

The experience of the last 12 years has also shown a number of places where the legislation can be improved. The Single Audit Act Amendments of 1996 incorporates those changes.

The threshold of \$100,000 for auditing State and local governments was carefully selected in 1984 to cover 95 percent of all transfers. Because of inflation, that threshold now covers 99 percent of all transfers. This bill raises the threshold to \$300,000, and returns coverage to the 95 percent level. This bill also give the Director of the Office of Management and Budget the authority to adjust the threshold for future inflation.

Among other changes to the Single Audit Act, this bill makes the results of these audits more useful to the administration officials responsible for overseeing these funds, by requiring more timely reports—reducing the time from 13 months to 9—and requiring that reports emphasize the auditors' conclusions, the quality of internal controls, and the continuing interests of the Federal Government.

This bill has been negotiated over the last year to address the concerns of a number of interested parties. The success of those negotiations is reflected in the wide support this bill enjoys. In addition to bipartisan sponsorship in the House and Senate, the bill is endorsed by the National State Auditors Association, and the administration.

Mr. Speaker, I again commend the ranking member and the chairman of the subcommittee for this fine piece of work, and urge all of my colleagues to support this good piece of legislation.

Mrs. MALONEY. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. HORN. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. NETHERCUTT). The question is on the motion offered by the gentleman from California [Mr. HORN] that the House suspend the rules and pass the Senate bill, S. 1579.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate bill was passed.

A motion to reconsider was laid on the table.

□ 1715

IRAN AND LIBYA SANCTIONS ACT OF 1996

Mr. GILMAN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3107) 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, as amended.

The Clerk read as follows:

H.R. 3107

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Iran and Libya Sanctions Act of 1996".

SEC. 2. FINDINGS.

The Congress makes the following findings:

(1) The efforts of the Government of Iran to acquire weapons of mass destruction and the means to deliver them and its support of acts of international terrorism endanger the national security and foreign policy interests of the United States and those countries with which the United States shares common strategic and foreign policy objectives.

(2) The objective of preventing the proliferation of weapons of mass destruction and acts of international terrorism through existing multilateral and bilateral initiatives requires additional efforts to deny Iran the financial means to sustain its nuclear, chemical, biological, and missile weapons programs.

(3) The Government of Iran uses its diplomatic facilities and quasi-governmental institutions outside of Iran to promote acts of international terrorism and assist its nuclear, chemical, biological, and missile weapons programs.

(4) The failure of the Government of Libya to comply with Resolutions 731, 748, and 883 of the Security Council of the United Nations, its support of international terrorism, and its efforts to acquire weapons of mass destruction constitute a threat to international peace and security that endangers the national security and foreign policy interests of the United States and those countries with which it shares common strategic and foreign policy objectives.

SEC. 3. DECLARATION OF POLICY.

(a) POLICY WITH RESPECT TO IRAN.—The Congress declares that it is the policy of the United States to deny Iran the ability to support acts of international terrorism and to fund the development and acquisition of weapons of mass destruction and the means to deliver them by limiting the development of Iran's ability to explore for, extract, refine, or transport by pipeline petroleum resources of Iran.

(b) POLICY WITH RESPECT TO LIBYA.—The Congress further declares that it is the policy of the United States to seek full compliance by Libya with its obligations under Resolutions 731, 748, and 883 of the Security Council of the United Nations, including ending all support for acts of international terrorism and efforts to develop or acquire weapons of mass destruction.

SEC. 4. MULTILATERAL REGIME.

(a) MULTILATERAL NEGOTIATIONS.—In order to further the objectives of section 3, the Congress urges the President to commence immediately diplomatic efforts, both in appropriate international fora such as the United Nations, and bilaterally with allies of the United States, to establish a multilateral sanctions regime against Iran, including provisions limiting the development of petroleum resources, that will inhibit Iran's efforts to carry out activities described in section 2.

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

(1) the countries that have agreed to undertake measures to further the objectives of section 3 with respect to Iran, and a description of those measures; and

(2) the countries that have not agreed to measures described in paragraph (1), and, with respect to those countries, other measures (in addition to that provided in subsection (d)) the President recommends that

the United States take to further the objectives of section 3 with respect to Iran.

(c) WAIVER.—The President may waive the application of section 5(a) with respect to nationals of a country if—

(1) that country has agreed to undertake substantial measures, including economic sanctions, that will inhibit Iran's efforts to carry out activities described in section 2 and information required by subsection (b)(1) has been included in a report submitted under subsection (b); and

(2) the President, at least 30 days before the waiver takes effect, notifies the appropriate congressional committees of his intention to exercise the waiver.

(d) ENHANCED SANCTION.—

(1) SANCTION.—With respect to nationals of countries except those with respect to which the President has exercised the waiver authority of subsection (c), at any time after the first report is required to be submitted under subsection (b), section 5(a) shall be applied by substituting "\$20,000,000" for "\$40,000,000" each place it appears, and by substituting "\$5,000,000" for "\$10,000,000".

(2) REPORT TO CONGRESS.—The President shall report to the appropriate congressional committees any country with respect to which paragraph (1) applies.

(e) INTERIM REPORT ON MULTILATERAL SANCTIONS; MONITORING.—The President, not later than 90 days after the date of the enactment of this Act, shall report to the appropriate congressional committees on—

(1) whether the member states of the European Union, the Republic of Korea, Australia, Israel, or Japan have legislative or administrative standards providing for the imposition of trade sanctions on persons or their affiliates doing business or having investments in Iran or Libya;

(2) the extent and duration of each instance of the application of such sanctions; and

(3) the disposition of any decision with respect to such sanctions by the World Trade Organization or its predecessor organization.

SEC. 5. IMPOSITION OF SANCTIONS.

(a) SANCTIONS WITH RESPECT TO IRAN.—Except as provided in subsection (f), the President shall impose 2 or more of the sanctions described in paragraphs (1) through (6) of section 6 if the President determines that a person has, with actual knowledge, on or after the date of the enactment of this Act, made an investment of \$40,000,000 or more (or any combination of investments of at least \$10,000,000 each, which in the aggregate equals or exceeds \$40,000,000 in any 12-month period), that directly and significantly contributed to the enhancement of Iran's ability to develop petroleum resources of Iran.

(b) SANCTIONS WITH RESPECT TO LIBYA.—

(1) TRIGGER OF MANDATORY SANCTIONS.—Except as provided in subsection (f), the President shall impose 2 or more of the sanctions described in paragraphs (1) through (6) of section 6 if the President determines that a person has, with actual knowledge, on or after the date of the enactment of this Act, exported, transferred, or otherwise provided to Libya any goods, services, technology, or other items the provision of which is prohibited under paragraph 4(b) or 5 of Resolution 748 of the Security Council of the United Nations, adopted March 31, 1992, or under paragraph 5 or 6 of Resolution 883 of the Security Council of the United Nations, adopted November 11, 1993, if the provision of such items significantly and materially—

(A) contributed to Libya's ability to acquire chemical, biological, or nuclear weapons or destabilizing numbers and types of advanced conventional weapons or enhanced Libya's military or paramilitary capabilities;

(B) contributed to Libya's ability to develop its petroleum resources; or

(C) contributed to Libya's ability to maintain its aviation capabilities.

(2) TRIGGER OF DISCRETIONARY SANCTIONS.—Except as provided in subsection (f), the President may impose 1 or more of the sanctions described in paragraphs (1) through (6) of section 6 if the President determines that a person has, with actual knowledge, on or after the date of the enactment of this Act, made an investment of \$40,000,000 or more (or any combination of investments of at least \$10,000,000 each, which in the aggregate equals or exceeds \$40,000,000 in any 12-month period), that directly and significantly contributed to the enhancement of Libya's ability to develop its petroleum resources.

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

(1) any person the President determines has carried out the activities described in subsection (a) or (b); and

(2) any person the President determines—

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

(B) is a parent or subsidiary of the person referred to in paragraph (1) if that parent or subsidiary, with actual knowledge, engaged in the activities referred to in paragraph (1); or

(C) is an affiliate of the person referred to in paragraph (1) if that affiliate, with actual knowledge, engaged in the activities referred to in paragraph (1) and if that affiliate is controlled in fact by the person referred to in paragraph (1).

For purposes of this Act, any person or entity described in this subsection shall be referred to as a "sanctioned person".

(d) PUBLICATION IN FEDERAL REGISTER.—The President shall cause to be published in the Federal Register a current list of persons and entities on whom sanctions have been imposed under this Act. The removal of persons or entities from, and the addition of persons and entities to, the list, shall also be so published.

