

Union Calendar No. 308

104TH CONGRESS
2^D SESSION

H. R. 3107

[Report No. 104-523, Parts I and II]

A BILL

To impose sanctions on persons exporting certain goods or technology that would enhance Iran's ability to explore for, extract, refine, or transport by pipeline petroleum resources, and for other purposes.

JUNE 14, 1996

Reported from the Committee on Ways and Means with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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IN THE HOUSE OF REPRESENTATIVES

MARCH 19, 1996

Mr. GILMAN (for himself, Mr. BERMAN, Mr. GEJDENSON, Mr. BURTON of Indiana, Mr. KING, Mr. SHAW, and Mr. FORBES) introduced the following bill; which was referred to the Committee on International Relations, and in addition to the Committees on Banking and Financial Services, Ways and Means, 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

APRIL 17, 1996

Reported from the Committee on International Relations with amendments

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

APRIL 17, 1996

Referral to the Committees on Banking and Financial Services, Ways and Means, and Government Reform and Oversight extended for a period ending not later than May 3, 1996

MAY 2, 1996

The Committees on Banking and Financial Services and Government Reform and Oversight discharged

MAY 2, 1996

Referral to the Committee on Ways and Means extended for a period ending not later than May 10, 1996

MAY 10, 1996

Referral to the Committee on Ways and Means extended for a period ending not later than May 17, 1996

MAY 16, 1996

Referral to the Committee on Ways and Means extended for a period ending not later than May 31, 1996

MAY 30, 1996

Referral to the Committee on Ways and Means extended for a period ending not later than June 7, 1996

JUNE 7, 1996

Referral to the Committee on Ways and Means extended for a period ending not later than June 11, 1996

JUNE 11, 1996

Referral to the Committee on Ways and Means extended for a period ending not later than June 14, 1996

JUNE 14, 1996

Additional sponsors: Mr. WARD, Mr. LEWIS of Georgia, Mr. FRELINGHUYSEN, Ms. FURSE, Mr. MCCRERY, Mr. REED, Mr. LAHOOD, Mr. CAMPBELL, Ms. SLAUGHTER, Mr. BENTSEN, Mrs. ROUKEMA, Mr. LANTOS, Mr. TORRICELLI, Mr. ROYCE, Mr. ENGLISH of Pennsylvania, Mr. ZIMMER, Mr. FILNER, Mr. FOX of Pennsylvania, Mr. BUNN of Oregon, Mr. BARCIA, Mr. DIAZ-BALART, Mr. MEEHAN, Mr. EHRLICH, Mr. CUNNINGHAM, Miss COLLINS of Michigan, Mr. LIPINSKI, Mr. ENGEL, Mr. FRANK of Massachusetts, Mr. SANFORD, Mr. FUNDERBURK, Ms. PRYCE, Mr. KASICH, Mrs. MEEK of Florida, Mr. MCCOLLUM, Mr. TRAFICANT, Mr. KNOLLENBERG, Mr. STARK, Mr. PORTER, Mr. PAXON, Mr. DEUTSCH, Mr. SMITH of New Jersey, Mr. FRAZER, Mr. METCALF, Mr. EVANS, Mr. BRYANT of Texas, Mr. SAXTON, Mr. HOUGHTON, Mr. DURBIN, Ms. KAPTUR, Mr. SOUDER, Mr. MCHUGH, Ms. ROYBAL-ALLARD, Mr. MARKEY, Mr. OBERSTAR, Mrs. THURMAN, Mr. SISISKY, Ms. LOFGREN, Mr. LOBIONDO, Mrs. LOWEY, Mr. SHAYS, Mr. LATOURETTE, Mr. CARDIN, Mr. KLECZKA, Mr. FOLEY, Mr. YATES, Mr. ACKERMAN, Mr. TORRES, Mr. COYNE, Mr. TOWNS, Mr. COOLEY of Oregon, Ms. PELOSI, Mr. DEFazio, Mr. MATSUI, Mr. KENNEDY of Rhode Island, Mr. KLUG, Mr. CALVERT, Mr. BLUTE, Mr. RADANOVICH, Mr. ENSIGN, Mr. HORN, Mr. ROEMER, Mr. HALL of Ohio, Mrs. CUBIN, Ms. ROSLEHTINEN, Mr. WHITE, Mr. BREWSTER, Mr. HASTINGS of Florida, Mr. SCHAEFER, Mr. COBURN, Mr. TORKILDSEN, Mr. GRAHAM, Mr. FAZIO of California, Mr. CAMP, Mr. HINCHEY, Mr. LEVIN, Ms. ESHOO, Mr. DELUMS, Mr. HAYWORTH, Mr. DOYLE, Mr. JOHNSON of South Dakota, Mr. CLAY, Mr. HOSTETTLER, Mr. DUNCAN, Mr. SCHUMER, Mr. LAZIO of New York, Ms. MOLINARI, Mr. TEJEDA, Mr. BOEHLERT, Mr. MILLER of California, Mr. SHADEGG, Mr. BROWN of California, Mr. CHABOT, Mr. OWENS, Mr. BAKER of Louisiana, Mrs. MALONEY, Mr. BORSKI, Mr. McNULTY, Mr. TATE, Mr. HOLDEN, Mr. FARR of California, Mr. LINDER, Mr. NEY, Mr. NADLER, Mr. WAXMAN, Mr. ALLARD, Mr.

FRANKS of New Jersey, Mr. SCHIFF, Mr. SABO, Mr. STOCKMAN, Mr. PASTOR, Mr. MARTINI, Ms. WOOLSEY, Mrs. KENNELLY, Mrs. SCHROEDER, Mr. ANDREWS, Mrs. MORELLA, Mrs. SMITH of Washington, Mr. CHAPMAN, Mr. DOOLEY of California, Mr. KENNEDY of Massachusetts, Mr. MARTINEZ, Mr. POMEROY, Mr. CUMMINGS, Ms. MCCARTHY, Mr. BROWDER, Mrs. VUCANOVICH, Mr. PETERSON of Minnesota, Mr. SCARBOROUGH, Mr. TALENT, Mr. COSTELLO, and Mr. WELLER

JUNE 14, 1996

Reported from the Committee on Ways and Means with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in boldface roman]

[For text of introduced bill, see copy of bill as introduced on March 19, 1996]

A BILL

To impose sanctions on persons exporting certain goods or technology that would enhance Iran's ability to explore for, extract, refine, or transport by pipeline petroleum resources, 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 "Iran Oil Sanctions Act*
 5 *of 1996".*

6 **SEC. 2. FINDINGS.**

7 *The Congress makes the following findings:*

8 (1) *The efforts of the Government of Iran to ac-*
 9 *quire weapons of mass destruction and the means to*
 10 *deliver them and its support of international terror-*
 11 *ism endanger potentially the national security and*

1 *foreign policy interests of the United States and those*
2 *countries with which the United States shares com-*
3 *mon strategic and foreign policy objectives.*

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

10 (3) *The Government of Iran uses its diplomatic*
11 *facilities and quasi-governmental institutions outside*
12 *of Iran to promote acts of international terrorism and*
13 *assist 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 United*
17 *States to deny Iran the ability to support international ter-*
18 *rorism and to fund the development and acquisition of*
19 *weapons of mass destruction and the means to deliver them*
20 *by limiting the development of Iran's ability to explore for,*
21 *extract, refine, or transport by pipeline petroleum resources*
22 *of Iran.*

23 **SEC. 4. IMPOSITION OF SANCTIONS.**

24 (a) *IN GENERAL.—Except as provided in subsection*
25 *(d), the President shall impose 2 or more of the sanctions*

1 *described in paragraphs (1) through (5) of section 5 if the*
2 *President determines that a person has, with actual knowl-*
3 *edge or reason to know, on or after the date of the enactment*
4 *of this Act—*

5 *(1) exported, transferred, or released to Iran, na-*
6 *tionals of Iran, or entities owned or controlled by*
7 *Iran or nationals of Iran any items included under*
8 *subparagraph (A) or (B) of section 9(a)(1) on the*
9 *List of Petroleum and Natural Gas-Related Goods*
10 *and Technology established under section 9 (in this*
11 *Act referred to as the “List”)* *if the provision of such*
12 *items would significantly and materially enhance*
13 *Iran’s ability to develop petroleum resources of*
14 *Iran—*

