



# **South Korea: Sanctions on Iran, North Korea, and Syria**

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# South Korea: Sanctions on Iran, North Korea, and Syria

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**SUMMARY** South Korea imposes sanctions on Iran in relation to United Nations Security Council Resolution No. 1929. South Korea has suspended inter-Korean exchanges and cooperation with North Korea and has not established diplomatic relations with Syria.

## I. Sanctions Against Iran

The regulatory framework for South Korea's sanctions on Iran is explained by a South Korean law firm on the UK P&I Club website.<sup>1</sup> While a Ministry of Strategy and Finance notification designates individuals and entities that are subject to financial transaction restrictions and designates which transactions are subject to approval by the Bank of Korea, guidelines issued by public entities, such as the Bank of Korea and the Korea International Trade Association (KITA), directly regulate transactions.<sup>2</sup>

Sanctions in relation to United Nations Security Council (UNSC) Resolution No. 1929, imposed in 2010, are as follows:

### A. Finance

- Designated entities and individuals banned from foreign-exchange transactions without approval from the Bank of Korea (and such designation of entities and individuals was expanded in 2011<sup>3</sup>)
- Prior authorization requirements (for over €40,000 [about US\$53,200]) and prior reporting requirements (for over €10,000 [about US\$13,300]) for financial transactions with Iran
- Prohibition of the opening of new branches of Iranian banks in South Korea and vice versa
- Prohibition of the establishment of new correspondent banking relationships with Iranian banks
- Gradual termination of existing correspondent banking relationships with the Iranian banks subject to financial sanctions

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<sup>1</sup> Kim & Chang, Korea's New Guideline Regarding Transactions with Iran, Dec. 22, 2011, [http://www.ukpandi.com/fileadmin/uploads/uk-pi/Documents/Legal\\_sources/Korean\\_sanctions\\_Iran\\_Guideline\\_2011\\_12\\_16\).pdf](http://www.ukpandi.com/fileadmin/uploads/uk-pi/Documents/Legal_sources/Korean_sanctions_Iran_Guideline_2011_12_16).pdf).

<sup>2</sup> *Id.* at 2.

<sup>3</sup> Eunkyung Seo & Sungwoo Park, South Korea Expands Economic Sanctions Against Iran Over Nuclear Program, Bloomberg, Dec 16, 2011, <http://www.bloomberg.com/news/2011-12-16/south-korea-expands-economic-sanctions-against-iran-over-nuclear-program.html>.

- Prohibition of the sale or purchase of national bonds if there are reasonable grounds to believe such activity could contribute to Iran's proliferation-sensitive nuclear activities and the development of nuclear weapons delivery systems
- Prohibition of the provision of insurance and reinsurance if there are reasonable grounds to believe such activity could contribute to Iran's proliferation-sensitive nuclear activities and the development of nuclear weapons delivery systems

## **B. Trade**

- Reduction of export guarantees to Iran
- Prohibition of the export of strategic items, including dual-use items

## **C. Transportation & Travel**

- Strengthening of inspections on vessels or aircrafts to and from Iran that are suspected of carrying prohibited items
- Prohibition of the provision of services to Iranian vessels or cargo aircrafts suspected of carrying prohibited items
- Prohibition of the access to domestic airports of cargo aircraft operated by Iranian carriers if there are reasonable grounds to believe such activity could contribute to Iran's proliferation-sensitive nuclear activities and the development of nuclear weapons delivery systems
- Travel ban on those individuals designated pursuant to UNSC resolutions

## **D. Energy**

- Prohibition of new investment, technical or financial services, and construction contracts in petroleum
- Restrictions on resources/gas development activities, and restraint and caution when performing existing contracts<sup>4</sup>

## **II. North Korea and Inter-Korean Relations**

After a North Korean submarine sunk the South Korean patrol ship, Cheonan, with a torpedo on March 26, 2010, in the Yellow Sea, then President Lee Myung-bak implemented countermeasures. The South Korean government suspended all inter-Korean exchanges and cooperation with North Korea except the business operation in the Gaeseong Industrial Complex

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<sup>4</sup> Soo Kook Kim, *Realism and Liberalism in Economic Sanctions: An Analysis of South Korea's Sanctions on Iran in 2010*, in US-KOREA 2010 YEARBOOK 35, 38-39, [http://uskoreainstitute.org/wp-content/uploads/2011/05/SKim\\_YB2010.pdf](http://uskoreainstitute.org/wp-content/uploads/2011/05/SKim_YB2010.pdf).

and purely humanitarian aid for underprivileged people in North Korea.<sup>5</sup> Gaeseong Industrial Complex is currently shut down.<sup>6</sup>

### **III. Sanction Against Syria**

South Korea has not established diplomatic relations with Syria. According to the Ministry of Foreign Affairs, “Syria has refused to [establish such relations] because of our relations with Israel.”<sup>7</sup> It appears South Korea has not imposed sanctions on Syria.

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<sup>5</sup> *Inter-Korean Relations*, KOREA.NET, <http://www.korea.net/AboutKorea/Korea-at-a-Glance/Inter-Korean-Relations> (last visited July 26, 2013).

<sup>6</sup> *Chronology of N. Korea’s Suspension of Kaesong Industrial Complex*, KOREA HERALD (May 3, 2013), <http://www.koreaherald.com/view.php?ud=20130503000755>.

<sup>7</sup> *Syria*, MINISTRY OF FOREIGN AFFAIRS, [http://www.mofat.go.kr/ENG/countries/middleeast/countries/20070824/1\\_24423.jsp?menu=m\\_30\\_50](http://www.mofat.go.kr/ENG/countries/middleeast/countries/20070824/1_24423.jsp?menu=m_30_50) (last visited July 26, 2013).