

Union Calendar No. 253

104TH CONGRESS
2^D SESSION

H. R. 3121

[Report No. 104-519, Part I]

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.

APRIL 16, 1996

Referral to the Committee on Rules extended for a period ending not later than April 16, 1996

APRIL 16, 1996

Committee on Rules discharged; committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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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

MARCH 21, 1996

Reported from the Committee on International Relations

APRIL 16, 1996

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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.”.

1 **SEC. 102. ADDITIONAL REQUIREMENTS UNDER THE FOR-**
2 **EIGN MILITARY FINANCING PROGRAM.**

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

6 (1) in paragraph (1)(A), by inserting “or the
7 Government of Israel” after “North Atlantic Treaty
8 Organization”; and

9 (2) in paragraph (2), by striking “or to any
10 member government of that Organization if that Or-
11 ganization or member government” and inserting “,
12 any member government of that Organization, or the
13 Government of Israel, if the Organization, member
14 government, or Government of Israel, as the case
15 may be,”.

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

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

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

5 “(g)(1) For each country and international organiza-
6 tion that has been approved for cash flow financing under
7 this section, any letter of offer and acceptance or other
8 purchase agreement, or any amendment thereto, for a pro-
9 curement of defense articles, defense services, or design
10 and construction services in excess of \$100,000,000 that
11 is to be financed in whole or in part with funds made avail-
12 able under this Act or the Foreign Assistance Act of 1961
13 shall be submitted to the congressional committees speci-
14 fied in section 634A(a) of the Foreign Assistance Act of
15 1961 in accordance with the procedures applicable to
16 reprogramming notifications under that section.

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

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

24 “(h) Of the amounts made available for a fiscal year
25 to carry out this section, not more than \$100,000,000 for

1 such fiscal year may be made available for countries other
2 than Israel and Egypt for the purpose of financing the
3 procurement of defense articles, defense services, and de-
4 sign and construction services that are not sold by the
5 United States Government under this Act.”.

6 (e) ANNUAL ESTIMATE AND JUSTIFICATION FOR
7 SALES PROGRAM.—Section 25 of such Act (22 U.S.C.
8 2765) is amended—

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

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

13 (3) by inserting after paragraph (11) the fol-
14 lowing new paragraph:

15 “(12)(A) a detailed accounting of all articles,
16 services, credits, guarantees, or any other form of
17 assistance furnished by the United States to each
18 country and international organization, including
19 payments to the United Nations, during the preced-
20 ing fiscal year for the detection and clearance of
21 landmines, including activities relating to the fur-
22 nishing of education, training, and technical assist-
23 ance for the detection and clearance of landmines;
24 and

1 “(B) for each provision of law making funds
2 available or authorizing appropriations for demining
3 activities described in subparagraph (A), an analysis
4 and description of the objectives and activities un-
5 dertaken during the preceding fiscal year, including
6 the number of personnel involved in performing such
7 activities; and”.

8 **SEC. 103. DRAWDOWN SPECIAL AUTHORITIES.**

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

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

15 (1) in subsection (a)(2)(A), by striking “defense
16 articles from the stocks” and all that follows and in-
17 serting the following: “articles and services from the
18 inventory and resources of any agency of the United
19 States Government and military education and
20 training from the Department of Defense, the Presi-
21 dent may direct the drawdown of such articles, serv-
22 ices, and military education and training—

23 “(i) for the purposes and under the au-
24 thorities of—

1 “(I) chapter 8 of part I (relating to
2 international narcotics control assistance);

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

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

7 “(ii) for the purpose of providing such arti-
8 cles, services, and military education and train-
9 ing to Vietnam, Cambodia, and Laos as the
10 President determines are necessary—

11 “(I) to support cooperative efforts to
12 locate and repatriate members of the Unit-
13 ed States Armed Forces and civilians em-
14 ployed directly or indirectly by the United
15 States Government who remain unac-
16 counted for from the Vietnam War; and

17 “(II) to ensure the safety of United
18 States Government personnel engaged in
19 such cooperative efforts and to support De-
20 partment of Defense-sponsored humani-
21 tarian projects associated with such ef-
22 forts.”;

23 (2) in subsection (a)(2)(B), by striking
24 “\$75,000,000” and all that follows and inserting
25 “\$150,000,000 in any fiscal year of such articles,

1 services, and military education and training may be
2 provided pursuant to subparagraph (A) of this para-
3 graph—

4 “(i) not more than \$75,000,000 of which
5 may be provided from the drawdown from the
6 inventory and resources of the Department of
7 Defense;

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

11 “(iii) not more than \$15,000,000 of which
12 may be provided to Vietnam, Cambodia, and
13 Laos pursuant to clause (ii) of such subpara-
14 graph.”; and

15 (3) in subsection (b)(1), by adding at the end
16 the following: “In the case of drawdowns authorized
17 by subclauses (I) and (III) of subsection
18 (a)(2)(A)(i), notifications shall be provided to those
19 committees at least 15 days in advance of the
20 drawdowns in accordance with the procedures appli-
21 cable to reprogramming notifications under section
22 634A.”.

