

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 2358

To impose sanctions against any foreign person or United States person that assists a foreign country in acquiring a nuclear explosive device or unsafeguarded nuclear material, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 9, 1993

Mr. LANTOS introduced the following bill; which was referred jointly to the Committees on Foreign Affairs and Banking, Finance and Urban Affairs

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## A BILL

To impose sanctions against any foreign person or United States person that assists a foreign country in acquiring a nuclear explosive device or unsafeguarded nuclear material, and for other purposes.

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 “Omnibus Nuclear  
5 Proliferation Control Act of 1993”.

6 **SEC. 2. TABLE OF CONTENTS.**

7 The table of contents for this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.
- Sec. 3. Definitions.

## TITLE I—REPORTING ON NUCLEAR EXPORTS

Sec. 101. Reports of the President.

## TITLE II—SANCTIONS FOR NUCLEAR PROLIFERATION

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## TITLE III—INTERNATIONAL ATOMIC ENERGY AGENCY

Sec. 301. Bilateral and multilateral initiatives.

Sec. 302. IAEA internal reforms.

Sec. 303. Reporting requirement.

**1 SEC. 3. DEFINITIONS.**

2 For purposes of this Act—

3 (1) the term “direct-use material” means nu-  
 4 clear material that can be used for the manufacture  
 5 of nuclear explosive components without transmuta-  
 6 tion or further enrichment, such as plutonium con-  
 7 taining less than 80 percent plutonium-238, ura-  
 8 nium enriched to 20 percent uranium-235 or more,  
 9 uranium-233, and chemical compounds, mixtures of  
 10 direct-use materials (including mixed oxide reactor  
 11 fuel), and plutonium contained in spent nuclear fuel.

12 (2) the term “goods or technology” means nu-  
 13 clear materials and equipment and sensitive nuclear  
 14 technology (as such terms are defined in section 4  
 15 of the Nuclear Non-Proliferation Act of 1978), all

1 export items designated by the President pursuant  
2 to section 309(c) of the Nuclear Non-Proliferation  
3 Act of 1978, and all technical assistance requiring  
4 authorization under section 57b. of the Atomic En-  
5 ergy Act of 1954;

6 (3) the term “highly enriched uranium” means  
7 uranium enriched to 20 percent or more in the iso-  
8 tope U-235;

9 (4) the term “IAEA” means the International  
10 Atomic Energy Agency;

11 (5) the term “IAEA safeguards” means the  
12 safeguards set forth in an agreement between a  
13 country and the International Atomic Energy Agen-  
14 cy, as authorized by Article III(A)(5) of the Statute  
15 of the International Atomic Energy Agency;

16 (6) the term “near real time material account-  
17 ancY” means a method of accounting for the loca-  
18 tion, quantity, and disposition of special fissionable  
19 material at facilities that store or process such mate-  
20 rial, in which verification of peaceful use is continu-  
21 ously achieved by means of frequent physical inven-  
22 tories and the use of in-process instrumentation;

23 (7) the term “non-nuclear-weapon state” means  
24 any country which is not a nuclear-weapon state, as  
25 defined by Article IX (3) of the Treaty on the Non-

1 Proliferation of Nuclear Weapons, signed at Wash-  
2 ington, London, and Moscow on July 1, 1968;

3 (8) the term “nuclear explosive device” means  
4 any device, whether assembled or disassembled, that  
5 is designed to release in one microsecond or less an  
6 amount of nuclear energy from special nuclear mate-  
7 rial that is greater than the amount of energy that  
8 would be released from the detonation of one pound  
9 of trinitrotoluene (TNT);

10 (9) the term “special fissionable material”, as  
11 used in title III of this Act, has the meaning given  
12 that term by Article XX(1) of the Statute of the  
13 International Atomic Energy Agency, done at the  
14 Headquarters of the United Nations on October 26,  
15 1956;

16 (10) the term “special nuclear material” has  
17 the meaning given that term in section 11 aa. of the  
18 Atomic Energy Act of 1954 (42 U.S.C. 2014aa);

19 (11) the term “Treaty” means the Treaty on  
20 the Non-Proliferation of Nuclear Weapons, signed at  
21 Washington, London, and Moscow on July 1, 1968;  
22 and

23 (12) the term “unsafeguarded special nuclear  
24 material” means special nuclear material which is  
25 held in violation of IAEA safeguards or is not sub-

1       ject to IAEA safeguards, and does not include any  
2       quantity of material that could, if it were exported  
3       from the United States, be exported under a general  
4       license issued by the Nuclear Regulatory Commis-  
5       sion.

## 6                   **TITLE I—REPORTING ON** 7                   **NUCLEAR EXPORTS**

### 8   **SEC. 101. REPORTS OF THE PRESIDENT.**

9       Section 601(a) of the Nuclear Non-Proliferation Act  
10     of 1978 (22 U.S.C. 3281(a)) is amended—

11             (1) in paragraph (4), by striking “and” after  
12     the semicolon;

13             (2) in paragraph (5), by striking the period and  
14     inserting “; and”; and

15             (3) by adding after paragraph (5) the following  
16     new paragraph:

17             “(6) a description of the implementation of nu-  
18     clear export controls in the preceding calendar year,  
19     including a summary by type of commodity, by value  
20     per type of commodity, and by destination, of—

21                 “(A) any transactions for which—

22                         “(i) a license was issued for the ex-  
23     port or retransfer of any good controlled  
24     under section 309(c) of the Nuclear Non-  
25     Proliferation Act of 1978;

1           “(ii) a license was issued for the ex-  
2 port or retransfer of any good controlled  
3 under section 109 b. of the 1954 Act; and

4           “(iii) an authorization was made as  
5 required by section 57 b.(2) of the 1954  
6 Act to engage, directly or indirectly, in the  
7 production of special nuclear material; and

8           “(B) each instance in which—

9           “(i) a sanction has been imposed  
10 under section 201(a) of the Omnibus Nu-  
11 clear Proliferation Control Act of 1993,  
12 section 670(b)(1) of the Foreign Assist-  
13 ance Act of 1961, or section 601 or 602 of  
14 the Federal Deposit Insurance Corporation  
15 Improvement Act of 1991;

