

106TH CONGRESS
1ST SESSION

H. R. 973

IN THE SENATE OF THE UNITED STATES

JUNE 16, 1999

Received; read twice and referred to the Committee on Foreign Relations

AN ACT

To modify authorities with respect to the provision of security assistance under the Foreign Assistance Act of 1961 and the Arms Export Control Act, and for other purposes.

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

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Security Assistance
3 Act of 1999”.

4 SEC. 2. TABLE OF CONTENTS.

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

- Sec. 1. Short title.
- Sec. 2. Table of contents.

TITLE I—TRANSFERS OF EXCESS DEFENSE ARTICLES

- Sec. 101. Excess defense articles for central European countries.
- Sec. 102. Excess defense articles for certain independent States of the former Soviet Union.

TITLE II—FOREIGN MILITARY SALES AUTHORITIES

- Sec. 201. Termination of foreign military financed training.
- Sec. 202. Sales of excess Coast Guard property.
- Sec. 203. Competitive pricing for sales of defense articles.
- Sec. 204. Reporting of offset agreements.
- Sec. 205. Notification of upgrades to direct commercial sales.
- Sec. 206. Expanded prohibition on incentive payments.
- Sec. 207. Administrative fees for leasing of defense articles.

TITLE III—STOCKPILING OF DEFENSE ARTICLES FOR FOREIGN COUNTRIES

- Sec. 301. Additions to United States war reserve stockpiles for allies.
- Sec. 302. Transfer of certain obsolete or surplus defense articles in the war reserves stockpile for allies.

TITLE IV—INTERNATIONAL ARMS SALES CODE OF CONDUCT ACT OF 1999

- Sec. 401. Short title.
- Sec. 402. Findings.
- Sec. 403. International arms sales code of conduct.

TITLE V—AUTHORITY TO EXEMPT INDIA AND PAKISTAN FROM CERTAIN SANCTIONS

- Sec. 501. Waiver authority.
- Sec. 502. Consultation.
- Sec. 503. Reporting requirement.
- Sec. 504. Appropriate congressional committees defined.

TITLE VI—TRANSFER OF NAVAL VESSELS TO CERTAIN FOREIGN COUNTRIES

- Sec. 601. Authority to transfer naval vessels.
- Sec. 602. Inapplicability of aggregate annual limitation on value of transferred excess defense articles.

- Sec. 603. Costs of transfers.
 Sec. 604. Expiration of authority.
 Sec. 605. Repair and refurbishment of vessels in United States shipyards.
 Sec. 606. Sense of the Congress relating to transfer of naval vessels and aircraft to the Government of the Philippines.

TITLE VII—MISCELLANEOUS PROVISIONS

- Sec. 701. Annual military assistance reports.
 Sec. 702. Publication of arms sales certifications.
 Sec. 703. Notification requirements for commercial export of significant military equipment on United States Munitions List.
 Sec. 704. Enforcement of Arms Export Control Act.
 Sec. 705. Violations relating to material support to terrorists.
 Sec. 706. Authority to consent to third party transfer of ex-U.S.S. Bowman County to USS LST Ship Memorial, Inc.
 Sec. 707. Exceptions relating to prohibitions on assistance to countries involved in transfer or use of nuclear explosive devices.
 Sec. 708. Continuation of the export control regulations under IEEPA.

1 **TITLE I—TRANSFERS OF EXCESS** 2 **DEFENSE ARTICLES**

3 **SEC. 101. EXCESS DEFENSE ARTICLES FOR CENTRAL EURO-** 4 **PEAN COUNTRIES.**

5 Section 105 of Public Law 104–164 (110 Stat. 1427)
 6 is amended by striking “1996 and 1997” and inserting
 7 “2000 and 2001”.

8 **SEC. 102. EXCESS DEFENSE ARTICLES FOR CERTAIN INDE-** 9 **PENDENT STATES OF THE FORMER SOVIET** 10 **UNION.**

11 (a) **USES FOR WHICH FUNDS ARE AVAILABLE.**—
 12 Notwithstanding section 516(e) of the Foreign Assistance
 13 Act of 1961 (22 U.S.C. 2321j(e)), during each of the fiscal
 14 years 2000 and 2001, funds available to the Department
 15 of Defense may be expended for crating, packing, han-
 16 dling, and transportation of excess defense articles trans-
 17 ferred under the authority of section 516 of that Act to

1 Georgia, Kazakhstan, Kyrgyzstan, Moldova,
2 Turkmenistan, Ukraine, and Uzbekistan.

3 (b) CONTENT OF CONGRESSIONAL NOTIFICATION.—

4 Each notification required to be submitted under section
5 516(f) of the Foreign Assistance Act of 1961 (22 U.S.C.
6 2321j(f)) with respect to a proposed transfer of a defense
7 article described in subsection (a) shall include an esti-
8 mate of the amount of funds to be expended under sub-
9 section (a) with respect to that transfer.

