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Japan's Perspective on the Iran Deal
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The Iran Deal of December 2015 made less of a splash in the Japanese media and to the general public than it did in the United States. This in part is because Japan has never viewed Iran to be the sort of threat the United States has. Moreover, in contrast to the Six-Party Talks with North Korea, Japan was not at the negotiating table that resulted in the Joint Comprehensive Plan of Action (JCPOA).

The Japanese media covering the deal mostly did so from the American perspective. There is an understanding in Japan that the United States' support for the deal is crucial to its success. Media coverage on Iran brings up the Israel lobby in the United States as well as the deal's implications for the broader Middle East, in contrast to U.S. media coverage, which focuses more on the details of the deal.

Unlike the United States and similar to many Asian and European countries, Japan has historically had a great deal of trade with Iran. In particular, resource-poor Japan imports nearly all of its oil and gas. Iranian oil accounted for about 10 percent of Japan's imports before international sanctions against Iran were tightened in 2012. Japan's oil imports from Iran have since fallen to less than 5 percent last year. Saudi Arabia, the United Arab Emirates and other Gulf nations now provide nearly 80% of Japan's oil and gas.

As Sheila Smith noted in 2012, it was difficult for Japan to cut off oil from Iran because most of Japan's nuclear reactors were still offline after the massive 2011 earthquake.¹ Moreover, Smith noted that there was a perception in Japan that cooperation in the sanctions effort against Iran only benefitted other economic competitors—most notably China. For example, in 2010, the Japanese government, at the urging of the Bush administration, ended its petroleum development project at Azadegan—promising untapped oil fields in southwest Iran. In earlier stages, Japan had up to a 75 percent stake in the project. After Japan pulled out in 2010, the Chinese government signed a deal with Tehran to take over the project in an attempt to secure preferential access to the long-term oil stream. (Iran terminated its contract with China in 2014, however.)

Two Japanese researchers represent the overall interpretation of the Iran deal in Japan. Japanese researcher and commentator on Iran Nobumasa Akiyama notes that the overall benefit of the Iran deal could be positive, and we should see whether it is effective in the next two to three years.² Kazuto Suzuki, who served on the Panel of Experts for sanctions on Iran at UN until last year when the JCPOA was hammered out, told me that was almost no debate over the deal in Japan. He said that domestically, there was a strong demand for continuing business relationships with

¹ Sheila Smith, "Japan's Dilemma Over Iran Sanctions," *The Atlantic* (Feb. 1, 2012); available from: <http://www.theatlantic.com/international/archive/2012/02/japans-dilemma-over-iran-sanctions/252337/>.

² Interview with Nobumasa Akiyama, イラン核交渉歴史的合意、行方は 専門家2人に聞く (*Iran kaku kosho rekishiteki goi, yukue ha? Senmonka futari ni kiku*); available from <http://mainichi.jp/articles/20150722/ddm/007/030/039000c>.

Iran, while also fulfilling international obligations. Thus, there was no opposing viewpoint (except by some Israeli-inspired academics) on lifting sanctions. He mentioned that some who study U.S. politics expressed concern that Japanese engagement in Iran would have a backlash from conservatives, but this was not very prominent. Most politicians and businesspeople, he said, were happy to see the sanctions lifted. He has also written that with the sanctions lifted, not only is it important for Japan to pursue business opportunities in Iran, but also to work together with Tehran on counter-terrorism, as Iran is a regional power. He also thinks Japan should use Iran as a foothold for engagement in the Middle East.³

In terms of the Japanese government's reaction, Suzuki noted that the Ministry of Foreign Affairs was the most enthusiastic for lifting sanctions. The Ministry of Economy, Trade and Industry (METI) was the least positive, as it is responsible for sanctions and export control. Yet after JCPOA was concluded and the "Implementation Day" arrived, other parts of METI (especially the Agency for Natural Resources and Energy) became enthusiastic, he told me.

Japanese Foreign Minister Fumio Kishida said at a joint news conference with Foreign Minister Javad Zarif, "We are looking at what we can do to capitalize on the nuclear deal." Iranian President Hassan Rouhani conveyed his invitation for Prime Minister Shinzo Abe to visit Iran through Kishida during their early February meeting. Kishida responded that Abe wishes to visit Iran at "an appropriate time."

Overall, the reaction to the Iran deal in Japan at the official government, specialist, and public levels has been positive. The Japanese government quickly moved to lift applicable sanctions and sign a bilateral investment treaty [on Feb. 5, 2016], following similar moves by 52 other countries, including Germany, France, China, and South Korea. This treaty will help Japanese firms start developing oil fields, including returning to the development project in Azadegan, and to conduct other business operations in Iran.

