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SECURITY ASSISTANCE ACT OF 2001

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Mr. BIDEN, from the Committee on Foreign Relations,
submitted the following

REPORT

[To accompany S. 1803]

The Committee on Foreign Relations, having had under consideration an original bill (S. 1803) to authorize appropriations under the Arms Export Control Act and the Foreign Assistance Act of 1961 for security assistance for fiscal years 2002 and 2003, and for other purposes, reports favorably thereon and recommends that the bill do pass.

CONTENTS

I. Background and Purposes of the Bill	Page 1
II. Committee Action	3
III. Section-by-Section Analysis	3
IV. Regulatory Impact Statement	30
V. Cost Estimate	30
VI. Changes in Existing Law	36

I. BACKGROUND AND PURPOSES OF THE BILL

The Committee on Foreign Relations is the committee of jurisdiction in the Senate for most foreign military assistance, including Foreign Military Financing (FMF) and International Military Education and Training (IMET), for international arms transfers, and for a variety of arms control, nonproliferation and anti-terrorism programs under the purview of the Under Secretary of State for Arms Control and International Security. The principal laws governing these functions are the Foreign Assistance Act of 1961, as Amended (P.L. 87-195), and the Arms Export Control Act (P.L. 90-

629). The principal means of authorizing these programs and updating the law in this area are regular security assistance acts or similar provisions incorporated in Department of State authorization acts.

The Security Assistance Act of 2001 covers all the above programs and includes both routine adjustments and some potentially significant initiatives. For example, a 5-year National Security Assistance Strategy is mandated, so as to provide country-by-country foreign policy guidance to a function that may tend otherwise to operate on the basis more of military or bureaucratic concerns. Several provisions are intended to streamline the arms export control system, so as to make it more efficient and responsive to competitive requirements in a global economy, without sacrificing controls that serve foreign policy or nonproliferation purposes.

Nonproliferation and anti-terrorism have been a major focus of Foreign Relations Committee interest in the past year. Nonproliferation programs in the former Soviet Union were the subject of a hearing on March 28, 2001, that featured former Senator Howard Baker and former White House counsel Lloyd Cutler, and were discussed in other hearings with the Secretary of State and others. The threat of bioterrorism was addressed in a hearing on September 5, 2001, that featured three participants in the "Dark Winter" scenario exercise (involving a notional smallpox attack on three U.S. cities): former Senator Sam Nunn, former Director of Central Intelligence R. James Woolsey, Jr., and Dr. Donald A. Henderson, who led the World Health Organization's smallpox eradication campaign.

The Security Assistance Act of 2001 includes several nonproliferation and anti-terrorism measures. Among these, the ban on arms sales to state supporters of terrorism (in section 40(d) of the Arms Export Control Act) is broadened to include states engaging in the proliferation of chemical, biological or radiological weapons. An interagency committee is mandated to coordinate nonproliferation programs directed at the independent states of the former Soviet Union. The Secretary of State is encouraged to seek an increase in the regular budget of the International Atomic Energy Agency, beyond that required to keep pace with inflation, and funds are authorized for the U.S. share of such an enlarged budget. The President is authorized to offer Soviet-era debt reduction to the Russian Federation in the context of an arrangement whereby a significant proportion of the savings to the Russian Federation would be invested in agreed nonproliferation programs or projects, provided that the Russian Federation makes material progress in stemming Russian proliferation to state sponsors of terrorism. And a statement of U.S. policy on nuclear and missile proliferation in South Asia, incorporating a list of objectives to be achieved by India and Pakistan by the end of fiscal year 2003, underscores the Committee's belief in the critical importance of nonproliferation to U.S. national security interests and regional stability.

II. COMMITTEE ACTION

On November 14, 2001, Chairman Joseph R. Biden, Jr., along with the Ranking Republican Member, Jesse Helms, introduced this original bill in Committee. The Committee subsequently de-

bated and amended the measure and ordered reported this bill by a roll-call vote of 19–0 (ayes: Mr. Biden, Mr. Sarbanes, Mr. Dodd, Mr. Kerry, Mr. Feingold, Mr. Wellstone, Mrs. Boxer, Mr. Torricelli, Mr. Nelson, Mr. Rockefeller, Mr. Helms, Mr. Lugar, Mr. Hagel, Mr. Smith, Mr. Frist, Mr. Chafee, Mr. Allen, Mr. Brownback, and Mr. Enzi).

III. SECTION-BY-SECTION ANALYSIS

Sec. 1. Short title; table of contents

This Act may be cited as the “Security Assistance Act of 2001”.

Sec. 2. Definitions

This section sets forth some routine definitions. The term “appropriate committees of Congress” means the Committee on Foreign Relations of the Senate and the Committee on International Relations of the House of Representatives.

TITLE I—VERIFICATION OF ARMS CONTROL AND NONPROLIFERATION AGREEMENTS

Sec. 101. Verification and Compliance Bureau personnel

The Bureau of Verification and Compliance in the Department of State has been unable, with its current personnel and its wide responsibilities (which include some services of common concern for other bureaus), to fully support compliance analysis and enforcement, as well as U.S. negotiations in which verification is an important issue. The Committee therefore authorized a larger budget than requested for this Bureau, including \$1.8 million for additional personnel, which should remedy the problem.

Sec. 102. Key Verification Assets Fund

The Key Verification Assets Fund has had few funds since it was created pursuant to section 1111 of the Arms Control and Nonproliferation Act of 1999, but has demonstrated an ability to leverage the work of other departments and agencies in technical aspects of arms control verification. Too often, Department of State funds are required to keep other departments’ or agencies’ verification assets functioning. While this is a valid and vital use of the Key Verification Assets Fund, the Committee hopes that most of the increased funds authorized in this section can be used to promote improved verification, rather than merely to prevent significant degradation of U.S. verification capabilities.

Sec. 103. Revised verification and compliance reporting requirements

Under current law, a report on arms control, nonproliferation, and disarmament policy and compliance is due on January 31 of each year. This objective has rarely been achieved, if ever. The Committee expects the deadline of April 15 set by this section to be a more realistic date and urges the executive branch to honor this revised requirement.

TITLE II—MILITARY AND RELATED ASSISTANCE

SUBTITLE A—FOREIGN MILITARY SALES AND FINANCING AUTHORITIES

Sec. 201. Authorization of appropriations

The fiscal year 2002 authorization of \$3,674,000,000 is the same amount authorized for that year in last year's legislation. The fiscal year 2003 authorization of \$4,267,000,000 is consistent with Department of State and Department of Defense planning.

Sec. 202. Relationship of foreign military sales to United States nonproliferation interests

Section 4 of the Arms Export Control Act permits U.S. arms sales or leases "solely for internal security, for legitimate self-defense, to permit the recipient country to participate in regional or collective arrangements or measures consistent with the Charter of the United Nations, or otherwise to permit the recipient country to participate in collective measures requested by the United Nations for the purpose of maintaining or restoring international peace and security, or for the purpose of enabling foreign military forces in less developed friendly countries to construct public works and to engage in other activities helpful to the economic and social development of such friendly countries." The Committee's amendment to that section makes clear that such sales or leases are also permitted "for preventing or hindering the proliferation of weapons of mass destruction and of the means for delivering such weapons." The urgent and significant nature of these threats to U.S. national security makes it necessary to marshal all available programs, including arms transfers, as appropriate, to halt proliferation.

Sec. 203. Special Defense Acquisition Fund for nonproliferation and counter-narcotics purposes

The Special Defense Acquisition Fund was established 20 years ago by Chapter 5 of the Arms Export Control Act, as a revolving fund to finance Department of Defense acquisition of defense articles and defense services for transfer to other countries. The original purposes were to keep certain defense articles and defense services on continuous order and to acquire defense articles particularly suited for use for narcotics control purposes.

Section 203 revives the Special Defense Acquisition Fund, limits its size to \$200,000,000, establishes that funds may be made available for obligation through regular legislation, and authorizes \$20,000,000 for fiscal year 2003. It also provides that the Fund shall be used for acquiring defense articles and defense services for use for nonproliferation and export control purposes, such as weapons of mass destruction materials detection equipment. Recent concerns that Osama bin Laden may have acquired chemical, biological, or even radiological or nuclear materials from independent states in the former Soviet Union only highlight the urgent need to improve the nonproliferation and export control capabilities of countries around the world. Detection equipment for that purpose will be needed in many locations, so use of a revolving fund to finance its bulk acquisition would be a sensible approach to meeting a pressing national security need.

Sec. 204. Representation allowances

This section amends section 43(c) of the Arms Export Control Act (22 U.S.C. 2792) to increase the annual limit on the amount of funds that may be expended for official reception and representation expenses under the Arms Export Control Act from \$72,500 to \$86,500. Reception and representational expenses are an important part of successfully conducting the Security Cooperation Program. Since 1993, the amount authorized for these expenses has remained at the same ceiling of \$72,500.

An additional increase for representational and entertainment expenses is being sought by the Department of Defense through the fiscal year 2002 budget request for the Foreign Military Financing (FMF) Program included in the Foreign Operations Appropriation. That FMF request, combined with section 204, results in the total representational fund budget used by the Security Cooperation Organizations, to include the Security Assistance Offices (SAOs). Since 1993, an additional 33 SAOs have been opened. These additional 33 SAOs require new representational funding that is comparable to what SAOs in other countries receive, which is \$2,000 per office. The Department of Defense has indicated that section 204 will result in no additional costs to the Department.

Sec. 205. Arms Export Control Act prohibition on transactions with countries that have repeatedly provided support for acts of international terrorism

Section 40 of the Arms Export Control Act (or AECA, 22 U.S.C. 2780) prohibits various arms transactions with certain countries, and subsection (d) of that section applies those limits to any country that the Secretary of State determines has repeatedly provided support for acts of international terrorism. Such acts shall include all activities that the Secretary determines willfully aid or abet the international proliferation of nuclear explosive devices to individuals or groups or willfully aid or abet an individual or groups in acquiring unsafeguarded special nuclear material.

The Committee believes that willfully aiding or abetting the proliferation of chemical, biological, or radiological agents to individuals or groups is an activity equally deserving of sanction under section 40 of AECA. Inclusion of the term “radiological agents” is not meant to bar legitimate and legal transfers of radiological material, such as nuclear reactor fuel or medical or industrial isotopes, for purely peaceful purposes. The Committee does intend, however, that if a country contributes to the proliferation of such materials to be used as or in radiological weapons, or with the knowledge or reason to believe that they would be so used, then section 40 of AECA should be applied.

SUBTITLE B—INTERNATIONAL MILITARY EDUCATION AND TRAINING

Sec. 211. Authorization of appropriations

The fiscal year 2002 authorization of \$75,000,000 is the same amount authorized for that year in last year’s legislation. The fiscal year 2003 authorization of \$85,290,000 is consistent with Department of State and Department of Defense planning.

Sec. 212. Annual human rights reports

Current U.S. law requires that prospective International Military Education and Training (IMET) participants be screened to ensure that they do not have records of human rights violations. There is no requirement, however, to monitor their human rights records after receiving U.S. training. Last year, Congress mandated a new Department of Defense database on IMET participants after December 31, 2000, which does not require new collection of information but should help the Defense Department to keep track of the training it provides and where its former students go as their careers progress.

The Committee believes that if a former IMET participant is found to have been involved in a human rights violation that is to be reported in the Department of State's annual human rights report, the fact of previous IMET training should be included in that report. To assist the Secretary of State in determining whether there was any such involvement, section 212 authorizes the Secretary to obtain from the Secretary of Defense annually any IMET participant database information with respect to a list containing the names of foreign personnel or military units. If it should be determined as a result that a former IMET participant was involved in a human rights violation, the Department of Defense shall update its IMET participant database to reflect that information. This process will give policy-makers—and especially the Department of Defense itself—new information with which to evaluate and improve the effectiveness of IMET courses.

SUBTITLE C—SECURITY ASSISTANCE FOR SELECT COUNTRIES

Sec. 221. Security assistance for Israel and Egypt

Last year, the United States began to reduce Economic Support Funds (ESF) assistance to the countries of Israel and Egypt and to replace 50 percent of the reductions in ESF for Israel with an increase in the Foreign Military Financing (FMF) funds for that country. Section 221 continues that process. Section 221(b) permits \$100,000,000 of the FMF assistance for Israel to be used to establish a U.S. production line for the Arrow missile, in cooperation with a U.S. company. This should enable Israel to speed up the production and deployment of its missile defense system. Section 221(c) makes available to Israel as grant assistance certain funds that were returned to the United States by Israel last year due to a general rescission. The Committee believes that maintaining its assistance to Israel at the level originally requested by the President is in the national security interests of the United States.

Sec. 222. Security assistance for Greece and Turkey

This section continues policies established previously, notably in section 512 of the Security Assistance Act of 2000. The fiscal year 2002 authorizations are the same amounts authorized for that year in last year's legislation. The fiscal year 2003 authorizations reflect a multiplier that is consistent with overall Department of State and Department of Defense planning.

Sec. 223. Security assistance for other countries

The Committee has traditionally specified security assistance amounts for a number of countries of particular concern. In this year's bill, Foreign Military Financing (FMF) and International Military Education and Training (IMET) amounts are specified for the Baltic states, Bulgaria, the Czech Republic, Georgia, Hungary, Jordan, Malta, the Philippines, Poland, Romania, Slovakia and Slovenia.

Actual FMF or IMET expenditures on a given country often vary significantly from those forecast at the beginning of a fiscal year. Section 223(c) requires that the President submit to the appropriate committees of Congress a written explanation of the reasons for any determination to exceed or fall short of mandated FMF or IMET levels for a country specified in this section by more than 5 percent.

SUBTITLE D—EXCESS DEFENSE ARTICLE AND DRAWDOWN
AUTHORITIES

Sec. 231. Excess defense articles for certain other countries

The Excess Defense Articles (EDA) program enables the United States to meet foreign policy objectives while simultaneously supporting U.S. friends and allies by improving their defense capabilities and enhancing interoperability, and to reduce U.S. stocks of excess equipment.

Most Central and Southern European and Newly Independent States countries urgently seek U.S. EDA to replace former Soviet equipment as both a political statement and a way to enhance interoperability with NATO. In addition, certain countries, such as Estonia, Latvia and Lithuania, continue to require EDA as they build their defense forces from zero. Unfortunately, most of these countries cannot afford the packing, crating, handling and transportation (PCH&T) costs associated with EDA as they convert to market economies. Without extended authority to assume those costs, the EDA program becomes virtually unavailable to these countries.

