

tation of humanitarian relief to a country to which the transportation of humanitarian relief has not been specifically authorized by law, the Secretary shall notify the congressional committees specified in subsection (f) and the Committees on Appropriations of the Senate and House of Representatives of the Secretary's intention to provide such transportation. The notification shall be submitted not less than 15 days before the commencement of such transportation.

(e) DEFINITION.—In this section, the term “defense authorization Act” means an Act that authorizes appropriations for one or more fiscal years for military activities of the Department of Defense, including authorizations of appropriations for the activities described in paragraph (7) of section 114(a) of this title.

(f) CONGRESSIONAL COMMITTEES.—The congressional committees referred to in subsections (c)(1) and (d) are the following:

(1) The Committee on Armed Services and the Committee on Foreign Relations of the Senate.

(2) The Committee on Armed Services and the Committee on Foreign Affairs of the House of Representatives.

(Added Pub. L. 102-484, div. A, title III, §304(c)(1), Oct. 23, 1992, 106 Stat. 2361, §2551; amended Pub. L. 104-106, div. A, title XIII, §1312, Feb. 10, 1996, 110 Stat. 474; Pub. L. 106-65, div. A, title X, §1067(1), Oct. 5, 1999, 113 Stat. 774; renumbered §2561 and amended Pub. L. 106-398, §1 [[div. A], title X, §1033(b)(1), (c)(1)], Oct. 30, 2000, 114 Stat. 1654, 1654A-260; Pub. L. 108-136, div. A, title III, §312(d), Nov. 24, 2003, 117 Stat. 1430; Pub. L. 112-239, div. A, title X, §1076(f)(31), Jan. 2, 2013, 126 Stat. 1953.)

#### AMENDMENTS

2013—Subsec. (f)(2). Pub. L. 112-239 substituted “Committee on Foreign Affairs” for “Committee on International Relations”.

2003—Subsec. (a). Pub. L. 108-136 designated existing provisions as par. (1) and added par. (2).

2000—Pub. L. 106-398, §1 [[div. A], title X, §1033(b)(1)], renumbered section 2551 of this title as this section.

Subsec. (c)(3)(C). Pub. L. 106-398, §1 [[div. A], title X, §1033(c)(1)], substituted “section 2557” for “section 2547”.

1999—Subsec. (f)(2). Pub. L. 106-65 substituted “Committee on Armed Services” for “Committee on National Security”.

1996—Subsec. (b). Pub. L. 104-106, §1312(1), (2), redesignated subsec. (d) as (b) and struck out former subsec. (b) which read as follows: “AUTHORITY TO TRANSFER FUNDS.—To the extent provided in defense authorization Acts for a fiscal year, the Secretary of Defense may transfer to the Secretary of State funds appropriated for the purposes of this section to provide for—

“(1) the payment of administrative costs incurred in providing the transportation described in subsection (a); and

“(2) the purchase or other acquisition of transportation assets for the distribution of humanitarian relief supplies in the country of destination.”

Subsec. (c). Pub. L. 104-106, §1312(1), (3), added subsec. (c) and struck out former subsec. (c) which read as follows:

“(c) TRANSPORTATION OF HUMANITARIAN RELIEF.—(1) Transportation of humanitarian relief provided with funds appropriated for the purposes of this section shall be provided under the direction of the Secretary of State.

“(2) Such transportation shall be provided by the most economical commercial or military means available, unless the Secretary of State determines that it is in the national interest of the United States to provide such transportation other than by the most economical means available. The means used to provide such transportation may include the use of aircraft and personnel of the reserve components of the Armed Forces.

“(3) Nothing in this subsection shall be construed as waiving the requirements of section 2631 of this title and sections 901(b) and 901b of the Merchant Marine Act, 1936 (46 U.S.C. App. 1241(b) and 1241f).”

