

NUCLEAR IRAN PREVENTION ACT OF 2013

MARKUP

BEFORE THE

COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

ON

H.R. 850

MAY 22, 2013

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CONTENTS

	Page
MARKUP OF	
H.R. 850, To impose additional human rights and economic and financial sanctions with respect to Iran, and for other purposes	2
Amendment in the nature of a substitute to H.R. 850 offered by the Honorable Edward R. Royce, a Representative in Congress from the State of California, and chairman, Committee on Foreign Affairs	29
En block amendments to H.R. 850 offered by various members	84
Amendment to the amendment in the nature of a substitute to H.R. 850 offered by the Honorable Edward R. Royce	144
Amendment to the Royce amendment to the amendment in the nature of a substitute to H.R. 850 offered by the Honorable Alan Grayson, a Representative in Congress from the State of Florida	148
Amendments to the amendment in the nature of a substitute to H.R. 850 offered by:	
The Honorable Alan Grayson	151
The Honorable Alan Grayson	155
The Honorable Tom Cotton, a Representative in Congress from the State of Arkansas	156
The Honorable Alan Grayson	157
The Honorable Tom Cotton	158
The Honorable Alan Grayson	164
The Honorable Alan Grayson	167
The Honorable Alan Grayson	169
The Honorable Edward R. Royce; the Honorable Eliot L. Engel, a Representative in Congress from the State of New York; the Honorable Tom Cotton; the Honorable Brad Sherman, a Representative in Congress from the State of California	172
APPENDIX	
Markup notice	176
Markup minutes	177
Markup summary	179
The Honorable Edward R. Royce: Material submitted for the record	181
The Honorable Christopher H. Smith, a Representative in Congress from the State of New Jersey: Prepared statement	182
The Honorable George Holding, a Representative in Congress from the State of North Carolina: Prepared statement	183

NUCLEAR IRAN PREVENTION ACT OF 2013

WEDNESDAY, MAY 22, 2013

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 10:15 a.m., in room 2172 Rayburn House Office Building, Hon. Edward Royce (chairman of the committee) presiding.

Chairman ROYCE. The hearing will come to order pursuant to notice. We meet today to mark up H.R. 850, the Nuclear Iran Prevention Act of 2013.

The Chair calls up the bill. And without objection, the bipartisan amendment in the nature of a substitute that was sent to your offices on Monday is considered base text, and is considered read and open for amendment at any point.

[H.R. 850 and the amendment in the nature of a substitute referred to follow:]

113TH CONGRESS
1ST SESSION

H. R. 850

To impose additional human rights and economic and financial sanctions
with respect to Iran, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 27, 2013

Mr. ROYCE (for himself, Mr. ENGEL, Ms. ROS-LEHTINEN, Mr. DEUTCH, Mr. POE of Texas, Mr. SHERMAN, Mr. CHABOT, Mr. CONNOLLY, Mr. SMITH of New Jersey, Mr. MEEKS, Mr. WILSON of South Carolina, Mr. KEATING, Mr. MCCAUL, Mr. CICILLINE, Mr. SALMON, Mr. SCHNEIDER, Mr. DUNCAN of South Carolina, Mr. KENNEDY, Mr. KINZINGER of Illinois, Ms. MENG, Mr. COTTON, Ms. FRANKEL of Florida, Mr. COOK, Mr. HOLDING, Mr. WEBER of Texas, Mr. PERRY, Mr. RADEL, Mr. COLLINS of Georgia, Mr. MEADOWS, Mr. MESSER, Mr. MARINO, Mr. Sires, Mr. HIGGINS, Mr. VARGAS, Mr. ROHRBACHER, Mr. LOWENTHAL, Mr. STOCKMAN, and Ms. GABBARD) introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committees on the Judiciary, Financial Services, Oversight and Government Reform, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To impose additional human rights and economic and financial sanctions with respect to Iran, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Nuclear Iran Prevention Act of 2013”.

4 (b) TABLE OF CONTENTS.—The table of contents for
5 this Act is as follows:

Sec. 1. Short title and table of contents.
Sec. 2. Findings and statement of policy.

TITLE I—HUMAN RIGHTS AND TERRORISM SANCTIONS

Sec. 101. Designation of Iran’s Revolutionary Guard Corps as foreign terrorist organization.
Sec. 102. Imposition of sanctions on certain persons responsible for or complicit in human rights abuses, engaging in censorship, or engaging in the diversion of goods intended for the people of Iran.
Sec. 103. Mandatory sanctions with respect to financial institutions that engage in certain transactions on behalf of persons involved in human rights abuses or that export sensitive technology to Iran.

TITLE II—ECONOMIC AND FINANCIAL SANCTIONS

Sec. 201. Sanctions with respect to certain transactions with Iran.
Sec. 202. Imposition of sanctions with respect to foreign financial institutions that facilitate financial transactions on behalf of persons owned or controlled by specially designated nationals.
Sec. 203. Imposition of sanctions with respect to the Central Bank of Iran and other Iranian financial institutions.
Sec. 204. Sense of Congress regarding the European Central Bank.

TITLE III—MISCELLANEOUS PROVISIONS

Sec. 301. Report on Iranian nuclear and economic capabilities.
Sec. 302. National Strategy on Iran.
Sec. 303. Government Accountability Office report on sanctions enforcement.

6 **SEC. 2. FINDINGS AND STATEMENT OF POLICY.**

7 (a) FINDINGS.—Congress finds the following:

8 (1) Iran’s acquisition of a nuclear weapons ca-
9 pability would—

10 (A) embolden its already aggressive foreign
11 policy, including its arming of terrorist organi-
12 zations and other groups, its efforts to desta-
13 bilize countries in the Middle East, and its ef-

1 forts to target the United States, United States
2 allies, and United States interests globally;

3 (B) increase the risk that Iran would share
4 its nuclear technology and expertise with ex-
5 tremist groups and rogue nations;

6 (C) destabilize global energy markets, pos-
7 ing a direct and devastating threat to the
8 American and global economy; and

9 (D) likely lead other governments in the
10 region to pursue their own nuclear weapons
11 programs, increasing the prospect of nuclear
12 proliferation throughout the region and effec-
13 tively ending the viability of the global non-
14 proliferation regime, including the Treaty on
15 the Non-Proliferation of Nuclear Weapons.

16 (2) A nuclear arms-capable Iran possessing
17 intercontinental ballistic missiles, a development
18 most experts expect could occur within a decade,
19 would pose a direct nuclear threat to the United
20 States.

21 (b) STATEMENT OF POLICY.—It shall be the policy
22 of the United States to prevent Iran from acquiring a nu-
23 clear weapons capability.

1 **TITLE I—HUMAN RIGHTS AND**
2 **TERRORISM SANCTIONS**

3 **SEC. 101. DESIGNATION OF IRAN'S REVOLUTIONARY**
4 **GUARD CORPS AS FOREIGN TERRORIST OR-**
5 **GANIZATION.**

6 (a) IN GENERAL.—Subtitle A of title III of the Iran
7 Threat Reduction and Syria Human Rights Act of 2012
8 (22 U.S.C. 8741 et seq.) is amended—

9 (1) by redesignating section 304 as section 305;
10 and

11 (2) by inserting after section 303 the following
12 new section:

13 **“SEC. 304. DESIGNATION OF IRAN'S REVOLUTIONARY**
14 **GUARD CORPS AS FOREIGN TERRORIST OR-**
15 **GANIZATION.**

16 “(a) IN GENERAL.—Not later than 30 days after the
17 date of the enactment of this section, the Secretary of
18 State shall determine if Iran's Revolutionary Guard Corps
19 meets the criteria for designation as a foreign terrorist
20 organization as set forth in section 219 of the Immigration
21 and Nationality Act (8 U.S.C. 1189).

22 “(b) AFFIRMATIVE DETERMINATION.—If the Sec-
23 retary of State determines under subsection (a) that
24 Iran's Revolutionary Guard Corps meets the criteria set
25 forth under such section 219, the Secretary shall designate

1 Iran's Revolutionary Guard Corps as a foreign terrorist
2 organization under such section 219.

3 “(c) NEGATIVE DETERMINATION.—

4 “(1) IN GENERAL.—If the Secretary of State
5 determines under subsection (a) that Iran's Revolu-
6 tionary Guard Corps does not meet the criteria set
7 forth under such section 219, the Secretary shall
8 submit to the committees of Congress specified in
9 subparagraph (C) a report that contains a detailed
10 justification as to which criteria have not been met.

11 “(2) FORM.—The report required under para-
12 graph (1) shall be submitted in unclassified form,
13 but may contain classified annex, if necessary.

14 “(3) COMMITTEES OF CONGRESS SPECIFIED.—
15 The committees of Congress referred to in para-
16 graph (1) are the following:

17 “(A) The Committee on Foreign Affairs
18 and the Committee on the Judiciary of the
19 House of Representatives.

20 “(B) The Committee on Foreign Relations
21 and the Committee on the Judiciary of the Sen-
22 ate.”.

23 (b) CLERICAL AMENDMENT.—The table of contents
24 for the Iran Threat Reduction and Syria Human Rights

1 Act of 2012 is amended by striking the item relating to
2 section 304 and inserting the following:

“Sec. 304. Designation of Iran’s Revolutionary Guard Corps as foreign terrorist organization.

“Sec. 305. Rule of construction.”.

3 **SEC. 102. IMPOSITION OF SANCTIONS ON CERTAIN PER-**
4 **SONS RESPONSIBLE FOR OR COMPLICIT IN**
5 **HUMAN RIGHTS ABUSES, ENGAGING IN CEN-**
6 **SORSHIP, OR ENGAGING IN THE DIVERSION**
7 **OF GOODS INTENDED FOR THE PEOPLE OF**
8 **IRAN.**

9 (a) FINDING AND SENSE OF CONGRESS.—Section
10 401(a) of the Iran Threat Reduction and Syria Human
11 Rights Act of 2012 (Public Law 112–158; 126 Stat.
12 1251) is amended to read as follows:

13 “(a) FINDING AND SENSE OF CONGRESS.—

14 “(1) FINDING.—Congress finds that Iranian
15 persons holding the following positions in the Gov-
16 ernment of Iran are ultimately responsible for and
17 have and continue to knowingly order, control, direct
18 and implement gross violations of the human rights
19 of the Iranian people, the human rights of persons
20 in other countries, censorship, and the diversion of
21 food, medicine, medical devices, agricultural com-
22 modities and other goods intended for the Iranian
23 people:

24 “(A) The Supreme Leader of Iran.

1 “(B) The President of Iran.

2 “(C) Members of the Council of Guard-
3 ians.

4 “(D) Members of the Expediency Council.

5 “(E) The Minister of Intelligence and Se-
6 curity.

7 “(F) The Commander of the Iran’s Revo-
8 lutionary Guard Corps.

9 “(G) The Commander of the Basij-e-
10 Mostaz’afin.

11 “(H) The Commander of Ansar-e-
12 Hezbollah.

13 “(I) The Commander of the Quds Force.

14 “(J) The Commander in Chief of the Po-
15 lice Force.

16 “(2) SENSE OF CONGRESS.—It is the sense of
17 Congress that—

18 “(A) the President should include any Ira-
19 nian person holding a position in the Govern-
20 ment of Iran described in paragraph (1) on one
21 or more of the lists of persons subject to sanc-
22 tions pursuant to section 105(b), 105A(b),
23 105B(b), or 105C(b) of the Comprehensive Iran
24 Sanctions, Accountability, and Divestment Act
25 of 2010; and

1 “(B) the President should impose sanc-
2 tions on such Iranian person pursuant to sec-
3 tion 105, 105A, 105B, or 105C of such Act (as
4 the case may be).”.

5 (b) ADDITIONAL FINDING AND SENSE OF CON-
6 GRESS.—Section 401of the Iran Threat Reduction and
7 Syria Human Rights Act of 2012 (Public Law 112–158;
8 126 Stat. 1251) is amended—

9 (1) by redesignating subsection (b) as sub-
10 section (e); and

11 (2) inserting after subsection (a) the following:

12 “(b) ADDITIONAL FINDING AND SENSE OF CON-
13 GRESS.—

14 “(1) FINDING.—Congress finds that other sen-
15 ior officials of the Government of Iran, its agencies
16 and instrumentalities, also have and continue to
17 knowingly order, control, direct, and implement
18 gross violations of the human rights of the Iranian
19 people and the human rights of persons in other
20 countries.

21 “(2) SENSE OF CONGRESS.—It is the sense of
22 Congress that—

23 “(A) the President should investigate viola-
24 tions of human rights described in paragraph
25 (1) to identify other senior officials of the Gov-

1 ernment of Iran that also have or continue to
2 knowingly order, control, direct, or implement
3 gross violations of human rights of the Iranian
4 people and the human rights of persons in other
5 countries;

6 “(B) the President should include any such
7 official on one or more of the lists of persons
8 subject to sanctions pursuant to section 105(b),
9 105A(b), 105B(b), or 105C(b) of the Com-
10 prehensive Iran Sanctions, Accountability, and
11 Divestment Act of 2010; and

12 “(C) the President should impose sanctions
13 on any such official pursuant to section 105,
14 105A, 105B, or 105C of such Act (as the case
15 may be).”.

16 (c) REPORT.—Section 401(c)(1) of the Iran Threat
17 Reduction and Syria Human Rights Act of 2012 (Public
18 Law 112–158; 126 Stat. 1251), as redesignated by sub-
19 section (b) of this section, is amended—

20 (1) by striking “Not later than” and inserting
21 the following:

22 “(A) IN GENERAL.—Not later than”;

23 (2) by striking “this Act” and inserting “the
24 Iran Sanctions Enforcement and Augmentation Act,
25 and every 180 days thereafter”;

- 1 (3) by striking “otherwise directing the commis-
2 sion of” and inserting “otherwise directing—
3 “(i) the commission of”;
4 (4) by striking “Iran.” and inserting “Iran;
5 “(ii) censorship or related activities
6 with respect to Iran; or
7 “(iii) the diversion of goods, food,
8 medicine, and medical devices, and agricul-
9 tural commodities, intended for the people
10 of Iran.”; and
11 (5) by striking “For any such person” and in-
12 serting the following:
13 “(B) ADDITIONAL REQUIREMENT.—For
14 any such person”.
15 (d) CLERICAL AMENDMENT.—The table of contents
16 for the Iran Threat Reduction and Syria Human Rights
17 Act of 2012 is amended by striking the item relating to
18 section 401 and inserting the following:

“Sec. 401. Imposition of sanctions on certain persons responsible for or
complicit in human rights abuses, engaging in censorship, or
engaging in the diversion of goods intended for the people of
Iran.”.

1 **SEC. 103. MANDATORY SANCTIONS WITH RESPECT TO FI-**
2 **NANCIAL INSTITUTIONS THAT ENGAGE IN**
3 **CERTAIN TRANSACTIONS ON BEHALF OF**
4 **PERSONS INVOLVED IN HUMAN RIGHTS**
5 **ABUSES OR THAT EXPORT SENSITIVE TECH-**
6 **NOLOGY TO IRAN.**

7 (a) IN GENERAL.—Section 104(c)(2) of the Com-
8 prehensive Iran Sanctions, Accountability, and Divestment
9 Act of 2010 (22 U.S.C. 8513(c)(2)) is amended—

10 (1) in subparagraph (D), by striking “or” at
11 the end;

12 (2) in subparagraph (E), by striking the period
13 at the end and inserting “; or”; and

14 (3) by adding at the end the following new sub-
15 paragraph:

16 “(F) facilitates a significant transaction or
17 transactions or provides significant financial
18 services for—

19 “(i) a person that is subject to sanc-
20 tions under section 105(c), 105A(c),
21 105B(c), or 105C(c); or

22 “(ii) a person that exports sensitive
23 technology to Iran and is subject to the
24 prohibition on procurement contracts as
25 described in section 106.”.

1 (b) EFFECTIVE DATE.—The amendments made by
 2 subsection (a) shall take effect on the date of the enact-
 3 ment of this Act and shall apply with respect to any activ-
 4 ity described in subparagraph (F) of section 104(c)(2) of
 5 the Comprehensive Iran Sanctions, Accountability, and
 6 Divestment Act of 2010 (as added by subsection (a)(3))
 7 initiated on or after the date that is 90 days after such
 8 date of enactment.

9 (c) REGULATIONS.—Not later than 90 days after the
 10 date of the enactment of this Act, the Secretary of the
 11 Treasury shall prescribe regulations to carry out the
 12 amendments made by subsection (a).

13 **TITLE II—ECONOMIC AND** 14 **FINANCIAL SANCTIONS**

15 **SEC. 201. SANCTIONS WITH RESPECT TO CERTAIN TRANS-** 16 **ACTIONS WITH IRAN.**

17 (a) IN GENERAL.—Subtitle B of title II of the Iran
 18 Threat Reduction and Syria Human Rights Act of 2012
 19 (22 U.S.C. 8721 et seq.) is amended by adding at the end
 20 the following new section:

21 **“SEC. 225. SANCTIONS WITH RESPECT TO CERTAIN TRANS-** 22 **ACTIONS WITH IRAN.**

23 “(a) AUTHORIZATION OF SANCTIONS.—

24 “(1) IN GENERAL.—Except as specifically pro-
 25 vided in this section, the President may impose sanc-

1 tions pursuant to the International Emergency Eco-
2 nomic Powers Act (50 U.S.C. 1701 et seq.) on a for-
3 eign person that the President determines has, on or
4 after the date that is 180 days after the date of the
5 enactment of this section, knowingly conducted or
6 facilitated a significant financial transaction with the
7 Central Bank of Iran or other Iranian financial in-
8 stitution that has been designated by the Secretary
9 of the Treasury for the imposition of sanctions pur-
10 suant to such Act, for—

11 “(A) the purchase of goods (other than pe-
12 troleum or petroleum products) or services by a
13 person in Iran or on behalf of a person in Iran;
14 or

15 “(B) the purchase of goods (other than pe-
16 troleum or petroleum products) or services from
17 a person in Iran or on behalf of a person in
18 Iran.

19 “(2) RULE OF CONSTRUCTION.—Nothing in
20 this section shall be construed to affect the imposi-
21 tion of sanctions with respect to a financial trans-
22 action for the purchase of petroleum or petroleum
23 products from Iran under section 1245(d)(4) of the
24 National Defense Authorization Act for Fiscal Year
25 2012 (Public Law 112–81; 125 Stat. 1648).

1 “(b) EXCEPTION FOR OVERALL REDUCTIONS OF EX-
2 PORTS TO AND IMPORTS FROM IRAN.—

3 “(1) IN GENERAL.—The President may not im-
4 pose sanctions under subsection (a) on a foreign per-
5 son if the President determines and submits to the
6 appropriate congressional committees a report that
7 contains a determination of the President that the
8 country with primary jurisdiction over the foreign
9 person has, during the time period described in
10 paragraph (2), significantly reduced—

11 “(A) the value of exports of goods (other
12 than petroleum or petroleum products) and
13 services from such country to Iran; and

14 “(B) the value of imports of goods (other
15 than petroleum or petroleum products) and
16 services to such country from Iran.

17 “(2) TIME PERIOD DESCRIBED.—The time pe-
18 riod referred to in paragraph (1) is the 180-day pe-
19 riod ending on the date on which the President
20 makes the determination under paragraph (1) as
21 compared to the immediately preceding 180-day pe-
22 riod.

23 “(c) EXCEPTION FOR SALES OF AGRICULTURAL
24 COMMODITIES, FOOD, MEDICINE AND MEDICAL DE-
25 VICES.—The President may not impose sanctions under

1 subsection (a) on a foreign person with respect to a trans-
 2 action for the sale of agricultural commodities, food, medi-
 3 cine or medical devices to Iran.

4 “(d) DEFINITIONS.—In this section:

5 “(1) FOREIGN PERSON.—The term ‘foreign per-
 6 son’ has the meaning given that term in section 14
 7 of the Iran Sanctions Act of 1996 (Public Law 104–
 8 172; 50 U.S.C. 1701 note).

9 “(2) IRANIAN FINANCIAL INSTITUTION.—The
 10 term ‘Iranian financial institution’ has the meaning
 11 given that term in section 104A(d) of the Com-
 12 prehensive Iran Sanctions, Accountability, and Di-
 13 vestment Act of 2010 (22 U.S.C. 8513b(d)).”.

14 (b) CLERICAL AMENDMENT.—The table of contents
 15 for the Iran Threat Reduction and Syria Human Rights
 16 Act of 2012 is amended by inserting after the item relat-
 17 ing to section 224 the following:

“Sec. 225. Sanctions with respect to certain transactions with Iran.”.

18 **SEC. 202. IMPOSITION OF SANCTIONS WITH RESPECT TO**
 19 **FOREIGN FINANCIAL INSTITUTIONS THAT FA-**
 20 **CILITATE FINANCIAL TRANSACTIONS ON BE-**
 21 **HALF OF PERSONS OWNED OR CONTROLLED**
 22 **BY SPECIALLY DESIGNATED NATIONALS.**

23 Section 1247 of the National Defense Authorization
 24 Act for Fiscal Year 2013 (22 U.S.C. 8806) is amended—

1 (1) by redesignating subsection (f) as sub-
2 section (g); and

3 (2) by inserting after subsection (e) the fol-
4 lowing new subsection:

5 “(f) PERSONS OWNED OR CONTROLLED BY SPE-
6 cially Designated Nationals.—

7 “(1) IN GENERAL.—The President shall impose
8 sanctions described in subsection (a) with respect to
9 a foreign financial institution that the President de-
10 termines has, on or after the date that is 90 days
11 after the date of the enactment of this subsection,
12 knowingly facilitated a significant financial trans-
13 action on behalf of any person on the list required
14 by paragraph (2).

15 “(2) LIST.—

16 “(A) IN GENERAL.—Not later than 60
17 days after the date of the enactment of this
18 subsection, the President shall submit to the
19 appropriate congressional committees list of
20 persons that the President determines on or
21 after the date of the enactment of this sub-
22 section are directly or indirectly owned or con-
23 trolled by an Iranian person included on the list
24 of specially designated nationals and blocked
25 persons maintained by the Office of Foreign

1 Assets Control of the Department of the Treas-
2 ury (other than an Iranian financial institution
3 described in subsection (b)).

4 “(B) UPDATES OF LIST.—The President
5 shall submit to the appropriate congressional
6 committees an update of the list required by
7 subparagraph (A)—

8 “(i) not less than once every 180 days
9 after the date of submission of such list;
10 and

11 “(ii) as new information becomes
12 available.

13 “(C) FORM OF REPORT; PUBLIC AVAIL-
14 ABILITY.—

15 “(i) FORM.—The list required by sub-
16 paragraph (A) shall be submitted in un-
17 classified form, but may contain a classi-
18 fied annex, if necessary.

19 “(ii) PUBLIC AVAILABILITY.—The un-
20 classified portion of the list required by
21 clause (i) shall be made available to the
22 public and posted on the websites of the
23 Department of the Treasury and the De-
24 partment of State.

1 “(D) CONSIDERATION OF DATA FROM
2 OTHER COUNTRIES AND NONGOVERNMENTAL
3 ORGANIZATIONS.—In preparing the list required
4 by subparagraph (A), the President shall con-
5 sider credible data already obtained by other
6 countries and nongovernmental organizations.”.

(a) EXCEPTION TO APPLICABILITY OF SANCTIONS
WITH RESPECT TO PETROLEUM TRANSACTIONS.—Sec-
tion 1245(d)(4)(D)(i)(I) of the National Defense Author-
ization Act for Fiscal Year 2012 (Public Law 112–81; 125
Stat. 1648) is amended to read as follows:

1 chases of crude oil from Iran or of
2 Iranian origin; or”.

3 (b) EFFECTIVE DATE.—The amendment made by
4 this section shall take effect beginning on the date that
5 is 30 days after the date of the enactment of this Act.

6 **SEC. 204. SENSE OF CONGRESS REGARDING THE EURO-**
7 **PEAN CENTRAL BANK.**

8 (a) FINDINGS.—Congress finds the following:

9 (1) The Government of Iran, its agencies and
10 instrumentalities, continue to have access to, and
11 utilize, euro-denominated transactions, including for
12 goods and services that are subject to sanctions im-
13 posed by the United States, the European Union
14 and its member states and by the United Nations.

15 (2) The Guidelines of the European Central
16 Bank (Article 39(1)) states that: “Participants shall
17 be deemed to be aware of, and shall comply with, all
18 obligations on them relating to legislation on data
19 protection, prevention of money laundering and the
20 financing of terrorism, proliferation-sensitive nuclear
21 activities and the development of nuclear weapons
22 delivery systems, in particular in terms of imple-
23 menting appropriate measures concerning any pay-
24 ments debited or credited on their PM accounts.”

1 (3) United States and European convergence
2 with respect to United States sanctions efforts to-
3 ward the Iranian regime is a vital component of
4 United States policy aimed at preventing the Iranian
5 regime from acquiring a nuclear weapons capability.

6 (b) SENSE OF CONGRESS.—It is the sense of Con-
7 gress that the President should closely coordinate and co-
8 operate with the European Union and its member states
9 to restrict access and use of the euro currency by the Gov-
10 ernment of Iran, its agencies and instrumentalities, for
11 transactions (with the exception of food, medicine, medical
12 devices and other humanitarian goods), including through
13 the payment systems of the European Central Bank, such
14 as its second generation Trans-European Automated Real-
15 time Gross Settlement Express Transfer System, and local
16 and regional Euro settlement platforms.

17 **TITLE III—MISCELLANEOUS**
18 **PROVISIONS**

19 **SEC. 301. REPORT ON IRANIAN NUCLEAR AND ECONOMIC**
20 **CAPABILITIES.**

21 (a) IN GENERAL.—Not later than 60 days after the
22 date of the enactment of this Act, and every 60 days there-
23 after, the President shall submit to the appropriate con-
24 gressional committees a report on the following:

- 1 (1) An estimate of the timeline for Iranian ca-
2 pabilities to develop nuclear weapons, including—
 - 3 (A) a nuclear explosive device; and
 - 4 (B) breakout capacity.
- 5 (2) An assessment of Iranian strategy and ca-
6 pabilities relating to development of nuclear weap-
7 ons, including—
 - 8 (A) a summary and analysis of current nu-
9 clear weapons capabilities;
 - 10 (B) an estimate of the amount and sources
11 of funding expended by, and an analysis of pro-
12 curement networks utilized by, Iran to develop
13 its nuclear weapons capabilities;
 - 14 (C) a summary of the capabilities of Iran's
15 unconventional weapons and Iran's ballistic
16 missile forces and Iran's cruise missile forces;
 - 17 (D) a detailed analysis of the effectiveness
18 of Iran's unconventional weapons and Iran's
19 ballistic missile forces and Iran's cruise missile
20 forces as delivery systems for a nuclear device;
21 and
 - 22 (E) an estimate of the amount and sources
23 of funding expended by, and an analysis of pro-
24 curement networks utilized by, Iran on pro-
25 grams to develop a nuclear weapons capability.

1 er assembled or disassembled, that is designed to
2 produce an instantaneous release of an amount of
3 nuclear energy from special nuclear material that is
4 greater than the amount of energy that would be re-
5 leased from the detonation of one pound of trinitro-
6 toluene (TNT).

7 (2) BREAKOUT CAPACITY.—The term “break-
8 out capacity” means the point at which a country is
9 able to produce enough weapon-grade uranium (or
10 sufficient separated plutonium) for one or more nu-
11 clear explosive devices.

12 (3) APPROPRIATE CONGRESSIONAL COMMIT-
13 TEES.—The term “appropriate congressional com-
14 mittees” means—

15 (A) the Committee on Foreign Affairs, the
16 Committee on Armed Services, the Committee
17 on Financial Services, and the Permanent Se-
18 lect Committee on Intelligence of the House of
19 Representatives; and

20 (B) the Committee on Foreign Relations,
21 the Committee on Armed Services, the Com-
22 mittee on Banking, Housing, and Urban Af-
23 fairs, the Committee on Finance, and the Select
24 Committee on Intelligence of the Senate.

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2 produce an instantaneous release of an amount of
3 nuclear energy from special nuclear material that is
4 greater than the amount of energy that would be re-
5 leased from the detonation of one pound of trinitro-
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16 Committee on Armed Services, the Committee
17 on Financial Services, and the Permanent Se-
18 lect Committee on Intelligence of the House of
19 Representatives; and

20 (B) the Committee on Foreign Relations,
21 the Committee on Armed Services, the Com-
22 mittee on Banking, Housing, and Urban Af-
23 fairs, the Committee on Finance, and the Select
24 Committee on Intelligence of the Senate.

1 **SEC. 302. NATIONAL STRATEGY ON IRAN.**

2 (a) NATIONAL STRATEGY REQUIRED.—The Presi-
3 dent shall develop a strategy, to be known as the “Na-
4 tional Strategy on Iran”, that provides strategic guidance
5 for activities that support the objective of addressing the
6 threats posed by Iran.

7 (b) ANNUAL REPORT.—Not later than January 30
8 of each year, the President shall submit to the appropriate
9 congressional committees the National Strategy on Iran
10 required under subsection (a).

11 (c) MATTERS TO BE INCLUDED.—The report re-
12 quired under subsection (b) shall include, at a minimum,
13 the following:

14 (1) A description Iran’s grand strategy and se-
15 curity strategy, including strategic objectives, and
16 the security posture and objectives of Iran.

17 (2) A description of the United States strategy
18 to—

19 (A) address and counter the capabilities of
20 Iran’s conventional forces and Iran’s unconven-
21 tional forces;

22 (B) disrupt and deny Iranian efforts to de-
23 velop or augment capabilities related to nuclear,
24 unconventional, and missile forces development;

1 (C) address the Government of Iran's eco-
2 nomic strategy to enable the objectives de-
3 scribed in this subsection; and

4 (D) exploit key vulnerabilities.

5 (3) An implementation plan for the United
6 States strategy described in paragraph (2).

7 (d) FORM.—The report required under subsection (b)
8 shall be submitted in unclassified form to the greatest ex-
9 tent possible, but may include a classified annex, if nec-
10 essary.

11 (e) APPROPRIATE CONGRESSIONAL COMMITTEES.—
12 In this section, the term “appropriate congressional com-
13 mittees” means—

14 (1) the Committee on Foreign Affairs, the
15 Committee on Armed Services, the Committee on Fi-
16 nancial Services, the Committee on Ways and
17 Means, and the Permanent Select Committee on In-
18 telligence of the House of Representatives; and

19 (2) the Committee on Foreign Relations, the
20 Committee on Armed Services, the Committee on
21 Banking, Housing, and Urban Affairs, the Com-
22 mittee on Finance, and the Permanent Select Com-
23 mittee on Intelligence of the Senate.