16           “(ii) a sale or lease has been denied  
17 under section 3(f) of the Arms Export  
18 Control Act or a transaction prohibited by  
19 reason of any act relating to proliferation  
20 of nuclear explosive devices, as described in  
21 section 40(d) of that Act;

22           “(iii) a sanction has not been imposed  
23 by reason of section 201(c)(2) of the Om-  
24 nibus Nuclear Proliferation Control Act of  
25 1993 or the imposition of a sanction has

1           been delayed under section 670(b)(4) of  
2           the Foreign Assistance Act of 1961; or

3           “ (iv) a waiver of a sanction has been  
4           made under—

5                   “(I) section 201(f) of the Omni-  
6                   bus Nuclear Proliferation Control Act  
7                   of 1993,

8                   “(II) section 620E(d), or para-  
9                   graph (5) or (6) of section 670(b), of  
10                  the Foreign Assistance Act of 1961,

11                  “(III) section 605 of the Federal  
12                  Deposit Insurance Corporation Im-  
13                  provement Act of 1991,

14                  “(IV) section 40(g) of the Arms  
15                  Export Control Act with respect to  
16                  the last sentence of section 40(d) of  
17                  that Act, or

18                  “(V) section 614 of the Foreign  
19                  Assistance Act of 1961 with respect to  
20                  section 620E or 670(b)(1) of that Act  
21                  or section 3(f), or the last sentence of  
22                  section 40(d), of the Arms Export  
23                  Control Act.”.

1           **TITLE II—SANCTIONS FOR**  
2           **NUCLEAR PROLIFERATION**

3   **SEC. 201. IMPOSITION OF SANCTIONS.**

4           (a) DETERMINATION BY THE PRESIDENT.—

5                 (1) IN GENERAL.—Except as provided in sub-  
6           section (b)(2), the President shall impose the appli-  
7           cable sanctions described in subsection (c) if the  
8           President determines that a foreign person or a  
9           United States person, on or after the date of enact-  
10          ment of this Act, has materially and with requisite  
11          knowledge contributed—

12                         (A) through the export from the United  
13                         States of any goods or technology that are sub-  
14                         ject to the jurisdiction of the United States, or

15                         (B) through the export from any other  
16                         country of any goods or technology that would  
17                         be, if they were exported from the United  
18                         States, subject to the jurisdiction of the United  
19                         States,

20          to the efforts by any individual, group, or non-nu-  
21          clear-weapon state to acquire unsafeguarded special  
22          nuclear material or to use, develop, produce, stock-  
23          pile, or otherwise acquire any nuclear explosive de-  
24          vice, whether or not the goods or technology is spe-  
25          cifically designed or modified for that purpose.

1           (2) PERSONS AGAINST WHICH SANCTIONS ARE  
2 TO BE IMPOSED.—Sanctions shall be imposed pursu-  
3 ant to paragraph (1) on—

4           (A) the foreign person or United States  
5 person with respect to which the President  
6 makes the determination described in that para-  
7 graph;

8           (B) any successor entity to that foreign  
9 person or United States person;

10          (C) any foreign person or United States  
11 person that is a parent or subsidiary of that  
12 person if that parent or subsidiary materially  
13 and with requisite knowledge assisted in the ac-  
14 tivities which were the basis of that determina-  
15 tion; and

16          (D) any foreign person or United States  
17 person that is an affiliate of that person if that  
18 affiliate materially and with requisite knowledge  
19 assisted in the activities which were the basis of  
20 that determination and if that affiliate is con-  
21 trolled in fact by that foreign person.

22          (3) OTHER SANCTIONS AVAILABLE.—The sanc-  
23 tions which are required to be imposed for activities  
24 described in this subsection are in addition to any

1 other sanction which may be imposed for the same  
2 activities under any other provision of law.

3 (4) DEFINITION.—For purposes of this sub-  
4 section, the term “requisite knowledge” means situa-  
5 tions in which a person “knows”, as “knowing” is  
6 defined in section 104 of the Foreign Corrupt Prac-  
7 tices Act of 1977 (15 U.S.C. 78dd–2), and includes  
8 situations in which a person has reason to know.

9 (b) CONSULTATION WITH AND ACTIONS BY FOREIGN  
10 GOVERNMENT OF JURISDICTION.—

11 (1) CONSULTATIONS.—If the President makes a  
12 determination described in subsection (a)(1) with re-  
13 spect to a foreign person, the Congress urges the  
14 President to initiate consultations immediately with  
15 the government with primary jurisdiction over that  
16 foreign person with respect to the imposition of  
17 sanctions pursuant to this section.

18 (2) ACTIONS BY GOVERNMENT OF JURISDIC-  
19 TION.—In order to pursue such consultations with  
20 that government, the President may delay imposition  
21 of sanctions pursuant to this section for up to 90  
22 days. Following these consultations, the President  
23 shall impose sanctions unless the President deter-  
24 mines and certifies to the Congress that that govern-  
25 ment has taken specific and effective actions, includ-

1 ing appropriate penalties, to terminate the involve-  
2 ment of the foreign person in the activities described  
3 in subsection (a)(1). The President may delay the  
4 imposition of sanctions for up to an additional 90  
5 days if the President determines and certifies to the  
6 Congress that that government is in the process of  
7 taking the actions described in the preceding sen-  
8 tence.

9 (3) REPORT TO CONGRESS.—Not later than 90  
10 days after making a determination under subsection  
11 (a)(1), the President shall submit to the Committee  
12 on Foreign Relations and the Committee on Govern-  
13 mental Affairs of the Senate and the Committee on  
14 Foreign Affairs of the House of Representatives a  
15 report on the status of consultations with the appro-  
16 priate government under this subsection, and the  
17 basis for any determination under paragraph (2) of  
18 this subsection that such government has taken spe-  
19 cific corrective actions.

