

[DISCUSSION DRAFT]113TH CONGRESS
1ST SESSION**H. R.** _____

To provide for the transfer of naval vessels to certain foreign countries,
and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. ROYCE introduced the following bill; which was referred to the Committee
on _____

A BILL

To provide for the transfer of naval vessels to certain foreign
countries, and for other purposes.

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

3 **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Naval Vessel Transfer and Arms Export Control Amend-
6 ments Act of 2013”.

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

Sec. 1. Short title and table of contents.

TITLE I—TRANSFER OF NAVAL VESSELS TO CERTAIN FOREIGN
RECIPIENTS

Sec. 101. Transfer of naval vessels to certain foreign recipients.

TITLE II—ARMS EXPORT CONTROL ACT AMENDMENTS

Sec. 201. Increase in congressional notification thresholds.

Sec. 202. Licensing of certain commerce-controlled items.

Sec. 203. Amendments relating to removal of items from the United States Munitions List.

Sec. 204. Amendment to definition of “security assistance” under the Foreign Assistance Act of 1961.

Sec. 205. Amendments to definitions of “defense article” and “defense service” under the Arms Export Control Act.

Sec. 206. Revision of statutory references to former NATO support organizations and related NATO agreements.

Sec. 207. Technical amendments.

1 TITLE I—TRANSFER OF NAVAL
2 VESSELS TO CERTAIN FOR-
3 EIGN RECIPIENTS

4 SEC. 101. TRANSFER OF NAVAL VESSELS TO CERTAIN FOR-
5 EIGN RECIPIENTS.

6 (a) TRANSFERS BY GRANT.—The President is au-
7 thorized to transfer vessels to foreign countries on a grant
8 basis under section 516 of the Foreign Assistance Act of
9 1961 (22 U.S.C. 2321j), as follows:

10 (1) MEXICO.—To the Government of Mexico,
11 the OLIVER HAZARD PERRY class guided missile
12 frigates USS CURTS (FFG–38) and USS
13 MCCLUSKY (FFG–41).

14 (2) THAILAND.—To the Government of Thai-
15 land, the OLIVER HAZARD PERRY class guided
16 missile frigates USS RENTZ (FFG–46) and USS
17 VANDEGRIFT (FFG–48).

1 (b) TRANSFER BY SALE.—The President is author-
2 ized to transfer the OLIVER HAZARD PERRY class
3 guided missile frigates USS TAYLOR (FFG–50), USS
4 GARY (FFG–51), USS CARR (FFG–52), and USS
5 ELROD (FFG–55) to the Taipei Economic and Cultural
6 Representative Office of the United States (which is the
7 Taiwan instrumentality designated pursuant to section
8 10(a) of the Taiwan Relations Act (22 U.S.C. 3309(a)))
9 on a sale basis under section 21 of the Arms Export Con-
10 trol Act (22 U.S.C. 2761).

11 (c) ALTERNATIVE TRANSFER AUTHORITY.—Not-
12 withstanding the authority provided in subsections (a) and
13 (b) to transfer specific vessels to specific countries, the
14 President is authorized, subject to the same conditions
15 that would apply for such country under this Act, to trans-
16 fer any vessel named in this Act to any country named
17 in this Act such that the total number of vessels trans-
18 ferred to such country does not exceed the total number
19 of vessels authorized for transfer to such country by this
20 Act.

21 (d) GRANTS NOT COUNTED IN ANNUAL TOTAL OF
22 TRANSFERRED EXCESS DEFENSE ARTICLES.—The value
23 of a vessel transferred to another country on a grant basis
24 pursuant to authority provided by subsection (a) or (c)
25 shall not be counted against the aggregate value of excess

1 defense articles transferred in any fiscal year under sec-
2 tion 516 of the Foreign Assistance Act of 1961 (22 U.S.C.
3 2321j).

4 (e) COSTS OF TRANSFERS.—Any expense incurred by
5 the United States in connection with a transfer authorized
6 by this section shall be charged to the recipient notwith-
7 standing section 516(e) of the Foreign Assistance Act of
8 1961 (22 U.S.C. 2321j(e)).

9 (f) REPAIR AND REFURBISHMENT IN UNITED
10 STATES SHIPYARDS.—To the maximum extent prac-
11 ticable, the President shall require, as a condition of the
12 transfer of a vessel under this section, that the recipient
13 to which the vessel is transferred have such repair or re-
14 furbishment of the vessel as is needed, before the vessel
15 joins the naval forces of that recipient, performed at a
16 shipyard located in the United States, including a United
17 States Navy shipyard.

