



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

12 FEB 2003

The Honorable J. Dennis Hastert
Speaker
U.S. House of Representatives
Washington, DC 20515-6501

Dear Mr. Speaker:

This letter transmits the annual report on operations of the National Defense Stockpile (NDS) in accordance with section 11(a) of the Strategic and Critical Materials Stock Piling Act as amended (50 U.S.C. section 98h-2). The report details NDS operations during fiscal year 2002 and provides information with regard to the acquisition, upgrade, and disposition of NDS materials, as well as the financial status of the NDS Transaction Fund for fiscal year 2002. The Defense Logistics Agency performs operations and management functions for the NDS.

A copy of this letter and the report is being sent to the President of the Senate and appropriate Congressional Committees.

Sincerely,

A handwritten signature in black ink, appearing to read "E.C. Aldridge, Jr.", written in a cursive style.

E.C. Aldridge, Jr.

Enclosure:
As stated

STRATEGIC AND CRITICAL MATERIALS REPORT TO THE CONGRESS

DEPARTMENT OF DEFENSE



Operations under the Strategic
and Critical Materials Stock Piling
Act during the Period
October 2001 through September 2002

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I. THE STRATEGIC AND CRITICAL MATERIALS STOCKPILING PROGRAM

OVERVIEW

The Strategic and Critical Materials Stock Piling Act (50 U.S.C. section 98 *et seq.*) mandates that a stockpile of strategic and critical materials (the Stockpile) be maintained to decrease and preclude, where possible, dependence upon foreign sources of supply in times of national emergency. Appendix A of this report provides a copy of the complete Stock Piling Act, as amended. Authority for management of the operational aspects of the National Defense Stockpile has been delegated to the Defense Logistics Agency, Defense National Stockpile Center.

STATUS OF THE STOCKPILE INVENTORY

The total National Defense Stockpile (NDS) inventory was valued at \$1.9 billion on September 30, 2002. Chart 1 and Table 5 in Appendix D provide detailed information on the composition of the NDS inventory as of September 30, 2002. The value of the stockpile represents a “price snapshot” as of September 30, 2002.