10 **TITLE II—FOREIGN MILITARY** 11 **SALES AUTHORITIES**

12 **SEC. 201. TERMINATION OF FOREIGN MILITARY FINANCED** 13 **TRAINING.**

14 Section 617 of the Foreign Assistance Act of 1961
15 (22 U.S.C. 2367) is amended—

16 (1) by inserting in the second sentence “and the
17 Arms Export Control Act” after “under this Act”
18 the first place it appears;

19 (2) by striking “under this Act” the second
20 place it appears; and

21 (3) by inserting in the third sentence “and
22 under the Arms Export Control Act” after “this
23 Act”.

1 **SEC. 202. SALES OF EXCESS COAST GUARD PROPERTY.**

2 Section 21(a)(1) of the Arms Export Control Act (22
3 U.S.C. 2761(a)(1)) is amended in the text above subpara-
4 graph (A) by inserting “and the Coast Guard” after “De-
5 partment of Defense”.

6 **SEC. 203. COMPETITIVE PRICING FOR SALES OF DEFENSE**
7 **ARTICLES.**

8 Section 22(d) of the Arms Export Control Act (22
9 U.S.C. 2762(d)) is amended—

10 (1) by striking “Procurement contracts” and
11 inserting “(1) Procurement contracts”; and

12 (2) by adding at the end the following:

13 “(2) Direct costs associated with meeting additional
14 or unique requirements of the purchaser shall be allowable
15 under contracts described in paragraph (1). Loadings ap-
16 plicable to such direct costs shall be permitted at the same
17 rates applicable to procurement of like items purchased
18 by the Department of Defense for its own use.”.

19 **SEC. 204. REPORTING OF OFFSET AGREEMENTS.**

20 (a) GOVERNMENT-TO-GOVERNMENT SALES.—Sec-
21 tion 36(b)(1) of the Arms Export Control Act (22 U.S.C.
22 2776(b)(1)) is amended in the fourth sentence by striking
23 “(if known on the date of transmittal of such certifi-
24 cation)” and inserting “and, if known on the date of trans-
25 mittal of such certification, a description of the offset

1 agreement. Such description may be included in the classi-
2 fied portion of such numbered certification”.

3 (b) **COMMERCIAL SALES.**—Section 36(c)(1) of the
4 Arms Export Control Act (22 U.S.C. 2776(c)(1)) is
5 amended in the second sentence by striking “(if known
6 on the date of transmittal of such certification)” and in-
7 serting “and, if known on the date of transmittal of such
8 certification, a description of the offset agreement. Such
9 description may be included in the classified portion of
10 such numbered certification”.

11 **SEC. 205. NOTIFICATION OF UPGRADES TO DIRECT COM-**
12 **MERCIAL SALES.**

13 Section 36(c) of the Arms Export Control Act (22
14 U.S.C. 2776(c)) is amended by adding at the end the fol-
15 lowing new paragraph:

16 “(4) The provisions of subsection (b)(5) shall apply
17 to any equipment, article, or service for which a numbered
18 certification has been transmitted to Congress pursuant
19 to paragraph (1) in the same manner and to the same
20 extent as that subsection applies to any equipment, article,
21 or service for which a numbered certification has been
22 transmitted to Congress pursuant to subsection (b)(1).
23 For purposes of such application, any reference in sub-
24 section (b)(5) to ‘a letter of offer’ or ‘an offer’ shall be
25 deemed to be a reference to ‘a contract’.”.

1 **SEC. 206. EXPANDED PROHIBITION ON INCENTIVE PAY-**
2 **MENTS.**

3 (a) **IN GENERAL.**—Section 39A(a) of the Arms Ex-
4 port Control Act (22 U.S.C. 2779a(a)) is amended—

5 (1) by inserting “or licensed” after “sold”; and

6 (2) by inserting “or export” after “sale”.

7 (b) **DEFINITION OF UNITED STATES PERSON.**—Sec-
8 tion 39A(d)(3)(B)(ii) of the Arms Export Control Act (22
9 U.S.C. 2779a(d)(3)(B)(ii)) is amended by inserting “or by
10 an entity described in clause (i)” after “subparagraph
11 (A)”.

12 **SEC. 207. ADMINISTRATIVE FEES FOR LEASING OF DE-**
13 **FENSE ARTICLES.**

14 Section 61(a) of the Arms Export Control Act (22
15 U.S.C. 2796(a)) is amended in paragraph (4) of the first
16 sentence by inserting after “including reimbursement for
17 depreciation of such articles while leased,” the following:
18 “a fee for the administrative services associated with proc-
19 essing such leasing.”

1 **TITLE III—STOCKPILING OF DE-**
2 **FENSE ARTICLES FOR FOR-**
3 **EIGN COUNTRIES**

4 **SEC. 301. ADDITIONS TO UNITED STATES WAR RESERVE**
5 **STOCKPILES FOR ALLIES.**

6 Paragraph (2) of section 514(b) of the Foreign As-
7 sistance Act of 1961 (22 U.S.C. 2321h(b)(2)) is amended
8 to read as follows:

9 “(2)(A) The value of such additions to stock-
10 piles of defense articles in foreign countries shall not
11 exceed \$340,000,000 for fiscal year 1999 and
12 \$60,000,000 for fiscal year 2000.

