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H. R. 2458

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

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 11, 1995

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

A BILL

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

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

3 **SECTION 1. SHORT TITLE.**

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

1 **SEC. 2. FINDINGS.**

2 The Congress makes the following findings:

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

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

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

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

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

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

16 (1) through the export from the United States
17 of any goods or technology identified in the List, or

18 (2) through the export from any other country
19 or territory of any goods or technology identified in
20 the List, whether or not the goods or technology is
21 subject to the jurisdiction of the United States.

22 (b) **PERSONS AGAINST WHICH THE SANCTIONS ARE**
23 **TO BE IMPOSED.**—The sanctions described in subsection
24 (a) shall be imposed on—

1 (1) the foreign person with respect to whom the
2 President makes the determination described in that
3 subsection;

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

5 (3) any foreign person that is a parent or sub-
6 sidiary of that person if that parent or subsidiary
7 with requisite knowledge engaged in the activities
8 which were the basis of that determination; and

9 (4) any foreign person that is an affiliate of
10 that person if that affiliate with requisite knowledge
11 engaged in the activities which were the basis of that
12 determination and if that affiliate is controlled in
13 fact by that person.

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

17 **SEC. 5. DESCRIPTION OF SANCTIONS.**

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

20 (1) MANDATORY SANCTIONS.—

21 (A) PROCUREMENT SANCTION.—The Unit-
22 ed States Government shall not procure, or
23 enter into any contract for the procurement of,
24 any goods or services from the sanctioned for-
25 eign person.

1 (B) EXPORT SANCTION.—The United
2 States Government shall not, for a period of 3
3 years, issue any license or grant any other per-
4 mission or authority to export any goods or
5 technology to a sanctioned foreign person
6 under—

7 (i) the Export Administration Act of
8 1979;

9 (ii) the Arms Export Control Act; or

10 (iii) the Atomic Energy Act of 1954.

11 (C) PROHIBITION AGAINST EXPORT-IM-
12 PORT BANK ASSISTANCE FOR EXPORTS TO FOR-
13 EIGN PERSONS.—The Export-Import Bank of
14 the United States may not guarantee, insure,
15 extend credit, or participate in the extension of
16 credit in connection with the export of any
17 goods or services to any sanctioned foreign per-
18 son.

19 (2) DISCRETIONARY SANCTIONS.—

20 (A) INVESTMENT IN THE UNITED STATES;
21 AUTHORITY TO REVIEW CERTAIN MERGERS, AC-
22 QUISSIONS, AND TAKEOVERS.—The President
23 may exercise his authority under section 721(d)
24 of the Defense Production Act of 1950 (50
25 U.S.C. App. 2170(d)) to investigate and pro-

1 hibit mergers, acquisitions, takeovers, and other
2 similar investments in the United States by per-
3 sons engaged in interstate commerce—

4 (i) if such actions involve any sanc-
5 tioned foreign person; and

6 (ii) if the President finds, in addition
7 to the requirements of section 721(e) of
8 such Act, that the participation of any
9 sanctioned foreign person in activities to
10 assist, directly or indirectly, Iran to in-
11 crease the revenue available to that govern-
12 ment by extracting petroleum, petroleum
13 products, natural gas, or engaging in other
14 activities described in section 9(a)(1)
15 threatens to impair the national security
16 and foreign policy interests of the United
17 States.

18 (B) IMPORT SANCTION.—(i) The importa-
19 tion into the United States of products pro-
20 duced by any sanctioned foreign person may be
21 prohibited.

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

23 (I) the entry of any finished product
24 or component part, whether shipped di-

1 rectly by the sanctioned foreign person or
2 by another entity; and

3 (II) the contracting with a sanctioned
4 foreign person for the provision of services
5 in the United States or abroad by United
6 States persons and by foreign persons in
7 the United States.

8 (C) LOANS FROM UNITED STATES FINAN-
9 CIAL INSTITUTIONS.—The United States Gov-
10 ernment may prohibit any United States finan-
11 cial institution from making any loan or provid-
12 ing any credit to any sanctioned foreign person
13 unless such foreign person is engaged in activi-
14 ties to relieve human suffering, within the
15 meaning of section 203(b)(2) of the Inter-
16 national Emergency Economic Powers Act (50
17 U.S.C. 1702(b)(2)).