23 (c) NOTICE TO CONGRESS OF EXERCISE OF SPECIAL
24 AUTHORITIES.—Section 652 of such Act (22 U.S.C.

1 2411) is amended by striking “prior to the date” and in-
2 serting “before”.

3 **SEC. 104. TRANSFER OF EXCESS DEFENSE ARTICLES.**

4 (a) IN GENERAL.—Section 516 of the Foreign Assist-
5 ance Act of 1961 (22 U.S.C. 2321j) is amended to read
6 as follows:

7 **“SEC. 516. AUTHORITY TO TRANSFER EXCESS DEFENSE AR-**
8 **TICLES.**

9 “(a) AUTHORIZATION.—The President is authorized
10 to transfer excess defense articles under this section to
11 countries for which receipt of such articles was justified
12 pursuant to the annual congressional presentation docu-
13 ments for military assistance programs, or for programs
14 under chapter 8 of part I of this Act, submitted under
15 section 634 of this Act, or for which receipt of such arti-
16 cles was separately justified to the Congress, for the fiscal
17 year in which the transfer is authorized.

18 “(b) LIMITATIONS ON TRANSFERS.—The President
19 may transfer excess defense articles under this section
20 only if—

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

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

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

4 “(4) with respect to a proposed transfer of such
5 articles on a grant basis, such a transfer is pref-
6 erable to a transfer on a sales basis, after taking
7 into account the potential proceeds from, and likeli-
8 hood of, such sales, and the comparative foreign pol-
9 icy benefits that may accrue to the United States as
10 the result of a transfer on either a grant or sales
11 basis;

12 “(5) the President determines that the transfer
13 of such articles will not have an adverse impact on
14 the national technology and industrial base and, par-
15 ticularly, will not reduce the opportunities of entities
16 in the national technology and industrial base to sell
17 new or used equipment to the countries to which
18 such articles are transferred; and

19 “(6) the transfer of such articles is consistent
20 with the policy framework for the Eastern Medi-
21 terranean established under section 620C of this
22 Act.

23 “(c) TERMS OF TRANSFERS.—

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

4 “(2) PRIORITY.—Notwithstanding any other
5 provision of law, the delivery of excess defense arti-
6 cles under this section to member countries of the
7 North Atlantic Treaty Organization (NATO) on the
8 southern and southeastern flank of NATO and to
9 major non-NATO allies on such southern and south-
10 eastern flank shall be given priority to the maximum
11 extent feasible over the delivery of such excess de-
12 fense articles to other countries.

13 “(d) WAIVER OF REQUIREMENT FOR REIMBURSE-
14 MENT OF DEPARTMENT OF DEFENSE EXPENSES.—Sec-
15 tion 632(d) shall not apply with respect to transfers of
16 excess defense articles (including transportation and relat-
17 ed costs) under this section.

18 “(e) TRANSPORTATION AND RELATED COSTS.—

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

24 “(2) EXCEPTION.—The President may provide
25 for the transportation of excess defense articles with-

1 out charge to a country for the costs of such trans-
2 portation if—

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

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

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

15 “(D) such transportation is accomplished
16 on a space available basis.

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

19 “(1) IN GENERAL.—The President may not
20 transfer excess defense articles that are significant
21 military equipment (as defined in section 47(9) of
22 the Arms Export Control Act) or excess defense arti-
23 cles valued (in terms of original acquisition cost) at
24 \$7,000,000 or more, under this section or under the
25 Arms Export Control Act (22 U.S.C. 2751 et seq.)

1 until 15 days after the date on which the President
2 has provided notice of the proposed transfer to the
3 congressional committees specified in section
4 634A(a) in accordance with procedures applicable to
5 reprogramming notifications under that section.

6 “(2) CONTENTS.—Such notification shall in-
7 clude—

8 “(A) a statement outlining the purposes
9 for which the article is being provided to the
10 country, including whether such article has
11 been previously provided to such country;

12 “(B) an assessment of the impact of the
13 transfer on the military readiness of the United
14 States;

15 “(C) an assessment of the impact of the
16 transfer on the national technology and indus-
17 trial base and, particularly, the impact on op-
18 portunities of entities in the national technology
19 and industrial base to sell new or used equip-
20 ment to the countries to which such articles are
21 to be transferred; and

22 “(D) a statement describing the current
23 value of such article and the value of such arti-
24 cle at acquisition.

25 “(g) AGGREGATE ANNUAL LIMITATION.—

1 “(1) IN GENERAL.—The aggregate value of ex-
2 cess defense articles transferred to countries under
3 this section in any fiscal year may not exceed
4 \$350,000,000.

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

8 “(h) CONGRESSIONAL PRESENTATION DOCU-
9 MENTS.—Documents described in subsection (a) justifying
10 the transfer of excess defense articles shall include an ex-
11 planation of the general purposes of providing excess de-
12 fense articles as well as a table which provides an aggre-
13 gate annual total of transfers of excess defense articles
14 in the preceding year by country in terms of offers and
15 actual deliveries and in terms of acquisition cost and cur-
16 rent value. Such table shall indicate whether such excess
17 defense articles were provided on a grant or sale basis.

