

104TH CONGRESS
2D SESSION

H. R. 3121

To amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to make improvements to certain defense and security assistance provisions under those Acts, to authorize the transfer of naval vessels to certain foreign countries, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 20, 1996

Mr. GILMAN (for himself and Mr. HAMILTON) introduced the following bill; which was referred to the Committee on International Relations, and in addition to the Committee on Rules, 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 amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to make improvements to certain defense and security assistance provisions under those Acts, to authorize the transfer of naval vessels to certain foreign countries, 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,*

3 **SECTION 1. TABLE OF CONTENTS.**

4 The table of contents of this Act is as follows:

Sec. 1. Table of contents.

TITLE I—DEFENSE AND SECURITY ASSISTANCE

CHAPTER 1—MILITARY AND RELATED ASSISTANCE

- Sec. 101. Terms of loans under the Foreign Military Financing program.
- Sec. 102. Additional requirements under the Foreign Military Financing program.
- Sec. 103. Drawdown special authorities.
- Sec. 104. Transfer of excess defense articles.
- Sec. 105. Excess defense articles for certain European countries.

CHAPTER 2—INTERNATIONAL MILITARY EDUCATION AND TRAINING

- Sec. 111. Assistance for Indonesia.
- Sec. 112. Additional requirements.

CHAPTER 3—ANTITERRORISM ASSISTANCE

- Sec. 121. Antiterrorism training assistance.
- Sec. 122. Research and development expenses.

CHAPTER 4—NARCOTICS CONTROL ASSISTANCE

- Sec. 131. Additional requirements.
- Sec. 132. Notification requirement.
- Sec. 133. Waiver of restrictions for narcotics-related economic assistance.

CHAPTER 5—OTHER PROVISIONS

- Sec. 141. Standardization of congressional review procedures for arms transfers.
- Sec. 142. Standardization of third country transfers of defense articles.
- Sec. 143. Increased standardization, rationalization, and interoperability of assistance and sales programs.
- Sec. 144. Definition of significant military equipment.
- Sec. 145. Elimination of annual reporting requirement relating to the Special Defense Acquisition Fund.
- Sec. 146. Cost of leased defense articles that have been lost or destroyed.
- Sec. 147. Designation of major non-NATO allies.
- Sec. 148. Certification thresholds.
- Sec. 149. Depleted uranium ammunition.
- Sec. 150. End-use monitoring of defense articles and defense services.
- Sec. 151. Brokering activities relating to commercial sales of defense articles and services.
- Sec. 152. Return and exchanges of defense articles previously transferred pursuant to the arms export control act.
- Sec. 153. National security interest determination to waive reimbursement of depreciation for leased defense articles.

TITLE II—TRANSFER OF NAVAL VESSELS TO CERTAIN FOREIGN COUNTRIES

- Sec. 201. Authority to transfer naval vessels.
- Sec. 202. Costs of transfers.
- Sec. 203. Expiration of authority.
- Sec. 204. Repair and refurbishment of vessels in United States shipyards.

1 **TITLE I—DEFENSE AND**
2 **SECURITY ASSISTANCE**
3 **CHAPTER 1—MILITARY AND RELATED**
4 **ASSISTANCE**

5 **SEC. 101. TERMS OF LOANS UNDER THE FOREIGN MILI-**
6 **TARY FINANCING PROGRAM.**

7 Section 31(c) of the Arms Export Control Act (22
8 U.S.C. 2771(c)) is amended to read as follows:

9 “(c) Loans available under section 23 shall be pro-
10 vided at rates of interest that are not less than the current
11 average market yield on outstanding marketable obliga-
12 tions of the United States of comparable maturities.”.

13 **SEC. 102. ADDITIONAL REQUIREMENTS UNDER THE FOR-**
14 **EIGN MILITARY FINANCING PROGRAM.**

15 (a) FOREIGN MILITARY SALES.—Section 21(h) of the
16 Arms Export Control Act (22 U.S.C. 2761(h)) is amend-
17 ed—

18 (1) in paragraph (1)(A), by inserting “or the
19 Government of Israel” after “North Atlantic Treaty
20 Organization”; and

21 (2) in paragraph (2), by striking “or to any
22 member government of that Organization if that Or-
23 ganization or member government” and inserting “,
24 any member government of that Organization, or the
25 Government of Israel, if the Organization, member

1 government, or Government of Israel, as the case
2 may be.”.

3 (b) AUDIT OF CERTAIN PRIVATE FIRMS.—Section 23
4 of such Act (22 U.S.C. 2763) is amended by adding at
5 the end the following new subsection:

6 “(f) For each fiscal year, the Secretary of Defense,
7 as requested by the Director of the Defense Security As-
8 sistance Agency, shall conduct audits on a
9 nonreimbursable basis of private firms that have entered
10 into contracts with foreign governments under which de-
11 fense articles, defense services, or design and construction
12 services are to be procured by such firms for such govern-
13 ments from financing under this section.”.

14 (c) NOTIFICATION REQUIREMENT WITH RESPECT TO
15 CASH FLOW FINANCING.—Section 23 of such Act (22
16 U.S.C. 2763), as amended by this Act, is further amended
17 by adding at the end the following new subsection:

18 “(g)(1) For each country and international organiza-
19 tion that has been approved for cash flow financing under
20 this section, any letter of offer and acceptance or other
21 purchase agreement, or any amendment thereto, for a pro-
22 curement of defense articles, defense services, or design
23 and construction services in excess of \$100,000,000 that
24 is to be financed in whole or in part with funds made avail-
25 able under this Act or the Foreign Assistance Act of 1961

1 shall be submitted to the congressional committees speci-
2 fied in section 634A(a) of the Foreign Assistance Act of
3 1961 in accordance with the procedures applicable to
4 reprogramming notifications under that section.

5 “(2) For purposes of this subsection, the term ‘cash
6 flow financing’ has the meaning given such term in the
7 second subsection (d) of section 25.”.

8 (d) LIMITATIONS ON USE OF FUNDS FOR DIRECT
9 COMMERCIAL CONTRACTS.—Section 23 of such Act (22
10 U.S.C. 2763), as amended by this Act, is further amended
11 by adding at the end the following new subsection:

12 “(h) Of the amounts made available for a fiscal year
13 to carry out this section, not more than \$100,000,000 for
14 such fiscal year may be made available for countries other
15 than Israel and Egypt for the purpose of financing the
16 procurement of defense articles, defense services, and de-
17 sign and construction services that are not sold by the
18 United States Government under this Act.”.

19 (e) ANNUAL ESTIMATE AND JUSTIFICATION FOR
20 SALES PROGRAM.—Section 25 of such Act (22 U.S.C.
21 2765) is amended—

22 (1) by striking the “and” at the end of para-
23 graph (11);

24 (2) by redesignating paragraph (12) as para-
25 graph (13); and

1 (3) by inserting after paragraph (11) the fol-
2 lowing new paragraph:

3 “(12)(A) a detailed accounting of all articles,
4 services, credits, guarantees, or any other form of
5 assistance furnished by the United States to each
6 country and international organization, including
7 payments to the United Nations, during the preced-
8 ing fiscal year for the detection and clearance of
9 landmines, including activities relating to the fur-
10 nishing of education, training, and technical assist-
11 ance for the detection and clearance of landmines;
12 and

13 “(B) for each provision of law making funds
14 available or authorizing appropriations for demining
15 activities described in subparagraph (A), an analysis
16 and description of the objectives and activities un-
17 dertaken during the preceding fiscal year, including
18 the number of personnel involved in performing such
19 activities; and”.