(e) PUBLICATION OF PROJECTS.—The President shall cause to be published in the Federal Register a list of all significant projects which have been publicly tendered in the oil and gas sector in Iran.

(f) EXCEPTIONS.—The President shall not be required to apply or maintain the sanctions under subsection (a) or (b)—

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

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

(B) if the President determines in writing that the person to which the sanctions would otherwise be applied is a sole source supplier of the defense articles or services, that the defense articles or services are essential, and that alternative sources are not readily or reasonably available; or

(C) if the President determines in writing that such articles or services are essential to the national security under defense co-production agreements;

(2) in the case of procurement, to eligible products, as defined in section 308(4) of the Trade Agreements Act of 1979 (19 U.S.C. 2518(4)), of any foreign country or instrumentality designated under section 301(b)(1) of that Act (19 U.S.C. 2511(b)(1));

(3) to products, technology, or services provided under contracts entered into before the date on which the President publishes in the Federal Register the name of the person on whom the sanctions are to be imposed;

(4) to—

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

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

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

(6) to information and technology essential to United States products or production; or

(7) to medicines, medical supplies, or other humanitarian items.

SEC. 6. DESCRIPTION OF SANCTIONS.

The sanctions to be imposed on a sanctioned person under section 5 are as follows:

(1) EXPORT-IMPORT BANK ASSISTANCE FOR EXPORTS TO SANCTIONED PERSONS.—The President may direct the Export-Import Bank of the United States not to give approval to the issuance of any guarantee, insurance, extension of credit, or participation in the extension of credit in connection with the export of any goods or services to any sanctioned person.

(2) EXPORT SANCTION.—The President may order the United States Government not to issue any specific license and not to grant any other specific permission or authority to export any goods or technology to a sanctioned person under—

(i) the Export Administration Act of 1979;

(ii) the Arms Export Control Act;

(iii) the Atomic Energy Act of 1954; or

(iv) any other statute that requires the prior review and approval of the United States Government as a condition for the export or re-export of goods or services.

(3) LOANS FROM UNITED STATES FINANCIAL INSTITUTIONS.—The United States Government may prohibit any United States financial institution from making loans or providing credits to any sanctioned person totaling more than \$10,000,000 in any 12-month period unless such person is engaged in activities to relieve human suffering and the loans or credits are provided for such activities.

(4) PROHIBITIONS ON FINANCIAL INSTITUTIONS.—The following prohibitions may be imposed against a sanctioned person that is a financial institution:

(A) PROHIBITION ON DESIGNATION AS PRIMARY DEALER.—Neither the Board of Governors of the Federal Reserve System nor the Federal Reserve Bank of New York may designate, or permit the continuation of any prior designation of, such financial institution as a primary dealer in United States Government debt instruments.

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

The imposition of either sanction under subparagraph (A) or (B) shall be treated as 1 sanction for purposes of section 5, and the imposition of both such sanctions shall be treated as 2 sanctions for purposes of section 5.

(5) PROCUREMENT SANCTION.—The United States Government may not procure, or enter into any contract for the procurement of, any goods or services from a sanctioned person.

(6) ADDITIONAL SANCTIONS.—The President may impose sanctions, as appropriate, to restrict imports with respect to a sanctioned person, in accordance with the International Emergency Economic Powers Act (50 U.S.C. 1701 and following).

SEC. 7. ADVISORY OPINIONS.

The Secretary of State may, upon the request of any person, issue an advisory opinion to that person as to whether a proposed activity by that person would subject that

person to sanctions under this Act. Any person who relies in good faith on such an advisory opinion which states that the proposed activity would not subject a person to such sanctions, and any person who thereafter engages in such activity, will not be made subject to such sanctions on account of such activity.

SEC. 8. TERMINATION OF SANCTIONS.

(a) IRAN.—The requirement under section 5(a) to impose sanctions shall no longer have force or effect with respect to Iran if the President determines and certifies to the appropriate congressional committees that Iran—

(1) has ceased its efforts to design, develop, manufacture, or acquire—

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

(B) chemical and biological weapons; and

(C) ballistic missiles and ballistic missile launch technology; and

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

(b) LIBYA.—The requirement under section 5(b) to impose sanctions shall no longer have force or effect with respect to Libya if the President determines and certifies to the appropriate congressional committees that Libya has fulfilled the requirements of United Nations Security Council Resolution 731, adopted January 21, 1992, United Nations Security Council Resolution 748, adopted March 31, 1992, and United Nations Security Council Resolution 883, adopted November 11, 1993.

SEC. 9. DURATION OF SANCTIONS; PRESIDENTIAL WAIVER.

(a) DELAY OF SANCTIONS.—

(1) CONSULTATIONS.—If the President makes a determination described in section 5(a) or 5(b) with respect to a foreign person, the Congress urges the President to initiate consultations immediately with the government with primary jurisdiction over that foreign person with respect to the imposition of sanctions under this Act.

(2) ACTIONS BY GOVERNMENT OF JURISDICTION.—In order to pursue consultations under paragraph (1) with the government concerned, the President may delay imposition of sanctions under this Act for up to 90 days. Following such consultations, the President shall immediately impose sanctions unless the President determines and certifies to the Congress that the government has taken specific and effective actions, including, as appropriate, the imposition of appropriate penalties, to terminate the involvement of the foreign person in the activities that resulted in the determination by the President under section 5(a) or 5(b) concerning such person.

(3) ADDITIONAL DELAY IN IMPOSITION OF SANCTIONS.—The President may delay the imposition of sanctions for up to an additional 90 days if the President determines and certifies to the Congress that the government with primary jurisdiction over the person concerned is in the process of taking the actions described in paragraph (2).

(4) REPORT TO CONGRESS.—Not later than 90 days after making a determination under section 5(a) or 5(b), the President shall submit to the appropriate congressional committees a report on the status of consultations with the appropriate foreign government under this subsection, and the basis for any determination under paragraph (3).

(b) DURATION OF SANCTIONS.—A sanction imposed under section 5 shall remain in effect—

(1) for a period of not less than 2 years from the date on which it is imposed; or

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

(c) **PRESIDENTIAL WAIVER.**—

(1) **AUTHORITY.**—The President may waive the requirement in section 5 to impose a sanction or sanctions on a person described in section 5(c), and may waive the continued imposition of a sanction or sanctions under subsection (b) of this section, 30 days or more after the President determines and so reports to the appropriate congressional committees that it is important to the national interest of the United States to exercise such waiver authority.

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

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

(B) in the case of a foreign person, an explanation of the efforts to secure the cooperation of the government with primary jurisdiction over the sanctioned person to terminate or, as appropriate, penalize the activities that resulted in the determination under section 5(a) or (b), as the case may be;

(C) an estimate as to the significance—

(i) of the provision of the items described in section 5(a) to Iran's ability to develop its petroleum resources, or

(ii) of the provision of the items described in section 5(b)(1) to the abilities of Libya described in subparagraph (A), (B), or (C) of section 5(b)(1), or of the investment described in section 5(b)(2) on Libya's ability to develop its petroleum resources, as the case may be; and

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

(3) **EFFECT OF REPORT ON WAIVER.**—If the President makes a report under paragraph (1) with respect to a waiver of sanctions on a person described in section 5(c), sanctions need not be imposed under section 5(a) or (b) on that person during the 30-day period referred to in paragraph (1).

SEC. 10. REPORTS REQUIRED.

(a) **REPORT ON CERTAIN INTERNATIONAL INITIATIVES.**—Not later than 6 months after the date of the enactment of this Act, and every 6 months thereafter, the President shall transmit a report to the appropriate congressional committees describing—

(1) the efforts of the President to mount a multilateral campaign to persuade all countries to pressure Iran to cease its nuclear, chemical, biological, and missile weapons programs and its support of acts of international terrorism;

(2) the efforts of the President to persuade other governments to ask Iran to reduce the presence of Iranian diplomats and representatives of other government and military or quasi-governmental institutions of Iran and to withdraw any such diplomats or representatives who participated in the takeover of the United States embassy in Tehran on November 4, 1979, or the subsequent holding of United States hostages for 444 days;

(3) the extent to which the International Atomic Energy Agency has established regular inspections of all nuclear facilities in Iran, including those presently under construction; and

(4) Iran's use of Iranian diplomats and representatives of other government and mili-

tary or quasi-governmental institutions of Iran to promote acts of international terrorism or to develop or sustain Iran's nuclear, chemical, biological, and missile weapons programs.

(b) **OTHER REPORTS.**—The President shall ensure the continued transmittal to the Congress of reports describing—

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

(2) the support provided by Iran for acts of international terrorism, as part of the Department of State's annual report on international terrorism.

