To enhance United States diplomatic efforts with respect to Iran by imposing additional economic sanctions against Iran, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 8, 2007

Mr. LANTOS (for himself, Ms. ROS-LEHTINEN, Mr. ACKERMAN, Mr. PENCE, Mr. SHERMAN, Mr. ROYCE, Mr. BERMAN, and Mr. SMITH of New Jersey) introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committees on Ways and Means, Financial Services, Oversight and Government Reform, and the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To enhance United States diplomatic efforts with respect to Iran by imposing additional economic sanctions against Iran, and for other purposes.

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

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the “Iran Counter-Proliferation Act of 2007”.

(b) Table of Contents.—The table of contents for this Act is as follows:

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

2. SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

3. (a) Short Title.—This Act may be cited as the

4. “Iran Counter-Proliferation Act of 2007”.

5. (b) Table of Contents.—The table of contents for this Act is as follows:
Sec. 1. Short title and table of contents.
Sec. 2. United States policy toward Iran.

TITLE I—SUPPORT FOR DIPLOMATIC EFFORTS RELATING TO PREVENTING IRAN FROM ACQUIRING NUCLEAR WEAPONS

Sec. 101. Support for international diplomatic efforts.
Sec. 102. Peaceful efforts by the United States.

TITLE II—ADDITIONAL BILATERAL SANCTIONS AGAINST IRAN

Sec. 201. Application to subsidiaries.
Sec. 202. Additional import sanctions against Iran.
Sec. 203. Additional export sanctions against Iran.

TITLE III—AMENDMENTS TO THE IRAN SANCTIONS ACT OF 1996

Sec. 301. Multilateral regime.
Sec. 302. Mandatory sanctions.
Sec. 303. United States efforts to prevent investment.
Sec. 304. Clarification and expansion of definitions.
Sec. 305. Removal of waiver authority.

TITLE IV—ADDITIONAL MEASURES

Sec. 401. Additions to terrorism and other lists.
Sec. 402. Increased capacity for efforts to combat unlawful or terrorist financing.
Sec. 403. Exchange programs with the people of Iran.
Sec. 404. Reducing contributions to the World Bank.
Sec. 405. Restrictions on nuclear cooperation with countries assisting the nuclear program of Iran.
Sec. 406. Elimination of certain tax incentives for oil companies investing in Iran.

TITLE V—MISCELLANEOUS PROVISIONS

Sec. 501. Termination.

1 SEC. 2. UNITED STATES POLICY TOWARD IRAN.

(a) FINDINGS.—Congress finds the following:

(1) The prospect of the Islamic Republic of Iran achieving nuclear arms represents a grave threat to the United States and its allies in the Middle East, Europe, and globally.

(2) The nature of this threat is manifold, ranging from the vastly enhanced political influence extremist Iran would wield in its region, including the
ability to intimidate its neighbors, to, at its most
nightmarish, the prospect that Iran would attack its
neighbors and others with nuclear arms. This con-
cern is illustrated by the statement of Hashemi
Rafsanjani, former president of Iran and currently a
prominent member of two of Iran’s most important
decision-making bodies, of December 14, 2001, when
he said that it “is not irrational to contemplate” the
use of nuclear weapons.

(3) The theological nature of the Iranian re-
gime creates a special urgency in addressing Iran’s
efforts to acquire nuclear weapons.

(4) Iranian regime leaders have persistently de-
nied Israel’s right to exist. Current President
Mahmoud Ahmadinejad has called for Israel to be
“wiped off the map”.

(5) The nature of the Iranian threat makes it
critical that the United States and its allies do ev-
everything possible—diplomatically, politically, and
economically—to prevent Iran from acquiring nu-
clear-arms capability and persuade the Iranian re-
gime to halt its quest for nuclear arms.