1 **SEC. 303. GOVERNMENT ACCOUNTABILITY OFFICE REPORT**
2 **ON SANCTIONS ENFORCEMENT.**

3 (a) IN GENERAL.—Not later than 180 days after the
4 date of the enactment of this Act, and annually thereafter,
5 the Comptroller General of the United States shall submit
6 to the appropriate congressional committees a report as-
7 sessing the extent to which the President is implementing
8 section 5(a) and (b) of the Iran Sanctions Act of 1996
9 (Public Law 104–172; 50 U.S.C. 1701 note), sections 104
10 and 104A of the Comprehensive Iran Sanctions, Account-
11 ability, and Divestment Act of 2010 (22 U.S.C. 8513 and
12 8513b) and title III of the Iran Threat Reduction and
13 Syria Human Rights Act of 2012 (22 U.S.C. 8741 et
14 seq.).

15 (b) BASIS OF REPORT.—The report required under
16 subsection (a) shall be based on publicly-available informa-
17 tion.

18 (c) APPROPRIATE CONGRESSIONAL COMMITTEES.—
19 In this section, the term “appropriate congressional com-
20 mittees” means—

21 (1) the Committee on Foreign Affairs, the
22 Committee on Financial Services, and the Com-
23 mittee on Ways and Means of the House of Rep-
24 resentatives; and

- 1 (2) the Committee on Foreign Relations, the
- 2 Committee on Banking, Housing and Urban Affairs,
- 3 and the Committee on Finance of the Senate.

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 850
OFFERED BY MR. ROYCE OF CALIFORNIA**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Nuclear Iran Prevention Act of 2013”.

4 (b) TABLE OF CONTENTS.—The table of contents for
5 this Act is as follows:

Sec. 1. Short title and table of contents.
Sec. 2. Findings and statement of policy.

TITLE I—HUMAN RIGHTS AND TERRORISM SANCTIONS

Sec. 101. Designation of Iran’s Revolutionary Guard Corps as foreign terrorist organization.
Sec. 102. Imposition of sanctions on certain persons responsible for or complicit in human rights abuses, engaging in censorship, or engaging in the diversion of goods intended for the people of Iran.
Sec. 103. Mandatory sanctions with respect to financial institutions that engage in certain transactions on behalf of persons involved in human rights abuses or that export sensitive technology to Iran.

TITLE II—ECONOMIC AND FINANCIAL SANCTIONS

Sec. 201. Sanctions with respect to certain transactions with Iran.
Sec. 202. Imposition of sanctions with respect to foreign financial institutions that facilitate financial transactions on behalf of persons owned or controlled by specially designated nationals.
Sec. 203. Imposition of sanctions with respect to the Central Bank of Iran and other Iranian financial institutions.
Sec. 204. Sense of Congress regarding the European Central Bank.
Sec. 205. Imposition of sanctions with respect to certain transactions in foreign currencies.
Sec. 206. Imposition of sanctions with respect to ports, special economic zones, free economic zones, and strategic sectors of Iran.
Sec. 207. Repeal of exemptions under sanctions provisions of National Defense Authorization Act for Fiscal Year 2013.

Sec. 208. Prohibition on the transfer and retransfer of vessels.

Sec. 209. Imposition of sanctions with respect to vessels involved in vessel-to-vessel transfers of Iranian crude oil or other sanctioned imports and exports.

Sec. 210. Conditions for entry and operation of vessels.

TITLE III—MISCELLANEOUS PROVISIONS

Sec. 301. Report on Iranian nuclear and economic capabilities.

Sec. 302. National Strategy on Iran.

Sec. 303. Authority to consolidate reports required under Iran sanctions laws.

Sec. 304. Amendments to definitions under Iran Sanctions Act of 1996 and Iran Threat Reduction and Syria Human Rights Act of 2012.

Sec. 305. Implementation; penalties.

1 SEC. 2. FINDINGS AND STATEMENT OF POLICY.

2 (a) FINDINGS.—Congress finds the following:

3 (1) Iran’s acquisition of a nuclear weapons ca-
4 pability would—

5 (A) embolden its already aggressive foreign
6 policy, including its arming of terrorist organi-
7 zations and other groups, its efforts to desta-
8 bilize countries in the Middle East, and its ef-
9 forts to target the United States, United States
10 allies, and United States interests globally;

11 (B) increase the risk that Iran would share
12 its nuclear technology and expertise with ex-
13 tremist groups and rogue nations;

14 (C) destabilize global energy markets, pos-
15 ing a direct and devastating threat to the
16 American and global economy; and

17 (D) likely lead other governments in the
18 region to pursue their own nuclear weapons
19 programs, increasing the prospect of nuclear

1 proliferation throughout the region and effec-
2 tively ending the viability of the global non-
3 proliferation regime, including the Treaty on
4 the Non-Proliferation of Nuclear Weapons,
5 done at Washington, London, and Moscow July
6 1, 1968, and entered into force on March 5,
7 1970.

8 (2) A nuclear arms-capable Iran possessing
9 intercontinental ballistic missiles, a development
10 most experts expect could occur within a decade,
11 would pose a direct nuclear threat to the United
12 States.

13 (b) STATEMENT OF POLICY.—It shall be the policy
14 of the United States to prevent Iran from acquiring a nu-
15 clear weapons capability.

16 **TITLE I—HUMAN RIGHTS AND** 17 **TERRORISM SANCTIONS**

18 **SEC. 101. DESIGNATION OF IRAN'S REVOLUTIONARY** 19 **GUARD CORPS AS FOREIGN TERRORIST OR-** 20 **GANIZATION.**

21 (a) IN GENERAL.—Subtitle A of title III of the Iran
22 Threat Reduction and Syria Human Rights Act of 2012
23 (22 U.S.C. 8741 et seq.) is amended—

24 (1) by redesignating section 304 as section 305;
25 and

1 (2) by inserting after section 303 the following
2 new section:

3 **“SEC. 304. DESIGNATION OF IRAN’S REVOLUTIONARY**
4 **GUARD CORPS AS FOREIGN TERRORIST OR-**
5 **GANIZATION.**

6 “(a) IN GENERAL.—Not later than 30 days after the
7 date of the enactment of this section, the Secretary of
8 State shall determine if Iran’s Revolutionary Guard Corps
9 meets the criteria for designation as a foreign terrorist
10 organization as set forth in section 219 of the Immigration
11 and Nationality Act (8 U.S.C. 1189).

12 “(b) AFFIRMATIVE DETERMINATION.—If the Sec-
13 retary of State determines under subsection (a) that
14 Iran’s Revolutionary Guard Corps meets the criteria set
15 forth under such section 219, the Secretary shall designate
16 Iran’s Revolutionary Guard Corps as a foreign terrorist
17 organization under such section 219.

18 “(c) NEGATIVE DETERMINATION.—

19 “(1) IN GENERAL.—If the Secretary of State
20 determines under subsection (a) that Iran’s Revolu-
21 tionary Guard Corps does not meet the criteria set
22 forth under such section 219, the Secretary shall
23 submit to the committees of Congress specified in
24 subsection (e) a report that contains a detailed jus-
25 tification as to which criteria have not been met.

“(2) FORM.—The report required under paragraph (1) shall be submitted in unclassified form, but may contain a classified annex, if necessary.

1 **SEC. 102. IMPOSITION OF SANCTIONS ON CERTAIN PER-**
2 **SONS RESPONSIBLE FOR OR COMPLICIT IN**
3 **HUMAN RIGHTS ABUSES, ENGAGING IN CEN-**
4 **SORSHIP, OR ENGAGING IN THE DIVERSION**
5 **OF GOODS INTENDED FOR THE PEOPLE OF**
6 **IRAN.**

7 (a) FINDING AND SENSE OF CONGRESS.—Section
8 401(a) of the Iran Threat Reduction and Syria Human
9 Rights Act of 2012 (Public Law 112–158; 126 Stat.
10 1251) is amended to read as follows:

11 “(a) FINDING AND SENSE OF CONGRESS.—

12 “(1) FINDING.—Congress finds that Iranian
13 persons holding the following positions in the Gov-
14 ernment of Iran are ultimately responsible for and
15 have and continue to knowingly order, control, direct
16 and implement gross violations of the human rights
17 of the Iranian people, the human rights of persons
18 in other countries, censorship, and the diversion of
19 food, medicine, medical devices, agricultural com-
20 modities and other goods intended for the Iranian
21 people:

22 “(A) The Supreme Leader of Iran.

23 “(B) The President of Iran.

24 “(C) Members of the Council of Guard-
25 ians.

26 “(D) Members of the Expediency Council.

1 “(E) The Minister of Intelligence and Se-
2 curity.

3 “(F) The Commander of the Iran’s Revo-
4 lutionary Guard Corps.

5 “(G) The Commander of the Basij-e
6 Mostaz’afin.

7 “(H) The Commander of Ansar-e-
8 Hezbollah.

9 “(I) The Commander of the Quds Force.

10 “(J) The Commander in Chief of the Po-
11 lice Force.

12 “(2) SENSE OF CONGRESS.—It is the sense of
13 Congress that—

14 “(A) the President should include any Ira-
15 nian person holding a position in the Govern-
16 ment of Iran described in paragraph (1) on one
17 or more of the lists of persons subject to sanc-
18 tions pursuant to section 105(b), 105A(b),
19 105B(b), or 105C(b) of the Comprehensive Iran
20 Sanctions, Accountability, and Divestment Act
21 of 2010 (22 U.S.C. 8514(b), 8514a(b),
22 8514b(b), or 8514c(b)); and

23 “(B) the President should impose sanc-
24 tions on such Iranian person pursuant to sec-

1 tion 105, 105A, 105B, or 105C of such Act (as
2 the case may be).”.

3 (b) ADDITIONAL FINDING AND SENSE OF CON-
4 GRESS.—Section 401 of the Iran Threat Reduction and
5 Syria Human Rights Act of 2012 (Public Law 112–158;
6 126 Stat. 1251) is amended—

7 (1) by redesignating subsection (b) as sub-
8 section (c); and

9 (2) inserting after subsection (a) the following:

10 “(b) ADDITIONAL FINDING AND SENSE OF CON-
11 GRESS.—

12 “(1) FINDING.—Congress finds that other sen-
13 ior officials of the Government of Iran, its agencies
14 and instrumentalities, also have and continue to
15 knowingly order, control, direct, and implement
16 gross violations of the human rights of the Iranian
17 people and the human rights of persons in other
18 countries.

19 “(2) SENSE OF CONGRESS.—It is the sense of
20 Congress that—

21 “(A) the President should investigate viola-
22 tions of human rights described in paragraph
23 (1) to identify other senior officials of the Gov-
24 ernment of Iran that also have or continue to
25 knowingly order, control, direct, and implement

1 gross violations of human rights of the Iranian
2 people and the human rights of persons in other
3 countries;

4 “(B) the President should include any such
5 official on one or more of the lists of persons
6 subject to sanctions pursuant to section 105(b),
7 105A(b), 105B(b), or 105C(b) of the Com-
8 prehensive Iran Sanctions, Accountability, and
9 Divestment Act of 2010 (22 U.S.C. 8514(b),
10 8514a(b), 8514b(b), or 8514c(b)); and

11 “(C) the President should impose sanctions
12 on any such official pursuant to section 105,
13 105A, 105B, or 105C of such Act (as the case
14 may be).”.

15 (c) REPORT.—Section 401(c)(1) of the Iran Threat
16 Reduction and Syria Human Rights Act of 2012 (Public
17 Law 112–158; 126 Stat. 1251), as redesignated by sub-
18 section (b) of this section, is amended—

19 (1) by striking “Not later than” and inserting
20 the following:

21 “(A) IN GENERAL.—Not later than”;

22 (2) by striking “this Act” and inserting “the
23 Nuclear Iran Prevention Act of 2013, and annually
24 thereafter for 3 years”;

1 (3) by striking “otherwise directing the commis-
2 sion of” and inserting “otherwise directing—

3 “(i) the commission of”;

4 (4) by striking “Iran.” and inserting “Iran;

5 “(ii) censorship or related activities
6 with respect to Iran; or

7 “(iii) the diversion of goods, food,
8 medicine, and medical devices, and agricul-
9 tural commodities, intended for the people
10 of Iran.”; and

11 (5) by striking “For any such person” and in-
12 serting the following:

13 “(B) ADDITIONAL REQUIREMENT.—For
14 any such person”.

15 (d) CLERICAL AMENDMENT.—The table of contents
16 for the Iran Threat Reduction and Syria Human Rights
17 Act of 2012 is amended by striking the item relating to
18 section 401 and inserting the following:

“Sec. 401. Imposition of sanctions on certain persons responsible for or
complicit in human rights abuses, engaging in censorship, or
engaging in the diversion of goods intended for the people of
Iran.”.

1 **SEC. 103. MANDATORY SANCTIONS WITH RESPECT TO FI-**
2 **NANCIAL INSTITUTIONS THAT ENGAGE IN**
3 **CERTAIN TRANSACTIONS ON BEHALF OF**
4 **PERSONS INVOLVED IN HUMAN RIGHTS**
5 **ABUSES OR THAT EXPORT SENSITIVE TECH-**
6 **NOLOGY TO IRAN.**

7 (a) IN GENERAL.—Section 104(c)(2) of the Com-
8 prehensive Iran Sanctions, Accountability, and Divestment
9 Act of 2010 (22 U.S.C. 8513(c)(2)) is amended—

10 (1) in subparagraph (D), by striking “or” at
11 the end;

12 (2) in subparagraph (E), by striking the period
13 at the end and inserting “; or”; and

14 (3) by adding at the end the following new sub-
15 paragraph:

16 “(F) facilitates a significant transaction or
17 transactions or provides significant financial
18 services for—

19 “(i) a person that is subject to sanc-
20 tions under section 105(c), 105A(c),
21 105B(c), or 105C(a); or

22 “(ii) a person that exports sensitive
23 technology to Iran and is subject to the
24 prohibition on procurement contracts as
25 described in section 106.”.

1 (b) EFFECTIVE DATE.—The amendments made by
 2 subsection (a) take effect on the date of the enactment
 3 of this Act and apply with respect to any activity described
 4 in subparagraph (F) of section 104(c)(2) of the Com-
 5 prehensive Iran Sanctions, Accountability, and Divestment
 6 Act of 2010 (as added by subsection (a)(3)) initiated on
 7 or after the date that is 90 days after such date of enact-
 8 ment.

9 (c) REGULATIONS.—Not later than 90 days after the
 10 date of the enactment of this Act, the Secretary of the
 11 Treasury shall prescribe regulations to carry out the
 12 amendments made by subsection (a).

13 **TITLE II—ECONOMIC AND** 14 **FINANCIAL SANCTIONS**

15 **SEC. 201. SANCTIONS WITH RESPECT TO CERTAIN TRANS-** 16 **ACTIONS WITH IRAN.**

17 (a) IN GENERAL.—Subtitle B of title II of the Iran
 18 Threat Reduction and Syria Human Rights Act of 2012
 19 (22 U.S.C. 8721 et seq.) is amended by adding at the end
 20 the following new section:

21 **“SEC. 225. SANCTIONS WITH RESPECT TO CERTAIN TRANS-** 22 **ACTIONS WITH IRAN.**

23 “(a) AUTHORIZATION OF SANCTIONS.—

24 “(1) IN GENERAL.—Except as specifically pro-
 25 vided in this section, the President may impose sanc-

1 tions pursuant to the International Emergency Eco-
2 nomic Powers Act (50 U.S.C. 1701 et seq.) on a for-
3 eign person that the President determines has, on or
4 after the date that is 180 days after the date of the
5 enactment of this section, knowingly conducted or
6 facilitated a significant financial transaction with the
7 Central Bank of Iran or other Iranian financial in-
8 stitution that has been designated by the Secretary
9 of the Treasury for the imposition of sanctions pur-
10 suant to such Act, for—

11 “(A) the purchase of goods (other than pe-
12 troleum or petroleum products) or services by a
13 person in Iran or on behalf of a person in Iran;
14 or

15 “(B) the purchase of goods (other than pe-
16 troleum or petroleum products) or services from
17 a person in Iran or on behalf of a person in
18 Iran.

19 “(2) RULE OF CONSTRUCTION.—Nothing in
20 this section shall be construed to affect the imposi-
21 tion of sanctions with respect to a financial trans-
22 action for the purchase of petroleum or petroleum
23 products from Iran under section 1245(d)(4) of the
24 National Defense Authorization Act for Fiscal Year
25 2012 (Public Law 112–81; 125 Stat. 1648).

1 “(b) EXCEPTION FOR OVERALL REDUCTIONS OF EX-
2 PORTS TO AND IMPORTS FROM IRAN.—

3 “(1) IN GENERAL.—The President is author-
4 ized not to impose sanctions under subsection (a) on
5 a foreign person if the President determines and
6 submits to the appropriate congressional committees
7 a report that contains a determination of the Presi-
8 dent that the country with primary jurisdiction over
9 the foreign person has, during the time period de-
10 scribed in paragraph (2), significantly reduced the
11 value of imports and exports of goods (other than
12 petroleum or petroleum products) and services be-
13 tween such country and Iran.

14 “(2) TIME PERIOD DESCRIBED.—The time pe-
15 riod referred to in paragraph (1) is the 180-day pe-
16 riod ending on the date on which the President
17 makes the determination under paragraph (1) as
18 compared to the immediately preceding 180-day pe-
19 riod.

20 “(c) EXCEPTION FOR SALES OF AGRICULTURAL
21 COMMODITIES, FOOD, MEDICINE AND MEDICAL DE-
22 VICES.—The President may not impose sanctions under
23 subsection (a) on a foreign person with respect to a trans-
24 action for the sale of agricultural commodities, food, medi-
25 cine or medical devices to Iran.

1 “(d) DEFINITIONS.—In this section:

2 “(1) FOREIGN PERSON.—The term ‘foreign per-
3 son’ has the meaning given that term in section 14
4 of the Iran Sanctions Act of 1996 (Public Law 104–
5 172; 50 U.S.C. 1701 note).

6 “(2) IRANIAN FINANCIAL INSTITUTION.—The
7 term ‘Iranian financial institution’ has the meaning
8 given that term in section 104A(d) of the Com-
9 prehensive Iran Sanctions, Accountability, and Di-
10 vestment Act of 2010 (22 U.S.C. 8513b(d)).”.

11 (b) CLERICAL AMENDMENT.—The table of contents
12 for the Iran Threat Reduction and Syria Human Rights
13 Act of 2012 is amended by inserting after the item relat-
14 ing to section 224 the following:

“Sec. 225. Sanctions with respect to certain transactions with Iran.”.

15 **SEC. 202. IMPOSITION OF SANCTIONS WITH RESPECT TO**
16 **FOREIGN FINANCIAL INSTITUTIONS THAT FA-**
17 **CILITATE FINANCIAL TRANSACTIONS ON BE-**
18 **HALF OF PERSONS OWNED OR CONTROLLED**
19 **BY SPECIALLY DESIGNATED NATIONALS.**

20 Section 1247 of the National Defense Authorization
21 Act for Fiscal Year 2013 (22 U.S.C. 8806) is amended—

22 (1) by redesignating subsection (f) as sub-
23 section (g); and

24 (2) by inserting after subsection (e) the fol-
25 lowing new subsection:

1 “(f) PERSONS OWNED OR CONTROLLED BY SPE-
2 cially Designated Nationals.—

3 “(1) IN GENERAL.—The President shall impose
4 sanctions described in subsection (a) with respect to
5 a foreign financial institution that the President de-
6 termines has, on or after the date that is 90 days
7 after the date of the enactment of the Nuclear Iran
8 Prevention Act of 2013, knowingly facilitated a sig-
9 nificant financial transaction on behalf of any person
10 determined by the President to be directly owned or
11 controlled by an Iranian person included on the list
12 of specially designated nationals and blocked persons
13 maintained by the Office of Foreign Assets Control
14 of the Department of the Treasury (other than an
15 Iranian financial institution described in subsection
16 (b)).

17 “(2) SENSE OF CONGRESS.—It is the sense of
18 the President routinely should determine on or after
19 the date of the enactment of this subsection those
20 persons that are directly or indirectly owned or con-
21 trolled by an Iranian person included on the list of
22 specially designated nationals and blocked persons
23 maintained by the Office of Foreign Assets Control
24 of the Department of the Treasury (other than an

1 Iranian financial institution described in subsection
2 (b)).

3 “(3) CONSIDERATION OF DATA FROM OTHER
4 COUNTRIES AND NONGOVERNMENTAL ORGANIZA-
5 TIONS.—The President shall consider credible data
6 already obtained by other countries and nongovern-
7 mental organizations in making determinations de-
8 scribed in paragraph (1).”.

9 **SEC. 203. IMPOSITION OF SANCTIONS WITH RESPECT TO**
10 **THE CENTRAL BANK OF IRAN AND OTHER**
11 **IRANIAN FINANCIAL INSTITUTIONS.**

12 (a) EXCEPTION TO APPLICABILITY OF SANCTIONS
13 WITH RESPECT TO PETROLEUM TRANSACTIONS.—Sec-
14 tion 1245(d)(4)(D)(i)(I) of the National Defense Author-
15 ization Act for Fiscal Year 2012 (Public Law 112–81; 125
16 Stat. 1648) is amended—

17 (1) by inserting “or of Iranian origin” after
18 “from Iran”; and

19 (2) by adding at the end before the semicolon
20 the following: “, and the President certifies in writ-
21 ing to Congress that the President has based such
22 determination on accurate information on that coun-
23 try’s total purchases of crude oil from Iran or of Ira-
24 nian origin”.

25 (b) FINANCIAL TRANSACTIONS DESCRIBED.—

1 (1) IN GENERAL.—Section
2 1245(d)(4)(D)(ii)(II) of the National Defense Au-
3 thorization Act for Fiscal Year 2012 (Public Law
4 112–81; 125 Stat. 1648) is amended—

5 (A) by striking “(II)” and inserting
6 “(II)(aa)”;

7 (B) in item (aa) (as designated by sub-
8 paragraph (A) of this paragraph), by striking
9 the period at the end and inserting “; and”;
10 and

11 (C) by adding at the end the following new
12 item:

13 “(bb) the foreign financial insti-
14 tution holding the account described
15 in item (aa) does not knowingly facili-
16 tate any significant financial transfers
17 for, with, or on behalf of the Govern-
18 ment of Iran, unless the transaction is
19 excepted from sanctions under para-
20 graph (2) or is a transaction described
21 in subelause (I) or item (aa).”.

22 (2) EFFECTIVE DATE.—The amendments made
23 by paragraph (1) take effect on the date of the en-
24 actment of this Act and apply with respect to finan-
25 cial transactions conducted or facilitated by a for-

1 eign financial institution on or after the date that is
2 180 days after such date of enactment.

3 (c) STRATEGY TO REDUCE CRUDE OIL PURCHASES
4 FROM IRAN OR OF IRANIAN ORIGIN.—

5 (1) STATEMENT OF POLICY.—It is the policy of
6 the United States to seek to ensure that countries
7 that have received an exception under subparagraph
8 (D)(i)(I) of section 1245(d)(4) of the National De-
9 fense Authorization Act for Fiscal Year 2012 (Pub-
10 lic Law 112–81; 125 Stat. 1648) shall reduce their
11 crude oil purchases from Iran or of Iranian origin so
12 that the aggregate amount of such purchases is re-
13 duced by not less than an average of 1,000,000 bar-
14 rels of crude oil per day by the end of the 1-year pe-
15 riod beginning on the date of submission of the
16 strategy described in subparagraph (E)(ii) of such
17 section (as added by paragraph (2) of this sub-
18 section).

19 (2) AMENDMENT.—Section 1245(d)(4) of the
20 National Defense Authorization Act for Fiscal Year
21 2012 (Public Law 112–81; 125 Stat. 1648) is
22 amended by adding at the end the following new
23 subparagraph:

1 “(E) STRATEGY TO REDUCE CRUDE OIL
2 PURCHASES FROM IRAN OR OF IRANIAN ORI-
3 GIN.—

4 “(i) IN GENERAL.—Not later than 30
5 days after the date of the enactment of the
6 Nuclear Iran Prevention Act of 2013, the
7 President shall make a determination,
8 based on the information contained in the
9 most recent report required under subpara-
10 graph (A), of whether each country that
11 received an exception under subparagraph
12 (D)(i)(I) before such date of enactment is
13 able to reduce its crude oil purchases from
14 Iran or of Iranian origin so that the aggre-
15 gate amount of such purchases is reduced
16 by not less than an average of 1,000,000
17 barrels of crude oil per day by the end of
18 the 1-year period beginning on the date of
19 submission of the strategy described in
20 clause (ii).

21 “(ii) STRATEGY.—If the President
22 makes an affirmative determination under
23 clause (i), then not later than 60 days
24 after the date of such affirmative deter-
25 mination, the President shall develop and

1 submit to the appropriate congressional
2 committees a strategy to seek to ensure
3 that the requirements of clause (i) are met
4 by the end of the 1-year period beginning
5 on such date of submission.

6 “(iii) FUTURE EXCEPTIONS.—

7 “(I) AFFIRMATIVE DETERMINA-
8 TION.—If the President determines
9 that the strategy described in clause
10 (ii) was achieved, then each country
11 described in clause (i) shall be eligible
12 to receive one or more further excep-
13 tions under subparagraph (D)(i)(I) in
14 accordance with the provisions of such
15 subparagraph.

16 “(II) NEGATIVE DETERMINA-
17 TION.—Except as provided in sub-
18 clause (III), if the President deter-
19 mines that the strategy described in
20 clause (ii) was not achieved, then each
21 country described in clause (i) shall be
22 ineligible to receive any further excep-
23 tion under subparagraph (D)(i)(I) in
24 accordance with the provisions of such
25 subparagraph.

1 “(III) EXCEPTION.—

2 “(aa) IN GENERAL.—Sub-
3 clause (II) shall not apply with
4 respect to a country described in
5 clause (i) if the country—

6 “(AA) dramatically re-
7 duced its crude oil purchases
8 from Iran or of Iranian ori-
9 gin during the 1-year period
10 described in clause (ii); and

11 “(BB) has committed
12 itself to continue its reduc-
13 tions to a de minimis level.

14 “(bb) DATA.—The President
15 shall submit to the appropriate
16 congressional committees all data
17 used to make a determination
18 under item (aa) not later than 15
19 days before issuing an exception
20 under item (aa).

21 “(iv) APPROPRIATE CONGRESSIONAL
22 COMMITTEES.—In this subparagraph, the
23 term ‘appropriate congressional commit-
24 tees’ means—

1 “(I) the Committee on Foreign
2 Affairs and the Committee on Finan-
3 cial Services of the House of Rep-
4 resentatives; and

5 “(II) the Committee on Foreign
6 Relations and the Committee on
7 Banking, Housing, and Urban Affairs
8 of the Senate.”.

9 (d) DEFINITION OF CRUDE OIL.—Section
10 1245(d)(4)(D) of the National Defense Authorization Act
11 for Fiscal Year 2012 (22 U.S.C. 8513a(d)(4)(D)) is
12 amended by adding at the end the following new clause:

13 “(iii) CRUDE OIL.—In this subpara-
14 graph, the term ‘crude oil’ includes unfin-
15 ished oils, liquefied petroleum gases, dis-
16 tillate fuel oil, and residual fuel oil.”.

17 (e) WAIVER.—Section 1245(d)(5)(A) of the National
18 Defense Authorization Act for Fiscal Year 2012 (22
19 U.S.C. 8513a(d)(5)(A)) is amended by striking “in the na-
20 tional” and inserting “vital to the national”.

21 (f) EFFECTIVE DATE.—The amendments made by
22 subsections (e) and (d) take effect beginning on the date
23 that is 180 days after the date of the enactment of this
24 Act.

1 **SEC. 204. SENSE OF CONGRESS REGARDING THE EURO-**
2 **PEAN CENTRAL BANK.**

3 (a) FINDINGS.—Congress finds the following:

4 (1) The Government of Iran, its agencies and
5 instrumentalities, continue to have access to, and
6 utilize, euro-denominated transactions, including for
7 goods and services that are subject to sanctions im-
8 posed by the United States, the European Union
9 and its member states and by the United Nations.

10 (2) The Guidelines of the European Central
11 Bank (Article 39(1)) states that: “Participants shall
12 be deemed to be aware of, and shall comply with, all
13 obligations on them relating to legislation on data
14 protection, prevention of money laundering and the
15 financing of terrorism, proliferation-sensitive nuclear
16 activities and the development of nuclear weapons
17 delivery systems, in particular in terms of imple-
18 menting appropriate measures concerning any pay-
19 ments debited or credited on their PM accounts.”

20 (3) United States and European convergence
21 with respect to United States sanctions efforts to-
22 ward the Government of Iran is a vital component
23 of United States policy aimed at preventing the Gov-
24 ernment of Iran from acquiring a nuclear weapons
25 capability.

1 (b) SENSE OF CONGRESS.—It is the sense of Con-
2 gress that the President should continue to closely coordi-
3 nate and cooperate with the European Union and its mem-
4 ber states to restrict access to and use of the euro cur-
5 rency by the Government of Iran, its agencies and instru-
6 mentalities, for transactions with the exception of food,
7 medicine, medical devices and other humanitarian goods.