13 “(B)(i) Of the amount specified in subpara-
14 graph (A) for fiscal year 1999, not more than
15 \$320,000,000 may be made available for stockpiles
16 in the Republic of Korea and not more than
17 \$20,000,000 may be made available for stockpiles in
18 Thailand.

19 “(ii) Of the amount specified in subparagraph
20 (A) for fiscal year 2000, not more than \$40,000,000
21 may be made available for stockpiles in the Republic
22 of Korea and not more than \$20,000,000 may be
23 made available for stockpiles in Thailand.”.

1 **SEC. 302. TRANSFER OF CERTAIN OBSOLETE OR SURPLUS**
2 **DEFENSE ARTICLES IN THE WAR RESERVES**
3 **STOCKPILE FOR ALLIES.**

4 (a) ITEMS IN THE KOREAN STOCKPILE.—

5 (1) IN GENERAL.—Notwithstanding section 514
6 of the Foreign Assistance Act of 1961 (22 U.S.C.
7 2321h), the President is authorized to transfer to
8 the Republic of Korea, in return for concessions to
9 be negotiated by the Secretary of Defense, with the
10 concurrence of the Secretary of State, any or all of
11 the items described in paragraph (2).

12 (2) COVERED ITEMS.—The items referred to in
13 paragraph (1) are munitions, equipment, and mate-
14 rial such as tanks, trucks, artillery, mortars, general
15 purpose bombs, repair parts, ammunition, barrier
16 material, and ancillary equipment, if such items
17 are—

18 (A) obsolete or surplus items;

19 (B) in the inventory of the Department of
20 Defense;

21 (C) intended for use as reserve stocks for
22 the Republic of Korea; and

23 (D) as of the date of enactment of this
24 Act, located in a stockpile in the Republic of
25 Korea.

26 (b) ITEMS IN THE THAILAND STOCKPILE.—

1 (1) IN GENERAL.—Notwithstanding section 514
2 of the Foreign Assistance Act of 1961 (22 U.S.C.
3 2321h), the President is authorized to transfer to
4 Thailand, in return for concessions to be negotiated
5 by the Secretary of Defense, with the concurrence of
6 the Secretary of State, any or all of the items in the
7 WRS–T stockpile described in paragraph (2).

8 (2) COVERED ITEMS.—The items referred to in
9 paragraph (1) are munitions, equipment, and mate-
10 rial such as tanks, trucks, artillery, mortars, general
11 purpose bombs, repair parts, ammunition, barrier
12 material, and ancillary equipment, if such items
13 are—

14 (A) obsolete or surplus items;

15 (B) in the inventory of the Department of
16 Defense;

17 (C) intended for use as reserve stocks for
18 Thailand; and

19 (D) as of the date of enactment of this
20 Act, located in a stockpile in Thailand.

21 (c) VALUATION OF CONCESSIONS.—The value of con-
22 cessions negotiated pursuant to subsections (a) and (b)
23 shall be at least equal to the fair market value of the items
24 transferred. The concessions may include cash compensa-

1 tion, services, waiver of charges otherwise payable by the
2 United States, and other items of value.

3 (d) **PRIOR NOTIFICATIONS OF PROPOSED TRANS-**
4 **FERS.**—Not less 30 days before making a transfer under
5 the authority of this section, the President shall transmit
6 to the chairmen of the Committee on Foreign Relations
7 of the Senate and the Committee on International Rela-
8 tions of the House of Representatives a detailed notifica-
9 tion of the proposed transfer, which shall include an iden-
10 tification of the items to be transferred and the conces-
11 sions to be received.

12 (e) **TERMINATION OF AUTHORITY.**—No transfer may
13 be made under the authority of this section more than
14 three years after the date of enactment of this Act.

15 **TITLE IV—INTERNATIONAL**
16 **ARMS SALES CODE OF CON-**
17 **DUCT ACT OF 1999**

18 **SEC. 401. SHORT TITLE.**

19 This title may be cited as the “International Arms
20 Sales Code of Conduct Act of 1999”.

21 **SEC. 402. FINDINGS.**

22 The Congress finds the following:

23 (1) The proliferation of conventional arms and
24 conflicts around the globe are multilateral problems.

25 The only way to effectively prevent rogue nations

1 from acquiring conventional weapons is through a
2 multinational “arms sales code of conduct”.

3 (2) Approximately 40,000,000 people, over 75
4 percent of whom were civilians, died as a result of
5 civil and international wars fought with conventional
6 weapons during the 45 years of the cold war, dem-
7 onstrating that conventional weapons can in fact be
8 weapons of mass destruction.

9 (3) Conflict has actually increased in the post
10 cold war era.

