

## ■ **Announcement by Korean Government regarding Implementation of United Nations Security Council Resolution No. 1929 against Iran**

September 8, 2010

### Joint Action of Related Organizations

□ As UN Security Council Resolution No. 1929 was passed on June 9, 2010 following the resolution nos 1696 (2006), 1737 (2007), 1747 (2007), 1803 (2008), and 1835 (2008) in connection with the Iran's suspected nuclear development, the Korean government formed the pan-government consultative group comprised of the Ministry of Strategy and Finance, the Ministry of Foreign Affairs and Trade, the Ministry of Knowledge Economy, the Ministry of Land, Transport and Maritime Affairs, the Financial Services Commission, the Bank of Korea and the Financial Supervisory Service and has examined the specific measures to perform the obligations set out in the above resolution.

□ The Korean government decided to take the following sanctions against Iran in order to implement the resolutions and recommendations in the sectors of finance, international trade, transport and energy set out in UN Security Council Resolution No. 1929. The following sanctions shall be implemented through diverse means such as amendment to the regulations of the related authorities, interpretation and operation of laws and regulations and new establishment of guidelines.

#### [Financial Sector]

1. (Designation of Parties subject to Financial Sanction) The Korean government will designate 102 entities (15 of which are banks) such as the Islamic Revolutionary Guard Corps (IRGC), Islamic Republic of Iran Shipping Line (IRISL) and Mellat Bank and 24 individuals, in addition to 40 Iranian entities and 1 individual, which have already been designated to be subject to the financial sanction, pursuant to UN Security Council Resolution No. 1929 and will prevent any payment or receipt of foreign currencies with above entities without permission of Bank of Korea.

○ (Seoul Branch of Mellat Bank) As a result of the inspection of Seoul Branch of Mellat Bank which is specified as to provide financial service to the Iranian nuclear proliferation

activities or proliferation of weapons of mass destruction (WMD) in UN Security Council Resolution No. 1929, Seoul Branch of Mellat Bank was found to have violated the Foreign Exchange Management Act of Korea (“FEMA”). Thus, the Financial Supervisory Service (“FSS”) has notified Seoul Branch of Mellat Bank of the severe disciplinary actions to be taken by FSS and is taking administrative procedures for the same.

2. (Prior Approval for Financial Transaction) With respect to transactions with Iranian entities that are not subject to the sanction, the Korean government will require (i) the obtainment of prior approval for all financial transactions of 40,000 Euros or more, and (ii) the prior report for all financial transactions of 10,000 Euros or more.

3. (Ban on Establishment of New Branch) The Korean government will prohibit the opening of new branches, subsidiaries, or representative offices of Iranian banks in Korea, and in Iran the opening of new branches, subsidiaries, or representative offices of Korean banks.

4. (Ban on New Establishment of Correspondent Relationships) The Korean government will prohibit new establishment of correspondent relationships between Iranian banks that are subject to the financial sanction and Korean banks.

5. (Termination of Previous Correspondent Relationships) The Korean government will terminate in phases the previous correspondent relationships between Iranian banks that are subject to the financial sanction and Korean banks.

6. (Ban on Sale and Purchase of State Bonds) The Korean government will prohibit the sale and purchase of Iranian state bonds if there is any information that provides reasonable grounds to believe that such transaction could contribute to Iran’s proliferation-sensitive nuclear activities or the development of nuclear weapon delivery systems.

7. (Ban on Transaction of Insurance and Reinsurance) The Korean government will prohibit the transaction of insurance and reinsurance with Iran if there is any information that provides reasonable grounds to believe that such transaction could contribute to Iran’s proliferation-sensitive nuclear activities or the development of nuclear weapon delivery systems.

[International Trade Sector]

8. (Reduction of Export Guarantee) The Korean government will reduce the issuance of short, mid-term and long-term export guarantees to Iran.

9. (Ban on Export of Items for Dual-Usage, etc.) The Korean government will prohibit the export of strategic materials to Iran including the items for dual-usage under five international export control regimes, such as the Nuclear Suppliers Group (NSG), the Missile Technology Control Regime (MTCR), the Australia Group (AG), the Zangger Committee, and the Warsa Alliance (WA).

[Transportation and Travel Sector]

10. (Strengthening of Inspection) The Korean government will strengthen necessary inspection of ships and airplanes from and to Iran which are suspected of carrying prohibited cargo pursuant to UN Council Security Resolution.

