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(Original Signature of Member)

111TH CONGRESS  
1ST SESSION

**H. R.** \_\_\_\_\_

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

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IN THE HOUSE OF REPRESENTATIVES

Mr. KIRK (for himself and Mr. SHERMAN) introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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**A BILL**

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

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

3 **SECTION 1. SHORT TITLE.**

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

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

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

4           (2) Iran is a member of the International  
5           Atomic Energy Agency (IAEA).

6           (3) On July 31, 2006, the United Nations Se-  
7           curity Council (UNSC) adopted Resolution 1696,  
8           setting a deadline of August 31, 2006, for Iran's  
9           full, unconditional, and immediate compliance with  
10          its obligations under the NPT.

11          (4) Iran is in violation of UNSC Resolution  
12          1696.

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

20          (6) Iran is in violation of UNSC Resolution  
21          1737.

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

1           (8) Iran is in violation of UNSC Resolution  
2           1747.

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

7           (10) Iran is in violation of UNSC Resolution  
8           1803.

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

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

13          (13) According to the IAEA, Iran has installed  
14          2 or 3 types of next-generation centrifuges at  
15          Natanz FEP, including the IR-2 and the IR-3.

16          (14) On October 26, 2008, IAEA inspectors  
17          were unable to carry out a scheduled design infor-  
18          mation verification visit to the Arak Heavy Water  
19          Reactor.

20          (15) According to the IAEA, as of January 31,  
21          2009, Iran had produced a total of some 1,010 kilo-  
22          grams of low enriched uranium hexafluoride, which  
23          is 30 percent higher than IAEA estimates and suffi-  
24          cient for a nuclear weapons breakout capability.

1           (16) According to the IAEA's February 19,  
2           2009, report, Iran had installed more than 5,400  
3           centrifuges.

4           (17) According to the IAEA's February 19,  
5           2009, report, Iran is producing fuel rods containing  
6           uranium pellets for its IR-40 heavy water reactor.

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

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

16          (20) According to the IAEA, as of its February  
17          19, 2009, report, Iran has not answered IAEA ques-  
18          tions "about possible military dimensions of Iran's  
19          nuclear programme".

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

22          (22) Over the course of the past year, Iran pur-  
23          chased nearly all of this gasoline from just six com-  
24          panies, five of them European (the Swiss firm Vitol;  
25          the Swiss/Dutch firm Trafigura; the French firm

1 Total; the Swiss firm Glencore; British Petroleum)  
2 and one Indian company, Reliance Industries.

3 (23) In February 2009, Vitol and Trafigura  
4 supplied some 80 percent of Iran's gasoline imports,  
5 while Reliance Industries and British Petroleum re-  
6 portedly did not supply gasoline to Iran that month.

7 (24) In light of the extensive relationship be-  
8 tween the United States and Switzerland, it is a  
9 matter of particular concern that Swiss firms supply  
10 more than 80 percent of Iran's gasoline imports.

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

13 (26) An interruption or significant limiting of  
14 the supply of gasoline to Iran would considerably im-  
15 pact the Iranian economy.

16 (27) An international restriction of gasoline ex-  
17 ports to Iran would significantly bolster current dip-  
18 lomatic initiatives.

19 (28) On June 4, 2008, then-Senator Barack  
20 Obama said, "we should work with Europe, Japan,  
21 and the Gulf states to find every avenue outside the  
22 U.N. to isolate the Iranian regime—from cutting off  
23 loan guarantees and expanding financial sanctions,  
24 to banning the export of refined petroleum to Iran".

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

7   **SEC. 3. AMENDMENTS TO THE IRAN SANCTIONS ACT OF**  
8                                   **1996.**

9           (a) EXPANSION OF SANCTIONS TO REFINED PETRO-  
10          LEUM.—Section 5(a) of the Iran Sanctions Act of 1996  
11          (50 U.S.C. 1701 note) is amended to read as follows:

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

19                   “(1)(A) on or after the date of the enactment  
20                   of this Act, made an investment of \$40,000,000 or  
21                   more (or any combination of investments of at least  
22                   \$10,000,000 each, which in the aggregate equals or  
23                   exceeds \$40,000,000 in any 12-month period), that  
24                   directly and significantly contributed to the enhance-

1       ment of Iran’s ability to develop petroleum resources  
2       of Iran; or

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

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

14           “(A) provided Iran with refined petroleum  
15      resources;

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

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

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

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

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

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

11           (c) PRESIDENTIAL WAIVER.—Section 9(c)(2)(C) of  
12 such Act is amended by striking “section 5(a) or section  
13 5(b) to Iran’s ability to, respectively, develop its petroleum  
14 resources or its weapons of mass destruction or other mili-  
15 tary capabilities” and inserting “section 5(a)(1), section  
16 5(a)(2), or section 5(b) to Iran’s ability to, respectively,  
17 develop its petroleum resources, import refined petroleum  
18 resources or refine petroleum, or develop its weapons of  
19 mass destruction or other military capabilities”.

20           (d) REPORTS ON UNITED STATES EFFORTS TO CUR-  
21 TAIL THE EXPORT OF REFINED PETROLEUM TO IRAN.—  
22 Section 10 of such Act is amended by adding at the end  
23 the following new subsection:

24                   “(d) REPORTS ON REFINED PETROLEUM EXPORTS  
25 TO IRAN.—

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

8                   “(A) any person that has provided Iran  
9                   with refined petroleum resources, and the petro-  
10                  leum resources so provided;

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

15                  “(C) any person that has provided Iran  
16                  with goods, services, or technology for refining  
17                  petroleum, and the goods, services, or tech-  
18                  nology so provided; and

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

21           “(2) ADDITIONAL INFORMATION.—With respect  
22           to each matter reported under subparagraph (A),  
23           (B), or (C) of paragraph (1), the President shall de-  
24           scribe the steps that the United States has taken to  
25           respond to the provision of refined petroleum re-

1 sources described in paragraph (1)(A), the activity  
2 described in paragraph (1)(B), or the provision of  
3 goods, services, or technology described in paragraph  
4 (1)(C), as the case may be.”.