At the end of title LX of division E, add the following:

SEC. 6013. EXEMPTION FOR COUNTRIES SPECIFIED IN THE NATIONAL TECHNOLOGY AND INDUSTRIAL BASE FROM THE LICENSING REQUIREMENTS FOR EXPORTS OF DEFENSE ITEMS UNDER THE ARMS EXPORT CONTROL ACT.

Section 38(j)(1)(B) of the Arms Export Control Act (22 U.S.C. 2778(j)(1)(B)) is amended to read as follows:

“(B) EXCEPTION FOR NTIB COUNTRIES.—

“(i) IN GENERAL.—The requirement to conclude a bilateral agreement in accordance with subparagraph (A) shall not apply with respect to an exemption for an NTIB country from the licensing requirements of this Act for the export of defense items that meet the requirements described in clause (ii).

“(ii) REQUIREMENTS DESCRIBED.—The requirements described in this clause are the following:
“(I) The defense item will remain at all times within the territorial jurisdiction or under the control of an NTIB country.

“(II) Any United States-origin component incorporated into a defense item or any data utilized to evaluate or formulate a defense item—

“(aa) is taken or significantly derived from an earlier export of a defense item originating from the NTIB country to the United States; or

“(bb) comprises less than 25 per cent of the total value of the defense item.

“(III) Any subsequently generated work on the defense item is undertaken in the United States or an NTIB country.

“(iii) Definition of NTIB country.—The term ‘NTIB country’ means a country (other than the United States)
specified in section 2500(1) of title 10, United States Code.”.