

MEMMO

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Congress Strengthens Sanctions Against Iran

Congress has overwhelmingly passed and the president has signed major legislation aimed at slowing Iran's pursuit of nuclear weapons. The Iran Freedom Support Act (IFSA) extends and strengthens existing sanctions against companies investing in Tehran, and provides new tools to support American diplomatic efforts to prevent Iran from acquiring nuclear weapons. With Iran continuing its defiant rejection of U.N. Security Council demands that it suspend its enrichment of uranium and reprocessing-related programs, concerted international action against Tehran is needed if the world is to succeed in preventing a nuclear-armed Iran.

IFSA renews and strengthens longstanding U.S. sanctions on companies investing in Iran's petroleum sector.

- The Iran Freedom Support Act (IFSA) renews for five years the Iran Libya Sanctions Act (ILSA), a law originally passed in 1996 that threatens sanctions against foreign companies investing more than \$20 million in Iran's petroleum sector.
- Because Iran relies on oil sales for 80 percent of its revenue, Iran is highly susceptible to sanctions that block investment in its energy sector.
- IFSA also codifies presidential executive orders prohibiting, among other things, investment by American companies in Iran and business dealings between Americans and foreign firms that trade with Iran.

IFSA provides the United States with new authority to slow Iran's pursuit of nuclear arms.

- IFSA requires the executive branch to impose two penalties (out of a total of six new sanctions authorized by the bill) on entities aiding Iran's efforts to acquire nuclear weapons or destabilizing conventional arms.
- The bill increases pressure on banks being used to assist Iran's nuclear program by subjecting them to sanctions already authorized against financial institutions that assist terrorist groups. IFSA prohibits sanctioned financial institutions from utilizing U.S. currency and the U.S. banking system, effectively cutting Iran off from the global economy.

IFSA includes additional provisions that seek to undermine Iran's efforts to acquire nuclear weapons.

- In a clear message to Russia and other nations with direct and ongoing ties to Iran's nuclear program, IFSA states that the United States should not conclude nuclear cooperation agreements with countries engaged in nuclear cooperation with Iran.

- IFSA urges the administration to implement the law's intent by launching investigations into investments in Iran's petroleum sector and determining within 180 days if those investments violate the \$20 million threshold established by U.S. law.
- The legislation expresses support for democratic forces using peaceful means to change the radical Islamic government in Tehran.

IFSA's passage follows Iran's decision to accelerate its nuclear efforts in defiance of the international community.

- The United States is pressing for Security Council-imposed sanctions on Iran, which has yet to suffer any consequences for defying an Aug. 31 U.N. Security Council deadline for it to end efforts to enrich uranium—a key step toward developing atomic bombs.
- According to the International Atomic Energy Agency, Iran is continuing to enrich uranium and is building more centrifuges that, if successfully operated, would bring Tehran closer to acquiring the capability to produce highly enriched uranium for nuclear weapons.
- Supreme Leader Ayatollah Ali Khamenei, President Mahmoud Ahmadinejad and other top Iranian officials have repeatedly stated that Tehran will never suspend its uranium enrichment programs.

Basic Facts Summary

- IFSA renews and strengthens sanctions aimed at curtailing the funds and international cooperation Iran needs to pursue nuclear weapons.
- IFSA provides new tools in the financial and diplomatic fight against Iran's nuclear program and proliferation.
- Congress' passage of IFSA comes at a time when Iran continues to defy the international community's demands to halt its nuclear program.