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1<sup>ST</sup> SESSION

# H. R. 2619

To impose sanctions on foreign persons exporting certain goods or technology that would enhance Iran's ability to explore, extract, refine, or produce petroleum products or natural gas.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 10, 1995

Mr. GEJDENSON (for himself and Mr. BURTON of Indiana) introduced the following bill; which was referred to the Committee on International Relations, and in addition to the Committees on Ways and Means, Banking and Financial Services, and Government Reform and Oversight, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To impose sanctions on foreign persons exporting certain goods or technology that would enhance Iran's ability to explore, extract, refine, or produce petroleum products or natural gas.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Iran Foreign Oil Sanc-  
5 tions Act of 1995".

1 **SEC. 2. FINDINGS.**

2 The Congress makes the following findings:

3 (1) The efforts of the Government of Iran to  
4 acquire weapons of mass destruction and the means  
5 to deliver them endanger potentially the national se-  
6 curity and foreign policy interests of the United  
7 States and those countries with which it shares com-  
8 mon strategic and foreign policy objectives.

9 (2) The objective of preventing the proliferation  
10 of weapons of mass destruction through existing  
11 multilateral and bilateral initiatives requires addi-  
12 tional efforts to deny Iran the financial means to  
13 sustain its nuclear, chemical, biological, and missile  
14 weapons programs.

15 **SEC. 3. DECLARATION OF POLICY.**

16 The Congress declares that it is the policy of the  
17 United States to deny Iran the ability to fund the develop-  
18 ment and acquisition of weapons of mass destruction and  
19 the means to deliver them by preventing Iran from acquir-  
20 ing equipment or services that would enhance Iran's abil-  
21 ity to extract, refine, process, store, or transport petro-  
22 leum, petroleum products, or natural gas.

1 **SEC. 4. IMPOSITION OF SANCTIONS ON FOREIGN PERSONS**  
2 **EXPORTING CERTAIN GOODS OR TECH-**  
3 **NOLOGY TO IRAN.**

4 (a) IN GENERAL.—The President shall impose the  
5 mandatory sanctions described in section 5(1) and may  
6 impose one or more of the discretionary sanctions de-  
7 scribed in section 5(2), if the President determines that  
8 a foreign person has, with requisite knowledge, on or after  
9 the date of the enactment of this Act—

10 (1) exported, transferred, or released to Iran,  
11 nationals of Iran, or entities owned or controlled by  
12 Iran or nationals of Iran any goods or technology  
13 identified on the List of Petroleum and Natural  
14 Gas-Related Goods and Technology established  
15 under section 9 (hereafter in this Act referred to as  
16 the “List”)—

17 (A) through the export from the United  
18 States of any goods or technology identified in  
19 the List, or

20 (B) through the export from any other  
21 country or territory of any goods or technology  
22 identified in the List, whether or not the goods  
23 or technology is subject to the jurisdiction of  
24 the United States,

25 for use in the exploration, extraction, refining, or  
26 production of petroleum, petroleum products, or nat-

1        ural gas or the products thereof in Iran, or in areas  
2        in which Iran has rights to explore for or extract pe-  
3        troleum, petroleum products, or natural gas; or

4            (2) engaged in the exploration, extraction, re-  
5        fining, or production of petroleum, petroleum prod-  
6        ucts, or natural gas or the products thereof in Iran,  
7        or in areas in which Iran has rights to explore for  
8        or extract petroleum, petroleum products, or natural  
9        gas.

10        (b) PERSONS AGAINST WHICH THE SANCTIONS ARE  
11        TO BE IMPOSED.—The sanctions described in subsection  
12        (a) shall be imposed on—

13            (1) the foreign person with respect to whom the  
14        President makes the determination described in that  
15        subsection;

16            (2) any successor entity to that foreign person;

17            (3) any foreign person that is a parent or sub-  
18        sidiary of that person if that parent or subsidiary  
19        with requisite knowledge engaged in the activities  
20        which were the basis of that determination; and

21            (4) any foreign person that is an affiliate of  
22        that person if that affiliate with requisite knowledge  
23        engaged in the activities which were the basis of that  
24        determination and if that affiliate is controlled in  
25        fact by that person.