11 (4) It is in the national security and economic
12 interests of the United States to reduce dramatically
13 the \$840,000,000,000 that all countries spend on
14 armed forces every year, \$191,000,000,000 of which
15 is spent by developing countries, an amount equiva-
16 lent to 4 times the total bilateral and multilateral
17 foreign assistance such countries receive every year.

18 (5) The Congress has the constitutional respon-
19 sibility to participate with the executive branch in
20 decisions to provide military assistance and arms
21 transfers to a foreign government, and in the formu-
22 lation of a policy designed to reduce dramatically the
23 level of international militarization.

24 (6) A decision to provide military assistance
25 and arms transfers to a government that is undemo-

1 cratic, does not adequately protect human rights, or
2 is currently engaged in acts of armed aggression
3 should require a higher level of scrutiny than does
4 a decision to provide such assistance and arms
5 transfers to a government to which these conditions
6 do not apply.

7 **SEC. 403. INTERNATIONAL ARMS SALES CODE OF CON-**
8 **DUCT.**

9 (a) **NEGOTIATIONS.**—The President shall attempt to
10 achieve the foreign policy goal of an international arms
11 sales code of conduct with all Wassenaar Arrangement
12 countries. The President shall take the necessary steps to
13 begin negotiations with all Wassenaar Arrangement coun-
14 tries within 120 days after the date of the enactment of
15 this Act. The purpose of these negotiations shall be to con-
16 clude an agreement on restricting or prohibiting arms
17 transfers to countries that do not meet the following cri-
18 teria:

19 (1) **PROMOTES DEMOCRACY.**—The government
20 of the country—

21 (A) was chosen by and permits free and
22 fair elections;

23 (B) promotes civilian control of the mili-
24 tary and security forces and has civilian institu-
25 tions controlling the policy, operation, and

1 spending of all law enforcement and security in-
2 stitutions, as well as the armed forces;

3 (C) promotes the rule of law, equality be-
4 fore the law, and respect for individual and mi-
5 nority rights, including freedom to speak, pub-
6 lish, associate, and organize; and

7 (D) promotes the strengthening of polit-
8 ical, legislative, and civil institutions of democ-
9 racy, as well as autonomous institutions to
10 monitor the conduct of public officials and to
11 combat corruption.

12 (2) RESPECTS HUMAN RIGHTS.—The govern-
13 ment of the country—

14 (A) does not engage in gross violations of
15 internationally recognized human rights,
16 including—

17 (i) extra judicial or arbitrary execu-
18 tions;

19 (ii) disappearances;

20 (iii) torture or severe mistreatment;

21 (iv) prolonged arbitrary imprisonment;

22 (v) systematic official discrimination
23 on the basis of race, ethnicity, religion,
24 gender, national origin, or political affili-
25 ation; and

1 (vi) grave breaches of international
2 laws of war or equivalent violations of the
3 laws of war in internal conflicts;

4 (B) vigorously investigates, disciplines, and
5 prosecutes those responsible for gross violations
6 of internationally recognized human rights;

7 (C) permits access on a regular basis to
8 political prisoners by international humani-
9 tarian organizations such as the International
10 Committee of the Red Cross;

11 (D) promotes the independence of the judi-
12 ciary and other official bodies that oversee the
13 protection of human rights;

14 (E) does not impede the free functioning of
15 domestic and international human rights orga-
16 nizations; and

17 (F) provides access on a regular basis to
18 humanitarian organizations in situations of con-
19 flict or famine.

20 (3) NOT ENGAGED IN CERTAIN ACTS OF ARMED
21 AGGRESSION.—The government of the country is not
22 currently engaged in acts of armed aggression in
23 violation of international law.

24 (4) FULL PARTICIPATION IN UNITED NATIONS
25 REGISTER OF CONVENTIONAL ARMS.—The govern-

1 ment of the country is fully participating in the
2 United Nations Register of Conventional Arms.

3 (b) REPORTS TO CONGRESS.—(1) In the report re-
4 quired in sections 116(d) and 502B of the Foreign Assist-
5 ance Act of 1961, the Secretary of State shall describe
6 the extent to which the practices of each country evaluated
7 meet the criteria in paragraphs (1) through (4) of sub-
8 section (a).

9 (2) Not later than 6 months after the commencement
10 of the negotiations under subsection (a), and not later
11 than the end of every 6-month period thereafter until an
12 agreement described in subsection (a) is concluded, the
13 President shall report to the appropriate committees of the
14 Congress on the progress made during these negotiations.

15 (c) DEFINITION.—The term “Wassenaar Arrange-
16 ment countries” means Argentina, Australia, Austria, Bel-
17 gium, Bulgaria, Canada, the Czech Republic, Denmark,
18 Finland, France, Germany, Greece, Hungary, Ireland,
19 Italy, Japan, Luxembourg, Netherlands, New Zealand,
20 Norway, Poland, Portugal, the Republic of Korea, Roma-
21 nia, Russia, Slovakia, Spain, Sweden, Switzerland, Tur-
22 key, Ukraine, and the United Kingdom.

