

110TH CONGRESS
2^D SESSION

H. R. 5916

AN ACT

To reform the administration of 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 AND TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Security Assistance and Arms Export Control Reform
4 Act of 2008”.

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

Sec. 1. Short title and table of contents.

TITLE I—REFORM OF ARMS EXPORT CONTROL PROCEDURES

Subtitle A—Defense Trade Controls Performance Improvement Act of 2008

- Sec. 101. Short title.
- Sec. 102. Findings.
- Sec. 103. Strategic review and assessment of the United States export controls system.
- Sec. 104. Performance goals for processing of applications for licenses to export items on USML.
- Sec. 105. Requirement to ensure adequate staff and resources for DDTC of the Department of State.
- Sec. 106. Audit by Inspector General of the Department of State.
- Sec. 107. Increased flexibility for use of defense trade controls registration fees.
- Sec. 108. Review of ITAR and USML.
- Sec. 109. Special licensing authorization for certain exports to NATO member states, Australia, Japan, New Zealand, Israel, and South Korea.
- Sec. 110. Availability of information on the status of license applications under chapter 3 of the Arms Export Control Act.
- Sec. 111. Sense of Congress.
- Sec. 112. Definitions.
- Sec. 113. Authorization of appropriations.

Subtitle B—Miscellaneous Provisions

- Sec. 121. Report on self-financing options for export licensing functions of DDTC of the Department of State.
- Sec. 122. Expediting congressional defense export review period for South Korea and Israel.
- Sec. 123. Availability to Congress of Presidential directives regarding United States arms export policies, practices, and regulations.
- Sec. 124. Increase in congressional notification thresholds and expediting congressional review for South Korea and Israel.
- Sec. 125. Diplomatic efforts to strengthen national and international arms export controls.
- Sec. 126. Reporting requirement for unlicensed exports.
- Sec. 127. Report on value of major defense equipment and defense articles exported under section 38 of the Arms Export Control Act.
- Sec. 128. Report on satellite export controls.
- Sec. 129. Definition.

TITLE II—SECURITY ASSISTANCE AND RELATED SUPPORT FOR
ISRAEL

- Sec. 201. Assessment of Israel’s qualitative military edge over military threats.
 Sec. 202. Report on United States’ commitments to the security of Israel.
 Sec. 203. War Reserves Stockpile.
 Sec. 204. Implementation of Memorandum of Understanding with Israel.
 Sec. 205. Definitions.

TITLE III—WAIVER OF CERTAIN SANCTIONS TO FACILITATE
DENUCLEARIZATION ACTIVITIES IN NORTH KOREA

- Sec. 301. Waiver authority and exceptions.
 Sec. 302. Certification regarding waiver of certain sanctions.
 Sec. 303. Congressional notification and report.
 Sec. 304. Termination of waiver authority.
 Sec. 305. Expiration of waiver authority.
 Sec. 306. Continuation of restrictions against the Government of North Korea.
 Sec. 307. Report on verification measures relating to North Korea’s nuclear
 programs.
 Sec. 308. Definitions.

TITLE IV—MISCELLANEOUS PROVISIONS

- Sec. 401. Authority to build the capacity of foreign military forces.
 Sec. 402. Maintenance of European Union arms embargo against China.
 Sec. 403. Reimbursement of salaries of members of the reserve components in
 support of security cooperation missions.
 Sec. 404. Foreign Military Sales Stockpile Fund.
 Sec. 405. Sense of Congress.

TITLE V—AUTHORITY TO TRANSFER NAVAL VESSELS

- Sec. 501. Authority to transfer naval vessels to certain foreign recipients.

1 **TITLE I—REFORM OF ARMS**
 2 **EXPORT CONTROL PROCEDURES**
 3 **Subtitle A—Defense Trade Controls**
 4 **Performance Improvement Act**
 5 **of 2008**

6 **SEC. 101. SHORT TITLE.**

7 This subtitle may be cited as the “Defense Trade
 8 Controls Performance Improvement Act of 2008”.

9 **SEC. 102. FINDINGS.**

10 Congress finds the following:

1 (1) In a time of international terrorist threats
2 and a dynamic global economic and security environ-
3 ment, United States policy with regard to export
4 controls is in urgent need of a comprehensive review
5 in order to ensure such controls are protecting the
6 national security and foreign policy interests of the
7 United States.

8 (2) In January 2007, the Government Account-
9 ability Office designated the effective identification
10 and protection of critical technologies as a govern-
11 ment-wide, high-risk area, warranting a strategic re-
12 examination of existing programs, including pro-
13 grams relating to arms export controls.

14 (3) Federal Government agencies must review
15 licenses for export of munitions in a thorough and
16 timely manner to ensure that the United States is
17 able to assist United States allies and to prevent nu-
18 clear and conventional weapons from getting into the
19 hands of enemies of the United States.

20 (4) Both staffing and funding that relate to the
21 Department of State's arms export control respon-
22 sibilities have not kept pace with the increased work-
23 load relating to such responsibilities, especially over
24 the last five years.

1 (5) Outsourcing and off-shoring of defense pro-
2 duction and the policy of many United States trad-
3 ing partners to require offsets for major sales of de-
4 fense and aerospace articles present a potential
5 threat to United States national security and eco-
6 nomic well-being and serve to weaken the defense in-
7 dustrial base.

8 (6) Export control policies can have a negative
9 impact on United States employment, nonprolifera-
10 tion goals, and the health of the defense industrial
11 base, particularly when facilitating the overseas
12 transfer of technology or production and other forms
13 of outsourcing, such as offsets (direct and indirect),
14 co-production, subcontracts, overseas investment and
15 joint ventures in defense and commercial industries.
16 Federal Government agencies must develop new and
17 effective procedures for ensuring that export control
18 systems address these problems and the threat they
19 pose to national security.

20 (7) In the report to Congress required by the
21 Conference Report (Report 109–272) accompanying
22 the bill, H.R. 2862 (the Science, State, Justice,
23 Commerce and Related Agencies Appropriations Act,
24 2006; Public Law 109–108), the Department of
25 State concluded that—

1 (A) defense trade licensing has become
2 much more complex in recent years as a con-
3 sequence of the increasing globalization of the
4 defense industry;

5 (B) the most important challenge to the
6 Department of State's licensing process has
7 been the sheer growth in volume of applicants
8 for licenses and agreements, without the cor-
9 responding increase in licensing officers;

10 (C) fiscal year 2005 marked the third
11 straight year of roughly 8 percent annual in-
12 creases in licensing volume;

13 (D) although an 8 percent increase in
14 workload equates to a requirement for three ad-
15 ditional licensing officers per year, there has
16 been no increase in licensing officers during this
17 period; and

18 (E) the increase in licensing volume with-
19 out a corresponding increase in trained and ex-
20 perience personnel has resulted in delays and
21 increased processing times.

22 (8) In 2006, the Department of State processed
23 over three times as many licensing applications as
24 the Department of Commerce with about a fifth of
25 the staff of the Department of Commerce.

1 (9) On July 27, 2007, in testimony delivered to
2 the Subcommittee on Terrorism, Nonproliferation
3 and Trade of the House Committee on Foreign Af-
4 fairs to examine the effectiveness of the United
5 States export control regime, the Government Ac-
6 countability Office found that—

7 (A) the United States Government needs
8 to conduct assessments to determine its overall
9 effectiveness in the area of arms export control;
10 and

11 (B) the processing times of the Depart-
12 ment of State doubled over the period from
13 2002 to 2006.

14 (10) Although the current number of unproc-
15 essed applications for licenses to export defense
16 items is less than 3,800 applications, due to the ex-
17 traordinary efforts of the personnel and manage-
18 ment of the Department of State's Directorate of
19 Defense Trade Controls, at the end of 2006, the De-
20 partment of State's backlog of such unprocessed ap-
21 plications reached its highest level at more than
22 10,000 unprocessed applications. This resulted in
23 major management and personnel challenges for the
24 Directorate of Defense Trade Controls.

1 (11)(A) Allowing a continuation of the status
2 quo in resources for defense trade licensing could ul-
3 timately harm the United States defense industrial
4 base. The 2007 Institute for Defense Analysis report
5 entitled “Export Controls and the U.S. Defense In-
6 dustrial Base” found that the large backlog and long
7 processing times by the Department of State for ap-
8 plications for licenses to export defense items led to
9 an impairment of United States firms in some sec-
10 tors to conduct global business relative to foreign
11 competitors.

12 (B) Additionally, the report found that United
13 States commercial firms have been reluctant to en-
14 gage in research and development activities for the
15 Department of Defense because this raises the fu-
16 ture prospects that the products based on this re-
17 search and development, even if intrinsically com-
18 mercial, will be saddled by Department of State mu-
19 nitions controls due to the link to that research.

20 (12) According to the Department of State’s
21 fiscal year 2008 budget justification to Congress,
22 commercial exports licensed or approved under the
23 Arms Export Control Act exceeded
24 \$30,000,000,000, with nearly eighty percent of these

1 items exported to United States NATO allies and
2 other major non-NATO allies.

3 (13) A Government Accountability Office report
4 of October 9, 2001 (GAO-02-120), documented am-
5 biguous export control jurisdiction affecting 25 per-
6 cent of the items that the United States Government
7 agreed to control as part of its commitments to the
8 Missile Technology Control Regime. The United
9 States Government has not clearly determined which
10 department has jurisdiction over these items, which
11 increases the risk that these items will fall into the
12 wrong hands. During both the 108th and 109th
13 Congresses, the House of Representatives passed
14 legislation mandating that the Administration clarify
15 this issue.