8 **SEC. 205. IMPOSITION OF SANCTIONS WITH RESPECT TO**
9 **CERTAIN TRANSACTIONS IN FOREIGN CUR-**
10 **RENCIES.**

11 (a) IMPOSITION OF SANCTIONS.—Subtitle B of title
12 II of the Iran Threat Reduction and Syria Human Rights
13 Act of 2012 (22 U.S.C. 8721 et seq.) is amended by in-
14 serting after section 220 the following:

15 **“SEC. 220A. IMPOSITION OF SANCTIONS WITH RESPECT TO**
16 **CERTAIN TRANSACTIONS IN FOREIGN CUR-**
17 **RENCIES.**

18 “(a) IN GENERAL.—The President—

19 “(1) shall prohibit the opening, and prohibit or
20 impose strict conditions on the maintaining, in the
21 United States of a correspondent account or a pay-
22 able-through account by a foreign financial institu-
23 tion that is a person described in subsection (b); and

24 “(2) may impose sanctions pursuant to the
25 International Emergency Economic Powers Act (50

1 U.S.C. 1701 et seq.) with respect to any other per-
2 son described in subsection (b).

3 “(b) PERSON DESCRIBED.—A person described in
4 this subsection is a person the President determines has
5 knowingly conducted or facilitated a significant trans-
6 action involving the currency of a country other than the
7 country in which the person is operating at the time of
8 the transaction with, for, or on behalf of—

9 “(1) the Central Bank of Iran or another Ira-
10 nian financial institution designated by the Sec-
11 retary of the Treasury for the imposition of sanc-
12 tions pursuant to the International Emergency Eco-
13 nomic Powers Act (50 U.S.C. 1701 et seq.); or

14 “(2) a person described in section 1244(e)(2) of
15 the Iran Freedom and Counter-Proliferation Act (22
16 U.S.C. 8803(e)(2)) (other than a person described in
17 subparagraph (C)(iii) of that section).

18 “(c) WAIVER.—

19 “(1) IN GENERAL.—The President may waive
20 the application of subsection (a) with respect to a
21 person for a period of not more than 180 days, and
22 may renew that waiver for additional periods of not
23 more than 180 days, if the President—

24 “(A) determines that the waiver is vital to
25 the national security of the United States; and

1 “(B) not less than 7 days before the waiv-
2 er or the renewal of the waiver, as the case may
3 be, takes effect, submits a report to the appro-
4 priate congressional committees on the waiver
5 and the reason for the waiver.

6 “(2) FORM OF REPORT.—Each report sub-
7 mitted under paragraph (1)(B) shall be submitted in
8 unclassified form but may include a classified annex.

9 “(d) RULE OF CONSTRUCTION.—Nothing in this sec-
10 tion shall be construed to prohibit any person from, or
11 authorize or require the imposition of sanctions with re-
12 spect to any person for, conducting or facilitating any
13 transaction in the currency of the country in which the
14 person is operating at the time of the transaction for the
15 sale of agricultural commodities, food, medicine, or med-
16 ical devices.

17 “(e) DEFINITIONS.—In this section:

18 “(1) ACCOUNT; CORRESPONDENT ACCOUNT;
19 PAYABLE-THROUGH ACCOUNT.—The terms ‘ac-
20 count’, ‘correspondent account’, and ‘payable-
21 through account’ have the meanings given those
22 terms in section 5318A of title 31, United States
23 Code.

24 “(2) AGRICULTURAL COMMODITY.—The term
25 ‘agricultural commodity’ has the meaning given that

1 term in section 102 of the Agricultural Trade Act of
2 1978 (7 U.S.C. 5602).

3 “(3) FOREIGN FINANCIAL INSTITUTION.—The
4 term ‘foreign financial institution’ has the meaning
5 given that term in section 561.308 of title 31, Code
6 of Federal Regulations (or any corresponding similar
7 regulation or ruling).

8 “(4) IRANIAN FINANCIAL INSTITUTION.—The
9 term ‘Iranian financial institution’ has the meaning
10 given that term in section 104A(d) of the Com-
11 prehensive Iran Sanctions, Accountability, and Di-
12 vestment Act of 2010 (22 U.S.C. 8513b(d)).

13 “(5) MEDICAL DEVICE.—The term ‘medical de-
14 vice’ has the meaning given the term ‘device’ in sec-
15 tion 201 of the Federal Food, Drug, and Cosmetic
16 Act (21 U.S.C. 321).

17 “(6) MEDICINE.—The term ‘medicine’ has the
18 meaning given the term ‘drug’ in section 201 of the
19 Federal Food, Drug, and Cosmetic Act (21 U.S.C.
20 321).

21 “(7) TRANSACTION.—The term ‘transaction’ in-
22 cludes a foreign exchange swap, a foreign exchange
23 forward, and any other type of similar currency ex-
24 change or conversion or similar derivative instru-
25 ment.

1 (b) CONFORMING AMENDMENTS.—

2 (1) IMPLEMENTATION.—Section 601(a)(1) of
3 the Iran Threat Reduction and Syria Human Rights
4 Act of 2012 (22 U.S.C. 8781(a)(1)) is amended by
5 inserting “220A,” after “220,”.

6 (2) PENALTIES.—Section 601(b)(2)(A) of such
7 Act (22 U.S.C. 8781(b)(2)(A)) is amended by strik-
8 ing “and 220,” and inserting “220, and 220A,”.

9 (3) TERMINATION.—Section 605(a) of such Act
10 (22 U.S.C. 8785(a)) is amended by inserting
11 “220A,” after “220,”.

12 (c) CLERICAL AMENDMENT.—The table of contents
13 for the Iran Threat Reduction and Syria Human Rights
14 Act of 2012 is amended by inserting after the item relat-
15 ing to section 220 the following:

“Sec. 220A. Imposition of sanctions with respect to certain transactions in for-
eign currencies.”.

16 (d) EFFECTIVE DATE.—The amendments made by
17 this section take effect on the date of the enactment of
18 this Act and apply with respect to transactions entered
19 into on or after the date that is 90 days after such date
20 of enactment.

1 **SEC. 206. IMPOSITION OF SANCTIONS WITH RESPECT TO**
2 **PORTS, SPECIAL ECONOMIC ZONES, FREE**
3 **ECONOMIC ZONES, AND STRATEGIC SECTORS**
4 **OF IRAN.**

5 (a) FINDINGS.—Subsection (a)(1) of section 1244 of
6 the National Defense Authorization Act for Fiscal Year
7 2013 (22 U.S.C. 8803) is amended by striking “and ship-
8 building” and inserting “shipbuilding, automotive, con-
9 struction, engineering, or mining”.

10 (b) DESIGNATION OF PORTS, SPECIAL ECONOMIC
11 ZONES, FREE ECONOMIC ZONES, AND ENTITIES IN STRA-
12 TEGIC SECTORS AS ENTITIES OF PROLIFERATION CON-
13 CERN.—Subsection (b) of such section is amended—

14 (1) in the subsection heading, by striking “AND
15 ENTITIES IN THE ENERGY, SHIPPING, AND SHIP-
16 BUILDING SECTORS” and inserting “, SPECIAL ECO-
17 NOMIC ZONES, FREE ECONOMIC ZONES, AND ENTI-
18 TIES IN STRATEGIC SECTORS”; and

19 (2) by striking “and entities in the energy,
20 shipping, and shipbuilding sectors” and inserting “,
21 entities that operate special economic zones or free
22 economic zones, and entities in the strategic sectors
23 (as defined in subsection (c)(4))”.

24 (c) BLOCKING OF PROPERTY OF PORTS, SPECIAL
25 ECONOMIC ZONES, FREE ECONOMIC ZONES, AND ENTI-

1 TIES IN STRATEGIC SECTORS.—Subsection (c) of such
2 section is amended—

3 (1) in the subsection heading, by striking “EN-
4 TITIES IN ENERGY, SHIPPING, AND SHIPBUILDING
5 SECTORS” and inserting “PORTS, SPECIAL ECO-
6 NOMIC ZONES, FREE ECONOMIC ZONES, AND ENTI-
7 TIES IN STRATEGIC SECTORS”;

8 (2) in paragraph (2)—

9 (A) by striking “the energy, shipping, or
10 shipbuilding sectors” each place it appears and
11 inserting “a strategic sector (as defined in
12 paragraph (4)(A))”; and

13 (B) by inserting “, special economic zone,
14 or free economic zone” after “port” each place
15 it appears; and

16 (3) by adding at the end the following new
17 paragraphs:

18 “(4) STRATEGIC SECTOR DEFINED.—In this
19 section, the term ‘strategic sector’ means—

20 “(A) the energy, shipping, shipbuilding,
21 automotive, or mining sector of Iran;

22 “(B) the construction or engineering sector
23 of Iran if the President determines and reports
24 to Congress not later than 45 days after the
25 date of the enactment of the Nuclear Iran Pre-

1 vention Act of 2013 that the construction or en-
2 gineering sector of Iran, as the case may be, is
3 of strategic importance to Iran; and

4 “(C) any other sector that the President
5 designates as of strategic importance to Iran.

6 “(5) NOTIFICATION AND REPORT RELATING TO
7 STRATEGIC SECTORS.—

8 “(A) NOTIFICATION.—The President shall
9 submit to Congress a notification of the des-
10 ignation of a sector as a strategic sector of Iran
11 for purposes of paragraph (4)(C) not later than
12 30 days after the date on which the President
13 makes such designation.

14 “(B) REPORT.—Not later than 90 days
15 after the date on which the President submits
16 to Congress a notification of the designation of
17 a sector as a strategic sector of Iran under sub-
18 paragraph (A), the Comptroller General of the
19 United States shall submit to Congress a report
20 that contains—

21 “(i) a review and comment on such
22 designation; and

23 “(ii) recommendations regarding the
24 designation of additional sectors as stra-

1 tegic sectors of Iran for purposes of para-
2 graph (4).”.

3 (d) ADDITIONAL SANCTIONS WITH RESPECT TO
4 STRATEGIC SECTORS.—Subsection (d) of such section is
5 amended—

6 (1) in the subsection heading, by striking “THE
7 ENERGY, SHIPPING, AND SHIPBUILDING SECTORS”
8 and inserting “STRATEGIC SECTORS”; and

9 (2) in paragraph (3), by striking “the energy,
10 shipping, or shipbuilding sectors” and inserting “a
11 strategic sector (as defined in subsection
12 (c)(4)(A))”.

13 (e) EXCEPTION FOR AFGHANISTAN RECONSTRUC-
14 TION.—Subsection (f) of such section is amended—

15 (1) in the matter preceding paragraph (1), by
16 inserting “for a period of not more than 1 year, and
17 may renew that exception for additional periods of
18 not more than 1 year” after “economic development
19 for Afghanistan”;

20 (2) in paragraph (1)—

21 (A) by striking “to the extent that” and
22 inserting “if”;

23 (B) by inserting “or the renewal of the ex-
24 ception, as the case may be,” after “such an ex-
25 ception”; and

1 (C) by striking “in the national interest”
2 and inserting “in the national security inter-
3 est”; and

4 (3) in paragraph (2)—

5 (A) by inserting “or the renewal of the ex-
6 ception, as the case may be,” before “not later
7 than 15 days”; and

8 (B) by inserting at the end before the pe-
9 riod the following: “or the renewal of the excep-
10 tion”.

11 (f) CONFORMING AMENDMENT.—Such section is fur-
12 ther amended in the section heading by striking “**THE EN-**
13 **ERGY, SHIPPING, AND SHIPBUILDING SECTORS**” and
14 inserting “**PORTS, SPECIAL ECONOMIC ZONES, FREE**
15 **ECONOMIC ZONES, AND STRATEGIC SECTORS**”.

16 (g) EFFECTIVE DATE.—The amendments made by
17 this section—

18 (1) take effect on the date that is 90 days after
19 the date of the enactment of this Act; and

20 (2)(A) with respect to subsection (c) of section
21 1244 of the National Defense Authorization Act for
22 Fiscal Year 2013, as so amended, apply with respect
23 to all transactions in all property and interests in
24 property of any person described in subsection (c)(2)

1 of such section that occur on or after the date that
2 is 180 days after such date of enactment; and

3 (B)(i) with respect to subsection (d)(1) of sec-
4 tion 1244 of the National Defense Authorization Act
5 for Fiscal Year 2013, apply with respect to the sale,
6 supply, or transfer to or from Iran of goods or serv-
7 ices described in subsection (d)(3) of such section, as
8 so amended, that occurs on or after the date that is
9 180 days after such date of enactment; and

10 (ii) with respect to subsection (d)(2) of section
11 1244 of the National Defense Authorization Act for
12 Fiscal Year 2013, apply with respect to the conduct
13 or facilitation of a significant financial transaction
14 for the sale, supply, or transfer to or from Iran of
15 goods or services described in subsection (d)(3) of
16 such section, as so amended, that occurs on or after
17 the date that is 180 days after such date of enact-
18 ment.

19 **SEC. 207. REPEAL OF EXEMPTIONS UNDER SANCTIONS**
20 **PROVISIONS OF NATIONAL DEFENSE AU-**
21 **THORIZATION ACT FOR FISCAL YEAR 2013.**

22 Subtitle D of title XII of the National Defense Au-
23 thorization Act for Fiscal Year 2013 (22 U.S.C. 8801 et
24 seq.) is amended—

25 (1) in section 1244—

- 1 (A) in subsection (c)(1)—
- 2 (i) by striking “(1) BLOCKING OF
- 3 PROPERTY.—” and all that follows through
- 4 “On or after” and inserting “(1) BLOCK-
- 5 ING OF PROPERTY.—On or after”; and
- 6 (ii) by striking subparagraph (B); and
- 7 (B) in subsection (d)(1)—
- 8 (i) by striking “(1) SALE, SUPPLY, OR
- 9 TRANSFER OF CERTAIN GOODS AND SERV-
- 10 ICES.—” and all that follows through “Ex-
- 11 cept as provided” and inserting “(1) SALE,
- 12 SUPPLY, OR TRANSFER OF CERTAIN GOODS
- 13 AND SERVICES.—Except as provided”; and
- 14 (ii) by striking subparagraph (B);
- 15 (2) in section 1245(a)—
- 16 (A) by striking “(a) SALE, SUPPLY, OR
- 17 TRANSFER OF CERTAIN MATERIALS.—” and all
- 18 that follows through “The President” and in-
- 19 serting “(a) SALE, SUPPLY, OR TRANSFER OF
- 20 CERTAIN MATERIALS.—The President”;
- 21 (B) by redesignating subparagraphs (A),
- 22 (B), and (C) as paragraphs (1), (2) and (3), re-
- 23 spectively (and by redesignating all sub-units
- 24 therein accordingly);

1 (C) in paragraph (3)(B) (as redesignig-
2 nated)—

3 (i) in clause (i), by striking “sub-
4 clause (I) of clause (i)” and inserting
5 “clause (i) of subparagraph (A)”;

6 (ii) in clause (ii), by striking “sub-
7 clause (II) of that clause” and inserting
8 “clause (ii) of that subparagraph”; and

9 (iii) in clause (iii), by striking “sub-
10 clause (III) of that clause” and inserting
11 “clause (iii) of that subparagraph”; and

12 (D) by striking “(2) EXCEPTION.—” and
13 all that follows through “paragraph (1).”; and
14 (3) in section 1246(a)—

15 (A) by striking “(a) IMPOSITION OF SANC-
16 TIONS.—” and all that follows through “Except
17 as provided” and inserting “(a) IMPOSITION OF
18 SANCTIONS.—Except as provided”;

19 (B) by redesignating subparagraphs (A),
20 (B), and (C) as paragraphs (1), (2) and (3), re-
21 spectively (and by redesignating all sub-units
22 therein accordingly); and

23 (C) by striking “(2) EXCEPTION.—” and
24 all that follows through “paragraph (1).”; and

1 **SEC. 208. PROHIBITION ON THE TRANSFER AND RE-**
2 **TRANSFER OF VESSELS.**

3 (a) **IN GENERAL.**—Section 5(a)(7)(A) of the Iran
4 Sanctions Act of 1996 (Public Law 104–172; 50 U.S.C.
5 1701 note) is amended—

6 (1) in clause (i), by striking “and” at the end;

7 (2) in clause (ii), by striking the period at the
8 end and inserting “; or”; and

9 (3) by adding at the end the following new
10 clause:

11 “(iii) the person is a person who
12 knowingly sells, leases, or otherwise facili-
13 tates the transfer of ownership of a vessel
14 to the Government of Iran, or any agencies
15 or affiliates thereof, for the purpose of
16 transportation of crude oil from Iran to
17 another country.”.

18 (b) **EFFECTIVE DATE.**—The amendments made by
19 subsection (a) apply with respect to actions described in
20 clause (iii) of section 5(a)(7)(A) of the Iran Sanctions Act
21 of 1996, as added by subsection (a), that occur on or after
22 the date that is 90 days after the date of the enactment
23 of this Act.

1 **SEC. 209. IMPOSITION OF SANCTIONS WITH RESPECT TO**
2 **VESSELS INVOLVED IN VESSEL-TO-VESSEL**
3 **TRANSFERS OF IRANIAN CRUDE OIL OR**
4 **OTHER SANCTIONED IMPORTS AND EXPORTS.**

5 (a) IN GENERAL.—Section 5(a)(7) of the Iran Sanc-
6 tions Act of 1996 (Public Law 104–172; 50 U.S.C. 1701
7 note) is amended—

8 (1) in the paragraph heading, by striking
9 “FROM IRAN” and inserting “FROM IRAN AND CER-
10 TAIN IMPORTS AND EXPORTS TO AND FROM IRAN”;
11 and

12 (2) in subparagraph (A)(i)—

13 (A) by striking “a vessel that, on or after”
14 and inserting the following: “a vessel that—

15 “(I) on or after”; and

16 (B) by striking “and” at the end and in-
17 serting “or”; and

18 (C) by adding at the end the following:

19 “(II)(aa) knowingly transports to
20 or from Iran any good if the importa-
21 tion to Iran or exportation from Iran,
22 as the case may be, of that good is
23 subject to sanctions under this Act; or

24 “(bb) knowingly engages in a
25 vessel-to-vessel transfer of crude oil
26 transported from Iran;”.

1 (b) EFFECTIVE DATE.—The amendments made by
2 subsection (a) apply with respect to actions described in
3 subelause (II) of section 5(a)(7)(A)(i) of the Iran Sanc-
4 tions Act of 1996, as added by subsection (a), that occur
5 on or after the date that is 90 days after the date of the
6 enactment of this Act.

7 **SEC. 210. CONDITIONS FOR ENTRY AND OPERATION OF**
8 **VESSELS.**

9 (a) IN GENERAL.—The Ports and Waters Safety Act
10 (33 U.S.C. 1221 et seq.) is amended by adding at the end
11 the following:

12 **“SEC. 16. PROHIBITION ON ENTRY AND OPERATION.**

13 “(a) IN GENERAL.—No foreign vessel described in
14 subsection (b) shall enter or operate in the navigable
15 waters of the United States or transfer cargo in any port
16 or place under the jurisdiction of the United States.

17 “(b) VESSELS DESCRIBED.—A vessel referred to in
18 subsection (a) is a foreign vessel—

19 “(1) for which a Notice of Arrival is required
20 to be filed under section 160 of title 33, Code of
21 Federal Regulations, as in effect on the date of en-
22 actment of the Nuclear Iran Prevention Act of 2013;
23 and

24 “(2) that is knowingly registered, pursuant to
25 the Geneva Convention on the High Seas (13 U.S.T.

1 2312; TIAS 5200; 450 UNTS 82), by a ship reg-
2 istry that is maintaining a registration of a vessel
3 that is included in the list published under sub-
4 section (c).

5 “(c) NOTIFICATION OF GOVERNMENTS.—The Sec-
6 retary of Transportation, in consultation with the Sec-
7 retary of State, shall—

8 “(1) maintain timely information on registra-
9 tions of all foreign vessels over 300 gross tons that
10 are—

11 “(A) owned or operated by or on behalf
12 of—

13 “(i) the National Iran Tanker Com-
14 pany or the Islamic Republic of Iran Ship-
15 ping Line; or

16 “(ii) any successor to an entity re-
17 ferred to in clause (i); or

18 “(B) otherwise owned or operated by or on
19 behalf of Iran;

20 “(2) notify each government the agents or in-
21 strumentalities of which are maintaining a registra-
22 tion of a foreign vessel described in paragraph (1),
23 that all vessels registered under such government’s
24 authority are prohibited from entering or operating
25 in the navigable waters of the United States or

1 transferring cargo in any port or place under the ju-
2 risdiction of the United States; and

3 “(3) publish in the Federal Register a list of
4 vessels described in paragraph (1), including periodic
5 updates of such list.

6 “(d) NOTIFICATION OF VESSELS.—

7 “(1) IN GENERAL.—Except as provided in para-
8 graphs (2) and (3), upon receiving a Notice of Ar-
9 rival under section 160 of title 33, Code of Federal
10 Regulations (as in effect on the date of enactment
11 of the Nuclear Iran Prevention Act of 2013) from
12 a vessel described in (b), the Secretary shall notify
13 the master of such vessel that the vessel may not
14 enter or operate in the navigable waters of the
15 United States or transfer cargo in any port or place
16 under the jurisdiction of the United States.

17 “(2) PROVISIONAL ENTRY.—The Secretary may
18 allow provisional entry of, or transfer of cargo from,
19 a foreign vessel described in subsection (b) if such
20 entry or transfer is necessary for the safety of the
21 vessel or persons aboard.

22 “(3) ENTRY FOR DUE DILIGENCE.—The Sec-
23 retary may allow entry of, and transfer of cargo
24 from, a vessel described in subsection (b) if the mas-
25 ter shows the owner and operator of the vessel exer-

1 cised due diligence to avoid registration of the vessel
2 by a registry that registers vessels described in sub-
3 section (c).

4 “(c) RIGHT OF INNOCENT PASSAGE.—This section
5 shall not be construed as authority to restrict the right
6 of innocent passage as recognized under international law.

7 “(f) FOREIGN VESSEL DEFINED.—In this section the
8 term ‘foreign vessel’ has the meaning given that term in
9 section 2101 of title 46, United States Code.”.

10 (b) DEADLINE FOR PUBLICATION.—The Secretary
11 shall publish a list under section 16(c)(3) of the Ports and
12 Waters Safety Act, as amended by this section, by not
13 later than 30 days after the date of the enactment of this
14 Act.

15 (c) LIMITATION ON APPLICATION OF PROHIBI-
16 TION.—Subsection (a) of section 16 of the Ports and
17 Waters Safety Act, as amended by this section, shall not
18 apply until 90 days after the date of publication of the
19 list required by subsection (c) of such section.

20 **TITLE III—MISCELLANEOUS** 21 **PROVISIONS**

22 **SEC. 301. REPORT ON IRANIAN NUCLEAR AND ECONOMIC** 23 **CAPABILITIES.**

24 (a) IN GENERAL.—Not later than 180 days after the
25 date of the enactment of this Act, and every 180 days

1 thereafter for 3 years, the President shall submit to the
2 appropriate congressional committees a report on the fol-
3 lowing:

4 (1) An estimate of the timeline for Iranian ca-
5 pabilities to develop nuclear weapons, including—

6 (A) a nuclear explosive device; and

7 (B) breakout capacity.

8 (2) An assessment of Iranian strategy and ca-
9 pabilities relating to development of nuclear weap-
10 ons, including—

11 (A) a summary and analysis of current nu-
12 clear weapons capabilities;

13 (B) an estimate of the amount and sources
14 of funding expended by, and an analysis of pro-
15 curement networks utilized by, Iran to develop
16 its nuclear weapons capabilities;

17 (C) a summary of the capabilities of Iran's
18 unconventional weapons and Iran's ballistic
19 missile forces and Iran's cruise missile forces;

20 (D) a detailed analysis of the effectiveness
21 of Iran's unconventional weapons and Iran's
22 ballistic missile forces and Iran's cruise missile
23 forces as delivery systems for a nuclear device;
24 and

1 (E) an estimate of the amount and sources
2 of funding expended by, and an analysis of pro-
3 curement networks utilized by, Iran on pro-
4 grams to develop a nuclear weapons capability.

5 (3) Projected economic effects of international
6 sanctions on Iran, including—

7 (A) sources of funding for the activities of
8 the Government of Iran described in para-
9 graphs (1) and (2);

10 (B) the role of the Government of Iran in
11 the formal and informal sector of the domestic
12 Iranian economy;

13 (C) evasive and other efforts by the Gov-
14 ernment of Iran to circumvent international
15 and bilateral sanctions regimes; and

16 (D) Iran's capital accounts, current ac-
17 counts, foreign exchange reserve levels (includ-
18 ing access to foreign exchange reserves), and
19 other leading macroeconomic indicators, and es-
20 timated timelines with respect to Iran's macro-
21 economic viability, including Iran's exhaustion
22 of foreign exchange reserves.

23 (b) FORM.—The report required under subsection (a)
24 shall be submitted in unclassified form to the greatest ex-

1 tent possible, but may include a classified annex, if nec-
2 essary.

3 (c) DEFINITIONS.—In this section:

4 (1) NUCLEAR EXPLOSIVE DEVICE.—The term
5 “nuclear explosive device” means any device, wheth-
6 er assembled or disassembled, that is designed to
7 produce an instantaneous release of an amount of
8 nuclear energy from special nuclear material that is
9 greater than the amount of energy that would be re-
10 leased from the detonation of one pound of trinitro-
11 toluene (TNT).

12 (2) BREAKOUT CAPACITY.—The term “break-
13 out capacity” means the point at which a country is
14 able to produce enough weapon-grade uranium (or
15 sufficient separated plutonium) for one or more nu-
16 clear explosive devices.

17 (3) APPROPRIATE CONGRESSIONAL COMMIT-
18 TEES.—The term “appropriate congressional com-
19 mittees” means—

20 (A) the Committee on Foreign Affairs, the
21 Committee on Armed Services, the Committee
22 on Financial Services, and the Permanent Se-
23 lect Committee on Intelligence of the House of
24 Representatives; and

1 (B) the Committee on Foreign Relations,
2 the Committee on Armed Services, the Com-
3 mittee on Banking, Housing, and Urban Af-
4 fairs, the Committee on Finance, and the Select
5 Committee on Intelligence of the Senate.

6 **SEC. 302. NATIONAL STRATEGY ON IRAN.**

7 (a) NATIONAL STRATEGY REQUIRED.—The Presi-
8 dent shall develop a strategy, to be known as the “Na-
9 tional Strategy on Iran”, that provides strategic guidance
10 for activities that support the objective of addressing the
11 threats posed by Iran.

12 (b) ANNUAL REPORT.—Not later than January 30
13 of each year, the President shall submit to the appropriate
14 congressional committees the National Strategy on Iran
15 required under subsection (a).

16 (c) MATTERS TO BE INCLUDED.—The report re-
17 quired under subsection (b) shall include, at a minimum,
18 the following:

19 (1) A description of Iran’s grand strategy and
20 security strategy, including strategic objectives, and
21 the security posture and objectives of Iran.

22 (2) A description of the United States strategy
23 to—

1 (A) address and counter the capabilities of
2 Iran’s conventional forces and Iran’s unconven-
3 tional forces;

4 (B) disrupt and deny Iranian efforts to de-
5 velop or augment capabilities related to nuclear,
6 unconventional, and missile forces development;

7 (C) address the Government of Iran’s eco-
8 nomic strategy to enable the objectives de-
9 scribed in this subsection; and

10 (D) exploit key vulnerabilities.

11 (3) An implementation plan for the United
12 States strategy described in paragraph (2).

13 (d) FORM.—The report required under subsection (b)
14 shall be submitted in unclassified form to the greatest ex-
15 tent possible, but may include a classified annex, if nec-
16 essary.

17 (e) APPROPRIATE CONGRESSIONAL COMMITTEES.—
18 In this section, the term “appropriate congressional com-
19 mittees” means—

20 (1) the Committee on Foreign Affairs, the
21 Committee on Armed Services, the Committee on Fi-
22 nancial Services, the Committee on Ways and
23 Means, and the Permanent Select Committee on In-
24 telligence of the House of Representatives; and

1 (2) the Committee on Foreign Relations, the
2 Committee on Armed Services, the Committee on
3 Banking, Housing, and Urban Affairs, the Com-
4 mittee on Finance, and the Permanent Select Com-
5 mittee on Intelligence of the Senate.

6 **SEC. 303. AUTHORITY TO CONSOLIDATE REPORTS RE-**
7 **QUIRED UNDER IRAN SANCTIONS LAWS.**

8 (a) IN GENERAL.—Any or all reports required to be
9 submitted to Congress under the provisions of law de-
10 scribed in subsection (c) on or after the date of the enact-
11 ment of this Act may, notwithstanding the deadline re-
12 quirements for submission under such provisions of law,
13 be consolidated into a single report that is submitted to
14 Congress on an annual basis.

15 (b) EXCEPTION.—Subsection (a) shall not apply with
16 respect to the initial report of any report described in sub-
17 section (a).

18 (c) PROVISIONS OF LAW DESCRIBED.—The provi-
19 sions of law referred to in this section are the following:

20 (1) This Act and the amendments made by this
21 Act.

22 (2) The Iran Freedom and Counter-Prolifera-
23 tion Act of 2012 (22 U.S.C. 8801 et seq.).

1 (3) The Iran Threat Reduction and Syria
2 Human Rights Act of 2012 (22 U.S.C. 8701 et
3 seq.).

4 (4) The Comprehensive Iran Sanctions, Ac-
5 countability, and Divestment Act of 2010 (22 U.S.C.
6 8501 et seq.).

7 **SEC. 304. AMENDMENTS TO DEFINITIONS UNDER IRAN**
8 **SANCTIONS ACT OF 1996 AND IRAN THREAT**
9 **REDUCTION AND SYRIA HUMAN RIGHTS ACT**
10 **OF 2012.**

11 (a) IRAN SANCTIONS ACT OF 1996.—Section
12 14(4)(B) of the Iran Sanctions Act of 1996 (Public Law
13 104–172; 50 U.S.C. 1701 note) is amended by striking
14 “may include, in the discretion of the President” and in-
15 serting “includes”.

16 (b) IRAN THREAT REDUCTION AND SYRIA HUMAN
17 RIGHTS ACT OF 2012.—Section 211 of the Iran Threat
18 Reduction and Syria Human Rights Act of 2012 (22
19 U.S.C. 8721) is amended by adding at the end the fol-
20 lowing new subsection:

21 “(f) DEFINITION.—In this section, the term ‘appro-
22 priate congressional committees’ includes the Committee
23 on Transportation and Infrastructure of the House of
24 Representatives and the Committee on Commerce,
25 Science, and Transportation of the Senate.”.

1 **SEC. 305. IMPLEMENTATION; PENALTIES.**

2 (a) IMPLEMENTATION.—The President may exercise
3 all authorities provided under sections 203 and 205 of the
4 International Emergency Economic Powers Act (50
5 U.S.C. 1702 and 1704) to carry out this Act and the
6 amendments made by this Act.