In the Fiscal Year 2000 and 2001 Foreign Relations Authorization Act, Title XII—Security Assistance, sections 1211 and 1212, contained in the Fiscal Year 2001 Appropriations Act, P.L. 106–113, such authority was granted for fiscal year 2000 and fiscal year 2001 for EDA provided to Estonia, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Poland, Slovakia, Ukraine, and Uzbekistan. The same authority was provided for Mongolia for fiscal year 2001 and fiscal year 2002 in the Security Assistance Act of 2000, Section 707, P.L. 106–80.

Section 231 expands these current authorities to fiscal year 2002 and fiscal year 2003 for certain specified Central and Southern European and certain other countries. Newly included countries include India, Pakistan, Tajikistan and Turkmenistan, all of which have offered assistance in the war on international terrorism.

Sec. 232. Annual briefing on projected availability of excess defense articles

Given the increasing strategic role that the transfer of Excess Defense Articles (EDA) plays in U.S. relations with other countries, the Committee believes that such transfers should be the product of strategic thinking and planning. In order to encourage such a process, section 232 mandates an annual briefing for the appropriate committees of Congress on defense articles that are expected to become available during the coming fiscal year. The Department of Defense shall provide a similar briefing to relevant offices of the Department of State, contributing to preparation of the National Security Assistance Strategy mandated by section 501 of this Act.

Sec. 233. Expanded drawdown authority

This section allows defense drawdowns to include defense or other articles or commodities, or defense or other services, that are acquired by contract for the purposes of the drawdown in question, if that would be cheaper than providing such articles or services from existing agency assets. Existing law already allows an agency to contract specially for the supply of commercial transportation and related services, if that would save the United States Government money.

Sec. 234. Duration of security assistance leases

Section 2796(b) of title 22, U.S.C., currently provides that the President may lease defense articles from the stocks of the Department of Defense to eligible foreign countries and international organizations for a fixed duration of not more than five years. Some defense articles require major refurbishment work prior to delivery to the eligible foreign country or international organization. By including the time needed to complete this required refurbishment work in the five-year limit on the overall lease, the actual amount of time the eligible party has the beneficial use of the leased defense article is often significantly reduced. Section 234 provides authority to the President to enter into such leases for fixed periods of time longer than five years, with the period of time for which a particular lease may exceed five years being defined by the time required to perform the required refurbishment work. The recipient of the leased defense article will pay for the actual cost of the refurbishment work.

In recent years, as an economical and expeditious way to acquire modern defense capabilities to meet their defense requirements in the near term, several NATO allies have sought leases of non-excess U.S. military fighter aircraft, ships and tanks that needed major refurbishment. As a result, these allies have committed millions of dollars for the refurbishment work as well as for the actual lease payments for the defense articles. In addition, they agree to return the refurbished defense articles in as good a condition as when received by them while taking into consideration normal wear and tear. These major refurbishments may take 18 months or even more, such as with military fighter aircraft. Including the refurbishment time in the five-year lease limit can and often does seriously impact the actual beneficial time of use by the recipient.

In addition, adding a definition of “major refurbishment work” clearly identifies the specific activity that is acceptable outside the five-year lease limit and articulates the minimum period of time for such activity. The specific activity must be “major refurbishment work” and the minimum period of time for such activity is established at six months. The time required to complete the major refurbishment work, rather than the costs associated with this activity, must be the defining point because it is the delay in delivery and the subsequent reduced amount of time of beneficial use by the recipient that is the major concern.

SUBTITLE E—OTHER POLITICAL-MILITARY ASSISTANCE

Sec. 241. Destruction of surplus weapons stockpiles

From time to time, the United States has supported programs in developing countries to buy back and/or destroy small arms, light weapons, and other munitions that might otherwise be used in criminal activities or ethnic conflicts. Such programs can be especially useful in a country that is emerging from a period of civil war, as was the case in the country of Mali a few years ago when a U.S.-assisted gun buy-back program succeeded in removing from circulation a large number of weapons.

The Committee believes that carefully chosen programs of this sort should be encouraged. Since such programs may be vital to giving a country the stability that is needed for social and economic development, the Committee believes also that judicious use of development assistance funds for this purpose is warranted. Section 241 authorizes the use of up to \$10,000,000 annually for this purpose in fiscal years 2002 and 2003.

Sec. 242. Identification of funds for demining programs

One of the great human tragedies of the last generation has been the tremendous damage caused by anti-personnel land mines left over from the world’s many wars, both international and civil. From Angola and Mozambique to Afghanistan, Cambodia and Nicaragua, land mines have wreaked havoc on civilian populations and hindered rural reconstruction long after the end of the wars in which they were deployed.

The United States has been a leading supporter of humanitarian demining, but clearly more could be done. Section 242 continues the \$40,000,000 program funded under the Nonproliferation, Antiterrorism, Demining and Related Programs (NADR) budget element. The Committee believes that in addition to this effort, however, some use of development assistance funds for this purpose is warranted. Section 242 also authorizes, therefore, the use of up to \$40,000,000 of such funds annually for this purpose in fiscal years 2002 and 2003.

SUBTITLE F—ANTITERRORISM ASSISTANCE

Sec. 251. Authorization of appropriations

These programs are maintained at the current level of effort, with a small increase for inflation. The Committee has consistently supported the Department of State’s antiterrorism assistance pro-

grams, which play an important role in improving other countries' ability to protect U.S. diplomatic and military personnel overseas.

Sec. 252. Specific program objectives

Both Pakistan and the Philippines face international terrorist groups on their territory and are used by such groups as transit and meeting points. Section 272 allows \$2,000,000 in antiterrorism assistance funds to be used to provide these countries the Pisces system to provide their border security personnel more timely information on terrorist groups.

SUBTITLE G—OTHER MATTERS

Sec. 261. Revised military assistance reporting requirements

Section 656 of the Foreign Assistance Act of 1961 requires a detailed annual report on all military training provided to foreign military personnel, with all unclassified portions of that report also being posted on the Internet. The executive branch has noted, and the Committee agrees, that such training provided to our closest allies is rarely an issue of concern. In the interests of avoiding unnecessary paperwork, therefore, section 261 relieves the executive branch of this burden for training provided to NATO and major non-NATO allies, unless the chairman or ranking minority member of the Senate Foreign Relations Committee or the House International Relations Committee requests, in writing and at least 45 days prior to the due date for the report, inclusion in the report of one or more particular countries from this group.

TITLE III—NONPROLIFERATION AND EXPORT CONTROL ASSISTANCE

SUBTITLE A—GENERAL PROVISIONS

Sec. 301. Authorization of appropriations

This section authorizes funds for Department of State non-proliferation and export control programs and specifies funding amounts for an export control training program established by section 305 of this Act (\$2,000,000) and for the International Science and Technology Centers (ISTC) program that creates jobs for former weapons experts in the former Soviet Union (\$65,000,000). The ISTC authorization is substantially higher than the amount requested. The Committee is confident that the full \$65,000,000 can usefully be invested in viable projects, many of which have already been proposed and vetted by ISTC staff. The ISTC program has been noted for its pathbreaking work on exempting its investments from Russian federal taxation and using periodic audits both to monitor projects and to train recipients in modern business methods.

Sec. 302. Interagency program to prevent diversion of sensitive United States technology

The Department of Commerce and the U.S. Customs Service have much to contribute to U.S. nonproliferation and export control programs. These organizations already play a major role in training foreign government export control personnel, under a program

funded in the Department of State, and they also contribute personnel who serve in a diplomatic capacity and forge cooperative ties with export control officials in foreign countries.

The Committee believes that still more can and should be done. One possibility is for the State Department to develop joint programs with the Department of Commerce and/or the U.S. Customs Service to safeguard U.S. technology and sensitive items. Another is for the Department of State to hire retired inspectors and investigators of the Customs Service and the Bureau of Export Enforcement to serve in U.S. missions overseas, notably in countries that are frequently transited by proliferation-related shipments of cargo. Section 302 authorizes both such programs and provides funding for them. The Committee does not intend that these programs will take away from any existing programs or authorities. Rather, these are intended to be two very specific additions to the nonproliferation and export control tool kit.

Sec. 303. Joint State Department-Defense Department programs

Sometimes a Department of Defense counterproliferation program can provide useful material or equipment for use in Department of State nonproliferation efforts. One example might be a battlefield sensor of chemical, biological, nuclear or radiological weapons that could be modified for use by friendly foreign countries in their export control programs. The Committee believes that the Secretary of State should have the ability to offer supplementary funding to the Department of Defense in such a case, so as to take full advantage of Defense Department programs that can serve State Department needs. Section 303 provides \$1,000,000 annually for this purpose.

Sec. 304. Nonproliferation technology acquisition programs for friendly foreign countries

The Committee on Foreign Relations has consistently supported programs to improve the border security and export control programs of friendly foreign countries. Providing reasonably sophisticated detection equipment to those countries can help stem the flow of materials usable in weapons of mass destruction, be they radioactive materials or equipment for the manufacture of chemical weapons. To this end, section 304 authorizes the Department of State to spend up to \$5 million annually to buy nuclear, chemical and biological detection systems for other countries' export control services, as well as \$10 million a year for x-ray systems to image sea-cargo containers. The Committee does not intend that these programs will take away from any existing programs or authorities. Rather, these are intended to be two very specific additions to the nonproliferation and export control tool kit.

To make use of these funds, however, the Secretary must have first developed and budgeted for a multiyear training plan to assist foreign personnel in the utilization of these detection systems. This will guard against the provision of equipment that is never used or that falls quickly into disrepair. The Secretary is also directed to use the Special Defense Acquisition Fund (which is addressed in section 203 of this Act), to the maximum extent practicable, in fiscal year 2003.

Sec. 305. International nonproliferation and export control training

The Department of State, working with other U.S. Government agencies and with governments and non-governmental organizations in friendly countries, has done much to improve export control law, regulations, procedures and equipment around the world—and most notably in the independent states of the former Soviet Union. The Committee on Foreign Relations has supported these programs and worked to expand them. The Committee believes that such training, and especially training conducted in the United States where participants can observe a sophisticated export control system first-hand, deserves specific attention in the law. Section 305 therefore adds nonproliferation export control training to the activities specifically authorized by Chapter 9 of Part II of the Foreign Assistance Act.

Education and training conducted under this section shall be of a technical nature, emphasizing techniques for detecting, deterring, monitoring, interdicting, and countering proliferation. The Committee sees education and training in export control law, regulation, organization and procedures as fully compliant with this requirement, although we must also train foreign personnel in detection and investigative techniques. The Committee also intends that this section not interfere with education and training programs that take place overseas. Rather, it reflects the Committee's belief that one important element in export control training consists of exposing participants to how our own export control system combines effectiveness with adherence to democratic principles and the rule of law.

Sec. 306. Relocation of scientists

From 1992 through its expiration in 1996, the Soviet Scientists Immigration Act (P.L. 102-509) allowed a total of up to 750 highly skilled scientists and their families to be admitted to the United States without meeting the normal requirement that an alien's services in the sciences, arts, or business be sought by an employer in the United States. Section 306 revives this law for another 4 years and increases to 950 the total number of such scientists who, over the two 4-year periods, having met criteria set by the Attorney General, may be so admitted. The Attorney General is directed to consult with other departments and agencies to determine whether any changes are needed in the regulations governing this program, and use of this provision is denied to a scientist who has previously been granted the status of an alien lawfully admitted for permanent residence.

Sec. 307. Audits of the International Science and Technology Centers Program

Nonproliferation assistance programs in the former Soviet Union can be very difficult to administer. Funding agencies must guard not only against inefficiency or corruption, but also against use of their funds by individuals or institutes to support continued work on weapons of mass destruction—all the while endeavoring to create useful and lasting careers for former weapons scientists who, for reasons of economic necessity, might otherwise fall prey to entreaties from rogue states or terrorist groups. Add to this a culture

that has provided little or no preparation to even its most talented people for life in a capitalist world, and the challenge is daunting.

The International Science and Technology Centers (ISTC) program is generally considered perhaps the most successful in meeting this management challenge, and one reason is its emphasis upon audits and oversight. Last year, a General Accounting Office report on programs involving former biological weapons scientists cited ISTC's "staff of over 100 to provide management and financial oversight," and went on to say:

Program managers from the Science Center review programmatic and financial documents on a quarterly basis, and the Science Center requires a final audit of every project before it releases an overhead payment to an institute. In addition, the U.S. Defense Contract Audit Agency has conducted internal control audits for 10 Science Center biotechnology projects through 1999.¹

The report notes that it identified some accounting weaknesses, but adds that the Science Center is working with the institutes to address them.

The Committee favors expanding the ISTC program, and it is widely reported that the Administration shares this view. In order to support both that expansion and the needed expansion of other nonproliferation programs in the former Soviet Union, ISTC's experience with project audits should be codified and reported. To the extent that ISTC is engaging in "best practices," its experience should be set forth for others to emulate. To the extent that ISTC has learned lessons on how best to manage these projects, now—when the Administration is completing its review of nonproliferation programs and when Russia appears to be open to significant increases in some programs—is the time to share those lessons with other programs and with the appropriate committees of Congress.

Sec. 308. International Atomic Energy Agency regular budget assessments

The International Atomic Energy Agency (IAEA) is a particularly important international organization. It furthers U.S. national security objectives by helping to prevent the proliferation of nuclear weapons material, especially through its work on effective verification and safeguards measures. The Department of State has concluded that the IAEA "is a critical and effective instrument for verifying compliance with international nuclear nonproliferation agreements, and serves as an essential barrier to the spread of nuclear weapons." The organization is poised to become even more active and important, moreover, as more countries sign the new model safeguards protocol that grants the IAEA the right to inspect undeclared facilities and as the nuclear weapons states seek its help in verifying warhead or fissile material storage or destruction agreements.

Nearly two decades of "zero budget growth" have impaired the ability of the IAEA to carry out its mission and to hire and retain

¹United States General Accounting Office, *Biological Weapons: Effort to Reduce Former Soviet Threat Offers Benefits, Poses New Risks*, GAO/NSIAD-00-138, April 2000, pp. 8, 32.

the most qualified inspectors and managers. The proportion of safeguards inspectors who hold doctorate degrees has fallen from 32 percent in 1985 to 19 percent in 2000. In June, IAEA Director General Dr. Mohamed ElBaradei told his Board of Governors that zero real growth had left the safeguards mission underfunded by \$20 million in the regular budget, which “led to a situation where . . . we are in a position to carry out only *adequate* safeguards, not *optimum* safeguards, owing to our inability to modernize equipment and make full use of available new technologies.” Voluntary contributions by the United States lessen the IAEA’s budgetary constraints, but they cannot readily be used for the long-term capital investments or permanent staff increases necessary to an effective IAEA safeguards regime.