Subsec. (d). Pub. L. 104-106, §1312(4), redesignated subsec. (f) as (d) and substituted “the congressional committees specified in subsection (f) and the Committees on Appropriations of the Senate and House of Representatives of the” for “the Committees on Appropriations and on Armed Services of the Senate and House of Representatives, the Committee on Foreign Relations of the Senate, and the Committee on Foreign Affairs of the House of Representatives of the”. Former subsec. (d) redesignated (b).

Subsec. (e). Pub. L. 104-106, §1312(3), (5), redesignated subsec. (g) as (e) and struck out former subsec. (e) which required status reports and specified time for submission, coverage, and contents.

Subsec. (f). Pub. L. 104-106, §1312(6), added subsec. (f). Former subsec. (f) redesignated (d).

Subsec. (g). Pub. L. 104-106, §1312(5), redesignated subsec. (g) as (e).

#### TERMINATION OF REPORTING REQUIREMENTS

For termination, effective Dec. 31, 2021, of provisions in subsec. (c) of this section requiring submittal of annual report to Congress, see section 1061 of Pub. L. 114-328, set out as a note under section 111 of this title.

#### NOTIFICATIONS REGARDING HUMANITARIAN RELIEF

Notification provided to appropriate congressional committees with respect to assistance under this section to include detailed description of items for which transportation is provided that are excess nonlethal supplies of Department of Defense, including quantity, acquisition value, and value at time of transportation of such items, see section 1504(c) of Pub. L. 103-160, set out in a Humanitarian and Civic Assistance note under section 401 of this title.

#### LAWS COVERED BY INITIAL REPORTS

Pub. L. 102-484, div. A, title III, §304(d), Oct. 28, 1992, 106 Stat. 2362, provided that for purposes of subsec. (e) of this section, section 304 of Pub. L. 102-190 (105 Stat. 1333) and the humanitarian relief laws referred to in section 304(f)(4) of Pub. L. 102-190 (as in effect on the day before Oct. 23, 1992) were to be considered as provisions of law that authorized appropriations for humanitarian assistance to be available for the purposes of this section.

#### **[§ 2562. Repealed. Pub. L. 114-328, div. A, title XII, §1253(a)(1)(C), Dec. 23, 2016, 130 Stat. 2532]**

Section, added Pub. L. 102-484, div. D, title XLIII, §4304(a), Oct. 23, 1992, 106 Stat. 2699, §2552; renumbered §2562 and amended Pub. L. 106-398, §1 [[div. A], title X, §1033(b)(1), (c)(2)], Oct. 30, 2000, 114 Stat. 1654, 1654A-260; Pub. L. 107-217, §3(b)(8), Aug. 21, 2002, 116 Stat. 1295; Pub. L. 107-314, div. A, title X, §1062(e)(1), Dec. 2, 2002, 116 Stat. 2651; Pub. L. 111-350, §5(b)(41), Jan. 4, 2011, 124 Stat. 3846, related to the limitation on use of excess construction or fire equipment from Department of Defense stocks in foreign assistance or military sales programs.

**§ 2563. Articles and services of industrial facilities: sale to persons outside the Department of Defense**

(a) **AUTHORITY TO SELL OUTSIDE DOD.**—(1) The Secretary of Defense may sell in accordance with this section to a person outside the Department of Defense articles and services referred to in paragraph (2) that are not available from any United States commercial source.

(2)(A) Except as provided in subparagraph (B), articles and services referred to in paragraph (1) are articles and services that are manufactured or performed by any working-capital funded industrial facility of the armed forces.

(B) The authority in this section does not apply to sales of articles and services by a working-capital funded Army industrial facility (including a Department of the Army arsenal) that manufactures large caliber cannons, gun mounts, recoil mechanisms, ammunition, munitions, or components thereof, which are governed by regulations required by section 7543 of this title.

(b) **DESIGNATION OF PARTICIPATING INDUSTRIAL FACILITIES.**—The Secretary may designate facilities referred to in subsection (a) as the facilities from which articles and services manufactured or performed by such facilities may be sold under this section.