(b) SENSE OF CONGRESS.—It is the sense of Con-
gress that—
(1) Iranian President Ahmadinejad’s persistent denials of the Holocaust and his repeated assertions that Israel should be “wiped off the map” may constitute a violation of the Convention on the Prevention and Punishment of the Crime of Genocide and should be brought before an appropriate international tribunal for the purpose of declaring Iran in breach of the Genocide Convention;

(2) the United States should increase use of its important role in the international financial sector to isolate Iran;

(3) Iran should be barred from entering the World Trade Organization (WTO) until all issues related to its nuclear program are resolved;

(4) all future free trade agreements involving Iran should be conditioned on the requirement that the parties to such agreements pledge not to invest and not to allow companies based on its territory or controlled by its citizens to invest in Iran’s energy sector or otherwise to make significant investment in Iran;

(5) United Nations Security Council Resolution 1737 (December 23, 2006), which was passed unanimously and mandates an immediate and unconditional suspension of Iran’s nuclear enrichment pro-
gram, represents a critical gain in the world-wide campaign to prevent Iran’s acquisition of nuclear arms and should be fully respected by all nations;

(6) the United Nations Security Council should take further measures beyond Resolution 1737 to tighten sanctions on Iran, including preventing new investment in Iran’s energy sector, as long as Iran fails to comply with the international community’s demand to halt its nuclear enrichment campaign;

(7) the United States should encourage foreign governments to direct state owned entities to cease all investment in Iran’s energy sector and all exports of refined petroleum products to Iran and to persuade, and, where possible, require private entities based in their territories to cease all investment in Iran’s energy sector and all exports of refined petroleum products to Iran;

(8) moderate Arab states have a vital and perhaps existential interest in preventing Iran from acquiring nuclear arms, and therefore such states, particularly those with large oil deposits, should use their economic leverage to dissuade other nations, including the Russian Federation and the People’s Republic of China, from assisting Iran’s nuclear program directly or indirectly and to persuade other na-
tions, including Russia and China, to be more forth-
coming in supporting United Nations Security Coun-
cil efforts to halt Iran’s nuclear program;

(9) the United States should take all possible
measures to discourage and, if possible, prevent for-

gain banks from providing export credits to foreign
entities seeking to invest in the Iranian energy sec-
tor;

(10) the United States should oppose any fur-
ther activity by the International Bank for Recon-
struction and Development with respect to Iran, or
the adoption of a new Country Assistance Strategy
for Iran, including by seeking the cooperation of
other countries;

(11) the United States should extend its pro-
gram of discouraging foreign banks from accepting
Iranian state banks as clients;

(12) the United States should prohibit all Ira-
nian state banks from using the United States bank-
ing system;

(13) United States federal pension plans should
divest themselves of all non-United States companies
investing more than $20 million in Iran’s energy
sector;
(14) State and local government pension plans should divest themselves of all non-United States companies investing more than $20 million in Iran’s energy sector;

(15) the United States should designate the Islamic Revolutionary Guards Corps, which purveys terrorism throughout the Middle East and plays an important role in the Iranian economy, as a foreign terrorist organization under section 219 of the Immigration and Nationality Act, place the Islamic Revolutionary Guards Corps on the list of specially designated global terrorists, and place the Islamic Revolutionary Guards Corps on the list of weapons of mass destruction proliferators and their supporters; and

(16) United States concerns regarding Iran are strictly the result of actions of the Government of Iran; and

(17) the American people have feelings of friendship for the Iranian people, regret that developments of recent decades have created impediments to that friendship, and hold the Iranian people, their culture, and their ancient and rich history in the highest esteem.
TITLE I—SUPPORT FOR DIPLOMATIC EFFORTS RELATING TO PREVENTING IRAN FROM ACQUIRING NUCLEAR WEAPONS

SEC. 101. SUPPORT FOR INTERNATIONAL DIPLOMATIC EFFORTS.

It is the sense of Congress that—

(1) the United States should use diplomatic and economic means to resolve the Iranian nuclear problem;

(2) the United States should continue to support efforts in the International Atomic Energy Agency and the United Nations Security Council to bring about an end to Iran’s uranium enrichment program and its nuclear weapons program; and

(3)(A) United Nations Security Council Resolution 1737 was a useful first step toward pressing Iran to end its nuclear weapons program; and

(B) in light of Iran’s continued defiance of the international community, the United Nations Security Council should adopt additional measures against Iran, including measures to prohibit investments in Iran’s energy sector.
SEC. 102. PEACEFUL EFFORTS BY THE UNITED STATES.

Nothing in this Act shall be construed as authorizing the use of force or the use of the United States Armed Forces against Iran.

TITLE II—ADDITIONAL BILATERAL SANCTIONS AGAINST IRAN

SEC. 201. APPLICATION TO SUBSIDIARIES.

