

Public Law 97-392
97th Congress

An Act

Dec. 29, 1982

[H.R. 6758]

To authorize the sale of defense articles to United States companies for incorporation into end items to be sold to friendly foreign countries.

Arms Export
Control Act,
amendment.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Arms Export Control Act is amended by inserting after chapter 2A the following new chapter:

**"Chapter 2B.—SALES TO UNITED STATES COMPANIES FOR
INCORPORATION INTO END ITEMS**

22 USC 2770.

"SEC. 30. GENERAL AUTHORITY.—(a) Subject to the conditions specified in subsection (b) of this section, the President may, on a negotiated contract basis, under cash terms (1) sell defense articles at not less than their estimated replacement cost (or actual cost in the case of services), or (2) procure or manufacture and sell defense articles at not less than their contract or manufacturing cost to the United States Government, to any United States company for incorporation into end items (and for concurrent or follow-on support) to be sold by such a company on a direct commercial basis to a friendly foreign country or international organization pursuant to an export license or approval under section 38 of this Act. The President may also sell defense services in support of such sales of defense articles, subject to the requirements of this chapter: *Provided, however,* That such services may be performed only in the United States. The amount of reimbursement received from such sales shall be credited to the current applicable appropriation, fund, or account of the selling agency of the United States Government.

22 USC 2778.

"(b) Defense articles and defense services may be sold, procured and sold, or manufactured and sold, pursuant to subsection (a) of this section only if (1) the end item to which the articles apply is to be procured for the armed forces of a friendly country or international organization, (2) the articles would be supplied to the prime contractor as government-furnished equipment or materials if the end item were being procured for the use of the United States Armed Forces, and (3) the articles and services are available only from United States Government sources or are not available to the prime contractor directly from United States commercial sources at such times as may be required to meet the prime contractor's delivery schedule.

"Defense
articles,"
and "defense
services."

"(c) For the purpose of this section, the terms 'defense articles' and 'defense services' mean defense articles and defense services as defined in sections 47(3) and 47(4) of this Act."

22 USC 2794.

SEC. 2. Sections 42(d) and 42(e) of the Arms Export Control Act are amended by striking out "and 29" wherever it appears and inserting in lieu thereof "29 and 30". 22 USC 2791.

SEC. 3. Section 21(i)(1) of the Arms Export Control Act is amended by deleting the comma following "under this section" and inserting in lieu thereof "or under authority of chapter 2B,". 22 USC 2761.

Approved December 29, 1982.

LEGISLATIVE HISTORY—H.R. 6758:

SENATE REPORT No. 97-586 (Comm. on Foreign Relations).
CONGRESSIONAL RECORD, Vol. 128 (1982):

July 19, considered and passed House.

Oct. 1, considered and passed Senate, amended.

Dec. 13, House concurred in Senate amendment.