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RESTRICTIONS ON FOREIGN OWNERSHIP OF LAND AND REAL PROPERTY UNDER JAPANESE LAW

Under the Alien Land Law of 1925, [1] aliens and Japanese corporations in which 50 percent or more of the employees, shareholders, or officers are foreign nationals or 50 percent or more of the capital or voting rights are held by foreign nationals or foreign corporations are, in principle, entitled to land ownership. However, articles 4 and 5 of the Law reserve the government's right to attach conditions to or impose restrictions on an alien's right to land ownership in specific areas designated important for purposes of national defense.

Further restrictions were set forth in the Cabinet Order Relating to Alien Acquisition of Property. [2] According to the Order, a national of a foreign country, including America, that maintained normal diplomatic relations with Japan might acquire land, buildings, or accessories to property in Japan for his own personal use. But, if an alien wished to acquire such property for purposes other than personal ones, it was required that he obtain a government permit (art. 3).

This Cabinet Order was abolished when the Foreign Exchange and Foreign Trade Control Law was revised on December 18, 1979, with the following exceptions: [3] an alien who had already acquired property under article 3 at the time when the 1979 Law came to be enforced is not affected thereby; an alien who had acquired property prior to the enforcement of the 1979 Law is required to submit reports as before to the competent minister (art. 7).

Under the revised Foreign Exchange and Foreign Trade Control Law of 1984, any alien who intends to invest in land and property (except in land and property for personal use, factories and stores for non-profit use, when the purpose of the investment is unclear, etc.), must give prior notice to the Minister of Finance. [4] However, when the Minister deems that the proposed investment in land is likely to cause a rise in the price of land, he may restrict such investment through validation. [5]

Furthermore, under the Agricultural Land Law, [6] any person intending to own farmland is subject to approval of the Agricultural Land Commission established in each city, town, or village (art. 3).

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[1] Law No. 42, Apr. 1, 1925.

[2] Cabinet Order No. 51, Mar. 15, 1949. By virtue of Law No. 88, 1952, it came into force as law after Apr. 28, 1952.

[3] Law No. 65, Dec. 18, 1979; came into force on Dec. 1, 1980.

[4] Art. 20, ¶1, item 10 and art. 22, ¶1, item 8, Law No. 44, May 25, 1984.

[5] Mitsumi Shirasu, "Gaikoku kawase oyobi gaikoku boeki kanriho no ichibu kaisei ni tsuite" [Partial Amendment to the Foreign Exchange and Foreign Trade Law], 1064 *Kin'yu homu jijo* 51 (Aug. 1984).

[6] Law No. 229, July 15, 1952, as last amended by Law No. 44, May 17, 1988.

Prepared by Sung Yoon Cho
Assistant Chief
Far Eastern Law Division
Law Library of Congress
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