18 (g) EXPIRATION OF AUTHORITY.—The authority to
19 transfer a vessel under this section shall expire at the end
20 of the 3-year period beginning on the date of the enact-
21 ment of this Act.

1 **TITLE II—ARMS EXPORT**
2 **CONTROL ACT AMENDMENTS**

3 **SEC. 201. INCREASE IN CONGRESSIONAL NOTIFICATION**
4 **THRESHOLDS.**

5 (a) FOREIGN MILITARY SALES.—

6 (1) IN GENERAL.—Section 36(b)(1) of the
7 Arms Export Control Act (22 U.S.C. 2776(b)(1)) is
8 amended—

9 (A) in the matter preceding subparagraph
10 (A)—

11 (i) by striking “\$50,000,000” and in-
12 serting “\$100,000,000”;

13 (ii) by striking “\$200,000,000” and
14 inserting “\$300,000,000”; and

15 (iii) by striking “\$14,000,000” and
16 inserting “\$25,000,000”; and

17 (B) in the matter following subparagraph
18 (P)—

19 (i) by inserting “of any defense arti-
20 cles or defense services under this Act for
21 \$200,000,000 or more, any design and
22 construction services for \$300,000,000 or
23 more, or any major defense equipment for
24 \$75,000,000 or more,” after “The letter of

1 offer shall not be issued, with respect to a
2 proposed sale”; and

3 (ii) by inserting “of any defense arti-
4 cles or services under this Act for
5 \$100,000,000 or more, any design and
6 construction services for \$200,000,000 or
7 more, or any major defense equipment for
8 \$50,000,000 or more,” after “or with re-
9 spect to a proposed sale”.

10 (2) TECHNICAL AND CONFORMING AMEND-
11 MENTS.—Section 36(b) of the Arms Export Control
12 Act (22 U.S.C. 2776(b)) is amended—

13 (A) in paragraph (1), by striking “Subject
14 to paragraph (6), in” and inserting “In”;

15 (B) in paragraph (5)(C), by striking “Sub-
16 ject to paragraph (6), if” and inserting “If”;
17 and

18 (C) by striking paragraph (6).

19 (b) COMMERCIAL SALES.—Section 36(c) of the Arms
20 Export Control Act (22 U.S.C. 2776(c)) is amended—

21 (1) in paragraph (1)—

22 (A) by striking “Subject to paragraph (5),
23 in” and inserting “In”;

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

1 (C) by striking “\$50,000,000” and insert-
2 ing “\$100,000,000”;

3 (2) in paragraph (2)—

4 (A) in subparagraph (A), by inserting after
5 “for an export” the following: “of any major
6 defense equipment sold under a contract in the
7 amount of \$75,000,000 or more or of defense
8 articles or defense services sold under a con-
9 tract in the amount of \$200,000,000 or more,
10 (or, in the case of a defense article that is a
11 firearm controlled under category I of the
12 United States Munitions List, \$1,000,000 or
13 more)”;

14 (B) in subparagraph (C), by inserting after
15 “license” the following: “for an export of any
16 major defense equipment sold under a contract
17 in the amount of \$50,000,000 or more or of de-
18 fense articles or defense services sold under a
19 contract in the amount of \$100,000,000 or
20 more, (or, in the case of a defense article that
21 is a firearm controlled under category I of the
22 United States Munitions List, \$1,000,000 or
23 more)”;

24 (3) by striking paragraph (5); and

1 (4) by redesignating paragraph (6) as para-
2 graph (5).

3 **SEC. 202. LICENSING OF CERTAIN COMMERCE-CON-**
4 **TROLLED ITEMS.**

5 Section 38 of the Arms Export Control Act (22
6 U.S.C. 2778) is amended by adding at the end the fol-
7 lowing new subsection:

8 “(k) LICENSING OF CERTAIN COMMERCE-CON-
9 TROLLED ITEMS.—

10 “(1) IN GENERAL.—A license or other approval
11 from the Department of State granted in accordance
12 with this section may also authorize the export of
13 items subject to the Export Administration Regula-
14 tions if such items are to be used in or with defense
15 articles controlled on the United States Munitions
16 List.

17 “(2) OTHER REQUIREMENTS.—The following
18 requirements shall apply with respect to a license or
19 other approval to authorize the export of items sub-
20 ject to the Export Administration Regulations under
21 paragraph (1):

22 “(A) Separate approval from the Depart-
23 ment of Commerce shall not be required for
24 such items if such items are approved for ex-

1 port under a Department of State license or
2 other approval.