18 (D) PROHIBITIONS ON FOREIGN FINAN-
19 CIAL INSTITUTIONS.—The following prohibi-
20 tions may be imposed against a sanctioned for-
21 eign person that is a financial institution:

22 (i) DESIGNATION AS PRIMARY DEAL-
23 ER.—Neither the Board of Governors of
24 the Federal Reserve System nor the Fed-
25 eral Reserve Bank of New York may des-

1 ignite, or permit the continuation of any
2 prior designation of, such financial institu-
3 tion as a primary dealer in United States
4 Government debt instruments.

5 (ii) GOVERNMENT FUNDS.—Such fi-
6 nancial institution shall not serve as agent
7 of the United States Government or serve
8 as repository for United States Govern-
9 ment funds.

10 (iii) RESTRICTIONS ON OPER-
11 ATIONS.—Such financial institutions shall
12 not, directly or indirectly—

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

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

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

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

6 (1) has substantially improved its adherence to
7 internationally recognized standards of human
8 rights;

9 (2) has ceased its efforts to design, develop,
10 manufacture, or acquire—

11 (A) a nuclear explosive device or related
12 materials and technology;

13 (B) chemical and biological weapons;

14 (C) missiles and missile launch technology;

15 and

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

23 (3) has ceased all forms of support for inter-
24 national terrorism.

1 **SEC. 7. WAIVER OF SANCTIONS AGAINST FOREIGN PER-**
2 **SONS.**

3 (a) CONSULTATION WITH FOREIGN GOVERN-
4 MENTS.—

5 (1) CONSULTATIONS.—If the President makes a
6 determination described in section 4(a) with respect
7 to a foreign person, the Congress urges the Presi-
8 dent to initiate consultations immediately with the
9 foreign government with primary jurisdiction over
10 that foreign person with respect to the imposition of
11 the sanctions pursuant to this Act.

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

24 (3) ADDITIONAL DELAY IN IMPOSITION OF
25 SANCTIONS.—The President may delay the imposi-
26 tion of sanctions for up to an additional 45 days if

1 the President determines and certifies to the Con-
2 gress that the government with primary jurisdiction
3 over the foreign person is in the process of taking
4 the actions described in paragraph (2).

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

13 (b) ASSURANCES FROM FOREIGN PERSONS.—The
14 President may terminate the sanctions against a sanc-
15 tioned foreign person, if the foreign person provides assur-
16 ances to the Secretary that the actions that resulted in
17 the determination to impose sanctions have been termi-
18 nated and has provided specific assurances that it will nei-
19 ther directly nor indirectly, or through any other person,
20 including subsidiaries and affiliates, direct or participate
21 in any activity to provide to Iran items on the List.

22 (c) EXCEPTIONS.—The President shall not be re-
23 quired to apply or maintain a sanction under section
24 4(a)—

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

3 (A) under existing contracts or sub-
4 contracts, including the exercise of options for
5 production quantities to satisfy requirements
6 essential to the national security of the United
7 States;

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

15 (C) if the President determines in writing
16 that such articles or services are essential to the
17 national security under defense coproduction
18 agreements;

19 (2) to products or services provided under con-
20 tracts entered into before the date on which the
21 President publishes his intention to impose the sanc-
22 tion;

23 (3) to—

24 (A) spare parts which are essential to
25 United States products or production;

1 (B) component parts, but not finished
2 products, essential to United States products or
3 production; or

4 (C) routine servicing and maintenance of
5 products, to the extent that alternative sources
6 are not readily or reasonably available;

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

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

11 (d) PRESIDENTIAL NATIONAL SECURITY WAIVER.—

12 (1) The President may waive the requirement in section
13 4(a) to impose a sanction or sanctions on a foreign person
14 in section 4(b), for an export, transfer, or release of goods
15 or technology that are not subject to the jurisdiction of
16 the United States, 15 days after the President determines
17 and so reports to the appropriate congressional commit-
18 tees that it is essential to the national interest of the Unit-
19 ed States to exercise such waiver authority.

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

22 (A) a description of the conduct, including the
23 identification of the goods or technology involved in
24 the violation, that resulted in the determination of a
25 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 committing the violation
4 to terminate or penalize the activities that resulted
5 in the determination of a violation;

6 (C) an estimate as to the significance of the
7 goods or 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 Act would
14 constitute an additional violation.

