



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



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**February, 2010**





## 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.

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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.

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. However, the trade ban is no longer comprehensive, as a result of modifications in 1999 and 2000. These modifications, which permit licensing of humanitarian exports to Iran and of importation into the United States of certain Iranian luxury goods, have enabled bilateral trade to reach about \$800 million in 2008, with about two-thirds of that figure consisting of U.S. exports to 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. It provides for sanctions on companies that develop Iran's energy sector, for example by drilling for oil and gas and extracting these resources. 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 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.

#### BEGIN TEXT

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#### 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

This 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.

**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.)

We meet at a time of great tension between the United States and Muslims around the world -- tension rooted in historical forces that go beyond any current policy debate. The relationship between Islam and the West includes centuries of coexistence and cooperation, but also conflict and religious wars. More recently, tension has been fed by colonialism that denied rights and opportunities to many Muslims, and a Cold War in which Muslim-majority countries were too often treated as proxies without regard to their own aspirations. Moreover, the sweeping change brought by modernity and globalization led many Muslims to view the West as hostile to the traditions of Islam.

Violent extremists have exploited these tensions in a small but potent minority of Muslims. The attacks of September 11, 2001 and the continued efforts of these extremists to engage in violence against civilians has led some in my country to view Islam as inevitably hostile not only to America and Western countries, but also to human rights. All this has bred more fear and more mistrust.

So long as our relationship is defined by our differences, we will empower those who sow hatred rather than peace, those who promote conflict rather than the cooperation that can help all of our people achieve justice and prosperity. And this cycle of suspicion and discord must end.

I've come here to Cairo to seek a new beginning between the United States and Muslims around the world, one based on mutual interest and mutual respect, and one based upon the truth that America and Islam are not exclusive and need not be in competition. Instead, they overlap, and share common principles -- principles of justice and progress; tolerance and the dignity of all human beings.

I do so recognizing that change cannot happen overnight. I know there's been a lot of publicity about this speech, but no single speech can eradicate years of mistrust, nor can I answer in the time that I have this afternoon all the complex questions that brought us to this point. But I am convinced that in order to move forward, we must say openly to each other the things we hold in our hearts and that too often are said only behind closed doors. There must be a sustained effort to listen to each other; to learn from each other; to respect one another; and to seek common ground. As the Holy Koran tells us, "Be conscious of God and speak always the truth." (Applause.) That is what I will try to do today -- to speak the truth as best I can, humbled by the task before us, and firm in my belief that the interests we share as human beings are far more powerful than the forces that drive us apart.

Now part of this conviction is rooted in my own experience. I'm a Christian, but my father came from a Kenyan family that includes generations of Muslims. As a boy, I spent several years in Indonesia and heard the call of the azaan at the break of dawn and at the fall of dusk. As a young man, I worked in Chicago communities where many found dignity and peace in their Muslim faith.

As a student of history, I also know civilization's debt to Islam. It was Islam -- at places like Al-Azhar -- that carried the light of learning through so many centuries, paving the way for Europe's Renaissance and Enlightenment. It was innovation in Muslim communities -- (applause) -- it was innovation in Muslim communities that developed the order of algebra; our magnetic compass and tools of navigation; our mastery of pens and printing; our understanding of how disease spreads and how it can be healed. Islamic culture has given us majestic arches and soaring spires; timeless poetry and cherished music; elegant calligraphy and places of peaceful contemplation. And throughout history, Islam has demonstrated through words and deeds the possibilities of religious tolerance and racial equality. (Applause.)

I also know that Islam has always been a part of America's story. The first nation to recognize my country was Morocco. In signing the Treaty of Tripoli in 1796, our second President, John Adams, wrote, "The United States has in itself no character of enmity against the laws, religion or

tranquility of Muslims." And since our founding, American Muslims have enriched the United States. They have fought in our wars, they have served in our government, they have stood for civil rights, they have started businesses, they have taught at our universities, they've excelled in our sports arenas, they've won Nobel Prizes, built our tallest building, and lit the Olympic Torch. And when the first Muslim American was recently elected to Congress, he took the oath to defend our Constitution using the same Holy Koran that one of our Founding Fathers -- Thomas Jefferson -- kept in his personal library. (Applause.)

So I have known Islam on three continents before coming to the region where it was first revealed. That experience guides my conviction that partnership between America and Islam must be based on what Islam is, not what it isn't. And I consider it part of my responsibility as President of the United States to fight against negative stereotypes of Islam wherever they appear. (Applause.)

But that same principle must apply to Muslim perceptions of America. (Applause.) Just as Muslims do not fit a crude stereotype, America is not the crude stereotype of a self-interested empire. The United States has been one of the greatest sources of progress that the world has ever known. We were born out of revolution against an empire. We were founded upon the ideal that all are created equal, and we have shed blood and struggled for centuries to give meaning to those words -- within our borders, and around the world. We are shaped by every culture, drawn from every end of the Earth, and dedicated to a simple concept: E pluribus unum -- "Out of many, one."

Now, much has been made of the fact that an African American with the name Barack Hussein Obama could be elected President. (Applause.) But my personal story is not so unique. The dream of opportunity for all people has not come true for everyone in America, but its promise exists for all who come to our shores -- and that includes nearly 7 million American Muslims in our country today who, by the way, enjoy incomes and educational levels that are higher than the American average. (Applause.)

Moreover, freedom in America is indivisible from the freedom to practice one's religion. That is why there is a mosque in every state in our union, and over 1,200 mosques within our borders. That's why the United States government has gone to court to protect the right of women and girls to wear the hijab and to punish those who would deny it. (Applause.)

So let there be no doubt: Islam is a part of America. And I believe that America holds within her the truth that regardless of race, religion, or station in life, all of us share common aspirations -- to live in peace and security; to get an education and to work with dignity; to love our families, our communities, and our God. These things we share. This is the hope of all humanity.

Of course, recognizing our common humanity is only the beginning of our task. Words alone cannot meet the needs of our people. These needs will be met only if we act boldly in the years ahead; and if we understand that the challenges we face are shared, and our failure to meet them will hurt us all.

For we have learned from recent experience that when a financial system weakens in one country, prosperity is hurt everywhere. When a new flu infects one human being, all are at risk. When one nation pursues a nuclear weapon, the risk of nuclear attack rises for all nations. When violent extremists operate in one stretch of mountains, people are endangered across an ocean. When innocents in Bosnia and Darfur are slaughtered, that is a stain on our collective conscience. (Applause.) That is what it means to share this world in the 21st century. That is the responsibility we have to one another as human beings.

And this is a difficult responsibility to embrace. For human history has often been a record of nations and tribes -- and, yes, religions -- subjugating one another in pursuit of their own interests. Yet in this new age, such attitudes are self-defeating. Given our interdependence, any world order that elevates one nation or group of people over another will inevitably fail. So whatever we think of the past, we must not be prisoners to it. Our problems must be dealt with through partnership; our progress must be shared. (Applause.)

Now, that does not mean we should ignore sources of tension. Indeed, it suggests the opposite: We must face these tensions squarely. And so in that spirit, let me speak as clearly and as plainly as I can about some specific issues that I believe we must finally confront together.

The first issue that we have to confront is violent extremism in all of its forms.

In Ankara, I made clear that America is not -- and never will be -- at war with Islam. (Applause.) We will, however, relentlessly confront violent extremists who pose a grave threat to our security -- because we reject the same thing that people of all faiths reject: the killing of innocent men, women, and children. And it is my first duty as President to protect the American people.

The situation in Afghanistan demonstrates America's goals, and our need to work together. Over seven years ago, the United States pursued al Qaeda and the Taliban with broad international support. We did not go by choice; we went because of necessity. I'm aware that there's still some who would question or even justify the events of 9/11. But let us be clear: Al Qaeda killed nearly 3,000 people on that day. The victims were innocent men, women and children from America and many other nations who had done nothing to harm anybody. And yet al Qaeda chose to ruthlessly murder these people, claimed credit for the attack, and even now states their determination to kill on a massive scale. They have affiliates in many countries and are trying to expand their reach. These are not opinions to be debated; these are facts to be dealt with.

Now, make no mistake: We do not want to keep our troops in Afghanistan. We see no military -- we seek no military bases there. It is agonizing for America to lose our young men and women. It is costly and politically difficult to continue this conflict. We would gladly bring every single one of our troops home if we could be confident that there were not violent extremists in Afghanistan and now Pakistan determined to kill as many Americans as they possibly can. But that is not yet the case.

And that's why we're partnering with a coalition of 46 countries. And despite the costs involved, America's commitment will not weaken.

Indeed, none of us should tolerate these extremists. They have killed in many countries. They have killed people of different faiths -- but more than any other, they have killed Muslims. Their actions are irreconcilable with the rights of human beings, the progress of nations, and with Islam. The Holy Koran teaches that whoever kills an innocent is as -- it is as if he has killed all mankind. (Applause.) And the Holy Koran also says whoever saves a person, it is as if he has saved all mankind. (Applause.) The enduring faith of over a billion people is so much bigger than the narrow hatred of a few. Islam is not part of the problem in combating violent extremism -- it is an important part of promoting peace.

Now, we also know that military power alone is not going to solve the problems in Afghanistan and Pakistan. That's why we plan to invest \$1.5 billion each year over the next five years to partner with Pakistan to build schools and hospitals, roads and businesses, and hundreds of millions to help those who've been displaced. That's why we are providing more than \$2.8 billion to help Afghans develop their economy and deliver services that people depend on.

Let me also address the issue of Iraq. Unlike Afghanistan, Iraq was a war of choice that provoked strong differences in my country and around the world. Although I believe that the Iraqi people are ultimately better off without the tyranny of Saddam Hussein, I also believe that events in Iraq have reminded America of the need to use diplomacy and build international consensus to resolve our problems whenever possible. (Applause.) Indeed, we can recall the words of Thomas Jefferson, who said: "I hope that our wisdom will grow with our power, and teach us that the less we use our power the greater it will be."

Today, America has a dual responsibility: to help Iraq forge a better future -- and to leave Iraq to Iraqis. And I have made it clear to the Iraqi people -- (applause) -- I have made it clear to the Iraqi people that we pursue no bases, and no claim on their territory or resources. Iraq's sovereignty is its own. And that's why I ordered the removal of our combat brigades by next August. That is why we will honor our agreement with Iraq's democratically elected government to remove combat troops from Iraqi cities by July, and to remove all of our troops from Iraq by 2012. (Applause.) We will help Iraq train its security forces and develop its economy. But we will support a secure and united Iraq as a partner, and never as a patron.

And finally, just as America can never tolerate violence by extremists, we must never alter or forget our principles. Nine-eleven was an enormous trauma to our country. The fear and anger that it provoked was understandable, but in some cases, it led us to act contrary to our traditions and our ideals. We are taking concrete actions to change course. I have unequivocally prohibited the use of torture by the United States, and I have ordered the prison at Guantanamo Bay closed by early next year. (Applause.)

So America will defend itself, respectful of the sovereignty of nations and the rule of law. And we will do so in partnership with Muslim communities which are also threatened. The sooner the extremists are isolated and unwelcome in Muslim communities, the sooner we will all be safer.

The second major source of tension that we need to discuss is the situation between Israelis, Palestinians and the Arab world.

America's strong bonds with Israel are well known. This bond is unbreakable. It is based upon cultural and historical ties, and the recognition that the aspiration for a Jewish homeland is rooted in a tragic history that cannot be denied.

Around the world, the Jewish people were persecuted for centuries, and anti-Semitism in Europe culminated in an unprecedented Holocaust. Tomorrow, I will visit Buchenwald, which was part of a network of camps where Jews were enslaved, tortured, shot and gassed to death by the Third Reich. Six million Jews were killed -- more than the entire Jewish population of Israel today. Denying that fact is baseless, it is ignorant, and it is hateful. Threatening Israel with destruction -- or repeating vile stereotypes about Jews -- is deeply wrong, and only serves to evoke in the minds of Israelis this most painful of memories while preventing the peace that the people of this region deserve.