Iran's first shipments of crude oil since the lifting of sanctions left the main oil terminal bound for Japan and China in late January. An Iranian news report says the country aims to boost its crude oil exports to Japan from 110,000 barrels per day during the sanctions to about 300,000.

Japan and Iran are establishing a bilateral council to coordinate how the two countries can comprehensively cooperate on a range of issues including economic relations, the environment, and medical care. Part of the deal that Iran struck with the world powers requires Iran to establish a "nuclear safety center" to gather expertise on nuclear energy. Japanese nuclear energy experts who will help map Iran's nuclear safety strategy are expected to arrive at the center in the coming years.

Akiyama points to the need for Japan to play a more proactive role for maintaining nuclear non-proliferation. He notes that Japan under the Abe Cabinet appears to have a keen interest in doing nuclear business in the Middle East. Abe visited Turkey twice in 2013, concluding a bilateral nuclear cooperation agreement and a deal for a nuclear power plant. Visiting a country twice in one year is an unprecedented move that shows the government's enthusiasm for promoting

³ Suzuki Kazuto, 制裁解除は年明けか 安保理イラン制裁委専門家パネル元メンバー・鈴木一人氏 (*Sesai kaijo ha toshiake ka, Anpori iran seisai-in senmon-ka paneru moto menba Suzuki Kazuto shi*); available from <http://mainichi.jp/articles/20150716/ddm/007/030/132000c>.

nuclear deals abroad, Akiyama argues. Japan also has held talks on nuclear cooperation with Jordan, Saudi Arabia, and the UAE. Thus, Akiyama asserts, Japan has an obligation to contain the risks of nuclear accidents, terrorism, and proliferation, as its nuclear business inevitably contributes to the spread of nuclear risks in the region. Referring to the Fukushima nuclear accident, he says that Japan must also share important lessons learned from the accident.⁴

Regarding the implications of the deal for security in East Asia from Japan's perspective, Japan's greatest stake in Middle East stability is for its own energy security. Destabilization of the region threatens Japan's stable energy supply. Nevertheless, Japan is unlikely to get involved militarily in the Middle East should a conflict break out, although it could provide logistical support, as it did for U.S.-led forces in Afghanistan and Iraq. Akiyama thinks Japan's strategy toward the Middle East may be an important test for linking national interests and global issues in the name of Abe's "proactive contributions to international peace." He sees Japan's strategic priority as keeping the United States engaged in the Middle East, particularly with regards to maintaining regional stability.

Akiyama suggests that while contributing to the security of sea lanes of communication for its energy security, Japan should further engage with Islamic states that are traditional U.S. regional allies, such as Saudi Arabia, the UAE, and Jordan. In the short-term, Japan's strategic cooperation and partnerships should aim to reassure these countries and manage their insecurity. In the long-term, he argues that Japan should design its strategy for the region to minimize the risk posed by socio-economic structural changes in the region's countries. He points to Japan's technological advantages and social engineering capabilities as being able to help Saudi Arabia and other Gulf countries develop their national development strategies. He believes they may be able to learn from Japan's experience to both remain effectively involved in the international energy market while responding to demographic changes and domestic energy demand. "Smart but robust 'proactive contributions' to non-proliferation and long-term regional stability must be Abe's strategy toward the Middle East," he remarks.⁵

The conclusion of the Iran deal allows for renewed focus on the North Korean nuclear issue, including the possibility of reinstating the six-party talks (which involve China, Japan, North Korea, Russia, South Korea, and the United States) at some point in the future. China, for one, supports resumption of the talks. When it comes to North Korea, Japan is far more invested in terms of its national security than it is in Iran. It also has special interests due to the Japanese nationals who were abducted to North Korea from 1977 to 1983. In 2014, Japan eased some earlier sanctions on North Korea in exchange for its pledge to re-investigate the fate of the Japanese abductees. Yet with the latest nuclear and ballistic missile tests in January 2016, Japan imposed new sanctions, which go slightly beyond the restoration of the previous measures.⁶

⁴ Nobumasa Akiyama, "Japan's Middle East Policy after the Geneva Interim Agreement with Iran"; available from <http://www.iips.org/en/publications/2014/03/20170114.html>.

⁵ Nobumasa Akiyama, "Japan's Middle East Policy after the Geneva Interim Agreement with Iran"; available from <http://www.iips.org/en/publications/2014/03/20170114.html>.

