

ages and costs that may accrue from the cancellation of such contract, in advance of the time such payments, damages, or costs are due.

(Pub. L. 90-629, ch. 2A, §29, as added Pub. L. 96-533, title I, §105(a), Dec. 16, 1980, 94 Stat. 3133.)

DELEGATION OF FUNCTIONS

Functions of President under this section delegated to Secretary of Defense by section 1(d) of Ex. Ord. No. 11958, Jan. 18, 1977, 42 F.R. 4311, as amended, set out as a note under section 2751 of this title.

SUBCHAPTER II-B—SALES TO UNITED STATES COMPANIES FOR INCORPORATION INTO END ITEMS

§ 2770. General authority

(a) Sale of defense articles and services by President to United States companies; restriction on performance of services; reimbursement credited to selling agency

Subject to the conditions specified in subsection (b) of this section, the President may, on a negotiated contract basis, under cash terms (1) sell defense articles at not less than their estimated replacement cost (or actual cost in the case of services), or (2) procure or manufacture and sell defense articles at not less than their contract or manufacturing cost to the United States Government, to any United States company for incorporation into end items (and for concurrent or follow-on support) to be sold by such a company either (i) on a direct commercial basis to a friendly foreign country or international organization pursuant to an export license or approval under section 2778 of this title or (ii) in the case of ammunition parts subject to subsection (b) of this section, using commercial practices which restrict actual delivery directly to a friendly foreign country or international organization pursuant to approval under section 2778 of this title. The President may also sell defense services in support of such sales of defense articles, subject to the requirements of this subchapter: *Provided, however*, That such services may be performed only in the United States. The amount of reimbursement received from such sales shall be credited to the current applicable appropriation, fund, or account of the selling agency of the United States Government.

(b) Conditions of sale

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

(c) "Defense articles" and "defense services" defined

For the purpose of this section, the terms "defense articles" and "defense services" mean defense articles and defense services as defined in section 2794(3) and (4) of this title.

(Pub. L. 90-629, ch. 2B, §30, as added Pub. L. 97-392, §1, Dec. 29, 1982, 96 Stat. 1962; amended Pub. L. 101-165, title IX, §9097, Nov. 21, 1989, 103 Stat. 1150.)

AMENDMENTS

1989—Subsec. (a). Pub. L. 101-165 inserted "either (i)" after "such a company" in first sentence and inserted before period at end of first sentence "or (ii) in the case of ammunition parts subject to subsection (b) of this section, using commercial practices which restrict actual delivery directly to a friendly foreign country or international organization pursuant to approval under section 2778 of this title".

DELEGATION OF FUNCTIONS

Functions of President under this section delegated to Secretary of Defense by section 1(d) of Ex. Ord. No. 11958, Jan. 18, 1977, 42 F.R. 4311, as amended, set out as a note under section 2751 of this title.

SUBCHAPTER II-C—EXCHANGE OF TRAINING AND RELATED SUPPORT

§ 2770a. Exchange of training and related support

(a) Authorization; eligibility; scope

Subject to subsection (b) of this section, the President may provide training and related support to military and civilian defense personnel of a friendly foreign country or an international organization. Such training and related support shall be provided by a Secretary of a military department and may include the provision of transportation, food services, health services, and logistics and the use of facilities and equipment.

(b) Reciprocal arrangements; reimbursement

Training and related support may be provided under this section only pursuant to an agreement or other arrangement providing for the provision by the recipient foreign country or international organization, on a reciprocal basis, of comparable training and related support to military and civilian personnel under the jurisdiction of the Secretary of the military department providing the training and related support under this section. Such reciprocal training and related support must be provided within a reasonable period of time (which may not be more than one year) of the provision of training and related support by the United States. To the extent that a foreign country or international organization to which training and related support is provided under this section does not provide such comparable training and related support to the United States within a reasonable period of time, that country or international organization shall be required to reimburse the United States for the full costs of the training and related support provided by the United States.

(c) Regulations

Training and related support under this section shall be provided under regulations prescribed by the President.

(d) Report to Congress

Not later than February 1 of each year, the President shall submit to the Congress a report on the activities conducted pursuant to this section during the preceding fiscal year, including the estimated full costs of the training and related support provided by the United States to each country and international organization and the estimated value of the training and related support provided to the United States by that country or international organization.

(Pub. L. 90-629, ch. 2C, §30A, as added Pub. L. 99-83, title I, §116, Aug. 8, 1985, 99 Stat. 201.)

EFFECTIVE DATE

Section effective Oct. 1, 1985, see section 1301 of Pub. L. 99-83, set out as an Effective Date of 1985 Amendment note under section 2151-1 of this title.

DELEGATION OF FUNCTIONS

Functions of President under this section delegated to Secretary of Defense by section 1(d) of Ex. Ord. No. 11958, Jan. 18, 1977, 42 F.R. 4311, as amended, set out as a note under section 2751 of this title.

SUBCHAPTER III—MILITARY EXPORT CONTROLS

§ 2771. Military sales authorizations and ceilings**(a) Authorization for foreign military sales credit and guarantee program**

There are authorized to be appropriated to the President to carry out this chapter \$5,371,000,000 for fiscal year 1986 and \$5,371,000,000 for fiscal year 1987. Credits may not be extended under section 2763 of this title in an amount, and loans may not be guaranteed under section 2764(a) of this title in a principal amount, which exceeds any maximum amount which may be established with respect to such credits or such loan guarantees in legislation appropriating funds to carry out this chapter. Unobligated balances of funds made available pursuant to this section are hereby authorized to be continued available by appropriations legislation to carry out this chapter.