1 **TITLE V—AUTHORITY TO EX-**
2 **EMPT INDIA AND PAKISTAN**
3 **FROM CERTAIN SANCTIONS**

4 **SEC. 501. WAIVER AUTHORITY.**

5 (a) **AUTHORITY.**—

6 (1) **IN GENERAL.**—Except as provided in sub-
7 section (b), the President may waive, with respect to
8 India or Pakistan, the application of any sanction or
9 prohibition (or portion thereof) contained in section
10 101 or 102 of the Arms Export Control Act (22
11 U.S.C. 2799aa or 2799aa–1), section 620E(e) of the
12 Foreign Assistance Act of 1961 (22 U.S.C.
13 2375(e)), or section 2(b)(4) of the Export Import
14 Bank Act of 1945 (12 U.S.C. 635(b)(4)).

15 (2) **EFFECTIVE DATE.**—A waiver of the applica-
16 tion of a sanction or prohibition (or portion thereof)
17 under paragraph (1) shall be effective only for a pe-
18 riod ending on or before September 30, 2000.

19 (b) **EXCEPTION.**—The authority to waive the applica-
20 tion of a sanction or prohibition (or portion thereof) under
21 subsection (a) shall not apply with respect to a sanction
22 or prohibition contained in subparagraph (B), (C), or (G)
23 of section 102(b)(2) of the Arms Export Control Act.

24 (c) **NOTIFICATION.**—A waiver of the application of a
25 sanction or prohibition (or portion thereof) contained in

1 section 541 of the Foreign Assistance Act of 1961 shall
2 not become effective until 15 days after notice of such
3 waiver has been reported to the congressional committees
4 specified in section 634A(a) of such Act in accordance
5 with the procedures applicable to reprogramming notifica-
6 tions under that section.

7 **SEC. 502. CONSULTATION.**

8 Prior to each exercise of the authority provided in
9 section 501, the President shall consult with the appro-
10 priate congressional committees.

11 **SEC. 503. REPORTING REQUIREMENT.**

12 Not later than August 31, 2000, the Secretary of
13 State shall prepare and submit to the appropriate congres-
14 sional committees a report on economic and national secu-
15 rity developments in India and Pakistan.

16 **SEC. 504. APPROPRIATE CONGRESSIONAL COMMITTEES**

17 **DEFINED.**

18 In this title, the term “appropriate congressional
19 committees” means—

20 (1) the Committee on International Relations
21 and the Committee on Appropriations of the House
22 of Representatives; and

23 (2) the Committee on Foreign Relations and
24 the Committee on Appropriations of the Senate.

1 **TITLE VI—TRANSFER OF NAVAL**
2 **VESSELS TO CERTAIN FOR-**
3 **EIGN COUNTRIES**

4 **SEC. 601. AUTHORITY TO TRANSFER NAVAL VESSELS.**

5 (a) DOMINICAN REPUBLIC.—The Secretary of the
6 Navy is authorized to transfer to the Government of the
7 Dominican Republic the medium auxiliary floating dry
8 dock AFDM 2. Such transfer shall be on a grant basis
9 under section 516 of the Foreign Assistance Act of 1961
10 (22 U.S.C. 2321j).

11 (b) ECUADOR.—The Secretary of the Navy is author-
12 ized to transfer to the Government of Ecuador the “OAK
13 RIDGE” class medium auxiliary repair dry dock
14 ALAMOGORDO (ARDM 2). Such transfer shall be on a
15 sales basis under section 21 of the Arms Export Control
16 Act (22 U.S.C. 2761).

17 (c) EGYPT.—The Secretary of the Navy is authorized
18 to transfer to the Government of Egypt the “NEWPORT”
19 class tank landing ships BARBOUR COUNTY (LST
20 1195) and PEORIA (LST 1183). Such transfers shall be
21 on a sales basis under section 21 of the Arms Export Con-
22 trol Act (22 U.S.C. 2761).

23 (d) GREECE.—(1) The Secretary of the Navy is au-
24 thorized to transfer to the Government of Greece the
25 “KNOX” class frigate CONNOLE (FF 1056). Such

1 transfer shall be on a grant basis under section 516 of
2 the Foreign Assistance Act of 1961 (22 U.S.C. 2321j).

3 (2) The Secretary of the Navy is authorized to trans-
4 fer to the Government of Greece the medium auxiliary
5 floating dry dock COMPETENT (AFDM 6). Such trans-
6 fer shall be on a sales basis under section 21 of the Arms
7 Export Control Act (22 U.S.C. 2761).

8 (e) MEXICO.—The Secretary of the Navy is author-
9 ized to transfer to the Government of Mexico the “NEW-
10 PORT” class tank landing ship NEWPORT (LST 1179)
11 and the “KNOX” class frigate WHIPPLE (FF 1062).
12 Such transfers shall be on a sales basis under section 21
13 of the Arms Export Control Act (22 U.S.C. 2761).