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

16 (a) DURATION OF SANCTIONS.—The sanctions im-
17 posed pursuant to this Act shall apply for a period of not
18 less than 12 months following the determination by the
19 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, any national of Iran, or any entity owned or con-

1 trolled by Iran or nationals of Iran, to acquire goods and
2 technology on the 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 Act,
7 after the end of the 12-month period beginning on
8 the date on which that sanction was imposed on that
9 person, if the President determines and certifies to
10 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 would materially contribute to the extraction, refin-
7 ing, production, storage, or transportation of petroleum,
8 petroleum products, or natural gas and the products
9 thereof in or by Iran, including goods and technology that
10 are required for the development, production, or use of
11 facilities (including the repair, maintenance, or operation
12 of equipment) for the petroleum and natural gas activities
13 described in this subsection.

14 (2) The President, within 60 days after the date of
15 the enactment of this Act, shall cause the List to be pub-
16 lished in the Federal Register, together with any regula-
17 tions issued with respect thereto. Thereafter, any revisions
18 to the List or amendments to the regulations shall be pub-
19 lished in the 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 persons or entities in countries other than
10 the United States.

11 **SEC. 10. REGULATORY AUTHORITY.**

12 The President may issue such regulations as may be
13 necessary to carry out this Act.

14 **SEC. 11. REPORT REQUIRED.**

15 Beginning 60 days after the date of the enactment
16 of this Act, and every 90 days thereafter, the President
17 shall transmit to the appropriate congressional committees
18 a report 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. 12. 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 Committee on International Rela-
22 tions of the House of Representatives.

23 (3) COMPONENT PART.—The term “component
24 part” has the meaning given that term in section

1 11A(e)(1) of the Export Administration Act of 1979
2 (50 U.S.C. App. 2410a(e)(1)).

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

5 (A) a depository institution (as defined in
6 section 3(c)(1) of the Federal Deposit Insur-
7 ance Act), including a branch or agency of a
8 foreign bank (as defined in section 1(b)(7) of
9 the International Banking Act of 1978);

10 (B) a credit union;

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

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

15 (E) any other company that provides fi-
16 nancial services; and

17 (F) any subsidiary of an entity described
18 in any of subparagraphs (A) through (E).

19 (5) FINISHED PRODUCT.—The term “finished
20 product” has the meaning given that term in section
21 11A(e)(2) of the Export Administration Act of 1979
22 (50 U.S.C. App. 2410a(e)(2)).

23 (6) FOREIGN PERSON.—The term “foreign per-
24 son” 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) GOODS AND TECHNOLOGY.—The terms
8 “goods” and “technology” have the meaning given
9 those terms in section 16 of the Export Administra-
10 tion Act of 1979 (50 U.S.C. App. 2415).

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

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

21 (10) PERSON.—

22 (A) The term “person” means a natural
23 person, as well as a corporation, business asso-
24 ciation, partnership, society, trust, any other
25 nongovernmental entity, organization, or group,

1 and any governmental entity operating as a
2 business enterprise, and any successor of any
3 such entity.

4 (B) In the case of a country where it may
5 be impossible to identify a specific governmental
6 entity referred to in subparagraph (A), the
7 term “person” means—

8 (i) all activities of the government of
9 the country relating to the development or
10 production of any missile equipment or
11 technology; and

12 (ii) all activities of that government
13 affecting the development or production of
14 aircraft, electronics, and space systems or
15 equipment.

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

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

24 (13) UNITED STATES OR STATE.—The term
25 “United States” or “State” means the several

1 States, the District of Columbia, the Commonwealth
2 of Puerto Rico, the Commonwealth of the Northern
3 Mariana Islands, American Samoa, Guam, the
4 United States Virgin Islands, and any other terri-
5 tory or possession of the United States.

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

8 (A) a natural person who is a citizen of the
9 United States or who owes permanent alle-
10 giance to the United States;

11 (B) a corporation or other legal entity
12 which is organized under the laws of the United
13 States, any State or territory thereof, or the
14 District of Columbia, if natural persons who are
15 nationals of the United States own, directly or
16 indirectly, more than 50 percent of the out-
17 standing capital stock or other beneficial inter-
18 est in such legal entity; and

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

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