16 **SEC. 103. STRATEGIC REVIEW AND ASSESSMENT OF THE**
17 **UNITED STATES EXPORT CONTROLS SYSTEM.**

18 (a) REVIEW AND ASSESSMENT.—

19 (1) IN GENERAL.—Not later than March 31,
20 2009, the President shall conduct a comprehensive
21 and systematic review and assessment of the United
22 States arms export controls system in the context of
23 the national security interests and strategic foreign
24 policy objectives of the United States.

1 (2) ELEMENTS.—The review and assessment
2 required under paragraph (1) shall—

3 (A) determine the overall effectiveness of
4 the United States arms export controls system
5 in order to, where appropriate, strengthen con-
6 trols, improve efficiency, and reduce unneces-
7 sary redundancies across Federal Government
8 agencies, through administrative actions, in-
9 cluding regulations, and to formulate legislative
10 proposals for new authorities that are needed;

11 (B) develop processes to ensure better co-
12 ordination of arms export control activities of
13 the Department of State with activities of other
14 departments and agencies of the United States
15 that are responsible for enforcing United States
16 arms export control laws;

17 (C) ensure that weapons-related nuclear
18 technology, other technology related to weapons
19 of mass destruction, and all items on the Mis-
20 sile Technology Control Regime Annex are sub-
21 ject to stringent control by the United States
22 Government;

23 (D) determine the overall effect of arms
24 export controls on counterterrorism, law en-

1 forcement, and infrastructure protection mis-
2 sions of the Department of Homeland Security;

3 (E) contain a detailed summary of known
4 attempts by unauthorized end-users (such as
5 international arms traffickers, foreign intel-
6 ligence agencies, and foreign terrorist organiza-
7 tions) to acquire items on the United States
8 Munitions List and related technical data, in-
9 cluding—

10 (i) data on—

11 (I) commodities sought, such as
12 M-4 rifles, night vision devices, F-14
13 spare parts;

14 (II) parties involved, such as the
15 intended end-users, brokers, con-
16 signees, and shippers;

17 (III) attempted acquisition of
18 technology and technical data critical
19 to manufacture items on the United
20 States Munitions List;

21 (IV) destination countries and
22 transit countries;

23 (V) modes of transport;

24 (VI) trafficking methods, such as
25 use of false documentation and front

1 companies registered under flags of
2 convenience;

3 (VII) whether the attempted il-
4 licit transfer was successful; and

5 (VIII) any administrative or
6 criminal enforcement actions taken by
7 the United States and any other gov-
8 ernment in relation to the attempted
9 illicit transfer;

10 (ii) a thorough evaluation of the Blue
11 Lantern Program, including the adequacy
12 of current staffing and funding levels;

13 (iii) a detailed analysis of licensing ex-
14 emptions and their successful exploitation
15 by unauthorized end-users; and

16 (iv) an examination of the extent to
17 which the increased tendency toward
18 outsourcing and off-shoring of defense pro-
19 duction harm United States national secu-
20 rity and weaken the defense industrial
21 base, including direct and indirect impact
22 on employment, and formulate policies to
23 address these trends as well as the policy
24 of some United States trading partners to

1 require offsets for major sales of defense
2 articles; and

3 (F) assess the extent to which export con-
4 trol policies and practices under the Arms Ex-
5 port Control Act promote the protection of
6 basic human rights.

7 (b) CONGRESSIONAL BRIEFINGS.—The President
8 shall provide periodic briefings to the appropriate congres-
9 sional committees on the progress of the review and as-
10 sessment conducted under subsection (a). The require-
11 ment to provide congressional briefings under this sub-
12 section shall terminate on the date on which the President
13 transmits to the appropriate congressional committees the
14 report required under subsection (c).

15 (c) REPORT.—Not later than 18 months after the
16 date of the enactment of this Act, the President shall
17 transmit to the appropriate congressional committees and
18 the Committee on Armed Services of the House of Rep-
19 resentatives and the Committee on Armed Services of the
20 Senate a report that contains the results of the review and
21 assessment conducted under subsection (a). The report re-
22 quired by this subsection shall contain a certification that
23 the requirement of subsection (a)(2)(C) has been met, or
24 if the requirement has not been met, the reasons therefor.
25 The report required by this subsection shall be submitted

1 in unclassified form, but may contain a classified annex,
2 if necessary.

3 **SEC. 104. PERFORMANCE GOALS FOR PROCESSING OF AP-**
4 **PLICATIONS FOR LICENSES TO EXPORT**
5 **ITEMS ON USML.**

6 (a) IN GENERAL.—The Secretary of State, acting
7 through the head of the Directorate of Defense Trade
8 Controls of the Department of State, shall establish the
9 following goals:

10 (1) The processing time for review of each ap-
11 plication for a license to export items on the United
12 States Munitions List (other than applications for
13 approval of agreements under part 124 of title 22,
14 Code of Federal Regulations (or successor regula-
15 tions)) shall be not more than 60 days from the date
16 of receipt of the application.

17 (2) The processing time for review of each ap-
18 plication for a commodity jurisdiction determination
19 shall be not more than 60 days from the date of re-
20 ceipt of the application.

21 (3) The total number of applications described
22 in paragraph (1) that are unprocessed shall be not
23 more than 7 percent of the total number of such ap-
24 plications submitted in the preceding calendar year.

1 (b) ADDITIONAL REVIEW.—(1) If an application de-
2 scribed in paragraph (1) or (2) of subsection (a) is not
3 processed within the time period described in the respec-
4 tive paragraph of such subsection, then the Managing Di-
5 rector of the Directorate of Defense Trade Controls or the
6 Deputy Assistant Secretary for Defense Trade and Re-
7 gional Security of the Department of State, as appro-
8 priate, shall review the status of the application to deter-
9 mine if further action is required to process the applica-
10 tion.

11 (2) If an application described in paragraph (1) or
12 (2) of subsection (a) is not processed within 90 days from
13 the date of receipt of the application, then the Assistant
14 Secretary for Political-Military Affairs of the Department
15 of State shall—

16 (A) review the status of the application to de-
17 termine if further action is required to process the
18 application; and

19 (B) submit to the appropriate congressional
20 committees a notification of the review conducted
21 under subparagraph (A), including a description of
22 the application, the reason for delay in processing
23 the application, and a proposal for further action to
24 process the application.

1 (3) For each calendar year, the Managing Director
2 of the Directorate of Defense Trade Controls shall review
3 not less than 2 percent of the total number of applications
4 described in paragraphs (1) and (2) of subsection (a) to
5 ensure that the processing of such applications, including
6 decisions to approve, deny, or return without action, is
7 consistent with both policy and regulatory requirements
8 of the Department of State.

9 (c) UNITED STATES ALLIES.—Congress states
10 that—

11 (1) it shall be the policy of the Directorate of
12 Defense Trade Controls of the Department of State
13 to ensure that, to the maximum extent practicable,
14 the processing time for review of applications de-
15 scribed in subsection (a)(1) to export items that are
16 not subject to the requirements of section 36(b) or
17 (c) of the Arms Export Control Act (22 U.S.C.
18 2776(b) or (c)) to United States allies in direct sup-
19 port of combat operations or peacekeeping or hu-
20 manitarian operations with United States Armed
21 Forces is not more than 7 days from the date of re-
22 ceipt of the application; and

23 (2) it shall be the goal, as appropriate, of the
24 Directorate of Defense Trade Controls to ensure
25 that, to the maximum extent practicable, the proc-

1 essing time for review of applications described in
2 subsection (a)(1) to export items that are not sub-
3 ject to the requirements of section 36(b) or (c) of
4 the Arms Export Control Act to government security
5 agencies of United States NATO allies, Australia,
6 New Zealand, Japan, South Korea, Israel, and, as
7 appropriate, other major non-NATO allies for any
8 purpose other than the purpose described in para-
9 graph (1) is not more than 30 days from the date
10 of receipt of the application.

11 (d) REPORT.—Not later than December 31, 2010,
12 and December 31, 2011, the Secretary of State shall sub-
13 mit to the appropriate congressional committees a report
14 that contains a detailed description of—

15 (1)(A) the average processing time for and
16 number of applications described in subsection
17 (a)(1) to—

18 (i) United States NATO allies, Australia,
19 New Zealand, Japan, South Korea, and Israel;

20 (ii) other major non-NATO allies; and

21 (iii) all other countries; and

22 (B) to the extent practicable, the average proc-
23 essing time for and number of applications described
24 in subsection (b)(1) by item category;

1 (2) the average processing time for and number
2 of applications described in subsection (a)(2);

3 (3) the average processing time for and number
4 of applications for agreements described in part 124
5 of title 22, Code of Federal Regulations (relating to
6 the International Traffic in Arms Regulations);

7 (4) any management decisions of the Direc-
8 torate of Defense Trade Controls of the Department
9 of State that have been made in response to data
10 contained in paragraphs (1) through (3); and

11 (5) any advances in technology that will allow
12 the time-frames described in subsection (a)(1) to be
13 substantially reduced.

14 (e) CONGRESSIONAL BRIEFINGS.—If, at the end of
15 any month beginning after the date of the enactment of
16 this Act, the total number of applications described in sub-
17 section (a)(1) that are unprocessed is more than 7 percent
18 of the total number of such applications submitted in the
19 preceding calendar year, then the Secretary of State, act-
20 ing through the Under Secretary for Arms Control and
21 International Security, the Assistant Secretary for Polit-
22 ical-Military Affairs, or the Deputy Assistant Secretary
23 for Defense Trade and Regional Security of the Depart-
24 ment of State, as appropriate, shall brief the appropriate
25 congressional committees on such matters and the correc-

1 tive measures that the Directorate of Defense Trade Con-
2 trols will take to comply with the requirements of sub-
3 section (a).

