

to participate in coalition operations and meet NATO partnership goals.

(5) To encourage NATO member and candidate countries to restore and enhance their sales of defensive articles and services to the Republic of Georgia as part of a broader NATO effort to deepen its defense relationship and cooperation with the Republic of Georgia.

(6) To ensure maximum transparency in the United States-Georgia defense relationship.

(c) INCLUDED INFORMATION.—The plan required under subsection (a) shall include the following information:

(1) A needs-based assessment, or an update to an existing needs-based assessment, of the defense requirements of the Republic of Georgia, which shall be prepared by the Department of Defense.

(2) A description of each of the letters of offer and acceptance by the Government of the Republic of Georgia for purchase of defense articles and services during the two-year period ending on the date of the report.

(3) A summary of the defense needs asserted by the Government of the Republic of Georgia as justification for its requests for defensive arms purchases.

(4) A description of the action taken on any defensive arms sale request by the Government of the Republic of Georgia and an explanation for such action.

(d) FORM.—The plan required under subsection (a) shall be submitted in unclassified form, but may contain a classified annex.

SEC. 1243. PROHIBITION ON PROCUREMENTS FROM COMMUNIST CHINESE MILITARY COMPANIES.

(a) WAIVER AUTHORIZED.—Subsection (c) of section 1211 of the National Defense Authorization Act for Fiscal Year 2006 (Public Law 109-163; 119 Stat. 3461; 10 U.S.C. 2302 note) is amended to read as follows:

“(c) WAIVER AUTHORIZED.—The Secretary of Defense may waive the prohibition in subsection (a) if the Secretary determines that such a waiver is necessary for national security purposes and the Secretary submits to the congressional defense committees a report described in subsection (d) not less than 15 days before issuing the waiver under this subsection.”.

(b) REPORT.—Such section is amended—

(1) by redesignating subsection (d) as subsection (e); and

(2) by inserting after subsection (c) the following:

“(d) REPORT.—The report referred to in subsection (c) is a report that identifies the specific reasons for the waiver issued under subsection (c) and includes recommendations as to what actions may be taken to develop alternative sourcing capabilities in the future.”.

(c) EFFECTIVE DATE.—The amendments made by this section take effect on the date of the enactment of this Act and apply with respect to contracts and subcontracts of the Department of Defense entered into on or after the date of the enactment of this Act.

SEC. 1244. SHARING OF CLASSIFIED UNITED STATES BALLISTIC MISSILE DEFENSE INFORMATION WITH THE RUSSIAN FEDERATION.

(a) NOTIFICATION.—No classified United States ballistic missile defense information may be made available to the Russian Federation unless, 60 days prior to any instance in which the United States Government plans to provide such information to the Russian Federation, the President provides notification thereof to the appropriate congressional committees.

(b) ELEMENTS OF NOTIFICATION.—Each notification provided pursuant to subsection (a) shall include the following:

(1) A detailed description of the classified United States ballistic missile defense information to be provided.

(2) An explanation of the national security interest in providing the information to the Russian Federation and any provisions for reciprocal sharing by the Russian Federation with the United States on its defensive systems.

(3) A certification that providing the information is consistent with United States national disclosure policy as of the date of enactment of this Act and that the decision to provide the information was made pursuant to a national disclosure policy review.

(4) If applicable, a detailed explanation of whether any exceptions to national disclosure policy were required in order to provide the information to the Russian Federation and why such exceptions were required.

(5) A certification that adequate measures are in place to protect the information from unauthorized disclosure. The certification shall include a description of the manner in which the information will be protected from unauthorized sharing or transfer to third parties as well as an analysis of the risks to the capabilities of the United States ballistic missile defense system if the information is shared or transferred to an unauthorized third party.

(c) FORM.—Each notification provided pursuant to subsection (a) shall be submitted in unclassified form, but may include a classified annex.

(d) APPROPRIATE CONGRESSIONAL COMMITTEES DEFINED.—For the purposes of this section, the term “appropriate congressional committees” means—

(1) the Committee on Armed Services and the Committee on Foreign Relations of the Senate; and

(2) the Committee on Armed Services and the Committee on Foreign Affairs of the House of Representatives.

(e) CLASSIFIED UNITED STATES BALLISTIC MISSILE DEFENSE INFORMATION DEFINED.—For the purposes of this section, the term “classified United States ballistic missile defense information” means information related to United States ballistic missile defenses that is classified as of, or after, the date of enactment of this Act.