15 *(A) whether or not the items are exported*
16 *from the United States; and*

17 *(B) whether or not the items are subject to*
18 *the jurisdiction of the United States; or*

19 *(2) made an investment of \$40,000,000 or more*
20 *(or any combination of investments of at least*
21 *\$10,000,000 each, which in the aggregate equals or ex-*
22 *ceeds \$40,000,000 in any 12-month period), that di-*
23 *rectly contributed to the enhancement of Iran’s ability*
24 *to develop petroleum resources of Iran.*

1 **(b) PERSONS AGAINST WHICH THE SANCTIONS ARE**
2 **TO BE IMPOSED.**—*The sanctions described in subsection*

3 *(a) shall be imposed on—*

4 *(1) any person the President determines has car-*
5 *ried out the activities described in subsection (a); and*

6 *(2) any person the President determines—*

7 *(A) is a successor entity to the person re-*
8 *ferred to in paragraph (1);*

9 *(B) is a wholly owned subsidiary of the per-*
10 *son referred to in paragraph (1);*

11 *(C) is any other subsidiary of the person re-*
12 *ferred to in paragraph (1) if that subsidiary,*
13 *with actual knowledge or reason to know, en-*
14 *gaged in the activities referred to in paragraph*
15 *(1);*

16 *(D) is a parent of the person referred to in*
17 *paragraph (1) if that parent had actual knowl-*
18 *edge or reason to know of the activities referred*
19 *to in paragraph (1); or*

20 *(E) is an affiliate of the person referred to*
21 *in paragraph (1) if that affiliate, with actual*
22 *knowledge or reason to know, engaged in the ac-*
23 *tivities referred to in paragraph (1).*

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

4 *(c) PUBLICATION IN FEDERAL REGISTER.—The Presi-*
5 *dent shall cause to be published in the Federal Register a*
6 *current list of sanctioned persons. The removal of persons*
7 *from, and the addition of persons to, the list, shall also be*
8 *so published.*

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

11 *(1) in the case of procurement of defense articles*
12 *or defense services—*

13 *(A) under existing contracts or subcontracts,*
14 *including the exercise of options for production*
15 *quantities to satisfy requirements essential to the*
16 *national security of the United States;*

17 *(B) if the President determines in writing*
18 *that the person to which the sanctions would oth-*
19 *erwise be applied is a sole source supplier of the*
20 *defense articles or services, that the defense arti-*
21 *cles or services are essential, and that alternative*
22 *sources are not readily or reasonably available;*
23 *or*

24 *(C) if the President determines in writing*
25 *that such articles or services are essential to the*

1 *national security under defense coproduction*
2 *agreements;*

3 (2) *to products or services provided under con-*
4 *tracts entered into before the date on which the Presi-*
5 *dent publishes his intention to impose the sanctions;*

6 (3) *to—*

7 (A) *spare parts which are essential to Unit-*
8 *ed States products or production;*

9 (B) *component parts, but not finished prod-*
10 *ucts, essential to United States products or pro-*
11 *duction; or*

12 (C) *routine servicing and maintenance of*
13 *products, to the extent that alternative sources*
14 *are not readily or reasonably available;*

15 (4) *to information and technology essential to*
16 *United States products or production; or*

17 (5) *to medicines, medical supplies, or other hu-*
18 *manitarian items.*

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

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

22 (1) *EXPORT-IMPORT BANK ASSISTANCE FOR EX-*
23 *PORTS TO SANCTIONED PERSONS.—The President*
24 *shall direct the Export-Import Bank of the United*
25 *States not to guarantee, insure, extend credit, or par-*

1 *ticipate in the extension of credit in connection with*
2 *the export of any goods or services to any sanctioned*
3 *person.*

4 (2) *TRADE SANCTION.—The President shall*
5 *both—*

6 (A) *order the United States Government not*
7 *to issue any specific license and not to grant any*
8 *other specific permission or authority to export*
9 *any goods or technology to a sanctioned person*
10 *under—*

11 (i) *the Export Administration Act of*
12 *1979;*

13 (ii) *the Arms Export Control Act;*

14 (iii) *the Atomic Energy Act of 1954; or*

15 (iv) *any other statute that requires the*
16 *prior review and approval of the United*
17 *States Government as a condition for the*
18 *export or re-export of goods or services; and*

19 (B) *prohibit the importation into the Unit-*
20 *ed States of products produced by any sanc-*
21 *tioned person.*

22 *Subparagraph (B) includes application to the impor-*
23 *tation of any finished product or component part,*
24 *whether shipped directly by the sanctioned person or*
25 *by another entity.*

1 (3) *LOANS FROM UNITED STATES FINANCIAL IN-*
2 *STITUTIONS.*—*The United States Government shall*
3 *prohibit any United States financial institution from*
4 *making loans or providing credits to any sanctioned*
5 *person totaling more than \$10,000,000 in any 12-*
6 *month period unless such person is engaged in activi-*
7 *ties to relieve human suffering and the loans or cred-*
8 *its are provided for such activities.*

9 (4) *PROHIBITIONS ON FINANCIAL INSTITU-*
10 *TIONS.*—*The following prohibitions shall be imposed*
11 *against a sanctioned person that is a financial insti-*
12 *tution:*

13 (A) *DESIGNATION AS PRIMARY DEALER.*—
14 *Neither the Board of Governors of the Federal*
15 *Reserve System nor the Federal Reserve Bank of*
16 *New York may designate, or permit the continu-*
17 *ation of any prior designation of, such financial*
18 *institution as a primary dealer in United States*
19 *Government debt instruments.*

20 (B) *GOVERNMENT FUNDS.*—*Such financial*
21 *institution shall not serve as agent of the United*
22 *States Government or serve as repository for*
23 *United States Government funds.*

24 (5) *PROCUREMENT SANCTION.*—*The United*
25 *States Government shall not procure, or enter into*

1 *any contract for the procurement of, any goods or*
2 *services from a sanctioned person.*

3 **SEC. 6. ADVISORY OPINIONS.**

4 *The Secretary of State may, upon the request of any*
5 *person, issue an advisory opinion to that person as to*
6 *whether a proposed activity by that person would subject*
7 *that person to sanctions under this Act. Any person who*
8 *relies in good faith on such an advisory opinion which*
9 *states that the proposed activity would not subject a person*
10 *to such sanctions, and any person who thereafter engages*
11 *in such activity, may not be made subject to such sanctions*
12 *on account of such activity.*

13 **SEC. 7. TERMINATION OF SANCTIONS.**

14 *(a) IN GENERAL.—The requirement under section 4 to*
15 *impose sanctions shall no longer have force or effect if the*
16 *President determines and certifies to the appropriate con-*
17 *gressional committees that Iran—*

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

20 *(A) a nuclear explosive device or related*
21 *materials and technology;*

22 *(B) chemical and biological weapons; and*

23 *(C) ballistic missiles and ballistic missile*
24 *launch technology; and*

1 (2) *has been removed from the list of countries*
2 *the governments of which have been determined, for*
3 *purposes of section 6(j) of the Export Administration*
4 *Act of 1979, to have repeatedly provided support for*
5 *acts of international terrorism.*

6 (b) *ADDITIONAL REQUIREMENT WITH RESPECT TO*
7 *LIBYA.—The requirement under section 4 to impose sanc-*
8 *tions shall no longer have force and effect with respect to*
9 *Libya only if the President, in addition to making the de-*
10 *termination required by subsection (a), determines and cer-*
11 *tifies to the appropriate congressional committees that*
12 *Libya has fulfilled the requirements of United Nations Se-*
13 *curity Council Resolution 731, adopted January 21, 1992.*

14 **SEC. 8. DURATION OF SANCTIONS; PRESIDENTIAL WAIVER.**

15 (a) *DELAY OF SANCTIONS.—*

16 (1) *CONSULTATIONS.—If the President makes a*
17 *determination described in section 4(a) with respect*
18 *to a foreign person, the Congress urges the President*
19 *to initiate consultations immediately with the govern-*
20 *ment with primary jurisdiction over that foreign per-*
21 *son with respect to the imposition of sanctions under*
22 *this Act.*