On the other hand, it is also undeniable that the Palestinian people -- Muslims and Christians -- have suffered in pursuit of a homeland. For more than 60 years they've endured the pain of dislocation. Many wait in refugee camps in the West Bank, Gaza, and neighboring lands for a life of peace and security that they have never been able to lead. They endure the daily humiliations -- large and small -- that come with occupation. So let there be no doubt: The situation for the Palestinian people is intolerable. And America will not turn our backs on the legitimate Palestinian aspiration for dignity, opportunity, and a state of their own. (Applause.)

For decades then, there has been a stalemate: two peoples with legitimate aspirations, each with a painful history that makes compromise elusive. It's easy to point fingers -- for Palestinians to point to the displacement brought about by Israel's founding, and for Israelis to point to the constant hostility and attacks throughout its history from within its borders as well as beyond. But if we see this conflict only from one side or the other, then we will be blind to the truth: The only resolution is for the aspirations of both sides to be met through two states, where Israelis and Palestinians each live in peace and security. (Applause.)

That is in Israel's interest, Palestine's interest, America's interest, and the world's interest. And that is why I intend to personally pursue this outcome with all the patience and dedication that the task requires. (Applause.) The obligations -- the obligations that the parties have agreed to under the road map are clear. For peace to come, it is time for them -- and all of us -- to live up to our responsibilities.

Palestinians must abandon violence. Resistance through violence and killing is wrong and it does not succeed. For centuries, black people in America suffered the lash of the whip as slaves and the humiliation of segregation. But it was not violence that won full and equal rights. It was a peaceful and determined insistence upon the ideals at the center of America's founding. This same story can be told by people from South Africa to South Asia; from Eastern Europe to Indonesia. It's a story with a simple truth: that violence is a dead end. It is a sign neither of courage nor power to shoot rockets at sleeping children, or to blow up old women on a bus. That's not how moral authority is claimed; that's how it is surrendered.

Now is the time for Palestinians to focus on what they can build. The Palestinian Authority must develop its capacity to govern, with institutions that serve the needs of its people. Hamas does have support among some Palestinians, but they also have to recognize they have responsibilities. To play a role in fulfilling Palestinian aspirations, to unify the Palestinian people, Hamas must put an end to violence, recognize past agreements, recognize Israel's right to exist.

At the same time, Israelis must acknowledge that just as Israel's right to exist cannot be denied, neither can Palestine's. The United States does not accept the legitimacy of continued Israeli settlements. (Applause.) This construction violates previous agreements and undermines efforts to achieve peace. It is time for these settlements to stop. (Applause.)

And Israel must also live up to its obligation to ensure that Palestinians can live and work and develop their society. Just as it devastates Palestinian families, the continuing humanitarian crisis in Gaza does not serve Israel's security; neither does the continuing lack of opportunity in the West Bank. Progress in the daily lives of the Palestinian people must be a critical part of a road to peace, and Israel must take concrete steps to enable such progress.

And finally, the Arab states must recognize that the Arab Peace Initiative was an important beginning, but not the end of their responsibilities. The Arab-Israeli conflict should no longer be used to distract the people of Arab nations from other problems. Instead, it must be a cause for action to help the Palestinian people develop the institutions that will sustain their state, to recognize Israel's legitimacy, and to choose progress over a self-defeating focus on the past.

America will align our policies with those who pursue peace, and we will say in public what we say in private to Israelis and Palestinians and Arabs. (Applause.) We cannot impose peace. But privately, many Muslims recognize that Israel will not go away. Likewise, many Israelis recognize the need for a Palestinian state. It is time for us to act on what everyone knows to be true.

Too many tears have been shed. Too much blood has been shed. All of us have a responsibility to work for the day when the mothers of Israelis and Palestinians can see their children grow up without fear; when the Holy Land of the three great faiths is the place of peace that God intended it to be; when Jerusalem is a secure and lasting home for Jews and Christians and Muslims, and a place for all of the children of Abraham to mingle peacefully together as in the story of Isra -- (applause) -- as in the story of Isra, when Moses, Jesus, and Mohammed, peace be upon them, joined in prayer. (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.

**AUDIENCE MEMBER:** Barack Obama, we love you!

**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.

Freedom of religion is central to the ability of peoples to live together. We must always examine the ways in which we protect it. For instance, in the United States, rules on charitable giving have made it harder for Muslims to fulfill their religious obligation. That's why I'm committed to working with American Muslims to ensure that they can fulfill zakat.

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.

The sixth issue -- the sixth issue that I want to address is women's rights. (Applause.) I know -- I know -- and you can tell from this audience, that there is a healthy debate about this issue. I reject the view of some in the West that a woman who chooses to cover her hair is somehow less equal, but I do believe that a woman who is denied an education is denied equality. (Applause.) And it is no coincidence that countries where women are well educated are far more likely to be prosperous.

Now, let me be clear: Issues of women's equality are by no means simply an issue for Islam. In Turkey, Pakistan, Bangladesh, Indonesia, we've seen Muslim-majority countries elect a woman to lead. Meanwhile, the



struggle for women's equality continues in many aspects of American life, and in countries around the world.

I am convinced that our daughters can contribute just as much to society as our sons. (Applause.) Our common prosperity will be advanced by allowing all humanity -- men and women -- to reach their full potential. I do not believe that women must make the same choices as men in order to be equal, and I respect those women who choose to live their lives in traditional roles. But it should be their choice. And that is why the United States will partner with any Muslim-majority country to support expanded literacy for girls, and to help young women pursue employment through micro-financing that helps people live their dreams. (Applause.)

Finally, I want to discuss economic development and opportunity.

I know that for many, the face of globalization is contradictory. The Internet and television can bring knowledge and information, but also offensive sexuality and mindless violence into the home. Trade can bring new wealth and opportunities, but also huge disruptions and change in communities. In all nations -- including America -- this change can bring fear. Fear that because of modernity we lose control over our economic choices, our politics, and most importantly our identities -- those things we most cherish about our communities, our families, our traditions, and our faith.

But I also know that human progress cannot be denied. There need not be contradictions between development and tradition. Countries like Japan and South Korea grew their economies enormously while maintaining distinct cultures. The same is true for the astonishing progress within Muslim-majority countries from Kuala Lumpur to Dubai. In ancient times and in our times, Muslim communities have been at the forefront of innovation and education.

And this is important because no development strategy can be based only upon what comes out of the ground, nor can it be sustained while young people are out of work. Many Gulf states have enjoyed great wealth as a consequence of oil, and some are beginning to focus it on broader development. But all of us must recognize that education and innovation will be the currency of the 21st century -- (applause) -- and in too many Muslim communities, there remains underinvestment in these areas. I'm emphasizing such investment within my own country. And while America in the past has focused on oil and gas when it comes to this part of the world, we now seek a broader engagement.

On education, we will expand exchange programs, and increase scholarships, like the one that brought my father to America. (Applause.) At the same time, we will encourage more Americans to study in Muslim communities. And we will match promising Muslim students with internships in America; invest in online learning for teachers and children around the world; and create a new online network, so a young person in Kansas can communicate instantly with a young person in Cairo.

On economic development, we will create a new corps of business volunteers to partner with counterparts in Muslim-majority countries. And I will host a Summit on Entrepreneurship this year to identify how we can deepen ties between business leaders, foundations and social

entrepreneurs in the United States and Muslim communities around the world.

On science and technology, we will launch a new fund to support technological development in Muslim-majority countries, and to help transfer ideas to the marketplace so they can create more jobs. We'll open centers of scientific excellence in Africa, the Middle East and Southeast Asia, and appoint new science envoys to collaborate on programs that develop new sources of energy, create green jobs, digitize records, clean water, grow new crops. Today I'm announcing a new global effort with the Organization of the Islamic Conference to eradicate polio. And we will also expand partnerships with Muslim communities to promote child and maternal health.

All these things must be done in partnership. Americans are ready to join with citizens and governments; community organizations, religious leaders, and businesses in Muslim communities around the world to help our people pursue a better life.

The issues that I have described will not be easy to address. But we have a responsibility to join together on behalf of the world that we seek -- a world where extremists no longer threaten our people, and American troops have come home; a world where Israelis and Palestinians are each secure in a state of their own, and nuclear energy is used for peaceful purposes; a world where governments serve their citizens, and the rights of all God's children are respected. Those are mutual interests. That is the world we seek. But we can only achieve it together.

I know there are many -- Muslim and non-Muslim -- who question whether we can forge this new beginning. Some are eager to stoke the flames of division, and to stand in the way of progress. Some suggest that it isn't worth the effort -- that we are fated to disagree, and civilizations are doomed to clash. Many more are simply skeptical that real change can occur. There's so much fear, so much mistrust that has built up over the years. But if we choose to be bound by the past, we will never move forward. And I want to particularly say this to young people of every faith, in every country -- you, more than anyone, have the ability to reimagine the world, to remake this world.

All of us share this world for but a brief moment in time. The question is whether we spend that time focused on what pushes us apart, or whether we commit ourselves to an effort -- a sustained effort -- to find common ground, to focus on the future we seek for our children, and to respect the dignity of all human beings.

It's easier to start wars than to end them. It's easier to blame others than to look inward. It's easier to see what is different about someone than to find the things we share. But we should choose the right path, not just the easy path. There's one rule that lies at the heart of every religion -- that we do unto others as we would have them do unto us. (Applause.) This truth transcends nations and peoples -- a belief that isn't new; that isn't black or white or brown; that isn't Christian or Muslim or Jew. It's a belief that pulsed in the cradle of civilization, and that still beats in the hearts of billions around the world. It's a faith in other people, and it's what brought me here today.

We have the power to make the world we seek, but only if we have the courage to make a new beginning, keeping in mind what has been written.

The Holy Koran tells us: "O mankind! We have created you male and a female; and we have made you into nations and tribes so that you may know one another."

The Talmud tells us: "The whole of the Torah is for the purpose of promoting peace."

The Holy Bible tells us: "Blessed are the peacemakers, for they shall be called sons of God." (Applause.)

The people of the world can live together in peace. We know that is God's vision. Now that must be our work here on Earth.

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

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

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## Statement by President Obama on a Time Frame to Judge Iran's Willingness to Compromise on the Nuclear Issue

The following joint press conference between President Obama and visiting Israeli Prime Minister Benjamin Netanyahu on May 18, 2009 was viewed as significant for President Obama's setting of a notional deadline ("the end of [2009]") within which to evaluate whether Iran was bargaining in good faith in multilateral talks on its nuclear program.

As is evident in the transcript of the conference, there appeared to be some difference of opinion between President Obama and Prime Minister Netanyahu about what consequences might follow if Iran were judged, after that time frame, to not be bargaining in good faith. President Obama stated that the United States did not preclude a "range of steps, including much stronger international sanctions." No mention is made of possible military action as among those further steps. The Prime Minister asserted that President Obama was keeping "all options on the table," a phrase that is widely interpreted as indicating military action as among the possibilities.

Since this joint press conference, the disputed June 12, 2009 elections in Iran, and Iran's crackdown against election-related protests – as well as revelations in September 2009 about a second, secret nuclear enrichment facility near the city of Qom – have introduced some uncertainty over the time frame that the United States and its partners would allow for negotiations with Iran before moving to impose additional sanctions. A "tentative" October 1, 2009 agreement for Iran to ship much of its enriched uranium for reprocessing in France and Russia appeared to forestall international discussion of new sanctions, but Iran's apparent balking at the details of the terms of such an arrangement might bring sanctions discussion again to the fore.

**BEGIN TEXT**

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**THE WHITE HOUSE**

Office of the Press Secretary

FOR IMMEDIATE RELEASE May 18, 2009

### REMARKS BY PRESIDENT OBAMA AND PRIME MINISTER NETANYAHU OF ISRAEL IN PRESS AVAILABILITY

Oval Office

1:21 P.M. EDT

**PRESIDENT OBAMA:** Well, listen, I first of all want to thank Prime Minister Netanyahu for making this visit. I think we had an extraordinarily productive series of conversations, not only between the two of us but also at the staff and agency levels.

