

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 4716
OFFERED BY MRS. KIM OF CALIFORNIA**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Keeping our Allies
3 Leading in Advancement Act” or the “KOALA Act”.

**4 SEC. 2. EXCEPTIONS FOR AUSTRALIA RELATING TO LI-
5 CENSING OF DEFENSE ITEMS FOR EXPORT
6 UNDER THE ARMS EXPORT CONTROL ACT.**

7 (a) IN GENERAL.—Section 38(j)(1) of the Arms Ex-
8 port Control Act (22 U.S.C. 2778(j)(1)) is amended—

9 (1) by redesignating subparagraph (C) as sub-
10 paragraph (D); and

11 (2) by inserting after subparagraph (B) the fol-
12 lowing:

13 “(C) EXCEPTIONS FOR AUSTRALIA.—

14 “(i) IN GENERAL.—Subject to clause
15 (iii), the requirement to conclude a bilat-
16 eral agreement in accordance with sub-
17 paragraph (A) shall not apply with respect
18 to an exemption for Australia from the li-

1 censing requirements of this Act for the
2 export of defense items.

3 “(ii) RELATING TO OTHER LICENSING
4 AND APPROVAL REQUIREMENTS FOR CER-
5 TAIN DEFENSE ITEMS.—

6 “(I) IN GENERAL.—Notwith-
7 standing any other provision of this
8 section (other than clause (iii)), the
9 President shall exempt from the li-
10 censing or other approval require-
11 ments of this section exports and
12 transfers (including reexports, re-
13 transfers, temporary imports, and
14 brokering activities) of covered de-
15 fense items between or among the
16 United States, Australia, and the
17 United Kingdom.

18 “(II) COVERED DEFENSE
19 ITEMS.—For purposes of this clause,
20 the term ‘covered defense item’ means
21 any defense item that is not a defense
22 article or defense service described in
23 subparagraph (D)(ii)(IV) or
24 (D)(ii)(V).

1 “(iii) JOINT RESOLUTION OF DIS-
2 APPROVAL.—

3 “(I) IN GENERAL.—No exemp-
4 tion described in clause (i) or (ii) may
5 be made if Congress enacts a joint
6 resolution disapproving of the exemp-
7 tion.

8 “(II) CONSIDERATION IN SEN-
9 ATE.—Any joint resolution under this
10 clause shall be considered in the Sen-
11 ate in accordance with the provision
12 of section 601(b) of the International
13 Security Assistance and Arms Export
14 Control Act of 1976.

15 “(III) CONSIDERATION IN THE
16 HOUSE OF REPRESENTATIVES.—For
17 the purpose of expediting the consid-
18 eration and enactment of any joint
19 resolution under this clause, a motion
20 to proceed to the consideration of any
21 such joint resolution after it has been
22 reported by the appropriate committee
23 shall be treated as highly privileged in
24 the House of Representatives.

1 “(iv) INAPPLICABILITY OF CERTAIN
2 CERTIFICATION REQUIREMENTS.—

3 “(I) IN GENERAL.—Paragraphs
4 (1) through (3) of section 3(d) shall
5 not apply to transfers (including
6 transfers of United States Govern-
7 ment sales or grants, or commercial
8 exports authorized under this chapter)
9 of defense items to Australia.

10 “(II) REPORT.—The President
11 shall submit to the Speaker of the
12 House of Representatives, the Com-
13 mittee on Foreign Affairs of the
14 House of Representatives, and the
15 Committee on Foreign Relations of
16 the Senate on a semiannual basis a
17 report on all transfers that would be
18 subject to the requirements of para-
19 graphs (1) and (2) of section 3(d) but
20 for the application of subclause (I),
21 except for marketing or brokering ac-
22 tivities, temporary imports, or amend-
23 ments to existing marketing or
24 brokering licenses. Any such report
25 shall contain all of the information re-

1 quired to be contained in certifications
2 issued pursuant to section 3(d)(1) for
3 each transfer identified.

4 “(v) AUKUS TRANSFER REPORTING
5 REQUIREMENTS.—Any United States per-
6 son transferring a defense item between or
7 among the United States, the United
8 Kingdom, and Australia that would have
9 required a license under this section but
10 for an exemption issued pursuant to clause
11 (i) or (ii) of this subparagraph shall report
12 that transfer to the Secretary no later than
13 90 days after the transfer occurs.”.

14 (b) MODIFICATION OF EXCEPTION FOR DEFENSE
15 TRADE COOPERATION TREATIES.—Subparagraph (D) of
16 section 38(j)(1) of the Arms Export Control Act (22
17 U.S.C. 2778(j)(1)), as so redesignated by subsection
18 (a)(1), is further amended—

19 (1) by striking “(D) EXCEPTION” and all that
20 follows through “(i) IN GENERAL.—The” and insert-
21 ing “(D) EXCEPTION FOR DEFENSE TRADE CO-
22 OPERATION TREATIES.—The”;

23 (2) by striking “(I) The Treaty” and inserting
24 the following:

25 “(i) The Treaty”;

1 (3) by striking “(II) The Treaty” and inserting
2 the following:

3 “(ii) The Treaty”; and

4 (4) by striking clause (ii) at the end.

5 (c) ADVANCE CERTIFICATION.—Paragraph (3) of
6 section 38(j) of the Arms Export Control Act (22 U.S.C.
7 2778(j)) is amended by inserting after “export of defense
8 items” the following: “subject to the requirements of para-
9 graph (1)(A)”.

10 **SEC. 3. MODIFICATIONS OF CIVIL AND CRIMINAL PEN-**
11 **ALTIES UNDER SECTIONS 38 AND 39 OF THE**
12 **ARMS EXPORT CONTROL ACT.**

13 Subsection (c) of section 38 of the Arms Export Con-
14 trol Act (22 U.S.C. 2778(c)) is amended—

15 (1) by striking “\$1,000,000” and inserting
16 “\$5,000,000”; and

17 (2) by striking “20 years” and inserting “25
18 years”.

19 **SEC. 4. EFFECTIVE DATE.**

20 The amendments made by sections 2 and 3 shall take
21 effect on the date that is 180 days after the date of the
22 enactment of this Act.