23 (2) *ACTIONS BY GOVERNMENT OF JURISDIC-*
24 *TION.—In order to pursue consultations under para-*
25 *graph (1) with the government concerned, the Presi-*

1 *dent may delay imposition of sanctions under this*
2 *Act for up to 90 days. Following such consultations,*
3 *the President shall immediately impose sanctions un-*
4 *less the President determines and certifies to the Con-*
5 *gress that the government has taken specific and effec-*
6 *tive actions, including, as appropriate, the imposition*
7 *of appropriate penalties, to terminate the involvement*
8 *of the foreign person in the activities that resulted in*
9 *the determination by the President under section 4(a)*
10 *concerning such person.*

11 (3) *ADDITIONAL DELAY IN IMPOSITION OF SANC-*
12 *TIONS.—The President may delay the imposition of*
13 *sanctions for up to an additional 90 days if the*
14 *President determines and certifies to the Congress*
15 *that the government with primary jurisdiction over*
16 *the person concerned is in the process of taking the*
17 *actions described in paragraph (2).*

18 (4) *REPORT TO CONGRESS.—Not later than 45*
19 *days after making a determination under section*
20 *4(a), the President shall submit to the Committee on*
21 *Banking, Housing, and Urban Affairs of the Senate*
22 *and the Committee on International Relations of the*
23 *House of Representatives a report on the status of*
24 *consultations with the appropriate foreign govern-*

1 *ment under this subsection, and the basis for any de-*
2 *termination under paragraph (3).*

3 *(b) DURATION OF SANCTIONS.—A sanction imposed*
4 *under section 4(a) shall remain in effect for a period of*
5 *not less than 2 years from the date on which it is imposed.*

6 *(c) PRESIDENTIAL WAIVER.—*

7 *(1) AUTHORITY.—The President may waive the*
8 *requirement in section 4(a) to impose a sanction or*
9 *sanctions on a person described in section 4(b), and*
10 *may waive the continued imposition of a sanction or*
11 *sanctions under subsection (b) of this section, 30 days*
12 *or more after the President determines and so reports*
13 *to the Committee on Banking, Housing, and Urban*
14 *Affairs of the Senate and the Committee on Inter-*
15 *national Relations of the House of Representatives*
16 *that it is important to the national interest of the*
17 *United States to exercise such waiver authority.*

18 *(2) CONTENTS OF REPORT.—Any report under*
19 *paragraph (1) shall provide a specific and detailed*
20 *rationale for the determination under paragraph (1),*
21 *including—*

22 *(A) a description of the conduct that re-*
23 *sulted in the determination;*

24 *(B) in the case of a foreign person, an ex-*
25 *planation of the efforts to secure the cooperation*

1 *of the government with primary jurisdiction over*
2 *the sanctioned person to terminate or, as appro-*
3 *priate, penalize the activities that resulted in the*
4 *determination;*

5 *(C) an estimate as to the significance of the*
6 *provision of the items described in section*
7 *4(a)(1) or the investment described in section*
8 *4(a)(2), as the case may be, to Iran's ability to*
9 *develop its petroleum resources; and*

10 *(D) a statement as to the response of the*
11 *United States in the event that the person con-*
12 *cerned engages in other activities that would be*
13 *subject to section 4(a).*

14 *(3) EFFECT OF REPORT ON WAIVER.—If the*
15 *President makes a report under paragraph (1) with*
16 *respect to a waiver of sanctions on a person described*
17 *in section 4(b), sanctions need not be imposed under*
18 *section 4(a) on that person during the 30-day period*
19 *referred to in paragraph (1).*

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

22 *(a) CONTROL LIST.—*

23 *(1) CONTENTS OF LIST.—For purposes of the de-*
24 *terminations to be made under section 4(a), the Presi-*
25 *dent, in consultation with the Secretary of State, the*

1 *Secretary of Energy, and the heads of other appro-*
2 *priate departments and agencies, shall establish and*
3 *maintain the List of Petroleum and Natural Gas-Related*
4 *Goods and Technology. The List shall consist*
5 *of—*

6 *(A) all items listed in the Annex to Resolu-*
7 *tion 883 of the Security Council of the United*
8 *Nations, adopted November 11, 1993, and all*
9 *types of equipment, supplies, and grants of li-*
10 *censes prohibited by paragraph 5 of that resolu-*
11 *tion; and*

12 *(B) any other goods or technology (includ-*
13 *ing software and technical data) that the Presi-*
14 *dent determines could significantly or materially*
15 *contribute to Iran's ability to develop its petro-*
16 *leum resources, including goods and technology*
17 *that are required for the development, produc-*
18 *tion, or use of facilities (including the repair,*
19 *maintenance, or operation of equipment) for the*
20 *development of petroleum resources.*

21 *(2) PUBLICATION.—The President, within 60*
22 *days after the date of the enactment of this Act, shall*
23 *cause the List to be published in the Federal Register,*
24 *together with any regulations issued with respect*
25 *thereto. Thereafter, any revisions to the List or*

1 *amendments to the regulations shall be published in*
2 *the same manner.*

3 (3) *ADVANCE NOTICE TO CONGRESS.*—*Not less*
4 *than 30 days in advance of the publication of the*
5 *List, it shall be provided to the Committee on Bank-*
6 *ing, Housing, and Urban Affairs of the Senate and*
7 *to the Committee on International Relations of the*
8 *House of Representatives. The President shall consult*
9 *with each such Committee regarding the content of the*
10 *List and shall respond to questions regarding the*
11 *basis for the inclusion on, or exclusion from, the List*
12 *of specified items.*

13 (b) *STATUTORY CONSTRUCTION.*—*Nothing in this sec-*
14 *tion prevents the inclusion on the List of any items that*
15 *may be produced in and traded internationally by persons*
16 *or entities in countries other than the United States.*

17 **SEC. 10. REPORTS REQUIRED.**

18 (a) *REPORT ON CERTAIN INTERNATIONAL INITIA-*
19 *TIVES.*—*Not later than 6 months after the date of the enact-*
20 *ment of this Act, and every 6 months thereafter, the Presi-*
21 *dent shall transmit a report to the appropriate congres-*
22 *sional committees describing—*

23 (1) *the efforts of the President to mount a multi-*
24 *lateral campaign to persuade all countries to pressure*
25 *Iran to cease its nuclear, chemical, biological, and*

1 *missile weapons programs and its support of inter-*
2 *national terrorism;*

3 *(2) the efforts of the President to persuade other*
4 *governments to ask Iran to reduce the presence of Ira-*
5 *nian diplomats and representatives of other govern-*
6 *ment and military or quasi-governmental institutions*
7 *of Iran and to withdraw any such diplomats or rep-*
8 *resentatives who participated in the takeover of the*
9 *United States embassy in Tehran on November 4,*
10 *1979, or the subsequent holding of United States hos-*
11 *tages for 444 days;*

12 *(3) the extent to which the International Atomic*
13 *Energy Agency has established regular inspections of*
14 *all nuclear facilities in Iran, including those pres-*
15 *ently under construction; and*

16 *(4) Iran's use of Iranian diplomats and rep-*
17 *resentatives of other government and military or*
18 *quasi-governmental institutions of Iran to promote*
19 *acts of terrorism or to develop or sustain Iran's nu-*
20 *clear, chemical, biological, and missile weapons pro-*
21 *grams.*

22 *(b) OTHER REPORTS.—The President shall ensure the*
23 *continued transmittal to the Congress of reports describ-*
24 *ing—*

1 (1) *the nuclear and other military capabilities of*
2 *Iran, as required by section 601(a) of the Nuclear*
3 *Non-Proliferation Act of 1978 and section 1607 of the*
4 *National Defense Authorization Act for Fiscal Year*
5 *1993; and*

6 (2) *the support provided by Iran for acts of*
7 *international terrorism, as part of the Department of*
8 *State’s annual report on international terrorism.*

9 **SEC. 11. APPLICATION OF THE ACT TO LIBYA.**

10 (a) *IN GENERAL.*—*The sanctions of this Act, including*
11 *the terms and conditions for the imposition, duration, and*
12 *termination of sanctions, shall apply to persons making in-*
13 *vestments with respect to the development of petroleum re-*
14 *sources of Libya, or exporting, transferring, or releasing of*
15 *certain items to Libya, nationals of Libya, or entities*
16 *owned or controlled by Libya, in the same manner as those*
17 *sanctions apply under this Act to persons making invest-*
18 *ments with respect to the development of petroleum re-*
19 *sources of Iran, or exporting, transferring, or releasing of*
20 *certain items to Iran, nationals of Iran, or entities owned*
21 *or controlled by Iran.*