18 “(i) EXCESS COAST GUARD PROPERTY.—For pur-
19 poses of this section, the term ‘excess defense articles’
20 shall be deemed to include excess property of the Coast
21 Guard, and the term ‘Department of Defense’ shall be
22 deemed, with respect to such excess property, to include
23 the Coast Guard.”.

24 (b) CONFORMING AMENDMENTS.—

1 (1) ARMS EXPORT CONTROL ACT.—Section
2 21(k) of the Arms Export Control Act (22 U.S.C.
3 2761(k)) is amended by striking “the President
4 shall” and all that follows and inserting the follow-
5 ing: “the President shall determine that the sale of
6 such articles will not have an adverse impact on the
7 national technology and industrial base and, particu-
8 larly, will not reduce the opportunities of entities in
9 the national technology and industrial base to sell
10 new or used equipment to the countries to which
11 such articles are transferred.”.

12 (2) REPEALS.—The following provisions of law
13 are hereby repealed:

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

16 (B) Sections 517 through 520 of the For-
17 eign Assistance Act of 1961 (22 U.S.C. 2321k
18 through 2321n).

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

21 **SEC. 105. EXCESS DEFENSE ARTICLES FOR CERTAIN EURO-**
22 **PEAN COUNTRIES.**

23 Notwithstanding section 516(e) of the Foreign As-
24 sistance Act of 1961, during each of the fiscal years 1996
25 and 1997, funds available to the Department of Defense

1 may be expended for crating, packing, handling, and
2 transportation of excess defense articles transferred under
3 the authority of section 516 of such Act to countries that
4 are eligible to participate in the Partnership for Peace and
5 that are eligible for assistance under the Support for East
6 European Democracy (SEED) Act of 1989.

7 **CHAPTER 2—INTERNATIONAL MILITARY**
8 **EDUCATION AND TRAINING**

9 **SEC. 111. ASSISTANCE FOR INDONESIA.**

10 Funds made available for fiscal years 1996 and 1997
11 to carry out chapter 5 of part II of the Foreign Assistance
12 Act of 1961 (22 U.S.C. 2347 et seq.) may be obligated
13 for Indonesia only for expanded military and education
14 training that meets the requirements of clauses (i)
15 through (iv) of the second sentence of section 541 of such
16 Act (22 U.S.C. 2347).

17 **SEC. 112. ADDITIONAL REQUIREMENTS.**

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

23 (b) EXCHANGE TRAINING.—Section 544 of such Act
24 (22 U.S.C. 2347c) is amended—

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

3 (2) by adding at the end the following new sub-
4 section:

5 “(b) The President may provide for the attendance
6 of foreign military and civilian defense personnel at flight
7 training schools and programs (including test pilot
8 schools) in the United States without charge, and without
9 charge to funds available to carry out this chapter (not-
10 withstanding section 632(d) of this Act), if such attend-
11 ance is pursuant to an agreement providing for the ex-
12 change of students on a one-for-one basis each fiscal year
13 between those United States flight training schools and
14 programs (including test pilot schools) and comparable
15 flight training schools and programs of foreign coun-
16 tries.”.

17 (c) ASSISTANCE FOR CERTAIN HIGH-INCOME FOR-
18 EIGN COUNTRIES.—

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

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

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

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

13 (2) AMENDMENT TO THE ARMS EXPORT CON-
14 TROL ACT.—Section 21(a)(1)(C) of the Arms Export
15 Control Act (22 U.S.C. 2761) is amended by insert-
16 ing “or to any high-income foreign country (as de-
17 scribed in that chapter)” after “Foreign Assistance
18 Act of 1961”.

19 **CHAPTER 3—ANTITERRORISM**
20 **ASSISTANCE**

21 **SEC. 121. ANTITERRORISM TRAINING ASSISTANCE.**

22 (a) IN GENERAL.—Section 571 of the Foreign Assist-
23 ance Act of 1961 (22 U.S.C. 2349aa) is amended by strik-
24 ing “Subject to the provisions of this chapter” and insert-
25 ing “Notwithstanding any other provision of law that re-

1 stricts assistance to foreign countries (other than sections
2 502B and 620A of this Act)”.

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

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

7 (2) by striking subsection (a);

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

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

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

12 (B) by redesignating paragraphs (3)
13 through (5) as paragraphs (1) through (3), re-
14 spectively; and

15 (C) by amending paragraph (2) (as redesi-
16 gnated) to read as follows:

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

21 “(B) Subparagraph (A) shall not apply to small arms
22 and ammunition in categories I and III of the United
23 States Munitions List that are integrally and directly re-
24 lated to antiterrorism training provided under this chapter
25 if, at least 15 days before obligating those funds, the

1 President notifies the appropriate congressional commit-
2 tees specified in section 634A of this Act in accordance
3 with the procedures applicable to reprogramming notifica-
4 tions under such section.

