116TH CONGRESS 1ST SESSION

H. R. 3194

To provide financial lending mechanisms to assist North Atlantic Treaty Organization allies in modernizing their military forces, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

June 11, 2019

Mr. Engel (for himself and Mr. McCaul) introduced the following bill; which was referred to the Committee on Foreign Affairs

A BILL

- To provide financial lending mechanisms to assist North Atlantic Treaty Organization allies in modernizing their military forces, and for other purposes.
 - 1 Be it enacted by the Senate and House of Representa-
 - 2 tives of the United States of America in Congress assembled,
 - 3 SECTION 1. SHORT TITLE.
 - 4 This Act may be cited as the "NATO Defense Fi-
 - 5 nancing Act".
 - 6 SEC. 2. FINDINGS.
 - 7 Congress finds the following:
 - 8 (1) Many United States allies, including some
 - 9 North Atlantic Treaty Organization (NATO) mem-

- bers, continue to operate Soviet era military equipment. This equipment is outdated, unreliable, increasingly unsafe and is unable to effectively integrate and operate jointly with United States military
 forces.
 - (2) The inability of some NATO allies to fully operate alongside United States military forces decreases NATO combat effectiveness and places additional strain on the United States military.
 - (3) Some NATO allies are compelled to buy spare parts and services from Russian providers to keep their Soviet-designed equipment functional. These NATO allies desire to operate modern Western military equipment, but have limited financial resources available to purchase expensive new equipment.
 - (4) Following the end of World War II, the United States faced a need to help allies rebuild their militaries, which it addressed by providing substantial financial assistance through the Mutual Defense Assistance Act of 1949 (22 U.S.C. 1571 et seq.) and the Mutual Security Act of 1951 (Public Law 82–165; 65 Stat. 373). However, the United States has not provided similar assistance to new NATO allies following the end of the Cold War.

- (5) Given the return of "great power competition" and an aggressive Russia, there is a pressing need to assist NATO allies to modernize their forces and replace their obsolete Soviet military equipment.
 - (6) The United States does provide some military equipment to NATO allies through the foreign military financing program and other grant assistance, but that assistance is insufficient to meet allies' needs.
 - (7) To supplement existing grant assistance, providing foreign military financing loans to allies—at rates competitive with those already available on commercial markets—to purchase NATO interoperable military equipment supports allies' modernization requirements.
 - (8) As described in Article 2 of the North Atlantic Treaty, in addition to providing security to allies, NATO was established to promote democratic institutions and values "by strengthening their free institutions, by bringing about a better understanding of the principles upon which these institutions are founded, and by promoting conditions of stability and well-being".

24 SEC. 3. STATEMENT OF POLICY.

25 It is the policy of the United States to—

1	(1) deter aggression against North Atlantic
2	Treaty Organization (NATO) allies by Russia or any
3	other adversary;
4	(2) assist NATO allies in acquiring and deploy-
5	ing modern, NATO interoperable military equipment
6	and reducing their dependence on Russian or former
7	Soviet-era defense articles;
8	(3) ensure that NATO allies meet alliance de-
9	fense commitments, including through adequate in-
10	vestments in national defense; and
11	(4) work to maintain and strengthen the demo-
12	cratic institutions and practices of all NATO allies,
13	in accordance with the goals of Article 2 of the
13 14	in accordance with the goals of Article 2 of the North Atlantic Treaty.
14	North Atlantic Treaty.
14 15	North Atlantic Treaty. SEC. 4. FOREIGN MILITARY LOAN AUTHORITY.
14151617	North Atlantic Treaty. SEC. 4. FOREIGN MILITARY LOAN AUTHORITY. (a) IN GENERAL.—Subject to the notification re-
14151617	North Atlantic Treaty. SEC. 4. FOREIGN MILITARY LOAN AUTHORITY. (a) IN GENERAL.—Subject to the notification requirements under subsection (b), the President, acting
1415161718	North Atlantic Treaty. SEC. 4. FOREIGN MILITARY LOAN AUTHORITY. (a) IN GENERAL.—Subject to the notification requirements under subsection (b), the President, acting through the Secretary of State, is authorized—
141516171819	North Atlantic Treaty. SEC. 4. FOREIGN MILITARY LOAN AUTHORITY. (a) IN GENERAL.—Subject to the notification requirements under subsection (b), the President, acting through the Secretary of State, is authorized— (1) to make direct loans under section 23 of the
14151617181920	North Atlantic Treaty. SEC. 4. FOREIGN MILITARY LOAN AUTHORITY. (a) IN GENERAL.—Subject to the notification requirements under subsection (b), the President, acting through the Secretary of State, is authorized— (1) to make direct loans under section 23 of the Arms Export Control Act (22 U.S.C. 2763) to mem-
14 15 16 17 18 19 20 21	North Atlantic Treaty. SEC. 4. FOREIGN MILITARY LOAN AUTHORITY. (a) IN GENERAL.—Subject to the notification requirements under subsection (b), the President, acting through the Secretary of State, is authorized— (1) to make direct loans under section 23 of the Arms Export Control Act (22 U.S.C. 2763) to member countries of the North Atlantic Treaty Organiza-

- 1 (2) to charge fees for such loans under para-2 graph (1), which shall be collected from borrowers in 3 accordance with section 502(7) of the Congressional 4 Budget Act of 1974, and which may be used to 5 cover the costs of such loans as defined in section 6 502 of the Congressional Budget Act of 1974.
- 7 (b) NOTIFICATION.—A loan may not be made under 8 the authority provided by subsection (a) unless the Sec- 9 retary of State submits to the appropriate congressional 10 committees a certification, not fewer than fifteen days be- 11 fore entering into an agreement to make such loan, that—
 - (1) the recipient country is making demonstrable progress toward meeting its spending commitments in accordance with the 2014 NATO Wales Summit Declaration;
 - (2) the government of such recipient country is respecting that country's constitution and upholds democratic values such as freedom of religion, freedom of speech, freedom of the press, the rule of law, and the rights of minorities; and
 - (3) the recipient country has demonstrated fiscal stability, a commitment to a free market economy, and the financial capacity to meet the terms of the loan proposed to be provided by the United States.

25 States.

12

13

14

15

16

17

18

19

20

21

22

23

24

- 1 (c) Repayment.—A loan made under the authority 2 provided by subsection (a) shall be repaid in not more than
- 3 12 years, but may include a grace period of up to one
- 4 year on the repayment of the principal.
- 5 (d) Appropriate Congressional Committees
- 6 Defined.—In this Act, the term "appropriate congres-
- 7 sional committees" means—
- 8 (1) the Committee on Foreign Affairs and the
- 9 Committee on Appropriations of the House of Rep-
- 10 resentatives; and
- 11 (2) the Committee on Foreign Relations and
- the Committee on Appropriations of the Senate.

 \bigcirc