Obviously this reflects the extraordinary relationship, the special relationship between the United States and Israel. It is a stalwart ally of the United States. We have historical ties, emotional ties. As the only true democracy of the Middle East it is a source of admiration and inspiration for the American people.

I have said from the outset that when it comes to my policies towards Israel and the Middle East that Israel's security is paramount, and I repeated that to Prime Minister Netanyahu. It is in U.S. national security interests to assure that Israel's security as an independent Jewish state is maintained.

One of the areas that we discussed is the deepening concern around the potential pursuit of a nuclear weapon by Iran. It's something the Prime

Minister has been very vocal in his concerns about, but is a concern that is shared by his countrymen and women across the political spectrum.

I indicated to him the view of our administration, that Iran is a country of extraordinary history and extraordinary potential, that we want them to be a full-fledged member of the international community and be in a position to provide opportunities and prosperity for their people, but that the way to achieve those goals is not through the pursuit of a nuclear weapon. And I indicated to Prime Minister Netanyahu in private what I have said publicly, which is that Iran obtaining a nuclear weapon would not only be a threat to Israel and a threat to the United States, but would be profoundly destabilizing in the international community as a whole and could set off a nuclear arms race in the Middle East that would be extraordinarily dangerous for all concerned, including for Iran.

We are engaged in a process to reach out to Iran and persuade them that it is not in their interest to pursue a nuclear weapon and that they should change course. But I assured the Prime Minister that we are not foreclosing a range of steps, including much stronger international sanctions, in assuring that Iran understands that we are serious. And obviously the Prime Minister emphasized his seriousness around this issue as well -- I'll allow him to speak for himself on that subject.

We also had an extensive discussion about the possibilities of restarting serious negotiations on the issue of Israel and the Palestinians. I have said before and I will repeat again that it is I believe in the interest not only of the Palestinians, but also the Israelis and the United States and the international community to achieve a two-state solution in which Israelis and Palestinians are living side by side in peace and security.

We have seen progress stalled on this front, and I suggested to the Prime Minister that he has an historic opportunity to get a serious movement on this issue during his tenure. That means that all the parties involved have to take seriously obligations that they've previously agreed to. Those obligations were outlined in the road map; they were discussed extensively in Annapolis. And I think that we can -- there is no reason why we should not seize this opportunity and this moment for all the parties concerned to take seriously those obligations and to move forward in a way that assures Israel's security, that stops the terrorist attacks that have been such a source of pain and hardship, that we can stop rocket attacks on Israel; but that also allow Palestinians to govern themselves as an independent state, that allows economic development to take place, that allows them to make serious progress in meeting the aspirations of their people.

And I am confident that in the days, weeks and months to come we are going to be able to make progress on that issue.

So let me just summarize by saying that I think Prime Minister Netanyahu has the benefit of having served as Prime Minister previously. He has both youth and wisdom --

**PRIME MINISTER NETANYAHU:** I'll dispute youth, but -- (laughter.)

**PRESIDENT OBAMA:** -- and I think is in a position to achieve the security objectives of Israel, but also bring about historic peace. And I'm confident that he's going to seize this moment. And the United States is going to do everything we can to be constructive, effective partners in this process.

**PRIME MINISTER NETANYAHU:** President Obama, thank you. Thank you for your friendship to Israel and your friendship to me. You're a great leader -- a great leader of the United States, a great leader of the world, a great friend of Israel, and someone who is acutely cognizant of our security concerns. And the entire people of Israel appreciate it, and I speak on their behalf.

We met before, but this is the first time that we're meeting as President and Prime Minister. So I was particularly pleased at your reaffirmation of the special relationship between Israel and the United States. We share the same goals and we face the same threats. The common goal is peace. Everybody in Israel, as in the United States, wants peace. The common threat we face are terrorist regimes and organizations that seek to undermine the peace and endanger both our peoples.

In this context, the worst danger we face is that Iran would develop nuclear military capabilities. Iran openly calls for our destruction, which is unacceptable by any standard. It threatens the moderate Arab regimes in the Middle East. It threatens U.S. interests worldwide. But if Iran were to acquire nuclear weapons, it could give a nuclear umbrella to terrorists, or worse, it could actually give terrorists nuclear weapons. And that would put us all in great peril.

So in that context, I very much appreciate, Mr. President, your firm commitment to ensure that Iran does not develop nuclear military capability, and also your statement that you're leaving all options on the table.

I share with you very much the desire to move the peace process forward. And I want to start peace negotiations with the Palestinians immediately. I would like to broaden the circle of peace to include others in the Arab world, if we could, Mr. President, so -- this (inaudible) that one shouldn't let go, maybe peace with the entire Arab world.

I want to make it clear that we don't want to govern the Palestinians. We want to live in peace with them. We want them to govern themselves, absent a handful of powers that could endanger the state of Israel. And for this there has to be a clear goal. The goal has to be an end to conflict. There will have to be compromises by Israelis and Palestinians alike. We're ready to do our share. We hope the Palestinians will do their share, as well. If we resume negotiations, as we plan to do, then I think that the Palestinians will have to recognize Israel as a Jewish state; will have to also enable Israel to have the means to defend itself. And if those conditions are met, Israel's security conditions are met, and there's recognition of Israel's legitimacy, its permanent legitimacy, then I think we can envision an arrangement where Palestinians and Israelis live side by side in dignity, in security, and in peace.

And I look forward, Mr. President, to working with you, a true friend of Israel, to the achievement of our common goals, which are security, prosperity, and above all, peace.

**PRESIDENT OBAMA:** Thank you. We're going to take a couple of questions. We're going to start with Steve.

**Q** Mr. President, you spoke at length, as did the Prime Minister, about Iran's nuclear program. Your program of engagement, policy of engagement, how long is that going to last? Is there a deadline?

**PRESIDENT OBAMA:** You know, I don't want to set an artificial deadline. I think it's important to recognize that Iran is in the midst of its own elections. As I think all of you, since you're all political reporters, are familiar with, election time is not always the best time to get business done.

Their elections will be completed in June, and we are hopeful that, at that point, there is going to be a serious process of engagement, first through the P5-plus-one process that's already in place, potentially through additional direct talks between the United States and Iran.

I want to reemphasize what I said earlier, that I believe it is not only in the interest of the international community that Iran not develop nuclear weapons, I firmly believe it is in Iran's interest not to develop nuclear weapons, because it would trigger a nuclear arms race in the Middle East and be profoundly destabilizing in all sorts of ways. Iran can achieve its interests of security and international respect and prosperity for its people through other means, and I am prepared to make what I believe will be a persuasive argument, that there should be a different course to be taken.

The one thing we're also aware of is the fact that the history, of least, of negotiation with Iran is that there is a lot of talk but not always action and follow-through. And that's why it is important for us, I think, without having set an artificial deadline, to be mindful of the fact that we're not going to have talks forever. We're not going to create a situation in which talks become an excuse for inaction while Iran proceeds with developing a nuclear -- and deploying a nuclear weapon. That's something, obviously, Israel is concerned about, but it's also an issue of concern for the United States and for the international community as a whole.

My expectation would be that if we can begin discussions soon, shortly after the Iranian elections, we should have a fairly good sense by the end of the year as to whether they are moving in the right direction and whether the parties involved are making progress and that there's a good faith effort to resolve differences. That doesn't mean every issue would be resolved by that point, but it does mean that we'll probably be able to gauge and do a reassessment by the end of the year of this approach.

**Q** Thank you, Mr. President. Aren't you concerned that your outstretched hand has been interpreted by extremists, especially Ahmadinejad, Nasrallah, Meshal, as weakness? And since my colleague already asked about the deadline, if engagement fails, what then, Mr. President

**PRESIDENT OBAMA:** Well, it's not clear to me why my outstretched hand would be interpreted as weakness.

**Q** Qatar, an example.

**PRESIDENT OBAMA:** I'm sorry?

**Q** The example of Qatar. They would have preferred to be on your side and then moved to the extremists, to Iran.

**PRESIDENT OBAMA:** Oh, I think -- yes, I'm not sure about that interpretation. Look, we've been in office a little over a hundred days now -- close to four months. We have put forward a clear principle that where we can resolve issues through negotiations and diplomacy, we

should. We didn't expect -- and I don't think anybody in the international community or anybody in the Middle East, for that matter -- would expect that 30 years of antagonism and suspicion between Iran and the United States would be resolved in four months. So we think it's very important for us to give this a chance.

Now, understand that part of the reason that it's so important for us to take a diplomatic approach is that the approach that we've been taking, which is no diplomacy, obviously has not worked. Nobody disagrees with that. Hamas and Hezbollah have gotten stronger. Iran has been pursuing its nuclear capabilities undiminished. And so not talking -- that clearly hasn't worked. That's what's been tried. And so what we're going to do is try something new, which is actually engaging and reaching out to the Iranians.

The important thing is to make sure that there is a clear timetable of -- at which point we say these talks don't seem to be making any serious progress. It hasn't been tried before so we don't want to prejudge that, but as I said, by the end of the year I think we should have some sense as to whether or not these discussions are starting to yield significant benefits, whether we're starting to see serious movement on the part of the Iranians.

If that hasn't taken place, then I think the international community will see that it's not the United States or Israel or other countries that are seeking to isolate or victimize Iran; rather, it is Iran itself which is isolating itself by willing to -- being unwilling to engage in serious discussions about how they can preserve their security without threatening other people's security -- which ultimately is what we want to achieve.

We want to achieve a situation where all countries in the region can pursue economic development and commercial ties and trade and do so without the threat that their populations are going to be subject to bombs and destruction.

That's what I think the Prime Minister is interested in, that's what I'm interested in, and I hope that ends up being what the ruling officials in Iran are interested in, as well.

**Don Gonyea.** Where's Gonyea?

**Q** Right here. Thank you. Mr. President and Mr. Prime Minister, can you each react to King Abdullah's statement of a week ago that we really are at a critical place in the conflict and that if this moment isn't seized and if a peace isn't achieved now, soon, that in a year, year and a half, we could see renewed major conflict, perhaps war? And do you agree with that assessment?

**PRIME MINISTER NETANYAHU:** I think we have to seize the moment and I think we're fortunate in having a leader like President Obama and a new government in Israel and perhaps a new understanding in the Arab world that I haven't seen in my lifetime. And you're very kind to be calling me young, but I'm more than half a century old and in my 59 years in the life of the Jewish state, there's never been a time when Arabs and Israelis see a common threat the way we see it today and also see the need to join together in working towards peace while simultaneously defending ourselves against this common threat.

I think we have -- we have ways to capitalize on this sense of urgency and we're prepared to move with the President and with others in the Arab world if they're prepared to move, as well. And I think the important thing that we discussed, among other things, is how to buttress the Israeli-Palestinian peace tracks, which we want to resume right away, with participation from others in the Arab world; how we give confidence to each other that would -- changes the reality, it changes the reality on the ground, changing political realities top-down, as well, while we work to broaden the circle of peace.

And I think that the sense of urgency that King Abdullah expressed is shared by me and shared by many others and I definitely know it's shared by President Obama.

**PRESIDENT OBAMA:** Look, I think there's an extraordinary opportunity and the Prime Minister said it well. You have Arab states in the region -- the Jordanians, the Egyptians, the Saudis -- who I think are looking for an opportunity to break this long-standing impasse but aren't sure how to do it, and share concerns about Iran's potential development of a nuclear weapon. In order for us to potentially realign interests in the region in a constructive way, bolstering, to use the Prime Minister's word, the Palestinian-Israeli peace track is critical.

It will not be easy. It never has been easy. In discussions, I don't think the Prime Minister would mind me saying to him -- or saying publically what I said privately, which is that there is a recognition that the Palestinians are going to have to do a better job providing the kinds of security assurances that Israelis would need to achieve a two-state solution; that, you know, the leadership of the Palestinians will have to gain additional legitimacy and credibility with their own people, and delivering services. And that's something that the United States and Israel can be helpful in seeing them accomplish.

