

Calendar No. 280

104TH CONGRESS
1ST Session

S. 1228

[Report No. 104-187]

A BILL

To impose sanctions on foreign persons exporting petroleum products, natural gas, or related technology to Iran.

DECEMBER 15, 1995

Reported with an amendment and an amendment to the title

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To impose sanctions on foreign persons exporting petroleum products, natural gas, or related technology to Iran.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 8 (legislative day, SEPTEMBER 5), 1995

Mr. D'AMATO (for himself, Mr. INOUE, Mr. PRESSLER, Mr. FAIRCLOTH, Mr. KOHL, Ms. SNOWE, Mr. KYL, Mr. DOMENICI, Mr. HELMS, Mr. SMITH, Mr. MACK, Mr. HATCH, Mr. GRASSLEY, Mr. COCHRAN, Mr. STEVENS, Mr. DEWINE, Mr. WARNER, Mr. BROWN, Mr. SHELBY, Mr. DOLE, Mr. CAMPBELL, Mr. INHOFE, Mr. SANTORUM, Mr. GRAMM, Mr. BENNETT, Mr. COVERDELL, Mr. THOMAS, Mr. KEMPTHORNE, Mr. MCCONNELL, Mr. LIEBERMAN, Mr. BURNS, Mr. CONRAD, Mr. REID, Mr. GREGG, Mr. HARKIN, Mrs. FEINSTEIN, Mr. ABRAHAM, Mr. HEFLIN, Mr. LEVIN, Mrs. BOXER, Mr. MURKOWSKI, Mr. COHEN, Ms. MOSELEY-BRAUN, and Mrs. MURRAY) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

DECEMBER 15, 1995

Reported by Mr. D'AMATO, with an amendment and an amendment to the title

[Strike out all after the enacting clause and insert the part printed in *italic*]

A BILL

To impose sanctions on foreign persons exporting petroleum products, natural gas, or related technology to Iran.

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 Sane-

5 tions Act of 1995”.

6 **SEC. 2. FINDINGS.**

7 The Congress makes the following findings:

8 (1) The efforts of the Government of Iran to

9 acquire weapons of mass destruction and the means

10 to deliver them endanger potentially the national se-

11 curity and foreign policy interests of the United

12 States and those countries with which it shares com-

13 mon strategic and foreign policy objectives.

14 (2) The objective of preventing the proliferation

15 of weapons of mass destruction through existing

16 multilateral and bilateral initiatives requires addi-

17 tional efforts to deny Iran the financial means to

18 sustain its nuclear, chemical, biological, and missile

19 weapons programs.

20 **SEC. 3. DECLARATION OF POLICY.**

21 The Congress declares that it is the policy of the

22 United States to deny Iran the ability to fund the develop-

23 ment and acquisition of weapons of mass destruction and

24 the means to deliver them by preventing Iran from acquir-

25 ing equipment that would enhance Iran’s ability to extract,

1 refine, process, store, or transport petroleum, petroleum
 2 products, or natural gas.

3 **SEC. 4. IMPOSITION OF SANCTIONS ON FOREIGN PERSONS**
 4 **EXPORTING PETROLEUM PRODUCTS, NATU-**
 5 **RAL GAS, OR RELATED TECHNOLOGY TO**
 6 **IRAN.**

7 (a) IN GENERAL.—The President shall impose the
 8 mandatory sanctions in section 5(1) and may impose one
 9 or more of the discretionary sanctions described in section
 10 5(2), if the President determines that a foreign person
 11 subject to this section has, with requisite knowledge, on
 12 or after the date of enactment of this Act, exported, trans-
 13 ferred, or released to Iran, its nationals, or entities con-
 14 trolled by Iran or its nationals any goods or technology
 15 identified on the List of Petroleum and Natural Gas-
 16 related Goods and Technology established by section 9
 17 (hereafter in this Act referred to as the “List”)—

18 (1) through the export from the United States
 19 of any goods or technology identified in the List that
 20 is subject to the jurisdiction of the United States, or

21 (2) through the export from any other country
 22 or territory of any goods or technology identified in
 23 the List that would be, if they were United States
 24 goods or technology, subject to the jurisdiction of

1 the United States and subject to the restrictions set
 2 forth in this section.