In light of these real problems in an agency upon which the United States depends to enforce the Nuclear Nonproliferation Treaty, the Committee believes that a gradual and sustained increase in the IAEA’s regular budget should begin this year. The Committee also believes that more of that budget should be devoted to nuclear nonproliferation activities, but this cannot be achieved unless the total pie increases as well. In order to make clear to other IAEA member states that the United States is serious in this regard, section 308 authorizes \$60,000,000 in fiscal year 2002 and \$75,000,000 in fiscal year 2003 for the U.S. assessment. The requested funding was only about \$49,000,000. (Since assessments are partly in Austrian currency, the dollar value fluctuates over time.)

The Committee has been informed of the Administration’s intent to insist that its approximate share of the IAEA budget be reduced from 25 percent to 22 percent, in keeping with reductions that are required by law in our contributions to most United Nations organizations. Section 308 makes clear that it was not the intent of Congress that the United States’ contributions to all United Nations-related organizations and activities be reduced pursuant to the Admiral James W. Nance and Meg Donovan Foreign Relations Authorization Act, Fiscal Years 2000 and 2001 (contained in Appendix G of P.L. 106–113), which sets 22 percent assessment rates as benchmarks for the general United Nations budget, the Food and Agricultural Organization, the World Health Organization, and the International Labor Organization. Rather, contributions for important and effective agencies—and especially the IAEA—should be maintained at levels commensurate with the criticality of its mission.

Sec. 309. Revised nonproliferation reporting requirements

Section 308 of P.L. 102–182 (22 U.S.C. 5606), which is deleted by section 309 of this Act, requires an annual report to Congress on efforts of other countries to obtain or produce chemical or biological weapons. This requirement substantially overlaps other report requirements, such as those established by section 1097 of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (22 U.S.C. 2751 note) and Condition (10) of the resolution of ratification of the Chemical Weapons Convention, enacted on April 29, 1997.

SUBTITLE B—RUSSIAN FEDERATION DEBT REDUCTION FOR
NONPROLIFERATION

Sec. 311. Short title

This subtitle may be cited as the “Russian Federation Debt Reduction for Nonproliferation Act of 2001.”

Sec. 312. Findings and purposes

The findings set forth United State security interests in preventing the spread of weapons of mass destruction and reducing world stockpiles of such weapons, especially in the Russian Federation. Among the findings are that existing nonproliferation assistance programs have made substantial progress, but that the threats posed by inadequate management of weapons of mass destruction stockpiles and complexes in the Russian Federation remain urgent, especially the threat that weapons of mass destruction materials or technology will be sold or stolen and diverted to rogue states or terrorists.

New funding streams are needed for programs to stem these threats, and the burden will have to be shared by the Russian Federation, the United States, and other governments. Russia’s substantial Soviet-era debt burden taxes its budget, will do so even more in 2003 and thereafter, and is among the factors that have led Russian officials to recognize that its future lies with the West. Debt reduction could be designed to provide additional funding for nonproliferation and arms reduction initiatives, and this funding could be especially large if U.S. allies—which hold most of the Russian Federation’s Soviet-era debt—were to follow the U.S. lead in this regard.

Paragraph 312(a)(2) states that it is in the vital national security interests of the United States that:

(A) all stocks of nuclear weapons and weapons-usable nuclear material in the Russian Federation are secure and accounted for;

(B) stocks of nuclear weapons and weapons-usable nuclear material that are excess to military needs in the Russian Federation are monitored and reduced;

(C) any chemical or biological weapons, related materials, and facilities in the Russian Federation are destroyed;

(D) the Russian Federation’s nuclear weapons complex is reduced to a size appropriate to its post-Cold War missions, and its experts in weapons of mass destruction technologies are shifted to gainful and sustainable civilian employment;

(E) the Russian Federation’s export control system blocks any proliferation of weapons of mass destruction, the means of delivering such weapons, and materials, equipment, know-how, or technology that would be used to develop, produce, or deliver such weapons; and

(F) these objectives are accomplished with sufficient monitoring and transparency to provide confidence that they have in fact been accomplished and that the funds provided to accomplish these objectives have been spent efficiently and effectively.

Subsection (b) states that the purposes of this subtitle are to recognize these vital interests, to facilitate the accomplishment of the United States objectives described in the findings set forth in subsection (a) by providing for the alleviation of a portion of the Russian Federation's foreign debt, thus allowing the use of additional resources for nonproliferation purposes, and to assure that the Russian resources freed through debt reduction are targeted to the accomplishment of these objectives.

Sec. 313. Definitions

Section 313 defines three terms of art. In particular, in this subtitle, the term "appropriate congressional committees" means the Committee on International Relations and the Committee on Appropriations of the House of Representatives, and the Committee on Foreign Relations and the Committee on Appropriations of the Senate.

Sec. 314. Establishment of the Russian Nonproliferation Investment Facility

There is established in the Department of the Treasury an entity to be known as the "Russian Nonproliferation Investment Facility" for the purpose of providing for the administration of debt reduction in accordance with this subtitle. This has been standard practice in past debt relief programs such as the several debt-for-nature and debt-for-environment swaps.

Sec. 315. Reduction of Russian Federation's Soviet-era debt owed to the United States, generally

The Russian Federation has assumed the debts owed by the former Soviet Union, including roughly \$600,000,000 in Lend-Lease debt dating back to U.S. assistance during World War II. Section 315 authorizes the President to reduce this debt, other than debt owed to the United States as a result of credits extended under Title I of the Agricultural Trade Development and Assistance Act of 1954 (which is addressed in section 316), after notifying the appropriate congressional committees of his intention at least 15 days in advance of any formal determination to do so, and allocates \$50,000,000 in fiscal year 2002 and \$100,000,000 in fiscal year 2003 for the cost of reduction in this debt. Actual cost of any debt reduction will be determined by the executive branch based on a calculation of the realistically expected value of the loan, in light of projections regarding the Russian Federation's economy. Such factors as world energy prices (for the Russian Federation is a major exporter of oil and gas), the ability of the Russian Federation to raise and collect taxes, and the climate for outside investment may all contribute to this calculation.

The Committee intends, through sections 315–317, to give the President a menu of options for reducing the Russian Federation's Soviet-era debt. In each case, the intent is that most or all of the savings that accrue to Russia as a result of debt reduction will be invested in agreed nonproliferation or arms reduction programs or projects. Subparagraph (b)(1)(A) of sections 315 and 316 requires that debt reduction be implemented pursuant to the terms of a Russian Nonproliferation Investment Agreement authorized under

section 318. The Committee intends that a similar arrangement be made with any buyers of an existing loan pursuant to section 317, or in fostering independent media and the rule of law in the Russian Federation pursuant to section 320.

If a new obligation is required, as will be the case if there is a reduction in the principal owed or in the rate of interest charged, the new obligation is to be formal and shall require payment of both principal and interest in the same manner as is required in the Enterprise for the Americas Initiative (sections 705 and 706 of the Foreign Assistance Act of 1961, as amended). Thus, principal repayments shall be in United States dollars. Interest payments shall also be in United States dollars, unless the Russian Non-proliferation Investment Agreement provides for their deposit in a fund or account for investments in agreed programs or projects. The Committee does not intend that such a fund or account must be a precise analogue to an Americas Fund, but rather that the terms governing any such fund or account be established by the Agreement.

Sec. 316. Reduction of debt owed to the United States as a result of credits extended under title I of the Agricultural Trade Development and Assistance Act of 1954

Most of the Russian Federation's Soviet-era debt to the United States (by some estimates, about \$2,000,000,000) is the result of credits extended by the Commodity Credit Corporation to finance wheat sales to the Soviet Union. The authority and funding provided for this purpose are analogous to those provided in the preceding section, and so is the Committee's intent regarding the circumstances under which the President will use such authority.

Sec. 317. Authority to engage in debt-for-nonproliferation exchanges and debt buybacks

A third approach to debt reduction for the Russian Federation would be to sell part or all of a debt to a third party, or to the Russian Federation itself, in return for suitable assurances that this will result in substantial funds being invested in programs or projects that further the objectives described in the findings. An arrangement of this type might be especially appropriate if the third party had an agreement with the Russian Federation to be the executive agent for a particular program or project that furthered these objectives. Such a third party might be able to obtain a management role that the Russian Federation would be loath to assign to any foreign government.

Similarly, it is possible that the government of the Russian Federation could buy back a loan at a concessional rate in return for an agreement to undertake certain tangible actions—such as putting certain amounts of fissile material from particular sources under international storage and monitoring—with no direct U.S. involvement or auditing, but with penalty clauses in the event that international monitors could not verify the achievement of specific milestones. In such a case, this approach might be best adapted to achieving the objectives described in the findings. The Committee expects, however, that the President will not use this approach to ignore the concerns regarding confidence and transparency that un-

derlie the Committee's expectations for a Russian Nonproliferation Investment Agreement, as set forth in section 318(b).

Sec. 318. Russian Nonproliferation Investment Agreement

The Secretary of State is authorized, in consultation with other appropriate officials of the Federal Government, to enter into a "Russian Nonproliferation Investment Agreement" with the Russian Federation concerning the use of the funds saved by that country as a result of any debt reduction provided pursuant to this subtitle. The Committee intends that such an agreement govern any debt reduction provided pursuant to sections 315 or 316.

The Committee is especially cognizant of the need to ensure that funds provided through Russian debt reduction be invested in nonproliferation programs or projects in an efficient and transparent manner. The Russian Nonproliferation Investment Agreement shall therefore ensure that: (1) a significant proportion of the funds saved by the Russian Federation as a result of any debt relief provided pursuant to this subtitle is devoted to nonproliferation programs and projects; (2) funding of each such program or project is approved by the United States Government, either directly or through its representation on any governing board that may be directed or established to manage these funds; (3) administration and oversight of non-proliferation programs and projects incorporate best practices from established threat reduction and nonproliferation assistance programs; (4) each program or project funded pursuant to the Agreement is subject to audits conducted by or for the United States Government; (5) unobligated funds for investments pursuant to the Agreement are segregated from other Russian Federation funds and invested in financial instruments guaranteed or insured by the United States Government; (6) the funds that are devoted to programs and projects pursuant to the Agreement are not subject to any taxation by the Russian Federation; (7) all matters relating to the intellectual property rights and legal liabilities of United States firms in a given project are agreed upon before the expenditure of funds is authorized for that project; and (8) not less than 75 percent of the funds made available for each nonproliferation program or project under the Agreement is spent in the Russian Federation.

One way to maximize the efficiency of nonproliferation investments may be to take advantage of the most successful existing programs in Russia. Subsection 318(c) therefore states the sense of Congress that, to the extent practicable, the boards and administrative mechanisms of existing threat reduction and nonproliferation programs should be used in the administration and oversight of programs and projects under the Agreement.

Sec. 319. Structure of debt-for-nonproliferation arrangements

It is the sense of Congress that any debt-for-nonproliferation arrangements with the Russian Federation should provide for gradual debt relief over a period of years, with debt relief to be suspended if more than two years' worth of funds remain unobligated for approved nonproliferation programs or projects. This may not be feasible if debt relief takes the form of an up-front reduction of the amount of principal owed, but it might be workable if, say, debt

relief were in the form of a significant reduction in the interest rate for a set term.

Sec. 320. Independent media and the rule of law

The United States has an important interest in encouraging development of an independent media sector and the rule of law in the Russian Federation. Such developments would help develop Russian involvement in and cooperation with Western political and economic institutions, thereby increasing Russia's economic well-being and its likelihood of maintaining nonproliferation programs on its own (through increased transparency and a decreased incentive to profit from illicit technology sales). They would also make it less likely that a rogue operation to engage in proliferation could ever go undetected or unexposed.

Section 320 therefore provides that up to 10 percent of the funds saved by the Russian Federation as a result of any debt relief provided pursuant to this subtitle may be used to promote a vibrant, independent media sector and the rule of law in the Russian Federation. The mechanism for this would be an endowment to support the establishment of a "Center for an Independent Press and the Rule of Law" in the Russian Federation, which shall be directed by a joint United States-Russian Board of Directors in which the majority of members, including the chairman, shall be United States personnel, and which shall be responsible for management of the endowment, its funds, and the Center's programs. Such use of up to 10 percent of the funds is not required by section 320 (although the mechanism for such use is mandatory), but because of recent events in Russia, wherein independent media outlets have been closed or placed under government control, the Committee strongly urges the executive branch to explore this option with the Russian Federation.

Sec. 321. Nonproliferation requirement

Central to the premise of debt-for-nonproliferation is the need for the Russian Federation to stem the flow of sensitive goods, technologies, material, and know-how related to the design, development, and production of weapons of mass destruction and the means to deliver them to countries that have been determined by the Secretary of State to have repeatedly provided support for acts of international terrorism. Section 321 therefore conditions all the sections relating to authority to grant debt reduction upon the President's certification to the appropriate committees of Congress that the Russian Federation is making "material progress" toward that end. Until that certification can be made, no debt reduction can be provided.

If, in any annual report to Congress submitted pursuant to section 325, the President cannot certify that the Russian Federation continues to meet the condition required in subsection (a)(1), then, unless the President waives this requirement pursuant to the provisions of subsection (c), the authorities granted under this subtitle may not be exercised, and funds may not be expended, unless and until such certification is made to the appropriate congressional committees. The President may waive the requirements of subsection (b) for a fiscal year if the President determines that imposi-

tion of those requirements in that fiscal year would be counter to the national interest of the United States and so reports to the appropriate committees of Congress.

Sec. 322. Discussion of Russian Federation debt reduction for nonproliferation with other creditor states

Other Western countries hold roughly 90 percent of the Russian Federation's Soviet-era bilateral debt. If United States leadership were to lead them to join in offering debt-for-nonproliferation, the funds thus made available for investment in Russian nonproliferation programs and projects would be increased several-fold. If, on the other hand, the United States were to offer debt reduction to Russia without first consulting with its fellow Paris Club holders of the Russian Federation's Soviet-era debt, our efforts might lead to an unwanted rift with our allies. Section 322 therefore mandates discussions in the Paris Club, with the objectives of reaching agreement that each member is authorized to negotiate debt-for-nonproliferation arrangements with the Russian Federation, convincing other member states to join us, and reaching agreement, as appropriate, on a unified fund to manage the resulting Russian nonproliferation investments.