(a) IN GENERAL.—In any case in which an entity engages in an act outside the United States which, if committed in the United States or by a United States person, would violate Executive Order No. 12959 of May 6, 1995, Executive Order No. 13059 of August 19, 1997, or any other prohibition on transactions with respect to Iran that is imposed under the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) and if that entity was created or availed of for the purpose of engaging in such an act, the parent company of that entity shall be subject to the penalties for such violation to the same extent as if the parent company had engaged in that act.

(b) DEFINITIONS.—In this section—

(1) an entity is a “parent company” of another entity if it owns, directly or indirectly, more than 50 percent of the equity interest in that other entity and is a United States person; and
(2) the term “entity” means a partnership, association, trust, joint venture, corporation, or other organization.

SEC. 202. ADDITIONAL IMPORT SANCTIONS AGAINST IRAN.

Effective 120 days after the date of the enactment of this Act—

(1) goods of Iranian origin that are otherwise authorized to be imported under section 560.534 of title 31, Code of Federal Regulations, as in effect on March 5, 2007, may not be imported into the United States; and

(2) activities otherwise authorized by section 560.535 of title 31, Code of Federal Regulations, as in effect on March 5, 2007, are no longer authorized.

SEC. 203. ADDITIONAL EXPORT SANCTIONS AGAINST IRAN.

Effective on the date of the enactment of this Act—

(1) Licenses to export or reexport goods, services, or technology relating to civil aviation that are otherwise authorized by section 560.528 of title 31, Code of Federal Regulations, as in effect on March 5, 2007, may not be issued, and any such license issued before such date of enactment is no longer valid; and
TITLE III—AMENDMENTS TO THE IRAN SANCTIONS ACT OF 1996

SEC. 301. MULTILATERAL REGIME.

Section 4(b) of the Iran Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended to read as follows:

“(b) REPORTS TO CONGRESS.—Not later than 6 months after the date of the enactment of the Iran Counter-Proliferation Act of 2007 and every six months thereafter, the President shall submit to the appropriate congressional committees a report regarding specific diplomatic efforts undertaken pursuant to subsection (a), the results of those efforts, and a description of proposed diplomatic efforts pursuant to such subsection. Each report shall include—

“(1) a list of the countries that have agreed to undertake measures to further the objectives of section 3 with respect to Iran;

“(2) a description of those measures, including—

“(A) government actions with respect to public or private entities (or their subsidiaries)
located in their territories, that are engaged in
Iran;

“(B) any decisions by the governments of
these countries to rescind or continue the provi-
sion of credits, guarantees, or other govern-
mental assistance to these entities; and

“(C) actions taken in international fora to
further the objectives of section 3;

“(3) a list of the countries that have not agreed
to undertake measures to further the objectives of
section 3 with respect to Iran, and the reasons
therefor; and

“(4) a description of any memorandums of un-
derstanding, political understandings, or inter-
national agreements to which the United States has
acceded which affect implementation of this section
or section 5(a).”.

SEC. 302. MANDATORY SANCTIONS.

Section 5(a) of the Iran Sanctions Act of 1996 (50
U.S.C. 1701 note) is amended by striking “2 or more of
the sanctions described in paragraphs (1) through (6) of
section 6” and inserting “the sanction described in para-
graph (5) of section 6 and, in addition, one or more of
the sanctions described in paragraphs (1), (2), (3), (4),
and (6) of such section”.
SEC. 303. UNITED STATES EFFORTS TO PREVENT INVESTMENT.

Section 5 of the Iran Sanctions Act of 1996 is amended by adding the following new subsection at the end:

“(g) UNITED STATES EFFORTS TO ADDRESS PLANNED INVESTMENT.—

“(1) REPORTS ON INVESTMENT ACTIVITY.—Not later than January 30, 2008, and every 6 months thereafter, the President shall transmit to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate a report on investment and pre-investment activity, by any person or entity, that could contribute to the enhancement of Iran’s ability to develop petroleum resources in Iran. For each such activity, the President shall provide a description of the activity, any information regarding when actual investment may commence, and what steps the United States has taken to respond to such activity.

“(2) DEFINITION.—In this subsection—

“(A) the term ‘investment’ includes the extension by a financial institution of credit or other financing to a person for that person’s investment; and
“(B) the term ‘pre-investment activity’ means any activity indicating an intent to make an investment, including a memorandum of understanding among parties indicating such an intent.”

SEC. 304. CLARIFICATION AND EXPANSION OF DEFINITIONS.