1 For purposes of this Act, any person or entity described  
2 in this subsection shall be referred to as a “sanctioned  
3 foreign person”.

4 **SEC. 5. DESCRIPTION OF SANCTIONS.**

5 The sanctions to be imposed on a sanctioned foreign  
6 person under section 4(a) are as follows:

7 (1) MANDATORY SANCTIONS.—

8 (A) PROCUREMENT SANCTION.—The  
9 United States Government shall not procure, or  
10 enter into any contract for the procurement of,  
11 any goods or services from the sanctioned for-  
12 eign person.

13 (B) EXPORT SANCTION.—(i) The United  
14 States Government shall not issue any license  
15 or grant any other permission or authority to  
16 export any goods or technology to a sanctioned  
17 foreign person under—

18 (I) the Export Administration Act of  
19 1979;

20 (II) the Arms Export Control Act;

21 (III) the Atomic Energy Act of 1954;

22 or

23 (IV) any other statute that requires  
24 the prior review and approval of the  
25 United States Government as a condition

1 for the exportation of goods and services,  
2 or their reexport, to any sanctioned foreign  
3 person.

4 (ii) The head of the appropriate depart-  
5 ment or agency shall periodically publish a list  
6 of all sanctioned foreign persons denied licenses  
7 under clause (i).

8 (C) IMPORT SANCTION.—(i) The importa-  
9 tion into the United States of products pro-  
10 duced by any sanctioned foreign person shall be  
11 prohibited.

12 (ii) Clause (i) includes application to—

13 (I) the entry of any finished product  
14 or component part, whether shipped di-  
15 rectly by the sanctioned foreign person or  
16 by another entity; and

17 (II) the contracting with a sanctioned  
18 foreign person for the provision of services  
19 in the United States or abroad by United  
20 States persons and by foreign persons in  
21 the United States.

22 (D) PROHIBITION AGAINST EXPORT-IM-  
23 PORT BANK ASSISTANCE FOR EXPORTS TO FOR-  
24 EIGN PERSONS.—The Export-Import Bank of  
25 the United States may not guarantee, insure,

1 extend credit, or participate in the extension of  
2 credit in connection with the export of any  
3 goods or services to any sanctioned foreign per-  
4 son.

5 (2) DISCRETIONARY SANCTIONS.—

6 (A) INVESTMENT IN THE UNITED STATES;  
7 AUTHORITY TO REVIEW CERTAIN MERGERS, AC-  
8 QUISSIONS, AND TAKEOVERS.—The President  
9 may exercise his authority under section 721(d)  
10 of the Defense Production Act of 1950 (50  
11 U.S.C. App. 2170(d)) to investigate and pro-  
12 hibit mergers, acquisitions, takeovers, and other  
13 similar investments in the United States by per-  
14 sons engaged in interstate commerce—

15 (i) if such actions involve any sanc-  
16 tioned foreign person; and

17 (ii) if the President finds, in addition  
18 to the requirements of section 721(e) of  
19 such Act, that the participation of any  
20 sanctioned foreign person in activities to  
21 assist, directly or indirectly, Iran to in-  
22 crease the revenue available to that govern-  
23 ment by extracting petroleum, petroleum  
24 products, natural gas, or engaging in other  
25 activities described in section 9(a)(1)

1           threatens to impair the national security  
2           and foreign policy interests of the United  
3           States.

4           (B) LOANS FROM UNITED STATES FINAN-  
5           CIAL INSTITUTIONS.—The United States Gov-  
6           ernment may prohibit any United States finan-  
7           cial institution from making any loan or provid-  
8           ing any credit to any sanctioned foreign person  
9           except with respect to activities engaged in by  
10          such foreign person to relieve human suffering,  
11          within the meaning of section 203(b)(2) of the  
12          International Emergency Economic Powers Act  
13          (50 U.S.C. 1702(b)(2)).