Sec. 323. Implementation of United States policy

It is the sense of Congress that implementation of debt-for-nonproliferation programs with the Russian Federation should be overseen by the Committee on Nonproliferation Assistance to the Independent States of the Former Soviet Union (established pursuant to section 334 of this Act). That interagency committee is intended to coordinate all U.S. Government nonproliferation programs in the former Soviet Union. It will be in the best position to de-conflict existing programs and those programs or projects resulting from any debt reduction.

Sec. 324. Consultations with Congress

The President shall consult with the appropriate congressional committees on a periodic basis to review the operations of the Facility and the Russian Federation's eligibility for benefits from the Facility, notably pursuant to section 321.

Sec. 325. Annual report to Congress

A report to Congress, due by December 31, 2002, and annually thereafter, shall include a description of the activities undertaken by the Facility during the preceding fiscal year, a description of any agreement entered into under this subtitle, a description of any grants that have been provided pursuant to the agreement and a summary of the results of audits performed in the preceding fiscal year pursuant to the agreement.

SUBTITLE C—NONPROLIFERATION ASSISTANCE COORDINATION

Sec. 331. Short title

This subtitle may be cited as the "Nonproliferation Assistance Coordination Act of 2001."

Sec. 332. Findings

United States nonproliferation efforts in the independent states of the former Soviet Union have achieved important results in keeping weapons of mass destruction and related material, technology and knowledge out of the hands of terrorists and rogue states. The many U.S. programs are managed by several departments, however, and repeated studies have cited a lack of effective coordination. For example, the Russia Task Force of the Secretary of Energy Advisory Board, chaired by former Senator (and now ambassador) Howard Baker and former White House counsel Lloyd Cutler, said of these programs: "Coordination within and among U.S. Government agencies is insufficient and must be improved."² The Administration has formed an interagency mechanism for its review of these programs, and the Committee believes that a similar approach is needed for continuing high-level coordination among programs.

Private sector spending and foreign investment are increasingly important sources of employment for ex-weapons scientists in the former Soviet Union. Some of these efforts are channeled through United States Government or U.S.-supported institutions like the Department of Energy's Initiatives for Proliferation Prevention program, the State Department's International Science and Technology Centers program and the Cooperative Research and Development Foundation. Non-governmental efforts, like those of Ted Turner's Nuclear Threat Initiative, will also play an important role, however, and the U.S. Government should coordinate its efforts with those of the private sector.

Sec. 333. Independent states of the former Soviet Union defined

In this subtitle, the term "independent states of the former Soviet Union" has the meaning given the term in section 3 of the FREEDOM Support Act (22 U.S.C. 5801).

Sec. 334. Establishment of Committee on Nonproliferation Assistance to the Independent States of the Former Soviet Union

An interagency "Committee on Nonproliferation Assistance to the Independent States of the Former Soviet Union" is established, with representation (at the Assistant Secretary level or higher) of the Departments of State, Energy, Defense and Commerce, and a representative of the Assistant to the President for National Security Affairs, who shall serve as Chair of the committee. The Chair may invite the head of any other department or agency of the United States to designate a representative of that department or agency to participate from time to time in the activities of the Committee.

Sec. 335. Duties of Committee

The interagency committee shall commission analyses on issues relating to coordination of nonproliferation assistance programs within the U.S. Government, between the U.S. public and private

²Howard Baker and Lloyd Cutler, Co-Chairs, Russia Task Force, Secretary of Energy Advisory Board, *A Report Card on the Department of Energy's Nonproliferation Programs with Russia*, January 10, 2001, p. 23.

sectors, and between the United States and other countries. Within the U.S. Government, the committee shall provide guidance to coordinate, de-conflict and maximize the utility of nonproliferation assistance programs. It shall also consider, and make recommendations, as necessary, to the President and Congress regarding, proposals for new legislation or regulations relating to U.S. nonproliferation efforts in the independent states of the former Soviet Union. Given the large number of departments and congressional committees with a role in this effort, it will be especially useful for the Administration to bring agencies together and make coherent recommendations regarding the increased nonproliferation efforts that are clearly required today. As the Baker-Cutler task force stated in its report to the Secretary of Energy:

The most urgent unmet national security threat to the United States today is the danger that weapons of mass destruction or weapons-usable material in Russia could be stolen and sold to terrorists or hostile nation-states and used against American troops abroad or citizens at home.³

Sec. 336. Administrative support

All United States departments and agencies shall provide, to the extent permitted by law, such information and assistance as may be requested by the Committee in carrying out its functions and activities under this subtitle.

Sec. 337. Confidentiality of information

Information which has been submitted or received in confidence shall not be publicly disclosed, except to the extent required by law, and such information shall be used by the Committee only for the purpose of carrying out the functions and activities set forth in this chapter. This provision does not, in and of itself, exempt such information from the Freedom of Information Act. It is intended, rather, to underscore the need for departmental representatives to discuss candidly the successes and shortfalls of their nonproliferation assistance programs and to enable committee members to “think outside the box” in formulating guidance for executive branch programs and recommendations to the President and Congress.

Sec. 338. Statutory construction

Section 338 makes clear that the Nonproliferation Assistance Coordination Act of 2001 does not remove the existing authority of any U.S. department or agency over nonproliferation efforts in the independent states of the former Soviet Union. The interagency committee is not to be an operational agency. This subtitle does not give it the budgetary authority vested in the executive branch departments or in the Office of Management and Budget. Neither does this subtitle apply to any activity that is reportable pursuant to title V of the National Security Act of 1947 (50 U.S.C. 413 et seq.).

³ *Ibid.*, p. iii.

TITLE IV—EXPEDITING THE MUNITIONS LICENSING PROCESS

Sec. 401. License officer staffing

Effective export control is vital to achieving United States non-proliferation and foreign policy objectives. At the same time, however, in a global economy this function must be exercised speedily and efficiently, so that avoidable delays in processing do not deny to U.S. firms sales or contracts that are consistent with U.S. policy. The Committee has worked for several years to provide the State Department's Office of Defense Trade Controls (ODTC) the personnel that it needs to achieve maximum efficiency. To that end, section 401 requires that not less than \$10,000,000 shall be made available each fiscal year for ODTC salaries and expenses, and that the Secretary of State assign to ODTC a sufficient number of license review officers to ensure that the average weekly caseload for each officer does not exceed 40. It is important to note that, given the qualitative differences between individual cases (e.g., in their technical complexity), the caseload for some license review officers might appropriately be significantly fewer than 40 cases per week.

This section also encourages the Secretary of Defense to ensure that 10 military officers are continuously detailed to ODTC on a nonreimbursable basis. Even in wartime, arms export control is an important activity in which military expertise is required. These sales affect the war fighting capabilities of other countries, the viability of U.S. companies upon which our military relies, and sometimes also the cost of weapons systems sold to the U.S. Government. If personnel detailed to ODTC must be given other wartime assignments, then the Committee believes that it is greatly in the national interest that the Secretary of Defense find qualified interim or permanent replacements for those detailees as soon as possible.

Sec. 402. Funding for database automation

The Committee believes that up-to-date information management systems are vital to maintaining ODTC's ability to fulfill its function in a manner that minimizes the unintended impact on U.S. companies. Section 402 requires that not less than \$4,000,000 be made available to ODTC each fiscal year for the modernization of these systems.

Sec. 403. Information management priorities

In recent years, with the Committee's encouragement, the Census Bureau has implemented the Automated Export System (AES) by which Shippers' Export Declarations are filed electronically, instead of by paper. This results in more timely information and can improve interagency review processes significantly. The Committee believes that a similar approach to the receipt and handling of export license applications would serve both the national interest and the needs of U.S. companies.

The receipt, review and approval of arms export license applications must move into the 21st century. Section 403 therefore both requires and funds the establishment of a secure, Internet-based system for this purpose. Such a system must also be capable of ex-

changing data with the relevant automated systems in the Department of Commerce, the Department of Defense, the Central Intelligence Agency and the Department of Energy.

Sec. 404. Contribution to the Automated Export System

The Census Bureau's Automated Export System is not yet compatible with Department of State information systems. The Committee believes that the Department of State should share in the expense of making those systems compatible, as it will benefit greatly from being able to track actual shipments of Munitions List items. Accordingly, not less than \$250,000 for each fiscal year shall be available for this purpose.

When the Committee debated this Act before ordering it reported favorably, concern was expressed regarding two subsections of section 404 that would extend mandatory use of the AES to smaller shippers that are not already required to use it and would increase the penalties for failure to file a declaration or for knowingly submitting false or misleading information. It was agreed that these subsections would be removed from the Act at this time, with the intent of perfecting the language and addressing this issue again later in the legislative process for this Act.

Sec. 405. Adjustment of threshold amounts for congressional review purposes

Pursuant to section 36 of the Arms Export Control Act, the Senate Committee on Foreign Relations and the House International Relations Committee receive prior notice of hundreds of arms sales each year. As inflation and improved technology have raised the cost of weapons systems, the old dollar thresholds in the law have forced reporting of more and more export licenses that are of no substantive interest to either committee, but that necessarily subject U.S. companies to additional delays due to the requirement for congressional consideration.

New prior notice thresholds of \$25,000,000 for major defense equipment and \$100,000,000 for other items will apply to most sales to NATO members, Australia, Japan or New Zealand. The one exception will be sales to one or more of those countries that incorporate a new or increased sales territory that includes a country outside that group. Approval of such a sales territory is tantamount to approving future sales to the listed countries, and sometimes such third-country sales pose security or policy concerns.

The Committee recognizes that a significant restructuring of the system for oversight of arms export licenses is needed. At the same time, it believes that merely raising the dollar thresholds for reportable licenses is not a workable solution. There are low-value sales that are of substantive interest to the Committee—sometimes because inexpensive items could be used as components in systems of concern, sometimes because the recipient country (or a country in a proposed sales territory) might misuse the items, and sometimes because conditions in a region raise the risk that certain arms sales will fuel a regional conflict that would harm U.S. interests. At the same time, some very expensive sales raise no concerns at all. The Committee intends that its staff work with their counterparts on the House side and with relevant executive branch of-

ices to develop new options for providing needed prior notice to the Committee without slowing down the process for so many license applications that are of clearly of no concern.

Sec. 406. Periodic notification of pending applications for export licenses

U.S. defense industry—and foreign firms with which U.S. firms work on large contracts—have alleged for years that the Department of State delays needlessly in its processing of arms export license applications. The Committee has worked to improve ODTC capabilities to handle the load, and it believes that the Department of State's overall record is often better than people think. It does believe, however, that attention should be paid to the minority of applications that take many months to be processed.

The Committee generally refrains from trying to influence arms export control cases before the executive branch decides to approve a license, and section 406 is not intended to change that. A biannual report on those applications that have been pending for more than 180 days, however, will enable both the Committee and the executive branch to focus on those cases and see what can be done to reach conclusions—one way or the other—more expeditiously.

TITLE V—NATIONAL SECURITY ASSISTANCE STRATEGY

Sec. 501. Establishment of the Strategy

Foreign Military Financing (FMF), transfers of Excess Defense Articles (EDA), and International Military Education and Training (IMET) are justified not simply in military terms, but as contributions to the overall national security of the United States. The fact that they are authorized in the Foreign Assistance Act of 1961 and the Arms Export Control Act reflects a recognition that they are intended primarily to serve foreign policy objectives.

It can be most difficult, however, to keep foreign policy objectives in the forefront when the details of program implementation involve detailed issues of military efficiency at home and abroad. Rather than allowing bureaucratic inertia to become a substitute for policy, the State Department must develop a National Security Assistance Strategy that integrates the FMF, EDA and IMET programs, on a country-by-country basis, into the National Security Strategy of the United States. This will bring greater coherence to those programs and ensure that they achieve maximum benefits for U.S. foreign policy.

The National Security Assistance Strategy shall: set forth a 5-year plan for security assistance programs; be consistent with the National Security Strategy of the United States; be coordinated with the Secretary of Defense and the Chairman of the Joint Chiefs of Staff; identify overarching security assistance objectives, including identification of the role that specific security assistance programs will play in achieving such objectives; identify a primary security assistance objective, as well as specific secondary objectives, for individual countries; identify, on a country-by-country basis, how specific resources will be allocated to accomplish both primary and secondary objectives; discuss how specific types of assistance, such as FMF and IMET, will be combined at the country level to

achieve United States objectives; and detail how specific types of assistance provided pursuant to the Arms Export Control Act and Foreign Assistance Act of 1961 are coordinated with United States assistance programs administered by the Department of Defense and other agencies.

Sec. 502. Security assistance surveys

Security assistance surveys are an important mechanism for assessing a foreign country's military capabilities and security requirements, so as to determine how best to assist that country. As the Department of State moves to institute a National Security Assistance Strategy, therefore, it only makes sense to use security assistance surveys, as appropriate, in the development of that strategy. Section 502 authorizes \$2,000,000 to be available to the Secretary either to conduct such surveys or to reimburse the Department of Defense or other United States Government agencies for conducting surveys requested by the Secretary.

TITLE VI—MISCELLANEOUS PROVISIONS

Sec. 601. Nuclear and missile nonproliferation in South Asia

The war against terrorism has made South Asia a military theater of operations and has produced new, cooperative relations between the United States and both India and Pakistan. It has not reduced, however, the risk that this region will contribute to the proliferation, or even the use, of nuclear weapons. Indeed, concern over the security of special nuclear material in South Asia has been heightened by the increased tension in the area.

In promulgating a statement of United States policy on nonproliferation objectives in South Asia, the Committee intends that the executive branch maintain and demonstrate a high priority for these concerns. Osama bin Laden's efforts to acquire weapons of mass destruction make clear that nonproliferation is now part and parcel of the war on terrorism, and not a subsidiary issue. The Committee also intends that all U.S. policy and actions on nuclear issues in South Asia be consistent with United States obligations under the Treaty on the Non-Proliferation of Nuclear Weapons and with past U.S. policy on these matters.

Subsection (b) requires the President to submit to the appropriate committees of Congress a report describing United States efforts in pursuit of the objectives listed in subsection (a), the progress made toward the achievement of those objectives, and the likelihood that each objective will be achieved by September 30, 2003, the date when the current suspension of sanctions is scheduled to end. The report is due by March 1, 2003, so that Indian and Pakistani progress may be taken into account when the issues of nonproliferation sanctions and U.S. foreign assistance are considered by the Congress.