4 (f) TRANSPARENCY OF COMMODITY JURISDICTION
5 DETERMINATIONS.—

6 (1) DECLARATION OF POLICY.—Congress de-
7 clares that the complete confidentiality surrounding
8 several hundred commodity jurisdiction determina-
9 tions made each year by the Department of State
10 pursuant to the International Traffic in Arms Regu-
11 lations is not necessary to protect legitimate propri-
12 etary interests of persons or their prices and cus-
13 tomers, is not in the best security and foreign policy
14 interests of the United States, is inconsistent with
15 the need to ensure a level playing field for United
16 States exporters, and detracts from United States
17 efforts to promote greater transparency and respon-
18 sibility by other countries in their export control sys-
19 tems.

20 (2) PUBLICATION ON INTERNET WEBSITE.—

21 The Secretary of State shall—

22 (A) upon making a commodity jurisdiction
23 determination referred to in paragraph (1) pub-
24 lish on the Internet website of the Department

1 of State not later than 30 days after the date
2 of the determination—

3 (i) the name of the manufacturer of
4 the item;

5 (ii) a brief general description of the
6 item;

7 (iii) the model or part number of the
8 item; and

9 (iv) the United States Munitions List
10 designation under which the item has been
11 designated, except that—

12 (I) the name of the person or
13 business organization that sought the
14 commodity jurisdiction determination
15 shall not be published if the person or
16 business organization is not the man-
17 ufacturer of the item; and

18 (II) the names of the customers,
19 the price of the item, and any propri-
20 etary information relating to the item
21 indicated by the person or business
22 organization that sought the com-
23 modity jurisdiction determination
24 shall not be published; and

1 (B) maintain on the Internet website of
2 the Department of State an archive, that is ac-
3 cessible to the general public and other depart-
4 ments and agencies of the United States, of the
5 information published under subparagraph (A).

6 (g) RULE OF CONSTRUCTION.—Nothing in this sec-
7 tion shall be construed to prohibit the President or Con-
8 gress from undertaking a thorough review of the national
9 security and foreign policy implications of a proposed ex-
10 port of items on the United States Munitions List.

11 **SEC. 105. REQUIREMENT TO ENSURE ADEQUATE STAFF**
12 **AND RESOURCES FOR DDTC OF THE DEPART-**
13 **MENT OF STATE.**

14 (a) REQUIREMENT.—The Secretary of State shall en-
15 sure that the Directorate of Defense Trade Controls of
16 the Department of State has the necessary staff and re-
17 sources to carry out this subtitle and the amendments
18 made by this subtitle.

19 (b) MINIMUM NUMBER OF LICENSING OFFICERS.—
20 For fiscal year 2010 and each subsequent fiscal year, the
21 Secretary of State shall ensure that the Directorate of De-
22 fense Trade Controls has at least 1 licensing officer for
23 every 1,250 applications for licenses and other authoriza-
24 tions to export items on the United States Munitions List
25 by not later than the third quarter of such fiscal year,

1 based on the number of licenses and other authorizations
2 expected to be received during such fiscal year. The Sec-
3 retary shall ensure that in meeting the requirement of this
4 subsection, the performance of other functions of the Di-
5 rectorate of Defense Trade Controls is maintained and
6 adequate staff is provided for those functions.

7 (c) MINIMUM NUMBER OF STAFF FOR COMMODITY
8 JURISDICTION DETERMINATIONS.—For each of the fiscal
9 years 2009 through 2011, the Secretary of State shall en-
10 sure that the Directorate of Defense Trade Controls has,
11 to the extent practicable, not less than three individuals
12 assigned to review applications for commodity jurisdiction
13 determinations.

14 (d) ENFORCEMENT RESOURCES.—In accordance
15 with section 127.4 of title 22, Code of Federal Regula-
16 tions, U.S. Immigration and Customs Enforcement is au-
17 thorized to investigate violations of the International Traf-
18 fic in Arms Regulations on behalf of the Directorate of
19 Defense Trade Controls of the Department of State. The
20 Secretary of State shall ensure that the Directorate of De-
21 fense Trade Controls has adequate staffing for enforce-
22 ment of the International Traffic in Arms Regulations.

1 **SEC. 106. AUDIT BY INSPECTOR GENERAL OF THE DEPART-**
2 **MENT OF STATE.**

3 (a) AUDIT.—Not later than the end of each of the
4 fiscal years 2010 and 2011, the Inspector General of the
5 Department of State shall conduct an independent audit
6 to determine the extent to which the Department of State
7 is meeting the requirements of sections 104 and 105 of
8 this Act.

9 (b) REPORT.—The Inspector General shall submit to
10 the appropriate congressional committees a report that
11 contains the result of each audit conducted under sub-
12 section (a).

13 **SEC. 107. INCREASED FLEXIBILITY FOR USE OF DEFENSE**
14 **TRADE CONTROLS REGISTRATION FEES.**

15 (a) IN GENERAL.—Section 45 of the State Depart-
16 ment Basic Authorities Act of 1956 (22 U.S.C. 2717) is
17 amended—

18 (1) in the first sentence—

19 (A) by striking “For” and inserting “(a)
20 IN GENERAL.—For”; and

21 (B) by striking “Office” and inserting “Di-
22 rectorate”;

23 (2) by amending the second sentence to read as
24 follows:

1 “(b) AVAILABILITY OF FEES.—Fees credited to the
2 account referred to in subsection (a) shall be available only
3 for payment of expenses incurred for—

4 “(1) management,

5 “(2) licensing (in order to meet the require-
6 ments of section 105 of the Defense Trade Controls
7 Performance Improvement Act of 2008 (relating to
8 adequate staff and resources of the Directorate of
9 Defense Trade Controls)),

10 “(3) compliance,

11 “(4) policy activities, and

12 “(5) facilities,

13 of defense trade controls functions.”; and

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

15 “(c) ALLOCATION OF FEES.—In allocating fees for
16 payment of expenses described in subsection (b), the Sec-
17 retary of State shall accord the highest priority to pay-
18 ment of expenses incurred for personnel and equipment
19 of the Directorate of Defense Trade Controls, including
20 payment of expenses incurred to meet the requirements
21 of section 105 of the Defense Trade Controls Performance
22 Improvement Act of 2008.”.

23 (b) CONFORMING AMENDMENT.—Section
24 38(b)(3)(A) of the Arms Export Control Act (22 U.S.C.
25 2778(b)(3)(A)) is amended to read as follows:

1 “(3)(A) For each fiscal year, 100 percent of registra-
2 tion fees collected pursuant to paragraph (1) shall be cred-
3 ited to a Department of State account, to be available
4 without fiscal year limitation. Fees credited to that ac-
5 count shall be available only for the payment of expenses
6 incurred for—

7 “(i) management,

8 “(ii) licensing (in order to meet the require-
9 ments of section 105 of the Defense Trade Controls
10 Performance Improvement Act of 2008 (relating to
11 adequate staff and resources of the Directorate of
12 Defense Trade Controls)),

13 “(iii) compliance,

14 “(iv) policy activities, and

15 “(v) facilities,

16 of defense trade controls functions.”.

17 **SEC. 108. REVIEW OF ITAR AND USML.**

18 (a) IN GENERAL.—The Secretary of State, in coordi-
19 nation with the heads of other relevant departments and
20 agencies of the United States Government, shall review,
21 with the assistance of United States manufacturers and
22 other interested parties described in section 111(2) of this
23 Act, the International Traffic in Arms Regulations and
24 the United States Munitions List to determine those tech-

1 nologies and goods that warrant different or additional
2 controls.

3 (b) CONDUCT OF REVIEW.—In carrying out the re-
4 view required under subsection (a), the Secretary of State
5 shall review not less than 20 percent of the technologies
6 and goods on the International Traffic in Arms Regula-
7 tions and the United States Munitions List in each cal-
8 endar year so that for the 5-year period beginning with
9 calendar year 2009, and for each subsequent 5-year pe-
10 riod, the International Traffic in Arms Regulations and
11 the United States Munitions List will be reviewed in their
12 entirety.

13 (c) REPORT.—The Secretary of State shall submit to
14 the appropriate congressional committees and the Com-
15 mittee on Armed Services of the House of Representatives
16 and the Committee on Armed Services of the Senate an
17 annual report on the results of the review carried out
18 under this section.

19 **SEC. 109. SPECIAL LICENSING AUTHORIZATION FOR CER-**
20 **TAIN EXPORTS TO NATO MEMBER STATES,**
21 **AUSTRALIA, JAPAN, NEW ZEALAND, ISRAEL,**
22 **AND SOUTH KOREA.**

23 (a) IN GENERAL.—Section 38 of the Arms Export
24 Control Act (22 U.S.C. 2778) is amended by adding at
25 the end the following:

1 “(k) SPECIAL LICENSING AUTHORIZATION FOR CER-
2 TAIN EXPORTS TO NATO MEMBER STATES, AUSTRALIA,
3 JAPAN, NEW ZEALAND, ISRAEL, AND SOUTH KOREA.—

4 “(1) AUTHORIZATION.—(A) The President may
5 provide for special licensing authorization for exports
6 of United States-manufactured spare and replace-
7 ment parts or components listed in an application
8 for such special licensing authorization in connection
9 with defense items previously exported to NATO
10 member states, Australia, Japan, New Zealand,
11 Israel, and South Korea. A special licensing author-
12 ization issued pursuant to this clause shall be effec-
13 tive for a period not to exceed 5 years.