20 (c) SANCTIONS.—

21 (1) DESCRIPTION OF SANCTIONS.—The sanc-  
22 tions to be imposed pursuant to subsection (a)(1)  
23 are, except as provided in paragraph (2) of this sub-  
24 section, that the United States Government shall not  
25 procure, or enter into any contract for the procure-

1       ment of, any goods or services from any person de-  
2       scribed in subsection (a)(2).

3           (2) EXCEPTIONS.—The President shall not be  
4       required to apply or maintain sanctions under this  
5       section—

6           (A) in the case of procurement of defense  
7       articles or defense services—

8           (i) under existing contracts or sub-  
9       contracts, including the exercise of options  
10      for production quantities to satisfy require-  
11      ments essential to the national security of  
12      the United States;

13          (ii) if the President determines that  
14      the person or other entity to which the  
15      sanctions would otherwise be applied is a  
16      sole source supplier of the defense articles  
17      or services, that the defense articles or  
18      services are essential, and that alternative  
19      sources are not readily or reasonably avail-  
20      able; or

21          (iii) if the President determines that  
22      such articles or services are essential to the  
23      national security under defense  
24      coproduction agreements;

1 (B) to products or services provided under  
2 contracts entered into before the date on which  
3 the President publishes his intention to impose  
4 the sanctions;

5 (C) to—

6 (i) spare parts which are essential to  
7 United States products or production;

8 (ii) component parts, but not finished  
9 products, essential to United States prod-  
10 ucts or production; or

11 (iii) routine servicing and mainte-  
12 nance of products, to the extent that alter-  
13 native sources are not readily or reason-  
14 ably available;

15 (D) to information and technology essen-  
16 tial to United States products or production; or

17 (E) to medical or other humanitarian  
18 items.

19 (d) ADVISORY OPINIONS.—(1) Upon the request of  
20 any person, the Secretary of State may, after appropriate  
21 consultation, issue an advisory opinion in writing to that  
22 person as to whether a proposed activity by that person  
23 would subject that person to sanctions under this section.

1           (2) Issuance of an advisory opinion under paragraph  
2 (1) shall not exempt any person from compliance with the  
3 requirements of this Act.

4           (3) For purposes of this subsection, the term “appro-  
5 priate consultation” means consultation by the Secretary  
6 of State with the Secretary of Defense, the Director of  
7 the Arms Control and Disarmament Agency, and the  
8 heads of such other Federal agencies as the Secretary of  
9 State may determine are necessary.

10          (e) TERMINATION OF SANCTIONS.—The sanctions  
11 imposed pursuant to this section shall apply for a period  
12 of at least 12 months following the imposition of sanctions  
13 and shall cease to apply thereafter only if the President  
14 determines and certifies to the Congress that—

15               (1) reliable information indicates that the for-  
16 eign person or United States person with respect to  
17 which the determination was made under subsection  
18 (a)(1) has ceased to aid or abet any individual,  
19 group, or non-nuclear-weapon state in its efforts to  
20 acquire unsafeguarded special nuclear material or  
21 any nuclear explosive device, as described in that  
22 subsection; and

23               (2) the President has received reliable assur-  
24 ances from the foreign person or United States per-  
25 son, as the case may be, that such person will not,

1 in the future, aid or abet any individual, group, or  
2 non-nuclear-weapon state in its efforts to acquire  
3 unsafeguarded special nuclear material or any nu-  
4 clear explosive device, as described in subsection  
5 (a)(1).

6 (f) WAIVER.—

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

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

24 (g) DEFINITIONS.—For purposes of this section—

25 (1) the term “foreign person” means—

1 (A) an individual who is not a citizen of  
2 the United States or an alien admitted for per-  
3 manent residence to the United States; or

4 (B) a corporation, partnership, or other  
5 nongovernment entity which is created or orga-  
6 nized under the laws of a foreign country or  
7 which has its principal place of business outside  
8 the United States; and

9 (2) the term “United States person” means—

10 (A) an individual who is a citizen of the  
11 United States or an alien admitted for perma-  
12 nent residence to the United States; or

13 (B) a corporation, partnership, or other  
14 entity which is not a foreign person.

15 **SEC. 202. ELIGIBILITY FOR ASSISTANCE.**

16 (a) AMENDMENTS TO THE ARMS EXPORT CONTROL  
17 ACT.—(1) Section 3 of the Arms Export Control Act (22  
18 U.S.C. 2753) is amended by adding at the end the follow-  
19 ing new subsection:

20 “(f) No sales or leases shall be made under this Act  
21 to any country that the President has determined is in  
22 material breach of its commitments to the United States  
23 under international treaties or agreements concerning the  
24 nonproliferation of nuclear explosive devices (as defined in  
25 section 3(8) of the Omnibus Nuclear Proliferation Control

1 Act of 1993) and unsafeguarded special nuclear material  
2 (as defined in section 3(12) of that Act).”.

3 (2) Section 40 of such Act (22 U.S.C. 2780) is  
4 amended—

5 (A) in subsection (d), by adding at the end the  
6 following new sentence: “For purposes of this sub-  
7 section, such acts shall include any activity that the  
8 Secretary determines willfully aids or abets the  
9 international proliferation of nuclear explosive de-  
10 vices to an individual or group or willfully aids or  
11 abets an individual or group in acquiring  
12 unsafeguarded special nuclear material.”; and

13 (B) in subsection (l)—

14 (i) in paragraph (2), by striking “and”  
15 after the semicolon;

16 (ii) in paragraph (3), by striking the pe-  
17 riod at the end and inserting a semicolon; and

18 (iii) by adding at the end the following:

19 “(4) the term ‘nuclear explosive device’ has the  
20 meaning given that term in section 3(8) of the Om-  
21 nibus Nuclear Proliferation Control Act of 1993;  
22 and

23 “(5) the term ‘unsafeguarded special nuclear  
24 material’ has the meaning given that term in section

1 3(12) of the Omnibus Nuclear Proliferation Control  
2 Act of 1993.”.

