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THE WHITE HOUSE
WASHINGTON
October 4, 1976

ACTION
Last Day: October 11

Posted
10/5/76

MEMORANDUM FOR THE PRESIDENT
FROM: JIM CANNON *[Signature]*
SUBJECT: S. 3734 - To approve the sale of certain naval vessels

archive
10/12/76

Attached for your consideration is S. 3734, sponsored by Senator Byrd.

The enrolled bill approves the sale of 45 naval vessels to 11 foreign governments and alters the current requirements for congressional approval of naval vessel sales.

Additional information is provided in OMB's enrolled bill report at Tab A.

OMB, Max Friedersdorf, Counsel's Office (Kilberg), NSC and I recommend approval of the enrolled bill.

RECOMMENDATION

That you sign S. 3734 at Tab B.





EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

OCT 1 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 3734 - To approve the
sale of certain naval vessels
Sponsor - Sen. Byrd (I) Virginia

Last Day for Action

October 11, 1976 - Monday

Purpose

Approves the sale of 45 naval vessels to 11
foreign governments and alters current require-
ments for congressional approval of naval vessel
sales.

Agency Recommendations

Office of Management and Budget	Approval
Department of Defense	Approval
Department of State	Approval (Informally)
National Security Council	No objection (Informally)
Arms Control and Disarmament Agency	No objection (Informally)

Discussion

As a part of our military assistance program, the United States has transferred naval vessels to other countries for over 25 years. Until the early 1970's, most of these transfers were through loan or lease and most transferred vessels were still listed on the Naval Vessel Register. At that time, the law required that Congress authorize the transfer of any capital ships (battleships, aircraft carriers, cruisers, destroyers or submarines) listed on this Register. Beginning in the early 1970's,

however, the Navy began to transfer vessels by sale rather than by loan or lease. Since vessels to be sold were first removed from the Naval Vessel Register, congressional authorization for these sales was not required.

In order to assure a congressional role in decisions to sell naval vessels, the Byrd amendment was included as a general provision of the Department of Defense Appropriation Authorization Act for fiscal year 1975. Since August of 1974, when that Act became law, Congress must approve by law the sale or transfer of any naval vessel in excess of 2,000 tons or less than 20 years old. In addition, no other naval vessels may be disposed of until at least 30 days after Congress has been given written notification of the intended disposition of the vessels.

S. 3734 is the first legislation to be enacted approving of the transfer of naval vessels since the provisions of the Byrd amendment became effective. This enrolled bill would consolidate 12 legislative proposals submitted by the Department of Defense and specifically authorize the sale of 45 vessels to 11 foreign governments. A list of the specific sales authorized, by country, is attached.

An additional provision of S. 3734 would relax the current provision of the Byrd amendment by eliminating many smaller vessels from the legislative approval requirement. S. 3734 would do this by increasing from 2,000 to 3,000 tons the weight exemption of vessels excluded from the legislative approval provision. This would substantially reduce the number of vessel transfers that would have to be approved by law in the future. For example, of the 45 vessels authorized for sale by S. 3734, only 6 are in excess of 3,000 tons.

In favorably reporting on S. 3734, the Senate Armed Services Committee states:

"The ship transfer program strengthens our mutual defense arrangements and fosters the economic growth of our

allies. To extend the service of these vessels for use by the United States would require a major investment to overhaul and to modernize these ships which would still have limited capability. These ships provide a significant improvement to the naval capabilities of foreign countries. The increased capabilities of our allies strengthen our mutual defense agreements and benefits the defense posture of the United States."

In their enrolled bill letter, the Department of the Navy, on behalf of the Department of Defense, strongly recommends approval of S. 3734. Navy's letter points out that 35 of these vessels are already on loan or lease to the foreign government which would purchase it, and Navy advises that 35 of these vessels are over 30 years old. Even after expensive overhauling and modernization, these vessels would have very limited usefulness to the United States. Finally, Navy states that no costs relating to these transfers will be borne by the Navy and that the estimated revenues from sale of these vessels would be approximately \$11 million.



