

111TH CONGRESS
1ST SESSION

H. R. 1985

To amend the Iran Sanctions Act of 1996 to enhance United States diplomatic efforts with respect to Iran by expanding economic sanctions against Iran to include refined petroleum, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 21, 2009

Mr. KIRK (for himself, Mr. SHERMAN, Mr. WEXLER, Mr. KLEIN of Florida, Mr. BLUNT, Mr. MCMAHON, Mr. LOBIONDO, Mr. CHAFFETZ, Mr. LINDER, Ms. KOSMAS, Mr. SCHOCK, Mr. BURTON of Indiana, Ms. FOXX, Mr. SENSENBRENNER, Mr. MARCHANT, Mr. LAMBORN, Mrs. MILLER of Michigan, Ms. BERKLEY, Mr. BILIRAKIS, Mrs. MYRICK, Mr. MCHENRY, Mr. REHBERG, Mr. GARRETT of New Jersey, Mr. PLATTS, and Mr. SHIMKUS) introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committees on Financial Services, Oversight and Government Reform, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Iran Sanctions Act of 1996 to enhance United States diplomatic efforts with respect to Iran by expanding economic sanctions against Iran to include refined petroleum, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Iran Diplomatic En-
3 hancement Act of 2009”.

4 **SEC. 2. FINDINGS.**

5 The Congress finds the following:

6 (1) The Islamic Republic of Iran is a party to
7 the Treaty on the Non-Proliferation of Nuclear
8 Weapons (NPT).

9 (2) Iran is a member of the International
10 Atomic Energy Agency (IAEA).

11 (3) On July 31, 2006, the United Nations Se-
12 curity Council (UNSC) adopted Resolution 1696,
13 setting a deadline of August 31, 2006, for Iran’s
14 full, unconditional, and immediate compliance with
15 its obligations under the NPT.

16 (4) Iran is in violation of UNSC Resolution
17 1696.

18 (5) On December 23, 2006, the UNSC adopted
19 Resolution 1737, issuing a legally binding order that
20 Iran immediately suspend all enrichment-related and
21 reprocessing activities and work on all heavy water-
22 related projects, and imposing economic sanctions on
23 Iran until such time as it has fully complied with its
24 obligations.

25 (6) Iran is in violation of UNSC Resolution
26 1737.

1 (7) On March 24, 2007, the UNSC adopted
2 Resolution 1747, imposing further economic sanc-
3 tions on Iran for its noncompliance with previous
4 UNSC resolutions.

5 (8) Iran is in violation of UNSC Resolution
6 1747.

7 (9) On March 3, 2008, the UNSC adopted Res-
8 olution 1803, imposing further economic sanctions
9 on Iran for its noncompliance with previous UNSC
10 resolutions.

11 (10) Iran is in violation of UNSC Resolution
12 1803.

13 (11) On September 27, 2008, the UNSC adopt-
14 ed Resolution 1835, demanding that Iran imme-
15 diately comply with previous UNSC resolutions.

16 (12) Iran is in violation of UNSC 1835.

17 (13) According to the IAEA, Iran has installed
18 2 or 3 types of next-generation centrifuges at
19 Natanz FEP, including the IR-2 and the IR-3.

20 (14) On October 26, 2008, IAEA inspectors
21 were unable to carry out a scheduled design infor-
22 mation verification visit to the Arak Heavy Water
23 Reactor.

24 (15) According to the IAEA, as of January 31,
25 2009, Iran had produced a total of some 1,010 kilo-

1 grams of low enriched uranium hexafluoride, which
2 is 30 percent higher than IAEA estimates and suffi-
3 cient for a nuclear weapons breakout capability.

4 (16) According to the IAEA's February 19,
5 2009, report, Iran had installed more than 5,400
6 centrifuges.

7 (17) According to the IAEA's February 19,
8 2009, report, Iran is producing fuel rods containing
9 uranium pellets for its IR-40 heavy water reactor.

10 (18) According to the IAEA, the IAEA sought
11 and was denied permission by Iran to visit the reac-
12 tor itself in February 2009, which, according to the
13 IAEA, "could adversely impact the IAEA's ability to
14 carry out effective safeguards at that facility".

15 (19) As evidenced by the February 3, 2009,
16 launch of the Omid satellite into space using the
17 Safir 2-stage space launch vehicle, Iran continues to
18 expand its development of ballistic missiles.

19 (20) According to the IAEA, as of its February
20 19, 2009, report, Iran has not answered IAEA ques-
21 tions "about possible military dimensions of Iran's
22 nuclear programme".

23 (21) Up to 40 percent of Iranian gasoline
24 comes from imports.

1 (22) Over the course of the past year, Iran pur-
2 chased nearly all of this gasoline from just six com-
3 panies, five of them European (the Swiss firm Vitol;
4 the Swiss/Dutch firm Trafigura; the French firm
5 Total; the Swiss firm Glencore; British Petroleum)
6 and one Indian company, Reliance Industries.

7 (23) In February 2009, Vitol and Trafigura
8 supplied some 80 percent of Iran’s gasoline imports,
9 while Reliance Industries and British Petroleum re-
10 portedly did not supply gasoline to Iran that month.

11 (24) In light of the extensive relationship be-
12 tween the United States and Switzerland, it is a
13 matter of particular concern that Swiss firms supply
14 more than 80 percent of Iran’s gasoline imports.

15 (25) The majority of tankers carrying gasoline
16 to Iran are insured by Lloyds of London.

17 (26) An interruption or significant limiting of
18 the supply of gasoline to Iran would considerably im-
19 pact the Iranian economy.