3 (b) AMENDMENTS TO THE FOREIGN ASSISTANCE  
4 ACT OF 1961.—

5 (1) Section 670(a)(2) of the Foreign Assistance  
6 Act of 1961 (22 U.S.C. 2429a(a)(2)) is amended in  
7 the first sentence—

8 (A) by inserting “in any fiscal year” after  
9 “President”; and

10 (B) by inserting “during that fiscal year”  
11 after “certifies in writing”.

12 (2) Notwithstanding any other provision of law,  
13 Presidential Determination No. 82–7 of February  
14 10, 1982, shall have no force or effect with respect  
15 to any grounds for the prohibition of assistance  
16 under section 670(a)(1) of such Act arising on or  
17 after the date of enactment of this Act.

18 (3) Section 620E(d) of the Foreign Assistance  
19 Act of 1961 (22 U.S.C. 2375(d)) is amended to read  
20 as follows:

21 “(d) The President may waive the prohibitions of sec-  
22 tion 669 of this Act with respect to any grounds for the  
23 prohibition of assistance under that section arising before  
24 the date of enactment of the Omnibus Nuclear Prolifera-  
25 tion Control Act of 1993 to provide assistance to Pakistan

1 if he determines that to do so is in the national interest  
2 of the United States.”.

3 **SEC. 203. ROLE OF INTERNATIONAL FINANCIAL INSTITU-**  
4 **TIONS.**

5 (a) IN GENERAL.—The Secretary of the Treasury  
6 shall instruct the United States executive director to each  
7 of the international financial institutions described in sec-  
8 tion 701(a) of the International Financial Institutions Act  
9 (22 U.S.C. 262d(a)) to use the voice and vote of the  
10 United States to oppose any direct or indirect use of the  
11 institution’s funds to promote the acquisition of  
12 unsafeguarded special nuclear material or the develop-  
13 ment, stockpiling, or use of any nuclear explosive device  
14 by any non-nuclear-weapon state.

15 (b) DUTIES OF UNITED STATES EXECUTIVE DIREC-  
16 TORS.—Section 701(b)(3) of the International Financial  
17 Institutions Act (22 U.S.C. 262d(b)(3)) is amended to  
18 read as follows:

19 “(3) whether the recipient country—

20 “(A) has been found by the President to be  
21 seeking to acquire unsafeguarded special nu-  
22 clear material (as defined in section 3(12) of  
23 the Omnibus Nuclear Proliferation Control Act  
24 of 1993) or a nuclear explosive device (as de-  
25 fined in section 3(8) of that Act);

1           “(B) is not a State Party to the Treaty on  
2           Non-Proliferation of Nuclear Weapons; or

3           “(C) has detonated a nuclear explosive de-  
4           vice; and”.

5 **SEC. 204. AMENDMENT TO THE INTERNATIONAL EMER-**  
6 **GENCY ECONOMIC POWERS ACT.**

7           Section 202 of the International Emergency Eco-  
8           nomic Powers Act (50 U.S.C. 1701) is amended by adding  
9           at the end thereof the following new subsection:

10          “(c) For the purpose of this section, the term ‘any  
11          unusual and extraordinary threat’ includes any inter-  
12          national event that the President determines may involve  
13          the detonation of a nuclear explosive device (as defined  
14          in section 3(8) of the Omnibus Nuclear Proliferation Con-  
15          trol Act of 1993) or an action or activity that substantially  
16          contributes to the likelihood of the proliferation or detona-  
17          tion of such devices, including the acquisition by a non-  
18          nuclear-weapon state of unsafeguarded special nuclear  
19          material (as defined in section 3(12) of that Act).”.

20 **SEC. 205. AMENDMENT TO THE FEDERAL DEPOSIT INSUR-**  
21 **ANCE CORPORATION IMPROVEMENT ACT OF**  
22 **1991.**

23          The Federal Deposit Insurance Corporation Improve-  
24          ment Act of 1991 is amended by adding at the end the  
25          following new title:

1           **“TITLE VI—SANCTIONS ON**  
2           **FINANCIAL INSTITUTIONS**

3   **“SEC. 601. PRESIDENTIAL DETERMINATION.**

4           “(a) IN GENERAL.—The prohibitions in section 603  
5 shall be imposed on a financial institution if the President  
6 determines that such financial institution, on or after the  
7 date which is 60 days after the date of enactment of this  
8 section, has materially and with requisite knowledge con-  
9 tributed, through provision of financing or other services,  
10 to the efforts by any individual, group, or non-nuclear-  
11 weapon state to acquire unsafeguarded special nuclear ma-  
12 terial or to use, develop, produce, stockpile, or otherwise  
13 acquire any nuclear explosive device, as these standards  
14 and terms would be applied under section 201(a) of the  
15 Omnibus Nuclear Proliferation Control Act of 1993.

16           “(b) PRESIDENTIAL ORDER.—Whenever the Presi-  
17 dent makes a determination under subsection (a) with re-  
18 spect to a financial institution, the President shall issue  
19 an order specifying a date within 180 days after such de-  
20 termination on which the prohibitions in section 603 shall  
21 begin to apply to such institution.

22   **“SEC. 602. ADDITIONAL ENTITIES AGAINST WHICH SANC-**  
23                           **TIONS ARE TO BE IMPOSED.**

24           “The prohibitions described in section 603 shall also  
25 be imposed, pursuant to section 601, on—

1           “(1) any successor entity to the financial insti-  
2           tution with respect to which the President makes a  
3           determination under section 601(a);

4           “(2) any foreign person or United States person  
5           that is a parent or subsidiary of that financial insti-  
6           tution if that parent or subsidiary materially and  
7           with requisite knowledge assisted in the activities  
8           which were the basis of that determination; and

9           “(3) any foreign person or United States person  
10          that is an affiliate of that financial institution if that  
11          affiliate materially and with requisite knowledge as-  
12          sisted in the activities which were the basis of such  
13          determination and if that affiliate is controlled in  
14          fact by that financial institution.