14          (C) PROHIBITIONS ON FOREIGN FINANCIAL  
15          INSTITUTIONS.—The following prohibitions may  
16          be imposed against a sanctioned foreign person  
17          that is a financial institution:

18                 (i) DESIGNATION AS PRIMARY DEAL-  
19                 ER.—Neither the Board of Governors of  
20                 the Federal Reserve System nor the Fed-  
21                 eral Reserve Bank of New York may des-  
22                 ignate, or permit the continuation of any  
23                 prior designation of, such financial institu-  
24                 tion as a primary dealer in United States  
25                 Government debt instruments.



1 (ii) GOVERNMENT FUNDS.—Such fi-  
2 nancial institution shall not serve as agent  
3 of the United States Government or serve  
4 as repository for United States Govern-  
5 ment funds.

6 (iii) RESTRICTIONS ON OPER-  
7 ATIONS.—Such financial institutions shall  
8 not, directly or indirectly—

9 (I) commence any line of busi-  
10 ness in the United States in which it  
11 was not engaged as of the date of the  
12 determination by the President under  
13 section 4(a) leading to the imposition  
14 of sanctions; or

15 (II) conduct business from any  
16 location in the United States at which  
17 it did not conduct business as of the  
18 date of such determination by the  
19 President under section 4(a).

20 **SEC. 6. WAIVER AUTHORITY REGARDING SANCTIONS**  
21 **AGAINST IRAN.**

22 The sanctions under section 5 shall not apply if the  
23 President determines and certifies to the appropriate con-  
24 gressional committees that Iran—

1 (1) has substantially improved its adherence to  
2 internationally recognized standards of human  
3 rights;

4 (2) has ceased its efforts to design, develop,  
5 manufacture, or acquire—

6 (A) a nuclear explosive device or related  
7 materials and technology;

8 (B) chemical and biological weapons;

9 (C) missiles and missile launch technology;  
10 and

11 (D) any missile or other delivery system  
12 capable of reaching the territory of a country  
13 the government of which shares strategic inter-  
14 ests with the United States and is engaged in  
15 defense cooperation, including the acquisition of  
16 items identified in the United States Munitions  
17 List, with the United States; and

18 (3) has ceased all forms of support for inter-  
19 national terrorism.

20 **SEC. 7. WAIVER OF SANCTIONS AGAINST FOREIGN PER-**  
21 **SONS.**

22 (a) CONSULTATION WITH FOREIGN GOVERN-  
23 MENTS.—

24 (1) CONSULTATIONS.—If the President makes a  
25 determination described in section 4(a) with respect

1 to a foreign person, the Congress urges the Presi-  
2 dent to initiate consultations immediately with the  
3 foreign government with primary jurisdiction over  
4 that foreign person with respect to the imposition of  
5 the sanctions pursuant to this Act.

6 (2) ACTIONS BY GOVERNMENT OF JURISDIC-  
7 TION.—In order to pursue such consultations with  
8 that government, the President may delay imposition  
9 of the sanctions under section 5 for up to 90 days.  
10 Following such consultations, the President shall im-  
11 mediately impose sanctions unless the President de-  
12 termines and certifies to the Congress that the gov-  
13 ernment has taken specific and effective actions, in-  
14 cluding the imposition of appropriate penalties, to  
15 terminate the involvement of the foreign person in  
16 the activities that resulted in the imposition of sanc-  
17 tions against the foreign person.

18 (3) ADDITIONAL DELAY IN IMPOSITION OF  
19 SANCTIONS.—The President may delay the imposi-  
20 tion of sanctions for up to an additional 45 days if  
21 the President determines and certifies to the Con-  
22 gress that the government with primary jurisdiction  
23 over the foreign person is in the process of taking  
24 the actions described in paragraph (2).

1           (4) REPORT TO CONGRESS.—Not later than 45  
2 days after making a determination under section  
3 4(a), the President shall submit to the appropriate  
4 congressional committees a report on the status of  
5 consultations with the appropriate foreign govern-  
6 ment under this subsection, and the basis for any  
7 determination under paragraph (3) that such gov-  
8 ernment has taken specific corrective actions.

