

**(2) Report**

In the event that the President decides to exercise the waiver authority provided in paragraph (1) with respect to a country, the President's notification to the Congress under such paragraph shall include a report fully articulating the rationale and circumstances which led the President to exercise that waiver authority, including a description of the steps which the government of that country has taken to satisfy the conditions set forth in paragraphs (1) through (4) of subsection (c) of this section.

**(e) Contract sanctity****(1) Sanctions not applied to existing contracts**

(A) A sanction described in paragraph (4) or (5) of subsection (a) of this section or in any of subparagraphs (A) through (D) of subsection (b)(2) of this section shall not apply to any activity pursuant to any contract or international agreement entered into before the date of the presidential determination under section 5604(a)(1) of this title unless the President determines, on a case-by-case basis, that to apply such sanction to that activity would prevent the performance of a contract or agreement that would have the effect of assisting a country in using chemical or biological weapons in violation of international law or in using lethal chemical or biological weapons against its own nationals.

(B) The same restrictions of subsection (p) of section 2405 of title 50, Appendix, as that subsection is so redesignated by section 304(b) of this title, which are applicable to exports prohibited under section 2405 of title 50, Appendix, shall apply to exports prohibited under subsection (a)(5) or (b)(2)(C) of this section. For purposes of this subparagraph, any contract or agreement the performance of which (as determined by the President) would have the effect of assisting a foreign government in using chemical or biological weapons in violation of international law or in using lethal chemical or biological weapons against its own nationals shall be treated as constituting a breach of the peace that poses a serious and direct threat to the strategic interest of the United States, within the meaning of subparagraph (A) of section 2405(p) of title 50, Appendix.

**(2) Sanctions applied to existing contracts**

The sanctions described in paragraphs (1), (2), and (3) of subsection (a) of this section shall apply to contracts, agreements, and licenses without regard to the date the contract or agreement was entered into or the license was issued (as the case may be), except that such sanctions shall not apply to any contract or agreement entered into or license issued before the date of the presidential determination under section 5604(a)(1) of this title if the President determines that the application of such sanction would be detrimental to the national security interests of the United States.

(Pub. L. 102-182, title III, §307, Dec. 4, 1991, 105 Stat. 1254.)

## REFERENCES IN TEXT

The Foreign Assistance Act of 1961, referred to in subsec. (a)(1), is Pub. L. 87-195, Sept. 4, 1961, 75 Stat. 424, as

amended, which is classified principally to chapter 32 (§2151 et seq.) of this title. For complete classification of this Act to the Code, see Short Title note set out under section 2151 of this title and Tables.

The Arms Export Control Act, referred to in subsec. (a)(2)(A), (3), is Pub. L. 90-629, Oct. 22, 1968, 82 Stat. 1320, as amended, which is classified principally to chapter 39 (§2751 et seq.) of this title. For complete classification of this Act to the Code, see Short Title note set out under section 2751 of this title and Tables.

Section 304(b) of this title, referred to in subsec. (e)(1)(B), is section 304(b) of Pub. L. 102-182, title III, Dec. 4, 1991, 105 Stat. 1246, which amended section 2405 of Title 50, Appendix, War and National Defense.

## CODIFICATION

In subsec. (b)(2)(F)(iv), "section 40102(a) of title 49" substituted for "section 101 of the Federal Aviation Act of 1958 (49 U.S.C. App. 1301)" on authority of Pub. L. 103-272, §6(b), July 5, 1994, 108 Stat. 1378, the first section of which enacted subtitles II, III, and V to X of Title 49, Transportation.

## DELEGATION OF FUNCTIONS

Functions of President under this section delegated to Secretary of State, with certain exceptions, by section 1(b) of Ex. Ord. No. 12851, June 11, 1993, 58 F.R. 33181, set out as a note under section 2797 of this title.

**§ 5606. Repealed. Pub. L. 107-228, div. B, title XIII, § 1308(g)(1)(B), Sept. 30, 2002, 116 Stat. 1441**

Section, Pub. L. 102-182, title III, §308, Dec. 4, 1991, 105 Stat. 1257, related to Presidential reporting requirements.

**CHAPTER 66—UNITED STATES-HONG KONG POLICY**

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**§ 5701. Findings and declarations**

The Congress makes the following findings and declarations:

(1) The Congress recognizes that under the 1984 Sino-British Joint Declaration:

(A) The People's Republic of China and the United Kingdom of Great Britain and Northern Ireland have agreed that the People's Republic of China will resume the exercise of sovereignty over Hong Kong on July 1, 1997. Until that time, the United Kingdom will be responsible for the administration of Hong Kong.