The other Arab states have to be more supportive and be bolder in seeking potential normalization with Israel. And next week I will have the Palestinian Authority President Abbas as well as President Mubarak here and I will deliver that message to them.

Now, Israel is going to have to take some difficult steps as well, and I shared with the Prime Minister the fact that under the roadmap and under Annapolis that there's a clear understanding that we have to make progress on settlements. Settlements have to be stopped in order for us to move forward. That's a difficult issue. I recognize that, but it's an important one and it has to be addressed.

I think the humanitarian situation in Gaza has to be addressed. Now, I was along the border in Sderot and saw the evidence of weapons that had been raining down on the heads of innocents in those Israeli cities, and that's unacceptable. So we've got to work with the Egyptians to deal with the smuggling of weapons and it has to be meaningful because no Prime Minister of any country is going to tolerate missiles raining down on their citizens' heads.

On the other hand, the fact is, is that if the people of Gaza have no hope, if they can't even get clean water at this point, if the border closures are so tight that it is impossible for reconstruction and humanitarian efforts

to take place, then that is not going to be a recipe for Israel's long-term security or a constructive peace track to move forward.

So all these things are going to have to come together and it's going to be difficult, but the one thing that I've committed to the Prime Minister is we are going to be engaged, the United States is going to roll up our sleeves. We want to be a strong partner in this process.

I have great confidence in Prime Minister Netanyahu's political skills, but also his historical vision and his recognition that during the years that he is Prime Minister this second go-around, he is probably going to be confronted with as many important decisions about the long-term strategic interests of Israel as any Prime Minister that we've seen in a very long time. And I have great confidence that he's going to rise to the occasion and I actually think that you're going to see movement in -- among Arab states that we have not seen before.

But the trick is to try to coordinate all this in a very delicate political environment. And that's why I'm so pleased to have George Mitchell, who is standing behind the scrum there, as our special envoy, because I'm very confident that as somebody who was involved in equally delicate negotiations in Northern Ireland, he is somebody who recognizes that if you apply patience and determination, and you keep your eye on the long-term goal, as the Prime Minister articulated -- which is a wide-ranging peace, not a grudging peace, not a transitory peace, but a wide-ranging, regional peace -- that we can make great progress.

**Q** Mr. President, the Israeli Prime Minister and the Israeli administration have said on many occasions -- on some occasions that only if the Iranian threat will be solved, they can achieve real progress on the Palestinian threat. Do you agree with that kind of linkage?

And to the Israeli Prime Minister, you were speaking about the political track. Are you willing to get into final status issues/negotiations like borders, like Jerusalem in the near future, based on the two-state solution? And do you still hold this opinion about the linkage between the Iranian threat and your ability to achieve any progress on the Palestinian threat?

**PRESIDENT OBAMA:** Well, let me say this. There's no doubt that it is difficult for any Israeli government to negotiate in a situation in which they feel under immediate threat. That's not conducive to negotiations. And as I've said before, I recognize Israel's legitimate concerns about the possibility of Iran obtaining a nuclear weapon when they have a president who has in the past said that Israel should not exist. That would give any leader of any country pause.

Having said that, if there is a linkage between Iran and the Israeli-Palestinian peace process, I personally believe it actually runs the other way. To the extent that we can make peace with the Palestinians -- between the Palestinians and the Israelis, then I actually think it strengthens our hand in the international community in dealing with a potential Iranian threat.

Having said that, I think that dealing with Iran's potential nuclear capacity is something that we should be doing even if there already was peace between the Israelis and the Palestinians. And I think that pursuing Israeli-Palestinian peace is something that is in Israeli's security interests

and the United States' national security interests, even if Iran was not pursuing a nuclear weapon. They're both important.

And we have to move aggressively on both fronts. And I think that based on my conversations with Prime Minister Netanyahu, he agrees with me that they're both important. That's not to say that he's not making a calculation, as he should, about what are some of the most immediate threats to Israeli's security, and I understand that.

But, look, imagine how much less mischief a Hezbollah or a Hamas could do if in fact we had moved a Palestinian-Israeli track in a direction that gave the Palestinian people hope. And if Hezbollah and Hamas is weakened, imagine how that impacts Iran's ability to make mischief, and vice versa.

I mean, so obviously these things are related, but they are important separately. And I'm confident that the United States, working with Israel, can make progress on both fronts.

**Q** Thank you.

**PRIME MINISTER NETANYAHU:** We've had extraordinarily friendly and constructive talks here today, and I'm very grateful to the President for that. We want to move peace forward, and we want to ward off the great threats.

There isn't a policy linkage, and that's what I hear the President saying, and that's what I'm saying too. And I've always said there's not a policy linkage between pursuing simultaneously peace between Israel and the Palestinians and the rest of the Arab world, and to trying to deal with removing the threat of a nuclear bomb.

There are causal links. The President talked about one of them. It would help, obviously, unite a broad front against Iran if we had peace between Israel and the Palestinians. And conversely, if Iran went nuclear, it would threaten the progress towards peace and destabilize the entire area, and threaten existing peace agreement.

So it's very clear to us. I think we actually -- we don't see closely on it, we see exactly eye to eye on this -- that we want to move simultaneously and then parallel on two fronts: the front of peace, and the front of preventing Iran from acquiring nuclear capability.

On the front of peace, the important thing for me is to resume negotiations as rapidly as possible, and to -- and my view is less one of terminology, but one of substance. And I ask myself, what do we end up with? If we end up with another Gaza -- the President has described to you there's rockets falling out of Gaza -- that is something we don't want to happen, because a terror base next to our cities that doesn't call -- recognize Israel's existence and calls for our destruction and asks for our destruction is not arguing peace.

If, however, the Palestinians recognize Israel as the Jewish state, if they -- if they fight terror, if they educate their children for peace and to a better future, then I think we can come at a substantive solution that allows the two people to live side by side in security and peace and I add prosperity, because I'm a great believer in this.

So I think the terminology will take care of itself if we have the substantive understanding. And I think we can move forward on this. I have great confidence in your leadership, Mr. President, and in your friendship to my country, and in your championing of peace and security. And the answer is, both come together -- peace and security are intertwined. They're inseparable.

And I look forward, Mr. President, to working with you to achieve both.

**PRESIDENT OBAMA:** Thank you, everybody.

**END TEXT**

**1:55 P.M. EDT**

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## 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.

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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 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.

**END TEXT**

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**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**

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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:

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### BEGIN TEXT

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.

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### 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.

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### BEGIN TEXT

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#### 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.

The American flag flies again over our embassy in Kabul. Terrorists who once occupied Afghanistan now occupy cells at Guantanamo Bay. And terrorist leaders who urged followers to sacrifice their lives are running for their own.

America and Afghanistan are now allies against terror. We will be partners in rebuilding that country. And this evening we welcome the distinguished interim leader of a liberated Afghanistan: Chairman Hamid Karzai.

The last time we met in this chamber, the mothers and daughters of Afghanistan were captives in their own homes, forbidden from working or going to school.

Today women are free, and are part of Afghanistan's new government. And we welcome the new minister of women's affairs, Dr. Sima Samar.

Our progress is a tribute to the spirit of the Afghan people, to the resolve of our coalition and to the might of the United States military.

When I called our troops into action, I did so with complete confidence in their courage and skill. And tonight, thanks to them, we are winning the war on terror.

The men and women of our armed forces have delivered a message now clear to every enemy of the United States: Even 7,000 miles away, across oceans and continents, on mountaintops and in caves you will not escape the justice of this nation.

For many Americans, these four months have brought sorrow and pain that will never completely go away. Every day a retired firefighter returns to Ground Zero to feel closer to his two sons who died there. At a memorial in New York, a little boy left his football with a note for his lost father: "Dear Daddy, please take this to Heaven. I don't want to play football until I can play with you again someday." Last month, at the grave of her husband, Micheal, a CIA officer and Marine who died in Mazar-e Sharif, Shannon Spann said these words of farewell: "Semper fi, my love." Shannon is with us tonight.

Shannon, I assure you and all who have lost a loved one that our cause is just, and our country will never forget the debt we owe Micheal and all who gave their lives for freedom.

Our cause is just, and it continues. Our discoveries in Afghanistan confirmed our worst fears and showed us the true scope of the task ahead. We have seen the depth of our

enemies' hatred in videos where they laugh about the loss of innocent life.

And the depth of their hatred is equaled by the madness of the destruction they design. We have found diagrams of American nuclear power plants and public water facilities, detailed instructions for making chemical weapons, surveillance maps of American cities, and thorough descriptions of landmarks in America and throughout the world.

What we have found in Afghanistan confirms that, far from ending there, our war against terror is only beginning. Most of the 19 men who hijacked planes on September the 11th were trained in Afghanistan's camps. And so were tens of thousands of others. Thousands of dangerous killers, schooled in the methods of murder, often supported by outlaw regimes, are now spread throughout the world like ticking time bombs, set to go off without warning.

Thanks to the work of our law enforcement officials and coalition partners, hundreds of terrorists have been arrested, yet tens of thousands of trained terrorists are still at large. These enemies view the entire world as a battlefield, and we must pursue them wherever they are. So long as training camps operate, so long as nations harbor terrorists, freedom is at risk and America and our allies must not, and will not, allow it.

Our nation will continue to be steadfast, and patient and persistent in the pursuit of two great objectives. First, we will shut down terrorist camps, disrupt terrorist plans and bring terrorists to justice. And second, we must prevent the terrorists and regimes who seek chemical, biological or nuclear weapons from threatening the United States and the world.

Our military has put the terror training camps of Afghanistan out of business, yet camps still exist in at least a dozen countries. A terrorist underworld -- including groups like Hamas, Hezbollah, Islamic Jihad and Jaish-i-Mohammed -- operates in remote jungles and deserts, and hides in the centers of large cities.

While the most visible military action is in Afghanistan, America is acting elsewhere.

We now have troops in the Philippines helping to train that country's armed forces to go after terrorist cells that have executed an American and still hold hostages. Our soldiers, working with the Bosnian government, seized terrorists who were plotting to bomb our embassy. Our Navy is patrolling the coast of Africa to block the shipment of weapons and the establishment of terrorist camps in Somalia.

My hope is that all nations will heed our call and eliminate the terrorist parasites who threaten their countries and our own.

Many nations are acting forcefully. Pakistan is now cracking down on terror, and I admire the strong leadership of President Musharraf. But some governments will be timid in the face of terror. And make no mistake about it: If they do not act, America will.

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.

Iran 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.

I am a proud member of my party. Yet as we act to win the war, protect our people and create jobs in America, we must act first and foremost not as Republicans, not as Democrats, but as Americans.

It costs a lot to fight this war. We have spent more than a billion dollars a month -- over \$30 million a day -- and we must be prepared for future operations. Afghanistan proved that expensive precision weapons defeat the enemy and spare innocent lives, and we need more of them. We need to replace aging aircraft and make our military more agile to put our troops anywhere in the world quickly and safely.

Our men and women in uniform deserve the best weapons, the best equipment and the best training and they also deserve another pay raise. My budget includes the largest increase in defense spending in two decades, because while the price of freedom and security is high, it is never too high. Whatever it costs to defend our country, we will pay.

The next priority of my budget is to do everything possible to protect our citizens and strengthen our nation against the ongoing threat of another attack.

Time and distance from the events of September the 11th will not make us safer unless we act on its lessons. America is no longer protected by vast oceans. We are protected from attack only by vigorous action abroad and increased vigilance at home.

My budget nearly doubles funding for a sustained strategy of homeland security, focused on four key areas: bioterrorism; emergency response; airport and border security; and improved intelligence.

We will develop vaccines to fight anthrax and other deadly diseases. We'll increase funding to help states and communities train and equip our heroic police and firefighters.

We will improve intelligence collection and sharing, expand patrols at our borders, strengthen the security of air travel, and use technology to track the arrivals and departures of visitors to the United States.