7 (b) PENALTIES.—The penalties provided for in sub-
8 sections (b) and (c) of section 206 of the International
9 Emergency Economic Powers Act (50 U.S.C. 1705) shall
10 apply to a person that violates, attempts to violate, con-
11 spires to violate, or causes a violation of this Act or any
12 amendment made by this Act or regulations prescribed
13 under this Act to the same extent that such penalties
14 apply to a person that commits an unlawful act described
15 in section 206(a) of the International Emergency Eco-
16 nomic Powers Act (50 U.S.C. 1705(a)).



Chairman ROYCE. After recognizing myself and the ranking member to explain the bill, I will call up a package of bipartisan amendments to be considered en bloc, at which point I would be glad to recognize any members seeking recognition to speak. Without objection, all members may have 5 days to submit statements for the record on the bill or statements on the amendments.

I now recognize myself to describe the base text.

Last week the committee heard testimony from senior administration officials on the threat of a nuclear Iran. As I said then, there is no higher priority for this committee than stopping Iran's nuclear weapons drive.

Thanks to the tools provided by Congress, sanctions have been stepped up over the past year and a half. Consequently, Iran's oil revenue has been dropped now by 40 percent. Inflation in Iran has climbed to 30 percent. Those are the official numbers. The unofficial numbers are twice that.

But as impressive as this is, it is not enough. A loophole in existing sanctions has allowed, for example, the transfer of \$6 billion of gold into Iran to buttress their reserves. And Iran is advancing its nuclear program with great determination. The number of installed centrifuges has doubled since the fall of 2011. These centrifuges are getting more advanced. Iran's nuclear activities are falling farther out of view of international inspectors who are being stonewalled.

Without question, we have to play every card, and we have to pull every lever that we have. This legislation, developed with Ranking Member Engel, aims to do just that. In short, we attack Iran's oil exports, we hit its brutal leaders, and we crimp its access to overseas cash.

Since key oil sanctions were passed—and, by the way, that was over administration objections at the time—but since those key oil sanctions were passed in December 2011, 1 million barrels of Iranian crude per day have been taken off the market, yet countries still buying Iran's oil continue to receive a "significant reduction exemption" from the administration.

This bill would compel that another 1 million barrels per day be taken off of the market. Now is the time to snap Tehran's Achilles heel. Simply put, without oil revenue, there is no cash for atomic weapons. And without oil revenue, hopefully, we also crimp the funding for Hezbollah.

With this bill, we will work to limit Iran's access to overseas foreign currency reserves, blacklist more sectors of the economy, and begin to target significant commercial trade with Iran. Shipping is targeted in this legislation as well. We squeeze, and then we squeeze some more.

Importantly, this bill seeks to ensure that when the administration imposes sanctions on any entity that provides precious metals to Iran, like gold, that they have every sanction available to them. And we extend sanctions aimed at curbing terrorism and proliferation to human rights violators, standing by the Iranian people who are suffering abuse and yearning for freedom. The Iranian regime also systematically denies the Iranian people humanitarian supplies, as we heard from the administration last week in their testimony.

I should recognize that Chairman Emeritus Ros-Lehtinen and former chairman Howard Berman helped put in place many of the sanctions we are building on today. This committee has historically led the way on Iran sanctions, and always in a bipartisan way.

Today, we continue moving ahead with a bill that now has over 330 co-sponsors. It is critical that the administration aggressively impose all Iran sanctions. This is a very tough bill, as it should be. The threat is grave. And at the end of the day, I know the committee wants to see Iran's nuclear weapons effort ended by peaceful means. That can only happen with crippling sanctions.

I now recognize the ranking member, the co-author of this bill, Eliot Engel from the Bronx in New York City, for his opening remarks.

Mr. ENGEL. Thank you very much, Mr. Chairman. Thank you for calling today's markup on H.R. 850, the Nuclear Iran Prevention Act of 2013.

You and I have worked closely together on this bill in a bipartisan way, which is one of the reasons this committee works so well. I think we have more bipartisanship on this committee than virtually any other committee. Perhaps we can lead the way for the rest of the Congress.

It has been a pleasure working with you and your staff, again, in a bipartisan manner to craft this important legislation, which now, as you have pointed out, has more than 330 co-sponsors from both sides of the aisle. I am very glad that our freshmen on both sides of the aisle are here so early in their congressional career having a markup, which is of course so important to the well-being of our nation.

Mr. Chairman, we share the goal of preventing a nuclear-capable Iran, which would pose a grave threat to the United States and our allies, and I could not ask for a better partner than you in this effort.

Last week the State Department's lead negotiator in the P5+1 negotiations with Iran, Ambassador Wendy Sherman, appeared before this committee. Her testimony confirmed that Iran continues to reject diplomatic efforts to resolve this crisis and is not prepared to abandon its dangerous and illegal nuclear weapons program.

As I mentioned at the hearing, I don't think Iran will ever negotiate in good faith unless we ratchet up the pressure, and that is the purpose of the legislation before us today. Previous sanctions legislation reduced Iran's oil exports by 1 million barrels a day, from roughly 2.5 million barrels a day to less than 1.5 million barrels.

We have written this bill to cut Iran's oil exports by yet another million barrels a day, a reduction of two-thirds from Iran's current exports. Shrinking Iran's oil exports to less than 0.5 million barrels a day will be the strongest step we have taken thus far to pressure Iran to stop its nuclear weapons program and end its support for terrorism.

The legislation also strengthens existing sanctions by authorizing the President to restrict significant commercial trade with Iran. It uses the same model, sanctioning transactions through the central bank of Iran or a designated Iranian bank, that has successfully targeted Iran's oil trade over the past year.

In addition, the bill seeks to deny the Iranian regime hard currency by enhancing our ability to work with our European allies in cutting off Iran's access to euro-dominated transactions. And, finally, our bill imposes new sanctions against Iranian shipping imports and expands existing sanctions against Iranian human rights violators and those who aid and abet human rights abuses by transferring certain technologies to Iran.

Today, members will have the opportunity to offer amendments to improve this legislation, and hopefully make our sanctions regime even more effective. I look forward to supporting those amendments.

With Iran moving full speed ahead on its nuclear weapons program, time is of the essence. It is clear that Iran is playing for time. They want to keep making excuses until their having a bomb becomes a fait accompli. We will not allow that to happen, and this legislation is a very important piece of that puzzle.

I hope we can bring this bill to the floor as soon as possible, work out differences with our partners in the Senate, and get it to the President's desk without delay.

Mr. Chairman, again, I am proud to be part of this bipartisan effort to address the most critical national security challenge facing our nation today, and I look forward to working with you to ensure that the strongest possible sanctions are enacted into law.

Thank you, Mr. Chairman.

Chairman ROYCE. I thank my friend for his remarks, and I also thank him for the contributions that he has made to this legislation. And as your offices were previously notified, I will now call up the bipartisan en bloc, and then we will recognize any members wishing to speak on the bill or wishing to speak on those en bloc amendments after we have done that.

So without objection—

Mr. GRAYSON. Point of order.

Chairman ROYCE [continuing]. The following amendments provided—

Mr. GRAYSON. Sorry, Mr. Chairman. This is a point of order. I think that we should have at least a voice vote on the amendment in the nature of a substitute. We have a bill. We have an amendment in the nature of a substitute. We have not had a vote yet on the amendment in the nature of a substitute. I think under Rule 5 we should have such a vote.

It can be very brief; I want to move along here. But I think we do need such a vote under Rule 5.

Chairman ROYCE. Well, if I could, Mr. Grayson, my intention was to go to a vote on that after the amendments. What you are suggesting is that rather than recognizing the en bloc amendment first, you would prefer to have that vote prior to accepting the en bloc amendments?

Mr. GRAYSON. Yes, Mr. Chairman. Exactly. The amendment in the nature of a substitute should have a vote before we have the en bloc amendments, because my understanding is that the en bloc amendments are based upon the amendment in the nature of a substitute, or, as you put it, the base language.

Chairman ROYCE. Well, we are in the process of amending the base text, so that we have base language. Then, if you wished to

call up a vote on that, we could be recorded, because at this point these amendments—the base text is pending these amendments. That's the circumstance we are now in.

Mr. GRAYSON. So if I understand the chairman correctly, the chairman does contemplate a vote on the amendment in the nature of a substitute, but only after all other amendments to that amendment have been resolved.

Chairman ROYCE. Well, after the amendments that we have already resolved en bloc. All right? So that is the suggestion I am making.

Mr. GRAYSON. I understand. I withdraw my objection.

Chairman ROYCE. And I think that might be acceptable to you.

Mr. GRAYSON. Yes, it is, Mr. Chairman. Thank you.

Chairman ROYCE. I thank the gentleman from Florida.

Okay. Without objection, the following amendments provided to all members yesterday, and which you have in front of you, will be considered en bloc, Royce Amendment 22; Connolly Amendment 39; Cotton Amendments 4 and 20; Deutch Amendments 22, 23, and 25; Duncan Amendment 16; Frankel Amendment 3; Grayson Amendments 101, 103, 108, and 110; Marino Amendment 19; Poe Amendment 38; Ros-Lehtinen Amendment 18; Schneider Amendment 2; and Sherman Amendments 74, 75, 76, and 79.

[The en bloc amendments offered follow:]

**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 850
OFFERED BY MR. CONNOLLY OF VIRGINIA**

At the end of section 302(c)(2) add the following
new subparagraph:

- 1 (E) combat Iranian efforts to suppress
- 2 Internet freedom, including actions of the
- 3 United States to—
- 4 (i) work to promote expanded Internet
- 5 access for democracy activists in Iran;
- 6 (ii) add a public diplomacy page to
- 7 the United States' virtual embassy in Iran;
- 8 and
- 9 (iii) leverage multilateral organiza-
- 10 tions committed to Internet connectivity in
- 11 Iran.



**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 850
OFFERED BY MR. COTTON OF ARKANSAS**

Page 10, line 10, strike “and”.

Page 10, line 13, strike “ADDITIONAL REQUIRE-
MENT” and insert “REQUIREMENT RELATING TO PER-
SONS NOT INCLUDED”

Page 10, line 14, strike the period at the end and
insert “; and”.

Page 10, after line 14, insert the following:

1 (6) by adding at the end the following new sub-
2 paragraph:
3 “(C) REQUIREMENT RELATING TO FINAN-
4 CIAL NET WORTH.—For each such person de-
5 scribed in subparagraph (A) and each such per-
6 son described in subparagraph (B), the Sec-
7 retary of State shall include in the report a de-
8 scription of the estimated net worth of the per-
9 son.”.



**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 850
OFFERED BY MR. COTTON OF ARKANSAS**

Strike section 301 and insert the following new section:

**1 SEC. 301. REPORT ON IRANIAN NUCLEAR AND ECONOMIC
2 CAPABILITIES.**

3 (a) IN GENERAL.—Not later than 60 days after the
4 date of the enactment of this Act, the President shall submit to the appropriate congressional committees a report
5 on the following:
6

7 (1) An estimate of the timeline for Iranian capabilities to develop nuclear weapons, including—
8

9 (A) an estimate of the period of time it
10 would take Iran to produce enough weapons-grade uranium for a single implosion-type nuclear weapon, taking into account all known relevant technical data;
11
12

13 (B) an estimate of the period of time it
14 would take Iran to produce sufficient separated plutonium for a single nuclear weapon;
15
16

17 (C) a description of the assumptions underlying the estimates referred to in subpara-
18

1 graphs (A) and (B), and any information about
2 developments that might alter or otherwise af-
3 fect those assumptions;

4 (D) an estimate of the date by which the
5 periods of time referred to in subparagraphs
6 (A) and (B) will be less than 45 days; and

7 (E) a description of any efforts by the
8 United States to increase the frequency of in-
9 spections by the International Atomic Energy
10 Agency of nuclear facilities in Iran.

11 (2) An assessment of Iranian strategy and ca-
12 pabilities relating to development of nuclear weap-
13 ons, including—

14 (A) a summary and analysis of current nu-
15 clear weapons capabilities;

16 (B) an estimate of the amount and sources
17 of funding expended by, and an analysis of pro-
18 curement networks utilized by, Iran to develop
19 its nuclear weapons capabilities;

20 (C) a summary of the capabilities of Iran's
21 unconventional weapons and Iran's ballistic
22 missile forces and Iran's cruise missile forces;

23 (D) a detailed analysis of the effectiveness
24 of Iran's unconventional weapons and Iran's

1 ballistic missile forces and Iran's cruise missile
2 forces as delivery systems for a nuclear device;

3 (E) a description of all efforts of Iran to
4 design and develop a nuclear weapon, including
5 efforts to design or fit warheads, and any other
6 possible military dimensions of the nuclear pro-
7 gram of Iran; and

8 (F) an analysis of the procurement net-
9 work, including the amount and sources of
10 funding expended by Iran on programs to de-
11 velop a nuclear weapons capability.

12 (3) Projected economic effects of international
13 sanctions on Iran, including—

14 (A) an estimate of the capital accounts,
15 current accounts, and amounts of foreign ex-
16 change reserves (including access to foreign ex-
17 change reserves) of the Government of Iran,
18 and other leading indicators of the status of the
19 economy of Iran;

20 (B) an estimate of timelines with respect
21 to macroeconomic viability of Iran, including
22 the time by which the Government of Iran will
23 exhaust its foreign exchange reserves;

24 (C) an estimate of the date by which the
25 reserves of the Central Bank of Iran will be in-

1 sufficient for the Government of Iran to avoid
2 a severe balance of payments crisis that pre-
3 vents it from maintaining a functioning econ-
4 omy, including—

5 (i) the inflation rate, exchange rates,
6 unemployment rate, and budget deficits in
7 Iran; and

8 (ii) other leading macroeconomic indi-
9 cators used by the International Monetary
10 Fund, professional rating agencies, and
11 other credible sources to assess the eco-
12 nomic health of a country;

13 (D) a description of the assumptions un-
14 derlying the estimate referred to in paragraph
15 (3) and an indication of how changes in each of
16 those assumptions could affect the estimate;

17 (E) an assessment of the effect of sanc-
18 tions imposed with respect to Iran on moving
19 forward the date referred to in subparagraph
20 (C); and

21 (F) a description of actions taken by the
22 Government of Iran to delay the date referred
23 to in subparagraph (C).

24 (b) UPDATE.—The President shall submit to the ap-
25 propriate congressional committees an update of the re-

1 port required by subsection (a) every 60 days after the
2 date of submission of the report that includes any perti-
3 nent developments to Iranian nuclear or economic capa-
4 bilities.

5 (c) FORM.—The report required under subsection (a)
6 and the update required under subsection (b) shall be sub-
7 mitted in unclassified form to the greatest extent possible,
8 but may include a classified annex, if necessary.

9 (d) DEFINITIONS.—In this section:

10 (1) APPROPRIATE CONGRESSIONAL COMMIT-
11 TEES.—The term “appropriate congressional com-
12 mittees” means—

13 (A) the Committee on Foreign Affairs, the
14 Committee on Armed Services, the Committee
15 on Financial Services, the Committee on Ways
16 and Means, and the Permanent Select Com-
17 mittee on Intelligence of the House of Rep-
18 resentatives; and

19 (B) the Committee on Foreign Relations,
20 the Committee on Armed Services, the Com-
21 mittee on Banking, Housing, and Urban Af-
22 fairs, the Committee on Finance, and the Select
23 Committee on Intelligence of the Senate.

24 (2) NUCLEAR EXPLOSIVE DEVICE.—The term
25 “nuclear explosive device” means any device, wheth-

1 er assembled or disassembled, that is designed to
2 produce an instantaneous release of an amount of
3 nuclear energy from special nuclear material that is
4 greater than the amount of energy that would be re-
5 leased from the detonation of one pound of trinitro-
6 toluene (TNT).

Page 47, beginning on line 12, strike “January 30
of each year” and insert “180 days after the date of the
enactment of this Act or January 30, 2014, whichever oc-
curs first, and every January 30 thereafter”.



AMENDMENT TO H.R. 850
OFFERED BY MR. DEUTCH OF FLORIDA

At the end of title III add the following new section:

1 **SEC. 304. AUTHORITY OF STATE AND LOCAL GOVERN-**
 2 **MENTS TO AVOID EXPOSURE TO SANCTIONED**
 3 **PERSONS AND SECTORS.**

4 (a) IN GENERAL.—Section 202 of the Comprehensive
 5 Iran Sanctions, Accountability, and Divestment Act of
 6 2010 (22 U.S.C. 8532) is amended by striking subsections
 7 (a), (b), and (c) and inserting the following:

8 “(a) SENSE OF CONGRESS.—It is the sense of Con-
 9 gress that the United States should support the decision
 10 of any State or local government to divest from or prohibit
 11 the investment of assets of the State or local government,
 12 to prohibit the issuance of licenses to conduct business in
 13 the State or locality to, and to impose disclosure and
 14 transparency requirements on, a person that invests in or
 15 conducts transactions for or with a person or sector sub-
 16 ject to sanctions with respect to Iran.

17 “(b) AUTHORITY.—Notwithstanding any other provi-
 18 sion of law, a State or local government may adopt and
 19 enforce measures that meet the requirements of subsection
 20 (d)—

1 “(1) to divest the assets of the State or local
2 government from a person described in subsection
3 (e);

4 “(2) to prohibit investment of the assets of the
5 State or local government in any such person;

6 “(3) to prohibit the issuance of licenses to con-
7 duct business in the State or locality to any such
8 person; or

9 “(4) to impose disclosure and transparency re-
10 quirements on any such person.

11 “(c) PERSONS DESCRIBED.—A person described in
12 this subsection is a person that invests in or engages in
13 any transaction with or for any person engaged in any
14 activity for which sanctions may be imposed under any
15 provision of Federal law imposing sanctions with respect
16 to Iran.”.

17 (b) CONFORMING AMENDMENTS.—Section 202 of the
18 Comprehensive Iran Sanctions, Accountability, and Di-
19 vestment Act of 2010 (22 U.S.C. 8532) is amended—

20 (1) in subsection (d)(4), by striking “engages in
21 investment activities in Iran described in subsection
22 (e)” and inserting “is a person described in sub-
23 section (c)”;

24 (2) in subsection (f), by striking “or (i)” and
25 inserting “or (g)”;

1 (3) by striking subsections (g) and (h) and by
2 redesignating subsections (i) and (j) as subsections
3 (g) and (h), respectively; and

4 (4) in paragraph (1) of subsection (g), as redesignated by paragraph (3), by striking “(determined
5 without regard to subsection (c))”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section apply to measures adopted by State and local
9 governments on or after the date of the enactment of this
10 Act.



**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 850
OFFERED BY MR. DEUTCH OF FLORIDA**

Redesignate section 305 as section 306.

Insert after section 304 the following new section:

1 SEC. 305. SENSE OF CONGRESS ON ELECTIONS IN IRAN.

2 (a) FINDINGS.—Congress makes the following find-
3 ings:

4 (1) The Iranian people are systematically de-
5 nied free, fair, and credible elections by the Govern-
6 ment of the Islamic Republic of Iran.

7 (2) The unelected and unaccountable Guardian
8 Council disqualifies hundreds of qualified candidates,
9 including women and most religious minorities, while
10 the regime intimidates others into staying out of
11 elections completely.

12 (3) Voting inconsistencies, including an absence
13 of international observers, and fraud are common-
14 place.

15 (4) The 2009 presidential elections proved that
16 the regime will engage in large scale vote-rigging to
17 ensure a specific result.

1 (5) The Iranian regime combines electoral ma-
2 nipulation with the ruthless suppression of dissent.
3 Following the 2009 elections, peaceful demonstrators
4 were met with violence by the regime's security ap-
5 paratus, including arbitrary detentions, beatings,
6 kidnappings, rapes, and murders.

7 (6) The electoral manipulation and human
8 rights violations are in violation of the Government
9 of Iran's agreed to obligations under the United Na-
10 tions International Covenant on Civil and Political
11 Rights.

12 (b) SENSE OF CONGRESS.—It is the sense of the
13 Congress that—

14 (1) the Iranian people are deprived by their
15 government of free, fair, and credible elections;

16 (2) the United States should support freedom,
17 human rights, civil liberties, and the rule of law in
18 Iran, and elections that are free and fair, meet inter-
19 national standards, and allow independent inter-
20 national and domestic electoral observers unre-
21 stricted access to polling and counting stations; and

22 (3) the United States should support the people
23 of Iran in their peaceful calls for a representative

- 1 and responsive democratic government that respects
- 2 human rights, civil liberties, and the rule of law.



**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 850
OFFERED BY MR. DEUTCH OF FLORIDA**

Add at the end the following new title:

1 TITLE IV—ADDITIONAL AU-
2 THORITIES TO PREVENT CEN-
3 SORSHIP ACTIVITIES IN IRAN

4 SEC. 401. REPORT ON IMPLEMENTATION OF SANCTIONS
5 AGAINST THE ISLAMIC REPUBLIC OF IRAN
6 BROADCASTING.

7 (a) IN GENERAL.—Not later than 90 days after the
8 date of the enactment of this Act, the Secretary of State
9 shall submit to Congress a report on the following:

10 (1) The current status of availability of the Is-
11 lamic Republic of Iran Broadcasting (IRIB) on
12 international satellites, entities that facilitate its op-
13 eration by providing services or equipment, and the
14 technical means that it engages in jamming.

15 (2) The instances, since January 1, 2012, in
16 which the IRIB engaged in activities that violated
17 Article 19 of the International Covenant on Civil
18 and Political Rights, including broadcasting forced
19 confessions and hate speech against minorities.

1 (3) The instances, since January 1, 2012, in
2 which international broadcasting programs origi-
3 nating from the United States and Europe have
4 been subject to disruption in Iran, with relevant de-
5 tails such as which programs were disrupted, avail-
6 able location information on the origin of the disrup-
7 tion, and the extent of the disruption.

8 (b) COORDINATION.—In developing the report re-
9 quired by subsection (a), the Secretary of State shall co-
10 ordinate with the Broadcasting Board of Governors, the
11 Secretary of the Treasury, and the heads of other relevant
12 Federal departments and agencies.

13 (c) PUBLIC AVAILABILITY.—All unclassified portions
14 of the report required by subsection (a) shall be made pub-
15 licly available on the Internet web site of the Department
16 of State.

17 **SEC. 402. LIST OF PERSONS WHO ARE HIGH-RISK RE-EX-**
18 **PORTERS OF SENSITIVE TECHNOLOGIES.**

19 (a) IN GENERAL.— Not later than 90 days after the
20 date of the enactment of this Act, and every 90 days there-
21 after, the Secretary of Commerce, in conjunction with the
22 Secretary of State and the Secretary of the Treasury, shall
23 make publicly available and update as appropriate a list
24 of persons who are high-risk re-exporters of sensitive tech-
25 nologies in order to seek to ensure that the Government

1 of Iran or an entity owned or controlled by that Govern-
2 ment is unable to obtain sensitive technologies through the
3 re-export of such sensitive technologies by third-party
4 intermediaries.

5 (b) DEFINITION.—In this section, the term “sensitive
6 technology” has the meaning given that term in section
7 106 of the Comprehensive Iran Sanctions, Accountability,
8 and Divestment Act of 2010 (22 U.S.C. 8515).

9 **SEC. 403. SENSE OF CONGRESS ON PROVISION OF INTER-**
10 **CEPT TECHNOLOGIES TO IRAN.**

11 It is the sense of Congress that—

12 (1) those that provide intercept technologies
13 that limit freedom of speech or expression to the
14 Government of Iran should be held accountable for
15 the repression of the Iranian people; and

16 (2) no person should use an existing contract
17 with the Government of Iran as a justification to
18 continue to supply intercept technologies to the Gov-
19 ernment of Iran for purposes of restricting the free
20 flow of information.

21 **SEC. 404. SENSE OF CONGRESS ON AVAILABILITY OF CON-**
22 **SUMER COMMUNICATION TECHNOLOGIES IN**
23 **IRAN.**

24 It is the sense of Congress that—

1 (1) the Department of the Treasury and De-
2 partment of State should encourage the free flow of
3 information in Iran to counter the Government of
4 Iran’s repression of its own people; and

5 (2) in order to facilitate the free flow of infor-
6 mation in Iran, the Department of Treasury should
7 ensure that certain consumer communication tech-
8 nologies are available to Iranian civil society and the
9 Iranian people.

10 **SEC. 405. EXPEDITED CONSIDERATION OF REQUESTS FOR**
11 **AUTHORIZATION OF TRANSFER OF GOODS**
12 **AND SERVICES TO IRAN TO FACILITATE THE**
13 **ABILITY OF IRANIAN PERSONS TO FREELY**
14 **COMMUNICATE.**

15 (a) IN GENERAL.—Section 413 of the Iran Threat
16 Reduction and Syria Human Rights Act of 2012 (22
17 U.S.C. 8753) is amended—

18 (1) by redesignating subsection (c) as sub-
19 section (f); and

20 (2) by inserting after subsection (d) the fol-
21 lowing new subsection:

22 “(c) RULE OF CONSTRUCTION.—The expedited proe-
23 ss for the consideration of complete requests for author-
24 ization to engage in the activities described in subsection
25 (a) shall be construed to also apply to the transfer of

1 goods and services to Iran to facilitate the ability of Ira-
2 nian persons to freely communicate, obtain information,
3 and access the Internet and other communications sys-
4 tems.”.

5 (b) EFFECTIVE DATE.—The amendments made by
6 subsection (a) take effect on the date of the enactment
7 of this Act and apply with respect to requests described
8 in section 413 of the Iran Threat Reduction and Syria
9 Human Rights Act of 2012, as so amended, that are sub-
10 mitted to the Office of Foreign Assets Control on or after
11 such date of enactment.



**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 850
OFFERED BY MR. DUNCAN OF SOUTH CAROLINA**

At the end of title II add the following new section:

1 SEC. 211. REPORT ON DETERMINATIONS NOT TO IMPOSE
2 SANCTIONS ON PERSONS WHO ALLEGEDLY
3 SELL, SUPPLY, OR TRANSFER PRECIOUS MET-
4 ALS TO OR FROM IRAN.

5 Section 1245 of the National Defense Authorization
 6 Act for Fiscal Year 2013 (22 U.S.C. 8804) is amended—

7 (1) by redesignating subsection (h) as sub-
 8 section (i); and

9 (2) by inserting after subsection (g) the fol-
 10 lowing new subsection:

11 “(h) REPORT ON DETERMINATIONS NOT TO IMPOSE
 12 SANCTIONS ON PERSONS WHO ALLEGEDLY SELL, SUP-
 13 PLY, OR TRANSFER PRECIOUS METALS TO OR FROM
 14 IRAN.—

15 “(1) IN GENERAL.—Not later than 90 days
 16 after the date of the enactment of Nuclear Iran Pre-
 17 vention Act of 2013, and every 90 days thereafter,
 18 the President shall submit to the appropriate con-
 19 gressional committees a report on each determina-

1 tion of the President during the preceding 90-day
2 period not to impose sanctions under subsection (a)
3 or (c) with respect to a person who allegedly sells,
4 supplies, or transfers precious metals, directly or in-
5 directly, to or from Iran, together with the reasons
6 for such determination.

7 “(2) FORM.—The report required by paragraph
8 (1) shall be submitted in unclassified form, but may
9 contain a classified annex, if necessary.”.



**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 850
OFFERED BY MS. FRANKEL OF FLORIDA**

At the end of title III add the following new section:

1 **SEC. 306. SENSE OF CONGRESS ON DESIGNATION OF A SPE-**
 2 **CIAL COORDINATOR FOR ADVANCING HUMAN**
 3 **RIGHTS AND POLITICAL PARTICIPATION FOR**
 4 **WOMEN IN IRAN.**

5 It is the sense of Congress that the Secretary of State
 6 should designate a Special Coordinator position in the Bu-
 7 reau of Near Eastern Affairs whose primary function is
 8 to facilitate cooperation across departments for the pur-
 9 pose of advancing human rights and political participation
 10 for women in Iran, as well as to prepare evidence and in-
 11 formation to be used in identifying Iranian officials for
 12 designation as human rights violators for their involve-
 13 ment in violating the human rights of women in Iran.



**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 850
OFFERED BY MR. GRAYSON OF FLORIDA**

Page 13, beginning on line 11, strike “(other than petroleum or petroleum products)”.

Page 13, beginning on line 15, strike “(other than petroleum or petroleum products)”.



**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 850
OFFERED BY MR. GRAYSON OF FLORIDA**

Page 14, line 11, insert “and volume” after “value”.



**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 850
OFFERED BY MR. GRAYSON OF FLORIDA**

Page 13, line 23 strike “(d)(4)”.



**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 850
OFFERED BY MR. GRAYSON OF FLORIDA**

Page 17, after line 16, insert the following:

- 1 (1) by striking “reduced reduced” and inserting
2 “reduced”;

Page 17, lines 17 and 19, redesignate paragraphs
(1) and (2) as paragraphs (2) and (3), respectively.



**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 850
OFFERED BY MR. MARINO OF PENNSYLVANIA**

At the end of title III add the following new section:

1 SEC. 306. REPORT ON PLAUSIBILITY OF EXPANDING SANC-
2 TIONS ON IRANIAN OIL.

3 (a) IN GENERAL.—Not later than 180 days after the
4 date of the enactment of this Act, the President shall sub-
5 mit to the appropriate congressional committees a report
6 assessing the following:

7 (1) Whether petroleum and petroleum products
8 originating in and exported from Iran are refined
9 and sold outside of Iran.

10 (2) Whether products that contain Iranian-ori-
11 gin petroleum or petroleum products as part of their
12 contents are imported into the United States and, if
13 any such products are imported into the United
14 States, whether such importation violates the ban on
15 importation into the United States of Iranian-origin
16 petroleum or petroleum products.

17 (3) Whether it is feasible to ban the importa-
18 tion into the United States of products described in
19 paragraph (2), regardless of whether the ban on im-

1 portation into the United States of Iranian-origin
2 petroleum or petroleum products applies to such
3 products.

4 (b) BASIS OF REPORT.—The report required under
5 subsection (a) may be based on publicly-available informa-
6 tion and classified information. The information that is
7 not classified information shall be made publically avail-
8 able.

9 (c) APPROPRIATE CONGRESSIONAL COMMITTEES.—
10 In this section, the term “appropriate congressional com-
11 mittees” means—

12 (1) the Committee on Foreign Affairs, the
13 Committee on Financial Services, and the Com-
14 mittee on Ways and Means of the House of Rep-
15 resentatives; and

16 (2) the Committee on Foreign Relations, the
17 Committee on Banking, Housing, and Urban Af-
18 fairs, and the Committee on Finance of the Senate.



