

(Pub. L. 90-629, ch. 3, §40A, as added Pub. L. 104-132, title III, §330, Apr. 24, 1996, 110 Stat. 1258.)

### Editorial Notes

#### 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.

#### CODIFICATION

Another section 40A of Pub. L. 90-629 is classified to section 2785 of this title.

### Executive Documents

#### DELEGATION OF FUNCTIONS

For delegation of functions of the President under this section, see section 1(q) of Ex. Ord. No. 13637, Mar. 8, 2013, 78 F.R. 16130, set out as a note under section 2751 of this title. Functions were previously delegated by Ex. Ord. No. 11958, which was formerly set out as a note under section 2751 of this title and was revoked, subject to a savings provision, by section 4 of Ex. Ord. No. 13637.

### SUBCHAPTER III-A—END-USE MONITORING OF DEFENSE ARTICLES AND DEFENSE SERVICES

#### § 2785. End-use monitoring of defense articles and defense services

##### (a) Establishment of monitoring program

###### (1) In general

In order to improve accountability with respect to defense articles and defense services sold, leased, or exported under this chapter or the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.), the President shall establish a program which provides for the end-use monitoring of such articles and services.

###### (2) Requirements of program

To the extent practicable, such program—

(A) shall provide for the end-use monitoring of defense articles and defense services in accordance with the standards that apply for identifying high-risk exports for regular end-use verification developed under section 2778(g)(7) of this title (commonly referred to as the “Blue Lantern” program); and

(B) shall be designed to provide reasonable assurance that—

(i) the recipient is complying with the requirements imposed by the United States Government with respect to use, transfers, and security of defense articles and defense services; and

(ii) such articles and services are being used for the purposes for which they are provided.

##### (b) Conduct of program

In carrying out the program established under subsection (a), the President shall ensure that the program—

(1) provides for the end-use verification of defense articles and defense services that in-

corporate sensitive technology, defense articles and defense services that are particularly vulnerable to diversion or other misuse, or defense articles or defense services whose diversion or other misuse could have significant consequences; and

(2) prevents the diversion (through reverse engineering or other means) of technology incorporated in defense articles.

##### (c) Report to Congress

Not later than 6 months after July 21, 1996, and annually thereafter as a part of the annual congressional presentation documents submitted under section 634 of the Foreign Assistance Act of 1961 [22 U.S.C. 2394], the President shall transmit to the Congress a report describing the actions taken to implement this section, including a detailed accounting of the costs and number of personnel associated with the monitoring program and the numbers, range, and findings of end-use monitoring of United States transfers of small arms and light weapons.

##### (d) Third country transfers

For purposes of this section, defense articles and defense services sold, leased, or exported under this chapter or the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.) includes defense articles and defense services that are transferred to a third country or other third party.

(Pub. L. 90-629, ch. 3A, §40A, as added Pub. L. 104-164, title I, §150(a), July 21, 1996, 110 Stat. 1436; amended Pub. L. 107-228, div. B, title XII, §1205(b), Sept. 30, 2002, 116 Stat. 1428.)

### Editorial Notes

#### REFERENCES IN TEXT

This chapter, referred to in subsecs. (a)(1) and (d), 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.

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

#### CODIFICATION

Another section 40A of Pub. L. 90-629 is classified to section 2781 of this title.

#### AMENDMENTS

2002—Subsec. (c). Pub. L. 107-228 inserted “and the numbers, range, and findings of end-use monitoring of United States transfers of small arms and light weapons” before period at end.

### Statutory Notes and Related Subsidiaries

#### EFFECTIVE DATE

Pub. L. 104-164, title I, §150(b), July 21, 1996, 110 Stat. 1437, provided that: “Section 40A of the Arms Export Control Act, as added by subsection (a) [22 U.S.C. 2785], applies with respect to defense articles and defense services provided before or after the date of the enactment of this Act [July 21, 1996].”

**Executive Documents**

## DELEGATION OF FUNCTIONS

For delegation of functions of the President under this section, with certain conditions, see section 1(p) of Ex. Ord. No. 13637, Mar. 8, 2013, 78 F.R. 16130, set out as a note under section 2751 of this title. Functions were previously delegated by Ex. Ord. No. 11958, which was formerly set out as a note under section 2751 of this title and was revoked, subject to a savings provision, by section 4 of Ex. Ord. No. 13637.