5 “(C) The value (in terms of original acquisition cost)
6 of all equipment and commodities provided under this
7 chapter in any fiscal year may not exceed 25 percent of
8 the funds made available to carry out this chapter for that
9 fiscal year.”.

10 (c) ANNUAL REPORT.—Section 574 of such Act (22
11 U.S.C. 2349aa–3) is hereby repealed.

12 (d) TECHNICAL CORRECTIONS.—Section 575 (22
13 U.S.C. 2349aa–4) and section 576 (22 U.S.C. 2349aa–
14 5) of such Act are redesignated as sections 574 and 575,
15 respectively.

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

17 Funds made available for fiscal years 1996 and 1997
18 to carry out chapter 8 of part II of the Foreign Assistance
19 Act of 1961 (22 U.S.C. 2349aa et seq.; relating to
20 antiterrorism assistance) may be made available to the
21 Technical Support Working Group of the Department of
22 State for research and development expenses related to
23 contraband detection technologies or for field demonstra-
24 tions of such technologies (whether such field demonstra-

1 tions take place in the United States or outside the United
2 States).

3 **CHAPTER 4—NARCOTICS CONTROL**
4 **ASSISTANCE**

5 **SEC. 131. ADDITIONAL REQUIREMENTS.**

6 (a) POLICY AND GENERAL AUTHORITIES.—Section
7 481(a) of the Foreign Assistance Act (22 U.S.C. 2291(a))
8 is amended—

9 (1) in paragraph (1)—

10 (A) by redesignating subparagraphs (D)
11 through (F) as subparagraphs (E) through (G),
12 respectively; and

13 (B) by inserting after subparagraph (C)
14 the following new subparagraph:

15 “(D) International criminal activities, particu-
16 larly international narcotics trafficking, money laun-
17 dering, and corruption, endanger political and eco-
18 nomic stability and democratic development, and as-
19 sistance for the prevention and suppression of inter-
20 national criminal activities should be a priority for
21 the United States.”; and

22 (2) in paragraph (4), by adding before the pe-
23 riod at the end the following: “, or for other
24 antierime purposes”.

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

4 (1) by striking “CONTRIBUTION BY RECIPIENT
5 COUNTRY.—To” and inserting “CONTRIBUTIONS
6 AND REIMBURSEMENT.—(1) To”; and

7 (2) by adding at the end the following new
8 paragraphs:

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

15 “(B) At the time of submission of the annual congres-
16 sional presentation documents required by section 634(a),
17 the President shall provide a detailed report on any con-
18 tributions received in the preceding fiscal year, the amount
19 of such contributions, and the purposes for which such
20 contributions were used.

21 “(3) The President is authorized to provide assist-
22 ance under this chapter on a reimbursable basis. Such re-
23 imbursements shall be deposited as an offsetting collection
24 to the applicable appropriation and may be used under the

1 same terms and conditions as funds appropriated pursu-
2 ant to this chapter.”.

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

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

14 “(g) EXCESS PROPERTY.—For purposes of this chap-
15 ter, the Secretary of State may use the authority of section
16 608, without regard to the restrictions of such section, to
17 receive nonlethal excess property from any agency of the
18 United States Government for the purpose of providing
19 such property to a foreign government under the same
20 terms and conditions as funds authorized to be appro-
21 priated for the purposes of this chapter.”.

22 **SEC. 132. NOTIFICATION REQUIREMENT.**

23 (a) IN GENERAL.—The authority of section 1003(d)
24 of the National Narcotics Control Leadership Act of 1988
25 (21 U.S.C. 1502(d)) may be exercised with respect to

1 funds authorized to be appropriated pursuant to the For-
2 eign Assistance Act of 1961 (22 U.S.C. 2151 et seq.) and
3 with respect to the personnel of the Department of State
4 only to the extent that the appropriate congressional com-
5 mittees have been notified 15 days in advance in accord-
6 ance with the reprogramming procedures applicable under
7 section 634A of that Act (22 U.S.C. 2394).

8 (b) DEFINITION.—For purposes of this section, the
9 term “appropriate congressional committees” means the
10 Committee on International Relations and the Committee
11 on Appropriations of the House of Representatives and the
12 Committee on Foreign Relations and the Committee on
13 Appropriations of the Senate.

14 **SEC. 133. WAIVER OF RESTRICTIONS FOR NARCOTICS-RE-**
15 **LATED ECONOMIC ASSISTANCE.**

16 For each of the fiscal years 1996 and 1997, narcot-
17 ics-related assistance under part I of the Foreign Assist-
18 ance Act of 1961 (22 U.S.C. 2151 et seq.) may be pro-
19 vided notwithstanding any other provision of law that re-
20 stricts assistance to foreign countries (other than section
21 490(e) or section 502B of that Act (22 U.S.C. 2291j(e)
22 and 2304)) if, at least 15 days before obligating funds
23 for such assistance, the President notifies the appropriate
24 congressional committees (as defined in section 481(e) of
25 that Act (22 U.S.C. 2291(e))) in accordance with the pro-

1 cedures applicable to reprogramming notifications under
2 section 634A of that Act (22 U.S.C. 2394).

