

104TH CONGRESS
1ST SESSION

S. 1228

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

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 8 (legislative day, SEPTEMBER 5), 1995

Mr. D'AMATO (for himself, Mr. INOUE, Mr. PRESSLER, Mr. FAIRCLOTH, and Mr. KOHL) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

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

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

3 **SECTION 1. SHORT TITLE.**

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

6 **SEC. 2. FINDINGS.**

7 The Congress makes the following findings:

8 (1) The efforts of the Government of Iran to
9 acquire weapons of mass destruction and the means
10 to deliver them endanger potentially the national se-

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

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

10 **SEC. 3. DECLARATION OF POLICY.**

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

18 **SEC. 4. IMPOSITION OF SANCTIONS ON FOREIGN PERSONS**

19 **EXPORTING PETROLEUM PRODUCTS, NATU-**
20 **RAL GAS, OR RELATED TECHNOLOGY TO**
21 **IRAN.**

22 (a) IN GENERAL.—The President shall impose the
23 mandatory sanctions in section 5(1) and may impose one
24 or more of the discretionary sanctions described in section
25 5(2), if the President determines that a foreign person

1 subject to this section has, with requisite knowledge, on
2 or after the date of enactment of this Act, exported, trans-
3 ferred, or released to Iran, its nationals, or entities con-
4 trolled by Iran or its nationals any goods or technology
5 identified on the List of Petroleum and Natural Gas-
6 related Goods and Technology established by section 9
7 (hereafter in this Act referred to as the “List”)—

8 (1) through the export from the United States
9 of any goods or technology identified in the List that
10 is subject to the jurisdiction of the United States, or

11 (2) through the export from any other country
12 or territory of any goods or technology identified in
13 the List that would be, if they were United States
14 goods or technology, subject to the jurisdiction of
15 the United States and subject to the restrictions set
16 forth in this section.

17 (b) PERSONS AGAINST WHICH THE SANCTIONS ARE
18 TO BE IMPOSED.—The sanctions described in subsection

19 (a) shall be imposed on—

20 (1) the foreign person with respect to whom the
21 President makes the determination described in that
22 subsection;

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

24 (3) any foreign person that is a parent or sub-
25 sidiary of that person if that parent or subsidiary

1 with requisite knowledge engaged in the activities
2 which were the basis of that determination; and

3 (4) any foreign person that is an affiliate of
4 that person if that affiliate with requisite knowledge
5 engaged in the activities which were the basis of that
6 determination and if that affiliate is controlled in
7 fact by that person.

8 **SEC. 5. DESCRIPTION OF SANCTIONS.**

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

11 (1) MANDATORY SANCTIONS.—

12 (A) PROCUREMENT SANCTION.—The Unit-
13 ed States Government shall not procure, or
14 enter into any contract for the procurement of,
15 any goods or services from such sanctioned for-
16 eign person or any parent, subsidiary, affiliate,
17 or successor entity thereof, as described in sec-
18 tion 4(b).

19 (B) EXPORT SANCTION.—(i) The United
20 States Government shall not issue any license
21 or grant any other permission or authority to
22 export any goods or technology to a sanctioned
23 foreign person under—

24 (I) the Export Administration Act of
25 1979;

1 (II) the Arms Export Control Act;
2 (III) the Atomic Energy Act of 1954;
3 or
4 (IV) any other statute that requires
5 the prior review and approval of the Unit-
6 ed States Government as a condition for
7 the exportation of goods and services, or
8 their re-export, to any foreign person des-
9 ignated by the President as violating this
10 section.

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

15 (C) DENIAL OF ENTRY OF PERSONS INTO
16 THE UNITED STATES.—Sanctioned natural per-
17 sons, and senior executive officers of sanctioned
18 foreign persons that are corporations or part-
19 nerships, shall be ineligible to receive visas and
20 shall be excluded from admission into the Unit-
21 ed States.

22 (2) DISCRETIONARY SANCTIONS.—

23 (A) INVESTMENT IN THE UNITED STATES
24 AUTHORITY TO REVIEW CERTAIN MERGERS, AC-
25 QUISSIONS, AND TAKEOVERS.—The President

1 may exercise his authority under section 721(d)
2 of the Defense Production Act of 1950 to inves-
3 tigate and prohibit mergers, acquisitions, take-
4 overs, and other similar investments in the
5 United States by persons engaged in interstate
6 commerce—

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

9 (ii) if the President finds, in addition
10 to the requirements of section 721(e) of
11 such Act, that the participation of foreign
12 persons, sanctioned by the President under
13 section 4(a), in activities to assist, directly
14 or indirectly, Iran to increase the revenue
15 available to that government by extracting
16 petroleum, natural gas, or other activities
17 related to these product sectors threatens
18 to impair the national security and foreign
19 policy interests of the United States.

