



# U.S.-Iranian Relations: An Analytic Compendium of U.S. Policies, Laws, and Regulations



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A rapidly evolving and uncertain world – in which new challenges and threats can develop either suddenly or over time – demands a reevaluation of traditional security relationships and strategies. The Council's Program on International Security examines U.S. relationships with allies and adversaries in an effort to build consensus around policies that contribute to a more stable, secure and well-governed world.

**U.S.-Iranian Relations:  
An Analytic Compendium of  
U.S. Policies, Laws, and Regulations**

**February, 2011**





# Foreword

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## **U.S.-Iranian Relations: An Analytic Compendium of U.S. Policies, Laws, and Regulations**

Adversarial relationships, such as those between the United States and Iran, are always subject to sudden change. In cases where this has occurred, adjusting to that change has always been more complicated than anticipated. In the case of the United States and Iran, we must factor in the additional complication of three decades of estrangement that began with the November 4, 1979 seizure of the U.S. Embassy in Tehran, and a subsequent break in official relations that continues today. Increasingly frequent official contact concerning Iran's nuclear program and its influence in Iraq and Afghanistan only increases the urgency of considering the implications of a changed relationship. Although the timing and conditions of a tipping point toward better U.S.-Iran relations cannot be foreseen, and although a worsening of those relations is also possible, it is nevertheless useful to think about how we would proceed in a more positive direction.

With that in mind, the Atlantic Council of the United States in a project led by Dick Nelson and Kenneth Katzman provides here a crucial reference document of the policies, laws and regulations that currently govern U.S.-relations with Iran. This would be the starting point from which the desired changes must proceed. It is part of an Atlantic Council series that deals with the process of reversing adversarial relationships once geopolitical conditions on both sides permit such changes.

This analytic compendium was prepared by Dr. Katzman in his personal capacity as a longtime expert on Iran. It does not reflect the views of the Congressional Research Service, where he is a Middle East expert, or of the Library of Congress or any Member of the U.S. Congress.

This project is made possible by a grant from the United States Institute of Peace. The opinions, findings, conclusions and recommendations expressed in this publication are those of the author and do not necessarily reflect the views of the United States Institute of Peace, the Atlantic Council or any others.

The Council also wants to thank Ken Katzman for his thorough research and insightful analysis. In addition, we are grateful to Dick Nelson, the Project Director and to the Steering Group composed of Flynt Leverett, George Perkovich and Judith Yaphe for their important contributions to this effort. Magnus Nordenman helped edit and format the Compendium.

Frederick Kempe  
*President and CEO*





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**About the Author**

Dr. Kenneth Katzman received his Ph.D in Political Science from New York University in 1991. His thesis was on Iran’s Revolutionary Guard, and was subsequently published by Westview Press under the title *The Warriors of Islam: Iran’s Revolutionary Guard*. He entered government service in 1985 as a Persian Gulf analyst at the Central Intelligence Agency. After two years as a defense consultant with a private company, he joined the Congressional Research Service in 1991. During 1996, he was assigned to the majority staff of the House International Relations Committee, where he helped organize hearings on the Middle East and worked on such legislative initiatives as the Iran-Libya Sanctions Act. He also has authored numerous articles on the Persian Gulf region and Middle Eastern terrorism.

**Disclaimer**

The author is a foreign policy specialist, not an attorney or an authorized spokesman for the U.S. government or any member or committee of Congress. None of the analysis contained in this volume shall be construed as advice, recommendation, legal opinion, or prohibition or permission for or against any action or transaction by any entity, person, corporation, or government.





## Section 1. Overview

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This Compendium contains the text of major regulations, laws, and other documents governing U.S. interactions with Iran. Also provided are the text of U.N. Security Council Resolutions, agreements between Iran and several other countries on various issues, and other documents that represent major policy decisions in U.S. relations with Iran.

As shown in the Compendium, changes in U.S. sanctions over time appear to reflect the lack of a clear consensus on how to curb the strategic threat Iran is widely considered to pose to U.S. interests in the Middle East, as well as responses to changes in Iran's elected governments. At times, U.S. and international policy signals an openness to engagement with Iran, but at other times U.S. and international policy have appeared designed to try to isolate Iran to the extent possible. For example, the U.N. Security Council Resolutions presented in this Compendium convey not only the punishments for non-compliance but also the incentives for Iran to cooperate with the international community on its nuclear program.

Iran is an adversary not only of the United States, but also of several major countries in the Middle East. Most notable among these countries is Israel, but Iran has also been at odds with Saudi Arabia, the other Persian Gulf states, and Egypt. A U.S. decision to normalize relations with Iran would likely involve consultations with these countries, as well as with the European countries, for example, which have been part of the multilateral efforts to curb Iran's nuclear program. This Compendium does not include sanctions laws and regulations imposed unilaterally by other countries, although some of the analysis refers to such "national measures."

Iran is subject to a wide range of U.S. sanctions. However, the laws and regulations contained in the Compendium are not all Iran-specific. Many of the laws that apply to Iran do so because of its designation, under section/paragraph 6(j) of the Export Administration Act of 1979, as a state sponsor of terrorism. As such, these sanctions apply similarly to other countries on the "terrorism list." Iran was placed on the terrorism list in January 1984, a few months after the bombing in October 1983 of the Marine barracks in Beirut by Iran's ally, Hezbollah, killing 241 Marines.

Perhaps the most sweeping U.S. sanction on Iran is the ban on U.S. trade with and investment in Iran. The trade ban was eased somewhat during 2000 and 2001 to permit licensing of humanitarian exports to Iran and importation into the United States of certain Iranian luxury goods. This enabled bilateral trade to reach a recent high of about \$800 million in 2008, with about two-thirds of that figure consisting of U.S. exports to Iran. However, a provision of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA, P.L. 111-195), signed into law on July 1, 2010, reimposed (as of October 1, 2010) a complete ban on U.S. imports from Iran.

Many of the sanctions documents presented in this Compendium are incorporated into Title 31 of the Code of Federal Regulations. The major portions of the regulations that apply to Iran are included in the Compendium. The regulations are administered by the U.S. Treasury Department's Office of Foreign Assets Control, which is responsible for evaluating and issuing specific licenses, when required, for commerce and financial transactions with Iran.

Included in this Compendium are laws and Executive Orders that establish so-called “secondary sanctions” against Iran – sanctions on companies of foreign countries that trade with or provide assistance to Iran. Most of these secondary sanctions apply to companies that sell advanced technology to Iran that can be used in Iran’s weapons of mass destruction (WMD) programs. One key secondary sanction is the Iran Sanctions Act (ISA), first adopted in 1996 and amended several times since – most recently and most extensively by CISADA. As amended, it provides for sanctions on companies that develop Iran’s energy sector, for example by leading projects to drill for and extract oil and gas, as well as on companies that sell threshold amounts of gasoline and other fuel products or equipment by which Iran can refine or import gasoline or other fuel products. The text of the Iran Sanctions Act, as amended by CISADA, is included in this Compendium.

Secondary sanctions authorize U.S. penalties against foreign companies’ interests in and business with the United States, thereby attempting to force these firms to choose between doing business with Iran or doing business in the much larger U.S. market. As such, secondary sanctions laws are widely criticized by U.S. allies and other governments as an extra-territorial application of U.S. law. Successive U.S. Administrations have been hesitant to impose actual penalties against companies incorporated in allied countries, particularly when those companies are involved only in Iran’s civilian economy. This hesitancy has been created by the likelihood of diplomatic backlash by U.S. allies, whose adverse reactions to imposition of penalties against their companies might undermine U.S. efforts to build international consensus against Iran. U.S. Administration decisions might also have been motivated by concerns about sparking legal challenges in the WTO to any U.S. imposition of extraterritorial sanctions.

There has been substantially less hesitancy to penalize companies that sell weapons of mass destruction and arms related technology to Iran. A large number of foreign companies, including many from Russia, China, and North Korea, but also from U.S. allies such as India and Taiwan, have been penalized. The full list of penalized companies is too extensive to present in this Compendium, but can be found on the website of the Department of the Treasury.



## Section 2. Major Policy Statements

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This chapter contains major policy statements and documents on Iran primarily from the current and previous U.S. Administrations. The statements and documents presented here are intended to be illustrative of themes in U.S. policy toward Iran. Statements on specific aspects of U.S. policy toward Iran, such as U.S. interpretations of Iran's disputed June 12, 2009 presidential election, Iran's positions on multilateral meetings on its nuclear program, its holding of dual U.S.-Iranian nationals periodically, are a frequent feature of daily State Department and White House press briefings on U.S. foreign policy.

### President Obama's 2009 Nowruz Message

This statement was widely viewed as the first specific example of the Obama Administration policy of attempting to reach out to Iran and engage it in direct negotiations. Of particular significance, according to expert commentary on the statement, was President Obama's reference to Iran by its formal name – the Islamic Republic of Iran – which was widely interpreted in the West as signaling that the Obama Administration accepts Iran's regime and would not pursue a policy of "regime change." Iran's leaders indicated that the speech expressed a new U.S. tone, but that Iran's responses would be determined by concrete U.S. actions on such issues as pressing for new international sanctions in the context of Iran's nuclear program.

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#### BEGIN TEXT



#### THE WHITE HOUSE

Office of the Press Secretary

FOR IMMEDIATE RELEASE March 20, 2009

VIDEOTAPED REMARKS BY THE PRESIDENT IN

CELEBRATION OF NOWRUZ

**THE PRESIDENT:** Today I want to extend my very best wishes to all who are celebrating Nowruz around the world.

This holiday is both an ancient ritual and a moment of renewal, and I hope that you enjoy this special time of year with friends and family.

In particular, I would like to speak directly to the people and leaders of the Islamic Republic of Iran. Nowruz is just one part of your great and celebrated culture. Over many centuries your art, your music, literature and innovation have made the world a better and more beautiful place.

Here in the United States our own communities have been enhanced by the contributions of Iranian Americans. We know that you are a great civilization, and your accomplishments have earned the respect of the United States and the world.

For nearly three decades relations between our nations have been strained. But at this holiday we are reminded of the common humanity that binds us together. Indeed, you will be celebrating your New Year in much the same way that we Americans mark our holidays -- by gathering with friends and family, exchanging gifts and stories, and looking to the future with a renewed sense of hope.

Within these celebrations lies the promise of a new day, the promise of opportunity for our children, security for our families, progress for our

communities, and peace between nations. Those are shared hopes, those are common dreams.

So in this season of new beginnings I would like to speak clearly to Iran's leaders. We have serious differences that have grown over time. My administration is now committed to diplomacy that addresses the full range of issues before us, and to pursuing constructive ties among the United States, Iran and the international community. This process will not be advanced by threats. We seek instead engagement that is honest and grounded in mutual respect.

You, too, have a choice. The United States wants the Islamic Republic of Iran to take its rightful place in the community of nations. You have that right -- but it comes with real responsibilities, and that place cannot be reached through terror or arms, but rather through peaceful actions that demonstrate the true greatness of the Iranian people and civilization. And the measure of that greatness is not the capacity to destroy, it is your demonstrated ability to build and create.

So on the occasion of your New Year, I want you, the people and leaders of Iran, to understand the future that we seek. It's a future with renewed exchanges among our people, and greater opportunities for partnership and commerce. It's a future where the old divisions are overcome, where you and all of your neighbors and the wider world can live in greater security and greater peace.

I know that this won't be reached easily. There are those who insist that we be defined by our differences. But let us remember the words that were written by the poet Saadi, so many years ago: "The children of Adam are limbs to each other, having been created of one essence."

With the coming of a new season, we're reminded of this precious humanity that we all share. And we can once again call upon this spirit as we seek the promise of a new beginning.

Thank you, and Eid-eh Shoma Mobarak.

**END TEXT**

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## President Obama's Address at Cairo University, June 4, 2009

**T**his speech was not directed at Iran specifically.

The speech was primarily intended to define his Administration's outreach to the Muslim world.

However, the speech contains several points on Iran which were widely perceived as reinforcing his message to Iran's leaders that his Administration is interested in engagement on issues that divide the two countries. In particular, the speech notes that the United States would meet Iran's consistent demands for talks on the basis of "mutual respect," and that such talks would be "without preconditions." Such preconditions characterized the

policy of the Bush Administration on Iran; ie. that direct U.S.-Iran talks on all issues of concern could take place if Iran first suspended uranium enrichment, as Iran was first required to do under U.N. Security Council Resolution 1696 of July 31, 2006. The speech stated clearly the U.S. view that Iran has the right under international law to pursue peaceful nuclear technology. The speech did not specifically threaten any new U.S. or international sanctions on Iran, but rather attempted to appeal to Iran's strategic interests by asserting that Iran's nuclear program is likely to stimulate a major arms race in Iran's immediate neighborhood. (Some parts of the speech not directly or indirectly related to Iran have been removed.)

**BEGIN TEXT**

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**THE WHITE HOUSE**

Office of the Press Secretary (Cairo, Egypt)

FOR IMMEDIATE RELEASE June 4, 2009

### REMARKS BY THE PRESIDENT ON A NEW BEGINNING

Cairo University  
Cairo, Egypt

1:10 P.M. (Local)

**PRESIDENT OBAMA:** Thank you very much. Good afternoon. I am honored to be in the timeless city of Cairo, and to be hosted by two remarkable institutions. For over a thousand years, Al-Azhar has stood as a beacon of Islamic learning; and for over a century, Cairo University has been a source of Egypt's advancement. And together, you represent the harmony between tradition and progress. I'm grateful for your hospitality, and the hospitality of the people of Egypt. And I'm also proud to carry with me the goodwill of the American people, and a greeting of peace from Muslim communities in my country: Assalaamu alaykum. (Applause.)

The third source of tension is our shared interest in the rights and responsibilities of nations on nuclear weapons.

This issue has been a source of tension between the United States and the Islamic Republic of Iran. For many years, Iran has defined itself in part by its opposition to my country, and there is in fact a tumultuous history between us. In the middle of the Cold War, the United States played a role in the overthrow of a democratically elected Iranian government. Since the Islamic Revolution, Iran has played a role in acts of hostage-taking and violence against U.S. troops and civilians. This history is well known. Rather than remain trapped in the past, I've made it clear to Iran's leaders and people that my country is prepared to move

forward. The question now is not what Iran is against, but rather what future it wants to build.

I recognize it will be hard to overcome decades of mistrust, but we will proceed with courage, rectitude, and resolve. There will be many issues to discuss between our two countries, and we are willing to move forward without preconditions on the basis of mutual respect. But it is clear to all concerned that when it comes to nuclear weapons, we have reached a decisive point. This is not simply about America's interests. It's about preventing a nuclear arms race in the Middle East that could lead this region and the world down a hugely dangerous path.

I understand those who protest that some countries have weapons that others do not. No single nation should pick and choose which nation holds nuclear weapons. And that's why I strongly reaffirmed America's commitment to seek a world in which no nations hold nuclear weapons. (Applause.) And any nation -- including Iran -- should have the right to access peaceful nuclear power if it complies with its responsibilities under the nuclear Non-Proliferation Treaty. That commitment is at the core of the treaty, and it must be kept for all who fully abide by it. And I'm hopeful that all countries in the region can share in this goal.

The fourth issue that I will address is democracy. (Applause.)

I know -- I know there has been controversy about the promotion of democracy in recent years, and much of this controversy is connected to the war in Iraq. So let me be clear: No system of government can or should be imposed by one nation by any other.

That does not lessen my commitment, however, to governments that reflect the will of the people. Each nation gives life to this principle in its own way, grounded in the traditions of its own people. America does not presume to know what is best for everyone, just as we would not presume to pick the outcome of a peaceful election. But I do have an unyielding belief that all people yearn for certain things: the ability to speak your mind and have a say in how you are governed; confidence in the rule of law and the equal administration of justice; government that is transparent and doesn't steal from the people; the freedom to live as you choose. These are not just American ideas; they are human rights. And that is why we will support them everywhere. (Applause.)

Now, there is no straight line to realize this promise. But this much is clear: Governments that protect these rights are ultimately more stable, successful and secure. Suppressing ideas never succeeds in making them go away. America respects the right of all peaceful and law-abiding voices to be heard around the world, even if we disagree with them. And we will welcome all elected, peaceful governments -- provided they govern with respect for all their people.

This last point is important because there are some who advocate for democracy only when they're out of power; once in power, they are ruthless in suppressing the rights of others. (Applause.) So no matter where it takes hold, government of the people and by the people sets a single standard for all who would hold power: You must maintain your power through consent, not coercion; you must respect the rights of minorities, and participate with a spirit of tolerance and compromise; you must place the interests of your people and the legitimate workings of the

political process above your party. Without these ingredients, elections alone do not make true democracy.

PRESIDENT OBAMA: Thank you. (Applause.) The fifth issue that we must address together is religious freedom.

Islam has a proud tradition of tolerance. We see it in the history of Andalusia and Cordoba during the Inquisition. I saw it firsthand as a child in Indonesia, where devout Christians worshiped freely in an overwhelmingly Muslim country. That is the spirit we need today. People in every country should be free to choose and live their faith based upon the persuasion of the mind and the heart and the soul. This tolerance is essential for religion to thrive, but it's being challenged in many different ways.

Among some Muslims, there's a disturbing tendency to measure one's own faith by the rejection of somebody else's faith. The richness of religious diversity must be upheld -- whether it is for Maronites in Lebanon or the Copts in Egypt. (Applause.) And if we are being honest, fault lines must be closed among Muslims, as well, as the divisions between Sunni and Shia have led to tragic violence, particularly in Iraq.

Likewise, it is important for Western countries to avoid impeding Muslim citizens from practicing religion as they see fit -- for instance, by dictating what clothes a Muslim woman should wear. We can't disguise hostility towards any religion behind the pretence of liberalism.

In fact, faith should bring us together. And that's why we're forging service projects in America to bring together Christians, Muslims, and Jews. That's why we welcome efforts like Saudi Arabian King Abdullah's interfaith dialogue and Turkey's leadership in the Alliance of Civilizations. Around the world, we can turn dialogue into interfaith service, so bridges between peoples lead to action -- whether it is combating malaria in Africa, or providing relief after a natural disaster.

Thank you. And may God's peace be upon you. Thank you very much. Thank you. (Applause.)

**END TEXT**  
**2:05 P.M. (LOCAL)**

## Statements by President Obama on the Iranian Presidential Election

The statements and responses below were issued by President Obama after several days of protests and associated crackdown by the Iranian regime following the disputed Iranian June 12, 2009 presidential election. President Obama indicated in these statements that the United States supported the right of the protesters to express their views and that the regime crackdown must end.

However, he did not indicate that the policy of engagement with Iran to try to curb its nuclear program would be altered, adding that the United States respects Iran's sovereignty and that the dispute was an issue for the Iranian people to work out. Subsequent to these comments, the Administration did agree to meet with Iran in the multilateral "Permanent Five [members of the Security Council] plus 1 (Germany)" on October 1, 2009 to discuss Iran's nuclear program as well as other outstanding disputed issues. That meeting resulted in a tentative agreement for Iran to ship much of its low enriched uranium to France and Russia for re-processing into a form to be used for nuclear medical purposes. Iran's leadership, however, did not accept that agreement.

for. And I'm very concerned, based on some of the tenor and tone of the statements that have been made, that the government of Iran recognize that the world is watching. And how they approach and deal with people who are -- through peaceful means -- trying to be heard will I think send a pretty clear signal to the international community about what Iran is and is not.

But the last point I want to make on this -- this is not an issue of the United States or the West versus Iran; this is an issue of the Iranian people. The fact that they are on the streets, under pretty severe duress, at great risk to themselves, is a sign that there's something in that society that wants to open up. And, you know, we respect Iran's sovereignty and we respect the fact that ultimately the Iranian people have to make these decisions.

But I hope that the world understands that this is not something that has to do with the outside world; this has to do with what's happening in Iran. And I think ultimately the Iranian people will obtain justice.

**Q** People in this country say you haven't said enough, that you haven't been forceful enough in your support for those people on the street -- to which you say?

**THE PRESIDENT:** To which I say, the last thing that I want to do is to have the United States be a foil for those forces inside Iran who would love nothing better than to make this an argument about the United States. That's what they do. That's what we're already seeing. We shouldn't be playing into that. There should be no distractions from the fact that the Iranian people are seeking to let their voices be heard.

What we can do is bear witness and say to the world that the incredible demonstrations that we've seen is a testimony to I think what Dr. King called the "arc of the moral universal." It's long but it bends towards justice.

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**BEGIN TEXT**



**THE WHITE HOUSE**

Office of the Press Secretary

FOR IMMEDIATE RELEASE June 19, 2009

**TRANSCRIPT OF THE PRESIDENT'S ANSWER  
TO HARRY SMITH'S QUESTION ON IRAN**

Map Room

**Q** Let's move on to the news of the day. The Ayatollah Khamenei gave his speech today, gave his sermon. He said that the election in Iran was, in fact, legitimate. He said, "The street demonstrations are unacceptable." Do you have a message for those people in the street?

**THE PRESIDENT:** I absolutely do. First of all, let's understand that this notion that somehow these hundreds of thousands of people who are pouring into the streets in Iran are somehow responding to the West or the United States, that's an old distraction that I think has been trotted out periodically. And that's just not going to fly.

What you're seeing in Iran are hundreds of thousands of people who believe their voices were not heard and who are peacefully protesting and seeking justice. And the world is watching. And we stand behind those who are seeking justice in a peaceful way. Already we've seen violence out there. I've said this throughout the week, I want to repeat it, that we stand with those who would look to peaceful resolution of conflict and we believe that the voices of people have to be heard, that that's a universal value that the American people stand for and this administration stands

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**END TEXT**



BEGIN TEXT

**THE WHITE HOUSE**

Office of the Press Secretary

FOR IMMEDIATE RELEASE June 20, 2009

**STATEMENT FROM THE PRESIDENT ON IRAN**

The Iranian government must understand that the world is watching. We mourn each and every innocent life that is lost. We call on the Iranian government to stop all violent and unjust actions against its own people. The universal rights to assembly and free speech must be respected, and the United States stands with all who seek to exercise those rights.

As I said in Cairo, suppressing ideas never succeeds in making them go away. The Iranian people will ultimately judge the actions of their own government. If the Iranian government seeks the respect of the international community, it must respect the dignity of its own people and govern through consent, not coercion.

Martin Luther King once said - "The arc of the moral universe is long, but it bends toward justice." I believe that. The international community believes that. And right now, we are bearing witness to the Iranian peoples' belief in that truth, and we will continue to bear witness.

END TEXT

**President Obama's 2010 Nowruz Speech**

As shown below, President Obama's 2010 Nowruz speech differed in tone from the one he issued in 2009. The 2010 speech contains direct criticism of Iran's leaders for suppressing the post June 2009 election protests, and for refusing the overtures to forge better relations that he emphasized in his 2009 Nowruz speech.

BEGIN TEXT

**THE WHITE HOUSE**

Office of the Press Secretary

FOR IMMEDIATE RELEASE March 20, 2010

Today, I want to extend my best wishes to all who are celebrating Nowruz in the United States and around the world. On this New Year's celebration, friends and family have a unique opportunity to reflect on the year gone by; to celebrate their time together; and to share in their hopes for the future.

One year ago, I chose this occasion to speak directly to the people and leaders of the Islamic Republic of Iran, and to offer a new chapter of engagement on the basis of mutual interests and mutual respect. I did so with no illusions. For three decades, the United States and Iran have been alienated from one another. Iran's leaders have sought their own legitimacy through hostility to America. And we continue to have serious differences on many issues.

I said, last year, that the choice for a better future was in the hands of Iran's leaders. That remains true today. Together with the international community, the United States acknowledges your right to peaceful nuclear energy – we insist only that you adhere to the same responsibilities that apply to other nations. We are familiar with your grievances from the past – we have our own grievances as well, but we are prepared to move forward. We know what you're against; now tell us what you're for.

For reasons known only to them, the leaders of Iran have shown themselves unable to answer that question. You have refused good faith proposals from the international community. They have turned their backs on a pathway that would bring more opportunity to all Iranians, and allow a great civilization to take its rightful place in the community of nations. Faced with an extended hand, Iran's leaders have shown only a clenched fist.

Last June, the world watched with admiration, as Iranians sought to exercise their universal right to be heard. But tragically, the aspirations of the Iranian people were also met with a clenched fist, as people marching silently were beaten with batons; political prisoners were rounded up and abused; absurd and false accusations were leveled against the United States and the West; and people everywhere were horrified by the video of a young woman killed in the street.

The United States does not meddle in Iran's internal affairs. Our commitment – our responsibility – is to stand up for those rights that should be universal to all human beings. That includes the right to speak freely, to assemble without fear; the right to the equal administration of

justice, and to express your views without facing retribution against you or your families.

I want the Iranian people to know what my country stands for. The United States believes in the dignity of every human being, and an international order that bends the arc of history in the direction of justice – a future where Iranians can exercise their rights, to participate fully in the global economy, and enrich the world through educational and cultural exchanges beyond Iran’s borders. That is the future that we seek. That is what America is for.

That is why, even as we continue to have differences with the Iranian government, we will sustain our commitment to a more hopeful future for the Iranian people. For instance, by increasing opportunities for educational exchanges so that Iranian students can come to our colleges and universities and to our efforts to ensure that Iranians can have access to the software and Internet technology that will enable them to communicate with each other, and with the world without fear of censorship.

Finally, let me be clear: we are working with the international community to hold the Iranian government accountable because they refuse to live up to their international obligations. But our offer of comprehensive diplomatic contacts and dialogue stands. Indeed, over the course of the last year, it is the Iranian government that has chosen to isolate itself, and to choose a self-defeating focus on the past over a commitment to build a better future.

Last year, I quoted the words of the poet Saadi, who said: “The children of Adam are limbs to each other, having been created of one essence.” I still believe that – I believe it with every fiber of my being. And even as we have differences, the Iranian government continues to have the choice to pursue a better future, and to meet its international responsibilities, while respecting the dignity and fundamental human rights of its own people.

Thank you. And Aid-e-Shoma Mobarak.

**END TEXT**

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## President Bush’s Nowruz Message in 2008

This statement by President George W. Bush on the occasion of Nowruz, 2008, is presented as a contrast with the statement of President Obama on the same occasion one year later. In particular, President Bush stresses in his statement the U.S. support for the “people” of Iran and the U.S. view that the Iranian people deserve to live in a free society. That was viewed as expressing the view of President Bush and his Administration that

the United States wanted and hoped for a change in Iran’s regime.

As communicated in a formal interview with the Voice of America, March 20, 2008:

**BEGIN TEXT**

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For the millions of people who trace their heritage to Iran, Iraq, Afghanistan, Turkey, Pakistan, India, and Central Asia, Nowruz is a time to celebrate the new year with the arrival of spring. . . . Our country is proud to be a land where individuals from many different cultures can pass their traditions on to future generations. The diversity of America brings joy to our citizens and strengthens our nation during Nowruz and throughout the year.

The people of the United States respects the people of Iran; that we respect the traditions of Iran, the great history of Iran. We have differences with the government, but we honor the people, and we want the people to live in a free society. We believe freedom is a right for all people and that the freer the world is, the more peaceful the world is. And so my message is, please don’t be discouraged by the slogans that say America doesn’t like you, because we do, and we respect you. . . .

I’d say to the regime that they made decisions that have made it very difficult for the people of Iran. In other words, the Iranian leaders, in their desire to enrich uranium -- in spite of the fact that the international community has asked them not to -- has isolated a great country; and that there’s a way forward. I mean, the Iranian leaders know there’s a way forward, and that is verifiably suspend your enrichment and you can have new relationship with people in the U.N. Security Council, for example. It’s just sad that the leadership is in many ways very stubborn, because the Iraqi -- the Iranian people are not realizing their true rights. And they’re confusing people in Iraq, as well, about their desires. It’s a tough period in history for the Iranian people, but it doesn’t have to be that way. . . .

The people of Iran must understand that the [poor economic] conditions exist in large part because of either management by the government or isolation because of the government’s decisions on foreign policy matters -- such as announcing they want to destroy countries with a



nuclear weapon. It is irresponsible remarks like that which cause great credibility loss with the Iranian government, the actions of which are affecting the country.

**END TEXT**

## President Bush's "Axis of Evil" State of the Union Message

The following is the text of the foreign policy portion of President Bush's 2002 State of the Union speech, in which he describes Iran as part of an "axis of evil" along with North Korea and Iraq. Iran viewed the characterization as a rebuff of Iran's assistance to the United States in helping form a transitional Afghan government following the overthrow of the Taliban in Afghanistan. That overthrow was the result of U.S.-backed actions in Afghanistan following the September 11, 2001 attacks against the United States.

Experts viewed the characterization as an indication that the Bush Administration sought, as an ultimate goal, the overthrow of Iran's Islamic regime. Iran's leaders viewed the statement in that same way. (Only the sections pertaining to Iran are included.)

**BEGIN TEXT**

### STATE OF UNION MESSAGE:

*January 29, 2002 Posted: 11:10 PM EST (0410 GMT)*

Mr. Speaker, Vice President Cheney, members of Congress, distinguished guests, fellow citizens, as we gather tonight, our nation is at war, our economy is in recession and the civilized world faces unprecedented dangers. Yet the state of our union has never been stronger.

We last met in an hour of shock and suffering. In four short months, our nation has comforted the victims, begun to rebuild New York and the Pentagon, rallied a great coalition, captured, arrested and rid the world of thousands of terrorists, destroyed Afghanistan's terrorist training camps, saved a people from starvation and freed a country from brutal oppression.

Our second goal is to prevent regimes that sponsor terror from threatening America or our friends and allies with weapons of mass destruction.

Some of these regimes have been pretty quiet since September 11, but we know their true nature. North Korea is a

regime arming with missiles and weapons of mass destruction, while starving its citizens.

Iraq aggressively pursues these weapons and exports terror, while an unelected few repress the Iranian people's hope for freedom.

Iraq continues to flaunt its hostility toward America and to support terror. The Iraqi regime has plotted to develop anthrax and nerve gas and nuclear weapons for over a decade. This is a regime that has already used poison gas to murder thousands of its own citizens, leaving the bodies of mothers huddled over their dead children. This is a regime that agreed to international inspections then kicked out the inspectors. This is a regime that has something to hide from the civilized world.

States like these, and their terrorist allies, constitute an axis of evil, arming to threaten the peace of the world. By seeking weapons of mass destruction, these regimes pose a grave and growing danger. They could provide these arms to terrorists, giving them the means to match their hatred. They could attack our allies or attempt to blackmail the United States. In any of these cases, the price of indifference would be catastrophic.

We will work closely with our coalition to deny terrorists and their state sponsors the materials, technology and expertise to make and deliver weapons of mass destruction.

We will develop and deploy effective missile defenses to protect America and our allies from sudden attack.

And all nations should know: America will do what is necessary to ensure our nation's security.

We'll be deliberate, yet time is not on our side. I will not wait on events while dangers gather. I will not stand by as peril draws closer and closer. The United States of America will not permit the world's most dangerous regimes to threaten us with the world's most destructive weapons.

Our war on terror is well begun, but it is only begun. This campaign may not be finished on our watch, yet it must be and it will be waged on our watch.

We can't stop short. If we stopped now, leaving terror camps intact and terror states unchecked, our sense of security would be false and temporary. History has called America and our allies to action, and it is both our responsibility and our privilege to fight freedom's fight.

Our first priority must always be the security of our nation, and that will be reflected in the budget I send to Congress. My budget supports three great goals for America: We will win this war, we will protect our homeland, and we will revive our economy.

September 11 brought out the best in America and the best in this Congress, and I join the American people in applauding your unity and resolve. Now Americans deserve to have this same spirit directed toward addressing problems here at home.

**END TEXT**

## Memorandum Outlining “Grand Bargain” Between Iran and the United States

The following document is a memorandum submitted, in May 2003, to officials of the United States government by then Swiss Ambassador to Iran Tim Guldemann. Switzerland is the protecting power of the United States in Iran, and the Swiss ambassador to Iran represents the United States in interactions with Iranian officials there. Guldemann asserted that the memorandum reflected an authoritative position of the Iranian regime setting out a roadmap to resolving outstanding disputes, although Guldemann’s assertion that the document was an authoritative, agreed position of Iranian leaders remains in dispute. There are also disagreements over the final or authoritative version of the memorandum; the version below is the one released by Washington Post, Glenn Kessler, on February 14, 2007:

The memorandum has stimulated much debate among experts over whether such a “grand bargain” is possible between the United States and Iran. Some believe that all outstanding issues between the United States and Iran are interlocking and inseparable, and that a comprehensive agreement is the only realistic option for the two countries to fundamentally change their relationship. Others argue that Iran would never agree to many of the key points of the memorandum because doing so would represent an abrogation of the major principles of its Islamic revolution.

### BEGIN TEXT

(GRAMMATICAL AND SPELLING ERRORS HAVE BEEN RETAINED)

**US Aims:** (Iran agrees that the US puts the following aims on the agenda)

- **WMD:** full transparency for security that there are no Iranian endeavours to develop or possess WMD, full cooperation with IAEA based on Iranian adoption of all relevant instruments (93+2 and all further IAEA protocols)
- **Terrorism:** decisive action against any terrorists (above all Al Qaida) on Iranian territory, full cooperation and exchange of all relevant information. Iraq: coordination of Iranian influence for actively supporting political

stabilization and the establishment of democratic institutions and a democratic government representing all ethnic and religious groups in Iraq.

### ■ Middle East:

1. Stop of any material support to Palestinian opposition groups ( Hamas, Jihad, etc.) from Iranian territory, pressure on these organizations to stop violent action against civilians within borders of 1967.
2. Action on Hisbollah to become an exclusively political and social organization within Lebanon.
3. Acceptance of the two-states approach.

### Iranian Aims.

(The United States accepts a dialogue “in mutual respect” and agrees that Iran puts the following aims on the agenda)

- **US Refrains from supporting change of the political system by direct interference from outside**
- **Abolishment of all sanctions:** commercial sanctions, frozen assets, refusal of access to WTO
- **Iraq:** pursuit of MKO, support of the repatriation of MKO-members, support of the Iranian claims for Iraqi reparation, no Turkish invasion in North Iraq, respect for the Iranian national interests in Iraq and religious links to Najaf/Karbala.
- **Access to peaceful nuclear technology, biotechnology and chemical technology**
- Recognition of **Iran’s legitimate security interests** in the region with the according defense capacity
- **Terrorism:** action against MKO and affiliated organizations in the US

### Steps:

1. communication of **mutual** agreement on the following procedure
2. **mutual simultaneous statements** “we have always been ready for direct and authoritative talks with the US/with Iran in good faith and with the aim of discussing – in mutual respect – our common interests and our mutual concerns, but we have always made it clear that, such talks can only be held, if genuine progress for a solution of our own concerns can be achieved.”

3. **a direct meeting** on the appropriate level will be held **with the previously agreed aims**

a. **of a decision on the first mutual steps:**

- **Iraq:** establishment of a common working group on Iraq, active Iranian support for Iraqi stabilization, U.S.-commitment to resolve MKO problem in Iraq, US-commitment to take Iranian reparation claims within the discussions on Iraq foreign debts.
- **Terrorism:** Iranian commitment for decisive action against Al Qaida members in Iran, agreement on cooperation and information exchange
- Iranian statement "that it supports a peaceful solution in the **Middle East**, that it accepts a solution which is accepted by the Palestinians and that it follows with interest the discussion on the Roadmap, presented by the Quartett"
- US acceptance of Iranian access to **WTO**-membership negotiations

b. **of the establishment of three parallel working groups** on disarmament, regional security and economic cooperation. Their **aim is an agreement on three parallel road maps**, for the discussions of these working groups, each side accepts that the other side's aims (see above) are put on the agenda:

1. **Disarmament:** road map, which combines the mutual aims of, on the one side, full transparency by international commitments and guarantees to abstain from WMD with, on the other side, access to western technology (in the three areas),
2. **Terrorism and regional security:** road map for above mentioned aims on the Middle East and terrorism
3. **Economic cooperation:** road map for the lifting of the sanctions and the solution of the frozen assets

c. **and of a public statement after this first meeting on the achieved agreements**

**END TEXT**

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## Section 3. Terrorism-Related Sanctions

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The sanctions in this section are among the most significant in their application to Iran, closing Iran off from a wide range of U.S. programs and economic relationships with the United States, including U.S. foreign assistance and sales to Iran of technology that could have military applications. Were Iran to be removed from the terrorism list, for example, many of the sanctions in this section – and in subsequent sections of this Compendium -- would be rendered inapplicable. As such, this section on terrorism-related sanctions should be read in conjunction with subsequent sections on foreign assistance and proliferation sanctions.

Of course, the major question is what steps by Iran would cause the Administration to remove Iran from the terrorism list. As noted, Iran was placed on the terrorism list on January 14, 1983, following the October 1983 bombing of the Marine barracks in Beirut by Lebanese Hezbollah, which was organized with Iranian help and funded by Iran. Because of its continued support to Hezbollah, Hamas, Shiite militias in Iraq, and some Taliban fighters in Afghanistan, there has been no U.S. consideration of removing Iran from the terrorism list in recent years.

### State Department Report on Terrorism for 2009: Discussion of Iran

Below is the text of State Department discussion of Iran's sponsorship of terrorism from the "Country Reports on Terrorism" report for 2009, released August 5, 2010. This is a key yearly release by the State Department laying out the U.S. evidence for retaining Iran on the "terrorism list." The report for 2009, as has every such State Department

terrorism report for at least the past decade, asserts that Iran is "the most active state sponsor of terrorism." In the past five years, that activity has been primarily attributed to the Qods (Jerusalem) Force of the Revolutionary Guard, the unit that functions abroad to arm, train, and otherwise assist pro-Iranian movements in the Near East region and elsewhere.

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#### BEGIN TEXT

#### IRAN

Iran remained the most active state sponsor of terrorism. Iran's financial, material, and logistic support for terrorist and militant groups throughout the Middle East and Central Asia had a direct impact on international efforts to promote peace, threatened economic stability in the Gulf and undermined the growth of democracy.

Iran remained the principal supporter of groups that are implacably opposed to the Middle East Peace Process. The Qods Force, the external operations branch of the Islamic Revolutionary Guard Corps (IRGC), is the regime's primary mechanism for cultivating and supporting terrorists abroad. Iran provided weapons, training, and funding to HAMAS and other Palestinian terrorist groups, including Palestine Islamic Jihad (PIJ) and the Popular Front for the Liberation of Palestine-General Command (PFLP-GC). Iran has provided hundreds of millions of dollars in support to Lebanese Hezbollah and has trained thousands of Hezbollah fighters at camps in Iran. Since the end of the 2006 Israeli-Hezbollah conflict, Iran has assisted Hezbollah in rearming, in violation of UN Security Council Resolution 1701.

Iran's Qods Force provided training to the Taliban in Afghanistan on small unit tactics, small arms, explosives, and indirect fire weapons. Since at least 2006, Iran has arranged arms shipments to select Taliban members, including small arms and associated ammunition, rocket propelled grenades, mortar rounds, 107mm rockets, and plastic explosives.

Despite its pledge to support the stabilization of Iraq, Iranian authorities continued to provide lethal support, including weapons, training, funding,

and guidance, to Iraqi Shia militant groups that targeted U.S. and Iraqi forces. The Qods Force continued to supply Iraqi militants with Iranian-produced advanced rockets, sniper rifles, automatic weapons, and mortars that have killed Iraqi and Coalition Forces, as well as civilians. Iran was responsible for the increased lethality of some attacks on U.S. forces by providing militants with the capability to assemble explosively formed penetrators that were designed to defeat armored vehicles. The Qods Force, in concert with Lebanese Hezbollah, provided training outside of Iraq and advisors inside Iraq for Shia militants in the construction and use of sophisticated improvised explosive device technology and other advanced weaponry.

Iran remained unwilling to bring to justice senior al-Qa'ida (AQ) members it continued to detain, and refused to publicly identify those senior members in its custody. Iran has repeatedly resisted numerous calls to transfer custody of its AQ detainees to their countries of origin or third countries for trial; it is reportedly holding Usama bin Ladin's family members under house arrest.

Senior IRGC, IRGC Qods Force, and Iranian government officials were indicted by the Government of Argentina for their alleged roles in the 1994 terrorist bombing of the Argentine-Jewish Mutual Association (AMIA); according to the Argentine State Prosecutor's report, the attack was initially proposed by the Qods Force. In 2007, INTERPOL issued a "red notice" for six individuals wanted in connection to the bombing. One of the individuals, Ahmad Vahidi, was named as Iran's Defense Minister in August 2009.

**END TEXT**

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## Export Administration Act

This Act (which has been extended by Executive order after its expiration) became the basis of an ever expanding pattern of U.S. sanctions triggered by countries that are designated as providing repeated and material support for international terrorism. Those countries are known as "terrorism list" states. The sanctions contained in the Export Administration Act are among the main effects of Iran's designation as a terrorism list state.

The Act gives the President the authority to impose controls of exports of U.S. goods and technology by requiring licenses for such exports, and requires that licenses be issued for exports to terrorism list states of any goods that would enhance that country's military capability or its ability to support acts of terrorism (so-called "dual use items.") As implemented by Executive branch regulations, and as mandated by the Iran-Iraq Arms Non-Proliferation Act (presented later in this Compendium) there is a

"presumption of denial" for any license application to sell dual use items to Iran. The Export Administration Act also lays out procedures, laid out in other laws discussed later (such as the Arms Export Control Act) for removing a country from the terrorism list. (Some sections not related to Iran or state sponsors of terrorism are omitted).

**BEGIN TEXT**

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### TITLE 50, APPENDIX App. > EXPORT > § 2405

#### § 2405. Foreign policy controls

- (a) Authority
- (1) In order to carry out the policy set forth in paragraph (2)(B), (7), (8), or (13) of section 3 of this Act [section 2402 (2)(B), (7), (8), or (13) of this Appendix], the President may prohibit or curtail the exportation of any goods, technology, or other information subject to the jurisdiction of the United States or exported by any person subject to the jurisdiction of the United States, to the extent necessary to further significantly the foreign policy of the United States or to fulfill its declared international obligations. The authority granted by this subsection shall be exercised by the Secretary, in consultation with the Secretary of State, the Secretary of Defense, the Secretary of Agriculture, the Secretary of the Treasury, the United States Trade Representative, and such other departments and agencies as the Secretary considers appropriate, and shall be implemented by means of export licenses issued by the Secretary.
  - (2) Any export control imposed under this section shall apply to any transaction or activity undertaken with the intent to evade that export control, even if that export control would not otherwise apply to that transaction or activity.
  - (3) Export controls maintained for foreign policy purposes shall expire on December 31, 1979, or one year after imposition, whichever is later, unless extended by the President in accordance with subsections (b) and (f). Any such extension and any subsequent extension shall not be for a period of more than one year.
  - (4) Whenever the Secretary denies any export license under this subsection, the Secretary shall

specify in the notice to the applicant of the denial of such license that the license was denied under the authority contained in this subsection, and the reasons for such denial, with reference to the criteria set forth in subsection (b) of this section. The Secretary shall also include in such notice what, if any, modifications in or restrictions on the goods or technology for which the license was sought would allow such export to be compatible with controls implemented under this section, or the Secretary shall indicate in such notice which officers and employees of the Department of Commerce who are familiar with the application will be made reasonably available to the applicant for consultation with regard to such modifications or restrictions, if appropriate.

- (5) In accordance with the provisions of section 10 of this Act [section 2409 of this Appendix], the Secretary of State shall have the right to review any export license application under this section which the Secretary of State requests to review.
- (6) Before imposing, expanding, or extending export controls under this section on exports to a country which can use goods, technology, or information available from foreign sources and so incur little or no economic costs as a result of the controls, the President should, through diplomatic means, employ alternatives to export controls which offer opportunities of distinguishing the United States from, and expressing the displeasure of the United States with, the specific actions of that country in response to which the controls are proposed. Such alternatives include private discussions with foreign leaders, public statements in situations where private diplomacy is unavailable or not effective, withdrawal of ambassadors, and reduction of the size of the diplomatic staff that the country involved is permitted to have in the United States.

(b) Criteria

- (1) Subject to paragraph (2) of this subsection, the President may impose, extend, or expand export controls under this section only if the President determines that--

- (A) such controls are likely to achieve the intended foreign policy purpose, in light of other factors, including the availability from other countries of the goods or technology proposed for such controls, and that foreign policy purpose cannot be achieved through negotiations or other alternative means;
- (B) the proposed controls are compatible with the foreign policy objectives of the United States and with overall United States policy toward the country to which exports are to be subject to the proposed controls;
- (C) the reaction of other countries to the imposition, extension, or expansion of such export controls by the United States is not likely to render the controls ineffective in achieving the intended foreign policy purpose or to be counterproductive to United States foreign policy interests;
- (D) the effect of the proposed controls on the export performance of the United States, the competitive position of the United States in the international economy, the international reputation of the United States as a supplier of goods and technology, or on the economic well-being of individual United States companies and their employees and communities does not exceed the benefit to United States foreign policy objectives; and
- (E) the United States has the ability to enforce the proposed controls effectively.

- (2) With respect to those export controls in effect under this section on the date of the enactment of the Export Administration Amendments Act of 1985 [July 12, 1985], the President, in determining whether to extend those controls, as required by subsection (a)(3) of this section, shall consider the criteria set forth in paragraph (1) of this subsection and shall consider the foreign policy consequences of modifying the export controls.

(c) Consultation with industry

The Secretary in every possible instance shall consult with and seek advice from affected United States



industries and appropriate advisory committees established under section 135 of the Trade Act of 1974 [19 U.S.C. 2155] before imposing any export control under this section. Such consultation and advice shall be with respect to the criteria set forth in subsection (b)(1) and such other matters as the Secretary considers appropriate.

(d) Consultation with other countries

When imposing export controls under this section, the President shall, at the earliest appropriate opportunity, consult with the countries with which the United States maintains export controls cooperatively, and with such other countries as the President considers appropriate, with respect to the criteria set forth in subsection (b) (1) and such other matters as the President considers appropriate.

(e) Alternative means

Before resorting to the imposition of export controls under this section, the President shall determine that reasonable efforts have been made to achieve the purposes of the controls through negotiations or other alternative means.

(f) Consultation with Congress

(1) The President may impose or expand export controls under this section, or extend such controls as required by subsection (a)(3) of this section, only after consultation with the Congress, including the Committee on Foreign Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate.

(2) The President may not impose, expand, or extend export controls under this section until the President has submitted to the Congress a report--

- (A) specifying the purpose of the controls;
- (B) specifying the determinations of the President (or, in the case of those export controls described in subsection (b) (2), the considerations of the President) with respect to each of the criteria set forth in subsection (b)(1), the bases for such determinations (or considerations), and any possible adverse foreign policy consequences of the controls;

(C) describing the nature, the subjects, and the results of, or the plans for, the consultation with industry pursuant to subsection (c) and with other countries pursuant to subsection (d);

(D) specifying the nature and results of any alternative means attempted under subsection (e), or the reasons for imposing, expanding, or extending the controls without attempting any such alternative means; and

(E) describing the availability from other countries of goods or technology comparable to the goods or technology subject to the proposed export controls, and describing the nature and results of the efforts made pursuant to subsection (h) to secure the cooperation of foreign governments in controlling the foreign availability of such comparable goods or technology.

Such report shall also indicate how such controls will further significantly the foreign policy of the United States or will further its declared international obligations.

- (3) To the extent necessary to further the effectiveness of the export controls, portions of a report required by paragraph (2) may be submitted to the Congress on a classified basis, and shall be subject to the provisions of section 12(c) of this Act [section 2411 (c) of this Appendix].
- (4) In the case of export controls under this section which prohibit or curtail the export of any agricultural commodity, a report submitted pursuant to paragraph (2) shall be deemed to be the report required by section 7(g)(3)(A) of this Act [section 2406 (g)(3)(A) of this Appendix].
- (5) In addition to any written report required under this section, the Secretary, not less frequently than annually, shall present in oral testimony before the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Foreign Affairs of the House of Representatives a report on policies and actions



taken by the Government to carry out the provisions of this section.

(g) Exclusion for medicine and medical supplies and for certain food exports

This section does not authorize export controls on medicine or medical supplies. This section also does not authorize export controls on donations of goods (including, but not limited to, food, educational materials, seeds and hand tools, medicines and medical supplies, water resources equipment, clothing and shelter materials, and basic household supplies) that are intended to meet basic human needs. Before export controls on food are imposed, expanded, or extended under this section, the Secretary shall notify the Secretary of State in the case of export controls applicable with respect to any developed country and shall notify the Administrator of the Agency for International Development in the case of export controls applicable with respect to any developing country. The Secretary of State with respect to developed countries, and the Administrator with respect to developing countries, shall determine whether the proposed export controls on food would cause measurable malnutrition and shall inform the Secretary of that determination. If the Secretary is informed that the proposed export controls on food would cause measurable malnutrition, then those controls may not be imposed, expanded, or extended, as the case may be, unless the President determines that those controls are necessary to protect the national security interests of the United States, or unless the President determines that arrangements are insufficient to ensure that the food will reach those most in need. Each such determination by the Secretary of State or the Administrator of the Agency for International Development, and any such determination by the President, shall be reported to the Congress, together with a statement of the reasons for that determination. It is the intent of Congress that the President not impose export controls under this section on any goods or technology if he determines that the principal effect of the export of such goods or technology would be to help meet basic human needs. This subsection shall not be construed to prohibit the President from imposing restrictions on the export of medicine or medical supplies or of food

under the International Emergency Economic Powers Act [50 U.S.C 1701 et seq.]. This subsection shall not apply to any export control on medicine, medical supplies, or food, except for donations, which is in effect on the date of the enactment of the Export Administration Amendments Act of 1985 [July 12, 1985]. Notwithstanding the preceding provisions of this subsection, the President may impose export controls under this section on medicine, medical supplies, food, and donations of goods in order to carry out the policy set forth in paragraph (13) of section 3 of this Act [section 2402 (13) of this Appendix].

(h) Foreign availability

- (1) In applying export controls under this section, the President shall take all feasible steps to initiate and conclude negotiations with appropriate foreign governments for the purpose of securing the cooperation of such foreign governments in controlling the export to countries and consignees to which the United States export controls apply of any goods or technology comparable to goods or technology controlled under this section.
- (2) Before extending any export control pursuant to subsection (a)(3) of this section, the President shall evaluate the results of his actions under paragraph (1) of this subsection and shall include the results of that evaluation in his report to the Congress pursuant to subsection (f) of this section.
- (3) If, within 6 months after the date on which export controls under this section are imposed or expanded, or within 6 months after the date of the enactment of the Export Administration Amendments Act of 1985 [July 12, 1985] in the case of export controls in effect on such date of enactment, the President's efforts under paragraph (1) are not successful in securing the cooperation of foreign governments described in paragraph (1) with respect to those export controls, the Secretary shall thereafter take into account the foreign availability of the goods or technology subject to the export controls. If the Secretary affirmatively determines that a good or technology subject to the export controls is available in sufficient quantity and comparable

quality from sources outside the United States to countries subject to the export controls so that denial of an export license would be ineffective in achieving the purposes of the controls, then the Secretary shall, during the period of such foreign availability, approve any license application which is required for the export of the good or technology and which meets all requirements for such a license. The Secretary shall remove the good or technology from the list established pursuant to subsection (l) of this section if the Secretary determines that such action is appropriate.

- (4) In making a determination of foreign availability under paragraph (3) of this subsection, the Secretary shall follow the procedures set forth in section 5(f)(3) of this Act [section 2404 (f)(3) of this Appendix].
- (i) International obligations  
The provisions of subsections (b), (c), (d), (e), (g), and (h) shall not apply in any case in which the President exercises the authority contained in this section to impose export controls, or to approve or deny export license applications, in order to fulfill obligations of the United States pursuant to treaties to which the United States is a party or pursuant to other international agreements.
- (j) Countries supporting international terrorism
  - (1) A validated license shall be required for the export of goods or technology to a country if the Secretary of State has made the following determinations:
    - (A) The government of such country has repeatedly provided support for acts of international terrorism.
    - (B) The export of such goods or technology could make a significant contribution to the military potential of such country, including its military logistics capability, or could enhance the ability of such country to support acts of international terrorism.
  - (2) The Secretary and the Secretary of State shall notify the Committee on Foreign Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs and the

Committee on Foreign Relations of the Senate at least 30 days before issuing any validated license required by paragraph (1).

- (3) Each determination of the Secretary of State under paragraph (1)(A), including each determination in effect on the date of the enactment of the Antiterrorism and Arms Export Amendments Act of 1989 [Dec. 12, 1989], shall be published in the Federal Register.
- (4) A determination made by the Secretary of State under paragraph (1)(A) may not be rescinded unless the President submits to the Speaker of the House of Representatives and the chairman of the Committee on Banking, Housing, and Urban Affairs and the chairman of the Committee on Foreign Relations of the Senate--
  - (A) before the proposed rescission would take effect, a report certifying that--
    - (i) there has been a fundamental change in the leadership and policies of the government of the country concerned;
    - (ii) that government is not supporting acts of international terrorism; and
    - (iii) that government has provided assurances that it will not support acts of international terrorism in the future; or
  - (B) at least 45 days before the proposed rescission would take effect, a report justifying the rescission and certifying that--
    - (i) the government concerned has not provided any support for international terrorism during the preceding 6-month period; and
    - (ii) the government concerned has provided assurances that it will not support acts of international terrorism in the future.
- (5) The Secretary and the Secretary of State shall include in the notification required by paragraph (2)--
  - (A) a detailed description of the goods or services to be offered, including a brief description of the capabilities of any article for which a license to export is sought;
  - (B) the reasons why the foreign country or international organization to which the

export or transfer is proposed to be made needs the goods or services which are the subject of such export or transfer and a description of the manner in which such country or organization intends to use such articles, services, or design and construction services;

- (C) the reasons why the proposed export or transfer is in the national interest of the United States;
- (D) an analysis of the impact of the proposed export or transfer on the military capabilities of the foreign country or international organization to which such export or transfer would be made;
- (E) an analysis of the manner in which the proposed export would affect the relative military strengths of countries in the region to which the goods or services which are the subject of such export would be delivered and whether other countries in the region have comparable kinds and amounts of articles, services, or design and construction services; and
- (F) an analysis of the impact of the proposed export or transfer on the United States relations with the countries in the region to which the goods or services which are the subject of such export would be delivered.

(k) Negotiations with other countries

- (1) Countries participating in certain agreements  
The Secretary of State, in consultation with the Secretary, the Secretary of Defense, and the heads of other appropriate departments and agencies, shall be responsible for conducting negotiations with those countries participating in the groups known as the Coordinating Committee, the Missile Technology Control Regime, the Australia Group, and the Nuclear Suppliers' Group, regarding their cooperation in restricting the export of goods and technology in order to carry out--
  - (A) the policy set forth in section 3(2)(B) of this Act [section 2402 (2)(B) of this Appendix], and

- (B) United States policy opposing the proliferation of chemical, biological, nuclear, and other weapons and their delivery systems, and effectively restricting the export of dual use components of such weapons and their delivery systems, in accordance with this subsection and subsections (a) and (l).

Such negotiations shall cover, among other issues, which goods and technology should be subject to multilaterally agreed export restrictions, and the implementation of the restrictions consistent with the principles identified in section 5(b)(2)(C) of this Act [section 2404 (b)(2)(C) of this Appendix].

(2) Other countries

The Secretary of State, in consultation with the Secretary, the Secretary of Defense, and the heads of other appropriate departments and agencies, shall be responsible for conducting negotiations with countries and groups of countries not referred to in paragraph (1) regarding their cooperation in restricting the export of goods and technology consistent with purposes set forth in paragraph (1). In cases where such negotiations produce agreements on export restrictions that the Secretary, in consultation with the Secretary of State and the Secretary of Defense, determines to be consistent with the principles identified in section 5(b)(2)(C) of this Act [section 2404 (b)(2)(C) of this Appendix], the Secretary may treat exports, whether by individual or multiple licenses, to countries party to such agreements in the same manner as exports are treated to countries that are MTCR adherents.

(3) Review of determinations

The Secretary shall annually review any determination under paragraph (2) with respect to a country. For each such country which the Secretary determines is not meeting the requirements of an effective export control system in accordance with section 5 (b)(2) (C) [section 2404 (b)(2)(C) of this Appendix], the Secretary shall restrict or eliminate any preferential licensing treatment for exports to that country provided under this subsection.

- (l) Missile technology
  - (1) Determination of controlled items
 

The Secretary, in consultation with the Secretary of State, the Secretary of Defense, and the heads of other appropriate departments and agencies--

    - (A) shall establish and maintain, as part of the control list established under this section, a list of all dual use goods and technology on the MTCR Annex; and
    - (B) may include, as part of the control list established under this section, goods and technology that would provide a direct and immediate impact on the development of missile delivery systems and are not included in the MTCR Annex but which the United States is proposing to the other MTCR adherents to have included in the MTCR Annex.
  - (2) Requirement of individual validated licenses
 

The Secretary shall require an individual validated license for--

    - (A) any export of goods or technology on the list established under paragraph (1) to any country; and
    - (B) any export of goods or technology that the exporter knows is destined for a project or facility for the design, development, or manufacture of a missile in a country that is not an MTCR adherent.
  - (3) Policy of denial of licenses
    - (A) Licenses under paragraph (2) should in general be denied if the ultimate consignee of the goods or technology is a facility in a country that is not an adherent to the Missile Technology Control Regime and the facility is designed to develop or build missiles.
    - (B) Licenses under paragraph (2) shall be denied if the ultimate consignee of the goods or technology is a facility in a country the government of which has been determined under subsection (j) to have repeatedly provided support for acts of international terrorism.
- (4) Consultation with other departments
  - (A) A determination of the Secretary to approve an export license under paragraph (2) for the export of goods or technology to a country of concern regarding missile proliferation may be made only after consultation with the Secretary of Defense and the Secretary of State for a period of 20 days. The countries of concern referred to in the preceding sentence shall be maintained on a classified list by the Secretary of State, in consultation with the Secretary and the Secretary of Defense.
  - (B) Should the Secretary of Defense disagree with the determination of the Secretary to approve an export license to which subparagraph (A) applies, the Secretary of Defense shall so notify the Secretary within the 20 days provided for consultation on the determination. The Secretary of Defense shall at the same time submit the matter to the President for resolution of the dispute. The Secretary shall also submit the Secretary's recommendation to the President on the license application.
  - (C) The President shall approve or disapprove the export license application within 20 days after receiving the submission of the Secretary of Defense under subparagraph (B).
  - (D) Should the Secretary of Defense fail to notify the Secretary within the time period prescribed in subparagraph (B), the Secretary may approve the license application without awaiting the notification by the Secretary of Defense. Should the President fail to notify the Secretary of his decision on the export license application within the time period prescribed in subparagraph (C), the Secretary may approve the license application without awaiting the President's decision on the license application.
  - (E) Within 10 days after an export license is issued under this subsection, the Secretary shall provide to the Secretary of Defense

and the Secretary of State the license application and accompanying documents issued to the applicant, to the extent that the relevant Secretary indicates the need to receive such application and documents.

(5) Information sharing

The Secretary shall establish a procedure for information sharing with appropriate officials of the intelligence community, as determined by the Director of Central Intelligence, and other appropriate Government agencies, that will ensure effective monitoring of transfers of MTCR equipment or technology and other missile technology.

(m) Chemical and biological weapons

(1) Establishment of list

The Secretary, in consultation with the Secretary of State, the Secretary of Defense, and the heads of other appropriate departments and agencies, shall establish and maintain, as part of the list maintained under this section, a list of goods and technology that would directly and substantially assist a foreign government or group in acquiring the capability to develop, produce, stockpile, or deliver chemical or biological weapons, the licensing of which would be effective in barring acquisition or enhancement of such capability.

(2) Requirement for validated licenses

The Secretary shall require a validated license for any export of goods or technology on the list established under paragraph (1) to any country of concern.

(3) Countries of concern

For purposes of paragraph (2), the term “country of concern” means any country other than--

- (A) a country with whose government the United States has entered into a bilateral or multilateral arrangement for the control of goods or technology on the list established under paragraph (1); and
- (B) such other countries as the Secretary of State, in consultation with the Secretary and the Secretary of Defense, shall designate consistent with the purposes

of the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 [22 U.S.C. 5601 et seq.].

(n) Crime control instruments

- (1) Crime control and detection instruments and equipment shall be approved for export by the Secretary only pursuant to a validated export license. Notwithstanding any other provision of this Act [sections 2401 to 2420 of this Appendix]--

(A) any determination of the Secretary of what goods or technology shall be included on the list established pursuant to subsection (l) [1] of this section as a result of the export restrictions imposed by this subsection shall be made with the concurrence of the Secretary of State, and

(B) any determination of the Secretary to approve or deny an export license application to export crime control or detection instruments or equipment shall be made in concurrence with the recommendations of the Secretary of State submitted to the Secretary with respect to the application pursuant to section 10(e) of this Act [section 2409 (e) of this Appendix], except that, if the Secretary does not agree with the Secretary of State with respect to any determination under subparagraph (A) or (B), the matter shall be referred to the President for resolution.

- (2) The provisions of this subsection shall not apply with respect to exports to countries which are members of the North Atlantic Treaty Organization or to Japan, Australia, or New Zealand, or to such other countries as the President shall designate consistent with the purposes of this subsection and section 502B of the Foreign Assistance Act of 1961 [**22 U.S.C. 2304**].

(o) Control list

The Secretary shall establish and maintain, as part of the control list, a list of any goods or technology subject to export controls under this section, and the countries to which such controls apply. The Secretary shall clearly identify on the control list which goods or

technology, and which countries or destinations, are subject to which types of controls under this section. Such list shall consist of goods and technology identified by the Secretary of State, with the concurrence of the Secretary. If the Secretary and the Secretary of State are unable to agree on the list, the matter shall be referred to the President. Such list shall be reviewed not less frequently than every three years in the case of controls maintained cooperatively with other countries, and annually in the case of all other controls, for the purpose of making such revisions as are necessary in order to carry out this section. During the course of such review, an assessment shall be made periodically of the availability from sources outside the United States, or any of its territories or possessions, of goods and technology comparable to those controlled for export from the United States under this section.

(p) Effect on existing contracts and licenses

The President may not, under this section, prohibit or curtail the export or reexport of goods, technology, or other information--

- (1) in performance of a contract or agreement entered into before the date on which the President reports to the Congress, pursuant to subsection (f) of this section, his intention to impose controls on the export or reexport of such goods, technology, or other information, or
- (2) under a validated license or other authorization issued under this Act [sections 2401 to 2420 of this Appendix], unless and until the President determines and certifies to the Congress that--
  - (A) a breach of the peace poses a serious and direct threat to the strategic interest of the United States,
  - (B) the prohibition or curtailment of such contracts, agreements, licenses, or authorizations will be instrumental in remedying the situation posing the direct threat, and
  - (C) the export controls will continue only so long as the direct threat persists.

(r) Expanded authority to impose controls

- (1) In any case in which the President determines that it is necessary to impose controls under this section without any limitation contained in subsection (c), (d), (e), (g), (h), or (m) [2] of this section, the President may impose those controls only if the President submits that determination to the Congress, together with a report pursuant to subsection (f) of this section with respect to the proposed controls, and only if a law is enacted authorizing the imposition of those controls. If a joint resolution authorizing the imposition of those controls is introduced in either House of Congress within 30 days after the Congress receives the determination and report of the President, that joint resolution shall be referred to the Committee on Banking, Housing, and Urban Affairs of the Senate and to the appropriate committee of the House of Representatives. If either such committee has not reported the joint resolution at the end of 30 days after its referral, the committee shall be discharged from further consideration of the joint resolution.
- (2) For purposes of this subsection, the term "joint resolution" means a joint resolution the matter after the resolving clause of which is as follows: "That the Congress, having received on a determination of the President under section 6(o)(1) [2] of the Export Administration Act of 1979 with respect to the export controls which are set forth in the report submitted to the Congress with that determination, authorizes the President to impose those export controls.", with the date of the receipt of the determination and report inserted in the blank.
- (3) In the computation of the periods of 30 days referred to in paragraph (1), there shall be excluded the days on which either House of Congress is not in session because of an adjournment of more than 3 days to a day certain or because of an adjournment of the Congress sine die.
- (s) Spare parts
  - (1) At the same time as the President imposes or expands export controls under this section, the President shall determine whether such export



controls will apply to replacement parts for parts in goods subject to such export controls.

- (2) With respect to export controls imposed under this section before the date of the enactment of this subsection [Aug. 23, 1988], an individual validated export license shall not be required for replacement parts which are exported to replace on a one-for-one basis parts that were in a good that was lawfully exported from the United States, unless the President determines that such a license should be required for such parts.

**END TEXT**

## Arms Export Control Act

Iran's presence on the terrorism list also prohibits the United States from exporting to Iran, by sale, lease, loan, grant, or other means, any item on the U.S. Munitions List; ie. weapons. The key provision of the Arms Export Control Act that applies to Iran (or any other country on the terrorism list) is Section 40 (22 U.S.C. 2780). U.S. credits, guarantees, or financial assistance for any terrorism list country arms purchase, as well as U.S. licensing or co-production agreements for or with that country, also are prohibited. The Act provides for a presidential waiver if the president deems that to be in the national interest.

The Antiterrorism and Effective Death Penalty Act of 1996 added another relevant section, Section 40A, to the Arms Export Control Act. Under that section, sales of U.S. military equipment and services are prohibited to any country deemed failing to cooperate with U.S. antiterrorism actions. A waiver of this prohibition is available should such a sale be deemed in the national interest. Thus, Iran would be barred from purchasing U.S. arms by law, even if it is removed from the terrorism list, if it is not also removed from the "non-cooperative" list, which Iran has been on every year since the inception of that list in 1997.

Even if Iran were removed from the terrorism list, and even if it were deemed as cooperating with U.S. counter-terrorism policy and not subject to the Section 40A restriction, U.S. arms exports could still be prohibited by Administration policy.

Section 40 of the Act also delineates the criteria for removing countries from the terrorism list. There are different requirements for the removal depending on whether or not there is a change of regime in the terrorism list country. The provision allows for Congress to block a country's removal from the terrorism list if it passes a joint resolution to that effect. However, like any piece of legislation, such a joint resolution is subject to presidential veto and veto override procedures before it could become law.

**BEGIN TEXT**

### Arm Export Control Act

**P.L. 90-629**

October 22, 1968

Section 40

#### **22 U.S.C. 2780. – Transactions with countries supporting acts of international terrorism**

- (a) Prohibited transactions by United States Government
- The following transactions by the United States Government are prohibited:
- (1) Exporting or otherwise providing (by sale, lease or loan, grant, or other means), directly or indirectly, any munitions item to a country described in subsection (d) of this section under the authority of this chapter, the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.), or any other law (except as provided in subsection (h) of this section). In implementing this paragraph, the United States Government -
- (A) shall suspend delivery to such country of any such item pursuant to any such transaction which has not been completed at the time the Secretary of State makes the determination described in subsection (d) of this section, and
- (B) shall terminate any lease or loan to such country of any such item which is in effect at the time the Secretary of State makes that determination.
- (2) Providing credits, guarantees, or other financial assistance under the authority of this chapter, the Foreign Assistance Act of 1961 (22 U.S.C.

2151 et seq.), or any other law (except as provided in subsection (h) of this section), with respect to the acquisition of any munitions item by a country described in subsection (d) of this section. In implementing this paragraph, the United States Government shall suspend expenditures pursuant to any such assistance obligated before the Secretary of State makes the determination described in subsection (d) of this section. The President may authorize expenditures otherwise required to be suspended pursuant to the preceding sentence if the President has determined, and reported to the Congress, that suspension of those expenditures causes undue financial hardship to a supplier, shipper, or similar person and allowing the expenditure will not result in any munitions item being made available for use by such country.

- (3) Consenting under section 2753(a) of this title, under section 505(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2314(a)), under the regulations issued to carry out section 2778 of this title, or under any other law (except as provided in subsection (h) of this section), to any transfer of any munitions item to a country described in subsection (d) of this section. In implementing this paragraph, the United States Government shall withdraw any such consent which is in effect at the time the Secretary of State makes the determination described in subsection (d) of this section, except that this sentence does not apply with respect to any item that has already been transferred to such country.
- (4) Providing any license or other approval under section 2778 of this title for any export or other transfer (including by means of a technical assistance agreement, manufacturing licensing agreement, or coproduction agreement) of any munitions item to a country described in subsection (d) of this section. In implementing this paragraph, the United States Government shall suspend any such license or other approval which is in effect at the time the Secretary of State makes the determination described in

subsection (d) of this section, except that this sentence does not apply with respect to any item that has already been exported or otherwise transferred to such country.

- (5) Otherwise facilitating the acquisition of any munitions item by a country described in subsection (d) of this section. This paragraph applies with respect to activities undertaken -
  - (A) by any department, agency, or other instrumentality of the Government,
  - (B) by any officer or employee of the Government (including members of the United States Armed Forces), or
  - (C) by any other person at the request or on behalf of the Government. The Secretary of State may waive the requirements of the second sentence of paragraph (1), the second sentence of paragraph (3), and the second sentence of paragraph (4) to the extent that the Secretary determines, after consultation with the Congress, that unusual and compelling circumstances require that the United States Government not take the actions specified in that sentence.
- (b) Prohibited transactions by United States persons
  - (1) In general
    - A United States person may not take any of the following actions:
      - (A) Exporting any munitions item to any country described in subsection (d) of this section.
      - (B) Selling, leasing, loaning, granting, or otherwise providing any munitions item to any country described in subsection (d) of this section.
      - (C) Selling, leasing, loaning, granting, or otherwise providing any munitions item to any recipient which is not the government of or a person in a country described in subsection (d) of this section if the United States person has reason to know that the munitions item will be made available to any country described in subsection (d) of this section.



- (D) Taking any other action which would facilitate the acquisition, directly or indirectly, of any munitions item by the government of any country described in subsection (d) of this section, or any person acting on behalf of that government, if the United States person has reason to know that that action will facilitate the acquisition of that item by such a government or person.
- (2) Liability for actions of foreign subsidiaries, etc.  
A United States person violates this subsection if a corporation or other person that is controlled in fact by that United States person (as determined under regulations, which the President shall issue) takes an action described in paragraph (1) outside the United States.
- (3) Applicability to actions outside the United States  
Paragraph (1) applies with respect to actions described in that paragraph which are taken either within or outside the United States by a United States person described in subsection (l)(3)(A) or (B) of this section. To the extent provided in regulations issued under subsection (l)(3)(D) of this section, paragraph (1) applies with respect to actions described in that paragraph which are taken outside the United States by a person designated as a United States person in those regulations.
- (c) Transfers to governments and persons covered  
This section applies with respect to -
- (1) the acquisition of munitions items by the government of a country described in subsection (d) of this section; and
- (2) the acquisition of munitions items by any individual, group, or other person within a country described in subsection (d) of this section, except to the extent that subparagraph (D) of subsection (b)(1) of this section provides otherwise.
- (d) Countries covered by prohibition  
The prohibitions contained in this section apply with respect to a country if the Secretary of State determines that the government of that country has repeatedly provided support for acts of international terrorism. For purposes of this subsection, such acts shall include all activities that the Secretary determines willfully aid or abet the international proliferation of nuclear explosive devices to individuals or groups or willfully aid or abet an individual or groups in acquiring unsafeguarded special nuclear material.
- (e) Publication of determinations  
Each determination of the Secretary of State under subsection (d) of this section shall be published in the Federal Register.
- (f) Rescission
- (1) A determination made by the Secretary of State under subsection (d) of this section may not be rescinded unless the President submits to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate
- (A) before the proposed rescission would take effect, a report certifying that -
- (i) there has been a fundamental change in the leadership and policies of the government of the country concerned;
- (ii) that government is not supporting acts of international terrorism; and
- (iii) that government has provided assurances that it will not support acts of international terrorism in the future; or
- (B) at least 45 days before the proposed rescission would take effect, a report justifying the rescission and certifying that -
- (i) the government concerned has not provided any support for international terrorism during the preceding 6-month period; and
- (ii) the government concerned has provided assurances that it will not support acts of international terrorism in the future.
- (2)
- (A) No rescission under paragraph (1)(B) of a determination under subsection (d) of this section may be made if the Congress, within 45 days after receipt of a report under paragraph (1)(B), enacts

a joint resolution the matter after the resolving clause of which is as follows: "That the proposed rescission of the determination under section 40(d) of the Arms Export Control Act pursuant to the report submitted to the Congress on \_\_\_\_\_ is hereby prohibited.", the blank to be completed with the appropriate date.