9           (b) ASSURANCES FROM FOREIGN PERSONS.—The  
10 President may terminate the sanctions against a sanc-  
11 tioned foreign person, if the foreign person provides assur-  
12 ances to the Secretary that the actions that resulted in  
13 the determination to impose sanctions have been termi-  
14 nated and has provided specific assurances that it will nei-  
15 ther directly nor indirectly, or through any other person,  
16 including subsidiaries and affiliates, direct or participate  
17 in any activity described in section 4(a)(1) or to engage  
18 in activities described in section 4(a)(2).

19           (c) EXCEPTIONS.—The President shall not be re-  
20 quired to apply or maintain a sanction under section  
21 4(a)—

22                 (1) in the case of procurement of defense arti-  
23 cles or defense services—

24                         (A) under existing contracts or sub-  
25 contracts, including the exercise of options for

1 production quantities to satisfy requirements  
2 essential to the national security of the United  
3 States;

4 (B) if the President determines in writing  
5 that the person or other entity to which the  
6 sanction would otherwise be applied is a sole  
7 source supplier of the defense articles or serv-  
8 ices, that the defense articles or services are es-  
9 sential, and that alternative sources are not  
10 readily or reasonably available; or

11 (C) if the President determines in writing  
12 that such articles or services are essential to the  
13 national security under defense coproduction  
14 agreements;

15 (2) to products or services provided under con-  
16 tracts entered into before the date on which the  
17 President publishes his intention to impose the sanc-  
18 tion;

19 (3) to—

20 (A) spare parts which are essential to  
21 United States products or production;

22 (B) component parts, but not finished  
23 products, essential to United States products or  
24 production; or

1 (C) routine servicing and maintenance of  
2 products, to the extent that alternative sources  
3 are not readily or reasonably available;

4 (4) to information and technology essential to  
5 United States products or production; or

6 (5) to medicines, medical supplies, or other hu-  
7 manitarian items.

8 (d) PRESIDENTIAL NATIONAL SECURITY WAIVER.—

9 (1) The President may waive the requirement in section  
10 4(a) to impose a sanction or sanctions on a foreign person  
11 in section 4(b)—

12 (A) for an export, transfer, or release of goods  
13 or technology that are not subject to the jurisdiction  
14 of the United States, or

15 (B) for any activity described in section 4(a)(2),  
16 15 days after the President determines and so reports to  
17 the appropriate congressional committees that it is essen-  
18 tial to the national interest of the United States to exer-  
19 cise such waiver authority.

20 (2) Any such report shall provide a specific and de-  
21 tailed rationale for such determination, including—

22 (A) a description of the conduct, including (in  
23 the case of activity described in section 4(a)(1)) the  
24 identification of the goods or technology involved in

1 the violation, that resulted in the determination of a  
2 violation or violations;

3 (B) an explanation of the efforts to secure the  
4 cooperation of the government with primary jurisdic-  
5 tion of the foreign person committing the violation  
6 to terminate or penalize the activities that resulted  
7 in the determination of a violation;

8 (C) an estimate as to the significance of the  
9 goods or technology exported to Iran, or the activi-  
10 ties described in section 4(a)(2), as the case may be,  
11 on that country's ability to extract, refine, process,  
12 store, or transport petroleum, petroleum products,  
13 or natural gas; and

14 (D) a statement as to the response of the  
15 United States in the event that such foreign person  
16 engages in other activities that under this Act would  
17 constitute an additional violation.

18 **SEC. 8. TERMINATION OF SANCTIONS.**

19 (a) DURATION OF SANCTIONS.—The sanctions im-  
20 posed pursuant to this Act shall apply for a period of not  
21 less than 12 months following the determination by the  
22 President under section 4(a) and shall cease to apply  
23 thereafter only if the President determines and certifies  
24 to the Congress that reliable information indicates that  
25 the foreign person with respect to which the determination

1 was made under section 4(a) has ceased to aid or abet  
2 Iran, any national of Iran, or any entity owned or con-  
3 trolled by Iran or nationals of Iran, to acquire goods and  
4 technology on the List for uses described in section  
5 4(a)(1), or has ceased to engage in activities described in  
6 section 4(a)(2), as the case may be.