Paul H. Quinn

Acting Director

Enclosures

VESSELS AUTHORIZED TO BE TRANSFERRED BY

S. 3734

<u>Country</u>	<u>Vessels</u>
Argentina	3 destroyers
Republic of China	2 landing ships dock 1 auxiliary repair dry dock
Colombia	1 destroyer
Germany	4 destroyers
Greece	7 destroyers 2 tank landing ships
Iran	1 repair ship 1 auxiliary repair dry dock
Korea	7 destroyers 1 landing craft repair ship
Pakistan	2 destroyers
Philippines	1 landing craft repair ship 1 inshore patrol craft
Spain	5 destroyers 3 tank landing ships
Venezuela	1 landing craft repair ship 1 tank landing ship 1 auxiliary repair dry dock

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: ~~NOV~~ber 2

Time: 400pm

FOR ACTION: Max Friedersdorf
Bobbie Kilberg

cc (for information): Jack Marsh
Jim Connor
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: October 4

Time: 1100am

SUBJECT:

S.3734-To approve the sale of certain naval vessels

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President



DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20350

September 29, 1976

Dear Mr. Lynn:

Your transmittal sheet dated September 28, 1976, enclosing a facsimile of an enrolled bill of Congress, S. 3734, "To approve the sale of certain naval vessels and for other purposes," and requesting the comments of the Department of Defense, has been received. The Department of the Navy has been assigned the responsibility for the preparation of a report expressing the views of the Department of Defense.

The enrolled enactment represents a consolidation of twelve Navy legislative proposals submitted to the Congress between May 9, 1975, and July 19, 1976. Its purpose is to authorize the sale of a total of forty-five naval vessels to eleven foreign countries as follows:

Argentina	3 destroyers
Republic of China	2 landing ships dock 1 auxiliary repair dry dock
Colombia	1 destroyer
Germany	4 destroyers
Greece	7 destroyers 2 tank landing ships
Iran	1 repair ship 1 auxiliary repair dry dock
Korea	7 destroyers 1 landing craft repair ship
Pakistan	2 destroyers
Philippines	1 landing craft repair ship 1 inshore patrol craft
Spain	5 destroyers 3 tank landing ships
Venezuela	1 landing craft repair ship 1 tank landing ship 1 auxiliary repair dry dock



The enrolled enactment would also amend subsection 7307(b)(1) of title 10, United States Code, to increase the displacement exemption to 3,000 tons for legislative approval of ship transfers. Subsection 7307(b)(1) currently provides that legislative approval is required for the transfer to another nation of any naval vessel which displaces in excess of 2,000 tons or is less than 20 years of age. Of the forty-five vessels involved, one is less than 20 years of age and forty-four displace in excess of 2,000 tons. Only six of the forty-five vessels displace in excess of 3,000 tons.

Thirty-eight of these vessels are more than 30 years of age, and six are more than 20 years of age. To extend the service of these vessels for use by the United States would require a major investment to overhaul and to modernize these ships which would still have limited capability and could not cope with the threat we face today on the high seas. Although these vessels are no longer capable of the extended deployment or rigorous use concomitant with service in the United States Navy, they provide a significant improvement in the naval capabilities of the foreign countries.

Thirty-five of these vessels are currently in the possession of the foreign countries on loan or lease. The remainder are in the custody of the United States Navy awaiting the authority for transfer. The Chief of Naval Operations has certified that these vessels are not essential to the defense of the United States.

There will be no cost borne by the United States Navy in these transfers. The sales price for these vessels will be determined by the Defense Property Disposal Ships Sales Office of the Defense Supply Agency and will be based on the scrap value of each vessel at its present location or the CONUS export scrap value of the vessel, whichever is higher, plus an appropriate charge for residual equipment remaining on board. The Defense Property Disposal Ships Sales Office has estimated the sales price of these vessels to be \$10,999,000.

The Department of the Navy, on behalf of the Department of Defense, strongly recommends the approval of S. 3734.

Sincerely yours,



David R. Macdonald
Acting Secretary of the Navy

Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D. C. 20503

Date: October 2

Time: 400pm

FOR ACTION: Max Friedersdorf
Bobbie Kilberg

cc (for information): Jack Marsh
Jim Connor
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: October 4

Time: 1100am

SUBJECT:

S.3734-To approve the sale of certain naval vessels

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

10/4

No objection.

Blott

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon
For the President



DEPARTMENT OF STATE

Washington, D.C. 20520

OCT 1 1976

Dear Mr. Lynn:

This is in response to Mr. James M. Frey's request of September 28 for our views on S.3734.

The Department of State, in conjunction with the Department of Defense, and with OMB concurrence, has strongly supported the passage of this legislation which provides for the sale to 11 countries of 45 naval vessels.

Thirty-five of the vessels are already on loan or lease to the respective governments and have been utilized by them in some cases for over a decade. The sale of these vessels is the culmination of a consultative process begun in 1972 whereby the Executive, in consultation with the Legislative Branch, agreed that it would be in United States interest to offer to sell these vessels to the custodial countries rather than continue the loan/lease program.

Ten of the vessels represent new sales of ships previously in the active fleet but which have since become excess to US Navy needs.

We continue to believe that the sale of these old and largely obsolete vessels, which are excess to United States Navy mobilization requirements, is in our interest for the following reasons:

First, the transfer of such vessels meets the legitimate self-defense requirements of allies and friendly nations.

The Honorable
James T. Lynn,
Director, Office of
Management and Budget.

Second, as part of an overall military supply relationship, these transfers increase United States influence as well as our capacity to impose restraints in certain conflict situations.

Third, by providing a substitute for newer and more expensive vessels, we reduce the economic burden to allies and friendly countries, thus freeing resources for development goals.

Fourth, while the sums involved are not especially large, they do benefit our international accounts and the US taxpayer.

Finally, the program enables our Navy to maintain close relations with other navies throughout the world. It is, therefore, a valuable means of enhancing essential cooperation in our overall mutual defense efforts.

We and the Department of Defense have worked closely with the appropriate Congressional committees and their staffs in the preparation and passage of this legislation, and we strongly endorse its signature by the President.

Sincerely yours,



Kempton B. Jenkins
Acting Assistant Secretary
for Congressional Relations

Date: ~~October 1~~ October 2

Time: 400pm

FOR ACTION: Max Friedersdorf *W.B.*
Bobbie Kilberg

cc (for information): Jack Marsh
Jim Connor
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: October 4

Time: 1100am

SUBJECT:

S.3734-To approve the sale of certain naval vessels

ACTION REQUESTED:

- | | |
|---|---|
| <input type="checkbox"/> For Necessary Action | <input type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief | <input type="checkbox"/> Draft Reply |
| <input checked="" type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks |

REMARKS:

please return to judy johnston, ground floor west wing

Recommend Approval - ref.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon
For the President

TRANSFER OF NAVAL VESSELS TO FOREIGN GOVERNMENTS

AUGUST 5, 1976.—Ordered to be printed

Mr. BYRD of Virginia, from the Committee on Armed Services,
submitted the following

REPORT

[To accompany S. 3734]

The Committee on Armed Services, having had under consideration the question of transfer of naval vessels to foreign governments, reports the following original bill (S. 3734) to transfer 45 naval vessels to 11 foreign governments and to amend subsection 7307(b)(1) of title 10, United States Code to increase the weight exemption to 3,000 tons for legislative approval of ship transfers, and recommends that the bill do pass.

PURPOSE OF THE BILL

The purpose of this bill is to authorize the sale of a total of 45 naval vessels to 11 foreign governments as follows:

Argentina -----	3 destroyers
Republic of China -----	2 landing ships dock
	1 auxiliary repair dry dock
Colombia -----	1 destroyer
Germany -----	4 destroyers
Greece -----	7 destroyers
	2 tank landing ships
Iran -----	1 repair ship
	1 auxiliary repair dry dock
Korea -----	7 destroyers
	1 landing craft repair ship
Pakistan -----	2 destroyers
Philippines -----	1 landing craft repair ship
	1 inshore patrol craft
Spain -----	5 destroyers
	3 tank landing ships
Venezuela -----	1 landing craft repair ship
	1 tank landing ship
	1 auxiliary repair dry dock

This bill also amends subsection 7307(b)(1) of title 10, United States Code, by increasing from 2,000 to 3,000 tons the weight exemption requiring legislative approval for the transfer of United States naval vessels.

COMMITTEE RECOMMENDATION

The committee recommends the deferral of the authority requested for the transfer of two patrol gunboats to Greece and the transfer of two destroyers to Brazil.

The committee is of the opinion that further review of the needs for the relatively new patrol gunboats should be made through all agencies of the United States. With the significant requirements that many agencies have to patrol or otherwise perform in water areas, it would seem reasonable that all avenues of utilization should be explored before these gunboats are sold to foreign countries.

The committee position on the deferral of the request for authority to transfer two destroyers to Brazil is based on the testimony that the Brazilian government has withdrawn the budgetary support to pay for these destroyers at this time. These ships are scheduled to be in the active United States Navy fleet until fiscal year 1978.

The committee position on this bill is based on the recommendation of the General Legislation Subcommittee in which the full committee concurs.

LEGISLATIVE BACKGROUND

Through various legislation the Congress has sought to establish greater visibility in the transfer of naval vessels to foreign governments and to assert Congressional authority in this process.

Legislation enacted during the 92nd Congress, Public Law 92-270, sought to tighten up the existing law with regard to specific terms and conditions on ship loan actions by the Navy. After this legislation was enacted, the executive branch subsequently changed its policy to selling vessels instead of leases and loans.

The Congress sought to reassert its authority during the 93rd Congress through S. 1773. The version passed by the Senate required specific legislation to authorize the selling of a naval vessel to a foreign country. S. 1773 as passed by the House of Representatives stipulated that no vessel over 100 tons could be sold, leased, loaned, transferred or otherwise disposed of, directly or indirectly to any nation without submitting a report to the Committees on Armed Services of the Senate and the House of Representatives prior to 30 calendar days of the transfer.

A compromise of S. 1773 was proposed in S. 3000, the Senate version of the Department of Defense Appropriations Authorization bill for fiscal year 1975. During the conference on the bill, the House conferees agreed to the Senate provision with modified language.

Present law

Specifically Section 702 of Public Law 93-365 amends subsection 7307(b) of title 10, United States Code, to require that no naval vessel in excess of 2,000 tons or less than 20 years of age may be sold, leased, granted, bartered, transferred or disposed of to another nation unless the disposition thereof has been approved by law. Any naval vessel

not subject to these provisions can be transferred to another nation only after the Secretary of the Navy or his designee has notified the Committees on Armed Services of the Senate and the House of Representatives in writing of the proposed disposition and 30 days of continuous session of Congress have expired following the date of notification.

DISCUSSION

Ship transfers

This bill represents a consolidation of 12 legislative proposals submitted by the Department of Defense. The ship transfers proposed by this bill involve a total of 45 naval vessels to 11 foreign governments. Of the 45 vessels, 35 are currently in the possession of the country on lease or loan. The remainder are in the custody of the United States Navy awaiting the authority for transfer. All of these ships will be sold in accordance with the provisions of the International Security Assistance and Arms Export Act of 1976.

The United States has transferred naval vessels to other countries for over 25 years as part of its military assistance program. During this period 3,900 ships and small vessels considered by the Navy to be obsolescent and excessive to its requirements have been granted, loaned, leased or sold to some 56 different countries. Approximately 2,600 of these vessels are still being used by 49 countries.

The ship transfer program strengthens our mutual defense arrangements and fosters the economic growth of our allies. To extend the service of these vessels for use by the United States would require a major investment to overhaul and to modernize these ships which would still have limited capability. These ships provide a significant improvement to the naval capabilities of foreign countries. The increased capabilities of our allies strengthen our mutual defense agreements and benefits the defense posture of the United States.

The proposed ship transfers are as follows:

Argentina

By diplomatic note dated August 13, 1974, the Government of Argentina expressed its desire to purchase three destroyers which it previously obtained on loan in August 1961. These destroyers were built over thirty years ago for approximately \$7.5 million each. They will be sold for \$125,000 each.

These destroyers are active units of the Argentine fleet and are used to protect coastal waters and the immediate sea lines of communication. These ships have participated in previous UNITAS operations with other Latin American Navies and the United States Navy.

Republic of China

By diplomatic note dated May 9, 1975, the Government of the Republic of China expressed the desire to purchase a landing ship dock and an auxiliary repair dry dock. The landing ship dock was built in 1944 for approximately \$6 million and transferred to ROC under loan in November 1960. It will be sold for \$270,000. The auxiliary repair dry dock was built in 1943 and leased to the Chinese in November 1967. It will be sold for \$400,000.

In December 1974 the Chinese Navy requested another landing ship dock. It was constructed thirty years ago at an approximate cost of \$6 million. It will be sold for \$270,000.

The landing ships dock serve as parent ships for landing craft. The auxiliary repair dry dock is used in repair of ships and craft.

Colombia

In November 1973 the Colombian Government requested to purchase a destroyer which it obtained on loan in January 1961. The destroyer was built in June 1943 at an approximate cost of \$7.5 million. It will be sold for \$75,000.

The destroyer is used presently as a training ship for the Colombian Navy. It has participated in previous UNITAS operations with other Latin American navies and the United States Navy.

Germany

In January 1973 the German Government requested to purchase four destroyers which it has had on loan since 1959-1960. These destroyers were built over thirty years ago at an approximate cost of \$7.5 million each. They will be sold for \$150,000 each.

The German Navy has used these ships in the protection of German coastal waters and of maritime shipping lanes within the NATO sphere of operation. They have also been used for training purposes.

Greece

By letter dated October 21, 1974, the Greek Government expressed its desire to purchase six destroyers which were transferred on loan during the period from June 1959 to September 1962. They were built over thirty years ago for approximately \$7.5 million each. They will be sold for \$320,000 each.

In September 1974 the Greek Government expressed its desire to purchase a destroyer. The destroyer was built in 1945 at a cost of \$7.5 million. It will be sold for \$320,000.

In April 1975, the Greek Government requested two tank landing ships. They were built in 1953 and 1954 at a cost of \$8.3 million. They will be sold for \$380,000 each.

The Greek Navy uses the destroyers to fulfill NATO commitments in protecting the sea lines of communication in the eastern Mediterranean. The acquisition of the tank landing ships will enhance the Greek capability for cargo lift among the island. They also will provide additional amphibious ships in the Mediterranean for possible NATO operations.

Iran

In June 1976 the Government of Iran requested to purchase a repair ship and an auxiliary repair drydock, which were leased to Iran in October and November 1971. The repair ship was built in 1946 at a cost of \$9.6 million. It will be sold for \$450,000. The auxiliary repair drydock was built in 1944 for \$3 million. It will be sold for \$400,000.

Both vessels are used to repair ships and craft of the Iranian Navy.

Korea

By diplomatic note dated June 6, 1974, the Republic of Korea requested to purchase five destroyers and a landing craft repair ship which were obtained from the U.S. Government on loan during the period October 1955 through December 1972. All were built over thirty years ago, the destroyers at an approximate cost of \$7.5 million each

and the landing craft repair ship at \$1.3 million. The destroyers and the landing craft repair ship will be sold for \$200,000 each.

Two additional destroyers are also being sold to the Republic of Korea. They were completed in 1946 at an approximate cost of \$7.5 million each. They will be sold for \$250,000 each.

The ROK Navy uses their destroyers to protect their territorial waters and immediate sea lines of communication. The landing craft repair ship provides logistic and repair support of fleet ships and craft.

Pakistan

In August 1975 the Government of Pakistan expressed its desire to purchase destroyers to update its fleet. In response to the request, two destroyers are being made available. They were built over thirty years ago at a cost of \$7.5 million each. They will be sold for \$225,000 each.

These destroyers are replacements for older ships in the Pakistani Navy which will then be decommissioned. They will be used to patrol the Indian Ocean approaches to Pakistan.

Philippines

A landing craft repair ship and an inshore patrol craft, previously on lease to the Republic of Vietnam, are being sold to the Republic of Philippines. The landing craft repair ship was built over thirty years ago at a cost of \$1.3 million. It will be sold for \$180,000. The inshore patrol craft was built in October 1969 for \$200,000. It will be sold for \$14,000.

The landing craft repair ship will provide additional repair capability to the Philippine Navy. The inshore patrol craft will be used for patrol operations.

Spain

In accordance with the terms of the Treaty of Friendship and Cooperation signed in August 1970, five destroyers and three tank landing ships were transferred to Spain on a loan or lease basis. In June 1974 and January 1975 the Spanish Government expressed its desire to purchase these ships. The five destroyers were built over thirty years ago at an approximate cost of \$7.5 million each. They will be sold for \$200,000 each. The three tank landing ships were built over twenty-two years ago at \$8.3 million each. They will be sold for \$350,000 each.

All of these ships are active units of the Spanish Fleet. The destroyers are employed in fleet anti-submarine training exercises and coastal operations. The tank landing ships are employed in amphibious training exercises and the resupply of offshore islands.

Venezuela

In January 1976, the Government of Venezuela expressed the desire to purchase a tank landing ship, a landing craft repair ship and an auxiliary repair dry dock, all currently being leased by Venezuela. The tank landing ship was built in May 1953 at an approximate cost of \$8.3 million. It will be sold for \$280,000. The landing craft repair ship was built over thirty years ago at a cost of \$1.3 million. It will be sold for \$165,000. The auxiliary repair dry dock was completed in November 1943 at a cost of \$3 million. It will be sold for \$230,000.

The tank landing ship is used for cargo lift and fleet support. The Venezuelan Navy has used the landing craft repair ship as a transport and repair ship. The auxiliary repair dry dock is used for basic ship repair and overhaul.

Weight Exemption Requirement Increased from 2,000 tons to 3,000 tons

This bill also amends subsection 7307(b)(1) of title 10, United States Code. The purpose of the amendment is to increase from 2,000 to 3,000 tons the exemption limitation requiring legislative approval for the transfer of United States naval vessels.

This amendment has been proposed in order to reduce the legislative and administrative burden while still retaining Congressional control over the transfer of ships to foreign countries.

Most of our modern ships are in excess of 3,000 tons, whereas many of the older World War II ships such as destroyers fall in the category between 2,000 tons and 3,000 tons. The usefulness of these ships to the United States Navy is becoming obsolete.

The Congress would still be notified of each proposed ship transfer under this revised classification thirty days prior to transfer and may raise any objection to the proposed transfer if desired.

FISCAL DATA

Enactment of the proposed legislation will have no effect upon the budgetary requirements of the Department of Defense.

DEPARTMENTAL POSITION

This Committee bill is a consolidation of 12 legislative proposals submitted by the Department of the Navy on the behalf of the Department of Defense. The purpose of the legislative proposals is to approve the sale of 45 naval vessels to 11 foreign countries in accordance with subsection 7307(b)(1) of title 10, United States Code, requiring legislative approval by law of the transfer, by any means, of naval vessels in excess of 2,000 tons or less than twenty years of age to another nation.

In keeping with the Total Force Policy and in order to maintain internal security and legitimate self-defense capabilities and to participate in regional or collective arrangements or measures consistent with the Charter of the United Nations, the United States Navy desires to sell these vessels which 1) are currently on loan to the respective governments, or 2) are excess to the projected needs of the Navy and are not required for future naval operations. The Chief of Naval Operations certifies that these vessels are not essential to the defense of the United States.

The Department of the Navy has withdrawn the legislative proposals for the following sales:

(1) Two destroyers to Greece. Upon inspection of the vessels, the Greek Government withdrew its request.

(2) One destroyer to Iran. Upon inspection of the vessel, the Iranian Government withdrew its request.

(3) One destroyer to Peru. In view of the current economic circumstances in Peru, the executive branch has deferred decision on significant new initiatives to Peru pending further review.

The following letters are examples of the legislative proposals submitted by the Department of the Navy and are hereby made a part of the report.

OFFICE OF THE SECRETARY,
Washington, D.C., May 9, 1975.

HON. NELSON A. ROCKEFELLER,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: There is forwarded herewith a draft of proposed legislation "To approve the sale of certain naval vessels and for other purposes."

This proposal is part of the Department of Defense Legislative Program for the 94th Congress, and the Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this proposal for the consideration of the Congress. The Department of the Navy has been designated as the representative of the Department of Defense for this legislation. It is recommended that the proposal be enacted by Congress.

PURPOSE OF LEGISLATION

The purpose of the proposed legislation is to approve the sale of three destroyers to the Government of Argentina, and one destroyer to the Government of Columbia.

On August 5, 1974 an amendment to subsection 7307(b) of title 10 United States Code was enacted (P.L. 93-365) requiring Congressional approval by law of the transfer, by any means, of naval vessels in excess of 2,000 tons or less than twenty years of age to another nation.

In keeping with the Total Force Policy and in order to maintain internal security and legitimate self-defense capabilities and to participate in regional or collective arrangements or measures consistent with the Charter of the United Nations, the U.S. Navy desires to sell these vessels, currently on loan to the respective governments. The Chief of Naval Operations certifies that these vessels are not essential to the defense of the United States.

The Department of State supports this proposed legislation.

COST AND BUDGET DATA

There will be no cost borne by the U.S. Navy in this transfer. The sale price for these vessels will be determined by the Defense Property Disposal Ships Sales Office of the Defense Supply Agency and will be based on the scrap value of the vessel at its present location or the CONUS export scrap value of the vessel, whichever is higher, plus an appropriate charge for residual equipment remaining on board.

Sincerely yours,

J. WILLIAM MIDDENDORF II,
Secretary of the Navy.

Enclosure: Draft bill.

A BILL To approve the sale of certain naval vessels, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the President may sell, subject to such terms and conditions as he may determine and at a price not less than the value thereof in United States dollars, three destroyers to the Government of Argentina and one destroyer to the Government of Colombia.

All expenses involved in this transfer shall be charged to funds provided by the recipient government. The authority of the President to sell vessels under this act shall terminate two years after enactment of this act.

DEPARTMENT OF THE NAVY,
OFFICE OF THE SECRETARY,
Washington, D.C., July 19, 1976.

HON. NELSON A. ROCKEFELLER,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: There is forwarded herewith a draft of proposed legislation "To approve the sale of certain naval vessels and for other purposes."

This proposal is part of the Department of Defense Legislative Program for the 94th Congress, and the Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this proposal for the consideration of the Congress. The Department of the Navy has been designated as the representative of the Department of Defense for this legislation. It is recommended that the proposal be enacted by Congress.

PURPOSE OF LEGISLATION

The purpose of the proposed legislation is to approve the sale of two destroyers to the Government of Pakistan.

On August 5, 1974, an amendment to subsection 7307(b) of title 10, United States Code, was enacted (P.L. 93-365) requiring Congressional approval by law of the transfer, by any means, of naval vessels in excess of 2,000 tons or less than twenty years of age to another nation.

In keeping with the Total Force Policy and in order to maintain internal security and legitimate self-defense capabilities and to participate in regional or collective arrangements or measures consistent with the Charter of the United Nations, the U.S. Navy desires to sell these vessels, which are excess to our projected needs and are not required for our future naval operations. The Chief of Naval Operations certifies that these vessels are not essential to the defense of the United States.

The Department of State supports this proposed legislation.

COST AND BUDGET DATA

There will be no cost borne by the U.S. Navy in this transfer. The sale price for these vessels will be determined by the Defense Property Disposal Ships Sales Office of the Defense Supply Agency and will be based on the scrap value of the vessel at its present location or the CONUS export scrap value of the vessel, whichever is higher, plus an appropriate charge for residual equipment remaining on board.

Sincerely yours,

J. WILLIAM MIDDENDORF II,
Secretary of the Navy.

Enclosure: Draft bill.

A BILL To approve the sale of certain naval vessels, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the President may sell, subject to such terms and conditions as he may determine and at a price not less than the value thereof in United States dollars, two destroyers to the Government of Pakistan.

All expenses involved in this transfer shall be charged to funds provided by the recipient government. The authority of the President to sell vessels under this act shall terminate two years after enactment of this act.

CHANGES IN EXISTING LAW

In compliance with paragraph 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law proposed to be made by the bill are shown as follows: New matter is printed in italic, and existing law in which no change is proposed is shown in roman, and existing law to be omitted is enclosed in black brackets.

TITLE 10, UNITED STATES CODE—ARMED FORCES

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§ 7307. Restriction on disposal

(a) Notwithstanding any other provisions of law, no battleship, aircraft carrier, cruiser, destroyer, or submarine of the Navy may be sold, transferred, or otherwise disposed of, unless the Chief of Naval Operations certifies that it is not essential to the defense of the United States.

(b) (1) After the date of enactment of this paragraph, no naval vessel in excess of [2,000] 3,000 tons or less than 20 years of age may be sold, leased, granted, loaned, bartered, transferred, or otherwise disposed of to another nation unless the disposition thereof has been approved by law enacted after such date of enactment.

(2) After the date of enactment of this paragraph, any naval vessel not subject to the provisions of paragraph (1) may be sold, leased, granted, loaned, bartered, transferred, or otherwise disposed of to another nation in accordance with applicable provisions of law only after the Secretary of the Navy, or his designee, has notified the Committees on Armed Services of the Senate and the House of Representatives in writing of the proposed disposition and 30 days of continuous session of Congress have expired following the date on which notice was transmitted to such committees. For purposes of this paragraph, the continuity of a session of Congress is broken only by an adjournment of the Congress sine die, and the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded in the computation of such 30-day period.

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Ninety-fourth Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the nineteenth day of January,
one thousand nine hundred and seventy-six*

An Act

To approve the sale of certain naval vessels, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the President may sell, subject to such terms and conditions as he may determine and at a price not less than the value thereof in United States dollars, three destroyers to the Government of Argentina; two landing ships dock and one auxiliary repair dry dock to the Government of the Republic of China; one destroyer to the Government of Colombia; four destroyers to the Government of the Federal Republic of Germany; seven destroyers and two tank landing ships to the Government of Greece; one repair ship and one auxiliary repair dry dock to the Government of Iran; seven destroyers and one landing craft repair ship to the Government of the Republic of Korea; two destroyers to the Government of Pakistan; one landing craft repair ship and one inshore patrol craft to the Government of the Philippines; five destroyers and three tank landing ships to the Government of Spain; one landing craft repair ship, one tank landing ship, and one auxiliary repair dry dock to the Government of Venezuela.

(b) All expenses involved in the sales authorized by this Act shall be charged to funds provided by the recipient government. The authority of the President to sell vessels under this Act shall terminate two years after the date of enactment of this Act.

SEC. 2. Subsection (b) (1) of section 7307 of title 10, United States Code, is amended by striking out "2,000" and inserting in lieu thereof "3,000".

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*