Homeland security will make America not only stronger but in many ways better. Knowledge gained from bioterrorism

research will improve public health. Stronger police and fire departments will mean safer neighborhoods. Stricter border enforcement will help combat illegal drugs.

And as government works to better secure our homeland, America will continue to depend on the eyes and ears of alert citizens. A few days before Christmas, an airline flight attendant spotted a passenger lighting a match. The crew and passengers quickly subdued the man, who had been trained by al Qaeda and was armed with explosives. The people on that airplane were alert, and as a result likely saved nearly 200 lives. And tonight we welcome and thank flight attendants Hermis Moutardier and Christina Jones.

Once we have funded our national security and our homeland security, the final great priority of my budget is economic security for the American people. To achieve these great national objectives -- to win the war, protect the homeland and revitalize our economy -- our budget will run a deficit that will be small and short term so long as Congress restrains spending and acts in a fiscally responsible way.

**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**

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**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 2008: 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 2008. 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 2008, 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

Released by the Office of the Coordinator for Counterterrorism  
April 30, 2009

#### IRAN

Iran remained the most active state sponsor of terrorism. Iran's involvement in the planning and financial support of terrorist attacks throughout the Middle East, Europe, 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. The Qods Force, an elite branch of the Islamic Revolutionary Guard Corps (IRGC), is the regime's primary mechanism for cultivating and supporting terrorists abroad. The Qods Force provided aid in the form of weapons, training, and funding to HAMAS and other Palestinian terrorist groups, Lebanese Hezbollah, Iraq-based militants, and Taliban fighters in Afghanistan.

Iran remained a principal supporter of groups that are implacably opposed to the Middle East Peace Process. 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's provision of training, weapons, and money to HAMAS since the 2006 Palestinian elections has bolstered the group's ability to strike Israel. In 2008, Iran provided more than \$200 million in funding to Lebanese Hezbollah and trained over 3,000 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 IRGC Qods Force provided assistance to the Taliban in Afghanistan. The Qods Force provided training to the Taliban on small unit tactics, small arms, explosives, and indirect fire weapons. Since at least 2006,

Iran has arranged arms shipments including small arms and associated ammunition, rocket propelled grenades, mortar rounds, 107mm rockets, and plastic explosives to select Taliban members.

Despite its pledge to support the stabilization of Iraq, Iranian authorities continued to provide lethal support, including weapons, training, funding, and guidance, to Iraqi militant groups that targeted Coalition and Iraqi forces and killed innocent Iraqi civilians. Iran's Qods Force continued to provide Iraqi militants with Iranian-produced advanced rockets, sniper rifles, automatic weapons, and mortars that have killed Iraqi and Coalition Forces as well as civilians. Tehran was responsible for some of the lethality of anti-Coalition attacks by providing militants with the capability to assemble improvised explosive devices (IEDs) with explosively formed projectiles (EFPs) that were specially designed to defeat armored vehicles. The Qods Force, in concert with Lebanese Hizballah, provided training both inside and outside of Iraq for Iraqi militants in the construction and use of sophisticated IED technology and other advanced weaponry.

Iran remained unwilling to bring to justice senior al-Qa'ida members it has detained, and has refused to publicly identify those senior members in its custody. Iran has repeatedly resisted numerous calls to transfer custody of its al-Qa'ida detainees to their countries of origin or third countries for trial. Iran also continued to fail to control the activities of some al-Qa'ida members who fled to Iran following the fall of the Taliban regime in Afghanistan.

Senior IRGC and Qods Force officials were indicted by the Government of Argentina for their alleged roles in the 1994 terrorist bombing of the Argentine Israel Mutual Association which, according to the Argentine State Prosecutor's report, was initially proposed by the Qods Force.

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**END TEXT**

## 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.

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**BEGIN TEXT**

### **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.

(q) Extension of certain controls

Those export controls imposed under this section with respect to South Africa which were in effect on February 28, 1982, and ceased to be effective on March 1, 1982, September 15, 1982, or January 20, 1983, shall become effective on the date of the enactment of this subsection [July 12, 1985], and shall remain in effect until 1 year after such date of enactment. At the end of that 1-year period, any of those controls made effective by this subsection may be extended by the President in accordance with subsections (b) and (f) of this section.

(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**

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## **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.

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## 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.

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## 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**

## Assistance to Victims of Terrorism

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.

**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**

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**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**

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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**

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**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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## Determination of States on the "Not Cooperating" (With U.S. Anti-Terrorism Efforts) List

**BEGIN TEXT**

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[Federal Register: May 18, 2009 (Volume 74, Number 94)]

[Notices] [Page 23226]

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

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**DEPARTMENT OF STATE**

[Public Notice 6616 ]

**Determination and Certification Under Section 40a of the Arms Export Control Act**

Pursuant to section 40A of the Arms Export Control Act (22 U.S.C. 2781), and Executive Order 11958, as amended, I hereby determine and certify to the Congress that the following countries are not cooperating fully with United States antiterrorism efforts: Cuba, Eritrea, Iran, Democratic People's Republic of Korea (DPRK, or North Korea), Syria, Venezuela.

This determination and certification shall be transmitted to the Congress and published in the Federal Register.

Dated: May 8, 2009.

James B. Steinberg,

Deputy Secretary of States, Department of State.

[FR Doc. E9-11545 Filed 5-15-09; 8:45 am]

**END TEXT**

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## List of Foreign Terrorist Organizations

As discussed above, the Anti-Terrorism and Effective Death Penalty Act establishes a list of designated FTOs. Below is the latest list, as presented on the State Department website in July 2009. Several of the designated FTOs are, according to the State Department report on international terrorism for 2008 (published April 30, 2009) as well as the July 2, 2009 designation of Kata'ib Hizballah as an FTO, recipients of material support from Iran. They include: 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.

## 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.

## Current List of Designated Foreign Terrorist Organizations

1. Abu Nidal Organization (ANO)
2. Abu Sayyaf Group
3. Al-Aqsa Martyrs Brigade
4. Al-Shabaab
5. Ansar al-Islam
6. Armed Islamic Group (GIA)
7. Asbat al-Ansar
8. Aum Shinrikyo
9. Basque Fatherland and Liberty (ETA)
10. Communist Party of the Philippines/New People's Army (CPP/NPA)
11. Continuity Irish Republican Army
12. Gama'a al-Islamiyya (Islamic Group)
13. HAMAS (Islamic Resistance Movement)
14. Harakat ul-Jihad-i-Islami/Bangladesh (HUJI-B)
15. Harakat ul-Mujahidin (HUM)
16. Hizballah (Party of God)
17. Islamic Jihad Group
18. Islamic Movement of Uzbekistan (IMU)
19. Jaish-e-Mohammed (JEM) (Army of Mohammed)
20. Jemaah Islamiya organization (JI)
21. al-Jihad (Egyptian Islamic Jihad)
22. Kahane Chai (Kach)
23. Kata'ib Hizballah
24. Kongra-Gel (KGK, formerly Kurdistan Workers' Party, PKK, KADEK)
25. Lashkar-e Tayyiba (LT) (Army of the Righteous)
26. Lashkar i Jhangvi
27. Liberation Tigers of Tamil Eelam (LTTE)
28. Libyan Islamic Fighting Group (LIFG)
29. Moroccan Islamic Combatant Group (GICM)
30. Mujahedin-e Khalq Organization (MEK)
31. National Liberation Army (ELN)
32. Palestine Liberation Front (PLF)
33. Palestinian Islamic Jihad (PIJ)
34. Popular Front for the Liberation of Palestine (PFLP)
35. PFLP-General Command (PFLP-GC)
36. Tanzim Qa'idat al-Jihad fi Bilad al-Rafidayn (QJBR) (al-Qaida in Iraq) (formerly Jama'at al-Tawhid wa'al-Jihad, JTJ, al-Zarqawi Network)

37. al-Qa'ida
38. al-Qaida in the Islamic Maghreb (formerly GSPC)
39. Real IRA
40. Revolutionary Armed Forces of Colombia (FARC)
41. Revolutionary Nuclei (formerly ELA)
42. Revolutionary Organization 17 November
43. Revolutionary People's Liberation Party/Front (DHKP/C)
44. Shining Path (Sendero Luminoso, SL)
45. United Self-Defense Forces of Colombia (AUC)

### 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.

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 report on terrorism for 2008, the Qods Force is the primary entity in Iran that supports regional pro-Iranian militias and terrorist groups. On July 2, 2009, a pro-Iranian militia operating in Iraq, Kata’ib Hizballah (Hizballah Brigades), was designated a terrorism supporting entity under Executive Order 13224. (The group was designated as an FTO simultaneously.)

## 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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**ANNEX**

Al Qaida/Islamic  
Army Abu Sayyaf Group  
Armed Islamic Group (GIA)  
Harakat ul-Mujahidin (HUM)  
Al-Jihad (Egyptian Islamic Jihad)  
Islamic Movement of Uzbekistan (IMU)  
Asbat al-Ansar  
Salafist Group for Call and Combat (GSPC)  
Libyan Islamic Fighting Group  
Al-Itihaad al-Islamiya (AIAI)  
Islamic Army of Aden  
Usama bin Laden  
Muhammad Atif (aka, Subhi Abu Sitta, Abu Hafs Al Masri)  
Sayf al-Adl  
Shaykh Sai'id (aka, Mustafa Muhammad Ahmad)  
Abu Hafs the Mauritanian (aka, Mahfouz Ould al-Walid, Khalid Al- Shanqiti)  
Ibn Al-Shaykh al-Libi  
Abu Zubaydah (aka, Zayn al-Abidin Muhammad Husayn, Tariq)  
Abd al-Hadi al-Iraqi (aka, Abu Abdallah)  
Ayman al-Zawahiri  
Thirwat Salah Shihata  
Tariq Anwar al-Sayyid Ahmad (aka, Fathi, Amr al-Fatih)  
Muhammad Salah (aka, Nasr Fahmi Nasr Hasanayn)  
Makhtab Al-Khidamat/Al Kifah  
Wafa Humanitarian Organization  
Al Rashid Trust  
Mamoun Darkazanli Import-Export Company

**Major Iranian Entities Designated Under 13224**

This action 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 Karame 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

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

AKAs: Ahmad Foruzandeh

Ahmad Fruzandah

Ahmad Fayruzi Jafari

Ahmad Foroozandeh

Abu Shahab

Abu Ahmad Ishab

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

Iran-based Ahmed Foruzandeh, a Brigadier General in the IRGC-QF, leads terrorist operations against Coalition Forces and Iraqi Security Forces, and directs assassinations of Iraqi figures. The Qods Force, designated under E.O. 13224 for providing material support to terrorists, is the regime’s primary mechanism for cultivating and supporting terrorists and Islamic militants to advance Iranian national interests. The Qods Force provides training, weapons, and financial support to surrogate groups and terrorist organizations including: Lebanese Hizballah; Palestinian terrorists; Iraqi Shia militant groups; the Taliban and Islamic militants in Afghanistan, the Balkans and elsewhere. The Qods Force plays a central – yet often hidden – role in security interests, including Iraq and Afghanistan. Qods Force officers often use various cover mechanisms – including diplomatic, non-governmental organization, humanitarian, and media – for conducting operational activity, belying their military affiliation.

As of mid-February 2007, Foruzandeh ordered his Iranian intelligence officers to continue targeting Shia and Sunnis

to further sectarian violence within Iraq. Foruzandeh is also responsible for planning training courses in Iran for Iraqi militias, including Sayyid al-Shuhada and Iraqi Hizballah, to increase their ability to combat Coalition Forces. The training includes courses in guerilla warfare, light arms, marksmanship, planting improvised explosive devices (IEDs), and firing anti-aircraft missiles.