14 (f) POLAND.—The Secretary of the Navy is author-
15 ized to transfer to the Government of Poland the “OLI-
16 VER HAZARD PERRY” class guided missile frigate
17 CLARK (FFG 11). Such transfer shall be on a grant basis
18 under section 516 of the Foreign Assistance Act of 1961
19 (22 U.S.C. 2321j).

20 (g) 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 “NEWPORT” class
25 tank landing ship SCHENECTADY (LST 1185). Such

1 transfer shall be on a sales basis under section 21 of the
2 Arms Export Control Act (22 U.S.C. 2761).

3 (h) THAILAND.—The Secretary of the Navy is au-
4 thorized to transfer to the Government of Thailand the
5 “KNOX” class frigate TRUETT (FF 1095). Such trans-
6 fer shall be on a grant basis under section 516 of the For-
7 eign Assistance Act of 1961 (22 U.S.C. 2321j).

8 (i) TURKEY.—The Secretary of the Navy is author-
9 ized to transfer to the Government of Turkey the “OLI-
10 VER HAZARD PERRY” class guided missile frigates
11 FLATLEY (FFG 21) and JOHN A. MOORE (FFG 19).
12 Such transfers shall be on a sales basis under section 21
13 of the Arms Export Control Act (22 U.S.C. 2761).

14 **SEC. 602. INAPPLICABILITY OF AGGREGATE ANNUAL LIMI-**
15 **TATION ON VALUE OF TRANSFERRED EXCESS**
16 **DEFENSE ARTICLES.**

17 The value of a vessel transferred to another country
18 on a grant basis under section 516 of the Foreign Assist-
19 ance Act of 1961 (22 U.S.C. 2321j) pursuant to authority
20 provided by section 601 shall not be counted for the pur-
21 poses of section 516(g) of the Foreign Assistance Act of
22 1961 in the aggregate value of excess defense articles
23 transferred to countries under that section in any fiscal
24 year.

1 **SEC. 603. COSTS OF TRANSFERS.**

2 Any expense incurred by the United States in connec-
3 tion with a transfer of a vessel authorized by section 601
4 shall be charged to the recipient.

5 **SEC. 604. EXPIRATION OF AUTHORITY.**

6 The authority to transfer vessels under section 601
7 shall expire at the end of the 2-year period beginning on
8 the date of the enactment of this Act.

9 **SEC. 605. REPAIR AND REFURBISHMENT OF VESSELS IN**
10 **UNITED STATES SHIPYARDS.**

11 The Secretary of the Navy shall require, to the max-
12 imum extent possible, as a condition of a transfer of a
13 vessel under section 601, that the country to which the
14 vessel is transferred have such repair or refurbishment of
15 the vessel as is needed, before the vessel joins the naval
16 forces of that country, performed at a shipyard located
17 in the United States, including a United States Navy ship-
18 yard.

19 **SEC. 606. SENSE OF THE CONGRESS RELATING TO TRANS-**
20 **FER OF NAVAL VESSELS AND AIRCRAFT TO**
21 **THE GOVERNMENT OF THE PHILIPPINES.**

22 (a) SENSE OF THE CONGRESS.—It is the sense of the
23 Congress that—

24 (1) the President should transfer to the Govern-
25 ment of the Philippines, on a grant basis under sec-
26 tion 516 of the Foreign Assistance Act of 1961 (22

1 U.S.C. 2321j), the excess defense articles described
2 in subsection (b); and

3 (2) the United States should not oppose the
4 transfer of F-5 aircraft by a third country to the
5 Government of the Philippines.

6 (b) EXCESS DEFENSE ARTICLES.—The excess de-
7 fense articles described in this subsection are the fol-
8 lowing:

9 (1) UH-1 helicopters, A-4 aircraft, and the
10 “POINT” class Coast Guard cutter POINT
11 EVANS.

12 (2) Amphibious landing craft, naval patrol ves-
13 sels (including patrol vessels of the Coast Guard),
14 and other naval vessels (such as frigates), if such
15 vessels are available.

16 **TITLE VII—MISCELLANEOUS** 17 **PROVISIONS**

18 **SEC. 701. ANNUAL MILITARY ASSISTANCE REPORTS.**

19 Section 655(b) of the Foreign Assistance Act of 1961
20 (22 U.S.C. 2415(b)) is amended to read as follows:

21 “(b) INFORMATION RELATING TO MILITARY ASSIST-
22 ANCE AND MILITARY EXPORTS.—Each such report shall
23 show the aggregate dollar value and quantity of defense
24 articles (including excess defense articles), defense serv-
25 ices, and international military education and training ac-

1 tivities authorized by the United States and of such arti-
2 cles, services, and activities provided by the United States,
3 excluding any activity that is reportable under title V of
4 the National Security Act of 1947, to each foreign country
5 and international organization. The report shall specify,
6 by category, whether such defense articles—

7 “(1) were furnished by grant under chapter 2
8 or chapter 5 of part II of this Act or under any
9 other authority of law or by sale under chapter 2 of
10 the Arms Export Control Act;

11 “(2) were furnished with the financial assist-
12 ance of the United States Government, including
13 through loans and guarantees; or

14 “(3) were licensed for export under section 38
15 of the Arms Export Control Act.”.

