

# BILL SUMMARY

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**August 2009**

## Iran Refined Petroleum Sanctions Act of 2009 (H.R. 2194 and S. 908)

Members of the House and Senate have introduced legislation to enhance and strengthen American engagement efforts with Iran. The legislation would reinforce American diplomacy with the threat of tougher sanctions if Iran rejects U.S. overtures and continues to enrich uranium in defiance of the international community. The legislation was introduced in the House by House Foreign Affairs Committee Chairman Howard Berman (D-CA) and Ranking Member Ileana Ros-Lehtinen (R-FL) and in the Senate by a broad group of 27 senators. The lead Democrat is Sen. Evan Bayh (IN) and the lead Republican is Sen. Jon Kyl (AZ).

The Iran Refined Petroleum Sanctions Act (IRPSA) would limit Iran's ability to import and produce refined petroleum products (e.g. gasoline and diesel used in vehicles). The bill would strengthen the president's authority to impose sanctions on companies providing refined petroleum to Iran or helping Iran expand its own refining capacity. Shipping companies that transport the refined petroleum to Iran and their insurers are also targeted by the legislation.

IRPSA would limit Iran's access to and raise the price for refined petroleum within Iran. This could have a dramatic effect on the Iranian economy because Iran imports about 40 percent of its refined petroleum. IRPSA would force Tehran to confront a real choice: continue its illicit nuclear program and risk economic ruin or suspend the program and open the door to relief from sanctions.

During the 2008 presidential campaign, then-Senator Barack Obama backed such a move, saying, "if we can prevent them from importing the gasoline that they need ... that starts changing their cost-benefit analysis. That starts putting the squeeze on them."

### Key Provisions:

- Strengthens the president's authority to impose sanctions on any entity that provides Iran with refined petroleum resources or engages in activity that could contribute to Iran's ability to import such resources, including:
  - Providing ships or shipping services to deliver refined petroleum to Iran
  - Providing insurance or reinsurance for such activity
  - Financing or brokering such activity
  - Providing machine components to maintain or expand Iran's refining capacity
- Effectively prevents such entities from doing business in the United States by:

- Prohibiting the entities from carrying out any financial transactions in U.S. dollars
  - Barring any U.S. person or financial institution from carrying out any transaction involving a sanctioned entity
  - Freezing any assets the entities may have under the jurisdiction of the United States
- Requires the president to report within 90 days and every six months thereafter regarding any person who has:
  - Provided Iran with refined petroleum
  - Engaged in activity that could contribute to Iran's ability to import refined petroleum resources
  - Sold, leased, or provided to Iran any goods, services, or technology that would allow Iran to maintain or expand its domestic production of refined petroleum resources
- Urges the president to impose sanctions on the Central Bank of Iran and any financial institution engaged in proliferation activities or support of terrorist groups.