SEC. 11. DETERMINATIONS NOT REVIEWABLE.

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

SEC. 12. EXCLUSION OF CERTAIN ACTIVITIES.

Nothing in this Act shall apply to any activities subject to the reporting requirements of title V of the National Security Act of 1947.

SEC. 13. EFFECTIVE DATE; SUNSET.

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

(b) **SUNSET.**—This Act shall cease to be effective on the date that is 5 years after the date of the enactment of this Act.

SEC. 14. DEFINITIONS.

As used in this Act:

(1) **ACT OF INTERNATIONAL TERRORISM.**—The term "act of international terrorism" means an act—

(A) which is violent or dangerous to human life and that is a violation of the criminal laws of the United States or of any State or that would be a criminal violation if committed within the jurisdiction of the United States or any State; and

(B) which appears to be intended—

(i) to intimidate or coerce a civilian population;

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

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

(2) **APPROPRIATE CONGRESSIONAL COMMITTEES.**—The term "appropriate congressional committees" means the Committee on Finance, the Committee on Banking, Housing, and Urban Affairs, and the Committee on Foreign Relations of the Senate and the Committee on Ways and Means, the Committee on Banking and Financial Services, and the Committee on International Relations of the House of Representatives.

(3) **COMPONENT PART.**—The term "component part" has the meaning given that term in section 11A(e)(1) of the Export Administration Act of 1979 (50 U.S.C. App. 2410a(e)(1)).

(4) **DEVELOP AND DEVELOPMENT.**—To "develop", or the "development" of, petroleum resources means the exploration for, or the extraction, refining, or transportation by pipeline of, petroleum resources.

(5) **FINANCIAL INSTITUTION.**—The term "financial institution" includes—

(A) a depository institution (as defined in section 3(c)(1) of the Federal Deposit Insurance Act), including a branch or agency of a foreign bank (as defined in section 1(b)(7) of the International Banking Act of 1978);

(B) a credit union;

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

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

(E) any other company that provides financial services.

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

(7) **FOREIGN PERSON.**—The term "foreign person" means—

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

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

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

(9) **INVESTMENT.**—The term "investment" means any of the following activities if such activity is undertaken pursuant to an agreement, or pursuant to the exercise of rights under such an agreement, that is entered into with the Government of Iran or a nongovernmental entity in Iran, or with the Government of Libya or a nongovernmental entity in Libya, on or after the date of the enactment of this Act:

(A) The entry into a contract that includes responsibility for the development of petroleum resources located in Iran or Libya (as the case may be), or the entry into a contract providing for the general supervision and guarantee of another person's performance of such a contract.

(B) The purchase of a share of ownership, including an equity interest, in that development.

(C) The entry into a contract providing for the participation in royalties, earnings, or profits in that development, without regard to the form of the participation.

The term "investment" does not include the entry into, performance, or financing of a contract to sell or purchase goods, services, or technology.

(10) **IRAN.**—The term "Iran" includes any agency or instrumentality of Iran.

(11) **IRANIAN DIPLOMATS AND REPRESENTATIVES OF OTHER GOVERNMENT AND MILITARY OR QUASI-GOVERNMENTAL INSTITUTIONS OF IRAN.**—The term "Iranian diplomats and representatives of other government and military or quasi-governmental institutions of Iran" includes employees, representatives, or affiliates of Iran's—

(A) Foreign Ministry;

(B) Ministry of Intelligence and Security;

(C) Revolutionary Guard Corps;

(D) Crusade for Reconstruction;

(E) Qods (Jerusalem) Forces;

(F) Interior Ministry;

(G) Foundation for the Oppressed and Disabled;

(H) Prophet's Foundation;

(I) June 5th Foundation;

(J) Martyr's Foundation;

(K) Islamic Propagation Organization; and

(L) Ministry of Islamic Guidance.

(12) **LIBYA.**—The term "Libya" includes any agency or instrumentality of Libya.

(13) **NUCLEAR EXPLOSIVE DEVICE.**—The term "nuclear explosive device" means any device, whether assembled or disassembled, that is designed to produce an instantaneous release of an amount of nuclear energy from special nuclear material (as defined in section 11aa. of the Atomic Energy Act of 1954) that is greater than the amount of energy that would be released from the detonation of one pound of trinitrotoluene (TNT).

(14) **PERSON.**—The term "person" means—

(A) a natural person;

(B) a corporation, business association, partnership, society, trust, any other nongovernmental entity, organization, or group, and any governmental entity operating as a business enterprise; and

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

(15) PETROLEUM RESOURCES.—The term “petroleum resources” includes petroleum and natural gas resources.

(16) UNITED STATES OR STATE.—The term “United States” or “State” means the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, the United States Virgin Islands, and any other territory or possession of the United States.

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

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

(B) a corporation or other legal entity which is organized under the laws of the United States, any State or territory thereof, or the District of Columbia, if natural persons described in subparagraph (A) own, directly or indirectly, more than 50 percent of the outstanding capital stock or other beneficial interest in such legal entity.

The SPEAKER pro tempore (Mr. STEARNS). Pursuant to the rule, the gentleman from New York [Mr. GILMAN] and the gentleman from Indiana [Mr. HAMILTON] each will control 20 minutes.

The Chair recognizes the gentleman from New York [Mr. GILMAN].

(Mr. GILMAN asked and was given permission to revise and extend his remarks.)

Mr. Speaker, I rise in support of H.R. 3107, the Iran and Libya Sanctions Act of 1996 which mandates sanctions on persons making investments that would enhance the ability of Iran to explore for, extract, refine, or transport by pipeline petroleum resources.

It would also establish a mandatory sanctions regime on foreign persons who violate United Nations Security Council Resolutions 748 and 883 by selling weapons, aviation equipment, and oil equipment to Libya, a country responsible for the cowardly and unforgivable attack on Pan Am flight 103 in December 1988.

I take great pleasure in bringing before the House a bill that would put our country on the front lines of our fight to combat state-supported terrorism and that will help to induce our allies in Europe and Asia to join us in a multilateral sanctions regime against Iran.

This multilateral sanctions regime will allow the President to waive the application of sanctions against the nationals of a country that has put in place its own sanctions regime against Iran, but it will also require him to impose an enhanced sanction—in the form of a reduction in the trigger level for investment in Iran from \$40 to \$20 million—against the nationals of all other countries.

In short, the bill requires foreign companies to choose between investing in our market and those of Iran and Libya. In the process, it gives the President the policy tools he needs to begin fulfilling his pledges to increase diplomatic and economic pressure on the Iranian and Libyan Governments.

As approved by the Ways and Means Committee in close consultation with

the House International Relations Committee, this bill imposes a sanction regime on companies helping to develop the oil and gas industries in Iran and Libya. Its enactment can sharply diminish the future revenues from oil and gas production of these rogue regimes and will put a halt to their campaigns of state-sponsored terrorism and their efforts to develop weapons of mass destruction.

Iran looms as the principal long-term threat to United States interests in the Persian Gulf and the Middle East. It continues its terrorist and subversive activities against its neighbors in the Gulf states and around the world, as far away as Argentina. Over the past year, Iran has actively supported efforts to destabilize Bahrain, promoting the Gulf Cooperation Council to issue a public statement admonishing Iran to put a halt to its subversive policies in the region.

Its leaders openly advocate the destruction of the state of Israel and its support for terrorist groups in Lebanon have led to renewed rounds of violence in that country and have set back the prospects for a peace accord in the Middle East.

Iran, like Iraq, has launched a clandestine program to build nuclear weapons and missile systems capable of delivering weapons of mass destruction payloads to targets up to 1,000 kilometers from its borders, thereby threatening key allies in the region including Jordan, Israel, and Turkey.

In his testimony before the House International Relations Committee on November 9, 1995, Peter Tarnoff, Under Secretary of State for political Affairs, noted that any foreign investment to help increase offshore oil and gas production would inevitably lead to increase financial support by Iran for its weapons of mass destruction and terrorist activities.

An April 1996 report on proliferation issued by the Office of the Secretary of Defense came to the same conclusion in regard to Libya. It noted it particular, that and I quote:

Libya probably dedicates several hundred million dollars annually to acquire nuclear, biological and chemical weapons and missiles made possible by its substantial income from oil and gas exports.

In the most recent State Department report on global terrorism, it was noted that the end of 1995 marked the 4th year of Libya's refusal to comply with the demands of U.N. Security Council Resolution 731. This measure was adopted following the indictments on November 1991 of two Libyan intelligence agents for the bombing in 1988 of Pan Am flight 103 which killed 189 Americans.