- (B) A joint resolution described in subparagraph (A) and introduced within the appropriate 45-day period shall be considered in the Senate and the House of Representatives in accordance with paragraphs (3) through (7) of section 8066(c) of the Department of Defense Appropriations Act (as contained in Public Law 98-473), except that references in such paragraphs to the Committees on Appropriations of the House of Representatives and the Senate shall be deemed to be references to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate, respectively.

(g) Waiver

The President may waive the prohibitions contained in this section with respect to a specific transaction if -

- (1) the President determines that the transaction is essential to the national security interests of the United States; and
- (2) not less than 15 days prior to the proposed transaction, the President -
  - (A) consults with the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate; and
  - (B) submits to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a report containing -
    - (i) the name of any country involved in the proposed transaction, the identity of

any recipient of the items to be provided pursuant to the proposed transaction, and the anticipated use of those items;

- (ii) a description of the munitions items involved in the proposed transaction (including their market value) and the actual sale price at each step in the transaction (or if the items are transferred by other than sale, the manner in which they will be provided);
- (iii) the reasons why the proposed transaction is essential to the national security interests of the United States and the justification for such proposed transaction;
- (iv) the date on which the proposed transaction is expected to occur; and
- (v) the name of every United States Government department, agency, or other entity involved in the proposed transaction, every foreign government involved in the proposed transaction, and every private party with significant participation in the proposed transaction.

To the extent possible, the information specified in subparagraph (B) of paragraph (2) shall be provided in unclassified form, with any classified information provided in an addendum to the report.

(h) Exemption for transactions subject to National Security Act reporting requirements

The prohibitions contained in this section do not apply with respect to any transaction subject to reporting requirements under title V of the National Security Act of 1947 (50 U.S.C. 413 et seq.; relating to congressional oversight of intelligence activities).

(i) Relation to other laws

(1) In general

With regard to munitions items controlled pursuant to this chapter, the provisions of this section shall apply notwithstanding any other provision of law, other than section 614(a) of

the Foreign Assistance Act of 1961 (22 U.S.C. 2364(a)).

(2) Section 614(a) waiver authority

If the authority of section 614(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2364(a)) is used to permit a transaction under that Act (22 U.S.C. 2151 et seq.) or this chapter which is otherwise prohibited by this section, the written policy justification required by that section shall include the information specified in subsection (g)(2)(B) of this section.

(j) Criminal penalty

Any person who willfully violates this section shall be fined for each violation not more than \$1,000,000, imprisoned not more than 10 years, or both.

(k) Civil penalties; enforcement

In the enforcement of this section, the President is authorized to exercise the same powers concerning violations and enforcement which are conferred upon departments, agencies, and officials by sections 11(c), 11(e), 11(g), and 12(a) of the Export Administration Act of 1979 (50 App. U.S.C. 2410(c), (e), (g), 2411(a)) (subject to the same terms and conditions as are applicable to such powers under that Act (50 App. U.S.C. 2401 et seq.)), except that section 11(c)(2)(B) of such Act shall not apply, and instead, as prescribed in regulations issued under this section, the Secretary of State may assess civil penalties for violations of this chapter and regulations prescribed there under and further may commence a civil action to recover such civil penalties, and except further that, notwithstanding section 11(c) of that Act, the civil penalty for each violation of this section may not exceed \$500,000.

(l) Definitions

As used in this section -

- (1) the term “munitions item” means any item enumerated on the United States Munitions list [1] (without regard to whether the item is imported into or exported from the United States);
- (2) the term “United States”, when used geographically, means the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern

Mariana Islands, and any territory or possession of the United States;

(3) the term “United States person” means -

- (A) any citizen or permanent resident alien of the United States;
- (B) any sole proprietorship, partnership, company, association, or corporation having its principal place of business within the United States or organized under the laws of the United States, any State, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, or any territory or possession of the United States;
- (C) any other person with respect to that person’s actions while in the United States; and
- (D) to the extent provided in regulations issued by the Secretary of State, any person that is not described in subparagraph (A), (B), or (C) but -
  - (i) is a foreign subsidiary or affiliate of a United States person described in subparagraph (B) and is controlled in fact by that United States person (as determined in accordance with those regulations), or
  - (ii) is otherwise subject to the jurisdiction of the United States, with respect to that person’s actions while outside the United States;

(4) the term “nuclear explosive device” has the meaning given that term in section 6305(4) of this title; and

(5) the term “unsafeguarded special nuclear material” has the meaning given that term in section 6305(8) of this title.

**END TEXT**

## Anti-Terrorism and Effective Death Penalty Act of 1996

Targeted at no specific country, this Act (P.L. 104-132) contains a number of provisions that apply to countries on the terrorism list, including Iran. While some sections are largely symbolic, many set forth substantial penalties, including a number of “secondary sanctions” aimed at persons and countries that assist or arm Iran and other terrorism list countries. A key provision is that this law requires the United States to vote against any international loan to Iran by an international financial institution, such as the World Bank, although the United States vote alone does not necessarily determine whether such loans would be made. Votes in such institutions are generally weighted by the proportion of a country’s share in the institution.

Section 221 of the Act allows victims of terrorism to sue a country alleged to have provided material support for a terrorist act or to the group that conducted the Act. However, the Act provides no mechanism for collection of these judgments. Other laws and documents related to the issue of U.S. control over some Iranian assets is discussed in another section of this compendium.

Section 302 of the Act amends Chapter 2 of Title II of the the Immigration and Nationality Act (8 U.S.C. 1181 et seq.) to authorize the list of designated “foreign terrorist organizations,” (FTOs), and bans financial transactions with such organizations. Some of the designated FTOs are considered to be supported at least partly by Iran.

Section 321 of the Act provides for penalties against U.S. persons that engage in financial transactions with terrorism list states, except as provided for in regulations. (This clause applies to only those terrorism list countries for which trade is permissible.) As written, U.S. regulations that implement this section of law impose penalties only if the U.S. person knows that the transaction would further an act of terrorism.

Section 325 and 326 represent “secondary sanctions,” imposing sanctions on third countries -- not the terrorism list country itself -- that provide assistance or lethal military equipment to a terrorism list states. The penalty is generally denial of U.S. foreign assistance to the country that sells weapons to or assists the terrorism list state.

Penalties under both sections can be waived on national interest grounds. Providing goods to a terrorism list country at subsidized prices, for example, is considered a sanctionable activity for purposes of the Act.

Section 327 of the Act amends the International Financial Institutions Act (22 U.S.C. 262c) by requiring the administration to vote against loans to terrorism list countries by international financial institutions. The institutions named in the provision include the World Bank, the IMF, the International Development Association, the Inter-American Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, and the African Development Fund. No waiver is provided for. Successive administrations have implemented the requirement but the United States is not, in and of itself, a majority shareholder in these institutions and the U.S. votes against loans to Iran have generally been outvoted by other shareholders, and international loans therefore provided to Iran.

As noted in the section on the Arms Export Control Act, Section 330 of the Antiterrorism and Effective Death Penalty Act added a section to the Arms Export Control Act to prevent U.S. arms sales to countries determined to be “not cooperating with U.S. anti-terrorism efforts.” As shown in the determination below for 2009, those countries are: North Korea, Cuba, Iran, Syria, and Venezuela. In past years, the countries on this “not cooperating list” matched those countries on the terrorism list, although Taliban-era Afghanistan was on the list even though it was not a terrorism list state.

This law also contains a provision (Section 221) lifting the sovereign immunity of terrorism list countries to lawsuits by victims of terrorism that is caused or aided by that state. There is further discussion of this issue with regard to Iran in the subsequent section of this Compendium that addresses the issue of frozen Iranian assets.

**BEGIN TEXT****ANTITERRORISM AND EFFECTIVE DEATH PENALTY  
ACT OF 1996**

[[Page 110 STAT. 1214]]

Public Law 104-132

104th Congress

**An Act**

To deter terrorism, provide justice for victims, provide for an effective death penalty, and for other purposes. <<NOTE: Apr. 24, 1996 - [S. 735]>>

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, <<NOTE: Antiterrorism and Effective Death Penalty Act of 1996.>>

**SECTION 1. <<NOTE: 18 USC 1 note.>> SHORT TITLE.**

This Act may be cited as the "Antiterrorism and Effective Death Penalty Act of 1996".

**SEC. 2. TABLE OF CONTENTS.**

The table of contents of this Act is as follows:

**Sec. 1.** Short title.

**Sec. 2.** Table of contents.

**TITLE II--JUSTICE FOR VICTIMS**

Subtitle B--Jurisdiction for Lawsuits Against Terrorist States

**Sec. 221.** Jurisdiction for lawsuits against terrorist states.

**TITLE III--INTERNATIONAL TERRORISM PROHIBITIONS**

Subtitle A--Prohibition on International Terrorist Fundraising

**Sec. 302.** Designation of foreign terrorist organizations.

Subtitle B--Prohibition on Assistance to Terrorist States

**Sec. 321.** Financial transactions with terrorists.

**Sec. 325.** Prohibition on assistance to countries that aid terrorist states.

**Sec. 326.** Prohibition on assistance to countries that provide military equipment to terrorist states.

**Sec. 327.** Opposition to assistance by international financial institutions to terrorist states.

**Sec. 330.** Prohibition on assistance under Arms Export Control Act for countries not cooperating fully with United States antiterrorism efforts.

**END TEXT**

The following section removes the sovereign immunity of terrorism list states, opening them to terrorist victim lawsuits:

**BEGIN TEXT OF SECTIONS RELEVANT TO IRAN****SEC. 221. JURISDICTION FOR LAWSUITS AGAINST  
TERRORIST STATES.**

- (a) Exception to Foreign Sovereign Immunity for Certain Cases.-  
Section 1605 of title 28, United States Code, is amended--
- (1) in subsection (a)--
    - (A) by striking "or" at the end of paragraph (5);
    - (B) by striking the period at the end of paragraph (6) and inserting "; or"; and
    - (C) by adding at the end the following new paragraph:  
(7) not otherwise covered by paragraph (2), in which money damages are sought against a foreign state for personal injury or death that was caused by an act of torture, extrajudicial killing, aircraft sabotage, hostage taking, or the provision of material support or resources (as defined in section 2339A of title 18) for such an act if such act or provision of material support is engaged in by an official, employee, or agent of such foreign state while acting within the scope of his or her office, employment, or agency, except that the court shall decline to hear a claim under this paragraph--
      - (A) if the foreign state was not designated as a state sponsor of terrorism under section 6(j) of the Export Administration Act of 1979 (50 U.S.C. App. 2405(j)) or section 620A of the Foreign Assistance Act of 1961 (22 U.S.C. 2371) at the time the act occurred, unless later so designated as a result of such act; and
      - (B) even if the foreign state is or was so designated, if--
        - (i) the act occurred in the foreign state against which the claim has been brought and the claimant has not afforded the foreign state a reasonable opportunity to arbitrate the claim in accordance with accepted international rules of arbitration; or
        - (ii) the claimant or victim was not a national of the United States (as that term is defined in section 101(a)(22) of the Immigration and Nationality Act) when the act upon which the claim is based occurred."; and
  - (2) by adding at the end the following:
- (e) For purposes of paragraph (7) of subsection (a)--
- (1) the terms 'torture' and 'extrajudicial killing' have the meaning given those terms in section 3 of the Torture Victim Protection Act of 1991;
  - (2) the term 'hostage taking' has the meaning given that term in Article 1 of the International Convention Against the Taking of Hostages; and

- (3) the term 'aircraft sabotage' has the meaning given that term in Article 1 of the Convention for the Suppression of Unlawful Acts Against the Safety of Civil Aviation.
- (f) No action shall be maintained under subsection (a)(7) unless the action is commenced not later than 10 years after the date on which the cause of action arose. All principles of equitable tolling, including the period during which the foreign state was immune from suit, shall apply in calculating this limitation period.
- (g) Limitation on Discovery.--
  - (1) In general.--(A) Subject to paragraph (2), if an action is filed that would otherwise be barred by section 1604, but for subsection (a)(7), the court, upon request of the Attorney General, shall stay any request, demand, or order for discovery on the United States that the Attorney General certifies would significantly interfere with a criminal investigation or prosecution, or a national security operation, related to the incident that gave rise to the cause of action, until such time as the Attorney General advises the court that such request, demand, or order will no longer so interfere.
    - (B) A stay under this paragraph shall be in effect during the 12-month period beginning on the date on which the court issues the order to stay discovery. The court shall renew the order to stay discovery for additional 12-month periods upon motion by the United States if the Attorney General certifies that discovery would significantly interfere with a criminal investigation or prosecution, or a national security operation, related to the incident that gave rise to the cause of action.
  - (2) Sunset.--(A) Subject to subparagraph (B), no stay shall be granted or continued in effect under paragraph (1) after the date that is 10 years after the date on which the incident that gave rise to the cause of action occurred.
    - (B) After the period referred to in subparagraph (A), the court, upon request of the Attorney General, may stay any request, demand, or order for discovery on the United States that the court finds a substantial likelihood would--
      - (i) create a serious threat of death or serious bodily injury to any person;
      - (ii) adversely affect the ability of the United States to work in cooperation with foreign and international law enforcement agencies in investigating violations of United States law; or
      - (iii) obstruct the criminal case related to the incident that gave rise to the cause of action or undermine the potential for a conviction in such case.
- (3) Evaluation of evidence.--The court's evaluation of any

request for a stay under this subsection filed by the Attorney General shall be conducted ex parte and in camera.

- (4) Bar on motions to dismiss.--A stay of discovery under this subsection shall constitute a bar to the granting of a motion to dismiss under rules 12(b)(6) and 56 of the Federal Rules of Civil Procedure.
- (5) Construction.--Nothing in this subsection shall prevent the United States from seeking protective orders or asserting privileges ordinarily available to the United States. "
- (b) Exception to Immunity From Attachment.--
  - (1) Foreign state.--Section 1610(a) of title 28, United States Code, is amended--
    - (A) by striking the period at the end of paragraph (6) and inserting " , or"; and
    - (B) by adding at the end the following new paragraph:
      - (7) the judgment relates to a claim for which the foreign state is not immune under section 1605(a) (7), regardless of whether the property is or was involved with the act upon which the claim is based."
  - (2) Agency or instrumentality.--Section 1610(b)(2) of title 28, United States Code, is amended--
    - (A) by striking "or (5)" and inserting "(5), or (7)"; and
    - (B) by striking "used for the activity" and inserting "involved in the act".
- (c) <<NOTE: 28 USC 1605 note.>> Applicability.--The amendments made by this subtitle shall apply to any cause of action arising before, on, or after the date of the enactment of this Act.

**Subtitle C <<NOTE: Justice for Victims of Terrorism Act of 1996.>> --**

**END TEXT**

The following section establishes the process for determining the list of Foreign Terrorist Organizations, some of which, based on recent designations, receive material support from Iran. The list of FTO's related to Iran issues is included subsequently.

**BEGIN TEXT**

**SEC. 302. DESIGNATION OF FOREIGN TERRORIST ORGANIZATIONS.**

- (a) IN GENERAL.--Chapter 2 of title II of the Immigration and Nationality Act (8 U.S.C. 1181 et seq.) is amended by adding at the end the following:

**SEC. 219. DESIGNATION OF FOREIGN TERRORIST ORGANIZATIONS.**

- (a) DESIGNATION.--



- (1) IN GENERAL.--The Secretary is authorized to designate an organization as a foreign terrorist organization in accordance with this subsection if the Secretary finds that—
- (A) the organization is a foreign organization;
  - (B) the organization engages in terrorist activity (as defined in section 212(a)(3)(B)); and
  - (C) the terrorist activity of the organization threatens the security of United States nationals or the national security of the United States.
- (2) PROCEDURE.—
- (A) NOTICE.—Seven days before making a designation under this subsection, the Secretary shall, by classified communication—
    - (i) notify the Speaker and Minority Leader of the House of Representatives, the President pro tempore, Majority Leader, and Minority Leader of the Senate, and the members of the relevant committees, in writing, of the intent to designate a foreign organization under this subsection, together with the findings made under paragraph (1) with respect to that organization, and the factual basis therefor; and
    - “(ii) seven days after such notification, publish the designation in the Federal Register.
  - (B) EFFECT OF DESIGNATION.—
    - (i) For purposes of section 2339B of title 18, United States Code, a designation under this subsection shall take effect upon publication under subparagraph (A).
    - (ii) Any designation under this subsection shall cease to have effect upon an Act of Congress disapproving such designation.
  - (C) FREEZING OF ASSETS.—Upon notification under paragraph (2), the Secretary of the Treasury may require United States financial institutions possessing or controlling any assets of any foreign organization included in the notification to block all financial transactions involving those assets until further directive from either the Secretary of the Treasury, Act of Congress, or order of court.
- (3) RECORD.—
- (A) IN GENERAL.—In making a designation under this subsection, the Secretary shall create an administrative record.
  - (B) CLASSIFIED INFORMATION.—The Secretary may consider classified information in making a designation under this subsection. Classified information shall not be subject to disclosure for such time as it remains classified, except that such information may be disclosed to a court ex parte and in camera for purposes of judicial review under subsection (c).
- (4) PERIOD OF DESIGNATION.—
- (A) IN GENERAL.—Subject to paragraphs (5) and (6), a designation under this subsection shall be effective for all purposes for a period of 2 years beginning on the effective date of the designation under paragraph (2)(B).
  - (B) REDESIGNATION.—The Secretary may redesignate a foreign organization as a foreign terrorist organization for an additional 2-year period at the end of the 2-year period referred to in subparagraph (A) (but not sooner than 60 days prior to the termination of such period) upon a finding that the relevant circumstances described in paragraph (1) still exist. The procedural requirements of paragraphs (2) and (3) shall apply to a redesignation under this subparagraph.
- (5) REVOCATION BY ACT OF CONGRESS.—The Congress, by an Act of Congress, may block or revoke a designation made under paragraph (1).
- (6) REVOCATION BASED ON CHANGE IN CIRCUMSTANCES.—
- (A) IN GENERAL.—The Secretary may revoke a designation made under paragraph (1) if the Secretary finds that—
    - (i) the circumstances that were the basis for the designation have changed in such a manner as to warrant revocation of the designation; or
    - “(ii) the national security of the United States warrants a revocation of the designation.
  - (B) PROCEDURE.—The procedural requirements of paragraphs (2) through (4) shall apply to a revocation under this paragraph.
- (7) EFFECT OF REVOCATION.—The revocation of a designation under paragraph (5) or (6) shall not affect any action or proceeding based on conduct committed prior to the effective date of such revocation.
- (8) USE OF DESIGNATION IN TRIAL OR HEARING.—If a designation under this subsection has become effective under paragraph (1)(B), a defendant in a criminal action shall not be permitted to raise any question concerning the validity of the issuance of such designation as a defense or an objection at any trial or hearing.
- (b) JUDICIAL REVIEW OF DESIGNATION.—
- (1) IN GENERAL.—Not later than 30 days after publication of the designation in the Federal Register, an organization designated as a foreign terrorist organization may seek judicial review of the designation in the United States Court of Appeals for the District of Columbia Circuit.
  - (2) BASIS OF REVIEW.—Review under this subsection shall be based solely upon the administrative record, except that the Government may submit, for ex parte and in camera review, classified information used in making the designation.

- (3) SCOPE OF REVIEW.—The Court shall hold unlawful and set aside a designation the court finds to be-- (A) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law; (B) contrary to constitutional right, power, privilege, or immunity; or (C) in excess of statutory jurisdiction, authority, or limitation, or short of statutory right.
- (4) JUDICIAL REVIEW INVOKED.—The pendency of an action for judicial review of a designation shall not affect the application of this section, unless the court issues a final order setting aside the designation.
- (c) DEFINITIONS.--As used in this section—
  - (1) the term ‘classified information’ has the meaning given that term in section 1(a) of the Classified Information Procedures Act (18 U.S.C. App.);
  - (2) the term ‘national security’ means the national defense, foreign relations, or economic interests of the United States;
  - (3) the term ‘relevant committees’ means the Committees on the Judiciary, Intelligence, and Foreign Relations of the Senate and the Committees on the Judiciary, Intelligence, and International Relations of the House of Representatives; and “(4) the term ‘Secretary’ means the Secretary of State, in consultation with the Secretary of the Treasury and the Attorney General.”.
  - (b) CLERICAL AMENDMENT.—The table of contents for the Immigration and Nationality Act, relating to terrorism, is amended by inserting after the item relating to section 218 the following new item: “Sec. 219. Designation of foreign terrorist organizations.”.

**END TEXT**

The following section sets up penalties for U.S. persons who engage in financial transactions with countries on the terrorism list.

**BEGIN TEXT**

**SEC. 321. FINANCIAL TRANSACTIONS WITH TERRORISTS.**

- (a) In General.--Chapter 113B of title 18, United States Code, relating to terrorism, is amended by inserting after the section 2332c added by section 521 of this Act the following new section:

**Sec. 2332d. Financial transactions**

- (a) Offense.--Except as provided in regulations issued by the Secretary of the Treasury, in consultation with the Secretary of State, whoever, being a United States person, knowing or having reasonable cause to know that a country is designated under section 6(j) of the Export Administration Act (50 U.S.C.

App. 2405) as a country supporting international terrorism, engages in a financial transaction with the government of that country, shall be fined under this title, imprisoned for not more than 10 years, or both.

- (b) Definitions.--As used in this section--

- (1) the term ‘financial transaction’ has the same meaning as in section 1956(c)(4); and
- (2) the term ‘United States person’ means any--
  - (A) United States citizen or national;
  - (B) permanent resident alien;
  - (C) juridical person organized under the laws of the United States; or
  - (D) any person in the United States.”.

- (b) Clerical Amendment.--The table of sections at the beginning of chapter 113B of title 18, United States Code, relating to terrorism, is amended by inserting after the item added by section 521 of this Act the following new item:

**“2332d. Financial transactions.”**

- (c) <<NOTE: 18 USC 2332d note.>> Effective Date.--The amendments made by this section shall become effective 120 days after the date of enactment of this Act.

**END TEXT**

**Secondary Sanctions:** the following section imposes a ban on U.S. foreign aid to countries that provide assistance to terrorism list countries. Section 326, below, imposes a ban on U.S. foreign aid to countries that sell lethal military equipment to terrorism list states. Both bans are subject to presidential waiver on national interest grounds.

**BEGIN TEXT**

**SEC. 325. PROHIBITION ON ASSISTANCE TO COUNTRIES THAT AID TERRORIST STATES.**

The Foreign Assistance Act of 1961 (22 U.S.C. 151 et seq.) is amended by adding immediately after section 620F the following new section:

**SEC. 620G <<NOTE: President. 22 USC 2377.>> . PROHIBITION ON ASSISTANCE TO COUNTRIES THAT AID TERRORIST STATES.**

- (a) Withholding of Assistance.--The President shall withhold assistance under this Act to the government of any country that provides assistance to the government of any other country for which the Secretary of State has made a determination under section 620A.
- (b) Waiver.--Assistance prohibited by this section may be furnished to a foreign government described in subsection (a) if the President determines that furnishing such assistance is important to the national interests of the United States and, not



later than 15 days before obligating such assistance, furnishes a report to the appropriate committees of Congress including--

- (1) a statement of the determination;
- (2) a detailed explanation of the assistance to be provided;
- (3) the estimated dollar amount of the assistance; and
- (4) an explanation of how the assistance furthers United States national interests.”.

**SEC. 326. PROHIBITION ON ASSISTANCE TO COUNTRIES THAT PROVIDE MILITARY EQUIPMENT TO TERRORIST STATES.**

**The Foreign Assistance Act of 1961** (22 U.S.C. 151 et seq.) is amended by adding immediately after section 620G the following new section:

**SEC. 620H.** <<NOTE: President. 22 USC 2378.>> PROHIBITION ON ASSISTANCE TO COUNTRIES THAT PROVIDE MILITARY EQUIPMENT TO TERRORIST STATES.

(a) Prohibition.--

(1) In general.--The President shall withhold assistance under this Act to the government of any country that provides lethal military equipment to a country the government of which the Secretary of State has determined is a terrorist government for the purposes of section 6(j) of the Export Administration Act of 1979 (50 U.S.C. App. 2405(j)), or 620A of the Foreign Assistance Act of 1961 (22 U.S.C. 2371).

(2) Applicability.--The prohibition under this section with respect to a foreign government shall terminate 1 year after that government ceases to provide lethal military equipment. This section applies with respect to lethal military equipment provided under a contract entered into after the date of enactment of this Act.

(b) Waiver.--Notwithstanding any other provision of law, assistance may be furnished to a foreign government described in subsection (a) if the President determines that furnishing such assistance is important to the national interests of the United States and, not later than 15 days before obligating such assistance, furnishes a report to the appropriate committees of Congress including--

- (1) a statement of the determination;
- (2) a detailed explanation of the assistance to be provided;
- (3) the estimated dollar amount of the assistance; and
- (4) an explanation of how the assistance furthers United States national interests.”

**END TEXT**

This section requires the U.S. representative to international financial institutions to vote against lending to terrorism list countries.

**BEGIN TEXT**

**SEC. 327. OPPOSITION TO ASSISTANCE BY INTERNATIONAL FINANCIAL INSTITUTIONS TO TERRORIST STATES.**

**The International Financial Institutions Act** (22 U.S.C. 262c et seq.) is amended by inserting after section 1620 the following new section:

**SEC. 1621.** <<NOTE: 22 USC 262p-4q.>> OPPOSITION TO ASSISTANCE BY INTERNATIONAL FINANCIAL INSTITUTIONS TO TERRORIST STATES.

(a) In General.--The Secretary of the Treasury shall instruct the United States executive director of each international financial institution to use the voice and vote of the United States to oppose any loan or other use of the funds of the respective institution to or for a country for which the Secretary of State has made a determination under section 6(j) of the Export Administration Act of 1979 (50 U.S.C. App. 2405(j)) or section 620A of the Foreign Assistance Act of 1961 (22 U.S.C. 2371).

(b) Definition.--For purposes of this section, the term ‘international financial institution’ includes--

- (1) the International Bank for Reconstruction and Development, the International Development Association, and the International Monetary Fund;
- (2) wherever applicable, the Inter-American Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the African Development Bank, and the African Development Fund; and
- (3) any similar institution established after the date of enactment of this section.”.

**END TEXT**

The following section prohibits U.S. arms sales to countries deemed “not fully cooperating with U.S. anti-terrorism efforts.” That list of countries is discussed below.

**BEGIN TEXT**

**SEC. 330. PROHIBITION ON ASSISTANCE UNDER ARMS EXPORT CONTROL ACT FOR COUNTRIES NOT COOPERATING FULLY WITH UNITED STATES ANTITERRORISM EFFORTS.**

**Chapter 3 of the Arms Export Control Act** (22 U.S.C. 2771 et seq.) is amended by adding at the end the following:

**Sec. 40A.** <<NOTE: President. 22 USC 2781.>>

Transactions With Countries Not Fully Cooperating With United States Antiterrorism Efforts.--

- (a) Prohibited Transactions.--No defense article or defense service may be sold or licensed for export under this Act in a fiscal year to a foreign country that the President determines and certifies to Congress, by May 15 of the calendar year in which that fiscal year begins, is not cooperating fully with United States antiterrorism efforts.
- (b) Waiver.--The President may waive the prohibition set forth in subsection (a) with respect to a specific transaction if the President determines that the transaction is important to the national interests of the United States.”

**END TEXT**

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## List of Iran-Related Foreign Terrorist Organizations

As discussed above, the Anti-Terrorism and Effective Death Penalty Act establishes a list of designated FTOs. Several of the designated FTOs, which are listed on the State Department website are, according to the State Department, recipients of material support from Iran, although the groups receive differing degrees of Iranian support. These FTO's include: Abu Nidal Organization, Al Aqsa Martyr's Brigade; Hamas; Hizballah; Kata'ib Hizballah; Palestinian Islamic Jihad; and the PFLP-GC.

One organization that is designated as an FTO is the Mujahedin-e-Khalq Organization (MEK), widely also known as the People Mujahedin Organization of Iran (PMOI). The MEK is not supported by Iran, rather it is an anti-Iranian regime organization that has been active in Iran since the time of the Shah of Iran. It was part of Ayatollah Khomeini's revolutionary coalition but quickly fell out with Khomeini after the revolution and was driven into exile. In 1986, an armed wing of the organization moved into Iraq at the invitation of Iraqi President Saddam Hussein. Since the U.S.-led ouster of Saddam in 2003, about 3,500 members of the group have been confined to their Camp Ashraf base near the Iran border, and the pro-Iranian government of Iraq has repeatedly threatened to expel the group. It remains listed as an FTO by the State Dept. because the group supported the 1979 takeover of the U.S. Embassy in Tehran, because its members had killed some U.S. contractors working to advise the Shah in 1975, and because the group continues to cause civilian casualties in the course of attempted attacks on Iranian regime targets.

Another organization that operates against the Iranian regime is listed as an FTO. It is a Sunni group, Jundullah, that has been responsible for attacks on mosques and other locations in southeastern Iran. It was designated an FTO in November 2010.

The document below provides the State Department criteria for designating a group as an FTO.

## Foreign Terrorist Organizations

Office of the Coordinator for Counterterrorism

July 7, 2009

Foreign Terrorist Organizations (FTOs) are foreign organizations that are designated by the Secretary of State in accordance with section 219 of the Immigration and Nationality Act (INA), as amended. FTO designations play a critical role in our fight against terrorism and are an effective means of curtailing support for terrorist activities and pressuring groups to get out of the terrorism business.

### Identification

The Office of the Coordinator for Counterterrorism in the State Department (S/CT) continually monitors the activities of terrorist groups active around the world to identify potential targets for designation. When reviewing potential targets, S/CT looks not only at the actual terrorist attacks that a group has carried out, but also at whether the group has engaged in planning and preparations for possible future acts of terrorism or retains the capability and intent to carry out such acts.

### Designation

Once a target is identified, S/CT prepares a detailed "administrative record," which is a compilation of information, typically including both classified and open sources information, demonstrating that the statutory criteria for designation have been satisfied. If the Secretary of State, in consultation with the Attorney General and the Secretary of the Treasury, decides to make the designation, Congress is notified of the Secretary's intent to designate the organization and given seven days to review the designation, as the INA requires. Upon the

expiration of the seven-day waiting period and in the absence of Congressional action to block the designation, notice of the designation is published in the *Federal Register*, at which point the designation takes effect. By law an organization designated as an FTO may seek judicial review of the designation in the United States Court of Appeals for the District of Columbia Circuit not later than 30 days after the designation is published in the *Federal Register*.

Until recently the INA provided that FTOs must be redesignated every 2 years or the designation would lapse. Under the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA), however, the redesignation requirement was replaced by certain review and revocation procedures. IRTPA provides that an FTO may file a petition for revocation 2 years after its designation date (or in the case of redesignated FTOs, its most recent redesignation date) or 2 years after the determination date on its most recent petition for revocation. In order to provide a basis for revocation, the petitioning FTO must provide evidence that the circumstances forming the basis for the designation are sufficiently different as to warrant revocation. If no such review has been conducted during a 5 year period with respect to a designation, then the Secretary of State is required to review the designation to determine whether revocation would be appropriate. In addition, the Secretary of State may at any time revoke a designation upon a finding that the circumstances forming the basis for the designation have changed in such a manner as to warrant revocation, or that the national security of the United States warrants a revocation. The same procedural requirements apply to revocations made by the Secretary of State as apply to designations. A designation may be revoked by an Act of Congress, or set aside by a Court order.

### Legal Criteria for Designation under Section 219 of the INA as amended

1. It must be a *foreign organization*.
2. The organization must *engage in terrorist activity*, as defined in section 212 (a)(3)(B) of the INA (8 U.S.C. § 1182(a)(3)(B)),\* or *terrorism*, as defined in section 140(d)(2) of the Foreign Relations Authorization Act, Fiscal Years 1988 and 1989 (22 U.S.C. § 2656f(d)(2)),\*\* or *retain the*

*capability and intent to engage in terrorist activity or terrorism.*

3. The organization's terrorist activity or terrorism must threaten the security of U.S. nationals or the national security (national defense, foreign relations, or the economic interests) of the United States.

### Legal Ramifications of Designation

1. It is unlawful for a person in the United States or subject to the jurisdiction of the United States to knowingly provide "material support or resources" to a designated FTO. (The term "material support or resources" is defined in 18 U.S.C. § 2339A(b) (1) as " any property, tangible or intangible, or service, including currency or monetary instruments or financial securities, financial services, lodging, training, expert advice or assistance, safehouses, false documentation or identification, communications equipment, facilities, weapons, lethal substances, explosives, personnel (1 or more individuals who maybe or include oneself), and transportation, except medicine or religious materials." 18 U.S.C. § 2339A(b)(2) provides that for these purposes "the term 'training' means instruction or teaching designed to impart a specific skill, as opposed to general knowledge." 18 U.S.C. § 2339A(b)(3) further provides that for these purposes the term 'expert advice or assistance' means advice or assistance derived from scientific, technical or other specialized knowledge."
2. Representatives and members of a designated FTO, if they are aliens, are inadmissible to and, in certain circumstances, removable from the United States (see 8 U.S.C. §§ 1182 (a)(3)(B)(i)(IV)-(V), 1227 (a)(1)(A)).
3. Any U.S. financial institution that becomes aware that it has possession of or control over funds in which a designated FTO or its agent has an interest must retain possession of or control over the funds and report the funds to the Office of Foreign Assets Control of the U.S. Department of the Treasury.

### Other Effects of Designation

1. Supports our efforts to curb terrorism financing and to encourage other nations to do the same.
2. Stigmatizes and isolates designated terrorist organizations internationally.
3. Deters donations or contributions to and economic transactions with named organizations.
4. Heightens public awareness and knowledge of terrorist organizations.
5. Signals to other governments our concern about named organizations.

## Executive Order 13224 (September 23, 2001)

This Executive Order authorizes the President to designate entities as supporters of terrorism. The Order directs that the U.S.-based property of named entities is blocked. Designation under the order effectively prevents such entities from owning any U.S.-based property or doing business with U.S. persons or companies. In practice, however, the many entities designated under this Order have had few, if any assets based in the United States and therefore the practical effects have not been clear. Al Qaeda-related entities were designated the same day the Order was issued in an annex to the Order.

Since then, there have been numerous entities designated under the Order, several linked to Iran. Presented below is the designation statement by the Treasury Department explaining the designating the Revolutionary Guard's Qods Force, and of Iran's Bank Saderat, as terrorism-supporting entities under the Order. As noted above in the State Department reports on terrorism, the Qods Force is the primary entity in Iran that supports regional pro-Iranian militias and terrorist groups.

## Executive Order 13224 of September 23, 2001

### Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism

#### BEGIN TEXT

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By the authority vested in me as President by the Constitution and the laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.)(IEEPA), the National Emergencies Act (50 U.S.C. 1601 et seq.), section 5 of the United Nations Participation Act of 1945, as amended (22 U.S.C. 287c) (UNPA), and section 301 of title 3, United States Code, and in view of United Nations Security Council Resolution (UNSCR) 1214 of December 8, 1998, UNSCR 1267 of October 15, 1999, UNSCR 1333 of December 19, 2000, and the multilateral sanctions contained therein, and UNSCR 1363 of July 30, 2001, establishing a mechanism to monitor the implementation of UNSCR 1333,

I, GEORGE W. BUSH, President of the United States of America, find that grave acts of terrorism and threats of terrorism committed by foreign terrorists, including the terrorist attacks in New York, Pennsylvania, and the Pentagon committed on September 11, 2001, acts recognized and condemned in UNSCR 1368 of September 12, 2001, and UNSCR 1269 of October 19, 1999, and the continuing and immediate threat of further attacks on United States nationals or the United States constitute an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States, and in furtherance of my proclamation of September 14, 2001, Declaration of National Emergency by Reason of Certain Terrorist Attacks, hereby declare a national emergency to deal with that threat. I also find that because of the pervasiveness and expansiveness of the financial foundation of foreign terrorists, financial sanctions may be appropriate for those foreign persons that support or otherwise associate with these foreign terrorists. I also find that a need exists for further consultation and cooperation with, and sharing of information by, United States and foreign financial institutions as an additional tool to enable the United States to combat the financing of terrorism.

I hereby order:

**Section 1.** Except to the extent required by section 203(b) of IEEPA (50 U.S.C. 1702(b)), or provided in regulations, orders, directives, or licenses that may be issued pursuant to this order, and notwithstanding any contract entered into or any license or permit granted prior to the effective date of this order, all property and interests in property of the following persons that are in the United States or that hereafter come within the United States, or that hereafter come within the possession or control of United States persons are blocked:

- (a) foreign persons listed in the Annex to this order;
- (b) foreign persons determined by the Secretary of State, in consultation with the Secretary of the Treasury and the Attorney General, to have committed, or to pose a significant risk of committing, acts of terrorism that threaten the security of U.S. nationals or the national security, foreign policy, or economy of the United States;
- (c) persons determined by the Secretary of the Treasury, in consultation with the Secretary of State and the Attorney General, to be owned or controlled by, or to act for or on behalf of those persons listed in the Annex to this order or those persons determined to be subject to subsection 1(b), 1(c), or 1(d)(i) of this order;
- (d) except as provided in section 5 of this order and after such consultation, if any, with foreign authorities as the Secretary of State, in consultation with the Secretary of the Treasury and the Attorney General, deems appropriate in the exercise of his discretion, persons determined by the Secretary of the Treasury, in consultation with the Secretary of State and the Attorney General;
  - (i) to assist in, sponsor, or provide financial, material, or technological support for, or financial or other services to or in support of, such acts of terrorism or those persons listed in the Annex to this order or determined to be subject to this order; or
  - (ii) to be otherwise associated with those persons listed in the Annex to this order or those persons determined to be subject to subsection 1(b), 1(c), or 1(d)(i) of this order.

**Section 2.** Except to the extent required by section 203(b) of IEEPA (50 U.S.C. 1702(b)), or provided in regulations, orders, directives, or licenses that may be issued pursuant to this order, and notwithstanding any contract entered into or any license or permit granted prior to the effective date:

- (a) any transaction or dealing by United States persons or within the United States in property or interests in property blocked pursuant to this order is prohibited, including but not limited to the making or receiving of any contribution of funds, goods, or services to or for the benefit of those persons listed in the Annex to this order or determined to be subject to this order;
- (b) any transaction by any United States person or within the United States that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in this order is prohibited; and
- (c) any conspiracy formed to violate any of the prohibitions set forth in this order is prohibited.

**Section 3.** For purposes of this order:

- (a) the term “person” means an individual or entity;
- (b) the term “entity” means a partnership, association, corporation, or other organization, group, or subgroup;
- (c) the term “United States person” means any United States citizen, permanent resident alien, entity organized under the laws of the United States (including foreign branches), or any person in the United States; and
- (d) the term “terrorism” means an activity that --
  - (i) involves a violent act or an act dangerous to human life, property, or infrastructure; and
  - (ii) appears to be intended --
    - (A) to intimidate or coerce a civilian population;
    - (B) to influence the policy of a government by intimidation or coercion; or
    - (C) to affect the conduct of a government by mass destruction, assassination, kidnapping, or hostage-taking.

**Section 4.** I hereby determine that the making of donations of the type specified in section 203(b)(2) of IEEPA (50 U.S.C. 1702(b)(2)) by United States persons to persons



determined to be subject to this order would seriously impair my ability to deal with the national emergency declared in this order, and would endanger Armed Forces of the United States that are in a situation where imminent involvement in hostilities is clearly indicated by the circumstances, and hereby prohibit such donations as provided by section 1 of this order. Furthermore, I hereby determine that the Trade Sanctions Reform and Export Enhancement Act of 2000 (title IX, Public Law 106-387) shall not affect the imposition or the continuation of the imposition of any unilateral agricultural sanction or unilateral medical sanction on any person determined to be subject to this order because imminent involvement of the Armed Forces of the United States in hostilities is clearly indicated by the circumstances.

**Section 5.** With respect to those persons designated pursuant to subsection 1(d) of this order, the Secretary of the Treasury, in the exercise of his discretion and in consultation with the Secretary of State and the Attorney General, may take such other actions than the complete blocking of property or interests in property as the President is authorized to take under IEEPA and UNPA if the Secretary of the Treasury, in consultation with the Secretary of State and the Attorney General, deems such other actions to be consistent with the national interests of the United States, considering such factors as he deems appropriate.

**Section 6.** The Secretary of State, the Secretary of the Treasury, and other appropriate agencies shall make all relevant efforts to cooperate and coordinate with other countries, including through technical assistance, as well as bilateral and multilateral agreements and arrangements, to achieve the objectives of this order, including the prevention and suppression of acts of terrorism, the denial of financing and financial services to terrorists and terrorist organizations, and the sharing of intelligence about funding activities in support of terrorism.

**Section 7.** The Secretary of the Treasury, in consultation with the Secretary of State and the Attorney General, is hereby authorized to take such actions, including the promulgation of rules and regulations, and to employ all powers granted to the President by IEEPA and UNPA as may be necessary to carry out the purposes of this order. The Secretary of the Treasury may redelegate any of these

functions to other officers and agencies of the United States Government. All agencies of the United States Government are hereby directed to take all appropriate measures within their authority to carry out the provisions of this order.

**Section 8.** Nothing in this order is intended to affect the continued effectiveness of any rules, regulations, orders, licenses, or other forms of administrative action issued, taken, or continued in effect heretofore or hereafter under 31 C.F.R. chapter V, except as expressly terminated, modified, or suspended by or pursuant to this order.

**Section 9.** Nothing contained in this order is intended to create, nor does it create, any right, benefit, or privilege, substantive or procedural, enforceable at law by a party against the United States, its agencies, officers, employees or any other person.

**Section 10.** For those persons listed in the Annex to this order or determined to be subject to this order who might have a constitutional presence in the United States, I find that because of the ability to transfer funds or assets instantaneously, prior notice to such persons of measures to be taken pursuant to this order would render these measures ineffectual. I therefore determine that for these measures to be effective in addressing the national emergency declared in this order, there need be no prior notice of a listing or determination made pursuant to this order.

**Section 11.**

- (a) This order is effective at 12:01 a.m. eastern daylight time on September 24, 2001.
- (b) This order shall be transmitted to the Congress and published in the Federal Register.

GEORGE W. BUSH  
THE WHITE HOUSE,  
September 23, 2001.

**END TEXT**

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## Major Iranian Entities Designated Under 13224

As a significant example, the action below by the Treasury Department designates the Revolutionary Guard's Qods Force unit, and Bank Saderat, as terrorism supporting entities under Executive order 13224.

### BEGIN TEXT

[Federal Register: November 23, 2007 (Volume 72, Number 225)]

[Notices]

[Page 65837-65838]

From the Federal Register Online via GPO Access [wais.access.gpo.gov]

[DOCID:fr23no07-131]

### DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

Additional Designation of Two Entities Pursuant to Executive Order 13224

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Notice.

SUMMARY: The Treasury Department's Office of Foreign Assets Control ("OFAC") is publishing the name of two newly-designated entities whose property and interests in property are blocked pursuant to Executive Order 13224 of September 23, 2001, "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten To Commit, or Support Terrorism."

DATES: The designation by the Director of OFAC of the two entities identified in this notice, pursuant to Executive Order 13224, is effective on October 25, 2007.

FOR FURTHER INFORMATION CONTACT: Assistant Director, Compliance Outreach & Implementation, Office of Foreign Assets Control, Department of the Treasury, Washington, DC 20220, tel.: 202/622-2490.

SUPPLEMENTARY INFORMATION: Electronic and Facsimile Availability

This document and additional information concerning OFAC are available from OFAC's Web site (<http://www.treas.gov/ofac>) or via facsimile through a 24-hour fax-on-demand service, tel.: 202/622-0077.

Background

On September 23, 2001, the President issued Executive Order 13224 (the "Order") pursuant to the International Emergency Economic Powers Act, 50 U.S.C. 1701-1706, and the United Nations Participation Act of 1945, 22 U.S.C. 287c. In the Order, the President declared a national emergency to address grave acts of terrorism and threats of terrorism

committed by foreign terrorists, including the September 11, 2001, terrorist attacks in New York, Pennsylvania, and at the Pentagon. The Order imposes economic sanctions on persons who have committed, pose a significant risk of committing, or support acts of terrorism. The President identified in the Annex to the Order, as amended by Executive Order 13268 of July 2, 2002, 13 individuals and 16 entities as subject to the economic sanctions. The Order was further amended by Executive Order 13284 of January 23, 2003, to reflect the creation of the Department of Homeland Security.

Section 1 of the Order blocks, with certain exceptions, all property and interests in property that are in or hereafter come within the United States or the possession or control of United States persons, of: (1) Foreign persons listed in the Annex to the Order; (2) foreign persons determined by the Secretary of State, in consultation with the Secretary of the Treasury, the Secretary of the Department of Homeland Security and the Attorney General, to have committed, or to pose a significant risk of committing, acts of terrorism that threaten the security of U.S. nationals or the national security, foreign policy, or economy of the United States; (3) persons determined by the Director of OFAC, in consultation with the Departments of State, Homeland Security and Justice, to be owned or controlled by, or to act for or on behalf of those persons listed in the Annex to the Order or those persons determined to be subject to subsection 1(b), 1(c), or 1(d)(i) of the Order; and (4) except as provided in section 5 of the Order and after such consultation, if any, with foreign authorities as the Secretary of State, in consultation with the Secretary of the Treasury, the Secretary of the Department of Homeland Security and the Attorney General, deems appropriate in the exercise of his discretion, persons determined by the Director of OFAC, in consultation with the Departments of State, Homeland Security and Justice, to assist in, sponsor, or provide financial, material, or technological support for, or financial or other services to or in support of, such acts of terrorism or those persons listed in the Annex to the Order or determined to be subject to the Order or to be otherwise associated with those persons listed in the Annex to the Order or those persons determined to be subject to subsection 1(b), 1(c), or 1(d)(i) of the Order.

On October 25, 2007, the Director of OFAC, in consultation with the Departments of State, Homeland Security, Justice and other relevant agencies, designated, pursuant to one or more of the criteria set forth in subsections 1(b), 1(c) or 1(d) of the Order, two entities whose property and interests in property are blocked pursuant to Executive Order 13224.

The list of additional designees is as follows:

1. BANK SADERAT IRAN (a.k.a. BANK SADERAT PLC; a.k.a. IRAN EXPORT BANK), PO Box 1269, Muscat 112, Oman; PO Box 4182, Almaktoom Rd, Dubai City, United Arab Emirates; PO Box 316, Bank Saderat Bldg, Al Arooba St, Borj Ave, Sharjah, United Arab Emirates; 5 Lothbury, London, EC2R 7HD, United Kingdom; Alrose Building, 1st floor, Verdun--Rashid Karama St, Beirut, Lebanon; PO Box 15175/584, 6th Floor, Sadaf Bldg, 1137 Vali Asr Ave, 15119-43885, Tehran, Iran; Borj Albarajneh Branch--Alholom Bldg, Sahat Mreijeh, Kafaat St, Beirut, Lebanon; Sida Riad Elsoleh St, Martyrs Square, Saida, Lebanon; PO Box 2256, Doha, Qatar; No 181 Makhtoomgholi Ave, 2nd Floor, Ashgabat, Turkmenistan;



PO Box 700, Abu Dhabi, United Arab Emirates; PO Box 16, Liwara Street, Ajman, United Arab Emirates; PO Box 1140, Al-Am Road, Al-Ein Al Ain, Abu Dhabi, United Arab Emirates; PO Box 4182, Murshid Bazar Branch, Dubai City, United Arab Emirates; Sheikh Zayed Rd, Dubai City, United Arab Emirates; Khaled Bin Al Walid St, Dubai City, United Arab Emirates; PO Box 5126, Beirut, Lebanon; 16 rue de la Paix, 75002 Paris, France; PO Box 15745-631, Bank Saderat Tower, 43 Somayeh Avenue, Tehran, Iran; Postfach 160151, Friedenstr 4, Frankfurt am Main D-603111, Germany; Postfach 112227, Deichstrasse 11, 20459 Hamburg, Germany; PO Box 4308, 25-29 Venizelou St, GR 105 64 Athens, Attica, Greece; Aliktisad Bldg, 3rd floor, Ras El Ein Street, Baalbak, Baalbak, Lebanon; Alghobeiri Branch--Aljawhara Bldg, Ghobeiry Blvd, Beirut, Lebanon.

2. ISLAMIC REVOLUTIONARY GUARD CORPS (IRGC)-QODS FORCE (a.k.a. PASDARAN-E ENGHELAB-E ISLAMI (PASDARAN); a.k.a. SEPAH-E QODS (JERUSALEM FORCE)).

Dated: November 14, 2007.

Adam J. Szubin,

Director, Office of Foreign Assets Control.

[FR Doc. E7-22864 Filed 11-21-07; 8:45 am]

BILLING CODE 4811-45-P

**END TEXT**

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## Executive Order 13438 of July 17, 2007

This executive order blocks the property of persons designated as posing a threat to Iraq's stability. The entities named under this order have been members of Shiite militias in Iraq or Iranian operatives assisting those militias.

### Executive Order 13438 of July 17, 2007

*Blocking Property of Certain Persons Who Threaten Stabilization Efforts in Iraq*

**BEGIN TEXT**

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By the authority vested in me as President by the Constitution and the laws of the United States of America, including the International Emergency Economic Powers Act, as amended (50 U.S.C. 1701 et seq.)(IEEPA), the National Emergencies Act (50 U.S.C. 1601 et seq.)(NEA), and section 301 of title 3, United States Code,

I, GEORGE W. BUSH, President of the United States of America, find that, due to the unusual and extraordinary threat to the national security and foreign policy of the United States posed by acts of violence threatening the peace and stability of Iraq and undermining efforts to promote economic reconstruction and political reform in Iraq and to provide humanitarian assistance to the Iraqi people, it is in the interests of the United States to take additional steps with respect to the national emergency declared in Executive Order 13303 of May 22, 2003, and expanded in Executive Order 13315 of August 28, 2003, and relied upon for additional steps taken in Executive Order 13350 of July 29, 2004, and Executive Order 13364 of November 29, 2004. I hereby order:

#### Section 1.

- (a) Except to the extent provided in section 203(b)(1), (3), and (4) of IEEPA (50 U.S.C. 1702(b)(1), (3), and (4)), or in regulations, orders, directives, or licenses that may be issued pursuant to this order, and notwithstanding any contract entered into or any license or permit granted prior to the date of this order, all property and interests in property of the following persons, that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of United States persons, are blocked and may not be transferred, paid, exported, withdrawn, or otherwise dealt in: any person determined by the Secretary of the Treasury, in consultation with the Secretary of State and the Secretary of Defense,
- (i) to have committed, or to pose a significant risk of committing, an act or acts of violence that have the purpose or effect of:
- (A) threatening the peace or stability of Iraq or the Government of Iraq; or
- (B) undermining efforts to promote economic reconstruction and political reform in Iraq or to provide humanitarian assistance to the Iraqi people;
- (ii) to have materially assisted, sponsored, or provided financial, material, logistical, or

technical support for, or goods or services in support of, such an act or acts of violence or any person whose property and interests in property are blocked pursuant to this order; or

- (iii) to be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, any person whose property and interests in property are blocked pursuant to this order.
- (b) The prohibitions in subsection (a) of this section include, but are not limited to, (i) the making of any contribution or provision of funds, goods, or services by, to, or for the benefit of any person whose property and interests in property are blocked pursuant to this order, and (ii) the receipt of any contribution or provision of funds, goods, or services from any such person.

#### Section 2.

- (a) Any transaction by a United States person or within the United States that evades or avoids, has the purpose of evading or avoiding, or attempts to violate any of the prohibitions set forth in this order is prohibited.
- (b) Any conspiracy formed to violate any of the prohibitions set forth in this order is prohibited.

#### Section 3. For purposes of this order:

- (a) the term “person” means an individual or entity;
- (b) the term “entity” means a partnership, association, trust, joint venture, corporation, group, subgroup, or other organization; and
- (c) the term “United States person” means any United States citizen, permanent resident alien, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States.

**Section 4.** I hereby determine that the making of donations of the type specified in section 203(b)(2) of IEEPA (50 U.S.C. 1702(b)(2)) by, to, or for the benefit of, any person whose property and interests in property are blocked pursuant to this order would seriously impair my ability to deal with the national emergency declared in Executive Order 13303 and

expanded in Executive Order 13315, and I hereby prohibit such donations as provided by section 1 of this order.

**Section 5.** For those persons whose property and interests in property are blocked pursuant to this order who might have a constitutional presence in the United States, I find that, because of the ability to transfer funds or other assets instantaneously, prior notice to such persons of measures to be taken pursuant to this order would render these measures ineffectual. I therefore determine that for these measures to be effective in addressing the national emergency declared in Executive Order 13303 and expanded in Executive Order 13315, there need be no prior notice of a listing or determination made pursuant to section 1(a) of this order.

**Section 6.** The Secretary of the Treasury, in consultation with the Secretary of State and the Secretary of Defense, is hereby authorized to take such actions, including the promulgation of rules and regulations, and to employ all powers granted to the President by IEEPA as may be necessary to carry out the purposes of this order. The Secretary of the Treasury may redelegate any of these functions to other officers and agencies of the United States Government, consistent with applicable law. All agencies of the United States Government are hereby directed to take all appropriate measures within their authority to carry out the provisions of this order and, where appropriate, to advise the Secretary of the Treasury in a timely manner of the measures taken.

**Section 7.** Nothing in this order is intended to affect the continued effectiveness of any rules, regulations, orders, licenses, or other forms of administrative action issued, taken, or continued in effect heretofore or hereafter under 31 C.F.R. chapter V, except as expressly terminated, modified, or suspended by or pursuant to this order.

**Section 8.** This order is not intended to, and does not, create any right, benefit, or privilege, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, instrumentalities, or entities, its officers or employees, or any other person.

[signed:] George W. Bush  
THE WHITE HOUSE,  
July 17, 2007.

**END TEXT**

## Entities Designated Under Executive Order 13438 as Threatening Iraqi Stability

Several designations have been made by the Department of Treasury under the Order, citing the designees as posing threats to Iraqi stability. The designees to date have been a combination of Iranian Revolutionary Guard Qods Force officers, Shiite militia leaders, Sunni insurgents and supporters, and Syrian entities believed facilitation the Sunni insurgency in Iraq.

Below are the Iranian or Iranian-supported entities and persons designated under this Order:

January 9, 2008  
HP-759

### Treasury Designates Individuals, Entity Fueling Iraqi Insurgency

The U.S. Department of the Treasury today designated four individuals and one entity under Executive Order 13438 for threatening the peace and stability of Iraq and the Government of Iraq. The individuals and entity designated today commit, direct, support, or pose a significant risk of committing acts of violence against Iraqi citizens, Iraqi government officials, and Coalition Forces.

“Iran and Syria are fueling violence and destruction in Iraq. Iran trains, funds, and provides weapons to violent Shia extremist groups, while Syria provides safe-haven to Sunni insurgents and financiers,” said Stuart Levey, Under Secretary for Terrorism and Financial Intelligence. “Today’s action brings to light the lethal actions of these individuals, and we call on the international community to stand with us in isolating them from the global economy.”

By committing, directing, and supporting violent attacks in Iraq, these extremists threaten peace and stability and undermine efforts to promote economic reconstruction in Iraq.

Today’s action follows President Bush’s issuance of E.O. 13438 on July 17, 2007, which targets insurgent and militia groups and their support. Designations under E.O. 13438 are administered by Treasury’s Office of Foreign Assets Control and prohibit all transactions between the designees and any

U.S. person and freeze any assets the designees may have under U.S. jurisdiction.

### Identifying Information

#### AHMED FORUZANDEH

Title: Brigadier General, Commanding Officer of the Iranian Islamic Revolutionary Guard Corps-Qods Force (IRGC-QF) Ramazan Corps

Former Title: Deputy Commander of the Ramazan Headquarters and Chief of Staff of the Iraq Crisis Staff

POB: Kermanshah, Iran

DOB: Circa 1958-1963

Alt. DOB: 1957

Alt. DOB: Circa 1955

Education: Husayni Political University

Location: Qods Force Central Headquarters in the former U.S. Embassy Compound in Tehran, Iran

#### ABU MUSTAFA AL-SHEIBANI

DOB: Circa 1960

Alt. DOB: 1959

POB: Nasiriyah, Iraq

Citizenship: Iranian

All Citizenship: Iraqi

Location: Tehran, Iran

#### ISMA'IL HAFIZ AL LAMI (ABU DURA)

DOB: Circa 1957

POB: Baghdad, Iraq

Citizenship: Iraq

Location 1: Iran

Location 2: Sadr City, Baghdad, Iraq

September 16, 2008  
HP-1141

### Treasury Designates Individuals and Entities Fueling Violence in Iraq

**Washington, DC**--The U.S. Department of the Treasury today designated five individuals and two entities under Executive Order (E.O.) 13438 for threatening the peace and stability of Iraq and the Government of Iraq. Four of the individuals designated today commit, direct, support, or

pose a significant risk of committing acts of violence against Iraqi citizens, Iraqi government officials, and Coalition Forces.

“These individuals are targeting and planning attacks against innocent Iraqis, the Government of Iraq, Coalition Forces, and U.S. troops. Their lethal and destabilizing tactics, especially by Iran’s Qods Force, are intended to undermine Iraq as it strives for peace and prosperity,” said Stuart Levey, Under Secretary for Terrorism and Financial Intelligence.

One of the individuals designated today is a member of Iran’s Qods Force, the arm of the Islamic Revolutionary Guard Corps (IRGC) that is responsible for providing material support to Lebanese Hizballah, Hamas, Palestinian Islamic Jihad, and the Popular Front for the Liberation of Palestine – General Command. Further, the Qods Force provides lethal support in the form of weapons, training, funding, and guidance to select groups of Iraqi Shia militants who target and kill Coalition and Iraqi forces and Iraqi civilians. The IRGC–Qods Force was named a Specially Designated Global Terrorist by the Treasury Department on October 25, 2007.

The Syria-based individual and entities designated today act for and on behalf of, or are owned and controlled by, Syria-based Specially Designated National Mish’an Al-Jaburi, who was designated by Treasury under E.O. 13438 in January 2008 for providing financial, material, and technical support for acts of violence that threaten the peace and stability of Iraq.

Today’s action follows President Bush’s issuance of E.O. 13438 on July 17, 2007, which targets insurgent and militia groups in Iraq and their supporters. Designations under E.O. 13438 are administered by Treasury’s Office of Foreign Assets Control and prohibit all transactions between the designees and any U.S. person and freeze any assets the designees may have under U.S. jurisdiction. Treasury previously designated four individuals and one entity under E.O. 13438 in January 2008.

### Identifying Information

#### ABDUL REZA SHAHLAI

Year of Birth: Circa 1957

Location: Kermanshah, Iran

#### AKRAM ‘ABBAS AL-KABI

Nationality: Iraqi

Year of Birth: Circa 1976

Alt. Year of Birth: Circa 1973

Place of Birth: al ‘Amarah, Iraq

### Treasury Designates Individual, Entity Posting Threat to Stability in Iraq

**WASHINGTON** – The U.S. Department of the Treasury today targeted Iran-based individual Abu Mahdi al-Muhandis and Iraq-based Shia extremist group Kata’ib Hizballah for threatening the peace and stability of Iraq and the Government of Iraq. Al-Muhandis and Kata’ib Hizballah have committed, directed, supported, or posed a significant risk of committing acts of violence against Coalition and Iraqi Security Forces and as a result are designated today under Executive Order (E.O.) 13438, which targets insurgent and militia groups and their supporters.

“These designations play a critical role in our efforts to protect Coalition troops, Iraqi security forces, and civilians from those who use violence against innocents to intimidate and to undermine a free and prosperous Iraq,” said Stuart Levey, Under Secretary for Terrorism and Financial Intelligence.

Abu Mahdi al-Muhandis is an advisor to Qasem Soleimani, the commander of Iran’s Qods Force, the arm of the Islamic Revolutionary Guard Corps (IRGC) responsible for providing material support to Lebanon-based Hizballah, Hamas, Palestinian Islamic Jihad, and the Popular Front for the Liberation of Palestine – General Command. Further, the IRGC-Qods Force provides lethal support to Kata’ib Hizballah and other Iraqi Shia militia groups who target and kill Coalition and Iraqi Security Forces. The IRGC-Qods Force was named a Specially Designated Global Terrorist by the Treasury Department on October 25, 2007.

The U.S. Department of State also today designated Kata’ib Hizballah as a Foreign Terrorist Organization under Section 219 of the Immigration and Nationality Act and under section 1(b) of E.O. 13224 for committing or posing a significant risk of committing acts of terrorism.

Designations under E.O. 13438 and E.O. 13224 are administered by Treasury's Office of Foreign Assets Control and prohibit all transactions between the designees and any U.S. person and freeze any assets the designees may have under U.S. jurisdiction.



## Section 4. International Sanctions

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Since 2006, Iran has been under international sanctions for failing to comply with U.N. Security Council resolutions that require it, primarily but not exclusively, to suspend its enrichment of uranium. The question of whether to impose further such sanctions has been under debate between the United States and its international partners since 2008.

The process of imposing Security Council sanctions came after a 2006 “referral” of the issue to the Council by the International Atomic Energy Agency (IAEA), which is the U.N.-backed agency that is charged with monitoring Iran’s adherence to its Safeguards Agreement as a party to the Nuclear Non-Proliferation Treaty. The IAEA reports on its monitoring and inspections missions in Iran are closely watched by experts on the issue, since the IAEA is the only outside body that has actual access to Iran’s nuclear facilities. These IAEA reports are regular and numerous, and one major such report is provided below as illustrative and significant of its own accord.

### Excerpts of 2003 IAEA Report Outlining Iran’s Nuclear Program

The IAEA Board of Governors report below was one of the early such reports that followed Iran’s confirmation that it had developed nuclear related sites not previously declared, and after the IAEA therefore intensified its investigations of Iran’s nuclear program. This report is significant in that it describes the outlines of Iran’s program up to that time, and states that some of Iran’s

activities violated its Safeguards Agreement with the IAEA (Paragraph 47).

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#### BEGIN TEXT

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International Atomic Energy Agency

Derestricted 26 November 2003

(This document has been derestricted at the meeting of the Board on 26 November 2003)

Board of Governors

GOV/2003/75

Date: 10 November 2003

Original: English

For official use only

Item 3 (b) of the provisional agenda  
(GOV/2003/71)

Implementation of the NPT Safeguards

Agreement in the Islamic Republic of Iran  
Report by the Director General

1. This report on safeguards issues in the Islamic Republic of Iran (hereinafter referred to as Iran) responds to paragraph 7 of the Board of Governors’ resolution GOV/2003/69 of 12 September 2003. It covers relevant developments from the time of the Director General’s visit to Iran on 20-21 February 2003 and Iran’s acknowledgement of its centrifuge enrichment programme, but concentrates on the period since his last report (GOV/2003/63 of 23 August 2003). This report begins with the background to the issues in question (Section A) and a chronology of recent events (Section B). Information on the Agency’s verification activities is summarized in Section C, organized according to the various technical processes involved (the details of which are set out in Annex 1). Section D provides a summary of the Agency’s findings, while Section E sets out its current assessment and next steps.



Annexes 2 and 3 to this report contain, respectively, a list of the locations identified to date as relevant to the implementation of safeguards in Iran, and a map showing those locations. Annex 4 is a list of relevant abbreviations and terms used in the text of the report.

### C. Verification Activities

#### C.1. Uranium Conversion

20. The Agency received preliminary design information on the Uranium Conversion Facility (UCF) under construction at ENTC in July 2000, and has been carrying out continuous design information verification (DIV) since then. In that design information, the facility was described as being intended for the conversion of uranium ore concentrate into UF<sub>6</sub>, for enrichment outside Iran, and for the subsequent conversion (at UCF) of the enriched UF<sub>6</sub> into low enriched UO<sub>2</sub>, enriched uranium metal and depleted uranium metal. Following its declaration of the enrichment facilities at Natanz in February 2003, Iran acknowledged that it intended to carry out the enrichment activities domestically using UF<sub>6</sub> to be produced by UCF.
21. At the time of the Director General's last report to the Board of Governors (GOV/2003/63), questions remained about the completeness of Iran's declarations concerning the chronology and details of its uranium conversion activities, in particular in light of its previous assertion that it had designed UCF without having used nuclear material to test the most difficult conversion processes.
22. While Iran acknowledged in February 2003 having used some of the natural uranium imported in 1991 for testing certain parts of the conversion process (i.e. uranium dissolution, purification using pulse columns and the production of uranium metal), it denied having tested other processes (e.g. conversion of UO<sub>2</sub> to UF<sub>4</sub> and conversion of UF<sub>4</sub> to UF<sub>6</sub>), stating that they had been developed based on the supplier's drawings. In a letter dated 19 August 2003, Iran further acknowledged that it had carried out UF<sub>4</sub> conversion experiments on a laboratory scale during the 1990s at the Radiochemistry Laboratories of TNRC using imported depleted UO<sub>2</sub> which had previously been declared as having been lost during processing (process loss). This activity was acknowledged by Iran only after the Agency's July 2003 waste analysis results indicated the presence of depleted UF<sub>4</sub>.
23. On 9 October 2003, Iran further acknowledged that, contrary to its previous statements, practically all of the materials important to uranium conversion had been produced in laboratory and bench scale experiments (in kilogram quantities) between 1981 and 1993 without having been reported to the Agency. These activities were carried out at TNRC and ENTC.
24. The information provided in Iran's letter of 21 October 2003 reveals that, in conducting these experiments, Iran had used nuclear material imported by Iran in 1977 and 1982, some of which had been exempted from safeguards, as well as safeguarded nuclear material which had been declared to the Agency as a process loss.

Iran also declared that, using nuclear material imported in 1991 and reported to the Agency in February 2003, experiments had been carried out on the conversion of some of the UF<sub>4</sub> to UF<sub>6</sub>, and on the conversion of UO<sub>2</sub> to UF<sub>4</sub>. On 1 November 2003, Iran agreed to submit all relevant inventory change reports (ICRs) and design information to cover these activities.

25. In addition to the issues associated with the testing of UCF processes, the Agency had previously raised with Iran questions related to the purpose and use of nuclear material to be produced at UCF, such as uranium metal. In its letter of 21 October 2003, Iran acknowledged that the uranium metal had been intended not only for the production of shielding material, as previously stated, but also for use in the laser enrichment programme (as discussed below).

#### C.2. Reprocessing Experiments

26. In its letter of 21 October 2003, Iran acknowledged the irradiation of depleted UO<sub>2</sub> targets at TRR and subsequent plutonium separation experiments in a hot cell in the Nuclear Safety Building of TNRC. Neither the activities nor the separated plutonium had been reported previously to the Agency.
27. In the meetings held 27 October–1 November 2003, Iran provided additional information about these experiments. According to Iranian officials, the experiments took place between 1988 and 1992, and involved pressed or sintered UO<sub>2</sub> pellets prepared at ENTC using depleted uranium that had been exempted from safeguards in 1978. The capsules containing the pellets had been irradiated in TRR in connection with a project to produce fission product isotopes of molybdenum, iodine and xenon. The plutonium separation was carried out at TNRC in three shielded glove boxes, which, according to Iran, were dismantled in 1992 and later stored in a warehouse at ENTC along with related equipment. Iran stated that these experiments had been carried out to learn about the nuclear fuel cycle, and to gain experience in reprocessing chemistry.
28. According to Iran, a total of about 7 kg of UO<sub>2</sub> was irradiated, 3 kg of which was processed to separate plutonium. The small amount of separated plutonium was stored in a laboratory of Jabr Ibn Hayan Multipurpose Laboratories (JHL), while the remaining 4 kg of unprocessed irradiated UO<sub>2</sub> targets was placed in containers and stored at the TNRC site, and the wastes disposed of at the Qom salt marsh.
29. On 1 November 2003, Iran agreed to submit all nuclear material accountancy reports, and design information for ENTC and JHL, covering these activities. On that date, Iran also presented the separated plutonium and the irradiated unprocessed targets to Agency inspectors at JHL. Verification of the material, as well as of possible nuclear material hold-up in the dismantled glove boxes, is foreseen to take place during the 8–15 November 2003 inspection.

#### C.3. Uranium Enrichment

##### C.3.1. Gas Centrifuge Enrichment



30. In February 2003, Iran acknowledged the existence of two centrifuge enrichment plants under construction at Natanz: PFEP and a large commercial-scale Fuel Enrichment Plant (FEP). In February 2003, Iran also acknowledged that the workshop of the Kalaye Electric Company in Tehran had been used for the production of centrifuge components, but stated that there had been no testing of these components involving the use of nuclear material, either at the Kalaye Electric Company or at any other location in Iran. According to Iran, its enrichment programme was indigenous and based on information from open sources.
31. During the visit of 2–3 October 2003, the Agency was shown, for the first time, the centrifuge drawings previously requested by it (see GOV/2003/63, para. 28).
32. In its letter of 21 October 2003, Iran acknowledged that “a limited number of tests, using small amounts of UF<sub>6</sub>, [had been] conducted in 1999 and 2002” at the Kalaye Electric Company. In a meeting with enrichment technology experts held during the 27 October–1 November 2003 visit, Iranian authorities explained that the experiments that had been carried out at the Kalaye Electric Company had involved the 1.9 kg of imported UF<sub>6</sub>, the absence of which the State authorities had earlier attempted to conceal by attributing the loss to evaporation due to leaking valves on the cylinders containing the gas (see GOV/2003/63, para. 18).
33. During that visit, the Agency was able to meet with the individual who had been in charge of the centrifuge research and development work during the period 1992–2001 with a view to clarifying issues associated with these activities. Iran has agreed to provide the relevant ICRs and design information, and to present the nuclear material for Agency verification during the inspection scheduled for 8–15 November 2003.
34. As mentioned above, environmental samples taken by the Agency at PFEP and at the Kalaye Electric Company revealed particles of HEU and LEU indicating the possible presence in Iran of nuclear material that had not been declared to the Agency. The Iranian authorities attributed the presence of these particles to contamination originating from centrifuge components which had been imported by Iran. In connection with its efforts to verify that information, the Agency requested, and Iran provided in October 2003, a list of imported and domestically produced centrifuge components, material and equipment, and an indication of the batches of items that Iran claims to have been the source of the contamination. The Agency carried out another sample-taking campaign in October 2003, at which time all major imported and domestically produced components, as well as various pieces of manufacturing equipment, were sampled.
35. In a meeting on 1 November 2003, the Iranian authorities stated that all nuclear material in Iran had been declared to the Agency, that Iran had not enriched uranium beyond 1.2% U-235 using centrifuges and that, therefore, the contamination could not have arisen as a result of indigenous activities. The Agency has now obtained information about the origin of the centrifuge components and equipment which Iran claims to be the source of HEU contamination. The Agency will continue its investigation of the source of HEU and LEU contamination, including through follow up with other relevant parties.
- #### C.3.2. Laser Enrichment
36. As reflected in GOV/2003/63 (para. 41), Iran permitted the Agency to visit in August 2003 a laboratory located at Lashkar Ab'ad, which was described by Iran as originally having been devoted to laser fusion research and laser spectroscopy, but whose focus had been changed to research and development and the manufacture of copper vapour lasers (CVLs). In its 19 August 2003 letter to the Agency, Iran stated that it had had a substantial research and development programme on lasers, but that it currently had no programme for laser isotope separation.
37. During discussions which took place in Iran from 2 to 3 October 2003, in response to Agency questioning, the Iranian authorities acknowledged that Iran had imported and installed at TNRC laser related equipment from two countries: in 1992, a laser spectroscopy laboratory intended for the study of laser induced fusion, optogalvanic phenomena and photoionization spectroscopy; and in 2000, a large vacuum vessel, now stored at Karaj, for use in the spectroscopic studies referred to in the previous paragraph.
38. On 6 October 2003, Agency inspectors were permitted to take at Lashkar Ab'ad the environmental samples requested by the Agency in August 2003. The inspectors also visited a warehouse in the Karaj Agricultural and Medical Centre of the AEOI, where a large imported vacuum vessel and associated hardware were stored. The Iranian authorities stated that the equipment had been imported in 2000, that it had never been used, and that it had now been packed for shipment back to the manufacturer, since the contract related to its supply had been terminated by the foreign partner in 2000. The inspectors were informed that later during their visit to Tehran the equipment related to the laboratory imported in 1992 would be made available for examination and environmental sampling and the individuals involved in the projects would be available for interviews. However, these interviews and the presentation of the equipment were deferred by Iran.
39. In its letter dated 21 October 2003, Iran acknowledged that, starting in the 1970s, it had had contracts related to laser enrichment with foreign sources from four countries. These contracts are discussed in detail in Annex 1 to this report.
40. During the inspectors' follow-up visit to Iran between 27 October and 1 November 2003, Iran provided more information on Lashkar Ab'ad and acknowledged that a pilot plant for laser enrichment had been established there in 2000. The project for the establishment of the plant consisted of several contracts covering not only the supply of information, as indicated in Iran's letter of 21 October 2003 to the Agency, but also the delivery of additional equipment. Iran also stated that uranium laser enrichment experiments had been conducted between October 2002 and January 2003 using previously undeclared natural uranium metal imported from one

of the other suppliers. According to Iranian authorities, all of the equipment was dismantled in May 2003 and transferred to Karaj for storage together with the uranium metal. The equipment and material were presented to Agency inspectors at Karaj on 28 October 2003.