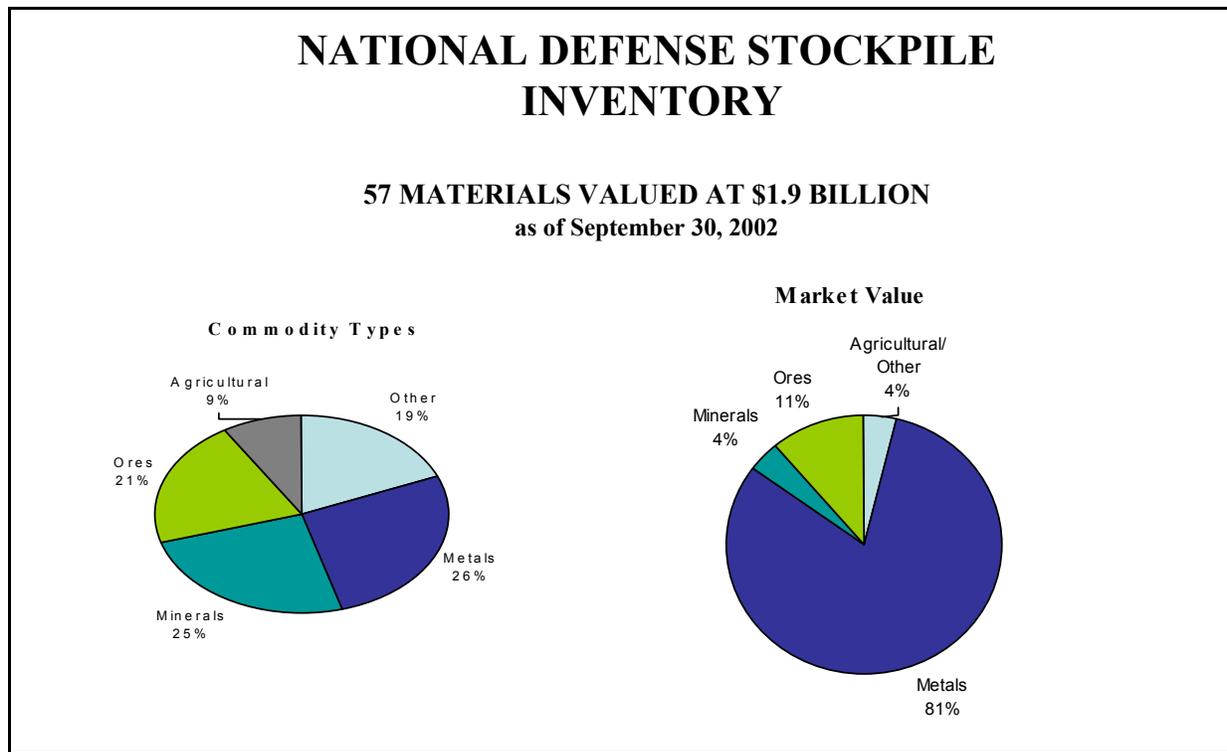


Chart 1 National Defense Stockpile Inventory

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II. STOCKPILE ACQUISITION, UPGRADING, AND DISPOSAL PROGRAMS

ANNUAL MATERIALS PLAN

The Annual Materials Plan (AMP) lists the maximum quantity of each commodity that may be sold or bought by the Department of Defense (DoD) in a given fiscal year. Before any materials may be bought or sold, the Congress must enact specific enabling legislation. After receiving congressional authority, DoD develops the AMP, which is submitted to the Congress by February 15th of each year. Prior to submission, the AMP is coordinated with the Market Impact Committee, an interagency committee that advises DoD on the projected domestic and foreign economic effects of the proposed Stockpile transactions. The AMP is effective on the first day of the fiscal year. If DoD proposes significant changes to the AMP during the fiscal year, a revised AMP is submitted to the Congress. The revisions become effective 45 calendar days after their submission. The revised Fiscal Year 2002 AMP is shown in Table 1 on page 6, and the Fiscal Year 2003 AMP is shown in Table 2 on page 8.

ACQUISITIONS AND UPGRADES

There were no commodity acquisitions or upgrades in Fiscal Year 2002. Chart 2 presents data on previous years' acquisitions and upgrades.

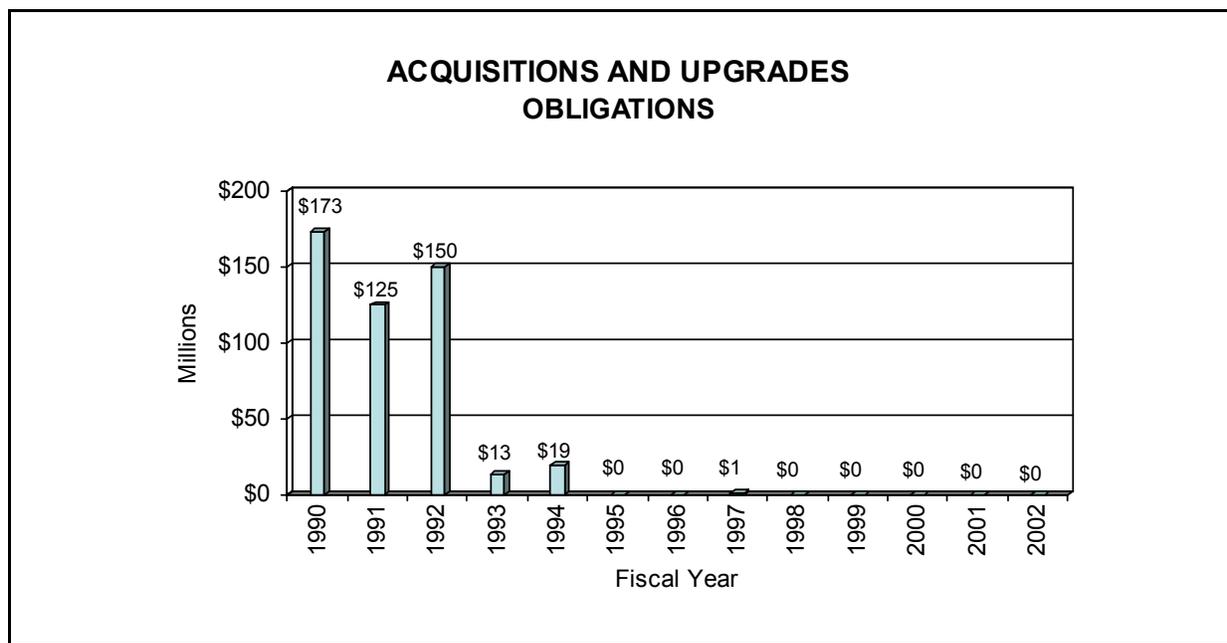


Chart 2 Acquisitions and Upgrades (Obligations)