**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 850
OFFERED BY MR. POE OF TEXAS**

Page 7, after line 11, add the following new subparagraph:

1 “(K) Any other senior official or key em-
2 ployee of an organization described in any of
3 subparagraphs (C) through (J) or in the Atom-
4 ic Energy Organization of Iran, the Islamic
5 Consultative Assembly of Iran, the Council of
6 Ministers of Iran, the Assembly of Experts of
7 Iran, the Ministry of Defense and Armed
8 Forces Logistics of Iran, the Ministry of Jus-
9 tice of Iran, the Ministry of Interior of Iran,
10 the prison system of Iran, or the judicial system
11 of Iran.”.



**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 850
OFFERED BY MS. ROS-LEHTINEN OF FLORIDA**

Redesignate section 305 as section 306.

Insert after section 304 the following new section:

**1 SEC. 305. REPEAL OF WAIVER OF SANCTIONS RELATING TO
2 DEVELOPMENT OF WEAPONS OF MASS DE-
3 STRUCTION OR OTHER MILITARY CAPABILI-
4 TIES.**

5 Section 9(e)(1) of the Iran Sanctions Act of 1996
6 (Public Law 104–172; 50 U.S.C. 1701 note) is amend-
7 ed—

- 8 (1) by striking subparagraph (B);
- 9 (2) by redesignating subparagraph (C) as sub-
10 paragraph (B); and
- 11 (3) in subparagraph (B) (as redesignated by
12 paragraph (2) of this section)—
- 13 (A) by striking “or (B)” each place it ap-
14 pears; and
- 15 (B) by striking “, as applicable”.



**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 850
OFFERED BY MR. SCHNEIDER OF ILLINOIS**

At the end of title III add the following new section:

1 **SEC. 306. GAO REPORT ON IRANIAN STRATEGY TO EVADE**
2 **CURRENT SANCTIONS AND OTHER MATTERS.**

3 Not later than 120 days after the date of the enact-
4 ment of this Act, the Comptroller General of the United
5 States shall submit to Congress a report that—

6 (1) evaluates the strategy of Iran to evade cur-
7 rent sanctions against Iran; and

8 (2) evaluates the ability of Iran to diversify its
9 economy away from energy resources.



**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 850
OFFERED BY MR. SHERMAN OF CALIFORNIA**

At the end of title II add the following new section:

1 SEC. 211. MODIFICATIONS TO PROHIBITION ON PROCURE-
2 MENT CONTRACTS WITH PERSONS THAT EX-
3 PORT SENSITIVE TECHNOLOGY TO IRAN.

4 (a) APPLICATION TO OWNERS AND SUBSIDIARIES.—
5 Subsection (a) of section 106 of the Comprehensive Iran
6 Sanctions, Accountability, and Divestment Act of 2010
7 (Public Law 111–195; 22 U.S.C. 8515) is amended—

8 (1) by striking “goods or services with a per-
9 son” and inserting the following: “goods or serv-
10 ices—

11 “(1) with a person”;

12 (2) in paragraph (1), as added by paragraph
13 (1) of this subsection, by striking the period at the
14 end and inserting and inserting “; or”; and

15 (3) by adding at the end the following new
16 paragraph:

17 “(2) with respect to a person acting on behalf
18 of or at the direction of, or owned or controlled by,
19 a person described in paragraph (1) or a person who

1 owns or controls a person described in paragraph
2 (1).”.

3 (b) SENSITIVE TECHNOLOGY DEFINED.—Subsection
4 (e)(1) of such section is amended by striking “is to be
5 used specifically” and inserting “has been designed or spe-
6 cifically modified”.

7 (c) PRESIDENTIAL DETERMINATION AND IMPOSI-
8 TION OF ADDITIONAL SANCTIONS.—Such section, as so
9 amended, is further amended by adding at the end the
10 following new subsection:

11 “(e) PRESIDENTIAL DETERMINATION AND IMPOSI-
12 TION OF ADDITIONAL SANCTIONS.—The President shall
13 impose 5 or more of the sanctions described in section 6(a)
14 of the Iran Sanctions Act of 1996 (Public Law 104–172;
15 50 U.S.C. 1701 note) with respect to—

16 “(1) a person if the President determines that
17 the person knowingly exports sensitive technology to
18 Iran; or

19 “(2) a person acting on behalf of or at the di-
20 rection of, or owned or controlled by, a person de-
21 scribed in paragraph (1) or a person who owns or
22 controls a person described in paragraph (1).”.

23 (d) CONFORMING AMENDMENT.—The heading of
24 such section is amended by inserting “**AND IMPOSITION**
25 **OF SANCTIONS AGAINST**” after “**WITH**”.

1 (e) EFFECTIVE DATE.—The amendments made by
2 this section take effect on the date of the enactment of
3 this Act and apply with respect to exports of sensitive
4 technology to Iran that occur on or after such date of en-
5 actment.



**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 850
OFFERED BY MR. SHERMAN OF CALIFORNIA**

At the end of title II add the following new section:

1 **SEC. 205. TRANSFER TO IRAN OF GOODS, SERVICES, OR**
2 **TECHNOLOGY THAT WOULD MATERIALLY**
3 **CONTRIBUTE TO IRAN'S ABILITY TO MINE OR**
4 **MILL URANIUM.**

5 (a) IN GENERAL.—Section 5(b)(2) of the Iran Sanc-
6 tions Act of 1996 (Public Law 104–172; 50 U.S.C. 1701
7 note) is amended by adding at the end the following new
8 subparagraph:

9 “(C) TRANSFER TO IRAN OF GOODS, SERV-
10 ICES, OR TECHNOLOGY THAT CAN BE USED FOR
11 MINING OR MILLING OF URANIUM.—Except as
12 provided in subsection (f), the President shall
13 impose 5 or more of the sanctions described in
14 section 6(a) with respect to a person if the
15 President determines that the person knowingly
16 transferred, on or after the date of the enact-
17 ment of the Nuclear Iran Prevention Act of
18 2013, to Iran goods, services, or technology

1 that would materially contribute to Iran's abil-
2 ity to mine or mill uranium.”.

3 (b) CONFORMING AMENDMENT.—Section 5(b) of
4 such Act is amended in the heading for paragraph (2) by
5 adding at the end before the period the following: “AND
6 OTHER RELATED ACTIVITIES”



**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 850
OFFERED BY MR. SHERMAN OF CALIFORNIA**

At the end of title II add the following new section:

1 SEC. 211. TERMINATION OF GOVERNMENT CONTRACTS
2 WITH PERSONS WHO SELL GOODS, SERVICES,
3 OR TECHNOLOGY TO, OR CONDUCT ANY
4 OTHER TRANSACTION WITH, IRAN.

5 (a) MODIFICATION OF FEDERAL ACQUISITION REGU-
6 LATION.—Not later than 90 days after the date of the en-
7 actment of this Act, the Federal Acquisition Regulation
8 shall be revised to require a certification from each person
9 that is a prospective contractor that the person, and any
10 person under common ownership or control with the per-
11 son, does not sell goods, services, or technology to, or con-
12 duct any other transaction with, Iran for which sanctions
13 may be imposed under this Act.

14 (b) REMEDIES.—

15 (1) IN GENERAL.—If the head of an executive
16 agency determines that a person has submitted a
17 false certification under subsection (a) on or after
18 the date on which the applicable revision of the Fed-
19 eral Acquisition Regulation required by this section

1 becomes effective, the head of that executive agency
2 shall terminate a contract with such person or debar
3 or suspend such person from eligibility for Federal
4 contracts for a period of not less than 2 years. Any
5 such debarment or suspension shall be subject to the
6 procedures that apply to debarment and suspension
7 under the Federal Acquisition Regulation under sub-
8 part 9.4 of part 9 of title 48, Code of Federal Regu-
9 lations.

10 (2) INCLUSION ON LIST OF PARTIES EXCLUDED
11 FROM FEDERAL PROCUREMENT AND NONPROCURE-
12 MENT PROGRAMS.—The Administrator of General
13 Services shall include on the List of Parties Ex-
14 cluded from Federal Procurement and Nonprocure-
15 ment Programs maintained by the Administrator
16 under part 9 of the Federal Acquisition Regulation
17 each person that is debarred, suspended, or proposed
18 for debarment or suspension by the head of an exe-
19 cutive agency on the basis of a determination of a
20 false certification under paragraph (1).

21 (c) RULE OF CONSTRUCTION.—This section shall not
22 be construed to limit the use of other remedies available
23 to the head of an executive agency or any other official
24 of the Federal Government on the basis of a determination
25 of a false certification under subsection (a).

1 (d) WAIVERS.—

2 (1) IN GENERAL.—The President may on a
3 case-by-case basis waive the requirement that a per-
4 son make a certification under subsection (a) if the
5 President determines and certifies in writing to the
6 congressional committees described in paragraph (2)
7 that it is essential to the national security interests
8 of the United States to do so.

9 (2) CONGRESSIONAL COMMITTEES DE-
10 SCRIBED.—The congressional committees referred to
11 in paragraph (1) are—

12 (A) the Committee on Foreign Affairs, the
13 Committee on Armed Services, and the Com-
14 mittee on Oversight and Government Reform of
15 the House of Representatives; and

16 (B) the Committee on Foreign Relations,
17 the Committee on Armed Services, and the
18 Committee on Homeland Security and Govern-
19 mental Affairs of the Senate.

20 (c) DEFINITIONS.—In this section:

21 (1) EXECUTIVE AGENCY.—The term “executive
22 agency” has the meaning given that term in section
23 133 of title 41, United States Code.

24 (2) FEDERAL ACQUISITION REGULATION.—The
25 term “Federal Acquisition Regulation” means the

1 regulation issued pursuant to section 1303(a)(1) of
2 title 41, United States Code.

3 (f) APPLICABILITY.—The revisions to the Federal
4 Acquisition Regulation required under subsection (a) shall
5 apply with respect to contracts for which solicitations are
6 issued on or after the date that is 90 days after the date
7 of the enactment of this Act.



**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 850
OFFERED BY MR. SHERMAN OF CALIFORNIA**

Redesignate section 305 as section 306.

Insert after section 304 the following new section:

**1 SEC. 305. PREVENTION OF DIVERSION OF CERTAIN GOODS,
2 SERVICES AND TECHNOLOGIES TO IRAN.**

3 (a) DEFINITIONS.—Section 301(1) of the Com-
4 prehensive Iran Sanctions, Accountability, and Divestment
5 Act of 2010 (22 U.S.C. 8541(1)) is amended by striking
6 “knows or has reason to know” and inserting “knows, has
7 reason to know, or should have known”.

8 (b) IDENTIFICATION OF COUNTRIES OF CONCERN
9 WITH RESPECT TO THE DIVERSION OF CERTAIN GOODS,
10 SERVICES, AND TECHNOLOGIES TO OR THROUGH IRAN.—
11 Section 302(b) of the Comprehensive Iran Sanctions, Ac-
12 countability, and Divestment Act of 2010 (22 U.S.C.
13 8542(b)) is amended—

14 (1) in paragraph (1), by striking “or” at the
15 end;

16 (2) in paragraph (2), by striking the period at
17 the end and inserting “; or” and

1 (3) by adding at the end the following new
2 paragraph:

3 “(1) that are—

4 “(A) items described in the Nuclear Sup-
5 pliers Group Guidelines for the Export of Nu-
6 clear Material, Equipment and Technology
7 (published by the International Atomic Energy
8 Agency as Information Circular INFCIRC/254/
9 Rev. 3/Part 1, and subsequent revisions) and
10 Guidelines for Transfers of Nuclear-Related
11 Dual-Use Equipment, Material, and Related
12 Technology (published by the International
13 Atomic Energy Agency as Information Circular
14 INFCIRC/254/Rev. 3/Part 2, and subsequent
15 revisions);

16 “(B) items on the Missile Technology Con-
17 trol Regime Equipment and Technology Annex
18 of June 11, 1996, and subsequent revisions;

19 “(C) items and substances relating to bio-
20 logical and chemical weapons the export of
21 which is controlled by the Australia Group;

22 “(D) items on the Schedule One or Sched-
23 ular Two list of toxic chemicals and precursors
24 the export of which is controlled pursuant to
25 the Convention on the Prohibition of the Devel-

1 opment, Production, Stockpiling and Use of
2 Chemical Weapons and on Their Destruction;
3 or
4 “(E) items on the Wassenaar Arrangement
5 list of Dual Use Goods and Technologies and
6 Munitions list of July 12, 1996, and subsequent
7 revisions.”.

8 (c) DESTINATIONS OF DIVERSION CONCERN.—Sec-
9 tion 303(e) of the Comprehensive Iran Sanctions, Ac-
10 countability, and Divestment Act of 2010 (22 U.S.C.
11 8543(e)) is amended—

12 (1) by striking “Not later than” and inserting
13 the following:

14 “(1) IN GENERAL.—Not later than;” and

15 (2) by adding at the end the following new
16 paragraph:

17 “(2) ADDITIONAL MEASURES.—The President
18 may impose restrictions on United States foreign as-
19 sistance or measures authorized under the Inter-
20 national Emergency Economic Powers Act with re-
21 spect to a country designated as a country of diver-
22 sion concern if the President determines such re-
23 strictions or measures would prevent the transfer of
24 United States-origin goods, services, and technology
25 to Iran.”.

1 (d) EFFECTIVE DATE.—The amendments made by
2 this section take effect on the date of the enactment of
3 this Act and apply with respect to countries identified in
4 any update to the report that is required under section
5 302(e) of the Comprehensive Iran Sanctions, Account-
6 ability, and Divestment Act of 2010 and submitted to
7 Congress on or after such date of enactment.



**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 850
OFFERED BY MR. ROYCE OF CALIFORNIA**

Page 10, line 8, strike “and medical” and insert “medical”.

Page 18, line 21, strike “or” and insert “and”.

Page 20, line 20, add at the end the following: “If the President makes an initial determination under this clause that the requirements of this clause cannot be met, then the President shall continue to make a determination under this clause every 90 days thereafter as to whether or not the requirements of this clause can be met.”.

Page 20, beginning on line 22, strike “makes an affirmative determination under clause (i)” and insert “determines that the requirements of clause (i) can be met”.

Page 25, line 7, insert a comma after “devices”.

Page 25, line 7, strike “other humanitarian goods” and insert “agricultural commodities”.

Page 26, beginning on line 4, strike “has knowingly” and insert the following: “has—”

1 (1) knowingly

Page 26, lines 9 and 14, redesignate paragraphs (1) and (2) as subparagraphs (A) and (B), respectively.

Page 26, line 17, strike the period at the end and insert “; or”.

Page 26, after line 17, add the following new paragraph:

2 “(2) knowingly conducted or facilitated a sig-
3 nificant transaction by another person involving the
4 currency of a country other than the country in
5 which that other person is operating at the time of
6 the transaction, with, for, or on behalf of a person
7 described in subparagraph (A) or (B) of paragraph
8 (1).”.

Page 43, line 24, strike “that” and insert “than”.



Chairman ROYCE. And I think at this time it would be appropriate to ask if any members want to speak either on the en bloc amendments or on the underlying bill, and we will go to Mr. Sherman.

Mr. SHERMAN. Thank you, Mr. Chairman. I want to thank you and the ranking member for your work on this important legislation. It builds upon the key work, particularly the Menendez-Kirk Amendment, that has had such an effect of making it difficult for Iran to sell its oil.

As you point out, Iran is now down to 1.2–1.5 million barrels, and those who want to do business with the central bank of Iran without obtaining U.S. sanctions have to get waivers from the United States. And for those waivers to continue, we need to see dramatic reductions in oil purchases from Iran.

As to the en bloc amendment, I should explain some of the provisions in it that stem from the four amendments that I had pending individually. First, and perhaps most important, it imposes sanctions on those who sell mining and milling equipment to Iran that can be used by Iran to exploit its own uranium ore.

Second, it strengthens the sanctions on those who would provide WMD technology to Iran, and also strengthens the sanctions on those who would give the Iranian Government the technology to suppress the communications of its own citizens and the social media that was so important in the, unfortunately, unsuccessful Green Revolution or insurrection.

Perhaps most importantly, we have a situation where we have to make sure that the sanctions are enforced. One thing that is already in our law that is self-enforcing is that those getting Federal Government contracts have to certify that that contracting entity is not violating U.S. sanctions law.

So even if an administration were to do nothing unless corporate executives are willing to risk imprisonment, they are going to have to choose between doing business with the Federal Government and doing business with Iran in a manner that is sanctioned under our laws.

Unfortunately, current statute applies that certification only to the entity contracting with the Federal Government and its subsidiaries. This en bloc amendment would broaden that to apply to the entire corporate group, so that the certification would be on behalf of the parent corporation and all of the brother-sister corporations, all of the corporations under joint control.

So I think that the bill is a major step forward. The en bloc amendment deserves support.

One thing that we need to work out with other committees is the issue of whether some in the administration would say, "Well, there is this or that part of the Iran sanctions bill that we would like to enforce, but our lawyers say that we can't because of some treaty or trade treaty, or whatever." You can always find a lawyer in this town that can tell you that you can't do this or that, especially if you don't want to do it.

The fact is that we have—that none of our sanctions against Iran have been adjudicated by any competent international jurists or domestic tribunal to be in violation of any of our trade agreements. And I am certain that the members of the Ways and Means Com-

mittee are as dedicated as all Americans to preventing Iran from developing a nuclear weapon, and that ultimately they will want to see in this bill provisions that say that all American sanctions need to be enforced, notwithstanding some argument about some treaty, trade treaty or otherwise, unless and until there is an adjudication from a competent tribunal, which I am sure would not happen. And even if it did, it would happen many, many years down the road.

Finally, I want to mention that an interesting bill was introduced in the Senate yesterday, the Iran Export Embargo Act, that would sanction those who buy non-energy exports from the Government of Iran. And as this bill goes forward, we may find provisions of that bill ought to be added to this bill.

So this may be the most important legislation the committee deals with all year. It is something that I would like to commend the chair and the ranking member for preparing, and I yield back.

Chairman ROYCE. I thank the gentleman from California.

We go now to Mr. Smith from New Jersey.

Mr. SMITH. Thank you very much, Mr. Chairman. And I want to thank you for authoring a truly important bipartisan piece of legislation. I think the Royce-Engel bill will make a serious difference in the fight to combat Iran's efforts to acquire a nuclear weapons of mass destruction capability.

Oil revenues remain, as we all know, Tehran's economic lifeline, and I do believe we are at a tipping point. It may now be a matter of when, and not if, that Iran procures these weapons of mass destruction. But we have got to make this last economic effort to try to say not now, not ever, while this dictatorship continues to pose threats to its neighbors, to Europe, to the United States, and, really, to the world.

I think it is very important that the legislation targets oil. As I pointed out, as so many of us pointed out again and again, especially when Wendy Sherman testified, when you can sell oil to China and a whole host of other nations and derive huge amounts of hard currency and the ability to sustain the European and American sanctions, we have not done all that can be done economically to try to mitigate this threat. So I do think this legislation takes us in a very significant way in the direction of finally saying, "We are not kidding. This has got to stop." We are a tipping point, like I said.

Again, I want to thank you—I would ask unanimous consent that my full statement be made a part of the record. But I do want to thank you, Chairman Royce. You know, Ileana Ros-Lehtinen championed the legislation in the last Congress. And as you pointed out, it was bipartisan. Howard Berman was certainly a key factor in that legislation.

And we know the administration is not favorable to this. We know it. Last Congress, over and over again, they tried to throw hurdles, speed bumps, and moguls in front of the legislation, and now it is a matter of more effective implementation of all current sanctions, but also the new, and I think significant, sanctions that you include in this legislation.

So thank you, Mr. Chairman, and I yield back the balance of my time.

Chairman ROYCE. Thank you. We will go now to Mr. Sires of New Jersey.

Mr. SIRES. Thank you, Mr. Chairman. Let me first compliment you and Mr. Engel for working together on this.

Iran continues to ignore international law, and it is moving forward with its nuclear program. While our current sanctions are having an impact on Iran, more can be done and we must act now.

I am a strong supporter of H.R. 850 and the amendments to the Nuclear Iran Prevention Act, and I thank the chairman and the ranking member for bringing this bill before the committee today. This legislation would allow the United States to employ more tools to combat Iran's nuclear program. H.R. 850 strengthens sanctions against human rights violators and the corrupt Iran actors that steal humanitarian aid for their own benefits.

H.R. 850 also tightens sanctions against companies who invest in Iran's energy sector and work with Iran's central bank. This bill also takes strong steps in having the Iran Revolutionary Guard Corps designated as a foreign terrorist organization by the U.S. State Department. H.R. 850 targets Iran's leadership to help end the threat of nuclear Iran and to stop the oppression of the Iranian people. Combating the threat of Iran is critical for the future safety and stability of the region, and the United States must continue to lead the fight in sanctioning this dangerous regime.

I am proud to co-sponsor H.R. 850, and I urge my colleagues to support this bill.

I yield back.

Chairman ROYCE. I thank the gentleman.

We go now to Mr. Chabot of Ohio.

Mr. CHABOT. Thank you, Mr. Chairman. I will be brief. I do support this legislation. I commend you and the ranking member for offering it, and I intend to vote for it. I have to say, however, I am not optimistic that ultimately sanctions against Iran will work.

I believe Iran is bound and determined to obtain nuclear weapons, and I think only if Iran is absolutely convinced that military action will be taken against them, if they don't back down from the program that they will actually back down. I don't think they are convinced of that.

I think this administration, for years now, has basically sent a mixed message to Iran saying one thing, but at the same time saying something entirely different, sending mixed signals. So, again, I commend you for doing this, I think it is the right thing to do, and I do intend to support it. I don't think Iran is convinced that military action will be taken against them, therefore, I think they are going full speed ahead with their nuclear weapons program.

Thank you. I yield back.

Chairman ROYCE. I thank the gentleman.

We go to Mr. Connolly from Virginia.

Mr. CONNOLLY. Thank you, Mr. Chairman. And I also want to express my appreciation to you and the ranking member for your leadership on this issue and for the bipartisan comity that has characterized the progress of this legislation.

I support the amendment in the form of a substitute for H.R. 850, and I also am supportive of the en bloc amendment package. I particularly appreciate you and your staff and that of Mr. Engel,

willing to accept the Connolly-Ros-Lehtinen Amendment that further clarifies internet access for democratization within Iran. We believe that the social media can really play a big role, despite the actions of the government in Iran. And I, again, thank you and Mr. Engel for working with us to accept that language.

I would just say, Mr. Chairman, I hear some discord in notes on the otherwise bipartisan cooperation and tone today. I have to say, I respectfully disagree with my friend from Ohio. I think this administration most certainly does take sanctions against Iran very seriously, has enforced them. They are some of the toughest sanctions ever adopted against any country, and I don't think the administration has sent mixed signals to Tehran.

I think Tehran sometimes hears what it wants to hear, but I am very gratified that both the United States and Israeli Governments have worked closely together in a policy to try to prevent nuclear development in Iran. And I think we will continue to do so, and I think this legislation will be welcome and will strengthen the administration's hands.

And with that, I yield back.

Chairman ROYCE. We will go now to Mr. McCaul of Texas.

Mr. MCCAUL. I want to thank the chairman and ranking member for this legislation, and also for adopting my language to designate the Quds Force as a foreign terrorist organization. They have been behind some of the deadliest attacks of the past three decades, including the killing of American troops in Iraq and Afghanistan, the '96 Khobar Tower bombing in Saudi Arabia, the '94 attack on the Jewish Community Center in Buenos Aires, which I visited, the 1983/84 bombings on the U.S. Embassy in Beirut, the '83 bombing of the Marine barracks in Beirut killing 299 Americans.

They fit squarely within the definition of a foreign terrorist organization. I believe the designation is long overdue. And I just want to thank the chairman and the ranking member for including this language in this bill, which I strongly support.

With that, I yield back.

Chairman ROYCE. Well, thank you, Mr. McCaul.

We now go to Mr. Vargas of California.

Mr. VARGAS. Thank you very much, Mr. Chair, for the opportunity to speak. I also want to thank you and the ranking member for this bill.

I strongly support it, and I believe that we need to tighten economic sanctions against Iran as tight as possible. And the reason I think is quite simple, and that is because these sanctions are really in lieu of military action, because I don't think that the message has been clear enough, and I don't think that the Iranians have taken us seriously that we will use any means necessary to prevent them from gaining a nuclear weapon.

We had testimony before, and I was able to ask the question to the experts that were here, if they believed that the Iranian regime was attempting to gain a nuclear weapon. All of them agreed. They disagreed on many things, but they didn't disagree on that point. They all agreed that Iran was continuing that process to gain a nuclear weapon.

So I think that these sanctions are very necessary. I think that we should tighten the noose as tight as possible. They are a ter-

rorist nation. There is no doubt about that. And, again, I thank you for bringing this forward. And any way that we can tighten these even further, I would be in favor of. So thank you.

Chairman ROYCE. Thank you.

Mr. Duncan of South Carolina is recognized.

Mr. DUNCAN. Yes. Thank you, Mr. Chairman. And I want to thank you and the other members for the bipartisan effort on H.R. 850, and for including my amendment as part of the en bloc amendment.

Just a few talking points that I would like to cover about Iran's nuclear program which threatens the safety and security of the U.S. and many of our allies and partners around the world. And although the U.S. has had sanctions on Iran since 1979, with sharpening sanctions in more recent years, and while the U.N. and the EU have passed sanctions on Iran, we continue to see countries purchasing oil or natural gas from Iran with gold.

Although the President has had the authority to impose sanctions on gold exports to the Iranian Government since July 2012, to date the administration has not penalized any entity on these grounds. In the meantime, lack of U.S. action has real and tangible ramifications.

A recent report by the Foundation for Defense of Democracies and the Roubini Global Economics found that between July 2012 and March 2013 Iran received \$6 billion in payment in the form of gold for energy exports. My amendment to H.R. 850 seeks to close this gold for gas loophole by requiring greater transparency and accountability from the President to ensure that the President implements sanctions on gold exports to the Government of Iran.

I appreciate the support of this, and I yield back.

Chairman ROYCE. Thank you.

We go to Mr. Deutch of Florida.

Mr. DEUTCH. Thank you. Chairman Royce, Ranking Member Engel, thank you for your commitment to advancing this legislation today. You acted swiftly to bring the bill up before this committee, and I hope that it continues to the floor as soon as possible because, as we all know, time is of the essence.

We have seen how sanctions can cripple the Iranian regime's financial lifeline with strict implementation and enforcement. But we have also seen the regime become adept at finding mechanisms to skirt sanctions. This legislation will close those existing loopholes and make it more and more difficult for Iran to avoid the economic pain of sanctions.

Today I offer three amendments, two of them addressing critical issues that dominate today's headlines, and a third continuing my work on divestment.

As we saw yesterday, tensions in Iran are rising as Presidential elections draw near. The disqualification of former President Rafsanjani, a supporter of the 2009 Reformists, is further proof that the Ayatollah is willing to violate any and all international election standards that might threaten his hold on power.

According to reports from Rafsanjani's daughter, a reason for his disqualification is yet to be provided, but we knew that the unelected, unchecked Guardian Council would disqualify anyone

seen as a threat to the regime, as well as any religious minority or women candidates.

As Iran expert Karim Sadjadpour said recently, “Increasingly looking like Iran’s Presidential election will be one man, one vote. That one man’s name is Ayatollah Khamenei.” In fact, this morning there are reports that members of Rafsanjani’s campaign staff had been arrested.

To prevent any chance of a post-2009 uprising, we are already seeing the regime’s efforts to crack down on communication, with reports of drastically slowed internet speed and people unable to access technology necessary to help circumvent the regime’s ban on international Web sites.

News out of Iran reports that Reformist candidate and opposition Web sites have been filtered. Mr. Chairman, that is why the passage of my amendment today is so critical. With this amendment, Congress will send a clear message to the Iranian people that we stand with them in their quest for democracy, and we unequivocally support their right to free and fair elections.

For years the Iranian regime has been engaged in a systematic campaign to deny the Iranian people access to unbiased information and to prevent them from exercising basic human freedoms of expression and assembly. And as we saw yesterday, as this election draws closer, the regime will try to cement its firm grip over the Iranian people. With elections just weeks away, it is vital that we do not let Iran achieve its goal of dropping an electronic curtain on its people.

In response to what we have already seen happening in Iran, I am also pleased to offer an amendment that will expose those that continue to import to Iran technologies that are used for repression, tracking movements, monitoring of email and texts, and jamming of access to the internet, as more sanctions to those companies.

As more and more citizens of Iran use the internet and new media as an alternative source for news and political debate, the regime has responded by monitoring and filtering internet content, limiting or suspending access to the internet, satellite jamming, outlawing foreign information. The amendment will also expedite licenses for those who seek to provide technologies that promote the free flow of information.

Finally, Mr. Chairman, I would like to offer an amendment that furthers an issue that I have worked on for many years. In 2007, the State of Florida passed the nation’s first Iran divestment legislation requiring state pensions to withdraw funds from any company doing business in Iran’s energy sector.

My third amendment today will broaden the ability of states to divest their funds from companies who continue to support the Iranian regime. This amendment will also allow states to deny business licenses to companies engaged in business with Iran. Twenty-eight states now have divestment policy, and, as a result, billions of dollars of investment in Iran has been lost.

Mr. Chairman, I want to thank you and the ranking member for working with us in such an inclusive bipartisan manner on this bill. The Nuclear Iran Prevention Act will continue to advance what has become the most rigorous U.S. sanctions policy to date,

aimed at bringing maximum pressure on this regime and ultimately halting Iran's drive for a nuclear weapon once and for all.

And I yield back the balance of my time.

Chairman ROYCE. Well, thank you, Mr. Deutch. I do think your amendment sent a strong message, and I think it is interesting that this markup comes a day after, as you eloquently expressed, another example of this rigged sham of an election, one more case of evidence in terms of the way in which the will of the people in Iran has been overturned by this decision.

We now go to Mr. Cotton. We recognize Mr. Cotton of Arkansas.

Mr. COTTON. Thank you, Mr. Chairman. I want to express my thanks to you and the ranking member for your efforts on this very important bipartisan legislation. I agree with my colleague from Ohio that this legislation may be the last best chance to stop Iran's nuclear weapons program before an act of war, whether a passive act like a blockade, or an active act of war like an attack, may be necessary. I hope it will be successful. We don't know for sure, but it is certainly worth the effort.

