



DEPARTMENT OF DEFENSE
OFFICE OF GENERAL COUNSEL
1600 DEFENSE PENTAGON
WASHINGTON, DC 20301-1600

The Honorable J. Dennis Hastert
Speaker of the House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

The Department of Defense requests that Congress enact the enclosed legislative initiative that has significant defense and international relations implications. The purpose of the initiative is stated in its accompanying section-by-section analysis.

The Office of Management and Budget advises that there is no objection, from the standpoint of the Administration's program, to the presentation of this initiative for your consideration and the consideration of the Congress.

Sincerely,

A handwritten signature in black ink, appearing to read "D. J. Dell'Orto".

Daniel J. Dell'Orto
Acting General Counsel

Enclosure:
As Stated





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The Honorable Richard B. Cheney
President of the Senate
Washington, D.C. 20510

Dear Mr. President:

The Department of Defense requests that Congress enact the enclosed legislative initiative that has significant defense and international relations implications. The purpose of the initiative is stated in its accompanying section-by-section analysis.

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Daniel J. Dell'Orto
Acting General Counsel

Enclosure:
As Stated



SEC. ____ . TRANSFER OF NAVAL VESSELS TO CERTAIN FOREIGN COUNTRIES.

1 (a) TRANSFERS BY GRANT.—The President is authorized to transfer vessels to foreign
2 countries on a grant basis under section 516 of the Foreign Assistance Act of 1961 (22 U.S.C.
3 2321j), as follows:

4 (1) BAHRAIN.—To the Government of Bahrain, the OLIVER HAZARD PERRY
5 class guided missile frigate GEORGE PHILIP (FFG-12).

6 (2) PORTUGAL.—To the Government of Portugal, the OLIVER HAZARD
7 PERRY class guided missile frigate SIDES (FFG-14).

8 (b) TRANSFERS BY SALE.—The President is authorized to transfer vessels to foreign
9 countries on a sale basis under section 21 of the Arms Export Control Act (22 U.S.C. 2761) as
10 follows:

11 (1) CHILE.—To the Government of Chile, the SPRUANCE class destroyer
12 FLETCHER (DD-992).

13 (2) TURKEY.—To the Government of Turkey, the ANCHORAGE class dock
14 landing ship ANCHORAGE (LSD-36).

15 (c) GRANTS NOT COUNTED IN ANNUAL TOTAL OF TRANSFERRED EXCESS DEFENSE
16 ARTICLES.—The value of a vessel transferred to another country on a grant basis pursuant to
17 authority provided by subsection (a) or (c) shall not be counted against the aggregate value of
18 excess defense articles transferred to countries in any fiscal year under section 516(g) of the
19 Foreign Assistance Act of 1961 (22 U.S.C. 2321j(g)).

20 (d) COSTS OF TRANSFERS ON GRANT BASIS.—Any expense incurred by the United States
21 in connection with a transfer authorized to be made on a grant basis under subsection (a) or (c)
22 shall be charged to the recipient (notwithstanding section 516(e)(1) of the Foreign Assistance

1 Act of 1961 (22 U.S.C. 2321j(e)(1))).

2 (e) REPAIR AND REFURBISHMENT IN UNITED STATES SHIPYARDS.—To the maximum
3 extent practicable, the President shall require, as a condition of the transfer of a vessel under this
4 section, that the country to which the vessel is transferred have such repair or refurbishment of
5 the vessel as is needed, before the vessel joins the naval forces of that country, performed at a
6 shipyard located in the United States, including a United States Navy shipyard.

7 (f) EXPIRATION OF AUTHORITY.—The authority to transfer a vessel under this section
8 shall expire at the end of the two-year period beginning on the date of the enactment of this Act.

Section-by-Section Analysis

This proposal would authorize the President to sell two excess naval vessels to Chile and Turkey, and to give away two excess naval vessels to Bahrain and Portugal. Because these naval vessels displace in excess of 3,000 tons or are less than 20 years of age, section 7307(a) of title 10, United States Code, requires statutory approval for the transfers.

Ship transfers improve the United States' political and military relationships with its closest allies and coalition partners. They support strategic engagement goals and regional security cooperation objectives. Active use of former naval vessels by coalition forces in support of regional priorities is more advantageous than retaining vessels in the Navy's inactive fleet and disposing of them by scrapping or another method.

The United States would incur no costs in transferring these naval vessels. Foreign recipients would be responsible for all costs associated with the transfers, including maintenance, repairs, training, and fleet turnover costs.

The Department of Defense estimates that the sale of these vessels may net the United States \$37.6 million in Fiscal Year 2004.