(c) **CONDITIONS FOR SALES.**—(1) A sale of articles or services may be made under this section only if—

(A) the Secretary of Defense determines that the articles or services are not available from a commercial source in the United States;

(B) the purchaser agrees to hold harmless and indemnify the United States, except as provided in paragraph (3), from any claim for damages or injury to any person or property arising out of the articles or services;

(C) the articles or services can be substantially manufactured or performed by the industrial facility concerned with only incidental subcontracting;

(D) it is in the public interest to manufacture the articles or perform the services;

(E) the Secretary determines that the sale of the articles or services will not interfere with the military mission of the industrial facility concerned; and

(F) the sale of the goods and services is made on the basis that it will not interfere with performance of work by the industrial facility concerned for the Department of Defense.

(2) The Secretary of Defense may waive the condition in paragraph (1)(A) and subsection (a)(1) that an article or service must be not available from a United States commercial source in the case of a particular sale if the Secretary determines that the waiver is necessary for reasons of national security and notifies Congress regarding the reasons for the waiver.

(3) Paragraph (1)(B) does not apply in any case of willful misconduct or gross negligence or in the case of a claim by a purchaser of articles or services under this section that damages or injury arose from the failure of the Government to comply with quality, schedule, or cost performance requirements in the contract to provide the articles or services.

(d) **METHODS OF SALE.**—(1) The Secretary shall permit a purchaser of articles or services under this section to use advance incremental funding to pay for the articles or services.

(2) In the sale of articles and services under this section, the Secretary shall—

(A) charge the purchaser, at a minimum, the variable costs, capital improvement costs, and equipment depreciation costs that are associated with the articles or services sold;

(B) enter into a firm, fixed-price contract or, if agreed by the purchaser, a cost reimbursement contract for the sale; and

(C) develop and maintain (from sources other than appropriated funds) working capital to be available for paying design costs, planning costs, procurement costs, and other costs associated with the articles or services sold.

(e) **DEPOSIT OF PROCEEDS.**—Proceeds from sales of articles and services under this section shall be credited to the funds, including working capital funds and operation and maintenance funds, incurring the costs of manufacture or performance.

(f) **RELATIONSHIP TO ARMS EXPORT CONTROL ACT.**—Nothing in this section shall be construed to affect the application of the export controls provided for in section 38 of the Arms Export Control Act (22 U.S.C. 2778) to items which incorporate or are produced through the use of an article sold under this section.

(g) **DEFINITIONS.**—In this section:

(1) The term “advance incremental funding”, with respect to a sale of articles or services, means a series of partial payments for the articles or services that includes—

(A) one or more partial payments before the commencement of work or the incurring of costs in connection with the manufacture of the articles or the performance of the services, as the case may be; and

(B) subsequent progress payments that result in full payment being completed as the required work is being completed.

(2) The term “not available”, with respect to an article or service proposed to be sold under this section, means that the article or service is unavailable from a commercial source in the required quantity and quality or within the time required.

(3) The term “variable costs”, with respect to sales of articles or services, means the costs that are expected to fluctuate directly with the volume of sales and—

(A) in the case of articles, the volume of production necessary to satisfy the sales orders; or

(B) in the case of services, the extent of the services sold.

(Added Pub. L. 103-337, div. A, title III, §339(a)(1), Oct. 5, 1994, 108 Stat. 2718, §2553; amended Pub. L. 106-65, div. A, title III, §331(a)(2), (b), Oct. 5, 1999, 113 Stat. 566, 567; renumbered §2563, Pub. L. 106-398, §1 [[div. A], title X, §1033(b)(1)], Oct. 30, 2000, 114 Stat. 1654, 1654A-260; Pub. L. 107-107, div. A, title III, §343(a), Dec. 28, 2001, 115 Stat. 1061; Pub. L. 115-232, div. A, title VIII, §809(a), Aug. 13, 2018, 132 Stat. 1840.)