20 **SEC. 103. DRAWDOWN SPECIAL AUTHORITIES.**

21 (a) UNFORESEEN EMERGENCY DRAWDOWN.—Sec-
22 tion 506(a)(1) of the Foreign Assistance Act of 1961 (22
23 U.S.C. 2318(a)(1)) is amended by striking “\$75,000,000”
24 and inserting “\$100,000,000”.

1 (b) ADDITIONAL DRAWDOWN.—Section 506 of such
2 Act (22 U.S.C. 2318) is amended—

3 (1) in subsection (a)(2)(A), by striking “defense
4 articles from the stocks” and all that follows and in-
5 serting the following: “articles and services from the
6 inventory and resources of any agency of the United
7 States Government and military education and
8 training from the Department of Defense, the Presi-
9 dent may direct the drawdown of such articles, serv-
10 ices, and military education and training—

11 “(i) for the purposes and under the au-
12 thorities of—

13 “(I) chapter 8 of part I (relating to
14 international narcotics control assistance);

15 “(II) chapter 9 of part I (relating to
16 international disaster assistance); or

17 “(III) the Migration and Refugee As-
18 sistance Act of 1962; or

19 “(ii) for the purpose of providing such arti-
20 cles, services, and military education and train-
21 ing to Vietnam, Cambodia, and Laos as the
22 President determines are necessary—

23 “(I) to support cooperative efforts to
24 locate and repatriate members of the Unit-
25 ed States Armed Forces and civilians em-

1 employed directly or indirectly by the United
2 States Government who remain unac-
3 counted for from the Vietnam War; and

4 “(II) to ensure the safety of United
5 States Government personnel engaged in
6 such cooperative efforts and to support De-
7 partment of Defense-sponsored humani-
8 tarian projects associated with such ef-
9 forts.”;

10 (2) in subsection (a)(2)(B), by striking
11 “\$75,000,000” and all that follows and inserting
12 “\$150,000,000 in any fiscal year of such articles,
13 services, and military education and training may be
14 provided pursuant to subparagraph (A) of this para-
15 graph—

16 “(i) not more than \$75,000,000 of which
17 may be provided from the drawdown from the
18 inventory and resources of the Department of
19 Defense;

20 “(ii) not more than \$75,000,000 of which
21 may be provided pursuant to clause (i)(I) of
22 such subparagraph; and

23 “(iii) not more than \$15,000,000 of which
24 may be provided to Vietnam, Cambodia, and

1 under chapter 8 of part I of this Act, submitted under
2 section 634 of this Act, or for which receipt of such arti-
3 cles was separately justified to the Congress, for the fiscal
4 year in which the transfer is authorized.

5 “(b) LIMITATIONS ON TRANSFERS.—The President
6 may transfer excess defense articles under this section
7 only if—

8 “(1) such articles are drawn from existing
9 stocks of the Department of Defense;

10 “(2) funds available to the Department of De-
11 fense for the procurement of defense equipment are
12 not expended in connection with the transfer;

13 “(3) the transfer of such articles will not have
14 an adverse impact on the military readiness of the
15 United States;

16 “(4) with respect to a proposed transfer of such
17 articles on a grant basis, such a transfer is pref-
18 erable to a transfer on a sales basis, after taking
19 into account the potential proceeds from, and likeli-
20 hood of, such sales, and the comparative foreign pol-
21 icy benefits that may accrue to the United States as
22 the result of a transfer on either a grant or sales
23 basis;

24 “(5) the President determines that the transfer
25 of such articles will not have an adverse impact on

1 the national technology and industrial base and, par-
2 ticularly, will not reduce the opportunities of entities
3 in the national technology and industrial base to sell
4 new or used equipment to the countries to which
5 such articles are transferred; and

6 “(6) the transfer of such articles is consistent
7 with the policy framework for the Eastern Medi-
8 terranean established under section 620C of this
9 Act.

10 “(c) TERMS OF TRANSFERS.—

11 “(1) NO COST TO RECIPIENT COUNTRY.—Ex-
12 cess defense articles may be transferred under this
13 section without cost to the recipient country.

14 “(2) PRIORITY.—Notwithstanding any other
15 provision of law, the delivery of excess defense arti-
16 cles under this section to member countries of the
17 North Atlantic Treaty Organization (NATO) on the
18 southern and southeastern flank of NATO and to
19 major non-NATO allies on such southern and south-
20 eastern flank shall be given priority to the maximum
21 extent feasible over the delivery of such excess de-
22 fense articles to other countries.

23 “(d) WAIVER OF REQUIREMENT FOR REIMBURSE-
24 MENT OF DEPARTMENT OF DEFENSE EXPENSES.—Sec-
25 tion 632(d) shall not apply with respect to transfers of

1 excess defense articles (including transportation and relat-
2 ed costs) under this section.

3 “(e) TRANSPORTATION AND RELATED COSTS.—

4 “(1) IN GENERAL.—Except as provided in para-
5 graph (2), funds available to the Department of De-
6 fense may not be expended for crating, packing,
7 handling, and transportation of excess defense arti-
8 cles transferred under the authority of this section.

9 “(2) EXCEPTION.—The President may provide
10 for the transportation of excess defense articles with-
11 out charge to a country for the costs of such trans-
12 portation if—

13 “(A) it is determined that it is in the na-
14 tional interest of the United States to do so;

15 “(B) the recipient is a developing country
16 receiving less than \$10,000,000 of assistance
17 under chapter 5 of part II of this Act (relating
18 to international military education and train-
19 ing) or section 23 of the Arms Export Control
20 Act (22 U.S.C. 2763; relating to the Foreign
21 Military Financing program) in the fiscal year
22 in which the transportation is provided;

23 “(C) the total weight of the transfer does
24 not exceed 25,000 pounds; and

1 “(D) such transportation is accomplished
2 on a space available basis.

3 “(f) ADVANCE NOTIFICATION TO CONGRESS FOR
4 TRANSFER OF CERTAIN EXCESS DEFENSE ARTICLES.—

5 “(1) IN GENERAL.—The President may not
6 transfer excess defense articles that are significant
7 military equipment (as defined in section 47(9) of
8 the Arms Export Control Act) or excess defense arti-
9 cles valued (in terms of original acquisition cost) at
10 \$7,000,000 or more, under this section or under the
11 Arms Export Control Act (22 U.S.C. 2751 et seq.)
12 until 15 days after the date on which the President
13 has provided notice of the proposed transfer to the
14 congressional committees specified in section
15 634A(a) in accordance with procedures applicable to
16 reprogramming notifications under that section.

17 “(2) CONTENTS.—Such notification shall in-
18 clude—

19 “(A) a statement outlining the purposes
20 for which the article is being provided to the
21 country, including whether such article has
22 been previously provided to such country;

23 “(B) an assessment of the impact of the
24 transfer on the military readiness of the United
25 States;

1 “(C) an assessment of the impact of the
2 transfer on the national technology and indus-
3 trial base and, particularly, the impact on op-
4 portunities of entities in the national technology
5 and industrial base to sell new or used equip-
6 ment to the countries to which such articles are
7 to be transferred; and

8 “(D) a statement describing the current
9 value of such article and the value of such arti-
10 cle at acquisition.

11 “(g) AGGREGATE ANNUAL LIMITATION.—

12 “(1) IN GENERAL.—The aggregate value of ex-
13 cess defense articles transferred to countries under
14 this section in any fiscal year may not exceed
15 \$350,000,000.

16 “(2) EFFECTIVE DATE.—The limitation con-
17 tained in paragraph (1) shall apply only with respect
18 to fiscal years beginning after fiscal year 1996.