This resolution endorsed the demands of the United States, the United Kingdom, and France that Libya turn over the two suspects for trial in the United States or the United Kingdom, pay compensation to the victims and fully cooperate in the investigations into the bombings of Pan Am 103 and UTA flight 772.

U.N. Security Council Resolution 748 was adopted in April 1992 as a result of Libya's refusal to comply with UNSCR 731.

Resolution 748 imposed sanctions that embargoed Libya's civil aviation and military procurement efforts and required all states to reduce Libya's diplomatic presence.

Yet another resolution adopted in November 1993, UNSCR 883, imposed additional sanctions on Libya, including a freeze on limited assets and an oil technology ban. To date, none of these efforts have produced these two indicted officials for trial either in the U.S. or the U.K.

I have consistently argued for and urged the administration to increase the pressure to comply with all existing U.N. resolutions and should adopt policies that can begin to implement some of the campaign promises that Governor Bill Clinton made in September 1992 to the family of one of the Pan Am 103 victims to broaden oil sanctions on Libya.

Adoption of the provisions in this bill in regard to Libya will put teeth in these U.N. sanctions and give the President the authority he needs to begin imposing sanctions on companies making new investments in the oil and gas sector in this terrorist country.

By imposing a total embargo on Iran in March of last year, the administration took an important step in our efforts to isolate Iran. Together with the Junior Senator from New York, Mr. D'AMATO, I have been pressing the administration to take additional steps to reduce Iran's funding sources for its worldwide subversive activities and for its programs supporting weapons of mass destruction.

If we want our deeds to match our words in this effort, enactment of this bill is the next and necessary step to contain the terrorist activities of both Iran and Libya. By asking foreign companies to make a simple choice between the American market and those of Iran and Libya, this bill will help the administration deliver an unmistakable message to our European and Asian allies that the era of critical bilateral dialog is over and the time for multilateral action has now begun.

The bipartisan bill before us today requires the President to impose sanctions on companies making investments of \$40 million or more that would enhance the ability of Iran to develop its petroleum resources.

If he made such a determination, the President would have to pick two or more sanctions from a list of six sanctions including: A denial of Eximbank assistance; a denial of specific licenses for the export of controlled technology; a suspension of imports under the provisions of the International Emergency Economic Powers Act; a prohibition on a sanctioned financial institution from serving as a primary dealer in U.S. Government debt instruments; a prohibition on any U.S. financial institution from making any loan to a sanctioned

person over \$10 million a year; and a ban on any U.S. Government procurement of any goods or services from a sanctioned person.

The legislation allows the President to delay imposition of sanctions for 90 days to pursue consultations with the government of the sanctioned person to end the sanctionable activities. An additional 90 day delay is permitted if he determines that he is making progress toward this goal.

The President may also waive any of these sanctions if he determines that doing so is in the national interest.

This bill also includes a 5-year sunset provision.

Adoption of a companion Iran and Libya sanctions bill in the Senate on December 22, 1995, has already had a deterrent effect on potential investors and oil field suppliers to Iran and Libya. The enactment of this measure today will ensure that we can maintain this deterrent on further investments in these rogue regimes.

Mr. Speaker, I would like to pay tribute to the many members on the International Relations Committee and the Ways and Means Committee who worked long and hard to make the legislation possible. Subcommittee Chairman DAN BURTON, Representative PETER KING, the respective ranking members of the Asia and Pacific Subcommittee and the International Economic Policy and Trade Subcommittee, Representatives HOWARD BERMAN and SAM GEJDENSON, as well as Chairman BILL ARCHER and Trade Subcommittee Chairman PHIL CRANE.

I urge the adoption of H.R. 3107.

Mr. GILMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I reserve the balance of my time.

Mr. HAMILTON. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, I want to begin by commending the Members I think are most responsible for producing this compromise bill. The gentleman from New York, Chairman GILMAN, the gentleman from Texas, Chairman ARCHER, and the gentleman from Iowa, Chairman LEACH, all deserve credit for their willingness to look for creative solutions to their differences.

I also want to say a word of appreciation to the gentleman from Connecticut [Mr. GEJDENSON] and the gentleman from California [Mr. BERMAN] and the other original cosponsors of the bill because of their willingness to advance the bill and to support the agreement that has been reached today.

Finally, may I say that the administration, which supports this bill, also deserves credit, I think, for helping Members understand the implications of the bill for U.S. diplomacy and U.S. economic interests.

There is very little disagreement between the United States and its allies about the challenges posed by the two countries that are the focus of this bill. Iran poses a serious threat to several

shared security interests. It is a confirmed sponsor of terrorism. It is trying to develop weapons of mass destruction. It seeks to undermine the Middle East peace process. It is pursuing a military buildup that could enable it to threaten shipping traffic in the Persian Gulf. Libya continues to harbor terrorists responsible for the death of more than 300 Americans and others on Pan Am flight 103, and it is also developing weapons of mass destruction and threatening the security of its neighbors.

The premise of this bill, which I believe to be a correct one, is that the best way to curb Iran and Libya's dangerous conduct is to limit the oil and gas export earnings that help pay for it. This has been a principal goal of U.S. policy for several years. In our effort to squeeze the economies of Iran and Libya, the United States has cut off all of its trade with both countries. But the impact of unilateral sanctions is limited, so we also have urged Iran's and Libya's main trading partners to restrict or sever their economic ties.

Despite our efforts and despite the egregious conduct of Iran and Libya, many of our friends have maintained their ties with both countries. So the dilemma here for United States policy is to find ways to increase the economic isolation of Iran and Libya without, in the process, causing undue harm to our own economy or to our relations with our allies.

H.R. 3107 makes a very good start in responding to that policy dilemma. The ultimate goal of this bill is not to punish foreign firms but to persuade other governments to adopt measures that squeeze the economies of Iran and Libya.

We do not know whether we are going to achieve that goal for some time, but this bill does give to the President of the United States the tools to enable him to have the flexibility in implementing U.S. sanctions. For that and other reasons, I strongly urge the approval of this bill.

Mr. Speaker, I reserve the balance of my time.

Mr. GILMAN. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. SOLOMON], distinguished chairman of our Committee on Rules.

Mr. SOLOMON. Mr. Speaker, I thank the gentleman, the chairman of the Committee on International Relations, for yielding time to me.

I rise in very strong support of this measure which would tighten economic sanctions against two deadly enemies of the United States, the dictatorial Governments of Iran and Libya. I commend the distinguished chairman of the Committee on International Relations for his outstanding work in bringing this bill to the floor. This measure uses our best weapon against these regimes and other countries which support them, the power of the American purse. With 260 million American people and the highest standard of living on Earth, the United

States represents a market that is just too lucrative for other countries to ignore when they want to trade with us.

That is why this bill makes so much sense, Mr. Speaker.

It would impose a range of economic sanctions against other countries that irresponsibly abet the terrorist activities of Iran and Libya by investing their oil sectors or supplying them with oil-related goods or technologies.

When these countries face the prospect of losing part of our vast American market, they will think twice about their investments in these two outlaw nations, and that is what they are.

Mr. Speaker, the terrorist threat is real. It is growing. Stiff measures like this are called for. We all know that Libya, under Colonel Qadhafi, and Iran, under fundamentalist dictatorship, are two of the world's major sponsors of terrorism. Their capabilities to conduct acts of terror are increasing at an alarming rate.

Let us take a look at Iran. As we speak, Iran is in a furious drive to acquire weapons of mass destruction aided and abetted by Communist China, which by the way is another nation we ought to be imposing sanctions on instead of giving them carte blanche favored-nation treatment. We will deal with that a little bit later this month.

In the past few months alone, we have seen reports that Communist China has been supplying Iran with cruise missiles, chemical weapons technology and plutonium processing technology. Couple this with nuclear reactor technology supplied by another great country, Russia, and we can clearly see what Iran is up to and what kind of threat we face.

Mr. Speaker, it is time to act now before it is too late. That is why Chairman GILMAN and Chairman ARCHER deserve our highest praise for working so hard to bring this bill to the floor. Come over here and let us pass it. It is important.

Mr. HAMILTON. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Connecticut [Mr. GEJDENSON] who is an original sponsor of the bill.

Mr. GEJDENSON. Mr. Speaker, Iranian profits are used to murder innocent civilians on the streets of Tel Aviv and Jerusalem and those who trade with Iran, like those who traded with the Nazis, irrespective of their murderous act, aid and abet them.