20 (27) An international restriction of gasoline ex-
21 ports to Iran would significantly bolster current dip-
22 lomatic initiatives.

23 (28) On June 4, 2008, then-Senator Barack
24 Obama said, “we should work with Europe, Japan,
25 and the Gulf states to find every avenue outside the

1 U.N. to isolate the Iranian regime—from cutting off
2 loan guarantees and expanding financial sanctions,
3 to banning the export of refined petroleum to Iran”.

4 (29) On October 7, 2008, then-Senator Barack
5 Obama said, “Iran right now imports gasoline . . .
6 if we can prevent them from importing the gasoline
7 that they need . . . that starts changing their cost-
8 benefit analysis. That starts putting the squeeze on
9 them.”.

10 **SEC. 3. AMENDMENTS TO THE IRAN SANCTIONS ACT OF**
11 **1996.**

12 (a) EXPANSION OF SANCTIONS TO REFINED PETRO-
13 LEUM.—Section 5(a) of the Iran Sanctions Act of 1996
14 (50 U.S.C. 1701 note) is amended to read as follows:

15 “(a) SANCTIONS WITH RESPECT TO THE DEVELOP-
16 MENT OF PETROLEUM RESOURCES OF IRAN AND EXPORT
17 OF REFINED PETROLEUM RESOURCES TO IRAN.—Except
18 as provided in subsection (f), the President shall impose
19 2 or more of the sanctions described in paragraphs (1)
20 through (6) of section 6 if the President determines that
21 a person has, with actual knowledge—

22 “(1)(A) on or after the date of the enactment
23 of this Act, made an investment of \$40,000,000 or
24 more (or any combination of investments of at least
25 \$10,000,000 each, which in the aggregate equals or

1 exceeds \$40,000,000 in any 12-month period), that
2 directly and significantly contributed to the enhance-
3 ment of Iran’s ability to develop petroleum resources
4 of Iran; or

5 “(B) on or after the date of the enactment of
6 the Iran Diplomatic Enhancement Act of 2009,
7 made an investment of \$20,000,000 or more (or any
8 combination of investments of at least \$5,000,000
9 each, which in the aggregate equals or exceeds
10 \$20,000,000 in any 12-month period), that directly
11 and significantly contributed to the enhancement of
12 Iran’s ability to develop petroleum resources of Iran;

13 or

14 “(2) on or after the date of the enactment of
15 the Iran Diplomatic Enhancement Act of 2009—

16 “(A) provided Iran with refined petroleum
17 resources;

18 “(B) engaged in an activity, including pro-
19 duction, brokerage, insurance, and tanker deliv-
20 ery services, that could contribute to Iran’s
21 ability to import refined petroleum resources; or

22 “(C) provided Iran with goods, services, or
23 technology for refining petroleum.”.

1 (b) INTERNATIONAL POLICY.—Section 4 of the Iran
2 Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended
3 by adding at the end the following:

4 “(g) UNITED STATES POLICY TOWARD IRAN.—It
5 shall be the policy of the United States to encourage for-
6 eign governments—

7 “(1) to direct state-owned entities to cease all
8 investment in Iran’s energy sector and all exports of
9 refined petroleum resources to Iran; and

10 “(2) to persuade, and, where possible, require
11 private entities based in their territories to cease all
12 investment in Iran’s energy sector and all exports of
13 refined petroleum resources to Iran.”.

14 (c) PRESIDENTIAL WAIVER.—Section 9(c)(2)(C) of
15 such Act is amended by striking “section 5(a) or section
16 5(b) to Iran’s ability to, respectively, develop its petroleum
17 resources or its weapons of mass destruction or other mili-
18 tary capabilities” and inserting “section 5(a)(1), section
19 5(a)(2), or section 5(b) to Iran’s ability to, respectively,
20 develop its petroleum resources, import refined petroleum
21 resources or refine petroleum, or develop its weapons of
22 mass destruction or other military capabilities”.

23 (d) REPORTS ON UNITED STATES EFFORTS TO CUR-
24 TAIL THE EXPORT OF REFINED PETROLEUM TO IRAN.—

1 Section 10 of such Act is amended by adding at the end
2 the following new subsection:

3 “(d) REPORTS ON REFINED PETROLEUM EXPORTS
4 TO IRAN.—

5 “(1) SEMIANNUAL REPORTS.—Not later than 6
6 months after the date of the enactment of the Iran
7 Diplomatic Enhancement Act of 2009, and every 6
8 months thereafter, the President shall transmit to
9 the appropriate congressional committees a report
10 describing, with respect to the preceding 6-month
11 period—

12 “(A) any person that has provided Iran
13 with refined petroleum resources, and the petro-
14 leum resources so provided;

15 “(B) any activity, including production,
16 brokerage, insurance, and tanker delivery serv-
17 ices, engaged in that could contribute to Iran’s
18 ability to import refined petroleum resources;

19 “(C) any person that has provided Iran
20 with goods, services, or technology for refining
21 petroleum, and the goods, services, or tech-
22 nology so provided; and

23 “(D) steps taken by the President to carry
24 out the policy set forth in section 4(g).

1 “(2) ADDITIONAL INFORMATION.—With respect
2 to each matter reported under subparagraph (A),
3 (B), or (C) of paragraph (1), the President shall de-
4 scribe the steps that the United States has taken to
5 respond to the provision of refined petroleum re-
6 sources described in paragraph (1)(A), the activity
7 described in paragraph (1)(B), or the provision of
8 goods, services, or technology described in paragraph
9 (1)(C), as the case may be.”.

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