3 **CHAPTER 5—OTHER PROVISIONS**

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

5 **PROCEDURES FOR ARMS TRANSFERS.**

6 (a) **THIRD COUNTRY TRANSFERS UNDER FMS**
7 **SALES.**—Section 3(d)(2) of the Arms Export Control Act
8 (22 U.S.C. 2753(d)(2)) is amended—

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

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

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

15 “(C) If the President states in his certification under
16 subparagraph (A) or (B) that an emergency exists which
17 requires that consent to the proposed transfer become ef-
18 fective immediately in the national security interests of the
19 United States, thus waiving the requirements of that sub-
20 paragraph, the President shall set forth in the certification
21 a detailed justification for his determination, including a
22 description of the emergency circumstances which neces-
23 sitate immediate consent to the transfer and a discussion
24 of the national security interests involved.

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

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

11 (b) THIRD COUNTRY TRANSFERS UNDER COMMER-
12 CIAL SALES.—Section 3(d)(3) of such Act (22 U.S.C.
13 2753(d)(3)) is amended—

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

15 (2) in the first sentence—

16 (A) by striking “at least 30 calendar
17 days”; and

18 (B) by striking “report” and inserting
19 “certification”; and

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

23 “(i) at least 15 calendar days before such con-
24 sent is given in the case of a transfer to a country

1 which is a member of the North Atlantic Treaty Or-
2 ganization or Australia, Japan, or New Zealand; and

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

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

18 “(B) Consent to a transfer subject to subparagraph
19 (A) shall become effective after the end of the 15-day or
20 30-day period specified in subparagraph (A)(i) or (ii), as
21 the case may be, only if the Congress does not enact, with-
22 in that period, a joint resolution prohibiting the proposed
23 transfer.

24 “(C)(i) Any joint resolution under this paragraph
25 shall be considered in the Senate in accordance with the

1 provisions of section 601(b) of the International Security
2 Assistance and Arms Export Control Act of 1976.

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

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

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

20 “(B) in the case of any other license, shall not
21 be issued until at least 30 calendar days after the
22 Congress receives such certification, and shall not be
23 issued then if the Congress, within that 30-day pe-
24 riod, enacts a joint resolution prohibiting the pro-
25 posed export.”.

1 (d) COMMERCIAL MANUFACTURING AGREEMENTS.—
2 Section 36(d) of such Act (22 U.S.C. 2776(d)) is amend-
3 ed—

4 (1) by inserting “(1)” after “(d)”;

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

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

8 “(2) A certification under this subsection shall be
9 submitted—

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

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

17 unless the President states in his certification that an
18 emergency exists which requires the immediate approval
19 of the agreement in the national security interests of the
20 United States.

21 “(3) If the President states in his certification that
22 an emergency exists which requires the immediate ap-
23 proval of the agreement in the national security interests
24 of the United States, thus waiving the requirements of
25 paragraph (4), he shall set forth in the certification a de-

1 tailed justification for his determination, including a de-
2 scription of the emergency circumstances which neces-
3 sitate the immediate approval of the agreement and a dis-
4 cussion of the national security interests involved.

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

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

14 “(B) For the purpose of expediting the consideration
15 and enactment of joint resolutions under paragraph (4),
16 a motion to proceed to the consideration of any such joint
17 resolution after it has been reported by the appropriate
18 committee shall be treated as highly privileged in the
19 House of Representatives.”.

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

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

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

25 (B) in subsection (b)—

1 (i) by striking “determines, and im-
2 mediately reports to the Congress” and in-
3 serting “states in his certification”; and

4 (ii) by adding at the end of the sub-
5 section the following: “If the President
6 states in his certification that such an
7 emergency exists, he shall set forth in the
8 certification a detailed justification for his
9 determination, including a description of
10 the emergency circumstances which neces-
11 sitate that the lease be entered into imme-
12 diately and a discussion of the national se-
13 curity interests involved.”; and

14 (C) by adding at the end of the section the
15 following:

16 “(c) The certification required by subsection (a) shall
17 be transmitted—

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

23 “(2) not less than 30 calendar days before the
24 agreement is entered into or renewed in the case of

1 an agreement with any other organization or coun-
2 try.”.

3 (2) CONGRESSIONAL DISAPPROVAL.—Section
4 63(a) of such Act (22 U.S.C. 2796b(a)) is amend-
5 ed—

6 (A) by striking “(a)(1)” and inserting
7 “(a)”;

8 (B) by striking out the “30 calendar days
9 after receiving the certification with respect to
10 that proposed agreement pursuant to section
11 62(a),” and inserting in lieu thereof “the 15-
12 day or 30-day period specified in section 62(c)
13 (1) or (2), as the case may be,”; and

14 (C) by striking paragraph (2).