14 “(B) An authorization may be issued under
15 subparagraph (A) only if the applicable government
16 of the country described in subparagraph (A), acting
17 through the applicant for the authorization, certifies
18 that—

19 “(i) the export of spare and replacement
20 parts or components supports a defense item
21 previously lawfully exported;

22 “(ii) the spare and replacement parts or
23 components will be transferred to a defense
24 agency of a country described in subparagraph
25 (A) that is a previously approved end-user of

1 the defense items and not to a distributor or a
2 foreign consignee of such defense items;

3 “(iii) the spare and replacement parts or
4 components will not to be used to materially en-
5 hance, optimize, or otherwise modify or upgrade
6 the capability of the defense items;

7 “(iv) the spare and replacement parts or
8 components relate to a defense item that is
9 owned, operated, and in the inventory of the
10 armed forces a country described in subpara-
11 graph (A);

12 “(v) the export of spare and replacement
13 parts or components will be effected using the
14 freight forwarder designated by the purchasing
15 country’s diplomatic mission as responsible for
16 handling transfers under chapter 2 of this Act
17 as required under regulations; and

18 “(vi) the spare and replacement parts or
19 components to be exported under the special li-
20 censing authorization are specifically identified
21 in the application.

22 “(C) An authorization may not be issued under
23 subparagraph (A) for purposes of establishing off-
24 shore procurement arrangements or producing de-
25 fense articles offshore.

1 “(D)(i) For purposes of this subsection, the
2 term ‘United States-manufactured spare and re-
3 placement parts or components’ means spare and
4 replacement parts or components—

5 “(I) with respect to which—

6 “(aa) United States-origin content
7 costs constitute at least 85 percent of the
8 total content costs;

9 “(bb) United States manufacturing
10 costs constitute at least 85 percent of the
11 total manufacturing costs; and

12 “(cc) foreign content, if any, is limited
13 to content from countries eligible to receive
14 exports of items on the United States Mu-
15 nitions List under the International Traffic
16 in Arms Regulations (other than de mini-
17 mis foreign content);

18 “(II) that were last substantially trans-
19 formed in the United States; and

20 “(III) that are not—

21 “(aa) classified as significant military
22 equipment; or

23 “(bb) listed on the Missile Technology
24 Control Regime Annex.

1 **“SEC. 38A. AVAILABILITY OF INFORMATION ON THE STA-**
2 **TUS OF LICENSE APPLICATIONS UNDER THIS**
3 **CHAPTER.**

4 “(a) AVAILABILITY OF INFORMATION.—Not later
5 than one year after the date of the enactment of the De-
6 fense Trade Controls Performance Improvement Act of
7 2008, the President shall make available to persons who
8 have pending license applications under this chapter and
9 the committees of jurisdiction the ability to access elec-
10 tronically current information on the status of each license
11 application required to be submitted under this chapter.

12 “(b) MATTERS TO BE INCLUDED.—The information
13 referred to in subsection (a) shall be limited to the fol-
14 lowing:

15 “(1) The case number of the license application.

16 “(2) The date on which the license application
17 is received by the Department of State and becomes
18 an ‘open application’.

19 “(3) The date on which the Directorate of De-
20 fense Trade Controls makes a determination with re-
21 spect to the license application or transmits it for
22 interagency review, if required.

23 “(4) The date on which the interagency review
24 process for the license application is completed, if
25 such a review process is required.

1 “(5) The date on which the Department of
2 State begins consultations with the congressional
3 committees of jurisdiction with respect to the license
4 application.

5 “(6) The date on which the license application
6 is sent to the congressional committees of jurisdic-
7 tion.”.

8 **SEC. 111. SENSE OF CONGRESS.**

9 It is the sense of Congress that—

10 (1)(A) the advice provided to the Secretary of
11 State by the Defense Trade Advisory Group
12 (DTAG) supports the regulation of defense trade
13 and helps ensure that United States national secu-
14 rity and foreign policy interests continue to be pro-
15 tected and advanced while helping to reduce unnec-
16 essary impediments to legitimate exports in order to
17 support the defense requirements of United States
18 friends and allies; and

19 (B) therefore, the Secretary of State should
20 share significant planned rules and policy shifts with
21 DTAG for comment; and

22 (2) recognizing the constraints imposed on the
23 Department of State by the nature of a voluntary
24 organization such as DTAG, the Secretary of State
25 is encouraged to ensure that members of DTAG are

1 drawn from a representative cross-section of subject
2 matter experts from the United States defense in-
3 dustry, relevant trade and labor associations, aca-
4 demic, and foundation personnel.

5 **SEC. 112. DEFINITIONS.**

6 In this subtitle:

7 (1) **APPROPRIATE CONGRESSIONAL COMMIT-**
8 **TEES.**—The term “appropriate congressional com-
9 mittees” means the Committee on Foreign Affairs of
10 the House of Representatives and the Committee on
11 Foreign Relations of the Senate.

12 (2) **INTERNATIONAL TRAFFIC IN ARMS REGULA-**
13 **TIONS; ITAR.**—The term “International Traffic in
14 Arms Regulations” or “ITAR” means those regula-
15 tions contained in parts 120 through 130 of title 22,
16 Code of Federal Regulations (or successor regula-
17 tions).

18 (3) **MAJOR NON-NATO ALLY.**—The term “major
19 non-NATO ally” means a country that is designated
20 in accordance with section 517 of the Foreign As-
21 sistance Act of 1961 (22 U.S.C. 2321k) as a major
22 non-NATO ally for purposes of the Foreign Assist-
23 ance Act of 1961 (22 U.S.C. 2151 et seq.) and the
24 Arms Export Control Act (22 U.S.C. 2751 et seq.).

1 (4) MISSILE TECHNOLOGY CONTROL REGIME;
2 MTCR.—The term “Missile Technology Control Re-
3 gime” or “MTCR” has the meaning given the term
4 in section 11B(c)(2) of the Export Administration
5 Act of 1979 (50 U.S.C. App. 2401b(c)(2)).

6 (5) MISSILE TECHNOLOGY CONTROL REGIME
7 ANNEX; MTCR ANNEX.—The term “Missile Tech-
8 nology Control Regime Annex” or “MTCR Annex”
9 has the meaning given the term in section 11B(c)(4)
10 of the Export Administration Act of 1979 (50
11 U.S.C. App. 2401b(c)(4)).

12 (6) OFFSETS.—The term “offsets” includes
13 compensation practices required of purchase in ei-
14 ther government-to-government or commercial sales
15 of defense articles or defense services under the
16 Arms Export Control Act (22 U.S.C. 2751 et seq.)
17 and the International Traffic in Arms Regulations.

18 (7) UNITED STATES MUNITIONS LIST; USML.—
19 The term “United States Munitions List” or
20 “USML” means the list referred to in section
21 38(a)(1) of the Arms Export Control Act (22 U.S.C.
22 2778(a)(1)).

23 **SEC. 113. AUTHORIZATION OF APPROPRIATIONS.**

24 There are authorized to be appropriated such sums
25 as may be necessary for fiscal year 2009 and each subse-

1 quent fiscal year to carry out this subtitle and the amend-
2 ments made by this subtitle.

3 **Subtitle B—Miscellaneous**
4 **Provisions**

5 **SEC. 121. REPORT ON SELF-FINANCING OPTIONS FOR EX-**
6 **PORT LICENSING FUNCTIONS OF DDTC OF**
7 **THE DEPARTMENT OF STATE.**

8 Not later than 90 days after the date of the enact-
9 ment of this Act, the Secretary of State shall submit to
10 the appropriate congressional committees a report on pos-
11 sible mechanisms to place the export licensing functions
12 of the Directorate of Defense Trade Controls of the De-
13 partment of State on a 100 percent self-financing basis.

14 **SEC. 122. EXPEDITING CONGRESSIONAL DEFENSE EXPORT**
15 **REVIEW PERIOD FOR SOUTH KOREA AND**
16 **ISRAEL.**

17 The Arms Export Control Act (22 U.S.C. 2751 et
18 seq.) is amended—

19 (1) in sections 3(d)(2)(B), 3(d)(3)(A)(i),
20 3(d)(5), 21(e)(2)(A), 36(b)(2), 36(c)(2)(A),
21 36(d)(2)(A), 62(c)(1), and 63(a)(2) by inserting
22 “the Republic of Korea, Israel,” before “or New
23 Zealand”;

1 (2) in section 3(b)(2), by inserting “the Govern-
2 ment of the Republic of Korea,” before “or the Gov-
3 ernment of New Zealand”; and

4 (3) in section 21(h)(1)(A), by inserting “the
5 Republic of Korea,” before “or Israel”.

6 **SEC. 123. AVAILABILITY TO CONGRESS OF PRESIDENTIAL**
7 **DIRECTIVES REGARDING UNITED STATES**
8 **ARMS EXPORT POLICIES, PRACTICES, AND**
9 **REGULATIONS.**

10 (a) **IN GENERAL.**—The President shall make avail-
11 able to the appropriate congressional committees the text
12 of each Presidential directive regarding United States ex-
13 port policies, practices, and regulations relating to the im-
14 plementation of the Arms Export Control Act (22 U.S.C.
15 2751 et seq.) not later than 15 days after the date on
16 which the directive has been signed or authorized by the
17 President.