## SUBCHAPTER IV—GENERAL, ADMINISTRATIVE, AND MISCELLANEOUS PROVISIONS

**§ 2791. General provisions****(a) Considerations in procurement outside United States**

In carrying out this chapter, special emphasis shall be placed on procurement in the United States, but, subject to the provisions of subsection (b) of this section, consideration shall also be given to coproduction or licensed production outside the United States of defense articles of United States origin when such production best serves the foreign policy, national security, and economy of the United States. In evaluating any sale proposed to be made pursuant to this chapter, there shall be taken into consideration (A) the extent to which the proposed sale damages or infringes upon licensing arrangements whereby United States entities have granted licenses for the manufacture of the defense articles selected by the purchasing country to entities located in friendly foreign countries, which licenses result in financial returns to the United States, (B) the portion of the defense articles so manufactured which is of United States origin, and (C) whether, and the extent to which, such sale might contribute to an arms race, aid in the development of weapons of mass destruction, support international terrorism, increase the possibility of outbreak or escalation of conflict, or prejudice the development of bilateral or multilateral arms control or nonproliferation agreements or other arrangements.

**(b) Information to Congress on credit sales and guaranties**

No credit sale shall be extended under section 2763 of this title, and no guarantee shall be issued under section 2764 of this title, in any case involving coproduction or licensed, production outside the United States of any defense article of United States origin unless the Secretary of State shall, in advance of any such transaction, advise the appropriate committees of the Congress and furnish the Speaker of the House of Representatives and the President of the Senate with full information regarding the proposed transaction, including, but not limited to, a description of the particular defense article or articles which would be produced under a license or coproduced outside the United States, the estimated value of such production or coproduction, and the probable impact of the proposed transaction on employment and production within the United States.

**(c) Availability of funds for procurement outside United States**

Funds made available under this chapter may be used for procurement outside the United

States only if the President determines that such procurement will not result in adverse effects upon the economy of the United States or the industrial mobilization base, with special reference to any areas of labor surplus or to the net position of the United States in its balance of payments with the rest of the world, which outweigh the economic or other advantages to the United States of less costly procurement outside the United States.

**(d) Responsibility of Secretary of Defense with respect to sales and guaranties**

(1) With respect to sales and guaranties under sections 2761, 2762, 2763, 2764, 2769 and 2770 of this title, the Secretary of Defense shall, under the direction of the President, have primary responsibility for—

(A) the determination of military end-item requirements;

(B) the procurement of military equipment in a manner which permits its integration with service programs;

(C) the supervision of the training of foreign military personnel;

(D) the movement and delivery of military end-items; and

(E) within the Department of Defense, the performance of any other functions with respect to sales and guaranties.

(2) The establishment of priorities in the procurement, delivery, and allocation of military equipment shall, under the direction of the President, be determined by the Secretary of Defense.

**(e) Revocation and suspension provisions of contracts for sale and export licenses; appropriations for refunds**

(1) Each contract for sale entered into under sections 2761, 2762, 2769 and 2770 of this title, and each contract entered into under section 2767(d) of this title, shall provide that such contract may be canceled in whole or in part, or its execution suspended, by the United States at any time under unusual or compelling circumstances if the national interest so requires.

(2)(A) Each export license issued under section 2778 of this title shall provide that such license may be revoked, suspended, or amended by the Secretary of State, without prior notice, whenever the Secretary deems such action to be advisable.

(B) Nothing in this paragraph may be construed as limiting the regulatory authority of the President under this chapter.

(3) There are authorized to be appropriated from time to time such sums as may be necessary (A) to refund moneys received from purchasers under contracts of sale entered into under sections 2761, 2762, 2769 and 2770 of this title, or under contracts entered into under section 2767(d) of this title, that are canceled or suspended under this subsection to the extent such moneys have previously been disbursed to private contractors and United States Government agencies for work in progress, and (B) to pay such damages and costs that accrue from the corresponding cancellation or suspension of the existing procurement contracts or United States Government agency work orders involved.