Foruzandeh and his subordinates provide financial and material support for acts of violence against Coalition Forces and Iraqi Security Forces. In early-April 2007, Foruzandeh provided \$25,000 USD to help fund military operations against Coalition Forces in Salah Ad Din Province, Iraq. Foruzandeh provided the funds to two men claiming to be members of a Sunni terrorist organization in Iraq, promising the men additional funds if they would deliver videos of attacks against Coalition Forces. Foruzandeh also offered to deliver weapons to the border, if the two men could transport the weapons into Iraq in order to fight Coalition Forces. Previously, in August 2004, Foruzandeh drove explosives and associated materials into Iraq from Iran for use in suicide bombings.

In addition to providing financial and material support for attacks against Coalition Forces, Foruzandeh supplied a certain Shia militia group with a target for execution. On July 25, 2005, Foruzandeh held a meeting with representatives of Iraqi Hizballah and other Shia militia groups, calling upon them to continue liquidating all enemies of the Islamic revolution, including security and intelligence personnel, tribal chiefs, and religious clerics.

### **ABU MUSTAFA AL-SHEIBANI**

AKAs: Hameid Thajeil Wareij Al-Attabi

Hamid Al-Shaybani

Abu Mustafa Al-Shebani

Abu Mustafa Al-Shaybani

Mustafa Al-Sheibani

Hamid Thajil

Hamid Thajeel Al-Sheibani

DOB: Circa 1960

Alt. DOB: 1959

POB: Nasiriyah, Iraq

Citizenship: Iranian

All Citizenship: Iraqi

Location: Tehran, Iran

Iran-based Abu Mustafa Al-Sheibani leads a network of Shia extremists that commit and provide logistical and material support for acts of violence that threaten the peace and stability of Iraq and the Government of Iraq. Al-Sheibani's Iran-sponsored network was created to affect the Iraqi political process in Iran's favor. The network's first objective is to fight U.S. forces, attacking convoys and killing soldiers. Its second objective is to eliminate Iraqi politicians opposed to Iran's influence. Elements of the IRGC were also sending funds and weapons to Al-Sheibani's network.

Al-Sheibani's network – consisting of several hundred members – conducted IED attacks against Americans in the Baghdad region. As of March 2007, Al-Sheibani, known to transport Katyusha rockets to be used for attacks against Coalition Forces, launched rockets against Americans and made videos of the attacks to get money from Iran. As of April 2007, a member of Al-Sheibani's network supervised the transport of money and explosives from Iran for eventual arrival in Baghdad. In early-May 2007, Al-Sheibani's network assisted members of a Shia militia group by transporting them to Iran for training and providing them with weapons for their activities in Iraq.

Additionally, Al-Sheibani commands several pro-Iranian insurgent groups in southern Iraq that work to destabilize Iraq and sabotage Coalition efforts. These groups use a variety of weapons, to include mortars, Katyusha rockets, and anti-tank landmines. Ordered by IRGC headquarters to create disorder, the task of these groups is to attack bases of Coalition Forces in southern Iraq, particularly British forces.

In an effort to cause instability in Iraq, Al-Sheibani and his network targeted Iraqi government officials. Al-Sheibani conducted attacks against the Iraqi Police Chief of Najaf, Iraq, and the Iraqi Deputy Governor in Najaf, Iraq. Al-Sheibani's network also killed Muhammad al-Frijj, a colonel in the Iraqi Ministry of Interior.

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

AKAs: Abu Dura

Abu Diri

Abu Dar'a

Abu Haydar

Ismail Hafeth Izajawi

Ismail al-Lami

Isma'il Hafith Abid `Ali al-Lami

Isma'il Hafuz al-Zargawi

DOB: Circa 1957POB: Baghdad, Iraq

Citizenship: Iraq

Location 1: Iran

Location 2: Sadr City, Baghdad, Iraq

As of 2007, Iran-based Shia extremist Abu Dura and his group were actively targeting Iraqi government officials, Sunni community leaders, and anyone who cooperated with Coalition Forces. In a brazen daylight attack, Abu Dura and his group kidnapped employees from the Ministry of Higher Education in November 2006. Sunni hostages were then singled out, tortured, and killed by men under Abu Dura's control. Abu Dura was also responsible for the July 2006, kidnapping of Taysir Najih Awad al-Mashadani, a Sunni member of the Iraqi Parliament. He also planned to kidnap Sunni Iraqi politician Adnan al-Dulaymi and planned a mortar attack against the residence of Iraqi Vice President Tariq al-Hashimi.

Abu Dura also directs acts of violence against Iraqi civilians. Abu Dura uses members of a Baghdad-based Shia militia to gather information on potential targets. Abu Dura then uses this information to plan and coordinate potential kidnapping and assassination operations. In July 2006, men under Abu Dura's control routinely executed Iraqi citizens in Sadr City, Baghdad.

In addition to directing acts of violence against Iraqi government officials and citizens, Abu Dura supported acts of violence against U.S. and Coalition Forces. In July 2006, men under Abu Dura's control attacked a U.S. forces patrol in Sadr City, Baghdad. The purpose of the attack was to kidnap U.S. soldiers and use them as a tool to make U.S. forces leave Iraq. After fleeing to Iran to avoid capture by Coalition Forces, Abu Dura continued to direct attacks in Iraq against Coalition Forces and Sunnis in Iraq during early-2007. Abu Dura maintained contact with proxies in Iraq who carried out those attacks.

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**

AKAs: Abdol Reza Shahlai

Abdul Reza Shala'i

Abd-al Reza Shalai

Abdorrezza Shahlai

Abdolreza Shahlai

Abdul-Reza Shahlaee

Hajj Yusef

Haji Yusif

Hajji Yasir

Hajji Yusif

Yusuf Abu-al-Karkh'

Year of Birth: Circa 1957

Location: Kermanshah, Iran

Alt. Location: Mehran Military Base, Ilam Province, Iran

Iran-based Abdul Reza Shahlai--a deputy commander in the IRGC--Qods Force--threatens the peace and stability of Iraq by planning Jaysh al-Mahdi (JAM) Special Groups attacks against Coalition Forces in Iraq. Shahlai has also provided material and logistical support to Shia extremist groups--to include JAM Special Groups--that conduct attacks against U.S. and Coalition Forces. In one instance, Shahlai planned the January 20, 2007 attack by JAM Special Groups against U.S. soldiers stationed at the Provincial Joint Coordination Center in Karbala, Iraq. Five U.S. soldiers were killed and three were wounded during the attack.

In late-August 2006, Shahlai provided material support to JAM Special Groups by supplying JAM Special Groups members with 122mm grad rockets, 240mm rockets, 107mm Katyushas, RPG-7s, 81mms, 60mm mortars, and a large quantity of C-4.

Shahlai also approved and coordinated the training of JAM Special Groups. As of May 2007, Shahlai served as the final approving and coordinating authority for all Iran-based Lebanese Hizballah training for JAM Special Groups to fight Coalition Forces in Iraq. In late-August 2006, Shahlai instructed a senior Lebanese Hizballah official to coordinate anti-aircraft rocket training for JAM Special Groups.

**AKRAM 'ABBAS AL-KABI**

AKAs:

Akram Abas al-Ka'bi

Sheik Akram al-Ka'abi

Shaykh Abu-Akram al-Ka'abi

Abu-Muhammad

Karumi

Abu 'Ali

Nationality: Iraqi

Year of Birth: Circa 1976

Alt. Year of Birth: Circa 1973

Place of Birth: al 'Amarah, Iraq Alt.

Place of Birth: al Kalamiy, Iraq

JAM Special Groups leader Akram 'Abbas al-Kabi threatens the peace and stability of Iraq and the Government of Iraq by planning and leading attacks against members of the Government of Iraq and Coalition Forces. As of early-2008, al-Kabi was planning multiple attacks against Coalition Forces in order to show that JAM Special Groups were capable of conducting operations even when there was a freeze. In one instance, in late-February 2008, JAM Special Groups led by al-Kabi claimed responsibility for mortar and rocket attacks against Coalition and Iraqi Security Forces in Baghdad's International Zone. In March 2008, al-Kabi also led JAM Special Groups members who launched rockets into the International Zone. Additionally, as of February 2008, al-Kabi sanctioned attacks targeting Coalition Forces to include indirect fire attacks against the International Zone.

Al-Kabi also provided financial and material support to Shia militia groups that committed acts of violence in Iraq. In one instance, in early-April 2008, al-Kabi paid a JAM Special Groups leader 50 million Iraqi dinars (approximately \$41,684 USD) for carrying out three separate improvised explosive device (IED) attacks against Coalition Forces in Baghdad. As of February 2008, al-Kabi had also allegedly provided funding to JAM Special Groups for recruitment purposes. Separately, as of early-2008, al-Kabi was providing weapons for large-scale military operations against Coalition Forces.

The designation below adds an offshoot of the pro-Iranian Mahdi Army of Moqtada al-Sadr -- the Khata'ib Hezbollah (Hezbollah Battalions) to the list of entities designated as threats to Iraqi stability. As noted in the announcement, the same day, Khata'ib Hezbollah also was designated by

the State Department as a Foreign Terrorist Organization and as a terrorism supporting entity under Executive Order 13324. That order is discussed earlier in this chapter.

July 2, 2009 TG-195

### **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.

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**END TEXT**

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## 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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The 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;
  - (c) those set out in document S/2006/815, except the supply, sale or transfer of items covered by 19.A.3 of Category II;
  - (d) any additional items, materials, equipment, goods and technology, determined as necessary by the Security Council or the Committee established by paragraph 18 below (herein "the Committee"), which could contribute to enrichment-related, or reprocessing, or heavy water-related activities, or to the development of nuclear weapon delivery systems;
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;
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;
  - (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;
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.5

## 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 Melli 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**





## 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**

**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**

[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]

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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]

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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.

#### **Identifying Information on Designees:**

##### **ISLAMIC REPUBLIC OR IRAN SHIPPING LINES**

A.K.A.

IRISL Group

IRI Shipping Lines

ARYA Shipping Company

IRISL

##### **VALFAJR 8TH SHIPPING LINE CO SSK**

AKA

Sherkat Sahami Khass Keshtirani Valfajr 8th

Valfajre Eight Shipping Co.

Val Fajr-E-8 Shipping Company

Val Fajr Hasht Shipping Co.

VESC

##### **KHAZAR SEA SHIPPING LINES**

AKA

Darya-ye Khazar Shipping Company

Khazar Shipping Co.

##### **IRINVESTSHIP LTD.**

Address 1

Global House 61 Petty France, London, SW1H 9EU, United Kingdom

Registration Number: 4110179

##### **IRAN O HIND SHIPPING COMPANY**

AKA

Keshtirani Iran Ve Hend Sahami Khass

Irano Hind Shipping Company

Iranohind Shipping Company (PJS)

IHSC

##### **SHIPPING COMPUTER SERVICES COMPANY**

AKA

SCSCO

##### **IRAN O MISR SHIPPING COMPANY**

AKA

Iranmistr Shipping Company

Iran & Egypt Shipping Lines

##### **IRISL MARINE SERVICES & ENGINEERING COMPANY**

AKA

Sherkate Khadamte Darya and Moharndesi Keshtirani

IMSENGCO

##### **IRITAL SHIPPING SRL COMPANY**

Address

Ponte Francesco Morosini 59, 16126 Genova (GE) Italy;

Fiscal Code: 03329300101

VAT Number: 12869140157

CCIAA: GE 426505

##### **SOUTH SHIPPING LINE IRAN**

AKA

South Shipping Lines Iran Line Company

**IRISL MULTIM ODAL TRANSPORT CO.**

AKA

Rail Iran Shipping Company

**OASIS FREIGHT AGENCIES**

AKA

Oasis Freight Agency LLC

**IRISL EUROPE GMBH**

Address

Schottweg 5, 22087 Hamburg, Germany

VAT Number: DE217283818

**IRISL BENELUX NV**

Address

Noorderlaan 139, B-2030, Antwerp, Belgium

VAT Number: BE480224531

**IRISL (UK) LTD**

Address

2 Abbey Road, Barking, Essex IG11 7 AX, United Kingdom

Registration Number: 4765305

**IRISL CHINA SHIPPING CO., LTD**

AKA

Yi Hang Shipping Company, Ltd

**ASIA MARINE NETWORK PTE. LTD.**

AKA

IRISL Asia Pte. Ltd.