I have offered two en bloc amendments and will offer standalone amendments as well. All of these amendments have one underpinning. They are designed to accelerate and improve the reporting of this legislation. I think the timeline on which we are operating is very short. We are not operating on a 3- to 5-year timeline. We are operating on a 1-year timeline, give or take a few months.

I do believe this is necessary, because Western intelligence services, including our own, have a history of underestimating the timelines that covert weapons programs take to reach full development, for example, Saddam Hussein's program that was destroyed by Israel in 1981, thankfully.

In my en bloc amendments, the first is an amendment to Section 102. It would require reporting about the net worth of certain Iranian officials. Iran suffers from double digit unemployment and staggering inflation, yet the elites of the regime continue to profit at the expense of common Iranian people, because of the regime's tight control over information. Many Iranian people don't know this. To put this on the internet I think would help ferment some of the civil unrest in the country.

The second amendment to Section 301 would, again, help strengthen reporting requirements. It would eliminate the nuclear clock and the economic clock that Iran currently has. It would do things like require more reporting on weapons grade uranium production, plutonium production, Iran's capital accounts, foreign exchange reserves, and an estimated timeline with respect to its macroeconomic viability. I think this will provide sorely needed accountability and transparency.

I am happy and honored to be offering this bipartisan amendment with my colleagues from Massachusetts and Illinois, and I will yield 2 minutes to the gentleman from Massachusetts at this point.

Mr. KENNEDY. Thank you, Mr. Cotton. It is a privilege to be able to—and it has been a privilege to be able to work with you on these amendments as well, and I want to thank and recognize the chair and the ranking member of the committee for putting forth such

a strong bill that has received such strong bipartisan support throughout this committee and in the House.

I just wanted to speak briefly and echo a bit of what Mr. Cotton had said. This amendment essentially speeds up the reporting timeline, so that Congress is able to get this critical information as quickly as possible. It requires a more detailed analysis of Iran's nuclear timeline, the procurement network, and the capital accounts, all necessary details to fully understand how effective our sanctions are and whether there are areas that need to be improved.

Our amendment ensures that we are going to be able to move forward with tougher sanctions and that there is a thorough and consistent communication between the State Department and Congress regarding any new threats and developments. The United States has to continue to lead the way with these crippling sanctions and must continue to stay active and engaged in their implementation and oversight.

And for a couple more comments, I will yield to Mr. Schneider. Chairman ROYCE. We recognize the gentleman from Illinois.

Mr. SCHNEIDER. Thank you—and, again, I want to thank Congressman Cotton and Congressman Kennedy—for your help, Mr. Chairman. I am pleased to support the bipartisan effort of this bill and support the en bloc amendment.

The provisions included in the legislation before us are some of the most important policy necessities we will consider before this committee. Sanctioning Iran and its affiliates is crucial to our national security strategy and those of our allies in the Middle East.

With this in mind, I was quite happy to work with my colleagues on both sides of the aisle to improve upon the basic text of this bill, particularly in this amendment with Representative Cotton and Representative Kennedy in crafting compromise language that strengthens our oversight of the sanctions process and places a new emphasis on the speed and frequency in which we impose economic hardship on the Iranian regime.

The amendment clarifies the distinct process and deliberate pace we must take to successfully degrade the Iranian regime's ability to develop a nuclear weapon and isolate them in the international community. The amendment would set in motion a process in which the administration will make an initial assessment of the current state of Iran's isolation, develop a strategic framework for how to address those challenges, and further report back to Congress on a regular interval on new emerging trends, challenges, and potential threats that are being continually observed and addressed throughout implementation.

The renewed emphasis on reporting will allow us to better evaluate how and when sanctions are being effective and what tools are presenting us with the greatest opportunity to successfully deter Iran's aggression.

We know that we are reaching a point of breakout in terms of Iran's capabilities. It is essential that we develop a sanctions and reporting process that is frequent, aggressive, and offers us the greatest mobility at addressing Iran's attempts to diversify its economy and circumvent U.S. and European efforts at isolation.

Language included in this will not only provide an operational and strategic approach to sanctions, but will also require periodic reporting on what new emerging threats, challenges, and opportunities are being identified, so swift action can be taken to take full advantage of the points of exploitation as they emerge.

I am also proud to offer an amendment seeking to report on Iran's efforts to diversify its economy and that will specifically evaluate the ability of Iran to diversify in such a way that will lessen the impact of sanctions on their economic and financial sections and their energy sectors.

As we continue to go through this process of amendment and deliberation, I look forward to working with the chairman and the ranking member and my colleagues to further clarify our period reviews of how sanctions are being developed.

Thank you for working in such a bipartisan way. And with that, I yield back my time.

Chairman ROYCE. Well, we thank the gentleman from Massachusetts, as well as Illinois, and the gentleman from Arkansas, for their amendment.

We now go to Ms. Meng of New York City. Ms. Meng is not present at the moment, so let us go to Ms. Frankel of Florida.

Ms. FRANKEL. Thank you, Mr. Chairman. You know, I think most Americans are wondering whether this Congress can ever get along, so I just want to reiterate and thank the chairman and the ranking member for a very bipartisan approach to a very critical issue. And I join with my colleagues, first of all, to say I support the bill and the amendment and the amendments en bloc.

And I will go on record again saying that this extreme regime is the largest state sponsor of terror. It cannot be allowed to acquire the world's most dangerous weapon, and, as we heard Under Secretary Sherman say, that a nuclear Iran would trigger a nuclear arms race throughout the region that would destabilize the world order. So thank you for strengthening the sanctions with this Act.

I also want to thank Mr. Royce and Mr. Engel for advancing human rights. There is always this delicate balance. These sanctions are, rightfully, aimed at causing economic unrest in Iran. And we want these strategies to work in a way that the Iranian people, the unrest, that they turn against their government, not have sanctions that further support of a government. And so thank you for adding the advancement of human rights.

I just wanted to give folks an example of what it is like for women in Iran. For example, women convicted of adultery, they are buried in the sand up to their shoulders and small stones are thrown at them until they die. That is just one example of the cruelty of the Iranian regime.

And with this en bloc amendment is a provision that asks the Secretary of State to designate a position in the Bureau of Near Eastern Affairs to facilitate cooperation across departments for the purpose of advancing human rights and political participation for women in Iran, as well as to prepare evidence and information on women's rights violations to be used in identifying Iranian officials for designation as human rights violators.

We need both men and women's voices to be heard to alter the actions of a very, very cruel, extreme Iranian regime.

Thank you, Mr. Chair.

Chairman ROYCE. Well, we thank the gentlelady for her contribution to this measure.

And we go now to Mr. Poe of Texas.

Mr. POE. Move to strike the last word, Mr. Chairman. Thank you for the diligence on this bill. As the gentleman from the Bronx mentioned, 330 co-sponsors on a piece of legislation in Congress, I don't know that we have ever had that many agree on anything, and that should be a sign not only to the American people, and the Iranian people, but the rogue government in Iran, that we mean business about sanctions, and we are united on the issue of making sure that the little tyrant from the desert, Ahmadinejad, is not able to have nuclear capability, nuclear weapons.

The supreme leader took a heavy hand against his own people after the 2009 massive protest and the illegal government of Ahmadinejad took control. The Iran Revolutionary Guard was let loose on the people, tramping down, stomping, and killing all because of the right of free speech.

According to numerous accounts, one of those protesters was a young lady. Her name was Taraneh Mousavi. One of her friends described her as beautiful and very kind, and she had a warm voice and played the piano with great skill. Taraneh disappeared during the protests of 2009. She was arrested by security forces. Weeks later her mother received an anonymous call—the call in the night—from the government, a government agent, saying her daughter had been hospitalized listing injuries that could only come from an assault, a rape.

When her family went to the hospital, Taraneh was not there. According to one account, the family was told by government thugs not to tell people when she disappeared nor any information about the kind of injuries she suffered. So when her charred body was discovered a month after her arrest, her family was again told not to hold a funeral ceremony for her and not to tell anyone about the way she had been killed.

The report of Taraneh's rape and murder is not the only example of torture and abuse in Iran's prisons by the Iranian Government against its people. According to the U.N. Special Rapporteur's September 13 report, human rights defenders reported being arrested and held in secret for periods ranging from several weeks to 3 years without charge or access to legal counsel.

They reported being subject to severe torture, beatings with batons, mock hangings, electrocution, rape, sleep deprivation, and denial of food or water. The State Department's Iran Human Rights Report of 2012 confirms exactly the same thing.

The amendment that I have offered that is en bloc expands the list of those Iranian Government officials that this administration must report on. The new list includes those responsible for human rights violations, and there are a lot of those in Iran, human rights violations like the one that happened to Taraneh, such as those who work in the prisons and the Ministry of the Interior.

Now, unless it would justify in a report why it believes they would not be subject to sanctions, the bill will force the administration to sanction these officials personally. It is important that we make it clear that our quarrel is not with the Iranian people. Our

quarrel is with the government of Ahmadinejad and his being controlled by the supreme leader, who denies the people of Iran basic human rights.

Many of those individuals are in different countries. Some are held, I think, hostage in Camp Liberty in Iraq. Many of their family members are in the United States. It is imperative that we make the little fellow from the desert, Ahmadinejad, understand that human rights violations are not tolerated, and that we support those who hope for a peaceful regime change in Iran.

I thank the chairman for the time, and I yield back my time.

Chairman ROYCE. We go now to Mr. Cicilline of Rhode Island.

Mr. CICILLINE. Thank you, Chairman Royce and Ranking Member Engel, for your leadership and for holding this markup on this important legislation, a legislation which becomes even more important every single day. I support the en bloc amendments and the underlying bill, and I particularly want to thank my friend, the gentlelady from Florida, for her excellent words and her amendment relating to human rights.

The continuing threat that Iran poses to international stability is of paramount concern to the United States and to the world. Addressing this threat must be a top priority of U.S. foreign policy as Iran continues to defy the international community with its pursuit of nuclear weapons. In addition, the specter of violence and the suppression of basic human rights loom over the upcoming elections in Iran, just as they did in 2009.

The threat of an Iran with nuclear weapons capability is serious and must be prevented. According to a report from the International Atomic Energy Agency, Iran is steadily increasing its nuclear capability by installing new, more advanced centrifuges. If Iran is allowed to bring these centrifuges online, they will significantly reduce the time that is needed to produce enough weapons grade uranium to construct a nuclear weapon.

In addition, Iran continues its construction of heavy water reactor, in defiance of U.N. Security Council regulations. The spent fuel from such a reactor could be reprocessed to produce plutonium. These conditions are unacceptable to the United States and to the international community.

In June, Iran will hold its first Presidential election since 2009's fraudulent vote, which sparked widespread protest and worldwide condemnation. Thousands of demonstrators were jailed, injured, or killed at the hands of the Iranian Government, particularly by the Iranian Revolutionary Guard.

This year, the prospects of a fair and democratic election in Iran remain remote. Of an estimated 700 candidates who have registered, the Iranian Government has restricted those who are able to run by excluding a vast majority of those it deems to be disloyal to the regime.

Regardless of the outcome of this year's election, it will do little to slow the expansion of Iran's nuclear program. Decisions over the program's future will remain in the hands of the supreme leader who continues to stifle all attempts at a diplomatic solution. It is critical, therefore, that efforts to curb Iran's nuclear ambitions and its abuses of human rights be enhanced to exert increased pressure upon the regime.

The Nuclear Iran Prevention Act of 2013 will impose harsher penalties for violations of human rights of the Iranian people. It will broaden the scope of these sanctions to make the Iranian Government more accountable for human rights violations and impose harsh penalties on financial institutions that provide aid to those who commit these violations.

This bill will strengthen existing sanctions by requiring other nations to reduce their imports of Iranian crude oil by 1 million barrels within 1 year's time, and authorizes the President to penalize foreign nationals who engage in significant trade with Iran. It also calls for an expansion of the blacklisting of industries that are strategically important to the Iranian regime.

This bill also recognizes that we cannot accomplish our goals by acting alone. It calls on the administration to work closely with our European allies to curb Iranians' financial capabilities and to provide a comprehensive U.S. strategy to weaken Iran's economy and to prevent Iran from further developing a nuclear capability.

The message that we send must be clear and unequivocal. A nuclear armed Iran will not be tolerated, and the United States will stand on the side of democracy and freedom. A clearly defined national strategy that further pressures Iran to end her nuclear ambition and strengthen economic sanctions is absolutely necessary.

I thank, again, the chairman for his leadership. I thank my colleagues for their excellent amendments, and the ranking member, and I yield back the balance of my time.

Chairman ROYCE. We go now to Mr. Rohrabacher of California.

Mr. ROHRABACHER. Thank you very much, Mr. Chairman, and congratulations to you and to Ranking Member Engel for working together and coming up with a very good package for us. This legislation focuses on exercising economic power to provide incentive for Iran's mullah regime to back away from the development of a nuclear weapon.

This legislation is a good step in the right direction, but it is not going to make us safer. At best, we will get the status quo—no nukes. To make the world safer, we must understand that the world will not be safer until the mullah dictatorship is replaced by a government that is not dedicated to destroying Israel or supporting terrorists throughout the Western world. That will require us to support those brave souls who live in Iran, who seek to change the regime in that country.

This administration has not been aggressive in supporting those who are opposing the mullah regime in Iran, and we have heard several descriptions about the last elections and how the students were pleading for help.

And they did plead for help, and America's weak response to the suppression and the brutal putdown of those students who were requesting an honest election—our actually weak response was embarrassing to us, and certainly did not in any way encourage those people who really seek democracy in that part of the world to have any faith that we would back them up in their efforts.

There are repressed—not only are there just regular Iranians and the push for democracy, but we also have to realize within Iran there is other leverage to try to come to a more peaceful regime, and that is we can support those minority groups in Iran

that also would like some independence and seek their own freedom.

There are more Kurds in Iran, for example, than there are in Iraq. There are millions upon millions of Azaris. There are Baluch in the southern part of the country and other various groups that deserve our support in their struggle against the repression of the mullah regime.

We aren't even broadcasting to Iran in their languages. We need to convince the people of Iran and of every ethnic makeup that we are on their side in their struggle for freedom. It is this struggle for freedom and its success that will make the world a safer place by replacing brutal dictators who are willing to murder their own people with people who are trying to make their country better and will live in peace and respect the freedom of other peoples in the world.

So, Mr. Chairman, this is a great step in the right direction. But if we are going to really tackle this problem, it is going to require more than just a step in the right direction. It is going to require—and a prevention of a nuclear armed Iran, but it is to require us to support those people who struggle for freedom in that country as well.

Thank you very much. I yield back the balance of my time.

Chairman ROYCE. Thank you, Mr. Rohrabacher.

We now go to Ms. Gabbard of Hawaii.

Ms. GABBARD. Thank you very much, Mr. Chairman and Ranking Member Engel, for introducing and bringing this very important bill before the committee. As a new member of the committee, I have been impressed and very encouraged by the level of bipartisanship that has been displayed in the quick progress of this important bill. And I am also proud to be a co-sponsor of the underlying measure and will be supporting it as we move it forward today.

As we have seen other attempts being made in the past to prevent Iran from acquiring a nuclear weapon, seeing the lack of progress that has been made, I am encouraged to see this bill move forward because it will add and tighten the sanctions greatly on Iran. It is absolutely vital that the United States take steps to curb Iran's progress in this direction and believe that the bill's provisions to broaden economic sanctions and target human rights violators will help to increase this pressure.

Additionally, we know that Iran and North Korea have developed a close working relationship in many of its ballistic missile programs. For constituents in my district in Hawaii, as well as places like Guam, CNMI, and Alaska, as well as our allies in the region, this is an issue of great importance.

And just as we have seen great progress and support on moving this measure forward, Mr. Chairman and Ranking Member, I hope we can also work together to move forward your bill, H.R. 1771, the North Korea Sanctions Enforcement Act, through the committee and to the floor.

The work done on this measure absolutely shows that we can come together to make progress on such important issues that we are united on and that we see our challenges facing our country,

and I look forward to being able to continue to work with you as we take a similar path on dealing with North Korea.

Thank you, Mr. Chairman.

Mr. SMITH [presiding]. The Chair recognizes Mr. Castro from Texas.

[No response.]

Mr. SMITH Mr. Keating from Massachusetts.

Mr. KEATING. Thank you, Mr. Chair. I would like to congratulate the committee on the timeliness of this important legislation, and I would also like to express my gratitude for the inclusion of a provision that Mr. McCaul and myself worked on together in a bipartisan manner.

Under our amendment, the Secretary of State is required to make a determination as to whether Iran's Revolutionary Guard Corps is a foreign terrorist organization, and, if so, to implement sanctions. However, if the Secretary should determine that the Iranian Revolutionary Guard Corps is not a foreign terrorist organization, our amendment requires that not only must the Secretary provide a report that details how he came to that conclusion, but also that sanctions currently in place against FTOs be applied to Iran's Revolutionary Guard Corps' Quds Force.

The IRGC's covert Quds Force presents a direct and immediate threat to the United States and our allies. They are responsible for some of the deadliest attacks in recent decades. Moreover, these attacks and assassinations take place outside of Iran's borders. Today they continue to support and oversee weapons deliveries to pro-Iranian factions, more recently to the Assad regime in Syria, and Hezbollah in Lebanon. In the course of just a year, the Quds Force influence has been witnessed in attempted and successful terror plots in Turkey, Pakistan, Thailand, Azerbaijan, India, Georgia, Kenya, and Bulgaria.

Subjecting the Quds Force to further sanctions can only aid our attempts to limit their resources and, in turn, the danger that they present.

So I applaud today's markup, and I applaud the important legislation that we have, and I thank the chairman and ranking member for their inclusion of this important amendment.

With that, I yield back my time.

Mr. SMITH. Mr. Lowenthal.

Mr. LOWENTHAL. Thank you, Mr. Chair. I, too, join with voices of all of my other colleagues in commending the chair, Mr. Royce, and the ranking member, Mr. Engel, for bringing forth this bipartisan measure. I think it is really important that the American public hear that under their leadership we have come together to support this legislation.

I not only believe that we have come together to support this legislation but that the administration supports this legislation and that all Americans support this legislation. Not only is it really important to Israel that we not have an Iran with nuclear weapons, but this legislation sends a message to all of the other countries of the Middle East who are also terribly threatened by an Iranian nuclear power that this shall not be tolerated, and that the United States will play a leadership role in protecting and supporting all nations of the world in moving Iran away from nuclear weapons.

I, again, want to commend the leadership for bringing us together, and I also want to support all of the amendments en bloc. And I yield back my time and thank you.

Mr. SMITH. Do any other members seek recognition?

[No response.]

Chairman ROYCE [presiding]. Do any other members, again, wish to speak on either the en bloc amendments or the underlying bill?

[No response.]

Chairman ROYCE If not, the question occurs on agreeing to the amendments being considered en bloc. All those in favor say aye.

All those opposed, no.

In the opinion of the Chair, the ayes have it, and the amendments considered en bloc are agreed to.

Before taking up other amendments, the Chair has an amendment at the desk, and the clerk will report the amendment. And I would hope, if the clerk's office could distribute the amendment as well at this time.

Ms. MARTER. Amendment to the amendment in the nature of a substitute to H.R. 850 offered by Mr. Royce of California. On page 29, line 19, strike "the date that is 90 days after such date of enactment" and insert "May 22, 2013."

[The information referred to follows:]

Royce 1

Amendment to the Amendment in the Nature of a Substitute to H.R. 850 offered by Mr. Royce of California

On page 29, line 19, strike "the date that is 90 days after such date
of enactment" and insert "May 22, 2013"

Chairman ROYCE. I recognize myself to explain the amendment. Section 205 of the bill imposes sanctions on certain transactions in foreign currencies. This section seeks to prohibit the conversion and repatriation of Iran's overseas foreign currency reserves back into Iran.

The bill authorizes the President to impose sanctions on any foreign bank involved in facilitating transactions in foreign currencies over which it does not have primary jurisdiction, on behalf of the central bank of Iran, or another designed Iranian bank.

The objective is to further enable the administration to render Iran's foreign exchange reserves inaccessible, make it impossible for those reserves to come back into Iran. This is a key provision in the bill. There are concerns that waiting for enactment would allow Iran to engage in this activity in the interim.

Therefore, this amendment changes the enactment date of the provision to today's date. This will bolster our ability to target this activity, and, most importantly, put banks on notice that as of today they will be sanctioned for helping Iran access their overseas

hard currency. And I would ask my colleagues' support on this measure.

Do any other members wish to be recognized on this amendment, on the date change?

Mr. GRAYSON. Yes. I would like to be recognized, Mr. Chairman.

Chairman ROYCE. Mr. Engel.

Mr. ENGEL. Yes. Thank you, Mr. Chairman. I agree with everything you've said about this amendment. I think it is very important that we enact it. I know that our colleague, Mr. Sherman, was working on this legislation as well, on this very important issue as well. And, again, I think this is something that is bipartisan and very, very important to be added to this bill.

I think it closes a loophole, and I urge it—I urge a yes vote for this amendment, and I yield back.

Chairman ROYCE. I thank the gentleman from New York.

We will go to Mr. Poe of Texas.

Mr. POE. Thank you, Mr. Chairman. I want to show the committee the reality of living as a political prisoner in Iran. Here we have two young men that were hung publicly for just being political prisoners opposing the Iranian Government, the little fellow from the desert, and his oppression of human rights to people of Iran. And, unfortunately, these are not the only two that were hung in Tehran in recent years for being opposed to the regime.

And I yield back. Thank you, Mr. Chairman.

Chairman ROYCE. I thank the gentleman.

We go now to the gentleman from Florida, Mr. Grayson.

Mr. GRAYSON. Mr. Chairman, I understand and agree with the principle involved here, in other words, what it is that I think that the chair is trying to accomplish through this amendment. However, this is a bill that, among other things, can be enforced by a penalty of 20 years in prison. I believe that this amendment would represent a violation of the ex post facto provision in the Constitution.

What you are contemplating here is to say that activities that take place before the enactment of this bill will become illegal upon the enactment of this bill dating back to May 22, 2013. I don't see any way to reconcile that, unfortunately, with the ex post facto prohibition in the constitution. I would point out that this provision appears not to be severable from the Act, and, arguably, puts the entire Act at risk for including it.

I was not aware of this amendment before it was offered today. I would have been happier to be able to have addressed this before today. I regret the fact that I have to raise this point at this now late date. But given the fact that I didn't see this amendment until literally 10 minutes ago, there was no earlier opportunity.

If there is some way to make this work, I would love to see this in an amendment before this bill goes to the floor. But I think putting this in the bill at this point risks torpedoing the entire bill.

Chairman ROYCE. Let me respond to the gentleman, if I could. I have no reason to expect that this bill would be implemented in a way that would be unconstitutional. However, I would be happy to work with the gentleman on this issue going forward.

In the meantime, let me recognize some of the other members that are here. Mr. Cicilline.

Mr. CICILLINE. Mr. Chairman, I would offer a friendly amendment that I think might accomplish that. If the amendment were to insert instead, "The date of enactment shall be the date upon which the legislation is passed," I think we would avoid what my friend from Florida has raised and would not give an additional 90 days, but it would happen on the day of enactment.

Mr. GRAYSON. Would the gentleman yield to me? Would the gentleman from Rhode Island yield to me?

Mr. CICILLINE. Sure. Certainly.

Mr. GRAYSON. I agree that if the penalties under this Act do not apply to any action before enactment, then the ex post facto provision has not been violated.

I yield back.

Chairman ROYCE. Again, so that the members of the committee understand the consequences, the provision in the bill, by changing this date of enactment, would enable the administration, which I believe could still utilize this tool and do it in a constitutional way, to prevent Iran during this interim period, before the legislation is finally enacted, from repatriating its overseas earnings.

And the difficulty of the situation is that in advancing this bill out of committee today there is going to be an enormous pressure inside the regime to find ways to circumvent this law. And the most effective way to do so would be to immediately begin a process through third parties of trying to figure out the repatriation scheme.

So if we stick with the amendment that I am suggesting, which would make the date—it is effective the date it is passed out of committee—we do a lot to offset the ability of the Iranian central bank to circumvent the sanctions.

But let me go to Mr. Cotton of Arkansas to recognize him for 5 minutes.

Mr. COTTON. Thank you, Mr. Chairman. I would like to speak in support of this amendment, which I had originally planned to introduce with Mr. Sherman. I am not the distinguished lawyer that the gentleman from Florida is. I only practiced for a couple of years before my skills required me to leave and join the Army as an infantry officer.

I understand concerns about the ex post facto clause as well. I do think, though, that the case law is somewhat complicated on that, and this is not final passage of the bill into law. We have several quarters left to go in this game. We have the Rules Committee, we have the floor, we have a Senate version, we will have a conference committee to address, in light of Supreme Court case law in the ex post facto clause.

I would encourage all of my colleagues to vote yes. As the chairman said, this helps indicate the intent of this committee, this Congress, to hold the Iranian regime to the strictest standards possible, and then work with committee counsel, as well as legislative counsel, to address any concerns that may or may not arise.

When I left the law and went to the infantry in Iraq, I was a platoon leader in the 101st Airborne where, as Mr. McCaul said earlier, the Iranian regime, the Quds Force in particular, were shipping in a particularly lethal kind of improvised explosive de-

vice, explosively foreign projectiles, that would kill any soldier that they hit. Our armor simply could not resist them.

I had to tell soldiers of mine that came in, when they asked about roadside bombs, to trust your armor and trust your leadership. And they asked me, "What about EFPs from Iran?" and I said, "Just hope today is not your today." That is the kind of enemy against which we are fighting this multi-front campaign. And the only thing they understand is iron will, and I think this amendment shows the iron will of the committee to stop or take all measures necessary to stop the Iranian regime from obtaining nuclear weapons.

I urge a yes vote.

Mr. GRAYSON. Will the gentleman yield?

Mr. COTTON. I will yield.

Mr. GRAYSON. Thank you. Listen, I indicated earlier that I think that this is a good idea if it were constitutional. I think it is a very dangerous precedent to set that we pass a provision that is on its face unconstitutional for the sake of showing an iron will, whatever that may mean.

On the contrary, our strength in this country comes from the fact that we are a nation of laws, and we need to respect the highest law of all. That is the Constitution.

Mr. Cicilline has suggested one potential fix for this provision. I would like to suggest another. If the chairman would consider this, I think that if we had a severance provision in this amendment, then that might potentially remedy the problem.

We would still have to deal with the possibility that the courts might rule that our severance provision is itself not severable, but, in any event, perhaps the chairman would consider this amendment to your amendment that would read as follows: "Should this provision be found unconstitutional, it is severed from the remainder of the bill."

That means that at least we have allowed for that possibility and done so in such a way so that a finding that this amendment is unconstitutional, which, frankly, I think is more likely than not, that that would not end up destroying all of the effort this committee has put into this bill.

I yield back.

Chairman ROYCE. If I could ask the gentleman from Arkansas to yield.

Mr. COTTON. Yes, I will yield.

Chairman ROYCE. Might I suggest to Mr. Cicilline, if in substitute to your amendment, if Mr. Grayson's amendment was offered, I would accept Mr. Grayson's amendment, if that—if you consider that appropriate, if you withdraw your amendment?

Mr. CICILLINE. Yes, Mr. Chairman, I will withdraw my amendment, and I will second Mr. Grayson's amendment.

Chairman ROYCE. I thank the gentleman. Let me comment that it is not without precedent, Mr. Grayson. I understand your point, but it is not without precedent in that our legislation on CISADA, and the first legislation we passed on Iran sanctions, did have this provision. But, Mr. Grayson, as you point out, later in the process that was adjusted.

Let us accept your amendment, Mr. Grayson, or why don't we go for a vote on Mr. Grayson's amendment at this time. Do you have an amendment at the desk, Mr. Grayson?

Mr. GRAYSON. I will hand it to the chair, because I am not familiar with exactly where it needs to end up.

Chairman ROYCE. We are going to ask the clerk to read the amendment. Madam Clerk. Now, what I am going to suggest, Madam Clerk, is that you read the amendment, and then the clerk's office make copies of the amendment for the members, and then we will——

Mr. GRAYSON. That is language to be added.

Chairman ROYCE. And I am going to ask that leg counsel, if you hand it to leg counsel after you read it.

Ms. MARTER. Grayson amendment to the Royce amendment to the amendment in the nature of a substitute to H.R. 850. Should this provision be found unconstitutional, it is severed from the remainder of the bill.

[The information referred to follows:]

Grayson 2° to Royce 1

Amendment to the Amendment in the Nature of a Substitute to H.R. 850 offered by Mr. Royce of California

On page 29, line 19, strike "the date that is 90 days after such date of enactment" and insert "May 22, 2013"

*2nd order amendment:
Should the provision be found unconstitutional,
it is severed from the remainder of this bill*

Chairman ROYCE. And I would ask, then, that the clerk's office make copies after review by leg counsel. I think the terminology is straightforward enough there, but we will have them review it. And we could do technical corrections later anyway, so let us make those copies.

And now I recognize for 5 minutes the gentleman from Arkansas, Mr. Cotton, on this amendment.

Mr. COTTON. Appreciate the amendment offered by the gentleman from Florida. I think a severability clause is the best way at the moment to address his concerns. One question I have, though, is, should that provision be held unconstitutional, and, therefore, severed, would we revert back to a date of enactment, or would we have no date to go into effect and, therefore, make the provision ineffective?

And I would yield to the gentleman from Florida.

Chairman ROYCE. Mr. Cotton, we would have the date of enactment as the controlling date in that case, and we will work with legislative counsel to so designate.

Mr. COTTON. I yield back the balance of my time.

Chairman ROYCE. Any other commentary on this amendment? The gentleman from California.

Mr. SHERMAN. I think this due date provision is constitutional. It does not relate to a criminal sanction so much as civil sanctions. I think that we ought to explore adding just a general boilerplate severability provision for the whole bill. That would be a standard part of many major pieces of legislation.

I don't think there is anything in the bill that is unconstitutional. I don't think any of the amendments will cause it to be unconstitutional. But I would sure hate to lose the whole bill because there was some legal argument I hadn't thought of.

Chairman ROYCE. Let me recognize Mr. Grayson from Florida for any thoughts on that resolution.

Mr. GRAYSON. Well, with regard to what the gentleman from California said, the penalties provision in the bill that we are voting on specifically refers to another Act, incorporates it by reference, and that other Act provides for a 20-year criminal penalty. So I have to respectfully disagree with the gentleman from California.