19 “(h) CONGRESSIONAL PRESENTATION DOCU-
20 MENTS.—Documents described in subsection (a) justifying
21 the transfer of excess defense articles shall include an ex-
22 planation of the general purposes of providing excess de-
23 fense articles as well as a table which provides an aggre-
24 gate annual total of transfers of excess defense articles
25 in the preceding year by country in terms of offers and

1 actual deliveries and in terms of acquisition cost and cur-
2 rent value. Such table shall indicate whether such excess
3 defense articles were provided on a grant or sale basis.

4 “(i) EXCESS COAST GUARD PROPERTY.—For pur-
5 poses of this section, the term ‘excess defense articles’
6 shall be deemed to include excess property of the Coast
7 Guard, and the term ‘Department of Defense’ shall be
8 deemed, with respect to such excess property, to include
9 the Coast Guard.”.

10 (b) CONFORMING AMENDMENTS.—

11 (1) ARMS EXPORT CONTROL ACT.—Section
12 21(k) of the Arms Export Control Act (22 U.S.C.
13 2761(k)) is amended by striking “the President
14 shall” and all that follows and inserting the follow-
15 ing: “the President shall determine that the sale of
16 such articles will not have an adverse impact on the
17 national technology and industrial base and, particu-
18 larly, will not reduce the opportunities of entities in
19 the national technology and industrial base to sell
20 new or used equipment to the countries to which
21 such articles are transferred.”.

22 (2) REPEALS.—The following provisions of law
23 are hereby repealed:

24 (A) Section 502A of the Foreign Assist-
25 ance Act of 1961 (22 U.S.C. 2303).

1 (B) Sections 517 through 520 of the For-
2 eign Assistance Act of 1961 (22 U.S.C. 2321k
3 through 2321n).

4 (C) Section 31(d) of the Arms Export Con-
5 trol Act (22 U.S.C. 2771(d)).

6 **SEC. 105. EXCESS DEFENSE ARTICLES FOR CERTAIN EURO-**
7 **PEAN COUNTRIES.**

8 Notwithstanding section 516(e) of the Foreign As-
9 sistance Act of 1961, during each of the fiscal years 1996
10 and 1997, funds available to the Department of Defense
11 may be expended for crating, packing, handling, and
12 transportation of excess defense articles transferred under
13 the authority of section 516 of such Act to countries that
14 are eligible to participate in the Partnership for Peace and
15 that are eligible for assistance under the Support for East
16 European Democracy (SEED) Act of 1989.

17 **CHAPTER 2—INTERNATIONAL MILITARY**
18 **EDUCATION AND TRAINING**

19 **SEC. 111. ASSISTANCE FOR INDONESIA.**

20 Funds made available for fiscal years 1996 and 1997
21 to carry out chapter 5 of part II of the Foreign Assistance
22 Act of 1961 (22 U.S.C. 2347 et seq.) may be obligated
23 for Indonesia only for expanded military and education
24 training that meets the requirements of clauses (i)

1 through (iv) of the second sentence of section 541 of such
2 Act (22 U.S.C. 2347).

3 **SEC. 112. ADDITIONAL REQUIREMENTS.**

4 (a) GENERAL AUTHORITY.—Section 541 of the For-
5 eign Assistance Act of 1961 (22 U.S.C. 2347) is amended
6 in the second sentence in the matter preceding clause (i)
7 by inserting “and individuals who are not members of the
8 government” after “legislators”.

9 (b) EXCHANGE TRAINING.—Section 544 of such Act
10 (22 U.S.C. 2347c) is amended—

11 (1) by striking “In carrying out this chapter”
12 and inserting “(a) In carrying out this chapter”; and

13 (2) by adding at the end the following new sub-
14 section:

15 “(b) The President may provide for the attendance
16 of foreign military and civilian defense personnel at flight
17 training schools and programs (including test pilot
18 schools) in the United States without charge, and without
19 charge to funds available to carry out this chapter (not-
20 withstanding section 632(d) of this Act), if such attend-
21 ance is pursuant to an agreement providing for the ex-
22 change of students on a one-for-one basis each fiscal year
23 between those United States flight training schools and
24 programs (including test pilot schools) and comparable

1 flight training schools and programs of foreign coun-
2 tries.”.

3 (c) ASSISTANCE FOR CERTAIN HIGH-INCOME FOR-
4 EIGN COUNTRIES.—

5 (1) AMENDMENT TO THE FOREIGN ASSISTANCE
6 ACT OF 1961.—Chapter 5 of part II of such Act (22
7 U.S.C. 2347 et seq.) is amended by adding at the
8 end the following new section:

9 **“SEC. 546. PROHIBITION ON GRANT ASSISTANCE FOR CER-**
10 **TAIN HIGH INCOME FOREIGN COUNTRIES.**

11 “(a) IN GENERAL.—None of the funds made avail-
12 able for a fiscal year for assistance under this chapter may
13 be made available for assistance on a grant basis for any
14 of the high-income foreign countries described in sub-
15 section (b) for military education and training of military
16 and related civilian personnel of such country.

17 “(b) HIGH-INCOME FOREIGN COUNTRIES DE-
18 SCRIBED.—The high-income foreign countries described in
19 this subsection are Austria, Finland, the Republic of
20 Korea, Singapore, and Spain.”.

21 (2) AMENDMENT TO THE ARMS EXPORT CON-
22 TROL ACT.—Section 21(a)(1)(C) of the Arms Export
23 Control Act (22 U.S.C. 2761) is amended by insert-
24 ing “or to any high-income foreign country (as de-

1 scribed in that chapter)” after “Foreign Assistance
2 Act of 1961”.

3 **CHAPTER 3—ANTITERRORISM**

4 **ASSISTANCE**

5 **SEC. 121. ANTITERRORISM TRAINING ASSISTANCE.**

6 (a) IN GENERAL.—Section 571 of the Foreign Assist-
7 ance Act of 1961 (22 U.S.C. 2349aa) is amended by strik-
8 ing “Subject to the provisions of this chapter” and insert-
9 ing “Notwithstanding any other provision of law that re-
10 stricts assistance to foreign countries (other than sections
11 502B and 620A of this Act)”.

12 (b) LIMITATIONS.—Section 573 of such Act (22
13 U.S.C. 2349aa–2) is amended—

14 (1) in the heading, by striking “SPECIFIC AU-
15 THORITIES AND”;

16 (2) by striking subsection (a);

17 (3) by redesignating subsections (b) through (f)
18 as subsections (a) through (e), respectively; and

19 (4) in subsection (c) (as redesignated)—

20 (A) by striking paragraphs (1) and (2);

21 (B) by redesignating paragraphs (3)
22 through (5) as paragraphs (1) through (3), re-
23 spectively; and

24 (C) by amending paragraph (2) (as redес-
25 igned) to read as follows:

1 “(2)(A) Except as provided in subparagraph (B),
2 funds made available to carry out this chapter shall not
3 be made available for the procurement of weapons and am-
4 munition.

5 “(B) Subparagraph (A) shall not apply to small arms
6 and ammunition in categories I and III of the United
7 States Munitions List that are integrally and directly re-
8 lated to antiterrorism training provided under this chapter
9 if, at least 15 days before obligating those funds, the
10 President notifies the appropriate congressional commit-
11 tees specified in section 634A of this Act in accordance
12 with the procedures applicable to reprogramming notifica-
13 tions under such section.

14 “(C) The value (in terms of original acquisition cost)
15 of all equipment and commodities provided under this
16 chapter in any fiscal year may not exceed 25 percent of
17 the funds made available to carry out this chapter for that
18 fiscal year.”.

19 (c) ANNUAL REPORT.—Section 574 of such Act (22
20 U.S.C. 2349aa-3) is hereby repealed.

21 (d) TECHNICAL CORRECTIONS.—Section 575 (22
22 U.S.C. 2349aa-4) and section 576 (22 U.S.C. 2349aa-
23 5) of such Act are redesignated as sections 574 and 575,
24 respectively.