3 ~~(b) PERSONS AGAINST WHICH THE SANCTIONS ARE~~
 4 ~~TO BE IMPOSED.~~—The sanctions described in subsection
 5 (a) shall be imposed on—

6 (1) the foreign person with respect to whom the
 7 President makes the determination described in that
 8 subsection;

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

10 (3) any foreign person that is a parent or sub-
 11 sidiary of that person if that parent or subsidiary
 12 with requisite knowledge engaged in the activities
 13 which were the basis of that determination; and

14 (4) any foreign person that is an affiliate of
 15 that person if that affiliate with requisite knowledge
 16 engaged in the activities which were the basis of that
 17 determination and if that affiliate is controlled in
 18 fact by that person.

19 **SEC. 5. DESCRIPTION OF SANCTIONS.**

20 The sanctions to be imposed on a foreign person
 21 under section 4(a) are as follows:

22 (1) **MANDATORY SANCTIONS.**—

23 (A) **PROCUREMENT SANCTION.**—The Unit-
 24 ed States Government shall not procure, or
 25 enter into any contract for the procurement of,

1 any goods or services from such sanctioned for-
2 eign person or any parent, subsidiary, affiliate,
3 or successor entity thereof, as described in sec-
4 tion 4(b).

5 (B) EXPORT SANCTION.—(i) The United
6 States Government shall not issue any license
7 or grant any other permission or authority to
8 export any goods or technology to a sanctioned
9 foreign person under—

10 (I) the Export Administration Act of
11 1979;

12 (II) the Arms Export Control Act;

13 (III) the Atomic Energy Act of 1954;

14 or

15 (IV) any other statute that requires
16 the prior review and approval of the Unit-
17 ed States Government as a condition for
18 the exportation of goods and services, or
19 their re-export, to any foreign person des-
20 ignated by the President as violating this
21 section.

22 (ii) Sanctioned foreign persons shall be in-
23 cluded within the Table of Denial Orders for
24 general and validated export licenses for a pe-
25 riod of not less than three years.

1 (C) DENIAL OF ENTRY OF PERSONS INTO
 2 THE UNITED STATES.—Sanctioned natural per-
 3 sons, and senior executive officers of sanctioned
 4 foreign persons that are corporations or part-
 5 nerships, shall be ineligible to receive visas and
 6 shall be excluded from admission into the Unit-
 7 ed States.

8 (2) DISCRETIONARY SANCTIONS.—

9 (A) INVESTMENT IN THE UNITED STATES
 10 AUTHORITY TO REVIEW CERTAIN MERGERS, AC-
 11 QUISSIONS, AND TAKEOVERS.—The President
 12 may exercise his authority under section 721(d)
 13 of the Defense Production Act of 1950 to inves-
 14 tigate and prohibit mergers, acquisitions, take-
 15 overs, and other similar investments in the
 16 United States by persons engaged in interstate
 17 commerce—

18 (i) if such actions involve foreign per-
 19 sons sanctioned under section 4(a); and

20 (ii) if the President finds, in addition
 21 to the requirements of section 721(e) of
 22 such Act, that the participation of foreign
 23 persons, sanctioned by the President under
 24 section 4(a), in activities to assist, directly
 25 or indirectly, Iran to increase the revenue

available to that government by extracting petroleum, natural gas, or other activities related to these product sectors threatens to impair the national security and foreign policy interests of the United States.

(B) ~~IMPORT SANCTION.~~—(i) The importation into the United States of products produced by any sanctioned foreign person, including any parent, subsidiary, affiliate, or successor entity thereof, may be prohibited.

(ii) Clause (i) includes application to—

(I) the entry of any “finished product” or “component part”, whether shipped directly by the manufacturer, or by another entity; and

(II) the contracting for the provision of services in the United States or abroad by United States persons and by foreign persons in the United States.

(C) ~~PROHIBITION AGAINST EXPORT-IMPORT BANK ASSISTANCE FOR EXPORTS TO FOREIGN PERSONS.~~—The Export-Import Bank of the United States may not guarantee, insure, extend credit, or participate in the extension of credit in connection with the export of any

1 goods or services to any foreign person that has
2 been made subject to the sanctions pursuant to
3 section 4(a).

4 (D) 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 foreign person sanctioned
9 under section 4(a) unless such foreign person is
10 engaged in activities to relieve human suffering,
11 within the meaning of section 203(b)(2) of the
12 International Emergency Economic Powers Act.

13 (E) PROHIBITIONS ON FOREIGN FINAN-
14 CIAL INSTITUTIONS.—The following prohibi-
15 tions may be imposed against foreign financial
16 institutions sanctioned under section 4(a):

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

(ii) GOVERNMENT FUNDS.—Such financial institution shall not serve as agent of the United States Government or serve as repository for United States Government funds.

(iii) RESTRICTIONS ON OPERATIONS.—Such financial institutions shall not, directly or indirectly—

(I) commence any line of business in the United States in which it was not engaged as of the date of the determination by the President under section 4(a); or

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

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

The sanctions of section 5 shall not apply if the President determines and certifies to the appropriate congressional 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 or

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) CONSULTATIONS.—If the President makes a de-
 23 termination described in section 4(a) with respect to for-
 24 eign persons, the Congress urges the President, to initiate
 25 consultations immediately with the foreign government

1 with primary jurisdiction over that foreign person with re-
2 spect to the imposition of the sanctions pursuant to this
3 section.

4 (1) ACTIONS BY GOVERNMENT OF JURISDIC-
5 TION.—In order to pursue such consultations with
6 that government, the President may delay imposition
7 of the sanctions pursuant to this section within 90
8 days. Following such consultations, the President
9 shall immediately impose sanctions unless the Presi-
10 dent determines and certifies to the Congress that
11 the government has taken specific and effective ac-
12 tions, including the imposition of appropriate pen-
13 alties, to terminate the involvement of the foreign
14 person in the activities that resulted in the imposi-
15 tion of sanctions against the foreign person.

16 (2) ADDITIONAL DELAY IN IMPOSITION OF
17 SANCTIONS.—The President may delay the imposi-
18 tion of sanctions for up to an additional 45 days if
19 the President determines and certifies to the Con-
20 gress that the government with primary jurisdiction
21 over the foreign person is in the process of taking
22 the actions described in paragraph (1).

23 (3) REPORT TO CONGRESS.—Not later than 45
24 days after making a determination under section
25 4(a), the President shall submit to the Committee on

1 Banking, Housing and Urban Affairs of the Senate
 2 and the Committee on International Relations of the
 3 House of Representatives a report on the status of
 4 consultations with the appropriate foreign govern-
 5 ment under this subsection, and the basis for any
 6 determination under paragraph (2) that such gov-
 7 ernment has taken specific corrective actions.

8 (b) ASSURANCES FROM FOREIGN PERSONS.—The
 9 President may terminate the sanctions against a foreign
 10 person, subject to a determination under section 4(a), if
 11 the foreign person provides assurances to the Secretary
 12 that the actions that resulted in the determination to im-
 13 pose sanctions have been terminated and have provided
 14 specific assurances that it will neither directly nor indi-
 15 rectly, or through any other person, including subsidiaries
 16 and affiliates, direct or participate in any activity to pro-
 17 vide to Iran goods or technology on the List.

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

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

23 (A) under existing contracts or sub-
 24 contracts, including the exercise of options for
 25 production quantities to satisfy requirements

1 essential to the national security of the United
2 States;

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

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

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

18 ~~(3)~~ to—

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

21 ~~(B)~~ component parts; but not finished
22 products; essential to United States products or
23 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), for goods and technology that are not sub-
 12 ject to the jurisdiction of the United States, 15 days after
 13 the President determines and so reports to the Committee
 14 on Banking, Housing, and Urban Affairs of the Senate
 15 and the Committee on International Relations of the
 16 House of Representatives that it is essential to the na-
 17 tional interest of the United States to exercise such waiver
 18 authority.