(b) Aggregate ceilings on credit sales; availability at concessional rates of interest

(1) The total amount of credits extended under section 2763 of this title shall not exceed \$5,371,000,000 for fiscal year 1986 and \$5,371,000,000 for fiscal year 1987.

(2) Of the aggregate amount of financing provided under this section, not more than \$553,900,000 for fiscal year 1986 and not more than \$553,900,000 for fiscal year 1987 may be made available at concessional rates of interest. If a country is released from its contractual liability to repay the United States Government with respect to financing provided under this section, such financing shall not be considered to be financing provided at concessional rates of interest for purposes of the limitation established by this paragraph.

(c) Interest rates

Loans available under section 2763 of this title shall be provided at rates of interest that are not less than the current average market yield on outstanding marketable obligations of the United States of comparable maturities.

(Pub. L. 90-629, ch. 3, §31, Oct. 22, 1968, 82 Stat. 1324; Pub. L. 91-672, §2, Jan. 12, 1971, 84 Stat. 2053; Pub. L. 92-226, pt. IV, §401(a), (b), Feb. 7, 1972, 86 Stat. 32; Pub. L. 93-189, §25(5), (6), Dec. 17, 1973, 87 Stat. 730; Pub. L. 93-559, §45(a)(6), (7), Dec. 30, 1974, 88 Stat. 1815; Pub. L. 94-329, title II, §210(a)-(c)(1), June 30, 1976, 90 Stat. 740; Pub. L. 95-92, §19, Aug. 4, 1977, 91 Stat. 623; Pub. L. 95-384, §20, Sept. 26, 1978, 92 Stat. 741; Pub. L. 96-92, §17(a), Oct. 29, 1979, 93 Stat. 708; Pub. L. 96-533, title I, §§104(d), 105(b)(3), 106(a)-(c), Dec. 16, 1980, 94 Stat. 3133-3136; Pub. L. 97-113, title I, §105, Dec. 29, 1981, 95 Stat. 1521; Pub. L. 98-151, §101(b)(2), Nov. 14, 1983, 97 Stat. 969, 970; Pub. L. 99-83, title I, §101(a), (b), Aug. 8, 1985, 99 Stat. 193; Pub. L. 101-513, title V, §596(c), Nov. 5, 1990, 104 Stat. 2062; Pub. L. 104-164, title I, §§101, 104(b)(2)(C), July 21, 1996, 110 Stat. 1422, 1427.)

REFERENCES IN TEXT

This chapter, referred to in subsec. (a), was in the original "this Act", meaning Pub. L. 90-629, Oct. 22, 1968, 82 Stat. 1321, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out under section 2751 of this title and Tables.

AMENDMENTS

1996—Subsec. (c). Pub. L. 104-164, §101, amended subsec. (c) generally. Prior to amendment, subsec. (c) read as follows: "For fiscal year 1986 and fiscal year 1987, the principal amount of credits provided under section 2763 of this title at market rates of interest with respect to Greece, the Republic of Korea, the Philippines, Portugal, Spain, Thailand, and Turkey shall (if and to the extent each country so desires) be repaid in not more than twenty years, following a grace period of ten years on repayment of principal."

Subsec. (d). Pub. L. 104-164, §104(b)(2)(C), struck out subsec. (d) which read as follows: "The aggregate acquisition cost to the United States of excess defense articles ordered by the President in any fiscal year after fiscal year 1976 for delivery to foreign countries or international organizations under the authority of chapter 2 of part II of the Foreign Assistance Act of 1961 or pursuant to sales under this chapter may not exceed \$250,000,000 (exclusive of ships and their onboard stores and supplies transferred in accordance with law, and of any defense articles with respect to which the President submits a certification under section 2776(b) of this title.)"

1990—Subsec. (d). Pub. L. 101-513 inserted "and of any defense articles with respect to which the President submits a certification under section 2776(b) of this title." after "law".

1985—Subsec. (a). Pub. L. 99-83, §101(a), substituted provisions authorizing appropriations of \$5,371,000,000 for fiscal years 1986 and 1987, for provisions authorizing appropriations of \$800,000,000 for fiscal years 1982 and 1983.

Subsec. (b). Pub. L. 99-83, §101(b), amended subsec. (b) generally, substituting provisions relating to maximum amount of credits authorized for fiscal years 1986 and 1987 and maximum amounts of such credits available at concessional rates of interest for such years, for provisions relating to maximum amounts of credits (or participations in credits) and loans guaranteed for fiscal years 1982 and 1983, and credit, etc., programs with respect to specific countries.

Subsec. (c). Pub. L. 99-83, §101(b), amended subsec. (c) generally, substituting provisions relating to extended repayment terms for credits provided for fiscal years 1986 and 1987, for provisions relating to funds made available for fiscal year 1984 to finance procurement of defense articles, etc., by Israel.

1983—Subsec. (b)(3). Pub. L. 98-151 amended par. (3) generally, substituting provisions authorizing not less