16 **SEC. 702. PUBLICATION OF ARMS SALES CERTIFICATIONS.**

17 Section 36 of the Arms Export Control Act (22
18 U.S.C. 2776) is amended in the second subsection (e) (as
19 added by section 155 of Public Law 104–164)—

20 (1) by inserting “in a timely manner” after “to
21 be published”; and

22 (2) by striking “the full unclassified text of”
23 and all that follows and inserting the following: “the
24 full unclassified text of—

1 “(1) each numbered certification submitted pur-
2 suant to subsection (b);

3 “(2) each notification of a proposed commercial
4 sale submitted under subsection (c); and

5 “(3) each notification of a proposed commercial
6 technical assistance or manufacturing licensing
7 agreement submitted under subsection (d).”.

8 **SEC. 703. NOTIFICATION REQUIREMENTS FOR COMMER-**
9 **CIAL EXPORT OF SIGNIFICANT MILITARY**
10 **EQUIPMENT ON UNITED STATES MUNITIONS**
11 **LIST.**

12 (a) NOTIFICATION REQUIREMENT.—Section 38 of
13 the Arms Export Control Act (22 U.S.C. 2778) is amend-
14 ed by adding at the end the following:

15 “(i) As prescribed in regulations issued under this
16 section, a United States person to whom a license has been
17 granted to export an item identified as significant military
18 equipment on the United States Munitions List shall, not
19 later than 15 days after the item is exported, submit to
20 the Department of State a report containing all shipment
21 information, including a description of the item and the
22 quantity, value, port of exit, and destination of the item.”.

23 (b) QUARTERLY REPORTS TO CONGRESS.—Section
24 36(a) of the Arms Export Control Act (22 U.S.C.
25 2776(a)) is amended—

1 (A) in paragraph (11), by striking “and”
2 at the end;

3 (B) in paragraph (12), by striking “third-
4 party transfers.” and inserting “third-party
5 transfers; and”; and

6 (C) by adding after paragraph (12) (but
7 before the last sentence of the subsection), the
8 following:

9 “(13) a report on all exports of significant mili-
10 tary equipment for which information has been pro-
11 vided pursuant to section 38(i).”.

12 **SEC. 704. ENFORCEMENT OF ARMS EXPORT CONTROL ACT.**

13 The Arms Export Control Act (22 U.S.C. 2751 et
14 seq.) is amended in sections 38(e), 39A(c), and 40(k) by
15 inserting after “except that” each place it appears the fol-
16 lowing: “section 11(c)(2)(B) of such Act shall not apply,
17 and instead, as prescribed in regulations issued under this
18 section, the Secretary of State may assess civil penalties
19 for violations of this Act and regulations prescribed there-
20 under and further may commence a civil action to recover
21 such civil penalties, and except further that”.

22 **SEC. 705. VIOLATIONS RELATING TO MATERIAL SUPPORT**
23 **TO TERRORISTS.**

24 Section 38(g)(1)(A)(iii) of the Arms Export Control
25 Act (22 U.S.C. 2778(g)(1)(A)(iii)) is amended by adding

1 at the end before the comma the following: “or section
2 2339A of such title (relating to providing material support
3 to terrorists)”.

4 **SEC. 706. AUTHORITY TO CONSENT TO THIRD PARTY**
5 **TRANSFER OF EX-U.S.S. BOWMAN COUNTY TO**
6 **USS LST SHIP MEMORIAL, INC.**

7 (a) FINDINGS.—Congress makes the following find-
8 ings:

9 (1) It is the long-standing policy of the United
10 States Government to deny requests for the re-
11 transfer of significant military equipment that origi-
12 nated in the United States to private entities.

13 (2) In very exceptional circumstances, when the
14 United States public interest would be served by the
15 proposed retransfer and end-use, such requests may
16 be favorably considered.

17 (3) Such retransfers to private entities have
18 been authorized in very exceptional circumstances
19 following appropriate demilitarization and receipt of
20 assurances from the private entity that the item to
21 be transferred would be used solely in furtherance of
22 Federal Government contracts or for static museum
23 display.

1 (4) Nothing in this section should be construed
2 as a revision of long-standing policy referred to in
3 paragraph (1).

4 (5) The Government of Greece has requested
5 the consent of the United States Government to the
6 retransfer of HS Rodos (ex-U.S.S. Bowman County
7 (LST 391)) to the USS LST Ship Memorial, Inc.

8 (b) AUTHORITY TO CONSENT TO RETRANSFER.—

9 (1) IN GENERAL.—Subject to paragraph (2),
10 the President may consent to the retransfer by the
11 Government of Greece of HS Rodos (ex-U.S.S. Bow-
12 man County (LST 391)) to the USS LST Ship Me-
13 morial, Inc.