18 (b) **TRANSITION PROVISION.**—Any Presidential di-
19 rective described in subsection (a) that is signed or author-
20 ized by the President on or after January 1, 2008, and
21 before the date of the enactment of this Act shall be made
22 available to the appropriate congressional committees not
23 later than 90 days after the date of the enactment of this
24 Act.

1 (c) FORM.—To the maximum extent practicable, the
2 Presidential directives required to be made available to the
3 appropriate congressional committees under this section
4 shall be made available on an unclassified basis.

5 **SEC. 124. INCREASE IN CONGRESSIONAL NOTIFICATION**
6 **THRESHOLDS AND EXPEDITING CONGRES-**
7 **SIONAL REVIEW FOR SOUTH KOREA AND**
8 **ISRAEL.**

9 (a) FOREIGN MILITARY SALES.—

10 (1) IN GENERAL.—Subsection (b) of section 36
11 of the Arms Export Control Act (22 U.S.C. 2776)
12 is amended—

13 (A) by redesignating paragraphs (2)
14 through (6) as paragraphs (3) through (7), re-
15 spectively; and

16 (B) by striking “The letter of offer shall
17 not be issued” and all that follows through “en-
18 acts a joint resolution” and inserting the fol-
19 lowing:

20 “(2) The letter of offer shall not be issued—

21 “(A) with respect to a proposed sale of any
22 defense articles or defense services under this
23 Act for \$200,000,000 or more, any design and
24 construction services for \$300,000,000 or more,
25 or any major defense equipment for

1 \$75,000,000 or more, to the North Atlantic
2 Treaty Organization (NATO), any member
3 country of NATO, Japan, Australia, the Repub-
4 lic of Korea, Israel, or New Zealand, if Con-
5 gress, within 15 calendar days after receiving
6 such certification, or

7 “(B) with respect to a proposed sale of any
8 defense articles or services under this Act for
9 \$100,000,000 or more, any design and con-
10 struction services for \$200,000,000 or more, or
11 any major defense equipment for \$50,000,000
12 or more, to any other country or organization,
13 if Congress, within 30 calendar days after re-
14 ceiving such certification,
15 enacts a joint resolution”.

16 (2) TECHNICAL AND CONFORMING AMEND-
17 MENTS.—Such section is further amended—

18 (A) in subsection (b)—

19 (i) in paragraph (6)(C), as redesi-
20 gnated, by striking “Subject to paragraph
21 (6), if” and inserting “If”; and

22 (ii) by striking paragraph (7), as re-
23 designated; and

1 (B) in subsection (c)(4), by striking “sub-
2 section (b)(5)” each place it appears and insert-
3 ing “subsection (b)(6)”.

4 (b) COMMERCIAL SALES.—Subsection (c) of such sec-
5 tion is amended—

6 (1) in paragraph (2)—

7 (A) in subparagraph (A)—

8 (i) by inserting after “for an export”
9 the following: “of any major defense equip-
10 ment sold under a contract in the amount
11 of \$75,000,000 or more or of defense arti-
12 cles or defense services sold under a con-
13 tract in the amount of \$200,000,000 or
14 more, (or, in the case of a defense article
15 that is a firearm controlled under category
16 I of the United States Munitions List,
17 \$1,000,000 or more)”;

18 (ii) by striking “Organization,” and
19 inserting “Organization (NATO),” and by
20 further striking “that Organization” and
21 inserting “NATO”; and

22 (B) in subparagraph (C), by inserting after
23 “license” the following: “for an export of any
24 major defense equipment sold under a contract
25 in the amount of \$50,000,000 or more or of de-

1 fense articles or defense services sold under a
2 contract in the amount of \$100,000,000 or
3 more, (or, in the case of a defense article that
4 is a firearm controlled under category I of the
5 United States Munitions List, \$1,000,000 or
6 more)”; and

7 (2) by striking paragraph (5).

8 **SEC. 125. DIPLOMATIC EFFORTS TO STRENGTHEN NA-**
9 **TIONAL AND INTERNATIONAL ARMS EXPORT**
10 **CONTROLS.**

11 (a) SENSE OF CONGRESS.—It is the sense of Con-
12 gress that the President should redouble United States
13 diplomatic efforts to strengthen national and international
14 arms export controls by establishing a senior-level initia-
15 tive to ensure that such arms export controls are com-
16 parable to and supportive of United States arms export
17 controls, particularly with respect to countries of concern
18 to the United States.

19 (b) REPORT.—No later than one year after the date
20 of the enactment of this Act, and annually thereafter for
21 four years, the President shall transmit to the appropriate
22 committees of Congress a report on United States diplo-
23 matic efforts described in subsection (a).

1 **SEC. 126. REPORTING REQUIREMENT FOR UNLICENSED EX-**
2 **PORTS.**

3 Section 655(b) of the Foreign Assistance Act of 1961
4 (22 U.S.C. 2415(b)) is amended—

5 (1) in paragraph (2), by striking “or” at the
6 end;

7 (2) in paragraph (3), by striking the period at
8 the end and inserting “; or”; and

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

10 “(4) were exported without a license under sec-
11 tion 38 of the Arms Export Control Act (22 U.S.C.
12 2778) pursuant to an exemption established under
13 the International Traffic in Arms Regulations, other
14 than defense articles exported in furtherance of a
15 letter of offer and acceptance under the Foreign
16 Military Sales program or a technical assistance or
17 manufacturing license agreement, including the spe-
18 cific exemption provision in the regulation under
19 which the export was made.”.

20 **SEC. 127. REPORT ON VALUE OF MAJOR DEFENSE EQUIP-**
21 **MENT AND DEFENSE ARTICLES EXPORTED**
22 **UNDER SECTION 38 OF THE ARMS EXPORT**
23 **CONTROL ACT.**

24 Section 38 of the Arms Export Control Act (22
25 U.S.C. 2778) is amended by adding at the end the fol-
26 lowing:

1 “(1) REPORT.—

2 “(1) IN GENERAL.—The President shall trans-
3 mit to the appropriate congressional committees a
4 report that contains a detailed listing, by country
5 and by international organization, of the total dollar
6 value of major defense equipment and defense arti-
7 cles exported pursuant to licenses authorized under
8 this section for the previous fiscal year.

9 “(2) INCLUSION IN ANNUAL BUDGET.—The re-
10 port required by this subsection shall be included in
11 the supporting information of the annual budget of
12 the United States Government required to be sub-
13 mitted to Congress under section 1105 of title 31,
14 United States Code.

15 “(3) APPROPRIATE CONGRESSIONAL COMMIT-
16 TEES DEFINED.—In this subsection, the term ‘ap-
17 propriate congressional committees’ means the Com-
18 mittee on Foreign Affairs of the House of Rep-
19 resentatives and the Committee on Foreign Rela-
20 tions of the Senate.”.

21 **SEC. 128. REPORT ON SATELLITE EXPORT CONTROLS.**

22 (a) REPORT.—Not later than 180 days after the date
23 of the enactment of this Act, the President shall transmit
24 to the appropriate congressional committees and the Com-
25 mittee on Armed Services of the House of Representatives

1 and the Committee on Armed Services of the Senate a
2 report regarding—

3 (1) the extent to which current United States
4 export controls on satellites and related items under
5 the Arms Export Control Act are successfully pre-
6 venting the transfer of militarily-sensitive tech-
7 nologies to countries of concern, especially the Peo-
8 ple’s Republic of China;

9 (2) the extent to which comparable satellites
10 and related items are available from foreign sources
11 without comparable export controls; and

12 (3) whether the current export controls on sat-
13 ellites and related items should be altered and in
14 what manner, including whether other incentives or
15 disincentives should also be employed to discourage
16 exports of satellites and related items to the People’s
17 Republic of China by any country.

18 (b) DEFINITIONS.—In this section, the terms “sat-
19 ellite” and “related items” mean satellites and all specifi-
20 cally designed or modified systems or subsystems, compo-
21 nents, parts, accessories, attachments, and associated
22 equipment for satellites as covered under category XV of
23 the International Traffic in Arms Regulations (as in effect
24 on the date of the enactment of this Act).

1 **SEC. 129. DEFINITION.**

2 In this subtitle, the term “appropriate congressional
3 committees” means the Committee on Foreign Affairs of
4 the House of Representatives and the Committee on For-
5 eign Relations of the Senate.

6 **TITLE II—SECURITY ASSIST-**
7 **ANCE AND RELATED SUP-**
8 **PORT FOR ISRAEL**

9 **SEC. 201. ASSESSMENT OF ISRAEL’S QUALITATIVE MILI-**
10 **TARY EDGE OVER MILITARY THREATS.**

11 (a) **ASSESSMENT REQUIRED.**—The President shall
12 carry out an empirical and qualitative assessment on an
13 ongoing basis of the extent to which Israel possesses a
14 qualitative military edge over military threats to Israel.
15 The assessment required under this subsection shall be
16 sufficiently robust so as to facilitate comparability of data
17 over concurrent years.

18 (b) **USE OF ASSESSMENT.**—The President shall en-
19 sure that the assessment required under subsection (a) is
20 used to inform the review by the United States of applica-
21 tions to sell defense articles and defense services under
22 the Arms Export Control Act (22 U.S.C. 2751 et seq.)
23 to countries in the Middle East.

24 (c) **REPORTS.**—

25 (1) **INITIAL REPORT.**—Not later than 180 days
26 after the date of the enactment of this Act, the

1 President shall transmit to the appropriate congress-
2 sional committees a report on the initial assessment
3 required under subsection (a).