Sec. 602. Nonproliferation interests and negotiation of free trade agreements

In recent years, the United States has entered into negotiations of free trade agreements with several countries other than our neighbors, including Chile, Jordan and Singapore. Although eco-

conomic benefits may flow from such arrangements, international political concerns are at least as important in the decision to seek such close economic ties. The Committee believes that nonproliferation should be high on the U.S. political agenda when entering into these relationships, and that the United States Trade Representative should seek specific nonproliferation and export control commitments from the countries with which the United States negotiates free trade agreements.

The current free trade negotiations with Singapore are a good example of a case in which nonproliferation objectives can and should be sought. Singapore is an important U.S. ally and a force for stability in southeast Asia. It is also a major hub for business and shipping, at times including shipments of materials or equipment for weapons of mass destruction that violate international conventions. When Singapore takes action to prevent such dangerous trade, the whole world benefits. Section 602 requires, therefore, that the United States Trade Representative ensure that any free trade agreement with Singapore contains or is accompanied by: a specific commitment by Singapore to enact legislation to provide for export, transit, and transshipment controls for defense and defense-related items and dual-use technologies and control over the brokering of transactions relating to those items and technologies; and a timetable of specific commitments to cooperate with the United States in the field of nonproliferation and export controls.

Sec. 603. Real-time public availability of raw seismological data

One area in which policy and science both benefit from close collaboration is seismology—the study of disturbances in the earth’s crust. Scientists measure seismic waves primarily to study earthquakes and to differentiate them from rockfalls and man-made explosions. Public benefits from this work have included a better understanding of earthquakes, improved ability to warn of possible tsunamis so that people can move to higher ground, monitoring of volcanos for public safety purposes, improved techniques to locate oil reserves, and the detection and characterization of nuclear weapons tests.

Data gathered for national security reasons can in turn be of great use to science. Pursuant to the Comprehensive Nuclear Test-Ban Treaty, an International Monitoring System (IMS) is being put in place that will link 170 seismic monitoring stations, including some that are new or in locations to which outside observers have not previously had access. The United States participates in the development of the IMS and receives near-real time data from the seismic and other sensors in that system. These data, if made available to scientists in a timely fashion, would improve worldwide earthquake monitoring capabilities. Combining IMS data with seismological data from sites outside the IMS will, in turn, enable scientists to assist governments—including our own—in determining whether an unusual seismic event was a nuclear weapons test.

The United States has pressed for near-real time release of IMS data to the public, but has not achieved international consensus in favor of that. The Committee believes that more must be done to bring about the timely release of these data. The case for letting

all the world's experts obtain these data in a timely fashion is one that every country should understand: more complete data and competitive analysis decrease the risk that an event will be misinterpreted. And if, as appears to be the case, nearly all countries accept this argument, then they ought to act upon that, either through appropriate international organizations or through separate bilateral or multilateral agreements regarding each country's data.

Section 603 directs the head of the Air Force Technical Applications Center (AFTAC) to make available to the public, as soon as possible after receipt, all raw seismological data provided to the United States Government by any international monitoring organization that is directly responsible for seismological monitoring. AFTAC is the U.S. agency that gathers these data, so its director is an appropriate official to release them.

Sec. 604. Detailing United States governmental personnel to international arms control and nonproliferation organizations

United States Government personnel have performed important work for international organizations over the years. One well-known example was UNSCOM, the United Nations Special Commission in Iraq, which conducted inspections in that country in an effort to locate and destroy weapons of mass destruction capabilities. Such details of U.S. personnel serve both our own national interest and the world's need for technical and logistical expertise in these crucial organizations.

Too often, however, the personnel detailed to international organizations find that their careers suffer because they have spent months or years away from their home offices and outside normal personnel career paths. Section 604 directs the Secretary of State to develop measures whereby U.S. personnel may be detailed to international arms control and non-proliferation organizations without having their careers suffer.

Sec. 605. Diplomatic presence overseas

As the events since September 11 have made all too clear, antiterrorism and nonproliferation are increasingly important elements of American foreign and national security policy. These are not issues that America can handle alone. Rather, we must enlist other nations to do their part as well, both at home and in international fora. To meet the challenges of the 21st century, U.S. missions overseas must have high-level personnel who have both language training and substantive expertise in nonproliferation and political military affairs. Section 605 authorizes the Secretary of State to create the position of Counselor for Nonproliferation and Political Military Affairs at U.S. missions overseas, to be filled by career Civil Service officers or Foreign Service officers who will receive, as a rule, 10 months of special substantive or language training before assuming their posts.

Sec. 606. Protection against agricultural bioterrorism

Recent anthrax attacks have made Americans acutely sensitive to the risk of biological terrorism. Equally troubling, however, is the risk of biological warfare or terrorism directed against U.S.

crops or livestock. One important step in combating that threat is to detect and analyze various strains of crop and livestock pathogens. North Carolina State University is a center of such efforts, and an investment of \$1,500,000 will expedite this important work.

Sec. 607. Compliance with the Chemical Weapons Convention

On April 24, 1997, the Senate provided its advice and consent to ratification of the Chemical Weapons Convention subject to the condition that no sample collected in the United States pursuant to the Convention would be transferred for analysis to any laboratory outside the territory of the United States. Congress enacted the same condition into law as section 304(f)(1) of the Chemical Weapons Convention Implementation Act of 1998 (22 U.S.C. 6724(f)(1)).

Part II, paragraph 57, of the Verification Annex of the Convention requires that all samples taken during a challenge inspection under the Convention shall be analyzed by at least two laboratories that have been designated as capable of conducting such testing by the Organization for the Prevention of Chemical Weapons (OPCW). The only United States laboratory currently designated by the OPCW is the United States Army Edgewood Forensic Science Laboratory.

In order to meet the requirements of condition (18) of the resolution of ratification of the Chemical Weapons Convention and section 304 of the Chemical Weapons Convention Implementation Act of 1998 (22 U.S.C. 6724), the United States must possess, at a minimum, a second OPCW-designated laboratory. The possession of a second laboratory is especially necessary in view of the potential for a challenge inspection to be initiated against the United States by a foreign nation. To qualify as a designated laboratory, a laboratory must be certified under ISO Guide 25 or a higher standard, and complete three proficiency tests. The laboratory must have the full capability to handle substances listed on Schedule 1 of the Annex on Schedules of Chemicals of the Convention. In order to handle such substances in the United States, a laboratory also must operate under a bailment agreement with the United States Army.

Several existing United States commercial laboratories have approved quality control systems, already possess bailment agreements with the United States Army, and have the capabilities necessary to obtain OPCW designation. The Committee believes that, in order to safeguard samples taken on U.S. territory and bolster the legitimacy of the analysis of those samples, thereby protecting the proprietary and business interests of U.S. firms, and to promote similar transparency and confidence when inspections are conducted abroad, one of the United States designated laboratories should not be a Government facility.

Section 607 therefore requires that the United States National Authority, by February 1, 2002, select a commercial laboratory to pursue designation by the OPCW. This does not require the executive branch to stop the pursuit of designation for a second United States Government facility as well. Indeed, a report is required by March 1, 2002, detailing a plan for securing OPCW designation of a third United States laboratory by December 1, 2003. With three

designated U.S. laboratories, the OPCW could randomly send a real sample to two laboratories and a false sample to the third, so that a laboratory would never be sure what sample it was analyzing. This approach, which is in keeping with OPCW intent world-wide, would reduce significantly the value of any espionage information that a country or company might hope to gain by infiltrating a laboratory.

TITLE VII—AUTHORITY TO TRANSFER NAVAL VESSELS

Sec. 701. Authority to transfer naval vessels to certain foreign countries

This section provides authority, in subsection (a), for the President to transfer by sale under section 21 of the Arms Export Control Act (22 U.S.C. 2761) two naval vessels to Turkey, and by grant under section 516 of the Foreign Assistance Act of 1961 (22 U.S.C. 2321j) one naval vessel to Poland and six naval vessels to Turkey. Authority to engage in these ship transfers was requested by the Department of Defense. Section 7307 of title 10, United States Code, requires statutory approval for a disposal (whether by sale, lease, grant, loan, barter, transfer, or otherwise) of naval vessels, in excess of 3,000 tons or less than 20 years of age, to another nation.

Subsection (b) provides that the value of the naval vessels authorized for transfer by grant under this section would not be included in determining the aggregate value of transferred excess defense articles.

Subsection (c) provides for the recipient to be charged with any expense incurred by the United States in connection with a transfer by grant.

Subsection (d) provides for any necessary repair or refurbishment of the vessels to be transferred to be performed in United States shipyards to the maximum extent practicable.

Subsection (e) provides that transfers authorized by this section must be executed within two years of the date of enactment of the Act of which this section is a part. This allows a reasonable opportunity for agreement on terms and for execution of the transfers.

IV. EVALUATION OF REGULATORY IMPACT

In accordance with rule XXVI, paragraph 11(b) of the Standing Rules of the Senate, the Committee has concluded that there is no regulatory impact from this legislation.

V. COST ESTIMATE

In accordance with rule XXVI, paragraph 11(a) of the Standing Rules of the Senate, the Committee provides the following estimate of the cost of this legislation prepared by the Congressional Budget Office:

U.S. CONGRESS,
 CONGRESSIONAL BUDGET OFFICE
 Washington, DC, December 7, 2001.

Hon. JOSEPH R. BIDEN, JR., *Chairman,*
Committee on Foreign Relations,
United States Senate,
Washington, DC.

DEAR MR. CHAIRMAN:

The Congressional Budget Office has prepared the enclosed cost estimate for the Security Assistance Act of 2001.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Joseph C. Whitehill.

Sincerely,

BARRY B. ANDERSON
 (for DAN L. CRIPPEN, *Director*)

Enclosure:

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE
 SECURITY ASSISTANCE ACT OF 2001

Summary

The Security Assistance Act of 2001 would authorize appropriations in 2002 and 2003 for foreign military financing, international military education and training, nonproliferation, and anti-terrorism assistance programs. It would create a new debt-for-nonproliferation program with Russia and authorize appropriations in 2002 and 2003 for the cost of modifying Soviet-era and food-aid loans to Russia. The bill also would earmark spending for other security assistance and State Department programs. The Security Assistance Act of 2001 would reestablish the Special Defense Acquisition Fund as a revolving fund outside the appropriations process with a capitalization of \$200 million. Finally, the bill would reappropriate \$4 million for foreign military financing for Israel and authorize the sale of certain naval vessels.

CBO estimates that implementing the Security Assistance Act of 2001 would result in almost \$5.9 billion in discretionary spending over the 2002–2006 period, assuming the appropriation of the authorized amounts. CBO also estimates that enacting the bill would reduce direct spending by \$31 million over the 2002–2006 period. This amount includes estimated receipts from asset sales of \$36 million over the 2002–2003 period. Because the Security Assistance Act of 2001 would affect direct spending, pay-as-you-go procedures would apply.

The Security Assistance Act of 2001 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

Estimated cost to the Federal Government

The estimated budgetary impact of the Security Assistance Act of 2001 is shown in Table 1. The costs of this legislation fall within budget function 150 (international affairs).

TABLE 1.—BUDGETARY IMPACT OF THE SECURITY ASSISTANCE ACT OF 2001
(By fiscal year, in millions of dollars)

	2002	2003	2004	2005	2006
SPENDING SUBJECT TO APPROPRIATION					
Spending under Current Law for Security Assistance and Related Programs:					
Authorization Level ¹	5,361	0	0	0	0
Estimated Outlays	5,933	2,500	613	273	147
Proposed Changes:					
Estimated Authorization Level	220	6,147	0	0	0
Estimated Outlays	22	3,175	1,948	523	184
Spending Under the Security Assistance Act of 2001:					
Estimated Authorization Level	5,581	6,147	0	0	0
Estimated Outlays	5,955	5,675	2,561	796	331
CHANGES IN DIRECT SPENDING (Excluding AsseE Sales)					
Estimated Budget Authority	4	20	0	0	0
Estimated Outlays	4	8	8	-7	-8
ASSET SALES					
Estimated Budget Authority	-18	-18	0	0	0
Estimated Outlays	-13	-18	0	0	0

¹The 2002 level is the amount authorized for that year in Public Law 106-280, the Security Assistance Act of 2000, or appropriated in Public Law 107-77, the Departments of Commerce, Justice, State, the Judiciary, and Related Agencies Appropriation Act, Fiscal Year 2002.

Basis of Estimate

Most of the bill's budgetary impact would stem from authorizations for current programs administered by the Departments of Defense (DOD) and State. In addition, the bill contains earmarks for various programs and activities. Earmarks for programs and activities for which funds have not otherwise been authorized or appropriated are treated as new authorizations and their budgetary impact is included with spending subject to appropriation. Earmarks of current appropriations could affect direct spending and their effect is included with the bill's other provisions that would affect direct spending. Finally, the provisions authorizing the transfer of naval vessels would increase collections from asset sales.

Spending Subject to Appropriation.—The estimate assumes enactment of this legislation before the end of calendar year 2001 and subsequent appropriation of the authorized amounts for each year. CBO estimates that implementing the bill would cost about \$5.9 billion over the 2002-2006 period. The estimate assumes that outlays for existing programs would follow historical patterns.

Spending subject to appropriation would be affected by the legislation in two ways. First, the bill specifies authorizations of appropriations totaling about \$4.1 billion for fiscal year 2002, and about \$4.8 billion for fiscal year 2003 (see Table 2). Most of the 2002 level, however, has already been authorized by Public Law 106-280, the Security Assistance Act of 2002.

In addition, the bill would earmark additional funds, some of which have been previously appropriated. The totals of such ear-

marks are about \$1.5 billion for 2002 and about \$1.4 billion for 2003 (see Table 3).

Taken together, the specific authorizations and earmarks of additional funds result in net new authorizations of \$220 million in 2002 and \$6.1 billion in 2003 (as shown under “Proposed Changes” in Table 1).

TABLE 2.—SPECIFIC AUTHORIZATIONS OF APPROPRIATIONS IN THE SECURITY ASSISTANCE ACT OF 2001

(By fiscal year, in trillions of dollars)

Account/Program	2002	2003
Foreign Military Financing ¹	\$3,674	\$4,267
International Military Education and Training ¹	75	85
Nonproliferation Assistance ¹	73	75
Anti-terrorism Assistance ¹	142	152
Debt for Nonproliferation	100	200
Total specified authorizations	4,064	4,779

¹For 2002, the authorizations represent an increase over the amount authorized for those programs in Public Law 106-280, the Security Assistance Act of 2000, of \$47 million for foreign military financing and \$10 million for international military education and training.