1 **SEC. 122. RESEARCH AND DEVELOPMENT EXPENSES.**

2 Funds made available for fiscal years 1996 and 1997
3 to carry out chapter 8 of part II of the Foreign Assistance
4 Act of 1961 (22 U.S.C. 2349aa et seq.; relating to
5 antiterrorism assistance) may be made available to the
6 Technical Support Working Group of the Department of
7 State for research and development expenses related to
8 contraband detection technologies or for field demonstra-
9 tions of such technologies (whether such field demonstra-
10 tions take place in the United States or outside the United
11 States).

12 **CHAPTER 4—NARCOTICS CONTROL**
13 **ASSISTANCE**

14 **SEC. 131. ADDITIONAL REQUIREMENTS.**

15 (a) POLICY AND GENERAL AUTHORITIES.—Section
16 481(a) of the Foreign Assistance Act (22 U.S.C. 2291(a))
17 is amended—

18 (1) in paragraph (1)—

19 (A) by redesignating subparagraphs (D)
20 through (F) as subparagraphs (E) through (G),
21 respectively; and

22 (B) by inserting after subparagraph (C)
23 the following new subparagraph:

24 “(D) International criminal activities, particu-
25 larly international narcotics trafficking, money laun-
26 dering, and corruption, endanger political and eco-

1 nomic stability and democratic development, and as-
2 sistance for the prevention and suppression of inter-
3 national criminal activities should be a priority for
4 the United States.”; and

5 (2) in paragraph (4), by adding before the pe-
6 riod at the end the following: “, or for other
7 anticrime purposes”.

8 (b) CONTRIBUTIONS AND REIMBURSEMENT.—Sec-
9 tion 482(c) of that Act (22 U.S.C. 2291a(c)) is amend-
10 ed—

11 (1) by striking “CONTRIBUTION BY RECIPIENT
12 COUNTRY.—To” and inserting “CONTRIBUTIONS
13 AND REIMBURSEMENT.—(1) To”; and

14 (2) by adding at the end the following new
15 paragraphs:

16 “(2)(A) The President is authorized to accept con-
17 tributions from foreign governments to carry out the pur-
18 poses of this chapter. Such contributions shall be depos-
19 ited as an offsetting collection to the applicable appropria-
20 tion account and may be used under the same terms and
21 conditions as funds appropriated pursuant to this chapter.

22 “(B) At the time of submission of the annual congres-
23 sional presentation documents required by section 634(a),
24 the President shall provide a detailed report on any con-
25 tributions received in the preceding fiscal year, the amount

1 of such contributions, and the purposes for which such
2 contributions were used.

3 “(3) The President is authorized to provide assist-
4 ance under this chapter on a reimbursable basis. Such re-
5 imbursements shall be deposited as an offsetting collection
6 to the applicable appropriation and may be used under the
7 same terms and conditions as funds appropriated pursu-
8 ant to this chapter.”.

9 (c) IMPLEMENTATION OF LAW ENFORCEMENT AS-
10 SISTANCE.—Section 482 of such Act (22 U.S.C. 2291a)
11 is amended by adding at the end the following new sub-
12 sections:

13 “(f) TREATMENT OF FUNDS.—Funds transferred to
14 and consolidated with funds appropriated pursuant to this
15 chapter may be made available on such terms and condi-
16 tions as are applicable to funds appropriated pursuant to
17 this chapter. Funds so transferred or consolidated shall
18 be apportioned directly to the bureau within the Depart-
19 ment of State responsible for administering this chapter.

20 “(g) EXCESS PROPERTY.—For purposes of this chap-
21 ter, the Secretary of State may use the authority of section
22 608, without regard to the restrictions of such section, to
23 receive nonlethal excess property from any agency of the
24 United States Government for the purpose of providing
25 such property to a foreign government under the same

1 terms and conditions as funds authorized to be appro-
2 priated for the purposes of this chapter.”.

3 **SEC. 132. NOTIFICATION REQUIREMENT.**

4 (a) IN GENERAL.—The authority of section 1003(d)
5 of the National Narcotics Control Leadership Act of 1988
6 (21 U.S.C. 1502(d)) may be exercised with respect to
7 funds authorized to be appropriated pursuant to the For-
8 eign Assistance Act of 1961 (22 U.S.C. 2151 et seq.) and
9 with respect to the personnel of the Department of State
10 only to the extent that the appropriate congressional com-
11 mittees have been notified 15 days in advance in accord-
12 ance with the reprogramming procedures applicable under
13 section 634A of that Act (22 U.S.C. 2394).

14 (b) DEFINITION.—For purposes of this section, the
15 term “appropriate congressional committees” means the
16 Committee on International Relations and the Committee
17 on Appropriations of the House of Representatives and the
18 Committee on Foreign Relations and the Committee on
19 Appropriations of the Senate.

20 **SEC. 133. WAIVER OF RESTRICTIONS FOR NARCOTICS-RE-**
21 **LATED ECONOMIC ASSISTANCE.**

22 For each of the fiscal years 1996 and 1997, narcot-
23 ics-related assistance under part I of the Foreign Assist-
24 ance Act of 1961 (22 U.S.C. 2151 et seq.) may be pro-
25 vided notwithstanding any other provision of law that re-

1 stricts assistance to foreign countries (other than section
2 490(e) or section 502B of that Act (22 U.S.C. 2291j(e)
3 and 2304)) if, at least 15 days before obligating funds
4 for such assistance, the President notifies the appropriate
5 congressional committees (as defined in section 481(e) of
6 that Act (22 U.S.C. 2291(e))) in accordance with the pro-
7 cedures applicable to reprogramming notifications under
8 section 634A of that Act (22 U.S.C. 2394).

9 **CHAPTER 5—OTHER PROVISIONS**

10 **SEC. 141. STANDARDIZATION OF CONGRESSIONAL REVIEW**

11 **PROCEDURES FOR ARMS TRANSFERS.**

12 (a) **THIRD COUNTRY TRANSFERS UNDER FMS**
13 **SALES.**—Section 3(d)(2) of the Arms Export Control Act
14 (22 U.S.C. 2753(d)(2)) is amended—

15 (1) in subparagraph (A), by striking “, as pro-
16 vided for in sections 36(b)(2) and 36(b)(3) of this
17 Act”;

18 (2) in subparagraph (B), by striking “law” and
19 inserting “joint resolution”; and

20 (3) by adding at the end the following:

21 “(C) If the President states in his certification under
22 subparagraph (A) or (B) that an emergency exists which
23 requires that consent to the proposed transfer become ef-
24 fective immediately in the national security interests of the
25 United States, thus waiving the requirements of that sub-

1 paragraph, the President shall set forth in the certification
2 a detailed justification for his determination, including a
3 description of the emergency circumstances which neces-
4 sitate immediate consent to the transfer and a discussion
5 of the national security interests involved.

6 “(D)(i) Any joint resolution under this paragraph
7 shall be considered in the Senate in accordance with the
8 provisions of section 601(b) of the International Security
9 Assistance and Arms Export Control Act of 1976.

10 “(ii) For the purpose of expediting the consideration
11 and enactment of joint resolutions under this paragraph,
12 a motion to proceed to the consideration of any such joint
13 resolution after it has been reported by the appropriate
14 committee shall be treated as highly privileged in the
15 House of Representatives.”.