15 (f) EFFECTIVE DATE.—The amendments made by
16 this section apply with respect to certifications required
17 to be submitted on or after the date of the enactment of
18 this Act.

19 **SEC. 142. STANDARDIZATION OF THIRD COUNTRY TRANS-**
20 **FERS OF DEFENSE ARTICLES.**

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

24 “(b) The consent of the President under paragraph
25 (2) of subsection (a) or under paragraph (1) of section

1 505(a) of the Foreign Assistance Act of 1961 (as it relates
2 to subparagraph (B) of such paragraph) shall not be re-
3 quired for the transfer by a foreign country or inter-
4 national organization of defense articles sold by the United
5 States under this Act if—

6 “(1) such articles constitute components incor-
7 porated into foreign defense articles;

8 “(2) the recipient is the government of a mem-
9 ber country of the North Atlantic Treaty Organiza-
10 tion, the Government of Australia, the Government
11 of Japan, or the Government of New Zealand;

12 “(3) the recipient is not a country designated
13 under section 620A of the Foreign Assistance Act of
14 1961;

15 “(4) the United States-origin components are
16 not—

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

19 “(B) defense articles for which notification
20 to Congress is required under section 36(b);
21 and

22 “(C) identified by regulation as Missile
23 Technology Control Regime items; and

24 “(5) the foreign country or international orga-
25 nization provides notification of the transfer of the

1 defense articles to the United States Government
2 not later than 30 days after the date of such trans-
3 fer.”.

4 **SEC. 143. INCREASED STANDARDIZATION, RATIONALIZA-**
5 **TION, AND INTEROPERABILITY OF ASSIST-**
6 **ANCE AND SALES PROGRAMS.**

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

12 **SEC. 144. DEFINITION OF SIGNIFICANT MILITARY EQUIP-**
13 **MENT.**

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

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

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

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

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

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

1 “(B) identified on the United States Munitions
2 List.”.

3 **SEC. 145. ELIMINATION OF ANNUAL REPORTING REQUIRE-**
4 **MENT RELATING TO THE SPECIAL DEFENSE**
5 **ACQUISITION FUND.**

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

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

10 (1) by striking “(a)”; and

11 (2) by striking subparagraph (B).

12 **SEC. 146. COST OF LEASED DEFENSE ARTICLES THAT HAVE**
13 **BEEN LOST OR DESTROYED.**

14 Section 61(a)(4) of the Arms Export Control Act (22
15 U.S.C. 2796(a)(4)) is amended by striking “and the re-
16 placement cost” and all that follows and inserting the fol-
17 lowing: “and, if the articles are lost or destroyed while
18 leased—

19 “(A) in the event the United States in-
20 tends to replace the articles lost or destroyed,
21 the replacement cost (less any depreciation in
22 the value) of the articles; or

23 “(B) in the event the United States does
24 not intend to replace the articles lost or de-
25 stroyed, an amount not less than the actual

1 value (less any depreciation in the value) speci-
2 fied in the lease agreement.”.

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

4 (a) DESIGNATION.—

5 (1) NOTICE TO CONGRESS.—Chapter 2 of part
6 II of the Foreign Assistance Act of 1961 (22 U.S.C.
7 2311 et seq.), as amended by this Act, is further
8 amended by adding at the end the following new sec-
9 tion:

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

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

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

16 “(2) terminating such a designation.

17 “(b) INITIAL DESIGNATIONS.—Australia, Egypt, Is-
18 rael, Japan, the Republic of Korea, and New Zealand shall
19 be deemed to have been so designated by the President
20 as of the effective date of this section, and the President
21 is not required to notify the Congress of such designation
22 of those countries.”.

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

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

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

8 (B) Section 65(d) of such Act (22 U.S.C.
9 2796d(d)) is amended—

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

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

13 (b) COOPERATIVE TRAINING AGREEMENTS.—Section
14 21(g) of the Arms Export Control Act (22 U.S.C.
15 2761(g)) is amended in the first sentence by striking
16 “similar agreements” and all that follows through “other
17 countries” and inserting “similar agreements with coun-
18 tries”.

19 **SEC. 148. CERTIFICATION THRESHOLDS.**

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

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

23 (A) in paragraphs (1) and (3), by striking
24 “\$14,000,000” each place it appears and in-
25 serting “\$25,000,000”; and

1 (B) in paragraphs (1) and (3), by striking
2 “\$50,000,000” each place it appears and in-
3 serting “\$75,000,000”;

4 (2) in section 36 (22 U.S.C. 2776)—

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

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

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

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

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

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

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

22 **SEC. 149. DEPLETED URANIUM AMMUNITION.**

23 Chapter 1 of part III of the Foreign Assistance Act
24 of 1961 (22 U.S.C. 2370 et seq.), as amended by this Act,

1 is further amended by adding at the end the following new
2 section:

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

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

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

12 “(2) a country that has been designated as a
13 major non-NATO ally (as defined in section 644(q));
14 or

15 “(3) Taiwan.

