

# Asia Pacific



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## **Additional sanctions on Iran – Singapore, Malaysia, Japan, Korea, Australia and New Zealand**

In our *Standard Bulletin, Sanctions special edition*, December 2010 we reported on the position of certain countries in Asia Pacific in respect of the UN Resolutions on Iran culminating with UN Resolution 1929 (2010). We update the position here and are also reporting for the first time on the position in Singapore, Malaysia and New Zealand.

Article 25 of the UN Charter requires Member States to accept and implement the decisions of the UN Security Council including the binding decisions in such resolutions. The purpose of the resolutions are to respond to Iran's proliferation of nuclear and ballistic missile programmes and development of nuclear weapon delivery systems. These resolutions are mainly asset freezing, prohibition of financial services or assistance to the Iranian government, Iranian banks and other designated entities or persons and the prohibition of travel by designated persons as well as an arms embargo.

The US and EU have issued more extensive sanctions, some of which apply extra-territorially. We thought it opportune to briefly look at the position today of some of the countries in the region and the extent to which they have expanded upon the UN sanctions with their own additional sanctions under their national law.



### **Singapore**

Singapore has enacted the UN Resolutions on Iran. The Monetary Authority of Singapore Act (Chapter 186) penalises any financial institution which contravenes this Act with fines of up to S\$1m. The United Nations Act (Chapter 339) sets out the restrictions on export and import of goods and technology, the use of Singaporean ships or aircraft to procure certain items and the provision of technical and specialised training which would contribute to the proliferation of sensitive nuclear activities to any Iranian citizen. Any breach is punishable with a fine not exceeding S\$100,000 or imprisonment not exceeding five years or both. The Strategic Goods (Control) Act prevents the transfer of technology or goods capable of being used to develop produce or acquire weapons of mass destruction. This Act is not Iran specific but its prohibitions would nonetheless apply in respect of Iran. Contraventions are punishable by a fine of S\$50,000 or imprisonment of up to 12 months or both.

### **Malaysia**

Malaysia similarly has enacted the UN Resolutions on Iran through their Strategic Trade Act and has consolidated other UN Sanctions (for example, in respect of Libya, Al Qaeda and the Taliban) under the Central Bank of Malaysia Act 2009 and the Anti-Money Laundering and Anti-Terrorism Financing Act 2001. Under Malaysian legislation citizens are required to disclose to the government if they have knowledge of any assets owned by designated persons or entities. Any Malaysian citizen or company that breaches sanctions may be punished with a fine of MYR1m or imprisonment of up to two years or both.

### **Japan**

We previously reported on the enactment of UN Resolution 1929 by the Foreign Exchange Trade Act. However, at that time, no penalties were put in place. There has since been an increase in the number of sanctioned Iranian banks (21), entities (345) and persons (109). Appropriate criminal fines can range from JPY10,000 to JPY1m and criminal imprisonment can be between one and three years.

### South Korea

There have been no further developments in South Korea since our last report. As previously advised, UN Resolution 1929 has been implemented by 'Specific Measures against Iran' issued by the Korean government in five areas of industry (Finance, Trading, Energy, Transportation and other Supplementary measures). Interestingly, the penalties are administered by the respective minister of the industry concerned and penalties may consist of fines or suspension of business activities.

### Australia

Australia has added further and more stringent sanctions to the UN Resolutions already in force by local legislation to supplement UN Resolution 1929. The Autonomous Sanctions Act 2011 puts in place further restrictions in relation to the transportation of Iranian oil, gas and petrochemical products, prohibitions on commercial transactions in respect of the Iranian petrochemical industry and certain sectors of Iranian oil and gas industry, the importation of crude oil, petroleum and petrochemical products from Iran and the prohibition of the import or export of certain goods to Iran. Breaches by individuals will be punishable by fines of either three times the value of the relevant transaction or A\$425,000 whichever is greater and/or imprisonment of up to 10 years. For corporations the fines are either three times the value of the relevant transaction or A\$1.7m whichever is greater.

A draft of proposed further additional sanctions (the Autonomous Sanctions Amendment Regulations 2013) can be found on the website of the **Australian Department of Foreign Affairs and Trade**. No implementation date has been set but it is expected to be within July/August 2013. If it is not amended by the public consultation process, it will be far more stringent than existing Australian legislation and will be quite similar to the USA's IFCA 2012. These additional sanctions will extend restrictions to the export of graphite, raw and semi-finished metals, naval equipment and technology, software of integrating industrial processes and vessels designed for the transport or storage of oil, gas or petrochemical products. It will also impose restrictions on providing services to Iranian oil tankers or cargo vessels, and restrictions on the construction, or participation in the construction, of a new oil tanker for Iran, an Iranian person or an Iranian entity.

### New Zealand

The respective UN Resolutions on Iran have been implemented by New Zealand's regulations pursuant to their United Nations Act 1946. On conviction, individuals face imprisonment of up to 12 months. Additionally, fines may be imposed up to NZ\$10,000 for an individual and NZ\$100,000 for companies.

### Conclusion

With the exception of Japan and Australia, there have been no significant developments in the region but it is clear that countries and their nationals who trade globally cannot be seen to be flouting US and EU sanctions and risk the imposition of severe penalties and business disruption which come with such breaches.

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