(a) PERSON.—Section 14(13)(B) of the Iran Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended—

(1) by inserting after “trust,” the following: “financial institution, insurer, underwriter, guarantor, any other business organization, including any foreign subsidiaries of the foregoing,”; and

(2) by inserting before the semicolon the following: “, such as an export credit agency”.

(b) PETROLEUM RESOURCES.—Section 14(14) of the Iran Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended by inserting after “petroleum” the second place it appears, the following: “, petroleum by-products, liquefied natural gas, the sale of oil or liquefied natural gas tankers,”.

SEC. 305. REMOVAL OF WAIVER AUTHORITY.

(a) SIX-MONTH WAIVER AUTHORITY.—Section 4 of the Iran Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended—
(1) in subsection (d)(1), by striking “except those with respect to which the President has exercised the waiver authority under subsection (c)”;

(2) by striking subsection (c); and

(3) by redesignating subsections (d), (e), and (f) as subsections (c), (d), and (e), respectively.

(b) **General Waiver Authority.**—Section 9 of the Iran Sanctions Act of 1996 (50 U.S.C. 1701 note) is amended by striking subsection (c).

(c) **Construction.**—The amendments made by this section shall not be construed to affect any exercise of the authority of section 4(c) or section 9(c) of the Iran Sanctions Act of 1996 as in effect on the day before the date of the enactment of this Act.

**TITLE IV—ADDITIONAL MEASURES**

**SEC. 401. Additions to Terrorism and Other Lists.**

(a) **Determinations and Report.**—Not later than 120 days after the date of the enactment of this Act, the President shall—

(1) determine whether the Islamic Revolutionary Guards Corps should be—

(A) designated as a foreign terrorist organization under section 219 of the Immigration and Nationality Act (8 U.S.C. 1189);
(B) placed on the list of specially designated global terrorists; and

(C) placed on the list of weapons of mass destruction proliferators and their supporters; and

(2) report the determinations under paragraph (1) to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate, including, if the President determines that such Corps should not be so designated or placed on either such list, the justification for the President’s determination.

(b) DEFINITIONS.—In this section—

(1) the term “specially designated global terrorist” means any person included on the Annex to Executive Order 13224, of September 23, 2001, and any other person identified under section 1 of that Executive order whose property and interests in property are blocked by that section; and

(2) the term “weapons of mass destruction proliferators and their supporters” means any person included on the Annex to Executive Order 13382, of June 28, 2005, and any other person identified under section 1 of that Executive order
whose property and interests in property are blocked
by that section.

SEC. 402. INCREASED CAPACITY FOR EFFORTS TO COMBAT
UNLAWFUL OR TERRORIST FINANCING.

(a) FINDINGS.—The work of the Office of Terrorism
and Financial Intelligence of the Department of Treasury,
which includes the Office of Foreign Assets Control and
the Financial Crimes Enforcement Center, is critical to
ensuring that the international financial system is not
used for purposes of supporting terrorism and developing
weapons of mass destruction.

(b) AUTHORIZATION.—There is authorized for the
Secretary of the Treasury $59,466,000 for fiscal year
2008 and such sums as may be necessary for each of the
fiscal years 2009 and 2010 for the Office of Terrorism
and Financial Intelligence.

(c) AUTHORIZATION AMENDMENT.—Section
310(d)(1) of title 31, United States Code, is amended by
striking “such sums as may be necessary for fiscal years
for fiscal year 2008 and such sums as may be necessary
for each of the fiscal years 2009 and 2010”.

•HR 1400 IH
SEC. 403. EXCHANGE PROGRAMS WITH THE PEOPLE OF IRAN.

(a) Sense of Congress.—It is the sense of Congress that the United States should seek to enhance its friendship with the people of Iran, particularly by identifying young people of Iran to come to the United States under United States exchange programs.

(b) Exchange Programs Authorized.—The President is authorized to carry out exchange programs with the people of Iran, particularly the young people of Iran. Such programs shall be carried out to the extent practicable in a manner consistent with the eligibility for assistance requirements specified in section 302(b) of the Iran Freedom Support Act (Public Law 109–293).

(c) Authorization.—Of the amounts available for “Educational and Cultural Exchanges”, there is authorized to be appropriated to the President to carry out this section $10,000,000 for fiscal year 2008.

SEC. 404. REDUCING CONTRIBUTIONS TO THE WORLD BANK.