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

21 ~~(A)~~ a description of the conduct, including the
 22 identification of the goods and technology involved in
 23 the violation, that resulted in the determination of a
 24 violation or violations;

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

6 (C) an estimate as to the significance of the
7 goods and technology exported to Iran on that coun-
8 try's ability to extract, refine, process, store, or
9 transport petroleum, petroleum products, or natural
10 gas; and

11 (D) a statement as to the response of the Unit-
12 ed States in the event that such foreign person en-
13 gages in other activities that under this section
14 would constitute an additional violation.

15 **SEC. 8. TERMINATION OF SANCTIONS.**

16 (a) DURATION OF SANCTIONS.—The sanctions im-
17 posed pursuant to this section shall apply for a period of
18 not less than 12 months following the determination by
19 the President under section 4(a) and shall cease to apply
20 thereafter only if the President determines and certifies
21 to the Congress that reliable information indicates that
22 the foreign person with respect to which the determination
23 was made under section 4(a) has ceased to aid or abet
24 Iran, or any individual, group, or entity owned or con-

1 trolled by Iran, to acquire goods and technology on the
2 List.

3 (b) WAIVER.—

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

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

21 **SEC. 9. GOODS AND TECHNOLOGY SUBJECT TO EXPORT**
22 **CONTROL RESTRICTIONS.**

23 (a) CONTROL LIST.—(1) For purposes of the deter-
24 minations to be made pursuant to section 4(a), the Presi-
25 dent, in consultation with the Secretary of State and the

1 Secretary of Energy, and the heads of other appropriate
2 departments and agencies, shall establish and maintain
3 the List of Petroleum and Natural Gas-Related Goods and
4 Technology, consisting of goods or technology (including
5 software and technical data) that the President deter-
6 mines materially contribute to the extraction, refining,
7 production, storage, or transportation of petroleum, petro-
8 leum products, or natural gas and the products thereof
9 in or by Iran, including goods and technology that are re-
10 quired for the development, production, or use (including
11 the repair, maintenance, or operation of equipment) for
12 the petroleum and natural gas activities described in this
13 subsection.

14 (2) The President within 60 days of the date of enact-
15 ment of this Act shall cause the List to be published in
16 the Federal Register, together with any regulations nec-
17 essary thereto. Thereafter, any revisions to the List or
18 amendments to the regulations shall be published in the
19 same manner.

20 (3) Not less than 30 days in advance of the publica-
21 tion of the List, it shall be provided to the Committee on
22 Banking, Housing, and Urban Affairs of the Senate and
23 to the Committee on International Relations of the House
24 of Representatives. The President shall consult with such
25 Committees regarding the content of the List and shall

1 respond to questions regarding the basis for the inclusion
 2 on, or exclusion from, the List of specified goods and tech-
 3 nologies.

4 (4) The President may delegate the functions of this
 5 subsection to the Secretary of Commerce.

6 (b) STATUTORY CONSTRUCTION.—Nothing in this
 7 section prevents the inclusion on the List of any goods
 8 or technology that may be produced in and traded inter-
 9 nationally by companies in countries with which the
 10 United States cooperates in controlling the export of goods
 11 and technology to prevent the proliferation of weapons of
 12 mass destruction and the means to deliver them, or in any
 13 other country.

14 **SEC. 10. REPORT REQUIRED.**

15 Beginning 60 days after the date of enactment of this
 16 Act, and every 90 days thereafter, the President shall
 17 transmit to the appropriate congressional committees a re-
 18 port describing—

19 (1) the nuclear and other military capabilities
 20 of Iran; and

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

23 **SEC. 11. DEFINITIONS.**

24 As used in this Act:

1 ~~(1) ACT OF INTERNATIONAL TERRORISM.~~—The
 2 term “act of international terrorism” means an
 3 act—

4 ~~(A)~~ which is violent or dangerous to
 5 human life and that is a violation of the crimi-
 6 nal laws of the United States or of any State
 7 or that would be a criminal violation if commit-
 8 ted within the jurisdiction of the United States
 9 or any State; and

10 ~~(B)~~ which appears to be intended—

11 ~~(i)~~ to intimidate or coerce a civilian
 12 population;

13 ~~(ii)~~ to influence the policy of a govern-
 14 ment by intimidation or coercion; or

15 ~~(iii)~~ to affect the conduct of a govern-
 16 ment by assassination or kidnapping.