16 (b) THIRD COUNTRY TRANSFERS UNDER COMMER-
17 CIAL SALES.—Section 3(d)(3) of such Act (22 U.S.C.
18 2753(d)(3)) is amended—

19 (1) by inserting “(A)” after “(3)”;

20 (2) in the first sentence—

21 (A) by striking “at least 30 calendar
22 days”; and

23 (B) by striking “report” and inserting
24 “certification”; and

1 (3) by striking the last sentence and inserting
2 the following: “Such certification shall be submit-
3 ted—

4 “(i) at least 15 calendar days before such con-
5 sent is given in the case of a transfer to a country
6 which is a member of the North Atlantic Treaty Or-
7 ganization or Australia, Japan, or New Zealand; and

8 “(ii) at least 30 calendar days before such con-
9 sent is given in the case of a transfer to any other
10 country,

11 unless the President states in his certification that an
12 emergency exists which requires that consent to the pro-
13 posed transfer become effective immediately in the na-
14 tional security interests of the United States. If the Presi-
15 dent states in his certification that such an emergency ex-
16 ists (thus waiving the requirements of clause (i) or (ii),
17 as the case may be, and of subparagraph (B)) the Presi-
18 dent shall set forth in the certification a detailed justifica-
19 tion for his determination, including a description of the
20 emergency circumstances which necessitate that consent
21 to the proposed transfer become effective immediately and
22 a discussion of the national security interests involved.

23 “(B) Consent to a transfer subject to subparagraph
24 (A) shall become effective after the end of the 15-day or
25 30-day period specified in subparagraph (A)(i) or (ii), as

1 the case may be, only if the Congress does not enact, with-
2 in that period, a joint resolution prohibiting the proposed
3 transfer.

4 “(C)(i) Any joint resolution under this paragraph
5 shall be considered in the Senate in accordance with the
6 provisions of section 601(b) of the International Security
7 Assistance and Arms Export Control Act of 1976.

8 “(ii) For the purpose of expediting the consideration
9 and enactment of joint resolutions under this paragraph,
10 a motion to proceed to the consideration of any such joint
11 resolution after it has been reported by the appropriate
12 committee shall be treated as highly privileged in the
13 House of Representatives.”.

14 (c) COMMERCIAL SALES.—Section 36(c)(2) of such
15 Act (22 U.S.C. 2776(c)(2)) is amended by amending sub-
16 paragraphs (A) and (B) to read as follows:

17 “(A) in the case of a license for an export to
18 the North Atlantic Treaty Organization, any mem-
19 ber country of that Organization or Australia,
20 Japan, or New Zealand, shall not be issued until at
21 least 15 calendar days after the Congress receives
22 such certification, and shall not be issued then if the
23 Congress, within that 15-day period, enacts a joint
24 resolution prohibiting the proposed export; and

1 “(B) in the case of any other license, shall not
2 be issued until at least 30 calendar days after the
3 Congress receives such certification, and shall not be
4 issued then if the Congress, within that 30-day pe-
5 riod, enacts a joint resolution prohibiting the pro-
6 posed export.”.

7 (d) COMMERCIAL MANUFACTURING AGREEMENTS.—
8 Section 36(d) of such Act (22 U.S.C. 2776(d)) is amend-
9 ed—

10 (1) by inserting “(1)” after “(d)”;

11 (2) by striking “for or in a country not a mem-
12 ber of the North Atlantic Treaty Organization”; and

13 (3) by adding at the end the following:

14 “(2) A certification under this subsection shall be
15 submitted—

16 “(A) at least 15 days before approval is given
17 in the case of an agreement for or in a country
18 which is a member of the North Atlantic Treaty Or-
19 ganization or Australia, Japan, or New Zealand; and

20 “(B) at least 30 days before approval is given
21 in the case of an agreement for or in any other
22 country;

23 unless the President states in his certification that an
24 emergency exists which requires the immediate approval

1 of the agreement in the national security interests of the
2 United States.

3 “(3) If the President states in his certification that
4 an emergency exists which requires the immediate ap-
5 proval of the agreement in the national security interests
6 of the United States, thus waiving the requirements of
7 paragraph (4), he shall set forth in the certification a de-
8 tailed justification for his determination, including a de-
9 scription of the emergency circumstances which neces-
10 sitate the immediate approval of the agreement and a dis-
11 cussion of the national security interests involved.

12 “(4) Approval for an agreement subject to paragraph
13 (1) may not be given under section 38 if the Congress,
14 within the 15-day or 30-day period specified in paragraph
15 (2)(A) or (B), as the case may be, enacts a joint resolution
16 prohibiting such approval.

17 “(5)(A) Any joint resolution under paragraph (4)
18 shall be considered in the Senate in accordance with the
19 provisions of section 601(b) of the International Security
20 Assistance and Arms Export Control Act of 1976.

21 “(B) For the purpose of expediting the consideration
22 and enactment of joint resolutions under paragraph (4),
23 a motion to proceed to the consideration of any such joint
24 resolution after it has been reported by the appropriate

1 committee shall be treated as highly privileged in the
2 House of Representatives.”.

3 (e) GOVERNMENT-TO-GOVERNMENT LEASES.—

4 (1) CONGRESSIONAL REVIEW PERIOD.—Section
5 62 of such Act (22 U.S.C. 2796a) is amended—

6 (A) in subsection (a), by striking “Not less
7 than 30 days before” and inserting “Before”;

8 (B) in subsection (b)—

9 (i) by striking “determines, and im-
10 mediately reports to the Congress” and in-
11 sserting “states in his certification”; and

12 (ii) by adding at the end of the sub-
13 section the following: “If the President
14 states in his certification that such an
15 emergency exists, he shall set forth in the
16 certification a detailed justification for his
17 determination, including a description of
18 the emergency circumstances which neces-
19 sitate that the lease be entered into imme-
20 diately and a discussion of the national se-
21 curity interests involved.”; and

22 (C) by adding at the end of the section the
23 following:

24 “(c) The certification required by subsection (a) shall
25 be transmitted—

1 “(1) not less than 15 calendar days before the
2 agreement is entered into or renewed in the case of
3 an agreement with the North Atlantic Treaty Orga-
4 nization, any member country of that Organization
5 or Australia, Japan, or New Zealand; and

6 “(2) not less than 30 calendar days before the
7 agreement is entered into or renewed in the case of
8 an agreement with any other organization or coun-
9 try.”.

10 (2) CONGRESSIONAL DISAPPROVAL.—Section
11 63(a) of such Act (22 U.S.C. 2796b(a)) is amend-
12 ed—

13 (A) by striking “(a)(1)” and inserting
14 “(a)”;

15 (B) by striking out the “30 calendar days
16 after receiving the certification with respect to
17 that proposed agreement pursuant to section
18 62(a),” and inserting in lieu thereof “the 15-
19 day or 30-day period specified in section 62(c)
20 (1) or (2), as the case may be,”; and

21 (C) by striking paragraph (2).

22 (f) EFFECTIVE DATE.—The amendments made by
23 this section apply with respect to certifications required
24 to be submitted on or after the date of the enactment of
25 this Act.

1 **SEC. 142. STANDARDIZATION OF THIRD COUNTRY TRANS-**
2 **FERS OF DEFENSE ARTICLES.**

3 Section 3 of the Arms Export Control Act (22 U.S.C.
4 2753) is amended by inserting after subsection (a) the fol-
5 lowing new subsection:

6 “(b) The consent of the President under paragraph
7 (2) of subsection (a) or under paragraph (1) of section
8 505(a) of the Foreign Assistance Act of 1961 (as it relates
9 to subparagraph (B) of such paragraph) shall not be re-
10 quired for the transfer by a foreign country or inter-
11 national organization of defense articles sold by the United
12 States under this Act if—

13 “(1) such articles constitute components incor-
14 porated into foreign defense articles;

15 “(2) the recipient is the government of a mem-
16 ber country of the North Atlantic Treaty Organiza-
17 tion, the Government of Australia, the Government
18 of Japan, or the Government of New Zealand;

19 “(3) the recipient is not a country designated
20 under section 620A of the Foreign Assistance Act of
21 1961;

22 “(4) the United States-origin components are
23 not—

24 “(A) significant military equipment (as de-
25 fined in section 47(9));

1 “(B) defense articles for which notification
2 to Congress is required under section 36(b);
3 and

4 “(C) identified by regulation as Missile
5 Technology Control Regime items; and

6 “(5) the foreign country or international orga-
7 nization provides notification of the transfer of the
8 defense articles to the United States Government
9 not later than 30 days after the date of such trans-
10 fer.”.