4 (2) QUADRENNIAL REPORT.—Not later than
5 four years after the date on which the President
6 transmits the initial report under paragraph (1),
7 and every four years thereafter, the President shall
8 transmit to the appropriate congressional commit-
9 tees a report on the most recent assessment required
10 under subsection (a).

11 (d) CERTIFICATION.—Section 36 of the Arms Export
12 Control Act (22 U.S.C. 2776) is amended by adding at
13 the end the following:

14 “(h) CERTIFICATION REQUIREMENT RELATING
15 ISRAEL’S QUALITATIVE MILITARY EDGE.—

16 “(1) IN GENERAL.—Any certification relating
17 to a proposed sale or export of defense articles or
18 defense services under this section to any country in
19 the Middle East other than Israel shall include a de-
20 termination that the sale or export of the defense ar-
21 ticles or defense services will not adversely affect
22 Israel’s qualitative military edge over military
23 threats to Israel.

24 “(2) DEFINITION.—In this subsection, the term
25 ‘qualitative military edge’ has the meaning given the

1 term in section 205 of the Security Assistance and
2 Arms Export Control Reform Act of 2008.”.

3 **SEC. 202. REPORT ON UNITED STATES’ COMMITMENTS TO**
4 **THE SECURITY OF ISRAEL.**

5 (a) INITIAL REPORT.—Not later than 30 days after
6 the date of the enactment of this Act, the President shall
7 transmit to the appropriate congressional committees a re-
8 port that contains—

9 (1) a complete, unedited, and unredacted copy
10 of each assurance made by United States Govern-
11 ment officials to officials of the Government of Israel
12 regarding Israel’s security and maintenance of
13 Israel’s qualitative military edge, as well as any
14 other assurance regarding Israel’s security and
15 maintenance of Israel’s qualitative military edge pro-
16 vided in conjunction with exports under the Arms
17 Export Control Act (22 U.S.C. 2751 et seq.), for the
18 period beginning on January 1, 1975, and ending on
19 the date of the enactment of this Act; and

20 (2) an analysis of the extent to which, and by
21 what means, each such assurance has been and is
22 continuing to be fulfilled.

23 (b) SUBSEQUENT REPORTS.—

24 (1) NEW ASSURANCES AND REVISIONS.—The
25 President shall transmit to the appropriate congres-

1 sional committees a report that contains the infor-
2 mation required under subsection (a) with respect
3 to—

4 (A) each assurance described in subsection
5 (a) made on or after the date of the enactment
6 of this Act, or

7 (B) revisions to any assurance described in
8 subsection (a) or subparagraph (A) of this
9 paragraph,

10 within 15 days of the new assurance or revision
11 being conveyed.

12 (2) 5-YEAR REPORTS.—Not later than 5 years
13 after the date of the enactment of this Act, and
14 every 5 years thereafter, the President shall trans-
15 mit to the appropriate congressional committees a
16 report that contains the information required under
17 subsection (a) with respect to each assurance de-
18 scribed in subsection (a) or paragraph (1)(A) of this
19 subsection and revisions to any assurance described
20 in subsection (a) or paragraph (1)(A) of this sub-
21 section during the preceding 5-year period.

22 (c) FORM.—Each report required by this section shall
23 be transmitted in unclassified form, but may contain a
24 classified annex, if necessary.

1 **SEC. 203. WAR RESERVES STOCKPILE.**

2 (a) DEPARTMENT OF DEFENSE APPROPRIATIONS
3 ACT, 2005.—Section 12001(d) of the Department of De-
4 fense Appropriations Act, 2005 (Public Law 108–287;
5 118 Stat. 1011), is amended by striking “4” and inserting
6 “6”.

7 (b) FOREIGN ASSISTANCE ACT OF 1961.—Section
8 514(b)(2)(A) of the Foreign Assistance Act of 1961 (22
9 U.S.C. 2321h(b)(2)(A)) is amended by striking “fiscal
10 years 2007 and 2008” and inserting “fiscal years 2009
11 and 2010”.

12 (c) EFFECTIVE DATE.—The amendment made by
13 subsection (a) takes effect on August 5, 2008.

14 **SEC. 204. IMPLEMENTATION OF MEMORANDUM OF UNDER-**
15 **STANDING WITH ISRAEL.**

16 (a) IN GENERAL.—Of the amount made available for
17 fiscal year 2009 for assistance under the program author-
18 ized by section 23 of the Arms Export Control Act (22
19 U.S.C. 2763) (commonly referred to as the “Foreign Mili-
20 tary Financing Program”), the amount specified in sub-
21 section (b) is authorized to be made available on a grant
22 basis for Israel.

23 (b) COMPUTATION OF AMOUNT.—The amount re-
24 ferred to in subsection (a) is the amount equal to—

1 (1) the amount specified under the heading
2 “Foreign Military Financing Program” for Israel for
3 fiscal year 2008; plus

4 (2) \$150,000,000.

5 (c) OTHER AUTHORITIES.—

6 (1) AVAILABILITY OF FUNDS FOR ADVANCED
7 WEAPONS SYSTEMS.—To the extent the Government
8 of Israel requests the United States to provide as-
9 sistance for fiscal year 2009 for the procurement of
10 advanced weapons systems, amounts authorized to
11 be made available for Israel under this section shall,
12 as agreed to by Israel and the United States, be
13 available for such purposes, of which not less than
14 \$670,650,000 shall be available for the procurement
15 in Israel of defense articles and defense services, in-
16 cluding research and development.

17 (2) DISBURSEMENT OF FUNDS.—Amounts au-
18 thorized to be made available for Israel under this
19 section shall be disbursed not later than 30 days
20 after the date of the enactment of an Act making
21 appropriations for the Department of State, foreign
22 operations, and related programs for fiscal year
23 2009, or October 31, 2008, whichever occurs later.

24 **SEC. 205. DEFINITIONS.**

25 In this subtitle—

1 (1) the term “appropriate congressional com-
2 mittees” means the Committee on Foreign Affairs of
3 the House of Representatives and the Committee on
4 Foreign Relations of the Senate; and

5 (2) the term “qualitative military edge” means
6 the ability to counter and defeat any credible con-
7 ventional military threat from any individual state or
8 possible coalition of states or from non-state actors,
9 while sustaining minimal damages and casualties,
10 through the use of superior military means, pos-
11 sessed in sufficient quantity, including weapons,
12 command, control, communication, intelligence, sur-
13 veillance, and reconnaissance capabilities that in
14 their technical characteristics are superior in capa-
15 bility to those of such other individual or possible co-
16 alition of states or non-state actors.

17 **TITLE III—WAIVER OF CERTAIN**
18 **SANCTIONS TO FACILITATE**
19 **DENUCLEARIZATION ACTIVI-**
20 **TIES IN NORTH KOREA**

21 **SEC. 301. WAIVER AUTHORITY AND EXCEPTIONS.**

22 (a) **WAIVER AUTHORITY.**—Except as provided in
23 subsection (b), the President may waive, in whole or in
24 part, the application of any sanction contained in subpara-
25 graph (A), (B), (D), or (G) of section 102(b)(2) of the

1 Arms Export Control Act (22 U.S.C. 2799aa–1(b)(2))
2 with respect to North Korea in order to provide material,
3 direct, and necessary assistance for disablement, dis-
4 mantlement, verification, and physical removal activities
5 in the implementation of the commitment of North Korea,
6 undertaken in the Joint Statement of September 19,
7 2005, “to abandoning all nuclear weapons and existing
8 nuclear programs” as part of the verifiable
9 denuclearization of the Korean Peninsula.

10 (b) EXCEPTIONS.—The waiver authority under sub-
11 section (a) may not be exercised with respect to the fol-
12 lowing:

13 (1) Any export of lethal defense articles that
14 would be prevented by the application of section
15 102(b)(2)(B) of the Arms Export Control Act.

16 (2) Any sanction relating to credit or credit
17 guarantees contained in section 102(b)(2)(D) of the
18 Arms Export Control Act.

19 **SEC. 302. CERTIFICATION REGARDING WAIVER OF CER-**
20 **TAIN SANCTIONS.**

21 Assistance described in subparagraph (B) or (G) of
22 section 102(b)(2) of the Arms Export Control Act (22
23 U.S.C. 2799aa–1(b)(2)) may be provided with respect to
24 North Korea by reason of the exercise of the waiver au-
25 thority under section 301 only if the President first deter-

1 mines and certifies to the appropriate congressional com-
2 mittees that—

3 (1) all necessary steps will be taken to ensure
4 that the assistance will not be used to improve the
5 military capabilities of the armed forces of North
6 Korea; and

7 (2) the exercise of the waiver authority is in the
8 national security interests of the United States.

9 **SEC. 303. CONGRESSIONAL NOTIFICATION AND REPORT.**

10 (a) NOTIFICATION.—The President shall notify the
11 appropriate congressional committees in writing not later
12 than 15 days before exercising the waiver authority under
13 section 301.