3 “(B) Such items subject to the Export Ad-
4 ministration Regulations that are exported pur-
5 suant to a Department of State license or other
6 approval would remain under the jurisdiction of
7 the Department of Commerce with respect to
8 any subsequent transactions.

9 “(C) The inclusion of the term ‘subject to
10 the EAR’ or any similar term on a Department
11 of State license or approval shall not affect the
12 jurisdiction with respect to such items.

13 “(3) DEFINITION.—In this subsection, the term
14 ‘Export Administration Regulations’ means—

15 “(A) the Export Administration Regula-
16 tions as maintained and amended under the au-
17 thority of the International Emergency Eco-
18 nomic Powers Act (50 U.S.C. 1701 et seq.); or

19 “(B) any successor regulations.”.

20 **SEC. 203. AMENDMENTS RELATING TO REMOVAL OF ITEMS**
21 **FROM THE UNITED STATES MUNITIONS LIST.**

22 (a) REQUIREMENTS FOR REMOVAL OF MAJOR DE-
23 FENSE EQUIPMENT AND SIGNIFICANT MILITARY EQUIP-
24 MENT FROM THE UNITED STATES MUNITIONS LIST.—

1 Section 38(f) of the Arms Export Control Act (22 U.S.C.
2 2778(f)) is amended by adding at the end the following:

3 “(5)(A) Except as provided in subparagraph
4 (B), the President shall take such actions as may be
5 necessary to ensure that any major defense equip-
6 ment or significant military equipment that is re-
7 moved from the United States Munitions List and
8 transferred to the Commerce Control List for pur-
9 poses of commercial export is not subsequently
10 modified so as to transform such equipment into a
11 defense article.

12 “(B) The President may authorize the trans-
13 formation of major defense equipment or significant
14 military equipment that is removed from the United
15 States Munitions List and transferred to the Com-
16 merce Control List for purposes of commercial ex-
17 port into a defense article if the President—

18 “(i) determines that such transformation is
19 appropriate and in the national interests of the
20 United States; and

21 “(ii) provides notice of such transformation
22 to the chairman of the Committee on Foreign
23 Affairs of the House of Representatives and the
24 chairman of the Committee on Foreign Rela-
25 tions of the Senate consistent with the notifica-

1 tion requirements of section 36(b)(5)(A) of this
2 Act.

3 “(C) In this paragraph—

4 “(i) the term ‘Commerce Control List’
5 means—

6 “(I) items transferred from the
7 United States Munitions List to the Com-
8 merce Control List and designated as ‘600
9 series’ items on the Commerce Control List
10 under the Export Administration Regula-
11 tions, as proposed by the Bureau of Indus-
12 try and Security of the Department of
13 Commerce on July 15, 2011 (76 F.R.
14 41958); or

15 “(II) any successor regulations; and

16 “(ii) the term ‘defense article’ means an
17 item designated by the President pursuant to
18 subsection (a)(1).”.

19 (b) NOTIFICATION AND REPORTING REQUIREMENTS
20 FOR MAJOR DEFENSE EQUIPMENT AND SIGNIFICANT
21 MILITARY EQUIPMENT REMOVED FROM THE UNITED
22 STATES MUNITIONS LIST.—Section 38(f) of the Arms Ex-
23 port Control Act (22 U.S.C. 2778(f)), as amended by this
24 section, is further amended by adding at the end the fol-
25 lowing:

1 “(6) The President shall ensure that any item
2 that is major defense equipment or significant mili-
3 tary equipment and is removed from the United
4 States Munitions List shall continue to be subject to
5 the notification and reporting requirements of the
6 following provisions of law:

7 “(A) Section 516(f) of the Foreign Assist-
8 ance Act of 1961 (22 U.S.C. 2321j(f)).

9 “(B) Section 655 of the Foreign Assist-
10 ance Act of 1961 (22 U.S.C. 2415).

11 “(C) Section 3(d)(3)(A) of this Act.

12 “(D) Section 25 of this Act.

13 “(E) Section 36(b), (c), and (d) of this
14 Act.”.