20 (B) IMPORT SANCTION.—(i) The importa-
21 tion into the United States of products pro-
22 duced by any sanctioned foreign person, includ-
23 ing any parent, subsidiary, affiliate, or succes-
24 sor entity thereof, may be prohibited.

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

1 (I) the entry of any “finished prod-
2 uct” or “component part”, whether
3 shipped directly by the manufacturer, or
4 by another entity; and

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

9 (C) PROHIBITION AGAINST EXPORT-IM-
10 PORT BANK ASSISTANCE FOR EXPORTS TO FOR-
11 EIGN PERSONS.—The Export-Import Bank of
12 the United States may not guarantee, insure,
13 extend credit, or participate in the extension of
14 credit in connection with the export of any
15 goods or services to any foreign person that has
16 been made subject to the sanctions pursuant to
17 section 4(a).

18 (D) LOANS FROM UNITED STATES FINAN-
19 CIAL INSTITUTIONS.—The United States Gov-
20 ernment may prohibit any United States finan-
21 cial institution from making any loan or provid-
22 ing any credit to any foreign person sanctioned
23 under section 4(a) unless such foreign person is
24 engaged in activities to relieve human suffering,

1 within the meaning of section 203(b)(2) of the
2 International Emergency Economic Powers Act.

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

7 (i) DESIGNATION AS PRIMARY DEAL-
8 ER.—Neither the Board of Governors of
9 the Federal Reserve System nor the Fed-
10 eral Reserve Bank of New York may des-
11 ignate, or permit the continuation of any
12 prior designation of, such financial institu-
13 tion as a primary dealer in United States
14 Government debt instruments.

15 (ii) GOVERNMENT FUNDS.—Such fi-
16 nancial institution shall not serve as agent
17 of the United States Government or serve
18 as repository for United States Govern-
19 ment funds.

20 (iii) RESTRICTIONS ON OPER-
21 ATIONS.—Such financial institutions shall
22 not, directly or indirectly—

23 (I) commence any line of busi-
24 ness in the United States in which it
25 was not engaged as of the date of the

1 determination by the President under
2 section 4(a); or

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

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

10 The sanctions of section 5 shall not apply if the Presi-
11 dent determines and certifies to the appropriate congres-
12 sional committees that Iran—

13 (1) has substantially improved its adherence to
14 internationally recognized standards of human
15 rights;

16 (2) has ceased its efforts to design, develop,
17 manufacture, or acquire—

18 (A) a nuclear explosive device or related
19 materials and technology;

20 (B) chemical and biological weapons;

21 (C) missiles and missile launch technology;

22 or

23 (D) any missile or other delivery system
24 capable of reaching the territory of a country
25 the government of which shares strategic inter-

1 ests with the United States and is engaged in
2 defense cooperation, including the acquisition of
3 items identified in the United States Munitions
4 List, with the United States; and
5 (3) has ceased all forms of support for inter-
6 national terrorism.

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

9 (a) CONSULTATIONS.—If the President makes a de-
10 termination described in section 4(a) with respect to for-
11 eign persons, the Congress urges the President, to initiate
12 consultations immediately with the foreign government
13 with primary jurisdiction over that foreign person with re-
14 spect to the imposition of the sanctions pursuant to this
15 section.

16 (1) ACTIONS BY GOVERNMENT OF JURISDIC-
17 TION.—In order to pursue such consultations with
18 that government, the President may delay imposition
19 of the sanctions pursuant to this section within 90
20 days. Following such consultations, the President
21 shall immediately impose sanctions unless the Presi-
22 dent determines and certifies to the Congress that
23 the government has taken specific and effective ac-
24 tions, including the imposition of appropriate pen-
25 alties, to terminate the involvement of the foreign

1 person in the activities that resulted in the imposi-
2 tion of sanctions against the foreign person.

3 (2) ADDITIONAL DELAY IN IMPOSITION OF
4 SANCTIONS.—The President may delay the imposi-
5 tion of sanctions for up to an additional 45 days if
6 the President determines and certifies to the Con-
7 gress that the government with primary jurisdiction
8 over the foreign person is in the process of taking
9 the actions described in paragraph (1).

10 (3) REPORT TO CONGRESS.—Not later than 45
11 days after making a determination under section
12 4(a), the President shall submit to the Committee on
13 Banking, Housing and Urban Affairs of the Senate
14 and the Committee on International Relations of the
15 House of Representatives a report on the status of
16 consultations with the appropriate foreign govern-
17 ment under this subsection, and the basis for any
18 determination under paragraph (2) that such gov-
19 ernment has taken specific corrective actions.