11 **SEC. 143. INCREASED STANDARDIZATION, RATIONALIZA-**
12 **TION, AND INTEROPERABILITY OF ASSIST-**
13 **ANCE AND SALES PROGRAMS.**

14 Paragraph (6) of section 515(a) of the Foreign As-
15 sistance Act of 1961 (22 U.S.C. 2321i(a)(6)) is amended
16 by striking “among members of the North Atlantic Treaty
17 Organization and with the Armed Forces of Japan, Aus-
18 tralia, and New Zealand”.

19 **SEC. 144. DEFINITION OF SIGNIFICANT MILITARY EQUIP-**
20 **MENT.**

21 Section 47 of the Arms Export Control Act (22
22 U.S.C. 2794) is amended—

23 (1) in paragraph (7), by striking “and” at the
24 end;

1 (2) in paragraph (8), by striking the period at
2 the end and inserting “; and”; and

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

5 “(9) ‘significant military equipment’ means articles—

6 “(A) for which special export controls are war-
7 ranted because of the capacity of such articles for
8 substantial military utility or capability; and

9 “(B) identified on the United States Munitions
10 List.”.

11 **SEC. 145. ELIMINATION OF ANNUAL REPORTING REQUIRE-**
12 **MENT RELATING TO THE SPECIAL DEFENSE**
13 **ACQUISITION FUND.**

14 (a) IN GENERAL.—Section 53 of the Arms Export
15 Control Act (22 U.S.C. 2795b) is hereby repealed.

16 (b) CONFORMING AMENDMENT.—Section 51(a)(4) of
17 such Act (22 U.S.C. 2795(a)(4)) is amended—

18 (1) by striking “(a)”; and

19 (2) by striking subparagraph (B).

20 **SEC. 146. COST OF LEASED DEFENSE ARTICLES THAT HAVE**
21 **BEEN LOST OR DESTROYED.**

22 Section 61(a)(4) of the Arms Export Control Act (22
23 U.S.C. 2796(a)(4)) is amended by striking “and the re-
24 placement cost” and all that follows and inserting the fol-

1 lowing: “and, if the articles are lost or destroyed while
2 leased—

3 “(A) in the event the United States in-
4 tends to replace the articles lost or destroyed,
5 the replacement cost (less any depreciation in
6 the value) of the articles; or

7 “(B) in the event the United States does
8 not intend to replace the articles lost or de-
9 stroyed, an amount not less than the actual
10 value (less any depreciation in the value) speci-
11 fied in the lease agreement.”.

12 **SEC. 147. DESIGNATION OF MAJOR NON-NATO ALLIES.**

13 (a) DESIGNATION.—

14 (1) NOTICE TO CONGRESS.—Chapter 2 of part
15 II of the Foreign Assistance Act of 1961 (22 U.S.C.
16 2311 et seq.), as amended by this Act, is further
17 amended by adding at the end the following new sec-
18 tion:

19 **“SEC. 517. DESIGNATION OF MAJOR NON-NATO ALLIES.**

20 “(a) NOTICE TO CONGRESS.—The President shall no-
21 tify the Congress in writing at least 30 days before—

22 “(1) designating a country as a major non-
23 NATO ally for purposes of this Act and the Arms
24 Export Control Act (22 U.S.C. 2751 et seq.); or

25 “(2) terminating such a designation.

1 “(b) INITIAL DESIGNATIONS.—Australia, Egypt, Is-
2 rael, Japan, the Republic of Korea, and New Zealand shall
3 be deemed to have been so designated by the President
4 as of the effective date of this section, and the President
5 is not required to notify the Congress of such designation
6 of those countries.”.

7 (2) DEFINITION.—Section 644 of such Act (22
8 U.S.C. 2403) is amended by adding at the end the
9 following:

10 “(q) ‘Major non-NATO ally’ means a country which
11 is designated in accordance with section 517 as a major
12 non-NATO ally for purposes of this Act and the Arms Ex-
13 port Control Act (22 U.S.C. 2751 et seq.).”.

14 (3) EXISTING DEFINITIONS.—(A) The last sen-
15 tence of section 21(g) of the Arms Export Control
16 Act (22 U.S.C. 2761(g)) is repealed.

17 (B) Section 65(d) of such Act (22 U.S.C.
18 2796d(d)) is amended—

19 (i) by striking “or major non-NATO”; and

20 (ii) by striking out “or a” and all that fol-
21 lows through “Code”.

22 (b) COOPERATIVE TRAINING AGREEMENTS.—Section
23 21(g) of the Arms Export Control Act (22 U.S.C.
24 2761(g)) is amended in the first sentence by striking
25 “similar agreements” and all that follows through “other

1 countries” and inserting “similar agreements with coun-
2 tries”.

3 **SEC. 148. CERTIFICATION THRESHOLDS.**

4 (a) INCREASE IN DOLLAR THRESHOLDS.—The Arms
5 Export Control Act (22 U.S.C. 2751 et seq.) is amended—

6 (1) in section 3(d) (22 U.S.C. 2753(d))—

7 (A) in paragraphs (1) and (3), by striking
8 “\$14,000,000” each place it appears and in-
9 serting “\$25,000,000”; and

10 (B) in paragraphs (1) and (3), by striking
11 “\$50,000,000” each place it appears and in-
12 serting “\$75,000,000”;

13 (2) in section 36 (22 U.S.C. 2776)—

14 (A) in subsections (b)(1), (b)(5)(C), and
15 (c)(1), by striking “\$14,000,000” each place it
16 appears and inserting “\$25,000,000”;

17 (B) in subsections (b)(1), (b)(5)(C), and
18 (c)(1), by striking “\$50,000,000” each place it
19 appears and inserting “\$75,000,000”; and

20 (C) in subsections (b)(1) and (b)(5)(C), by
21 striking “\$200,000,000” each place it appears
22 and inserting “\$300,000,000”; and

23 (3) in section 63(a) (22 U.S.C. 2796b(a))—

24 (A) by striking “\$14,000,000” and insert-
25 ing “\$25,000,000”; and

1 (B) by striking “\$50,000,000” and insert-
2 ing “\$75,000,000”.

3 (b) EFFECTIVE DATE.—The amendments made by
4 subsection (a) apply with respect to certifications submit-
5 ted on or after the date of the enactment of this Act.

6 **SEC. 149. DEPLETED URANIUM AMMUNITION.**

7 Chapter 1 of part III of the Foreign Assistance Act
8 of 1961 (22 U.S.C. 2370 et seq.), as amended by this Act,
9 is further amended by adding at the end the following new
10 section:

11 **“SEC. 620H. DEPLETED URANIUM AMMUNITION.**

12 “(a) PROHIBITION.—Except as provided in sub-
13 section (b), none of the funds made available to carry out
14 this Act or any other Act may be made available to facili-
15 tate in any way the sale of M–833 antitank shells or any
16 comparable antitank shells containing a depleted uranium
17 penetrating component to any country other than—

18 “(1) a country that is a member of the North
19 Atlantic Treaty Organization;

20 “(2) a country that has been designated as a
21 major non-NATO ally (as defined in section 644(q));
22 or

23 “(3) Taiwan.