41. In the meeting of 1 November 2003, Iran agreed to submit all of the relevant ICRs and design information, and to present the nuclear material for Agency verification during the inspection scheduled for 8–15 November 2003.

#### C.4. Heavy Water Reactor Programme

42. On 12 July 2003, the Iranian authorities made a presentation on the technical features, said to have been based on indigenous design, of the Iran Nuclear Research Reactor (IR-40) to be constructed at Arak. The purpose of the reactor was declared to be research and development and the production of radioisotopes for medical and industrial use. Iran explained that it had tried to acquire a reactor from abroad to replace the old research reactor in Tehran (TRR), but that those attempts had failed, and that Iran had concluded, therefore, that the only alternative was a heavy water reactor which could use domestically produced UO<sub>2</sub> and zirconium. In order to have a sufficient neutron flux, a reactor with power on the order of 30–40 MW(th) was said to be required.
43. During their visit in July 2003, Agency inspectors were provided with drawings of the IR-40. Contrary to what would have been expected given the declared radioisotope production purpose of the facility, the drawings contained no references to hot cells. The Agency raised this issue during that visit, particularly in light of open source reports of recent efforts by Iran to acquire from abroad heavy manipulators and leaded windows designed for hot cell applications. The Agency indicated to the Iranian authorities that, given the specifications of the manipulators and windows which were the subject of those reports, a design for hot cells should have existed already and that therefore the hot cell, or cells, should already have been declared, at least on a preliminary basis, as part of the facility or as a separate installation.
44. In its letter of 21 October 2003, Iran acknowledged that two hot cells had been foreseen for this project. However, according to the information provided in that letter, neither the design nor detailed information about the dimensions or the actual layout of the hot cells was available yet, since they did not know the characteristics of the manipulators and shielded windows which they could procure. On 1 November 2003, Iran confirmed that it had tentative plans to construct at the Arak site yet another building with hot cells for the production of radioisotopes. Iran has agreed to submit the relevant preliminary design information with respect to that building in due course.

#### D. Findings

45. Iran's nuclear programme, as the Agency currently understands it, consists of a practically complete front end of a nuclear fuel cycle, including uranium mining and milling, conversion, enrichment, fuel fabrication, heavy water production, a light water reactor, a heavy

water research reactor and associated research and development facilities.

46. Iran has now acknowledged that it has been developing, for 18 years, a uranium centrifuge enrichment programme, and, for 12 years, a laser enrichment programme. In that context, Iran has admitted that it produced small amounts of LEU using both centrifuge and laser enrichment processes, and that it had failed to report a large number of conversion, fabrication and irradiation activities involving nuclear material, including the separation of a small amount of plutonium.
47. Based on all information currently available to the Agency, it is clear that Iran has failed in a number of instances over an extended period of time to meet its obligations under its Safeguards Agreement with respect to the reporting of nuclear material and its processing and use, as well as the declaration of facilities where such material has been processed and stored. In his June and August 2003 reports to the Board of Governors (GOV/2003/40 and GOV/2003/63), the Director General identified a number of instances of such failures and the corrective actions that were being, or needed to be, taken with respect thereto by Iran.
48. Since the issuance of the Director General's last report, a number of additional failures have been identified. These failures can be summarized as follows:
  - (a) Failure to report:
    - (i) the use of imported natural UF<sub>6</sub> for the testing of centrifuges at the Kalaye Electric Company in 1999 and 2002, and the consequent production of enriched and depleted uranium;
    - (ii) the import of natural uranium metal in 1994 and its subsequent transfer for use in laser enrichment experiments, including the production of enriched uranium, the loss of nuclear material during these operations, and the production and transfer of resulting waste;
    - (iii) the production of UO<sub>2</sub>, UO<sub>3</sub>, UF<sub>4</sub>, UF<sub>6</sub> and AUC from imported depleted UO<sub>2</sub>, depleted U<sub>3</sub>O<sub>8</sub> and natural U<sub>3</sub>O<sub>8</sub>, and the production and transfer of resulting wastes;
    - (iv) the production of UO<sub>2</sub> targets at ENTC and their irradiation in TRR, the subsequent processing of those targets, including the separation of plutonium, the production and transfer of resulting waste, and the storage of unprocessed irradiated targets at TNRC;
  - (b) Failure to provide design information for:
    - (i) the centrifuge testing facility at the Kalaye Electric Company;
    - (ii) the laser laboratories at TNRC and Lashkar Ab'ad, and locations where resulting wastes were processed and stored, including the waste storage facility at Karaj;

- (iii) the facilities at ENTC and TNRC involved in the production of UO<sub>2</sub>, UO<sub>3</sub>, UF<sub>4</sub>, UF<sub>6</sub> and AUC;
  - (iv) TRR, with respect to the irradiation of uranium targets, and the hot cell facility where the plutonium separation took place, as well as the waste handling facility at TNRC; and
- (c) Failure on many occasions to co-operate to facilitate the implementation of safeguards, through concealment.
49. As corrective actions, Iran has undertaken to submit ICRs relevant to all of these activities, to provide design information with respect to the facilities where those activities took place, to present all nuclear material for Agency verification during its forthcoming inspections and to implement a policy of co-operation and full transparency.
- E. Assessment and Next Steps
50. The recent disclosures by Iran about its nuclear programme clearly show that, in the past, Iran had concealed many aspects of its nuclear activities, with resultant breaches of its obligation to comply with the provisions of the Safeguards Agreement. Iran's policy of concealment continued until last month, with co-operation being limited and reactive, and information being slow in coming, changing and contradictory. While most of the breaches identified to date have involved limited quantities of nuclear material, they have dealt with the most sensitive aspects of the nuclear fuel cycle, including enrichment and reprocessing. And although the materials would require further processing before being suitable for weapons purposes, the number of failures by Iran to report in a timely manner the material, facilities and activities in question as it is obliged to do pursuant to its Safeguards Agreement has given rise to serious concerns.
51. Following the Board's adoption of resolution GOV/2003/69, the Government of Iran informed the Director General that it had now adopted a policy of full disclosure and had decided to provide the Agency with a full picture of all of its nuclear activities. Since that time, Iran has shown active cooperation and openness. This is evidenced, in particular, by Iran's granting to the Agency unrestricted access to all locations the Agency requested to visit; by the provision of information and clarifications in relation to the origin of imported equipment and components; and by making individuals available for interviews. This is a welcome development.
52. The Agency will now undertake all the steps necessary to confirm that the information provided by Iran on its past and present nuclear activities is correct and complete. To date, there is no evidence that the previously undeclared nuclear material and activities referred to above were related to a nuclear weapons programme. However, given Iran's past pattern of concealment, it will take some time before the Agency is able to conclude that Iran's nuclear programme is exclusively for peaceful purposes. To that end, the Agency must have a particularly robust verification system in place. An Additional Protocol, coupled with a policy of full transparency and openness on the part of Iran, is indispensable for such a system.
53. In that context, Iran has been requested to continue its policy of active co-operation by answering all of the Agency's questions, and by providing the Agency with access to all locations, information and individuals deemed necessary by the Agency. One issue requiring investigation as a matter of urgency is the source of HEU and LEU contamination. The Agency intends to pursue the matter with a number of countries, whose full co-operation is essential to the resolution of this issue.
54. The recent announcement of Iran's intention to conclude an Additional Protocol, and to act in accordance with the provisions of the Protocol pending its entry into force, is a positive development. The draft Additional Protocol is now being submitted to the Board for its consideration.
55. Iran's decision to suspend its uranium enrichment related and reprocessing activities is also welcome.<sup>3</sup> The Agency intends to verify, in the context of the Safeguards Agreement and the Additional Protocol, the implementation by Iran of this decision.
56. The Director General will inform the Board of additional developments for its further consideration at the March 2004 meeting of the Board, or earlier, as appropriate. It should be noted that Iran introduced UF<sub>6</sub> into the first centrifuge at PFEP on 25 June 2003, and, on 19 August 2003, began testing a small ten-machine cascade. On 31 October 2003, Agency inspectors observed that no UF<sub>6</sub> gas was being fed into the centrifuges, although construction and installation work at the site was continuing.

**END TEXT**

## 2004 "Paris Agreement"

This is a document that presents an agreement, later abrogated by Iran, committing Iran to suspend uranium enrichment. The agreement was reached between Iran and the so-called "EU-3" working group on Iran's nuclear program, consisting of Britain, France, and Germany. This accord represented a more specific and carefully negotiated agreement than the October 2003 agreement that it superseded and which Iran violated. That accord was also negotiated by the EU-3. After the United States, in May 2005, extended its full backing for these negotiations with Iran on a possible nuclear settlement, the EU-3 group was replaced in 2006 by an expanded multilateral working group called the "P5+1" (Permanent Members of the Security Council plus Germany). The United States did not actually join the P5+1 talks with Iran until July 2008, although the United States was, from inception, a full

participant in intra-P5+1 negotiations on what sanctions and incentives to threaten/offer to Iran.

The agreement below was instituted during the administration of President Mohammad Khatami, and the abrogation was carried out shortly after the August 2005 inauguration of hardline President Mahmoud Ahmadinejad.

## Iran-EU Agreement on Nuclear Programme

**14 November 2004**

*(As reported 14 November 2004 by Mehr News Agency)*

### BEGIN TEXT

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**T**he Government of the Islamic Republic of Iran and the Governments of France, Germany and the United Kingdom, with the support of the High Representative of the European Union (E3/EU), reaffirm the commitments in the Tehran Agreed Statement of 21 October 2003 and have decided to move forward, building on that agreement.

The E3/EU and Iran reaffirm their commitment to the NPT.

The E3/EU recognize Iran's rights under the NPT exercised in conformity with its obligations under the Treaty, without discrimination.

Iran reaffirms that, in accordance with Article II of the NPT, it does not and will not seek to acquire nuclear weapons. It commits itself to full cooperation and transparency with the IAEA. Iran will continue to implement the Additional Protocol voluntarily pending ratification.

To build further confidence, Iran has decided, on a voluntary basis, to continue and extend its suspension to include all enrichment related and reprocessing activities, and specifically: the manufacture and import of gas centrifuges and their components; the assembly, installation, testing or operation of gas centrifuges; work to undertake any plutonium separation, or to construct or operate any plutonium separation installation; and all tests or production at any uranium conversion installation. The IAEA will be notified of this suspension and invited to verify and monitor it. The suspension will be implemented in time for the IAEA to confirm before the November Board that it

has been put into effect. The suspension will be sustained while negotiations proceed on a mutually acceptable agreement on long-term arrangements.

The E3/EU recognize that this suspension is a voluntary confidence building measure and not a legal obligation.

Iran and the European Union reaffirm the commitments of they signed on October 21, 2003 and decided to move forward building on that agreement. High Representative of the European Union led by France, Britain and Germany recognize Iran's rights under the Non-Proliferation Treaty (NPT) exercised in conformity with its obligations under the treaty without discrimination, part of the agreement signed in Tehran said.

Iran reaffirms that in accordance with Article II of the NPT, it does not and will not seek to acquire nuclear weapons. It commits itself to full cooperation and transparency with the International Atomic Energy Agency (IAEA), Iran will continue to implement the Additional Protocol voluntarily pending ratification.

"To build further confidence, Iran has decided, on a voluntary basis, to continue and extend its suspension to include all enrichment related and reprocessing activities, and specifically:

- the manufacture and import of gas centrifuges and their components;
- the assembly, installation, testing or operation of gas centrifuges; and
- work to undertake any plutonium, separation, or to construct or operate any plutonium separation installation, and all tests or production at any uranium conversion installations.

The IAEA will be notified of this suspension and invited to verify and monitor it. The suspension will be implemented in time for the IAEA to confirm before the November Board that it has been put into effect. The suspension will be sustained while negotiations proceed on a mutually acceptable agreement on long-term arrangements," it said. "The E3/EU recognize that this suspension is a voluntary confidence building measure and not a legal obligation."

Sustaining the suspension, while negotiations on a long-term agreement are underway, will be essential for the continuation of the overall process. In the context of this suspension, the E3/EU and Iran have agreed to begin negotiations, with a view to reaching a mutually acceptable agreement on long-term arrangements. The agreement will provide objective guarantees that Iran's nuclear program is exclusively for peaceful purposes. It will equally provide firm guarantees on nuclear, technological and economic cooperation and firm commitments on security issues.

A steering committee will meet to launch these negotiations in the first half of December 2004 and will set up working groups on political and security issues. The steering committee shall meet again within three months to receive progress reports from the working groups and to move ahead with projects and/or measures that can be implemented in advance of an overall agreement. "In the context of the present agreement and noting the progress that has been made in resolving outstanding issues, the E3/EU will henceforth support the Director General of IAEA Board as he considers appropriate in the framework of the implementation of Iran's Safeguards Agreement and Additional Protocol."

"The E3/EU will support the IAEA Director General inviting Iran to join the Expert Group of Multilateral Approaches to the Nuclear Fuel Cycle," the agreement said. Once suspension has been verified, the negotiations with the EU on a Trade and Cooperation Agreement will resume. The E3/EU will actively support the opening of Iranian accession negotiations at the World Trade Organization (WTO).

Irrespective of progress on the nuclear use, the E3/EU and Iran confirm their determination to combat terrorism, including the activities of Al-Qaeda and other terrorist groups such as Mojahedin-e Khalq Organization (MeK). They also confirm their continued support for the political process aimed at establishing a constitutionally elected government in Iraq.

**END TEXT**

## UN Security Council Resolution 1737

U.N. Security Council Resolution 1737, adopted about six months after the formation of the P5+1 multilateral working group on Iran's nuclear program, was the first U.N. resolution to actually impose sanctions on Iran for its refusal to suspend the enrichment of uranium and to meet other Security Council demands. Most significantly, the Resolutions sets up a process whereby the Security Council designated Iranian entities and persons as involved in its weapons of mass destruction programs, and mandates U.N. member states freeze the assets on their territories that are owned or controlled by these entities. This list of designated entities was expanded in subsequent U.N. Security Council resolutions.

### BEGIN TEXT

United Nations S/RES/1737 (2006)\*

Security Council

27 December 2006

Adopted by the Security Council at its 5612th meeting, on 23 December 2006

The Security Council, Recalling the Statement of its President, S/PRST/2006/15, of 29 March 2006, and its resolution 1696 (2006) of 31 July 2006, Reaffirming its commitment to the Treaty on the Non-Proliferation of Nuclear Weapons, and recalling the right of States Party, in conformity with Articles I and II of that Treaty, to develop research, production and use of nuclear energy for peaceful purposes without discrimination, Reiterating its serious concern over the many reports of the IAEA Director General and resolutions of the IAEA Board of Governors related to Iran's nuclear programme, reported to it by the IAEA Director General, including IAEA Board resolution GOV/2006/14, Reiterating its serious concern that the IAEA Director General's report of 27 February 2006 (GOV/2006/15) lists a number of outstanding issues and concerns on Iran's nuclear programme, including topics which could have a military nuclear dimension, and that the IAEA is unable to conclude that there are no undeclared nuclear materials or activities in Iran, Reiterating its serious concern over the IAEA Director General's report of 28 April 2006 (GOV/2006/27) and its findings, including that, after more than three years of Agency efforts to seek clarity about all aspects of Iran's nuclear programme, the existing gaps in knowledge continue to be a matter of concern, and that the IAEA is unable to make progress in its efforts to provide assurances about the absence of undeclared nuclear material and activities in Iran,

Noting with serious concern that, as confirmed by the IAEA Director General's reports of 8 June 2006 (GOV/2006/38), 31 August 2006 (GOV/2006/53) and 14 November 2006 (GOV/2006/64), Iran has not established full and sustained suspension of all enrichment-related



and reprocessing activities as set out in resolution 1696 (2006), nor resumed its cooperation with the IAEA under the Additional Protocol, nor taken the other steps required of it by the IAEA Board of Governors, nor complied with the provisions of Security Council resolution 1696 (2006) and which are essential to build confidence, and deploring Iran's refusal to take these steps, Emphasizing the importance of political and diplomatic efforts to find a negotiated solution guaranteeing that Iran's nuclear programme is exclusively for peaceful purposes, and noting that such a solution would benefit nuclear nonproliferation elsewhere, and welcoming the continuing commitment of China, France, Germany, the Russian Federation, the United Kingdom and the United States, with the support of the European Union's High Representative to seek a negotiated solution, Determined to give effect to its decisions by adopting appropriate measures to persuade Iran to comply with resolution 1696 (2006) and with the requirements of the IAEA, and also to constrain Iran's development of sensitive technologies in support of its nuclear and missile programmes, until such time as the Security Council determines that the objectives of this resolution have been met, Concerned by the proliferation risks presented by the Iranian nuclear programme and, in this context, by Iran's continuing failure to meet the requirements of the IAEA Board of Governors and to comply with the provisions of Security Council resolution 1696 (2006), mindful of its primary responsibility under the Charter of the United Nations for the maintenance of international peace and security,

Acting under Article 41 of Chapter VII of the Charter of the United Nations,

1. Affirms that Iran shall without further delay take the steps required by the IAEA Board of Governors in its resolution GOV/2006/14, which are essential to build confidence in the exclusively peaceful purpose of its nuclear programme and to resolve outstanding questions;
2. Decides, in this context, that Iran shall without further delay suspend the following proliferation sensitive nuclear activities:
  - (a) all enrichment-related and reprocessing activities, including research and development, to be verified by the IAEA; and
  - (b) work on all heavy water-related projects, including the construction of a research reactor moderated by heavy water, also to be verified by the IAEA;
3. Decides that all States shall take the necessary measures to prevent the supply, sale or transfer directly or indirectly from their territories, or by their nationals or using their flag vessels or aircraft to, or for the use in or benefit of, Iran, and whether or not originating in their territories, of all items, materials, equipment, goods and technology which could contribute to Iran's enrichment-related, reprocessing or heavy water-related activities, or to the development of nuclear weapon delivery systems, namely:
  - (a) those set out in sections B.2, B.3, B.4, B.5, B.6 and B.7 of INFCIRC/254/Rev.8/Part 1 in document S/2006/814;
  - (b) those set out in sections A.1 and B.1 of INFCIRC/254/Rev.8/Part 1 in document S/2006/814, except the supply, sale or transfer of:
    - (i) equipment covered by B.1 when such equipment is for light water reactors;
    - (ii) low-enriched uranium covered by A.1.2 when it is incorporated in assembled nuclear fuel elements for such reactors;
4. Decides that all States shall take the necessary measures to prevent the supply, sale or transfer directly or indirectly from their territories, or by their nationals or using their flag vessels or aircraft to, or for the use in or benefit of, Iran, and whether or not originating in their territories, of the following items, materials, equipment, goods and technology:
  - (a) those set out in INFCIRC/254/Rev.7/Part2 of document S/2006/814 if the State determines that they would contribute to enrichment-related, reprocessing or heavy water-related activities;
  - (b) any other items not listed in documents S/2006/814 or S/2006/815 if the State determines that they would contribute to enrichment-related, reprocessing or heavy water-related activities, or to the development of nuclear weapon delivery systems;
  - (c) any further items if the State determines that they would contribute to the pursuit of activities related to other topics about which the IAEA has expressed concerns or identified as outstanding;
5. Decides that, for the supply, sale or transfer of all items, materials, equipment, goods and technology covered by documents S/2006/814 and S/2006/815 the export of which to Iran is not prohibited by subparagraphs 3 (b), 3 (c) or 4 (a) above, States shall ensure that:
  - (a) the requirements, as appropriate, of the Guidelines as set out in documents S/2006/814 and S/2006/985 have been met; and
  - (b) they have obtained and are in a position to exercise effectively a right to verify the end-use and end-use location of any supplied item; and
  - (c) they notify the Committee within ten days of the supply, sale or transfer; and
  - (d) in the case of items, materials, equipment, goods and technology contained in document S/2006/814, they also notify the IAEA within ten days of the supply, sale or transfer;
6. Decides that all States shall also take the necessary measures to prevent the provision to Iran of any technical assistance or training, financial assistance, investment, brokering or other services, and the transfer of financial resources or services, related to the supply, sale, transfer, manufacture or use of the prohibited items,



- materials, equipment, goods and technology specified in paragraphs 3 and 4 above;
7. Decides that Iran shall not export any of the items in documents S/2006/814 and S/2006/815 and that all Member States shall prohibit the procurement of such items from Iran by their nationals, or using their flag vessels or aircraft, and whether or not originating in the territory of Iran;
  8. Decides that Iran shall provide such access and cooperation as the IAEA requests to be able to verify the suspension outlined in paragraph 2 and to resolve all outstanding issues, as identified in IAEA reports, and calls upon Iran to ratify promptly the Additional Protocol;
  9. Decides that the measures imposed by paragraphs 3, 4 and 6 above shall not apply where the Committee determines in advance and on a case-by-case basis that such supply, sale, transfer or provision of such items or assistance would clearly not contribute to the development of Iran's technologies in support of its proliferation sensitive nuclear activities and of development of nuclear weapon delivery systems, including where such items or assistance are for food, agricultural, medical or other humanitarian purposes, provided that:
    - (a) contracts for delivery of such items or assistance include appropriate end-user guarantees; and
    - (b) Iran has committed not to use such items in proliferation sensitive nuclear activities or for development of nuclear weapon delivery systems;
  10. Calls upon all States to exercise vigilance regarding the entry into or transit through their territories of individuals who are engaged in, directly associated with or providing support for Iran's proliferation sensitive nuclear activities or for the development of nuclear weapon delivery systems, and decides in this regard that all States shall notify the Committee of the entry into or transit through their territories of the persons designated in the Annex to this resolution (herein "the Annex"), as well as of additional persons designated by the Security Council or the Committee as being engaged in, directly associated with or providing support for Iran's proliferation sensitive nuclear activities and for the development of nuclear weapon delivery systems, including through the involvement in procurement of the prohibited items, goods, equipment, materials and technology specified by and under the measures in paragraphs 3 and 4 above, except where such travel is for activities directly related to the items in subparagraphs 3 (b) (i) and (ii) above;
  11. Underlines that nothing in the above paragraph requires a State to refuse its own nationals entry into its territory, and that all States shall, in the implementation of the above paragraph, take into account humanitarian considerations as well as the necessity to meet the objectives of this resolution, including where Article XV of the IAEA Statute is engaged;
  12. Decides that all States shall freeze the funds, other financial assets and economic resources which are on their territories at the date of adoption of this resolution or at any time thereafter, that are owned or controlled by the persons or entities designated in the Annex, as well as those of additional persons or entities designated by the Security Council or by the Committee as being engaged in, directly associated with or providing support for Iran's proliferation sensitive nuclear activities or the development of nuclear weapon delivery systems, or by persons or entities acting on their behalf or at their direction, or by entities owned or controlled by them, including through illicit means, and that the measures in this paragraph shall cease to apply in respect of such persons or entities if, and at such time as, the Security Council or the Committee removes them from the Annex, and decides further that all States shall ensure that any funds, financial assets or economic resources are prevented from being made available by their nationals or by any persons or entities within their territories, to or for the benefit of these persons and entities;
  13. Decides that the measures imposed by paragraph 12 above do not apply to funds, other financial assets or economic resources that have been determined by relevant States:
    - (a) to be necessary for basic expenses, including payment for foodstuffs, rent or mortgage, medicines and medical treatment, taxes, insurance premiums, and public utility charges or exclusively for payment of reasonable professional fees and reimbursement of incurred expenses associated with the provision of legal services, or fees or service charges, in accordance with national laws, for routine holding or maintenance of frozen funds, other financial assets and economic resources, after notification by the relevant States to the Committee of the intention to authorize, where appropriate, access to such funds, other financial assets or economic resources and in the absence of a negative decision by the Committee within five working days of such notification;
    - (b) to be necessary for extraordinary expenses, provided that such determination has been notified by the relevant States to the Committee and has been approved by the Committee;
    - (c) to be the subject of a judicial, administrative or arbitral lien or judgement, in which case the funds, other financial assets and economic resources may be used to satisfy that lien or judgement provided that the lien or judgement was entered into prior to the date of the present resolution, is not for the benefit of a person or entity designated pursuant to paragraphs 10 and 12 above, and has been notified by the relevant States to the Committee;
    - (d) to be necessary for activities directly related to the items specified in subparagraphs 3 (b) (i) and (ii) and have been notified by the relevant States to the Committee;
  14. Decides that States may permit the addition to the accounts frozen pursuant to the provisions of paragraph 12 above of interests or other earnings due on those accounts or payments due under contracts, agreements or obligations that arose prior to the date on which those accounts became subject to the provisions of this resolution, provided that any such interest, other earnings and payments continue to be subject to these provisions and are frozen;

15. Decides that the measures in paragraph 12 above shall not prevent a designated person or entity from making payment due under a contract entered into prior to the listing of such a person or entity, provided that the relevant States have determined that:
  - (a) the contract is not related to any of the prohibited items, materials, equipment, goods, technologies, assistance, training, financial assistance, investment, brokering or services referred to in paragraphs 3, 4 and 6 above;
  - (b) the payment is not directly or indirectly received by a person or entity designated pursuant to paragraph 12 above; and after notification by the relevant States to the Committee of the intention to make or receive such payments or to authorize, where appropriate, the unfreezing of funds, other financial assets or economic resources for this purpose, ten working days prior to such authorization;
  - (g) to promulgate guidelines as may be necessary to facilitate the implementation of the measures imposed by this resolution and include in such guidelines a requirement on States to provide information where possible as to why any individuals and/or entities meet the criteria set out in paragraphs 10 and 12 and any relevant identifying information;
  - (h) to report at least every 90 days to the Security Council on its work and on the implementation of this resolution, with its observations and recommendations, in particular on ways to strengthen the effectiveness of the measures imposed by paragraphs 3, 4, 5, 6, 7, 8, 10 and 12 above;
16. Decides that technical cooperation provided to Iran by the IAEA or under its auspices shall only be for food, agricultural, medical, safety or other humanitarian purposes, or where it is necessary for projects directly related to the items specified in subparagraphs 3 (b) (i) and (ii) above, but that no such technical cooperation shall be provided that relates to the proliferation sensitive nuclear activities set out in paragraph 2 above;
17. Calls upon all States to exercise vigilance and prevent specialized teaching or training of Iranian nationals, within their territories or by their nationals, of disciplines which would contribute to Iran's proliferation sensitive nuclear activities and development of nuclear weapon delivery systems;
18. Decides to establish, in accordance with rule 28 of its provisional rules of procedure, a Committee of the Security Council consisting of all the members of the Council, to undertake the following tasks:
  - (a) to seek from all States, in particular those in the region and those producing the items, materials, equipment, goods and technology referred to in paragraphs 3 and 4 above, information regarding the actions taken by them to implement effectively the measures imposed by paragraphs 3, 4, 5, 6, 7, 8, 10 and 12 of this resolution and whatever further information it may consider useful in this regard;
  - (b) to seek from the secretariat of the IAEA information regarding the actions taken by the IAEA to implement effectively the measures imposed by paragraph 16 of this resolution and whatever further information it may consider useful in this regard;
  - (c) to examine and take appropriate action on information regarding alleged violations of measures imposed by paragraphs 3, 4, 5, 6, 7, 8, 10 and 12 of this resolution;
  - (d) to consider and decide upon requests for exemptions set out in paragraphs 9, 13 and 15 above;
  - (e) to determine as may be necessary additional items, materials, equipment, goods and technology to be specified for the purpose of paragraph 3 above;
  - (f) to designate as may be necessary additional individuals and entities subject to the measures imposed by paragraphs 10 and 12 above;
19. Decides that all States shall report to the Committee within 60 days of the adoption of this resolution on the steps they have taken with a view to implementing effectively paragraphs 3, 4, 5, 6, 7, 8, 10, 12 and 17 above;
20. Expresses the conviction that the suspension set out in paragraph 2 above as well as full, verified Iranian compliance with the requirements set out by the IAEA Board of Governors, would contribute to a diplomatic, negotiated solution that guarantees Iran's nuclear programme is for exclusively peaceful purposes, underlines the willingness of the international community to work positively for such a solution, encourages Iran, in conforming to the above provisions, to re-engage with the international community and with the IAEA, and stresses that such engagement will be beneficial to Iran;
21. Welcomes the commitment of China, France, Germany, the Russian Federation, the United Kingdom and the United States, with the support of the European Union's High Representative, to a negotiated solution to this issue and encourages Iran to engage with their June 2006 proposals (S/2006/521), which were endorsed by the Security Council in resolution 1696 (2006), for a long-term comprehensive agreement which would allow for the development of relations and cooperation with Iran based on mutual respect and the establishment of international confidence in the exclusively peaceful nature of Iran's nuclear programme;
22. Reiterates its determination to reinforce the authority of the IAEA, strongly supports the role of the IAEA Board of Governors, commends and encourages the Director General of the IAEA and its secretariat for their ongoing professional and impartial efforts to resolve all remaining outstanding issues in Iran within the framework of the IAEA, underlines the necessity of the IAEA continuing its work to clarify all outstanding issues relating to Iran's nuclear programme;
23. Requests within 60 days a report from the Director General of the IAEA on whether Iran has established full and sustained suspension of all activities mentioned in this resolution, as well as on the process of Iranian compliance with all the steps required by the IAEA Board and with the other provisions of this resolution, to the IAEA Board of Governors and in parallel to the Security Council for its consideration;

24. Affirms that it shall review Iran's actions in the light of the report referred to in paragraph 23 above, to be submitted within 60 days, and:
- that it shall suspend the implementation of measures if and for so long as Iran suspends all enrichment-related and reprocessing activities, including research and development, as verified by the IAEA, to allow for negotiations;
  - that it shall terminate the measures specified in paragraphs 3, 4, 5, 6, 7, 10 and 12 of this resolution as soon as it determines that Iran has fully complied with its obligations under the relevant resolutions of the Security Council and met the requirements of the IAEA Board of Governors, as confirmed by the IAEA Board;
  - that it shall, in the event that the report in paragraph 23 above shows that Iran has not complied with this resolution, adopt further appropriate measures under Article 41 of Chapter VII of the Charter of the United Nations to persuade Iran to comply with this resolution and the requirements of the IAEA, and underlines that further decisions will be required should such additional measures be necessary;
25. Decides to remain seized of the matter.

## Annex

- A. Entities involved in the nuclear programme
- Atomic Energy Organisation of Iran
  - Mesbah Energy Company (provider for A40 research reactor -- Arak)
  - Kala-Electric (aka Kalaye Electric) (provider for PFEP -- Natanz)
  - Pars Trash Company (involved in centrifuge programme, identified in IAEA reports)
  - Farayand Technique (involved in centrifuge programme, identified in IAEA reports)
  - Defence Industries Organisation (overarching MODAFL-controlled entity, some of whose subordinates have been involved in the centrifuge programme making components, and in the missile programme)
  - 7th of Tir (subordinate of DIO, widely recognized as being directly involved in the nuclear programme)
- B. Entities involved in the ballistic missile programme
- Shahid Hemmat Industrial Group (SHIG) (subordinate entity of AIO)
  - Shahid Bagheri Industrial Group (SBIG) (subordinate entity of AIO)
  - Fajr Industrial Group (formerly Instrumentation Factory Plant, subordinate entity of AIO)
- C. Persons involved in the nuclear programme
- Mohammad Qannadi, AEOI Vice President for Research & Development
  - Behman Asgarpour, Operational Manager (Arak)
  - Dawood Agha-Jani, Head of the PFEP (Natanz)
  - Ehsan Monajemi, Construction Project Manager, Natanz
  - Jafar Mohammadi, Technical Adviser to the AEOI (in charge of managing the production of valves for centrifuges)
  - Ali Hajinia Leilabadi, Director General of Mesbah Energy Company
  - Lt Gen Mohammad Mehdi Nejad Nouri, Rector of Malek Ashtar University of Defence Technology (chemistry dept, affiliated to MODALF, has conducted experiments on beryllium)
- D. Persons involved in the ballistic missile programme
- Gen Hosein Salimi, Commander of the Air Force, IRGC (Pasdaran)
  - Ahmad Vahid Dastjerdi, Head of the AIO
  - Reza-Gholi Esmaeli, Head of Trade & International Affairs Dept, AIO
  - Bahmanyar Morteza Bahmanyar, Head of Finance
- E. Persons involved in both the nuclear and ballistic missile programmes
- Maj Gen Yahya Rahim Safavi, Commander, IRGC (Pasdaran)

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**END TEXT**

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## UN Security Council Resolution 1747

This Resolution was adopted to further tighten international sanctions on Iran because of its refusal to meet the demands of previous Resolutions, particularly the requirement that Iran suspend enrichment of uranium. It added a large number of entities and Iranian persons, mostly Revolutionary Guard commanders, subjected to those sanctions specified in Resolution 1737.

This Resolution is also significant in that, in Annex II, it presents an incentive package to Iran, agreed by the P5+1 multilateral negotiating coalition to try to induce Iran to comply. That package of incentives was further enhanced in June 2008. In addition, this Resolution expanded sanctions beyond those applying directly to the nuclear program by banning Iran's export of arms – a

clear reference to Iran's purported arms supplies to Shiite militias in Iraq, Hezbollah, Hamas, and Taliban fighters in Afghanistan.

**BEGIN TEXT**

United Nations

S/RES/1747 (2007)

Security Council

Distr.: General

24 March 2007

Resolution 1747 (2007)

Adopted by the Security Council at its 5647th meeting on

24 March 2007

The Security Council,

Recalling the Statement of its President, S/PRST/2006/15, of 29 March 2006, and its resolution 1696 (2006) of 31 July 2006, and its resolution 1737 (2006) of 23 December 2006, and reaffirming their provisions, Reaffirming its commitment to the Treaty on the Non-Proliferation of Nuclear Weapons, the need for all States Party to that Treaty to comply fully with all their obligations, and recalling the right of States Party, in conformity with Articles I and II of that Treaty, to develop research, production and use of nuclear energy for peaceful purposes without discrimination, Recalling its serious concern over the reports of the IAEA Director General as set out in its resolutions 1696 (2006) and 1737 (2006),

Recalling the latest report by the IAEA Director General (GOV/2007/8) of 22 February 2007 and deploring that, as indicated therein, Iran has failed to comply with resolution 1696 (2006) and resolution 1737 (2006), Emphasizing the importance of political and diplomatic efforts to find a negotiated solution guaranteeing that Iran's nuclear programme is exclusively for peaceful purposes, and noting that such a solution would benefit nuclear non-proliferation elsewhere, and welcoming the continuing commitment of China, France, Germany, the Russian Federation, the United Kingdom and the United States, with the support of the European Union's High Representative to seek a negotiated solution, Recalling the resolution of the IAEA Board of Governors (GOV/2006/14), which states that a solution to the Iranian nuclear issue would contribute to global non-proliferation efforts and to realizing the objective of a Middle East free of weapons of mass destruction, including their means of delivery,

Determined to give effect to its decisions by adopting appropriate measures to persuade Iran to comply with resolution 1696 (2006) and Switzerland ss ing 1737 (2006) and with the requirements of the IAEA, and also to constrain Iran's development of sensitive technologies in support of its nuclear and missile programmes, until such time as the Security Council determines that the objectives of these resolutions have been met, 2

Recalling the requirement on States to join in affording mutual assistance in carrying out the measures decided upon by the Security Council, Concerned by the proliferation risks presented by the Iranian nuclear programme and, in this context, by Iran's continuing failure to meet the requirements of the IAEA Board of Governors and to comply with the provisions of Security Council resolutions 1696 (2006) and 1737 (2006), mindful of its primary responsibility under the Charter of the United Nations for the maintenance of international peace and security, Acting under Article 41 of Chapter VII of the Charter of the United Nations,

1. Reaffirms that Iran shall without further delay take the steps required by the IAEA Board of Governors in its resolution GOV/2006/14, which are essential to build confidence in the exclusively peaceful purpose of its nuclear programme and to resolve outstanding questions, and, in this context, affirms its decision that Iran shall without further delay take the steps required in paragraph 2 of resolution 1737 (2006);
2. Calls upon all States also to exercise vigilance and restraint regarding the entry into or transit through their territories of individuals who are engaged in, directly associated with or providing support for Iran's proliferation sensitive nuclear activities or for the development of nuclear weapon delivery systems, and decides in this regard that all States shall notify the Committee established pursuant to paragraph 18 of resolution 1737 (2006) (herein "the Committee") of the entry into or transit through their territories of the persons designated in the Annex to resolution 1737 (2006) or Annex I to this resolution, as well as of additional persons designated by the Security Council or the Committee as being engaged in, directly associated with or providing support for Iran's proliferation sensitive nuclear activities or for the development of nuclear weapon delivery systems, including through the involvement in procurement of the prohibited items, goods, equipment, materials and technology specified by and under the measures in paragraphs 3 and 4 of resolution 1737 (2006), except where such travel is for activities directly related to the items in subparagraphs 3 (b) (i) and (ii) of that resolution;
3. Underlines that nothing in the above paragraph requires a State to refuse its own nationals entry into its territory, and that all States shall, in the implementation of the above paragraph, take into account humanitarian considerations, including religious obligations, as well as the necessity to meet the objectives of this resolution and resolution 1737 (2006), including where Article XV of the IAEA Statute is engaged;
4. Decides that the measures specified in paragraphs 12, 13, 14 and 15 of resolution 1737 (2006) shall apply also to the persons and entities listed in Annex I to this resolution;
5. Decides that Iran shall not supply, sell or transfer directly or indirectly from its territory or by its nationals or using its flag vessels or aircraft any arms or related materiel, and that all States shall prohibit the procurement of such items from Iran by their nationals, or using their flag vessels or aircraft, and whether or not originating in the territory of Iran;

6. Calls upon all States to exercise vigilance and restraint in the supply, sale or transfer directly or indirectly from their territories or by their nationals or using 3 their flag vessels or aircraft of any battle tanks, armoured combat vehicles, large calibre artillery systems, combat aircraft, attack helicopters, warships, missiles or missile systems as defined for the purpose of the United Nations Register on Conventional Arms to Iran, and in the provision to Iran of any technical assistance or training, financial assistance, investment, brokering or other services, and the transfer of financial resources or services, related to the supply, sale, transfer, manufacture or use of such items in order to prevent a destabilising accumulation of arms;
7. Calls upon all States and international financial institutions not to enter into new commitments for grants, financial assistance, and concessional loans, to the government of the Islamic Republic of Iran, except for humanitarian and developmental purposes;
8. Calls upon all States to report to the Committee within 60 days of the adoption of this resolution on the steps they have taken with a view to implementing effectively paragraphs 2, 4, 5, 6 and 7 above;
9. Expresses the conviction that the suspension set out in paragraph 2 of resolution 1737 (2006) as well as full, verified Iranian compliance with the requirements set out by the IAEA Board of Governors would contribute to a diplomatic, negotiated solution that guarantees Iran's nuclear programme is for exclusively peaceful purposes, underlines the willingness of the international community to work positively for such a solution, encourages Iran, in conforming to the above provisions, to re-engage with the international community and with the IAEA, and stresses that such engagement will be beneficial to Iran;
10. Welcomes the continuous affirmation of the commitment of China, France, Germany, the Russian Federation, the United Kingdom and the United States, with the support of the European Union's High Representative, to a negotiated solution to this issue and encourages Iran to engage with their June 2006 proposals (S/2006/521), attached in Annex II to this resolution, which were endorsed by the Security Council in resolution 1696 (2006), and acknowledges with appreciation that this offer to Iran remains on the table, for a long-term comprehensive agreement which would allow for the development of relations and cooperation with Iran based on mutual respect and the establishment of international confidence in the exclusively peaceful nature of Iran's nuclear programme;
11. Reiterates its determination to reinforce the authority of the IAEA, strongly supports the role of the IAEA Board of Governors, commends and encourages the Director General of the IAEA and its secretariat for their ongoing professional and impartial efforts to resolve all outstanding issues in Iran within the framework of the IAEA, underlines the necessity of the IAEA, which is internationally recognized as having authority for verifying compliance with safeguards agreements, including the non-diversion of nuclear material for non-peaceful purposes, in accordance with its Statute, to continue its work to clarify all outstanding issues relating to Iran's nuclear programme;
12. Requests within 60 days a further report from the Director General of the IAEA on whether Iran has established full and sustained suspension of all activities mentioned in resolution 1737 (2006), as well as on the process of Iranian compliance with all the steps required by the IAEA Board and with the other 4 provisions of resolution 1737 (2006) and of this resolution, to the IAEA Board of Governors and in parallel to the Security Council for its consideration;
13. Affirms that it shall review Iran's actions in light of the report referred to in paragraph 12 above, to be submitted within 60 days, and:
  - (a) that it shall suspend the implementation of measures if and for so long as Iran suspends all enrichment-related and reprocessing activities, including research and development, as verified by the IAEA, to allow for negotiations in good faith in order to reach an early and mutually acceptable outcome;
  - (b) that it shall terminate the measures specified in paragraphs 3, 4, 5, 6, 7 and 12 of resolution 1737 (2006) as well as in paragraphs 2, 4, 5, 6 and 7 above as soon as it determines, following receipt of the report referred to in paragraph 12 above, that Iran has fully complied with its obligations under the relevant resolutions of the Security Council and met the requirements of the IAEA Board of Governors, as confirmed by the IAEA Board;
  - (c) that it shall, in the event that the report in paragraph 12 above shows that Iran has not complied with resolution 1737 (2006) and this resolution, adopt further appropriate measures under Article 41 of Chapter VII of the Charter of the United Nations to persuade Iran to comply with these resolutions and the requirements of the IAEA, and underlines that further decisions will be required should such additional measures be necessary;
14. Decides to remain seized of the matter.<sup>5</sup>

## Annex I

**Entities involved in nuclear or ballistic missile activities**

1. Ammunition and Metallurgy Industries Group (AMIG) (aka Ammunition Industries Group) (AMIG controls 7th of Tir, which is designated under resolution 1737 (2006) for its role in Iran's centrifuge programme. AMIG is in turn owned and controlled by the Defence Industries Organisation (DIO), which is designated under resolution 1737 (2006))
2. Esfahan Nuclear Fuel Research and Production Centre (NFRPC) and Esfahan Nuclear Technology Centre (ENTC) (Parts of the Atomic Energy Organisation of Iran's (AEOI) Nuclear Fuel Production and Procurement Company, which is involved in enrichment-related activities. AEOI is designated under resolution 1737 (2006))



3. Kavoshyar Company (Subsidiary company of AEOL, which has sought glass fibres, vacuum chamber furnaces and laboratory equipment for Iran's nuclear programme)
4. Parchin Chemical Industries (Branch of DIO, which produces ammunition, explosives, as well as solid propellants for rockets and missiles)
5. Karaj Nuclear Research Centre (Part of AEOL's research division)
6. Novin Energy Company (aka Pars Novin) (Operates within AEOL and has transferred funds on behalf of AEOL to entities associated with Iran's nuclear programme)
7. Cruise Missile Industry Group (aka Naval Defence Missile Industry Group) (Production and development of cruise missiles. Responsible for naval missiles including cruise missiles)
8. Bank Sepah and Bank Sepah International (Bank Sepah provides support for the Aerospace Industries Organisation (AIO) and subordinates, including Shahid Hemmat Industrial Group (SHIG) and Shahid Bagheri Industrial Group (SBIG), both of which were designated under resolution 1737 (2006))
9. Sanam Industrial Group (subordinate to AIO, which has purchased equipment on AIO's behalf for the missile programme)
10. Ya Mahdi Industries Group (subordinate to AIO, which is involved in international purchases of missile equipment)

Iranian Revolutionary Guard Corps entities

1. Qods Aeronautics Industries (Produces unmanned aerial vehicles (UAVs), parachutes, para-gliders, para-motors, etc. Iranian Revolutionary Guard Corps (IRGC) has boasted of using these products as part of its asymmetric warfare doctrine)
2. Pars Aviation Services Company (Maintains various aircraft including MI-171, used by IRGC Air Force)
3. Sho'a' Aviation (Produces micro-lights which IRGC has claimed it is using as part of its asymmetric warfare doctrine)

Persons involved in nuclear or ballistic missile activities

1. Fereidoun Abbasi-Davani (Senior Ministry of Defence and Armed Forces Logistics (MODAFL) scientist with links to the Institute of Applied Physics, working closely with Mohsen Fakhrazadeh-Mahabadi, designated below)
2. Mohsen Fakhrazadeh-Mahabadi (Senior MODAFL scientist and former head of the Physics Research Centre (PHRC). The IAEA have asked to interview him about the activities of the PHRC over the period he was head but Iran has refused)
3. Seyed Jaber Safdari (Manager of the Natanz Enrichment Facilities)
4. Amir Rahimi (Head of Esfahan Nuclear Fuel Research and Production Center, which is part of the AEOL's Nuclear Fuel Production and Procurement Company, which is involved in enrichment-related activities)

5. Mohsen Hojati (Head of Fajr Industrial Group, which is designated under resolution 1737 (2006) for its role in the ballistic missile programme)
6. Mehrdada Akhlaghi Ketabachi (Head of SBIG, which is designated under resolution 1737 (2006) for its role in the ballistic missile programme)
7. Naser Maleki (Head of SHIG, which is designated under resolution 1737 (2006) for its role in Iran's ballistic missile programme. Naser Maleki is also a MODAFL official overseeing work on the Shahab-3 ballistic missile programme. The Shahab-3 is Iran's long range ballistic missile currently in service)
8. Ahmad Derakhshandeh (Chairman and Managing Director of Bank Sepah, which provides support for the AIO and subordinates, including SHIG and SBIG, both of which were designated under resolution 1737 (2006))

Iranian Revolutionary Guard Corps key persons

1. Brigadier General Morteza Rezaie (Deputy Commander of IRGC)
2. Vice Admiral Ali Akbar Ahmadian (Chief of IRGC Joint Staff)
3. Brigadier General Mohammad Reza Zahedi (Commander of IRGC Ground Forces)
4. Rear Admiral Morteza Safari (Commander of IRGC Navy)
5. Brigadier General Mohammad Hejazi (Commander of Bassij resistance force)
6. Brigadier General Qasem Soleimani (Commander of Qods force)
7. General Zolqadr (IRGC officer, Deputy Interior Minister for Security Affairs)

**Annex II**

**Elements of a long-term agreement**

Our goal is to develop relations and cooperation with Iran, based on mutual respect and the establishment of international confidence in the exclusively peaceful nature of the nuclear programme of the Islamic Republic of Iran. We propose a fresh start in the negotiation of a comprehensive agreement with Iran. Such an agreement would be deposited with the International Atomic Energy Agency (IAEA) and endorsed in a Security Council resolution. To create the right conditions for negotiations,

We will:

- Reaffirm Iran's right to develop nuclear energy for peaceful purposes in conformity with its obligations under the Treaty on the Non-Proliferation of Nuclear Weapons (hereinafter, NPT), and in this context reaffirm our support for the development by Iran of a civil nuclear energy programme.
- Commit to support actively the building of new light water reactors in Iran through international joint projects, in accordance with the IAEA statute and NPT.



- Agree to suspend discussion of Iran's nuclear programme in the Security Council upon the resumption of negotiations.

Iran will:

- Commit to addressing all of the outstanding concerns of IAEA through full cooperation with IAEA,
- Suspend all enrichment-related and reprocessing activities to be verified by IAEA, as requested by the IAEA Board of Governors and the Security Council, and commit to continue this during these negotiations.
- Resume the implementation of the Additional Protocol.

Areas of future cooperation to be covered in negotiations on a long-term agreement

#### 1. Nuclear

We will take the following steps:

Iran's rights to nuclear energy

- Reaffirm Iran's inalienable right to nuclear energy for peaceful purposes without discrimination and in conformity with articles I and II of NPT, and cooperate with Iran in the development by Iran of a civil nuclear power programme.
- Negotiate and implement a Euratom/Iran nuclear cooperation agreement.

Light water reactors

- Actively support the building of new light water power reactors in Iran through international joint projects, in accordance with the IAEA statute and NPT, using state-of-the-art technology, including by authorizing the transfer of necessary goods and the provision of advanced technology to make its power reactors safe against earthquakes.
- Provide cooperation with the management of spent nuclear fuel and radioactive waste through appropriate arrangements.

Research and development in nuclear energy

- Provide a substantive package of research and development cooperation, including possible provision of light water research reactors, notably in the fields of radioisotope production, basic research and nuclear applications in medicine and agriculture.

Fuel guarantees

- Give legally binding, multilayered fuel assurances to Iran, based on:
  - Participation as a partner in an international facility in Russia to provide enrichment services for a reliable supply of fuel to Iran's nuclear reactors. Subject to negotiations, such a facility could enrich all uranium hexafluoride (UF) produced in Iran.
  - Establishment on commercial terms of a buffer stock to hold a reserve of up to five years' supply of nuclear fuel dedicated to Iran, with the participation and under supervision of IAEA.
  - Development with IAEA of a standing multilateral mechanism for reliable access to nuclear fuel, based on ideas to be considered at the next meeting of the Board of Governors.

Review of moratorium

The long-term agreement would, with regard to common efforts to build international confidence, contain a clause for review of the agreement in all its aspects, to follow:

- Confirmation by IAEA that all outstanding issues and concerns reported by it, including those activities which could have a military nuclear dimension, have been resolved;
- Confirmation that there are no undeclared nuclear activities or materials in Iran and that international confidence in the exclusively peaceful nature of Iran's civil nuclear programme has been restored.

#### 2. Political and economic

Regional security cooperation

Support for a new conference to promote dialogue and cooperation on regional security issues.

International trade and investment

Improving Iran's access to the international economy, markets and capital, through practical support for full integration into international structures, including the World Trade Organization and to create the framework for increased direct investment in Iran and trade with Iran (including a trade and economic cooperation agreement with the European Union). Steps would be taken to improve access to key goods and technology.

Civil aviation

Civil aviation cooperation, including the possible removal of restrictions on United States and European manufacturers in regard to the export of civil aircraft to Iran, thereby widening the prospect of Iran renewing its fleet of civil airliners.

Energy partnership

Establishment of a long-term energy partnership between Iran and the European Union and other willing partners, with concrete and practical applications.

Telecommunications infrastructure

Support for the modernization of Iran's telecommunication infrastructure and advanced Internet provision, including by possible removal of relevant United States and other export restrictions.

High technology cooperation

Cooperation in fields of high technology and other areas to be agreed upon.

Agriculture

Support for agricultural development in Iran, including possible access to United States and European agricultural products, technology and farm equipment.

**END TEXT**

## UN Security Council Resolution 1803

This resolution, adopted March 3, 2008, was the last Resolution to impose any actual new sanctions on Iran. Resolution 1803 was particularly significant for imposing an actual mandatory ban on travel by certain Iranian persons named in an annex (Annex II) to the resolution, going beyond the purely voluntary ban on travel imposed in Resolution 1747. Resolution 1803 also gave U.N. member states the authority to inspect cargo carried by Iran Air Cargo or the Islamic Republic of Iran Shipping Line if there is reason to suspect the vehicles operated by these entities are carrying WMD or other prohibited technology to Iran. Other measures, such as restricting export credits to Iran and ending dealings with several Iranian banks, are stipulated in the Resolution but are not mandatory.

A subsequent resolution, 1835, reiterated the international community's insistence on Iranian compliance, but did not add any new sanctions.

The full text of the draft resolution 1803 (document S/2008/141) reads as follows:

### BEGIN TEXT

*"The Security Council,*

*"Recalling* the statement of its President, S/PRST/2006/15, of 29 March 2006, and its resolution 1696 (2006) of 31 July 2006, its resolution 1737 (2006) of 23 December 2006 and its resolution 1747 (2007) of 24 March 2007, and *reaffirming* their provisions,

*"Reaffirming* its commitment to the Treaty on the Non-Proliferation of Nuclear Weapons, the need for all States Party to that Treaty to comply fully with all their obligations, and recalling the right of States Party, in conformity with Articles I and II of that Treaty, to develop research, production and use of nuclear energy for peaceful purposes without discrimination,

*"Recalling* the resolution of the IAEA Board of Governors (GOV/2006/14), which states that a solution to the Iranian nuclear issue would contribute to global non-proliferation efforts and to realizing the objective of a Middle East free of weapons of mass destruction, including their means of delivery,

*"Noting* with serious concern that, as confirmed by the reports of 23 May 2007 (GOV/2007/22), 30 August 2007 (GOV/2007/48), 15 November 2007 (GOV/2007/48) and 22 February 2008 (GOV/2008/4) of the Director General of the International Atomic Energy Agency (IAEA), Iran has not established full and sustained suspension of all enrichment related and reprocessing activities and heavy-water-related projects as

set out in resolution 1696 (2006), 1737 (2006) and 1747 (2007) nor resumed its cooperation with the IAEA under the Additional Protocol, nor taken the other steps required by the IAEA Board of Governors, nor complied with the provisions of Security Council resolution 1696 (2006), 1737 (2006) and 1747 (2007) and which are essential to build confidence, and *deploring* Iran's refusal to take these steps,

*"Noting* with concern that Iran has taken issue with the IAEA's right to verify design information which had been provided by Iran pursuant to the modified Code 3.1, *emphasizing* that in accordance with Article 39 of Iran's Safeguards Agreement Code 3.1 cannot be modified nor suspended unilaterally and that the Agency's right to verify design information provided to it is a continuing right, which is not dependent on the stage of construction of, or the presence of nuclear material at, a facility,

*"Reiterating* its determination to reinforce the authority of the IAEA, strongly supporting the role of the IAEA Board of Governors, *commending* the IAEA for its efforts to resolve outstanding issues relating to Iran's nuclear programme in the work plan between the Secretariat of the IAEA and Iran (GOV/2007/48, Attachment), *welcoming* the progress in implementation of this work plan as reflected in the IAEA Director General's report of 15 November 2007 (GOV/2007/58), and 22 February 2008 (GOV/2008/4), *underlining* the importance of Iran producing tangible results rapidly and effectively by completing implementation of this work plan including by providing answers to all the questions the IAEA asks so that the Agency, through the implementation of the required transparency measures, can assess the completeness and correctness of Iran's declaration,

*"Expressing* the conviction that the suspension set out in paragraph 2 of resolution 1737 (2006) as well as full, verified Iranian compliance with the requirements set out by the IAEA Board of Governors would contribute to a diplomatic, negotiated solution, that guarantees Iran's nuclear programme is for exclusively peaceful purposes,

*"Stressing* that China, France, Germany, the Russian Federation, the United Kingdom and the United States are willing to take further concrete measures on exploring an overall strategy of resolving the Iranian nuclear issue through negotiation on the basis of their June 2006 proposals (S/2006/521), and *noting* the confirmation by these countries that once the confidence of the international community in the exclusively peaceful nature of Iran's nuclear programme is restored it will be treated in the same manner as that of any Non-Nuclear Weapon State party to the Treaty on the Non-Proliferation of Nuclear Weapons,

*"Having regard* to States' rights and obligations relating to international trade,

*"Welcoming* the guidance issued by the Financial Actions Task Force (FATF) to assist States in implementing their financial obligations under resolution 1737 (2006),

*"Determined* to give effect to its decisions by adopting appropriate measures to persuade Iran to comply with resolution 1696 (2006), resolution 1737 (2006), resolution 1747 (2007) and with the requirements of the IAEA, and also to constrain Iran's development of

sensitive technologies in support of its nuclear and missile programmes, until such time as the Security Council determines that the objectives of these resolutions have been met,

“*Concerned* by the proliferation risks presented by the Iranian nuclear programme and, in this context, by Iran’s continuing failure to meet the requirements of the IAEA Board of Governors and to comply with the provisions of Security Council resolutions 1696 (2006), 1737 (2006) and 1747 (2007), *mindful* of its primary responsibility under the Charter of the United Nations for the maintenance of international peace and security,

“*Acting* under Article 41 of Chapter VII of the Charter of the United Nations,

- “1. *Reaffirms* that Iran shall without further delay take the steps required by the IAEA Board of Governors in its resolution GOV/2006/14, which are essential to build confidence in the exclusively peaceful purpose of its nuclear programme and to resolve outstanding questions, and, in this context, *affirms* its decision that Iran shall without delay take the steps required in paragraph 2 of resolution 1737 (2006), and *underlines* that the IAEA has sought confirmation that Iran will apply Code 3.1 modified;
- “2. *Welcomes* the agreement between Iran and the IAEA to resolve all outstanding issues concerning Iran’s nuclear programme and progress made in this regard as set out in the Director General’s report of 22 February 2008 (GOV/2008/4), *encourages* the IAEA to continue its work to clarify all outstanding issues, *stresses* that this would help to re-establish international confidence in the exclusively peaceful nature of Iran’s nuclear programme, and *supports* the IAEA in strengthening its safeguards on Iran’s nuclear activities in accordance with the Safeguards Agreement between Iran and the IAEA;
- “3. *Calls upon* all States to exercise vigilance and restraint regarding the entry into or transit through their territories of individuals who are engaged in, directly associated with or providing support for Iran’s proliferation sensitive nuclear activities or for the development of nuclear weapon delivery systems, and *decides* in this regard that all States shall notify the Committee established pursuant to paragraph 18 of resolution 1737 (2006) (herein “the Committee”) of the entry into or transit through their territories of the persons designated in the Annex to resolution 1737 (2006), Annex I to resolution 1747 (2007) or Annex I to this resolution, as well as of additional persons designated by the Security Council or the Committee as being engaged in, directly associated with or providing support for Iran’s proliferation sensitive nuclear activities or for the development of nuclear weapon delivery systems, including through the involvement in procurement of the prohibited items, goods, equipment, materials and technology specified by and under the measures in paragraphs 3 and 4 of resolution 1737 (2006), except where such entry or transit is for activities directly related to the items in subparagraphs 3(b) (i) and (ii) of resolution 1737 (2006);
- “4. *Underlines* that nothing in paragraph 3 above requires a State to refuse its own nationals entry into its territory, and that all States shall, in the implementation of the above paragraph, take into account humanitarian considerations, including religious obligations, as well as the necessity to meet the objectives of this resolution, resolution 1737 (2006) and resolution 1747 (2007), including where Article XV of the IAEA Statute is engaged;
- “5. *Decides* that all States shall take the necessary measures to prevent the entry into or transit through their territories of individuals designated in Annex II to this resolution as well as of additional persons designated by the Security Council or the Committee as being engaged in, directly associated with or providing support for Iran’s proliferation sensitive nuclear activities or for the development of nuclear weapon delivery systems, including through the involvement in procurement of the prohibited items, goods, equipment, materials and technology specified by and under the measures in paragraphs 3 and 4 of resolution 1737 (2006), except where such entry or transit is for activities directly related to the items in subparagraphs 3 (b) (i) and (ii) of resolution 1737 (2006) and provided that nothing in this paragraph shall oblige a State to refuse its own nationals entry into its territory;
- “6. *Decides* that the measures imposed by paragraph 5 above shall not apply where the Committee determines on a case-by-case basis that such travel is justified on the grounds of humanitarian need, including religious obligations, or where the Committee concludes that an exemption would otherwise further the objectives of the present resolution;
- “7. *Decides* that the measures specified in paragraphs 12, 13, 14 and 15 of resolution 1737 (2006) shall apply also to the persons and entities listed in Annexes I and III to this resolution, and any persons or entities acting on their behalf or at their direction, and to entities owned or controlled by them and to persons and entities determined by the Council or the Committee to have assisted designated persons or entities in evading sanctions of, or in violating the provisions of, this resolution, resolution 1737 (2006) or resolution 1747 (2007);
- “8. *Decides* that all States shall take the necessary measures to prevent the supply, sale or transfer directly or indirectly from their territories or by their nationals or using their flag vessels or aircraft to, or for use in or benefit of, Iran, and whether or not originating in their territories, of:
  - (a) all items, materials, equipment, goods and technology set out in INFCIRC/254/Rev.7/Part2 of document S/2006/814, except the supply, sale or transfer, in accordance with the requirements of paragraph 5 of resolution 1737 (2006), of items, materials, equipment, goods and technology set out in sections 1 and 2 of the Annex to that document, and sections 3 to 6 as notified in advance to the Committee, only when for exclusive use in light water reactors, and where such supply, sale or transfer is necessary for technical cooperation provided to Iran by the IAEA or under its auspices as provided for in paragraph 16 of resolution 1737 (2006);

- (b) all items, materials, equipment, goods and technology set out in 19.A.3 of Category II of document S/2006/815;
- “9. *Calls upon* all States to exercise vigilance in entering into new commitments for public provided financial support for trade with Iran, including the granting of export credits, guarantees or insurance, to their nationals or entities involved in such trade, in order to avoid such financial support contributing to the proliferation sensitive nuclear activities, or to the development of nuclear weapon delivery systems, as referred to in resolution 1737 (2006);
- “10. *Calls upon* all States to exercise vigilance over the activities of financial institutions in their territories with all banks domiciled in Iran, in particular with Bank Mellī and Bank Saderat, and their branches and subsidiaries abroad, in order to avoid such activities contributing to the proliferation sensitive nuclear activities, or to the development of nuclear weapon delivery systems, as referred to in resolution 1737 (2006);
- “11. *Calls upon* all States, in accordance with their national legal authorities and legislation and consistent with international law, in particular the law of the sea and relevant international civil aviation agreements, to inspect the cargoes to and from Iran, of aircraft and vessels, at their airports and seaports, owned or operated by Iran Air Cargo and Islamic Republic of Iran Shipping Line, provided there are reasonable grounds to believe that the aircraft or vessel is transporting goods prohibited under this resolution or resolution 1737 (2006) or resolution 1747 (2007);
- “12. *Requires* all States, in cases when inspection mentioned in the paragraph above is undertaken, to submit to the Security Council within five working days a written report on the inspection containing, in particular, explanation of the grounds for the inspection, as well as information on its time, place, circumstances, results and other relevant details;
- “13. *Calls upon* all States to report to the Committee within 60 days of the adoption of this resolution on the steps they have taken with a view to implementing effectively paragraphs 3, 5, 7, 8, 9, 10 and 11 above;
- “14. *Decides* that the mandate of the Committee as set out in paragraph 18 of resolution 1737 (2006) shall also apply to the measures imposed in resolution 1747 (2007) and this resolution;
- “15. *Stresses* the willingness of China, France, Germany, the Russian Federation, the United Kingdom and the United States to further enhance diplomatic efforts to promote resumption of dialogue, and consultations on the basis of their offer to Iran, with a view to seeking a comprehensive, long-term and proper solution of this issue which would allow for the development of all-round relations and wider cooperation with Iran based on mutual respect and the establishment of international confidence in the exclusively peaceful nature of Iran’s nuclear programme, and inter alia, starting direct talks and negotiation with Iran as long as Iran suspends all enrichment-related and reprocessing activities, including research and development, as verified by the IAEA;
- “16. *Encourages* the European Union High Representative for the Common Foreign and Security Policy to continue communication with Iran in support of political and diplomatic efforts to find a negotiated solution including relevant proposals by China, France, Germany, the Russian Federation, the United Kingdom and the United States with a view to create necessary conditions for resuming talks;
- “17. *Emphasizes* the importance of all States, including Iran, taking the necessary measures to ensure that no claim shall lie at the instance of the Government of Iran, or of any person or entity in Iran, or of persons or entities designated pursuant to resolution 1737 (2006) and related resolutions, or any person claiming through or for the benefit of any such person or entity, in connection with any contract or other transaction where its performance was prevented by reason of the measures imposed by the present resolution, resolution 1737 (2006) or resolution 1747 (2007);
- “18. *Requests* within 90 days a further report from the Director General of the IAEA on whether Iran has established full and sustained suspension of all activities mentioned in resolution 1737 (2006), as well as on the process of Iranian compliance with all the steps required by the IAEA Board and with the other provisions of resolution 1737 (2006), resolution 1747 (2007) and of this resolution, to the IAEA Board of Governors and in parallel to the Security Council for its consideration;
- “19. *Reaffirms* that it shall review Iran’s actions in light of the report referred to in the paragraph above, and:
- (a) that it shall suspend the implementation of measures if and for so long as Iran suspends all enrichment-related and reprocessing activities, including research and development, as verified by the IAEA, to allow for negotiations in good faith in order to reach an early and mutually acceptable outcome;
  - (b) that it shall terminate the measures specified in paragraphs 3, 4, 5, 6, 7 and 12 of resolution 1737 (2006), as well as in paragraphs 2, 4, 5, 6 and 7 of resolution 1747 (2007), and in paragraphs 3, 5, 7, 8, 9, 10 and 11 above, as soon as it determines, following receipt of the report referred to in the paragraph above, that Iran has fully complied with its obligations under the relevant resolutions of the Security Council and met the requirements of the IAEA Board of Governors, as confirmed by the IAEA Board;
  - (c) that it shall, in the event that the report shows that Iran has not complied with resolution 1696 (2006), resolution 1737 (2006), resolution 1747 (2007) and this resolution, adopt further appropriate measures under Article 41 of Chapter VII of the Charter of the United Nations to persuade Iran to comply with these resolutions and the requirements of the IAEA, and underlines that further decisions will be required should such additional measures be necessary;
- “20. *Decides* to remain seized of the matter.”

**Resolution Annex I**

1. Amir Moayyed Alai (involved in managing the assembly and engineering of centrifuges)
2. Mohammad Fedai Ashiani (involved in the production of ammonium uranyl carbonate and management of the Natanz enrichment complex)
3. Abbas Rezaee Ashtiani (a senior official at the AEOI Office of Exploration and Mining Affairs)
4. Haleh Bakhtiar (involved in the production of magnesium at a concentration of 99.9%)
5. Morteza Behzad (involved in making centrifuge components)
6. Dr. Mohammad Eslami (Head of Defence Industries Training and Research Institute)
7. Seyyed Hussein Hosseini (AEOI official involved in the heavy water research reactor project at Arak)
8. M. Javad Karimi Sabet (Head of Novin Energy Company, which is designated under resolution 1747 (2007))
9. Hamid-Reza Mohajerani (involved in production management at the Uranium Conversion Facility (UCF) at Esfahan)
10. Brigadier-General Mohammad Reza Naqdi (former Deputy Chief of Armed Forces General Staff for Logistics and Industrial Research/ Head of State Anti-Smuggling Headquarters, engaged in efforts to get round the sanctions imposed by resolutions 1737 (2006) and 1747 (2007))
11. Houshang Nobari (involved in the management of the Natanz enrichment complex)
12. Abbas Rashidi (involved in enrichment work at Natanz)
13. Ghasem Soleymani (Director of Uranium Mining Operations at the Saghand Uranium Mine)

**Resolution Annex II****A. Individuals listed in resolution 1737 (2006)**

1. Mohammad Qannadi, AEOI Vice President for Research & Development
2. Dawood Agha-Jani, Head of the PFEP (Natanz)
3. Behman Asgarpour, Operational Manager ( Arak)

**B. Individuals listed in resolution 1747 (2007)**

1. Seyed Jaber Safdari (Manager of the Natanz Enrichment Facilities)
2. Amir Rahimi (Head of Esfahan Nuclear Fuel Research and Production Centre, which is part of the AEOI's Nuclear Fuel Production and Procurement Company, which is involved in enrichment-related activities)

**Resolution Annex III**

1. Abzar Boresh Kaveh Co. (BK Co.) (involved in the production of centrifuge components)
2. Barzagani Tejarat Tavanmad Saccal companies (subsidiary of Saccal System companies) (this company tried to purchase sensitive goods for an entity listed in resolution 1737 (2006))
3. Electro Sanam Company (E. S. Co./E. X. Co.) (AIO front-company, involved in the ballistic missile programme)
4. Ettehad Technical Group (AIO front-company, involved in the ballistic missile programme)
5. Industrial Factories of Precision (IFP) Machinery (aka Instrumentation Factories Plant) (used by AIO for some acquisition attempts)
6. Jabber Ibn Hayan (AEOI laboratory involved in fuel-cycle activities)
7. Joza Industrial Co. (AIO front-company, involved in the ballistic missile programme)
8. Khorasan Metallurgy Industries (subsidiary of the Ammunition Industries Group (AMIG) which depends on DIO. Involved in the production of centrifuges components)
9. Niru Battery Manufacturing Company (subsidiary of the DIO. Its role is to manufacture power units for the Iranian military including missile systems)
10. Pishgam (Pioneer) Energy Industries (has participated in construction of the Uranium Conversion Facility at Esfahan)
11. Safety Equipment Procurement (SEP) (AIO front-company, involved in the ballistic missile programme)
12. TAMAS Company (involved in enrichment-related activities. TAMAS is the overarching body, under which four subsidiaries have been established, including one for uranium extraction to concentration and another in charge of uranium processing, enrichment and waste)

**END TEXT****UN Security Council Resolution 1929**

U.N. Security Council Resolution 1929, adopted June 9, 2010, was the first Resolution in two years to impose actual new sanctions against Iran. (The last one was Resolution 1803 of March 3, 2008). The Resolution was enacted after exhaustive U.S. diplomacy intended to overcome Russia's and China's objections to any U.N. sanctions that would harm Iran's civilian economy or population.



What was produced in Resolution 1929 was a formula under which very few new sanctions against Iran were made mandatory, but a great many new sanctions were authorized or called for by the Resolution. This structure enabled countries such as China and Russia to follow only the letter of the Resolution, while allowing the United States and its allies to go far further in imposing sweeping new bilateral and multilateral sanctions against Iran.

Among the most significant mandatory sanctions are:

- A prohibition on allowing Iran to invest in uranium mining, nuclear technologies, and nuclear capable ballistic missile technology in other countries.
- A ban on sales to Iran of most categories of heavy weaponry, although with an exemption for the sale of advanced air defense systems.
- A mandatory ban on worldwide travel by Iranians named in Resolution 1929 and Iranians previously subjected to a non-mandatory travel ban.

A few other sanctions against Iran are made subject to a determination by a U.N. member state that an Iranian action is for the purpose of furthering its WMD programs or circumventing U.N. Resolutions. For example, countries are required to bar their companies from doing any business with Iran, or from allowing Iran to open branches of its banks abroad, if doing so could further its WMD programs. Countries are also authorized to inspect shipping on the high seas, subject to concurrence of the country whose flag the ship flies under, if such shipments are suspected of carrying items that are banned for export to or import from Iran by previous resolutions.

### **Country Responses to Non-Binding Language of Resolution 1929**

Much of the U.S. intent of Resolution 1929 was to set up for further multilateral sanctions against Iran by like-minded countries, particularly in Europe. The pre-ambular language of Resolution 1929 accomplished that objective in by “noting the potential connection between Iran’s revenues derived from its energy sector and the funding of Iran’s proliferation-sensitive nuclear activities...”

Drawing that connection set the stage for a highly significant action by the European Union. On July 27, 2010, the EU announced a major package of binding sanctions on Iran, the product of months of technical talks among EU experts and working groups. The most significant measures announced by the EU, and with similar measures announced by Japan and South Korea in September 2010, included:

- A ban by EU companies of sales to Iran of energy-related equipment and services, including services for Iran-owned projects outside Iran.
- A ban on EU financing of energy projects in Iran. Together with the first point, above, this amounts to a ban on EU firms from entering into projects in Iran to explore for and extract energy resources there.
- A ban on medium term and long term financing for trade with Iran (letters of credit) and financing guarantees for these credits by European export financing guarantee agencies.
- A ban on EU country aid or loans to Iran, including voting to provide such aid through international financial institutions.
- A ban on insurance or reinsurance for Iranian firms, including shipping companies. Also imposed was a ban on flights to and from EU states by Iran Air Cargo.
- A ban on the opening of any new branches or offices of Iranian banks in the EU states, and on EU banks from opening new offices or accounts in Iran. Transfers of funds between EU and Iranian banks exceeding about \$50,000 now require EU regulator authorization.

