AIPAC
THE AMERICAN ISRAEL PUBLIC AFFAIRS COMMITTEE
America's Pro-Israel Lobby

BILL SUMMARY

July 1, 2010

The Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010

The Comprehensive Iran Sanctions, Accountability, and Divestment Act (CISADA) of 2010 (H.R. 2194) is the most comprehensive and toughest piece of Iran sanctions legislation ever to emerge from Congress. The legislation, passed by the Senate 99 to 0 and by the House 408-8-1, imposes smart, crippling sanctions on Iran aimed at persuading the regime to end its illegal nuclear program. President Obama signed the bill into law July 1, 2010.

If implemented, the legislation would dramatically raise the price Iran would pay for continuing its illicit nuclear activities. The Act strengthens current law by requiring the president to investigate and make determinations on investments in Iran's energy sector while expanding and toughening penalties against those making such investments that violate U.S. law. The bill also ads the act of providing refined petroleum to Iran as a sanctionable offense and mandates that companies seeking U.S. government contracts must certify that they and related companies are not engaging in sanctionable activities.

By imposing a mandatory financial sanction on banned activity, the bill requires foreign financial institutions to choose between doing business with Iran or with the United States. Given the very high volume of international financial transactions in dollars, most banks need to have access to the American banking system. If foreign banks were to stop dealing with Iranian financial institutions, it would place in jeopardy the viability of Iran's financial system.

The Act also supports state divestment from companies investing in the Iranian energy sector; codifies and expands the ban on imports from Iran; prohibits licensing the export of nuclear goods, services or technology to countries helping Iran acquire a nuclear weapons capability; penalizes those in Iran abusing human rights; and prohibits U.S. contracts with companies providing the Iranian regime with sensitive communications technology to suppress freedom of speech.

CISADA is based on legislation originally introduced in the Senate (S. 2799) by Sens. Christopher Dodd (D-CT) and Richard Shelby (R-AL) and in the House (H.R. 2194) by Reps. Howard Berman (D-CA) and Ileana Ros-Lehtinen (R-FL). The divestment provisions in the bill are based on legislation originally introduced in the House by Reps. Barney Frank (D-MA) and Mark Kirk (R-IL) and in the Senate by Sens. Sam Brownback (R-KS) and Robert Casey (D-PA). The bills passed both chambers overwhelmingly in late 2009 and early 2010.

Key Provisions:

Expands Energy Sanctions

- Strengthens current law by requiring the president to investigate investments in Iran's energy sector and determine when such investments occurred.

- Imposes sanctions on foreign companies—including insurance, financing and shipping companies—that assist Iran in importing refined petroleum or maintaining/expanding Iran's domestic refining capacity.

- Closes the loophole in U.S. law that excluded from sanctions the provision of goods, services, or technology to Iran's oil and natural gas sector.

- Imposes sanctions on parent companies if their subsidiaries engage in a sanctionable activity in Iran's energy sector.

- Requires a certification from a company seeking contracts with the United States that it is not engaged in sanctionable activities in Iran's energy sector.

Imposes Mandatory Financial Sanctions

- Severely constrains U.S. banks from engaging in financial transactions with foreign banks doing business with Iran's Islamic Revolutionary Guard Corps (IRGC), sanctioned Iranian banks, or facilitating Iran's illicit nuclear program or its support for terrorism.

Promotes Human Rights

- Imposes significant financial penalties and travel restrictions on Iran's human rights abusers.

- Bans U.S. government procurement contracts for any foreign company that exports to Iran technology used to restrict the free flow of information or to disrupt, monitor, or otherwise restrict freedom of speech.

Supports State Divestment

- Provides a legal framework for U.S. states and local governments to divest their portfolios of foreign companies involved in Iran's energy sector.

Bans Iranian Imports

- Strengthens the U.S. trade embargo against Iran by codifying longstanding executive orders and limiting the goods exempted from the embargo.

Prohibits Licenses for Nuclear Cooperation

- Bars the president from issuing licenses for the export of nuclear goods, services, or technology to any country with which the United States has a nuclear cooperation agreement that helps Iran develop or acquire a nuclear weapons capability.

Limits the Diversion of Technology

- Requires the Director of National Intelligence to report on countries that allow their territory to be used to send illicit goods to Iran and provides for remedies to address such concerns.

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