24 “(b) EXCEPTION.—The prohibition contained in sub-
25 section (a) shall not apply with respect to the use of funds

1 to facilitate the sale of antitank shells to a country if the
 2 President determines that to do so is in the national secu-
 3 rity interest of the United States.”.

4 **SEC. 150. END-USE MONITORING OF DEFENSE ARTICLES**
 5 **AND DEFENSE SERVICES.**

6 (a) IN GENERAL.—The Arms Export Control Act (22
 7 U.S.C. 2751 et seq.) is amended by inserting after chapter
 8 3 the following new chapter:

9 **“CHAPTER 3A—END-USE MONITORING OF**
 10 **DEFENSE ARTICLES AND DEFENSE**
 11 **SERVICES**

12 **“SEC. 40A. END-USE MONITORING OF DEFENSE ARTICLES**
 13 **AND DEFENSE SERVICES.**

14 “(a) ESTABLISHMENT OF MONITORING PROGRAM.—

15 “(1) IN GENERAL.—In order to improve ac-
 16 countability with respect to defense articles and de-
 17 fense services sold, leased, or exported under this
 18 Act or the Foreign Assistance Act of 1961 (22
 19 U.S.C. 2151 et seq.), the President shall establish a
 20 program which provides for the end-use monitoring
 21 of such articles and services.

22 “(2) REQUIREMENTS OF PROGRAM.—To the ex-
 23 tent practicable, such program—

24 “(A) shall provide for the end-use monitor-
 25 ing of defense articles and defense services in

1 accordance with the standards that apply for
2 identifying high-risk exports for regular end-use
3 verification developed under section 38(g)(7) of
4 this Act (commonly referred to as the ‘Blue
5 Lantern’ program); and

6 “(B) shall be designed to provide reason-
7 able assurance that—

8 “(i) the recipient is complying with
9 the requirements imposed by the United
10 States Government with respect to use,
11 transfers, and security of defense articles
12 and defense services; and

13 “(ii) such articles and services are
14 being used for the purposes for which they
15 are provided.

16 “(b) CONDUCT OF PROGRAM.—In carrying out the
17 program established under subsection (a), the President
18 shall ensure that the program—

19 “(1) provides for the end-use verification of de-
20 fense articles and defense services that incorporate
21 sensitive technology, defense articles and defense
22 services that are particularly vulnerable to diversion
23 or other misuse, or defense articles or defense serv-
24 ices whose diversion or other misuse could have sig-
25 nificant consequences; and

1 “(2) prevents the diversion (through reverse en-
2 gineering or other means) of technology incorporated
3 in defense articles.

4 “(c) REPORT TO CONGRESS.—Not later than 6
5 months after the date of the enactment of this section,
6 and annually thereafter as a part of the annual congres-
7 sional presentation documents submitted under section
8 634 of the Foreign Assistance Act of 1961, the President
9 shall transmit to the Congress a report describing the ac-
10 tions taken to implement this section, including a detailed
11 accounting of the costs and number of personnel associ-
12 ated with the monitoring program.

13 “(d) THIRD COUNTRY TRANSFERS.—For purposes of
14 this section, defense articles and defense services sold,
15 leased, or exported under this Act or the Foreign Assist-
16 ance Act of 1961 (22 U.S.C. 2151 et seq.) includes de-
17 fense articles and defense services that are transferred to
18 a third country or other third party.”.

19 (b) EFFECTIVE DATE.—Section 40A of the Arms Ex-
20 port Control Act, as added by subsection (a), applies with
21 respect to defense articles and defense services provided
22 before or after the date of the enactment of this Act.

1 **SEC. 151. BROKERING ACTIVITIES RELATING TO COMMER-**
2 **CIAL SALES OF DEFENSE ARTICLES AND**
3 **SERVICES.**

4 (a) IN GENERAL.—Section 38(b)(1)(A) of the Arms
5 Export Control Act (22 U.S.C. 2778(b)(1)(A)) is amend-
6 ed—

7 (1) in the first sentence, by striking “As pre-
8 scribed in regulations” and inserting “(i) As pre-
9 scribed in regulations”; and

10 (2) by adding at the end the following new
11 clause:

12 “(ii)(I) As prescribed in regulations issued under this
13 section, every person (other than an officer or employee
14 of the United States Government acting in official capac-
15 ity) who engages in the business of brokering activities
16 with respect to the manufacture, export, import, or trans-
17 fer of any defense article or defense service designated by
18 the President under subsection (a)(1), or in the business
19 of brokering activities with respect to the manufacture, ex-
20 port, import, or transfer of any foreign defense article or
21 defense service (as defined in subclause (IV)), shall reg-
22 ister with the United States Government agency charged
23 with the administration of this section, and shall pay a
24 registration fee which shall be prescribed by such regula-
25 tions.

1 “(II) Such brokering activities shall include the fi-
2 nancing, transportation, freight forwarding, or taking of
3 any other action that facilitates the manufacture, export,
4 or import of a defense article or defense service.

5 “(III) No person may engage in the business of
6 brokering activities described in subclause (I) without a
7 license, issued in accordance with this Act, except that no
8 license shall be required for such activities undertaken by
9 or for an agency of the United States Government—

10 “(aa) for use by an agency of the United States
11 Government; or

12 “(bb) for carrying out any foreign assistance or
13 sales program authorized by law and subject to the
14 control of the President by other means.

15 “(IV) For purposes of this clause, the term ‘foreign
16 defense article or defense service’ includes any non-United
17 States defense article or defense service of a nature de-
18 scribed on the United States Munitions List regardless of
19 whether such article or service is of United States origin
20 or whether such article or service contains United States
21 origin components.”.

22 (b) EFFECTIVE DATE.—Section 38(b)(1)(A)(ii) of
23 the Arms Export Control Act, as added by subsection (a),
24 shall apply with respect to brokering activities engaged in

1 beginning on or after 120 days after the enactment of this
2 Act.

3 **SEC. 152. RETURN AND EXCHANGES OF DEFENSE ARTICLES**
4 **PREVIOUSLY TRANSFERRED PURSUANT TO**
5 **THE ARMS EXPORT CONTROL ACT.**

6 (a) REPAIR OF DEFENSE ARTICLES.—Section 21 of
7 the Arms Export Control Act (22 U.S.C. 2761) is amend-
8 ed by adding at the end the following new subsection:

9 “(1) REPAIR OF DEFENSE ARTICLES.—

10 “(1) IN GENERAL.—The President may acquire
11 a repairable defense article from a foreign country
12 or international organization if such defense arti-
13 cle—

14 “(A) previously was transferred to such
15 country or organization under this Act;

16 “(B) is not an end item; and

17 “(C) will be exchanged for a defense article
18 of the same type that is in the stocks of the De-
19 partment of Defense.

20 “(2) LIMITATION.—The President may exercise
21 the authority provided in paragraph (1) only to the
22 extent that the Department of Defense—

23 “(A)(i) has a requirement for the defense
24 article being returned; and

1 “(ii) has available sufficient funds author-
2 ized and appropriated for such purpose; or

3 “(B)(i) is accepting the return of the de-
4 fense article for subsequent transfer to another
5 foreign government or international organiza-
6 tion pursuant to a letter of offer and acceptance
7 implemented in accordance with this Act; and

8 “(ii) has available sufficient funds provided
9 by or on behalf of such other foreign govern-
10 ment or international organization pursuant to
11 a letter of offer and acceptance implemented in
12 accordance with this Act.

13 “(3) REQUIREMENT.—(A) The foreign govern-
14 ment or international organization receiving a new
15 or repaired defense article in exchange for a repair-
16 able defense article pursuant to paragraph (1) shall,
17 upon the acceptance by the United States Govern-
18 ment of the repairable defense article being re-
19 turned, be charged the total cost associated with the
20 repair and replacement transaction.