15 **SEC. 204. AMENDMENT TO DEFINITION OF “SECURITY AS-**
16 **SISTANCE” UNDER THE FOREIGN ASSIST-**
17 **ANCE ACT OF 1961.**

18 Section 502B(d) of the Foreign Assistance Act of
19 1961 (22 U.S.C. 2304(d)) is amended—

20 (1) in paragraph (1), by striking “and” at the
21 end;

22 (2) in paragraph (2)(C) to read as follows:

23 “(C) any license in effect with respect to
24 the export to or for the armed forces, police, in-

1 telligence, or other internal security forces of a
2 foreign country of—

3 “(i) defense articles or defense serv-
4 ices under section 38 of the Armed Export
5 Control Act; or

6 “(ii) ‘600 series’ items on the Com-
7 merce Control List under the Export Ad-
8 ministration Regulations, as proposed by
9 the Bureau of Industry and Security of the
10 Department of Commerce on July 15,
11 2011 (76 F.R. 41958), or any successor
12 regulations;”; and

13 (3) by adding at the end the following new
14 paragraphs:

15 “(3) the term ‘Commerce Control List’
16 means—

17 “(A) items transferred from the United
18 States Munitions List to the Commerce Control
19 List and designated as ‘600 series’ items on the
20 Commerce Control List under the Export Ad-
21 ministration Regulations, as proposed by the
22 Bureau of Industry and Security of the Depart-
23 ment of Commerce on July 15, 2011 (76 F.R.
24 41958); or

25 “(B) any successor regulations; and

1 “(4) the term ‘Export Administration Regula-
2 tions’ means—

3 “(A) the Export Administration Regula-
4 tions as maintained and amended under the au-
5 thority of the International Emergency Eco-
6 nomic Powers Act (50 U.S.C. 1701 et seq.); or

7 “(B) any successor regulations.”.

8 **SEC. 205. AMENDMENTS TO DEFINITIONS OF “DEFENSE AR-**
9 **TICLE” AND “DEFENSE SERVICE” UNDER THE**
10 **ARMS EXPORT CONTROL ACT.**

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

13 (1) in the matter preceding subparagraph (A)
14 of paragraph (3), by striking “includes” and insert-
15 ing “means, with respect to a sale or transfer by the
16 United States under the authority of this Act or any
17 other foreign assistance or sales program of the
18 United States”; and

19 (2) in paragraph (4), by striking “includes”
20 and inserting “means, with respect to a sale or
21 transfer by the United States under the authority of
22 this Act or any other foreign assistance or sales pro-
23 gram of the United States,”.

1 **SEC. 206. REVISION OF STATUTORY REFERENCES TO**
2 **FORMER NATO SUPPORT ORGANIZATIONS**
3 **AND RELATED NATO AGREEMENTS.**

4 Section 21(e)(3) of the Arms Export Control Act (22
5 U.S.C. 2761(e)(3)) is amended—

6 (1) in subparagraphs (A) and (C)(i), by striking
7 “Maintenance and Supply Agency of the North At-
8 lantic Treaty Organization” and inserting “North
9 Atlantic Treaty Organization (NATO) Support Or-
10 ganization and its executive agencies”; and

11 (2) in subparagraph (C)(i)(II), by striking “a
12 specific weapon system” and inserting “activities”.

13 **SEC. 207. TECHNICAL AMENDMENTS.**

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

16 (1) in sections 3(a), 3(d)(1), 3(d)(3)(A), 3(e),
17 5(c), 6, 21(g), 36(a), 36(b)(1), 36(b)(5)(C),
18 36(c)(1), 36(f), 38(f)(1), 40(f)(1), 40(g)(2)(B),
19 101(b), and 102(a)(2), by striking “the Speaker of
20 the House of Representatives and” each place it ap-
21 pears and inserting “the Speaker of the House of
22 Representatives, the Committee on Foreign Affairs
23 of the House of Representatives, and”;

24 (2) in section 21(i)(1) by inserting after “the
25 Speaker of the House of Representatives” the fol-

1 lowing “, the Committees on Foreign Affairs and
2 Armed Services of the House of Representatives,”;

3 (3) in sections 25(e), 38(f)(2), 38(j)(3), and
4 38(j)(4)(B), by striking “International Relations”
5 each place it appears and inserting “Foreign Af-
6 fairs”;

7 (4) in sections 27(f) and 62(a), by inserting
8 after “the Speaker of the House of Representa-
9 tives,” each place it appears the following: “the
10 Committee on Foreign Affairs of the House of Rep-
11 resentatives,”; and

12 (5) in section 73(e)(2), by striking “the Com-
13 mittee on National Security and the Committee on
14 International Relations of the House of Representa-
15 tives” and inserting “the Committee on Armed Serv-
16 ices and the Committee on Foreign Affairs of the
17 House of Representatives”.