14 (b) REPORT.—Not later than 60 days after the date
15 of the enactment of this Act, and annually thereafter for
16 such time during which the exercise of the waiver author-
17 ity under section 301 remains in effect, the President shall
18 transmit to the appropriate congressional committees a re-
19 port that—

20 (1) describes in detail the progress that is being
21 made in the implementation of the commitment of
22 North Korea described in section 301, including all
23 United States and international activities to verify
24 compliance with such commitment;

1 (2) describes in detail any failures, short-
2 comings, or obstruction by North Korea with respect
3 to the implementation of the commitment of North
4 Korea described in section 301;

5 (3) describes in detail the progress or lack
6 thereof in the preceding 12-month period of all other
7 programs promoting the elimination of North Ko-
8 rea's capability to develop, deploy, transfer, or main-
9 tain weapons of mass destruction or their delivery
10 systems;

11 (4) describes in detail all United States assist-
12 ance, regardless of the source, provided to North
13 Korea by reason of the exercise of the waiver au-
14 thority under section 301 and any assistance pro-
15 vided under any other authority if such assistance is
16 provided for the same or similar purposes; and

17 (5) beginning with the second report required
18 by this subsection, a justification for the continu-
19 ation of the waiver exercised under section 301 and,
20 if applicable, section 302, for the fiscal year in which
21 the report is submitted.

22 **SEC. 304. TERMINATION OF WAIVER AUTHORITY.**

23 Any waiver in effect by reason of the exercise of the
24 waiver authority under section 301 shall terminate if the
25 President determines that North Korea—

1 (1)(A) on or after September 19, 2005, trans-
2 ferred to a non-nuclear-weapon state, or received, a
3 nuclear explosive device; or

4 (B) on or after October 10, 2006, detonated a
5 nuclear explosive device; or

6 (2) on or after September 19, 2005—

7 (A) transferred to a non-nuclear-weapon
8 state any design information or component
9 which is determined by the President to be im-
10 portant to, and known by North Korea to be in-
11 tended by the recipient state for use in, the de-
12 velopment or manufacture of any nuclear explo-
13 sive device, or

14 (B) sought and received any design infor-
15 mation or component which is determined by
16 the President to be important to, and intended
17 by North Korea for use in, the development or
18 manufacture of any nuclear explosive device,

19 unless the President determines and certifies to the
20 appropriate congressional committees that such
21 waiver is vital to the national security interests of
22 the United States.

23 **SEC. 305. EXPIRATION OF WAIVER AUTHORITY.**

24 Any waiver in effect by reason of the exercise of the
25 waiver authority under section 301 shall terminate on the

1 date that is 4 years after the date of the enactment of
2 this Act. The waiver authority under section 301 may not
3 be exercised beginning on the date that is 3 years after
4 the date of the enactment of this Act.

5 **SEC. 306. CONTINUATION OF RESTRICTIONS AGAINST THE**
6 **GOVERNMENT OF NORTH KOREA.**

7 (a) IN GENERAL.—Except as provided in section
8 301(a), restrictions against the Government of North
9 Korea that were imposed by reason of a determination of
10 the Secretary of State that North Korea is a state sponsor
11 of terrorism shall remain in effect, and shall not be lifted
12 pursuant to the provisions of law under which the deter-
13 mination was made, unless the President certifies to the
14 appropriate congressional committees that—

15 (1) the Government of North Korea is no
16 longer engaged in the transfer of technology related
17 to the acquisition or development of nuclear weap-
18 ons, particularly to the Governments of Iran, Syria,
19 or any other country that is a state sponsor of ter-
20 rorism;

21 (2) in accordance with the Six-Party Talks
22 Agreement of February 13, 2007, the Government
23 of North Korea has “provided a complete and cor-
24 rect declaration of all its nuclear programs,” and
25 there are measures to effectively verify this declara-

1 tion by the United States which, “[a]t the request
2 of the other Parties,” is leading “disablement activi-
3 ties” and “provid[ing] the funding for those activi-
4 ties”; and

5 (3) the Government of North Korea has agreed
6 to the participation of the International Atomic En-
7 ergy Agency in the monitoring and verification of
8 the shutdown and sealing of the Yongbyon nuclear
9 facility.

10 (b) STATE SPONSOR OF TERRORISM DEFINED.—In
11 this section, the term “state sponsor of terrorism” means
12 a country the government of which the Secretary of State
13 has determined, for purposes of section 6(j) of the Export
14 Administration Act of 1979 (as continued in effect pursu-
15 ant to the International Emergency Economic Powers
16 Act), section 40 of the Arms Export Control Act, section
17 620A of the Foreign Assistance Act of 1961, or any other
18 provision of law, is a government that has repeatedly pro-
19 vided support for acts of international terrorism.

20 **SEC. 307. REPORT ON VERIFICATION MEASURES RELATING**
21 **TO NORTH KOREA’S NUCLEAR PROGRAMS.**

22 (a) IN GENERAL.—Not later than 15 days after the
23 date of enactment of this Act, the Secretary of State shall
24 submit to the appropriate congressional committees a re-
25 port on verification measures relating to North Korea’s

1 nuclear programs under the Six-Party Talks Agreement
2 of February 13, 2007, with specific focus on how such
3 verification measures are defined under the Six-Party
4 Talks Agreement and understood by the United States
5 Government.

6 (b) MATTERS TO BE INCLUDED.—The report re-
7 quired under subsection (a) shall include, among other ele-
8 ments, a detailed description of—

9 (1) the methods to be utilized to confirm that
10 North Korea has “provided a complete and correct
11 declaration of all of its nuclear programs”;

12 (2) the specific actions to be taken in North
13 Korea and elsewhere to ensure a high and ongoing
14 level of confidence that North Korea has fully met
15 the terms of the Six-Party Talks Agreement relating
16 to its nuclear programs;

17 (3) any formal or informal agreement with
18 North Korea regarding verification measures relat-
19 ing to North Korea’s nuclear programs under the
20 Six-Party Talks Agreement; and

21 (4) any disagreement expressed by North Korea
22 regarding verification measures relating to North
23 Korea’s nuclear programs under the Six-Party Talks
24 Agreement.

1 (c) FORM.—The report required under subsection (a)
2 shall be submitted in unclassified form, but may include
3 a classified annex.

4 **SEC. 308. DEFINITIONS.**

5 In this title—

6 (1) the term “appropriate congressional com-
7 mittees” means—

8 (A) the Committee on Foreign Affairs, the
9 Committee on Appropriations, and the Com-
10 mittee on Armed Services of the House of Rep-
11 resentatives; and

12 (B) the Committee on Foreign Relations,
13 the Committee on Appropriations, the Com-
14 mittee on Armed Services of the Senate;

15 (2) the terms “non-nuclear-weapon state”, “de-
16 sign information”, and “component” have the mean-
17 ings given such terms in section 102 of the Arms
18 Export Control Act (22 U.S.C. 2799aa–1); and

19 (3) the term “Six-Party Talks Agreement of
20 February 13, 2007” or “Six-Party Talks Agree-
21 ment” means the action plan released on February
22 13, 2007, of the Third Session of the Fifth Round
23 of the Six-Party Talks held in Beijing among the
24 People’s Republic of China, the Democratic People’s
25 Republic of Korea (North Korea), Japan, the Re-

1 public of Korea (South Korea), the Russian Federa-
2 tion, and the United States relating to the
3 denuclearization of the Korean Peninsula, normal-
4 ization of relations between the North Korea and the
5 United States, normalization of relations between
6 North Korea and Japan, economy and energy co-
7 operation, and matters relating to the Northeast
8 Asia Peace and Security Mechanism.

9 **TITLE IV—MISCELLANEOUS**
10 **PROVISIONS**

11 **SEC. 401. AUTHORITY TO BUILD THE CAPACITY OF FOR-**
12 **EIGN MILITARY FORCES.**

13 (a) **AUTHORITY.**—The Secretary of State is author-
14 ized to conduct a program to respond to contingencies in
15 foreign countries or regions by providing training, pro-
16 curement, and capacity-building of a foreign country’s na-
17 tional military forces and dedicated counter-terrorism
18 forces in order for that country to—

19 (1) conduct counterterrorist operations; or

20 (2) participate in or support military and sta-
21 bility operations in which the United States is a par-
22 ticipant.

23 (b) **TYPES OF CAPACITY-BUILDING.**—The program
24 authorized under subsection (a) may include the provision
25 of equipment, supplies, and training.

1 (c) LIMITATIONS.—

2 (1) ANNUAL FUNDING LIMITATION.—The Sec-
3 retary of State may use up to \$25,000,000 of funds
4 available under the Foreign Military Financing pro-
5 gram for each of the fiscal years 2009 and 2010 to
6 conduct the program authorized under subsection
7 (a).

8 (2) ASSISTANCE OTHERWISE PROHIBITED BY
9 LAW.—The Secretary of State may not use the au-
10 thority in subsection (a) to provide any type of as-
11 sistance described in subsection (b) that is otherwise
12 prohibited by any provision of law.

13 (3) LIMITATION ON ELIGIBLE COUNTRIES.—
14 The Secretary of State may not use the authority in
15 subsection (a) to provide assistance described in sub-
16 section (b) to any foreign country that is otherwise
17 prohibited from receiving such type of assistance
18 under any other provision of law.

19 (d) FORMULATION AND EXECUTION OF ACTIVI-
20 TIES.—The Secretary of State shall consult with the head
21 of any other appropriate department or agency in the for-
22 mulation and execution of the program authorized under
23 subsection (a).

24 (e) CONGRESSIONAL NOTIFICATION.—

1 (1) ACTIVITIES IN A COUNTRY.—Not less than
2 15 days before obligating funds for activities in any
3 country under the program authorized under sub-
4 section (a), the Secretary of State shall submit to
5 the congressional committees specified in paragraph
6 (3) a notice of the following:

7 (A) The country whose capacity to engage
8 in activities in subsection (a) will be assisted.

9 (B) The budget, implementation timeline
10 with milestones, and completion date for com-
11 pleting the activities.

12 (2) SPECIFIED CONGRESSIONAL COMMIT-
13 TEES.—The congressional committees specified in
14 this paragraph are the following:

15 (A) The Committee on Foreign Affairs and
16 the Committee on Appropriations of the House
17 of Representatives.