SEC. 1245. IMPOSITION OF SANCTIONS WITH RESPECT TO THE FINANCIAL SECTOR OF IRAN.

(a) FINDINGS.—Congress makes the following findings:

(1) On November 21, 2011, the Secretary of the Treasury issued a finding under section 5318A of title 31, United States Code, that identified Iran as a jurisdiction of primary money laundering concern.

(2) In that finding, the Financial Crimes Enforcement Network of the Department of the Treasury wrote, “The Central Bank of Iran, which regulates Iranian banks, has assisted designated Iranian banks by transferring billions of dollars to these banks in 2011. In mid-2011, the CBI transferred several billion dollars to designated banks, including Saderat, Mellat, EDBI and Melli, through a variety of payment schemes. In making these transfers, the CBI attempted to evade sanctions by minimizing the direct involvement of large international banks with both CBI and designated Iranian banks.”.

(3) On November 22, 2011, the Under Secretary of the Treasury for Terrorism and Financial Intelligence, David Cohen, wrote, “Treasury is calling out the entire Iranian banking sector, including the Central Bank of Iran, as posing terrorist financing, proliferation financing, and money laundering risks for the global financial system.”.

(b) DESIGNATION OF FINANCIAL SECTOR OF IRAN AS OF PRIMARY MONEY LAUNDERING CONCERN.—The financial sector of Iran, includ-

ing the Central Bank of Iran, is designated as a primary money laundering concern for purposes of section 5318A of title 31, United States Code, because of the threat to government and financial institutions resulting from the illicit activities of the Government of Iran, including its pursuit of nuclear weapons, support for international terrorism, and efforts to deceive responsible financial institutions and evade sanctions.

(c) FREEZING OF ASSETS OF IRANIAN FINANCIAL INSTITUTIONS.—The President shall, pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), block and prohibit all transactions in all property and interests in property of an Iranian financial institution if such property and interests in property are in the United States, come within the United States, or are or come within the possession or control of a United States person.

(d) IMPOSITION OF SANCTIONS WITH RESPECT TO THE CENTRAL BANK OF IRAN AND OTHER IRANIAN FINANCIAL INSTITUTIONS.—

(1) IN GENERAL.—Except as specifically provided in this subsection, beginning on the date that is 60 days after the date of the enactment of this Act, the President—

(A) shall prohibit the opening, and prohibit or impose strict conditions on the maintaining, in the United States of a correspondent account or a payable-through account by a foreign financial institution that the President determines has knowingly conducted or facilitated any significant financial transaction with the Central Bank of Iran or another Iranian financial institution designated by the Secretary of the Treasury for the imposition of sanctions pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.); and

(B) may impose sanctions pursuant to the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) with respect to the Central Bank of Iran.

(2) EXCEPTION FOR SALES OF FOOD, MEDICINE, AND MEDICAL DEVICES.—The President may not impose sanctions under paragraph (1) with respect to any person for conducting or facilitating a transaction for the sale of food, medicine, or medical devices to Iran.

(3) APPLICABILITY OF SANCTIONS WITH RESPECT TO FOREIGN CENTRAL BANKS.—Except as provided in paragraph (4), sanctions imposed under paragraph (1)(A) shall apply with respect to a foreign financial institution owned or controlled by the government of a foreign country, including a central bank of a foreign country, only insofar as it engages in a financial transaction for the sale or purchase of petroleum or petroleum products to or from Iran conducted or facilitated on or after that date that is 180 days after the date of the enactment of this Act.

(4) APPLICABILITY OF SANCTIONS WITH RESPECT TO PETROLEUM TRANSACTIONS.—

(A) REPORT REQUIRED.—Not later than 60 days after the date of the enactment of this Act, and every 60 days thereafter, the Administrator of the Energy Information Administration, in consultation with the Secretary of the Treasury, the Secretary of State, and the Director of National Intelligence, shall submit to Congress a report on the availability and price of petroleum and petroleum products produced in countries other than Iran in the 60-day period preceding the submission of the report.

(B) DETERMINATION REQUIRED.—Not later than 90 days after the date of the enactment of this Act, and every 180 days thereafter, the President shall make a determination, based on the reports required by subparagraph (A), of whether the price and supply of petroleum and petroleum products produced in countries other than Iran is sufficient to

permit purchasers of petroleum and petroleum products from Iran to reduce significantly in volume their purchases from Iran.