⁶ The sanctions ban North Korean nationals from entering Japan and outlaw remittances to the North except for those made for humanitarian purposes and less than ¥100,000 [roughly \$1,000] in size. Japanese ports will also deny access to North Korean ships and other nations' vessels that have called there.

As to whether the Iran deal creates any precedents that might affect North Korea's nuclear program, Suzuki believes that it might in the sense that certain people might have greater expectations now for North Korea, but not in reality, as the DPRK and Iran are totally different. Like most specialists, he believes that the Iran Deal cannot be a recipe for the DPRK nuclear issue.

Although most experts, in Japan and elsewhere, find it difficult to make links between Iran and North Korea, Akiyama suggests that North Korea carefully observed how the United States dealt with Iran's nuclear issue. He thinks it should be a good reference for North Koreans in strategizing its negotiation vis-a-vis the United States. There has been talk that another implication of the deal would be the prospect for negotiation between the United States and South Korea on their 123 agreement on nuclear cooperation, which went into force November 2015. If the United States allows Iran, a former "enemy," to possess enrichment capability, the thinking goes, South Korea, as a close ally of the United States, deserves to have nuclear fuel cycle capabilities too, including pyro-processing. Discussions are still underway between the United States and South Korea on reprocessing.

As North Korea continues its nuclear and ballistic missile tests, the U.S. Congress and the UN Security Council are debating levying further sanctions against North Korea. Yet experts disagree as to whether sanctions are actually effective. Japan, for example, already has many unilateral sanctions against North Korea which have not forced North Korea's hand in making progress on the nuclear, missile, or even abductee issue. The consensus is that sanctions are only effective when they are imposed multilaterally, target a democratic state, and are imposed to bring about modest goals. Strengthening export control measures and working to stop North Korea's trade in military and dual-use goods requires solid coordination among countries, as was the case with Iran. For example, UNSCR 1718 includes a provision requiring states not to sell luxury goods to North Korea. These goods arguably play an important role in North Korea's political economy, helping to buy loyalty among the elite patronage system. Yet countries are left to define what these luxury items are. For example, according to a Federation of American Scientists brief, Russia does not count watches valued under \$2,000 or fur coats under about \$10,000 as luxury goods. Meanwhile, China does not publish any list, and does not appear to meaningfully enforce the provision.⁷

While the UN Security Council has been debating further sanctions on North Korea, China does not want to put too much economic pressure on North Korea because it fears collapse of the regime. China has agreed only to Security Council resolutions that banned weapons shipments to the DPRK and imposed sanctions on specific companies and individuals linked to the nuclear program.

Meanwhile, the United States is currently drafting a proposed resolution for United Nations Security Council approval that would impose sanctions on North Korean trade and finance, including a partial ban on permitting North Korean ships to enter ports around the world, in an effort to cut off more of the country's trade. A second set of sanctions under consideration is a cutoff of North Korean banking relationships, similar to the restrictions placed on Iran in the successful effort to drive it to the negotiation table. [Note: the Security Council approved additional sanctions on March 2, 2016, as did the U.S. Departments of State and Treasury.]

⁷ "Issue Brief - Federation of American Scientists"; available from <https://fas.org/publications/issue-briefs/>.

If, however, China does not enforce sanctions against the DPRK, it is hard to see how the sanctions will be successful in the future. China is North Korea's largest trading partner. For example, China refusing to import coal from North Korea would have a great impact. According to the U.S. Energy Information Administration, in 2013, North Korea became the global leader in anthracite coal exports, most of which were sent to China. These coal exports generated \$1.4 billion dollars for North Korea, which is approximately 10% of the total North Korean economy. North Korea has also received most of its mining machinery, infrastructure, and training from China. Many of the ports and rail facilities that contribute to this trade are jointly owned and operated by Chinese-Korean ventures.

UN Sanctions have slowed North Korea's WMD development but have not stopped it, and the sanctions' effectiveness is dependent on individual governments' implementation. An alternative to the UN sanctions is to put more effort into slowing down North Korean industry. Most experts believe a restriction or cutoff of oil exports to the DPRK would be highly effective. The country is dependent on oil that runs through a small number of pipelines from China, but Beijing opposes cutting off the oil. The EU oil embargo and disconnecting Iranian banks from SWIFT in 2012 were particularly effective in pushing Iran to negotiate. Thus, the Iran deal shows how measures that target industry could help to affect the states' behavior and nuclear ambitions.

Ultimately, as the set-up of the six-party talks recognizes, it is important to involve not only the United States and China, but Japan, South Korea, and Russia in coming to a viable solution that will serve all players' interests and security.

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