The debate we have here today is what action we can take following support of the chairman and the ranking member of the Committee on International Relations and the President of the United States in trying to isolate Iran and reduce its ability to assist the murder of innocent civilians.

Unfortunately, most of our democratic allies in Europe and Japan are not being helpful. They will pay a price as surely as the nations who ignored terrorism in the early 1960's and 1970's soon found that it existed not just isolated in Israel and the Middle East but across the globe.

There is a clear and direct link between Iran's ability to profit from its oil sales and assistance to terrorist Hezbollah and other causes. When Secretary of State Christopher was in Syria, it was reported that Iranian planes with arms landed there to aid Hezbollah attacks on the Israelis and the peace process.

Today it is Iranian rockets, grenades and bombs. But what happens if Iran, months or years from now, when they have the ability to deliver nuclear or chemical weapons. Today Iran threatens women and children and men on buses. An Iran which uses its profits to develop nuclear and chemical weapons will be an Iran that threatens the globe.

Corporate profits must be put aside here as the President has led us and in the so-called civilized world.

We must deny companies who profit from exports to Iran the opportunity to access our markets. We have begun that process with this legislation. I am writing to the banks and economic entities in the G-7 countries warning them that we will monitor their activity. And if they fail to join us, we will take further actions.

If the Baader Meinhof gang had territory, would the German Government have traded with them when they blew up innocent German civilians? I think not. The Iranians may have territory and a government, but they should not be allowed to continue to profit and murder innocent children.

Some of my European and Japanese friends have been offended that I point out their complicity. Well, if this offends them, it does not worry me in the least. It offends me to see the arms and legs and bodies of children and adults strewn on the streets of Israel.

Mr. Speaker, I include for the RECORD the following letter:

ONE HUNDRED FOURTH CONGRESS,
CONGRESS OF THE UNITED STATES,
COMMITTEE ON INTERNATIONAL RELATIONS,
HOUSE OF REPRESENTATIVES,

Washington, DC, June 18, 1996.

Mr. JOCHEN SANIO,
Vice President, Federal Banking Supervisory
Office, Gardschutzenweg 71-101, D-12203
Berlin, Germany.

DEAR MR. SANIO: As you may be aware, many of my colleagues and I are concerned about the flow of foreign money into Iran's petroleum sector. The U.S. State Department has found that Iran's financial capability to build weapons of mass destruction and to support international terrorism depends on Iran's ability to explore for, extract, refine, or transport by pipeline its petroleum resources.

In legislation now proceeding through Congress, the President will be required to impose sanctions on foreign companies that invest in Iran's oil sector. To some extent, the legislation will stop short of imposing sanctions on foreign entities that finance such investments. However, financing of these projects remains a major concern.

I know that your government shares our concern over the threat posed by an Iran armed with nuclear weapons. I would hope that your government would therefore take action to preclude the financing of petro-

leum development by the financial institutions in your country. The U.S. Congress will be carefully monitoring foreign funding of Iran's oil development. Should foreign banks choose to ignore the threat posed by Iran, I have no doubt that the U.S. Congress will revisit this issue and pass legislation that would impose sanctions on foreign institutions that finance petroleum development in Iran.

I look forward to working with you on this issue of mutual concern.

Sincerely,

SAM GEJDENSON,
Ranking Member, Subcommittee on International Economic Policy and Trade.

Mr. GILMAN. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Wisconsin [Mr. ROTH], chairman of our Subcommittee on International Economic Policy and Trade.

Mr. ROTH. Mr. Speaker, I thank the gentleman, my chairman, for yielding time to me.

Mr. SPEAKER, first let me commend the gentleman from New York [Mr. GILMAN] and the gentleman from Texas [Mr. ARCHER] for their work on this issue.

No one can question their commitment to fighting terrorism.

Moreover, there is no doubt that Iran and Libya are rogue states.

The leaders of these regimes have violated every standard of acceptable behavior.

I share the goal of turning Iran and Libya away from terrorism, away from making weapons of mass destruction and away from brutality against their own people.

But I believe this legislation is a step backward not forward.

In my judgment, this bill will not work, for three reasons.

First, economic sanctions simply do not work in today's world when the United States acts alone.

Sanctions did not work against Vietnam. They have not worked against Cuba. And they have not worked against China. Iran has 65 million people and a \$300 billion economy.

Libya has 5 million people and a \$33 billion economy.

Neither country can be isolated, geographically or economically. In both countries, exports are growing. From 1988 to 1994, Iran's exports grew nearly 50 percent, to \$19 billion. Libya's exports grew nearly 10 percent, to \$8 billion.

The reality is, none of Iran's or Libya's major trading partners will go along with our sanctions. Not Germany, not France, not Italy, not Spain, not Japan.

Without their cooperation, how will our sanctions ever work?

This brings me to the second flaw in this bill.

This legislation would impose a secondary boycott on our closest allies. The sponsors argue that the bill will force Europe to choose between trading with us and trading with Iran and Libya. This will never work.

The only effect of this bill has been to unify the European Union—all 15

members—against our policy toward Iran and Libya.

If this becomes law, we should expect blocking statutes to prevent European companies from complying. Aside from Europe, the Muslim countries of the Middle East, South Asia, and the Caucasus will not comply.

Look what is happening with Iran. Pakistan now has an economic alliance with Iran.

Kazakhstan and Armenia have started a new joint venture with Iran to develop a huge oil field and build a pipeline.

We have invested a lot to cultivate good relations with these former Soviet Republics.

Are we going to impose sanctions and throw away all our work over the past 5 years? And if we do sanction these countries, how will they respond?

This legislation is not isolating Iran or Libya—it is isolating ourselves. No one should be surprised. After all, the Arab League boycott of Israel has been a total failure.

We and the Europeans all prevented our companies from complying. The same thing will happen with this legislation.

Finally, this bill is a mistake because it provides the leaders of Iran and Libya with a convenient excuse for their own failures. Both regimes have inflicted great suffering on their people.

The elites siphon off more and more money to prop up their regimes.

But as the discontent rises among the Libyan and Iranian people, Gadhafi and the Ayatollahs will just point to the United States and say: "See what the Americans are doing to you."

Mr. Speaker, our goal should be to change Iran's and Libya's behavior.

But whatever we do, it has to be effective. We need our allies with us, not against us.

There was a time when the United States could sound the alarm and Europe would rally to our side. That day is over.

Economic sanctions do not work when they are unilateral. If we enact this bill, we will take a step backwards.

Iran and Libya will still be rouge regimes. And we will have jeopardized our relations with the very countries whose support we need to eventually reach the goal of turning Iran and Libya away from terrorism. This bill will pass—but what will be the result?

□ 1730

Mr. HAMILTON. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from California [Mr. BERMAN], also an original cosponsor of the bill.

Mr. BERMAN. Mr. Speaker, I thank the ranking member of the committee for yielding this time.

Mr. Speaker, I would like to focus my comments in addressing the remarks just made by my friend, the gentleman from Wisconsin. First of all, given his

comments, I am quite pleased that he was willing to support this bill when it moved through the Committee on International Relations, and I appreciate that support.

Second, Mr. Speaker, the bill does not affect exports to Iran. The bill affects and imposes sanctions on companies which invest in Iran, which meet the threshold of investment in Iran, and just in Iran's energy sector. It is a targeted bill focused on trying to squeeze the source of financing for a totally accepted, universally acknowledged practice that the Iranians have of exporting terrorism and financing terrorism throughout the Middle East and in other areas, as well to meet their own purposes. It seeks to squeeze the financing by blocking the investments in Iran's energy sector so they are hampered in what everybody acknowledges is their concerted effort to develop weapons of mass destruction.

Iran is seeking a nuclear reactor. They claim they are for peaceful purposes. This is the most oil-rich country in the world. The notion that they need a peaceful nuclear energy program for energy sources is absurd on its face. No one but the most innocent and unsophisticated observer can assume there is any other purpose in their particular program.

I want to comment on the European reaction, particularly the German and Japanese reaction. They say our way is better, our way is constructive dialog. They have been engaged in this constructive dialog for years and years and years, with nothing to show for it. The Iranian and Libyan effort to develop weapons of mass destruction continues. The support for terrorism continues. I suggest that these arguments about finding moderate, geopolitical considerations, are all smokescreens for commercial interests which are governing that particular policy.

What happened to a western alliance of free would countries that was committed in the course of the cold war to dealing with totalitarian actions, imperialism, aggressive conduct, and seeking to reduce and avoid the threat of nuclear war? Has it been so blown apart that countries that share our values and claim to share our values turn their back, pursue policies that are just smokescreens for commercial interests, and watch this happen?