16 “(b) EXCEPTION.—The prohibition contained in sub-
17 section (a) shall not apply with respect to the use of funds
18 to facilitate the sale of antitank shells to a country if the
19 President determines that to do so is in the national secu-
20 rity interest of the United States.”.

21 **SEC. 150. END-USE MONITORING OF DEFENSE ARTICLES**
22 **AND DEFENSE SERVICES.**

23 (a) IN GENERAL.—The Arms Export Control Act (22
24 U.S.C. 2751 et seq.) is amended by inserting after chapter
25 3 the following new chapter:

1 **“CHAPTER 3A—END-USE MONITORING OF**
2 **DEFENSE ARTICLES AND DEFENSE**
3 **SERVICES**

4 **“SEC. 40A. END-USE MONITORING OF DEFENSE ARTICLES**
5 **AND DEFENSE SERVICES.**

6 “(a) ESTABLISHMENT OF MONITORING PROGRAM.—

7 “(1) IN GENERAL.—In order to improve ac-
8 countability with respect to defense articles and de-
9 fense services sold, leased, or exported under this
10 Act or the Foreign Assistance Act of 1961 (22
11 U.S.C. 2151 et seq.), the President shall establish a
12 program which provides for the end-use monitoring
13 of such articles and services.

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

16 “(A) shall provide for the end-use monitor-
17 ing of defense articles and defense services in
18 accordance with the standards that apply for
19 identifying high-risk exports for regular end-use
20 verification developed under section 38(g)(7) of
21 this Act (commonly referred to as the ‘Blue
22 Lantern’ program); and

23 “(B) shall be designed to provide reason-
24 able assurance that—

1 “(i) the recipient is complying with
2 the requirements imposed by the United
3 States Government with respect to use,
4 transfers, and security of defense articles
5 and defense services; and

6 “(ii) such articles and services are
7 being used for the purposes for which they
8 are provided.

9 “(b) CONDUCT OF PROGRAM.—In carrying out the
10 program established under subsection (a), the President
11 shall ensure that the program—

12 “(1) provides for the end-use verification of de-
13 fense articles and defense services that incorporate
14 sensitive technology, defense articles and defense
15 services that are particularly vulnerable to diversion
16 or other misuse, or defense articles or defense serv-
17 ices whose diversion or other misuse could have sig-
18 nificant consequences; and

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

22 “(c) REPORT TO CONGRESS.—Not later than 6
23 months after the date of the enactment of this section,
24 and annually thereafter as a part of the annual congres-
25 sional presentation documents submitted under section

1 634 of the Foreign Assistance Act of 1961, the President
2 shall transmit to the Congress a report describing the ac-
3 tions taken to implement this section, including a detailed
4 accounting of the costs and number of personnel associ-
5 ated with the monitoring program.

6 “(d) **THIRD COUNTRY TRANSFERS.**—For purposes of
7 this section, defense articles and defense services sold,
8 leased, or exported under this Act or the Foreign Assist-
9 ance Act of 1961 (22 U.S.C. 2151 et seq.) includes de-
10 fense articles and defense services that are transferred to
11 a third country or other third party.”

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

16 **SEC. 151. BROKERING ACTIVITIES RELATING TO COMMER-**
17 **CIAL SALES OF DEFENSE ARTICLES AND**
18 **SERVICES.**

19 (a) **IN GENERAL.**—Section 38(b)(1)(A) of the Arms
20 Export Control Act (22 U.S.C. 2778(b)(1)(A)) is amend-
21 ed—

22 (1) in the first sentence, by striking “As pre-
23 scribed in regulations” and inserting “(i) As pre-
24 scribed in regulations”; and

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

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

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

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

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

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

6 “(IV) For purposes of this clause, the term ‘foreign
7 defense article or defense service’ includes any non-United
8 States defense article or defense service of a nature de-
9 scribed on the United States Munitions List regardless of
10 whether such article or service is of United States origin
11 or whether such article or service contains United States
12 origin components.”.

13 (b) EFFECTIVE DATE.—Section 38(b)(1)(A)(ii) of
14 the Arms Export Control Act, as added by subsection (a),
15 shall apply with respect to brokering activities engaged in
16 beginning on or after 120 days after the enactment of this
17 Act.

18 **SEC. 152. RETURN AND EXCHANGES OF DEFENSE ARTICLES**
19 **PREVIOUSLY TRANSFERRED PURSUANT TO**
20 **THE ARMS EXPORT CONTROL ACT.**

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

24 “(l) REPAIR OF DEFENSE ARTICLES.—

1 “(1) IN GENERAL.—The President may acquire
2 a repairable defense article from a foreign country
3 or international organization if such defense arti-
4 cle—

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

7 “(B) is not an end item; and

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

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

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

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

18 “(B)(i) is accepting the return of the de-
19 fense article for subsequent transfer to another
20 foreign government or international organiza-
21 tion pursuant to a letter of offer and acceptance
22 implemented in accordance with this Act; and

23 “(ii) has available sufficient funds provided
24 by or on behalf of such other foreign govern-
25 ment or international organization pursuant to

1 a letter of offer and acceptance implemented in
2 accordance with this Act.