Specific Authorizations.—The Security Assistance Act of 2001 would authorize appropriations for 2002 and 2003 as shown in Table 2. For 2002, the authorizations for existing programs represent an increase of \$57 million over the amounts authorized for those programs in Public Law 106-280.

Subtitle B of title III would establish a new debt-for-nonproliferation program and would authorize the appropriation of \$100 million in 2002 and \$200 million in 2003 for the cost of modifying Soviet-era and food-aid debt owed to the United States by Russia. The bill would authorize the Secretary of State to negotiate an agreement with the Russian Federation that would segregate a portion of the Federation’s budget equal to the amount that it would otherwise have to pay the United States on the outstanding loans and place it under the effective control of the U.S. Government. The bill would require that a significant portion of those funds be spent on nonproliferation activities. The bill would also authorize the use of the funds for activities to promote an independent media and the rule of law in Russia. The debt modifications would include authority to reduce and to restructure debt, to swap the debt, or to sell the debt to an eligible purchaser. The amounts authorized in this section would be used to cover the cost, as defined by the Federal Credit Reform Act, of modifying the debt. CBO estimates no outlays from the appropriation of the authorized amounts for this purpose because we believe that negotiating a framework agreement under the bill would be difficult and would likely not be completed.

Earmarks of Funds Not Specifically Authorized.—The bill contains numerous earmarks that could affect spending. In addition to earmarks of amounts specifically authorized, the bill would earmark amounts that are not otherwise authorized and some funds already appropriated as shown in Table 3.

The bill would extend earmarks of the economic support fund for Israel and Egypt contained in Public Law 106-280, the Security Assistance Act of 2000, into 2003. Sections 241 and 242 would authorize using specific amounts of development assistance funds for

the destruction of surplus weapons and for demining programs. Section 606 also would earmark \$1.5 million in development assistance funds for a grant to the North Carolina State University for research on crop and livestock pathogens. Since there is no current authorization for development assistance, the estimate treats the \$51.5 million in earmarks for destruction of surplus weapons, demining programs, and the grant to North Carolina State University as new authorizations.

TABLE 3.—ADDITIONAL AUTHORIZATIONS THROUGH EARMARKS OF FUNDS NOT OTHERWISE AUTHORIZED

(By fiscal year, in millions of dollars)

Program/Activity	2002	2003
Economic Support Fund for Israel ¹	\$720	\$600
Economic Support Fund for Egypt ¹	655	615
Assistance for Destruction of Surplus Weapons	10	10
Demining Programs	40	40
Grant to North Carolina State University	2	0
State Department, Diplomatic and Consular Programs:		
Bureau of Verification and Compliance ²	16	14
Office of Defense Trade Controls ²	10	10
State Department, Capital Investment Fund ²	4	10
Contribution to International Organizations:		
International Atomic Energy Agency ²	60	75
Total Additional Authorizations	1,517	1,368

¹The amounts for the 2002 economic support fund were authorized in Public Law 106-280, the Security Assistance Act of 2000.

²Funds for 2002 were provided in Public Law 107-77, the Departments of Commerce, Justice, State, the Judiciary, and Related Agencies Appropriation Act, Fiscal Year 2002.

The bill would earmark, funds provided in Public Law 107-77, the Departments of Commerce, Justice, State, the Judiciary, and Related Agencies Appropriation Act, Fiscal Year 2002. Except for the 2002 contribution to the International Atomic Energy Agency (IAEA), the amounts shown in Table 3 for the Bureau of Verification and Compliance, the Office of Defense Trade Controls, and the State Department, Capital Investment Fund are minimum levels that the department must make available from existing appropriations. The budgetary effect of these earmarks on 2002 spending is discussed below under direct spending. For 2003, the amounts specified for these same three programs/activities are treated as new authorizations in that year. Section 308 would authorize \$60 million for the IAEA in 2002. That amount is \$11 million higher than amount already appropriated in 2002. CBO considers the additional \$11 million as an authorization for 2002.

Direct Spending

The bill contains provisions that would reduce direct spending through the sale of naval vessels. It also contains provisions with direct spending costs. On balance, CBO estimates that enacting the Security Assistance Act of 2001, would result in net savings in direct spending totaling \$31 million over the 2002-2006 period.

The earmarks in title I and title IV would increase spending by the State Department's Bureau of Verification and Compliance and the Office of Defense Trade Controls. But CBO assumes the increases for those programs would be taken from unearmarked pro-

grams and activities within the department and would not significantly affect spending.

Section 203 would reestablish the Special Defense Acquisition Fund (SDAF) as a revolving fund capitalized with \$200 million from defense offsetting receipts. It would strike a provision of existing law that limits obligations by the fund to amounts provided in advance in appropriations acts and substitutes language that would limit obligations to amounts authorized by law. The bill also would authorize \$20 million in obligations from the fund in 2003. In the past, the SDAF purchased defense articles in anticipation of their sale to foreign governments. Based on information from the Department of Defense, the average lag between obligation by the SDAF and sale was two to three years, though some items were held longer. While the bill is vague on what items may be purchased with the \$20 million it would provide, CBO estimates that most of the items would be sold over the 2003-2006 period based on historical experience.

Section 221(c) would reappropriate \$4 million for foreign military financing for Israel, the amount rescinded in 2001 by the 0.22 percent across-the-board rescission in Public Law 106-554, the Consolidated Appropriations Act of 2001.

Two other sections would have an insignificant effect on direct spending. Section 306 would make it easier for certain engineers and scientists from the former Soviet Union and the Baltic States to obtain immigrant visas. This provision could affect the level of fees collected and spent by the Immigration and Naturalization Service. However, CBO expects that any such effects would be insignificant because the number of persons aided by the bill would be small. In addition, section 204 would increase spending on representation allowances for the foreign military sales program by \$14,000 a year. The funds would come from fees collected for administrative expenses of the program.

Asset Sales.—Section 701 would authorize the transfer of 10 naval vessels to foreign countries. It would authorize the sale of three vessels; the other seven would be given away. Information from DOD indicates that the asking price for the three ships would be approximately \$40 million. There is significant uncertainty as to whether all three vessels would be sold and what the sale price might be. Reflecting this uncertainty, CBO estimates that receipts from these sales would total \$18 million in 2002 and \$18 million in 2003.

Pay-as-you-go Considerations

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays that are subject to pay-as-you-go procedures are shown in Table 4. For the purposes of enforcing pay-as-you-go procedures, only the effects in the budget year and the succeeding four years are counted.

TABLE 4.—ESTIMATED IMPACT OF THE SECURITY ASSISTANCE ACT OF 2001 ON DIRECT SPENDING AND RECEIPTS
(By fiscal year, in millions of dollars)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Changes in outlays ...	-14	-10	8	-7	-8	0	0	0	0	0
Changes in receipts ¹ .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

¹ Not applicable.

Intergovernmental and Private-Sector Impact

The Security Assistance Act of 2001 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

Previous CBO Estimate

CBO prepared cost estimates for two other acts that contain provisions that would authorize the transfer of the same naval vessels as this bill. On May 4, 2001., CBO transmitted an estimate for H.R. 1646, the Foreign Relations Authorization Act, Fiscal Years 2002 and 2003, as ordered reported by the House Committee on International Relations on May 2, 2001. On September 19, 2001, CBO transmitted an estimate for S. 1416, the National Defense Authorization Act for Fiscal Year 2002, as reported by the Senate Committee on Armed Services on September 12, 2001. Both of those acts would authorize the sale of the same vessels specified in the Security Assistance Act of 2001 along with four additional ships. CBO’s estimates of the proceeds from the sale of the three ships identified in this bill are unchanged from our previous estimates. Differences in the other estimated costs reflect differences in the legislation.

ate prepared by.—Federal Costs: Joseph C. Whitehall. Impact on State, Local, and Tribal Governments: Elyse Goldman. Impact on the Private Sector: Paige Piper/Bach.

Estimate approved by.—Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

VI. CHANGES IN EXISTING LAW

In compliance with Rule XXVI, paragraph 12 of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

Foreign Assistance Act of 1961

PART I

CHAPTER 1—POLICY; DEVELOPMENT ASSISTANCE AUTHORIZATIONS

* * * * *

SEC. 116. HUMAN RIGHTS.

(a) * * *

* * * * *

(d) The Secretary of State shall transmit to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate, by February 25 of each year, a full and complete report regarding—

(1) * * *

* * * * *

(6) * * *

(7) *to the extent practicable, for any violation of internationally recognized human rights reported under this subsection, whether any foreign military or defense ministry civilian participant in education and training activities under chapter 5 of part II of this Act was involved;*

[(7)](8) wherever applicable, violations of religious freedom, including particularly severe violations of religious freedom (as defined in section 3 of the International Religious Freedom Act of 1998) and

[(8)](9) wherever applicable, consolidated information regarding the commission of war crimes, crimes against humanity, and evidence of acts that may constitute genocide (as defined in article 2 of the Convention on the Prevention and Punishment of the Crime of Genocide and modified by the United States instrument of ratification to that convention and section 2(a) of the Genocide Convention Implementation Act of 1987).

* * * * *

PART II

* * * * *

CHAPTER 2—MILITARY ASSISTANCE

SEC. 506. SPECIAL AUTHORITY.

(a)(1) If the President determines and reports to the Congress in accordance with section 652 of this Act that—

* * * * *

[(c) For the purposes of any provision of law that authorizes the drawdown of defense or other articles or commodities, or defense or other services from an agency of the United States Government, such drawdown may include the supply of commercial transportation and related services that are acquired by contract for the purposes of the drawdown in question if the cost to acquire such commercial transportation and related services is less than the cost to the United States Government of providing such services from existing agency assets.]

(c) *For the purposes of any provision of law that authorizes the drawdown of defense or other articles or commodities, or defense or other services from an agency of the United States Government, such drawdown may include the supply of commercial transportation and related services and defense or other articles or commodities, or defense or other services, that are acquired by contract for the purposes of the drawdown in question, if the cost to acquire such*

items or services is less than the cost to the United States Government of providing such items or services from existing agency assets.

* * * * *

CHAPTER 5—INTERNATIONAL MILITARY EDUCATION AND TRAINING

* * * * *

SEC. 548. RECORDS REGARDING FOREIGN PARTICIPANTS.

[In] (a) *DEVELOPMENT AND MAINTENANCE OF DATABASE.*—In order to contribute most effectively to the development of military professionalism in foreign countries, the Secretary of Defense shall develop and maintain a database containing records on each foreign military or defense ministry civilian participant in education and training activities conducted under this chapter after December 31, 2000. This record shall include the type of instruction received, the dates of such instruction, whether such instruction was completed successfully, and, to the extent practicable, a record of the person's subsequent military or defense ministry career and current position and location.

(b) *ANNUAL LIST OF FOREIGN PERSONNEL.*—For the purposes of preparing the report required pursuant to section 116(d), the Secretary of State may annually request the Secretary of Defense to provide information contained in the database with respect to a list submitted to the Secretary of Defense by the Secretary of State, containing the names of foreign personnel or military units. To the extent practicable, the Secretary of Defense shall provide, and the Secretary of State may take into account, the information contained in the database, if any, relating to the Secretary of State's submission.

(c) *UPDATING OF DATABASE.*—If the Secretary of State determines and reports to Congress under section 116(d) that a foreign person identified in the database maintained pursuant to this section was involved in a violation of internationally recognized human rights, the Secretary of Defense shall ensure that the database is updated to contain such fact and all relevant information.

* * * * *

CHAPTER 8—ANTITERRORISM ASSISTANCE

* * * * *

SEC. 574. AUTHORIZATIONS OF APPROPRIATIONS.

(a) There are authorized to be appropriated to the President to carry out this chapter **[\$72,000,000 for fiscal year 2001 and \$73,000,000 for fiscal year 2002]** *\$73,000,000 for fiscal year 2002 and \$75,000,000 for fiscal year 2003.*

(b) * * *

* * * * *

CHAPTER 9—NONPROLIFERATION AND EXPORT CONTROL ASSISTANCE

* * * * *

SEC. 584. INTERNATIONAL NONPROLIFERATION EXPORT CONTROL TRAINING.

(a) *GENERAL AUTHORITY.*—The President is authorized to furnish, on such terms and conditions consistent with this chapter (but

whenever feasible on a reimbursable basis), education and training to foreign personnel for the purpose of enhancing the nonproliferation and export control capabilities of such personnel through their attendance in special courses of instruction conducted by the United States.

(b) *ADMINISTRATION OF COURSES.*—The Secretary of State shall have overall responsibility for the development and conduct of international nonproliferation education and training programs, but may utilize other departments and agencies, as appropriate, to recommend personnel for the education and training, and to administer specific courses of instruction.

(c) *PURPOSES.*—Education and training activities conducted under this section shall be—

(1) of a technical nature, emphasizing techniques for detecting, deterring, monitoring, interdicting, and countering proliferation;

(2) designed to encourage effective and mutually beneficial relations and increased understanding between the United States and friendly countries; and

(3) designed to improve the ability of friendly countries to utilize their resources with maximum effectiveness, thereby contributing to greater self-reliance by such countries.

(d) *PRIORITY TO CERTAIN COUNTRIES.*—In selecting military and foreign governmental personnel for education and training pursuant to this section, priority shall be given to personnel from countries for which the Secretary of State has given priority under section 583(b).

SEC. [584.] 585. LIMITATIONS.

* * * * *

SEC. [585.] 586. AUTHORIZATION OF APPROPRIATIONS.

(a) *AUTHORIZATION OF APPROPRIATIONS.*— There are authorized to be appropriated to the President to carry out this chapter **[\$129,000,000 for fiscal year 2001 and \$142,000,000 for fiscal year 2002.] \$142,000,000 for fiscal year 2002 and \$152,000,000 for fiscal year 2003.**

(b) *AVAILABILITY OF FUNDS.*— * * *

(c) *TREATMENT OF FISCAL YEAR [2001] 2002 APPROPRIATIONS.*— Amounts made available by the Foreign Operations, Export Financing, and Related Programs Appropriations Act, **[2001] 2002**, under “Nonproliferation, Antiterrorism, Demining, and Related Programs” and “Assistance for the Independent States of the Former Soviet Union” accounts for the activities described in subsection (d) shall be considered to be made available pursuant to this chapter.

* * * * *

PART III

* * * * *

CHAPTER 3—MISCELLANEOUS PROVISIONS

* * * * *

SEC. 655. ANNUAL MILITARY ASSISTANCE REPORT.