11. (Ban on Providing Support to Ships and Cargo Airplanes) The Korean government will prohibit the provision of support services such as supplying bunkers/fuel, etc. to Iranian ships suspected of carrying prohibited cargo and to Iranian airplanes suspected of carrying prohibited cargo.

12. (Ban on Cargo Airplane's Approach to Korean Airports) The Korean government will prohibit the Iranian cargo airplanes from approaching to Korean airports if there is any information that provides reasonable grounds to believe that they could contribute to Iran's proliferation-sensitive nuclear activities or the development of nuclear weapon delivery systems.

13. (Travel Ban on Parties subject to Sanction) The Korean government will prohibit the parties subject to sanction from entering Korea pursuant to UN Security Council Resolution.

[Energy Sector]

14. (Ban on New Investment in Petroleum and Gas) The Korean government will prohibit

new investment, provision of technology and financial service and execution of construction contract in the sector of Iranian petroleum and gas.

- Concurrently with the above sanctions, the Korean government will urge domestic companies to make necessary controls and to pay attention when they perform the previously executed contracts related to Iran.

[Necessary Matters for Implementation of Sanctions]

15. The Korean government will perform the following matters in order to implement or supplement the above sanctions:

- (Opening of Korean Won-Denominated Payment Account) The Korean government will carry out the method to open Korean Won-denominated payment account under the name of Central Bank of Iran in Korean banks in order to protect normal and lawful transaction of Korean companies with Iran.

- (Enforcement of Guideline) In order to clarify the items prohibited for export to Iran and the matter prohibited for investment and execution of construction contract, the Korea Foreign Trade Association and the International Contractors Association of Korea will prepare the 「Guideline on Trade and Investment」 and the 「Guideline on International Construction Activities」, and the Korea Federation of Banks will prepare and implement the 「Guideline on Payment」 in order to clarify the Korean banks' payment procedure to Iran.

The above is the explanation of major sanctions of the Korean government in order to implement the UN Security Council Resolution against Iran.

- The Korean government expects the Iranian government to participate in the international efforts for prevention of nuclear proliferation and to faithfully perform the obligations set out in the UN Security Council Resolution.

- Lastly, the Korean government will take necessary actions to promote normal and lawful transaction with Iran, while minimizing damages to Korean companies by continuing with the support measures to Korean small and medium-sized companies, which has been

implemented since August 26.

### **<Summary of UN Security Council Resolution No. 1929 (June 9)>**

#### 1. With respect to Nuclear Material

○ Iran shall not acquire an interest in any commercial activity in another state involving uranium mining, production or use of nuclear materials and technology (NSG Part 1).

- All member states shall prohibit such investment in territories under their jurisdiction by Iran, its nationals, and entities incorporated in Iran or subject to its jurisdiction, or by persons or entities acting on their behalf or at their direction, or by entities owned or controlled by them. (Article 7)

○ The list of item shall be superseded by the list of items in NSG and MTCR. (Article 13)

#### 2. With respect to proliferation of Missiles Weapons

○ Calls on all member states to prevent the direct or indirect supply, sale or transfer to Iran, from or through their territories or by their nationals or individuals subject to their jurisdiction, or using their flag vessels or aircraft, and whether or not originating in their territories, of any battle tanks, armored combat vehicles, large caliber artillery systems, combat aircraft, attack helicopters, warships, missiles or missile systems as defined for the purpose of the United Nations Register of Conventional Arms, or related materiel, including spare parts, or items as determined by the Security Council and all member states to prevent the provision to Iran by their nationals or from or through their territories of technical training, financial resources or services, advice, other services or assistance related to the supply, sale, transfer, provision, manufacture, maintenance or use of such arms and related material. (Article 8)

○ Iran shall not undertake any activity related to ballistic missiles capable of delivering nuclear weapons, including launches using ballistic missile technology, and all member states shall take all necessary measures to prevent the transfer of technology or technical assistance to Iran related to such activities. (Article 9)

### 3. Expansion and Addition of Individual and Entities subjected to Prohibition of Entry

○ All member states shall take the necessary measures to prevent the entry into or transit through their territories of individuals (40 in totals) designated in resolution no. 1737, and resolution no. 1747, and one individual designated in resolution no. 1929. (Article 10)

### 4. Addition of the Individual and Entities subject to Freezing of Assets

○ Freezing of Assets shall apply to the entities subject to the sanctions (40 in total) including the Islamic Revolutionary Guard Corps (IRGC) and the entities of the Islamic Republic of Iran Shipping Lines (IRISL) as well as one individual. (Articles 11, 12 and 19)

※ Individuals and entities to be sanctioned under resolutions nos. 1737, 1747 and 1803: 35 groups and 40 individuals.