3 “(3) REQUIREMENT.—(A) The foreign govern-
4 ment or international organization receiving a new
5 or repaired defense article in exchange for a repair-
6 able defense article pursuant to paragraph (1) shall,
7 upon the acceptance by the United States Govern-
8 ment of the repairable defense article being re-
9 turned, be charged the total cost associated with the
10 repair and replacement transaction.

11 “(B) The total cost charged pursuant to sub-
12 paragraph (A) shall be the same as that charged the
13 United States Armed Forces for a similar repair and
14 replacement transaction, plus an administrative sur-
15 charge in accordance with subsection (e)(1)(A) of
16 this section.

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

24 (b) RETURN OF DEFENSE ARTICLES.—Section 21 of
25 such Act (22 U.S.C. 2761), as amended by this Act, is

1 further amended by adding at the end the following new
2 subsection:

3 “(m) RETURN OF DEFENSE ARTICLES.—

4 “(1) IN GENERAL.—The President may accept
5 the return of a defense article from a foreign coun-
6 try or international organization if such defense arti-
7 cle—

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

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

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

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

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

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

21 “(B)(i) is accepting the return of the de-
22 fense article for subsequent transfer to another
23 foreign government or international organiza-
24 tion pursuant to a letter of offer and acceptance
25 implemented in accordance with this Act; and

1 “(ii) has available sufficient funds provided
2 by or on behalf of such other foreign govern-
3 ment or international organization pursuant to
4 a letter of offer and acceptance implemented in
5 accordance with this Act.

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

11 “(4) RELATIONSHIP TO CERTAIN OTHER PROVI-
12 SIONS OF LAW.—The authority of the President to
13 accept the return of a defense article as provided in
14 paragraph (1) shall not be subject to chapter 137 of
15 title 10, United States Code, or any other provision
16 of law relating to the conclusion of contracts.”.

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

21 **SEC. 153. NATIONAL SECURITY INTEREST DETERMINATION**
22 **TO WAIVE REIMBURSEMENT OF DEPRECIATION**
23 **FOR LEASED DEFENSE ARTICLES.**

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

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

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

11 (b) EFFECTIVE DATE.—The third sentence of section
12 61(a) of the Arms Export Control Act, as added by sub-
13 section (a)(2), shall apply only with respect to a defense
14 article leased on or after the date of the enactment of this
15 Act.

16 **TITLE II—TRANSFER OF NAVAL**
17 **VESSELS TO CERTAIN FOR-**
18 **EIGN COUNTRIES**

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

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

1 (b) MEXICO.—The Secretary of the Navy is author-
2 ized to transfer to the Government of Mexico the
3 “KNOX” class frigates STEIN (FF 1065) and MARVIN
4 SHIELDS (FF 1066). Such transfers shall be on a sales
5 basis under section 21 of the Arms Export Control Act
6 (22 U.S.C. 2761; relating to the foreign military sales pro-
7 gram).

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

14 (d) PORTUGAL.—The Secretary of the Navy is au-
15 thorized to transfer to the Government of Portugal the
16 “STALWART” class ocean surveillance ship AUDA-
17 CIOUS. Such transfer shall be on a grant basis under sec-
18 tion 516 of the Foreign Assistance Act of 1961 (22 U.S.C.
19 2321j; relating to transfers of excess defense articles).

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

1 (1) The “KNOX” class frigates AYLWIN (FF
2 1081), PHARRIS (FF 1094), and VALDEZ (FF
3 1096). Such transfers shall be on a sales basis under
4 section 21 of the Arms Export Control Act (22
5 U.S.C. 2761; relating to the foreign military sales
6 program).

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

11 (f) THAILAND.—The Secretary of the Navy is author-
12 ized to transfer to the Government of Thailand the
13 “KNOX” class frigate OUELLET (FF 1077). Such
14 transfer shall be on a sales basis under section 21 of the
15 Arms Export Control Act (22 U.S.C. 2761; relating to the
16 foreign military sales program).

17 **SEC. 202. COSTS OF TRANSFERS.**

18 Any expense of the United States in connection with
19 a transfer authorized by this title shall be charged to the
20 recipient.

21 **SEC. 203. EXPIRATION OF AUTHORITY.**

22 The authority granted by section 201 shall expire at
23 the end of the 2-year period beginning on the date of the
24 enactment of this Act.

1 **SEC. 204. REPAIR AND REFURBISHMENT OF VESSELS IN**
2 **UNITED STATES SHIPYARDS.**

3 The Secretary of the Navy shall require, to the maxi-
4 mum extent possible, as a condition of a transfer of a ves-
5 sel under this title, that the country to which the vessel
6 is transferred have such repair or refurbishment of the
7 vessel as is needed, before the vessel joins the naval forces
8 of that country, performed at a shipyard located in the
9 United States, including a United States Navy shipyard.