(a) REPORT REQUIRED.— * * *

(b) INFORMATION RELATING TO MILITARY ASSISTANCE AND MILITARY EXPORTS.— * * *

[(c) INFORMATION RELATING TO MILITARY IMPORTS.—Each such report shall also include the total amount of military items manufactured outside the United States that were imported into the United States during the fiscal year covered by the report. For each country of origin the report shall show the type of item being imported and the total amount of the items.]

[(d)] (c) AVAILABILITY ON INTERNET.—All unclassified portions of such report shall be made available to the public on the Internet through the Department of State.

* * * * *

The Arms Export Control Act

CHAPTER 1—FOREIGN AND NATIONAL SECURITY POLICY OBJECTIVES AND RESTRAINTS

* * * * *

SEC. 3. ELIGIBILITY.

* * * * *

(d)(1) [The President may not] *Subject to paragraph (5), the President may not* give his consent under paragraph (2) of subsection (a) or under the third sentence of such subsection, or under section 505(a)(1) or 505(a)(4) of the Foreign Assistance Act of 1961, to a transfer of any major defense equipment valued (in terms of its original acquisition cost) at \$14,000,000 or more, or any defense article or related training or other defense service valued (in terms of its original acquisition cost) at \$50,000,000 or more, unless the President submits to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate a written certification with respect to such proposed transfer containing—

* * * * *

(3)(A) [The President may not] *Subject to paragraph (5), the President may not* give his consent to the transfer of any major defense equipment valued (in terms of its original acquisition cost) at \$14,000,000 or more, or of any defense article or defense service valued (in terms of its original acquisition cost) at \$50,000,000 or more, the export of which has been licensed or approved under section 38 of this Act, unless before giving such consent the President submits to the Speaker of the House of Representatives and the Chairman of the Committee on Foreign Relations of the Senate a certification containing the information specified in subparagraphs (A) through (E) of paragraph (1). Such certification shall be submitted—

* * * * *

(5) *In the case of a transfer to a member country of the North Atlantic Treaty Organization (NATO) or Australia, Japan, or New Zealand that does not authorize a new sales territory that includes any country other than such countries, the limitations on consent of*

the President set forth in paragraphs (1) and (3)(A) shall apply only if the transfer is—

(A) a transfer of major defense equipment valued (in terms of its original acquisition cost) at \$25,000,000 or more; or

(B) a transfer of defense articles or defense services valued (in terms of its original acquisition cost) at \$100,000,000 or more).

* * * * *

SEC. 4. PURPOSES FOR WHICH MILITARY SALES BY THE UNITED STATES ARE AUTHORIZED.

Defense articles and defense services shall be sold or leased by the United States Government under this Act to friendly countries solely for internal security, for legitimate self-defense, for preventing or hindering the proliferation of weapons of mass destruction and of the means of delivering such weapons, to permit the recipient country to participate in regional or collective arrangements or measures consistent with the Charter of the United Nations, or otherwise to permit the recipient country to participate in collective measures requested by the United Nations for the purpose of maintaining or restoring international peace and security, or for the purpose of enabling foreign military forces in less developed friendly countries to construct public works and to engage in other activities helpful to the economic and social development of such friendly countries. It is the sense of the Congress that such foreign military forces should not be maintained or established solely for civic action activities and that such civic action activities not significantly detract from the capability of the military forces to perform their military missions and be coordinated with and form part of the total economic and social development effort: Provided, That none of the funds contained in this authorization shall be used to guarantee, or extend credit, or participate in an extension of credit in connection with any sale of sophisticated weapons systems, such as missile systems and jet aircraft for military purposes, to any underdeveloped country other than Greece, Turkey, Iran, Israel, the Republic of China, the Philippines, and Korea unless the President determines that such financing is important to the national security of the United States and reports within thirty days each such determination to the Congress.

* * * * *

CHAPTER 3—MILITARY EXPORT CONTROLS

* * * * *

SEC. 36. REPORTS ON COMMERCIAL AND GOVERNMENTAL MILITARY EXPORTS; CONGRESSIONAL ACTION.

(a) * * *

(1) * * *

* * * * *

[(7) an estimate of—

[(A) the number of United States military personnel, the number of United States Government civilian personnel, and the United States civilian contract personnel, who were in each foreign country at the end of that quarter, and

[(B) the number of members of each such category of personnel who were in each foreign country at any time during that quarter,]

in implementation of sales and commercial exports under this Act or of assistance under chapter 2, 5, 6, or 8 of part II of the Foreign Assistance Act of 1961, including both personnel assigned to the country and personnel temporarily in the country by detail or otherwise;

[(8)](7) a description of each payment, contribution, gift, commission, or fee reported to the Secretary of State under section 39, including (A) the name of the person who made such payment, contribution, gift, commission, or fee; (B) the name of any sales agent or other person to whom such payment, contribution, gift, commission, or fee was paid; (C) the date and amount of such payment, contribution, gift, commission, or fee; (D) a description of the sale in connection with which such payment, contribution, gift, commission, or fee was paid; and (E) the identification of any business information considered confidential by the person submitting it which is included in the report;

[(9)](8) a listing of each sale under section 29 during the quarter for which such report is made, specifying (A) the purchaser, (B) the United States Government department or agency responsible for implementing the sale, (C) an estimate of the dollar amount of the sale, and (D) a general description of the real property facilities to be constructed pursuant to such sale;

[(10)](9) a listing of the consents to third-party transfers of defense articles or defense services which were granted, during the quarter for which such report is submitted, for purposes of section 3(a)(2) of this Act, the regulations issued under section 38 of this Act, or section 505(a)(1)(B) of the Foreign Assistance Act of 1961, if the value (in terms of original acquisition cost) of the defense articles or defense services to be transferred is \$1,000,000 or more;

[(11)](10) a listing of all munitions items (as defined in section 40(l)(1)) which were sold, leased, or otherwise transferred by the Department of Defense to any other department, agency, or other entity of the United States Government during the quarter for which such report is submitted (including the name of the recipient Government entity and a discussion of what that entity will do with those munitions items) if—

(A) the value of the munitions items was \$250,000 or more; and

(B) the value of all munitions items transferred to that Government department, agency, or other entity during that quarter was \$250,000 or more;

excluding munitions items transferred (i) for disposition or use solely within the United States, or (ii) for use in connection with intelligence activities subject to reporting requirements under title V of the National Security Act of 1947 (50 U.S.C. 413 et seq.; relating to congressional oversight of intelligence activities);

[(12)](11) a report on all concluded government-to-government agreements regarding foreign coproduction of defense ar-

titles of United States origin and all other concluded agreements involving coproduction or licensed production outside of the United States of defense articles of United States origin (including coproduction memoranda of understanding or agreement) that have not been previously reported under this subsection, which shall include—

* * * * *

(b) **[(1) In the case of]** *(1) Subject to paragraph (6), in the case of any letter of offer to sell any defense articles or services under this Act for \$50,000,000 or more, any design and construction services for \$200,000,000 or more, or any major defense equipment for \$14,000,000 or more, before such letter of offer is issued, the President shall submit to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate a numbered certification with respect to such offer to sell containing the information specified in clauses (i) through (iv) of subsection (a), or (in the case of a sale of design and construction services) the information specified in clauses (A) through (D) of paragraph (9) of subsection (a), and a description, containing the information specified in paragraph (8) of subsection (a), of any contribution, gift, commission, or fee paid or offered or agreed to be paid in order to solicit, promote, or otherwise to secure such letter of offer. Such numbered certifications shall also contain an item, classified if necessary, identifying the sensitivity of technology contained in the defense articles, defense services, or design and construction services proposed to be sold, and a detailed justification of the reasons necessitating the sale of such articles or services in view of the sensitivity of such technology. In a case in which such articles or services listed on the Missile Technology Control Regime Annex are intended to support the design, development, or production of a Category I space launch vehicle system (as defined in section 74), such report shall include a description of the proposed export and rationale for approving such export, including the consistency of such export with United States missile nonproliferation policy. Each such numbered certification shall contain an item indicating whether any offset agreement is proposed to be entered into in connection with such letter of offer to sell (if known on the date of transmittal of such certification). In addition, the President shall, upon the request of such committee or the Committee on Foreign Affairs of the House of Representatives, transmit promptly to both such committees a statement setting forth, to the extent specified in such request—*

(A) * * *

(5) (A) * * *

* * * * *

[(C) If] *(C) Subject to paragraph (6), if the enhancement or upgrade in the sensitivity of technology or the capability of major defense equipment, defense articles, defense services, or design and construction services described in a numbered certification submitted under this subsection costs \$14,000,000 or more in the case of any major defense equipment, \$50,000,000 or more in the case of defense articles or defense services, or \$200,000,000 or more in the case of design or construction services, then the President shall*

submit to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a new numbered certification which relates to such enhancement or upgrade and which shall be considered for purposes of this subsection as if it were a separate letter of offer to sell defense equipment, articles, or services, subject to all of the requirements, restrictions, and conditions set forth in this subsection. For purposes of this subparagraph, references in this subsection to sales shall be deemed to be references to enhancements or upgrades in the sensitivity of technology or the capability of major defense equipment, articles, or services, as the case may be.

(D) For the purposes of subparagraph (A), the term “major defense article” shall be construed to include electronic devices, which if upgraded, would enhance the mission capability of a weapons system.

(6) The limitation in paragraph (1) and the requirement in paragraph (5)(C) shall apply in the case of a letter of offer to sell to a member country of the North Atlantic Treaty Organization (NATO) or Australia, Japan, or New Zealand that does not authorize a new sales territory that includes any country other than such countries only if the letter of offer involves—

(A) sale of major defense equipment under this Act for, or enhancement or upgrade of major defense equipment at a cost of, \$25,000,000 or more, as the case may be; and

(B) sale of defense articles or services for, or enhancement or upgrade of defense articles or services at a cost of, \$100,000,000 or more, as the case may be; or

(C) sale of design and construction services for, or enhancement or upgrade of design and construction services at a cost of, \$300,000,000 or more, as the case may be.

(c) **[(1) In the case of]** *Subject to paragraph (5), in the case of an application by a person (other than with regard to a sale under section 21 or section 22 of this Act) for a license for the export of any major defense equipment sold under a contract in the amount of \$14,000,000 or more or of defense articles or defense services sold under a contract in the amount of \$50,000,000 or more, before issuing such license the President shall transmit to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate an unclassified numbered certification with respect to such application specifying (A) the foreign country or international organization to which such export will be made, (B) the dollar amount of the items to be exported, and (C) a description of the items to be exported. Each such numbered certification shall also contain an item indicating whether any offset agreement is proposed to be entered into in connection with such export and a description of any such offset agreement. In addition, the President shall, upon the request of such committee or the Committee on Foreign Affairs of the House of Representatives, transmit promptly to both such committees a statement setting forth, to the extent specified in such request a description of the capabilities of the items to be exported, an estimate of the total number of United States personnel expected to be needed in the foreign country concerned in connection with the items to be exported and an analysis of the arms control impact pertinent*

to such application, prepared in consultation with the Secretary of Defense and a description from the person who has submitted the license application of any offset agreement proposed to be entered into in connection with such export (if known on the date of transmittal of such statement). In a case in which such articles or services are listed on the Missile Technology Control Regime Annex and are intended to support the design, development, or production of a Category I space launch vehicle system (as defined in section 74), such report shall include a description of the proposed export and rationale for approving such export, including the consistency of such export with United States missile nonproliferation policy. A certification transmitted pursuant to this subsection shall be unclassified, except that the information specified in clause (B) and the details of the description specified in clause (C) may be classified if the public disclosure thereof would be clearly detrimental to the security of the United States, in which case the information shall be accompanied by a description of the damage to the national security that could be expected to result from public disclosure of the information.

* * * * *

(5) *In the case of an application by a person (other than with regard to a sale under section 21 or 22 of this Act) for a license for the export to a member country of the North Atlantic Treaty Organization (NATO) or Australia, Japan, or New Zealand that does not authorize a new sales territory that includes any country other than such countries, the limitation on the issuance of the license set forth in paragraph (1) shall apply only if the license is for export of—*

(A) major defense equipment sold under a contract in the amount of \$25,000,000 or more; or

(B) defense articles or defense services sold under a contract in the amount of \$100,000,000 or more.

* * * * *

SEC. 40. TRANSACTIONS WITH COUNTRIES SUPPORTING ACTS OF INTERNATIONAL TERRORISM.

(a) * * *

* * * * *

(d) **COUNTRIES COVERED BY PROHIBITION.**—The prohibitions contained in this section apply with respect to a country if the Secretary of State determines that the government of that country has repeatedly provided support for acts of international terrorism. For purposes of this subsection, such acts shall include all activities that the Secretary determines willfully aid or abet the international proliferation of nuclear explosive devices or *chemical, biological, or radiological agents* to individuals or groups or willfully aid or abet an individual or groups in acquiring unsafeguarded special nuclear material or *chemical, biological, or radiological agents*.

* * * * *

**CHAPTER 4—GENERAL, ADMINISTRATIVE,
AND MISCELLANEOUS PROVISIONS**

* * * * *

SEC. 43. ADMINISTRATIVE EXPENSES.

(a) * * *

(b) * * *

(c) Not more than **[\$72,500]** \$86,500 of the funds derived from charges for administrative services pursuant to section 21(e)(1)(A) of this Act may be used each fiscal year for official reception and representation expenses.

* * * * *

SEC. 47. DEFINITIONS.

(1) * * *

* * * * *

(8) “design and construction services” means, with respect to sales under section 29 of this Act, the design and construction of real property facilities, including necessary construction equipment and materials, engineering services, construction contract management services relating thereto, and technical advisory assistance in the operation and maintenance of real property facilities provided or performed by any department or agency of the Department of Defense or by a contractor pursuant to a contract with such department or agency; **[and]**

(9) “significant military equipment” means articles—

(A) for which special export controls are warranted because of the capacity of such articles for substantial military utility or capability; and

(B) identified on the United States Munitions List~~[,]~~; and

(10) “*weapons of mass destruction*” has the meaning provided by section 1403(1) of the Defense Against Weapons of Mass Destruction Act of 1996 (title XIV of Public Law 104-201; 110 Stat. 2717; 50 U.S.C. 2302(1)).

* * * * *

CHAPTER 5—SPECIAL DEFENSE ACQUISITION FUND

SEC. 51. SPECIAL DEFENSE ACQUISITION FUND.