(C) APPLICATION OF SANCTIONS.—Except as provided in subparagraph (D), sanctions imposed under paragraph (1)(A) shall apply with respect to a financial transaction conducted or facilitated by a foreign financial institution on or after the date that is 180 days after the date of the enactment of this Act for the purchase of petroleum or petroleum products from Iran if the President determines pursuant to subparagraph (B) that there is a sufficient supply of petroleum and petroleum products from countries other than Iran to permit a significant reduction in the volume of petroleum and petroleum products purchased from Iran by or through foreign financial institutions.

(D) EXCEPTION.—Sanctions imposed pursuant to paragraph (1) shall not apply with respect to a foreign financial institution if the President determines and reports to Congress, not later than 90 days after the date on which the President makes the determination required by subparagraph (B), and every 180 days thereafter, that the country with primary jurisdiction over the foreign financial institution has significantly reduced its volume of crude oil purchases from Iran during the period beginning on the date on which the President submitted the last report with respect to the country under this subparagraph.

(5) WAIVER.—The President may waive the imposition of sanctions under paragraph (1) for a period of not more than 120 days, and may renew that waiver for additional periods of not more than 120 days, if the President—

(A) determines that such a waiver is in the national security interest of the United States; and

(B) submits to Congress a report—

(i) providing a justification for the waiver; and

(ii) that includes any concrete cooperation the President has received or expects to receive as a result of the waiver.

(e) MULTILATERAL DIPLOMACY INITIATIVE.—

(1) IN GENERAL.—The President shall—

(A) carry out an initiative of multilateral diplomacy to persuade countries purchasing oil from Iran—

(i) to limit the use by Iran of revenue from purchases of oil to purchases of non-luxury consumers goods from the country purchasing the oil; and

(ii) to prohibit purchases by Iran of—

(I) military or dual-use technology, including items—

(aa) in the Annex to the Missile Technology Control Regime Guidelines;

(bb) in the Annex on Chemicals to the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction, done at Paris January 13, 1993, and entered into force April 29, 1997 (commonly known as the “Chemical Weapons Convention”);

(cc) in Part 1 or 2 of the Nuclear Suppliers Group Guidelines; or

(dd) on a control list of the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies; or

(II) any other item that could contribute to Iran’s conventional, nuclear, chemical, or biological weapons program; and

(B) conduct outreach to petroleum-producing countries to encourage those countries to increase their output of crude oil to ensure there is a sufficient supply of crude oil from countries other than Iran and to minimize any impact on the price of oil resulting from the imposition of sanctions under this section.

(2) REPORT REQUIRED.—Not later than 180 days after the date of the enactment of this

Act, and every 180 days thereafter, the President shall submit to Congress a report on the efforts of the President to carry out the initiative described in paragraph (1)(A) and conduct the outreach described in paragraph (1)(B) and the results of those efforts.

(F) FORM OF REPORTS.—Each report submitted under this section shall be submitted in unclassified form, but may contain a classified annex.

(G) IMPLEMENTATION; PENALTIES.—

(1) IMPLEMENTATION.—The President may exercise all authorities provided under sections 203 and 205 of the International Emergency Economic Powers Act (50 U.S.C. 1702 and 1704) to carry out this section.

(2) PENALTIES.—The penalties provided for in subsections (b) and (c) of section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1705) shall apply to a person that violates, attempts to violate, conspires to violate, or causes a violation of this section or regulations prescribed under this section to the same extent that such penalties apply to a person that commits an unlawful act described in section 206(a) of that Act.

(H) DEFINITIONS.—In this section:

(1) ACCOUNT; CORRESPONDENT ACCOUNT; PAYABLE-THROUGH ACCOUNT.—The terms “account”, “correspondent account”, and “payable-through account” have the meanings given those terms in section 5318A of title 31, United States Code.

(2) FOREIGN FINANCIAL INSTITUTION.—The term “foreign financial institution” has the meaning of that term as determined by the Secretary of the Treasury pursuant to section 104(i) of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (22 U.S.C. 8513(i)).

(3) UNITED STATES PERSON.—The term “United States person” means—

(A) a natural person who is a citizen or resident of the United States or a national of the United States (as defined in section 101(a) of the Immigration and Nationality Act (8 U.S.C. 1101(a))); and

(B) an entity that is organized under the laws of the United States or a jurisdiction within the United States.

TITLE XIII—COOPERATIVE THREAT REDUCTION

Sec. 1301. Specification of cooperative threat reduction programs and funds.