### **Text of Resolution 1929**

#### **THE FULL TEXT OF RESOLUTION 1929 (2010) READS AS FOLLOWS:**

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*“The Security Council,*

*“Recalling the Statement of its President, S/PRST/2006/15, and its resolutions 1696 (2006), 1737 (2006), 1747 (2007), 1803 (2008), 1835 (2008), and 1887 (2009) and reaffirming their provisions,*

*“Reaffirming its commitment to the Treaty on the Non-Proliferation of Nuclear Weapons, the need for all States Party to that Treaty to comply fully with all their obligations, and recalling the right of States Party, in conformity with Articles I and II of that Treaty, to develop research,*



production and use of nuclear energy for peaceful purposes without discrimination,

*“Recalling* the resolution of the IAEA Board of Governors (GOV/2006/14), which states that a solution to the Iranian nuclear issue would contribute to global non-proliferation efforts and to realizing the objective of a Middle East free of weapons of mass destruction, including their means of delivery,

*“Noting* with serious concern that, as confirmed by the reports of 27 February 2006 (GOV/2006/15), 8 June 2006 (GOV/2006/38), 31 August 2006 (GOV/2006/53), 14 November 2006 (GOV/2006/64), 22 February 2007 (GOV/2007/8), 23 May 2007 (GOV/2007/122), 30 August 2007 (GOV/2007/48), 15 November 2007 (GOV/2007/58), 22 February 2008 (GOV/2008/4), 26 May 2008 (GOV/2008/115), 15 September 2008 (GOV/2008/38), 19 November 2008 (GOV/2008/59), 19 February 2009 (GOV/2009/8), 5 June 2009 (GOV/2009/35), 28 August 2009 (GOV/2009/55), 16 November 2009 (GOV/2009/74), 18 February 2010 (GOV/2010/10) and 31 May 2010 (GOV/2010/28) of the Director General of the International Atomic Energy Agency (IAEA), Iran has not established full and sustained suspension of all enrichment-related and reprocessing activities and heavy-water-related projects as set out in resolutions 1696 (2006), 1737 (2006), 1747 (2007) and 1803 (2008) nor resumed its cooperation with the IAEA under the Additional Protocol, nor cooperated with the IAEA in connection with the remaining issues of concern, which need to be clarified to exclude the possibility of military dimensions of Iran’s nuclear programme, nor taken the other steps required by the IAEA Board of Governors, nor complied with the provisions of Security Council resolutions 1696 (2006), 1737 (2006), 1747 (2007) and 1803 (2008) and which are essential to build confidence, and deploring Iran’s refusal to take these steps,

*“Reaffirming* that outstanding issues can be best resolved and confidence built in the exclusively peaceful nature of Iran’s nuclear programme by Iran responding positively to all the calls which the Council and the IAEA Board of Governors have made on Iran,

*“Noting* with serious concern the role of elements of the Islamic Revolutionary Guard Corps (IRGC, also known as “Army of the Guardians of the Islamic Revolution”), including those specified in Annex D and E of resolution 1737 (2006), Annex I of resolution 1747 (2007) and Annex II of this resolution, in Iran’s proliferation sensitive nuclear activities and the development of nuclear weapon delivery systems,

*“Noting* with serious concern that Iran has constructed an enrichment facility at Qom in breach of its obligations to suspend all enrichment-related activities, and that Iran failed to notify it to the IAEA until September 2009, which is inconsistent with its obligations under the Subsidiary Arrangements to its Safeguards Agreement,

*“Also* noting the resolution of the IAEA Board of Governors (GOV/2009/82), which urges Iran to suspend immediately construction at Qom, and to clarify the facility’s purpose, chronology of design and construction, and calls upon Iran to confirm, as requested by the IAEA, that it has not taken a decision to construct, or authorize construction of, any other nuclear facility which has as yet not been declared to the IAEA,

*“Noting* with serious concern that Iran has enriched uranium to 20 per cent, and did so without notifying the IAEA with sufficient time for it to adjust the existing safeguards procedures,

*“Noting* with concern that Iran has taken issue with the IAEA’s right to verify design information which had been provided by Iran pursuant to the modified Code 3.1, and emphasizing that in accordance with Article 39 of Iran’s Safeguards Agreement Code 3.1 cannot be modified nor suspended unilaterally and that the IAEA’s right to verify design information provided to it is a continuing right, which is not dependent on the stage of construction of, or the presence of nuclear material at, a facility,

*“Reiterating* its determination to reinforce the authority of the IAEA, strongly supporting the role of the IAEA Board of Governors, and commending the IAEA for its efforts to resolve outstanding issues relating to Iran’s nuclear programme,

*“Expressing* the conviction that the suspension set out in paragraph 2 of resolution 1737 (2006) as well as full, verified Iranian compliance with the requirements set out by the IAEA Board of Governors would contribute to a diplomatic, negotiated solution that guarantees Iran’s nuclear programme is for exclusively peaceful purposes,

*“Emphasizing* the importance of political and diplomatic efforts to find a negotiated solution guaranteeing that Iran’s nuclear programme is exclusively for peaceful purposes and noting in this regard the efforts of Turkey and Brazil towards an agreement with Iran on the Tehran Research Reactor that could serve as a confidence-building measure,

*“Emphasizing* also, however, in the context of these efforts, the importance of Iran addressing the core issues related to its nuclear programme,

*“Stressing* that China, France, Germany, the Russian Federation, the United Kingdom and the United States are willing to take further concrete measures on exploring an overall strategy of resolving the Iranian nuclear issue through negotiation on the basis of their June 2006 proposals (S/2006/521) and their June 2008 proposals (INFCIRC/730), and noting the confirmation by these countries that once the confidence of the international community in the exclusively peaceful nature of Iran’s nuclear programme is restored it will be treated in the same manner as that of any Non-Nuclear Weapon State Party to the Treaty on the Non Proliferation of Nuclear Weapons,

*“Welcoming* the guidance issued by the Financial Action Task Force (FATF) to assist States in implementing their financial obligations under resolutions 1737 (2006) and 1803 (2008), and recalling in particular the need to exercise vigilance over transactions involving Iranian banks, including the Central Bank of Iran, so as to prevent such transactions contributing to proliferation-sensitive nuclear activities, or to the development of nuclear weapon delivery systems,

*“Recognizing* that access to diverse, reliable energy is critical for sustainable growth and development, while noting the potential connection between Iran’s revenues derived from its energy sector and the funding of Iran’s proliferation-sensitive nuclear activities, and further noting that chemical process equipment and materials required for the

petrochemical industry have much in common with those required for certain sensitive nuclear fuel cycle activities,

*"Having regard to States' rights and obligations relating to international trade,*

*"Recalling that the law of the sea, as reflected in the United Nations Convention on the Law of the Sea (1982), sets out the legal framework applicable to ocean activities,*

*"Calling for the ratification of the Comprehensive Nuclear-Test-Ban Treaty by Iran at an early date,*

*"Determined to give effect to its decisions by adopting appropriate measures to persuade Iran to comply with resolutions 1696 (2006), 1737 (2006), 1747 (2007) and 1803 (2008) and with the requirements of the IAEA, and also to constrain Iran's development of sensitive technologies in support of its nuclear and missile programmes, until such time as the Security Council determines that the objectives of these resolutions have been met,*

*"Concerned by the proliferation risks presented by the Iranian nuclear programme and mindful of its primary responsibility under the Charter of the United Nations for the maintenance of international peace and security,*

*"Stressing that nothing in this resolution compels States to take measures or actions exceeding the scope of this resolution, including the use of force or the threat of force,*

*"Acting under Article 41 of Chapter VII of the Charter of the United Nations,*

- "1. Affirms that Iran has so far failed to meet the requirements of the IAEA Board of Governors and to comply with resolutions 1696 (2006), 1737 (2006), 1747 (2007) and 1803 (2008);*
- "2. Affirms that Iran shall without further delay take the steps required by the IAEA Board of Governors in its resolutions GOV/2006/14 and GOV/2009/82, which are essential to build confidence in the exclusively peaceful purpose of its nuclear programme, to resolve outstanding questions and to address the serious concerns raised by the construction of an enrichment facility at Qom in breach of its obligations to suspend all enrichment-related activities, and, in this context, further affirms its decision that Iran shall without delay take the steps required in paragraph 2 of resolution 1737 (2006);*
- "3. Reaffirms that Iran shall cooperate fully with the IAEA on all outstanding issues, particularly those which give rise to concerns about the possible military dimensions of the Iranian nuclear programme, including by providing access without delay to all sites, equipment, persons and documents requested by the IAEA, and stresses the importance of ensuring that the IAEA have all necessary resources and authority for the fulfilment of its work in Iran;*
- "4. Requests the Director General of the IAEA to communicate to the Security Council all his reports on the application of safeguards in Iran;*

*"5. Decides that Iran shall without delay comply fully and without qualification with its IAEA Safeguards Agreement, including through the application of modified Code 3.1 of the Subsidiary Arrangement to its Safeguards Agreement, calls upon Iran to act strictly in accordance with the provisions of the Additional Protocol to its IAEA Safeguards Agreement that it signed on 18 December 2003, calls upon Iran to ratify promptly the Additional Protocol, and reaffirms that, in accordance with Articles 24 and 39 of Iran's Safeguards Agreement, Iran's Safeguards Agreement and its Subsidiary Arrangement, including modified Code 3.1, cannot be amended or changed unilaterally by Iran, and notes that there is no mechanism in the Agreement for the suspension of any of the provisions in the Subsidiary Arrangement;*

*"6. Reaffirms that, in accordance with Iran's obligations under previous resolutions to suspend all reprocessing, heavy water-related and enrichment-related activities, Iran shall not begin construction on any new uranium-enrichment, reprocessing, or heavy water-related facility and shall discontinue any ongoing construction of any uranium-enrichment, reprocessing, or heavy water-related facility;*

*"7. Decides that Iran shall not acquire an interest in any commercial activity in another State involving uranium mining, production or use of nuclear materials and technology as listed in INFCIRC/254/Rev.9/Part 1, in particular uranium-enrichment and reprocessing activities, all heavy-water activities or technology-related to ballistic missiles capable of delivering nuclear weapons, and further decides that all States shall prohibit such investment in territories under their jurisdiction by Iran, its nationals, and entities incorporated in Iran or subject to its jurisdiction, or by persons or entities acting on their behalf or at their direction, or by entities owned or controlled by them;*

*"8. Decides that all States shall prevent the direct or indirect supply, sale or transfer to Iran, from or through their territories or by their nationals or individuals subject to their jurisdiction, or using their flag vessels or aircraft, and whether or not originating in their territories, of any battle tanks, armoured combat vehicles, large calibre artillery systems, combat aircraft, attack helicopters, warships, missiles or missile systems as defined for the purpose of the United Nations Register of Conventional Arms, or related materiel, including spare parts, or items as determined by the Security Council or the Committee established pursuant to resolution 1737 (2006) ("the Committee"), decides further that all States shall prevent the provision to Iran by their nationals or from or through their territories of technical training, financial resources or services, advice, other services or assistance related to the supply, sale, transfer, provision, manufacture, maintenance or use of such arms and related materiel, and, in this context, calls upon all States to exercise vigilance and restraint over the supply, sale, transfer, provision, manufacture and use of all other arms and related materiel;*

*"9. Decides that Iran shall not undertake any activity related to ballistic missiles capable of delivering nuclear weapons, including launches using ballistic missile technology, and that States shall take all*

necessary measures to prevent the transfer of technology or technical assistance to Iran related to such activities;

- “10. *Decides* that all States shall take the necessary measures to prevent the entry into or transit through their territories of individuals designated in Annex C, D and E of resolution 1737 (2006), Annex I of resolution 1747 (2007), Annex I of resolution 1803 (2008) and Annexes I and II of this resolution, or by the Security Council or the Committee pursuant to paragraph 10 of resolution 1737 (2006), except where such entry or transit is for activities directly related to the provision to Iran of items in subparagraphs 3(b)(i) and (ii) of resolution 1737 (2006) in accordance with paragraph 3 of resolution 1737 (2006), underlines that nothing in this paragraph shall oblige a State to refuse its own nationals entry into its territory, and decides that the measures imposed in this paragraph shall not apply when the Committee determines on a case-by-case basis that such travel is justified on the grounds of humanitarian need, including religious obligations, or where the Committee concludes that an exemption would otherwise further the objectives of this resolution, including where Article XV of the IAEA Statute is engaged;
- “11. *Decides* that the measures specified in paragraphs 12, 13, 14 and 15 of resolution 1737 (2006) shall apply also to the individuals and entities listed in Annex I of this resolution and to any individuals or entities acting on their behalf or at their direction, and to entities owned or controlled by them, including through illicit means, and to any individuals and entities determined by the Council or the Committee to have assisted designated individuals or entities in evading sanctions of, or in violating the provisions of, resolutions 1737 (2006), 1747 (2007), 1803 (2008) or this resolution;
- “12. *Decides* that the measures specified in paragraphs 12, 13, 14 and 15 of resolution 1737 (2006) shall apply also to the Islamic Revolutionary Guard Corps (IRGC, also known as “Army of the Guardians of the Islamic Revolution”) individuals and entities specified in Annex II, and to any individuals or entities acting on their behalf or at their direction, and to entities owned or controlled by them, including through illicit means, and calls upon all States to exercise vigilance over those transactions involving the IRGC that could contribute to Iran’s proliferation-sensitive nuclear activities or the development of nuclear weapon delivery systems;
- “13. *Decides* that for the purposes of the measures specified in paragraphs 3, 4, 5, 6 and 7 of resolution 1737 (2006), the list of items in S/2006/814 shall be superseded by the list of items in INFCIRC/254/Rev.9/Part 1 and INFCIRC/254/Rev.7/Part 2, and any further items if the State determines that they could contribute to enrichment-related, reprocessing or heavy water-related activities or to the development of nuclear weapon delivery systems, and further decides that for the purposes of the measures specified in paragraphs 3, 4, 5, 6 and 7 of resolution 1737 (2006), the list of items contained in S/2006/815 shall be superseded by the list of items contained in S/2010/263;
- “14. *Calls* upon all States to inspect, in accordance with their national authorities and legislation and consistent with international law, in particular the law of the sea and relevant international civil aviation agreements, all cargo to and from Iran, in their territory, including seaports and airports, if the State concerned has information that provides reasonable grounds to believe the cargo contains items the supply, sale, transfer, or export of which is prohibited by paragraphs 3, 4 or 7 of resolution 1737 (2006), paragraph 5 of resolution 1747 (2007), paragraph 8 of resolution 1803 (2008) or paragraphs 8 or 9 of this resolution, for the purpose of ensuring strict implementation of those provisions;
- “15. *Notes* that States, consistent with international law, in particular the law of the sea, may request inspections of vessels on the high seas with the consent of the flag State, and calls upon all States to cooperate in such inspections if there is information that provides reasonable grounds to believe the vessel is carrying items the supply, sale, transfer, or export of which is prohibited by paragraphs 3, 4 or 7 of resolution 1737 (2006), paragraph 5 of resolution 1747 (2007), paragraph 8 of resolution 1803 (2008) or paragraphs 8 or 9 of this resolution, for the purpose of ensuring strict implementation of those provisions;
- “16. *Decides* to authorize all States to, and that all States shall, seize and dispose of (such as through destruction, rendering inoperable, storage or transferring to a State other than the originating or destination States for disposal) items the supply, sale, transfer, or export of which is prohibited by paragraphs 3, 4 or 7 of resolution 1737 (2006), paragraph 5 of resolution 1747 (2007), paragraph 8 of resolution 1803 (2008) or paragraphs 8 or 9 of this resolution that are identified in inspections pursuant to paragraphs 14 or 15 of this resolution, in a manner that is not inconsistent with their obligations under applicable Security Council resolutions, including resolution 1540 (2004), as well as any obligations of parties to the NPT, and decides further that all States shall cooperate in such efforts;
- “17. *Requires* any State, when it undertakes an inspection pursuant to paragraphs 14 or 15 above to submit to the Committee within five working days an initial written report containing, in particular, explanation of the grounds for the inspections, the results of such inspections and whether or not cooperation was provided, and, if items prohibited for transfer are found, further requires such States to submit to the Committee, at a later stage, a subsequent written report containing relevant details on the inspection, seizure and disposal, and relevant details of the transfer, including a description of the items, their origin and intended destination, if this information is not in the initial report;
- “18. *Decides* that all States shall prohibit the provision by their nationals or from their territory of bunkering services, such as provision of fuel or supplies, or other servicing of vessels, to Iranian-owned or -contracted vessels, including chartered vessels, if they have information that provides reasonable grounds to believe they are carrying items the supply, sale, transfer, or export of which is prohibited by paragraphs 3, 4 or 7 of resolution 1737 (2006),

paragraph 5 of resolution 1747 (2007), paragraph 8 of resolution 1803 (2008) or paragraphs 8 or 9 of this resolution, unless provision of such services is necessary for humanitarian purposes or until such time as the cargo has been inspected, and seized and disposed of if necessary, and underlines that this paragraph is not intended to affect legal economic activities;

- “19. *Decides* that the measures specified in paragraphs 12, 13, 14 and 15 of resolution 1737 (2006) shall also apply to the entities of the Islamic Republic of Iran Shipping Lines (IRISL) as specified in Annex III and to any person or entity acting on their behalf or at their direction, and to entities owned or controlled by them, including through illicit means, or determined by the Council or the Committee to have assisted them in evading the sanctions of, or in violating the provisions of, resolutions 1737 (2006), 1747 (2007), 1803 (2008) or this resolution;
- “20. *Requests* all Member States to communicate to the Committee any information available on transfers or activity by Iran Air’s cargo division or vessels owned or operated by the Islamic Republic of Iran Shipping Lines (IRISL) to other companies that may have been undertaken in order to evade the sanctions of, or in violation of the provisions of, resolutions 1737 (2006), 1747 (2007), 1803 (2008) or this resolution, including renaming or re-registering of aircraft, vessels or ships, and requests the Committee to make that information widely available;
- “21. *Calls* upon all States, in addition to implementing their obligations pursuant to resolutions 1737 (2006), 1747 (2007), 1803 (2008) and this resolution, to prevent the provision of financial services, including insurance or re-insurance, or the transfer to, through, or from their territory, or to or by their nationals or entities organized under their laws (including branches abroad), or persons or financial institutions in their territory, of any financial or other assets or resources if they have information that provides reasonable grounds to believe that such services, assets or resources could contribute to Iran’s proliferation-sensitive nuclear activities, or the development of nuclear weapon delivery systems, including by freezing any financial or other assets or resources on their territories or that hereafter come within their territories, or that are subject to their jurisdiction or that hereafter become subject to their jurisdiction, that are related to such programmes or activities and applying enhanced monitoring to prevent all such transactions in accordance with their national authorities and legislation;
- “22. *Decides* that all States shall require their nationals, persons subject to their jurisdiction and firms incorporated in their territory or subject to their jurisdiction to exercise vigilance when doing business with entities incorporated in Iran or subject to Iran’s jurisdiction, including those of the IRGC and IRISL, and any individuals or entities acting on their behalf or at their direction, and entities owned or controlled by them, including through illicit means, if they have information that provides reasonable grounds to believe that such business could contribute to Iran’s proliferation-sensitive nuclear activities or the development of nuclear weapon delivery systems or to violations of resolutions 1737 (2006), 1747 (2007), 1803 (2008) or this resolution;
- “23. *Calls* upon States to take appropriate measures that prohibit in their territories the opening of new branches, subsidiaries, or representative offices of Iranian banks, and also that prohibit Iranian banks from establishing new joint ventures, taking an ownership interest in or establishing or maintaining correspondent relationships with banks in their jurisdiction to prevent the provision of financial services if they have information that provides reasonable grounds to believe that these activities could contribute to Iran’s proliferation-sensitive nuclear activities or the development of nuclear weapon delivery systems;
- “24. *Calls* upon States to take appropriate measures that prohibit financial institutions within their territories or under their jurisdiction from opening representative offices or subsidiaries or banking accounts in Iran if they have information that provides reasonable grounds to believe that such financial services could contribute to Iran’s proliferation-sensitive nuclear activities or the development of nuclear weapon delivery systems;
- “25. *Deplores* the violations of the prohibitions of paragraph 5 of resolution 1747 (2007) that have been reported to the Committee since the adoption of resolution 1747 (2007), and commends States that have taken action to respond to these violations and report them to the Committee;
- “26. *Directs* the Committee to respond effectively to violations of the measures decided in resolutions 1737 (2006), 1747 (2007), 1803 (2008) and this resolution, and recalls that the Committee may designate individuals and entities who have assisted designated persons or entities in evading sanctions of, or in violating the provisions of, these resolutions;
- “27. *Decides* that the Committee shall intensify its efforts to promote the full implementation of resolutions 1737 (2006), 1747 (2007), 1803 (2008) and this resolution, including through a work programme covering compliance, investigations, outreach, dialogue, assistance and cooperation, to be submitted to the Council within forty-five days of the adoption of this resolution;
- “28. *Decides* that the mandate of the Committee as set out in paragraph 18 of resolution 1737 (2006), as amended by paragraph 14 of resolution 1803 (2008), shall also apply to the measures decided in this resolution, including to receive reports from States submitted pursuant to paragraph 17 above;
- “29. *Requests* the Secretary-General to create for an initial period of one year, in consultation with the Committee, a group of up to eight experts (“Panel of Experts”), under the direction of the Committee, to carry out the following tasks: (a) assist the Committee in carrying out its mandate as specified in paragraph 18 of resolution 1737 (2006) and paragraph 28 of this resolution; (b) gather, examine and analyse information from States, relevant United Nations bodies and other interested parties regarding the implementation of the measures decided in resolutions 1737 (2006), 1747 (2007),



- 1803 (2008) and this resolution, in particular incidents of non-compliance; (c) make recommendations on actions the Council, or the Committee or State, may consider to improve implementation of the relevant measures; and (d) provide to the Council an interim report on its work no later than 90 days after the Panel's appointment, and a final report to the Council no later than 30 days prior to the termination of its mandate with its findings and recommendations;
- "30. *Urges* all States, relevant United Nations bodies and other interested parties, to cooperate fully with the Committee and the Panel of Experts, in particular by supplying any information at their disposal on the implementation of the measures decided in resolutions 1737 (2006), 1747 (2007), 1803 (2008) and this resolution, in particular incidents of non-compliance;
- "31. *Calls* upon all States to report to the Committee within 60 days of the adoption of this resolution on the steps they have taken with a view to implementing effectively paragraphs 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 21, 22, 23 and 24;
- "32. *Stresses* the willingness of China, France, Germany, the Russian Federation, the United Kingdom and the United States to further enhance diplomatic efforts to promote dialogue and consultations, including to resume dialogue with Iran on the nuclear issue without preconditions, most recently in their meeting with Iran in Geneva on 1 October 2009, with a view to seeking a comprehensive, long-term and proper solution of this issue on the basis of the proposal made by China, France, Germany, the Russian Federation, the United Kingdom and the United States on 14 June 2008, which would allow for the development of relations and wider cooperation with Iran based on mutual respect and the establishment of international confidence in the exclusively peaceful nature of Iran's nuclear programme and, inter alia, starting formal negotiations with Iran on the basis of the June 2008 proposal, and acknowledges with appreciation that the June 2008 proposal, as attached in Annex IV to this resolution, remains on the table;
- "33. *Encourages* the High Representative of the European Union for Foreign Affairs and Security Policy to continue communication with Iran in support of political and diplomatic efforts to find a negotiated solution, including relevant proposals by China, France, Germany, the Russian Federation, the United Kingdom and the United States with a view to create necessary conditions for resuming talks, and encourages Iran to respond positively to such proposals;
- "34. *Commends* the Director General of the IAEA for his 21 October 2009 proposal of a draft Agreement between the IAEA and the Governments of the Republic of France, the Islamic Republic of Iran and the Russian Federation for Assistance in Securing Nuclear Fuel for a Research Reactor in Iran for the Supply of Nuclear Fuel to the Tehran Research Reactor, regrets that Iran has not responded constructively to the 21 October 2009 proposal, and encourages the IAEA to continue exploring such measures to build confidence consistent with and in furtherance of the Council's resolutions;
- "35. *Emphasizes* the importance of all States, including Iran, taking the necessary measures to ensure that no claim shall lie at the instance of the Government of Iran, or of any person or entity in Iran, or of persons or entities designated pursuant to resolution 1737 (2006) and related resolutions, or any person claiming through or for the benefit of any such person or entity, in connection with any contract or other transaction where its performance was prevented by reason of the measures imposed by resolutions 1737 (2006), 1747 (2007), 1803 (2008) and this resolution;
- "36. *Requests* within 90 days a report from the Director General of the IAEA on whether Iran has established full and sustained suspension of all activities mentioned in resolution 1737 (2006), as well as on the process of Iranian compliance with all the steps required by the IAEA Board of Governors and with other provisions of resolutions 1737 (2006), 1747 (2007), 1803 (2008) and of this resolution, to the IAEA Board of Governors and in parallel to the Security Council for its consideration;
- "37. *Affirms* that it shall review Iran's actions in light of the report referred to in paragraph 36 above, to be submitted within 90 days, and: (a) that it shall suspend the implementation of measures if and for so long as Iran suspends all enrichment-related and reprocessing activities, including research and development, as verified by the IAEA, to allow for negotiations in good faith in order to reach an early and mutually acceptable outcome; (b) that it shall terminate the measures specified in paragraphs 3, 4, 5, 6, 7 and 12 of resolution 1737 (2006), as well as in paragraphs 2, 4, 5, 6 and 7 of resolution 1747 (2007), paragraphs 3, 5, 7, 8, 9, 10 and 11 of resolution 1803 (2008), and in paragraphs 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 21, 22, 23 and 24 above, as soon as it determines, following receipt of the report referred to in the paragraph above, that Iran has fully complied with its obligations under the relevant resolutions of the Security Council and met the requirements of the IAEA Board of Governors, as confirmed by the IAEA Board of Governors; (c) that it shall, in the event that the report shows that Iran has not complied with resolutions 1737 (2006), 1747 (2007), 1803 (2008) and this resolution, adopt further appropriate measures under Article 41 of Chapter VII of the Charter of the United Nations to persuade Iran to comply with these resolutions and the requirements of the IAEA, and underlines that further decisions will be required should such additional measures be necessary;
- "38. *Decides* to remain seized of the matter."

#### Resolution Annex I

Individuals and entities involved in nuclear or ballistic missile activities

#### Entities (Most Addresses and Alternate Names Deleted)

1. Amin Industrial Complex: Amin Industrial Complex sought temperature controllers which may be used in nuclear research and operational/production facilities. Amin Industrial Complex is owned, or controlled by, or acts on behalf of, the Defense Industries

Organization (DIO), which was designated in resolution 1737 (2006).

2. Armament Industries Group: Armament Industries Group (AIG) manufacturers and services a variety of small arms and light weapons, including large- and medium-calibre guns and related technology. AIG conducts the majority of its procurement activity through Hadid Industries Complex.
  3. Defense Technology and Science Research Center: Defense Technology and Science Research Center (DTSRC) is owned or controlled by, or acts on behalf of, Iran's Ministry of Defense and Armed Forces Logistics (MODAFL), which oversees Iran's defence R&D, production, maintenance, exports, and procurement.
  4. Doostan International Company: Doostan International Company (DICO) supplies elements to Iran's ballistic missile program.
  5. Farasakht Industries: Farasakht Industries is owned or controlled by, or act on behalf of, the Iran Aircraft Manufacturing Company, which in turn is owned or controlled by MODAFL.
  6. First East Export Bank, P.L.C.: First East Export Bank, PLC is owned or controlled by, or acts on behalf of, Bank Mellat. Over the last seven years, Bank Mellat has facilitated hundreds of millions of dollars in transactions for Iranian nuclear, missile, and defense entities.
- Location: Unit Level 10 (B1), Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 WP Labuan, Malaysia; Business Registration Number LL06889 (Malaysia)
7. Kaveh Cutting Tools Company: Kaveh Cutting Tools Company is owned or controlled by, or acts on behalf of, the DIO.
  8. M. Babaie Industries: M. Babaie Industries is subordinate to Shahid Ahmad Kazemi Industries Group (formally the Air Defense Missile Industries Group) of Iran's Aerospace Industries Organization (AIO). AIO controls the missile organizations Shahid Hemmat Industrial Group (SHIG) and the Shahid Bakeri Industrial Group (SBIG), both of which were designated in resolution 1737 (2006).
  9. Malek Ashtar University: A subordinate of the DTRSC within MODAFL. This includes research groups previously falling under the Physics Research Center (PHRC). IAEA inspectors have not been allowed to interview staff or see documents under the control of this organization to resolve the outstanding issue of the possible military dimension to Iran's nuclear program.
  10. Ministry of Defense Logistics Export: Ministry of Defense Logistics Export (MODLEX) sells Iranian-produced arms to customers around the world in contravention of resolution 1747 (2007), which prohibits Iran from selling arms or related materiel.
  11. Mizan Machinery Manufacturing: Mizan Machinery Manufacturing (3M) is owned or controlled by, or acts on behalf of, SHIG.

12. Modern Industries Technique Company: Modern Industries Technique Company (MITEC) is responsible for design and construction of the IR-40 heavy water reactor in Arak. MITEC has spearheaded procurement for the construction of the IR-40 heavy water reactor.
13. Nuclear Research Center for Agriculture and Medicine: The Nuclear Research Center for Agriculture and Medicine (NFRPC) is a large research component of the Atomic Energy Organization of Iran (AEOI), which was designated in resolution 1737 (2006). The NFRPC is AEOI's center for the development of nuclear fuel and is involved in enrichment-related activities.
14. Pejman Industrial Services Corporation: Pejman Industrial Services Corporation is owned or controlled by, or acts on behalf of, SBIG.
15. Sabalan Company: Sabalan is a cover name for SHIG.
16. Sahand Aluminum Parts Industrial Company (SAPICO): SAPICO is a cover name for SHIG.
17. Shahid Karrazi Industries: Shahid Karrazi Industries is owned or controlled by, or act on behalf of, SBIG.
18. Shahid Satarri Industries: Shahid Sattari Industries is owned or controlled by, or acts on behalf of, SBIG.
19. Shahid Sayyade Shirazi Industries: Shahid Sayyade Shirazi Industries (SSSI) is owned or controlled by, or acts on behalf of, the DIO.
20. Special Industries Group: Special Industries Group (SIG) is a subordinate of DIO.
21. Tiz Pars: Tiz Pars is a cover name for SHIG. Between April and July 2007, Tiz Pars attempted to procure a five axis laser welding and cutting machine, which could make a material contribution to Iran's missile program, on behalf of SHIG.
22. Yazd Metallurgy Industries: Yazd Metallurgy Industries (YMI) is a subordinate of DIO.

### Individuals

Javad Rahiqi: Head of the Atomic Energy Organization of Iran (AEOI) Esfahan Nuclear Technology Center (additional information: DOB: 24 April 1954; POB: Marshad).

### Resolution Annex II

Entities owned, controlled, or acting on behalf of the Islamic Revolutionary Guard Corps

1. Fater (or Faater) Institute: Khatam al-Anbiya (KAA) subsidiary. Fater has worked with foreign suppliers, likely on behalf of other KAA companies on IRGC projects in Iran.
2. Gharagahe Sazandegi Ghaem: Gharagahe Sazandegi Ghaem is owned or controlled by KAA.
3. Ghorb Karbala: Ghorb Karbala is owned or controlled by KAA.
4. Ghorb Nooh: Ghorb Nooh is owned or controlled by KAA.



5. Hara Company: Owned or controlled by Ghorb Nooh.
6. Imensazan Consultant Engineers Institute: Owned or controlled by, or acts on behalf of, KAA.
7. Khatam al-Anbiya Construction Headquarters: Khatam al-Anbiya Construction Headquarters (KAA) is an IRGC-owned company involved in large scale civil and military construction projects and other engineering activities. It undertakes a significant amount of work on Passive Defense Organization projects. In particular, KAA subsidiaries were heavily involved in the construction of the uranium enrichment site at Qom/Fordow.
8. Makin: Makin is owned or controlled by or acting on behalf of KAA, and is a subsidiary of KAA.
9. Omran Sahel: Owned or controlled by Ghorb Nooh.
10. Oriental Oil Kish: Oriental Oil Kish is owned or controlled by or acting on behalf of KAA.
11. Rah Sahel: Rah Sahel is owned or controlled by or acting on behalf of KAA.
12. Rahab Engineering Institute: Rahab is owned or controlled by or acting on behalf of KAA, and is a subsidiary of KAA.
13. Sahel Consultant Engineers: Owned or controlled by Ghorb Nooh.
14. Sepanir: Sepanir is owned or controlled by or acting on behalf of KAA.
15. Sepasad Engineering Company: Sepasad Engineering Company is owned or controlled by or acting on behalf of KAA.

#### **Resolution Annex III**

Entities owned, controlled, or acting on behalf of the Islamic Republic of Iran Shipping Lines (IRISL)

1. Irano Hind Shipping Company
2. IRISL Benelux NV (Belgium)
3. South Shipping Line Iran (SSL)

#### **Resolution Annex IV**

1. Proposal to the Islamic Republic of Iran by China, France, Germany, the Russian Federation, the United Kingdom of Great Britain and Northern Ireland, the United States of America and the European Union
2. Presented to the Iranian authorities on 14 June 2008 Teheran

#### **Possible Areas of Cooperation with Iran**

In order to seek a comprehensive, long-term and proper solution of the Iranian nuclear issue consistent with relevant UN Security Council resolutions and building further upon the proposal presented to Iran in June 2006, which remains on the table, the elements below are proposed as topics for negotiations between China, France, Germany, Iran, Russia, the United Kingdom, and the United States, joined by the High Representative of the European Union, as long as Iran verifiably

suspends its enrichment-related and reprocessing activities, pursuant to OP 15 and OP 19(a) of UNSCR 1803. In the perspective of such negotiations, we also expect Iran to heed the requirements of the UNSC and the IAEA. For their part, China, France, Germany, Russia, the United Kingdom, the United States and the European Union High Representative state their readiness:

- to recognize Iran's right to develop research, production and use of nuclear energy for peaceful purposes in conformity with its NPT obligations;
- to treat Iran's nuclear programme in the same manner as that of any Non-nuclear Weapon State Party to the NPT once international confidence in the exclusively peaceful nature of Iran's nuclear programme is restored.

#### **Nuclear Energy**

1. Reaffirmation of Iran's right to nuclear energy for exclusively peaceful purposes in conformity with its obligations under the NPT.
2. Provision of technological and financial assistance necessary for Iran's peaceful use of nuclear energy, support for the resumption of technical cooperation projects in Iran by the IAEA.
3. Support for construction of LWR based on state-of-the-art technology.
4. Support for R&D in nuclear energy as international confidence is gradually restored.
5. Provision of legally binding nuclear fuel supply guarantees.
6. Cooperation with regard to management of spent fuel and radioactive waste.

#### **Political**

1. Improving the six countries' and the EU's relations with Iran and building up mutual trust.
2. Encouragement of direct contact and dialogue with Iran.
3. Support Iran in playing an important and constructive role in international affairs.
4. Promotion of dialogue and cooperation on non-proliferation, regional security and stabilization issues.
5. Work with Iran and others in the region to encourage confidence-building measures and regional security.
6. Establishment of appropriate consultation and cooperation mechanisms.
7. Support for a conference on regional security issues.
8. Reaffirmation that a solution to the Iranian nuclear issue would contribute to non-proliferation efforts and to realizing the objective of a Middle East free of weapons of mass destruction, including their means of delivery.

9. Reaffirmation of the obligation under the UN Charter to refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any State or in any other manner inconsistent with the Charter of the United Nations.
10. Cooperation on Afghanistan, including on intensified cooperation in the fight against drug trafficking, support for programmes on the return of Afghan refugees to Afghanistan; cooperation on reconstruction of Afghanistan; cooperation on guarding the Iran-Afghan border.

#### **Economic**

Steps towards the normalization of trade and economic relations, such as improving Iran's access to the international economy, markets and capital through practical support for full integration into international structures, including the World Trade Organization, and to create the framework for increased direct investment in Iran and trade with Iran.

#### **Energy Partnership**

Steps towards the normalization of cooperation with Iran in the area of energy: establishment of a long-term and wide-ranging strategic energy partnership between Iran and the European Union and other willing partners, with concrete and practical applications/measures.

#### **Agriculture**

1. Support for agricultural development in Iran.
2. Facilitation of Iran's complete self-sufficiency in food through cooperation in modern technology.

#### **Environment, Infrastructure**

Civilian Projects in the field of environmental protection, infrastructure, science and technology, and high-tech:

1. Development of transport infrastructure, including international transport corridors.
2. Support for modernization of Iran's telecommunication infrastructure, including by possible removal of relevant export restrictions.

#### **Civil Aviation**

Civil aviation cooperation, including the possible removal of restrictions on manufacturers exporting aircraft to Iran:

1. Enabling Iran to renew its civil aviation fleet;
2. Assisting Iran to ensure that Iranian aircraft meet international safety standards.

#### **Economic, Social and Human Development/Humanitarian issues**

Provide, as necessary, assistance to Iran's economic and social development and humanitarian need.

Cooperation/technical support in education in areas of benefit to Iran:

1. Supporting Iranians to take courses, placements or degrees in areas such as civil engineering, agriculture and environmental studies;
2. Supporting partnerships between Higher Education Institutions e.g. public health, rural livelihoods, joint scientific projects, public administration, history and philosophy.
3. Cooperation in the field of development of effective emergency response capabilities (e.g. seismology, earthquake research, disaster control etc.).
4. Cooperation within the framework of a "dialogue among civilizations."

#### **Implementation Mechanism**

Constitution of joint monitoring groups for the implementation of a future agreement.

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\* **THE 6334TH MEETING WAS CLOSED.**

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## Section 5. U.S. Proliferation Sanctions

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This section presents Executive Orders, designations under those Orders, and laws that relate to preventing the sale to Iran of WMD-related and advanced conventional weapons technology. Many of the documents in this section, such as the Iran-Iraq Arms Non-Proliferation Act, predate the emergence of Iran's nuclear program as a major multilateral issue and represent longstanding U.S. efforts to contain Iran's strategic power. Iran's nuclear program did not emerge as a major international issue until late 2002, when Iran confirmed the existence of a facility at Natanz to enrich uranium – a key step required to produce a nuclear weapon, if that is Iran's intent. Iran's assertion is that it cannot rely on supplies of nuclear fuel for civilian uses (low-enriched uranium) and must be able to make its own nuclear fuel.

### Executive Order 13382 of June 28, 2005

This Executive Order expands previous presidential authorities to designate and sanction entities determined to contribute to proliferation. U.S. property of designated entities is blocked, essentially cutting off these entities from trade or interaction with U.S. persons or companies. As such, this Order is a "proliferation counterpart" of Executive order 13224, which is focused on terrorism. The two Orders contain very similar language and almost the exact same penalties applicable to designated entities (freezing of U.S.-based assets of designated entities and prohibitions on any transactions with such frozen property or assets). Numerous Iranian and other entities have been designated under this Order, and some key examples of such designations are presented in this section.

### Executive Order 13382 of June 28, 2005 Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters

#### BEGIN TEXT

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By the authority vested in me as President by the Constitution and the laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) (IEEPA), the National Emergencies Act (50 U.S.C. 1601 et seq.), and section 301 of title 3, United States Code,

I, George W. Bush, President of the United States of America, in order to take additional steps with respect to the national emergency described and declared in Executive Order 12938 of November 14, 1994, regarding the proliferation of weapons of mass destruction and the means of delivering them, and the measures imposed by that order, as expanded by Executive Order 13094 of July 28, 1998, hereby order:

**Section 1.** (a) Except to the extent provided in section 203(b)(1), (3), and (4) of IEEPA (50 U.S.C. 1702(b)(1), (3), and (4)), or in regulations, orders, directives, or licenses that may be issued pursuant to this order, and notwithstanding any contract entered into or any license or permit granted prior to the effective date of this order, all property and interests in property of the following persons, that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of United States persons, are blocked and may

not be transferred, paid, exported, withdrawn, or otherwise dealt in:

- (i) the persons listed in the **Annex** to this order;
  - (ii) any foreign person determined by the Secretary of State, in consultation with the Secretary of the Treasury, the Attorney General, and other relevant agencies, to have engaged, or attempted to engage, in activities or transactions that have materially contributed to, or pose a risk of materially contributing to, the proliferation of weapons of mass destruction or their means of delivery (including missiles capable of delivering such weapons), including any efforts to manufacture, acquire, possess, develop, transport, transfer or use such items, by any person or foreign country of proliferation concern;
  - (iii) any person determined by the Secretary of the Treasury, in consultation with the Secretary of State, the Attorney General, and other relevant agencies, to have provided, or attempted to provide, financial, material, technological or other support for, or goods or services in support of, any activity or transaction described in paragraph (a)(ii) of this section, or any person whose property and interests in property are blocked pursuant to this order; and
  - (iv) any person determined by the Secretary of the Treasury, in consultation with the Secretary of State, the Attorney General, and other relevant agencies, to be owned or controlled by, or acting or purporting to act for or on behalf of, directly or indirectly, any person whose property and interests in property are blocked pursuant to this order.
- (b) Any transaction or dealing by a United States person or within the United States in property or interests in property blocked pursuant to this order is prohibited, including, but not limited to, (i) the making of any contribution or provision of funds, goods, or services by, to, or for the benefit of, any person whose property and interests in property are blocked pursuant to this order, and (ii) the receipt of any contribution or provision of funds, goods, or services from any such person.

- (c) Any transaction by a United States person or within the United States that evades or avoids, has the purpose of evading or avoiding, or attempts to violate any of the prohibitions set forth in this order is prohibited.
- (d) Any conspiracy formed to violate the prohibitions set forth in this order is prohibited.

**Section 2.** For purposes of this order:

- (a) the term “person” means an individual or entity;
- (b) the term “entity” means a partnership, association, trust, joint venture, corporation, group, subgroup, or other organization; and
- (c) the term “United States person” means any United States citizen, permanent resident alien, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States.

**Section 3.** I hereby determine that the making of donations of the type of articles specified in section 203(b)(2) of IEEPA (50 U.S.C. 1702(b)(2)) by, to, or for the benefit of, any person whose property and interests in property are blocked pursuant to this order would seriously impair my ability to deal with the national emergency declared in Executive Order 12938, and I hereby prohibit such donations as provided by section 1 of this order.

**Section 4.** Section 4(a) of Executive Order 12938, as amended, is further amended to read as follows:

“Sec. 4. Measures Against Foreign Persons. (a) Determination by Secretary of State; Imposition of Measures. Except to the extent provided in section 203(b) of the International Emergency Economic Powers Act (50 U.S.C. 1702(b)), where applicable, if the Secretary of State, in consultation with the Secretary of the Treasury, determines that a foreign person, on or after November 16, 1990, the effective date of Executive Order 12735, the predecessor order to Executive Order 12938, has engaged, or attempted to engage, in activities or transactions that have materially contributed to, or pose a risk of materially contributing to, the proliferation of weapons of mass destruction or their means of delivery (including missiles capable of delivering such weapons), including any efforts to manufacture, acquire, possess, develop, transport, transfer, or use such items, by any

person or foreign country of proliferation concern, the measures set forth in subsections (b), (c), and (d) of this section shall be imposed on that foreign person to the extent determined by the Secretary of State, in consultation with the implementing agency and other relevant agencies. Nothing in this section is intended to preclude the imposition on that foreign person of other measures or sanctions available under this order or under other authorities.”

**Section 5.** For those persons whose property and interests in property are blocked pursuant to section 1 of this order who might have a constitutional presence in the United States, I find that because of the ability to transfer funds or other assets instantaneously, prior notice to such persons of measures to be taken pursuant to this order would render these measures ineffectual. I therefore determine that for these measures to be effective in addressing the national emergency declared in Executive Order 12938, as amended, there need be no prior notice of a listing or determination made pursuant to section 1 of this order.

**Section 6.** The Secretary of the Treasury, in consultation with the Secretary of State, is hereby authorized to take such actions, including the promulgation of rules and regulations, and to employ all powers granted to the President by IEEPA as may be necessary to carry out the purposes of this order. The Secretary of the Treasury may redelegate any of these functions to other officers and agencies of the United States Government, consistent with applicable law. All agencies of the United States Government are hereby directed to take all appropriate measures within their authority to carry out the provisions of this order and, where appropriate, to advise the Secretary of the Treasury in a timely manner of the measures taken.

**Section 7.** The Secretary of the Treasury, in consultation with the Secretary of State, is hereby authorized to determine, subsequent to the issuance of this order, that circumstances no longer warrant the inclusion of a person in the Annex to this order and that the property and interests in property of that person are therefore no longer blocked pursuant to section 1 of this order.

**Section 8.** This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States,

its departments, agencies, instrumentalities, or entities, its officers or employees, or any other person.

**Section 9.**

- (a) This order is effective at 12:01 a.m. eastern daylight time on June 29, 2005.
- (b) This order shall be transmitted to the Congress and published in the Federal Register. [signed:] George W. Bush THE WHITE HOUSE, June 28, 2005.

**END TEXT**

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**ANNEX**

Korea Mining Development Trading Corporation  
 Tanchon Commercial Bank  
 Korea Ryonbong General Corporation  
 Aerospace Industries Organization  
 Shahid Hemmat Industrial Group  
 Shahid Bakeri Industrial Group  
 Atomic Energy Organization of Iran  
 Scientific Studies and Research Center

**Major Entities Designated Under 13382: The Revolutionary Guard and Related Corporate Entities**

The notification below adds the Revolutionary Guard and Ministry of Defense and Armed Forces Logistics (MODAFL) to the list of proliferation-supporting entities designated under Executive Order 13382. The move came after a call by many experts to designate the Revolutionary Guard as a foreign terrorist organization under provisions of the Anti-Terrorism and Effective Death Penalty Act (presented in the section of this Compendium on terrorism sanctions.)

**BEGIN TEXT**

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[Federal Register: December 19, 2007 (Volume 72, Number 243)]

[Notices]

[Page 71991-71992]

From the Federal Register Online via GPO Access [wais.access.gpo.gov]

[DOCID:fr19de07-140]

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**DEPARTMENT OF STATE**

[Public Notice 6034]

Additional Designation of Entities Pursuant to Executive Order 13382

AGENCY: Department of State.

ACTION: Designation of Iran's Islamic Revolutionary Guard Corps (IRGC) and Ministry of Defense and Armed Forces Logistics (MODAFL) Pursuant to Executive Order 13382.

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SUMMARY: Pursuant to the authority in section 1(ii) of Executive Order 13382, "Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters", the Assistant Secretary of State, in consultation with the Secretary of the Treasury and the Attorney General, has determined that two Iranian entities, the Islamic Revolutionary Guard Corp (IRGC) and Ministry of Defense and Armed Forces Logistics (MODAFL), have engaged, or attempted to engage, in activities or transactions that have materially contributed to, or pose a risk of materially contributing to, the proliferation of weapons of mass destruction or their means of delivery.

DATES: The designation by the Acting Under Secretary of State for Arms Control and International Security of the entities identified in this notice pursuant to Executive Order 13382 is effective on October 25, 2007.

Background

On June 28, 2005, the President, invoking the authority, inter alia, of International Emergency Economic Powers Act (50 U.S.C. 1705-1706) ("IEEPA"), issued Executive Order 13382 (70 FR 38567, July 1, 2005) (the "Order"), effective at 12:01 a.m. eastern daylight time on June 29, 2005. In the Order the President took additional steps with respect to the national emergency described and declared in Executive Order 12938 of November 14, 1994, regarding the proliferation of weapons of mass destruction and the means of delivering them.

Section 1 of the Order blocks, with certain exceptions, all property and interests in property that are in the United States, or that hereafter come within the United States or that are or hereafter come within the possession or control of United States persons, of: (1) The persons listed in the Annex to the Order; (2) any foreign person determined by the Secretary of State, in consultation with the Secretary of the Treasury, the Attorney General, and other relevant agencies, to have engaged, or attempted to engage, in activities or transactions that have materially contributed to, or pose a risk of materially contributing to, the proliferation of weapons of mass destruction or their means of delivery (including missiles capable of delivering such weapons), including any efforts to manufacture, acquire, possess, develop, transport, transfer or use such items, by any person or foreign country of proliferation concern; (3) any person determined by the Secretary of the Treasury, in consultation with the Secretary of State, the Attorney General, and other relevant agencies, to have provided, or attempted to provide, financial, material, technological or other support for, or goods or services in support of, any activity or transaction described in clause (2) above or any person whose property and interests in property are blocked

pursuant to the Order; and (4) any person determined by the Secretary of the Treasury, in consultation with the Secretary of State, the Attorney General, and other relevant agencies, to be owned or controlled by, or acting or purporting to act for or on behalf of, directly or indirectly, and person whose property and interests in property are blocked pursuant to the Order.

On October 25, 2007, the Acting Under Secretary of State for Arms Control and International Security, in consultation with the Secretary of the Treasury, the Attorney General, and other relevant agencies, designated two entities whose property and interests in property are blocked pursuant to Executive Order 13382.

Information on the additional designees is as follows:

1. MINISTRY OF DEFENSE AND ARMED FORCES LOGISTICS (a.k.a. MODAFL; a.k.a. MINISTRY OF DEFENSE AND SUPPORT FOR ARMED FORCES LOGISTICS; a.k.a. MODSAF), located on the west side Dabestan Street, Abbas Abad District, Tehran, Iran [NPWMD].
2. ISLAMIC REVOLUTIONARY GUARD CORPS (a.k.a. IRGC, a.k.a. THE IRANIAN REVOLUTIONARY GUARDS, a.k.a. IRG, a.k.a. THE ARMY OF THE GUARDIANS OF THE ISLAMIC REVOLUTION, a.k.a. AGIR a.k.a. SEPAH-E PASDARAN-E ENQELAB-E ESLAMI, a.k.a. PASDARAN-E ENGHELAB-E ISLAMII, a.k.a. PASDARAN-E INQILAB, a.k.a. REVOLUTIONARY GUARDS, a.k.a. REVOLUTIONARY GUARD, a.k.a. SEPAH, a.k.a. PASDARAN, a.k.a. SEPAH PASDARAN, a.k.a. ISLAMIC REVOLUTIONARY CORPS, a.k.a. IRANIAN REVOLUTIONARY GUARD CORPS), Tehran, Iran [NPWMD].

John C. Rood,

Acting Under Secretary, Arms Control and International Security,  
Department of State.

[FR Doc. 07-6138 Filed 12-18-07; 8:45 am]

BILLING CODE 4710-27-M

**END TEXT**

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The notification below adds Brig. Gen. Qasem Soleimani, head of the Qods Force of the Guard, as well as several Iranian companies that are linked to the Revolutionary Guard, as proliferation supporting entities designated under Executive Order 13382. The companies designated are believed owned or controlled by the Guard, and compete with other Iranian companies for government contracts and other businesses. As noted, most of the firms are in construction or energy-related industries. Several Iranian banks were included in this designation, as well.



**BEGIN TEXT**

[Federal Register: November 5, 2007 (Volume 72, Number 213)]

[Notices]

[Page 62520-62521]

From the Federal Register Online via GPO Access [wais.access.gpo.gov]

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DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

Additional Designation of Entities Pursuant to Executive Order 13382

AGENCY: Office of Foreign Assets Control, Treasury.

SUMMARY: The Treasury Department's Office of Foreign Assets Control ("OFAC") is publishing the names of 17 newly-designated entities and eight newly-designated individuals whose property and interests in property are blocked pursuant to Executive Order 13382 of June 28, 2005, "Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters."

DATES: The designation by the Director of OFAC of the 17 entities and eight individuals identified in this notice pursuant to Executive Order 13382 is effective on October 25, 2007.

Background

On June 28, 2005, the President, invoking the authority, inter alia, of the International Emergency Economic Powers Act (50 U.S.C. 1701--1706) ("IEEPA"), issued Executive Order 13382 (70 FR 38567, July 1, 2005) (the "Order"), effective at 12:01 a.m. eastern daylight time on June 29, 2005. In the Order, the President took additional steps with respect to the national emergency described and declared in Executive Order 12938 of November 14, 1994, regarding the proliferation of weapons of mass destruction and the means of delivering them.

Section 1 of the Order blocks, with certain exceptions, all property and interests in property that are in the United States, or that hereafter come within the United States or that are or hereafter come within the possession or control of United States persons, of: (1) The persons listed in an Annex to the Order; (2) any foreign person determined by the Secretary of State, in consultation with the Secretary of the Treasury, the Attorney General, and other relevant agencies, to have engaged, or attempted to engage, in activities or transactions that have materially contributed to, or pose a risk of materially contributing to, the proliferation of weapons of mass destruction or their means of delivery (including missiles capable of delivering such weapons), including any efforts to manufacture, acquire, possess, develop, transport, transfer or use such items, by any person or foreign country of proliferation concern; (3) any person determined by the Secretary of the Treasury, in consultation with the Secretary of State, the Attorney General, and other relevant agencies, to have provided, or attempted to provide, financial, material, technological or other support for, or goods or services in support of,

any activity or transaction described in clause (2) above or any person whose property and interests in property are blocked pursuant to the Order; and (4) any person determined by the Secretary of the Treasury, in consultation with the Secretary of State, the Attorney General, and other relevant agencies, to be owned or controlled by, or acting or purporting to act for or on behalf of, directly or indirectly, any person whose property and interests in property are blocked pursuant to the Order.

On October 25, 2007, the Director of OFAC, in consultation with the Departments of State, Justice, and other relevant agencies, designated 17 entities and eight individuals whose property and interests in property are blocked pursuant to Executive Order 13382.

The list of additional designees follows:

Entities:

1. BANK MELLI, Ferdowsi Avenue, P.O. Box 11365-171, Tehran, Iran; all offices worldwide [NPWMD]
2. BANK KARGOSHAEE (a.k.a. Kargosa'i Bank), 587 Mohammadiye Square, Mowlavi St., Tehran 11986, Iran [NPWMD]
3. BANK MELLI IRAN ZAO, Number 9/1, Ulitsa Mashkova, Moscow 103064, Russia [NPWMD]
4. MELLI BANK PLC, 1 London Wall, London EC2Y 5EA, United Kingdom [NPWMD]
5. ARIAN BANK (a.k.a. Aryan Bank), House 2, Street Number 13, Wazir Akbar Khan, Kabul, Afghanistan [NPWMD]
6. BANK MELLAT, 327 Taleghani Avenue, Tehran 15817, Iran; P.O. Box 11365-5964, Tehran 15817, Iran; all offices worldwide [NPWMD]
7. MELLAT BANK SB CJSC (a.k.a. Mellat Bank DB AOZT), P.O. Box 24, Yerevan 0010, Armenia [NPWMD]
8. PERSIA INTERNATIONAL BANK PLC, 6 Lothbury, London EC2R 7HH, United Kingdom [NPWMD]
9. KHATAM OL ANBIA GHARARGAH SAZANDEGI NOOH (a.k.a. GHORB KHATAM; a.k.a. KHATAM AL-ANBYA; a.k.a. KHATAM OL AMBIA), No. 221, Phase 4, North Falamak-Zarafshan Intersection, Shahrak-E-Ghods, Tehran 14678, Iran [NPWMD]
10. ORIENTAL OIL KISH, Second Floor, 96/98 East Atefi St., Africa Blvd., Tehran, Iran; Dubai, United Arab Emirates [NPWMD]
11. GHORB KARBALA (a.k.a. Gharargah Karbala; a.k.a. Gharargah Sazandegi Karbala-Moasseseh Taha), No. 2 Firouzeh Alley, Shahid Hadjipour St., Resalat Highway, Tehran, Iran [NPWMD]
12. SEPASAD ENGINEERING COMPANY, No. 4 Corner of Shad St., Mollasadra Ave., Vanak Square, Tehran, Iran [NPWMD]
13. GHORB NOOH, P.O. Box 16765-3476, Tehran, Iran [NPWMD]
14. OMRAN SAHEL, Tehran, Iran [NPWMD]
15. SAHEL CONSULTANT ENGINEERS, P.O. Box 16765-34, Tehran, Iran; No. 57, Eftekhari St., Larestan St., Motahhari Ave., Tehran, Iran [NPWMD]

16. HARA COMPANY (a.k.a HARA INSTITUTE), Tehran, Iran [NPWMD]
17. GHARARGAHE SAZANDEGI GHAEM (a.k.a. GHARARGAH GHAEM), No. 25, Valiasr St., Azadi Sq., Tehran, Iran [NPWMD]

Individuals:

1. BAHMANYAR, Bahmanyar Morteza; DOB 31 Dec 1952; POB Tehran, Iran; Passport I0005159 (Iran); alt Passport 10005159 (Iran) (individual) [NPWMD]
2. DASTJERDI, Ahmad Vahid (a.k.a. VAHID, Ahmed Dastjerdi); DOB 15 Jan 1954; Diplomatic Passport A0002987 (Iran) (individual) [NPWMD]
3. ESMAELI, REZA-GHOLI; DOB 3 Apr 1961; POB Tehran, Iran; Passport A0002302 (Iran) (individual) [NPWMD]
4. AHMADIAN, ALI AKBAR (a.k.a. AHMADIYAN, Ali Akbar); DOB circa 1961; POB Kerman, Iran; citizen Iran; nationality Iran (individual) [NPWMD]
5. HEJAZI, MOHAMMAD; DOB circa 1959; citizen Iran; nationality Iran (individual) [NPWMD]
6. REZAI, MORTEZA (a.k.a. REZAI, Morteza); DOB circa 1956; citizen Iran; nationality Iran (individual) [NPWMD]
7. SALIMI, HOSEIN (a.k.a. SALAMI, Hoseyn; a.k.a SALAMI, Hossein; a.k.a SALAMI, Hussayn); citizen Iran; nationality Iran; Passport D08531177 (Iran) (individual) [NPWMD]
8. SOLEIMANI, QASEM (a.k.a. SALIMANI, Qasem; a.k.a SOLAIMANI, Qasem; a.k.a SOLEMANI, Qasem; a.k.a SOLEYMANI Ghasem; a.k.a SOLEYMANI, Qasem; a.k.a. SULAIMANI, Qasem; a.k.a. SULAYMAN, Qasmi; a.k.a. SULEMANI, Qasem); DOB 11 Mar 1957; POB Qom, Iran; citizen Iran; nationality Iran; Diplomatic Passport 008827 (Iran) issued 1999 (individual) [NPWMD]

Dated: October 25, 2007.

Adam Szubin,

Director, Office of Foreign Assets Control.

[FR Doc. E7-21725 Filed 11-2-07; 8:45 am]

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**END TEXT**

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The notification below adds the Islamic Republic of Iran Shipping Lines (IRISL) to the list of entities designated as proliferation supporting entities under Executive Order 13382.

## Major Iranian Shipping Company Designated for Proliferation Activity

**BEGIN TEXT**

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**Washington, DC**--The U.S. Department of the Treasury's Office of Foreign Assets Control today designated the Islamic Republic of Iran Shipping Lines (IRISL), and 18 other affiliated entities, for providing logistical services to Iran's Ministry of Defense and Armed Forces Logistics (MODAFL).

"Not only does IRISL facilitate the transport of cargo for U.N. designated proliferators, it also falsifies documents and uses deceptive schemes to shroud its involvement in illicit commerce," said Stuart Levey, Under Secretary for Terrorism and Financial Intelligence. "IRISL's actions are part of a broader pattern of deception and fabrication that Iran uses to advance its nuclear and missile programs. That conduct should give pause to any financial institution or business still choosing to deal with Iran."

MODAFL, which was designated by the U.S. Department of State in October 2007 under E.O. 13382, has the ultimate authority over previously designated entities including the Aerospace Industries Organization an umbrella group which controls Iran's ballistic missile research, development and production activities and organizations.

IRISL is Iran's national maritime carrier; a global operator with a worldwide network of subsidiaries, branch offices and agent relationships. It provides a variety of maritime transport services, including bulk, break-bulk, cargo and containerized shipping. These services connect Iranian exporters and importers with South America, Europe, the Middle East, Asia, and Africa.

According to information available to the U.S. government, IRISL also facilitates shipments of military-related cargo destined for MODAFL and its subordinate entities, including organizations that have been designated by the United States pursuant to E.O. 13382 and listed by United Nations Security Council Resolutions 1737 and 1747.

In order to ensure the successful delivery of military-related goods, IRISL has deliberately misled maritime authorities through the use of deception techniques. These techniques were adopted to conceal the true nature of shipments ultimately destined for MODAFL. Furthermore, as international attention over Iran's WMD programs has increased, IRISL has pursued new strategies, which could afford it the potential to evade future detection of military shipments.

Specifically, IRISL has employed the use of generic terms to describe shipments so as not to attract the attention of shipping authorities and created and made use of cover entities to conduct official, IRISL business. For example, in 2007, IRISL transported a shipment of a precursor chemical destined for use in Iran's missile program. The end user of the chemical was Parchin Chemical Industries, an entity listed by the United States pursuant to E.O. 13382 and listed in UNSCR 1747 as a subordinate of Iran's Defense Industries Organization (DIO).

Also designated today were 17 entities, which were found to be owned or controlled by or acting or purporting to act for or on behalf of, directly or indirectly, IRISL. These entities are:

- Valfajr 8th Shipping Line Co SSK
- Khazar Sea Shipping Lines
- Irinvestship Ltd. Shipping Computer Services Company
- Iran o Misr Shipping Company
- Iran o Hind Shipping Company
- IRISL Marine Services & Engineering Company
- Irital Shipping SRL Company
- South Shipping Line Iran
- IRISL Multimodal Transport Co.
- Oasis Freight Agencies
- IRISL Europe GmbH
- IRISL Benelux NV
- IRISL China Shipping Co., Ltd.
- Asia Marine Network Pte. Ltd.
- CISCO Shipping Co. Ltd.
- IRISL (Malta) Limited

One additional entity, IRISL (UK) Ltd., was designated today for being owned or controlled by Irinvestship Ltd.

Today's designations reinforce United Nations Security Council Resolution 1803 of March 2008, which among other things, calls upon all States, in a manner consistent with their national legal authorities and international law, to inspect IRISL cargoes to and from Iran, transiting their ports, "provided there is reasonable grounds to believe that the vessel is transporting prohibited goods" pursuant to UNSCRs 1737, 1747 and 1803.

These designations also highlight the dangers of doing business with IRISL and its subsidiaries. Countries and firms, including customers, business partners, and maritime insurers doing business with IRISL, may be unwittingly helping the shipping line facilitate Iran's proliferation activities.

These actions were taken pursuant to Executive Order 13382, an authority aimed at freezing the assets of proliferators of weapons of mass destruction and their supporters, and at isolating them from the U.S. financial and commercial systems. Today's designations are part of the ongoing interagency effort by the U.S. Government to combat WMD trafficking by blocking the property of entities and individuals that engage in proliferation activities and their support networks. Designations under E.O. 13382 are implemented by Treasury's OFAC, and they prohibit all transactions between the designees and any U.S. person, and freeze any assets the designees may have under U.S. jurisdiction.

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#### END TEXT

## Atomic Energy Act of 1954 and Energy Policy Act of 2005

Significant nuclear exports by the United States require a nuclear cooperation agreement, pursuant to the Atomic Energy Act of 1954. The following section of the Atomic Energy Act of 1954, as amended, would govern U.S. nuclear exports to Iran were there to be a normalization of relations with Iran and full compliance by Iran with all provisions of its obligations under the NPT. Any U.S. nuclear exports to Iran would also require exercising of the waiver provision of the section of the Energy Policy Act of 2005 (text below) that prohibits transfers of nuclear equipment, material and technology to a terrorism list country.

### Atomic Energy Act of 1954

#### BEGIN TEXT

42 USC Sec. 2158

TITLE 42 - THE PUBLIC HEALTH AND WELFARE

CHAPTER 23 - DEVELOPMENT AND CONTROL OF ATOMIC ENERGY

Division A - Atomic Energy

SUBCHAPTER X - INTERNATIONAL ACTIVITIES

Sec. 2158. Conduct resulting in termination of nuclear exports

No nuclear materials and equipment or sensitive nuclear technology shall be exported to -

- (1) any non-nuclear-weapon state that is found by the President to have, at any time after March 10, 1978,
  - (A) detonated a nuclear explosive device; or
  - (B) terminated or abrogated IAEA safeguards; or
  - (C) materially violated an IAEA safeguards agreement; or
  - (D) engaged in activities involving source or special nuclear material and having direct significance for the manufacture or acquisition of nuclear explosive devices, and has failed to take steps which, in the President's judgment, represent sufficient progress toward terminating such activities; or
- (2) any nation or group of nations that is found by the President to have, at any time after March 10, 1978,
  - (A) materially violated an agreement for cooperation with the United States, or, with respect to material or equipment not supplied under an agreement for cooperation, materially violated the terms under which such material or equipment

was supplied or the terms of any commitments obtained with respect thereto pursuant to section 2153a(a) of this title; or

- (B) assisted, encouraged, or induced any non-nuclear-weapon state to engage in activities involving source or special nuclear material and having direct significance for the manufacture or acquisition of nuclear explosive devices, and has failed to take steps which, in the President's judgment, represent sufficient progress toward terminating such assistance, encouragement, or inducement; or
- (C) entered into an agreement after March 10, 1978, for the transfer of reprocessing equipment, materials, or technology to the sovereign control of a non-nuclear-weapon state except in connection with an international fuel cycle evaluation in which the United States is a participant or pursuant to a subsequent international agreement or understanding to which the United States subscribes; unless the President determines that cessation of such exports would be seriously prejudicial to the achievement of United States non-proliferation objectives or otherwise jeopardize the common defense and security: Provided, That prior to the effective date of any such determination, the President's determination, together with a report containing the reasons for his determination, shall be submitted to the Congress and referred to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate for a period of sixty days of continuous session (as defined in section 2159(g) of this title), but any such determination shall not become effective if during such sixty-day period the Congress adopts a concurrent resolution stating in substance that it does not favor the determination. Any such determination shall be considered pursuant to the procedures set forth in section 2159 of this title for the consideration of Presidential submissions.

-SOURCE-

(Aug. 1, 1946, ch. 724, title I, Sec. 129, as added Pub. L. 95-242, title III, Sec. 307, Mar. 10, 1978, 92 Stat. 138; renumbered title I, Pub. L. 102-486, title IX, Sec. 902(a)(8), Oct. 24, 1992, 106

Stat. 2944; amended Pub. L. 103-437, Sec. 15(f)(5), Nov. 2, 1994, 108 Stat. 4592.)

AMENDMENTS

1994 - Pub. L. 103-437 substituted "Foreign Affairs" for "International Relations" in closing provisions.

CHANGE OF NAME

Committee on Foreign Affairs of House of Representatives treated as referring to Committee on International Relations of House of Representatives by section 1(a) of Pub. L. 104-14, set out as a note preceding section 21 of Title 2, The Congress.

EFFECTIVE DATE

Section effective Mar. 10, 1978, except as otherwise provided and regardless of any requirements for the promulgation of implementing regulations, see section 603(c) of Pub. L. 95-242, set out as a note under section 3201 of Title 22, Foreign Relations and Intercourse.

DELEGATION OF FUNCTIONS

Secretary of State responsible for preparation of timely information and recommendations related to functions vested in President by this section, see section 2(d) of Ex. Ord. No. 12058, May 11, 1978, 43 F.R. 20947, set out under section 3201 of Title 22, Foreign Relations and Intercourse.

PERFORMANCE OF FUNCTIONS PENDING DEVELOPMENT OF PROCEDURES

The performance of functions under this chapter, as amended by the Nuclear Non-Proliferation Act of 1978, Pub. L. 95-242, Mar. 10, 1978, 92 Stat. 120, not to be delayed pending development of procedures even though as many as 120 days [after Mar. 10, 1978] are allowed for establishing those procedures, see section 5(b) of Ex. Ord. No. 12058, May 11, 1978, 43 F.R. 20947, set out under section 3201 of Title 22, Foreign Relations and Intercourse.

**END TEXT**

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**Energy Policy Act of 2005**

The following section of the Energy Policy Act of 2005 (P.L. 109-58) amends section 129 of the Atomic Energy Act of 1954 (the above law) to include a prohibition on transfers of nuclear material, equipment and technology to terrorism list states. A presidential waiver is provided for. Such a presidential waiver must certify that the export to the recipient country would not result in an increased risk that the recipient country will acquire nuclear weapons or any components of nuclear weapons.

**BEGIN TEXT**

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**SECTION 632. PROHIBITION ON NUCLEAR EXPORTS TO COUNTRIES THAT SPONSOR TERRORISM.**

- (a) In General.--Section 129 of the Atomic Energy Act of 1954 (42 U.S.C. 2158) is amended--

[[Page 119 STAT. 789]]

- (1) by inserting "a." before "No nuclear materials and equipment"; and
- (2) by adding at the end the following new subsection:

- “b.(1) Notwithstanding any other provision of law, including specifically section 121 of this Act, and except as provided in paragraphs (2) and (3), no nuclear materials and equipment or sensitive nuclear technology, including items and assistance authorized by section 57 b. of this Act and regulated under part 810 of title 10, Code of Federal Regulations, and nuclear-related items on the Commerce Control List maintained under part 774 of title 15 of the Code of Federal Regulations, shall be exported or reexported, or transferred or retransferred whether directly or indirectly, and no Federal agency shall issue any license, approval, or authorization for the export or reexport, or transfer, or retransfer, whether directly or indirectly, of these items or assistance (as defined in this paragraph) to any country whose government has been identified by the Secretary of State as engaged in state sponsorship of terrorist activities (specifically including any country the government of which has been determined by the Secretary of State under section 620A(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2371(a)), section 6(j) (1) of the Export Administration Act of 1979 (50 U.S.C. App. 2405(j)(1)), or section 40(d) of the Arms Export Control Act (22 U.S.C. 2780(d)) to have repeatedly provided support for acts of international terrorism).
- “(2) This subsection shall not apply to exports, reexports, transfers, or retransfers of radiation monitoring technologies, surveillance equipment, seals, cameras, tamper-indication devices, nuclear detectors, monitoring systems, or equipment necessary to safely store, transport, or remove hazardous materials, whether such items, services, or information are regulated by the Department of Energy, the Department of Commerce, or the Commission, except to the extent that such technologies, equipment, seals, cameras, devices, detectors, or systems are available for use in the design or construction of nuclear reactors or nuclear weapons.
- “(3) The President may waive the application of paragraph (1) to a country if the President determines and certifies to Congress that

the waiver will not result in any increased risk that the country receiving the waiver will acquire nuclear weapons, nuclear reactors, or any materials or components of nuclear weapons and--

- “(A) the government of such country has not within the preceding 12-month period willfully aided or abetted the international proliferation of nuclear explosive devices to individuals or groups or willfully aided and abetted an individual or groups in acquiring unsafeguarded nuclear materials;
- “(B) in the judgment of the President, the government of such country has provided adequate, verifiable assurances that it will cease its support for acts of international terrorism;
- “(C) the waiver of that paragraph is in the vital national security interest of the United States; or
- “(D) such a waiver is essential to prevent or respond to a serious radiological hazard in the country receiving the waiver that may or does threaten public health and safety.”.
- (b) Applicability to <<NOTE: 42 USC 2158 note.>> Exports Approved for Transfer but Not Transferred.-- Subsection b. of section 129 of Atomic Energy Act of 1954, as added by subsection (a) of this section, shall apply with respect to exports that have been approved for transfer as of the date of the enactment of this Act but have not yet been transferred as of that date.

**END TEXT**

## **Iran-Syria-North Korea Non-Proliferation Act (P.L. 106-178, March 14, 2000, as amended)**

This law is a “secondary sanction” because its primary intent is to force foreign firms to choose between doing business with Iran or doing business with the United States. As such, this law authorizes certain penalties against



foreign companies deemed by the Administration to have provided WMD-related technology to Iran, Syria, or North Korea. The original law applied only to Iran; Syria and North Korea were added in subsequent amendments. For those entities (companies, state-run institutes, individuals, etc.) the sanctions that would be imposed for violations are: (1) prohibitions on U.S. government procurement from that entity (Section 4(b) of Executive Order 12938, November 14, 1994); (2) prohibitions on any exports of U.S. arms ("Munitions List" items) to that entity; and (3) denial of licenses for U.S. exports of dual use items to that entity.

One provision of this law, Section 6, became controversial because it would have prevented the United States from being able to use Russian spacecraft to access the International Space Station if and when the U.S. space shuttle fleet is retired. This dilemma was created because many of the Russian space contractors are also allegedly involved in assisting some of Iran's missile programs, and it would have been difficult for a President to make the required certifications under this law to allow for payments to Russia for costs incurred in allowing U.S. access to the spacecraft. Subsequent legislations permitted waiver authority for the payments.