The President of the United States shall reduce the total amount otherwise payable on behalf of the United States to the International Bank for Reconstruction and Development for each fiscal year by the percentage represented by—
(1) the total of the amounts provided by the
Bank to entities in Iran, or for projects and activi-
ties in Iran, in the then preceding fiscal year; di-
vided by
(2) the total of the amounts provided by the
Bank to all entities, or for all projects and activities,
in the then preceding fiscal year.

SEC. 405. RESTRICTIONS ON NUCLEAR COOPERATION WITH
COUNTRIES ASSISTING THE NUCLEAR PRO-
GRAM OF IRAN.

(a) IN GENERAL.—Notwithstanding any other provi-
sion of law or any international agreement, no agreement
for cooperation between the United States and the govern-
ment of any country that is assisting the nuclear program
of Iran or transferring advanced conventional weapons or
missiles to Iran may be submitted to the President or to
Congress pursuant to section 123 of the Atomic Energy
Act of 1954 (42 U.S.C. 2153), no such agreement may
enter into force with such country, no license may be
issued for export directly or indirectly to such country of
any nuclear material, facilities, components, or other
goods, services, or technology that would be subject to
such agreement, and no approval may be given for the
transfer or retransfer directly or indirectly to such country
of any nuclear material, facilities, components, or other
goods, services, or technology that would be subject to
such agreement, until the President determines and re-
ports to the Committee on Foreign Relations of the Senate
and the Committee on International Relations of the
House of Representatives that—

(1) Iran has ceased its efforts to design, de-
velop, or acquire a nuclear explosive device or related
materials or technology; or

(2) the government of the country that is as-
sisting the nuclear program of Iran or transferring
advanced conventional weapons or missiles to Iran—

(A) has suspended all nuclear assistance to
Iran and all transfers of advanced conventional
weapons and missiles to Iran; and

(B) is committed to maintaining that sus-
pension until Iran has implemented measures
that would permit the President to make the
determination described in paragraph (1).

(b) CONSTRUCTION.—The restrictions in subsection
(a)—

(1) shall apply in addition to all other applica-
ble procedures, requirements, and restrictions con-
tained in the Atomic Energy Act of 1954 and other
laws; and
(2) shall not be construed as affecting the validity of agreements for cooperation that are in effect on the date of the enactment of this Act.

(c) 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) **Country that is assisting the nuclear program of Iran or transferring advanced conventional weapons or missiles to Iran.**—The term “country that is assisting the nuclear program of Iran or transferring advanced conventional weapons or missiles to Iran” means—

(A) Russia; and

(B) any other country determined by the President to be assisting the nuclear program of Iran or transferring advanced conventional weapons or missiles to Iran.

(4) **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 goods, services, or technology listed on—

(A) the Wassenaar Arrangement list of Dual Use Goods and Technologies and Munitions list of July 12, 1996, and subsequent revisions; or
(B) the Missile Technology Control Regime


SEC. 406. ELIMINATION OF CERTAIN TAX INCENTIVES FOR OIL COMPANIES INVESTING IN IRAN.

(a) In General.—Subsection (h) of section 167 of the Internal Revenue Code of 1986 (relating to amortization of geological and geophysical expenditures) is amended by adding at the end the following new paragraph:

“(6) Denial when Iran sanctions in effect.—

“(A) In General.—If sanctions are imposed under section 5(a) of the Iran Sanctions Act of 1996 (relating to sanctions with respect to the development of petroleum resources of Iran) on any member of an expanded affiliated group the common parent of which is a foreign corporation, paragraph (1) shall not apply to any expense paid or incurred by any such member in any period during which the sanctions are in effect.

“(B) Expanded affiliated group.—

For purposes of subparagraph (A), the term ‘expanded affiliated group’ means an affiliated
group as defined in section 1504(a), determined—

“(i) by substituting ‘more than 50 percent’ for ‘at least 80 percent’ each place it appears, and

“(ii) without regard to paragraphs (2), (3), and (4) of section 1504(b).”.

(b) Effective Date.—The amendment made by subsection (a) shall apply to expense paid or incurred on or after January 1, 2007.

TITLE V—MISCELLANEOUS PROVISIONS

SEC. 501. TERMINATION.

(a) Termination.—The restrictions provided in sections 203, 404, and 405 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 (50 U.S.C. 2405(j)) to have repeatedly provided support for acts of international terrorism; and

(3) poses no significant threat to United States national security, interests, or allies.

(b) DEFINITION.—In subsection (a), the term “appropriate congressional committees” means the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate.