

1 **SEC. ____ . AUTHORITY TO SUPPORT DEFENSE OF COUNTRIES AGAINST**
2 **AGGRESSION THROUGH COOPERATIVE RESEARCH,**
3 **DEVELOPMENT, TEST, AND EVALUATION PROGRAMS.**

4 (a) **AUTHORITY.**—The Secretary of Defense may loan materials, supplies, or equipment
5 under section 65 of the Arms Export Control Act (22 U.S.C. 2796d) to any country for the
6 purpose of carrying out a program of cooperative research, development, testing, or evaluation to
7 support defense of that country against aggression. Any such loan shall be made in the same
8 manner and under the same conditions as a loan to a NATO or major non-NATO ally under such
9 section.

10 (b) **TERMINATION.**—The authority under subsection (a) shall terminate on December 31,
11 2030.

Section-by-Section Analysis

This proposal would allow the Secretary of Defense to exercise the authority under section 65 of the Arms Export Control Act (22 U.S.C. 2796d) to loan materials, supplies, and equipment to any country for research and development (R&D) purposes to support defense of that country against aggression and enable rapid deployment, test and evaluations, and iteration of new and innovative capabilities in real-world, complex warfighting environments that matches emerging threats with capabilities. These testing and experimental conditions provide a unique opportunity to conduct defense R&D under combat-stressed environments that are difficult to replicate in controlled settings. These environments provide real-world conditions and offer invaluable insights into the effectiveness, adaptability, and limitations of emerging military technologies, strategies, and doctrines. Testing in combat conditions offers numerous advantages, including the following:

- **Authentic Combat Conditions:** Dynamic combat environments provide realistic conditions that cannot be fully replicated in simulations or training exercises. These environments include unpredictable weather, terrain, and adversary tactics, allowing technologies and strategies to be tested under the stress and chaos of real warfare.
- **Stress Testing of Systems:** Technologies like unmanned systems, AI-driven decision-making tools, and autonomous vehicles can be stress-tested in live combat scenarios, where factors such as electronic warfare (jamming), cyber-attacks, and logistical challenges come into play. This reveals system vulnerabilities that may be overlooked in lab settings.

- **Real-Time Data Collection:** Combat environments generate vast amounts of real-time data, offering insights into how technologies perform under pressure. Feedback from data gathered from sensors can be quickly analyzed to make improvements or adjustments to systems.
- **Accelerated Innovation Cycles:** Lessons learned from real combat situations can accelerate the cycle of innovation. Instead of waiting for post-exercise reviews, militaries can immediately incorporate operational feedback, leading to faster iterations and refinements, and increased lethality.
- **Technological Integration:** Dynamic environments test the integration of diverse technologies, such as drones, artificial intelligence, electronic warfare tools, and precision-guided munitions, within an operational context. The effectiveness of these technologies is assessed not in isolation but as part of a combined arms strategy.

Resource Information: This proposal has no impact on the use of resources requested within the Fiscal Year (FY) 2026 President’s Budget.

Changes to Existing Law: This proposal would not change the text of any existing provision of law.

For the information of readers, section 65 of the Arms Export Control Act (22 U.S.C. 2796d) is as follows:

SEC. 65. [22 U.S.C. 2796d] LOAN OF MATERIALS, SUPPLIES, AND EQUIPMENT FOR RESEARCH AND DEVELOPMENT PURPOSES.—(a)(1) Except as provided in subsection (c), the Secretary of Defense may loan to a country that is a NATO or major non-NATO ally materials, supplies, or equipment for the purpose of carrying out a program of cooperative research, development, testing, or evaluation. The Secretary may accept as a loan or a gift from a country that is a NATO or major non-NATO ally materials, supplies, or equipment for such purpose.

(2) Each loan or gift transaction entered into by the Secretary under this section shall be provided for under the terms of a written agreement between the Secretary and the country concerned.

(3) A program of testing or evaluation for which the Secretary may loan materials, supplies, or equipment under this section includes a program of testing or evaluation conducted solely for the purpose of standardization, interchangeability, or technical evaluation if the country to which the materials, supplies, or equipment are loaned agrees to provide the results of the testing or evaluation to the United States without charge.

(b) The materials, supplies, or equipment loaned to a country under this section may be expended or otherwise consumed in connection with any testing or evaluation program without a requirement for reimbursement of the United States if the Secretary—

(1) determines that the success of the research, development, test, or evaluation depends upon expending or otherwise consuming the materials, supplies, or equipment loaned to the country; and

(2) approves of the expenditure or consumption of such materials, supplies, or equipment.

(c) The Secretary of Defense may not loan to a country under this section any material if the material is a strategic and critical material and if, at the time the loan is to be made, the quantity of the material in the National Defense Stockpile (provided for under section 3 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98b)) is less than the quantity of such material to be stockpiled, as determined by the President under section 3(a) of such Act.

(d) For purposes of this section, the term “NATO ally” means a member country of the North Atlantic Treaty Organization (other than the United States).