22 (b) *APPLICATION OF SPECIFIC PROVISIONS.*—*In ap-*
23 *plying the provisions of this Act with respect to Libya*
24 *under subsection (a), each reference to “Iran” shall be*
25 *deemed to be a reference to “Libya”.*

1 **SEC. 12. DETERMINATIONS NOT REVIEWABLE.**

2 *A determination to impose sanctions under this Act*
3 *shall not be reviewable in any court.*

4 **SEC. 13. DEFINITIONS.**

5 *As used in this Act:*

6 (1) *ACT OF INTERNATIONAL TERRORISM.*—*The*
7 *term “act of international terrorism” means an act—*

8 (A) *which is violent or dangerous to human*
9 *life and that is a violation of the criminal laws*
10 *of the United States or of any State or that*
11 *would be a criminal violation if committed with-*
12 *in the jurisdiction of the United States or any*
13 *State; and*

14 (B) *which appears to be intended—*

15 (i) *to intimidate or coerce a civilian*
16 *population;*

17 (ii) *to influence the policy of a govern-*
18 *ment by intimidation or coercion; or*

19 (iii) *to affect the conduct of a govern-*
20 *ment by assassination or kidnapping.*

21 (2) *AFFILIATE.*—*For purposes of section 4(b), a*
22 *person is an “affiliate” of another person if more*
23 *than 50 percent of the outstanding capital stock of or*
24 *other beneficial interest in both persons is owned, di-*
25 *rectly or indirectly, by a third person or both persons*
26 *are otherwise controlled by a third person.*

1 (3) *APPROPRIATE CONGRESSIONAL COMMIT-*
2 *TEES.—The term “appropriate congressional commit-*
3 *tees” means the Committee on Banking, Housing, and*
4 *Urban Affairs and the Committee on Foreign Rela-*
5 *tions of the Senate and the Committee on Inter-*
6 *national Relations of the House of Representatives.*

7 (4) *COMPONENT PART.—The term “component*
8 *part” has the meaning given that term in section*
9 *11A(e)(1) of the Export Administration Act of 1979*
10 *(50 U.S.C. App. 2410a(e)(1)).*

11 (5) *DEVELOP AND DEVELOPMENT.—To “de-*
12 *velop”, or the “development” of, petroleum resources*
13 *means the exploration for, or the extraction, refining,*
14 *or transportation by pipeline of, petroleum resources.*

15 (6) *FINANCIAL INSTITUTION.—The term “finan-*
16 *cial institution” includes—*

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

22 (B) *a credit union;*

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

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

3 (E) any other company that provides finan-
4 cial services; and

5 (F) any subsidiary of an entity described in
6 any of subparagraphs (A) through (E).

7 (7) *FINISHED PRODUCT*.—The term “finished
8 product” has the meaning given that term in section
9 11A(e)(2) of the *Export Administration Act of 1979*
10 (50 U.S.C. App. 2410a(e)(2)).

11 (8) *FOREIGN PERSON*.—The term “foreign per-
12 son” means—

13 (A) an individual who is not a United
14 States person or an alien lawfully admitted for
15 permanent residence into the United States; or

16 (B) a corporation, partnership, or other
17 nongovernment entity which is not a United
18 States person.

19 (9) *GOODS AND TECHNOLOGY*.—The terms
20 “goods” and “technology” have the meanings given
21 those terms in section 16 of the *Export Administra-*
22 *tion Act of 1979* (50 U.S.C. app. 2415).

23 (10) *INVESTMENT*.—The term “investment”
24 means—

1 (A) the entry into a contract that includes
2 responsibility for the development of petroleum
3 resources located in Iran or Libya (as the case
4 may be), or the entry into a contract providing
5 for the general supervision and guarantee of an-
6 ther person's performance of such a contract;

7 (B) the purchase of a share of ownership in
8 that development;

9 (C) the entry into a contract providing for
10 the participation in royalties, earnings, or prof-
11 its in that development, without regard to the
12 form of the participation; or

13 (D) the entry into or performance of—

14 (i) a contract for the financing of the
15 development of petroleum resources located
16 in Iran or Libya (as the case may be); or

17 (ii) a guaranty of another person's
18 performance under such a contract.

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

21 (12) IRANIAN DIPLOMATS AND REPRESENTATIVES
22 OF OTHER GOVERNMENT AND MILITARY OR QUASI-
23 GOVERNMENTAL INSTITUTIONS OF IRAN.—The term
24 “Iranian diplomats and representatives of other gov-
25 ernment and military or quasi-governmental institu-

1 *tions of Iran” includes employees, representatives, or*
2 *affiliates of Iran’s—*

3 *(A) Foreign Ministry;*

4 *(B) Ministry of Intelligence and Security;*

5 *(C) Revolutionary Guard Corps;*

6 *(D) Crusade for Reconstruction;*

7 *(E) Qods (Jerusalem) Forces;*

8 *(F) Interior Ministry;*

9 *(G) Foundation for the Oppressed and Dis-*
10 *abled;*

11 *(H) Prophet’s Foundation;*

12 *(I) June 5th Foundation;*

13 *(J) Martyr’s Foundation;*

14 *(K) Islamic Propagation Organization; and*

15 *(L) Ministry of Islamic Guidance.*

16 *(13) LIBYA.—The term “Libya” includes any*
17 *agency or instrumentality of Libya.*

18 *(14) NUCLEAR EXPLOSIVE DEVICE.—The term*
19 *“nuclear explosive device” means any device, whether*
20 *assembled or disassembled, that is designed to produce*
21 *an instantaneous release of an amount of nuclear en-*
22 *ergy from special nuclear material (as defined in sec-*
23 *tion 11aa. of the Atomic Energy Act of 1954) that is*
24 *greater than the amount of energy that would be re-*

1 *leased from the detonation of one pound of trinitro-*
2 *toluene (TNT).*

3 (15) *PARENT.*—*For purposes of section 4(b), a*
4 *person is a “parent” of another person if that person*
5 *owns, directly or indirectly, more than 50 percent of*
6 *the outstanding capital stock of or other beneficial in-*
7 *terest in that other person, or otherwise controls that*
8 *other person.*

9 (16) *PERSON.*—*The term “person” means—*

10 (A) *a natural person;*

11 (B) *a corporation, business association,*
12 *partnership, society, trust, any other nongovern-*
13 *mental entity, organization, or group, and any*
14 *governmental entity operating as a business en-*
15 *terprise; and*

16 (C) *any successor to any entity described in*
17 *subparagraph (B).*

18 (17) *PETROLEUM RESOURCES.*—*The term “pe-*
19 *troleum resources” includes petroleum and natural*
20 *gas resources.*

21 (18) *SUBSIDIARY.*—(A) *For purposes of section*
22 *4(b), and subject to subparagraph (B), a person is a*
23 *“subsidiary” of another person if that other person*
24 *owns, directly or indirectly, more than 50 percent of*
25 *the outstanding capital stock of or other beneficial in-*

1 *terest in that person, or otherwise controls that per-*
2 *son.*

3 *(B) A person is a “wholly owned” subsidiary of*
4 *another person if that other person owns all of the*
5 *outstanding capital stock of or other beneficial inter-*
6 *ests in that person.*

7 *(19) UNITED STATES OR STATE.—The term*
8 *“United States” or “State” means the several States,*
9 *the District of Columbia, the Commonwealth of Puer-*
10 *to Rico, the Commonwealth of the Northern Mariana*
11 *Islands, American Samoa, Guam, the United States*
12 *Virgin Islands, and any other territory or possession*
13 *of the United States.*

14 *(20) UNITED STATES PERSON.—The term “Unit-*
15 *ed States person” means—*

16 *(A) a natural person who is a citizen of the*
17 *United States or who owes permanent allegiance*
18 *to the United States; and*

19 *(B) a corporation or other legal entity*
20 *which is organized under the laws of the United*
21 *States, any State or territory thereof, or the Dis-*
22 *trict of Columbia, if natural persons described in*
23 *subparagraph (A) own, directly or indirectly,*
24 *more than 50 percent of the outstanding capital*

1 *stock or other beneficial interest in such legal*
2 *entity.*

Amend the title so as to read: “A bill to impose sanctions on persons exporting certain items that would enhance Iran’s ability to develop its petroleum resources and on persons making certain investments directly contributing to the enhancement of Iran’s ability to develop its petroleum resources, and for other purposes.”.