**BEGIN TEXT**

106th Congress An Act To provide for the application of measures to foreign persons who transfer to Iran certain goods, services, or technology, and for other purposes.

<<NOTE: Mar. 14, 2000 - [H.R. 1883]>>

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,  
<<NOTE: Iran Nonproliferation Act of 2000. Arms and munitions. Weapons.>>

**SECTION 1. SHORT TITLE.** <<NOTE: 50 USC 1701 note.>>  
This Act may be cited as the "Iran Nonproliferation Act of 2000".

**SECTION 2. REPORTS ON PROLIFERATION TO IRAN.**  
President.>> (a) Reports.--The President shall, at the times specified in subsection (b), submit to the Committee on International Relations of the House of Representatives and the Committee on Foreign Relations of the Senate a report identifying every foreign person with respect to whom there is credible information indicating that that person, on or after

January 1, 1999, transferred to Iran-- (1) goods, services, or technology listed on--

- (A) the Nuclear Suppliers Group Guidelines for the Export of Nuclear Material, Equipment and Technology (published by the International Atomic Energy Agency as Information Circular INFCIRC/254/ Rev.3/ Part 1, and subsequent revisions) and Guidelines for Transfers of Nuclear-Related Dual-Use Equipment, Material, and Related Technology (published by the International Atomic Energy Agency as Information Circular INFCIRC/ 254/ Rev.3/ Part 2, and subsequent revisions);
  - (B) the Missile Technology Control Regime Equipment and Technology Annex of June 11, 1996, and subsequent revisions;
  - (C) the lists of items and substances relating to biological and chemical weapons the export of which is controlled by the Australia Group;
  - (D) the Schedule One or Schedule Two list of toxic chemicals and precursors the export of which is controlled pursuant to the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction; or
  - (E) the Wassenaar Arrangement list of Dual Use Goods and Technologies and Munitions list of July 12, 1996, and subsequent revisions; or (2) goods, services, or technology not listed on any list identified in paragraph (1) but which nevertheless would be, [[Page 114 STAT. 39]] if they were United States goods, services, or technology, prohibited for export to Iran because of their potential to make a material contribution to the development of nuclear, biological, or chemical weapons, or of ballistic or cruise missile systems.
- (b) Timing of Reports.--Deadline. Reports under subsection (a) shall be submitted not later than 90 days after the date of the enactment of this Act, not later than 6 months after such date of enactment, and not later than the end of each 6-month period thereafter. (c) Exceptions.-- Any foreign person who-- (1) was identified in a previous report submitted under subsection (a) on account of a particular transfer; or (2) has engaged in a transfer on behalf of, or in concert



with, the Government of the United States, is not required to be identified on account of that same transfer in any report submitted thereafter under this section, except to the degree that new information has emerged indicating that the particular transfer may have continued, or been larger, more significant, or different in nature than previously reported under this section.

(d) Submission in Classified Form.--When the President considers it appropriate, reports submitted under subsection (a), or appropriate parts thereof, may be submitted in classified form.

**SECTION 3. APPLICATION OF MEASURES TO CERTAIN FOREIGN PERSONS.** (a) Application of Measures.--Subject to sections 4 and 5, the President is authorized to apply with respect to each foreign person identified in a report submitted pursuant to section 2(a), for such period of time as he may determine, any or all of the measures described in subsection (b). (b) Description of Measures.

--The measures referred to in subsection (a) are the following:

- (1) Executive order no. 12938 prohibitions.--The measures set forth in subsections (b) and (c) of section 4 of Executive Order No. 12938.
- (2) Arms export prohibition.--Prohibition on United States Government sales to that foreign person of any item on the United States Munitions List as in effect on August 8, 1995, and termination of sales to that person of any defense articles, defense services, or design and construction services under the Arms Export Control Act.
- (3) Dual use export prohibition.--Denial of licenses and suspension of existing licenses for the transfer to that person of items the export of which is controlled under the Export Administration Act of 1979 or the Export Administration Regulations. (c) Effective Date of Measures.--Measures applied pursuant to subsection (a) shall be effective with respect to a foreign person no later than-- (1) 90 days after the report identifying the foreign person is submitted, if the report is submitted on or before the date required by section 2(b); (2) 90 days after the date required by section 2(b) for submitting the report, if the report identifying the foreign person is submitted within 60 days after that

date; or (3) on the date that the report identifying the foreign person is submitted, if that report is submitted more than 60 days after the date required by section 2(b). [[Page 114 STAT. 40]]

(d) Publication in Federal Register.--The application of measures to a foreign person pursuant to subsection (a) shall be announced by notice published in the Federal Register.

**SECTION 4. PROCEDURES IF MEASURES ARE NOT APPLIED.**

- (a) Requirement To Notify Congress.--Should the President not exercise the authority of section 3(a) to apply any or all of the measures described in section 3(b) with respect to a foreign person identified in a report submitted pursuant to section 2(a), he shall so notify the Committee on International Relations of the House of Representatives and the Committee on Foreign Relations of the Senate no later than the effective date under section 3(c) for measures with respect to that person.
- (b) Written Justification.--Any notification submitted by the President under subsection (a) shall include a written justification describing in detail the facts and circumstances relating specifically to the foreign person identified in a report submitted pursuant to section 2(a) that support the President's decision not to exercise the authority of section 3(a) with respect to that person.
- (c) Submission in Classified Form.--When the President considers it appropriate, the notification of the President under subsection (a), and the written justification under subsection (b), or appropriate parts thereof, may be submitted in classified form.

**SECTION 5. DETERMINATION EXEMPTING FOREIGN PERSON FROM SECTIONS 3 AND 4.**

- (a) In General.--Sections 3 and 4 shall not apply to a foreign person 15 days after the President reports to the Committee on International Relations of the House of Representatives and the Committee on Foreign Relations of the Senate that the President has determined, on

the basis of information provided by that person, or otherwise obtained by the President, that-- (1) the person did not, on or after January 1, 1999, knowingly transfer to Iran the goods, services, or technology the apparent transfer of which caused that person to be identified in a report submitted pursuant to section 2(a); (2) the goods, services, or technology the transfer of which caused that person to be identified in a report submitted pursuant to section 2(a) did not materially contribute to Iran's efforts to develop nuclear, biological, or chemical weapons, or ballistic or cruise missile systems; (3) the person is subject to the primary jurisdiction of a government that is an adherent to one or more relevant nonproliferation regimes, the person was identified in a report submitted pursuant to section 2(a) with respect to a transfer of goods, services, or technology described in section 2(a)(1), and such transfer was made consistent with the guidelines and parameters of all such relevant regimes of which such government is an adherent; or (4) the government with primary jurisdiction over the person has imposed meaningful penalties on that person on account of the transfer of the goods, services, or technology which caused that person to be identified in a report submitted pursuant to section 2(a).

- (b) Opportunity To Provide Information.--Congress urges the President-- [[Page 114 STAT. 41]] (1) in every appropriate case, to contact in a timely fashion each foreign person identified in each report submitted pursuant to section 2(a), or the government with primary jurisdiction over such person, in order to afford such person, or governments, the opportunity to provide explanatory, exculpatory, or other additional information with respect to the transfer that caused such person to be identified in a report submitted pursuant to section 2(a); and (2) to exercise the authority in subsection (a) in all cases where information obtained from a foreign person identified in a report submitted pursuant to section 2(a), or from the government with primary jurisdiction over such person,

establishes that the exercise of such authority is warranted. (c) Submission in Classified Form.-- When the President considers it appropriate, the determination and report of the President under subsection (a), or appropriate parts thereof, may be submitted in classified form.

**SECTION 6. RESTRICTION ON EXTRAORDINARY PAYMENTS IN CONNECTION WITH THE INTERNATIONAL SPACE STATION.** (a) Restriction on Extraordinary Payments in Connection With the International Space Station.-- Notwithstanding any other provision of law, no agency of the United States Government may make extraordinary payments in connection with the International Space Station to the Russian Aviation and Space Agency, any organization or entity under the jurisdiction or control of the Russian Aviation and Space Agency, or any other organization, entity, or element of the Government of the Russian Federation, unless, during the fiscal year in which the extraordinary payments in connection with the International Space Station are to be made, the President has made the determination described in subsection (b), and reported such determination to the Committee on International Relations and the Committee on Science of the House of Representatives and the Committee on Foreign Relations and the Committee on Commerce, Science, and Transportation of the Senate. (b) Determination Regarding Russian Cooperation in Preventing Proliferation to Iran.--The determination referred to in subsection (a) is a determination by the President that-- (1) it is the policy of the Government of the Russian Federation to oppose the proliferation to Iran of weapons of mass destruction and missile systems capable of delivering such weapons; (2) the Government of the Russian Federation (including the law enforcement, export promotion, export control, and intelligence agencies of such government) has demonstrated and continues to demonstrate a sustained commitment to seek out and prevent the transfer to Iran of goods, services, and technology that could make a material contribution to the development of nuclear, biological, or chemical weapons, or of ballistic or cruise missile systems; and (3) neither the Russian Aviation and Space Agency, nor any organization or entity under the jurisdiction or control of the Russian Aviation and Space Agency, has, during the 1-year period prior to the date of the determination pursuant to this subsection, made transfers to Iran reportable under section 2(a) of this Act (other than transfers with respect

to [[Page 114 STAT. 42]] which a determination pursuant to section 5 has been or will be made). (c) Prior Notification.-- Not <<NOTE: Deadline.>> less than 5 days before making a determination under subsection (b), the President shall notify the Committee on International Relations and the Committee on Science of the House of Representatives and the Committee on Foreign Relations and the Committee on Commerce, Science, and Transportation of the Senate of his intention to make such determination. (d) Written Justification.--A determination of the President under subsection (b) shall include a written justification describing in detail the facts and circumstances supporting the President's conclusion. (e) Submission in Classified Form.-- When the President considers it appropriate, a determination of the President under subsection (b), a prior notification under subsection (c), and a written justification under subsection (d), or appropriate parts thereof, may be submitted in classified form. (f) Exception for Crew Safety.--

- (1) Exception.--The National Aeronautics and Space Administration may make extraordinary payments that would otherwise be prohibited under this section to the Russian Aviation and Space Agency or any organization or entity under the jurisdiction or control of the Russian Aviation and Space Agency if the President has notified the Congress in writing that such payments are necessary to prevent the imminent loss of life by or grievous injury to individuals aboard the International Space Station.
- (2) Report.--Not <<NOTE: Deadline.>> later than 30 days after notifying Congress that the National Aeronautics and Space Administration will make extraordinary payments under paragraph (1), the President shall submit to Congress a report describing-- (A) the extent to which the provisions of subsection (b) had been met as of the date of notification; and (B) the measures that the National Aeronautics and Space Administration is taking to ensure that-- (i) the conditions posing a threat of imminent loss of life by or grievous injury to individuals aboard the International Space Station necessitating the extraordinary payments are not repeated; and (ii) it is no longer necessary to make extraordinary payments in order to prevent imminent loss of life by or grievous injury to individuals aboard the International Space Station. (g) Service Module Exception.--(1) The National Aeronautics and Space

Administration may make extraordinary payments that would otherwise be prohibited under this section to the Russian Aviation and Space Agency, any organization or entity under the jurisdiction or control of the Russian Aviation and Space Agency, or any subcontractor thereof for the construction, testing, preparation, delivery, launch, or maintenance of the Service Module, and for the purchase (at a total cost not to exceed \$14,000,000) of the pressure dome for the Interim Control Module and the Androgynous Peripheral Docking Adapter and related hardware for the United States propulsion module, if-- (A) the President has notified Congress at least 5 days before making such payments; [[Page 114 STAT. 43]] (B) no report has been made under section 2 with respect to an activity of the entity to receive such payment, and the President has no credible information of any activity that would require such a report; and (C) the United States will receive goods or services of value to the United States commensurate with the value of the extraordinary payments made. (2) For purposes of this subsection, the term "maintenance" means activities which cannot be performed by the National Aeronautics and Space Administration and which must be performed in order for the Service Module to provide environmental control, life support, and orbital maintenance functions which cannot be performed by an alternative means at the time of payment.

- (3) Termination date.>> This subsection shall cease to be effective 60 days after a United States propulsion module is in place at the International Space Station. (h) Exception.--Notwithstanding subsections (a) and (b), no agency of the United States Government may make extraordinary payments in connection with the International Space Station to any foreign person subject to measures applied pursuant to-- (1) section 3 of this Act; or (2) section 4 of Executive Order No. 12938 (November 14, 1994), as amended by Executive Order No. 13094 (July 28, 1998). Such payments shall also not be made to any other entity if the agency of the United States Government anticipates that such payments will be passed on to such a foreign person.

**SECTION 7. DEFINITIONS.** For purposes of this Act, the following terms have the following meanings:

- (1) Extraordinary payments in connection with the international space station.--The term "extraordinary payments in connection with the International Space Station" means payments in cash or in kind made or to be made by the United States Government-- (A) for work on the International Space Station which the Russian Government pledged at any time to provide at its expense; or (B) for work on the International Space Station, or for the purchase of goods or services relating to human space flight, that are not required to be made under the terms of a contract or other agreement that was in effect on January 1, 1999, as those terms were in effect on such date.
- (2) Foreign person; person.--The terms "foreign person" and "person" mean-- (A) a natural person that is an alien; (B) a corporation, business association, partnership, society, trust, or any other nongovernmental entity, organization, or group, that is organized under the laws of a foreign country or has its principal place of business in a foreign country; (C) any foreign governmental entity operating as a business enterprise; and (D) any successor, subunit, or subsidiary of any entity described in subparagraph (B) or (C). [[Page 114 STAT. 44]]
- (3) Executive order no. 12938.--The term "Executive Order No. 12938" means Executive Order No. 12938 as in effect on January 1, 1999. (4) Adherent to relevant nonproliferation regime.--A government is an "adherent" to a "relevant nonproliferation regime" if that government-- (A) is a member of the Nuclear Suppliers Group with respect to a transfer of goods, services, or technology described in section 2(a)(1)(A); (B) is a member of the Missile Technology Control Regime with respect to a transfer of goods, services, or technology described in section 2(a)(1)(B), or is a party to a binding international agreement with the United States that was in effect on January 1, 1999, to control the transfer of such goods, services, or technology in accordance with the criteria and standards set forth in the Missile Technology Control Regime; (C) is a member of the Australia Group with respect to a transfer of goods, services, or technology described in section 2(a)(1)(C); (D) is a party to the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction with respect to a transfer of goods,

services, or technology described in section 2(a)(1)(D); or (E) is a member of the Wassenaar Arrangement with respect to a transfer of goods, services, or technology described in section 2(a)(1)(E). (5) Organization or entity under the jurisdiction or control of the Russian aviation and space agency.--(A) The term "organization or entity under the jurisdiction or control of the Russian Aviation and Space Agency" means an organization or entity that-- (i) was made part of the Russian Space Agency upon its establishment on February 25, 1992; (ii) was transferred to the Russian Space Agency by decree of the Russian Government on July 25, 1994, or May 12, 1998; (iii) was or is transferred to the Russian Aviation and Space Agency or Russian Space Agency by decree of the Russian Government at any other time before, on, or after the date of the enactment of this Act; or (iv) is a joint stock company in which the Russian Aviation and Space Agency or Russian Space Agency has at any time held controlling interest. (B) Any organization or entity described in subparagraph (A) shall be deemed to be under the jurisdiction or control of the Russian Aviation and Space Agency regardless of whether-- (i) such organization or entity, after being part of or transferred to the Russian Aviation and Space Agency or Russian Space Agency, is removed from or transferred out of the Russian Aviation and Space Agency or Russian Space Agency; or [[Page 114 STAT. 45]] (ii) the Russian Aviation and Space Agency or Russian Space Agency, after holding a controlling interest in such organization or entity, divests its controlling interest. Approved March 14, 2000. LEGISLATIVE HISTORY--H.R. 1883: HOUSE REPORTS: No. 106-315, Pt. 1 (Comm. on International Relations). CONGRESSIONAL RECORD: Vol. 145 (1999): Sept. 14, considered and passed House. Vol. 146 (2000): Feb. 22, 24, considered and passed Senate, amended. Mar. 1, House concurred in Senate amendments. WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 36 (2000): Mar. 14, Presidential statement.

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**END TEXT**

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## Iran-Iraq Arms Non-Proliferation Act of 1992

This law is a title of the broader National Defense Authorization Act for Fiscal Year 1992 (P.L. 102-484). It was passed – and initially applied primarily to entities selling advanced conventional weaponry to Iran -- as a result of reports that Iran was buying major quantities of combat aircraft, submarines, cruise missiles, anti-ship missiles, tanks, and patrol boats, from Russia and China. Its application to provision of WMD-related equipment was added later, as shown in the amendment below. The law is considered a “secondary sanction” because it authorizes sanctions against foreign entities that are supporting Iran’s military and WMD capabilities. It provides for both mandatory sanctions against entities named as violators, as well as additional sanctions that could be imposed at the Administration’s discretion.

One difficulty in applying the provisions of the Act have centered around the definition of “destabilizing numbers and type” of advanced conventional weapons – a definition that is inherently subjective and which some have said has enabled successive Administrations to avoid imposing sanctions in some cases.

Very few sanctions have been imposed against foreign entities as a consequence of this particular law. However, as noted in a previous section of this Compendium, a key provision of the Iran-Iraq Arms Non-Proliferation Act was to institute a “presumption of denial” for applications to export to Iran dual use items. As a result, virtually no dual use items have been licensed for sale to Iran.

### BEGIN TEXT

#### TITLE XIV--IRAN-IRAQ ARMS NON-PROLIFERATION ACT OF 1992

##### SEC. 1401. SHORT TITLE.

*This title may be cited as the ‘Iran-Iraq Arms Non-Proliferation Act of 1992’.*

##### SEC. 1402. UNITED STATES POLICY.

- (a) IN GENERAL- It shall be the policy of the United States to oppose, and urgently to seek the agreement of other nations also to oppose, any transfer to Iran or

Iraq of any goods or technology, including dual-use goods or technology, wherever that transfer could contribute to either country’s acquiring chemical, biological, nuclear, or destabilizing numbers and types of advanced conventional weapons.

##### (b) SANCTIONS-

- (1) In the furtherance of this policy, the President shall apply to Iran, Iraq, and those nations and persons who assist them in acquiring weapons of mass destruction all of the applicable sanctions and controls available to the United States under the Foreign Assistance Act of 1961, the Nuclear Non-Proliferation Act of 1978, the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991, and title XVII of the National Defense Authorization Act for Fiscal Year 1991, and other relevant statutes, regarding the non-proliferation of weapons of mass destruction and the means of their delivery.

- (2) The President should also urgently seek the agreement of other nations to adopt and institute, at the earliest practicable date, sanctions and controls comparable to those the United States is obligated to apply under this subsection.

- (c) PUBLIC IDENTIFICATION- The Congress calls on the President to identify publicly (in the report required by section 1407) any country or person that transfers goods or technology to Iran or Iraq contrary to the policy set forth in subsection (a).

#### SEC. 1403. APPLICATION TO IRAN OF CERTAIN IRAQ SANCTIONS.

The sanctions against Iraq specified in paragraphs (1) through (4) of section 586G(a) of the Iraq Sanctions Act of 1990 (as contained in Public Law 101-513), including denial of export licenses for United States persons and prohibitions on United States Government sales, shall be applied to the same extent and in the same manner with respect to Iran.

#### SEC. 1404. SANCTIONS AGAINST CERTAIN PERSONS.

- (a) PROHIBITION- If any person transfers or retransfers goods or technology so as to contribute knowingly and materially to the efforts by Iran or Iraq (or any agency or instrumentality of either such country) to



acquire destabilizing numbers and types of advanced conventional weapons, then--

- (1) the sanctions described in subsection (b) shall be imposed; and
- (2) in addition, the President is authorized to apply, in the discretion of the President, the sanctions described in subsection (c).

(b) MANDATORY SANCTIONS- The sanctions to be imposed pursuant to subsection (a)(1) are as follows:

- (1) PROCUREMENT SANCTION- For a period of 2 years, the United States Government shall not procure, or enter into any contract for the procurement of, any goods or services from the sanctioned person.
- (2) EXPORT SANCTION- For a period of 2 years, the United States Government shall not issue any license for any export by or to the sanctioned person.

(c) DISCRETIONARY SANCTION- The sanction referred to in subsection (a)(2) is that the President may prohibit, for such period as the President may determine, the importation into the United States of any articles which are the product, manufacture, or growth of the sanctioned person.

**SEC. 1405. SANCTIONS AGAINST CERTAIN FOREIGN COUNTRIES.**

(a) PROHIBITION- If the government of any foreign country transfers or retransfers goods or technology so as to contribute knowingly and materially to the efforts by Iran or Iraq (or any agency or instrumentality of either such country) to acquire destabilizing numbers and types of advanced conventional weapons, then--

- (1) the sanctions described in subsection (b) shall be imposed on such country; and
- (2) in addition, the President may apply, in the discretion of the President, the sanctions described in subsection (c).

(b) MANDATORY SANCTIONS- Except as provided in paragraph (2), the sanctions to be imposed pursuant to subsection (a)(1) are as follows:

- (1) SUSPENSION OF UNITED STATES ASSISTANCE- The United States Government

shall suspend, for a period of 1 year, United States assistance to the sanctioned country.

(2) MULTILATERAL DEVELOPMENT BANK ASSISTANCE- The Secretary of the Treasury shall instruct the United States Executive Director to each appropriate international financial institution to oppose, and vote against, for a period of 1 year, the extension by such institution of any loan or financial or technical assistance to the sanctioned country.

(3) SUSPENSION OF CODEVELOPMENT OR COPRODUCTION AGREEMENTS- The United States shall suspend, for a period of 1 year, compliance with its obligations under any memorandum of understanding with the sanctioned country for the codevelopment or coproduction of any item on the United States Munitions List (established under section 38 of the Arms Export Control Act), including any obligation for implementation of the memorandum of understanding through the sale to the sanctioned country of technical data or assistance or the licensing for export to the sanctioned country of any component part.

(4) SUSPENSION OF MILITARY AND DUAL-USE TECHNICAL EXCHANGE AGREEMENTS- The United States shall suspend, for a period of 1 year, compliance with its obligations under any technical exchange agreement involving military and dual-use technology between the United States and the sanctioned country that does not directly contribute to the security of the United States, and no military or dual-use technology may be exported from the United States to the sanctioned country pursuant to that agreement during that period.

(5) UNITED STATES MUNITIONS LIST- No item on the United States Munitions List (established pursuant to section 38 of the Arms Export Control Act) may be exported to the sanctioned country for a period of 1 year.

(c) DISCRETIONARY SANCTIONS- The sanctions referred to in subsection (a)(2) are as follows:

- (1) DENIAL OF MOST-FAVORED-NATION STATUS- The President is authorized to suspend the



application of nondiscriminatory trade treatment (most-favored-nation status) to the products of the sanctioned country.

- (2) **USE OF AUTHORITIES OF INTERNATIONAL EMERGENCY ECONOMIC POWERS ACT-** The President may exercise, in accordance with the provisions of that Act, the authorities of the International Emergency Economic Powers Act with respect to the sanctioned country, except for urgent humanitarian assistance.

#### **SEC. 1406. WAIVER.**

The President may waive the requirement to impose a sanction described in section 1403, in the case of Iran, or a sanction described in section 1404(b) or 1405(b), in the case of Iraq and Iran, 15 days after the President determines and so reports to the Committees on Armed Services and Foreign Relations of the Senate and the Speaker of the House of Representatives that to impose that sanction would jeopardize the national security interests of the United States. Any such report shall provide a specific and detailed rationale for such determination.

#### **SEC. 1407. REPORTING REQUIREMENT.**

- (a) **ANNUAL REPORT-** Beginning one year after the date of enactment of this title, and every 12 months thereafter, the President shall submit a report to the Committees on Armed Services and Foreign Relations of the Senate and the Speaker of the House of Representatives detailing--
- (1) all transfers or retransfers made by any person or foreign government during the preceding 12-month period which are subject to any sanction under this title; and
  - (2) the actions the President intends to undertake or has undertaken pursuant to this title with respect to each such transfer.
- (b) **REPORT ON INDIVIDUAL TRANSFERS-** Whenever the President determines that a person or foreign government has made a transfer which is subject to any sanction under this title, the President shall, within 30 days after such transfer, submit to the Committees on Armed Services and Foreign Relations of the Senate and the Speaker of the House of Representatives a report--

- (1) identifying the person or government and providing the details of the transfer; and
  - (2) describing the actions the President intends to undertake or has undertaken under the provisions of this title with respect to each such transfer.
- (c) **FORM OF TRANSMITTAL-** Reports required by this section may be submitted in classified as well as in unclassified form.

#### **SEC. 1408. DEFINITIONS.**

For purposes of this title--

- (1) the term 'advanced conventional weapons' includes--
  - (A) such long-range precision-guided munitions, fuel air explosives, cruise missiles, low observability aircraft, other radar evading aircraft, advanced military aircraft, military satellites, electromagnetic weapons, and laser weapons as the President determines destabilize the military balance or enhance offensive capabilities in destabilizing ways;
  - (B) such advanced command, control, and communications systems, electronic warfare systems, or intelligence collection systems as the President determines destabilize the military balance or enhance offensive capabilities in destabilizing ways; and
  - (C) such other items or systems as the President may, by regulation, determine necessary for purposes of this title;
- (2) the term 'cruise missile' means guided missiles that use aerodynamic lift to offset gravity and propulsion to counteract drag;
- (3) the term 'goods or technology' means--
  - (A) any article, natural or manmade substance, material, supply, or manufactured product, including inspection and test equipment; and
  - (B) any information and know-how (whether in tangible form, such as models, prototypes, drawings, sketches, diagrams, blueprints, or manuals, or in intangible form, such as

- training or technical services) that can be used to design, produce, manufacture, utilize, or reconstruct goods, including computer software and technical data;
- (4) the term 'person' means any United States or foreign individual, partnership, corporation, or other form of association, or any of their successor entities, parents, or subsidiaries;
  - (5) the term 'sanctioned country' means a country against which sanctions are required to be imposed pursuant to section 1405;
  - (6) the term 'sanctioned person' means a person that makes a transfer described in section 1404(a); and
  - (7) the term 'United States assistance' means--
    - (A) any assistance under the Foreign Assistance Act of 1961 (other than the provision of urgent humanitarian assistance or medicine);
    - (B) sales and assistance under the Arms Export Control Act;
    - (C) financing by the Commodity Credit Corporation for export sales of agricultural commodities; and
    - (D) financing under the Export-Import Bank Act.

**END TEXT**

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**Extension of the Iran-Iraq Arms Non-Proliferation Act to Transfers of WMD-related material**

Below is the relevant section of PL104-106, the National Defense Authorization Act for FY1996, which amends the Iran-Iraq Arms Non-Proliferation Act to make transfers of WMD-related material to Iran sanctionable under the Act. This law also makes provision of humanitarian aid exempt from the available sanctions that can be imposed under the Act.

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**BEGIN TEXT**

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**SEC. 1408. IRAN AND IRAQ ARMS NONPROLIFERATION.**

- (a) Sanctions Against Transfers of Persons.--Section 1604(a) of the Iran-Iraq Arms Non-Proliferation Act of 1992 (title XVI of Public Law 102-484; 50 U.S.C. 1701 note) is amended by inserting "to acquire chemical, biological, or nuclear weapons or" before "to acquire".
- (b) Sanctions Against Transfers of Foreign Countries.--Section 1605(a) of such Act <<NOTE: 50 USC 1701 note.>> is amended by inserting "to acquire chemical, biological, or nuclear weapons or" before "to acquire".
- (c) Clarification of United States Assistance.--Subparagraph (A) of section 1608(7) of such Act <<NOTE: 50 USC 1701 note.>> is amended to read as follows:
  - "(A) any assistance under the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.), other than urgent humanitarian assistance or medicine;"
- (d) Notification of Certain Waivers Under MTCR Procedures.--Section 73(e)(2) of the Arms Export Control Act (22 U.S.C. 2797b(e)(2)) is amended--
  - (1) by striking out "the Congress" and inserting in lieu thereof "the Committee on Armed Services and the Committee on Foreign Relations of the Senate and the Committee on National Security and the Committee on International Relations of the House of Representatives"; and
  - (2) by striking out "20 working days" and inserting in lieu thereof "45 working days".

**END TEXT**

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## Section 6. Trade and Investment Sanctions

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Since 1995, there has been a comprehensive ban on U.S. trade with and investment in Iran. As such, U.S. companies are, in general, banned from conducting business in Iran or selling goods to Iran. However, the ban is implemented in regulations applied to an export licensing procedure. As such, any company can apply to the Treasury Department for a license to export a good or item to Iran, but the trade ban establishes a presumption of denial for such licenses for most types of goods. Exceptions are noted as appropriate in this section.

In addition, there are so-called “secondary sanctions” which authorize the President to impose sanctions not only on U.S. companies but on foreign companies. These laws essentially try to force foreign firms to choose between doing business with Iran or doing business in the United States, which is, of course, a much larger market than is Iran for almost all products and services.

### **Trade and Investment Ban: Executive Order 12959 of May 6, 1995 and Executive Order 13059 of August 19, 1997**

The trade and investment ban imposed in 1995 restricted almost all trade between the United States and Iran. However, the ban was modified in 1999 and 2000 to allow for some commerce, as part of an effort by the Clinton Administration to reach out to the relatively moderate government of President Mohammad Khatemi. Those changes have remained in place, even though Khatemi was replaced in 2005 by the hardline Mahmoud Ahmadinejad. The trade ban modifications are discussed below.

### **Executive Order 12959**

#### **BEGIN TEXT**

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Effective date: May 6, 1995

By the authority vested in me as President by the Constitution and the laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) (IEEPA), the National Emergencies Act (50 U.S.C. 1601 et seq.), section 505 of the International Security and Development Cooperation Act of 1985 (22 U.S.C. 2349aa-9) (ISDCA), and section 301 of title 3, United States Code.

I, WILLIAM J. CLINTON, President of the United States of America, in order to take steps with respect of Iran in addition to those set forth in Executive Order No. 12957 of March 15, 1995, to deal with the unusual and extraordinary threat to the national security, foreign policy, and economy of the United States referred to in that order, hereby order:

Section 1. The following are prohibited, except to the extent provided in regulations, orders, directives, or licenses that may be issued pursuant to this order, and notwithstanding any contract entered into or any license or permit granted prior to the effective date of this order:

- (a) the importation into the United States, or the financing of such importation, of any goods or services of Iranian origin, than Iranian-origin publications and materials imported for news publications or news broadcast dissemination;
- (b) except to the extent provided in section 203(b) of IEEPA (50 U.S.C. 1702(b)), the exportation from the United States to Iran, the Government of Iran, or to any entity owned or controlled by the Government of Iran, or the financing of such exportation, of any goods, technology (including technical data or other information subject to the Export Administration Regulations, 15 CFR Parts 768-799 (1944)(the “EAR”)), or services;
- (c) the reexportation to Iran, the Government of Iran, or to any entity owned or controlled by the Government of Iran, of any goods or technology (including technical data or other information) exported from the United States, the exportation of which to Iran is subject

to export license application requirements under any United States regulations in effect immediately prior to the issuance of this order, unless, for goods, they have been (i) substantially transformed outside the United States, or (ii) incorporated into another product outside the United States and constitute less than 10 percent by value of that product exported from a third country;

- (d) except to the extent provided in section 203(b) IEEPA (50 U.S.C. 1702(b)), any transaction, including purchase, sale, transportation, swap, financing, or brokering transactions, by a United States person relating to goods or services of Iranian origin or owned or controlled by the Government of Iran;
- (e) any new investment by a United States person in Iran or in property (including entities) owned or controlled by the Government of Iran;
- (f) the approval or facilitation by a United States person of the entry into or performance by an entity owned or controlled by a United States person of a transaction or contract (i) prohibited as to United States persons by subsection (c), (d), or (e) above, or (ii) relating to the financing of activities prohibited as to United States persons by those subsections, or of a guaranty of another person's performance of such transaction or contract; and
- (g) any transaction by any United States person or within the United States that evades or avoids, or has the purpose of evading, or avoiding, or attempts to violate, any of the prohibitions set forth in this order.

Sec. 2. For the purposes of this order:

- (a) the term "person" means an individual or entity;
- (b) the term "entity" means a partnership, association, trust, joint venture, corporation, or other organization;
- (c) the term "United States person" means any United States citizen, permanent resident alien, entity organized under the laws of the United States (including foreign branches), or any person in the United States;
- (d) the term "Iran" means the territory of Iran and any other territory or marine area, including the exclusive economic zone and continental shelf, over which the Government of Iran claims sovereignty, sovereign rights or jurisdiction, provided that the Government of Iran exercises partial or total de facto control over the area or derives a benefit from economic activity in the area pursuant to international arrangements; and
- (e) the term "new investment" mean (i) a commitment or contribution of funds or other assets, or (ii) a loan or other extension of credit.

Sec. 3. The Secretary of the Treasury, in consultation with the Secretary of State, is hereby authorized to take such actions, including the promulgation and rules and regulations, the requirement of reports, including reports by United States persons on oil transactions engaged in by their foreign affiliates with Iran or the Government of Iran, and to employ all powers granted to the President by IEEPA and ISDCA as may be necessary to carry out

the purposes of this order. The Secretary of the Treasury may redelegate any of these functions to other officers and agencies of the United States Government. All agencies of the United States Government are hereby directed to take all appropriate measures within their authority to carry out the provisions of this order.

Sec. 4. The Secretary of the Treasury may not authorize the exportation or reexportation to Iran, the Government of Iran, or an entity owned or controlled by the Government of Iran of any goods, technology, or services subject to export license application requirements of another agency of the United States Government, if authorization of the exportation or reexportation by that agency would be prohibited by law.

Sec. 5. Sections 1 and 2 of Executive Order No. 12613 of October 29, 1987, and sections 1 and 2 of Executive Order No. 12957 of March 15, 1995, are hereby revoked to the extent inconsistent with this order. Otherwise, the provisions of this order supplement the provisions of Executive Orders No. 12613 and 12957.

Sec. 6. Nothing contained in this order shall create any right or benefit, substantive or procedural, enforceable by any party against the United States, its agencies or instrumentalities, its officers or employees, or any other person.

Sec. 7. The measures taken pursuant to this order are in response to actions of the Government of a Iran occurring after the conclusion of the 1981 Algiers Accords, and are intended solely as a response to those later actions.

Sec. 8.

- (a) This order is effective at 12:01 a.m., eastern daylight time, on May 7, 1995, except that (i) section 1(b), (c), and (d) of this order shall not apply until 12:01 a.m., eastern daylight time, on June 6, 1995, to trade transactions under contracts in force as of the date of this order if such transactions are authorized pursuant to Federal regulations in force immediately prior to the date of this order ("existing trade contracts"), and (ii) letters of credit and other financing agreements with respect to existing trade contracts may be performed pursuant to their terms with respect to underlying trade transactions occurring prior to 12:01 a.m., eastern daylight time, on June 6, 1995.
- (b) This order shall be transmitted to the Congress and published in the Federal Register.

/s/William J. Clinton

THE WHITE HOUSE,

May 6, 1995.

**END TEXT**

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## Executive Order 13059 of August 19, 1997

### BEGIN TEXT

#### Prohibiting Certain Transactions With Respect to Iran

By the authority vested in me as President by the Constitution and the laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) (“IEEPA”), the National Emergencies Act (50 U.S.C. 1601 *et seq.*), section 505 of the International Security and Development Cooperation Act of 1985 (22 U.S.C. 2349aa-9) (“ISDCA”), and section 301 of title 3, United States Code,

I, WILLIAM J. CLINTON, President of the United States of America, in order to clarify the steps taken in Executive Orders 12957 of March 15, 1995, and 12959 of May 6, 1995, to deal with the unusual and extraordinary threat to the national security, foreign policy, and economy of the United States declared in Executive Order 12957 in response to the actions and policies of the Government of Iran, hereby order:

Section 1. Except to the extent provided in section 3 of this order or in regulations, orders, directives, or licenses issued pursuant to this order, and notwithstanding any contract entered into or any license or permit granted prior to the effective date of this order, the importation into the United States of any goods or services of Iranian origin or owned or controlled by the Government of Iran, other than information or informational materials within the meaning of section 203(b)(3) of IEEPA (50 U.S.C. 1702(b)(3)), is hereby prohibited.

Sec. 2. Except to the extent provided in section 3 of this order, in section 203(b) of IEEPA (50 U.S.C. 1702(b)), or in regulations, orders, directives, or licenses issued pursuant to this order, and notwithstanding any contract entered into or any license or permit granted prior to the effective date of this order, the following are prohibited:

- (a) the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a United States person, wherever located, of any goods, technology, or services to Iran or the Government of Iran, including the exportation, reexportation, sale, or supply of any goods, technology, or services to a person in a third country undertaken with knowledge or reason to know that:
  - (i) such goods, technology, or services are intended specifically for supply, transshipment, or reexportation, directly or indirectly, to Iran or the Government of Iran; or
  - (ii) such goods, technology, or services are intended specifically for use in the production of, for commingling with, or for incorporation into goods, technology, or services to be directly or indirectly supplied, transshipped, or reexported exclusively or predominantly to Iran or the Government of Iran;
- (b) the reexportation from a third country, directly or indirectly, by a person other than a United States person of any goods, technology, or services that have been exported from the United States, if:

- (i) undertaken with knowledge or reason to know that the reexportation is intended specifically for Iran or the Government of Iran, and
- (ii) the exportation of such goods, technology, or services to Iran from the United States was subject to export license application requirements under any United States regulations in effect on May 6, 1995, or thereafter is made subject to such requirements imposed independently of the actions taken pursuant to the national emergency declared in Executive Order 12957; provided, however, that this prohibition shall not apply to those goods or that technology subject to export license application requirements if such goods or technology have been:
  - (A) substantially transformed into a foreign-made product outside the United States; or
  - (B) incorporated into a foreign-made product outside the United States if the aggregate value of such controlled United States goods and technology constitutes less than 10 percent of the total value of the foreign-made product to be exported from a third country;
- (c) any new investment by a United States person in Iran or in property, including entities, owned or controlled by the Government of Iran;
- (d) any transaction or dealing by a United States person, wherever located, including purchasing, selling, transporting, swapping, brokering, approving, financing, facilitating, or guaranteeing, in or related to:
  - (i) goods or services of Iranian origin or owned or controlled by the Government of Iran; or
  - (ii) goods, technology, or services for exportation, reexportation, sale, or supply, directly or indirectly, to Iran or the Government of Iran;
- (e) any approval, financing, facilitation, or guarantee by a United States person, wherever located, of a transaction by a foreign person where the transaction by that foreign person would be prohibited by this order if performed by a United States person or within the United States; and
- (f) any transaction by a United States person or within the United States that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in this order.

Sec. 3. Specific licenses issued pursuant to Executive Orders 12613 (of October 29, 1987), 12957, or 12959 continue in effect in accordance with their terms except to the extent revoked, amended, or modified by the Secretary of the Treasury. General licenses, regulations, orders, and directives issued pursuant to those orders continue in effect in accordance with their terms except to the extent inconsistent with this order or to the extent revoked, amended, or modified by the Secretary of the Treasury.



Sec. 4. For the purposes of this order:

- (a) the term “person” means an individual or entity;
- (b) the term “entity” means a partnership, association, trust, joint venture, corporation, or other organization;
- (c) the term “United States person” means any United States citizen, permanent resident alien, entity organized under the laws of the United States (including foreign branches), or any person in the United States;
- (d) the term “Iran” means the territory of Iran and any other territory or marine area, including the exclusive economic zone and continental shelf, over which the Government of Iran claims sovereignty, sovereign rights, or jurisdiction, provided that the Government of Iran exercises partial or total de facto control over the area or derives a benefit from economic activity in the area pursuant to international arrangements;
- (e) the term “Government of Iran” includes the Government of Iran, any political subdivision, agency, or instrumentality thereof, and any person owned or controlled by, or acting for or on behalf of, the Government of Iran;
- (f) the term “new investment” means:
  - (i) a commitment or contribution of funds or other assets; or
  - (ii) a loan or other extension of credit, made after the effective date of Executive Order 12957 as to transactions prohibited by that order, or otherwise made after the effective date of Executive Order 12959.

Sec. 5. The Secretary of the Treasury, in consultation with the Secretary of State and, as appropriate, other agencies, is hereby authorized to take such actions, including the promulgation of rules and regulations, the requirement of reports, including reports by United States persons on oil and related transactions engaged in by their foreign affiliates with Iran or the Government of Iran, and to employ all powers granted to me by IEEPA and the ISDCA as may be necessary to carry out the purposes of this order. The Secretary of the Treasury may redelegate any of these functions to other officers and agencies of the United States Government. All agencies of the United States Government are hereby directed to take all appropriate measures within their authority to carry out the provisions of this order.

Sec. 6.

- (a) The Secretary of the Treasury may authorize the exportation or reexportation to Iran or the Government of Iran of any goods, technology, or services also subject to export license application requirements of another agency of the United States Government only if authorization by that agency of the exportation or reexportation to Iran would be permitted by law.
- (b) Nothing contained in this order shall be construed to supersede the requirements established under any other provision of law or to relieve a person from any requirement to obtain a license or other authorization from another department or agency of the

United States Government in compliance with applicable laws and regulations subject to the jurisdiction of that department or agency.

Sec. 7. The provisions of this order consolidate the provisions of Executive Orders 12613, 12957, and 12959. Executive Order 12613 and subsections (a), (b), (c), (d), and (f) of section 1 of Executive Order 12959 are hereby revoked with respect to transactions occurring after the effective date of this order. The revocation of those provisions shall not alter their applicability to any transaction or violation occurring before the effective date of this order, nor shall it affect the applicability of any rule, regulation, order, license, or other form of administrative action previously taken pursuant to Executive Orders 12613 or 12959.

Sec. 8. Nothing contained in this order shall create any right or benefit, substantive or procedural, enforceable by any party against the United States, its agencies or instrumentalities, its officers or employees, or any other person.

Sec. 9. The measures taken pursuant to this order are in response to actions of the Government of Iran occurring after the conclusion of the 1981 Algiers Accords, and are intended solely as a response to those later actions.

Sec. 10.

- (a) This order is effective at 12:01 a.m. eastern daylight time on August 20, 1997.
- (b) This order shall be transmitted to the Congress and published in the Federal Register.

**END TEXT**

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## **Major Treasury Department Regulations Implementing or Modifying the Trade Ban**

The following sections are major parts of the Code of Federal Regulations (CFR), Part 560, called the Iran Transactions Regulations (ITR). These Sections of the ITR’s define how the trade ban is interpreted and applied in practice.

The major modifications to the ban came in 1999, with a lifting of a ban on commercial sales of food and medical products to Iran; and 2000, with a modification of the ban on imports to allow importation of Iranian luxury goods such as carpets, caviar, fruits and nuts. The latter modification was undone by CISADA, which also provided for clarifications and alterations to the ban on U.S. exports to Iran.

## Ban on U.S. Persons Serving As Facilitators of Trade With Iran

### BEGIN TEXT

PART 560\_IRANIAN TRANSACTIONS REGULATIONS--Table of Contents

Subpart B\_Prohibitions

Sec. 560.208 Prohibited facilitation by United States persons of transactions by foreign persons.

Except as otherwise authorized pursuant to this part, and notwithstanding any contract entered into or any license or permit granted prior to May 7, 1995, no United States person, wherever located, may approve, finance, facilitate, or guarantee any transaction by a foreign person where the transaction by that foreign person would be prohibited by this part if performed by a United States person or within the United States.

[64 FR 20171, Apr. 26, 1999]

### Definition: Trade Ban Not Applicable to Foreign Subsidiaries

This section of the regulations makes clear that the ban on trade applies to U.S. persons, and it defines what that term means. The ban applies to foreign branches of U.S. firms, but not to subsidiaries that are incorporated under the laws of the countries where they are located.

Sec. 560.314 United States person.

The term United States person means any United States citizen, permanent resident alien, entity organized under the laws of the United States (including foreign branches), or any person in the United States.

### Ban on U.S. Persons Supervising or Financing Energy Development in Iran

This section of the regulations clarifies that U.S. persons are prohibited from involvement in virtually any aspect of energy development in Iran, including managing projects run by non-U.S. firms.

Subpart B\_Prohibitions

Sec. 560.209 Prohibited transactions with respect to the development of Iranian petroleum resources.

Except as otherwise authorized, and notwithstanding any contract entered into or any license or permit granted prior to March 16, 1995, the following are prohibited:

- (a) The entry into or performance by a United States person, or the approval by a United States person of the entry into or performance by an entity owned or controlled by a United States person, of:
  - (1) A contract that includes overall supervision and management responsibility for the development of petroleum resources located in Iran, or
  - (2) A guaranty of another person's performance under such contract; or
- (b) The entry into or performance by a United States person, or the approval by a United States person of the entry into or performance by an entity owned or controlled by a United States person, of
  - (1) A contract for the financing of the development of petroleum resources located in Iran, or
  - (2) A guaranty of another person's performance under such a contract.

### END TEXT

### Exemptions to the Ban on Trade

The following section of the Iran Transactions Regulations (ITR) delineate types of U.S. trade with Iran that were exempt from the ban, such as humanitarian donations and trade in many forms of informational materials.

The exemptions clearly state that transactions incidental to U.S. travel to Iran, which is not banned, are permitted. There is no ban on the use of a U.S. passport for travel to Iran.

### BEGIN TEXT

Sec. 560.210 Exempt transactions.

- (a) Personal communications. The prohibitions of Sec. Sec. 560.204 and 560.206 do not apply to any postal, telegraphic, telephonic, or other personal communication, which does not involve the transfer of anything of value.
- (b) Humanitarian donations. The prohibitions of Sec. Sec. 560.204 and 560.206 do not apply to donations by United States persons of articles, such as food, clothing, and medicine, intended to be used to relieve human suffering.
- (c) Information and informational materials.
  - (1) The importation from any country and the exportation to any country of information and informational materials as defined in Sec. 560.315, whether commercial or otherwise, regardless of format or medium of transmission, are exempt from the prohibitions and regulations of this part.

- (2) This section does not exempt from regulation or authorize transactions related to information and informational materials not fully created and in existence at the date of the transactions, or to the substantive or artistic alteration or enhancement of informational materials, or to the provision of marketing and business consulting services. Transactions that are prohibited notwithstanding this section include, but are not limited to, payment of advances for information and informational materials not yet created and completed (with the exception of prepaid subscriptions for widely circulated magazines and other periodical publications), and provision of services to market, produce or co-produce, create or assist in the creation of information and informational materials.
- (3) This section does not exempt from regulation or authorize transactions incident to the exportation of software subject to the Export Administration Regulations (15 CFR parts 730-774).
- (4) This section does not exempt from regulation or authorize the exportation of goods (including software) or technology or the sale or leasing of telecommunications transmission facilities (such as satellite links or dedicated lines) where such exportation, sale or leasing is for use in the transmission of any data.
- (d) Travel. The prohibitions contained in this part do not apply to transactions ordinarily incident to travel to or from any country, including importation of accompanied baggage for personal use, maintenance within any country including payment of living expenses and acquisition of goods or services for personal use, and arrangement or facilitation of such travel including nonscheduled air, sea, or land voyages. This exemption extends to transactions with Iranian carriers and those involving group tours and payments in Iran made for transactions directly incident to travel.
- (e) Letters of Credit. Letters of credit and other financing agreements with respect to trade contracts in force as of May 6, 1995, may be performed pursuant to their terms with respect to underlying trade transactions occurring prior to 12:01 a.m. EDT, June 6, 1995. See Sec. 560.413.

[60 FR 47063, Sept. 11, 1995, as amended at 64 FR 20171, Apr. 26, 1999; 64 FR 58791, Nov. 1, 1999]

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**END TEXT**

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### **Easing of the Ban To Allow Commercial Sales of Food and Medical Products to Iran**

This section of the Iranian Transactions Regulations (ITR) was issued to implement the decision of the Clinton Administration to modify the ban on trade to allow commercial sales of food and medical products to Iran. As noted in the regulations below, no government guarantee of

financing for such sales was issued, and the sales can only be financed by non-U.S. or non-Iranian banks, according to the regulations.

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**BEGIN TEXT**

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PART 560\_IRANIAN TRANSACTIONS REGULATIONS--Table of Contents

Subpart E\_Licenses, Authorizations and Statements of Licensing Policy

Sec. 560.530 Commercial sales, exportation, and reexportation of agricultural commodities, medicine, and medical devices.

- (a) One-year license requirement. The exportation or reexportation of agricultural commodities (including bulk agricultural commodities listed in appendix B to this part 560), medicine, or medical devices to the Government of Iran, any entity in Iran, individuals in Iran, or persons in third countries purchasing specifically for resale to any of the foregoing, shall only be made pursuant to a one-year license issued by the United States Department of the Treasury, Office of Foreign Assets Control, for contracts entered into during the one-year period of the license and shipped within the 12-month period beginning on the date of the signing of the contract. No license will be granted for the exportation or reexportation of agricultural commodities, medicine, or medical equipment to any entity or individual in Iran promoting international terrorism. Executory contracts entered into pursuant to paragraph (b)(2) of this section prior to the issuance of the one-year license described in this paragraph shall be deemed to have been signed on the date of issuance of that one-year license (and, therefore, the exporter is authorized to make shipments under that contract within the 12-month period beginning on the date of issuance of the one-year license.
- (b) General license for arrangement of exportation and reexportation of covered products.
  - (1) The making of shipping arrangements, cargo inspections, obtaining of insurance, and arrangement of financing (consistent with Sec. 560.532) for the exportation or reexportation of agricultural commodities, medicine, and medical devices to the Government of Iran, entities in Iran, individuals in Iran, or persons in third countries purchasing specifically for resale to any of the foregoing, is authorized.
  - (2) If desired, entry into executory contracts (including executory pro forma invoices, agreements in principle, or executory offers capable of acceptance such as bids in response to public tenders) for the exportation or reexportation of agricultural commodities, medicine, and medical devices to the Government of Iran, entities in Iran, individuals in Iran, or persons in third countries purchasing specifically for resale to any of the foregoing, is authorized, provided that performance of an executory contract is expressly made contingent upon the prior issuance of the one-year license described in paragraph (a) of this section.

- (c) Instructions for obtaining one-year licenses. In order to obtain the one-year license described in paragraph (a), the exporter must provide to the Office of Foreign Assets Control:
- (1) The applicant's full legal name (if the applicant is a business entity, the state or jurisdiction of incorporation and principal place of business).
  - (2) The applicant's mailing and street address (so that OFAC may reach a responsible point of contact, the applicant should also include the name of the individual(s) responsible for the application and related commercial transactions along with their telephone and fax numbers and, if available, email addresses).
  - (3) The names, mailing addresses, and, if available, fax and telephone numbers of all parties with an interest in the transaction. If the goods are being exported or reexported to a purchasing agent in Iran, the exporter must identify the agent's principals at the wholesale level for whom the purchase is being made. If the goods are being exported or reexported to an individual, the exporter must identify any organizations or entities with which the individual is affiliated that have an interest in the transaction.
  - (4) A description of all items to be exported or reexported pursuant to the requested one-year license, including a statement that the item is classified as EAR 99, and, if necessary, documentation sufficient to verify that the items to be exported or reexported are classified as EAR 99 and do not fall within any of the limitations contained in paragraph (d) of this section.
  - (5) An Official Commodity Classification of EAR 99 issued by the Department of Commerce, Bureau of Export Administration ("BXA"), certifying that the product is EAR 99 is required to be submitted to OFAC with the request for a license authorizing the exportation or reexportation of all fertilizers, live horses, western red cedar, and medical devices other than basic medical supplies, such as syringes, bandages, gauze and similar items, that are specifically listed on BXA's website, [www.bxa.doc.gov/Regulations/Trade Sanctions ReformExport EnhancementAct.html](http://www.bxa.doc.gov/Regulations/Trade%20Sanctions%20ReformExport%20EnhancementAct.html). Medical supplies that are specifically listed on BXA's website do not require an Official Commodity Classification of EAR 99 from BXA. BXA will also provide a list on its website of medicines that are ineligible for a one-year license under these procedures. If an exporter is uncertain whether the medicine to be exported is eligible, they should seek an Official Commodity Classification of EAR 99 from BXA and submit a copy to OFAC. See, 15 CFR 745.3 for instructions for obtaining Official Commodity Classification of EAR 99 from BXA.
- (d) Limitations.
- (1) Nothing in this section or in any license issued pursuant to paragraph (a) of this section relieves the exporter from compliance with the export license application requirements of another Federal agency.
  - (2) Nothing in this section or in any license issued pursuant to paragraph (a) of this section authorizes the exportation or reexportation of any agricultural commodity, medicine, or medical device controlled on the United States Munitions List established under section 38 of the Arms Export Control Act (22 U.S.C. 2778); controlled on any control list established under the Export Administration Act of 1979 or any successor statute (50 U.S.C. App. 2401 et seq.); or used to facilitate the development or production of a chemical or biological weapon or weapon of mass destruction.
  - (3) Nothing in this section or in any license issued pursuant to paragraph (a) of this section affects prohibitions on the sale or supply of U.S. technology or software used to manufacture agricultural commodities, medicine, or medical devices, such as technology to design or produce biotechnological items or medical devices.
  - (4) Nothing in this section or in any license issued pursuant to paragraph (a) of this section affects U.S. nonproliferation export controls, including end-user and end-use controls maintained under the Enhanced Proliferation Control Initiative.
  - (5) This section does not apply to any transaction or dealing involving property blocked pursuant to this chapter or any other activity prohibited by this chapter not otherwise authorized in this part.
- (e) Covered items. For the purposes of this part, agricultural commodities, medicine, and medical devices are defined below.
- (1) Agricultural commodities. For the purposes of this section, agricultural commodities are:
    - (i) Products not listed on the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1, and that fall within the term "agricultural commodity" as defined in section 102 of the Agricultural Trade Act of 1978 (7 U.S.C. 5602); and
    - (ii) Products not listed on the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1, that are intended for ultimate use in Iran as:
      - (A) Food for humans (including raw, processed, and packaged foods; live animals; vitamins and minerals; food additives or supplements; and bottled drinking water) or animals (including animal feeds);
      - (B) Seeds for food crops;
      - (C) Fertilizers or organic fertilizers; or
      - (D) Reproductive materials (such as live animals, fertilized eggs, embryos, and semen) for the production of food animals.
  - (2) Medicine. For the purposes of this section, the term medicine has the same meaning given the term "drug" in section 201

of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321) but does not include any item listed on the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1 (excluding items classified as EAR 99).

- (3) Medical device. For the purposes of this section, the term medical device has the meaning given the term “device” in section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321) but does not include any item listed on the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1 (excluding items classified as EAR 99).
- (f) Transition period.
  - (1) Specific licenses issued prior to July 26, 2001 authorizing the performance of executory contracts for the sale of agricultural commodities, medicine, or medical equipment shall remain in effect until the expiration date specified in the license or July 26, 2002, whichever comes first. However, after July 26, 2001, new contracts for the exportation of agricultural commodities, medicine, or medical devices may be entered into only pursuant to the terms of, and as authorized by, this new part.
  - (2) Specific licenses issued prior to July 26, 2001 authorizing the sale and exportation or reexportation of bulk agricultural commodities listed in Appendix A to 31 CFR parts 538 and 550 and Appendix B to 31 CFR part 560 shall remain in effect solely to permit completion of performance of contracts already entered into prior to July 26, 2001 pursuant to the license. As of July 26, 2001, new contracts for the exportation of bulk agricultural commodities may be entered into only pursuant to the terms of, and as authorized by, this part.

[66 FR 36692, July 12, 2001]

**END TEXT**

**Allowed Payment Terms for the Export of Food and Medical Products**

This section of the regulations delineates what type of payment arrangements are available for the sale to Iran of permitted foodstuffs and medical equipment. As noted, Iranian or American banks are not permitted to provide financing for these transactions, although U.S. banks can confirm or advise (guarantee payment on) letters of credit for such transactions.

**BEGIN TEXT**

Sec. 560.532 Payment for and financing of exports and reexports of commercial commodities, medicine, and medical devices.

- (a) General license for payment terms. The following payment terms for sales of agricultural commodities and products, medicine, and medical equipment pursuant to Sec. Sec. 560.530 and 560.531 are authorized:
  - (1) Payment of cash in advance;
  - (2) Sales on open account, provided that the account receivable may not be transferred by the person extending the credit; or
  - (3) Financing by third-country financial institutions that are neither United States persons nor Government of Iran entities. Such financing may be confirmed or advised by U.S. financial institutions.
- (b) Specific licenses for alternate payment terms. Specific licenses may be issued on a case-by-case basis for payment terms and trade financing not authorized by the general license in paragraph (a) of this section for sales pursuant to Sec. 560.530. Effective September 8, 2006, specific licenses that have been or will be issued pursuant to this paragraph will not authorize any payment terms or trade financing involving Bank Saderat, except that, in the case of specific licenses that were being used before September 8, 2006 to obtain letters of credit issued by Bank Saderat, such letters of credit may continue to be performed according to their terms until March 7, 2007. See Sec. 501.801(b) of this chapter for specific licensing procedures.
- (c) No debits or credits to Iranian accounts on the books of U.S. depository institutions. Nothing in this section authorizes payment terms or trade financing involving a debit or credit to an account of a person located in Iran or of the Government of Iran maintained on the books of a U.S. depository institution.
- (d) Transfers through the U.S. financial system. Any payment relating to a transaction authorized in or pursuant to Sec. 560.530 or Sec. 560.533 that is routed through the U.S. financial system must reference the relevant Office of Foreign Assets Control license authorizing the payment to avoid the rejection of the transfer. See Sec. 560.516(c).
- (e) Notwithstanding any other provision of this part, no commercial exportation to Iran may be made with United States Government assistance, including United States foreign assistance, United States export assistance, and any United States credit or guarantees absent a Presidential waiver.

[64 FR 41793, Aug. 2, 1999, as amended at 64 FR 58791, Nov. 1, 1999; 66 FR 36693, July 12, 2001; 70 FR 15584, Mar. 28, 2005; 71 FR 53570, Sept. 12, 2006]

**END TEXT**



### Modification of Trade Ban to Allow Imports of Iranian Luxury Goods And Permission for U.S. Banks to Finance Such Imports

This modification eased the trade ban to permit imports into the United States of certain Iranian luxury goods, including carpets, caviar, dried fruits, and nuts. (This easing was subsequently undone by CISADA, as discussed later in this Compendium.)

#### BEGIN TEXT

Sec. 560.534 Importation into the United States of, and dealings in, certain foodstuffs and carpets authorized.

- (a) The importation into the United States, from Iran or a third country, of the following goods of Iranian-origin is authorized:
  - (1) Foodstuffs intended for human consumption that are classified under chapters 2-23 of the Harmonized Tariff Schedule of the United States;
  - (2) Carpets and other textile floor coverings and carpets used as wall hangings that are classified under chapter 57 or heading 9706.00.0060 of the Harmonized Tariff Schedule of the United States.
- (b) United States persons, wherever located, are authorized to engage in transactions or dealings in or related to the categories of Iranian-origin goods described in paragraph (a) of this section, provided that the transaction or dealing does not involve or relate to goods, technology, or services for exportation, reexportation, sale, or supply, directly or indirectly, to Iran or the Government of Iran, other than services described in Sec. 560.405 ("Transactions incidental to a licensed transaction authorized").
- (c) This section does not affect any open enforcement action initiated by the U.S. Government prior to April 28, 2000, or any seizure, forfeiture, penalty, or liquidated damages case that is considered closed in accordance with Customs or other agency regulations. This section also does not authorize the importation into the United States of goods that are under seizure or detention by U.S. Customs officials pursuant to Customs laws or other applicable provisions of law, until any applicable penalties, charges, duties, or other conditions are satisfied. This section does not authorize importation into the United States of goods for which forfeiture proceedings have commenced or of goods that have been forfeited to the U.S. Government, other than through Customs disposition by selling at auction.
- (d) Iranian accounts. Nothing in this section authorizes a debit or credit to an account of a person located in Iran or of the Government of Iran maintained on the books of a U.S. depository institution.
- (e) Examples. The following are examples of transactions permitted under this section:

- (1) A United States person living abroad is permitted to purchase or sell an Iranian-origin carpet, as long as the sale is not to Iran or the Government of Iran.
- (2) A United States person may process a documentary collection relating to the importation into the United States of Iranian-origin pistachios, but payment under the documentary collection may not involve the crediting of an account of a person located in Iran or of the Government of Iran maintained on the books of a U.S. depository institution.

[65 FR 25643, May 3, 2000]

#### END TEXT

### Permission for U.S. Banks to Finance the Luxury Imports:

This provision of the regulations permits U.S. banks to issue letters of credit to finance the purchase of the Iranian luxury goods that can be imported. (This was mooted by CISADA, as discussed later, because CISADA required that such imports be banned for importation into the United States.)

#### BEGIN TEXT

Sec. 560.535 Letters of credit and brokering services relating to certain foodstuffs and carpets.

- (a) Purchases from Iran or the Government of Iran. United States depository institutions are authorized to issue letters of credit in favor of a beneficiary in Iran or the Government of Iran to pay for purchases from Iran or the Government of Iran of the categories of Iranian-origin goods described in Sec. 560.534(a), provided that such letters of credit are not advised, negotiated, paid, or confirmed by the Government of Iran.
- (b) Transactions or dealings in Iranian-origin goods other than purchases from Iran or the Government of Iran. United States depository institutions are authorized to issue, advise, negotiate, pay, or confirm letters of credit to pay for transactions in or related to the categories of Iranian-origin goods described in Sec. 560.534(a), other than purchases from Iran or the Government of Iran, provided that such letters of credit are not issued, advised, negotiated, paid, or confirmed by the Government of Iran.
- (c) Brokering. United States persons, wherever located, are authorized to act as brokers for the purchase or sale of the categories of Iranian-origin goods described in Sec. 560.534(a), provided that the goods are not for exportation, reexportation, sale, or supply, directly or indirectly, to Iran or the Government of Iran.
- (d) Iranian accounts. Nothing in this section authorizes a debit or credit to an account of a person located in Iran or of the Government of Iran maintained on the books of a U.S. depository institution.

- (e) Examples. The following are examples of transactions permitted under this section:
- (1) A United States depository institution may issue a letter of credit in favor of a person in Iran to finance the importation into the United States of Iranian-origin caviar; the letter of credit may be confirmed by a third-country bank that is not included within the definition of the term Government of Iran.
  - (2) A United States depository institution may advise or confirm a letter of credit issued by a third-country bank that is not included within the definition of the term Government of Iran to finance the purchase from a third country of Iranian-origin carpets by a U.S. person or third-country national.
  - (3) A United States person may broker the sale of Iranian-origin carpets from Iran to a third-country national located outside Iran.
  - (4) A bank that is owned or controlled by the Government of Iran may forward letter of credit documents, strictly on a documentary collection basis, either directly to a United States depository institution or to a third country bank that is not included within the definition of the term Government of Iran and that is party to a letter of credit issued by a United States depository institution. The Iranian bank may not, however, send the documents on an "approval" basis, since it is not and cannot be party to the letter of credit.

Note to Sec. 560.535: See Sec. 560.304 and 560.313 for information relating to individuals and entities that are included within the definition of the term Government of Iran. Some entities meeting this definition are listed in appendix A to this part. See also Sec. 560.516 for information relating to authorized transfers to Iran by U.S. depository institutions relating to licensed transactions.

[65 FR 25643, May 3, 2000]

**END TEXT**

**Reimposition of the Ban on Imports as Provided in CISADA**

The OFAC regulation below details the revocation of the loosening of the import ban that allowed the importation of Iranian luxury goods such as carpets, caviar, pomegranate concentrate, and nuts. The ruling took effect as of September 29, 2010.

**BEGIN TEXT**

**DEPARTMENT OF THE TREASURY**

**Office of Foreign Assets Control 31 CFR Part 560  
Iranian Transactions Regulations**

**AGENCY:** Office of Foreign Assets Control, Treasury.

**ACTION:** Final rule.

**SUMMARY:** The Department of the Treasury's Office of Foreign Assets Control ("OFAC") is amending the Iranian Transactions Regulations in the Code of Federal Regulations to remove general licenses authorizing the importation into the United States of, and dealings in, certain food-stuffs and carpets of Iranian origin and related services, and to implement the import and export prohibitions in section 103 of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010.

**DATES:** *Effective Date:* September 29, 2010.

**FOR FURTHER INFORMATION CONTACT:**

Assistant Director for Compliance, Outreach & Implementation, tel.: 202/ 622-2490, Assistant Director for Licensing, tel.: 202/622-2480, Assistant Director for Policy, tel.: 202/622-4855, Office of Foreign Assets Control, or Chief Counsel (Foreign Assets Control), tel.: 202/622-2410, Office of the General Counsel, Department of the Treasury (not toll free numbers).

**Background**

On July 1, 2010, the President signed into law the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (Pub. L. 111-195) ("CISADA"). Subsection 103(a) of CISADA provides that, in addition to any other sanction in effect, the economic sanctions described in subsection 103(b) of CISADA shall apply with respect to Iran beginning 90 days after the date of CISADA's enactment. The economic sanctions described in subsections 103(b)(1) and (b)(2) include prohibitions on the importation of goods or services of Iranian origin directly or indirectly into the United States and on the exportation of U.S.-origin goods, services, or technology from the United States or by a United States person, wherever located, to Iran. OFAC will implement these prohibitions through an amendment to the Iranian Transactions Regulations, 31 CFR Part 560 (the "ITR"), which already implement, pursuant to, *inter alia*, the International Emergency Economic Powers Act (50 U.S.C. 1701-1706) ("IEEPA"), prohibitions similar to those set forth in subsections 103(b)(1) and (b)(2) of CISADA. Consequently, OFAC is amending the ITR by adding CISADA to the ITR's authority citations. Notwithstanding the ITR's prohibitions of imports and exports, OFAC authorizes certain otherwise prohibited transactions through general licenses set forth in the ITR and specific licenses issued pursuant to the ITR. In addition, the ITR contain certain exemptions from its prohibitions of imports and exports. Similarly, subsections 103(b)(1) and (b)(2) of CISADA include a number of exceptions to CISADA's prohibitions of imports and exports, respectively. The exceptions to CISADA's prohibitions differ in some cases from the exemptions and authorizations contained in or issued pursuant to the ITR.

To the extent that the ITR exemptions and licenses authorize import and export transactions beyond CISADA's exceptions, subsection 103(d)

(1) of CISADA provides the authority to resolve these differences. That subsection authorizes the President to prescribe regulations to carry out section 103 and specifically states that these regulations may include regulatory exceptions to the sanctions described in subsection 103(b). Therefore, except with respect to sections 560.534 and 560.535 of the ITR, which are being removed (*see below*), OFAC is relying on the authority of subsection 103(d)(1) of CISADA to maintain in effect the general and specific licenses set forth in or issued pursuant to the ITR, and to treat those licenses as regulatory exceptions to the import and export prohibitions in subsection 103(b) of CISADA. This extends to general and specific licenses authorizing transactions that are beyond those specified in the exceptions set forth in subsections 103(b)(1) and (b)(2) of CISADA and that otherwise would be prohibited by CISADA. Conversely, to the extent that the transactions described in CISADA's exceptions are neither exempt from nor authorized in or pursuant to the ITR, those transactions will remain prohibited pursuant to the ITR and, *inter alia*, IEEPA. In an explanatory statement, the Committee of Conference on CISADA stated that notwithstanding the exceptions in CISADA, any requirement under IEEPA to seek license for the transactions described in those exceptions remains in effect.

CISADA states in subsection 103(a) that the sanctions imposed by subsection 103(b) are "in addition to any other sanction in effect." Accordingly, a specific license from OFAC is required to engage in transactions described in CISADA's exceptions if such transactions are neither exempt from nor authorized in or pursuant to the ITR. Subsection 103(d)(2) of CISADA strengthens the current trade embargo against Iran by providing that no exception to the import prohibition in subsection 103(b)(1) of CISADA may be made for the commercial importation of an Iranian-origin good described in section 560.534(a) of the ITR, *i.e.*, foodstuffs intended for human consumption that are classified under chapters 2–23 of the Harmonized Tariff Schedule of the United States and carpets and other textile floor coverings and carpets used as wall hangings that are classified under chapter 57 or heading 9706.00.0060 of the Harmonized Tariff Schedule of the United States. Accordingly, as of September 29, 2010 (*i.e.*, the date that is 90 days after the date of CISADA's enactment), sections 560.534 and 560.535 of the ITR will be revoked, and OFAC will no longer authorize, by general or specific license, the commercial importation into the United States of these foodstuffs and carpets of Iranian-origin. Any such goods imported into the United States pursuant to sections 560.534 and 560.535 of the ITR must be entered for consumption prior to that date.

In addition, section 560.306 of the ITR defines the terms *goods of Iranian origin* and *Iranian-origin goods* to include: (1) Goods grown, produced, manufactured, extracted, or processed in Iran and (2) goods which have entered into Iranian commerce. Based on this definition, foodstuffs and carpets of third-country origin that are transshipped through Iran become goods of Iranian-origin. Therefore, the revocation of the general licenses in sections 560.534 and 560.535 of the ITR also will affect the specified foodstuffs and carpets of third-country origin that are transshipped through Iran for importation into the United States.

Section 560.534 of the ITR authorized both the commercial and noncommercial importation into the United States of certain foodstuffs

and carpets of Iranian origin. As a result of the revocation of sections 560.534 and 560.535 of the ITR, the noncommercial importation of certain foodstuffs and carpets of Iranian origin into the United States and related services would also be prohibited by section 560.201 of the ITR, unless otherwise authorized or exempt. One such authorization is the general license for the importation of Iranian-origin household goods and personal effects set forth in section 560.524(b) of the ITR. That general license continues in effect. OFAC notes that U.S. Customs and Border Protection (CBP) Form 3299, "Declaration for Free Entry of Unaccompanied Articles," is used to enter Iranian-origin household and personal effects into the United States.

#### List of Subjects in 31 CFR Part 560

Administrative practice and procedure, Banks, Banking, Brokers, Foreign trade, Investments, Loans, Securities, Iran. For the reasons set forth in the preamble, the Department of the Treasury's Office of Foreign Assets Control amends 31 CFR part 560 as follows:

#### PART 560—IRANIAN TRANSACTIONS REGULATIONS

1. Revise the authority citation to part 560 to read as follows:

**Authority:** 3 U.S.C. 301; 18 U.S.C. 2339B, 2332d; 22 U.S.C. 2349aa–9; 22 U.S.C. 7201–7211; 31 U.S.C. 321(b); 50 U.S.C. 1601–1651, 1701–1706; Pub. L. 101–410, 104 Stat. 890 (28 U.S.C. 2461 note); Pub. L. 110–96, 121 Stat. 1011 (50 U.S.C. 1705 note); Pub. L. 111–195, 124 Stat. 1312 (22 U.S.C. 8501–8551); E.O. 12613, 52 FR 41940, 3 CFR, 1987 Comp., p. 256; E.O. 12957, 60 FR 14615, 3 CFR, 1995 Comp., p. 332; E.O. 12959, 60 FR 24757, 3 CFR, 1995 Comp., p. 356; E.O. 13059, 62 FR 44531, 3 CFR, 1997 Comp., p. 217.

#### Subpart E—License, Authorizations, and Statements of Licensing Policy §§ 560.534 and 560.535 [Removed and reserved]

2. Remove and reserve §§ 560.534 and 560.535.

Dated: September 22, 2010.

**Adam J. Szubin,**

*Director, Office of Foreign Assets Control.*

[FR Doc. 2010–24211 Filed 9–27–10.]

**END TEXT**

### **Permission for U.S. NGO's to Conduct Business in Iran Incidental to Carrying Out Humanitarian Activities in Iraq.**

This section of the Iran Transactions Regulations allows organizations that are performing humanitarian activities in Iraq to carry out transactions in Iran when such activities are necessary for their work in Iraq. Such activities are generally understood to involve the movement into or out of Iran or stationing of personnel there who are performing humanitarian work in Iraq.

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**BEGIN TEXT**

Sec. 560.536 Humanitarian activities in and around Iraq.