This bill that the gentleman from New York [Mr. GILMAN] and the gentleman from Connecticut [Mr. GEJDENSON] are sponsoring, and I am a cosponsor of, and has been supported in our committee, is one crucial step to make our sanctions meaningful. They are a message to countries that we are allied with normally, that they have to think twice about what has come from constructive dialog.

Mr. GILMAN. Mr. Speaker, I am pleased to yield 1 minute to the distinguished gentleman from Ohio [Mr. BOEHNER], the chairman of our House Republican Conference.

Mr. BOEHNER. Mr. Speaker, I rise today in strong support of the Iran Oil

Sanctions Act of 1996. This legislation is the result of much hard work and compromise between the Committee on International Relations and the Committee on Ways and Means. I really want to commend my colleagues for bringing forward this very important piece of legislation.

The bill is necessary to erode Iran's and Libya's ability to finance international terrorism in chemical, biological, and nuclear weapons development programs. By targeting these countries' primary moneymaking industries, this legislation strikes at the heart of Iran's and Libya's efforts to undermine the Middle East peace process and to terrorize its peaceful neighbors.

This bill sends a clear message to these countries that the United States will not tolerate the flouting of international law and international norms of behavior. At the same time, it shows strong leadership to our allies and serves as an example to be followed.

I urge my colleagues to support this very important bill.

Mr. HAMILTON. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Maryland [Mr. CARDIN].

(Mr. CARDIN asked and was given permission to revise and extend his remarks.)

Mr. CARDIN. Mr. Speaker, I thank the distinguished ranking member of the Committee on International Relations for yielding me this time and for the work that he has done in this area.

Mr. Speaker, I rise today to urge all my colleagues to support the Iran-Libya Sanctions Act. This is a tough bill. It is a bill that I think has been made smarter and tougher as a result of the negotiations that took place between the three committees that had jurisdiction on the bill: the Committee on International Relations, the Committee on Banking and Financial Affairs, and the Committee on Ways and Means. I am particularly pleased that we were able to strengthen the bill in a very important area. That is for a multinational approach to dealing with this issue.

Mr. Speaker, we offer a carrot-stick approach to our allies to assume responsibility as to the terrorist activities that Iran and Libya are engaged in, to enter into an international effort to isolate these countries. Make no mistake about it, the investments that go into Iranian infrastructure for oil finance the money that are being used for terrorist activities. The President, the Secretary of State, the director of the CIA, have all identified Iran as the world's leading sponsor of international terrorism. This bill is directly aimed at dealing with that fact, it is indisputable, to dry up the dollars supporting international terrorist activities. That is in the security interests of the United States.

The families of the victims of PanAmerican 103 keep us focused on the continued treachery of Libya. We must continue to strengthen the en-

forcement of sanctions against Libya as approved by the United Nations. All this bill does is to make it clear that we are going to isolate those two countries. It preserves the leadership of the United States in making it clear to countries that harbor terrorists that we will not allow them to participate in the international marketplace and to secure international investments. That is what this stands for.

We, before, provided the leadership to the world in the actions that we did in the former Soviet Union. This is a bill that is worthy of the entire support of this membership and I urge Members to vote for it.

Mr. GILMAN. Mr. Speaker, I am pleased to yield 2 minutes to the gentleman from New Jersey [Mr. ZIMMER].

Mr. ZIMMER. Mr. Speaker, I thank the gentleman for yielding time to me, and I thank the gentleman from New York and the gentleman from Texas [Mr. ARCHER] for bringing this important bill before us today.

Mr. Speaker, I am a cosponsor of the Iran and Libya Oil Sanctions Act. I strongly urge Congress to pass it, and the President to sign it into law swiftly. Terrorism has emerged in the wake of the cold war as the leading threat to democracy and world security. Innocent men, women, and children have been brutally murdered by vicious acts of violence of those who prefer destruction to peace. In many cases, this terrorism has been sponsored not by private fringe groups but by national governments. I strongly believe the United States should be as bold in isolating and weakening these governments as they are in the support that they lend to the destruction of innocents.

We have the opportunity to address this international pathology in the Iran and Libya Oil Sanctions Act, which is aimed at two of the world's leading sponsors of terrorism. The State Department considers Iran the No. 1 state sponsor of international terrorism, and reports that its terrorist activities are increasing. It is the major financier of some of the most sinister terrorism groups in the world, including Hamas and the Islamic Jihad.

Libya is constructing the world's largest chemical weapons complex. That rogue nation harbors terrorists and refuses, to this day, to hand over those suspected of instigating the terrorism bombing of Pan American Flight 103 over Lockerbie, Scotland, which took 270 innocent lives, including 189 Americans. My home State of New Jersey suffered more lost lives, 37, than any other single State in that deliberate act of horror.

Mr. Speaker, what Iran and Libya have sponsored is murder. We should never accept the idea of aiding and abetting, directly or indirectly, any nation that knowingly and willfully sponsors terrorism and threatens world peace.

Mr. HAMILTON. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from California [Ms. PELOSI].

Ms. PELOSI. Mr. Speaker, I thank the gentleman for yielding time to me, and I commend him and the gentleman from New York [Mr. GILMAN], as well as the leadership of the Committee on Ways and Means and everyone else who had anything to do with bringing this to the floor. I think it is a very important piece of legislation.

Mr. Speaker, we must have zero tolerance for terrorism. I think this bill sends a very strong message that we are serious about that. I support the bill, as I said, and I am particularly pleased about the requirement in the bill called Presidential reports. It says:

The bill requires the President to report periodically to Congress on efforts to persuade other countries to pressure Iran to cease weapons of mass destruction programs, support of international terrorism, and on attempts to urge Iran's

and it goes on for some other consideration about diplomats.

It also only grants the President a waiver if the President certifies to Congress that Iran has ceased its efforts to develop and acquire a nuclear explosive device, chemical or biological weapons, or ballistic missiles or missile technology, and has been removed from the countries determined under the Export Administration Act of having supported international terrorism.

I call this to the attention of our colleagues, Mr. Speaker, because it seems to me this is a very important step to take. This requirement on the President is an important one. At the same time, though, as we are putting out these requirements, indeed even the same day, the Committee on Ways and Means is moving on China MFN. These two issues are not connected, except in one way: China is one of the leading suppliers of technology for nuclear, chemical, and missile weaponry, weapons of mass destruction.

So if our purpose in this legislation is to reduce terrorism, if our purpose in this legislation is to say that the President may only waive this bill when Iran stops developing nuclear and chemical, biological, and the list goes on, ballistic and other explosive devices, then why do we not get to the source and take action against those countries, China being leading among them, that are supplying Iran with that technology? The sanctions should be at the source as well as with Iran, who deserves them.

□ 1745

Mr. GILMAN. Mr. Speaker, I yield 2 minutes to the gentleman from Connecticut [Mr. GEJDENSON], the senior member of our Committee on International Relations.

Mr. GEJDENSON. Mr. Speaker, I would like to engage the chairman in a colloquy, if I may. I have several technical questions about H.R. 3107, as amended.

First, section 5(e) of the bill as amended states, "The President shall cause to be published in the Federal Register a list of all significant

projects which have been publicly tendered in the oil and gas sector in Iran." Will this be a comprehensive list for purposes of the sanctions provisions of the bill?

Mr. GILMAN. Mr. Speaker, will the gentleman yield?

Mr. GEJDENSON. I yield to the gentleman from New York.

Mr. GILMAN. No, Mr. Speaker the list may not necessarily be comprehensive. In such a case, the investor could be subject to sanctions under the bill notwithstanding that the project did not appear on the list published in the Federal Register.

Mr. GEJDENSON. Second, if section 5(f)(3) of the bill as amended exempts from the bill's requirement to impose sanctions "products, technology, or services provided under contracts entered into before the date on which the President publishes in the Federal Register the name of the person on whom the sanctions are to be imposed," does this provision mean the sanctions cannot be imposed under section 5(a) or 5(b) on a person for actions taken by that person prior to the publication of that person's name in the Federal Register?

Mr. GILMAN. No, that would be an illogical construction of the provisions. Section 5(f)(3) is essentially a contract sanctity provision.

Mr. GEJDENSON. Third, I was hoping the chairman could explain how section 5(d) of the bill as amended is intended to apply. Am I correct that under section 5(d), if a parent company engages in investment activities that cause the subsidiary to be subject to sanctions, the parent itself will be subject to sanctions?

Mr. GILMAN. That is correct.

Mr. GEJDENSON. Am I also correct that if the parent company supervises and guarantees the subsidiary's investment activities, the parent will be subject to sanctions?