3 **SECTION 1. SHORT TITLE.**

4 **This Act may be cited as the “Iran and**
5 **Libya Sanctions Act of 1996”.**

6 **SEC. 2. FINDINGS.**

7 **The Congress makes the following find-**
8 **ings:**

9 **(1) The efforts of the Government of**
10 **Iran to acquire weapons of mass destruc-**
11 **tion and the means to deliver them and**
12 **its support of acts of international terror-**
13 **ism endanger the national security and**
14 **foreign policy interests of the United**
15 **States and those countries with which**
16 **the United States shares common strate-**
17 **gic and foreign policy objectives.**

18 **(2) The objective of preventing the**
19 **proliferation of weapons of mass destruc-**
20 **tion and acts of international terrorism**
21 **through existing multilateral and bilat-**

1 **eral initiatives requires additional efforts**
2 **to deny Iran the financial means to sus-**
3 **tain its nuclear, chemical, biological, and**
4 **missile weapons programs.**

5 **(3) The Government of Iran uses its**
6 **diplomatic facilities and quasi-govern-**
7 **mental institutions outside of Iran to pro-**
8 **mote acts of international terrorism and**
9 **assist its nuclear, chemical, biological,**
10 **and missile weapons programs.**

11 **(4) The failure of the Government of**
12 **Libya to comply with Resolutions 731,**
13 **748, and 883 of the Security Council of**
14 **the United Nations, its support of inter-**
15 **national terrorism, and its efforts to ac-**
16 **quire weapons of mass destruction con-**
17 **stitute a threat to international peace**
18 **and security that endangers the national**
19 **security and foreign policy interests of**
20 **the United States and those countries**
21 **with which it shares common strategic**
22 **and foreign policy objectives.**

23 **SEC. 3. DECLARATION OF POLICY.**

24 **(a) POLICY WITH RESPECT TO IRAN.—The**
25 **Congress declares that it is the policy of the**

1 **United States to deny Iran the ability to sup-**
2 **port acts of international terrorism and to**
3 **fund the development and acquisition of**
4 **weapons of mass destruction and the means**
5 **to deliver them by limiting the development**
6 **of Iran's ability to explore for, extract, refine,**
7 **or transport by pipeline petroleum resources**
8 **of Iran.**

9 **(b) POLICY WITH RESPECT TO LIBYA.—The**
10 **Congress further declares that it is the policy**
11 **of the United States to seek full compliance by**
12 **Libya with its obligations under Resolutions**
13 **731, 748, and 883 of the Security Council of the**
14 **United Nations, including ending all support**
15 **for acts of international terrorism and efforts**
16 **to develop or acquire weapons of mass de-**
17 **struction.**

18 **SEC. 4. MULTILATERAL REGIME.**

19 **(a) MULTILATERAL NEGOTIATIONS.—In order**
20 **to further the objectives of section 3, the Con-**
21 **gress urges the President to commence imme-**
22 **diately diplomatic efforts, both in appropriate**
23 **international fora such as the United Nations,**
24 **and bilaterally with allies of the United**
25 **States, to establish a multilateral sanctions**

1 regime against Iran, including provisions lim-
2 iting the development of petroleum resources,
3 that will inhibit Iran's efforts to carry out ac-
4 tivities described in section 2.

5 (b) REPORTS TO CONGRESS.—The President
6 shall report to the appropriate congressional
7 committees, not later than 1 year after the
8 date of the enactment of this Act, and periodi-
9 cally thereafter, on the extent that diplomatic
10 efforts described in subsection (a) have been
11 successful. Each report shall include—

12 (1) the countries that have agreed to
13 undertake measures to further the objec-
14 tives of section 3 with respect to Iran,
15 and a description of those measures; and

16 (2) the countries that have not agreed
17 to measures described in paragraph (1),
18 and, with respect to those countries,
19 other measures (in addition to that pro-
20 vided in subsection (d)) the President
21 recommends that the United States take
22 to further the objectives of section 3 with
23 respect to Iran.

1 **(c) WAIVER.—The President may waive the**
2 **application of section 5(a) with respect to na-**
3 **tionals of a country if—**

4 **(1) that country has agreed to under-**
5 **take substantial measures, including eco-**
6 **nomic sanctions, that will inhibit Iran’s**
7 **efforts to carry out activities described in**
8 **section 2 and information required by**
9 **subsection (b)(1) has been included in a**
10 **report submitted under subsection (b);**
11 **and**

12 **(2) the President, at least 30 days be-**
13 **fore the waiver takes effect, notifies the**
14 **appropriate congressional committees of**
15 **his intention to exercise the waiver.**

16 **(d) ENHANCED SANCTION.—**

17 **(1) SANCTION.—With respect to nation-**
18 **als of countries except those with respect**
19 **to which the President has exercised the**
20 **waiver authority of subsection (c), at any**
21 **time after the first report is required to**
22 **be submitted under subsection (b), sec-**
23 **tion 5(a) shall be applied by substituting**
24 **“\$20,000,000” for “\$40,000,000” each place**

1 it appears, and by substituting
2 “\$5,000,000” for “\$10,000,000”.

3 (2) **REPORT TO CONGRESS.**—The Presi-
4 dent shall report to the appropriate con-
5 gressional committees any country with
6 respect to which paragraph (1) applies.

7 (e) **INTERIM REPORT ON MULTILATERAL**
8 **SANCTIONS; MONITORING.**—The President, not
9 later than 90 days after the date of the enact-
10 ment of this Act, shall report to the appro-
11 priate congressional committees on—

12 (1) whether the member states of the
13 European Union, the Republic of Korea,
14 Australia, Israel, or Japan have legisla-
15 tive or administrative standards provid-
16 ing for the imposition of trade sanctions
17 on persons or their affiliates doing busi-
18 ness or having investments in Iran or
19 Libya;

20 (2) the extent and duration of each in-
21 stance of the application of such sanc-
22 tions; and

23 (3) the disposition of any decision
24 with respect to such sanctions by the

1 **World Trade Organization or its prede-**
2 **cessor organization.**

3 **SEC. 5. IMPOSITION OF SANCTIONS.**

4 **(a) SANCTIONS WITH RESPECT TO IRAN.—Ex-**
5 **cept as provided in subsection (f), the Presi-**
6 **dent shall impose 2 or more of the sanctions**
7 **described in paragraphs (1) through (6) of sec-**
8 **tion 6 if the President determines that a per-**
9 **son has, with actual knowledge, on or after**
10 **the date of the enactment of this Act, made an**
11 **investment of \$40,000,000 or more (or any**
12 **combination of investments of at least**
13 **\$10,000,000 each, which in the aggregate**
14 **equals or exceeds \$40,000,000 in any 12-month**
15 **period), that directly and significantly con-**
16 **tributed to the enhancement of Iran’s ability**
17 **to develop petroleum resources of Iran.**

18 **(b) SANCTIONS WITH RESPECT TO LIBYA.—**

19 **(1) TRIGGER OF MANDATORY SANC-**
20 **TIONS.—Except as provided in subsection**
21 **(f), the President shall impose 2 or more**
22 **of the sanctions described in paragraphs**
23 **(1) through (6) of section 6 if the Presi-**
24 **dent determines that a person has, with**
25 **actual knowledge, on or after the date of**

1 the enactment of this Act, exported,
2 transferred, or otherwise provided to
3 Libya any goods, services, technology, or
4 other items the provision of which is pro-
5 hibited under paragraph 4(b) or 5 of Res-
6 olution 748 of the Security Council of the
7 United Nations, adopted March 31, 1992,
8 or under paragraph 5 or 6 of Resolution
9 883 of the Security Council of the United
10 Nations, adopted November 11, 1993, if
11 the provision of such items significantly
12 and materially—

13 (A) contributed to Libya’s ability
14 to acquire chemical, biological, or nu-
15 clear weapons or destabilizing num-
16 bers and types of advanced conven-
17 tional weapons or enhanced Libya’s
18 military or paramilitary capabilities;

19 (B) contributed to Libya’s ability
20 to develop its petroleum resources; or

21 (C) contributed to Libya’s ability
22 to maintain its aviation capabilities.