20 (b) ASSURANCES FROM FOREIGN PERSONS.—The
21 President may terminate the sanctions against a foreign
22 person, subject to a determination under section 4(a), if
23 the foreign person provides assurances to the Secretary
24 that the actions that resulted in the determination to im-
25 pose sanctions have been terminated and have provided

1 specific assurances that it will neither directly nor indi-
2 rectly, or through any other person, including subsidiaries
3 and affiliates, direct or participate in any activity to pro-
4 vide to Iran goods or technology on the List.

5 (c) EXCEPTIONS.—The President shall not be re-
6 quired to apply or maintain the sanctions under section
7 4(a)—

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

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

15 (B) if the President determines in writing
16 that the person or other entity to which the
17 sanction would otherwise be applied is a sole
18 source supplier of the defense articles or serv-
19 ices, that the defense articles or services are es-
20 sential, and that alternative sources are not
21 readily or reasonably available; or

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

1 (2) to products or services provided under con-
2 tracts entered into before the date on which the
3 President publishes his intention to impose the sanc-
4 tion;

5 (3) to—

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

8 (B) component parts, but not finished
9 products, essential to United States products or
10 production; or

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

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

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

18 (d) PRESIDENTIAL NATIONAL SECURITY WAIVER.—

19 (1) The President may waive the requirement in section
20 4(a) to impose a sanction or sanctions on a foreign person
21 in section 4(b), for goods and technology that are not sub-
22 ject to the jurisdiction of the United States, 15 days after
23 the President determines and so reports to the Committee
24 on Banking, Housing, and Urban Affairs of the Senate
25 and the Committee on International Relations of the

1 House of Representatives that it is essential to the na-
2 tional interest of the United States to exercise such waiver
3 authority.

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

6 (A) a description of the conduct, including the
7 identification of the goods and technology involved in
8 the violation, that resulted in the determination of a
9 violation or violations;

10 (B) an explanation of the efforts to secure the
11 cooperation of the government with primary jurisdic-
12 tion of the foreign person to terminate or penalize
13 the activities that resulted in the determination of a
14 violation;

15 (C) an estimate as to the significance of the
16 goods and technology exported to Iran on that coun-
17 try's ability to extract, refine, process, store, or
18 transport petroleum, petroleum products, or natural
19 gas; and

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

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

2 (a) DURATION OF SANCTIONS.—The sanctions im-
3 posed pursuant to this section shall apply for a period of
4 not less than 12 months following the determination by
5 the President under section 4(a) and shall cease to apply
6 thereafter only if the President determines and certifies
7 to the Congress that reliable information indicates that
8 the foreign person with respect to which the determination
9 was made under section 4(a) has ceased to aid or abet
10 Iran, or any individual, group, or entity owned or con-
11 trolled by Iran, to acquire goods and technology on the
12 List.

13 (b) WAIVER.—

14 (1) CRITERION FOR WAIVER.—the President
15 may waive the continued application of any sanction
16 imposed on any foreign person pursuant to this sec-
17 tion, after the end of the 12-month period beginning
18 on the date on which that sanction was imposed on
19 that person, if the President determines and certifies
20 to the Congress that the continued imposition of the
21 sanction would have a serious adverse effect on
22 United States national security.

23 (2) NOTIFICATION OF AND REPORT TO CON-
24 GRESS.—If the President decides to exercise the
25 waiver authority provided in paragraph (1), the
26 President shall so notify the Congress not less than

1 30 days before the waiver takes effect. Such notifica-
2 tion shall include a report fully articulating the ra-
3 tionale and circumstances which led the President to
4 exercise the waiver authority.

5 **SEC. 9. GOODS AND TECHNOLOGY SUBJECT TO EXPORT**
6 **CONTROL RESTRICTIONS.**

7 (a) CONTROL LIST.—(1) For purposes of the deter-
8 minations to be made pursuant to section 4(a), the Presi-
9 dent, in consultation with the Secretary of State and the
10 Secretary of Energy, and the heads of other appropriate
11 departments and agencies, shall establish and maintain
12 the List of Petroleum and Natural Gas-Related Goods and
13 Technology, consisting of goods or technology (including
14 software and technical data) that the President deter-
15 mines materially contribute to the extraction, refining,
16 production, storage, or transportation of petroleum, petro-
17 leum products, or natural gas and the products thereof
18 in or by Iran, including goods and technology that are re-
19 quired for the development, production, or use (including
20 the repair, maintenance, or operation of equipment) for
21 the petroleum and natural gas activities described in this
22 subsection.