Asian Perfect Marine Pte. Ltd.

**CISCO SHIPPING CO. LTD.**

AKA

IRISL Korea Co., Ltd.

SISCO

Seoul International Shipping Co.

**IRISL (MALTA) LIMITED AKA**

IRISL Malta Limited

Address

Flat 1, 181, Tower Road, Sliema SLM 1604, Malta

Registration Number: C33735

Tax Registration Number: MT 17037313

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.

**END TEXT**

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## **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**

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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

### 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**

**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

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.

**END TEXT**

## Iran-Iraq Arms Non-Proliferation Act

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 in recent years.

**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.

**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**

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**

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 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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## 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.

## 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**

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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]

**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.

**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. 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]

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**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.

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**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]

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**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.

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**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**

### **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.

**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]

**END TEXT**

### **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**

**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.

**END TEXT**

### **Secondary Sanction: The Iran Sanctions Act**

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 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 -- 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 law provides no firm deadline for the Executive branch to determine whether or not a project has violated the Act, and, since the project discussed above, no determinations that any investment has violated the Act have been issued. A 2006 law (Iran Freedom Support Act, the text of which is presented in Section 9 of this Compendium) inserted a non-binding provision that such determinations should be issued within 180 days of any investment in Iran that appears to meet the criteria of sanctionability.

In 2006, applicability to Libya was removed by the Iran Freedom Support Act and the law is now called the Iran Sanctions Act (ISA).

The version of ISA presented below contains the amendments to it.

**BEGIN TEXT**

[[Page 110 STAT. 1541]]

Public Law 104-172 104th Congress

An Act

To impose sanctions on persons making certain investments directly and significantly contributing to the enhancement of the ability of Iran or Libya to develop its petroleum resources, and on persons exporting certain items that enhance Libya's weapons or aviation capabilities or enhance Libya's ability to develop its petroleum resources, and for other purposes. <<NOTE: Aug. 5, 1996 - [H.R. 3107]>>

Be it enacted by the Senate and House of Representatives of the United States of America in Congress <<NOTE: Iran and Libya Sanctions Act of 1996. 50 USC 1701 note.>> assembled,

SEC. 1. SHORT TITLE.

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

SEC. 2. <<NOTE: 50 USC 1701 note.>> FINDINGS.

The Congress makes the following findings:

- (1) The efforts of the Government of Iran to acquire weapons of mass destruction and the means to deliver them and its support of acts of international terrorism endanger the national security and foreign policy interests of the United States and those countries with which the United States shares common strategic and foreign policy objectives.
- (2) The objective of preventing the proliferation of weapons of mass destruction and acts of international terrorism through existing multilateral and bilateral initiatives requires additional efforts to deny Iran the financial means to sustain its nuclear, chemical, biological, and missile weapons programs.
- (3) The Government of Iran uses its diplomatic facilities and quasi-governmental institutions outside of Iran to promote acts of international terrorism and assist its nuclear, chemical, biological, and missile weapons programs.
- (4) This paragraph, which applied to Libya, was repealed by the Iran Freedom Support Act.

SEC. 3. <<NOTE: 50 USC 1701 note.>> DECLARATION OF POLICY.

- (a) Policy With Respect to Iran.--The Congress declares that it is the policy of the United States to deny Iran the ability to support acts of international terrorism and to fund the development and acquisition of weapons of mass destruction and the means to deliver them by limiting the development of Iran's ability to explore for, extract, refine, or transport by pipeline petroleum resources of Iran.
- (b) This section on policy toward Libya was also repealed.

SEC. 4. MULTILATERAL REGIME.

- (a) Multilateral Negotiations.--In order to further the objectives of section 3, the Congress urges the President to commence immediately diplomatic efforts, both in appropriate international fora such as the United Nations, and bilaterally with allies of the United States, to establish a multilateral sanctions regime against Iran, including provisions limiting the development of petroleum resources, that will inhibit Iran's efforts to carry out activities described in section 2.
- (b) Reports to Congress.--The President shall report to the appropriate congressional committees, not later than 1 year after the date of the enactment of this Act, and periodically thereafter, on the extent that diplomatic efforts described in subsection (a) have been successful. Each report shall include—

- (1) the countries that have agreed to undertake measures to further the objectives of section 3 with respect to Iran, and a description of those measures; and
  - (2) the countries that have not agreed to measures described in paragraph (1), and, with respect to those countries, other measures (in addition to that provided in subsection (d)) the President recommends that the United States take to further the objectives of section 3 with respect to Iran.
- (c) Waiver—
- (1) 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.
- (d) Enhanced Sanction.—
- (1) Sanction.--With respect to nationals of countries except those with respect to which the President has exercised the waiver authority of subsection (c), at any time after the first report is required to be submitted under subsection (b), section 5(a) shall be applied by substituting "\$20,000,000" for "\$40,000,000" each place it appears, and by substituting "\$5,000,000" for "\$10,000,000".
  - (2) Report to congress.--The President shall report to the appropriate congressional committees any country with respect to which paragraph (1) applies.
- (e) Interim Report on Multilateral Sanctions; Monitoring.--
- The President, not later than 90 days after the date of the enactment of this Act, shall report to the appropriate congressional committees on--
- (1) whether the member states of the European Union, the Republic of Korea, Australia, Israel, or Japan have legislative or administrative standards providing for the imposition of trade sanctions on persons or their affiliates doing business or having investments in Iran or Libya;
  - (2) the extent and duration of each instance of the application of such sanctions; and
  - (3) the disposition of any decision with respect to such sanctions by the World Trade Organization or its predecessor organization.

- (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) 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. 5. IMPOSITION OF SANCTIONS.

- (a) Sanctions With Respect to Iran.--Except as provided in subsection (f), the President shall impose 2 or more of the sanctions described in paragraphs (1) through (6) of section 6 if the President determines that a person has, with actual knowledge, on or after the date of the enactment of this Act, made an investment of \$40,000,000 or more (or any combination of investments of at least \$10,000,000 each, which in the aggregate equals or exceeds \$40,000,000 in any 12-month period), that directly and significantly contributed to the enhancement of Iran's ability to develop petroleum resources of Iran.
- (b) 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 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) Persons Against Which the Sanctions Are To Be Imposed.-- The sanctions described in subsections (a) and (b) shall be imposed on--
  - (1) any person the President determines has carried out the activities described in subsection (a) or (b); and
  - (2) any person the President determines--
    - (A) is a successor entity to the person referred to in paragraph (1);
    - (B) is a parent or subsidiary of the person referred to in paragraph (1) if that parent or subsidiary, with actual knowledge, engaged in the activities referred to in paragraph (1); or

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

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

- (d) Publication in Federal Register.--The President shall cause to be published in the Federal Register a current list of persons and entities on whom sanctions have been imposed under this Act. The removal of persons or entities from, and the addition of persons and entities to, the list, shall also be so published.
- (e) Publication of Projects.--The President shall cause to be published in the Federal Register a list of all significant projects which have been publicly tendered in the oil and gas sector in Iran.
- (f) Exceptions.--The President shall not be required to apply or maintain the sanctions under subsection (a) or (b)--
  - (1) in the case of procurement of defense articles or defense services--
    - (A) under existing contracts or subcontracts, including the exercise of options for production quantities to satisfy requirements essential to the national security of the United States;
    - (B) if the President determines in writing that the person to which the sanctions would otherwise be applied is a sole source supplier of the defense articles or services, that the defense articles or services are essential, and that alternative sources are not readily or reasonably available; or
    - (C) if the President determines in writing that such articles or services are essential to the national security under defense 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)(1) of that Act (19 U.S.C. 2511(b)(1));
  - (3) to products, technology, or services provided under contracts entered into before the date on which the President publishes in the Federal Register the name of the person on whom the sanctions are to be imposed;
  - (4) to--
    - (A) spare parts which are essential to United States products or production;
    - (B) component parts, but not finished products, essential to United States products or production; or

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

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

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

#### SEC. 6. DESCRIPTION OF SANCTIONS.

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

- (1) Export-import bank assistance for exports to sanctioned persons.--The President may direct the Export-Import Bank of the United States not to give approval to the issuance of any guarantee, insurance, extension of credit, or participation in the extension of credit in connection with the export of any goods or services to any sanctioned person.
- (2) Export sanction.--The President may order the United States Government not to issue any specific license and not to grant any other specific permission or authority to export any goods or technology to a sanctioned person under--
  - (i) the Export Administration Act of 1979;
  - (ii) the Arms Export Control Act;
  - (iii) the Atomic Energy Act of 1954; or
  - (iv) any other statute that requires the prior review and approval of the United States Government as a condition for the export or 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) Additional sanctions.--The President may impose sanctions, as appropriate, to restrict imports with respect to a sanctioned person, in accordance with the International Emergency Economic Powers Act (50 U.S.C. 1701 and following).

#### SEC. 7. ADVISORY OPINIONS.

The Secretary of State may, upon the request of any person, issue an advisory opinion to that person as to whether a proposed activity by that person would subject that person to sanctions under this Act. Any person who relies in good faith on such an advisory opinion which states that the proposed activity would not subject a person to such sanctions, and any person who thereafter engages in such activity, will not be made subject to such sanctions on account of such activity.

#### SEC. 8. TERMINATION OF SANCTIONS.

- (a) Iran.--The requirement under section 5(a) to impose sanctions shall no longer have force or effect with respect to Iran if the President determines and certifies to the appropriate congressional committees that Iran--
  - (1) has ceased its efforts to design, develop, manufacture, or acquire--
    - (A) a nuclear explosive device or related materials and technology;
    - (B) chemical and biological weapons; and
    - (C) ballistic missiles and ballistic missile launch technology; and
  - (2) has been removed from the list of countries the governments of which have been determined, for purposes of section 6(j) of the Export Administration Act of 1979, to have repeatedly provided support for acts of international terrorism; and
  - (3) poses no significant threat to United States national security, interests, or allies.

(The termination requirements for application to Libya were removed by the Iran Freedom Support Act)

#### SEC. 9. DURATION OF SANCTIONS; PRESIDENTIAL WAIVER.

- (a) Delay of Sanctions.--
  - (1) Consultations.--If the President makes a determination described in section 5(a) or 5(b) with respect to a foreign person, the Congress urges the President to initiate consultations immediately with the government with primary

jurisdiction over that foreign person with respect to the imposition of sanctions under this Act.

- (2) Actions by government of jurisdiction.--In order to pursue consultations under paragraph (1) with the government concerned, the President may delay imposition of sanctions under this Act for up to 90 days. Following such consultations, the President shall immediately impose sanctions unless the President determines and certifies to the Congress that the government has taken specific and effective actions, including, as appropriate, the imposition of appropriate penalties, to terminate the involvement of the foreign person in the activities that resulted in the determination by the President under section 5(a) or 5(b) concerning such person.
- (3) Additional delay in imposition of sanctions.--The President may delay the imposition of sanctions for up to an additional 90 days if the President determines and certifies to the Congress that the government with primary jurisdiction over the person concerned is in the process of taking the actions described in paragraph (2).
- (4) Report to Congress.--Not later than 90 days after making a determination under section 5(a) or 5(b), the President shall submit to the appropriate congressional committees a report on the status of consultations with the appropriate foreign government under this subsection, and the basis for any determination under paragraph (3).
- (b) Duration of Sanctions.--A sanction imposed under section 5 shall remain in effect--
  - (1) for a period of not less than 2 years from the date on which it is imposed; or
  - (2) until such time as the President determines and certifies to the Congress that the person whose activities were the basis for imposing the sanction is no longer engaging in such activities and that the President has received reliable assurances that such person will not knowingly engage in such activities in the future, except that such sanction shall remain in effect for a period of at least 1 year.
- (c) Presidential Waiver.--
  - (1) Authority.--The President may waive the requirement in section 5 to impose a sanction or sanctions on a person described in section 5(c), and may waive the continued imposition of a sanction or sanctions under subsection (b) of this section, 30 days or more after the President determines and so reports to the appropriate congressional committees that it is important to the national interest of the United States to exercise such waiver authority.
  - (2) Contents of report.--Any report under paragraph (1) shall provide a specific and detailed rationale for the determination under paragraph (1), including--

- (A) a description of the conduct that resulted in the determination under section 5(a) or (b), as the case may be;
- (B) in the case of a foreign person, an explanation of the efforts to secure the cooperation of the government with primary jurisdiction over the sanctioned person to terminate or, as appropriate, penalize the activities that resulted in the determination under section 5(a) or (b), as the case may be;
- (C) an estimate 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 and other military capabilities; and
- (D) a statement as to the response of the United States in the event that the person concerned engages in other activities that would be subject to section 5(a) or (b).  
(3) Effect of report on waiver.--If the President makes a report under paragraph (1) with respect to a waiver of sanctions on a person described in section 5(c), sanctions need not be imposed under section 5(a) or (b) on that person during the 30-day period referred to in paragraph (1).