17 ~~(2) APPROPRIATE CONGRESSIONAL COMMIT-~~
 18 ~~TEES.~~—The term “appropriate congressional com-
 19 mittees” means the Committees on Banking, Hous-
 20 ing and Urban Affairs and Foreign Relations of the
 21 Senate and the Committees on Banking and Finan-
 22 cial Services and International Relations of the
 23 House of Representatives.

24 ~~(3) COMPONENT PARTS.~~—The term “compo-
 25 nent parts” has the meaning given the term in sec-

tion 11A(e)(1) of the Export Administration Act of 1979 (50 U.S.C. App. 2410a(e)(1)).

(4) ~~FINANCIAL INSTITUTION.~~—The term “financial institution” includes—

(A) a depository institution (as defined in section 3(e)(1) of the Federal Deposit Insurance Act), including a branch or agency of a foreign bank (as defined in section 1(b)(7) of the International Banking Act of 1978);

(B) a credit union;

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

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

(E) any other company that provides financial services; or

(F) any subsidiary of such financial institution.

(5) ~~FINISHED PRODUCTS.~~—The term “finished products” has the meaning given the term in section 11A(e)(2) of the Export Administration Act of 1979 (50 U.S.C. App. 2410a(e)(2)).

(6) ~~FOREIGN PERSON.~~—The term “foreign person” means—

1 (A) an individual who is not a United
2 States national or an alien admitted for perma-
3 nent residence to the United States; or

4 (B) a corporation, partnership, or other
5 nongovernment entity which is not a United
6 States national.

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

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

17 (9) PERSON.—The term “person” means a nat-
18 ural person as well as a corporation, business asso-
19 ciation, partnership, society, trust, any other non-
20 governmental entity, organization, or group, and any
21 governmental entity, operating as a business enter-
22 prise, and any successor of any such entity in the
23 case of countries where it may be impossible to iden-
24 tify a specific government entity referred to in para-
25 graph (2), the term “person” means—

1 (A) all activities of that government relat-
2 ing to the development or production of any
3 missile equipment or technology; and

4 (B) all activities of that government affect-
5 ing the development or production of aircraft,
6 electronics, and space systems or equipment.

7 (10) PETROLEUM PRODUCTS.—As used in this
8 section, the term “petroleum products” means crude
9 oil, residual fuel oil, or any refined petroleum prod-
10 uct.

11 (11) REQUISITE KNOWLEDGE.—For purposes
12 of this subsection, the term “requisite knowledge”
13 means situations in which a person “knows”, as
14 “knowing” is defined in section 104 of the Foreign
15 Corrupt Practices Act of 1977 (15 U.S.C. 78dd-2).

16 (12) SENIOR EXECUTIVE OFFICERS.—The term
17 “senior executive officers” includes officers of sanc-
18 tioned foreign persons, or their designees, who are in
19 a position to direct the conduct or implement the
20 policies that resulted in the determination by the
21 President to impose sanctions against the foreign
22 person.

23 (13) UNITED STATES OR STATE.—The term
24 “United States” or “State” means the several
25 States, the District of Columbia, the Commonwealth

of Puerto Rico, the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, the United States Virgin Islands, and any other territory or possession of the United States.

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

(A) a natural person who is a citizen of the United States or who owes permanent allegiance to the United States;

(B) a corporation or other legal entity which is organized under the laws of the United States, any State or territory thereof, or the District of Columbia, if natural persons who are nationals of the United States own, directly or indirectly, more than 50 percent of the outstanding capital stock or other beneficial interest in such legal entity; and

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

SECTION 1. SHORT TITLE.

This Act may be cited as the “Iran Oil Sanctions Act of 1995”.

SEC. 2. FINDINGS.