23 (2) The President within 60 days of the date of enact-
24 ment of this Act shall cause the List to be published in
25 the Federal Register, together with any regulations nec-

1 essary thereto. Thereafter, any revisions to the List or
2 amendments to the regulations shall be published in the
3 same manner.

4 (3) Not less than 30 days in advance of the publica-
5 tion of the List, it shall be provided to the Committee on
6 Banking, Housing, and Urban Affairs of the Senate and
7 to the Committee on International Relations of the House
8 of Representatives. The President shall consult with such
9 Committees regarding the content of the List and shall
10 respond to questions regarding the basis for the inclusion
11 on, or exclusion from, the List of specified goods and tech-
12 nologies.

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

15 (b) STATUTORY CONSTRUCTION.—Nothing in this
16 section prevents the inclusion on the List of any goods
17 or technology that may be produced in and traded inter-
18 nationally by companies in countries with which the
19 United States cooperates in controlling the export of goods
20 and technology to prevent the proliferation of weapons of
21 mass destruction and the means to deliver them, or in any
22 other country.

23 **SEC. 10. REPORT REQUIRED.**

24 Beginning 60 days after the date of enactment of this
25 Act, and every 90 days thereafter, the President shall

1 transmit to the appropriate congressional committees a re-
2 port describing—

3 (1) the nuclear and other military capabilities
4 of Iran; and

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

7 **SEC. 11. DEFINITIONS.**

8 As used in this Act:

9 (1) ACT OF INTERNATIONAL TERRORISM.—The
10 term “act of international terrorism” means an
11 act—

12 (A) which is violent or dangerous to
13 human life and that is a violation of the crimi-
14 nal laws of the United States or of any State
15 or that would be a criminal violation if commit-
16 ted within the jurisdiction of the United States
17 or any State; and

18 (B) which appears to be intended—

19 (i) to intimidate or coerce a civilian
20 population;

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

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

1 (2) APPROPRIATE CONGRESSIONAL COMMIT-
2 TEES.—The term “appropriate congressional com-
3 mittees” means the Committees on Banking, Hous-
4 ing and Urban Affairs and Foreign Relations of the
5 Senate and the Committees on Banking and Finan-
6 cial Services and International Relations of the
7 House of Representatives.

8 (3) COMPONENT PARTS.—The term “compo-
9 nent parts” has the meaning given the term in sec-
10 tion 11A(e)(1) of the Export Administration Act of
11 1979 (50 U.S.C. App. 2410a(e)(1)).

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

14 (A) a depository institution (as defined in
15 section 3(c)(1) of the Federal Deposit Insur-
16 ance Act), including a branch or agency of a
17 foreign bank (as defined in section 1(b)(7) of
18 the International Banking Act of 1978);

19 (B) a credit union;

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

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

24 (E) any other company that provides fi-
25 nancial services; or

1 (F) any subsidiary of such financial insti-
2 tution.

3 (5) FINISHED PRODUCTS.—The term “finished
4 products” has the meaning given the term in section
5 11A(e)(2) of the Export Administration Act of 1979
6 (50 U.S.C. App. 2410a(e)(2)).

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

9 (A) an individual who is not a United
10 States national or an alien admitted for perma-
11 nent residence to the United States; or

12 (B) a corporation, partnership, or other
13 nongovernment entity which is not a United
14 States national.

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

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

1 (9) PERSON.—The term “person” means a nat-
2 ural person as well as a corporation, business asso-
3 ciation, partnership, society, trust, any other non-
4 governmental entity, organization, or group, and any
5 governmental entity, operating as a business enter-
6 prise, and any successor of any such entity in the
7 case of countries where it may be impossible to iden-
8 tify a specific government entity referred to in para-
9 graph (2), the term “person” means—

10 (A) all activities of that government relat-
11 ing to the development or production of any
12 missile equipment or technology; and

13 (B) all activities of that government affect-
14 ing the development or production of aircraft,
15 electronics, and space systems or equipment.

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

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

1 (12) SENIOR EXECUTIVE OFFICERS.—The term
2 “senior executive officers” includes officers of sanc-
3 tioned foreign persons, or their designees, who are in
4 a position to direct the conduct or implement the
5 policies that resulted in the determination by the
6 President to impose sanctions against the foreign
7 person.

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

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

17 (A) a natural person who is a citizen of the
18 United States or who owes permanent alle-
19 giance to the United States;

20 (B) a corporation or other legal entity
21 which is organized under the laws of the United
22 States, any State or territory thereof, or the
23 District of Columbia, if natural persons who are
24 nationals of the United States own, directly or
25 indirectly, more than 50 percent of the out-

1 standing capital stock or other beneficial inter-
2 est in such legal entity; and

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

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