### 5. Strengthening of Cargo Inspection

○ Calls upon all member states to inspect all cargos to and from Iran, in their territory, including seaports and airports, if the member state concerned has information that provides reasonable grounds to believe that the cargo contains prohibited items. (Articles 14 and 15)

- All member states shall prohibit the provision by their nationals or from their territory of bunkering services, such as provision of fuel or supplies, or other servicing of vessels, suspicious vessels (Article 18)

- All member states shall seize and dispose of items which are prohibited by applicable Security Council resolutions. (Article 16)

- Requires any member state, when it undertakes an inspection, to submit to the Committee within five working days an initial written report, and a subsequent written report containing relevant details (Article 17)

- Requests all member states to communicate to the Committee any information available on transfers or activity by Iran Air's cargo division or vessels owned or operated by the Islamic Republic of Iran Shipping Lines (IRISL) to other companies that may have been undertaken in order to evade the sanctions (Article 20)

## 6. Expansion and Strengthening of Financial Sanctions

○ Calls upon all member states to prevent the provision of financial services (including insurance or re-insurance) if they have information that provides reasonable grounds to believe that such services, assets or resources could contribute to Iran's proliferation-sensitive nuclear activities, or the development of nuclear weapon delivery systems, including by freezing any financial or other assets or resources on their territories. (Article 21)

○ All member states shall require their nationals, persons subject to their jurisdiction and firms incorporated in their territory or subject to their jurisdiction to exercise vigilance when doing business with entities incorporated in Iran or subject to Iran's jurisdiction, including those of the IRGC and IRISL, and any individuals or entities, if they have information that provides reasonable grounds to believe that such business could contribute to Iran's proliferation-sensitive nuclear activities or the development of nuclear weapon delivery systems (Article 22)

○ Calls upon member states to take appropriate measures that prohibit in their territories the opening of new branches, subsidiaries, or representative offices of Iranian banks, and also that prohibit Iranian banks from establishing new joint ventures, taking an ownership interest in or establishing or maintaining correspondent relationships with banks in their jurisdiction to prevent the provision of financial services if they have information that provides reasonable grounds to believe that these activities could contribute to Iran's proliferation-sensitive nuclear activities or the development of nuclear weapon delivery systems (Article 23)

○ Calls upon member states to take appropriate measures that prohibit financial institutions within their territories or under their jurisdiction from opening representative offices or subsidiaries or banking accounts in Iran if they have information that provides reasonable grounds to believe that such financial services could contribute to Iran's proliferation-

sensitive nuclear activities or the development of nuclear weapon delivery systems (Article 24)

#### 7. With respect to Energy Sector

- Noting the potential connection between Iran's revenues derived from its energy sector and the funding of Iran's proliferation sensitive nuclear activities (Preamble)

- Noting that chemical process equipment and materials required for the petrochemical industry have much in common with those required for certain sensitive nuclear fuel cycle activities.

- All member states shall require their nationals, persons subject to their jurisdiction and firms incorporated in their territory or subject to their jurisdiction to exercise vigilance when doing business with entities incorporated in Iran or subject to Iran's jurisdiction, including those of the IRGC and IRISL, and any individuals or entities, if they have information that provides reasonable grounds to believe that such business could contribute to Iran's proliferation-sensitive nuclear activities or the development of nuclear weapon delivery systems (Article 22)

#### 8. With respect to Implementation of Resolution

- Creation of an initial period of one year, panel of expert (a group of up to eight experts) to support the activities of the Committee including carrying out of resolutions, etc (Article 29)

- Supplying the Committee and the Panel of Experts any information at their disposal on the implementation of the measures decided in resolutions, in particular incidents of non-compliance (Article 30)

- Calls upon all member states to submit to the Committee the report of implementation by August 8, 2010 (Article 31)