The Congress makes the following findings:

1 (1) *The efforts of the Government of Iran to ac-*
 2 *quire weapons of mass destruction and the means to*
 3 *deliver them and its support of international terror-*
 4 *ism endanger the national security and foreign policy*
 5 *interests of the United States and those countries with*
 6 *which it shares common strategic and foreign policy*
 7 *objectives.*

8 (2) *The objective of preventing the proliferation*
 9 *of weapons of mass destruction and international ter-*
 10 *rorism through existing multilateral and bilateral*
 11 *initiatives requires additional efforts to deny Iran the*
 12 *financial means to sustain its nuclear, chemical, bio-*
 13 *logical, and missile weapons programs.*

14 **SEC. 3. DECLARATION OF POLICY.**

15 *The Congress declares that it is the policy of the United*
 16 *States to deny Iran the ability to support international ter-*
 17 *rorism and to fund the development and acquisition of*
 18 *weapons of mass destruction and the means to deliver them*
 19 *by limiting the development of petroleum resources in Iran.*

20 **SEC. 4. IMPOSITION OF SANCTIONS.**

21 (a) *IN GENERAL.*—*Except as provided in subsection*
 22 *(d), the President shall impose one or more of the sanctions*
 23 *described in section 5 on a person subject to this section*
 24 *(in this Act referred to as a “sanctioned person”), if the*
 25 *President determines that the person has, with actual*

1 *knowledge, on or after the date of enactment of this Act,*
 2 *made an investment of more than \$40,000,000 (or any com-*
 3 *bination of investments of at least \$10,000,000 each, which*
 4 *in the aggregate exceeds \$40,000,000 in any 12-month pe-*
 5 *riod), that significantly and materially contributed to the*
 6 *development of petroleum resources in Iran.*

7 *(b) PERSONS AGAINST WHICH THE SANCTIONS ARE*
 8 *TO BE IMPOSED.—The sanctions described in subsection*
 9 *(a) shall be imposed on any person the President deter-*
 10 *mines—*

11 *(1) has carried out the activities described in*
 12 *subsection (a);*

13 *(2) is a successor entity to that person;*

14 *(3) is a person that is a parent or subsidiary of*
 15 *that person if that parent or subsidiary with actual*
 16 *knowledge engaged in the activities which were the*
 17 *basis of that determination; and*

18 *(4) is a person that is an affiliate of that person*
 19 *if that affiliate with actual knowledge engaged in the*
 20 *activities which were the basis of that determination*
 21 *and if that affiliate is controlled in fact by that per-*
 22 *son.*

23 *(c) PUBLICATION IN FEDERAL REGISTER.—The Presi-*
 24 *dent shall cause to be published in the Federal Register a*
 25 *current list of persons that are subject to sanctions under*

1 subsection (a). The President shall remove or add the names
 2 of persons to the list published under this subsection as may
 3 be necessary.

4 (d) *EXCEPTIONS.*—The President shall not be required
 5 to apply or maintain the sanctions under subsection (a)—

6 (1) to products or services provided under con-
 7 tracts entered into before the date on which the Presi-
 8 dent publishes his intention to impose the sanction; or

9 (2) to medicines, medical supplies, or other hu-
 10 manitarian items.

11 **SEC. 5. DESCRIPTION OF SANCTIONS.**

12 The sanctions to be imposed on a person under section
 13 4(a) are as follows:

14 (1) *EXPORT-IMPORT BANK ASSISTANCE FOR EX-*
 15 *PORTS TO SANCTIONED PERSONS.*—The President
 16 may direct the Export-Import Bank of the United
 17 States not to guarantee, insure, extend credit, or par-
 18 ticipate in the extension of credit in connection with
 19 the export of any goods or services to any sanctioned
 20 person.

21 (2) *EXPORT SANCTION.*—The President may
 22 order the United States Government not to issue any
 23 specific license and not to grant any other specific
 24 permission or authority to export any goods or tech-
 25 nology to a sanctioned person under—