Mr. GILMAN. That is correct.

Mr. GEJDENSON. Am I further correct that if the parent company has an equity share or profit-sharing relationship to the investment, the parent company also will be subject to sanctions?

Mr. GILMAN. That is correct.

Mr. GEJDENSON. Finally, I would like to draw the gentleman's attention to the concern I expressed in my statement about the prospect that foreign banks may finance oil development in Iran. I would ask the gentleman, does he share my concern?

Mr. GILMAN. I certainly do. The financing of oil development in Iran poses virtually the same threat as investments in those same projects.

Mr. HAMILTON. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Florida [Mr. DEUTSCH].

Mr. DEUTSCH. Mr. Speaker, this is a bill that unfortunately we might look back in 5 to 10 years and say this is one of the most important pieces of legislation that this Congress will pass in this session of Congress. It really is dealing

with a threat that is out there, not just to the United States but to the entire world, a threat dealing with issues of Iran's terrorism in terms of their activism, in terms of the islands off Iran in the Strait of Hormuz, including their issues in terms of missiles, in terms of diesel submarines.

We have the ability by this legislation to weaken their potential to do that. That is exactly what we are trying to do. It is very narrowly, specifically drawn in terms of attacking them where it could hurt the most in terms of their ability to increase their production of oil and to gain revenues to do that.

Iran stands out as really a rogue nation today, committed to force terrorism throughout the entire planet, not just in our hemisphere. I urge support of the amendment.

Mr. GILMAN. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. BERMAN].

(Mr. BERMAN asked and was given permission to revise and extend his remarks.)

Mr. BERMAN. Mr. Speaker, I seek to have a colloquy with the chairman.

I have several technical questions about provisions in the amendment in the nature of a substitute to H.R. 3107.

Mr. GILMAN. Mr. Speaker, will the gentleman yield?

Mr. BERMAN. I yield to the gentleman from New York.

Mr. GILMAN. Mr. Speaker, I will be pleased to respond to the questions of the distinguished ranking minority member of our Subcommittee on Asia and the Pacific.

Mr. BERMAN. First, I note in section 6 of the amendment in the nature of a substitute there are six possible sanctions that could be imposed pursuant to section 5. Is it the case that the President must, under section 5(a) for example, select two of the sanctions listed in section 6 to apply to a sanctioned person, but after selecting them the President may decide not to actually apply them to the sanctioned person?

Mr. GILMAN. No, that is not the intent of section 6. The sanctions identified in section 6 are intended to be mandatory when selected pursuant to either section 5(a) or 5(b)(1).

Mr. BERMAN. I thank the chairman.

Second, it is suggested that the President may have flexibility under sections 5 and 6 to impose sanctions on a person that, because of the nature of that person's business, are meaningless to that person as a practical matter. Would such action by the President be consistent with the intent of sections 5 and 6?

Mr. GILMAN. No, the imposition of meaningless sanctions would be inconsistent with our intent.

Mr. BERMAN. Finally, I note that the definition of "investment" set forth in section 14(9) states, "The term 'investment' does not include the entry into, performance, or financing of a contract to sell or purchase goods,

services, or technology." What is the purpose of this exception?

Mr. GILMAN. This language in the definition of "investment" is intended to underscore that, particularly with respect to Iran, the amendment in the nature of a substitute does not contain a trade trigger for the imposition of sanctions.

Mr. BERMAN. I thank the chairman.

Mr. HAMILTON. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from New Jersey [Mr. TORRICELLI].

Mr. TORRICELLI. I thank the gentleman for yielding time.

Mr. Speaker, I too, want to congratulate the gentleman from New York [Mr. GILMAN], the gentleman from Indiana [Mr. HAMILTON] and the work of our committee in bringing this sanctions legislation before the House today. But I would be less than honest if I did not also express some profound disappointment.

If this legislation today had come before the House in an amendable fashion, I would have been offering an amendment to provide that the sanctions against Iran would remain in place not simply until it ceases terrorism against the world but until it respects the rights of its own people. In enacting sanctions against Iraq, Vietnam and Cuba, this body respected the rights of the people in those countries and insisted upon strong sanctions until the war against them, their political rights, their freedom and their safety was respected. Somehow with regard to the Iranian people, despite the deaths of the Baha'is, Christians, Jews, a Moslem majority, we take no such action. Because this bill comes before us on the suspension calendar, that amendment is not possible and indeed it is on the suspension calendar so such amendments are not possible.

It will be difficult to explain to Iranian-Americans and indeed one day to the people of Iran when they ask, "You took sanctions to defend yourselves, why did you not take them to respect us?"

Second, Mr. Speaker, I also express profound disappointment because this is not the same legislation that left the Committee on International Relations. We had sanctions against Libya but they were mandatory. Until Colonel Qadhafi handed over to international justice those who were responsible for Pan Am 103, there were going to be sanctions, no ands, ifs, or buts. But between the cup and the lip, they became optional. A sigh of relief in Tripoli, and, frankly, Mr. Speaker, a difficult explanation in my State to the 37 families who thought we were going to have mandatory sanctions and now are left at home wondering why.

Mr. Speaker, I have participated in many proud and principled moments on this floor when this Congress has taken strong positions. I am glad today that we, if we alone in the world, stand up to Iran and Libya in their injustice. But frankly we could have done more,

for Iranians locked in the prison of their own country who want someone to stand up not only to international terrorism but domestic abuse as well, and to those poor families left wondering why there is an option in standing up to Qadhafi.

Mr. HAMILTON. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Connecticut [Ms. DELAURO].

Ms. DELAURO. Mr. Speaker, the Iran Oil Sanctions Act strikes at the heart of international terrorism.

For too long, terrorists have menaced innocent people around the world with their cowardly attacks. Sadly, we have seen the tragic effects of these attacks many times this year. Hamas bombings claimed nearly 60 lives in Israel while recent rocket launches by Hezbollah threatened the lives of those in northern Israel.

Talking reason will not get us very far with fanatics who are willing to kill men, women, and children whose only fault was to be in a marketplace, on a bus, or on an airplane at the wrong time. We need to cut the supply line that allows terrorist groups to continue their disgraceful campaigns. We need to cut the flow of funds to these criminals.

Iran and Libya stand out as major sponsors of terrorism around the world. This bill strikes at these backers of devastation and will limit their ability to underwrite acts of terror as they have done for far too long.

I urge my colleagues to take this stand against those who bankroll cruel terrorist violence.

Mr. HAMILTON. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. GILMAN. Mr. Speaker, I yield myself such time as I may consume.

(Mr. GILMAN asked and was given permission to revise and extend his remarks.)

Mr. GILMAN. Mr. Speaker, in the most recent State Department report on international terrorism, Iran was again deemed the most dangerous state sponsor of terrorism.

On May 21, in a speech before a symposium of a prominent Middle East think tank, the Washington Institute for Near East Policy, our Secretary of State, Mr. Christopher, said Iran was guiding, as well as funding and training, radical groups opposed to the Arab-Israeli peace process.

Earlier this month, Bahrain presented hard evidence that Iran was involved in attempts to destabilize that country, an important U.S. ally in the gulf. Several of those captured by Bahraini authorities admitted to have been trained in Iran and by Iranian agents in Lebanon.

We have learned just last week that Iran is using its virtual takeover of the Abu Musa island in the Persian Gulf to improve port facilities on that island and Iran could use that expanded port facility to handle the fast patrol boats it has recently received from China.

We are calling on other nations now to curtail any efforts to refinance Iran's mounting bilateral debts and to end their supply of arms and technology to Iran and to Libya. We strongly urge Russia to stop work on its contract to finish Iran's nuclear reactor in Iran.

Enactment of this bill is a vital element in the administration's policy of containment of Iran and of Libya and I urge its immediate adoption.

Mr. FAZIO of California. Mr. Speaker, I rise in strong support of the legislation before us today. The Iran Oil Sanctions Act of 1996 will impose sanctions on persons exporting certain goods or technology that would enhance the ability of Iran or Libya to explore for, extract, or refine their petroleum resources.

This bill will help to deter these rogue states from supporting international terrorism or acquiring weapons of mass destruction which would lead to greater regional instability.

I believe that this bill is a critically important element in our policy of cutting off the sources of funding to the Iranian and Libyan regimes who are responsible for much of the state-sponsored terrorism which continues to plague the region.

Since the 1979 seizure of the American Embassy in Tehran, economic sanctions have formed a key part of our Nation's policy toward Iran. Various actions taken by our Government have disqualified Iran from receiving United States foreign aid, sales of items on the United States munitions lists, Eximbank credits, and United States support for foreign loans. In addition, strict licensing requirements are needed for any United States exports of controlled goods or technology.