Chairman ROYCE. And if I could——

Mr. SHERMAN. I believe I was recognized for——

Chairman ROYCE. I will allow the gentleman from California to proceed.

Mr. SHERMAN. I thank the gentleman from Florida for his comments, and I think it illustrates why we should have his severability provision on this particular provision. Mr. Cotton is right that we should indicate that if for some reason the particular effective date provision is found to be unconstitutional, the date of enactment should be the replacement effective date, and that a general severability clause be added to the end of the bill.

And I thank the chairman for seeing the importance that we make sure that banks aren't rushing to "beat the deadline." Mr. Cotton and I were going to introduce an amendment very similar to the chairman's amendment, which shows that we are all thinking along the same lines.

So I think Mr. Grayson is right, Mr. Cotton is right, the chairman is right, and we can put together a bill that will both deter those banks that might try to act between now and date of enactment, and at the same time protect everything in the bill from any claim of constitutional violation.

Chairman ROYCE. If the gentleman will yield.

Mr. SHERMAN. I would yield.

Chairman ROYCE. I believe that is correct. But I am going to raise with Mr. Grayson the issue of a general severability clause, because I believe it will accomplish what he wishes to accomplish with his amendment, and, as you have suggested, Mr. Sherman, will also clarify in the case of any other provisions in the measure that might subsequently be found to be unconstitutional, that it would satisfy that concern as well.

Let me go, again, to the gentleman from Florida and ask Mr. Grayson for his thoughts on simply working with leg counsel for a vote later today on an amendment which we will have before us, Mr. Grayson, which you could be involved in helping to draft, which would be a more general provision of clarification on the severability clause.

Mr. GRAYSON. Mr. Chairman, I agree with you and the gentleman from California that a general severability clause is, in some respects, preferable to the narrow severability clause that I just drafted. I also agree with the gentleman from California and the gentleman from Rhode Island that we should try to specify what would happen in the event that a retroactive application of this provision was found unconstitutional, what the effective date would be.

So I agree with that suggestion as well. I am very agreeable today.

Chairman ROYCE. I assume that you would concur that it would be date of enactment. Very good.

Will the gentleman, then, withdraw his amendment at this time, with the understanding that we will work with leg counsel on that language as we just discussed?

Mr. GRAYSON. Well, respectfully, Mr. Chairman, I think that it is the amendment that was initially offered that should be withdrawn, with the understanding that it will be voted on as we discussed just now in some slightly altered form later today.

Chairman ROYCE. I am going to withdraw my amendment, then, also at this moment. We will consider it in a new form, which I think will be mutually agreeable to the members of the committee.

Mr. GRAYSON. Yes, Mr. Chairman.

Chairman ROYCE. All right. Let us continue. Are there any further amendments?

[No response.]

Chairman ROYCE. Mr. Grayson, I think you have an additional amendment at the desk.

All right. I am going to ask the clerk to report your amendment.

Ms. MARTER. Which amendment, Mr. Grayson?

Mr. GRAYSON. I believe we are going to start with Grayson Number 109. Is that all right, Mr. Chairman?

Chairman ROYCE. 109. Clerk, if you would read that amendment?

Ms. MARTER. Amendment to the amendment in the nature of a substitute to H.R. 850 offered by Mr. Grayson of Florida. Page 16, line 5, insert "or a foreign central bank" after "foreign financial institution."

[The information referred to follows:]

AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 850
OFFERED BY MR. GRAYSON OF FLORIDA

Page 16, line 5, insert "or a foreign central bank"
after "foreign financial institution".



Chairman ROYCE. The Chair recognizes the author for 5 minutes to explain the amendment. And let us have the amendment distributed to the members.

Mr. GRAYSON. Thank you very much. The general purpose of this amendment is to make sure that the term "foreign financial institution," as described in this legislation, and the particular provision that we discussed, which is Section 202, includes foreign central banks. I believe that the intent was to have it include foreign central banks, but it does not actually do so. Regulations that were promulgated by the administration leave the question at best cloudy.

The amendment at the desk is a simple one. It would ensure that foreign central banks are sanctioned for facilitating significant financial transactions on behalf of companies that are owned or controlled by designated Iranian nationals.

Section 202 of this bill is short and sweet. It says that if you are a foreign financial institution and helps out companies owned by the bad guys, you will be sanctioned. You, as a foreign financial institution, will not be permitted to open or maintain correspondent or payable accounts in the United States. You won't be able to receive deposits from or make payments on behalf of a foreign financial institution, and your customers will be effectively shut out of banking activities within the United States. That is exactly what we hope to accomplish in this bill.

Unfortunately, we, in drafting this initial bill, missed an extremely important group of foreign financial institutions when we defined this term. We took a shortcut. In 22 USC Section 8801(a)(5), the governing definition for the statute, we said that foreign financial institution says, what the Secretary of the Treasury says it says and means pursuant to 22 USC Section 8513. In other words, we delegated the definition to the Secretary of the Treasury.

Well, what that says is that "foreign financial institution" means whatever the Secretary of the Treasury says it means. And Secretary Geithner, when he got around to making a list of what a foreign financial institution constitutes late last year, and the Department finally published it on November 8, and published it at 31 CFR 561.308, created a long list. And it says it is not limited solely to the items on the list, but it does get so specific that it spells out

things like employee benefit plans and dealers in precious metals, stones, or jewels.

Clearly, the Treasury Department put some thought into the list. There are 17 specific entities that are singled out, but foreign central banks are conspicuously absent. And, therefore, by the delegation and law that is already in existence, it is by implication excluded from the definition of a foreign financial institution.

It is interesting that Congress, when drafting the Fiscal Year 2012 NDAA, decided to include an entire section covering foreign central banks' financial transactions for the sale or purchase of petroleum or petroleum products with Iran. In fact, other than financial institutions located in Iran, foreign central banks were the only other entities explicitly mentioned and addressed within the section to all 45 sanctions that deal with imposition of sanctions with respect to the financial sector of Iran.

The Treasury, in its own wisdom, decided to choose to gloss over those banks most directly tied to a nation in its definition of foreign financial institutions. The problem here is easy to solve. By not including foreign central banks in this section, and by not explicitly mentioning them in the Treasury CFR definition, the President, unfortunately, unless we act, will not be required by the legislation we pass today to punish nations whose foreign central banks facilitate transactions on behalf of companies owned by designated Iranians.

If President Obama or the State Department wished to ignore such actions that would otherwise lead to sanctions with regard to another financial institution, they may. They would be free to be given a free pass to any country they wish for whatever reason they wish on account of exclusion of foreign central banks from this important provision.

I would urge my fellow committee members to join me in clarifying for the President, and for his Treasury Department, and for his State Department, exactly what a foreign financial institution looks like; specifically, the fact that it includes a foreign central bank.

I urge you to join me in supporting this amendment.

Thank you. I yield back.

Chairman ROYCE. Thank you. I will attempt to articulate Treasury's position, and then I will ask Mr. Grayson if he finds these arguments compelling.

But your amendment would amend Section 202 of the bill and would have the sanctions apply to foreign financial institutions and a foreign central bank. Now, from the perspective of Treasury, central banks, as they have articulated this, already are included in the definition of foreign financial institution. Okay?

Central banks are already included in the definition of foreign financial institutions. So then you go to the definition of foreign financial institution, 561.308. The term means any foreign entity that is engaged in the business of accepting deposits; making, granting, transferring, holding, or brokering loans or credits; or purchasing or selling foreign exchange securities, commodity futures, or options; or procuring purchasers and sellers of as a principal or agent.

It includes, but is not limited to, depository institutions, banks, savings banks, money service businesses, trust companies, securities brokerages, dealers, commodity futures options brokers and dealers, forward contract and foreign exchange merchants, securities and commodities exchanges, clearing corporations, investment companies, employee benefit plans, as you pointed out, dealers in precious metals, stones, jewels, holding companies, affiliates, or subsidiaries.

Now, those that implement these laws every day tell us that a foreign central bank fits under this definition, and they point out that the term foreign financial institution, the Treasury already says includes central banks, appears very often in U.S. law.

And now here is the problem, from their perspective, on this. If you spell it out here, some say you may create confusion in the law. Lawyers will ask, why is foreign central bank noted here, but not elsewhere? So from their vantage point on this, it, in their minds, fixes a problem that doesn't exist, but may actually create a problem for them given that perspective.

I would ask the gentleman from Florida his thoughts on that.

Mr. GRAYSON. Well, I thank the chairman for spelling out an interesting and perhaps valid perspective on the amendment that has been offered. I would point out to the chairman that, with regard to the provision that we have been discussing, Section 561.308 of Title 31 of the Code of Federal Regulations, it would have been extremely simple—extremely simple—for the Secretary of the Treasury to actually include in this long, long list of institutions the foreign central banks themselves.

The Treasury Secretary chose not to do that. One could argue that at this point in saying that foreign central banks are included, when not having included it in a promulgated regulation by the Secretary himself, arguably the Secretary is speaking out of both sides of his mouth.

However, with regard to the specific language that is being discussed, I understand and I take the chairman's point that having foreign financial institutions be appended by "or a foreign central bank" could arguably imply that a foreign central bank is in fact something different from a foreign financial institution.

We are trying to make it clear that a foreign central bank is included in the definition of foreign financial institution, rather than excluded or not enumerated in the way that the Treasury has done.

So what I would suggest, if the chairman would entertain this at this point, would be instead of saying "foreign financial institution or a foreign central bank," we say "foreign financial institution, including, but not limited to, a foreign central bank."

Chairman ROYCE. I think the gentleman has devised a framework here that works. And in an abundance of caution, I think the committee is happy to accept your amendment with those changes.

Mr. COLLINS. Mr. Chair?

Chairman ROYCE. Let me recognize the gentleman from Georgia.

Mr. COLLINS. I do have a concern that just came up in listening to the gentleman from Florida. I appreciate his concern, but I am concerned even with this language you could be setting up a duality in the system here in which, one, you are setting it up as some-

thing different than a financial service, a foreign financial institution here.

I appreciate the concern that the gentleman is raising. However, at this point in time, I think by amending it to add that you are adding more confusion to this, and I would, at this point, be cautious at best of approving this moving forward, especially in light of what the chairman has spoken of as Treasury's definition of this.

I appreciate his intent and his amendment here. I am just afraid we are——

Chairman ROYCE. I appreciate the comment from the gentleman from Georgia, because he has raised an issue that perhaps the Treasury Department would like to opine on in terms of the changes in the wording. What I am going to suggest is we accept the amendment with this change, and then work with Treasury, and I will work with Mr. Grayson's office, and work with your office as well, Mr. Collins, to make certain that we end up with the intent that Mr. Grayson is laying out here in the final legislation.

Is that acceptable to you, Mr. Collins?

Mr. COLLINS. I would assume, Mr. Chairman, you are speaking of maybe before Rules? Is that when we are looking at actually adding or changing language if we are amending this bill now?

Otherwise, I would state at this point, if there becomes a need to change—I would rather err, personally, on the side of, if there is a need to change it from this, change it later, since he has raised a good point, we will ask; instead of changing it now and then going back to the process.

Chairman ROYCE. Well, Mr. Collins, I believe we are going to have multiple opportunities to change this bill, including before Rules, of course. And I think at this point we would probably be best served by accepting this amendment, working with Treasury, because, Mr. Collins, if Treasury indicates that they don't have a problem with this, then I think we have solved the problem.

Mr. COLLINS. Mr. Chairman, I will defer to your wisdom.

Mr. SMITH. Mr. Chairman?

Chairman ROYCE. Yes. Appreciate that.

We will go now to Mr. Smith of New Jersey.

Mr. SMITH. And I do think if we factor in all of this, if we were to construe this to be a restatement, which Treasury seems to indicate it is, it would avoid, I think, some of the unwitting consequences you alluded to, so a restatement of what is already current law.

Chairman ROYCE. Without objection, the committee will now consider the amendment to the amendment in the nature of a substitute to H.R. 850 offered by Mr. Grayson of Florida, as modified by Mr. Grayson.

[The information referred to follows:]

AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 850
OFFERED BY MR. GRAYSON OF FLORIDA

~~Page 16, line 5, insert "or a foreign central bank"~~
~~after "foreign financial institution".~~



As amended by Grayson 2nd degree amendment:

Page 16, line 5, after "foreign financial institution" insert ", including
but not limited to a foreign central bank,".

Chairman ROYCE. All those in favor please signify by saying aye. All those opposed? Without objection, in the opinion of the Chair, the ayes have it and we will proceed to the next amendment. Are there other amendments to be offered?

Mr. COTTON. Mr. Chairman.

Chairman ROYCE. Mr. Cotton for an amendment.

Mr. COTTON. I would like to call up Cotton-2.

Chairman ROYCE. Chair reserves a point of order and recognizes the author for 5 minutes to explain the amendment.

Well, Clerk, would you read the amendment?

Ms. MARTER. Amendment to the amendment in the nature of a substitute to H.R. 850 offered by Mr. Cotton of Arkansas. Page 13, line 4, strike "180 days" and insert "60 days". Page 14, line 15, strike "180-day" and insert "60-day". Page 14, line 18, strike "180-day" and insert "60-day".

[The information referred to follows:]

Cotton 2

AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 850
OFFERED BY MR. COTTON OF ARKANSAS

Page 13, line 4, strike "180 days" and insert "60 days".

Page 14, line 15, strike "180-day" and insert "60-day".

Page 14, line 18, strike "180-day" and insert "60-day".

Chairman ROYCE. Mr. Cotton.

Mr. COTTON. Thank you, Mr. Chairman.

This is a relatively straightforward amendment. Section 201 of the underlying text provides for sanctions against persons engaged in certain significant non-oil international trade with Iran, unless that trade falls significantly in 180 days.

My amendment would simply change that period from 180 days to 60 days. I believe that this information is largely known. The fact that this Congress is pursuing more sanctions against Iran is largely known. The opportunities to reduce trade are significant and straightforward, and simply put, if you don't want to be sanctioned by the United States don't engage in trade with a theocratic tyranny.

I yield back the balance of my time.

Chairman ROYCE. Do any other members seek recognition on Mr. Cotton's amendment?

Okay. The Chair withdraws the point of order. Hearing no further requests for recognition, the question occurs on the amendment. All those in favor say aye.

Mr. GRAYSON. Mr. Chairman, I'd like clarification of what we're voting on right now, if you don't mind.

Chairman ROYCE. Absolutely. Cotton-2 is the amendment before us, and I think we have that amendment—I think that amendment has been distributed.

Mr. GRAYSON. Yes. Thank you, Mr. Chairman.

Chairman ROYCE. All those in favor please signify by saying aye. Opposed? In the opinion of the Chair, the ayes have it, and the amendment is agreed to.

Are there any other amendments? Mr. Grayson, I think you have another amendment at the desk, and in the interim I'm working on the amendment that I've offered with your suggested change.

Mr. GRAYSON. Thank you, Mr. Chairman.

Chairman ROYCE. So, if we could go to your amendment, that would be appropriate.

Mr. GRAYSON. Yes, I have other amendments. My understanding is that the chair is calling the amendments in an order decided by the chair, so I will go ahead with one of these amendments at this point.

Mr. Chairman, I'm calling Grayson-102.

Chairman ROYCE. Madam Clerk, could you report the amendment?

Ms. MARTER. Amendment to the amendment in the nature of a substitute to H.R. 850 offered by Mr. Grayson of Florida.

Chairman ROYCE. Let's distribute the amendment.

Ms. MARTER. Page 14, beginning on line 11, strike "of goods" and all that follows through line 13 and insert the following: "of both— (A) goods and services between such country and Iran; and (B) petroleum and petroleum products between such country and Iran."

[The information referred to follows:]

**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 850
OFFERED BY MR. GRAYSON OF FLORIDA**

Page 14, beginning on line 11, strike "of goods" and
all that follows through line 13 and insert the following:
"of both—

“(A) goods and services between such
country and Iran; and

1 “(B) petroleum and petroleum products
2 between such country and Iran.”.



Chairman ROYCE. Mr. Grayson is recognized for 5 minutes.

Mr. GRAYSON. Thank you, Mr. Chairman.

There's a provision in this bill that I was uncomfortable with for a specific reason, and this amendment was intended to address that.

The basic problem here is that we are through this bill trying to implement a 1-million-barrel-per-day reduction in Iranian oil exports that would be divided among the five remaining countries that import Iranian oil.

There is no guidance in the bill itself about how that is to be allocated among those five except for the fact that each one has to make a significant reduction. And if one makes a significant reduction, then arguably the President can allow those imports to continue even if the 1-million-barrel-a-day reduction is not reached.

We drafted this amendment, Grayson-102 in order to try to address that with the idea that we would try to put some teeth into this reduction by making it pro rata. There were very extensive, and I think productive discussions between my staff and the committee staff which, unfortunately, did not reach a conclusion that I'm comfortable with.

I think the problem with the bill remains; however, I think that the best course right now is to ask the chairman's indulgence to withdraw this amendment and to see whether we can continue this

conversation so that we reach some productive conclusion with the hope that the chairman will entertain some inclusion of this type of amendment in the manager's bill if this bill—the manager's amendment if this bill reaches the floor.

Chairman ROYCE. If the member is willing to withdraw the proposed amendment then I'm prepared to work in good faith to see that we can try to incorporate, perhaps, some of these—this provision in our committee report or through the other committees of referral to address the member's stated concerns.

Mr. GRAYSON. Then, Mr. Chairman, I withdraw the amendment.

Chairman ROYCE. I thank the gentleman for withdrawing the amendment.

Are there any other amendments? Mr. Cotton.

Mr. COTTON. Mr. Chairman, I'd like to call for Cotton Amendment 7.

Chairman ROYCE. Madam Clerk.

Ms. MARTER. Amendment to the amendment in the nature of a substitute to H.R. 850 offered by Mr. Cotton of Arkansas. Page 7, line 16, after "paragraph (1)" insert "and any family member of such official (to include a spouse and any relative to the third degree of consanguinity)". Page 9, line 5, after "official" insert "and any family member of such official (to include a spouse and any relative to the third degree of consanguinity)". Page 9, line 12, after "official" insert "and any family member of such official (to include a spouse and any relative to the third degree of consanguinity)".

[The information referred to follows:]

**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 850
OFFERED BY MR. COTTON OF ARKANSAS**

Page 7, line 16, after "paragraph (1)" insert "and any family member of such official (to include a spouse and any relative to the third degree of consanguinity)".

Page 9, line 5, after "official" insert "and any family member of such official (to include a spouse and any relative to the third degree of consanguinity)".

Page 9, line 12, after "official" insert "and any family member of such official (to include a spouse and any relative to the third degree of consanguinity)".



Chairman ROYCE. Mr. Cotton is recognized for 5 minutes.
Mr. COTTON. Thank you, Mr. Chairman.

I did not introduce this amendment to tongue tie the clerk of the committee, but to fix what I think is a potential gap in our sanctions regime.

Section 102 imposes sanctions for persons responsible for Human Rights violations, for engaging in censorship or otherwise diverting goods designated for common Iranian people to their own purposes. I think that's very important.

The whole point of the section is to impose financial pain and hardship on those malefactors, people listed in the section like the Supreme Leader of Iran, and the President, and so on and so forth. However, I think it is pointless if we let them simply divert assets and income to relatives, so this amendment would also add to the list of sanctions anyone married to those persons or to the third degree of consanguinity which in plain English are parents, children, aunts, uncles, nephews, nieces, grandparents, great-grandparents, grandkids, great-grandkids.

We've seen tyrants around the world use family members to evade sanctions regime. You only need mention the name Suha Arafat to understand what I am talking about, and I urge the committee to support the amendment.

Chairman ROYCE. Any other members wish to speak on this amendment? Mr. Castro.

Mr. CASTRO. I have a question for Congressman Cotton, if you would allow me.

Mr. COTTON. Yes.

Mr. CASTRO. Congressman, under your amendment, if they're trying to funnel resources to family members, how would we investigate and come to that conclusion?

Chairman ROYCE. Mr. Cotton, you're recognized.

Mr. COTTON. There would be no investigation. If the prime malefactor of the family is identified as on the list for sanctions, then everyone within their family would automatically come within the sanctions regime, as well. It would be very hard to investigate and demonstrate through conclusive proof, and I think that we would leave a gaping loophole if we didn't adopt this amendment.

Mr. CASTRO. Thanks.

Chairman ROYCE. Mr. Grayson.

Mr. GRAYSON. Mr. Chairman, again, we all understand the underlying purpose of this bill, and we all, I think, will be found to be in favor when the final vote comes, but in this case an amendment is being offered literally to allow the sins of the uncles to descend on the nephews.

Again, this is a bill that provides for a prison term of 20 years potentially for people who violate this bill. The amendment that's being offered doesn't even indicate a requirement of knowing violation.

Again, my conception of the due process provision in the Fifth Amendment to the Constitution does not comport with this amendment. I will vote against it if it comes to a vote. And, also, I hope that we do now have a provision in the bill that indicates that there's severability at every provision in this bill if this provision is incorporated in the bill because I really question the constitutionality of a provision that punishes nephews on account of the actions of uncles.

I yield back.

Mr. COTTON. Iranian citizens do not have constitutional rights under the United States Constitution. I sympathize with their plight if they are harmless, innocent civilians in Iran. I doubt that that is often the case, and the stakes of this bill in our confrontation with Iran could not be any higher.

Chairman ROYCE. Here's the suggestion I'm going to make, if the gentleman would yield.

Mr. COTTON. Yes.

Chairman ROYCE. We are familiar with past activities of sanctions on Human Rights abusers who then utilized family members in order to circumvent the sanction either by carrying cash out of the country, or similar examples.

With the gentleman's acquiescence, what we'd like to do is work with you on this amendment in concept but refine the language going forward since we will have the opportunity to do that, and we have one of two options here; to have you withdraw the amendment, or if it's acceptable to Mr. Grayson, I will take the amendment as worded and work going forward with the gentleman from Florida and the gentleman from Arkansas to address the concept but do it in a way which is a little more refined.

Let me ask, if I could; Mr. Cotton, your amendments are pending. Would you yield time to the gentleman from Florida for a minute so he might respond to the suggestion that I've just suggested?

Mr. COTTON. Yes, sir, I will yield.

Mr. GRAYSON. Thank you. I agree that relatives who are knowingly involved in a way that intentionally subverts the sanctions that are being discussed here are people who should be punished to the extent the Constitution permits that. And I would be happy to see such a provision that comports with the Constitutional limitations in this bill when one is drafted.

I respectfully submit that this provision does not comport with those limitations.

Chairman ROYCE. Let me suggest then, if you withdraw at this time, Mr. Cotton, that we work with legislative counsel in the interim and see if we cannot at this time develop language which will address this issue and maybe refine the definition.

I am suggesting that we have the vote on the markup today, but I'm suggesting that the amendment before us might be rewritten in a way in short here with leg counsel's assistance that would allow it to move forward without objection.

Mr. COTTON. Is the——

Chairman ROYCE. Let me——

Mr. COTTON [continuing]. Is the procedure you're proposing that we work on the amendment in the coming hours and we have a vote later?

Chairman ROYCE. Yes, sir. That was my suggestion. I would sooner get this done now rather than later in terms of trying to refine the amendment. That was my suggestion. And if you'll indulge me for a moment, I'd like to recognize Mr. Vargas for 5 minutes for his observations.

Mr. VARGAS. Thank you very much, Mr. Chair.

I think what Congressman Cotton's attempting to do is very important. I think what he's attempting to do is to make sure that it's not circumvented through a family member. I think that's the point, and I think the point is well made.

How to get there, I think, is the issue that we're discussing, and I think maybe some more time in drawing it up in a way that is Constitutional, but I think he has a very valid point. It would be easily circumventable if it just simply was money being transferred to a son. It's not the sin of the father being transferred to the son, it's the common sin of all, you know, the circumventing of the law.

I think that's what you're attempting to do, and I think that's a very important aspect of this, and I would support that. How you achieve that, I think, is something that we could discuss, but I think the point is well made.

Chairman ROYCE. Mr. Cotton.

Mr. COTTON. I'm happy to follow the procedure you just proposed that we work on language of the amendment in the coming minutes and hours, and then have a final vote on a revised version later, but there is substantive matters here when we're working on the language, and I am still somewhat confused about the gentleman from Florida's Constitutional concerns given that we're not talking about American citizens.

Second, I am worried that if we include any kind of mens rea provision like knowing then how is the United States Government going to prove what was and was not a knowing transfer inside the Iranian regime that has an ironclad grip on information. The money may not ever have to be transferred, it may be provided directly from vendors or other people who are offering bribes to senior officials, to children, or spouses, or parents and so forth. But I am certainly willing to work on the language.

Mr. KINZINGER. Will the gentleman yield for a second?

Mr. COTTON. Yes, I will yield.

Mr. KINZINGER. I just want to add to that. I really like what you're doing. I'm confused, frankly, at why we're talking about Constitutional rights in this process when it comes to, frankly, enemies of the United States.

From my understanding, Constitutional rights are earned by and granted to U.S. citizens, so I would hope, Mr. Chairman, as we do go forward in this, if this is something we can rectify, if this is a big difference between us in terms of saying to Iranian citizens or foreign citizens have the same Constitutional rights as Americans, that's something that we probably ought to have a substantive debate about. So, I yield back.

Mr. GRAYSON. Will the gentleman yield? Will the gentleman yield?

Mr. COTTON. Yes, I will yield.

Mr. GRAYSON. Thank you. The law is perfectly clear on this subject.

This is a bill that is enforced through sanctions that are enforced and instituted by the U.S. Government regardless of whom they're directed against, whether it's Iranian citizens, U.S. citizens, or anyone else.

When the government enforces this provision it either institutes a civil fine, or it institutes a criminal penalty. Every criminal de-

fendant in our system is entitled to the Constitutional rights including, among others, the right under the Fifth Amendment to due process of law.

Honestly, this matter has been resolved through Supreme Court decisions that go back literally decades. I understand that certain members on the other side of the aisle wish to make some kind of point that citizenship conveys Constitutional rights that non-citizens don't have, but I assure them that it's a matter that's been resolved many, many years ago by the U.S. Supreme Court that every criminal defendant, regardless of citizenship, is covered by the Fifth Amendment to the Constitution.

I yield back.

Mr. COTTON. And I assure the gentleman that anyone who is targeted for sanctions has those due process rights. You are conflating that person, though, and the Iranian citizens that are supposedly not receiving knowledge of these transfers.

Iranian citizens do not have due process rights under our Constitution; certainly, the spouses, or the children, or the siblings of the worst most evil members of that regime. If we specify someone who has—is on a sanctions list that does not violate the due process rights of any company or any person outside of Iran who is an American citizen, who is entitled to due process rights, of those due process rights.

Mr. GRAYSON. Will the gentleman yield?

Mr. COTTON. I would be happy to.

Mr. GRAYSON. If the gentleman is seriously suggesting that a grandchild of a high Iranian public official is subject to sanctions, including 20 years of imprisonment under our laws and our Constitutions, all I can say is that the gentleman is completely mistaken, completely and utterly mistaken. And, frankly, the fact that you would even entertain the possibility that we would put such people in jail in the United States, that we would imprison them in the United States shows that the gentleman may not well understand the Fifth Amendment to the Constitution and underscores my concern.

Chairman ROYCE. Mr. Cicilline.

Mr. CICILLINE. Thank you, Mr. Chairman.

I think there's something very fundamental that's being misinterpreted here. I think the legislation already covers anyone who conspires, or assists, or participates in any prohibited activity. It's already covered.

What your amendment would do, ultimately, is say if someone—and this is the persons who are designated to be on a list of individuals subject to sanctions. So, what it says is if you have, in fact, been identified as a high-level Iranian official or engaged in prohibited activities you could be subject to sanctions. And your amendment says, and so can your children and great-grandchildren.

It's not a question of unconstitutional, it's a question of do we want to use the appropriately severe sanctions to impose upon someone who, in fact, has not engaged in prohibited activity. And I think the answer is no, that we actually do want to make sure that these sanctions work, that they severely impose penalties on people engaged in prohibited activity. If there are children, or grandchildren, or nephews who in any way participate in that and

conspire to participate, facilitate they're already covered by the Act. To simply say because you are related that you are subject to criminal penalties, it seems to me that we—no one would want to do that.

I don't think that's your intention, so I would just urge you in drafting the language to maybe reaffirm that, you know, what I think is already in here, that if, in fact, they have engaged or assisted in the facilitation of a prohibited activity, they will have violated the Sanctions Act themselves, so they're already covered. But simply to say you're subject to these criminal and civil penalties simply because you're related to someone who is engaged in that behavior would not be something that we would want to do.

Mr. GRAYSON. Will the gentleman yield?

Mr. CICILLINE. Yes.

Mr. GRAYSON. Thank you. I agree with the gentleman wholeheartedly, the existing provisions in the bill cover conspiracy to violate the bill. Clearly, the scenario that's been provided or suggested by the offeror of this amendment is covered when, in fact, there's a conspiracy to violate the bill already without any amendment being required.

I'd also mention that apart from the due process limitations in the Constitution, the Constitution specifically provides that people are not subject to punishment because they are related to other people. Thank you.

I yield back.

Mr. COTTON. Will the gentleman yield?

Chairman ROYCE. Let me recognize the gentleman from Arkansas, but I would ask that you yield to me for a minute to make an observation.

Mr. COTTON. I will yield to the chair.

Chairman ROYCE. We know, Mr. Cotton, from past experience that we do indeed have a problem with family members trying to circumvent sanctions. And I can think of two examples in particular in which a spouse was able to transfer money out of the country, despite the fact that in one case, there was subsequently conviction for crimes against humanity in the International Criminal Court. So this is, in fact, a challenge in terms of trying to figure out how we have those who are subject to sanctions not circumventing those sanctions.

I suspect there is a way to draft this amendment, to refine this amendment so as to address that issue but also to do it in a way that meets some of the concerns of Mr. Cicilline as well as Mr. Grayson. And so if we could ask you to withdraw and work with leg counsel, it is possible that we would be able to get that refinement of this legislation.

One way or the other, I would like to proceed with an amendment that would address this issue, but I think you could probably do it in a way which garners greater support.

Mr. COTTON. Thank you, Mr. Chair.

As I indicated, I am happy to do that. I am glad that the gentleman from Rhode Island agrees this is not a matter of constitutional law but a matter of taking prudential preventive measures.

I think Mr. Grayson has raised at least one hypothetical in which my amendment could be over-broad if someone in the third degree

of consanguinity has naturalized and become an American citizen. And that is one example of how we could welcome this amendment.