1 (A) *the Export Administration Act of 1979;*

2 (B) *the Arms Export Control Act;*

3 (C) *the Atomic Energy Act of 1954; or*

4 (D) *any other statute that requires the prior*

5 *review and approval of the United States Gov-*

6 *ernment as a condition for the exportation of*

7 *goods and services, or their re-export, to any per-*

8 *son designated by the President under section*

9 *4(a).*

10 (3) *LOANS FROM UNITED STATES FINANCIAL IN-*

11 *STITUTIONS.—The United States Government may*

12 *prohibit any United States financial institution from*

13 *making any loan or providing any credit to any*

14 *sanctioned person in an amount exceeding*

15 *\$10,000,000 in any 12-month period (or two or more*

16 *loans of more than \$5,000,000 each in such period)*

17 *unless such person is engaged in activities to relieve*

18 *human suffering within the meaning of section*

19 *203(b)(2) of the International Emergency Economic*

20 *Powers Act.*

21 (4) *PROHIBITIONS ON FINANCIAL INSTITU-*

22 *TIONS.—The following prohibitions may be imposed*

23 *against financial institutions sanctioned under sec-*

24 *tion 4(a):*

1 (A) *DESIGNATION AS PRIMARY DEALER.*—

2 *Neither the Board of Governors of the Federal*
 3 *Reserve System nor the Federal Reserve Bank of*
 4 *New York may designate, or permit the continu-*
 5 *ation of any prior designation of, such financial*
 6 *institution as a primary dealer in United States*
 7 *Government debt instruments.*

8 (B) *GOVERNMENT FUNDS.*—*Such financial*
 9 *institution shall not serve as agent of the United*
 10 *States Government or serve as repository for*
 11 *United States Government funds.*

12 **SEC. 6. ADVISORY OPINIONS.**

13 *The Secretary of State may, upon the request of any*
 14 *person, issue an advisory opinion, to that person as to*
 15 *whether a proposed activity by that person would subject*
 16 *that person to sanctions under this Act. Any person who*
 17 *relies in good faith on such an advisory opinion which*
 18 *states that the proposed activity would not subject a person*
 19 *to such sanctions, and any person who thereafter engages*
 20 *in such activity, may not be made subject to such sanctions*
 21 *on account of such activity.*

22 **SEC. 7. DURATION OF SANCTIONS; PRESIDENTIAL WAIVER.**

23 (a) *DELAY OF SANCTIONS.*—

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 President
2 to initiate consultations immediately with the govern-
3 ment with primary jurisdiction over that foreign per-
4 son with respect to the imposition of sanctions pursu-
5 ant 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 sanctions pursuant to this Act for up to 90 days.
10 Following such consultations, the President shall im-
11 mediately impose a sanction or sanctions unless the
12 President determines and certifies to the Congress
13 that the government has taken specific and effective
14 actions, including, as appropriate, the imposition of
15 appropriate penalties, to terminate the involvement of
16 the foreign person in the activities that resulted in the
17 determination by the President pursuant to section
18 4(a) concerning such person.

19 (3) ADDITIONAL DELAY IN IMPOSITION OF SANC-
20 TIONS.—The President may delay the imposition of
21 sanctions for up to an additional 90 days if the
22 President determines and certifies to the Congress
23 that the government with primary jurisdiction over
24 the foreign person is in the process of taking the ac-
25 tions described in paragraph (2).

1 (4) *REPORT TO CONGRESS.*—Not later than 90
 2 *days after making a determination under section*
 3 *4(a), the President shall submit to the Committee on*
 4 *Banking, Housing and Urban Affairs of the Senate*
 5 *and the Committee on International Relations of the*
 6 *House of Representatives a report which shall include*
 7 *information on the status of consultations with the*
 8 *appropriate foreign government under this subsection,*
 9 *and the basis for any determination under paragraph*
 10 *(3).*

11 (b) *DURATION OF SANCTIONS.*—*The requirement to*
 12 *impose sanctions pursuant to section 4(a) shall remain in*
 13 *effect until the President determines that the sanctioned*
 14 *person is no longer engaging in the activity that led to the*
 15 *imposition of sanctions.*

16 (c) *PRESIDENTIAL WAIVER.*—(1) *The President may*
 17 *waive the requirement in section 4(a) to impose a sanction*
 18 *or sanctions on a person in section 4(b), and may waive*
 19 *the continued imposition of a sanction or sanctions under*
 20 *subsection (b) of this section, 15 days after the President*
 21 *determines and so reports to the Committee on Banking,*
 22 *Housing, and Urban Affairs of the Senate and the Commit-*
 23 *tee on International Relations of the House of Representa-*
 24 *tives that it is important to the national interest of the*
 25 *United States to exercise such waiver authority.*