This legislation adds to these restrictions by exploiting Iran's economic vulnerabilities, particularly its shortages in hard currency. By pressuring the Iran Government in this fashion, we will force it to change its behavior.

Iran threatens our national interests. It openly sponsors groups bent on regional and global acts of terror and it is actively pursuing weapons of mass destruction. As Under Secretary of State Peter Tarnoff said before the House International Relations Committee last fall, "a straight line links Iran's oil income and its ability to sponsor terrorism * * *."

This bill serves that link. I urge all of my colleagues to support H.R. 3107.

Mr. ARCHER. Mr. Speaker, as many of my colleagues know, I was not a proponent of H.R. 3107 as introduced. I want to thank Mr. GILMAN, Mr. LEACH, Mr. CLINGER, and the respective committees involved for their efforts to work out the agreed substitute amendment, which was approved by the Committee on Ways and Means on June 13. These changes, which are incorporated in the bill before us today, make it possible for me to support the Iran and Libya Sanctions Act of 1996.

While we can differ on approach, Americans are united in their perception that Iran is using economic benefits, gained through foreign investment in its oilfields, to support expanded terrorist attacks and the accumulation of weapons of mass destruction.

Likewise, Libya refuses to relinquish the two individuals accused of bombing the Pan Am 103 flight over Scotland to face criminal charges, and fails to respect norms governing weapons of mass destruction. Americans remain fundamentally dismayed that, as our

firms pull back from investment and trade with these countries, our trading partners and allies are not restrained in their pursuit of lost United States contracts.

The bill reported from the Ways and Means Committee reaffirms my goal that our trading partners join with the United States in a multilaterally agreed regime to stem Iran's ability to export international terrorism to the rest of the world. Too many innocent individuals have suffered at the hands of Iran's Government for business as usual to persist. In this bill, we make clear that our allies cannot continue to look the other way.

However, this legislation puts a priority on supporting the achievement of a multilateral agreement to isolate Iran economically.

In order to keep the focus on achieving change in Iran, the substitute contains provisions providing discretion for the President. Thus, we ensure that he is in the best position to be persuasive with our trading partners, and to respond to violations judiciously. Where the President determines a country has taken substantial measures to join with us to contain the threat of Iran to international peace and security, section 4 of the bill permits a waiver of the application of sanctions.

While the investment trigger for Iran remains mandatory in the new bill, the substitute increases the number of choices available to the President on the menu of sanctions he has to choose from.

In this and all other cases the President has authority to waive sanctions if their application would hurt the national interest. The waiver authority is intended to be broad enough to accommodate instances when invoking sanctions would be violative to international trade obligations.

I want to emphasize that the bill as reported from the Committee on Ways and Means treats the cases of Iran and Libya differently, because of their unique economic histories and geopolitical circumstances. While a mandatory trade trigger is viewed by the Committee on Ways and Means as unworkable for Iran, and therefore not included in the substitute, such a mechanism has been included as a tool for Libya. The difference is that a multilateral regime is already in place for Libya.

Subsection 5(c) also provides the President with the discretion to impose sanctions in connection with new, large investments in Libya's petroleum sector, if he believes it would advance U.S. interests to do so.

I hope our allies can appreciate the deep and urgent commitment in Congress for increasing pressure on Iran and Libya to end their lawless behavior. While the approach of H.R. 3107 carries with it the risk of exposing U.S. exporters and investors to possible retaliation, this threat has been minimized in the substitute. With the addition of solid contract sanctity language, and strict limitations on vicarious liability for companies with parents or subsidiaries located abroad, the bill should not engender the same serious criticism.

Finally, the 5-year sunset provision in the bill ensures that this type of legislation does not remain on the books indefinitely. The committee report indicates that because this is such a difficult policy area, it will be important for Congress to revisit these issues in 5 years in order to evaluate the behavior of Iran and Libya, and whether this bill has been effective.

To summarize, Mr. Speaker, my greatest fear has been that world attention would shift

to United States violations of trade agreements and away from the targets of our condemnation—Iran and Libya. I strongly urge the President to implement H.R. 3107 in a manner that respects our international trade obligations. To the nations of Europe, Japan, Australia, and others I renew a pledge to work together to establish a multilateral solution that isolates these two outlaw nations.

Let's join forces and accomplish the job. Working together involves each country taking substantial measures that achieve results—mere words will no longer suffice.

Mrs. JOHNSON of Connecticut. Mr. Speaker, I rise today to express my concern with the precedent that could be set by provisions of H.R. 3107, legislation originating in the International Relations Committee, and referred to the Ways and Means Committee on which I serve.

No one argues that the goal of bringing the Pan Am 103 bombers to justice, nor with containing international terrorism and the proliferation of weapons of mass destruction. We must find ways to increase United States and international pressure on these rogue nations and the threat they pose to U.S. interests. However, I do have concerns with H.R. 3107's provisions that may rely on unilateral actions rather than multilateral cooperation.

The concept of a secondary boycott was opposed by the United States when the Arab League used it against Israel in the 1970's and 1980's, and remains contrary to the principles endorsed by this very body when it approved NAFTA and GATT. Indeed, U.S. law, most recently enacted in the Export Administration Act, has long prohibited any U.S. person from "complying with or supporting" a foreign boycott against another country.

The use of trade sanctions to accomplish trade law compliance is vital and appropriate but the use of trade sanctions as a foreign policy tool to coerce other sovereign nations to do our bidding breaches America's commitment to preserving independence from international control. It is fundamental to U.S. participation in trade agreements that other governments should not be permitted to dictate business relationships among U.S. firms and citizens, as H.R. 3107 could do for our trading partners.

Mr. Speaker, as the world's greatest exporter, the United States benefits tremendously from free and open trade with our allies. Given our past commitment to an international trading regimen, the United States should not expose United States exporters and investors to possible retaliation through abrogation of international rules, or exacerbate the dispute with our allies over policies toward Iran and Libya. If it becomes possible for countries to dictate each other's policy under threat of trade sanctions, U.S. participation in these important organizations could be threatened.

Put at risk by unilateral U.S. action are the benefits to the U.S. economy created by strong protection of intellectual property rights, the guarantee of competitive bidding opportunities under the Government Procurement Code and dramatic tariff reductions for U.S. exports—all of which were improved and expanded by NAFTA and GATT.

Instead, I would urge that we work to avoid the painful consequences of trade retaliation and continue pressing for additional multilateral action and enforcement of existing agree-

ments. As in the case with the extraterritorial Helms-Burton law which penalizes firms outside the jurisdiction of the United States for trading with Cuba, foreign governments will not permit their firms to comply with such legislation. As we seek to contain and punish terrorists and those states that sponsor them, we do not want to drive a costly wedge between the United States and its allies whose support we are seeking.

While I will be supporting H.R. 3107, I am doing so because it provides the administration adequate discretion in executing the provisions of this bill. Moreover, in doing so, it is my hope that the administration will effectively implement multilateral sanctions against Iran and Libya.

Mr. GILMAN. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. STEARNS). The question is on the motion offered by the gentleman from New York [Mr. GILMAN] that the House suspend the rules and pass the bill, H.R. 3107, as amended.

The question was taken.

Mr. GILMAN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 5 of rule I and the Chair's prior announcement, further proceedings on this motion will be postponed.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 5(b) of rule I, the Chair redesignates the time for resumption of further proceedings on the motions to suspend the rules and pass H.R. 3005 and H.R. 3107 as Wednesday, June 19, 1996.

□ 1800

CHURCH ARSON PREVENTION ACT OF 1996

The SPEAKER pro tempore (Mr. STEARNS). The pending business is the question of suspending the rules and passing the bill, H.R. 3525, as amended.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois [Mr. HYDE] that the House suspend the rules and pass the bill, H.R. 3525, as amended, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—ayes 422, noes 0, not voting 12, as follows:

[Roll No. 248]

YEAS—422

Abercrombie	Barrett (NE)	Bishop
Ackerman	Barrett (WI)	Bliley
Allard	Bartlett	Blumenauer
Andrews	Barton	Blute
Archer	Bass	Boehler
Armey	Bateman	Boehner
Bachus	Becerra	Bonilla
Baesler	Beilenson	Bonior
Baker (CA)	Bentsen	Bono
Baker (LA)	Bereuter	Borski
Baldacci	Berman	Boucher
Ballenger	Bevill	Brewster
Barcia	Bilbray	Browder
Barra	Bilirakis	Brown (CA)