- (a) A nongovernmental organization specifically licensed pursuant to 31 CFR part 575 or otherwise authorized pursuant to 31 CFR 575.527 to conduct certain humanitarian activities in and around Iraq is authorized to conduct activities in Iran that are directly incidental and essential to its authorized humanitarian activities in and around Iraq, subject to all conditions and restrictions imposed on the organization pursuant to 31 CFR 575.527 and the terms of its license or registration. This section does not authorize the actual provision of humanitarian support in Iran.
- (b) No exportations or re-exportations of goods or technology, whether U.S. or foreign origin, to Iran are permitted pursuant to this section, except for articles, such as food, clothing, and medicine, intended to be used to relieve human suffering or items intended for temporary use, as personal baggage, by representatives of the authorized nongovernmental organization, provided that:
  - (1) Any such goods or technology are not of the type controlled under the Department of Commerce's Export Administration Regulations for exportation or re-exportation to Iran or controlled on the United States Munitions List, and
  - (2) Any such personal items are either consumed by representatives of that organization during the visit or removed from Iran at the end of each visit.
- (c) This section does not authorize the shipment or transshipment of goods or technology, whether U.S. or foreign origin, from Iran to any other country, including Iraq, except for the shipment or transshipment to Iraq of articles, such as food, clothing, and medicine, intended to be used to relieve human suffering. Nongovernmental organizations that wish to transport other types of goods or technology from Iran to Iraq must apply for specific authorization from the Office of Foreign Assets Control pursuant to Sec. 501.801(b), 31 CFR chapter V.
- (d) U.S. financial institutions are authorized to engage in funds transfers in connection with transactions authorized pursuant to this section consistent with the provisions of 31 CFR 560.516.

- (e) Nongovernmental organizations conducting transactions under this section based on a specific license or a registration issued pursuant to 31 CFR part 575 must reference their license or registration number on all payments and funds transfers and on all related documentation.

[68 FR 11742, Mar. 12, 2003]

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**END TEXT**

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### **The Iran Sanctions Act (ISA) - A Major "Secondary Sanction"**

This sanction, originally called the Iran and Libya Sanctions Act (ILSA) was enacted in 1996 and represents a "secondary sanction" in that it provides for sanctions primarily against foreign companies. It authorizes sanctions against those companies that invest more than \$20 million in Iran's energy sector (including \$20 million invested in one year in four increments), and contains a specific definition of "investment" that requires the investing company to take an equity position or overall responsibility for an energy project. As amended by CISADA, the sanctions law signed July 1, 2010 – and provisions to amend ISA form the bulk of CISADA's provisions – the ISA now also provides for sanctions against companies that sell to Iran threshold amounts of gasoline (and related fuels) or equipment or services related to the manufacture or importation of gasoline and related fuels. In 2006, applicability to Libya was removed by the Iran Freedom Support Act and the law is now called the Iran Sanctions Act (ISA).

As soon as ILSA and a related secondary sanction, the so-called "Helms-Burton/Libertad" Act -- applying sanctions against investment in expropriated property in Cuba were passed in 1996, European Union countries complained that the laws represented an extra-territorial application of U.S. law. They adopted a blocking statute against the laws and requested that the World Trade Organization establish a panel to adjudicate the disputes. The Clinton Administration negotiated a preliminary understanding with the EU in April 1997, and settled the dispute in May 1998 by agreeing to waive sanctions against the first project deemed sanctionable under the Act - an investment by Total of France, Gazprom of Russia, and Petronas of Malaysia, to develop several phases of Iran's large offshore

South Pars gas field. However, the waiver was granted on national interest grounds, rather than on the grounds that the EU had taken specific measures against Iran and qualified for a broad waiver under the Act. The EU countries allowed the WTO panel to expire without taking action against the United States, and there was an implicit U.S. pledge of future waivers provided the EU countries cooperated with the United States against terrorism and proliferation.

The original law provided no firm deadline for the Executive branch to determine whether or not a project has violated the Act, but amendments included by CISADA mandate that potential violations be investigated and determinations of sanctionability be made within 180 days of the beginning of an investigation. In 2010, a determination of sanctionability was issued against an Iranian firm based in Switzerland, but several major European and Japanese firms were determined to have avoided investigation by pledging to end their energy businesses in Iran. Below is the text of the Iran Sanctions Act as it now stands, incorporating the amendments added by CISADA (P.L. 111-195, Section 102).

### **The Iran Sanctions Act as Amended by CISADA (P.L. 111-195) and Other Laws**

#### **TEXT:**

#### **SEC. 1. SHORT TITLE.**

This Act may be cited as the “Iran 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.

#### **SEC. 3. DECLARATION OF POLICY.**

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.

#### **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 the President recommends that the United States take to further the objectives of section 3 with respect to Iran.
- (c) Waiver—
  - (1) In general.
    - (A) General waiver—The President may, on a case by case basis, waive for a period of not more than six months the application of section 5(a) with respect to a national of a country, if the President certifies to the appropriate congressional committees at least 30 days before such waiver is to take effect that such waiver is vital to the national security interests of the United States.
    - (B) Waiver with respect to persons in countries that cooperate in multilateral efforts with respect to Iran—The President may, on a case by case basis, waive for a period of not more than 12 months the application of section 5(a) with respect to a person if the President, at least 30 days before the waiver is to take effect—
      - (i) certifies to the appropriate congressional committees that—



- (l) the government with primary jurisdiction over the person is closely cooperating with the United States in multilateral efforts to prevent Iran from—
  - (aa) acquiring or developing chemical, biological, or nuclear weapons or related technologies; or
  - (bb) acquiring or developing destabilizing numbers and types of advanced conventional weapons; and
- (ll) such a waiver is vital to the national security interests of the United States; and
- (ii) submits to the appropriate congressional committees a report identifying—
  - (l) the person with respect to which the President waives the application of sanctions; and
  - (ll) the actions taken by the government described in clause (i)(l) to cooperate in multilateral efforts described in that clause.
- (2) Subsequent renewal of waiver—At the conclusion of the period of a waiver under subparagraph (A) or (B) of paragraph (1), the President may renew the waiver—
  - (A) if the President determines, in accordance with subparagraph (A) or (B) of that paragraph (as the case may be), that the waiver is appropriate; and
  - (B) (i) in the case of a waiver under subparagraph (A) of paragraph (1), for subsequent periods of not more than six months each; and
  - (ii) in the case of a waiver under subparagraph (B) of paragraph (1), for subsequent periods of not more than 12 months each.
- (d) 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.

- (e) Investigations—
  - (1) In general—The President shall initiate an investigation into the possible imposition of sanctions under section 5(a) against a person upon receipt by the United States of credible information indicating that such person is engaged in an activity described in such section.
  - (2) Determination and notification—Not later than 180 days after an investigation is initiated in accordance with paragraph (1), the President shall (unless paragraph (3) applies) determine, pursuant to section 5(a), if a person has engaged in an activity described in such section and shall notify the appropriate congressional committees of the basis for any such determination.
  - (3) Special rule—The President need not initiate an investigation, and may terminate an investigation, under this subsection if the President certifies in writing to the appropriate congressional committees that—
    - (A) the person whose activity was the basis for the investigation is no longer engaging in the activity or has taken significant verifiable steps toward stopping the activity; and
    - (B) the President has received reliable assurances that the person will not knowingly engage in an activity described in section 5(a) in the future.

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

- (a) Sanctions With Respect to the Development of Petroleum Resources of Iran, Production of Refined Petroleum Products in Iran, and Exportation of Refined Petroleum Products to Iran—
  - (1) Development of petroleum resources of Iran—
    - (A) In general—Except as provided in subsection (f), the President shall impose 3 or more of the sanctions described in section 6(a) with respect to a person if the President determines that the person knowingly, on or after the date of the enactment of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010—
      - (i) makes an investment described in subparagraph (B) of \$20,000,000 or more; or
      - (ii) makes a combination of investments described in subparagraph (B) in a 12-month period if each such investment is of at least \$5,000,000 and such investments equal or exceed \$20,000,000 in the aggregate.
    - (B) Investment described—An investment described in this subparagraph is an investment that directly and significantly contributes to the enhancement of Iran’s ability to develop petroleum resources.

- (2) Product of refined petroleum products—
- (A) In general—Except as provided in subsection (f), the President shall impose 3 or more of the sanctions described in section 6(a) with respect to a person if the President determines that the person knowingly, on or after the date of the enactment of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, sells, leases, or provides to Iran goods, services, technology, information, or support described in subparagraph (B)—
- (i) any of which has a fair market value of \$1,000,000 or more; or
- (ii) that, during a 12-month period, have an aggregate fair market value of \$5,000,000 or more.
- (B) Goods, services, technology, information, or support described—Goods, services, technology, information, or support described in this subparagraph are goods, services, technology, information, or support that could directly and significantly facilitate the maintenance or expansion of Iran's domestic production of refined petroleum products, including any direct and significant assistance with respect to the construction, modernization, or repair of petroleum refineries.
- (3) Exportation of refined petroleum products to Iran—
- (A) In general— Except as provided in subsection (f), the President shall impose 3 or more of the sanctions described in section 6(a) with respect to a person if the President determines that the person knowingly, on or after the date of the enactment of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010—
- (i) sells or provides to Iran refined petroleum products—
- (I) that have a fair market value of \$1,000,000 or more; or
- (II) that, during a 12-month period, have an aggregate fair market value of \$5,000,000 or more; or
- (ii) sells, leases, or provides to Iran goods, services, technology, information, or support described in subparagraph (B)—
- (I) any of which has a fair market value of \$1,000,000 or more; or
- (II) that, during a 12-month period, have an aggregate fair market value of \$5,000,000 or more.
- (B) Goods, services, technology, information, or support described—Goods, services, technology, information, or support described in this subparagraph are goods, services, technology, information, or support that could directly and significantly contribute to the enhancement of Iran's ability to import refined petroleum products, including—
- (i) except as provided in subparagraph (C), underwriting or entering into a contract to provide insurance or reinsurance for the sale, lease, or provision of such goods, services, technology, information, or support;
- (ii) financing or brokering such sale, lease, or provision; or
- (iii) providing ships or shipping services to deliver refined petroleum products to Iran.
- (C) Exception for underwriters and insurance providers exercising due diligence—The President may not impose sanctions under this paragraph with respect to a person that provides underwriting services or insurance or reinsurance if the President determines that the person has exercised due diligence in establishing and enforcing official policies, procedures, and controls to ensure that the person does not underwrite or enter into a contract to provide insurance or reinsurance for the sale, lease, or provision of goods, services, technology, information, or support described in subparagraph (B).
- (b) Mandatory Sanctions With Respect to Development of Weapons of Mass Destruction or Other Military Capabilities.
- (1) In general—The President shall impose 3 or more of the sanctions described in section 6(a) if the President determines that a person has, on or after the date of the enactment of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, exported, transferred, or otherwise provided to Iran any goods, services, technology, or other items knowing that the provision of such goods, services, technology, or other items would contribute materially to the ability of Iran to—
- (A) acquire or develop chemical, biological, or nuclear weapons or related technologies; or
- (B) acquire or develop destabilizing numbers and types of advanced conventional weapons.
- (2) Additional mandatory sanctions relating to transfer of nuclear technology—
- (A) In general—Except as provided in subparagraphs (B) and (C), in any case in which a person is subject to sanctions under paragraph (1) because of an activity described in that paragraph that relates to the acquisition or development of nuclear weapons or related technology or of missiles or advanced

conventional weapons that are designed or modified to deliver a nuclear weapon, no license may be issued for the export, and no approval may be given for the transfer or retransfer, directly or indirectly, to the country the government of which has primary jurisdiction over the person, of any nuclear material, facilities, components, or other goods, services, or technology that are or would be subject to an agreement for cooperation between the United States and that government.

- (B) Exception—The sanctions described in subparagraph (A) shall not apply with respect to a country the government of which has primary jurisdiction over a person that engages in an activity described in that subparagraph if the President determines and notifies the appropriate congressional committees that the government of the country—
  - (i) does not know or have reason to know about the activity; or
  - (ii) has taken, or is taking, all reasonable steps necessary to prevent a recurrence of the activity and to penalize the person for the activity.
- (C) Individual approval—Notwithstanding subparagraph (A), the President may, on a case-by-case basis, approve the issuance of a license for the export, or approve the transfer or retransfer, of any nuclear material, facilities, components, or other goods, services, or technology that are or would be subject to an agreement for cooperation, to a person in a country to which subparagraph (A) applies (other than a person that is subject to the sanctions under paragraph (1)) if the President—
  - (i) determines that such approval is vital to the national security interests of the United States; and
  - (ii) not later than 15 days before issuing such license or approving such transfer or retransfer, submits to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate the justification for approving such license, transfer, or retransfer.
- (D) Construction— The restrictions in subparagraph (A) shall apply in addition to all other applicable procedures, requirements, and restrictions contained in the Atomic Energy Act of 1954 and other related laws.
- (E) Definition— In this paragraph, the term “agreement for cooperation” has the meaning given that term in section 11 b. of the Atomic Energy Act of 1954 (42 U.S.C. 2014(b)).

(F) Applicability— The sanctions under subparagraph (A) shall apply only in a case in which a person is subject to sanctions under paragraph (1) because of an activity described in that paragraph in which the person engages on or after the date of the enactment of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010.

- (c) Persons Against Which the Sanctions Are To Be Imposed—The sanctions described in subsections (a) and (b)(1) shall be imposed on—
    - (1) any person the President determines has carried out the activities described in subsection (a) or (b)(1); and
    - (2) any person that—
      - (A) is a successor entity to the person referred to in paragraph (1);
      - (B) owns or controls the person referred to in paragraph (1), if the person that owns or controls the person referred to in paragraph (1) had actual knowledge or should have known that the person referred to in paragraph (1) engaged in the activities referred to in that paragraph; or
      - (C) is owned or controlled by, or under common ownership or control with, the person referred to in paragraph (1), if the person owned or controlled by, or under common ownership or control with (as the case may be), the person referred to in paragraph (1) knowingly engaged in the activities referred to in that paragraph.
- 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)—
    - (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 coproduction 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) of that Act (19 U.S.C. 2511(b));
- (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.

- (a) In General—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 reexport 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) Foreign exchange—The President may, pursuant to such regulations as the President may prescribe, prohibit any transactions in foreign exchange that are subject to the jurisdiction of the United States and in which the sanctioned person has any interest.
- (7) Banking transactions—The President may, pursuant to such regulations as the President may prescribe, prohibit any transfers of credit or payments between financial institutions or by, through, or to any financial institution, to the extent that such transfers or payments are subject to the jurisdiction of the United States and involve any interest of the sanctioned person.
- (8) Property Transactions—The President may, pursuant to such regulations as the President may prescribe, prohibit any person from—
  - (A) acquiring, holding, withholding, using, transferring, withdrawing, transporting, importing, or exporting any property that is subject to the jurisdiction of the United States and with respect to which the sanctioned person has any interest;
  - (B) dealing in or exercising any right, power, or privilege with respect to such property; or
  - (C) conducting any transaction involving such property.

- (9) 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).
- (b) Additional Measure Relating To Government Contracts—
- (1) Modification of federal acquisition regulation—Not later than 90 days after the date of the enactment of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, the Federal Acquisition Regulation issued pursuant to section 25 of the Office of Federal Procurement Policy Act (41 U.S.C. 421) shall be revised to require a certification from each person that is a prospective contractor that the person, and any person owned or controlled by the person, does not engage in any activity for which sanctions may be imposed under section 5.
- (2) Remedies—
- (A) In general—If the head of an executive agency determines that a person has submitted a false certification under paragraph (1) on or after the date on which the revision of the Federal Acquisition Regulation required by this subsection becomes effective, the head of that executive agency shall terminate a contract with such person or debar or suspend such person from eligibility for Federal contracts for a period of not more than 3 years. Any such debarment or suspension shall be subject to the procedures that apply to debarment and suspension under the Federal Acquisition Regulation under subpart 9.4 of part 9 of title 48, Code of Federal Regulations.
- (B) Inclusion on list of parties excluded from federal procurement and nonprocurement programs—The Administrator of General Services shall include on the List of Parties Excluded from Federal Procurement and Nonprocurement Programs maintained by the Administrator under part 9 of the Federal Acquisition Regulation issued pursuant to section 25 of the Office of Federal Procurement Policy Act (41 U.S.C. 421) each person that is debarred, suspended, or proposed for debarment or suspension by the head of an executive agency on the basis of a determination of a false certification under subparagraph (A).
- (3) Clarification regarding certain products—The remedies set forth in paragraph (2) shall not apply with respect to the procurement of eligible products, as defined in section 308(4) of the Trade Agreements Act of 1974 (19 U.S.C. 2518(4)), of any foreign country or instrumentality designated under section 301(b) of that Act (19 U.S.C. 2511(b)).
- (4) Rule of construction—This subsection shall not be construed to limit the use of other remedies available to the head of an executive agency or any other official of the Federal

Government on the basis of a determination of a false certification under paragraph (1).

- (5) Waivers—The President may on a case-by-case basis waive the requirement that a person make a certification under paragraph (1) if the President determines and certifies in writing to the appropriate congressional committees, the Committee on Armed Services of the Senate, and the Committee on Armed Services of the House of Representatives, that it is in the national interest of the United States to do so.
- (6) Executive agency defined—In this subsection, the term “executive agency” has the meaning given that term in section 4 of the Office of Federal Procurement Policy Act (41 U.S.C. 403).
- (7) Applicability—The revisions to the Federal Acquisition Regulation required under paragraph (1) shall apply with respect to contracts for which solicitations are issued on or after the date that is 90 days after the date of the enactment of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010.

**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.**

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;
- (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; and
- (3) poses no significant threat to United States national security, interests, or allies.

**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) 5(b)(1) 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)(1) 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)(1), 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 necessary 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) section 5(a) or 5(b)(1), 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) section 5(a) or 5(b)(1), as the case may be;
- (C) an estimate of the significance of the conduct of the person in contributing to the ability of Iran to, as the case may be—
- (i) develop petroleum resources, produce refined petroleum products, or import refined petroleum products; or
- (ii) acquire or develop—
- (I) chemical, biological, or nuclear weapons or related technologies; or
- (II) destabilizing numbers and types of advanced conventional weapons;
- (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 5(b) (1).
- (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 5(b)(1) 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 military 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) Report on Effectiveness of Actions Under This Act—Not earlier than 24 months, and not later than 30 months, after the date of the enactment of the ILSA Extension Act of 2001, the President shall transmit to Congress a report that describes—

- (1) the extent to which actions relating to trade taken pursuant to this Act—
  - (A) have been effective in achieving the objectives of section 3 and any other foreign policy or national security objectives of the United States with respect to Iran; and
  - (B) have affected humanitarian interests in Iran, the country in which the sanctioned person is located, or in other countries; and
- (2) the impact of actions relating to trade taken pursuant to this Act on other national security, economic, and foreign policy interests of the United States, including relations with countries friendly to the United States, and on the United States economy.

The President may include in the report the President's recommendation on whether or not this Act should be terminated or modified.

(c) 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.

(d) Reports on Global Trade Relating to Iran—Not later than 90 days after the date of the enactment of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, and annually thereafter, the President shall submit to the appropriate congressional committees a report, with respect to the most recent 12-month period for which data are available, on the dollar value amount of trade, including in the energy sector, between Iran and

each country maintaining membership in the Group of 20 Finance Ministers and Central Bank Governors.

**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 December 31, 2016.

**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 Financial Services, and the Committee on Foreign Affairs 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 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 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.
- For purposes of this paragraph, an amendment or other modification that is made, on or after June 13, 2001, to an agreement or contract shall be treated as the entry of an agreement or contract.
- (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) Knowingly—The term “knowingly”, with respect to conduct, a circumstance, or a result, means that a person has actual knowledge, or should have known, of the conduct, the circumstance, or the result.
- (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 11(aa) 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—
- (A) In general—The term “person” means—
- (i) a natural person;
- (ii) a corporation, business association, partnership, society, trust, financial institution, insurer, underwriter, guarantor, and any other business organization, any other nongovernmental entity, organization, or group, and any governmental entity operating as a business enterprise; and
- (iii) any successor to any entity described in clause (ii).
- (B) Application to governmental entities—The term “person” does not include a government or governmental entity that is not operating as a business enterprise.
- (15) Petroleum resources—The term “petroleum resources” includes petroleum, refined petroleum products, oil or liquefied natural gas, natural gas resources, oil or liquefied natural gas tankers, and products used to construct or maintain pipelines used to transport oil or liquefied natural gas.
- (16) Refined petroleum products—The term “refined petroleum products” means diesel, gasoline, jet fuel (including naphtha-type and kerosene-type jet fuel), and aviation gasoline.
- (17) 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.

(18) 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.

**END TEXT**

## The Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA, P.L. 111-195)

The intent of the Comprehensive Iran Sanctions, Accountability, and Divestment Act (CISADA) was to weaken Iran economically and politically by exerting pressure on a key perceived vulnerability – prior to the enactment of CISADA it was approximately 30% - 40% dependent on imports of gasoline. The core of CISADA, as noted, was to expand the authority of the Iran Sanctions Act (P.L. 104-172) to sales to Iran of gasoline and related equipment and services.

As the legislation moved through Congress, provisions were added beyond amending ISA, and affecting many different aspects of existing Iran sanctions laws and regulations. Below is provided the text of the major provisions of CISADA, with the exception of Section 102, Section 104, and Section 105. Section 102 amends the Iran Sanctions Act. Section 104 provisions are included in the section of this Compendium entitled “Banking Sanctions.” Section 105 provisions are included in the section of the Compendium on human rights and democracy. The most significant provisions of all of CISADA are:

### Amendments to the Iran Sanctions Act

- Makes the sale of gasoline (including jet fuel), and equipment and services that Iran could use to make or import gasoline, of over \$1 million (or over \$5 million aggregate value in one year) by a foreign firm sanctionable.

- Adds three sanctions to the menu of possible sanctions against violators of ISA, and mandates the imposition of *three sanctions out of nine* in the total menu.
- Requires companies to certify to the U.S. government that they are not in violation of ISA as a condition of receiving a U.S. government contract.
- Limits the ability of an Administration to delay investigation of potential violations, and makes mandatory a determination of violations within 180 days of the start of such investigation.
- Eliminates the need to investigate or sanction a potential violator if a firm has ended or pledged to end any violating activity.

### Other Important Provisions

- As discussed in the section above on U.S. trade restrictions, CISADA, modified the U.S. ban on trade to reimpose a ban on the importation of Iranian luxury goods to the United States. At the same time, CISADA creates a new exemption to the export ban to facilitate sale to Iran of gear that can be used (presumably by the democratic opposition) to communicate via the Internet.
- Mandated new regulations to prohibit U.S. banking transactions with any foreign bank that is conducting business with Iran’s Revolutionary Guard or with Iranian entities that are sanctioned by U.N. resolutions. (The text of this section of CISADA, section 104, is included in the section of this Compendium on Banking Sanctions.)
- Makes ineligible for travel to the United States and blocks U.S. property of any Iranian official determined to be committing serious human rights abuses.
- Prohibits U.S. contracts with any firm that sells to Iran equipment that can be used to monitor or censor use of the Internet by Iranian citizens.
- Provides protections from investor lawsuits for managers of investments funds who divest from firms that undertake potentially sanctionable business relations with Iran.
- Restricts high technology exports to countries determined to be unable or unwilling to prevent the leakage of U.S. technology to Iran.

**BEGIN TEXT**

HOUSE REPORT 111-512 - COMPREHENSIVE IRAN SANCTIONS,  
ACCOUNTABILITY, AND DIVESTMENT ACT OF 2010

89-006

111TH CONGRESS

*Report*

HOUSE OF REPRESENTATIVES

2d Session

111-512

—COMPREHENSIVE IRAN SANCTIONS, ACCOUNTABILITY, AND  
DIVESTMENT ACT OF 2010

June 23, 2010- Ordered to be printed

*Mr. BERMAN, from the committee of conference, submitted the following  
CONFERENCE REPORT*

[To accompany H.R. 2194]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2194), to amend the Iran Sanctions Act of 1996 to enhance United States diplomatic efforts with respect to Iran by expanding economic sanctions against Iran, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

**SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

- (a) Short Title- This Act may be cited as the 'Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010'.
- (b) Table of Contents- The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Findings.

Sec. 3. Sense of Congress regarding the need to impose additional sanctions with respect to Iran.

**TITLE I—SANCTIONS**

Sec. 101. Definitions.

Sec. 102. Expansion of sanctions under the Iran Sanctions Act of 1996.

Sec. 103. Economic sanctions relating to Iran.

Sec. 104. Mandatory sanctions with respect to financial institutions that engage in certain transactions.

Sec. 105. Imposition of sanctions on certain persons who are responsible for or complicit in human rights abuses committed against citizens of Iran or their family members after the June 12, 2009, elections in Iran.

Sec. 106. Prohibition on procurement contracts with persons that export sensitive technology to Iran.

Sec. 107. Harmonization of criminal penalties for violations of sanctions.

Sec. 108. Authority to implement United Nations Security Council resolutions imposing sanctions with respect to Iran.

Sec. 109. Increased capacity for efforts to combat unlawful or terrorist financing.

Sec. 110. Reports on investments in the energy sector of Iran.

Sec. 111. Reports on certain activities of foreign export credit agencies and of the Export-Import Bank of the United States.

Sec. 112. Sense of Congress regarding Iran's Revolutionary Guard Corps and its affiliates.

Sec. 113. Sense of Congress regarding Iran and Hezbollah.

Sec. 114. Sense of Congress regarding the imposition of multilateral sanctions with respect to Iran.

Sec. 115. Report on providing compensation for victims of international terrorism.

**TITLE II—DIVESTMENT FROM CERTAIN COMPANIES THAT INVEST IN IRAN**

Sec. 201. Definitions.

Sec. 202. Authority of State and local governments to divest from certain companies that invest in Iran.

Sec. 203. Safe harbor for changes of investment policies by asset managers.

Sec. 204. Sense of Congress regarding certain ERISA plan investments.

Sec. 205. Technical corrections to Sudan Accountability and Divestment Act of 2007.

**TITLE III—PREVENTION OF DIVERSION OF CERTAIN GOODS, SERVICES, AND TECHNOLOGIES TO IRAN**

Sec. 301. Definitions.

Sec. 302. Identification of countries of concern with respect to the diversion of certain goods, services, and technologies to or through Iran.

Sec. 303. Destinations of Diversion Concern.

Sec. 304. Report on expanding diversion concern system to address the diversion of United States origin goods, services, and technologies to certain countries other than Iran.

Sec. 305. Enforcement authority.

**TITLE IV—GENERAL PROVISIONS**

Sec. 401. General provisions.



Sec. 402. Determination of budgetary effects.

**SEC. 2. FINDINGS.**

Congress makes the following findings:

- (1) The illicit nuclear activities of the Government of Iran, combined with its development of unconventional weapons and ballistic missiles and its support for international terrorism, represent a threat to the security of the United States, its strong ally Israel, and other allies of the United States around the world.
- (2) The United States and other responsible countries have a vital interest in working together to prevent the Government of Iran from acquiring a nuclear weapons capability.
- (3) The International Atomic Energy Agency has repeatedly called attention to Iran's illicit nuclear activities and, as a result, the United Nations Security Council has adopted a range of sanctions designed to encourage the Government of Iran to suspend those activities and comply with its obligations under the Treaty on the Non-Proliferation of Nuclear Weapons, done at Washington, London, and Moscow July 1, 1968, and entered into force March 5, 1970 (commonly known as the 'Nuclear Non-Proliferation Treaty').
- (4) The serious and urgent nature of the threat from Iran demands that the United States work together with its allies to do everything possible—diplomatically, politically, and economically—to prevent Iran from acquiring a nuclear weapons capability.
- (5) The United States and its major European allies, including the United Kingdom, France, and Germany, have advocated that sanctions be strengthened should international diplomatic efforts fail to achieve verifiable suspension of Iran's uranium enrichment program and an end to its nuclear weapons program and other illicit nuclear activities.
- (6) The Government of Iran continues to engage in serious, systematic, and ongoing violations of human rights, including suppression of freedom of expression and religious freedom, illegitimately prolonged detention, torture, and executions. Such violations have increased in the aftermath of the fraudulent presidential election in Iran on June 12, 2009.
- (7) The Government of Iran has been unresponsive to President Obama's unprecedented and serious efforts at engagement, revealing that the Government of Iran is not interested in a diplomatic resolution, as made clear, for example, by the following:
  - (A) Iran's apparent rejection of the Tehran Research Reactor plan, generously offered by the United States and its partners, of potentially great benefit to the people of Iran, and endorsed by Iran's own negotiators in October 2009.
  - (B) Iran's ongoing clandestine nuclear program, as evidenced by its work on the secret uranium enrichment facility at Qom, its subsequent refusal to cooperate fully with inspectors from the International Atomic Energy Agency, and its announcement that it would build 10 new uranium enrichment facilities.
  - (C) Iran's official notification to the International Atomic Energy Agency that it would enrich uranium to the 20 percent level, followed soon thereafter by its providing to that Agency a laboratory result showing that Iran had indeed enriched some uranium to 19.8 percent.
  - (D) A February 18, 2010, report by the International Atomic Energy Agency expressing 'concerns about the possible existence in Iran of past or current undisclosed activities related to the development of a nuclear payload for a missile. These alleged activities consist of a number of projects and sub-projects, covering nuclear and missile related aspects, run by military-related organizations.'
  - (E) A May 31, 2010, report by the International Atomic Energy Agency expressing continuing strong concerns about Iran's lack of cooperation with the Agency's verification efforts and Iran's ongoing enrichment activities, which are contrary to the longstanding demands of the Agency and the United Nations Security Council.
  - (F) Iran's announcement in April 2010 that it had developed a new, faster generation of centrifuges for enriching uranium.
  - (G) Iran's ongoing arms exports to, and support for, terrorists in direct contravention of United Nations Security Council resolutions.
  - (H) Iran's July 31, 2009, arrest of 3 young citizens of the United States on spying charges.
- (8) There is an increasing interest by State governments, local governments, educational institutions, and private institutions, business firms, and other investors to disassociate themselves from companies that conduct business activities in the energy sector of Iran, since such business activities may directly or indirectly support the efforts of the Government of Iran to achieve a nuclear weapons capability.
- (9) Black market proliferation networks continue to flourish in the Middle East, allowing countries like Iran to gain access to sensitive dual-use technologies.
- (10) Economic sanctions imposed pursuant to the provisions of this Act, the Iran Sanctions Act of 1996, as amended by this Act, and the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), and other authorities available to the United States to impose economic sanctions to prevent Iran from developing nuclear weapons, are necessary to protect the essential security interests of the United States.

**SEC. 3. SENSE OF CONGRESS REGARDING THE NEED TO IMPOSE ADDITIONAL SANCTIONS WITH RESPECT TO IRAN.**

It is the sense of Congress that—

- (1) international diplomatic efforts to address Iran's illicit nuclear efforts and support for international terrorism are more likely to be effective

- if strong additional sanctions are imposed on the Government of Iran;
- (2) the concerns of the United States regarding Iran are strictly the result of the actions of the Government of Iran;
  - (3) the revelation in September 2009 that Iran is developing a secret uranium enrichment site on a base of Iran's Revolutionary Guard Corps near Qom, which appears to have no civilian application, highlights the urgency that Iran—
    - (A) disclose the full nature of its nuclear program, including any other secret locations; and
    - (B) provide the International Atomic Energy Agency unfettered access to its facilities pursuant to Iran's legal obligations under the Treaty on the Non-Proliferation of Nuclear Weapons, done at Washington, London, and Moscow July 1, 1968, and entered into force March 5, 1970 (commonly known as the 'Nuclear Non-Proliferation Treaty') and Iran's safeguards agreement with the International Atomic Energy Agency;
  - (4) because of the involvement of Iran's Revolutionary Guard Corps in Iran's nuclear program, international terrorism, and domestic human rights abuses, the President should impose the full range of applicable sanctions on—
    - (A) any individual or entity that is an agent, alias, front, instrumentality, representative, official, or affiliate of Iran's Revolutionary Guard Corps; and
    - (B) any individual or entity that has conducted any commercial transaction or financial transaction with an individual or entity described in subparagraph (A);
  - (5) additional measures should be adopted by the United States to prevent the diversion of sensitive dual-use technologies to Iran;
  - (6) the President should—
    - (A) continue to urge the Government of Iran to respect the internationally recognized human rights and religious freedoms of its citizens;
    - (B) identify the officials of the Government of Iran and other individuals who are responsible for continuing and severe violations of human rights and religious freedom in Iran; and
    - (C) take appropriate measures to respond to such violations, including by—
      - (i) prohibiting officials and other individuals the President identifies as being responsible for such violations from entry into the United States; and
      - (ii) freezing the assets of the officials and other individuals described in clause (i);
  - (7) additional funding should be provided to the Secretary of State to document, collect, and disseminate information about human rights abuses in Iran, including serious abuses that have taken place since the presidential election in Iran on June 12, 2009;
  - (8) with respect to nongovernmental organizations based in the United States—
    - (A) many of such organizations are essential to promoting human rights and humanitarian goals around the world;
    - (B) it is in the national interest of the United States to allow responsible nongovernmental organizations based in the United States to establish and carry out operations in Iran to promote civil society and foster humanitarian goodwill among the people of Iran; and
    - (C) the United States should ensure that the organizations described in subparagraph (B) are not unnecessarily hindered from working in Iran to provide humanitarian, human rights, and people-to-people assistance, as appropriate, to the people of Iran;
  - (9) the United States should not issue a license pursuant to an agreement for cooperation (as defined in section 11 b. of the Atomic Energy Act of 1954 (42 U.S.C. 2014(b))) for the export of nuclear material, facilities, components, or other goods, services, or technology that are or would be subject to such an agreement to a country that is providing similar nuclear material, facilities, components, or other goods, services, or technology to another country that is not in full compliance with its obligations under the Nuclear Non-Proliferation Treaty, including its obligations under the safeguards agreement between that country and the International Atomic Energy Agency, unless the President determines that the provision of such similar nuclear material, facilities, components, or other goods, services, or technology to such other country does not undermine the nonproliferation policies and objectives of the United States; and
  - (10) the people of the United States—
    - (A) have feelings of friendship for the people of Iran;
    - (B) regret that developments in recent decades have created impediments to that friendship; and
    - (C) hold the people of Iran, their culture, and their ancient and rich history in the highest esteem.

**TITLE I—SANCTIONS**  
**SEC. 101. DEFINITIONS.**

In this title:

- (1) AGRICULTURAL COMMODITY- The term 'agricultural commodity' has the meaning given that term in section 102 of the Agricultural Trade Act of 1978 (7 U.S.C. 5602).
- (2) APPROPRIATE CONGRESSIONAL COMMITTEES- The term 'appropriate congressional committees' has the meaning given that term in section 14 of the Iran Sanctions Act of 1996 (Public Law

104-172; 50 U.S.C. 1701 note), as amended by section 102 of this Act.

- (3) EXECUTIVE AGENCY- The term 'executive agency' has the meaning given that term in section 4 of the Office of Federal Procurement Policy Act (41 U.S.C. 403).
- (4) FAMILY MEMBER- The term 'family member' means, with respect to an individual, a spouse, child, parent, sibling, grandchild, or grandparent of the individual.
- (5) IRANIAN DIPLOMATS AND REPRESENTATIVES OF OTHER GOVERNMENT AND MILITARY OR QUASI-GOVERNMENTAL INSTITUTIONS OF IRAN- The term 'Iranian diplomat or representative of another government or military or quasi-governmental institution of Iran' means any of the Iranian diplomats and representatives of other government and military or quasi-governmental institutions of Iran (as that term is defined in section 14 of the Iran Sanctions Act of 1996 (Public Law 104-172; 50 U.S.C. 1701 note)).
- (6) KNOWINGLY- The term 'knowingly', with respect to conduct, a circumstance, or a result, means that a person has actual knowledge, or should have known, of the conduct, the circumstance, or the result.
- (7) MEDICAL DEVICE- The term 'medical device' has the meaning given the term 'device' in section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321).
- (8) MEDICINE- The term 'medicine' has the meaning given the term 'drug' in section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321).
- (9) STATE- The term 'State' means each of 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.
- (10) UNITED STATES PERSON- The term 'United States person' means—
  - (A) a natural person who is a citizen or resident of the United States or a national of the United States (as defined in section 101(a) of the Immigration and Nationality Act (8 U.S.C. 1101(a)); and
  - (B) an entity that is organized under the laws of the United States or any State.

**SEC. 102. EXPANSION OF SANCTIONS UNDER THE IRAN SANCTIONS ACT OF 1996.**

(Text not provided here, but are reflected in the text of ISA as it now stands, incorporating these amendments.)

**SEC. 103. ECONOMIC SANCTIONS RELATING TO IRAN.  
(The regulations implementing this section are provided earlier, under regulations implementing the U.S. trade ban)**

- (a) In General- Notwithstanding section 101 of the Iran Freedom Support Act (Public Law 109-293; 120 Stat. 1344), and in addition to any other sanction in effect, beginning on the date that is 90 days after the date of the enactment of this Act, the economic sanctions described in subsection (b) shall apply with respect to Iran.
- (b) Sanctions- The sanctions described in this subsection are the following:
  - (1) PROHIBITION ON IMPORTS-
    - (A) IN GENERAL- Except as provided in subparagraph (B), no good or service of Iranian origin may be imported directly or indirectly into the United States.
    - (B) EXCEPTIONS- The exceptions provided for in section 203(b) of the International Emergency Economic Powers Act (50 U.S.C. 1702(b)), including the exception for information and informational materials, shall apply to the prohibition in subparagraph (A) of this paragraph to the same extent that such exceptions apply to the authority provided under section 203(a) of that Act.
  - (2) PROHIBITION ON EXPORTS-
    - (A) IN GENERAL- Except as provided in subparagraph (B), no good, service, or technology of United States origin may be exported to Iran from the United States or by a United States person, wherever located.
    - (B) EXCEPTIONS-
      - (i) PERSONAL COMMUNICATIONS; ARTICLES TO RELIEVE HUMAN SUFFERING; INFORMATION AND INFORMATIONAL MATERIALS; TRANSACTIONS INCIDENT TO TRAVEL- The exceptions provided for in section 203(b) of the International Emergency Economic Powers Act (50 U.S.C. 1702(b)), including the exception for information and informational materials, shall apply to the prohibition in subparagraph (A) of this paragraph to the same extent that such exceptions apply to the authority provided under section 203(a) of that Act.
      - (ii) FOOD; MEDICINE; HUMANITARIAN ASSISTANCE- The prohibition in subparagraph (A) shall not apply to the exportation of—
        - (I) agricultural commodities, food, medicine, or medical devices; or
        - (II) articles exported to Iran to provide humanitarian assistance to the people of Iran.
      - (iii) INTERNET COMMUNICATIONS- The prohibition in subparagraph (A) shall not apply to the exportation of—

- (I) services incident to the exchange of personal communications over the Internet or software necessary to enable such services, as provided for in section 560.540 of title 31, Code of Federal Regulations (or any corresponding similar regulation or ruling);
- (II) hardware necessary to enable such services; or
- (III) hardware, software, or technology necessary for access to the Internet.
- (iv) **GOODS, SERVICES, OR TECHNOLOGIES NECESSARY TO ENSURE THE SAFE OPERATION OF COMMERCIAL AIRCRAFT-** The prohibition in subparagraph (A) shall not apply to the exportation of goods, services, or technologies necessary to ensure the safe operation of commercial aircraft produced in the United States or commercial aircraft into which aircraft components produced in the United States are incorporated, if the exportation of such goods, services, or technologies is approved by the Secretary of the Treasury, in consultation with the Secretary of Commerce, pursuant to regulations issued by the Secretary of the Treasury regarding the exportation of such goods, services, or technologies, if appropriate.
- (v) **GOODS, SERVICES, OR TECHNOLOGIES EXPORTED TO SUPPORT INTERNATIONAL ORGANIZATIONS-** The prohibition in subparagraph (A) shall not apply to the exportation of goods, services, or technologies that—
- (I) are provided to the International Atomic Energy Agency and are necessary to support activities of that Agency in Iran; or
- (II) are necessary to support activities, including the activities of nongovernmental organizations, relating to promoting democracy in Iran.
- (vi) **EXPORTS IN THE NATIONAL INTEREST-** The prohibition in subparagraph (A) shall not apply to the exportation of goods, services, or technologies if the President determines the exportation of such goods, services, or technologies to be in the national interest of the United States.
- (3) **FREEZING ASSETS-**
- (A) **IN GENERAL-** At such time as the President determines that a person in Iran, including an Iranian diplomat or representative of another government or military or quasi-governmental institution of Iran (including Iran's Revolutionary Guard Corps and its affiliates), satisfies the criteria for designation with respect to the imposition of sanctions under the authority of the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), the President shall take such action as may be necessary to freeze, as soon as possible—
- (i) the funds and other assets belonging to that person; and
- (ii) any funds or other assets that person transfers, on or after the date on which the President determines the person satisfies such criteria, to any family member or associate acting for or on behalf of the person.
- (B) **REPORTS TO THE OFFICE OF FOREIGN ASSETS CONTROL-** The action described in subparagraph (A) includes requiring any United States financial institution that holds funds or assets of a person described in that subparagraph or funds or assets that person transfers to a family member or associate described in that subparagraph to report promptly to the Office of Foreign Assets Control information regarding such funds and assets.
- (C) **REPORTS TO CONGRESS-** Not later than 14 days after a decision is made to freeze the funds or assets of any person under subparagraph (A), the President shall report the name of the person to the appropriate congressional committees. Such a report may contain a classified annex.
- (D) **TERMINATION-** The President shall release assets or funds frozen under subparagraph (A) if the person to which the assets or funds belong or the person that transfers the assets or funds as described in subparagraph (A)(ii) (as the case may be) no longer satisfies the criteria for designation with respect to the imposition of sanctions under the authority of the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.).
- (E) **UNITED STATES FINANCIAL INSTITUTION DEFINED-** In this paragraph, the term 'United States financial institution' means a financial institution (as defined in section 14 of the Iran Sanctions Act of 1996 (Public Law 104-172; 50 U.S.C. 1701 note)) that is a United States person.
- (c) **Penalties-** The penalties provided for in subsections (b) and (c) of section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1705) shall apply to a person that violates, attempts to violate, conspires to violate, or causes a violation of this section or regulations prescribed under this section to the same extent that such penalties apply to a person that commits an unlawful act described in section 206(a) of that Act.

- (d) Regulatory Authority-
- (1) IN GENERAL- The President shall prescribe regulations to carry out this section, which may include regulatory exceptions to the sanctions described in subsection (b).
  - (2) APPLICABILITY OF CERTAIN REGULATIONS- No exception to the prohibition under subsection (b)(1) may be made for the commercial importation of an Iranian origin good described in section 560.534(a) of title 31, Code of Federal Regulations (as in effect on the day before the date of the enactment of this Act), unless the President—
    - (A) prescribes a regulation providing for such an exception on or after the date of the enactment of this Act; and
    - (B) submits to the appropriate congressional committees—
      - (i) a certification in writing that the exception is in the national interest of the United States; and
      - (ii) a report describing the reasons for the exception.

**SEC. 104. MANDATORY SANCTIONS WITH RESPECT TO FINANCIAL INSTITUTIONS THAT ENGAGE IN CERTAIN TRANSACTIONS.**

(The text of this section is provided in the section of this Compendium entitled “Banking Sanctions”)

**SEC. 105. IMPOSITION OF SANCTIONS ON CERTAIN PERSONS WHO ARE RESPONSIBLE FOR OR COMPLICIT IN HUMAN RIGHTS ABUSES COMMITTED AGAINST CITIZENS OF IRAN OR THEIR FAMILY MEMBERS AFTER THE JUNE 12, 2009, ELECTIONS IN IRAN.**

(The text of this section is provided in the section of this Compendium entitled “Human Rights and Democracy Promotion”)

**SEC. 106. PROHIBITION ON PROCUREMENT CONTRACTS WITH PERSONS THAT EXPORT SENSITIVE TECHNOLOGY TO IRAN.**

- (a) In General- Except as provided in subsection (b), and pursuant to such regulations as the President may prescribe, the head of an executive agency may not enter into or renew a contract, on or after the date that is 90 days after the date of the enactment of this Act, for the procurement of goods or services with a person that exports sensitive technology to Iran.
- (b) Authorization to Exempt Certain Products- The President is authorized to exempt from the prohibition under subsection (a) only 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) of that Act (19 U.S.C. 2511(b)).
- (c) Sensitive Technology Defined-
  - (1) IN GENERAL- The term ‘sensitive technology’ means hardware, software, telecommunications equipment, or any other technology, that the President determines is to be used specifically—

- (A) to restrict the free flow of unbiased information in Iran; or
- (B) to disrupt, monitor, or otherwise restrict speech of the people of Iran.
- (2) EXCEPTION- The term ‘sensitive technology’ does not include information or informational materials the exportation of which the President does not have the authority to regulate or prohibit pursuant to section 203(b)(3) of the International Emergency Economic Powers Act (50 U.S.C. 1702(b)(3)).
- (d) Government Accountability Office Report on Effect of Procurement Prohibition- Not later than 1 year after the date of the enactment of this Act, the Comptroller General of the United States shall submit to the appropriate congressional committees, the Committee on Armed Services of the Senate, and the Committee on Armed Services of the House of Representatives, a report assessing the extent to which executive agencies would have entered into or renewed contracts for the procurement of goods or services with persons that export sensitive technology to Iran if the prohibition under subsection (a) were not in effect.

**SEC. 107. HARMONIZATION OF CRIMINAL PENALTIES FOR VIOLATIONS OF SANCTIONS.**

- (a) In General-
  - (1) VIOLATIONS OF UNITED NATIONS SECURITY COUNCIL RESOLUTIONS IMPOSING SANCTIONS- Section 5(b) of the United Nations Participation Act of 1945 (22 U.S.C. 287c(b)) is amended—
    - (A) by striking ‘find not more than \$10,000’ and inserting ‘fined not more than \$1,000,000’; and
    - (B) by striking ‘ten years’ and all that follows and inserting ‘20 years, or both.’.
  - (2) VIOLATIONS OF CONTROLS ON EXPORTS AND IMPORTS OF DEFENSE ARTICLES AND DEFENSE SERVICES- Section 38(c) of the Arms Export Control Act (22 U.S.C. 2778(c)) is amended by striking ‘ten years’ and inserting ‘20 years’.
  - (3) VIOLATIONS OF PROHIBITION ON TRANSACTIONS WITH COUNTRIES THAT SUPPORT ACTS OF INTERNATIONAL TERRORISM- Section 40(j) of the Arms Export Control Act (22 U.S.C. 2780(j)) is amended by striking ‘10 years’ and inserting ‘20 years’.
  - (4) VIOLATIONS OF THE TRADING WITH THE ENEMY ACT- Section 16(a) of the Trading with the enemy Act (50 U.S.C. App. 16(a)) is amended by striking ‘if a natural person’ and all that follows and inserting ‘if a natural person, be imprisoned for not more than 20 years, or both.’.
- (b) Study by United States Sentencing Commission- Not later than 1 year after the date of the enactment of this Act, the United States Sentencing Commission, pursuant to the authority under sections 994 and 995 of title 28, United States Code, and the responsibility



of the United States Sentencing Commission to advise Congress on sentencing policy under section 995(a)(20) of title 28, United States Code, shall study and submit to Congress a report on the impact and advisability of imposing a mandatory minimum sentence for violations of—

- (1) section 5(a) of the United Nations Participation Act of 1945 (22 U.S.C. 287c(a));
- (2) sections 38, 39, and 40 of the Arms Export Control Act (22 U.S.C. 2778, 2779, and 2780); and
- (3) the Trading with the enemy Act (50 U.S.C. App. 1 et seq.).

**SEC. 108. AUTHORITY TO IMPLEMENT UNITED NATIONS SECURITY COUNCIL RESOLUTIONS IMPOSING SANCTIONS WITH RESPECT TO IRAN.**

In addition to any other authority of the President with respect to implementing resolutions of the United Nations Security Council, the President may prescribe such regulations as may be necessary to implement a resolution that is agreed to by the United Nations Security Council and imposes sanctions with respect to Iran.

**SEC. 109. INCREASED CAPACITY FOR EFFORTS TO COMBAT UNLAWFUL OR TERRORIST FINANCING.**

- (a) Findings- Congress finds the following:
  - (1) The work of the Office of Terrorism and Financial Intelligence of the Department of the Treasury, which includes the Office of Foreign Assets Control and the Financial Crimes Enforcement Network, is critical to ensuring that the international financial system is not used for purposes of supporting terrorism and developing weapons of mass destruction.
  - (2) The Secretary of the Treasury has designated, including most recently on June 16, 2010, various Iranian individuals and banking, military, energy, and shipping entities as proliferators of weapons of mass destruction pursuant to Executive Order 13382 (50 U.S.C. 1701 note), thereby blocking transactions subject to the jurisdiction of the United States by those individuals and entities and their supporters.
  - (3) The Secretary of the Treasury has also identified an array of entities in the insurance, petroleum, and petrochemicals industries that the Secretary has determined to be owned or controlled by the Government of Iran and added those entities to the list contained in Appendix A to part 560 of title 31, Code of Federal Regulations (commonly known as the 'Iranian Transactions Regulations'), thereby prohibiting transactions between United States persons and those entities.
- (b) Authorization of Appropriations for Office of Terrorism and Financial Intelligence- There are authorized to be appropriated to the Secretary of the Treasury for the Office of Terrorism and Financial Intelligence—
  - (1) \$102,613,000 for fiscal year 2011; and

- (2) such sums as may be necessary for each of the fiscal years 2012 and 2013.
- (c) Authorization of Appropriations for the Financial Crimes Enforcement Network- Section 310(d)(1) of title 31, United States Code, is amended by striking 'such sums as may be necessary for fiscal years 2002, 2003, 2004, and 2005' and inserting '\$100,419,000 for fiscal year 2011 and such sums as may be necessary for each of the fiscal years 2012 and 2013'.
- (d) Authorization of Appropriations for Bureau of Industry and Security of the Department of Commerce- There are authorized to be appropriated to the Secretary of Commerce for the Bureau of Industry and Security of the Department of Commerce—
  - (1) \$113,000,000 for fiscal year 2011; and
  - (2) such sums as may be necessary for each of the fiscal years 2012 and 2013.

**SEC. 110. REPORTS ON INVESTMENTS IN THE ENERGY SECTOR OF IRAN.**

- (a) Initial Report-
  - (1) IN GENERAL- Not later than 90 days after the date of the enactment of this Act, the President shall submit to the appropriate congressional committees a report—
    - (A) on investments in the energy sector of Iran that were made during the period described in paragraph (2); and
    - (B) that contains—
      - (i) an estimate of the volume of energy-related resources (other than refined petroleum), including ethanol, that Iran imported during the period described in paragraph (2); and
      - (ii) a list of all significant known energy-related joint ventures, investments, and partnerships located outside Iran that involve Iranian entities in partnership with entities from other countries, including an identification of the entities from other countries; and
      - (iii) an estimate of—
        - (I) the total value of each such joint venture, investment, and partnership; and
        - (II) the percentage of each such joint venture, investment, and partnership owned by an Iranian entity.
  - (2) PERIOD DESCRIBED- The period described in this paragraph is the period beginning on January 1, 2006, and ending on the date that is 60 days after the date of the enactment of this Act.
- (b) Updated Reports- Not later than 180 days after submitting the report required by subsection (a), and every 180 days thereafter, the President shall submit to the appropriate congressional committees

a report containing the matters required in the report under subsection (a)(1) for the 180-day period beginning on the date that is 30 days before the date on which the preceding report was required to be submitted by this section.

**SEC. 111. REPORTS ON CERTAIN ACTIVITIES OF FOREIGN EXPORT CREDIT AGENCIES AND OF THE EXPORT-IMPORT BANK OF THE UNITED STATES.**

- (a) Report on Certain Activities of Export Credit Agencies of Foreign Countries-
  - (1) IN GENERAL- Not later than 90 days after the date of the enactment of this Act, the President shall submit to the appropriate congressional committees a report on any activity of an export credit agency of a foreign country that is an activity comparable to an activity described in subsection (a) or (b) of section 5 of the Iran Sanctions Act of 1996, as amended by section 102 of this Act.
  - (2) UPDATES- The President shall update the report required by paragraph (1) as new information becomes available with respect to the activities of export credit agencies of foreign countries.
- (b) Report on Certain Financing by the Export-Import Bank of the United States- Not later than 30 days (or, in extraordinary circumstances, not later than 15 days) before the Export-Import Bank of the United States approves cofinancing (including loans, guarantees, other credits, insurance, and reinsurance) in which an export credit agency of a foreign country identified in the report required by subsection (a) will participate, the President shall submit to the appropriate congressional committees a report identifying—
  - (1) the export credit agency of the foreign country; and
  - (2) the beneficiaries of the financing.

**SEC. 112. SENSE OF CONGRESS REGARDING IRAN'S REVOLUTIONARY GUARD CORPS AND ITS AFFILIATES.**

It is the sense of Congress that the United States should—

- (1) persistently target Iran's Revolutionary Guard Corps and its affiliates with economic sanctions for its support for terrorism, its role in proliferation, and its oppressive activities against the people of Iran;
- (2) identify, as soon as possible—
  - (A) any foreign individual or entity that is an agent, alias, front, instrumentality, official, or affiliate of Iran's Revolutionary Guard Corps;
  - (B) any individual or entity that—
    - (i) has provided material support to any individual or entity described in subparagraph (A); or
    - (ii) has conducted any financial or commercial transaction with any such individual or entity; and
  - (C) any foreign government that—

- (i) provides material support to any such individual or entity; or
- (ii) conducts any commercial transaction or financial transaction with any such individual or entity; and

- (3) immediately impose sanctions, including travel restrictions, sanctions authorized pursuant to this Act or the Iran Sanctions Act of 1996, as amended by section 102 of this Act, and the full range of sanctions available to the President under the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), on the individuals, entities, and governments described in paragraph (2).

**SEC. 113. SENSE OF CONGRESS REGARDING IRAN AND HEZBOLLAH.**

It is the sense of Congress that the United States should—

- (1) continue to counter support received by Hezbollah from the Government of Iran and other foreign governments in response to Hezbollah's terrorist activities and the threat Hezbollah poses to Israel, the democratic sovereignty of Lebanon, and the national security interests of the United States;
- (2) impose the full range of sanctions available to the President under the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) on Hezbollah, affiliates and supporters of Hezbollah designated for the imposition of sanctions under that Act, and persons providing Hezbollah with commercial, financial, or other services;
- (3) urge the European Union, individual countries in Europe, and other countries to classify Hezbollah as a terrorist organization to facilitate the disruption of Hezbollah's operations; and
- (4) renew international efforts to disarm Hezbollah and disband its militias in Lebanon, as called for by United Nations Security Council Resolutions 1559 (2004) and 1701 (2006).

**SEC. 114. SENSE OF CONGRESS REGARDING THE IMPOSITION OF MULTILATERAL SANCTIONS WITH RESPECT TO IRAN.**

It is the sense of Congress that—

- (1) in general, effective multilateral sanctions are preferable to unilateral sanctions in order to achieve desired results from countries such as Iran; and
- (2) the President should continue to work with allies of the United States to impose such sanctions as may be necessary to prevent the Government of Iran from acquiring a nuclear weapons capability.

**SEC. 115. REPORT ON PROVIDING COMPENSATION FOR VICTIMS OF INTERNATIONAL TERRORISM.**

Not later than 180 days after the date of the enactment of this Act, the President shall submit to the appropriate congressional committees a report on equitable methods for providing compensation on a comprehensive basis to victims of acts of international terrorism who are citizens or residents of the United States or nationals of the United States

(as defined in section 101(a) of the Immigration and Nationality Act (8 U.S.C. 1101(a)).

**TITLE II—DIVESTMENT FROM CERTAIN COMPANIES THAT INVEST IN IRAN**

**SEC. 201. DEFINITIONS.**

In this title:

- (1) ENERGY SECTOR OF IRAN- The term ‘energy sector of Iran’ refers to activities to develop petroleum or natural gas resources or nuclear power in Iran.
- (2) FINANCIAL INSTITUTION- The term ‘financial institution’ has the meaning given that term in section 14 of the Iran Sanctions Act of 1996 (Public Law 104-172; 50 U.S.C. 1701 note).
- (3) IRAN- The term ‘Iran’ includes the Government of Iran and any agency or instrumentality of Iran.
- (4) PERSON- The term ‘person’ means—
  - (A) a natural person, corporation, company, business association, partnership, society, trust, or any other nongovernmental entity, organization, or group;
  - (B) any governmental entity or instrumentality of a government, including a multilateral development institution (as defined in section 1701(c)(3) of the International Financial Institutions Act (22 U.S.C. 262r(c)(3))); and
  - (C) any successor, subunit, parent entity, or subsidiary of, or any entity under common ownership or control with, any entity described in subparagraph (A) or (B).
- (5) STATE- The term ‘State’ means each of 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.
- (6) STATE OR LOCAL GOVERNMENT- The term ‘State or local government’ includes—
  - (A) any State and any agency or instrumentality thereof;
  - (B) any local government within a State, and any agency or instrumentality thereof;
  - (C) any other governmental instrumentality of a State or locality; and
  - (D) any public institution of higher education within the meaning of the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

**SEC. 202. AUTHORITY OF STATE AND LOCAL GOVERNMENTS TO DIVEST FROM CERTAIN COMPANIES THAT INVEST IN IRAN.**

- (a) Sense of Congress- It is the sense of Congress that the United States should support the decision of any State or local government

that for moral, prudential, or reputational reasons divests from, or prohibits the investment of assets of the State or local government in, a person that engages in investment activities in the energy sector of Iran, as long as Iran is subject to economic sanctions imposed by the United States.

- (b) Authority to Divest- Notwithstanding any other provision of law, a State or local government may adopt and enforce measures that meet the requirements of subsection (d) to divest the assets of the State or local government from, or prohibit investment of the assets of the State or local government in, any person that the State or local government determines, using credible information available to the public, engages in investment activities in Iran described in subsection (c).
- (c) Investment Activities Described- A person engages in investment activities in Iran described in this subsection if the person—
  - (1) has an investment of \$20,000,000 or more in the energy sector of Iran, including in a person that provides oil or liquified natural gas tankers, or products used to construct or maintain pipelines used to transport oil or liquified natural gas, for the energy sector of Iran; or
  - (2) is a financial institution that extends \$20,000,000 or more in credit to another person, for 45 days or more, if that person will use the credit for investment in the energy sector of Iran.
- (d) Requirements- Any measure taken by a State or local government under subsection (b) shall meet the following requirements:
  - (1) NOTICE- The State or local government shall provide written notice to each person to which a measure is to be applied.
  - (2) TIMING- The measure shall apply to a person not earlier than the date that is 90 days after the date on which written notice is provided to the person under paragraph (1).
  - (3) OPPORTUNITY FOR HEARING- The State or local government shall provide an opportunity to comment in writing to each person to which a measure is to be applied. If the person demonstrates to the State or local government that the person does not engage in investment activities in Iran described in subsection (c), the measure shall not apply to the person.
  - (4) SENSE OF CONGRESS ON AVOIDING ERRONEOUS TARGETING- It is the sense of Congress that a State or local government should not adopt a measure under subsection (b) with respect to a person unless the State or local government has made every effort to avoid erroneously targeting the person and has verified that the person engages in investment activities in Iran described in subsection (c).
- (e) Notice to Department of Justice- Not later than 30 days after adopting a measure pursuant to subsection (b), a State or local government shall submit written notice to the Attorney General describing the measure.

- (f) Nonpreemption- A measure of a State or local government authorized under subsection (b) or (i) is not preempted by any Federal law or regulation.
- (g) Definitions- In this section:
  - (1) ASSETS-
    - (A) IN GENERAL- Except as provided in subparagraph (B), the term ‘assets’ refers to public monies and includes any pension, retirement, annuity, or endowment fund, or similar instrument, that is controlled by a State or local government.
    - (B) EXCEPTION- The term ‘assets’ does not include employee benefit plans covered by title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.).
  - (2) INVESTMENT- The ‘investment’ includes–
    - (A) a commitment or contribution of funds or property;
    - (B) a loan or other extension of credit; and
    - (C) the entry into or renewal of a contract for goods or services.
- (h) Effective Date-
  - (1) IN GENERAL- Except as provided in paragraph (2) or subsection (i), this section applies to measures adopted by a State or local government before, on, or after the date of the enactment of this Act.
  - (2) NOTICE REQUIREMENTS- Except as provided in subsection (i), subsections (d) and (e) apply to measures adopted by a State or local government on or after the date of the enactment of this Act.
- (i) Authorization for Prior Enacted Measures-
  - (1) IN GENERAL- Notwithstanding any other provision of this section or any other provision of law, a State or local government may enforce a measure (without regard to the requirements of subsection (d), except as provided in paragraph (2)) adopted by the State or local government before the date of the enactment of this Act that provides for the divestment of assets of the State or local government from, or prohibits the investment of the assets of the State or local government in, any person that the State or local government determines, using credible information available to the public, engages in investment activities in Iran (determined without regard to subsection (c)) or other business activities in Iran that are identified in the measure.
  - (2) APPLICATION OF NOTICE REQUIREMENTS- A measure described in paragraph (1) shall be subject to the requirements of paragraphs (1) and (2) and the first sentence of paragraph (3) of subsection (d) on and after the date that is 2 years after the date of the enactment of this Act.

**SEC. 203. SAFE HARBOR FOR CHANGES OF INVESTMENT POLICIES BY ASSET MANAGERS.**

- (a) In General- Section 13(c)(1) of the Investment Company Act of 1940 (15 U.S.C. 80a-13(c)(1)) is amended to read as follows:
  - ‘(1) IN GENERAL- Notwithstanding any other provision of Federal or State law, no person may bring any civil, criminal, or administrative action against any registered investment company, or any employee, officer, director, or investment adviser thereof, based solely upon the investment company divesting from, or avoiding investing in, securities issued by persons that the investment company determines, using credible information available to the public–
    - ‘(A) conduct or have direct investments in business operations in Sudan described in section 3(d) of the Sudan Accountability and Divestment Act of 2007 (50 U.S.C. 1701 note); or
    - ‘(B) engage in investment activities in Iran described in section 202(c) of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010.’
- (b) SEC Regulations- Not later than 120 days after the date of the enactment of this Act, the Securities and Exchange Commission shall issue any revisions the Commission determines to be necessary to the regulations requiring disclosure by each registered investment company that divests itself of securities in accordance with section 13(c) of the Investment Company Act of 1940 to include divestments of securities in accordance with paragraph (1) (B) of such section, as added by subsection (a) of this section.

**SEC. 204. SENSE OF CONGRESS REGARDING CERTAIN ERISA PLAN INVESTMENTS.**

It is the sense of Congress that a fiduciary of an employee benefit plan, as defined in section 3(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(3)), may divest plan assets from, or avoid investing plan assets in, any person the fiduciary determines engages in investment activities in Iran described in section 202(c) of this Act, without breaching the responsibilities, obligations, or duties imposed upon the fiduciary by subparagraph (A) or (B) of section 404(a)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104(a)(1)), if–

- (1) the fiduciary makes such determination using credible information that is available to the public; and
- (2) the fiduciary prudently determines that the result of such divestment or avoidance of investment would not be expected to provide the employee benefit plan with–
  - (A) a lower rate of return than alternative investments with commensurate degrees of risk; or
  - (B) a higher degree of risk than alternative investments with commensurate rates of return.

**SEC. 205. TECHNICAL CORRECTIONS TO SUDAN ACCOUNTABILITY AND DIVESTMENT ACT OF 2007.**

(The text of this section is omitted because it does not apply to Iran.)

**TITLE III—PREVENTION OF DIVERSION OF CERTAIN GOODS, SERVICES, AND TECHNOLOGIES TO IRAN****SEC. 301. DEFINITIONS.**

In this title:

- (1) ALLOW- The term ‘allow’, with respect to the diversion through a country of goods, services, or technologies, means the government of the country knows or has reason to know that the territory of the country is being used for such diversion.
- (2) APPROPRIATE CONGRESSIONAL COMMITTEES- The term ‘appropriate congressional committees’ means—
  - (A) the Committee on Banking, Housing, and Urban Affairs, the Committee on Foreign Relations, and the Select Committee on Intelligence of the Senate; and
  - (B) the Committee on Foreign Affairs and the Permanent Select Committee on Intelligence of the House of Representatives.
- (3) COMMERCE CONTROL LIST- The term ‘Commerce Control List’ means the list maintained pursuant to part 774 of the Export Administration Regulations (or any corresponding similar regulation or ruling).
- (4) DIVERT; DIVERSION- The terms ‘divert’ and ‘diversion’ refer to the transfer or release, directly or indirectly, of a good, service, or technology to an end-user or an intermediary that is not an authorized recipient of the good, service, or technology.
- (5) END-USER- The term ‘end-user’, with respect to a good, service, or technology, means the person that receives and ultimately uses the good, service, or technology.
- (6) EXPORT ADMINISTRATION REGULATIONS- The term ‘Export Administration Regulations’ means subchapter C of chapter VII of title 15, Code of Federal Regulations (or any corresponding similar regulation or ruling).
- (7) GOVERNMENT- The term ‘government’ includes any agency or instrumentality of a government.
- (8) INTERMEDIARY- The term ‘intermediary’ means a person that receives a good, service, or technology while the good, service, or technology is in transit to the end-user of the good, service, or technology.
- (9) INTERNATIONAL TRAFFIC IN ARMS REGULATIONS- The term ‘International Traffic in Arms Regulations’ means subchapter M of chapter I of title 22, Code of Federal Regulations (or any corresponding similar regulation or ruling).
- (10) IRAN- The term ‘Iran’ includes the Government of Iran and any agency or instrumentality of Iran.
- (11) IRANIAN END-USER- The term ‘Iranian end-user’ means an end-user that is the Government of Iran or a person in, or an agency or instrumentality of, Iran.
- (12) IRANIAN INTERMEDIARY- The term ‘Iranian intermediary’ means an intermediary that is the Government of Iran or a person in, or an agency or instrumentality of, Iran.
- (13) STATE SPONSOR OF TERRORISM- The term ‘state sponsor of terrorism’ means any country the government of which the Secretary of State has determined has repeatedly provided support for acts of international terrorism pursuant to—
  - (A) section 6(j)(1)(A) of the Export Administration Act of 1979 (50 U.S.C. App. 2405(j)(1)(A)) (or any successor thereto);
  - (B) section 40(d) of the Arms Export Control Act (22 U.S.C. 2780(d)); or
  - (C) section 620A(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2371(a)).
- (14) UNITED STATES MUNITIONS LIST- The term ‘United States Munitions List’ means the list maintained pursuant to part 121 of the International Traffic in Arms Regulations (or any corresponding similar regulation or ruling).

**SEC. 302. IDENTIFICATION OF COUNTRIES OF CONCERN WITH RESPECT TO THE DIVERSION OF CERTAIN GOODS, SERVICES, AND TECHNOLOGIES TO OR THROUGH IRAN.**

- (a) In General- Not later than 180 days after the date of the enactment of this Act, the Director of National Intelligence shall submit to the President, the Secretary of Defense, the Secretary of Commerce, the Secretary of State, the Secretary of the Treasury, and the appropriate congressional committees a report that identifies each country the government of which the Director believes, based on all information available to the Director, is allowing the diversion through the country of goods, services, or technologies described in subsection (b) to Iranian end-users or Iranian intermediaries.
- (b) Goods, Services, and Technologies Described- Goods, services, or technologies described in this subsection are goods, services, or technologies—
  - (1) that—
    - (A) originated in the United States;
    - (B) would make a material contribution to Iran’s—
      - (i) development of nuclear, chemical, or biological weapons;
      - (ii) ballistic missile or advanced conventional weapons capabilities; or
      - (iii) support for international terrorism; and
  - (C) are—



- (i) items on the Commerce Control List or services related to those items; or
- (ii) defense articles or defense services on the United States Munitions List; or
- (2) that are prohibited for export to Iran under a resolution of the United Nations Security Council.
- (c) Updates- The Director of National Intelligence shall update the report required by subsection (a)—
  - (1) as new information becomes available; and
  - (2) not less frequently than annually.
- (d) Form- The report required by subsection (a) and the updates required by subsection (c) may be submitted in classified form.

**SEC. 303. DESTINATIONS OF DIVERSION CONCERN.**

- (a) Designation-
  - (1) IN GENERAL- The President shall designate a country as a Destination of Diversion Concern if the President determines that the government of the country allows substantial diversion of goods, services, or technologies described in section 302(b) through the country to Iranian end-users or Iranian intermediaries.
  - (2) DETERMINATION OF SUBSTANTIAL- For purposes of paragraph (1), the President shall determine whether the government of a country allows substantial diversion of goods, services, or technologies described in section 302(b) through the country to Iranian end-users or Iranian intermediaries based on criteria that include—
    - (A) the volume of such goods, services, and technologies that are diverted through the country to such end-users or intermediaries;
    - (B) the inadequacy of the export controls of the country;
    - (C) the unwillingness or demonstrated inability of the government of the country to control the diversion of such goods, services, and technologies to such end-users or intermediaries; and
    - (D) the unwillingness or inability of the government of the country to cooperate with the United States in efforts to interdict the diversion of such goods, services, or technologies to such end-users or intermediaries.
- (b) Report on Designation- Upon designating a country as a Destination of Diversion Concern under subsection (a), the President shall submit to the appropriate congressional committees a report—
  - (1) notifying those committees of the designation of the country; and
  - (2) containing a list of the goods, services, and technologies described in section 302(b) that the President determines are diverted through the country to Iranian end-users or Iranian intermediaries.
- (c) Licensing Requirement- Not later than 45 days after submitting a report required by subsection (b) with respect to a country designated as a Destination of Diversion Concern under subsection (a), the President shall require a license under the Export Administration Regulations or the International Traffic in Arms Regulations (whichever is applicable) to export to that country a good, service, or technology on the list required under subsection (b)(2), with the presumption that any application for such a license will be denied.
- (d) Delay of Imposition of Licensing Requirement-
  - (1) IN GENERAL- The President may delay the imposition of the licensing requirement under subsection (c) with respect to a country designated as a Destination of Diversion Concern under subsection (a) for a 12-month period if the President—
    - (A) determines that the government of the country is taking steps—
      - (i) to institute an export control system or strengthen the export control system of the country;
      - (ii) to interdict the diversion of goods, services, or technologies described in section 302(b) through the country to Iranian end-users or Iranian intermediaries; and
      - (iii) to comply with and enforce United Nations Security Council Resolutions 1696 (2006), 1737 (2006), 1747 (2007), 1803 (2008), and 1929 (2010), and any other resolution that is agreed to by the Security Council and imposes sanctions with respect to Iran;
    - (B) determines that it is appropriate to carry out government-to-government activities to strengthen the export control system of the country; and
    - (C) submits to the appropriate congressional committees a report describing the steps specified in subparagraph (A) being taken by the government of the country.
  - (2) ADDITIONAL 12-MONTH PERIODS- The President may delay the imposition of the licensing requirement under subsection (c) with respect to a country designated as a Destination of Diversion Concern under subsection (a) for additional 12-month periods after the 12-month period referred to in paragraph (1) if the President, for each such 12-month period—
    - (A) makes the determinations described in subparagraphs (A) and (B) of paragraph (1) with respect to the country; and
    - (B) submits to the appropriate congressional committees an updated version of the report required by subparagraph (C) of paragraph (1).

- (3) **STRENGTHENING EXPORT CONTROL SYSTEMS-** If the President determines under paragraph (1)(B) that it is appropriate to carry out government-to-government activities to strengthen the export control system of a country designated as a Destination of Diversion Concern under subsection (a), the United States shall initiate government-to-government activities that may include—
- (A) cooperation by agencies and departments of the United States with counterpart agencies and departments in the country—
    - (i) to develop or strengthen the export control system of the country;
    - (ii) to strengthen cooperation among agencies of the country and with the United States and facilitate enforcement of the export control system of the country; and
    - (iii) to promote information and data exchanges among agencies of the country and with the United States;
  - (B) training officials of the country to strengthen the export control systems of the country—
    - (i) to facilitate legitimate trade in goods, services, and technologies; and
    - (ii) to prevent terrorists and state sponsors of terrorism, including Iran, from obtaining nuclear, biological, and chemical weapons, defense technologies, components for improvised explosive devices, and other defense articles; and
  - (C) encouraging the government of the country to participate in the Proliferation Security Initiative, such as by entering into a ship boarding agreement pursuant to the Initiative.
- (e) **Termination of Designation-** The designation of a country as a Destination of Diversion Concern under subsection (a) shall terminate on the date on which the President determines, and certifies to the appropriate congressional committees, that the country has adequately strengthened the export control system of the country to prevent the diversion of goods, services, and technologies described in section 302(b) to Iranian end-users or Iranian intermediaries.
- (f) **Form of Reports-** A report required by subsection (b) or (d) may be submitted in classified form.

