in Syria and the Prohibition of Services to Japan for Charter Flights Using Syrian Aircraft, MOFA (July 6, 2012), http://www.mofa.go.jp/announce/announce/2012/7/0706_02.html.

²⁸ *Id.*