SEC. 10. REPORTS REQUIRED.

- (a) Report on Certain International Initiatives.--Not later than 6 months after the date of the enactment of this Act, and every 6 months thereafter, the President shall transmit a report to the appropriate congressional committees describing--
  - (1) the efforts of the President to mount a multilateral campaign to persuade all countries to pressure Iran to cease its nuclear, chemical, biological, and missile weapons programs and its support of acts of international terrorism;
  - (2) the efforts of the President to persuade other governments to ask Iran to reduce the presence of Iranian diplomats and representatives of other government and military or quasi-governmental institutions of Iran and to withdraw any such diplomats or representatives who participated in the takeover of the United States embassy in Tehran on November 4, 1979, or the subsequent holding of United States hostages for 444 days;
  - (3) the extent to which the International Atomic Energy Agency has established regular inspections of all nuclear facilities in Iran, including those presently under construction; and
  - (4) Iran's use of Iranian diplomats and representatives of other government and 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 (This section was added by P.L. 107-24, which extended the Act beyond its original five year sunset period). Not earlier than 24 months, and not later than 30 months, after the date of 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 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.

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, 2011.

## SEC. 14. DEFINITIONS.

As used in this Act:

- (1) Act of international terrorism.--The term "act of international terrorism" means an act--
  - (A) which is violent or dangerous to human life and that is a violation of the criminal laws of the United States or of any State or that would be a criminal violation if committed within the jurisdiction of the United States or any State; and
  - (B) which appears to be intended--
    - (i) to intimidate or coerce a civilian population;
    - (ii) to influence the policy of a government by intimidation or coercion; or
    - (iii) to affect the conduct of a government by assassination or kidnapping.
- (2) Appropriate congressional committees.--The term "appropriate congressional committees" means the Committee on Finance, the Committee on Banking, Housing, and Urban Affairs, and the Committee on Foreign Relations of the Senate and the Committee on Ways and Means, the Committee on Banking and Financial Services, and the Committee on International Relations of the House of Representatives.
- (3) Component part.--The term "component part" has the meaning given that term in section 11A(e)(1) of the Export Administration Act of 1979 (50 U.S.C. App. 2410a(e)(1)).
- (4) Develop and development.--To "develop", or the "development" of, petroleum resources means the exploration for, or the extraction, refining, or transportation by pipeline of, petroleum resources.
- (5) Financial institution.--The term "financial institution" includes--
  - (A) a depository institution (as defined in section 3(c)(1) of the Federal Deposit Insurance Act), including a branch or agency of a foreign bank (as defined in section 1(b)(7) of the International Banking Act of 1978);
  - (B) a credit union;
  - (C) a securities firm, including a broker or dealer;
  - (D) an insurance company, including an agency or underwriter; and
  - (E) any other company that provides financial services.
- (6) Finished product.--The term "finished product" has the meaning given that term in section 11A(e)(2) of the Export Administration Act of 1979 (50 U.S.C. App. 2410a(e)(2)).
- (7) Foreign person.--The term "foreign person" means—
  - (A) an individual who is not a United States person or an alien lawfully admitted for permanent residence into the United States; or
  - (B) a corporation, partnership, or other nongovernmental entity which is not a United States person.
- (8) Goods and technology.--The terms "goods" and "technology" have the meanings given those terms in section 16 of the Export Administration Act of 1979 (50 U.S.C. App. 2415).
- (9) Investment.--The term "investment" means any of the following activities if such activity is undertaken pursuant to an agreement, or pursuant to the exercise of rights under such an agreement, that is entered into with the Government of Iran or a nongovernmental entity in Iran, 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.

The term "investment" does not include the entry into, performance, or financing of a contract to sell or purchase goods, services, or technology. For purposes of this paragraph, an amendment to 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) 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).
- (13) Person.--The term "person" means--
- (A) a natural person;
  - (B) a corporation, business association, partnership, society, trust, any other nongovernmental entity, organization, or group, and any governmental entity operating as a business enterprise; and
  - (C) any successor to any entity described in subparagraph (B).
- (14) Petroleum resources.--The term "petroleum resources" includes petroleum and natural gas resources.
- (15) 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.
- (16) 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.

Approved August 5, 1996.

LEGISLATIVE HISTORY--H.R. 3107 (S. 1228):

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HOUSE REPORTS: No. 104-523, Pt. 1 (Comm. on International Relations) and Pt. 2 (Comm. on Ways and Means).

SENATE REPORTS: No. 104-187 accompanying S. 1228 (Comm. on Banking, Housing, and Urban Affairs).

CONGRESSIONAL RECORD, Vol. 142 (1996):

June 18, 19, considered and passed House.

July 16, considered and passed Senate, amended.

July 23, House concurred in Senate amendment.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 32 (1996):

Aug. 5, Presidential remarks.

**END TEXT**

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## Section 7. 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.

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**END TEXT**

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## 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.

### 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

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## 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.

### From P.L. 111-8, the FY2009 Foreign Assistance Appropriation.

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#### BEGIN TEXT

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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.

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**END TEXT**





## Section 8. 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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## Documents and Regulations Pertaining to Assets Disputes

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**

## 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 following is taken from the Treasury Department's "Terrorist Assets Report" for 2007, the latest available. It lists the blocked and non-blocked Iranian funds held in the United States. Section D of the report discusses the status of blocked Iranian diplomatic property as well as the dispute over 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. However, it does not mention a dollar amount for that account, which some estimated at about \$400 million. 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.

Relevant sections of the 2007 Terrorist Assets Report put out by the Office of Foreign Assets Control (OFAC) of the Treasury Department.

### BEGIN TEXT

#### IRAN

Assets reported for Iran include blocked and non-blocked funds, as well as blocked diplomatic and consular property. The blocked Iranian property includes property of the Government of Iran that has remained blocked, under OFAC's Iranian Assets Control Regulations, 31 CFR part 535, since the hostage crisis was resolved in 1981. The property blocked in 1981 remains blocked in part because of pending claims before the Iran-U.S. Claims Tribunal. The blocked Iranian diplomatic and consular real and tangible property is described in Section D below. Blocked funds in which the Government of Iran has an interest are reported in Table 1, and non-blocked funds associated with Iranian entities and individuals are reported in aggregate form in Table 3. 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.<sup>12</sup> The State Department's Office of Foreign Missions, the custodian of the diplomatic and consular real estate, 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 estate and rental proceeds, there are eleven Government of Iran consular accounts that have been blocked since 1981.

Additionally, other sanctions authorities designed to address national emergencies distinct from terrorism have also resulted in the blocking of assets in which the Government of Iran has an interest. To the extent that assets have been blocked under such authorities, they are included in Table 1 and Table 2.<sup>13</sup> The increase in blocked assets reported for Iran in Table 1 is attributable to blockings under these additional authorities.

There is no requirement for U.S. persons to report non-blocked assets to OFAC. As described in Section C below, however, non-blocked funds may be reported to OFAC by the Treasury International Capital Reporting System and the Federal Reserve, which reflect (i) the total liabilities to individuals and entities located in Iran reported by banking and non-banking institutions in the United States as well as their major offshore branches and subsidiaries, and (ii) the value of U.S. long-term securities held by individuals and entities located in Iran. These non-blocked funds associated with Iranian individuals and entities are reported in Table 3.

#### D. Real and Tangible Property of State Sponsors of Terrorism

Based on available information, each of the state sponsors of terrorism, except North Korea, owns diplomatic and consular real property in the United States. Cuba owns six blocked properties located in New York and Washington, D.C. Syria owns four nonblocked properties located in New York and Washington, D.C. Sudan owns six blocked properties located in New Jersey, New York, Virginia and Washington, D.C. Iran owns eleven blocked properties located in California, Illinois, Maryland, New York, Texas and Washington, D.C.

In addition, a Government of Iran bank owns property in New York that was blocked in connection with the bank's designation in 2007 under a sanctions authority which addresses a national emergency distinct from terrorism. Based on long-standing policy, OFAC does not conduct

valuations of tangible property or appraisals of real property until the property is to be sold or auctioned. In some cases, tax assessments for real property are available from a local tax office, but these assessments may not reflect a true market value.<sup>15</sup>

In regard to tangible property, Iran has laid claim before the Iran-U.S. Claims Tribunal to miscellaneous blocked and non-blocked military and non-military property that it asserts was in the possession of private entities in the United States when the hostage crisis was resolved in 1981. In response, the United States has asserted, among other arguments, that Iran has failed to identify the property, to establish that the property was in existence in 1981, to prove that it owned the property, to show that pre-existing liens have been satisfied, and/or to demonstrate that, due to physical deterioration, obsolescence, or other reasons, the property had anything more than a nominal or negligible value. These issues are pending before the Tribunal.

Iranian Assets Listed in Table 1 of the Report: \$16.8 Million

(Blocked funds, not including Iranian diplomatic property or military equipment not delivered to Iran because of the 1980 break in relations. These are described in the report text above.)

Iranian Assets Listed in Table 2 of the Report: 0

(These would consist of blocked funds held by foreign branches of U.S. banks)

Iranian Assets Listed in Table 3 of the Report: \$35 million

(Non-Blocked funds- mostly securities held by Iranians or liabilities to Iranian persons or entities.)

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**END TEXT**

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## **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**

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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

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<sup>15</sup> The value of Iran's diplomatic and consular property, together with the remaining diplomatic and consular furnishings, had been reported in past years in the Terrorist Assets Report as \$23.2 million. In last year's report, OFAC determined that the continued use of this figure may not provide an accurate reflection of the value of this property given the general fluctuation in property values in recent years. Because a current valuation for Iran's diplomatic and consular property is not available, OFAC has chosen not to include a figure in recent reports with respect to the value of this property.



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).

**END TEXT**





## Section 9. 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.

### 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. Among these amendments is 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**

**RAN 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>

**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.

**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.

**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.

**BEGIN TEXT**

**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.

**END TEXT**

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The following are “Tier 3” designated countries, according to the Trafficking in Persons Report for 2009, released June 16, 2009:

**TIER 3**

Burma	Iran	North Korea	Syria
Chad	Kuwait	Papua New Guinea	Zimbabwe
Cuba	Malaysia	Saudi Arabia	
Eritrea	Mauritania	Sudan	
Fiji	Niger	Swaziland	

**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).

**BEGIN TEXT**

**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**





## Section 10. 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 in 1999 and 2000.

### **Removing Economic Sanctions Imposed by the "Terrorism List"**

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 April 2009), 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 commonly referred to as the “not cooperating list.”

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 2009 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.

### Investment in Iran’s Energy Sector

As noted, the major law that applies to Iran is the Iran Sanctions Act. Application to Iran of that Act does not terminate if Iran is removed from the U.S. terrorism list, although that is one criteria for termination with respect to Iran. To terminate its application for Iran, 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.

### 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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