(a)(1) * * *

* * * * *

(4) The Fund shall also be used to acquire defense articles that are particularly suited **[for use for narcotics control purposes and are appropriate to the needs of recipient countries, such as small boats, planes (including helicopters), and communications equipment.]** *for use for—*

(A) *narcotics control purposes and are appropriate to the needs of recipient countries, such as small boats, planes (including helicopters), and communications equipment; and*

(B) *nonproliferation and export control purposes, such as nuclear, radiological, chemical, and biological warfare materials detection equipment.*

* * * * *

(c)(1) The size of the Fund may not exceed **[such dollar amount as is prescribed in section 114(c) of title 10, United States Code. For purposes of this limitation, the size of the Fund is the amounts in the Fund plus the value (in terms of acquisition cost) of the de-**

fense articles acquired under this chapter which have not been transferred from the Fund in accordance with this chapter.] \$200,000,000.

(2) Amounts in the Fund shall be available for obligation in any fiscal year only to such extent or in such amounts as are [provided in advance in appropriation Acts] specifically authorized by law in advance.

* * * * *

CHAPTER 6—LEASES OF DEFENSE ARTICLES AND LOAN AUTHORITY FOR COOPERATIVE RESEARCH AND DEVELOPMENT PURPOSES

* * * * *

SEC. 61. LEASING AUTHORITY.

(a) * * *

* * * * *

(b) Each lease agreement under this section shall be for a fixed duration [of not to exceed five years] that may not exceed 5 years, plus a period of time specified in the lease as may be necessary for major refurbishment work to be performed prior to final delivery by the lessor of the defense articles, and shall provide that, at any time during the duration of the lease, the President may terminate the lease and require the immediate return of the leased articles.

(c) * * *

(d) In this section, the term "major refurbishment work" means refurbishment work performed over a period estimated to be 6 months or more.

* * * * *

SEC. 63. LEGISLATIVE REVIEW.

(a) [In the case of] (1) Subject to paragraph (2), in the case of any agreement involving the lease under this chapter, or the loan under chapter 2 of part II of the Foreign Assistance Act of 1961, to any foreign country or international organization for a period of one year or longer of any defense articles which are either (i) major defense equipment valued (in terms of its replacement cost less any depreciation in its value) at \$14,000,000 or more, or (ii) defense articles valued (in terms of their replacement cost less any depreciation in their value) at \$50,000,000 or more, the agreement may not be entered into or renewed if the Congress, within the 15-day or 30-day period specified in section 62(c) (1) or (2), as the case may be, enacts a joint resolution prohibiting the proposed lease or loan.

(2) In the case of an agreement described in paragraph (1) that is entered into with a member country of the North Atlantic Treaty Organization (NATO) or Australia, Japan, or New Zealand, the limitation in paragraph (1) shall apply only if the agreement involves a lease or loan of—

(A) major defense equipment valued (in terms of its replacement cost less any depreciation in its value) at \$25,000,000 or more; or

(B) defense articles valued (in terms of their replacement cost less any depreciation in their value) at \$100,000,000 or more.

* * * * *

The Security Assistance Act of 2000

* * * * *

TITLE III—NONPROLIFERATION AND EXPORT CONTROL ASSISTANCE

* * * * *

[SEC. 302. NONPROLIFERATION AND EXPORT CONTROL TRAINING IN THE UNITED STATES.]

【Of the amounts made available for fiscal years 2001 and 2002 under chapter 9 of part II of the Foreign Assistance Act of 1961, as added by section 301, \$2,000,000 is authorized to be available each such fiscal year for the purpose of training and education of personnel from friendly countries in the United States.】

* * * * *

TITLE V—INTEGRATED SECURITY ASSISTANCE PLANNING

* * * * *

SUBTITLE B—ALLOCATIONS FOR CERTAIN COUNTRIES

SEC. 511. SECURITY ASSISTANCE FOR NEW NATO MEMBERS.

【(a) FOREIGN MILITARY FINANCING.—Of the amounts made available for the fiscal years 2001 and 2002 under section 23 of the Arms Export Control Act (22 U.S.C. 2763), \$30,300,000 for fiscal year 2001 and \$35,000,000 for fiscal year 2002 are authorized to be available on a grant basis for all of the following countries: the Czech Republic, Hungary, and Poland.

【(b) MILITARY EDUCATION AND TRAINING.—Of the amounts made available for the fiscal years 2001 and 2002 to carry out chapter 5 of part II of the Foreign Assistance Act of 1961 (22 U.S.C. 2347 et seq.), \$5,100,000 for fiscal year 2001 and \$7,000,000 for fiscal year 2002 are authorized to be available for all of the following countries: the Czech Republic, Hungary, and Poland.】

(c) SELECT PRIORITIES.—In providing assistance under this section, the President shall give priority to supporting activities that are consistent with the objectives set forth in the following conditions of the Senate resolution of ratification for the Protocols to the North Atlantic Treaty of 1949 on the Accession of Poland, Hungary, and the Czech Republic:

(1) Condition (1)(A)(v), (vi), and (vii), relating to common threats, the core mission of NATO, and the capacity to respond to common threats.

(2) Condition (1)(B), relating to the fundamental importance of collective defense.

(3) Condition (1)(C), relating to defense planning, command structures, and force goals.

(4) Conditions (4)(B)(i) and (4)(B)(ii), relating to intelligence matters.

[SEC. 512. INCREASED TRAINING ASSISTANCE FOR GREECE AND TURKEY.]

【(a) IN GENERAL.—Of the amounts made available for the fiscal years 2001 and 2002 to carry out chapter 5 of part II of the Foreign Assistance Act of 1961 (22 U.S.C. 2347 et seq.)—

[(1) \$1,000,000 for fiscal year 2001 and \$1,000,000 for fiscal year 2002 are authorized to be available for Greece; and

[(2) \$2,500,000 for fiscal year 2001 and \$2,500,000 for fiscal year 2002 are authorized to be available for Turkey.

[(b) USE FOR PROFESSIONAL MILITARY EDUCATION.—Of the amounts available under paragraphs (1) and (2) of subsection (a) for fiscal year 2002, \$500,000 of each such amount should be available for purposes of professional military education.

[(c) USE FOR JOINT TRAINING.—It is the sense of the Congress that, to the maximum extent practicable, amounts available under subsection (a) that are used in accordance with subsection (b) should be used for joint training of Greek and Turkish officers.]

SEC. 513. ASSISTANCE FOR ISRAEL.

(a) DEFINITIONS.— * * *

* * * * *

(b) ESF ASSISTANCE.—

(1) IN GENERAL.—Of the amounts made available for each of the fiscal years [2001 and 2002] *2002 and 2003* for ESF assistance, the amount specified in paragraph (2) for each such fiscal year is authorized to be made available for Israel.

* * * * *

(c) FMF PROGRAM.—

(1) IN GENERAL.—Of the amount made available for each of the fiscal years [2001 and 2002] *2002 and 2003* for assistance under the Foreign Military Financing Program, the amount specified in paragraph (2) for each such fiscal year is authorized to be made available on a grant basis for Israel.

SEC. 514. ASSISTANCE FOR EGYPT.

(a) DEFINITIONS.— * * *

* * * * *

(b) ESF ASSISTANCE.—

(1) IN GENERAL.—Of the amounts made available for each of the fiscal years [2001 and 2002] *2002 and 2003* for ESF assistance, the amount specified in paragraph (2) for each such fiscal year is authorized to be made available for Egypt.

* * * * *

(c) FMF PROGRAM.—Of the amount made available for each of the fiscal years [2001 and 2002] *2002 and 2003* for assistance under the Foreign Military Financing Program, \$1,300,000,000 is authorized to be made available on a grant basis for Egypt.

* * * * *

[SEC. 515. SECURITY ASSISTANCE FOR CERTAIN COUNTRIES.

[(a) FOREIGN MILITARY FINANCING.—Of the amounts made available for the fiscal years 2001 and 2002 under section 23 of the Arms Export Control Act (22 U.S.C. 2763)—

[(1) \$18,200,000 for fiscal year 2001 and \$20,500,000 for fiscal year 2002 are authorized to be available on a grant basis for all of the following countries: Estonia, Latvia, and Lithuania;

[(2) \$2,000,000 for fiscal year 2001 and \$5,000,000 for fiscal year 2002 are authorized to be available on a grant basis for the Philippines;

[(3) \$4,500,000 for fiscal year 2001 and \$5,000,000 for fiscal year 2002 are authorized to be available on a grant basis for Georgia;

[(4) \$3,000,000 for fiscal year 2001 and \$3,500,000 for fiscal year 2002 are authorized to be available on a grant basis for Malta;

[(5) \$3,500,000 for fiscal year 2001 and \$4,000,000 for fiscal year 2002 are authorized to be available on a grant basis for Slovenia;

[(6) \$8,400,000 for fiscal year 2001 and \$8,500,000 for fiscal year 2002 are authorized to be available on a grant basis for Slovakia;

[(7) \$11,000,000 for fiscal year 2001 and \$11,100,000 for fiscal year 2002 are authorized to be available on a grant basis for Romania;

[(8) \$8,500,000 for fiscal year 2001 and \$8,600,000 for fiscal year 2002 are authorized to be available on a grant basis for Bulgaria; and

[(9) \$100,000,000 for fiscal year 2001 and \$105,000,000 for fiscal year 2002 are authorized to be available on a grant basis for Jordan.

[(b) IMET.—Of the amounts made available for the fiscal years 2001 and 2002 to carry out chapter 5 of part II of the Foreign Assistance Act of 1961 (22 U.S.C. 2347 et seq.)—

[(1) \$2,300,000 for fiscal year 2001 and \$4,000,000 for fiscal year 2002 are authorized to be available for all of the following countries: Estonia, Latvia, and Lithuania;

[(2) \$1,400,000 for fiscal year 2001 and \$1,500,000 for fiscal year 2002 are authorized to be available for the Philippines;

[(3) \$475,000 for fiscal year 2001 and \$1,000,000 for fiscal year 2002 are authorized to be available for Georgia;

[(4) \$200,000 for fiscal year 2001 and \$1,000,000 for fiscal year 2002 are authorized to be available for Malta;

[(5) \$700,000 for fiscal year 2001 and \$1,000,000 for fiscal year 2002 are authorized to be available for Slovenia;

[(6) \$700,000 for fiscal year 2001 and \$1,000,000 for fiscal year 2002 are authorized to be available for Slovakia;

[(7) \$1,300,000 for fiscal year 2001 and \$1,500,000 for fiscal year 2002 are authorized to be available for Romania; and

[(8) \$1,100,000 for fiscal year 2001 and \$1,200,000 for fiscal year 2002 are authorized to be available for Bulgaria.]

* * * * *

Arms Control and Disarmament Act

* * * * *

SEC. 403. ANNUAL REPORT TO CONGRESS.

(a) IN GENERAL.—Not later than [January 31] *April 15* of each year, the President shall submit to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate a report prepared by the Secretary of State

with the concurrence of the Director of Central Intelligence and in consultation with the Secretary of Defense, the Secretary of Energy, and the Chairman of the Joint Chiefs of Staff on the status of United States policy and actions with respect to arms control, nonproliferation, and disarmament. Such report shall include—

* * * * *

Act of July 21, 1996 (P.L. 104-164)

* * * * *

SEC. 105. EXCESS DEFENSE ARTICLES FOR CERTAIN EUROPEAN COUNTRIES.

Notwithstanding section 516(e) of the Foreign Assistance Act of 1961, as added by this Act, during each of the fiscal years [2001 and 2002] 2002 and 2003, funds available to the Department of Defense may be expended for crating, packing, handling, and transportation of excess defense articles transferred under the authority of section 516 of such Act to countries that are eligible to participate in the Partnership for Peace and that are eligible for assistance under the Support for East European Democracy (SEED) Act of 1989.

* * * * *

Soviet Scientists Immigration Act of 1992

* * * * *

SEC. 4. CLASSIFICATION OF INDEPENDENT STATES SCIENTISTS AS HAVING EXCEPTIONAL ABILITY.

(a) IN GENERAL.—The Attorney General shall designate a class of eligible independent states and Baltic scientists, based on their level of expertise, as aliens who possess “exceptional ability in the sciences”, for purposes of section 203(b)(2)(A) of the Immigration and Nationality Act (8 U.S.C. 1153(b)(2)(A)), whether or not such scientists possess advanced degrees. *A scientist is not eligible for designation under this subsection if the scientist has previously been granted the status of an alien lawfully admitted for permanent residence (as defined in section 101(a)(20) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(20)).*

(b) REGULATIONS.—The Attorney General shall prescribe regulations to carry out subsection (a).

(c) LIMITATION.—Not more than [750] 950 eligible independent states and Baltic scientists (excluding spouses and children if accompanying or following to join) within the class designated under subsection (a) may be allotted visas under section 203(b)(2)(A) of the Immigration and Nationality Act (8 U.S.C. 1153(b)(2)(A)).

[(d) TERMINATION.—The authority of subsection (a) shall terminate 4 years after the date of enactment of this Act.]

(d) DURATION OF AUTHORITY.—*The authority under subsection (a) shall be in effect during the following periods:*

- (1) *The period beginning on the date of the enactment of this Act and ending 4 years after such date.*

(2) *The period beginning on the date of the enactment of the Security Assistance Act of 2001 and ending 4 years after such date.*

* * * * *

Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 (Public Law 102-182)

TITLE III—CONTROL AND ELIMINATION OF CHEMICAL AND BIOLOGICAL WEAPONS

* * * * *

[SEC. 308. PRESIDENTIAL REPORTING REQUIREMENTS.

[(a) REPORTS TO CONGRESS.—Not later than 90 days after the date of the enactment of this title, and every 12 months thereafter, the President shall transmit to the Congress a report which shall include—

[(1) a description of the actions taken to carry out this title, including the amendments made by this title;

[(2) a description of the current efforts of foreign countries and subnational groups to acquire equipment, materials, or technology to develop, produce, or use chemical or biological weapons, together with an assessment of the current and likely future capabilities of such countries and groups to develop, produce, stockpile, deliver, transfer, or use such weapons;

[(3) a description of—

[(A) the use of chemical weapons by foreign countries in violation of international law,

[(B) the use of chemical weapons by subnational groups,

[(C) substantial preparations by foreign countries and subnational groups to do so, and

[(D) the development, production, stockpiling, or use of biological weapons by foreign countries and subnational groups; and

[(4) a description of the extent to which foreign persons or governments have knowingly and materially assisted third countries or subnational groups to acquire equipment, material, or technology intended to develop, produce, or use chemical or biological weapons.

[(b) Protection of Classified Information.—To the extent practicable, reports submitted under subsection (a) or any other provision of this title should be based on unclassified information. Portions of such reports may be classified.]

