

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

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

4 (1) CHILE.—To the Government of Chile, the SPRUANCE class destroyer USS
5 O'BANNON (DD-987).

6 (2) PORTUGAL.—To the Government of Portugal, the OLIVER HAZARD
7 PERRY class guided missile frigates GEORGE PHILIP (FFG-12) and SIDES (FFG-14).

8 (b) TRANSFERS BY SALE.—The President is authorized to transfer vessels to foreign
9 recipients 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) TAIWAN AUTHORITIES.—To the Taiwan Authorities, the ANCHORAGE class
14 dock 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) shall not be counted against the aggregate value of excess
18 defense articles transferred to countries in any fiscal year under section 516(g) of the Foreign
19 Assistance Act of 1961 (22 U.S.C. 2321j(g)).

20 (d) COSTS OF TRANSFERS.—Any expense incurred by the United States in connection
21 with a transfer authorized under subsection (a) or (b) shall be charged to the recipient

1 (notwithstanding section 516(e)(1) of the Foreign Assistance Act of 1961 (22 U.S.C.
2 2321j(e)(1))).

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

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

Sectional Analysis

This section would authorize the President to sell two excess naval vessels to Chile and Taiwan and to give away three excess naval vessels to Chile 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.

The proposed sale to Taiwan is consistent with the Taiwan Relations Act (TRA), which stipulates that "to help maintain peace, security and stability in the Western Pacific . . . it is the policy of the United States . . . to provide Taiwan with arms of a defensive character." The TRA also calls for the United States to make available to Taiwan defense articles and services as may be necessary to enable Taiwan to maintain a sufficient self-defense capability. This ship transfer is made based on a determination of Taiwan's defense needs as reviewed by U.S. military authorities.

The proposed grant and sale transfers to Portugal and Chile would improve the United States' political and military relationships with two close allies and coalition partners. They would 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. The 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 \$35.3 million in Fiscal Year 2005.