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

3 (A) *a description of the conduct that resulted in*
 4 *the determination;*

5 (B) *in the case of a foreign person, an expla-*
 6 *nation of the efforts to secure the cooperation of the*
 7 *government with primary jurisdiction of the sanc-*
 8 *tioned person to terminate or, as appropriate, penal-*
 9 *ize the activities that resulted in the determination;*

10 (C) *an estimate as to the significance of the in-*
 11 *vestment to Iran’s ability to develop its petroleum re-*
 12 *sources; and*

13 (D) *a statement as to the response of the United*
 14 *States in the event that such person engages in other*
 15 *activities that would be subject to section 4(a).*

16 ***SEC. 8. TERMINATION OF SANCTIONS.***

17 *The sanctions requirement of section 4 shall no longer*
 18 *have force or effect if the President determines and certifies*
 19 *to the appropriate congressional committees that Iran—*

20 (1) *has ceased its efforts to design, develop, man-*
 21 *ufacture, or acquire—*

22 (A) *a nuclear explosive device or related*
 23 *materials and technology;*

24 (B) *chemical and biological weapons; or*

1 (C) ballistic missiles and ballistic missile
2 launch technology; and

3 (2) has been removed from the list of state spon-
4 sors of international terrorism under section 6(j) of
5 the Export Administration Act of 1979.

6 **SEC. 9. REPORT REQUIRED.**

7 The President shall ensure the continued transmittal
8 to Congress of reports describing—

9 (1) the nuclear and other military capabilities of
10 Iran, as required by section 601(a) of the Nuclear
11 Non-Proliferation Act of 1978 and section 1607 of the
12 National Defense Authorization Act, Fiscal Year
13 1993; and

14 (2) the support provided by Iran for acts of
15 international terrorism, as part of the Department of
16 State’s annual report on international terrorism.

17 **SEC. 10. DEFINITIONS.**

18 As used in this Act:

19 (1) *APPROPRIATE CONGRESSIONAL COMMIT-*
20 *TEES.*—The term “appropriate congressional commit-
21 tees” means the Committees on Banking, Housing
22 and Urban Affairs and Foreign Relations of the Sen-
23 ate and the Committees on Banking and Financial
24 Services and International Relations of the House of
25 Representatives.

1 (2) *FINANCIAL INSTITUTION.*—*The term “finan-*
 2 *cial institution” includes—*

3 (A) *a depository institution (as defined in*
 4 *section 3(c)(1) of the Federal Deposit Insurance*
 5 *Act), including a branch or agency of a foreign*
 6 *bank (as defined in section 1(b)(7) of the Inter-*
 7 *national Banking Act of 1978);*

8 (B) *a credit union;*

9 (C) *a securities firm, including a broker or*
 10 *dealer;*

11 (D) *an insurance company, including an*
 12 *agency or underwriter;*

13 (E) *any other company that provides finan-*
 14 *cial services; or*

15 (F) *any subsidiary of such financial insti-*
 16 *tution.*

17 (3) *INVESTMENT.*—*The term “investment”*
 18 *means—*

19 (A) *the entry into a contract that includes*
 20 *responsibility for the development of petroleum*
 21 *resources located in Iran, or the entry into a*
 22 *contract providing for the general supervision*
 23 *and guarantee of another person’s performance of*
 24 *such a contract;*

1 (B) the purchase of a share of ownership in
2 that development; or

3 (C) the entry into a contract providing for
4 participation in royalties, earnings, or profits in
5 that development, without regard to the form of
6 the participation.

7 (4) *PERSON*.—The term “person” means a natu-
8 ral person as well as a corporation, business associa-
9 tion, partnership, society, trust, any other nongovern-
10 mental entity, organization, or group, and any gov-
11 ernmental entity operating as a business enterprise,
12 and any successor of any such entity.

13 (5) *PETROLEUM RESOURCES*.—The term “petro-
14 leum resources” includes petroleum and natural gas
15 resources.

16 Amend the title so as to read: “A bill to deter invest-
17 ment in the development of Iran’s petroleum resources.”.

S 1228 RS——2

S 1228 RS——3