15   **“SEC. 603. PROHIBITIONS.**

16          “The following prohibitions shall apply to a financial  
17          institution with respect to which a determination is made  
18          under section 601(a) and to the entities described in sec-  
19          tion 602:

20                 “(1) BAN ON DEALINGS IN GOVERNMENT FI-  
21                 NANCE.—

22                         “(A) DESIGNATION AS PRIMARY DEAL-  
23                         ER.—Neither the Board of Governors of the  
24                         Federal Reserve System nor the Federal Re-  
25                         serve Bank of New York may designate, or per-

1 mit the continuation of any prior designation  
2 of, such financial institution or any such entity  
3 as a primary dealer in United States Govern-  
4 ment debt instruments.

5 “(B) GOVERNMENT FUNDS.—Such finan-  
6 cial institution or any such entity shall not  
7 serve as agent of the United States Government  
8 or serve as repository for United States Govern-  
9 ment funds.

10 “(2) RESTRICTIONS ON OPERATIONS.—Such fi-  
11 nancial institution or any such entity shall not, di-  
12 rectly or indirectly—

13 “(A) commence any line of business in the  
14 United States in which it was not engaged as  
15 of the date of the determination; or

16 “(B) conduct business from any location in  
17 the United States at which it did not conduct  
18 business as of the date of the determination.

19 **“SEC. 604. CONDITIONS AND TERMINATION OF SANCTIONS.**

20 “The same requirements for consultation with the  
21 foreign government of jurisdiction, where appropriate, and  
22 for termination of sanctions shall apply under this title  
23 as are provided in subsections (b) and (e), respectively,  
24 of section 201 of the Omnibus Nuclear Proliferation Con-  
25 trol Act of 1993.

1 **“SEC. 605. WAIVER.**

2 “The President may waive the imposition of any pro-  
3 hibition imposed on any financial institution or other en-  
4 tity pursuant to section 601 or 602 if the President deter-  
5 mines and certifies to the Congress that the imposition  
6 of such prohibition would have a serious adverse effect on  
7 the safety and soundness of the domestic or international  
8 financial system or on domestic or international payments  
9 systems.

10 **“SEC. 606. DEFINITIONS.**

11 “As used in this title—

12 “(1) the term ‘financial institution’ includes—

13 “(A) a depository institution, including a  
14 branch or agency of a foreign bank;

15 “(B) a securities firm, including a broker  
16 or dealer;

17 “(C) an insurance company, including an  
18 agency or underwriter;

19 “(D) any other company that provides fi-  
20 nancial services; or

21 “(E) any subsidiary of any entity described  
22 in subparagraph (A), (B), (C), or (D);

23 “(2) the term ‘requisite knowledge’ means situ-  
24 ations in which a person ‘knows’, as ‘knowing’ is de-  
25 fined in section 104 of the Foreign Corrupt Prac-  
26 tices Act of 1977 (15 U.S.C. 78dd-2), and includes

1 situations in which a person has reason to know;  
2 and

3 “(3) the terms ‘foreign person’ and ‘United  
4 States person’ have the meanings given those terms  
5 in section 201(g) of the Omnibus Nuclear Prolifera-  
6 tion Control Act of 1993.”.

7 **SEC. 206. EXPORT-IMPORT BANK OF THE UNITED STATES.**

8 Section 2(b)(4) of the Export-Import Bank Act of  
9 1945 (12 U.S.C. 635(b)(4)) is amended in the first sen-  
10 tence by inserting after “device” the following: “(as de-  
11 fined in section 3(8) of the Omnibus Nuclear Proliferation  
12 Control Act of 1993), or that any country has willfully  
13 aided or abetted any non-nuclear-weapon state (as defined  
14 in section 3(7) of that Act) to acquire any such nuclear  
15 explosive device or to acquire unsafeguarded special nu-  
16 clear material (as defined in section 3(12) of that Act).”.

17 **SEC. 207. ADDITIONAL AMENDMENTS TO THE FOREIGN AS-**  
18 **SISTANCE ACT OF 1961.**

19 (a) **ADDITIONAL SANCTIONS.**—Section 670 of the  
20 Foreign Assistance Act of 1961 (22 U.S.C. 2429a(b)) is  
21 amended—

22 (1) in subsection (b), by redesignating para-  
23 graphs (2), (3), and (4) as paragraphs (4), (5), and  
24 (6), respectively; and

1           (2) by amending subsection (b)(1) to read as  
2 follows:

3           “(b)(1) Except as provided in paragraphs (4), (5),  
4 and (6), in the event that the President determines that  
5 any country, after the date of enactment of the Omnibus  
6 Nuclear Proliferation Control of 1993—

7           “(A) transfers to a non-nuclear-weapon state a  
8 nuclear explosive device,

9           “(B) is a non-nuclear-weapon state and ei-  
10 ther—

11           “(i) receives a nuclear explosive device, or

12           “(ii) detonates a nuclear explosive device,

13           “(C) transfers to a non-nuclear-weapon state  
14 any design information or component which is deter-  
15 mined by the President to be important to, and  
16 known by the transferring country to be intended by  
17 the recipient state for use in, the development or  
18 manufacture of any nuclear explosive device, or

19           “(D) is a non-nuclear-weapon state and has  
20 sought and received any design information or com-  
21 ponent which is determined by the President to be  
22 important to, and intended by the recipient state for  
23 use in, the development or manufacture of any nu-  
24 clear explosive device,

1 then the President shall forthwith report in writing his  
2 determination to the Congress and shall forthwith impose  
3 the sanctions described in paragraph (2) against that  
4 country.

5 “(2) The sanctions referred to in paragraph (1) are  
6 as follows:

7 “(A) The United States Government shall ter-  
8minate assistance to that country under this Act, ex-  
9cept for humanitarian assistance or food or other  
10 agricultural commodities.

11 “(B) The United States Government shall ter-  
12minate—

13 “(i) sales to that country under the Arms  
14 Export Control Act of any defense articles, de-  
15fense services, or design and construction serv-  
16ices, and

17 “(ii) licenses for the export to that country  
18 of any item on the United States Munitions  
19 List.

20 “(C) The United States Government shall ter-  
21minate all foreign military financing for that country  
22 under the Arms Export Control Act.