7 (b) WAIVER.—

8 (1) CRITERION FOR WAIVER.—The President  
9 may waive the continued application of any sanction  
10 imposed on any foreign person pursuant to this Act,  
11 after the end of the 12-month period beginning on  
12 the date on which that sanction was imposed on that  
13 person, if the President determines and certifies to  
14 the Congress that the continued imposition of the  
15 sanction would have a serious adverse effect on  
16 United States national security.

17 (2) NOTIFICATION OF AND REPORT TO CON-  
18 GRESS.—If the President decides to exercise the  
19 waiver authority provided in paragraph (1), the  
20 President shall so notify the Congress not less than  
21 30 days before the waiver takes effect. Such notifica-  
22 tion shall include a report fully articulating the ra-  
23 tionale and circumstances which led the President to  
24 exercise the waiver authority.



1 **SEC. 9. GOODS AND TECHNOLOGY SUBJECT TO EXPORT**  
2 **CONTROL RESTRICTIONS.**

3 (a) CONTROL LIST.—(1) For purposes of the deter-  
4 minations to be made pursuant to section 4(a), the Presi-  
5 dent shall establish and maintain the List of Petroleum  
6 and Natural Gas-Related Goods and Technology, consist-  
7 ing of goods or technology (including software and tech-  
8 nical data) that the President determines would materially  
9 contribute to the exploration, extraction, refining, or pro-  
10 duction of petroleum, petroleum products, or natural gas  
11 and the products thereof in or by Iran, including goods  
12 and technology that are required for the development, pro-  
13 duction, or use of facilities (including the repair, mainte-  
14 nance, or operation of equipment) for the petroleum and  
15 natural gas activities described in this subsection.

16 (2) The President, within 60 days after the date of  
17 the enactment of this Act, shall cause the List to be pub-  
18 lished in the Federal Register, together with any regula-  
19 tions issued with respect thereto. Thereafter, any revisions  
20 to the List or amendments to the regulations shall be pub-  
21 lished in the same manner.

22 (3) Not less than 30 days in advance of the publica-  
23 tion of the List, it shall be provided to the Committee on  
24 Banking, Housing, and Urban Affairs of the Senate and  
25 to the Committee on International Relations of the House  
26 of Representatives.

1 (b) STATUTORY CONSTRUCTION.—Nothing in this  
2 section prevents the inclusion on the List of any goods  
3 or technology that may be produced in and traded inter-  
4 nationally by persons or entities in countries other than  
5 the United States.

6 **SEC. 10. ENFORCEMENT AUTHORITY.**

7 The President may exercise the authorities under the  
8 Export Administration Act of 1979 in order to carry out  
9 this Act.

10 **SEC. 11. REPORT REQUIRED.**

11 Beginning 60 days after the date of the enactment  
12 of this Act, and every 90 days thereafter, the President  
13 shall transmit to the appropriate congressional committees  
14 a report describing—

15 (1) the nuclear and other military capabilities  
16 of Iran; and

17 (2) the support, if any, provided by Iran for  
18 acts of international terrorism.

19 **SEC. 12. DEFINITIONS.**

20 As used in this Act:

21 (1) ACT OF INTERNATIONAL TERRORISM.—The  
22 term “act of international terrorism” means an  
23 act—

24 (A) which is violent or dangerous to  
25 human life and that is a violation of the crimi-

1           nal laws of the United States or of any State  
2           or that would be a criminal violation if commit-  
3           ted within the jurisdiction of the United States  
4           or any State; and

5           (B) which appears to be intended—

6           (i) to intimidate or coerce a civilian  
7           population;

8           (ii) to influence the policy of a govern-  
9           ment by intimidation or coercion; or

10          (iii) to affect the conduct of a govern-  
11          ment by assassination or kidnapping.

12          (2) APPROPRIATE CONGRESSIONAL COMMIT-  
13          TEES.—The term “appropriate congressional com-  
14          mittees” means the Committee on Banking, Hous-  
15          ing, and Urban Affairs of the Senate and the Com-  
16          mittee on International Relations of the House of  
17          Representatives.