23 (2) TRIGGER OF DISCRETIONARY SANC-
24 TIONS.—Except as provided in subsection
25 (f), the President may impose 1 or more

1 of the sanctions described in paragraphs
2 (1) through (6) of section 6 if the Presi-
3 dent determines that a person has, with
4 actual knowledge, on or after the date of
5 the enactment of this Act, made an in-
6 vestment of \$40,000,000 or more (or any
7 combination of investments of at least
8 \$10,000,000 each, which in the aggregate
9 equals or exceeds \$40,000,000 in any 12-
10 month period), that directly and signifi-
11 cantly contributed to the enhancement of
12 Libya's ability to develop its petroleum
13 resources.

14 (c) **PERSONS AGAINST WHICH THE SANCTIONS**
15 **ARE TO BE IMPOSED.**—The sanctions described
16 in subsections (a) and (b) shall be imposed
17 on—

18 (1) any person the President deter-
19 mines has carried out the activities de-
20 scribed in subsection (a) or (b); and

21 (2) any person the President deter-
22 mines—

23 (A) is a successor entity to the
24 person referred to in paragraph (1);

1 **(B) is a parent or subsidiary of**
2 **the person referred to in paragraph**
3 **(1) if that parent or subsidiary, with**
4 **actual knowledge, engaged in the ac-**
5 **tivities referred to in paragraph (1);**
6 **or**

7 **(C) is an affiliate of the person re-**
8 **ferred to in paragraph (1) if that affil-**
9 **iate, with actual knowledge, engaged**
10 **in the activities referred to in para-**
11 **graph (1) and if that affiliate is con-**
12 **trolled in fact by the person referred**
13 **to in paragraph (1).**

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

17 **(d) PUBLICATION IN FEDERAL REGISTER.—**
18 **The President shall cause to be published in**
19 **the Federal Register a current list of persons**
20 **and entities on whom sanctions have been im-**
21 **posed under this Act. The removal of persons**
22 **or entities from, and the addition of persons**
23 **and entities to, the list, shall also be so pub-**
24 **lished.**

1 **(e) PUBLICATION OF PROJECTS.—The Presi-**
2 **dent shall cause to be published in the Fed-**
3 **eral Register a list of all significant projects**
4 **which have been publicly tendered in the oil**
5 **and gas sector in Iran.**

6 **(f) EXCEPTIONS.—The President shall not**
7 **be required to apply or maintain the sanc-**
8 **tions under subsection (a) or (b)—**

9 **(1) in the case of procurement of de-**
10 **fense articles or defense services—**

11 **(A) under existing contracts or**
12 **subcontracts, including the exercise**
13 **of options for production quantities**
14 **to satisfy requirements essential to**
15 **the national security of the United**
16 **States;**

17 **(B) if the President determines in**
18 **writing that the person to which the**
19 **sanctions would otherwise be applied**
20 **is a sole source supplier of the de-**
21 **fense articles or services, that the de-**
22 **fense articles or services are essen-**
23 **tial, and that alternative sources are**
24 **not readily or reasonably available;**
25 **or**

1 **(C) if the President determines in**
2 **writing that such articles or services**
3 **are essential to the national security**
4 **under defense coproduction agree-**
5 **ments;**

6 **(2) in the case of procurement, to eli-**
7 **gible products, as defined in section**
8 **308(4) of the Trade Agreements Act of**
9 **1979 (19 U.S.C. 2518(4)), of any foreign**
10 **country or instrumentality designated**
11 **under section 301(b)(1) of that Act (19**
12 **U.S.C. 2511(b)(1));**

13 **(3) to products, technology, or serv-**
14 **ices provided under contracts entered**
15 **into before the date on which the Presi-**
16 **dent publishes in the Federal Register**
17 **the name of the person on whom the**
18 **sanctions are to be imposed;**

19 **(4) to—**

20 **(A) spare parts which are essen-**
21 **tial to United States products or pro-**
22 **duction;**

23 **(B) component parts, but not fin-**
24 **ished products, essential to United**
25 **States products or production; or**

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

5 **(5) to information and technology es-**
6 **sential to United States products or pro-**
7 **duction; or**

8 **(6) to medicines, medical supplies, or**
9 **other humanitarian items.**

10 **SEC. 6. DESCRIPTION OF SANCTIONS.**

11 **The sanctions to be imposed on a sanc-**
12 **tioned person under section 5 are as follows:**

13 **(1) EXPORT-IMPORT BANK ASSISTANCE**
14 **FOR EXPORTS TO SANCTIONED PERSONS.—**
15 **The President may direct the Export-Im-**
16 **port Bank of the United States not to give**
17 **approval to the issuance of any guaran-**
18 **tee, insurance, extension of credit, or par-**
19 **ticipation in the extension of credit in**
20 **connection with the export of any goods**
21 **or services to any sanctioned person.**

22 **(2) EXPORT SANCTION.—The President**
23 **may order the United States Government**
24 **not to issue any specific license and not**
25 **to grant any other specific permission or**

1 authority to export any goods or tech-
2 nology to a sanctioned person under—

3 (i) the Export Administration Act
4 of 1979;

5 (ii) the Arms Export Control Act;

6 (iii) the Atomic Energy Act of
7 1954; or

8 (iv) any other statute that re-
9 quires the prior review and approval
10 of the United States Government as a
11 condition for the export or re-export
12 of goods or services.

13 (3) LOANS FROM UNITED STATES FINAN-
14 CIAL INSTITUTIONS.—The United States
15 Government may prohibit any United
16 States financial institution from making
17 loans or providing credits to any sanc-
18 tioned person totaling more than
19 \$10,000,000 in any 12-month period unless
20 such person is engaged in activities to re-
21 lieve human suffering and the loans or
22 credits are provided for such activities.

23 (4) PROHIBITIONS ON FINANCIAL INSTI-
24 TUTIONS.—The following prohibitions may

1 **be imposed against a sanctioned person**
2 **that is a financial institution:**

3 **(A) PROHIBITION ON DESIGNATION**
4 **AS PRIMARY DEALER.—Neither the**
5 **Board of Governors of the Federal**
6 **Reserve System nor the Federal Re-**
7 **serve Bank of New York may des-**
8 **ignate, or permit the continuation of**
9 **any prior designation of, such finan-**
10 **cial institution as a primary dealer in**
11 **United States Government debt in-**
12 **struments.**

13 **(B) PROHIBITION ON SERVICE AS A**
14 **REPOSITORY OF GOVERNMENT FUNDS.—**
15 **Such financial institution may not**
16 **serve as agent of the United States**
17 **Government or serve as repository**
18 **for United States Government funds.**

19 **The imposition of either sanction under**
20 **subparagraph (A) or (B) shall be treated**
21 **as 1 sanction for purposes of section 5,**
22 **and the imposition of both such sanctions**
23 **shall be treated as 2 sanctions for pur-**
24 **poses of section 5.**

1 **(5) PROCUREMENT SANCTION.—The**
2 **United States Government may not pro-**
3 **cure, or enter into any contract for the**
4 **procurement of, any goods or services**
5 **from a sanctioned person.**

6 **(6) ADDITIONAL SANCTIONS.—The Presi-**
7 **dent may impose sanctions, as appro-**
8 **priate, to restrict imports with respect to**
9 **a sanctioned person, in accordance with**
10 **the International Emergency Economic**
11 **Powers Act (50 U.S.C. 1701 and follow-**
12 **ing).**

13 **SEC. 7. ADVISORY OPINIONS.**

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

1 **SEC. 8. TERMINATION OF SANCTIONS.**

2 **(a) IRAN.—The requirement under section**
3 **5(a) to impose sanctions shall no longer have**
4 **force or effect with respect to Iran if the**
5 **President determines and certifies to the ap-**
6 **propriate congressional committees that**
7 **Iran—**

8 **(1) has ceased its efforts to design, de-**
9 **velop, manufacture, or acquire—**