Sec. 1302. Funding allocations.

Sec. 1303. Limitation on availability of funds for cooperative biological engagement program.

Sec. 1304. Limitation on use of funds for establishment of centers of excellence in countries outside of the former Soviet Union.

SEC. 1301. SPECIFICATION OF COOPERATIVE THREAT REDUCTION PROGRAMS AND FUNDS.

(A) SPECIFICATION OF COOPERATIVE THREAT REDUCTION PROGRAMS.—For purposes of section 301 and other provisions of this Act, Cooperative Threat Reduction programs are the programs specified in section 1501 of the National Defense Authorization Act for Fiscal Year 1997 (50 U.S.C. 2362 note).

(B) FISCAL YEAR 2012 COOPERATIVE THREAT REDUCTION FUNDS DEFINED.—As used in this title, the term “fiscal year 2012 Cooperative Threat Reduction funds” means the funds appropriated pursuant to the authorization of appropriations in section 301 and made available by the funding table in section 4301 for Cooperative Threat Reduction programs.

(C) AVAILABILITY OF FUNDS.—Funds appropriated pursuant to the authorization of appropriations in section 301 and made available by the funding table in section 4301 for Cooperative Threat Reduction programs shall be available for obligation for fiscal years 2012, 2013, and 2014.

SEC. 1302. FUNDING ALLOCATIONS.

(A) FUNDING FOR SPECIFIC PURPOSES.—Of the \$508,219,000 authorized to be appropriated to the Department of Defense for fiscal year 2012 in section 301 and made available by the funding table in section 4301 for Cooperative Threat Reduction programs, the following amounts may be obligated for the purposes specified:

(1) For strategic offensive arms elimination, \$63,221,000.

(2) For chemical weapons destruction, \$9,804,000.

(3) For global nuclear security, \$121,143,000.

(4) For cooperative biological engagement, \$259,470,000.

(5) For proliferation prevention, \$28,080,000.

(6) For threat reduction engagement, \$2,500,000.

(7) For activities designated as Other Assessments/Administrative Costs, \$24,001,000.

(B) REPORT ON OBLIGATION OR EXPENDITURE OF FUNDS FOR OTHER PURPOSES.—No fiscal year 2012 Cooperative Threat Reduction funds may be obligated or expended for a purpose other than a purpose listed in paragraphs (1) through (7) of subsection (a) until 15 days after the date that the Secretary of Defense submits to Congress a report on the purpose for which the funds will be obligated or expended and the amount of funds to be obligated or expended. Nothing in the preceding sentence shall be construed as authorizing the obligation or expenditure of fiscal year 2012 Cooperative Threat Reduction funds for a purpose for which the obligation or expenditure of such funds is specifically prohibited under this title or any other provision of law.

(C) LIMITED AUTHORITY TO VARY INDIVIDUAL AMOUNTS.—

(1) IN GENERAL.—Subject to paragraph (2), in any case in which the Secretary of Defense determines that it is necessary to do so in the national interest, the Secretary may obligate amounts appropriated for fiscal year 2012 for a purpose listed in paragraphs (1) through (7) of subsection (a) in excess of the specific amount authorized for that purpose.

(2) NOTICE-AND-WAIT REQUIRED.—An obligation of funds for a purpose stated in paragraphs (1) through (7) of subsection (a) in excess of the specific amount authorized for such purpose may be made using the authority provided in paragraph (1) only after—

(A) the Secretary submits to Congress notification of the intent to do so together with a complete discussion of the justification for doing so; and

(B) 15 days have elapsed following the date of the notification.

SEC. 1303. LIMITATION ON AVAILABILITY OF FUNDS FOR COOPERATIVE BIOLOGICAL ENGAGEMENT PROGRAM.

(A) LIMITATION.—Of the funds authorized to be appropriated by section 1302(a)(4) or otherwise made available for fiscal year 2012 for cooperative biological engagement, not more than 80 percent may be obligated or expended until the date on which the Secretary of Defense submits to the appropriate congressional committees the following:

(1) A detailed analysis of the effect of the cooperative biological engagement program.

(2) Either—

(A) written certification that the efforts of the cooperative biological engagement program—

(i) result in changed practices or are otherwise effective; and

(ii) lead to threat reduction; or

(B) a detailed list of policy and program recommendations considered necessary by the Secretary to modify, expand, or curtail the cooperative biological engagement program in order to achieve the objectives described by subparagraph (A).