



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

AUG 29 2002

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

Dear Mr. President:

The Department of Defense proposes the enclosed legislation relating to the transfer of a certain naval vessel to the Government of Mexico. This proposal is part of the Department's legislative program for the Second Session of the 107th Congress, and we urge its enactment.

The Department proposes the authority to transfer the NEWPORT class tank landing ship USS FREDERICK to the Government of Mexico. Mexico plans to use the USS FREDERICK to fulfill counter-narcotics missions and to serve as the amphibious capability for its Pacific Fleet. Section 7307 of title 10, United States Code, requires statutory approval for the disposal (whether by sale, lease, grant, loan, barter, transfer, or otherwise) of naval vessels, in excess of 3,000 tons or less than 20 years of age, to another nation. The USS FREDERICK is over 3,000 tons. The decommissioning date of the vessel was recently accelerated from Fiscal Year 2006 to Fiscal Year 2003, specifically October 5, 2002, as part of a Navy cost reduction measure. Due to the abbreviated timeline to effect a hot transfer, the Department needs statutory authority this session.

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 proposal for your consideration and the consideration of the Congress.

Sincerely,

A handwritten signature in black ink that reads "Daniel J. Dell'Orto".

Daniel J. Dell'Orto
Acting General Counsel

Enclosure
As Stated





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AUG 29 2002

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

Dear Mr. Speaker:

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**SEC. ____ . AUTHORITY TO TRANSFER CERTAIN NAVAL VESSEL TO
GOVERNMENT OF MEXICO.**

1 (a) **TRANSFER BY SALE.**—The President is authorized to transfer the NEWPORT class
2 tank landing ship FREDERICK (LST 1184) to the Government of Mexico on a sale basis under
3 section 21 of the Arms Export Control Act (22 U.S.C. 2761).

4 (b) **ADDITIONAL CONGRESSIONAL NOTIFICATION NOT REQUIRED.**—The following
5 provisions shall not apply with respect to the transfer authorized by this section:

6 (1) Section 516(f) of the Foreign Assistance Act of 1961 (22 U.S.C. 2321j(f)).

7 (2) Section 524 of the Foreign Operations, Export Financing, and Related
8 Programs Appropriations Act, 2002 (Public Law 107-115; 115 Stat. 2146), and any
9 similar successor provision.

10 (c) **COSTS OF TRANSFERS.**—Any expense incurred by the United States in connection
11 with the transfer authorized by this section shall be charged to the Government of Mexico.

12 (d) **REPAIR AND REFURBISHMENT IN UNITED STATES SHIPYARDS.**—To the maximum
13 extent practicable, the President shall require, as a condition of the transfer of the vessel referred
14 to in subsection (a), that the Government of Mexico have such repair or refurbishment of the
15 vessel as is needed, before the vessel joins the naval forces of Mexico, performed at a shipyard
16 located in the United States, including a United States Navy shipyard.

17 (e) **EXPIRATION OF AUTHORITY.**—The authority provided under this section shall expire
18 at the end of the two-year period beginning on the date of the enactment of this Act.

Section-by-Section Analysis

Section 7307 of title 10, United States Code, requires statutory approval for disposal (whether by sale, lease, grant, loan, barter, transfer, or otherwise) of naval vessels, in excess of 3,000 tons or less than 20 years of age, to another nation.

SECTION (a) provides authority for the President to transfer the USS FREDERICK to Mexico by sale under section 21 of the Arms Export Control Act (22 U.S.C. 2761).

SECTION (b) relieves the Department of Defense of the statutory requirements to provide a separate congressional notification for this one transfer. The USS FREDERICK is scheduled to be decommissioned in October 2002. Waiver of the statutory notification requirements will assist in expediting a hot transfer of this vessel from the U.S. to Mexico, thereby saving both the Department of Defense and Mexico millions of dollars in deactivation and reactivation costs.

SECTION (c) provides for the Government of Mexico to be charged with any expense incurred by the United States in connection with the transfer.

SECTION (d) provides for any necessary repair or refurbishment of the USS FREDERICK to be performed in United States shipyards to the maximum extent practicable.

SECTION (e) provides that the transfer authorized by this section must be executed within two years of the date of enactment of the Act of which this section is a part. This allows a reasonable opportunity for agreement on terms and for execution of the transfer.