23 “(D) The United States Government shall deny  
24 to that country any credit, credit guarantees, or  
25 other financial assistance by any department, agen-

1 cy, or instrumentality of the United States Govern-  
2 ment, except that the sanction of this subparagraph  
3 shall not apply—

4 “(i) to any transaction subject to the re-  
5 porting requirements of title V of the National  
6 Security Act of 1947 (relating to congressional  
7 oversight of intelligence activities), or

8 “(ii) to humanitarian assistance.

9 “(E) The United States Government shall op-  
10 pose, in accordance with section 701 of the Inter-  
11 national Financial Institutions Act (22 U.S.C.  
12 262d), the extension of any loan or financial or tech-  
13 nical assistance to that country by any international  
14 financial institution.

15 “(F) The United States Government shall pro-  
16 hibit any United States bank from making any loan  
17 or providing any credit to the government of that  
18 country, except for loans or credits for the purpose  
19 of purchasing food or other agricultural commod-  
20 ities.

21 “(G) The President shall prohibit exports to  
22 that country of all goods and technology (excluding  
23 food and other agricultural commodities), except  
24 that such prohibition shall not apply to any trans-  
25 action subject to the reporting requirements of title

1 V of the National Security Act of 1947 (relating to  
2 congressional oversight of intelligence activities).

3 “(3) As used in this subsection—

4 “(A) the term ‘design information’ means infor-  
5 mation that relates to the design of a nuclear explo-  
6 sive device and that is not available to the public;  
7 and

8 “(B) the term ‘component’ means a component  
9 of a nuclear explosive device.”.

10 (b) DEFINITION OF NUCLEAR EXPLOSIVE DEVICE.—

11 Section 644 of the Foreign Assistance Act of 1961 (22  
12 U.S.C. 2403) is amended by adding at the end the follow-  
13 ing:

14 “(q) ‘Nuclear explosive device’ has the meaning given  
15 that term in section 3(8) of the Omnibus Nuclear Pro-  
16 liferation Control Act of 1993.”.

17 (c) CONFORMING AMENDMENTS.—Section 670(b) of  
18 the Foreign Assistance Act of 1961 (22 U.S.C. 2429a(b))  
19 is further amended—

20 (1) in paragraph (4) (as redesignated by sub-  
21 section (a)(1) of this section)—

22 (A) in subparagraph (A)—

23 (i) by striking “furnish assistance  
24 which would otherwise be prohibited under  
25 paragraph (1)” and inserting “delay the

1 imposition of sanctions which would other-  
2 wise be required under paragraph (1)(A)  
3 or (1)(B)”;

4 (ii) by striking “, before furnishing  
5 such assistance, the President” and insert-  
6 ing “the President first”; and

7 (iii) by striking “termination of assist-  
8 ance to” and inserting “imposition of sanc-  
9 tions on”;

10 (B) in subparagraph (B) by striking “(3)”  
11 and inserting “(5)”;

12 (C) in subparagraph (E)—

13 (i) by striking “(b)(2)” and inserting  
14 “(b)(4)”;

15 (ii) by striking “(b)(3)” and inserting  
16 “(b)(5)”;

17 (2) in paragraph (5) (as so redesignated)—

18 (A) by striking “(2)” and inserting “(4)”;

19 (B) by striking “furnish assistance which  
20 would otherwise be prohibited under paragraph  
21 (1)” and inserting “waive any sanction which  
22 would otherwise be required under paragraph  
23 (1)(A) or (1)(B)”; and

1 (C) by striking “termination of such assist-  
2 ance” and inserting “imposition of such sanc-  
3 tion”;

4 (3) by redesignating paragraph (6) (as so re-  
5 designated) as paragraph (7); and

6 (4) by inserting after paragraph (5) (as so re-  
7 designated) the following:

8 “(6) Notwithstanding any other provision of  
9 law, the sanctions which are required to be imposed  
10 against a country under paragraph (1)(C) or (1)(D)  
11 shall not apply if the President determines and cer-  
12 tifies in writing to the Committee on Foreign Rela-  
13 tions and the Committee on Governmental Affairs of  
14 the Senate and the Committee on Foreign Affairs of  
15 the House of Representatives that the application of  
16 such sanctions against such country would have a  
17 serious adverse effect on vital United States inter-  
18 ests. The President shall transmit with such certifi-  
19 cation a statement setting forth the specific reasons  
20 therefor.”.

21 **SEC. 208. REWARD.**

22 Section 36(a) of the State Department Basic Au-  
23 thorities Act of 1956 (22 U.S.C. 2708(a)) is amended—

24 (1) by redesignating paragraphs (1) through  
25 (3) as subparagraphs (A) through (C), respectively;

1 (2) by inserting “(1)” after “(a)”; and

2 (3) by adding at the end the following:

3 “(2) For purposes of this subsection, the term  
4 ‘act of international terrorism’ includes any act sub-  
5 stantially contributing to the acquisition of  
6 unsafeguarded special nuclear material (as defined  
7 in section 3(12) of the Omnibus Nuclear Prolifera-  
8 tion Control Act of 1993) or any nuclear explosive  
9 device (as defined in section 3(8) of that Act) by an  
10 individual or group.”.

11 **SEC. 209. REPORTS.**

12 (a) CONTENT OF ACDA ANNUAL REPORT.—Section  
13 52 of the Arms Control and Disarmament Act (22 U.S.C.  
14 2592) is amended—

15 (1) by inserting “(a) In General.—” before  
16 “The Congress”;

17 (2) by striking “and” at the end of paragraph  
18 (4);

19 (3) by striking the period at the end of para-  
20 graph (5) and inserting “; and”;

21 (4) by adding after paragraph (5) the following  
22 new paragraph:

23 “(6) a section of the report shall deal with any  
24 material noncompliance by foreign governments with  
25 their commitments to the United States with respect

1 to the prevention of the spread of nuclear explosive  
2 devices (as defined in section 3(8) of the Omnibus  
3 Nuclear Proliferation Control Act of 1993) by non-  
4 nuclear-weapon states (as defined in section 3(7) of  
5 that Act) or the acquisition by such states of  
6 unsafeguarded special nuclear material (as defined  
7 in section 3(12) of that Act), including—

8 “(A) a net assessment of the aggregate  
9 military significance of all such violations;

10 “(B) a statement of the compliance policy  
11 of the United States with respect to violations  
12 of those commitments; and

13 “(C) what actions, if any, the President  
14 has taken or proposes to take to bring any na-  
15 tion committing such a violation into compli-  
16 ance with its commitments.”; and

17 (5) by adding at the end the following new sub-  
18 section:

19 “(b) REPORTING CONSECUTIVE NONCOMPLIANCE.—  
20 If the President in consecutive reports submitted to the  
21 Congress under this section reports that any designated  
22 nation is not in full compliance with its nonproliferation  
23 commitments to the United States, then the President  
24 shall include in the second such report an assessment of

1 what actions are necessary to compensate for such viola-  
2 tions.”.