18 (B) The Committee on Foreign Relations
19 and the Committee on Appropriations of the
20 Senate.

21 **SEC. 402. MAINTENANCE OF EUROPEAN UNION ARMS EM-**
22 **BARGO AGAINST CHINA.**

23 (a) FINDINGS.—Congress makes the following find-
24 ings:

1 (1) Congress has previously expressed its strong
2 concerns in House Resolution 57 of February 2,
3 2005, and Senate Resolution 91 of March 17, 2005,
4 with the transfer of armaments and related tech-
5 nology to the People's Republic of China by member
6 states of the European Union, which increased
7 eightfold from 2001 to 2003, and with plans to ter-
8 minate in the near future the arms embargo they
9 imposed in 1989 following the Tiananmen Square
10 massacre.

11 (2) The deferral of a decision by the European
12 Council to terminate its arms embargo following
13 adoption of the resolutions specified in paragraph
14 (1), the visit by the President of the United States
15 to Europe, and growing concern among countries in
16 the regions and the general public on both sides of
17 the Atlantic, was welcomed by the Congress.

18 (3) The decision by the European Parliament
19 on April 14, 2005, by a vote of 421 to 85, to oppose
20 the lifting of the European Union's arms embargo
21 on the People's Republic of China, and resolutions
22 issued by a number of elected parliamentary bodies
23 in Europe also opposing the lifting of the arms em-
24 bargo, was also welcomed by the Congress as a reas-

1 surance that its European friends and allies under-
2 stood the gravity of prematurely lifting the embargo.

3 (4) The onset of a strategic dialogue between
4 the European Commission and the Government of
5 the United States on the security situation in East
6 Asia holds out the hope that a greater under-
7 standing will emerge of the consequences of Euro-
8 pean assistance to the military buildup of the Peo-
9 ple’s Republic of China for peace and stability in
10 that region, to the security interests of the United
11 States and its friends and allies in the region, and,
12 in particular, to the safety of United States Armed
13 Forces whose presence in the region has been a deci-
14 sive factor in ensuring peace and prosperity since
15 the end of World War II.

16 (5) A more intensive dialogue with Europe on
17 this matter will clarify for United States’ friends
18 and allies in Europe how their “non-lethal” arms
19 transfers improve the force projection of the People’s
20 Republic of China, are far from benign, and enhance
21 the prospects for the threat or use of force in resolv-
22 ing the status of Taiwan.

23 (6) This dialogue may result in an important
24 new consensus between the United States and its
25 European partners on the need for coordinated poli-

1 cies that encourage the development of democracy in
2 the People's Republic of China and which discour-
3 age, not assist, China's unjustified military buildup
4 and pursuit of weapons that threaten its neighbors.

5 (7) However, the statement by the President of
6 France in Beijing in November 2007 that the Euro-
7 pean Union arms embargo should be lifted is trou-
8 bling, especially since France will assume the six-
9 month presidency of the European Union in July
10 2008.

11 (8) There continues to be wide-spread concerns
12 regarding the lack of any significant progress by the
13 Government of the People's Republic of China in re-
14 specting the civil and political rights of the Chinese
15 people.

16 (b) STATEMENT OF POLICY.—It shall be the policy
17 of the United States Government to oppose any diminu-
18 tion or termination of the arms embargo that was estab-
19 lished by the Declaration of the European Council of June
20 26, 1989, and to take whatever diplomatic and other
21 measures that are appropriate to convince the Member
22 States of the European Union, individually and collec-
23 tively, to continue to observe this embargo in principle and
24 in practice. Appropriate measures should include prohibi-
25 tions on entering into defense procurement contracts or

1 defense-related research and development arrangements
2 with European Union Member States that do not observe
3 such an embargo in practice.

4 (c) REPORT.—Not later than 180 days after the date
5 of the enactment of this Act, and every six months there-
6 after until December 31, 2010, the President shall trans-
7 mit to the Committee on Foreign Affairs and Committee
8 on Armed Services of the House of Representatives and
9 the Committee on Foreign Relations and the Committee
10 on Armed Services of the Senate a report on all efforts
11 and activities of the United States Government to ensure
12 the success of the policy declared in subsection (b).

13 **SEC. 403. REIMBURSEMENT OF SALARIES OF MEMBERS OF**
14 **THE RESERVE COMPONENTS IN SUPPORT OF**
15 **SECURITY COOPERATION MISSIONS.**

16 Section 632(d) of the Foreign Assistance Act of 1961
17 (22 U.S.C. 2392(d)) is amended—

18 (1) by striking “(d) Except as otherwise pro-
19 vided” and inserting “(d)(1) Except as otherwise
20 provided”; and

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

22 “(2) Notwithstanding provisions concerning the ex-
23 clusion of the costs of salaries of members of the Armed
24 Forces in section 503(a) of this Act and paragraph (1)
25 of this subsection, the full cost of salaries of members of

1 the reserve components of the Armed Forces (specified in
2 section 10101 of title 10, United States Code) may, during
3 each of fiscal years 2009 and 2010, be included in calcu-
4 lating pricing or value for reimbursement charged under
5 section 503(a) of this Act and paragraph (1) of this sub-
6 section, respectively.”.

7 **SEC. 404. FOREIGN MILITARY SALES STOCKPILE FUND.**

8 (a) IN GENERAL.—Subsection (a) of section 51 of the
9 Arms Export Control Act (22 U.S.C. 2795) is amended—

10 (1) in paragraph (1), by striking “Special De-
11 fense Acquisition Fund” and inserting “Foreign
12 Military Sales Stockpile Fund”; and

13 (2) in paragraph (4), by inserting “building the
14 capacity of recipient countries and” before “nar-
15 cotics control purposes”.

16 (b) CONTENTS OF FUND.—Subsection (b) of such
17 section is amended—

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

20 (2) in paragraph (3), by inserting “and” at the
21 end; and

22 (3) by inserting after paragraph (3) the fol-
23 lowing:

24 “(4) collections from leases made pursuant to
25 section 61 of this Act,”.

1 (c) CONFORMING AMENDMENTS.—(1) The heading
 2 of such section is amended by striking “SPECIAL DE-
 3 FENSE ACQUISITION FUND” and inserting “FOREIGN
 4 MILITARY SALES STOCKPILE FUND”.

5 (2) The heading of chapter 5 of the Arms Export
 6 Control Act is amended by striking “**SPECIAL DE-
 7 FENSE ACQUISITION FUND**” and inserting
 8 “**FOREIGN MILITARY SALES STOCKPILE
 9 FUND**”.

10 **SEC. 405. SENSE OF CONGRESS.**

11 It is the sense of Congress that the United States
 12 should not provide security assistance or arms exports to
 13 nations contributing to massive, widespread, and system-
 14 atic violations of human rights or acts of genocide, par-
 15 ticularly with respect to Darfur, Sudan.

16 **TITLE V—AUTHORITY TO**
 17 **TRANSFER NAVAL VESSELS**

18 **SEC. 501. AUTHORITY TO TRANSFER NAVAL VESSELS TO**
 19 **CERTAIN FOREIGN RECIPIENTS.**

20 (a) TRANSFERS BY GRANT.—The President is au-
 21 thorized to transfer vessels to foreign countries on a grant
 22 basis under section 516 of the Foreign Assistance Act of
 23 1961 (22 U.S.C. 2321j), as follows:

1 (1) PAKISTAN.—To the Government of Paki-
2 stan, the OLIVER HAZARD PERRY class guided
3 missile frigate MCINERNEY (FFG-8).

4 (2) GREECE.—To the Government of Greece,
5 the OSPREY class minehunter coastal ships OS-
6 PREY (MHC-51) and ROBIN (MHC-54).

7 (3) CHILE.—To the Government of Chile, the
8 KAISER class oiler ANDREW J. HIGGINS (AO-
9 190).

10 (4) PERU.—To the Government of Peru, the
11 NEWPORT class amphibious tank landing ships
12 FRESNO (LST-1182) and RACINE (LST-1191).

13 (b) GRANTS NOT COUNTED IN ANNUAL TOTAL OF
14 TRANSFERRED EXCESS DEFENSE ARTICLES.—The value
15 of a vessel transferred to a recipient on a grant basis pur-
16 suant to authority provided by subsection (a) shall not be
17 counted against the aggregate value of excess defense arti-
18 cles transferred in any fiscal year under section 516(g)
19 of the Foreign Assistance Act of 1961.

20 (c) COSTS OF TRANSFERS.—Any expense incurred by
21 the United States in connection with a transfer authorized
22 by this section shall be charged to the recipient.

23 (d) REPAIR AND REFURBISHMENT IN UNITED
24 STATES SHIPYARDS.—To the maximum extent prac-
25 ticable, the President shall require, as a condition of the

1 transfer of a vessel under this section, that the recipient
2 to which the vessel is transferred have such repair or re-
3 furbishment of the vessel as is needed before the vessel
4 joins the naval forces of the recipient performed at a ship-
5 yard located in the United States, including a United
6 States Navy shipyard.

7 (e) EXPIRATION OF AUTHORITY.—The authority to
8 transfer a vessel under this section shall expire at the end
9 of the 2-year period beginning on the date of the enact-
10 ment of this Act.

Passed the House of Representatives May 14, 2008.

Attest:

Clerk.

110TH CONGRESS
2^D SESSION

H. R. 5916

AN ACT

To reform the administration of the Arms Export
Control Act, and for other purposes.