21 “(B) The total cost charged pursuant to sub-
22 paragraph (A) shall be the same as that charged the
23 United States Armed Forces for a similar repair and
24 replacement transaction, plus an administrative sur-

1 charge in accordance with subsection (e)(1)(A) of
2 this section.

3 “(4) RELATIONSHIP TO CERTAIN OTHER PROVI-
4 SIONS OF LAW.—The authority of the President to
5 accept the return of a repairable defense article as
6 provided in subsection (a) shall not be subject to
7 chapter 137 of title 10, United States Code, or any
8 other provision of law relating to the conclusion of
9 contracts.”.

10 (b) RETURN OF DEFENSE ARTICLES.—Section 21 of
11 such Act (22 U.S.C. 2761), as amended by this Act, is
12 further amended by adding at the end the following new
13 subsection:

14 “(m) RETURN OF DEFENSE ARTICLES.—

15 “(1) IN GENERAL.—The President may accept
16 the return of a defense article from a foreign coun-
17 try or international organization if such defense arti-
18 cle—

19 “(A) previously was transferred to such
20 country or organization under this Act;

21 “(B) is not significant military equipment
22 (as defined in section 47(9) of this Act); and

23 “(C) is in fully functioning condition with-
24 out need of repair or rehabilitation.

1 “(2) LIMITATION.—The President may exercise
2 the authority provided in paragraph (1) only to the
3 extent that the Department of Defense—

4 “(A)(i) has a requirement for the defense
5 article being returned; and

6 “(ii) has available sufficient funds author-
7 ized and appropriated for such purpose; or

8 “(B)(i) is accepting the return of the de-
9 fense article for subsequent transfer to another
10 foreign government or international organiza-
11 tion pursuant to a letter of offer and acceptance
12 implemented in accordance with this Act; and

13 “(ii) has available sufficient funds provided
14 by or on behalf of such other foreign govern-
15 ment or international organization pursuant to
16 a letter of offer and acceptance implemented in
17 accordance with this Act.

18 “(3) CREDIT FOR TRANSACTION.—Upon acqui-
19 sition and acceptance by the United States Govern-
20 ment of a defense article under paragraph (1), the
21 appropriate Foreign Military Sales account of the
22 provider shall be credited to reflect the transaction.

23 “(4) RELATIONSHIP TO CERTAIN OTHER PROVI-
24 SIONS OF LAW.—The authority of the President to
25 accept the return of a defense article as provided in

1 paragraph (1) shall not be subject to chapter 137
2 of title 10, United States Code, or any other provi-
3 sion of law relating to the conclusion of contracts.”.

4 (c) REGULATIONS.—Under the direction of the Presi-
5 dent, the Secretary of Defense shall promulgate regula-
6 tions to implement subsections (l) and (m) of section 21
7 of the Arms Export Control Act, as added by this section.

8 **SEC. 153. NATIONAL SECURITY INTEREST DETERMINATION**
9 **TO WAIVE REIMBURSEMENT OF DEPRECIATION FOR LEASED DEFENSE ARTICLES.**
10

11 (a) IN GENERAL.—Section 61(a) of the Arms Export
12 Control Act (22 U.S.C. 2796(a)) is amended—

13 (1) in the second sentence, by striking “, or to
14 any defense article which has passed three-quarters
15 of its normal service life”; and

16 (2) by inserting after the second sentence the
17 following new sentence: “The President may waive
18 the requirement of paragraph (4) for reimbursement
19 of depreciation for any defense article which has
20 passed three-quarters of its normal service life if the
21 President determines that to do so is important to
22 the national security interest of the United States.”.

23 (b) EFFECTIVE DATE.—The third sentence of section
24 61(a) of the Arms Export Control Act, as added by sub-
25 section (a)(2), shall apply only with respect to a defense

1 article leased on or after the date of the enactment of this
2 Act.

3 **TITLE II—TRANSFER OF NAVAL**
4 **VESSELS TO CERTAIN FOR-**
5 **IGN COUNTRIES**

6 **SEC. 201. AUTHORITY TO TRANSFER NAVAL VESSELS.**

7 (a) EGYPT.—The Secretary of the Navy is authorized
8 to transfer to the Government of Egypt the “OLIVER
9 HAZARD PERRY” frigate GALLERY. Such transfer
10 shall be on a sales basis under section 21 of the Arms
11 Export Control Act (22 U.S.C. 2761; relating to the for-
12 eign military sales program).

13 (b) MEXICO.—The Secretary of the Navy is author-
14 ized to transfer to the Government of Mexico the
15 “KNOX” class frigates STEIN (FF 1065) and MARVIN
16 SHIELDS (FF 1066). Such transfers shall be on a sales
17 basis under section 21 of the Arms Export Control Act
18 (22 U.S.C. 2761; relating to the foreign military sales pro-
19 gram).

20 (c) NEW ZEALAND.—The Secretary of the Navy is
21 authorized to transfer to the Government of New Zealand
22 the “STALWART” class ocean surveillance ship TENA-
23 CIOUS. Such transfer shall be on a sales basis under sec-
24 tion 21 of the Arms Export Control Act (22 U.S.C. 2761;
25 relating to the foreign military sales program).

1 (d) PORTUGAL.—The Secretary of the Navy is au-
2 thorized to transfer to the Government of Portugal the
3 “STALWART” class ocean surveillance ship AUDA-
4 CIOUS. Such transfer shall be on a grant basis under sec-
5 tion 516 of the Foreign Assistance Act of 1961 (22 U.S.C.
6 2321j; relating to transfers of excess defense articles).

7 (e) TAIWAN.—The Secretary of the Navy is author-
8 ized to transfer to the Taipei Economic and Cultural Rep-
9 resentative Office in the United States (which is the Tai-
10 wan instrumentality designated pursuant to section 10(a)
11 of the Taiwan Relations Act) the following:

12 (1) The “KNOX” class frigates AYLWIN (FF
13 1081), PHARRIS (FF 1094), and VALDEZ (FF
14 1096). Such transfers shall be on a sales basis under
15 section 21 of the Arms Export Control Act (22
16 U.S.C. 2761; relating to the foreign military sales
17 program).

18 (2) The “NEWPORT” class tank landing ship
19 NEWPORT (LST 1179). Such transfer shall be on
20 a lease basis under section 61 of the Arms Export
21 Control Act (22 U.S.C. 2796).

22 (f) THAILAND.—The Secretary of the Navy is author-
23 ized to transfer to the Government of Thailand the
24 “KNOX” class frigate OUELLET (FF 1077). Such
25 transfer shall be on a sales basis under section 21 of the

1 Arms Export Control Act (22 U.S.C. 2761; relating to the
2 foreign military sales program).

3 **SEC. 202. COSTS OF TRANSFERS.**

4 Any expense of the United States in connection with
5 a transfer authorized by this title shall be charged to the
6 recipient.

7 **SEC. 203. EXPIRATION OF AUTHORITY.**

8 The authority granted by section 201 shall expire at
9 the end of the 2-year period beginning on the date of the
10 enactment of this Act.

11 **SEC. 204. REPAIR AND REFURBISHMENT OF VESSELS IN**
12 **UNITED STATES SHIPYARDS.**

13 The Secretary of the Navy shall require, to the maxi-
14 mum extent possible, as a condition of a transfer of a ves-
15 sel under this title, that the country to which the vessel
16 is transferred have such repair or refurbishment of the
17 vessel as is needed, before the vessel joins the naval forces
18 of that country, performed at a shipyard located in the
19 United States, including a United States Navy shipyard.

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