14 (2) CONDITIONS FOR CONSENT.—The President
15 should not exercise the authority under paragraph
16 (1) unless USS LST Memorial, Inc.—

17 (A) utilizes the vessel for public, nonprofit,
18 museum-related purposes;

19 (B) submits a certification with the import
20 application that no firearms frames or receivers,
21 ammunition, or other firearms as defined in
22 section 5845 of the National Firearms Act (26
23 U.S.C. 5845) will be imported with the vessel;
24 and

1 (C) complies with regulatory policy re-
2 quirements related to the facilitation of moni-
3 toring by the Federal Government of, and the
4 mitigation of potential environmental hazards
5 associated with, aging vessels, and has a dem-
6 onstrated financial capability to so comply.

7 **SEC. 707. EXCEPTIONS RELATING TO PROHIBITIONS ON AS-**
8 **SISTANCE TO COUNTRIES INVOLVED IN**
9 **TRANSFER OR USE OF NUCLEAR EXPLOSIVE**
10 **DEVICES.**

11 (a) IN GENERAL.—Section 2 of the Agriculture Ex-
12 port Relief Act of 1998 (Public Law 105–194; 112 Stat.
13 627) is amended—

14 (1) by striking subsection (d); and

15 (2) by striking the second sentence of sub-
16 section (e).

17 (b) EFFECTIVE DATE.—The amendments made by
18 subsection (a) shall take effect on the date of the enact-
19 ment of this Act or September 30, 1999, whichever occurs
20 earlier.

21 **SEC. 708. CONTINUATION OF THE EXPORT CONTROL REGU-**
22 **LATIONS UNDER IEEPA.**

23 To the extent that the President exercises the au-
24 thorities of the International Emergency Economic Pow-
25 ers Act to carry out the provisions of the Export Adminis-

1 tration Act of 1979 in order to continue in full force and
2 effect the export control system maintained by the Export
3 Administration regulations issued under that Act, includ-
4 ing regulations issued under section 8 of that Act, the fol-
5 lowing shall apply:

6 (1) The penalties for violations of the regula-
7 tions continued pursuant to the International Emer-
8 gency Economic Powers Act shall be the same as the
9 penalties for violations under section 11 of the Ex-
10 port Administration Act of 1979, as if that section
11 were amended—

12 (A) by amending subsection (a) to read as
13 follows:

14 “(a) IN GENERAL.—Except as provided in subsection
15 (b), whoever knowingly violates or conspires to or attempts
16 to violate any provision of this Act or any license, order,
17 or regulation issued under this Act—

18 “(1) except in the case of an individual, shall be
19 fined not more than \$500,000 or 5 times the value
20 of any exports involved, whichever is greater; and

21 “(2) in the case of an individual, shall be fined
22 not more than \$250,000 or 5 times the value of any
23 exports involved, whichever is greater, or imprisoned
24 not more than 5 years, or both.”;

25 (B) in subsection (b)—

1 (i) in paragraphs (1)(A) and (2)(A)
2 by striking “five times” and inserting “10
3 times”;

4 (ii) in paragraph (1)(B) by striking
5 “\$250,000” and inserting “\$500,000”;
6 and

7 (iii) in paragraph (2)(B) by striking
8 “\$250,000, or imprisoned not more than 5
9 years” and inserting “\$500,000, or impris-
10 oned not more than 10 years”;

11 (C) in subsection (c)(1)—

12 (i) by striking “\$10,000” and insert-
13 ing “\$250,000”; and

14 (ii) by striking “except that the civil
15 penalty” and all that follows through the
16 end of the paragraph and inserting “except
17 that the civil penalty for a violation of the
18 regulations issued pursuant to section 8
19 may not exceed \$50,000.”; and

20 (D) in subsection (h)(1), by inserting after
21 “Arms Export Control Act (22 U.S.C. 2778)”
22 the following: “section 16 of the Trading with
23 the enemy Act (50 U.S.C. 16), or, to the extent
24 the violation involves the export of goods or
25 technology controlled under this or any other

1 Act or defense articles or defense services con-
2 trolled under the Arms Export Control Act, sec-
3 tion 371 or 1001 of title 18, United States
4 Code,”.

5 (2) The authorities set forth in section 12(a) of
6 the Export Administration Act of 1979 may be exer-
7 cised in carrying out the regulations continued pur-
8 suant to the International Emergency Economic
9 Powers Act.

10 (3) The provisions of sections 12(e) and 13 of
11 the Export Administration Act of 1979 shall apply
12 in carrying out the regulations continued pursuant
13 to the International Emergency Economic Powers
14 Act.

15 (4) The continuation of the provisions of the
16 Export Administration Regulations pursuant to the
17 International Emergency Economic Powers Act shall
18 not be construed as not having satisfied the require-
19 ments of that Act.

Passed the House of Representatives June 15, 1999.

Attest:

JEFF TRANDAHL,

Clerk.