3 (b) REPORTING ON DEMARCHES.—(1)(A) Not later  
4 than six months after the date of enactment of this Act,  
5 the President shall submit to the congressional committees  
6 specified in section 602(c) of the Nuclear Non-Prolifera-  
7 tion Act of 1978 an unclassified report that shall state  
8 the number of high-level demarches that was issued or re-  
9 ceived by the United States with respect to activities relat-  
10 ed to the proliferation of nuclear explosive devices.

11 (B) The report described in subparagraph (A) shall  
12 cover demarches issued or received during the period be-  
13 ginning January 1, 1981, and ending December 31, 1993,  
14 and shall identify for each demarche the foreign country  
15 issuing or receiving the demarche, as the case may be.

16 (2)(A) Section 601(a) of the Nuclear Non-Prolifera-  
17 tion Act of 1978 (22 U.S.C. 3281(a)), as amended by sec-  
18 tion 101, is further amended—

19 (i) in paragraph (5), by striking “and” after  
20 the semicolon;

21 (ii) in paragraph (6), by striking the period and  
22 inserting “; and”; and

23 (iii) by adding after paragraph (6) the following  
24 new paragraph:

1           “(7) a statement of the number of all high-level  
2 demarches (as defined in section 209(b)(4) of the  
3 Omnibus Nuclear Proliferation Control Act of 1993)  
4 issued by or received by the United States with re-  
5 spect to activities related to the proliferation of nu-  
6 clear explosive devices, and shall identify each for-  
7 eign country issuing or receiving such a demarche,  
8 in the preceding calendar year.”.

9           (B) The amendments made by subparagraph (A)  
10 shall take effect on January 1, 1995.

11           (3) It is the sense of the Congress that the Depart-  
12 ment of State should, in the course of implementing its  
13 reporting responsibilities under section 602(c) of the Nu-  
14 clear Non-Proliferation Act of 1978, include a summary  
15 of all demarches that the United States has issued or re-  
16 ceived from foreign governments with respect to activities  
17 which are of significance from the proliferation standpoint.

18           (4) For purposes of this subsection, the term “high-  
19 level demarche” means any official communication by one  
20 government to another at the presidential, vice presi-  
21 dential, ministerial, or ambassadorial level, by written or  
22 oral means, intended by the originating government to ex-  
23 press—

24           (A) a concern over a past, present, or possible  
25 future action or activity of the recipient government,

1 or of a person within the jurisdiction of that govern-  
2 ment, contributing to the global spread of  
3 unsafeguarded special nuclear material or of nuclear  
4 explosive devices;

5 (B) a request for the recipient government to  
6 counter such action or activity; or

7 (C) both the concern and request described in  
8 subparagraphs (A) and (B).

9 **SEC. 210. TECHNICAL CORRECTION.**

10 Section 133 b. of the Atomic Energy Act of 1954 (42  
11 U.S.C. 2160c) is amended by striking “20 kilograms” and  
12 inserting “5 kilograms”.

13 **TITLE III—INTERNATIONAL**  
14 **ATOMIC ENERGY AGENCY**

15 **SEC. 301. BILATERAL AND MULTILATERAL INITIATIVES.**

16 It is the sense of the Congress that in order to main-  
17 tain and enhance international confidence in the effective-  
18 ness of IAEA safeguards and in other multilateral under-  
19 takings to halt the global proliferation of nuclear explosive  
20 devices and associated technology, the United States  
21 should seek to negotiate with other nations and groups  
22 of nations, including the IAEA Board of Governors and  
23 the Nuclear Suppliers Group, to—

24 (1) build international support for the principle  
25 that each nuclear supply relationship involving a

1 non-nuclear weapon state must include a commit-  
2 ment by such state to the application of full-scope  
3 international safeguards;

4 (2) encourage each nuclear-weapon state within  
5 the meaning of the Treaty on the Non-Proliferation  
6 of Nuclear Weapons to undertake a comprehensive  
7 review of its own procedures for declassifying infor-  
8 mation relating to the design or production of nu-  
9 clear explosive devices and to investigate any meas-  
10 ures that would reduce the risk of such information  
11 contributing to the proliferation of such devices;

12 (3) encourage the deferral of efforts to separate  
13 plutonium or enrich uranium to 20 percent uranium-  
14 235 or more;

15 (4) pursue greater financial support for the im-  
16 plementation and improvement of safeguards from  
17 all IAEA member nations with significant nuclear  
18 programs, particularly from those nations that are  
19 currently using or planning to use direct-use mate-  
20 rial for commercial purposes;

21 (5) arrange for the timely payment of annual fi-  
22 nancial contributions by all members of the IAEA,  
23 including the United States;

24 (6) discourage international commerce in highly  
25 enriched uranium for use in research reactors while

1 encouraging multilateral cooperation to develop and  
2 to use low-enriched alternative nuclear fuels;

3 (7) oppose efforts by non-nuclear-weapon states  
4 to develop or use unsafeguarded nuclear fuels for  
5 purposes of naval propulsion;

6 (8) pursue an international arrangement that  
7 would authorize the IAEA to operate surveillance  
8 aircraft and would facilitate IAEA access to satellite  
9 information for safeguards verification purposes;