With that, I am happy to yield back the balance of my time and withdraw the amendment and begin that work.

Chairman ROYCE. I appreciate the gentleman's work. And if we could designate leg counsel to work with you today, then before the final vote, we will probably have that amendment in order.

If I could go now to Mr. Grayson? I think you have a couple of additional amendments at the desk.

Mr. GRAYSON. Yes. Mr. Chairman, I call for amendment number 104. And I have that amendment at the desk.

Chairman ROYCE. Clerk, would you report the amendment and distribute as well? Thank you.

Ms. MARTER. Amendment to the amendment in the nature of a substitute to H.R. 850 offered by Mr. Grayson of Florida. Page 17, after line 16, insert the following: (1) by inserting "value and" before "volume"; page 17, lines 17 and 19, redesignate paragraphs (1) and (2) as paragraphs (2) and (3), respectively.

[The information referred to follows:]

**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 850
OFFERED BY MR. GRAYSON OF FLORIDA**

Page 17, after line 16, insert the following:

1 (1) by inserting "value and" before "volume";

Page 17, lines 17 and 19, redesignate paragraphs

(1) and (2) as paragraphs (2) and (3), respectively.



Chairman ROYCE. Mr. Grayson, you are recognized for 5 minutes to explain your amendment.

Mr. GRAYSON. Thank you.

Mr. Chairman, this is a result of what were highly productive conversations between our staff and your staff that did not quite reach the conclusion that we were looking for. And at this point, we are looking for a very minor modest modification to the language that has to do with the fact that the price of oil fluctuates. This is something that I think everybody on the committee and everybody who fills a tank of gas in his car, it is a fact that they are familiar with.

In this situation, what we have is a commitment to the reduction of the volume in Iranian oil that is imported by five remaining countries who import Iranian oil but not a reduction in the value. So, for instance, let's say that it, unfortunately, happens that the price of oil triples in the next 12 months while we are trying to impose these sanctions. If we simply allow a continuation of the exist-

ing volume, then the income to Iran from these oil exports will triple. In that situation, the purpose of these sanctions would be utterly defeated because Iran would have more money, more oil money, to use in order to continue its nuclear program.

Our solution to addressing that problem is simple. We would say that the sanctions require a reduction not only in the volume of oil but also in the value of oil. And so we propose simply to add the words "value and" to the word "volume" in order to prevent that scenario.

Now, you will note, Mr. Chairman, that the opposite is not true. If the value of oil were to decline, let's say, the price of oil were to decline, by two-thirds during this 1-year period that we are imposing these sanctions, it, nevertheless, would remain true that the volume limitation would continue to bite.

So here by this amendment, we end up with the best of both worlds. If the value of oil, the price of oil, goes up, then by adding this language, we prevent the Iranians from benefitting from that. If the price of oil goes down, then the existing language protects us and makes sure that these sanctions continue to have bite. That is the purpose of this simple amendment. It is only two words.

I yield back.

Mr. CHABOT [presiding]. The gentleman yields back. Do any other members seek time to speak on the amendment?

[No response.]

Mr. CHABOT. If not, speaking on behalf of the chair, I think we are in a position to accept the gentleman's amendment. Hearing no further requests for recognition, the question occurs on the amendment.

Excuse me. The gentleman from Florida seeks recognition. The gentleman is recognized for 5 minutes.

Mr. DEUTCH. Thank you.

I just have a question for my friend from Florida. I just want to understand. If the price of oil goes up, does that mean that the reduction in the volume can be less than it would have been before in order to—how do you prioritize? If you could just walk through what would happen if the price goes up?

Mr. GRAYSON. The reduction in the oil would be more, not less, under that scenario because what this does is it limits Iran to a reduction in total income. So, for instance, in the scenario that I believe that the gentleman from Florida is describing, let's say hypothetically the price of oil doubled.

In that case, the target for reduction in Iranian oil exports would actually be increased. And the oil exports themselves would be decreased as a result. So by adding this language, what we are ensuring is that fluctuations in the price of oil do not accrue to the benefit of Iran and implicitly weaken the sanctions that we are trying to impose here.

Does that answer the gentleman's question?

Mr. DEUTCH. I thank my friend. If oil spiked to \$150 a barrel, if the gentleman from Florida could just walk through what would happen without having "greater of" language or something that requires that we take the biggest bite possible, my concern is that if the price of oil spikes, that you can use the value piece, satisfy

the value piece, but ultimately not impact the volume as significantly.

I am struggling my way through this. I have not seen it before.

Mr. GRAYSON. Well, will the gentleman yield?

Mr. DEUTCH. Of course.

Mr. GRAYSON. All right. Thank you. I will try to explain this further. Under section 203(a), we are dealing with exceptions to the applicability of sanctions. So we are dealing with the scenario under what conditions can the President say that an exception can be made and that oil imports by a foreign country can continue without sanctions under this act?

So what we are doing is we are applying an alternative test. The President has to determine that both, both the value and the volume, have decreased before he can issue if he wants to issue an exception to the applicability of the sanctions. If the volume has decreased but the price of oil goes up, then the value has increased. And that would defeat the purpose of these sanctions.

So what we are saying is for the President to make an exception, both the value and the volume have to decrease. That is why we use the word "and."

Mr. DUNCAN. Will the gentleman from Florida yield?

Mr. DEUTCH. Yes.

Mr. DUNCAN. I think by using the word "and," you are putting two values, so to speak, in place that both have to happen in order for the sanction to kick in. I am troubled by the word and the use of "and," "volume and value." I would be more comfortable with an amendment that used the word "or" so we would have an either/or situation. The word "and" troubles me, and I would oppose this amendment because of that.

Mr. GRAYSON. Will the gentleman yield?

Mr. DUNCAN. I will.

Mr. GRAYSON. Okay. Again, what we are doing here is we are looking at an amendment to page 17 of the current draft, the amendment and the alternative that substitutes for the entire bill. And, again, we are not judging under what circumstances the sanctions are imposed. Quite the opposite, we are judging under what circumstances the sanctions are excepted. They are relaxed. We are judging under what circumstances the President has the authority to say that oil imports by a foreign country can continue.

And, therefore, I think the gentleman actually would be right if we were talking about under what circumstances the sanctions apply. Actually, we are talking about under what circumstances the sanctions are accepted. And, therefore, it makes eminent sense, I think, to have both a value test and a volume test. Otherwise, if the price of oil increases, as I indicated before, the President will have the authority to exempt a foreign country as long as they decrease their volume but don't decrease their value.

Mr. DEUTCH. I am reclaiming my time. I thank my friend from Florida. I thank my friend for explaining that. I think "and" actually, the use of the word "and" actually, makes it tougher. I appreciate him walking through that, and I will—

Mr. DUNCAN. Will the gentleman yield back? I agree with you. It has been clarified now. So I will retract my earlier statement. I yield back.

Mr. DEUTCH. Okay. So I yield back my time.

Mr. CHABOT. All right. The gentleman's time has expired. Do any other members seek recognition?

[No response.]

Mr. CHABOT. If not, the question occurs on the amendment. All those in favor say aye.

[Chorus of ayes.]

Mr. CHABOT. All those opposed say nay.

[No response.]

Mr. CHABOT. It appears the ayes have it, and the amendment is agreed to.

Do any other members seek recognition for the purpose of offering an amendment? The gentleman from Florida is recognized.

Mr. GRAYSON. Thank you. Mr. Chairman, I have an amendment at the desk. It is amendment Grayson 111.

Mr. CHABOT. The clerk will read the amendment.

Ms. MARTER. Amendment to the amendment in the nature of a substitute to H.R. 850 offered by Mr. Grayson of Florida. Redesignate section 305 as section 306. Insert after section 304 the following new section: Section 305. Amendment to Definitions of "Significant Reduction" under Section 1245 of the National Defense Authorization Act for Fiscal Year 2012. Section 1245(h)(3) of the National Defense Authorization Act for Fiscal Year 2012 (22 U.S.C.—

[The information referred to follows:]

**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 850
OFFERED BY MR. GRAYSON OF FLORIDA**

Redesignate section 305 as section 306.

Insert after section 304 the following new section:

1 **SEC. 305. AMENDMENT TO DEFINITIONS OF "SIGNIFICANT**
2 **REDUCTION" UNDER SECTION 1245 OF THE**
3 **NATIONAL DEFENSE AUTHORIZATION ACT**
4 **FOR FISCAL YEAR 2012.**

5 Section 1245(h)(3) of the National Defense Author-
6 ization Act for Fiscal Year 2012 (22 U.S.C. 8513a(h)(3))
7 is amended by striking "price or volume" and inserting
8 "price and volume".



Mr. CHABOT. Without objection, the amendment will be considered as read. The gentleman from Florida is recognized.

Mr. GRAYSON. Mr. Chairman, this amendment simply applies the same principle as the amendment that we just passed to a different section of the bill.

I yield back.

Mr. CHABOT. The gentleman yields back. Are there any other members who seek recognition?

[No response.]

Mr. CHABOT. As the chair had previously indicated, he would support this amendment as well. If no one else seeks recognition, the question occurs on the amendment. All of those in favor will say aye.

[Chorus of ayes.]

Mr. CHABOT. All those opposed say nay.

[No response.]

Mr. CHABOT. It appears the ayes have it. The ayes have it, and the amendment is agreed to.

Do any other members seek recognition for the purpose of offering an amendment? The gentleman from Florida, Mr. Grayson, is recognized for the purpose of offering an amendment.

Mr. GRAYSON. Mr. Chairman, this is the last amendment that I will offer before the committee today. And the crowd cheered. [Laughter.]

Do I hear any amens?

[Chorus of amens.]

Mr. GRAYSON. Amen. Amen. I am sure that pleases everybody as much as it pleases me.

[The information referred to follows:]

**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 850
OFFERED BY MR. GRAYSON OF FLORIDA**

Redesignate section 305 as section 306.

Insert after section 304 the following new section:

**1 SEC. 305. AMENDMENT TO DEFINITIONS OF “SIGNIFICANT
2 REDUCTION” UNDER SECTION 1245 OF THE
3 NATIONAL DEFENSE AUTHORIZATION ACT
4 FOR FISCAL YEAR 2012.**

5 Section 1245(h)(3) of the National Defense Author-
6 ization Act for Fiscal Year 2012 (22 U.S.C. 8513a(h)(3))
7 is amended by adding at the end before the period the
8 following: “and at least a pro rata amount totaling, in the
9 aggregate, not less than an average of 1,000,000 barrels
10 of crude oil per day by the end of the 1-year period begin-
11 ning on the date of submission of the strategy described
12 in subsection (d)(4)(E)(ii)”.



Mr. GRAYSON. With this amendment, again, I find myself drawn to the definition of a significant reduction under the previous sanctions passed, Fiscal Year 2012, NDAA. And I think it is really important to get this right because it is the underpinning of the mechanism by which the remaining five countries that purchase oil from Iran receive exemptions from losing their access to the American banking system.

How we define what it means to significantly reduce in section 1245 of the Fiscal Year 2012 NDAA, how we define the term “significantly reduce” directly impacts the measurements used when determining compliance for the sake of granting exemptions.

It is important to note that under the current soft standard in place, every importer of Iranian oil has received an exemption from the sanctions that are available to be levied pursuant to section 1245. If we really expect these sanctions to bite, I think we have to change that. It is time. The time has come to review these standards and make them firm.

Currently the definition of significant reduction in the statute is as follows: “The terms ‘reduce significantly,’ ‘significant reduction,’ and ‘significantly reduced’ with respect to purchases from Iran of

petroleum and petroleum products includes a reduction in such purchases in terms of price or volume toward a complete cessation of such purchases.”

So, just to be clear about this, the statute does not provide for any amount any percentage any standard other than to say it is a reduction toward a complete cessation. One could say that you can go from 100 percent down to 99.99 percent and that is a reduction toward complete cessation that allows the administration to exclude these countries. Basically what it says is just reduce your purchases downward without any specific requirement.

Frankly, that is not good enough. Mr. Chairman, I commend you and your staff for the work that you put into this bill and for what I view to be the first real attempt at benchmarking what a significant reduction looks like in terms of the number of barrels of crude oil that must be reduced.

On pages 19 and 20 of this bill, you have taken the bold step of setting a hard mark of a reduction of at least an average of 1 million barrels of crude oil per day by the end of a 1-year period. Seeing that this was a figure that this committee could support, my search for finding a benchmark for what significant reductions look like in the real world was over. You have provided it in this amendment in the nature of a substitute.

My amendment does nothing more than to tie the rest of section 1245 to the new benchmark that you drafted by adding the 1 million barrel of crude oil figure to the definition of significant reduction.

Section 1245, again, governs the imposition of sanctions with respect to the financial sector of Iran and the governance of petroleum transactions with Iran. It is so crucial that there be an explicit mention of it in the rule of construction located on page 13 of this bill.

I think it is only appropriate to merge the new law that we will be creating here today with the existing law. And I feel that we should leave no doubt as to what a significant reduction will look like going forward. It looks like a reduction on the average of 1 million barrels of crude oil per day that applies for all five of these countries individually. And that is exactly what this amendment attempts to do.

With that, Mr. Speaker, I thank you for the time and for your important work on this important bill.

Chairman ROYCE [presiding]. Well, I want to thank the gentleman from Florida. And if I could recognize myself for 5 minutes? I just want to express my appreciation for your contribution to this measure. I think I certainly support this amendment.

Are there any other members who would like to speak on this amendment before the body?

[No response.]

Chairman ROYCE. If not, the question is before the committee. All those in favor signify by saying aye.

[Chorus of ayes.]

Chairman ROYCE. All those opposed, no.

[No response.]

Chairman ROYCE. In the opinion of the Chair, the ayes have it, and the amendment is agreed to.

We are in the process of having received back from leg counsel the language, the severability language, of making copies for the members and distributing that to the members, as Mr. Grayson and others have an opportunity to review that language. We will recess for 10 minutes.

[Brief recess.]

Chairman ROYCE. We are going to reconvene the committee, the markup, at this time. I am going to ask the members to please take your seats. And the Chair recognizes himself to offer a new effective date and severability amendment offered by me, Mr. Engel, Mr. Cotton, and Mr. Sherman, which all the members have at their desks. The clerk will report the amendment.

Ms. MARTER. Amendment to the amendment in the nature of a substitute to H.R. 850 offered by Mr. Royce of California, Mr. Engel of New York, Mr. Cotton of Arkansas, and Mr. Sherman of California. Page 29, beginning on line 19, strike “the date that is 90 days after such date of enactment” and insert “May 22, 2013.”

At the end of title III add the following: Section 306. Severability. (a) In general—if any provision of this act, or the application of such provision to any person or circumstance, is found to be unconstitutional, the remainder of this act, or the application of that provision to other persons or circumstances, shall not be affected. (b) Effective date—

[The information referred to follows:]

AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 850

OFFERED BY MR. ROYCE OF CALIFORNIA

Mr. Engel of New York, Mr. Gibson of Arkansas, and Mr.

Page 29, beginning on line 19, strike "the date that is 90 days after such date of enactment" and insert "May 22, 2013".

Sherman of California

At the end of title III add the following:

1 SEC. 306. SEVERABILITY.

2 (a) IN GENERAL.—If any provision of this Act, or
3 the application of such provision to any person or cir-
4 cumstance, is found to be unconstitutional, the remainder
5 of this Act, or the application of that provision to other
6 persons or circumstances, shall not be affected.

7 (b) EFFECTIVE DATE UNDER SECTION 205.—If sub-
8 section (d) of section 205 is found to be unconstitutional
9 in accordance with subsection (a), the amendments made
10 by such section 205 take effect on the date of the enact-
11 ment of this Act and apply with respect to transactions
12 entered into on or after such date of enactment.



Chairman ROYCE. Without objection, the amendment will be considered as read. And let me yield myself some time to just share with the members that we were pleased to work with Mr. Grayson and with other colleagues to work out the language, which I think was mutually acceptable. And I would ask if any members wish to speak now on the amendment.

[No response.]

Chairman ROYCE. Mr. Grayson, I will acknowledge your time. Five minutes.

Mr. GRAYSON. Thank you very much, Mr. Chairman. I think that this shows the process worked extremely well. I appreciate the chairman's consideration. I am very happy with the result.

Thank you again. I yield back.

Chairman ROYCE. Thank you, Mr. Grayson. Hearing no further requests for recognition—

Mr. COLLINS. Mr. Chairman?

Chairman ROYCE. Mr. Radel?

Mr. COLLINS. No. Collins.

Chairman ROYCE. Mr. Collins?

Mr. COLLINS. Just a clarification. And I know—because there was a lot of amendments going on while this was written. And I know this—you are adding section 306. And a couple of Mr. Grayson's amendments redesignated 305, added a 306 in this process. So——

Chairman ROYCE. Well, this particular amendment addresses the severability issue.

Mr. COLLINS. I understand that, sir. I get the—I am just designating the proper section. You already have——

Chairman ROYCE. Oh. I understand your point now, Mr. Collins.

Mr. COLLINS. You already have a 306.

Chairman ROYCE. You are concerned. As a technical matter, we will make certain that the numbers correspond correctly after the markup.

Mr. COLLINS. I just wanted—because I know it was in process, but it was just designated wrong.

Chairman ROYCE. Yes. Good point, Mr. Collins. All right.

Any other members seek to speak on the amendment?

[No response.]

Chairman ROYCE. In that case, I will ask all of those in favor to say aye.

[Chorus of ayes.]

Chairman ROYCE. All opposed, no.

[No response.]

Chairman ROYCE. In the opinion of the Chair, the ayes have it, and the amendment is agreed to.

Are there any further amendments?

[No response.]

Chairman ROYCE. Might I suggest, Mr. Cotton, if we were to pledge to work with you going forward on your amendment—the leg counsel has not worked their magic yet and produced or rewritten that amendment. Would that be amenable to you or would you sooner have us go into recess until we have that amendment before us?

We would prefer to move forward, obviously.

Mr. COTTON. I understand. I am amenable to that.

Chairman ROYCE. Okay. All right. Then in that case, hearing no further amendments to this measure, the question occurs on agreeing to the base amendment in the nature of a substitute, as amended. All those in favor indicating by saying aye.

[Chorus of ayes.]

Chairman ROYCE. All those opposed, no.

[No response.]

Chairman ROYCE. In the opinion of the Chair, the ayes have it, and the amendment in the nature of a substitute, as amended, is agreed to. Without objection, the underlying bill, H.R. 850, as amended, is agreed to, is ordered favorably reported, and will be reported as a single amendment in the nature of a substitute.

Also, without objection, staff is directed to make technical and conforming changes. And the Chairman is authorized to seek House consideration of H.R. 850 under suspension of the rules.

I want to thank Ranking Member Engel. And I want to thank all of our committee members for their contributions to this criti-

cally important legislation and their assistance with today's markup. And the committee now stands adjourned.

[Whereupon, at 12:53 p.m., the committee was adjourned.]

A P P E N D I X

MATERIAL SUBMITTED FOR THE RECORD

FULL COMMITTEE MARKUP NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6128

Edward R. Royce (R-CA), Chairman

May 22, 2013

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN meeting of the Committee on Foreign Affairs, to be held in Room 2172 of the Rayburn House Office Building (and available live on the Committee website at <http://www.ForeignAffairs.house.gov>):

DATE: Wednesday, May 22, 2013

TIME: 10:00 a.m.

MARKUP OF: H.R. 850, Nuclear Iran Prevention Act of 2013

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.



COMMITTEE ON FOREIGN AFFAIRS
MINUTES OF FULL COMMITTEE MARKUP

Day Wednesday Date 5/22/13 Room 2172

Starting Time 10:15 a.m. Ending Time 12:53 p.m.

Recesses 1 (12:26 to 12:47) (____ to ____) (____ to ____) (____ to ____) (____ to ____)

Presiding Member(s)

Chairman Royce, Rep. Smith, Rep. Chabot

Check all of the following that apply:

Open Session ☒

Executive (closed) Session ☐

Televised ☒

Electronically Recorded (taped) ☒

Stenographic Record ☒

BILLS FOR MARKUP: *(Include bill number(s) and title(s) of legislation.)*

H.R. 850

COMMITTEE MEMBERS PRESENT:

See attached.

NON-COMMITTEE MEMBERS PRESENT:

None

STATEMENTS FOR THE RECORD: *(List any statements submitted for the record.)*

Rep. Smith, Rep. Connolly

ACTIONS TAKEN DURING THE MARKUP: *(Attach copies of legislation and amendments.)*

See attached Markup Summary

RECORDED VOTES TAKEN (FOR MARKUP): *(Attach final vote tally sheet listing each member.)*

<u>Subject</u>	<u>Yeas</u>	<u>Nays</u>	<u>Present</u>	<u>Not Voting</u>
<i>NA</i>				

TIME SCHEDULED TO RECONVENE _____

or

TIME ADJOURNED 12:53 p.m.


Doug Anderson, General Counsel

HOUSE COMMITTEE ON FOREIGN AFFAIRS

“H.R. 850, Nuclear Iran Prevention Act of 2013”

May 22, 2013

<i>Present</i>	<i>Member</i>
X	Edward R. Royce, CA
X	Christopher H. Smith, NJ
	Ileana Ros-Lehtinen, FL
X	Dana Rohrabacher, CA
X	Steve Chabot, OH
	Joe Wilson, SC
X	Michael T. McCaul, TX
X	Ted Poe, TX
X	Matt Salmon, AZ
X	Tom Marino, PA
X	Jeff Duncan, SC
X	Adam Kinzinger, IL
X	Mo Brooks, AL
X	Tom Cotton, AR
X	Paul Cook, CA
X	George Holding, NC
X	Randy K. Weber, Sr., TX
X	Scott Perry, PA
X	Steve Stockman, TX
	Ron DeSantis, FL
X	Trey Radel, FL
X	Doug Collins, GA
	Mark Meadows, NC
X	Ted S. Yoho, FL
X	Luke Messer, IN

<i>Present</i>	<i>Member</i>
X	Eliot L. Engel, NY
	Eni F.H. Faleomavacga, AS
X	Brad Sherman, CA
	Gregory W. Meeks, NY
X	Albio Sires, NJ
X	Gerald E. Connolly, VA
X	Theodore E. Deutch, FL
	Brian Higgins, NY
X	Karen Bass, CA
X	William Keating, MA
X	David Cicilline, RI
X	Alan Grayson, FL
X	Juan Vargas, CA
X	Bradley S. Schneider, IL
X	Joseph P. Kennedy III, MA
X	Ami Bera, CA
X	Alan S. Lowenthal, CA
X	Grace Meng, NY
X	Lois Frankel, FL
X	Tulsi Gabbard, HI
X	Joaquin Castro, TX

5/22/13 Foreign Affairs Committee Markup Summary

The Chair called up the measure for consideration by the Committee. By unanimous consent, the Royce Amendment in the Nature of a Substitute (previously provided to Members of the Committee) was considered the base text.

- 1) The following measures (also previously provided to Members of the Committee) were considered *en bloc* and agreed to by voice vote:
 1. Connolly/Ros-Lehtinen 39
 2. Cotton 4A
 3. Cotton/Kennedy/Schneider 20
 4. Deutch 22
 5. Deutch 23
 6. Deutch 25
 7. Duncan 16
 8. Frankel 3
 9. Grayson 101
 10. Grayson 103
 11. Grayson 108
 12. Grayson 110
 13. Marino 19
 14. Poe 38
 15. Ros-Lehtinen 18
 16. Schneider 2
 17. Sherman 74
 18. Sherman 75
 19. Sherman 76
 20. Sherman 7
 21. Royce 22
- 2) Chairman Royce offered an amendment, Royce 1 -- Withdrawn, but later offered as Royce/Engel/Cotton/Sherman 23 -- agreed to by voice vote
 - a. Rep. Cicilline offered a 2nd degree amendment to Royce 1 -- Withdrawn
 - b. Rep. Grayson offered a 2nd degree amendment to Royce 1 -- Withdrawn
- 3) Rep. Grayson offered an amendment, Grayson 109 -- Agreed to by voice vote as amended
 - a. Rep. Grayson offered a 2nd degree amendment to Grayson 109 -- Agreed to by unanimous consent
- 4) Rep. Cotton offered an amendment, Cotton 2 -- Agreed to by voice vote
- 5) Rep. Grayson offered an amendment, Grayson 102 -- Withdrawn

- 6) Rep. Cotton offered an amendment, Cotton 7 – Withdrawn
- 7) Rep. Grayson offered an amendment, Grayson 104 – Agreed to by voice vote
- 8) Rep. Grayson offered an amendment, Grayson 111 – Agreed to by voice vote
- 9) Rep. Grayson offered an amendment, Grayson 106 – Agreed to by voice vote

The Royce Amendment in the nature of a substitute, as amended, was agreed to by voice vote. By unanimous consent, H.R. 850 was ordered favorably reported to the House, and the Chair was authorized to seek consideration of the bill under suspension of the rules.

The Committee adjourned.



EDWARD R. ROYCE, CALIFORNIA
Chairman

CHRISTOPHER H. SMITH, NEW JERSEY
ILEANA ROS-LEHTINEN, FLORIDA
DARRA FORTINCHESCU, CALIFORNIA
STEVE D. LADD, OHIO
JOSH WELSH, NORTH CAROLINA
MICHAEL T. MCCALL, TEXAS
TED POE, VIRGINIA
NATHAN SARGENT, ARIZONA
TOM MARINO, PENNSYLVANIA
JEFF DUNCAN, SOUTH CAROLINA
ADAM KINZINGER, ILLINOIS
NEIL HIRSCH, ILLINOIS
TODD COTTON, ARIZONA
PAUL COOK, CALIFORNIA
CHRISTOPHER W. SMITH, NORTH CAROLINA
RANDY K. VILDELL, TEXAS
SCOTT FERRY, PENNSYLVANIA
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LUKE MESSER, IOWA

AMY POWERS
Chief of Staff

THOMAS SHERIDY
Staff Director



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U.S. House of Representatives
Committee on Foreign Affairs
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JACOB STEIN, CALIFORNIA
DEPUTY STAFF DIRECTOR

May 22, 2013

The Honorable Ileana Ros-Lehtinen
Chairman, Subcommittee on the Middle East and North Africa
Committee on Foreign Affairs
House of Representatives
Washington, DC 20515

Dear Chairman Emeritus Ros-Lehtinen:

This letter is to confirm for the record our understanding that you will not be offering your proposed amendment to add the text of the Iran, North Korea, and Syria Nonproliferation Accountability Act (INKSNA) during Committee markup of H.R. 850, the Nuclear Iran Prevention Act of 2013. I was proud to cosponsor INKSNA last Congress, when it passed the House as H.R. 2105. I appreciate your understanding that germaneness and timeliness require us to maintain the Iran-specific focus of H.R. 850, and agree to work with you to try to move a free-standing INKSNA through the House again this Congress.

I want to thank you for your tireless work to address the Iranian threat to the United States and our allies throughout your Congressional career and during your chairmanship of this Committee — from your support of the original Iran Sanctions Act of 1996, to your authoring the Iran Freedom Support Act of 2006 and last year's Iran Threat Reduction Act of 2012. I look forward to continuing our cooperation in the months and years ahead.

Sincerely,

EDWARD R. ROYCE
Chairman

CHRISTOPHER H. SMITH
4th District, New Jersey

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Congress of the United States
House of Representatives

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CO-CHAIRMAN

DEAN, NEW JERSEY DELEGATION

Mark-up: H.R. 850 Nuclear Iran Prevention Act of 2013
Committee on Foreign Affairs
May 22, 2013
Statement by Congressman Christopher H. Smith

I am pleased to be an original co-sponsor of this important legislation that will implement more aggressive measures to thwart Iran's nuclear ambitions and send the signal to the Iranian regime that the United States will not idly stand by while it poses an increasingly serious threat to regional and global security.

The bill's focus on broadening economic sanctions against Iran, targeting human rights violators, and increasing oversight of the implementation and enforcement of current sanctions is a necessary enhancement to the measures Congress has taken over recent years to respond to the growing threat posed by Iran's nuclear ambitions. Despite aggressive actions taken through legislation in the prior Congress, key Iranian leaders still have not perceived a need to compromise with the international community to ensure that its nuclear activities serve only peaceful goals.

There are concerns that the strategic impact of current sanctions may be weakening as Iran adjusts to them economically. Sanctions have not prevented Iran from developing some new weaponry indigenously, and Iran is not in compliance with United Nation requirements that it stop any weapons shipments to other countries, particularly to the Government of Syria. It is also important to note that current sanctions have not lifted Iran's repression of human rights, including the right to freedom of information through the Internet.

Therefore, I sincerely thank the Chairman and Ranking Member for introducing H.R. 850, the Nuclear Iran Prevention Act of 2013, and urge my colleagues to support it.

STATEMENT FOR THE RECORD OF THE HONORABLE GEORGE HOLDING (NC-13)

COMMITTEE ON FOREIGN AFFAIRS, U.S. HOUSE OF REPRESENTATIVES

“MARKUP OF: H.R. 850, NUCLEAR IRAN PREVENTION ACT OF 2013”

May 22, 2013

Mr. Chairman, I want to thank you and the Ranking Member for working together to bring this new sanctions package before the Committee for consideration and I look forward to its swift passage before the full House.

Mr. Chairman, a report by the U.N. nuclear agency released this week shows Tehran’s continued development of weapons-grade nuclear material in pursuit of a nuclear weapon. Since 2002, the International Atomic Energy Agency has been investigating Iran’s nuclear research efforts and since then, numerous actions to stop these efforts have been implemented, including sanctions packages and several U.N. Security Council resolutions. And yet Mr. Chairman, Tehran continues marching towards the bomb.

One of the most - if not the most - serious threats to our national security and the security of our allies in the Middle East such as Israel, is a nuclear-armed Iran. Tehran has never been shy about their intentions should they develop a nuclear weapon. Just as serious as the real threat to Israel is, the proliferation of nuclear weapons and ballistic missile technology by Iran to other hostile regimes such as Syria, North Korea, or Al-Qaeda affiliates is equally concerning.

Let me be clear, a nuclear-armed Iran is unacceptable.

While I do not believe that this legislation is by any means the final action that needs to be taken to prevent a nuclear-armed Iran, it will build upon the success of the 2010 sanctions package and further cut the flow of the funds necessary to continue nuclear development.

Mr. Chairman I once again thank you for this effort and urge all my colleagues to support this legislation.