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

12 **(B) chemical and biological weap-**
13 **ons; and**

14 **(C) ballistic missiles and ballistic**
15 **missile launch technology; and**

16 **(2) has been removed from the list of**
17 **countries the governments of which have**
18 **been determined, for purposes of section**
19 **6(j) of the Export Administration Act of**
20 **1979, to have repeatedly provided sup-**
21 **port for acts of international terrorism.**

22 **(b) LIBYA.—The requirement under sec-**
23 **tion 5(b) to impose sanctions shall no longer**
24 **have force or effect with respect to Libya if**
25 **the President determines and certifies to the**
26 **appropriate congressional committees that**

1 **Libya has fulfilled the requirements of United**
2 **Nations Security Council Resolution 731,**
3 **adopted January 21, 1992, United Nations Se-**
4 **curity Council Resolution 748, adopted March**
5 **31, 1992, and United Nations Security Council**
6 **Resolution 883, adopted November 11, 1993.**

7 **SEC. 9. DURATION OF SANCTIONS; PRESIDENTIAL WAIVER.**

8 **(a) DELAY OF SANCTIONS.—**

9 **(1) CONSULTATIONS.—If the President**
10 **makes a determination described in sec-**
11 **tion 5(a) or 5(b) with respect to a foreign**
12 **person, the Congress urges the President**
13 **to initiate consultations immediately**
14 **with the government with primary juris-**
15 **isdiction over that foreign person with re-**
16 **spect to the imposition of sanctions**
17 **under this Act.**

18 **(2) ACTIONS BY GOVERNMENT OF JURIS-**
19 **DICTION.—In order to pursue consulta-**
20 **tions under paragraph (1) with the gov-**
21 **ernment concerned, the President may**
22 **delay imposition of sanctions under this**
23 **Act for up to 90 days. Following such con-**
24 **sultations, the President shall imme-**
25 **diately impose sanctions unless the Presi-**

1 **dent determines and certifies to the Con-**
2 **gress that the government has taken spe-**
3 **cific and effective actions, including, as**
4 **appropriate, the imposition of appro-**
5 **propriate penalties, to terminate the involve-**
6 **ment of the foreign person in the activi-**
7 **ties that resulted in the determination by**
8 **the President under section 5(a) or 5(b)**
9 **concerning such person.**

10 **(3) ADDITIONAL DELAY IN IMPOSITION OF**
11 **SANCTIONS.—The President may delay the**
12 **imposition of sanctions for up to an addi-**
13 **tional 90 days if the President determines**
14 **and certifies to the Congress that the**
15 **government with primary jurisdiction**
16 **over the person concerned is in the proc-**
17 **ess of taking the actions described in**
18 **paragraph (2).**

19 **(4) REPORT TO CONGRESS.—Not later**
20 **than 90 days after making a determina-**
21 **tion under section 5(a) or 5(b), the Presi-**
22 **dent shall submit to the appropriate con-**
23 **gressional committees a report on the**
24 **status of consultations with the appro-**
25 **priate foreign government under this**

1 subsection, and the basis for any deter-
2 mination under paragraph (3).

3 **(b) DURATION OF SANCTIONS.—A sanction**
4 **imposed under section 5 shall remain in ef-**
5 **fect—**

6 (1) for a period of not less than 2
7 years from the date on which it is im-
8 posed; or

9 (2) until such time as the President
10 determines and certifies to the Congress
11 that the person whose activities were the
12 basis for imposing the sanction is no
13 longer engaging in such activities and
14 that the President has received reliable
15 assurances that such person will not
16 knowingly engage in such activities in
17 the future, except that such sanction
18 shall remain in effect for a period of at
19 least 1 year.

20 **(c) PRESIDENTIAL WAIVER.—**

21 (1) **AUTHORITY.—The President may**
22 **waive the requirement in section 5 to im-**
23 **pose a sanction or sanctions on a person**
24 **described in section 5(c), and may waive**
25 **the continued imposition of a sanction or**

1 **sanctions under subsection (b) of this sec-**
2 **tion, 30 days or more after the President**
3 **determines and so reports to the appro-**
4 **priate congressional committees that it is**
5 **important to the national interest of the**
6 **United States to exercise such waiver au-**
7 **thority.**

8 **(2) CONTENTS OF REPORT.—Any report**
9 **under paragraph (1) shall provide a spe-**
10 **cific and detailed rationale for the deter-**
11 **mination under paragraph (1), includ-**
12 **ing—**

13 **(A) a description of the conduct**
14 **that resulted in the determination**
15 **under section 5(a) or (b), as the case**
16 **may be;**

17 **(B) in the case of a foreign per-**
18 **son, an explanation of the efforts to**
19 **secure the cooperation of the govern-**
20 **ment with primary jurisdiction over**
21 **the sanctioned person to terminate**
22 **or, as appropriate, penalize the ac-**
23 **tivities that resulted in the deter-**
24 **mination under section 5(a) or (b), as**
25 **the case may be;**

1 **(C) an estimate as to the signifi-**
2 **cance—**

3 **(i) of the provision of the**
4 **items described in section 5(a) to**
5 **Iran’s ability to develop its petro-**
6 **leum resources, or**

7 **(ii) of the provision of the**
8 **items described in section 5(b)(1)**
9 **to the abilities of Libya described**
10 **in subparagraph (A), (B), or (C) of**
11 **section 5(b)(1), or of the invest-**
12 **ment described in section 5(b)(2)**
13 **on Libya’s ability to develop its**
14 **petroleum resources,**

15 **as the case may be; and**

16 **(D) a statement as to the response**
17 **of the United States in the event that**
18 **the person concerned engages in**
19 **other activities that would be subject**
20 **to section 5(a) or (b).**

21 **(3) EFFECT OF REPORT ON WAIVER.—If**
22 **the President makes a report under para-**
23 **graph (1) with respect to a waiver of**
24 **sanctions on a person described in sec-**
25 **tion 5(c), sanctions need not be imposed**

1 **under section 5(a) or (b) on that person**
2 **during the 30-day period referred to in**
3 **paragraph (1).**

4 **SEC. 10. REPORTS REQUIRED.**

5 **(a) REPORT ON CERTAIN INTERNATIONAL INI-**
6 **TIATIVES.—Not later than 6 months after the**
7 **date of the enactment of this Act, and every**
8 **6 months thereafter, the President shall trans-**
9 **mit a report to the appropriate congressional**
10 **committees describing—**

11 **(1) the efforts of the President to**
12 **mount a multilateral campaign to per-**
13 **suade all countries to pressure Iran to**
14 **cease its nuclear, chemical, biological,**
15 **and missile weapons programs and its**
16 **support of acts of international terror-**
17 **ism;**

18 **(2) the efforts of the President to per-**
19 **suade other governments to ask Iran to**
20 **reduce the presence of Iranian diplomats**
21 **and representatives of other government**
22 **and military or quasi-governmental insti-**
23 **tutions of Iran and to withdraw any such**
24 **diplomats or representatives who partici-**
25 **pated in the takeover of the United**

1 States embassy in Tehran on November 4,
2 1979, or the subsequent holding of United
3 States hostages for 444 days;

4 (3) the extent to which the Inter-
5 national Atomic Energy Agency has es-
6 tablished regular inspections of all nu-
7 clear facilities in Iran, including those
8 presently under construction; and

9 (4) Iran's use of Iranian diplomats
10 and representatives of other government
11 and military or quasi-governmental insti-
12 tutions of Iran to promote acts of inter-
13 national terrorism or to develop or sus-
14 tain Iran's nuclear, chemical, biological,
15 and missile weapons programs.