**SEC. 304. REPORT ON EXPANDING DIVERSION CONCERN SYSTEM TO ADDRESS THE DIVERSION OF UNITED STATES ORIGIN GOODS, SERVICES, AND TECHNOLOGIES TO CERTAIN COUNTRIES OTHER THAN IRAN.**

- (a) **In General-** Not later than 1 year after the date of the enactment of this Act, the President shall submit to the appropriate congressional committees a report that—

- (1) identifies any country that the President determines is allowing the diversion, in violation of United States law, of items on the Commerce Control List or services related to those items, or defense articles or defense services on the United States Munitions List, that originated in the United States to another country if such other country—
  - (A) is seeking to obtain nuclear, biological, or chemical weapons, or ballistic missiles; or
  - (B) provides support for acts of international terrorism; and
- (2) assesses the feasibility and advisability of expanding the system established under section 303 for designating countries as Destinations of Diversion Concern to include countries identified under paragraph (1).
- (b) **Form-** The report required by subsection (a) may be submitted in classified form.

**SEC. 305. ENFORCEMENT AUTHORITY.**

The Secretary of Commerce may designate any employee of the Office of Export Enforcement of the Department of Commerce to conduct activities specified in clauses (i), (ii), and (iii) of section 12(a)(3)(B) of the Export Administration Act of 1979 (50 U.S.C. App. 2411(a)(3)(B)) when the employee is carrying out activities to enforce—

- (1) the provisions of the Export Administration Act of 1979 (50 U.S.C. App. 2401 et seq.) (as in effect pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.));
- (2) the provisions of this title, or any other provision of law relating to export controls, with respect to which the Secretary of Commerce has enforcement responsibility; or
- (3) any license, order, or regulation issued under—
  - (A) the Export Administration Act of 1979 (50 U.S.C. App. 2401 et seq.) (as in effect pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.)); or
  - (B) a provision of law referred to in paragraph (2).

**TITLE IV—GENERAL PROVISIONS**

**SEC. 401. GENERAL PROVISIONS.**

- (a) **Sunset-** The provisions of this Act (other than sections 105 and 305 and the amendments made by sections 102, 107, 109, and 205) shall terminate, and section 13(c)(1)(B) of the Investment Company Act of 1940, as added by section 203(a), shall cease to be effective, on the date that is 30 days after the date on which the President certifies to Congress that—
- (1) the Government of Iran has ceased providing support for acts of international terrorism and no longer satisfies the requirements for designation as a state sponsor of terrorism (as defined in section 301) under—

- (A) section 6(j)(1)(A) of the Export Administration Act of 1979 (50 U.S.C. App. 2405(j)(1)(A)) (or any successor thereto);
  - (B) section 40(d) of the Arms Export Control Act (22 U.S.C. 2780(d)); or
  - (C) section 620A(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2371(a)); and
- (2) Iran has ceased the pursuit, acquisition, and development of nuclear, biological, and chemical weapons and ballistic missiles and ballistic missile launch technology.
- (b) Presidential Waivers-
- (1) IN GENERAL- The President may waive the application of sanctions under section 103(b), the requirement to impose or maintain sanctions with respect to a person under section 105(a), the requirement to include a person on the list required by section 105(b), the application of the prohibition under section 106(a), or the imposition of the licensing requirement under section 303(c) with respect to a country designated as a Destination of Diversion Concern under section 303(a), if the President determines that such a waiver is in the national interest of the United States.
  - (2) REPORTS-
    - (A) IN GENERAL- If the President waives the application of a provision pursuant to paragraph (1), the President shall submit to the appropriate congressional committees a report describing the reasons for the waiver.
    - (B) SPECIAL RULE FOR REPORT ON WAIVING IMPOSITION OF LICENSING REQUIREMENT UNDER SECTION 303(c)- In any case in which the President waives, pursuant to paragraph (1), the imposition of the licensing requirement under section 303(c) with respect to a country designated as a Destination of Diversion Concern under section 303(a), the President shall include in the report required by subparagraph (A) of this paragraph an assessment of whether the government of the country is taking the steps described in subparagraph (A) of section 303(d)(1).
- (c) Authorizations of Appropriations-
- (1) AUTHORIZATION OF APPROPRIATIONS FOR THE DEPARTMENT OF STATE AND THE DEPARTMENT OF THE TREASURY- There are authorized to be appropriated to the Secretary of State and to the Secretary of the Treasury such sums as may be necessary to implement the provisions of, and amendments made by, titles I and III of this Act.
  - (2) AUTHORIZATION OF APPROPRIATIONS FOR THE DEPARTMENT OF COMMERCE- There are authorized to be appropriated to the Secretary of Commerce such sums as may be necessary to carry out title III.



## Section 7. Banking Sanctions

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### Treasury Department Ban on Iranian Banks' Access to U.S. Financial System

This determination, issued by the Department of the Treasury on November 6, 2008, revokes the “U-turn license” from Iranian banks. The determination also explains what “U-turn” financial transactions are, how they worked, and revokes the authority to continue processing these transactions. The move essentially shuts the entire Iranian financial system off from the U.S. financial system.

#### Treasury Revokes Iran’s U-Turn License

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##### BEGIN TEXT

**Washington, DC**--The U.S. Department of the Treasury today announced that it is revoking the “U-turn” license for Iran, further restricting Iran’s access to the U.S. financial system.

Treasury’s move today follows a series of U.S. government actions to expose Iranian banks’ involvement in the Iranian regime’s support to terrorist groups and nuclear and missile proliferation. Prior to today’s action, U.S. financial institutions were authorized to process certain funds transfers for the direct or indirect benefit of Iranian banks, other persons in Iran or the Government of Iran, provided such payments were initiated offshore by a non-Iranian, non-U.S. financial institution and only passed through the U.S. financial system en route to another offshore, non-Iranian, non-U.S. financial institution. As a result of today’s action, U.S. financial institutions are no longer allowed to process these U-turn transfers.

The Treasury Department previously designated Iranian state-owned banks Melli, Mellat, Sepah, Future Bank and the Export Development Bank of Iran for their roles in Iran’s weapons proliferation activities, as well as Bank Saderat for providing support to terrorism. While these banks are already prohibited from taking advantage of the U-turn authorization, today’s action ends this exception for all remaining Iranian banks, both state-owned and private, including the Central Bank of Iran.

As a member of the Financial Action Task Force (FATF), the United States today fulfilled its obligation to strengthen measures to protect the financial sector from the risks posed to the international financial system by Iran. In October 2008, FATF issued its fourth statement declaring that Iran continues to “pose a serious threat to the integrity of the international financial system” and called for countries worldwide to strengthen measures to protect their financial sectors from this threat.

To ensure that transactions relating to humanitarian aid for the Iranian people and other legitimate activities continue to flow, today’s action will not affect funds transfers by U.S. financial institutions arising from several types of underlying transactions, including:

- Payment for the shipment of a donation of articles to relieve human suffering;
- A non-commercial remittance to or from Iran (e.g., a family remittance not related to a family-owned enterprise);
- The exportation to Iran or importation from Iran of information and informational materials;
- Travel-related remittances; and
- An underlying transaction authorized by Treasury’s Office of Foreign Assets Control (OFAC) through a specific or general license.

Allowable funds transfers under specific or general OFAC licenses would include: payments arising from over-flights of Iranian airspace; legal services; intellectual property protection; and authorized sales of agricultural products, medicine, and medical devices to Iran.

This action will take effect when the amendment to the regulations is published in the Federal Register on November 10, 2008.

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##### END TEXT

## Section 104 of CISADA (P.L. 111-195)

As noted previously, Section 104 of CISADA, provided below, largely shuts out of the U.S. banking system foreign banks that do business with: Iran's Revolutionary Guard or its affiliates; with Iranian entities that are sanctioned under U.N. Security Council resolutions; with financial institutions sanctioned under U.S. executive orders, particularly 13224 and 13382.

### SEC. 104. MANDATORY SANCTIONS WITH RESPECT TO FINANCIAL INSTITUTIONS THAT ENGAGE IN CERTAIN TRANSACTIONS.

- (a) Findings- Congress makes the following findings:
- (1) The Financial Action Task Force is an intergovernmental body whose purpose is to develop and promote national and international policies to combat money laundering and terrorist financing.
  - (2) Thirty-three countries, plus the European Commission and the Cooperation Council for the Arab States of the Gulf, belong to the Financial Action Task Force. The member countries of the Financial Action Task Force include the United States, Canada, most countries in western Europe, Russia, the People's Republic of China, Japan, South Korea, Argentina, and Brazil.
  - (3) In 2008 the Financial Action Task Force extended its mandate to include addressing 'new and emerging threats such as proliferation financing', meaning the financing of the proliferation of weapons of mass destruction, and published 'guidance papers' for members to assist them in implementing various United Nations Security Council resolutions dealing with weapons of mass destruction, including United Nations Security Council Resolutions 1737 (2006) and 1803 (2008), which deal specifically with proliferation by Iran.
  - (4) The Financial Action Task Force has repeatedly called on members—
    - (A) to advise financial institutions in their jurisdictions to give special attention to business relationships and transactions with Iran, including Iranian companies and financial institutions;
    - (B) to apply effective countermeasures to protect their financial sectors from risks relating to money laundering and financing of terrorism that emanate from Iran;
    - (C) to protect against correspondent relationships being used by Iran and Iranian companies and financial institutions to bypass or evade countermeasures and risk-mitigation practices; and
    - (D) to take into account risks relating to money laundering and financing of terrorism when considering requests by Iranian financial institutions to open branches and subsidiaries in their jurisdictions.
- (5) At a February 2010 meeting of the Financial Action Task Force, the Task Force called on members to apply countermeasures 'to protect the international financial system from the ongoing and substantial money laundering and terrorist financing (ML/TF) risks' emanating from Iran.
- (b) Sense of Congress Regarding the Imposition of Sanctions on the Central Bank of Iran- Congress—
- (1) acknowledges the efforts of the United Nations Security Council to impose limitations on transactions involving Iranian financial institutions, including the Central Bank of Iran; and
  - (2) urges the President, in the strongest terms, to consider immediately using the authority of the President to impose sanctions on the Central Bank of Iran and any other Iranian financial institution engaged in proliferation activities or support of terrorist groups.
- (c) Prohibitions and Conditions With Respect to Certain Accounts Held by Foreign Financial Institutions-
- (1) IN GENERAL- Not later than 90 days after the date of the enactment of this Act, the Secretary of the Treasury shall prescribe regulations to prohibit, or impose strict conditions on, the opening or maintaining in the United States of a correspondent account or a payable-through account by a foreign financial institution that the Secretary finds knowingly engages in an activity described in paragraph (2).
  - (2) ACTIVITIES DESCRIBED- A foreign financial institution engages in an activity described in this paragraph if the foreign financial institution—
    - (A) facilitates the efforts of the Government of Iran (including efforts of Iran's Revolutionary Guard Corps or any of its agents or affiliates)—
      - (i) to acquire or develop weapons of mass destruction or delivery systems for weapons of mass destruction; or
      - (ii) to provide support for organizations designated as foreign terrorist organizations under section 219(a) of the Immigration and Nationality Act (8 U.S.C. 1189(a)) or support for acts of international terrorism (as defined in section 14 of the Iran Sanctions Act of 1996 (Public Law 104-172; 50 U.S.C. 1701 note));
    - (B) facilitates the activities of a person subject to financial sanctions pursuant to United Nations Security Council Resolution 1737 (2006), 1747 (2007), 1803 (2008), or 1929 (2010), or any other resolution that is agreed to by the Security Council and imposes sanctions with respect to Iran;



- (C) engages in money laundering to carry out an activity described in subparagraph (A) or (B);
- (D) facilitates efforts by the Central Bank of Iran or any other Iranian financial institution to carry out an activity described in subparagraph (A) or (B); or
- (E) facilitates a significant transaction or transactions or provides significant financial services for—
- (i) Iran's Revolutionary Guard Corps or any of its agents or affiliates whose property or interests in property are blocked pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.); or
  - (ii) a financial institution whose property or interests in property are blocked pursuant to that Act in connection with—
    - (I) Iran's proliferation of weapons of mass destruction or delivery systems for weapons of mass destruction; or
    - (II) Iran's support for international terrorism.
- (3) PENALTIES- The penalties provided for in subsections (b) and (c) of section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1705) shall apply to a person that violates, attempts to violate, conspires to violate, or causes a violation of regulations prescribed under paragraph (1) of this subsection to the same extent that such penalties apply to a person that commits an unlawful act described in section 206(a) of that Act.
- (d) Penalties for Domestic Financial Institutions for Actions of Persons Owned or Controlled by Such Financial Institutions-
- (1) IN GENERAL- Not later than 90 days after the date of the enactment of this Act, the Secretary of the Treasury shall prescribe regulations to prohibit any person owned or controlled by a domestic financial institution from knowingly engaging in a transaction or transactions with or benefitting Iran's Revolutionary Guard Corps or any of its agents or affiliates whose property or interests in property are blocked pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.).
  - (2) PENALTIES- The penalties provided for in section 206(b) of the International Emergency Economic Powers Act (50 U.S.C. 1705(b)) shall apply to a domestic financial institution to the same extent that such penalties apply to a person that commits an unlawful act described in section 206(a) of that Act if—
    - (A) a person owned or controlled by the domestic financial institution violates, attempts to violate, conspires to violate, or causes a violation of regulations prescribed under paragraph (1) of this subsection; and
    - (B) the domestic financial institution knew or should have known that the person violated, attempted to violate, conspired to violate, or caused a violation of such regulations.
- (e) Requirements for Financial Institutions Maintaining Accounts for Foreign Financial Institutions-
- (1) IN GENERAL- The Secretary of the Treasury shall prescribe regulations to require a domestic financial institution maintaining a correspondent account or payable-through account in the United States for a foreign financial institution to do one or more of the following:
    - (A) Perform an audit of activities described in subsection (c)(2) that may be carried out by the foreign financial institution.
    - (B) Report to the Department of the Treasury with respect to transactions or other financial services provided with respect to any such activity.
    - (C) Certify, to the best of the knowledge of the domestic financial institution, that the foreign financial institution is not knowingly engaging in any such activity.
    - (D) Establish due diligence policies, procedures, and controls, such as the due diligence policies, procedures, and controls described in section 5318(i) of title 31, United States Code, reasonably designed to detect whether the Secretary of the Treasury has found the foreign financial institution to knowingly engage in any such activity.
  - (2) PENALTIES- The penalties provided for in sections 5321(a) and 5322 of title 31, United States Code, shall apply to a person that violates a regulation prescribed under paragraph (1) of this subsection, in the same manner and to the same extent as such penalties would apply to any person that is otherwise subject to such section 5321(a) or 5322.
- (f) Waiver- The Secretary of the Treasury may waive the application of a prohibition or condition imposed with respect to a foreign financial institution pursuant to subsection (c) or the imposition of a penalty under subsection (d) with respect to a domestic financial institution on and after the date that is 30 days after the Secretary—
- (1) determines that such a waiver is necessary to the national interest of the United States; and
  - (2) submits to the appropriate congressional committees a report describing the reasons for the determination.
- (g) Procedures for Judicial Review of Classified Information-
- (1) IN GENERAL- If a finding under subsection (c)(1), a prohibition, condition, or penalty imposed as a result of any such finding, or a penalty imposed under subsection (d), is based on classified information (as defined in section 1(a) of the Classified Information Procedures Act (18 U.S.C. App.)) and a

court reviews the finding or the imposition of the prohibition, condition, or penalty, the Secretary of the Treasury may submit such information to the court ex parte and in camera.

- (2) RULE OF CONSTRUCTION- Nothing in this subsection shall be construed to confer or imply any right to judicial review of any finding under subsection (c)(1), any prohibition, condition, or penalty imposed as a result of any such finding, or any penalty imposed under subsection (d).
- (h) Consultations in Implementation of Regulations- In implementing this section and the regulations prescribed under this section, the Secretary of the Treasury—
  - (1) shall consult with the Secretary of State; and
  - (2) may, in the sole discretion of the Secretary of the Treasury, consult with such other agencies and departments and such other interested parties as the Secretary considers appropriate.
- (i) Definitions-
  - (1) IN GENERAL- In this section:
    - (A) ACCOUNT; CORRESPONDENT ACCOUNT; PAYABLE-THROUGH ACCOUNT- The terms ‘account’, ‘correspondent account’, and ‘payable-through account’ have the meanings given those terms in section 5318A of title 31, United States Code.
    - (B) AGENT- The term ‘agent’ includes an entity established by a person for purposes of conducting transactions on behalf of the person in order to conceal the identity of the person.
    - (C) FINANCIAL INSTITUTION- The term ‘financial institution’ means a financial institution specified in subparagraph (A), (B), (C), (D), (E), (F), (G), (H), (I), (J), (M), or (Y) of section 5312(a)(2) of title 31, United States Code.
    - (D) FOREIGN FINANCIAL INSTITUTION; DOMESTIC FINANCIAL INSTITUTION- The terms ‘foreign financial institution’ and ‘domestic financial institution’ shall have the meanings of those terms as determined by the Secretary of the Treasury.
    - (E) MONEY LAUNDERING- The term ‘money laundering’ means the movement of illicit cash or cash equivalent proceeds into, out of, or through a country, or into, out of, or through a financial institution.
  - (2) OTHER DEFINITIONS- The Secretary of the Treasury may further define the terms used in this section in the regulations prescribed under this section.



## Section 8. Foreign Assistance Sanctions

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The United States is barred from providing foreign assistance to Iran because of Iran's presence on the list of state sponsors of international terrorism. The terrorism list designation triggers a provision (Section 2371) of the Foreign Assistance Act that bans aid to such countries.

However, some laws ban aid to Iran by naming it specifically as prohibited from receiving such aid, and not necessarily because it is on the terrorism list. In the latter case, no waiver is provided for. These laws are overlapping and mutually reinforcing, and all applicable laws would have to be repealed or altered before Iran would be eligible to receive U.S. foreign aid.

### Foreign Assistance Act Restrictions on Aid to Iran (and Other State Sponsors of Terrorism)

Some sections of the Foreign Assistance Act of 1961 (22 U.S. Code 2151 et. seq.) spell out procedures for a President to essentially remove a country from the "terrorism list." If a change of regime has occurred – or a dramatic shift in a country's policies – the President can remove a country from the list virtually immediately. If a country's regime has not changed, Congress must be notified of a decision to remove a country 45 days before that decision would take effect (giving Congress 45 days to try to block such a decision if it were so inclined to do so).

#### BEGIN TEXT

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##### Section 2371 begins:

- (a) **Prohibition**

The United States shall not provide any assistance under this chapter, the Agricultural Trade Development and Assistance Act of 1954 [7 U.S.C. 1691 et seq.], the Peace Corps Act [22 U.S.C. 2501 et seq.], or the Export-Import Bank Act of 1945 [12 U.S.C. 635 et seq.] to any country if the Secretary of State determines that the government of that country has repeatedly provided support for acts of international terrorism.
- (b) **Publication of determinations**

Each determination of the Secretary of State under subsection (a) of this section, including each determination in effect on December 12, 1989, shall be published in the Federal Register.
- (c) **Rescission**

A determination made by the Secretary of State under subsection (a) of this section may not be rescinded unless the President submits to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate—

  - (1) before the proposed rescission would take effect, a report certifying that—
    - (A) there has been a fundamental change in the leadership and policies of the government of the country concerned;
    - (B) that government is not supporting acts of international terrorism; and

- (C) that government has provided assurances that it will not support acts of international terrorism in the future; or
- (2) at least 45 days before the proposed rescission would take effect, a report justifying the rescission and certifying that—
  - (A) the government concerned has not provided any support for international terrorism during the preceding 6-month period; and
  - (B) the government concerned has provided assurances that it will not support acts of international terrorism in the future.
- (d) **Waiver**

Assistance prohibited by subsection (a) of this section may be provided to a country described in that subsection if—

  - (1) the President determines that national security interests or humanitarian reasons justify a waiver of subsection (a) of this section, except that humanitarian reasons may not be used to justify assistance under subchapter II of this chapter (including part IV, part VI, and part VIII), or the Export-Import Bank Act of 1945 [12 U.S.C. 635 et seq.]; and
  - (2) at least 15 days before the waiver takes effect, the President consults with the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate regarding the proposed waiver and submits a report to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate containing—
    - (A) the name of the recipient country;
    - (B) a description of the national security interests or humanitarian reasons which require the waiver;
    - (C) the type and amount of and the justification for the assistance to be provided pursuant to the waiver; and
    - (D) the period of time during which such waiver will be effective.

The waiver authority granted in this subsection may not be used to provide any assistance under this chapter which is also prohibited by section 2780 of this title.

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**END TEXT**

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## **Withholding of United States Proportionate Share for Certain Programs of International Organizations**

The section below of the Foreign Assistance Act (22 US Code Section 2227) names Iran among other nations (and entities, including the Palestine Liberation Organization) as unable to benefit from U.S. contributions to international organizations, such as U.N. development programs. The U.S. government interpretation of the provision is that the United States is required to reduce its contribution to an international program in proportion to the size of the program in the named country. The international organization may, of course (and almost always does) proceed with its program in the target country, but doing so means that organization will face a reduced contribution from the United States. Under this section, U.S. contributions to United Nations Children's Fund (UNICEF) and the International Atomic Energy Agency (IAEA) were initially exempted from U.S. cuts for their work in the named countries, although the IAEA exemption no longer applies to Iran (or to Cuba), as shown below in Section (d).

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**BEGIN TEXT**

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- (a) **Covered programs**

Notwithstanding any other provision of law, none of the funds authorized to be appropriated by this part shall be available for the United States proportionate share for programs for Burma, Iraq, North Korea, Syria, Libya, Iran, Cuba, or the Palestine Liberation Organization or for projects whose purpose is to provide benefits to the Palestine Liberation Organization or entities associated with it, or at the discretion of the President, Communist countries listed in section 2370 (f) of this title.

**(b) Review and report by Secretary of State**

The Secretary of State—

- (1) shall review, at least annually, the budgets and accounts of all international organizations receiving payments of any funds authorized to be appropriated by this part; and
- (2) shall report to the appropriate committees of the Congress the amounts of funds expended by each such organization for the purposes described in subsection (a) of this section and the amount contributed by the United States to each such organization.

**(c) Exceptions**

- (1) Subject to paragraph (2), the limitations of subsection (a) of this section shall not apply to contributions to the International Atomic Energy Agency or the United Nations Children's Fund (UNICEF).
- (2)
  - (A) Except as provided in subparagraph (B), with respect to funds authorized to be appropriated by this part and available for the International Atomic Energy Agency, the limitations of subsection (a) of this section shall apply to programs or projects of such Agency in Cuba.
  - (B)
    - (i) Subparagraph (A) shall not apply with respect to programs or projects of the International Atomic Energy Agency that provide for the discontinuation, dismantling, or safety inspection of nuclear facilities or related materials, or for inspections and similar activities designed to prevent the development of nuclear weapons by a country described in subsection (a) of this section.

- (ii) Clause (i) shall not apply with respect to the Juragua Nuclear Power Plant near Cienfuegos, Cuba, or the Pedro Pi Nuclear Research Center unless Cuba—
- (I) ratifies the Treaty on the Non-Proliferation of Nuclear Weapons (21 UST 483) or the Treaty for the Prohibition of Nuclear Weapons in Latin America (commonly known as the Treaty of Tlatelolco);
- (II) negotiates full-scope safeguards of the International Atomic Energy Agency not later than two years after ratification by Cuba of such Treaty; and
- (III) incorporates internationally accepted nuclear safety standards.

**(d) Programs and projects of the International Atomic Energy Agency in Iran**

- (1) Notwithstanding subsection (c) of this section, if the Secretary of State determines that programs and projects of the International Atomic Energy Agency in Iran are inconsistent with United States nuclear nonproliferation and safety goals, will provide Iran with training or expertise relevant to the development of nuclear weapons, or are being used as a cover for the acquisition of sensitive nuclear technology, the limitations of subsection (a) of this section shall apply to such programs and projects, and the Secretary of State shall so notify the appropriate congressional committees (as defined in section 3 of the Foreign Relations Authorization Act, Fiscal Year 2003).
- (2) A determination made by the Secretary of State under paragraph (1) shall be effective for the 1-year period beginning on the date of the determination.

**END TEXT**



## Ban on Direct and Indirect Aid to Iran

Certain legislation names Iran – specifically, and not more generally as a designee on the “terrorism list” – as ineligible for U.S. foreign assistance. To some extent, these sanctions are redundant for Iran, because its presence on the terrorism list renders it already ineligible for U.S. aid. However, were Iran to be removed from the terrorism list at some point, Congress would still have the authority to include Iran as a “named country” ineligible for U.S. aid, and the aid restriction would still apply.

As a recent, example: from P.L. 111-8: Foreign Assistance Appropriation for Fiscal Year 2009

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### BEGIN TEXT

#### PROHIBITION AGAINST DIRECT FUNDING FOR CERTAIN COUNTRIES

SEC. 7007. None of the funds appropriated or otherwise made available pursuant to titles III through VI of this Act shall be obligated or expended to finance directly any assistance or reparations for the governments of Cuba, North Korea, Iran, or Syria: Provided, That for purposes of this section, the prohibition on obligations or expenditures shall include direct loans, credits, insurance and guarantees of the Export-Import Bank or its agents.

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### END TEXT

## Secondary Sanction: Restriction on Aid to the Russian Federation for Assisting Iran

The provision below restricts certain assistance to the Russian Federation unless the President can certify that it has ceased assisting Iran’s WMD programs (and has met other conditions not related to Iran). As noted in the provision, the aid restriction does not apply to U.S. aid to Russia for the certain humanitarian purposes, for actions against trafficking in persons, or for programs to implement bilateral disarmament and nuclear security agreements.

As an example, from P.L. 111-8, the FY2009 Foreign Assistance Appropriation.

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### BEGIN TEXT

SEC. 7073. (a) None of the funds appropriated under the heading “Assistance for Europe, Eurasia and Central Asia” shall be made available for assistance for a government of an Independent State of the former Soviet Union if that government directs any action in violation of the territorial integrity or national sovereignty of any other Independent State of the former Soviet Union, such as those violations included in the Helsinki Final Act: Provided, That such funds may be made available without regard to the restriction in this subsection if the President determines that to do so is in the national security interest of the United States.

- (b) Funds appropriated under the heading “Assistance for Europe, Eurasia and Central Asia” for the Russian Federation, Armenia, Kazakhstan, and Uzbekistan shall be subject to the regular notification procedures of the Committees on Appropriations.
- (c)
  - (1) Of the funds appropriated under the heading “Assistance for Europe, Eurasia and Central Asia” that are allocated for assistance for the Government of the Russian Federation, 60 percent shall be withheld from obligation until the President determines and certifies in writing to the Committees on Appropriations that the Government of the Russian Federation—
    - (A) has terminated implementation of arrangements to provide Iran with technical expertise, training, technology, or equipment necessary to develop a nuclear reactor, related nuclear research facilities or programs, or ballistic missile capability; and
    - (B) is providing full access to international non-government organizations providing humanitarian relief to refugees and internally displaced persons in Chechnya.
  - (2) Paragraph (1) shall not apply to—
    - (A) assistance to combat infectious diseases, child survival activities, or assistance for victims of trafficking in persons; and
    - (B) activities authorized under title V (Nonproliferation and Disarmament)

Programs and Activities) of the FREEDOM Support Act.

- (d) Section 907 of the FREEDOM Support Act shall not apply to—
- (1) activities to support democracy or assistance under title V of the FREEDOM Support Act and section 1424 of Public Law 104–201 or non-proliferation assistance;
  - (2) any assistance provided by the Trade and Development Agency under section 661 of the Foreign Assistance Act of 1961 (22 U.S.C. 2421);
  - (3) any activity carried out by a member of the United States and Foreign Commercial Service while acting within his or her official capacity;
  - (4) any insurance, reinsurance, guarantee or other assistance provided by the Overseas Private Investment Corporation under title IV of chapter 2 of part I of the Foreign Assistance Act of 1961 (22 U.S.C. 2191 et seq.);
  - (5) any financing provided under the Export-Import Bank Act of 1945; or
  - (6) humanitarian assistance.

**END TEXT**

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## Section 9. Diplomatic Interactions, Exchanges, and Assets-Related Issues

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This section of the Compendium presents laws and regulations that both permit or impede U.S.-Iran diplomatic and people-to-people interactions between the United States and Iran. In general, however, the Executive branch has wide latitude under the Constitution to conduct diplomatic relations with other countries.

This section also discusses regulations pertaining to the disposition of disputed and frozen Iranian assets. The issue of frozen Iranian assets dates back to the Islamic Revolution in Iran in February 1979, and particularly the November 4, 1979 seizure of the U.S. Embassy in Tehran by radical students loyal to the leader of the revolution, Ayatollah Ruhollah Khomeini. That act led to a U.S. freezing of all Iranian U.S.-based assets, and, later, to a full break in diplomatic relations. Although many of Iran's assets were "unfrozen" in connection with the January 1981 agreement ("Algiers Accords") that settled the hostage crisis and led to the release of the 52 American diplomats held by Iran, some Iranian assets remained blocked. The settlement of the crisis also produced a process, the "U.S.-Iran Claims Tribunal," to arbitrate and settle various commercial and other disputes stemming from the break in diplomatic and economic relations caused by the revolution and its aftermath.

The continued assets blockages and disputes are frequently mentioned by Iranian leaders as a sign of U.S. "hostility" toward Iran. As such, the assets question has tended to be viewed as an impediment to U.S.-Iran rapprochement. The issue has become progressively more complicated in recent years because Iranian assets in the United States have become attached by judgments

awarded to victims of terrorist attacks conducted by pro-Iranian or Iranian-supported groups. Included in this section is the latest available Terrorist Assets Report that presents the Treasury Department's assessment of the value of blocked Iranian assets.

### Regulations Allowing People-To-People Contacts and Diplomatic Interaction

The following provisions of the Iran Transactions Regulations allow certain contacts between the United States and Iran and allow Iran to carry out its diplomatic and consular business in the United States. The regulations thereby permit people-to-people contacts between the two countries. U.S. funding for cultural exchanges between the United States and Iran are appropriated each fiscal year in appropriations legislation.

#### Travel to Iran Permitted

The following Treasury Department communication (written to a person or entity whose identity was deleted) clarifies that U.S. persons are permitted to use U.S. passports to travel to Iran and to buy airline tickets for travel to Iran.

#### IRAN: TRAVEL EXEMPTION

##### BEGIN TEXT

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Dear [text deleted]:

This is with regard to your letters of January 9, 2003, June 6, 2003, and June 12, 2003 to the Department of the Treasury's Office of Foreign Assets Control ("OFAC") on behalf of [a U.S. person]. In your letters you inquired whether the travel exemption provisions contained in §

560.210(d) of the Iranian Transactions Regulations, 31 C.F.R. Part 560 (the "Regulations"), authorize [U.S. persons] to engage in the following activities involving the arrangement of air travel between the United States and Iran:

- 1) Publication of schedules of flights between Europe and Iran;
- 2) Publication of interline airfares;
- 3) Acceptance of reservations for travel between the United States and Iran;
- 4) Issuance of airline tickets for the entire trip between the United States and Iran; and
- 5) Advertisement of air service between the United States and Iran. Section 560.204 of the Regulations prohibits the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a United States person, wherever located, of any goods, technology, or services to Iran or the Government of Iran. However, § 560.210(c) of the Regulations provides that the prohibitions do not apply to the importation from and the exportation to any country of information and informational materials fully created and in existence at the time of the transaction. In addition, § 560.210(d) of the Regulations provides that the prohibitions contained in § 560.204 do not apply to transactions ordinarily incident to travel to or from any country, including importation of accompanied baggage for personal use, maintenance within any country including payment of living expenses and acquisition of goods or services for personal use, and arrangement or facilitation of such travel including nonscheduled air, sea, or land voyages. Section 560.210(d) of the Regulations further provides that the exemption FAC No. [text deleted] Page 2 of 2 extends to transactions with Iranian carriers and those involving group tours and payments in Iran made for transactions directly incident to travel.

Based upon the information submitted, we have concluded that, with the exceptions noted below, the exemptions set forth in § 560.210(c and d) of the Regulations are applicable to all of the above listed activities involving airline travel between the United States and Iran. With respect to the advertisement of air service between the United States and Iran, the Regulations do not prohibit such transactions unless they are undertaken at the behest of a person in Iran or an Iranian entity. The Regulations would prohibit advertising-related transactions undertaken at the behest of a person or entity in Iran, unless the information or informational materials exemption applies. To fall within the scope of the information and informational materials exemption, such transactions must be limited to the direct dissemination of copy-ready materials. A U.S. person cannot provide any other related services to Iran, such as the development of advertising materials or an advertising campaign or serving as an agent for the buying or brokering of advertising space, without OFAC authorization. Such activities do not fall within the scope of the information and informational materials exemption. Such activities also would not fall within the scope of the travel exemption, as they are not directly incident to travel.

Although the travel exemption set forth in § 560.210(d) of the Regulations applies regardless of whether the connecting carrier is Iran Air or another Iranian air carrier, it applies only to arranging travel and should not be construed to authorize transactions not directly incident to travel, such as the creation or enhancement of a travel reservation service in Iran. Further, while [U.S. persons] are authorized to accept reservations, issue tickets for travel on Iranian carriers, and advertise air service between the United States and Iran (subject to the caveats referenced above), any U.S. origin financial services used to exchange payments with Iran must fall within the scope of the authorizations set forth in § 560.516 of the Regulations, which necessitate the use of non-U.S., non-Iranian financial institutions as intermediaries to such transactions.

If you have any additional questions about the economic sanctions programs administered by OFAC, you may refer to our web site at [www.treas.gov/ofac](http://www.treas.gov/ofac) or call our office at (202)622-2480.

**END TEXT**

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## **U.S. News Organizations Operations in Iran**

The following provision of the regulations allows U.S. news organizations to operate in Iran.

**BEGIN TEXT**

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### **PART 560\_IRANIAN TRANSACTIONS REGULATIONS– Table of Contents**

Subpart E\_Licenses, Authorizations and Statements of Licensing Policy

Sec. 560.519 Policy governing news organization offices.

- (a) Specific licenses may be issued on a case-by-case basis authorizing transactions necessary for the establishment and operation of news bureaus in Iran by United States organizations whose primary purpose is the gathering and dissemination of news to the general public.
- (b) Transactions that may be authorized include but are not limited to those incident to the following:
  - (1) Leasing office space and securing related goods and services;
  - (2) Hiring support staff;
  - (3) Purchasing Iranian-origin goods for use in the operation of the office; and
  - (4) Paying fees related to the operation of the office in Iran.
- (c) Specific licenses may be issued on a case-by-case basis authorizing transactions necessary for the establishment and operation of news bureaus in the United States by Iranian



organizations whose primary purpose is the gathering and dissemination of news to the general public.

- (d) The number assigned to such specific licenses should be referenced in all import and export documents and in all funds transfers and other banking transactions through banking institutions organized or located in the United States in connection with the licensed transactions to avoid disruption of the trade and financial transactions.

**END TEXT**

### Regulations On Hiring Iranian Nationals

As made clear in this part of the Iran Transactions regulations, it is generally prohibited to hire Iranian nationals to work in the United States, unless specifically authorized by the State Department.

**BEGIN TEXT**

#### **PART 560\_IRANIAN TRANSACTIONS REGULATIONS— Table of Contents**

Subpart D\_Interpretations

Sec. 560.419 U.S. employment of persons normally located in Iran.

The prohibitions in Sec. 560.201 make it unlawful to hire an Iranian national normally located in Iran to come to the United States solely or for the principal purpose of engaging in employment on behalf of an entity in Iran or as the employee of a U.S. person, unless that employment is authorized pursuant to a visa issued by the U.S. State Department or by Sec. 560.505. See also Sec. 560.418 with respect to the release of technology and software.

[64 FR 20173, Apr. 26, 1999]

**END TEXT**

### Regulations Pertaining to Iranian Diplomatic Operations in the United States

This part of the Iranian Transactions Regulations allows Iranian diplomatic missions to import goods and services into the United States for their official use. The United States has a diplomatic mission – an “interests section” in Tehran under the auspices of the Embassy of Switzerland, which is the protecting power for the United States in

Iran. No U.S. personnel staff the U.S. interests section; its employees are Swiss diplomats and Iranian nationals hired by the Swiss Embassy.

**BEGIN TEXT**

#### **PART 560\_IRANIAN TRANSACTIONS REGULATIONS**

##### **Table of Contents**

Subpart E\_Licenses, Authorizations and Statements of Licensing Policy

Sec. 560.512 Iranian Government missions in the United States.

- (a) All transactions ordinarily incident to the importation of goods or services into the United States by, the exportation of goods or services from the United States by, or the provision of goods or services in the United States to, the missions of the Government of Iran to international organizations in the United States, and Iranians admitted to the United States under section 101(a)(15)(G) of the Immigration and Nationality Act (“INA”), 8 U.S.C. 1101(a)(15)(G), are authorized, provided that: (1) The goods or services are for the conduct of the official business of the mission, or for personal use of personnel admitted to the United States under INA section 101(a)(15)(G), and are not for resale; and
- (2) The transaction is not otherwise prohibited by law.
- (b) All transactions ordinarily incident to the importation of goods or services into the United States by, the exportation of goods or services from the United States by, or the provision of goods or services in the United States to, the Iranian Interests Section of the Embassy of Pakistan (or any successor protecting power) in the United States, are authorized, provided that:
- (1) The goods or services are for the conduct of the official business of the Iranian Interests Section, and are not for resale; and
- (2) The transaction is not otherwise prohibited by law.
- (c) All transactions ordinarily incident to the provision of goods or services in the United States to the employees of Iranian missions to international organizations in the United States, and to employees of the Iranian Interests Section of the Embassy of Pakistan (or any successor protecting power) in the United States, are authorized, provided that the transaction is not otherwise prohibited by law.

**END TEXT**

The following portion of the regulations allows Iranian diplomats to use diplomatic pouches to conduct their official business:

**BEGIN TEXT**

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**PART 560\_IRANIAN TRANSACTIONS REGULATIONS–  
Table of Contents**

Subpart E\_Licenses, Authorizations and Statements of Licensing Policy

Sec. 560.521 Diplomatic pouches.

The following transactions are authorized:

- (a) The importation into the United States from Iran, or the exportation from the United States to Iran, of diplomatic pouches and their contents; and
- (b) The exportation, reexportation, sale, or supply, directly or indirectly, from the United States or by a U.S. person, wherever located, of any goods or technology to a third-country government, or to its contractors or agents, for shipment to Iran via a diplomatic pouch. To the extent necessary, this section also authorizes the shipment of such goods or technology by the third-country government to Iran via a diplomatic pouch.

Note to paragraph (b) of Sec. 560.521: The exportation or reexportation of certain U.S.-origin goods or technology to a third-country government, or to its contractors or agents, may require authorization by the U.S. Department of Commerce under the Export Administration Regulations (15 CFR parts 730 et seq.).

[72 FR 15832, Apr. 3, 2007]

**END TEXT**

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The laws and documents in this section discuss and affect the disposition of Iranian assets held by or controlled by the United States. As noted previously, the resolution of the issue of “frozen assets” is one that has been raised repeatedly by senior Iranian leaders as a condition for improving relations with the United States.

**1981 Algiers Accords Settling the Hostage Crisis**

The major provisions of this agreement, aside from requiring Iran to release the U.S. Embassy hostages held since November 4, 1979, provide for the lifting of sanctions imposed on Iran because of the seizure, the return of most Iranian frozen assets, and a process to adjudicate mutual claims arising from the breaking of relations (U.S.-Iran Claims Tribunal, in a separate “Claims Settlement

Agreement”). In policy terms, the accords (“Point One”) require the United States not to intervene “directly or indirectly, politically or militarily,” in Iran’s internal affairs. U.S. performance on this point has been used on several occasions by Iranian leaders to challenge U.S. policy toward Iran, particularly U.S. democracy promotion programs discussed elsewhere in this compendium.

**BEGIN TEXT**

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**DECLARATION OF THE GOVERNMENT OF THE  
DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA**

(General Declaration), 19 January 1981

The Government of the Democratic and Popular Republic of Algeria, having been requested by the Governments of the Islamic Republic of Iran and the United States of America to serve as an intermediary in seeking a mutually acceptable resolution of the crisis in their relations arising out of the detention of the 52 United States nationals in Iran, has consulted extensively with the two governments as to the commitments which each is willing to make in order to resolve the crisis within the framework of the four points stated in the Resolution of November 2, 1980, of the Islamic Consultative Assembly of Iran. On the basis of formal adherences received from Iran and the United States, the Government of Algeria now declares that the following interdependent commitments have been made by the two governments:

**GENERAL PRINCIPLES**

The undertakings reflected in this Declaration are based on the following general principles:

- A. Within the framework of and pursuant to the provisions of the two Declarations of the Government of the Democratic and Popular Republic of Algeria, the United States will restore the financial position of Iran, in so far as possible, to that which existed prior to November 14, 1979. In this context, the United States commits itself to ensure the mobility and free transfer of all Iranian assets within its jurisdiction, as set forth in Paragraphs 4-9.
- B. It is the purpose of both parties, within the framework of and pursuant to the provisions of the two Declarations of the Government of the Democratic

and Popular Republic of Algeria, to terminate all litigation as between the government of each party and the nationals of the other, and to bring about the settlement and termination of all such claims through binding arbitration.

Through the procedures provided in the Declarations relating to the Claims Settlement Agreement, the United States agrees to terminate all legal proceedings in United States courts involving claims of United States persons and institutions against Iran and its state enterprises, to nullify all attachments and judgments obtained therein, to prohibit all further litigation based on such claims, and to bring about the termination of such claims through binding arbitration.

#### **POINT I: NON-INTERVENTION IN IRANIAN AFFAIRS**

1. The United States pledges that it is and from now on will be the policy of the United States not to intervene, directly or indirectly, politically or militarily, in Iran's internal affairs.

#### **POINTS II AND III: RETURN OF IRANIAN ASSETS AND SETTLEMENT OF U.S. CLAIMS**

2. Iran and the United States (hereinafter "the parties") will immediately select a mutually agreeable Central Bank (hereinafter "the Central Bank") to act, under the instructions of the Government of Algeria and the Central Bank of Algeria (hereinafter "the Algerian Central Bank") as depositary of the escrow and security funds hereinafter prescribed and will promptly enter into depositary arrangements with the Central Bank in accordance with the terms of this Declaration. All funds placed in escrow with the Central Bank pursuant to this Declaration shall be held in an account in the name of the Algerian Central Bank. Certain procedures for implementing the obligations set forth in this Declaration and in the Declaration of the Democratic and Popular Republic of Algeria Concerning the Settlement of Claims by the Government of the United States and the Government of the Islamic Republic of Iran (hereinafter "the Claims Settlement Agreement") are separately set forth in certain Undertakings of the Government of the United States of America and the Government of the Islamic Republic of Iran with Respect to the Declaration of the Democratic and Popular Republic of Algeria.

3. The depositary arrangements shall provide that, in the event that the Government of Algeria certifies to the Algerian Central Bank that the 52 U.S. nationals have safely departed from Iran, the Algerian Central Bank will thereupon instruct the Central Bank to transfer immediately all monies or other assets in escrow with the Central Bank pursuant to this Declaration, provided that at any time prior to the making of such certification by the Government of Algeria, each of the two parties, Iran and the United States, shall have the right on seventy-two hours notice to terminate its commitments under this Declaration. If such notice is given by the United States and the foregoing certification is made by the Government of Algeria within the seventy-two hour period of notice, the Algerian Central Bank will thereupon instruct the Central Bank to transfer such monies and assets. If the seventy-two hour period of notice by the United States expires without such a certification having been made, or if the notice of termination is delivered by Iran, the Algerian Central Bank will thereupon instruct the Central Bank to return all such monies and assets to the United States, and thereafter the commitments reflected in this Declaration shall be of no further force and effect.

#### Assets in the Federal Reserve Bank

4. Commencing upon completion of the requisite escrow arrangements with the Central Bank, the United States will bring about the transfer to the Central Bank of all gold bullion which is owned by Iran and which is in the custody of the Federal Reserve Bank of New York, together with all other Iranian assets (or the cash equivalent thereof) in the custody of the Federal Reserve Bank of New York, to be held by the Central Bank in escrow until such time as their transfer or return is required by Paragraph 3 above.

#### Assets in Foreign Branches of U.S. Banks

5. Commencing upon completion of the requisite escrow arrangements with the Central Bank, the United States will bring about the transfer to the Central Bank, to the account of the Algerian Central Bank, of all Iranian deposits and securities which on or after November 14, 1979, stood upon the books of overseas banking offices of U.S. banks, together with interest thereon through December 31, 1980, to be held by the Central Bank, to the account of the Algerian Central Bank,

in escrow until such time as their transfer or return is required in accordance with Paragraph 3 of this Declaration.

#### Assets in U.S. Branches of U.S. Banks

6. Commencing with the adherence by Iran and the United States to this Declaration and the Claims Settlement Agreement attached hereto, and following the conclusion of arrangements with the Central Bank for the establishment of the interest-bearing Security Account specified in that Agreement and Paragraph 7 below, which arrangements will be concluded within 30 days from the date of this Declaration, the United States will act to bring about the transfer to the Central Bank, within six months from such date, of all Iranian deposits and securities in U.S. banking institutions in the United States, together with interest thereon, to be held by the Central Bank in escrow until such time as their transfer for return is required by Paragraph 3.
7. As funds are received by the Central Bank pursuant to Paragraph 6 above, the Algerian Central Bank shall direct the Central Bank to (1) transfer one-half of each such receipt to Iran and (2) place the other half in a special interest-bearing Security Account in the Central Bank, until the balance in the Security Account has reached the level of U.S.\$1 billion. After the U.S.\$1 billion balance has been achieved, the Algerian Central Bank shall direct all funds received pursuant to Paragraph 6 to be transferred to Iran. All funds in the Security Account are to be used for the sole purpose of securing the payment of, and paying, claims against Iran in accordance with the Claims Settlement Agreement. Whenever the Central Bank shall thereafter notify Iran that the balance in the Security Account has fallen below U.S.\$500 million, Iran shall promptly make new deposits sufficient to maintain a minimum balance of U.S.\$500 million in the Account. The Account shall be so maintained until the President of the arbitral tribunal established pursuant to the Claims Settlement Agreement has certified to the Central Bank of Algeria that all arbitral awards against Iran have been satisfied in accordance with the Claims Settlement Agreement, at which point any amount remaining in the Security Account shall be transferred to Iran.

#### Other Assets in the U.S. and Abroad

8. Commencing with the adherence of Iran and the United States to this Declaration and the attached Claims Settlement Agreement and the conclusion of arrangements for the establishment of the Security Account, with arrangements will be concluded with 30 days from the date of this Declaration, the United States will act to bring about the transfer to the Central Bank of all Iranian financial assets (meaning funds or securities) which are located in the United States and abroad, apart from those assets referred to in Paragraphs 5 and 6 above, to be held by the Central Bank in escrow until their transfer or return is required by Paragraph 3 above.
9. Commencing with the adherence by Iran and the United States to this Declaration and the attached Claims Settlement Agreement and the making by the Government of Algeria of the certification described in Paragraph 3 above, the United States will arrange, subject to the provisions of U.S. law applicable prior to November 14, 1979, for the transfer to Iran of all Iranian properties which are located in the United States and abroad and which are not within the scope of the preceding paragraphs.

#### Nullification of Sanctions and Claims

10. Upon the making by the Government of Algeria of the certification described in Paragraph 3 above, the United States will revoke all trade sanctions which were directed against Iran in the period November 4, 1979, to date.
11. Upon the making by the Government of Algeria of the certification described in Paragraph 3 above, the United States will promptly withdraw all claims now pending against Iran before the International Court of Justice and will thereafter bar and preclude the prosecution against Iran of any pending or future claim of the United States or a United States national arising out of events occurring before the date of this Declaration related to (A) the seizure of the 52 United States nationals on November 4, 1979, (B) their subsequent detention, (C) injury to the United States property or property of the United States nationals within the United States Embassy compound in Tehran after November 3, 1979, and (D) injury to the United States nationals or their property as a result of popular movements in the course of the Islamic Revolution

in Iran which were not an act of the Government of Iran. The United States will also bar and preclude the prosecution against Iran in the courts of the United States of any pending or future claim asserted by persons other than the United States nationals arising out of the events specified in the preceding sentence.

**POINT IV: RETURN OF THE ASSETS OF THE FAMILY OF THE FORMER SHAH**

12. Upon the making by the Government of Algeria of the certification described in Paragraph 3 above, the United States will freeze, and prohibit any transfer of, property and assets in the United States within the control of the estate of the former Shah or any close relative of the former Shah served as a defendant in U.S. litigation brought by Iran to recover such property and assets as belonging to Iran. As to any such defendant, including the estate of the former Shah, the freeze order will remain in effect until such litigation is finally terminate. Violation of the freeze order shall be subject to the civil and criminal penalties prescribed by U.S. law.
13. Upon the making by the Government of Algeria of the certification described in Paragraph 3 above, the United States will order all persons within U.S. jurisdiction to report to the U.S. Treasury within 30 days, for transmission to Iran, all information known to them, as of November 3, 1979, and as of the date of the order, with respect to the property and assets referred to in Paragraph 12. Violation of the requirement will be subject to the civil and criminal penalties prescribed by U.S. law.
14. Upon the making by the Government of Algeria of the certification described in Paragraph 3 above, the United States will make known, to all appropriate U.S. courts, that in any litigation of the kind described in Paragraph 12 above the claims of Iran should not be considered legally barred either by sovereign immunity principles or by the act of state doctrine and that Iranian decrees and judgments relating to such assets should be enforced by such courts in accordance with United States law.
15. As to any judgment of a U.S. court which calls for the transfer of any property or assets to Iran, the United States hereby guarantees the enforcement of the final

judgment to the extent that the property or assets exist with the United States.

16. If any dispute arises between the parties as to whether the United States has fulfilled any obligation imposed upon it by Paragraphs 12-15, inclusive, Iran may submit the dispute to binding arbitration by the tribunal established by, and in accordance with the provisions of, the Claims Settlement Agreement. If the tribunal determines that Iran has suffered a loss as a result of a failure by the United States to fulfill such obligation, it shall make an appropriate award in favor of Iran which may be enforced by Iran in the courts of any nation in accordance with its laws.

**SETTLEMENT OF DISPUTES**

17. If any other dispute arises between the parties as to the interpretation or performance of any provision of this Declaration, either party may submit the dispute to binding arbitration by the tribunal established by, and in accordance with the provisions of, the Claims Settlement Agreement. Any decision of the tribunal with respect to such dispute, including any award of damages to compensate for a loss resulting from a breach of this Declaration or the Claims Settlement Agreement, may be enforced by the prevailing party in the courts of any nation in accordance with its laws.

**END TEXT**

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## Major Regulations Controlling the Disposition of Iranian Assets Held in the United States

The part of the Iranian Transactions Regulations below permits transactions to fulfill judgments reached at the U.S.-Iran Claims Tribunal that has been adjudicating disputes over property and transactions stemming from the 1979 Islamic revolution and the break in U.S.-Iran relations. Most of the disputes at the Tribunal have been resolved, but several disputes remain to be settled or adjudicated.

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### BEGIN TEXT

#### PART 560\_IRANIAN TRANSACTIONS REGULATIONS

##### Table of Contents

Subpart E\_Licenses, Authorizations and Statements of Licensing Policy

Sec. 560.510 Transactions related to the resolution of disputes between the United States or United States nationals and the Government of Iran.

- (a) Except as otherwise authorized, specific licenses may be issued on a case-by-case basis to authorize transactions in connection with awards, decisions or orders of the Iran-United States Claims Tribunal in The Hague, the International Court of Justice, or other international tribunals (collectively, "tribunals"); agreements settling claims brought before tribunals; and awards, orders, or decisions of an administrative, judicial or arbitral proceeding in the United States or abroad, where the proceeding involves the enforcement of awards, decisions or orders of tribunals, or is contemplated under an international agreement, or involves claims arising before 12:01 a.m. EDT, May 7, 1995, that resolve disputes between the Government of Iran and the United States or United States nationals, including the following transactions:
- (1) Importation into the United States of, or any transaction related to, goods and services of Iranian origin or owned or controlled by the Government of Iran;
  - (2) Exportation or reexportation to Iran or the Government of Iran of any goods, technology, or services, except to the extent that such exportation or reexportation is also subject to export licensing application requirements of another agency of the United States Government and the granting of such a license by that agency would be prohibited by law;
  - (3) Financial transactions related to the resolution of disputes at tribunals, including transactions related to the funding of proceedings or of accounts related to proceedings or to a tribunal; participation, representation, or testimony before a tribunal; and the payment of awards of a tribunal; and

- (4) Other transactions otherwise prohibited by this part which are necessary to permit implementation of the foregoing awards, decisions, orders, or agreements.
- (b) Specific licenses may be issued on a case-by-case basis to authorize payment of costs related to the storage or maintenance of goods in which the Government of Iran has title, and to authorize the transfer of title to such goods, provided that such goods are in the United States and that such goods are the subject of a proceeding pending before a tribunal.
- (c)
- (1) All transactions are authorized with respect to the importation of Iranian-origin goods and services necessary to the initiation and conduct of legal proceedings, in the United States or abroad, including administrative, judicial and arbitral proceedings and proceedings before tribunals.
  - (2) Specific licenses may be issued on a case-by-case basis to authorize the exportation to Iran or the Government of Iran of goods, and of services not otherwise authorized by Sec. 560.525, necessary to the initiation and conduct of legal proceedings, in the United States or abroad, including administrative, judicial and arbitral proceedings and proceedings before tribunals, except to the extent that the exportation is also subject to export licensing application requirements of another agency of the United States Government and the granting of such a license by that agency would be prohibited by law.
  - (3) Representation of United States persons or of third country persons in legal proceedings, in the United States or abroad, including administrative, judicial and arbitral proceedings and proceedings before tribunals, against Iran or the Government of Iran is not prohibited by this part. The exportation of certain legal services to a person in Iran or the Government of Iran is authorized in Sec. 560.525.
- (d) The following are authorized:
- (1) All transactions related to payment of awards of the Iran-United States Claims Tribunal in The Hague against Iran.
  - (2) All transactions necessary to the payment and implementation of awards (other than exports or reexports subject to export license application requirements of other agencies of the United States Government) in a legal proceeding to which the United States Government is a party, or to payments pursuant to settlement agreements entered into by the United States Government in such a legal proceeding.

[60 FR 47063, Sept. 11, 1995, as amended at 62 FR 41852, Aug. 4, 1997]

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### END TEXT



## Blocked Iranian Assets Held in the United States

The Treasury Department produces a report that lists the blocked and non-blocked Iranian (and other terrorism state sponsors') funds held in the United States. The relevant sections of the 2009 Terrorist Assets Report put out by the Office of Foreign Assets Control (OFAC) of the Treasury Department is below. Tables on amounts of funds blocked, and other data can be found in the report at: <http://www.treasury.gov/resource-center/sanctions/Documents/tar2009.pdf>). However, the report does not contain an amount of monies in dispute related to military equipment that was being repaired or upgraded in the United States at the time the Shah fell, and was subsequently not returned to Iran. Some estimate the amount of funds in question to be about \$400 million, held in a Defense Department escrow account. Iran claims that it paid for those repair/upgrade services and is due reimbursement. The OFAC report, in the sections below, lays out the U.S. position on this issue, which is pending before the U.S.-Iran Claims Tribunal.

**BEGIN TEXT**

### IRAN

Blocked assets reported for Iran include blocked funds, as well as blocked diplomatic and consular property. The blocked Iranian property includes property of the Government of Iran that was blocked as a result of the hostage crisis and that has remained blocked, under OFAC's Iranian Assets Control Regulations, 31 CFR part 535, since that crisis was resolved in 1981. The property remains blocked in part because of pending claims before the Iran-U.S. Claims Tribunal. Blocked funds in which the 9 Government of Iran has an interest are reported in Table 1. The blocked Iranian diplomatic and consular real and tangible property is described in Section D below. The blocked funds reported in Table 1 include rental proceeds derived from the diplomatic and consular property; the security deposits of the tenants are included in the reported figure.

The State Department's Office of Foreign Missions, the custodian of the diplomatic and consular real property,

is authorized to use the rental proceeds to maintain the blocked properties in keeping with the treaty obligations of the United States, and certain funds may have been earmarked for these purposes. In addition to the diplomatic and consular real property and rental proceeds, there are 11 Government of Iran consular accounts that have been blocked since 1981.

In addition, blocked assets in which Government of Iran entities designated under Executive Order 13382 have an interest have been included in Table 1. Executive Order 13382 blocks the property of "Weapons of Mass Destruction Proliferators and Their Supporters." These blocked assets include assets that may be owned by third parties. The increase in blocked assets reported for Iran in Table 1 is primarily attributable to blockings under Executive Order 13382.13.

**END TEXT**

## Terrorism Risk Insurance Act of 2002: Use of Iranian Assets to Pay Terrorism Judgments

This law is significant because it allows for the attachment of Iranian assets to pay judgments to victims of Iranian-sponsored terrorism. It is Title II of the Terrorism Risk Insurance Act of 2002 (P.L. 107-297). However, even assuming that the Defense Department account containing funds paid by Iran for undelivered or repaired Iranian military equipment has about \$400 million, that is unlikely to be sufficient to cover the amounts due to terrorism victims awarded judgments against Iran. Some of these awards run into the tens of millions of dollars in punitive and compensatory damages. To date, at least \$2.5 billion in judgments against Iran have been issued in terrorism-related court cases.

The significance is that, because of the large dollar value of judgments against Iran, the Defense Department escrow account is likely to have a zero dollar balance by the time the United States have improved relations to the point where this dispute over this account is near resolution. If a President were to decide to return to settle the military equipment cases in Iran's favor, and return to

Iran a sum close to \$400 million, there would need to be a congressional appropriation of funds to do so.

**BEGIN TEXT**

PUBLIC LAW 107-297—NOV. 26, 2002

**TITLE II—TREATMENT OF TERRORIST ASSETS**

**SEC. 201. SATISFACTION OF JUDGMENTS FROM BLOCKED ASSETS OF TERRORISTS, TERRORIST ORGANIZATIONS, AND STATE SPONSORS OF TERRORISM.**

(a) **IN GENERAL.**—Notwithstanding any other provision of law, and except as provided in subsection (b), in every case in which a person has obtained a judgment against a terrorist party on a claim based upon an act of terrorism, or for which a terrorist party is not immune under section 1605(a)(7) of title 28, United States Code, the blocked assets of that terrorist party (including the blocked assets of any agency or instrumentality of that terrorist party) shall be subject to execution or attachment in aid of execution in order to satisfy such judgment to the extent of any compensatory damages for which such terrorist party has been adjudged liable.

(b) **PRESIDENTIAL WAIVER.**—

(1) **IN GENERAL.**—Subject to paragraph (2), upon determining on an asset-by-asset basis that a waiver is necessary in the national security interest, the President may waive the requirements of subsection (a) in connection with (and prior to the enforcement of) any judicial order directing attachment in aid of execution or execution against any property subject to the Vienna Convention on Diplomatic Relations or the Vienna Convention on Consular Relations.

(2) **EXCEPTION.**—A waiver under this subsection shall not apply to—  
(A) property subject to the Vienna Convention on Diplomatic Relations or the Vienna Convention on Consular Relations that has been used by the United States for any nondiplomatic purpose (including use as rental property), or the proceeds of such use; or

(B) the proceeds of any sale or transfer for value to a third party of any asset subject to the Vienna Convention on Diplomatic Relations or the Vienna Convention on Consular Relations.

(c) **SPECIAL RULE FOR CASES AGAINST IRAN.**—Section 2002 of the Victims of Trafficking and Violence Protection Act of 2000 (Public Law 106-386; 114 Stat. 1542), as amended by section 686 of Public Law 107-228, is further amended—

- (1) in subsection (a)(2)(A)(ii), by striking “July 27, 2000, or January 16, 2002” and inserting “July 27, 2000, any other date before October 28, 2000, or January 16, 2002”;
- (2) in subsection (b)(2)(B), by inserting after “the date of enactment of this Act” the following: “(less amounts therein as to which the United States has an interest in subrogation pursuant to subsection (c) arising prior to the date of entry of the judgment or judgments to be satisfied in whole or in part hereunder)”;
- (3) by redesignating subsections (d), (e), and (f) as subsections (e), (f), and (g), respectively; and
- (4) by inserting after subsection (c) the following new subsection (d):

“(d) **DISTRIBUTION OF ACCOUNT BALANCES AND PROCEEDS INADEQUATE TO SATISFY FULL AMOUNT OF COMPENSATORY AWARDS AGAINST IRAN.**—28 USC 1606, 1610 and note.

*Ante*, p. 1411.

28 USC 1610 note.

28 USC 1610 note.

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“(1) **PRIOR JUDGMENTS.**—

(A) **IN GENERAL.**—In the event that the Secretary determines that 90 percent of the amounts available to be paid under subsection (b)(2) are inadequate to pay the total amount of compensatory damages awarded in judgments issued as of the date of the enactment of this subsection in cases identified in subsection (a)(2)(A)

with respect to Iran, the Secretary shall, not later than 60 days after such date, make payment from such amounts available to be paid under subsection (b)(2) to each party to which such a judgment has been issued in an amount equal to a share, calculated under subparagraph (B), of 90 percent of the amounts available to be paid under subsection (b)(2) that have not been subrogated to the United States under this Act as of the date of enactment of this subsection.

“(B) CALCULATION OF PAYMENTS.—The share that is payable to a person under subparagraph (A), including any person issued a final judgment as of the date of enactment of this subsection in a suit filed on a date added by the amendment made by section 686 of Public Law 107–228, shall be equal to the proportion that the amount of unpaid compensatory damages awarded in a final judgment issued to that person bears to the total amount of all unpaid compensatory damages awarded to all persons to whom such judgments have been issued as of the date of enactment of this subsection in cases identified in subsection (a)(2)(A) with respect to Iran.

“(2) SUBSEQUENT JUDGMENT.—

“(A) IN GENERAL.—The Secretary shall pay to any person awarded a final judgment after the date of enactment of this subsection, in the case filed on January 16, 2002, and identified in subsection (a)(2)(A) with respect to Iran, an amount equal to a share, calculated under subparagraph (B), of the balance of the amounts available to be paid under subsection (b)(2) that remain following the disbursement of all payments as provided by paragraph (1). The Secretary shall make such payment not later than 30 days after such judgment is awarded.

“(B) CALCULATION OF PAYMENTS.—To the extent that funds are available, the amount paid under subparagraph (A) to such person shall be the amount the person

would have been paid under paragraph (1) if the person had been awarded the judgment prior to the date of enactment of this subsection.

“(3) ADDITIONAL PAYMENTS.—

“(A) IN GENERAL.—Not later than 30 days after the disbursement of all payments under paragraphs (1) and (2), the Secretary shall make an additional payment to each person who received a payment under paragraph (1) or (2) in an amount equal to a share, calculated under subparagraph (B), of the balance of the amounts available to be paid under subsection (b)(2) that remain following the disbursement of all payments as provided by paragraphs (1) and (2).

“(B) CALCULATION OF PAYMENTS.—The share payable under subparagraph (A) to each such person shall be equal to the proportion that the amount of compensatory damages awarded that person bears to the total amount of all compensatory damages awarded to all persons who received a payment under paragraph (1) or (2).

“(4) STATUTORY CONSTRUCTION.—Nothing in this subsection shall bar, or require delay in, enforcement of any judgment to which this subsection applies under any procedure or against assets otherwise available under this section or under any other provision of law.

“(5) CERTAIN RIGHTS AND CLAIMS NOT RELINQUISHED.—Any person receiving less than the full amount of compensatory damages awarded to that party in a judgment to which this subsection applies shall not be required to make the election set forth in subsection (a)(2)(B) or, with respect to subsection (a)(2)(D), the election relating to relinquishment of any right to execute or attach property that is subject to section 1610(f)(1)(A) of title 28, United States Code, except that such person shall be required to relinquish rights set forth—

“(A) in subsection (a)(2)(C); and

“(B) in subsection (a)(2)(D) with respect to enforcement against property that is at issue in claims against the United States before an international tribunal or that is the subject of awards by such tribunal.

“(6) GUIDELINES FOR ESTABLISHING CLAIMS OF A RIGHT TO PAYMENT.—The Secretary may promulgate reasonable guidelines through which any person claiming a right to payment under this section may inform the Secretary of the basis for such claim, including by submitting a certified copy of the final judgment under which such right is claimed and by providing commercially reasonable payment instructions. The Secretary shall take all reasonable steps necessary to ensure, to the maximum extent practicable, that such guidelines shall not operate to delay or interfere with payment under this section.”.

(d) DEFINITIONS.—In this section, the following definitions shall apply:

(1) ACT OF TERRORISM.—The term “act of terrorism” means—  
(A) any act or event certified under section 102(1); or  
(B) to the extent not covered by subparagraph (A), any terrorist activity (as defined in section 212(a)(3)(B)(iii) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(3)(B)(iii))).

(2) BLOCKED ASSET.—The term “blocked asset” means—  
(A) any asset seized or frozen by the United States under section 5(b) of the Trading With the Enemy Act (50 U.S.C. App. 5(b)) or under sections 202 and 203 of the International Emergency Economic Powers Act (50 U.S.C. 1701; 1702); and

(B) does not include property that—  
(i) is subject to a license issued by the United States Government for final payment, transfer, or disposition by or to a person subject to the jurisdiction of the United States in connection with a transaction for which the issuance

of such license has been specifically required by statute other than the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) or the United Nations Participation Act of 1945 (22 U.S.C. 287 et seq.); or

(ii) in the case of property subject to the Vienna Convention on Diplomatic Relations or the Vienna Convention on Consular Relations, or that enjoys equivalent privileges and immunities under the law of the United States, is being used exclusively for diplomatic or consular purposes.

(3) CERTAIN PROPERTY.—The term “property subject to the Vienna Convention on Diplomatic Relations or the Vienna Convention on Consular Relations” and the term “asset subject to the Vienna Convention on Diplomatic Relations or the Vienna Convention on Consular Relations” mean any property or asset, respectively, the attachment in aid of execution or execution of which would result in a violation of an obligation of the United States under the Vienna Convention on Diplomatic Relations or the Vienna Convention on Consular Relations, as the case may be.

(4) TERRORIST PARTY.—The term “terrorist party” means a terrorist, a terrorist organization (as defined in section 212(a)(3)(B)(vi) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(3)(B)(vi))), or a foreign state designated as a state sponsor of terrorism under section 6(j) of the Export Administration Act of 1979 (50 U.S.C. App. 2405(j)) or section 620A of the Foreign Assistance Act of 1961 (22 U.S.C. 2371).

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**END TEXT**

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## Section 10. Human Rights and Democracy Promotion

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The laws in this section address the U.S. policy begun during the Bush Administration of promoting democratic reform in Iran, including expanding people-to-people exchanges that are perceived as creating a core of Iranians with experience in and presumably goodwill toward the United States. These programs also have been used to build expertise among civil society activists in Iran. The funding of these programs are openly acknowledged and are funded through regularly appropriated U.S. foreign assistance channels. However, the recipients of such funding are not disclosed, in order to protect their identity from the Iranian government.

Even though U.S. officials have repeatedly asserted that these programs are an attempt to promote human rights and free expression in Iran, and are not intended to produce a “velvet revolution” or the overthrow of Iran’s regime, such assertions are generally not accepted by Iranian officials. Iranian leaders interpret these U.S. programs as hostile acts intended to oust the clerical leadership and install instead a pro-Western democracy.

Other documents in this section represent the official U.S. government view of Iran’s performance and practices on key aspects of human rights, and present the laws that authorize sanctions for exceptionally severe abuses of human rights and religious freedom.

Also included here is a Section of CISADA that authorizes sanctions against Iranian officials determined by the Administration to have suppressed the human rights of protesters since the disputed June 12, 2009 Iranian presidential election.

### Iran Freedom Support Act

This legislation has a number of provisions affecting U.S. policy toward Iran. The primary purpose of the law was to express Congressional intent to fund democracy-promotion in Iran (Section 302). As such, the law is an *authorization* for the funding of programs to promote democracy in Iran and to fund U.S. broadcasting services into Iran. However, the law does not specify an amount of funding that is authorized, stipulating only that “such sums as may be necessary” to carry out the law are authorized. Actual funding for the programs, however, has come through regular *appropriations* processes.

The Act also contains a number of provisions that are unrelated to democracy promotion, but instead add provisions to previously-enacted laws that sanction foreign companies that invest in Iran’s energy sector or sell Iran technology that could be used for military or WMD purposes. The Act does so by amending the Iran Sanctions Act, which is covered in another section of this Compendium. The text of the provisions of the Iran Freedom Support Act that amend ISA are not provided here, but are included in the version of ISA presented above, which includes these as well as other amendments (such as those made by CISADA). Among the ISA amendments made by the Freedom Support Act was a Congressional call for a deadline for the Administration to determine whether an investment in Iran’s energy sector has violated the Act. Another amendment makes sales to Iran of WMD-related goods and destabilizing numbers and types of advanced conventional weapons sanctionable under the Act. The Act also contains a non-binding “sense



of Congress” clause, directed mainly at Russia, that the United States not enter peaceful nuclear cooperation agreements with countries that are providing Iran with technology to assist Iran’s nuclear, missile, or advanced conventional weapons programs.

**BEGIN TEXT**

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**IRAN FREEDOM SUPPORT ACT**

[[Page 120 STAT. 1344]]

Public Law 109-293

109th Congress

**An Act**

To hold the current regime in Iran accountable for its threatening behavior and to support a transition to democracy in Iran.

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 Freedom Support Act”.

**SECTION 2. TABLE OF CONTENTS.**

The table of contents for this Act is as follows:

**Sec. 1.** Short title.

**Sec. 2.** Table of contents.

**TITLE I—CODIFICATION OF SANCTIONS AGAINST IRAN**

**Sec. 101.** Codification of sanctions.

**TITLE II—AMENDMENTS TO THE IRAN AND LIBYA SANCTIONS ACT OF 1996 AND OTHER PROVISIONS RELATED TO INVESTMENT IN IRAN**

**Sec. 201.** Multilateral regime.

**Sec. 202.** Imposition of sanctions.

**Sec. 203.** Termination of sanctions.

**Sec. 204.** Sunset.

**Sec. 205.** Technical and conforming amendments.

**TITLE III—PROMOTION OF DEMOCRACY FOR IRAN**

**Sec. 301.** Declaration of policy.

**Sec. 302.** Assistance to support democracy for Iran.

**TITLE IV—POLICY OF THE UNITED STATES TO FACILITATE THE NUCLEAR NONPROLIFERATION OF IRAN**

**Sec. 401.** Sense of Congress.

**TITLE V—PREVENTION OF MONEY LAUNDERING FOR WEAPONS OF MASS DESTRUCTION**

**Sec. 501.** Prevention of money laundering for weapons of mass destruction.

**TITLE I—CODIFICATION OF SANCTIONS AGAINST IRAN**

**SEC. 101.** <<NOTE: 50 USC 1701 note.>> CODIFICATION OF SANCTIONS.

(a) Codification of Sanctions.—Except as otherwise provided in this section, United States sanctions with respect to Iran imposed pursuant to sections 1 and 3 of Executive Order No. 12957, sections 1(e), (1)(g), and (3) of Executive Order No. 12959, and sections 2, 3, and 5 of Executive Order No. 13059 (relating to exports and certain other transactions with Iran) as in effect on January 1, 2006, shall remain in effect.

Deadline. The President may terminate such sanctions, in whole or in part, if the President notifies Congress at least 15 days in advance of such termination. In the event of exigent circumstances, the President may exercise the authority set forth in the preceding sentence without regard to the notification requirement stated therein, except that such notification shall be provided as early as practicable, but in no event later than three working days after such exercise of authority.

