

# BILL SUMMARY

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December 2009

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

The House on Dec. 15 overwhelmingly passed the Iran Refined Petroleum Sanctions Act (IRPSA) by a bipartisan vote of 412 to 12. The legislation, introduced in the House by Committee Chairman Howard Berman (D-CA) and Ranking Member Ileana Ros-Lehtinen (R-FL), would reinforce American diplomatic efforts with Iran with the threat of tougher sanctions if Iran rejects U.S. overtures and continues to enrich uranium in defiance of the international community. The bill is based on previous legislation introduced in 2007 by Reps. Mark Kirk (R-IL) and Robert Andrews (D-NJ).

More than three-quarters of the House of Representatives cosponsored the legislation, which aims to reinforce American diplomacy and strengthen global efforts to prevent Iran from acquiring a nuclear weapons capability. The legislation imposes tough sanctions on Iran to persuade Tehran to suspend its uranium enrichment program and seriously engage in negotiations about its nuclear future.

IRPSA will increase the pressure on Iranian leaders by restricting their ability to purchase refined petroleum products. Despite being one of the largest producers of crude oil in the world, Iran lacks adequate refining capability to meet its own domestic needs for gasoline, diesel and aviation fuel. Iran is forced to import 25 to 40 percent of its refined petroleum needs.

The bill seeks to curtail those imports through the imposition of sanctions on companies providing refined petroleum to Iran or transporting, insuring, or financing refined petroleum deliveries. The legislation also targets companies helping Iran expand its own domestic refining capacity. The bill includes provisions allowing the president to waive the implementation of sanctions if he determines such a move is vital to the national security interests of the United States.

During the 2008 presidential campaign, then-Senator Barack Obama backed the imposition of restrictions on Iran's ability to purchase refined petroleum products, 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:

- Requires the president to impose sanctions on any entity that provides Iran with refined petroleum resources, engages in activity that could contribute to Iran's ability to import such resources, or helps Iran maintain or expand its domestic refining capabilities, 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 goods, services, technology, information, or support, or to maintain or expand Iran's refining capacity
- The value of such support must exceed \$200,000 or a combined total of \$500,000 in any 12-month period.
- Companies found to be in violation will effectively be barred 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
  - Prohibiting sanctioned entities from receiving U.S. government contracts
- Requires the president to initiate an investigation of possible sanctions violations upon receipt of credible information that a violation has occurred and to make a determination whether a violation occurred within 180 days of beginning the investigation.
- Requires the president to report within 90 days and every six months thereafter regarding any person who has:
  - Provided Iran with refined petroleum or 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
  - Acted as an agent, alias, front, instrumentality, representative, official, or affiliate of the Islamic Revolutionary Guard Corp
  - Provided material support or conducted any commercial or financial transactions with the Islamic Revolutionary Guard Corps,
- Restricts U.S. nuclear cooperation agreements with countries whose citizens or companies provide Iran with equipment and materials that help advance its nuclear capabilities.
- States it is the policy of the United States to impose sanctions on the Central Bank of Iran (CBI), any Iranian financial institution engaged in proliferation or terrorist activities and any entities conducting financial transactions with those institutions.
- Applies sanctions to the subsidiaries and parent companies of entities found to be violating the Iran Sanctions Act. Extends the Iran Sanctions Act through 2016.