18          (3) COMPONENT PART.—The term “component  
19          part” has the meaning given that term in section  
20          11A(e)(1) of the Export Administration Act of 1979  
21          (50 U.S.C. App. 2410a(e)(1)).

22          (4) FINANCIAL INSTITUTION.—The term “fi-  
23          nancial institution” includes—

24                (A) a depository institution (as defined in  
25                section 3(c)(1) of the Federal Deposit Insur-

1           ance Act), including a branch or agency of a  
2           foreign bank (as defined in section 1(b)(7) of  
3           the International Banking Act of 1978);

4           (B) a credit union;

5           (C) a securities firm, including a broker or  
6           dealer;

7           (D) an insurance company, including an  
8           agency or underwriter;

9           (E) any other company that provides fi-  
10          nancial services; and

11          (F) any subsidiary of an entity described  
12          in any of subparagraphs (A) through (E).

13          (5) FINISHED PRODUCT.—The term “finished  
14          product” has the meaning given that term in section  
15          11A(e)(2) of the Export Administration Act of 1979  
16          (50 U.S.C. App. 2410a(e)(2)).

17          (6) FOREIGN PERSON.—The term “foreign per-  
18          son” means—

19               (A) an individual who is not a United  
20               States national or an alien admitted for perma-  
21               nent residence to the United States; or

22               (B) a corporation, partnership, or other  
23               nongovernment entity which is not a United  
24               States national.

1           (7) GOODS AND TECHNOLOGY.—The terms  
2 “goods” and “technology” have the meaning given  
3 those terms in section 16 of the Export Administra-  
4 tion Act of 1979 (50 U.S.C. App. 2415).

5           (8) IRAN.—The term “Iran” includes any agen-  
6 cy or instrumentality of Iran.

7           (9) NUCLEAR EXPLOSIVE DEVICE.—The term  
8 “nuclear explosive device” means any device, wheth-  
9 er assembled or disassembled, that is designed to  
10 produce an instantaneous release of an amount of  
11 nuclear energy from special nuclear material that is  
12 greater than the amount of energy that would be re-  
13 leased from the detonation of one pound of trinitro-  
14 toluene (TNT).

15           (10) PERSON.—(A) The term “person” means  
16 a natural person, as well as a corporation, business  
17 association, partnership, society, trust, any other  
18 nongovernmental entity, organization, or group, and  
19 any governmental entity operating as a business en-  
20 terprise, and any successor of any such entity.

21           (B) In the case of a country where it may be  
22 impossible to identify a specific governmental entity  
23 referred to in subparagraph (A), the term “person”  
24 means all activities of the government of the country

1 relating to the production, sale, or transfer of goods  
2 or technology on the List.

3 (11) PETROLEUM PRODUCTS.—The term “pe-  
4 troleum products” means crude oil, residual fuel oil,  
5 and any refined petroleum product.

6 (12) REQUISITE KNOWLEDGE.—The term “req-  
7 uisite knowledge” means situations in which a per-  
8 son “knows”, as “knowing” is defined in section 104  
9 of the Foreign Corrupt Practices Act of 1977 (15  
10 U.S.C. 78dd-2).

11 (13) UNITED STATES OR STATE.—The term  
12 “United States” or “State” means the several  
13 States, the District of Columbia, the Commonwealth  
14 of Puerto Rico, the Commonwealth of the Northern  
15 Mariana Islands, American Samoa, Guam, the Unit-  
16 ed States Virgin Islands, and any other territory or  
17 possession of the United States.

18 (14) UNITED STATES NATIONAL.—The term  
19 “United States national” means—

20 (A) a natural person who is a citizen of the  
21 United States or who owes permanent alle-  
22 giance to the United States;

23 (B) a corporation or other legal entity  
24 which is organized under the laws of the United  
25 States, any State or territory thereof, or the

1 District of Columbia, if natural persons who are  
2 nationals of the United States own, directly or  
3 indirectly, more than 50 percent of the out-  
4 standing capital stock or other beneficial inter-  
5 est in such legal entity; and

6 (C) any foreign subsidiary of a corporation  
7 or other legal entity described in subparagraph  
8 (B).

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