(b) No Effect on Other Sanctions Relating to Support for Acts of International Terrorism.—Nothing in this Act shall affect any United States sanction, control, or regulation as in effect on January 1, 2006, relating to a determination under section 6(j)(1)(A) of the Export Administration Act of 1979 (50 U.S.C. App. 2405(j)(1)(A)), section 620A(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2371(a)), or section 40(d) of the Arms Export Control Act (22 U.S.C. 2780(d)) that the Government of Iran has repeatedly provided support for acts of international terrorism.

**TITLE II—AMENDMENTS TO THE IRAN AND LIBYA SANCTIONS ACT OF 1996 AND OTHER PROVISIONS RELATED TO INVESTMENT IN IRAN**

**SEC. 201.** MULTILATERAL REGIME.

(a) Waiver.—Section 4(c) of the Iran and Libya Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended to read as follows:

“(c) Waiver.—

“(1) In general.—The President may, on a case by case basis, waive for a period of not more than six months the application of section 5(a) with respect to a national of a country, if the President certifies to the appropriate congressional committees at least 30 days before such waiver is to take effect that such waiver is vital to the national security interests of the United States.

(2) Subsequent renewal of waiver.—If the President determines that, in accordance with paragraph (1), such a waiver is appropriate, the President may, at the conclusion of the period of a waiver under paragraph (1), renew such waiver for subsequent periods of not more than six months each.”.

(b) Investigations.—Section 4 of such Act (50 U.S.C. 1701 note) is amended by adding at the end the following new subsection:



“(f) Investigations.—

“(1) In general.—The President should initiate an investigation into the possible imposition of sanctions under section 5(a) against a person upon receipt by the United States of credible information indicating that such person is engaged in investment activity in Iran as described in such section.

“(2) <<NOTE: Deadline.>> Determination and notification.—Not later than 180 days after an investigation is initiated in accordance with paragraph (1), the President should determine, pursuant to section 5(a), if a person has engaged in investment activity in Iran as described in such section and shall notify the appropriate congressional committees of the basis for any such determination.”.

#### SEC. 202. IMPOSITION OF SANCTIONS.

(a) Sanctions With Respect to Development of Petroleum Resources.—Section 5(a) of the Iran and Libya Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended in the heading, by striking “to Iran” and inserting “to the Development of Petroleum Resources of Iran”.

(b) Sanctions With Respect to Development of Weapons of Mass Destruction or Other Military Capabilities.—Section 5(b) of such Act (50 U.S.C. 1701 note) is amended to read as follows:

“(b) Mandatory Sanctions With Respect to Development of Weapons of Mass Destruction or Other Military Capabilities.—The President shall impose two or more of the sanctions described in paragraphs (1) through (6) of section 6 if the President determines that a person has, on or after the date of the enactment of this Act, exported, transferred, or otherwise provided to Iran any goods, services, technology, or other items knowing that the provision of such goods, services, technology, or other items would contribute materially to the ability of Iran to—

“(1) acquire or develop chemical, biological, or nuclear weapons or related technologies; or

“(2) acquire or develop destabilizing numbers and types of advanced conventional weapons.”.

(c) <<NOTE: 50 USC 1701 note.>> Effective Date.—The amendments made by this section shall apply with respect to actions taken on or after June 6, 2006.

#### SEC. 203. TERMINATION OF SANCTIONS.

Section 8(a) of the Iran and Libya Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended—

(1) in paragraph (1)(C), by striking “and” at the end;

(2) in paragraph (2), by striking the period at the end and inserting “; and”; and

(3) by adding at the end the following new paragraph:

“(3) poses no significant threat to United States national security, interests, or allies.”.

#### SEC. 204. SUNSET.

Section 13 of the Iran and Libya Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended by striking “on September 29, 2006” and inserting “on December 31, 2011”.

#### SEC. 205. TECHNICAL AND CONFORMING AMENDMENTS.

(a) Findings.—Section 2 of the Iran and Libya Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended by striking paragraph (4).

(b) Declaration of Policy.—Section 3 of the Iran and Libya Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended—

(1) in subsection (a), by striking “(a) Policy With Respect to Iran.—”; and

(2) by striking subsection (b).

(c) Termination of Sanctions.—Section 8 of the Iran and Libya Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended—

(1) in subsection (a), by striking “(a) Iran.—”; and

(2) by striking subsection (b).

(d) Duration of Sanctions; Presidential Waiver.—Section 9(c)(2)(C) of the Iran and Libya Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended to read as follows:

“(C) an estimate of the significance of the provision of the items described in section 5(a) or section 5(b) to Iran’s ability to, respectively, develop its petroleum resources or its weapons of mass destruction or other military capabilities; and”.

(e) Reports Required.—Section 10(b)(1) of the Iran and Libya Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended by striking “and Libya” each place it appears.

(f) Definitions.—Section 14 of the Iran and Libya Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended—

(1) in paragraph (9)—

(A) in the matter preceding subparagraph (A), by—

(i) striking “, or with the Government of Libya or a nongovernmental entity in Libya,”; and

(ii) by striking “nongovernmental” and inserting “nongovernmental”; and

(B) in subparagraph (A), by striking “or Libya (as the case may be)”;

(2) by striking paragraph (12); and

(3) by redesignating paragraphs (13), (14), (15), (16), and (17) as paragraphs (12), (13), (14), (15), and (16), respectively.

(g) Short Title.—

(1) In general.—Section 1 of the Iran and Libya Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended by striking “and Libya”.

(2) <<NOTE: 50 USC 1701 note.>> References.—Any reference in any other provision of law, regulation, document, or other record of the United States to the “Iran and Libya Sanctions Act of 1996” shall be deemed to be a reference to the “Iran Sanctions Act of 1996”.

**TITLE <<NOTE: 22 USC 2151 note.>> III—PROMOTION OF DEMOCRACY FOR IRAN**

**SEC. 301. DECLARATION OF POLICY.**

- (a) In General.—Congress declares that it should be the policy of the United States—
  - (1) to support efforts by the people of Iran to exercise self-determination over the form of government of their country; and
  - (2) to support independent human rights and peaceful pro-democracy forces in Iran.
- (b) Rule of Construction.—Nothing in this Act shall be construed as authorizing the use of force against Iran.

**SEC. 302. ASSISTANCE TO SUPPORT DEMOCRACY FOR IRAN.**

- (a) Authorization.—
  - (1) In general.—Notwithstanding any other provision of law, the President is authorized to provide financial and political assistance (including the award of grants) to foreign and domestic individuals, organizations, and entities working for the purpose of supporting and promoting democracy for Iran. Such assistance may include the award of grants to eligible independent pro-democracy radio and television broadcasting organizations that broadcast into Iran.
  - (2) Limitation on assistance.—In accordance with the rule of construction described in subsection (b) of section 301, none of the funds authorized under this section shall be used to support the use of force against Iran.
- (b) Eligibility for Assistance.—Financial and political assistance under this section should be provided only to an individual, organization, or entity that—
  - (1) officially opposes the use of violence and terrorism and has not been designated as a foreign terrorist organization under section 219 of the Immigration and Nationality Act (8 U.S.C. 1189) at any time during the preceding four years;
  - (2) advocates the adherence by Iran to nonproliferation regimes for nuclear, chemical, and biological weapons and materiel;
  - (3) is dedicated to democratic values and supports the adoption of a democratic form of government in Iran;
  - (4) is dedicated to respect for human rights, including the fundamental equality of women;
  - (5) works to establish equality of opportunity for people; and
  - (6) supports freedom of the press, freedom of speech, freedom of association, and freedom of religion.
- (c) Funding.—The President may provide assistance under this section using—
  - (1) funds available to the Middle East Partnership Initiative (MEPI), the Broader Middle East and North Africa Initiative, and the Human Rights and Democracy Fund; and
  - (2) amounts made available pursuant to the authorization of appropriations under subsection (g).

- (d) <<NOTE: Deadline.>> Notification.—Not later than 15 days before each obligation of assistance under this section, and in accordance with the procedures under section 634A of the Foreign Assistance Act of 1961 (22 U.S.C. 2394-I), the President shall notify the Committee on International Relations and the Committee on Appropriations of the House of Representatives and the Committee on Foreign Relations and the Committee on Appropriations of the Senate.
- (e) Sense of Congress Regarding Diplomatic Assistance.—It is the sense of Congress that—
  - (1) support for a transition to democracy in Iran should be expressed by United States representatives and officials in all appropriate international fora;
  - (2) officials and representatives of the United States should—
    - (A) strongly and unequivocally support indigenous efforts in Iran calling for free, transparent, and democratic elections; and
    - (B) draw international attention to violations by the Government of Iran of human rights, freedom of religion, freedom of assembly, and freedom of the press.
- (f) Duration.—The authority to provide assistance under this section shall expire on December 31, 2011.
- (g) Authorization of Appropriations.—There is authorized to be appropriated to the Secretary of State such sums as may be necessary to carry out this section.

**TITLE IV—POLICY OF THE UNITED STATES TO FACILITATE THE NUCLEAR NONPROLIFERATION OF IRAN**

**SEC. 401. SENSE OF CONGRESS.**

- (a) Sense of Congress.—It should be the policy of the United States not to bring into force an agreement for cooperation with the government of any country that is assisting the nuclear program of Iran or transferring advanced conventional weapons or missiles to Iran unless the President has determined that—
  - (1) Iran has suspended all enrichment-related and reprocessing-related activity (including uranium conversion and research and development, manufacturing, testing, and assembly relating to enrichment and reprocessing), has committed to verifiably refrain permanently from such activity in the future (except potentially the conversion of uranium exclusively for export to foreign nuclear fuel production facilities pursuant to internationally agreed arrangements and subject to strict international safeguards), and is abiding by that commitment; or
  - (2) the government of that country—
    - (A) has, either on its own initiative or pursuant to a binding decision of the United Nations Security Council, suspended all nuclear assistance to Iran and all transfers of advanced conventional weapons and missiles to Iran, pending a decision by Iran to implement measures that would permit the President to make the determination described in paragraph (1); and

- (B) is committed to maintaining that suspension until Iran has implemented measures that would permit the President to make such determination.
- (b) Definitions.—In this section:
- (1) Agreement for cooperation.—The term “agreement for cooperation” has the meaning given that term in section 11 b. of the Atomic Energy Act of 1954 (42 U.S.C. 2014(b)).
  - (2) Assisting the nuclear program of iran.—The term “assisting the nuclear program of Iran” means the intentional transfer to Iran by a government, or by a person subject to the jurisdiction of a government, with the knowledge and acquiescence of that government, of goods, services, or technology listed on the Nuclear Suppliers Group Guidelines for the Export of Nuclear Material, Equipment and Technology (published by the International Atomic Energy Agency as Information Circular INFCIRC/254/Rev. 3/Part 1, and subsequent revisions) or Guidelines for Transfers of Nuclear-Related Dual- Use Equipment, Material and Related Technology (published by the International Atomic Energy Agency as Information Circular INFCIRC/254/Rev. 3/Part 2 and subsequent revisions).
  - (3) Transferring advanced conventional weapons or missiles to iran.—The term “transferring advanced conventional weapons or missiles to Iran” means the intentional transfer to Iran by a government, or by a person subject to the jurisdiction of a government, with the knowledge and acquiescence of that government, of—
    - (A) advanced conventional weapons; or
    - (B) goods, services, or technology listed on the Missile Technology Control Regime Equipment and Technology Annex of June 11, 1996, and subsequent revisions.

#### **TITLE V—PREVENTION OF MONEY LAUNDERING FOR WEAPONS OF MASS DESTRUCTION**

##### **SEC. 501. PREVENTION OF MONEY LAUNDERING FOR WEAPONS OF MASS DESTRUCTION.**

Section 5318A(c)(2) of title 31, United States Code, is amended—

- (1) in subparagraph (A)(i), by striking “or both,” and inserting “or entities involved in the proliferation of weapons of mass destruction or missiles”; and
- (2) in subparagraph (B)(i), by inserting “, including any money laundering activity by organized criminal groups, international terrorists, or entities involved in the proliferation of weapons of mass destruction or missiles” before the semicolon at the end.

Approved September 30, 2006.

**END TEXT**

## **Sanctions on Countries of “Particular Concern” for Violations of Religious Freedom**

The following sections of the International Religious Freedom Act of 1998, P.L. 105-292, as amended, specify penalties for countries designated as “Countries of Particular Concern” according to IRFA. Iran has been designated as such a country each year since the designation was developed (1999). The penalties to be imposed are at least one of seven stipulated U.S. economic sanctions (numbers 9 – 15 of Section 405), which include denial of U.S. assistance to Iran, denial of Export-Import Bank credit guarantees, voting against international loans to Iran, a prohibition on licensing exports of arms and dual use items to Iran, and denial of entry into procurement contracts with any Iranian entities.

However, these penalties are largely redundant with U.S. sanctions imposed on Iran over other issues, and therefore no additional sanctions have been imposed on Iran as a consequence of its designation as a Country of Particular Concern. Some of the optional steps available in Section 405, such as cancellation of any state visits between the United States and Iran, have been moot because the two countries have lacked official relations since early 1980. A waiver of penalties on “important” U.S. national interest grounds is provided for.

**BEGIN TEXT**

#### **Subtitle I—Targeted Responses to Violations of Religious Freedom Abroad**

##### **SEC. 401. <<NOTE: 22 USC 6441.>> PRESIDENTIAL ACTIONS IN RESPONSE TO VIOLATIONS OF RELIGIOUS FREEDOM.**

- (a) Response to violations of religious freedom.—
- (1) In general.—
    - (A) United states policy.—It shall be the policy of the United States—
      - (i) to oppose violations of religious freedom that are or have been engaged in or tolerated by the governments of foreign countries; and
      - (ii) to promote the right to freedom of religion in those countries through the actions described in subsection (b).
    - (B) Requirement of presidential action.—For each foreign country the government of which engages in or

- tolerates violations of religious freedom, the President shall oppose such violations and promote the right to freedom of religion in that country through the actions described in subsection (b).
- (2) Basis of actions.—Each action taken under paragraph (1)(B) shall be based upon information regarding violations of religious freedom, as described in the latest Country Reports on Human Rights Practices, the Annual Report and Executive Summary, and on any other evidence available, and shall take into account any findings or recommendations by the Commission with respect to the foreign country.
- (b) Presidential Actions.—
- (1) In general.—Subject to paragraphs (2) and (3), the President, in consultation with the Secretary of State, the Ambassador at Large, the Special Adviser, and the Commission, shall, as expeditiously as practicable in response to the violations described in subsection (a) by the government of a foreign country—
- (A) take one or more of the actions described in paragraphs (1) through (15) of section 405(a) (or commensurate action in substitution thereto) with respect to such country; or
- (B) negotiate and enter into a binding agreement with the government of such country, as described in section 405(c).
- (2) Deadline for actions.—Not later than September 1 of each year, the President shall take action under any of paragraphs (1) through (15) of section 405(a) (or commensurate action in substitution thereto) with respect to each foreign country the government of which has engaged in or tolerated violations of religious freedom at any time since September 1 of the preceding year, except that in the case of action under any of paragraphs (9) through (15) of section 405(a) (or commensurate action in substitution hereto)—
- (A) the action may only be taken after the requirements of sections 403 and 404 have been satisfied; and
- (B) the September 1 limitation shall not apply.
- (3) Authority for delay of presidential actions.—The President may delay action under paragraph (2) described in any of paragraphs (9) through (15) of section 405(a) (or commensurate action in substitution thereto) if he determines and certifies to Congress that a single, additional period of time, not to exceed 90 days, is necessary pursuant to the same provisions applying to countries of particular concern for religious freedom under section 402(c)(3).
- (c) Implementation.—
- (1) In general.—In carrying out subsection (b), the President shall—
- (A) take the action or actions that most appropriately respond to the nature and severity of the violations of religious freedom;
- (B) seek to the fullest extent possible to target action as narrowly as practicable with respect to the agency or instrumentality of the foreign government, or specific officials thereof, that are responsible for such violations; and
- (C) when appropriate, make every reasonable effort to conclude a binding agreement concerning the cessation of such violations in countries with which the United States has diplomatic relations.
- (2) Guidelines for presidential actions.—In addition to the guidelines under paragraph (1), the President, in determining whether to take a Presidential action under paragraphs (9) through (15) of section 405(a) (or commensurate action in substitution thereto), shall seek to minimize any adverse impact on—
- (A) the population of the country whose government is targeted by the Presidential action or actions; and
- (B) the humanitarian activities of United States and foreign nongovernmental organizations in such country.
- SEC. 402.** <<NOTE: 22 USC 6442.>> PRESIDENTIAL ACTIONS IN RESPONSE TO PARTICULARLY SEVERE VIOLATIONS OF RELIGIOUS FREEDOM.
- (a) Response to Particularly Severe Violations of Religious Freedom.—
- (1) United states policy.—It shall be the policy of the United States—
- (A) to oppose particularly severe violations of religious freedom that are or have been engaged in or tolerated by the governments of foreign countries; and
- (B) to promote the right to freedom of religion in those countries through the actions described in subsection (c).
- (2) Requirement of presidential action.—Whenever the President determines that the government of a foreign country has engaged in or tolerated particularly severe violations of religious freedom, the President shall oppose such violations and promote the right to religious freedom through one or more of the actions described in subsection (c).
- (b) Designations of Countries of Particular Concern for Religious Freedom.—
- (1) Annual review.—
- (A) In general.—Not later than September 1 of each year, the President shall review the status of religious freedom in each foreign country to determine whether the government of that country has engaged in or tolerated particularly severe violations of religious freedom in that country during the preceding 12 months or since the date of the last review of that country under this subparagraph, whichever period is longer. The Presi-

- dent shall designate each country the government of which has engaged in or tolerated violations described in this subparagraph as a country of particular concern for religious freedom.
- (B) Basis of review.—Each review conducted under subparagraph (A) shall be based upon information contained in the latest Country Reports on Human Rights Practices, the Annual Report, and on any other evidence available and shall take into account any findings or recommendations by the Commission with respect to the foreign country.
- (C) Implementation.—Any review under subparagraph (A) of a foreign country may take place singly or jointly with the review of one or more countries and may take place at any time prior to September 1 of the respective year.
- (2) Determinations of responsible parties.—For the government of each country designated as a country of particular concern for religious freedom under paragraph (1)(A), the President shall seek to determine the agency or instrumentality thereof and the specific officials thereof that are responsible for the particularly severe violations of religious freedom engaged in or tolerated by that government in order to ely target Presidential actions under this section in response.
- (3) Congressional notification.—Whenever the President designates a country as a country of particular concern for religious freedom under paragraph (1)(A), the President shall, as soon as practicable after the designation is made, transmit to the appropriate congressional committees—
- (A) the designation of the country, signed by the President; and
- (B) the identification, if any, of responsible parties determined under paragraph (2).
- (c) Presidential Actions With Respect to Countries of Particular Concern for Religious Freedom.—
- (1) In general.—Subject to paragraphs (2), (3), and (4) with respect to each country of particular concern for religious freedom designated under subsection (b)(1)(A), the President shall, after the requirements of sections 403 and 404 have been satisfied, but not later than 90 days (or 180 days in case of a delay under paragraph (3)) after the date of designation of the country under that subsection, carry out one or more of the following actions under subparagraph (A) or subparagraph (B):
- (A) Presidential actions.—One or more of the Presidential actions described in paragraphs (9) through (15) of section 405(a), as determined by the President.
- (B) Commensurate actions.—Commensurate action in substitution to any action described in subparagraph (A).
- (2) Substitution of binding agreements.—
- (A) In general.—In lieu of carrying out action under paragraph (1), the President may conclude a binding agreement with the respective foreign government as described in section 405(c). The existence of a binding agreement under this paragraph with a foreign government may be considered by the President prior to making any determination or taking any action under this title.
- (B) Statutory construction.—Nothing in this paragraph may be construed to authorize the entry of the United States into an agreement covering matters outside the scope of violations of religious freedom.
- (3) Authority for delay of presidential actions.—If, on or before the date that the President is required (but for this paragraph) to take action under paragraph (1), the President determines and certifies to Congress that a single, additional period of time not to exceed 90 days is necessary—
- (A) for a continuation of negotiations that have been commenced with the government of that country to bring about a cessation of the violations by the foreign country;
- (B) for a continuation of multilateral negotiations into which the United States has entered to bring about a cessation of the violations by the foreign country;
- (C)
- (i) for a review of corrective action taken by the foreign country after designation of such country as a country of particular concern; or
- (ii) in anticipation that corrective action will be taken by the foreign country during the 90-day period, then the President shall not be required to take action until the expiration of that period of time.
- (4) Exception for ongoing presidential action.—The President shall not be required to take action pursuant to this subsection in the case of a country of particular concern for religious freedom, if with respect to such country—
- (A) the President has taken action pursuant to this Act in a preceding year;
- (B) such action is in effect at the time the country is designated as a country of particular concern for religious freedom under this section;
- (C) the President reports to Congress the information described in section 404(a)(1), (2), (3), and (4) regarding the actions in effect with respect to the country; and
- (D) at the time the President determines a country to be a country of particular concern, if that country is already subject to multiple, broad-based sanctions imposed in significant part in response to human rights abuses, and such sanctions are ongoing, the President may determine that one or more of these sanctions also



satisfies the requirements of this subsection. In a report to Congress pursuant to section 404(a)(1), (2), (3), and (4), and, as applicable, to section 408, the President must designate the specific sanction or sanctions which he determines satisfy the requirements of this subsection. The sanctions so designated shall remain in effect subject to section 409 of this Act.

- (d) **Statutory Construction.**—A determination under this Act, or any amendment made by this Act, that a foreign country has engaged in or tolerated particularly severe violations of religious freedom shall not be construed to require the termination of assistance or other activities with respect to that country under any other provision of law, including section 116 or 502B of the Foreign Assistance Act of 1961 (22 U.S.C. 2151n, 2304).

**SEC. 403.** <<NOTE: 22 USC 6443.>> CONSULTATIONS.

- (a) **In General.**—As soon as practicable after the President decides to take action under section 401 in response to violations of religious freedom and the President decides to take action under paragraphs (9) through (15) of section 405(a) (or commensurate action in substitution thereto) with respect to that country, or not later than 90 days after the President designates a country as a country of particular concern for religious freedom under section 402, as the case may be, the President shall carry out the consultations required in this section.
- (b) **Duty To Consult With Foreign Governments Prior To Taking Presidential Actions.**—
- (1) **In general.**—The President shall—
- (A) request consultation with the government of such country regarding the violations giving rise to designation of that country as a country of particular concern for religious freedom or to Presidential action under section 401; and
- (B) if agreed to, enter into such consultations, privately or publicly.
- (2) **Use of multilateral fora.**—If the President determines it to be appropriate, such consultations may be sought and may occur in a multilateral forum, but, in any event, the President shall consult with appropriate foreign governments for the purposes of achieving a coordinated international policy on actions that may be taken with respect to a country described in subsection (a), prior to implementing any such action.
- (3) **Election of nondisclosure of negotiations to public.**—If negotiations are undertaken or an agreement is concluded with a foreign government regarding steps to cease the pattern of violations by that government, and if public disclosure of such negotiations or agreement would jeopardize the negotiations or the implementation of such agreement, as the case may be, the President may refrain from disclosing such negotiations and such agreement to the public, except that the President shall inform the appropriate

congressional committees of the nature and extent of such negotiations and any agreement reached.

- (c) **Duty To Consult With Humanitarian Organizations.**—The President should consult with appropriate humanitarian and religious organizations concerning the potential impact of United States policies to promote freedom of religion in countries described in subsection (a).
- (d) **Duty To Consult With United States Interested Parties.**—The President shall, as appropriate, consult with United States interested parties as to the potential impact of intended Presidential action or actions in countries described in subsection (a) on economic or other interests of the United States.

**SEC. 404.** <<NOTE: 22 USC 6444.>> REPORT TO CONGRESS.

- (a) **In General.**—Subject to subsection (b), not later than 90 days after the President decides to take action under section 401 in response to violations of religious freedom and the President decides to take action under paragraphs (9) through (15) of section 405(a) (or commensurate action in substitution thereto) with respect to that country, or not later than 90 days after the President designates a country as a country of particular concern for religious freedom under section 402, as the case may be, the President shall submit a report to Congress containing the following:
- (1) **Identification of presidential actions.**—An identification of the Presidential action or actions described in paragraphs (9) through (15) of section 405(a) (or commensurate action in substitution thereto) to be taken with respect to the foreign country.
- (2) **Description of violations.**—A description of the violations giving rise to the Presidential action or actions to be taken.
- (3) **Purpose of presidential actions.**—A description of the purpose of the Presidential action or actions.
- (4) **Evaluation.**—
- (A) **Description.**—An evaluation, in consultation with the Secretary of State, the Ambassador at Large, the Commission, the Special Adviser, the parties described in section 403(c) and (d), and whoever else the President deems appropriate, of—
- (i) the impact upon the foreign government;
- (ii) the impact upon the population of the country; and
- (iii) the impact upon the United States economy and other interested parties.
- (B) **Authority to withhold disclosure.**—The President may withhold part or all of such evaluation from the public but shall provide the entire evaluation to Congress.
- (5) **Statement of policy options.**—A statement that noneconomic policy options designed to bring about cessation of the particularly severe violations of religious freedom have reasonably been exhausted, including the consultations required in section 403.



- (6) Description of multilateral negotiations.—A description of multilateral negotiations sought or carried out, if appropriate and applicable.
- (b) Delay in Transmittal of Report.—If, on or before the date that the President is required (but for this subsection) to submit a report under subsection (a) to Congress, the President determines and certifies to Congress that a single, additional period of time not to exceed 90 days is necessary pursuant to section 401(b)(3) or 402(c)(3), then the President shall not be required to submit the report to Congress until the expiration of that period of time.

**SEC. 405. DESCRIPTION OF PRESIDENTIAL ACTIONS.**

- (a) Description of Presidential Actions.—Except as provided in subsection (d), the Presidential actions referred to in this subsection are the following:
  - (1) A private demarche.
  - (2) An official public demarche.
  - (3) A public condemnation.
  - (4) A public condemnation within one or more multilateral fora.
  - (5) The delay or cancellation of one or more scientific exchanges.
  - (6) The delay or cancellation of one or more cultural exchanges.
  - (7) The denial of one or more working, official, or state visits.
  - (8) The delay or cancellation of one or more working, official, or state visits.
  - (9) The withdrawal, limitation, or suspension of United States development assistance in accordance with section 116 of the Foreign Assistance Act of 1961.
  - (10) Directing the Export-Import Bank of the United States, the Overseas Private Investment Corporation, or the Trade and Development Agency not to approve the issuance of any (or a specified number of) guarantees, insurance, extensions of credit, or participations in the extension of credit with respect to the specific government, agency, instrumentality, or official found or determined by the President to be responsible for violations under section 401 or 402.
  - (11) The withdrawal, limitation, or suspension of United States security assistance in accordance with section 502B of the Foreign Assistance Act of 1961.
  - (12) Consistent with section 701 of the International Financial Institutions Act of 1977, directing the United States executive directors of international financial institutions to oppose and vote against loans primarily benefiting the specific foreign government, agency, instrumentality, or official found or determined by the President to be responsible for violations under section 401 or 402.
  - (13) Ordering the heads of the appropriate United States agencies not to issue any (or a specified number of) specific licenses, and not to grant any other specific authority (or a specified number of authorities), to export any goods or technology to the specific foreign government, agency,

instrumentality, or official found or determined by the President to be responsible for violations under section 401 or 402, under—

- (A) the Export Administration Act of 1979;
  - (B) the Arms Export Control Act;
  - (C) the Atomic Energy Act of 1954; or
  - (D) any other statute that requires the prior review and approval of the United States Government as a condition for the export or reexport of goods or services.
- (14) Prohibiting any United States financial institution from making loans or providing credits totaling more than \$10,000,000 in any 12-month period to the specific foreign government, agency, instrumentality, or official found or determined by the President to be responsible for violations under section 401 or 402.
  - (15) Prohibiting the United States Government from procuring, or entering into any contract for the procurement of, any goods or services from the foreign government, entities, or officials found or determined by the President to be responsible for violations under section 401 or 402.
- (b) Commensurate Action.—Except as provided in subsection (d), the President may substitute any other action authorized by law for any action described in paragraphs (1) through (15) of subsection (a) if such action is commensurate in effect to the action substituted and if the action would further the policy of the United States set forth in section 2(b) of this Act. The President shall seek to take all appropriate and feasible actions authorized by law to obtain the cessation of the violations. If commensurate action is taken, the President shall report such action, together with an explanation for taking such action, to the appropriate congressional committees.
  - (c) Binding Agreements.—The President may negotiate and enter into a binding agreement with a foreign government that obligates such government to cease, or take substantial steps to address and phase out, the act, policy, or practice constituting the violation of religious freedom. The entry into force of a binding agreement for the cessation of the violations shall be a primary objective for the President in responding to a foreign government that has engaged in or tolerated particularly severe violations of religious freedom.
  - (d) Exceptions.—Any action taken pursuant to subsection (a) or (b) may not prohibit or restrict the provision of medicine, medical equipment or supplies, food, or other humanitarian assistance.

**SEC. 406. <<NOTE: 22 USC 6446.>> EFFECTS ON EXISTING CONTRACTS.**

The President shall not be required to apply or maintain any Presidential action under this subtitle—

- (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 and so reports to Congress that the person or other entity to which the Presidential action 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 and so reports to Congress that such articles or services are essential to the national security under defense coproduction agreements; or

- (2) to products or services provided under contracts entered into before the date on which the President publishes his intention to take the Presidential action.

**SEC. 407.** <<NOTE: 22 USC 6447.>> PRESIDENTIAL WAIVER.

(a) In General.—Subject to subsection (b), the President may waive the application of any of the actions described in paragraphs (9) through (15) of section 405(a) (or commensurate action in substitution thereto) with respect to a country, if the President determines and so reports to the appropriate congressional committees that—

- (1) the respective foreign government has ceased the violations giving rise to the Presidential action;
- (2) the exercise of such waiver authority would further the purposes of this Act; or
- (3) the important national interest of the United States requires the exercise of such waiver authority.

(b) Congressional Notification.—Not later than the date of the exercise of a waiver under subsection (a), the President shall notify the appropriate congressional committees of the waiver or the intention to exercise the waiver, together with a detailed justification thereof.

**SEC. 408.** <<NOTE: 22 USC 6448.>> PUBLICATION IN FEDERAL REGISTER.

(a) In General.—Subject to subsection (b), the President shall cause to be published in the Federal Register the following:

- (1) Determinations of governments, officials, and entities of particular concern.—Any designation of a country of particular concern for religious freedom under section 402(b) (1), together with, when applicable and to the extent practicable, the identities of the officials or entities determined to be responsible for the violations under section 402(b)(2).
- (2) Presidential actions.—A description of any Presidential action under paragraphs (9) through (15) of section 405(a) (or commensurate action in substitution thereto) and the effective date of the Presidential action.
- (3) Delays in transmittal of presidential action reports.—Any delay in transmittal of a Presidential action report, as described in section 404(b).

(4) Waivers.—Any waiver under section 407.

(b) Limited Disclosure of Information.—The President may limit publication of information under this section in the same manner and to the same extent as the President may limit the publication of findings and determinations described in section 654(c) of the Foreign Assistance Act of 1961 (22 U.S.C. 2414(c)), if the President determines that the publication of information under this section—

- (1) would be harmful to the national security of the United States; or
- (2) would not further the purposes of this Act.

**SEC. 409.** <<NOTE: 22 USC 6449.>> TERMINATION OF PRESIDENTIAL ACTIONS.

Any Presidential action taken under this Act with respect to a foreign country shall terminate on the earlier of the following dates:

- (1) Termination date.—Within 2 years of the effective date of the Presidential action unless expressly reauthorized by law.
- (2) Foreign government actions.—Upon the determination by the President, in consultation with the Commission, and certification to Congress that the foreign government has ceased or taken substantial and verifiable steps to cease the particularly severe violations of religious freedom.

**SEC. 410.** <<NOTE: 22 USC 6450.>> PRECLUSION OF JUDICIAL REVIEW.

No court shall have jurisdiction to review any Presidential determination or agency action under this Act or any amendment made by this Act.

**Subtitle II—Strengthening Existing Law**

**SEC. 421.** UNITED STATES ASSISTANCE.

(a) Implementation of Prohibition on Economic Assistance.—Section 116(c) of the Foreign Assistance Act of 1961 (22 U.S.C. 2151n(c)) is amended—

- (1) in the text above paragraph (1), by inserting “and in consultation with the Ambassador at Large for International Religious Freedom” after “Labor”;
- (2) by striking “and” at the end of paragraph (1);
- (3) by striking the period at the end of paragraph (2) and inserting “; and”; and
- (4) by adding at the end the following new paragraph:
  - “(3) whether the government—

“(A) has engaged in or tolerated particularly severe violations of religious freedom, as defined in section 3 of the International Religious Freedom Act of 1998; or

“(B) has failed to undertake serious and sustained efforts to combat particularly severe violations of religious freedom (as defined in section 3 of the International Religious Freedom Act of 1998), when such efforts could have been reasonably undertaken.”.

(b) Implementation of Prohibition on Military Assistance.—Section 502B(a) of the Foreign Assistance Act of 1961 (22 U.S.C.

2304(a)) is amended by adding at the end the following new paragraph:

- “(4) In determining whether the government of a country engages in a consistent pattern of gross violations of internationally recognized human rights, the President shall give particular consideration to whether the government—
- “(A) has engaged in or tolerated particularly severe violations of religious freedom, as defined in section 3 of the International Religious Freedom Act of 1998; or
- “(B) has failed to undertake serious and sustained efforts to combat particularly severe violations of religious freedom when such efforts could have been reasonably undertaken.”.

**SEC. 422. MULTILATERAL ASSISTANCE.**

Section 701 of the International Financial Institutions Act (22 U.S.C. 262d) is amended by adding at the end the following new subsection:

- “(g) In determining whether the government of a country engages in a pattern of gross violations of internationally recognized human rights, as described in subsection (a), the President shall give particular consideration to whether a foreign government—
- “(1) has engaged in or tolerated particularly severe violations of religious freedom, as defined in section 3 of the International Religious Freedom Act of 1998; or
- “(2) has failed to undertake serious and sustained efforts to combat particularly severe violations of religious freedom when such efforts could have been reasonably undertaken.”.

**SEC. 423. <<NOTE: 22 USC 6461.>> EXPORTS OF CERTAIN ITEMS USED IN PARTICULARLY SEVERE VIOLATIONS OF RELIGIOUS FREEDOM.**

- (a) **Mandatory Licensing.**—Notwithstanding any other provision of law, the Secretary of Commerce, with the concurrence of the Secretary of State, shall include on the list of crime control and detection instruments or equipment controlled for export and reexport under section 6(n) of the Export Administration Act of 1979 (22 U.S.C. App. 2405(n)), or under any other provision of law, items being exported or reexported to countries of particular concern for religious freedom that the Secretary of Commerce, with the concurrence of the Secretary of State, and in consultation with appropriate officials including the Assistant Secretary of State for Democracy, Human Rights and Labor and the Ambassador at Large, determines are being used or are intended for use directly and in significant measure to carry out particularly severe violations of religious freedom.
- (b) **Licensing Ban.**—The prohibition on the issuance of a license for export of crime control and detection instruments or equipment under section 502B(a)(2) of the Foreign Assistance Act of 1961 (22 U.S.C. 2304(a)(2)) shall apply to the export and reexport of any item included pursuant to subsection (a) on the list of crime control instruments.

**END TEXT**

**Iran As a “Country of Particular Concern” in October 26, 2009 Report on International Religious Freedom**

The following is text from the Executive Summary of the October 26, 2009 State Department report on international religious freedom, required by the IRFA. This portion of the IRFA report explains U.S. actions taken to improve religious freedom in Iran. As shown below, Iran was again designated as a “Country of Particular Concern” on January 16, 2009. The following link is to the full text of the IRFA country report on Iran released October 26, 2009, and discussing all aspects of the religious freedom situation in Iran, and providing justification for why Iran continues to be listed as a Country of Particular Concern. <http://www.state.gov/g/drl/rls/irf/2009/127347.htm>.

The report for 2010, released November 17, 2010, did not contain a reference to Iran as a Country of Particular Concern in the executive summary, but the country report on Iran in the body of the report stated that Iran has been named a CPC each year since 1999.

**BEGIN TEXT**

**PART II: U.S. ACTIONS IN COUNTRIES OF PARTICULAR CONCERN**

This section highlights actions by U.S. government officials to promote religious freedom and to encourage governments to take positive steps to improve religious freedom conditions in the Countries of Particular Concern (CPCs). The IRF Act requires an annual review of the status of religious freedom worldwide and the designation as CPCs of countries that have “engaged in or tolerated particularly severe violations of religious freedom” during the reporting period. Following the designation, a period of negotiation may ensue, in which the United States seeks to work with a designated country to bring about change. Subsequently, depending upon the results of these discussions, the Secretary of State takes one or more actions, pursuant to the IRF Act.

Options for such actions include application of sanctions or negotiation of a bilateral agreement to improve religious freedom. Sanctions may be waived to further the purpose of the IRF Act or to further national interest. Some of these countries have also seen limited positive developments under circumstances where abuses of religious freedom

are generally severe, and these are highlighted in Part III. Additional information can be found in the country reports. The Office of International Religious Freedom, headed by an Ambassador at Large, works throughout the year to promote religious freedom in each CPC.

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**BEGIN TEXT**

**Iran**

Iran first was designated a CPC in 1999 and most recently was re-designated on January 16, 2009. As the action under the IRF Act, the Secretary designated the existing ongoing restrictions on United States security assistance in accordance with section 40 of the Arms Export Control Act, pursuant to section 402(c)(5) of the Act. The United States has no diplomatic relations with Iran, and thus it does not raise directly with the Government the restrictions the Government places on religious freedom and other abuses the Government commits against adherents of minority religious groups. The U.S. Government makes its position clear in public statements and reports, support for relevant UN and nongovernmental organization efforts, and diplomatic initiatives to press for an end to government abuses. The United States calls on other countries with bilateral relations with Iran to use those ties to press the Government on religious freedom and human rights. On numerous occasions, the U.S. State Department spokesman has addressed the situation of the Baha'i and Jewish communities in the country. In UN resolutions, the U.S. Government has publicly condemned the treatment of the Baha'is, including a resolution that passed in the General Assembly in 2008. The U.S. Government encourages other governments to make similar statements.

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**END TEXT**

Below is text from the Executive Summary of Religious Freedom Report for 2010 (released November 17, 2010)

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**BEGIN TEXT**

**Iran**

The constitution states that all laws and regulations must be based on Islamic criteria, but it provides that non-Shi'a Islamic sects are to be accorded "full respect" and recognizes as "protected" religious minorities the country's

pre-Islamic religious groups--Zoroastrians, Christians, and Jews. Government respect for religious freedom continued to deteriorate. The government severely restricted freedom of religion and reports of government imprisonment, harassment, intimidation, and discrimination based on religious beliefs continued during the reporting period. Non-Shi'a Muslims faced substantial societal discrimination, and government rhetoric and actions created a threatening atmosphere for nearly all non-Shi'a religious groups, most notably Baha'is, as well as Sufi Muslims, evangelical Christians, members of the Jewish community, and Shi'a groups that do not share the government's official religious views.

Government-controlled broadcast and print media intensified negative campaigns against religious minorities, particularly Baha'is. Baha'i religious groups reported arbitrary arrest and prolonged detention, expulsion from universities, and confiscation of property. Approximately 45 Baha'i remained incarcerated, and seven members of the Baha'i leadership were sentenced to 10 years of imprisonment for alleged threats to national security. President Mahmoud Ahmadinejad continued a virulent anti-Semitic campaign, questioning the existence and scope of the Holocaust. Increasing repression of Sufis included arbitrary arrest, detention, and confiscation of property. The government vigilantly enforced its prohibition on proselytizing by Christian groups through closely monitoring their activities, closing some churches, and arresting Christian converts. Laws based on religious affiliation continued to be used to stifle freedom of expression and association, including through imprisonment of public figures.

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**END TEXT**

## Trafficking In Persons

The U.S. Trafficking Victims Protection Act of 2000, P.L. 106-386 (October 26, 2000), provides for sanctions against countries in "Tier 3" (worst level), according to a yearly State Department "Trafficking in Persons Report" that is required by that Act. As discussed below, Section 110 of the Act specifies available sanctions against Tier 3 countries, of which Iran has so designated every year since the report was initiated in 2000.

As is the case for penalties to be imposed for Countries of Particular Concern on religious freedom violations, the sanctions to be imposed on Tier 3 human trafficking countries are largely redundant with respect to Iran, because Iran is already subject to such a wide array of U.S. sanctions under other laws. The Trafficking in Persons – Tier 3 sanctions include U.S. votes against multilateral lending to Iran, and denial of U.S. foreign assistance to Iran. Those penalties are already in place under other laws, as noted elsewhere in this Compendium. A waiver provision is included in this Trafficking Victims Protection Act.

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**SEC. 110. ACTIONS AGAINST GOVERNMENTS FAILING TO MEET MINIMUM STANDARDS.**

- (a) STATEMENT OF POLICY.—It is the policy of the United States not to provide nonhumanitarian, nontrade-related foreign assistance to any government that—
- (1) does not comply with minimum standards for the elimination of trafficking; and
  - (2) is not making significant efforts to bring itself into compliance with such standards.
- (b) REPORTS TO CONGRESS.—
- (1) ANNUAL REPORT.—Not later than June 1 of each year, the Secretary of State shall submit to the appropriate congressional committees a report with respect to the status of severe forms of trafficking in persons that shall include—
    - (A) a list of those countries, if any, to which the minimum standards for the elimination of trafficking are applicable and whose governments fully comply with such standards;
    - (B) a list of those countries, if any, to which the minimum standards for the elimination of trafficking are applicable and whose governments do not yet fully comply with such standards but are making significant efforts to bring themselves into compliance; and
    - (C) a list of those countries, if any, to which the minimum standards for the elimination of trafficking are applicable and whose governments do not fully comply with such standards and are not making significant efforts to bring themselves into compliance.
  - (2) INTERIM REPORTS.—In addition to the annual report under paragraph (1), the Secretary of State may submit to the appropriate congressional committees at any time one or more interim reports with respect to the status of severe forms of trafficking in persons, including information about countries whose governments—
    - (A) have come into or out of compliance with the minimum standards for the elimination of trafficking; or
    - (B) have begun or ceased to make significant efforts to bring themselves into compliance, since the transmission of the last annual report.
  - (3) SIGNIFICANT EFFORTS.—In determinations under paragraph (1) or (2) as to whether the government of a country is making significant efforts to bring itself into compliance with the minimum standards for the elimination of trafficking, the Secretary of State shall consider—
    - (A) the extent to which the country is a country of origin, transit, or destination for severe forms of trafficking;
    - (B) the extent of noncompliance with the minimum standards by the government and, particularly, the extent to which officials or employees of the government have participated in, facilitated, condoned, or are otherwise complicit in severe forms of trafficking; and
    - (C) what measures are reasonable to bring the government into compliance with the minimum standards in light of the resources and capabilities of the government.
- (c) NOTIFICATION.—Not less than 45 days or more than 90 days after the submission, on or after January 1, 2003, of an annual report under subsection (b)(1), or an interim report under subsection (b)(2), the President shall submit to the appropriate congressional committees a notification of one of the determinations



listed in subsection (d) with respect to each foreign country whose government, according to such report—

- (A) does not comply with the minimum standards for the elimination of trafficking; and
- (B) is not making significant efforts to bring itself into compliance, as described in subsection (b)(1)(C).

(d) PRESIDENTIAL DETERMINATIONS.—The determinations referred to in subsection (c) are the following:

(1) WITHHOLDING OF NON HUMANITARIAN, NON TRADE RELATED ASSISTANCE.—The President has determined that—

(A)(i) the United States will not provide nonhumanitarian, nontrade-related foreign assistance to the government of the country for the subsequent fiscal year until such government complies with the minimum standards or makes significant efforts to bring itself into compliance;

or

(ii) in the case of a country whose government received no nonhumanitarian, nontrade-related foreign assistance from the United States during the previous fiscal year, the United States will not provide funding for participation by officials or employees of such governments in educational and cultural exchange programs for the subsequent fiscal year until such government complies with the minimum standards or makes significant efforts to bring itself into compliance; and

(B) the President will instruct the United States Executive Director of each multilateral development bank and of the International Monetary Fund to vote against, and to use the Executive Director’s best efforts to deny, any loan or other utilization of the funds of the respective institution to that country (other than for humanitarian assistance, for trade-related assistance, or for development assistance which directly addresses basic

human needs, is not administered by the government of the sanctioned country, and confers no benefit to that government) for the subsequent fiscal year until such government complies with the minimum standards or makes significant efforts to bring itself into compliance.

(2) ONGOING, MULTIPLE, BROAD-BASED RESTRICTIONS ON ASSISTANCE IN RESPONSE TO HUMAN RIGHTS VIOLATIONS.—

The President has determined that such country is already subject to multiple, broad-based restrictions on assistance imposed in significant part in response to human rights abuses and such restrictions are ongoing and are comparable to the restrictions provided in paragraph (1). Such determination shall be accompanied by a description of the specific restriction or restrictions that were the basis for making such determination.

(3) SUBSEQUENT COMPLIANCE.—The Secretary of State has determined that the government of the country has come into compliance with the minimum standards or is making significant efforts to bring itself into compliance.

(4) CONTINUATION OF ASSISTANCE IN THE NATIONAL INTEREST.—Notwithstanding the failure of the government of the country to comply with minimum standards for the elimination of trafficking and to make significant efforts to bring itself into compliance, the President has determined that the provision to the country of nonhumanitarian, nontrade-related foreign assistance, or the multilateral assistance described in paragraph (1)(B), or both, would promote the purposes of this division or is otherwise in the national interest of the United States.



- (5) EXERCISE OF WAIVER AUTHORITY.—
- (A) IN GENERAL.—The President may exercise the authority under paragraph (4) with respect to—
- (i) all nonhumanitarian, nontrade-related foreign assistance to a country;
  - (ii) all multilateral assistance described in paragraph (1)(B) to a country; or
  - (iii) one or more programs, projects, or activities of such assistance.
- (B) AVOIDANCE OF SIGNIFICANT ADVERSE EFFECTS.—The President shall exercise the authority under paragraph (4) when necessary to avoid significant adverse effects on vulnerable populations, including women and children.
- (6) DEFINITION OF MULTILATERAL DEVELOPMENT BANK.—In this subsection, the term “multilateral development bank” refers to any of the following institutions: the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Inter-American Development Bank, the Asian Development Bank, the Inter-American Investment Corporation, the African Development Bank, the African Development Fund, the European Bank for Reconstruction and Development, and the Multilateral Investment Guaranty Agency.
- (e) CERTIFICATION.—Together with any notification under subsection (c), the President shall provide a certification by the Secretary of State that, with respect to any assistance described in clause (ii), (iii), or (v) of section 103(7)(A), or with respect to any assistance described in section 103(7)(B), no assistance is intended to be received or used by any agency or official who has participated in, facilitated, or condoned a severe form of trafficking in persons.

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**END TEXT**

## Authorization for “Radio-Free Iran”

The following section of a FY1999 appropriation, P.L. 105-277, authorized U.S. broadcasting targeted at Iran, by Radio Free Europe/Radio Liberty. Congress designated that the service should be called “Radio Free Iran,” reflecting sentiment that the broadcasts be used to promote democracy in Iran. However, RFE/RL did not use that term, instead calling it RFE/RL Farsi service. In 2003, the name was changed to “Radio Farda” (Tomorrow).

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### SEC. 2417. RADIO BROADCASTING TO IRAN IN THE FARSI LANGUAGE.

- (a) RADIO FREE IRAN.—Not more than \$2,000,000 of the funds made available under section 2401(a) (4) of this division for each of the fiscal years 1998 and 1999 for grants to RFE/RL, Incorporated, shall be available only for surrogate radio broadcasting by RFE/RL, Incorporated, to the Iranian people in the Farsi language, such broadcasts to be designated as “Radio Free Iran”.
- (b) REPORT TO CONGRESS.—Not later than 60 days after the date of enactment of this Act, the Broadcasting Board of Governors of the United States Information Agency shall submit a detailed report to Congress describing the costs, implementation, and plans for creation of the surrogate broadcasting service described in subsection (a).
- (c) AVAILABILITY OF FUNDS.—None of the funds made available under subsection (a) may be made available until submission of the report required under subsection (b).

**END TEXT**

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## Section 105 of CISADA

The following is the section of CISADA that authorizes sanctions against Iranians determined to have committed human rights abuses. Using the authority, on September 28, 2010, President Obama issued Executive order 13553, providing for the sanctions. An annex sanctioned eight

Iranian officials under the order - mostly security and judiciary officials.

**BEGIN TEXT**

**SEC. 105. IMPOSITION OF SANCTIONS ON CERTAIN PERSONS WHO ARE RESPONSIBLE FOR OR COMPLICIT IN HUMAN RIGHTS ABUSES COMMITTED AGAINST CITIZENS OF IRAN OR THEIR FAMILY MEMBERS AFTER THE JUNE 12, 2009, ELECTIONS IN IRAN.**

- (a) In General- The President shall impose sanctions described in subsection (c) with respect to each person on the list required by subsection (b).
- (b) List of Persons Who Are Responsible for or Complicit in Certain Human Rights Abuses-
  - (1) IN GENERAL- Not later than 90 days after the date of the enactment of this Act, the President shall submit to the appropriate congressional committees a list of persons who are officials of the Government of Iran or persons acting on behalf of that Government (including members of paramilitary organizations such as Ansar-e-Hezbollah and Basij-e Mostaz'afin), that the President determines, based on credible evidence, are responsible for or complicit in, or responsible for ordering, controlling, or otherwise directing, the commission of serious human rights abuses against citizens of Iran or their family members on or after June 12, 2009, regardless of whether such abuses occurred in Iran.
  - (2) UPDATES OF LIST- The President shall submit to the appropriate congressional committees an updated list under paragraph (1)-
    - (A) not later than 270 days after the date of the enactment of this Act and every 180 days thereafter; and
    - (B) as new information becomes available.
  - (3) FORM OF REPORT; PUBLIC AVAILABILITY-
    - (A) FORM- The list required by paragraph (1) shall be submitted in unclassified form but may contain a classified annex.
    - (B) PUBLIC AVAILABILITY- The unclassified portion of the list required by paragraph (1) shall be made available to the public and posted on the websites of the Department

of the Treasury and the Department of State.

- (4) CONSIDERATION OF DATA FROM OTHER COUNTRIES AND NONGOVERNMENTAL ORGANIZATIONS- In preparing the list required by paragraph (1), the President shall consider credible data already obtained by other countries and nongovernmental organizations, including organizations in Iran, that monitor the human rights abuses of the Government of Iran.
- (c) Sanctions Described- The sanctions described in this subsection are ineligibility for a visa to enter the United States and sanctions pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), including blocking of property and restrictions or prohibitions on financial transactions and the exportation and importation of property, subject to such regulations as the President may prescribe, including regulatory exceptions to permit the United States to comply with the Agreement between the United Nations and the United States of America regarding the Headquarters of the United Nations, signed June 26, 1947, and entered into force November 21, 1947, and other applicable international obligations.
- (d) Termination of Sanctions- The provisions of this section shall terminate on the date on which the President determines and certifies to the appropriate congressional committees that the Government of Iran has-
  - (1) unconditionally released all political prisoners, including the citizens of Iran detained in the aftermath of the June 12, 2009, presidential election in Iran;
  - (2) ceased its practices of violence, unlawful detention, torture, and abuse of citizens of Iran while engaging in peaceful political activity;
  - (3) conducted a transparent investigation into the killings, arrests, and abuse of peaceful political activists that occurred in the aftermath of the June 12, 2009, presidential election in Iran and prosecuted the individuals responsible for such killings, arrests, and abuse; and
  - (4) made public commitments to, and is making demonstrable progress toward-
    - (A) establishing an independent judiciary; and

- (B) respecting the human rights and basic freedoms recognized in the Universal Declaration of Human Rights.

**END TEXT**

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## Section 11. Unwinding Sanctions

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**A**s discussed throughout this Compendium, Iran is subject to a highly strict U.S. sanctions regime – perhaps stricter than that on other country in the world. Should there be a U.S. decision to normalize relations with Iran, these sanctions and other restrictions would need to be removed in order to promote normal U.S.-Iran commerce, facilitate U.S. and foreign investment in Iran, to permit U.S. foreign assistance to Iran, and to permit U.S. support for unrestricted international lending to Iran. Many of the sanctions in place are overlapping and mutually reinforcing, meaning that a particular restriction might still remain in place under one law, even if that same sanction is repealed under a different law through an Executive Order.

In theory and often in practice, the Executive branch has considerable discretion in removing U.S. sanctions against any country as well as in conducting relations with that country. Some sanctions laws contain provisions that would permit the Executive branch to terminate a sanction by issuing a determination that Iran is no longer committing certain offending behavior. The sanctions regime does not restrict any U.S. President from engaging in wide ranging negotiations with Iran or from exchanging diplomats with Iran, although Congress does have the authority to appropriate funds to refurbish or construct U.S. diplomatic facilities in Iran. Nor are cultural exchanges with Iran restricted, although such exchanges are complicated by U.S. and Iranian immigration procedures and the lack of a U.S. ability to process Iranian visa applications inside Iran itself. Iranian diplomatic facilities in the United States, such as its Interests Section at the Embassy of Pakistan

in Washington, D.C., do issue visas to American citizens, but the regime’s visa approval policies are highly restrictive in practice.

Many U.S. sanctions against Iran are in force by Executive Order, and, can be undone through Executive branch action alone, as has been demonstrated with the modifications to the U.S. trade and investment ban against Iran. However, any sweeping lifting of sanctions generally occurs within an overall political context of improving relations, and with a consensus in Congress that a sanctions regime should be unwound. This is likely to hold true in the case of Iran, particularly because Iran is judged to pose a major threat to a key U.S. strategic ally, Israel, as well as to other U.S. allies in the region. The consensus in the United States over the strategic threat posed by Iran is likely to limit an Administration’s discretion to ease sanctions.

Were there a decision by an Administration to normalize relations with Iran, the process of substantially easing sanctions could be accomplished fairly rapidly. Within less than one year after the fall of the Taliban regime in Afghanistan, the Bush Administration had lifted virtually all U.S. sanctions against Afghanistan — most imposed during the Taliban era, but some held over from the Soviet occupation period (1979-1989). In the case of Libya, virtually all U.S. sanctions were removed within three years of Libya’s decision to end its weapons of mass destruction programs and to compensate the victims of the bombing of Pan Am Flight 103 (December 21, 1988). Libya has been removed from the terrorism list, thereby lifting those

sanctions associated with that designation. U.S. sanctions on Saddam Hussein's regime in Iraq were mostly lifted within about one year of the fall of his regime in April 2003.

Some experts believe that a comprehensive settlement over Iran's nuclear program could create a climate in which U.S. sanctions against Iran could be eased, if not lifted entirely. Many believe that a full normalization and complete lifting of sanctions would require Iran not only to verifiably cease all aspects of its nuclear program that could have military applications, but also to cease supporting Islamic extremist movements throughout the Middle East. However, some experts argue that, because of the deeply rooted animosity stemming from the 1979-81 "hostage crisis," full normalization of relations with Iran could occur only if the Islamic Revolutionary regime is toppled.

However, even a settlement of the nuclear issue would not automatically resolve U.S. concerns about Iran's support for international terrorism. The terrorism list designation is key because it affects many different sanctions, as discussed throughout this Compendium. However, in the case of Iran, even if it were removed from the terrorism list, other sanctions, such as the Iran Sanctions Act, would remain in place because the criteria for lifting these sanctions goes beyond Iran's removal from the terrorism list.

This section focuses on repeal or removal of the various sanctions in place against Iran, rather than on the potential for temporary waivers of sanctions. Of those sanctions that are in laws passed by Congress, virtually all have provisions for waiver of the specific sanction. For example, in most cases, a sanction can be waived if the President certifies that waiving the application of the sanction is in the national interest or necessary to protect U.S. national security.

## **Lifting Restrictions on Trade, Aid, and Investment**

If there were an Administration decision to normalize U.S. relations with Iran, there are a number of significant steps that would need to be taken to normalizing commercial interactions between the two countries. One of the most significant steps would be an Executive Order lifting the

U.S. ban on trade with and investment in Iran – and an Administration has substantial discretion to take this step. Alternatively, the trade and investment ban could be modified gradually, to gradually broaden commerce between the United States and Iran. As noted in the earlier sections of the paper, trade restrictions were already eased during the Clinton Administration before a legislated re-tightening of the trade ban as a result of enactment of CISADA. CISADA has mandated an import ban, as well as export restrictions, and new legislation would be required to repeal or amend the CISADA provisions in order to facilitate free and open U.S.-Iran trade.

### **Removing Economic Sanctions Imposed by the "Terrorism List"**

Assuming the ban on U.S. trade and investment was undone, a more substantial broadening of U.S. economic relations with Iran would result from its removal from the terrorism list. If this step were taken, many different sanctions on Iran would be ended. As discussed in the body of the Compendium, this designation triggers sanctions under several different laws, including the Arms Export Control Act, the Export Administration Act, and the Anti-Terrorism and Effective Death Penalty Act of 1996. The latter law provides not only for sanctions against the terrorism list countries themselves but also imposes "secondary sanctions" against countries and foreign entities that assist or sell arms to countries on the terrorism list.

Iran, by all accounts, including the State Department's most recent annual report on international terrorism (released August 2010), has many ties to international terrorist groups. Since Iran was placed on the list in 1984, no Administration official has ever stated that Iran is close to satisfying the requirements for removal from the list. Nor has there been any official U.S. indication that Iran's satisfying the international community that its nuclear intentions are purely peaceful would translate into Iran's related removal from the terrorism list. North Korea was removed from the terrorism list in 2008 as part of an international negotiation on its nuclear program, but North Korea's involvement in international terrorism, as judged by the yearly State Department reports on international terrorism, is far less extensive than has been that of Iran.



As a measure of how difficult it is to reach a decision to remove a country from the list, it should be noted that, prior to the removal of Libya from the list in June 2006, Iraq (in 1982) was the only country ever to be removed from the terrorism list without a change of regime. South Yemen was deleted from the list in 1990 when the two Yemens merged, on the grounds that the country no longer existed. Iraq was restored to the terrorism list following its invasion of Kuwait on August 2, 1990, but removed again in 2004 after the U.S.-led overthrow of Saddam Hussein. Congressional concurrence would be required to remove Iran from the terrorism list, as discussed below.

Congressional report language provides criteria for a state to remain on the terrorism list. As contained in a House Foreign Affairs Committee report in 1989 (H.Rept. 101-296) and a Senate report (S.Rept.101-173), the criteria are that the state in question:

- allows its territory to be used as a sanctuary for terrorists;
- furnishes lethal substances to individuals or groups with the likelihood they will be used for terrorism;
- provides logistical support to the group or individual terrorists;
- provides safe haven or headquarters to terrorists or their groups;
- plans, directs, trains, or assists in the execution of terrorist acts;
- provides direct or indirect financial support for terrorist activities;
- and provides diplomatic facilities such as support or documentation to aid or abet terrorist activities.

The Arms Export Control Act adds a criteria (Section d). A country can be placed on the terrorism list if it willfully aids or abets the international proliferation of nuclear explosive devices to individuals or groups or willfully aids or abets and individual or group in acquiring unsafeguarded "special nuclear material."

Should an Administration decide to remove Iran from the terrorism list, the statutes governing removal from the terrorism list give Congress a formal role in reviewing that decision, and, in so doing, raise the threshold for an

Administration to take that step. The requirements for removal from the terrorism list are spelled out in the Arms Export Control Act (see the previous sections of this paper for text of that law), as discussed below.

The Arms Export Control Act (Section f, "Recission") spells out two circumstances for removal - one in which the terrorism list country's regime has changed, and one in which it has not. If a terrorism list country's regime has changed, the President can remove a country from the list immediately, by providing a report to Congress that there has been a "fundamental change in the leadership and policies of the government of the country concerned; that the (new) government is not supporting acts of international terrorism; and that the (new) government has provided assurances it will not support acts of international terrorism in the future."

If there has not been a regime change, the President must submit a report to Congress *45 days before the removal would take effect*, certifying that the government concerned has not provided any support for international terrorism during the preceding six months; and the government concerned has provided assurances it will not support acts of terrorism in the future.

According to the Act, when there has not been a regime change, the 45 day delay to remove a country from the list gives Congress the opportunity to pass a joint resolution blocking the removal. A joint resolution must be passed in the exact same form in both chambers to be presented for presidential signature. The President has the option of vetoing the joint resolution. If the veto is sustained, then the country concerned is removed from the terrorism list. If the veto is overridden (two-thirds vote to override in both chambers), then Congress has blocked the country's removal from the list.

### **Providing U.S. Foreign Aid**

In order to allow the President to provide foreign aid to Iran, Congress would need to also delete Iran from a list of countries barred from U.S. assistance under successive foreign aid appropriations laws, as noted in the body of the paper. Congress could do so when it acts on foreign aid appropriations for any subsequent fiscal year, by simply omitting Iran from the list of countries named in that

section. Naming Iran among a list of countries sanctioned has been the mechanism by which Congress and successive Administrations have barred Iran from indirect U.S. assistance and direct U.S. assistance, and for which the United States has withheld a proportion of its donations to international programs that operate in Iran (Section 2227 of the Foreign Assistance Act of 1961).

In the case of recent foreign aid appropriations, those countries named as ineligible for U.S. direct assistance have been the same countries as those on the terrorism list. *However, these laws name the terrorism list countries specifically - they do not apply the sanctions to "countries on the terrorism list per se."* Therefore, Iran's removal from the terrorism list would not automatically lift these sanctions, if Iran continued to be named specifically in these pieces of legislation.

Revocation of the withholding of a portion of U.S. contributions of programs that work in Iran (Section 2227 sanction) is somewhat more difficult, because that is a section of permanent law. This is unlike the foreign aid appropriation discussed above, which is rewritten each year. To remove this sanction in the Foreign Assistance Act, a piece of legislation, perhaps a section of a foreign aid or other bill, would have to amend the relevant section of the Foreign Assistance Act by deleting Iran from the list of countries named in Section 2227. (It should be noted that this particular sanction does not affect Iran directly - it affects the international programs, such as U.N. programs, that work in Iran).

The removal of restrictions on U.S. assistance to Iran is separate from the broader questions of whether such aid should be provided, and whether Iran would want or accept such assistance. Removal from the terrorism list – and the elimination of the other restrictions on aid to Iran imposed by Congress, as noted above – would *open* Iran to U.S. assistance (assuming other sanctions barring such aid were dropped as well), but would not *require* aid to be provided. Many observers believe that, if the Islamic regime in Tehran remains in power, only a dramatic improvement in U.S.-Iran relations would cause an Administration and Congress to provide U.S. foreign aid to Iran.

Currently, U.S. funds provided to democracy and civil society activists in Iran since 2004 are provided without the concurrence of the Iranian government, because the aid is going to activists inside Iran who may be at odds with the regime. This differs from most U.S. assistance programs, which are generally done in cooperation with the recipient country's government. Still, this aid is, for the purposes of U.S. law, considered "U.S. assistance to Iran." The aid can be provided because such legislation appropriating that aid is done so "notwithstanding" other provisions of law that bar U.S. aid to Iran.

### **Supporting International Lending**

Removal of Iran from the terrorism list would remove the legal requirement that the United States vote against international lending to Iran. The current requirement to vote against international lending to terrorism list countries is imposed by Section 1621 of the International Financial Institutions Act (22 U.S.C. 262c et.seq.). That section was added by the Anti-Terrorism and Effective Death Penalty Act of 1996.

Removing the legal restriction requiring the United States to vote against international lending to Iran does not necessarily mean that an Administration would be required to support lending to Iran. An Administration could still vote against such lending without a legal requirement to do so. However, a U.S. decision to normalize relations with Iran might, depending on the state of U.S.-Iran relations, imply an Administration decision to lobby other governments to approve international loans to Iran for the purpose of fostering its economic development.

### **Arms and Technology Sales**

Iran is subject to a wide range of anti-proliferation sanctions, as noted in that section of the Compendium. A removal of Iran from the terrorism list would lead to a substantial easing of exports of dual use technology to Iran, but, as noted in the Compendium, several other laws restrict the sale of militarily-applicable U.S. technology to Iran and, through "secondary sanctions," attempt to cause other countries to end such sales as well by placing at risk their business interests in the United States. If Iran seeks U.S. assistance to implement any decision to end or curtail

its WMD programs, the relevant U.S. anti-proliferation laws might need to be altered or waived in order to provide such assistance or equipment, in advance of a decision to remove Iran from the terrorism list.

Even if Iran were removed from the terrorism list, a ban on arms sales to Iran would nonetheless remain in place under other laws, including the Anti-Terrorism and Effective Death Penalty Act. The sanctions provisions of that law would have to be rendered inapplicable if there were a decision to sell to Iran U.S. arms by removing Iran from a list of countries established by Section 330 of that Act. That section bars U.S. sales of defense articles or services to countries designated each May 15 as “*not cooperating fully with United States anti-terrorism efforts.*”

It is fairly easy for an Administration to remove a country from that “not cooperating list,” by simply deleting a country from the list when the not cooperating list is submitted to Congress each May 15. For example, Afghanistan was opened to U.S. arms sales when it was left off the list submitted to Congress on May 15, 2002. Iran remains on this “not cooperating” list as of the May 2010 renewal of the list.

The issue of possible U.S. arms sales to Iran is highly sensitive. Unless U.S.-Iran relations were to improve to the point where the two countries again became strategic allies in the Persian Gulf region, it is highly unlikely that any U.S. Administration would propose any arms sales to Iran, even if all U.S. sanctions were removed and such sales were technically permitted.

The Compendium presents other laws and regulations that could be altered or terminated as part of a normalization decision, and which would open Iran to more foreign weapons-related technology. Executive Order 13382 is one such order, but it could be terminated with respect to Iran by Executive branch decisions alone. Two laws that apply to Iran – the Iran-Iraq Arms Non-Proliferation Act and the Iran-Syria-North Korea Non-Proliferation Act would need congressional repeal in order to terminate applicability with respect to Iran. Neither law contains a provision terminating application to Iran through Executive branch determination to do so.

## Foreign Involvement in Iran’s Energy Sector and Banking

As noted, the Iran Sanctions Act and CISADA have far reaching implications for companies incorporated outside the United States, and, by extension, for U.S.-led international diplomacy on Iran. Application of the Iran Sanctions Act to Iran, and many of the provisions of CISADA, do not terminate if Iran is removed from the U.S. terrorism list. To terminate the application of the Iran Sanctions Act, the Act stipulates, aside from removal from the terrorism list, two additional criteria that a President must certify: (1) that Iran has ceased efforts to develop weapons of mass destruction and delivery means; and (2) that Iran no longer poses a significant threat to U.S. interests or its allies. The latter criteria would appear to imply that a President, to terminate ISA for Iran, must certify that Iran has ended its hostility toward Israel.

The other provisions of CISADA, however, such as the provision barring foreign banks from doing business in the United States if they transact business with the Revolutionary Guard or with U.N.-sanctioned entities, would require repeal or amendment of the CISADA law, in whole or in part, in order to render them inoperable. This means that at least some U.S. sanctions directed against foreign firms’ involvement in Iran’s energy and banking sectors would require congressional action, and could not be undone through presidential authority alone.

## Democracy/Human Rights

If the Administration decided to normalize relations with Iran, it is likely that Iran would have resolved major human rights issues. Alternatively, an Administration might choose to defer complete resolution of such issues, subject to further negotiations with Iran. Whether or not all outstanding human rights issues were resolved in advance of a decision to normalize with Iran, an Administration would have significant discretion over how to apply some of the measures to promote democracy and human rights in Iran. The democracy promotion funds authorized by the Iran Freedom Support Act are required to be appropriated by Congress in order for implementation. An Administration could, on a year-by-year appropriations process, not request funds be appropriated for this purpose, or veto legislation providing such democracy promotion funds.

Similarly, in terms of sanctions for Iran's religious freedom practices or other aspects of its human rights behavior, an Administration has substantial discretion to prevent the triggering of any sanctions by declining to designate Iran, for example, as a "Country of Particular Concern" on religious freedom. Similarly, with respect to sanctions imposed on "Tier 3" countries on human trafficking, an Administration can prevent any sanctions consequences on Iran by declining to place Iran in Tier 3 for any subsequent year.

### **Facilitating People-to-People Contacts**

A key component of the process of normalizing relations is the facilitation of cultural exchanges, educational exchanges, tourism, and other forms of people-to-people contacts. Such exchanges could lead to intensified Track II efforts to discuss outstanding issues and facilitate movement toward formal diplomatic ties. As discussed in the compendium, current laws do not ban such exchanges. There is no U.S. prohibition on the use of U.S. passports for travel to Iran. Bans like this had been in place for such countries as Lebanon and Libya, although those have now been removed for those countries. Under existing regulations, there are no restrictions on the amount of money U.S. citizens may spend in Iran.

People-to-people contacts are proceeding, although at a level that is far lower than that between the United States and other countries. State Department funds can and are being used to bring Iranian visitors under the democracy promotion efforts begun during the George W. Bush Administration. As noted, many Iranians resist coming to the United States because they face fingerprinting upon entry, and the Iranian government often views those who visit the United States with some suspicion.

### **Diplomatic Relations**

The steps discussed above, if taken, would lead to a return to normal commercial relations between the United States and Iran, but additional steps would be needed to establish a state of normal relations. A major hallmark of normalization would be the establishment of diplomatic relations.

The President has near total discretion on how to proceed in restoring diplomatic relations, if there were a decision to do so. In many cases, moves to restore relations have been gradual. As a step in the process of restoring relations, a U.S. Administration could appoint American officials to staff its interest section in Tehran, perhaps limited at first to consular officials who might process visas for Iran travel to the United States. Later, as part of a broadening of relations, an Administration could begin staffing a separate Embassy in Iran with political and economic officials, leading up to the eventual appointment of a full Ambassador to a restored U.S. Embassy. Iran, whose diplomatic work in the United States is run out of its mission to the United Nations in New York, could take reciprocal steps as regards its diplomatic representation in Washington.

Congressional ability to block such steps appears to be limited. Attempts by Congress to legislatively prevent a President from establishing full diplomatic relations with any country, including Iran, are likely to falter on constitutional grounds. Administrations have been successful in arguing that such moves constitute an encroachment on executive prerogative. However, congressional action is required to appropriate the funds that would likely be needed to upgrade facilities that would be used by U.S. diplomats in Iran, or to construct new facilities.

### **Resolution of Assets Disputes**

In the case of Iran, the issue of blocked assets is likely to come up for discussion if there were a move to normalize diplomatic relations. According to some experts, a President has substantial discretion to unblock and return blocked assets to a subject country, even if there are third party claims on those assets. A return of assets generally accompanies an overall political settlement between the United States and the subject country. For example, substantial frozen Iranian assets were returned to Iran in conjunction with the 1981 "Algiers Accords" that settled the U.S.-Iran hostage crisis.

Recent legislation could make the return of Iranian assets somewhat more difficult. The 1996 Anti-Terrorism and Effective Death Penalty Act allowed victims of

terrorism to sue state sponsors of terrorism for punitive and compensatory damages. The 2002 “Terrorism Risk Insurance Act” (P.L. 107-297) makes the frozen assets of terrorism list countries available to satisfy judgments against those countries in terrorism related law suits. With numerous judgments against Iran approved by U.S. courts, much of Iran’s assets available (such as a Defense Department account containing funds paid in by the Shah for repair of military equipment) have been attached. A normalization with Iran would likely involve an agreement to refund some or all of any Iranian funds drawn down to pay such judgments. It is possible that Congress might be asked to appropriate funds to restore those accounts in order to refund Iran, thereby giving Congress a role in this aspect of the normalization process.

### **International Sanctions**

The U.N. Security Council Resolutions imposing sanctions on Iran bind all U.N. member states to their provisions. Whether or not U.N. resolutions supersede U.S. laws under the U.N. Participation Act is a broad legal question, involving interpretation of U.S. constitutional law and of international law.

For the purposes of this Compendium, the U.N. Resolutions that impose sanctions on Iran could be repealed by a vote of the U.N. Security Council as part of a negotiated settlement under which Iran satisfies the members of the Council on its nuclear program. Security Council members could attempt to repeal or substantially amend existing Iran-related Resolutions short of the resolving of outstanding nuclear issues. The United States and the other four permanent members of the Council have the ability to veto any such resolution, if it were to achieve a majority vote in the Council.





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