10 (9) develop an institutional means for IAEA  
11 member nations to share information with the IAEA  
12 on possible safeguards violations;

13 (10) require any exporter of a sensitive nuclear  
14 facility or sensitive nuclear technology to notify the  
15 IAEA prior to export and to require safeguards over  
16 that facility or technology, regardless of its destina-  
17 tion;

18 (11) seek agreement among the parties to the  
19 Treaty to apply IAEA safeguards in perpetuity and  
20 to consider the establishment of new limits on the  
21 right to withdraw from the Treaty;

22 (12) encourage other nations to adopt legisla-  
23 tion that would tighten penalties against companies  
24 and individuals that knowingly and materially assist

1 any non-nuclear-weapon state or group to an acquire  
2 a nuclear explosive device;

3 (13) encourage the creation under IAEA aus-  
4 pices of international repositories for the long-term  
5 storage of spent nuclear fuel; and

6 (14) develop measures to ensure the safe and  
7 long-term storage under international auspices of  
8 special fissionable material recovered as a con-  
9 sequence of nuclear disarmament accords.

10 **SEC. 302. REFORMS IN IAEA SAFEGUARDS.**

11 In order to promote the early adoption of reforms in  
12 the implementation of the safeguards responsibilities of  
13 the IAEA, the Congress urges the President to negotiate  
14 with other nations and groups of nations, including the  
15 IAEA Board of Governors and the Nuclear Suppliers  
16 Group, to—

17 (1) improve the access of the IAEA within non-  
18 nuclear weapon states to nuclear facilities that are  
19 capable of producing, processing, or fabricating spe-  
20 cial fissionable material suitable for use in a nuclear  
21 explosive device;

22 (2)(A) facilitate the IAEA's efforts to meet and  
23 to maintain its own goals for detecting the diversion  
24 of nuclear materials and equipment, giving particu-

1 lar attention to facilities in which there are bulk  
2 quantities of plutonium; and

3 (B) if it is not technically feasible for the IAEA  
4 to meet those detection goals in a particular facility,  
5 require the IAEA to declare publicly that it is un-  
6 able to do so;

7 (3) enable the IAEA to issue fines for violations  
8 of safeguards procedures, to pay rewards for infor-  
9 mation on possible safeguards violations, and to es-  
10 tablish a 'hot line' for the reporting of such viola-  
11 tions and other illicit uses of direct-use material;

12 (4) examine the feasibility of applying safe-  
13 guards at facilities engaged in the manufacture of  
14 equipment or material that is especially designed or  
15 prepared for the processing, use, or production of  
16 special fissionable material or, in the case of non-nu-  
17 clear-weapon states, of any nuclear explosive device;

18 (5) examine the feasibility of applying safe-  
19 guards over research and development activities and  
20 facilities involving sensitive nuclear technology, as  
21 defined in section 4(a)(6) of the Nuclear Non-Pro-  
22 liferation Act of 1978, or any other technology di-  
23 rectly related to the acquisition or production of nu-  
24 clear explosive devices;

1           (6) implement special inspections of undeclared  
2 nuclear facilities, as provided for under existing safe-  
3 guards procedures, and seek authority for the IAEA  
4 to conduct short-notice inspections on demand at  
5 suspected nuclear sites;

6           (7) expand the scope of safeguards to include  
7 tritium, uranium concentrates, and nuclear waste  
8 containing significant quantities of special fission-  
9 able material, and increase the scope of such safe-  
10 guards on heavy water;

11          (8) revise downward the IAEA's official mini-  
12 mum amounts of nuclear material ("significant  
13 quantity") needed to make a nuclear explosive device  
14 and establish these amounts as national rather than  
15 facility standards;

16          (9) expand the use of full-time resident IAEA  
17 inspectors at sensitive fuel cycle facilities;

18          (10) require the use of near real time material  
19 accountancy in the conduct of safeguards at facili-  
20 ties that use, produce, or store significant quantities  
21 of special fissionable material;

22          (11) develop with other IAEA member nations  
23 an agreement on procedures to expedite approvals of  
24 visa applications by IAEA inspectors;

1           (12) provide the IAEA the additional funds,  
2           technical assistance, and political support necessary  
3           to carry out the goals set forth in this subsection;  
4           and

5           (13) make public the annual safeguards imple-  
6           mentation report of the IAEA, establishing a public  
7           registry of commodities in international nuclear com-  
8           merce, including dual-use goods, and creating a pub-  
9           lic repository of current nuclear trade control laws,  
10          agreements, regulations, and enforcement and judi-  
11          cial actions by IAEA member nations.

12 **SEC. 303. REPORTING REQUIREMENT.**

13          (a) REPORT REQUIRED.—Not later than 12 months  
14 after the date of enactment of this Act, the President shall  
15 submit to the congressional committees specified in section  
16 602(c) of the Nuclear Non-Proliferation Act of 1978 (27  
17 U.S.C.3282(c)) a report describing—

18           (1) the steps he has taken to implement sec-  
19           tions 301 and 302, and

20           (2) the progress that has been made and the  
21           obstacles that have been encountered in seeking to  
22           meet the objectives set forth in sections 301 and  
23           302.

24          (b) CONTENTS OF REPORT.—Each report under  
25 paragraph (1) shall describe—

1           (1) the bilateral and multilateral initiatives that  
2           the President has taken during the period since the  
3           enactment of this Act in pursuit of each of the ob-  
4           jectives set forth in sections 301 and 302;

5           (2) any obstacles that have been encountered in  
6           the pursuit of those initiatives;

7           (3) any additional initiatives that have been  
8           proposed by other countries or international organi-  
9           zations to strengthen the implementation of IAEA  
10          safeguards;

11          (4) all activities of the Federal Government in  
12          support of the objectives set forth in sections 301  
13          and 302;

14          (5) any recommendations of the President on  
15          additional measures to enhance the effectiveness of  
16          IAEA safeguards; and

17          (6) any initiatives that the President plans to  
18          take in support of each of the objectives set forth in  
19          sections 301 and 302.

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