16 (b) OTHER REPORTS.—The President shall
17 ensure the continued transmittal to the Con-
18 gress of reports describing—

19 (1) the nuclear and other military ca-
20 pabilities of Iran, as required by section
21 601(a) of the Nuclear Non-Proliferation
22 Act of 1978 and section 1607 of the Na-
23 tional Defense Authorization Act for Fis-
24 cal Year 1993; and

1 **(2) the support provided by Iran for**
2 **acts of international terrorism, as part of**
3 **the Department of State’s annual report**
4 **on international terrorism.**

5 **SEC. 11. DETERMINATIONS NOT REVIEWABLE.**

6 **A determination to impose sanctions**
7 **under this Act shall not be reviewable in any**
8 **court.**

9 **SEC. 12. EXCLUSION OF CERTAIN ACTIVITIES.**

10 **Nothing in this Act shall apply to any ac-**
11 **tivities subject to the reporting requirements**
12 **of title V of the National Security Act of 1947.**

13 **SEC. 13. EFFECTIVE DATE; SUNSET.**

14 **(a) EFFECTIVE DATE.—This Act shall take**
15 **effect on the date of the enactment of this Act.**

16 **(b) SUNSET.—This Act shall cease to be ef-**
17 **fective on the date that is 5 years after the**
18 **date of the enactment of this Act.**

19 **SEC. 14. DEFINITIONS.**

20 **As used in this Act:**

21 **(1) ACT OF INTERNATIONAL TERROR-**
22 **ISM.—The term “act of international ter-**
23 **rorism” means an act—**

24 **(A) which is violent or dangerous**
25 **to human life and that is a violation**

1 of the criminal laws of the United
2 States or of any State or that would
3 be a criminal violation if committed
4 within the jurisdiction of the United
5 States or any State; and

6 (B) which appears to be in-
7 tended—

8 (i) to intimidate or coerce a
9 civilian population;

10 (ii) to influence the policy of a
11 government by intimidation or
12 coercion; or

13 (iii) to affect the conduct of a
14 government by assassination or
15 kidnapping.

16 (2) **APPROPRIATE CONGRESSIONAL COM-**
17 **MITTEES.—**The term “appropriate congres-
18 sional committees” means the Committee
19 on Finance, the Committee on Banking,
20 Housing, and Urban Affairs, and the Com-
21 mittee on Foreign Relations of the Senate
22 and the Committee on Ways and Means,
23 the Committee on Banking and Financial
24 Services, and the Committee on Inter-

1 national Relations of the House of Rep-
2 resentatives.

3 (3) COMPONENT PART.—The term “com-
4 ponent part” has the meaning given that
5 term in section 11A(e)(1) of the Export
6 Administration Act of 1979 (50 U.S.C. App.
7 2410a(e)(1)).

8 (4) DEVELOP AND DEVELOPMENT.—To
9 “develop”, or the “development” of, petro-
10 leum resources means the exploration
11 for, or the extraction, refining, or trans-
12 portation by pipeline of, petroleum re-
13 sources.

14 (5) FINANCIAL INSTITUTION.—The term
15 “financial institution” includes—

16 (A) a depository institution (as de-
17 fined in section 3(c)(1) of the Federal
18 Deposit Insurance Act), including a
19 branch or agency of a foreign bank
20 (as defined in section 1(b)(7) of the
21 International Banking Act of 1978);

22 (B) a credit union;

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

1 **(D) an insurance company, in-**
2 **cluding an agency or underwriter;**
3 **and**

4 **(E) any other company that pro-**
5 **vides financial services.**

6 **(6) FINISHED PRODUCT.—The term “fin-**
7 **ished product” has the meaning given**
8 **that term in section 11A(e)(2) of the Ex-**
9 **port Administration Act of 1979 (50 U.S.C.**
10 **App. 2410a(e)(2)).**

11 **(7) FOREIGN PERSON.—The term “for-**
12 **ign person” means—**

13 **(A) an individual who is not a**
14 **United States person or an alien law-**
15 **fully admitted for permanent resi-**
16 **dence into the United States; or**

17 **(B) a corporation, partnership, or**
18 **other nongovernmental entity which**
19 **is not a United States person.**

20 **(8) GOODS AND TECHNOLOGY.—The**
21 **terms “goods” and “technology” have the**
22 **meanings given those terms in section 16**
23 **of the Export Administration Act of 1979**
24 **(50 U.S.C. app. 2415).**

1 **(9) INVESTMENT.**—The term “invest-
2 ment” means any of the following activi-
3 ties if such activity is undertaken pursu-
4 ant to an agreement, or pursuant to the
5 exercise of rights under such an agree-
6 ment, that is entered into with the Gov-
7 ernment of Iran or a nongovernmental en-
8 tity in Iran, or with the Government of
9 Libya or a nongovernmental entity in
10 Libya, on or after the date of the enact-
11 ment of this Act:

12 **(A)** The entry into a contract that
13 includes responsibility for the devel-
14 opment of petroleum resources lo-
15 cated in Iran or Libya (as the case
16 may be), or the entry into a contract
17 providing for the general supervision
18 and guarantee of another person’s
19 performance of such a contract.

20 **(B)** The purchase of a share of
21 ownership, including an equity inter-
22 est, in that development.

23 **(C)** The entry into a contract pro-
24 viding for the participation in royal-
25 ties, earnings, or profits in that devel-

1 **opment, without regard to the form of**
2 **the participation.**

3 **The term “investment” does not include**
4 **the entry into, performance, or financing**
5 **of a contract to sell or purchase goods,**
6 **services, or technology.**

7 **(10) IRAN.—The term “Iran” includes**
8 **any agency or instrumentality of Iran.**

9 **(11) IRANIAN DIPLOMATS AND REP-**
10 **RESENTATIVES OF OTHER GOVERNMENT AND**
11 **MILITARY OR QUASI-GOVERNMENTAL INSTITU-**
12 **TIONS OF IRAN.—The term “Iranian dip-**
13 **lomats and representatives of other gov-**
14 **ernment and military or quasi-govern-**
15 **mental institutions of Iran” includes em-**
16 **ployees, representatives, or affiliates of**
17 **Iran’s—**

18 **(A) Foreign Ministry;**

19 **(B) Ministry of Intelligence and**
20 **Security;**

21 **(C) Revolutionary Guard Corps;**

22 **(D) Crusade for Reconstruction;**

23 **(E) Qods (Jerusalem) Forces;**

24 **(F) Interior Ministry;**

1 **(G) Foundation for the Oppressed**
2 **and Disabled;**

3 **(H) Prophet’s Foundation;**

4 **(I) June 5th Foundation;**

5 **(J) Martyr’s Foundation;**

6 **(K) Islamic Propagation Organiza-**
7 **tion; and**

8 **(L) Ministry of Islamic Guidance.**

9 **(12) LIBYA.—The term “Libya” in-**
10 **cludes any agency or instrumentality of**
11 **Libya.**

12 **(13) NUCLEAR EXPLOSIVE DEVICE.—The**
13 **term “nuclear explosive device” means**
14 **any device, whether assembled or dis-**
15 **assembled, that is designed to produce an**
16 **instantaneous release of an amount of**
17 **nuclear energy from special nuclear ma-**
18 **terial (as defined in section 11aa. of the**
19 **Atomic Energy Act of 1954) that is great-**
20 **er than the amount of energy that would**
21 **be released from the detonation of one**
22 **pound of trinitrotoluene (TNT).**

23 **(14) PERSON.—The term “person”**
24 **means—**

25 **(A) a natural person;**

1 **(B) a corporation, business asso-**
2 **ciation, partnership, society, trust,**
3 **any other nongovernmental entity,**
4 **organization, or group, and any gov-**
5 **ernmental entity operating as a busi-**
6 **ness enterprise; and**

7 **(C) any successor to any entity**
8 **described in subparagraph (B).**

9 **(15) PETROLEUM RESOURCES.—The**
10 **term “petroleum resources” includes pe-**
11 **troleum and natural gas resources.**

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

21 **(17) UNITED STATES PERSON.—The term**
22 **“United States person” means—**

23 **(A) a natural person who is a citi-**
24 **zen of the United States or who owes**

1 **permanent allegiance to the United**
2 **States; and**

3 **(B) a corporation or other legal**
4 **entity which is organized under the**
5 **laws of the United States, any State**
6 **or territory thereof, or the District of**
7 **Columbia, if natural persons de-**
8 **scribed in subparagraph (A) own, di-**
9 **rectly or indirectly, more than 50 per-**
10 **cent of the outstanding capital stock**
11 **or other beneficial interest in such**
12 **legal entity.**

Amend the title so as to read: “A bill to impose sanctions on persons making certain investments directly and significantly contributing to the enhancement of the ability of Iran or Libya to develop its petroleum resources, and on persons exporting certain items that enhance Libya’s weapons or aviation capabilities or enhance Libya’s ability to develop its petroleum resources, and for other purposes.”.