SALES OF EXCESS INVENTORY

The Stockpile sold \$377.4 million of excess materials during Fiscal Year 2002. These sales included \$28.1 million of silver transferred at market prices to the Department of the Treasury for commemorative coinage programs. The transfer of 244 tons of titanium sponge to the Department of the Army at no cost (P.L. 104-106) is not reflected in the sales total. The market value of this titanium was nearly \$0.7 million.

Sales for Fiscal Years 1992 through 2002 are shown in Chart 3.

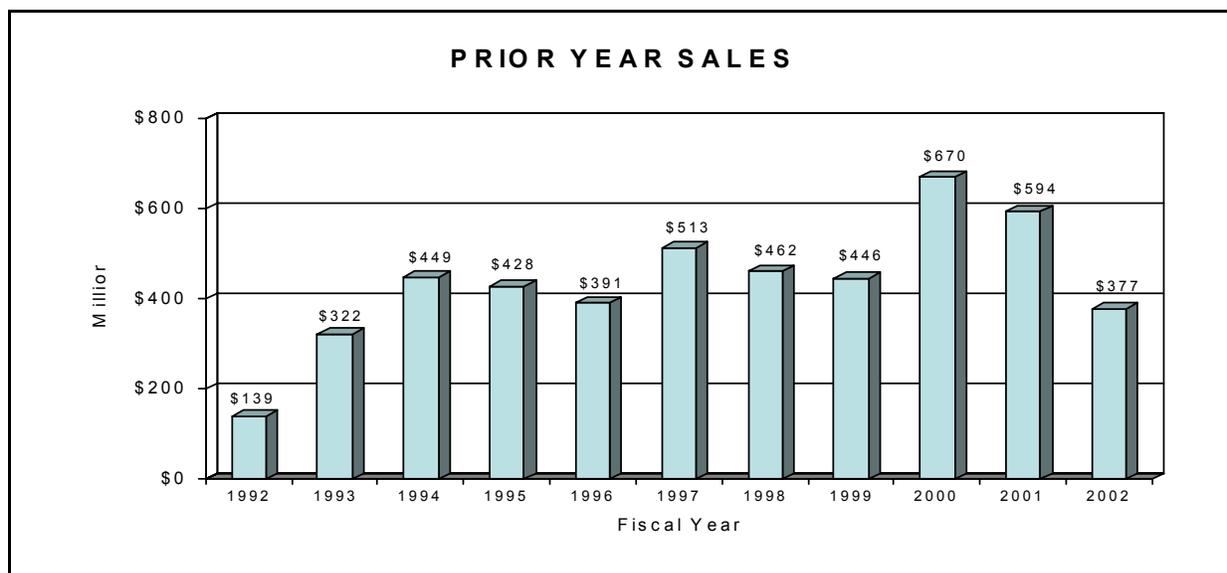


Chart 3 *Prior Year Sales*

Table 3 on page 11 lists all Stockpile sales for Fiscal Year 2002. A summary of these sales is shown in Chart 4. Dollar amounts in Chart 4 are based on awarded contracts. The top selling materials were Palladium, Cobalt, Platinum, Tin, Zinc, Tantalum Metal Ingot, Silver, Titanium Sponge, Tantalum Metal Powder and Manganese Ferro High Carbon.

Inventory quantities of four materials – Columbium Carbide Powder, Chromium Ferro Silicon, Mica MS, Mica PB, – were depleted by sales or disposal during this reporting period.

TITANIUM TRANSFER TO THE DEPARTMENT OF THE ARMY

In accordance with section 3305 of the National Defense Authorization Act for Fiscal Year 1996 (P.L. 104-106), titanium sponge was transferred to the Army's Tank and Automotive Command for use in the weight reduction portion of the main battle tank upgrade program. Fiscal Year 2002 was the seventh year of this program, which provides for annual transfers of up to 250 tons of titanium sponge to continue through Fiscal Year 2003. To date, 1,664 tons have been transferred.

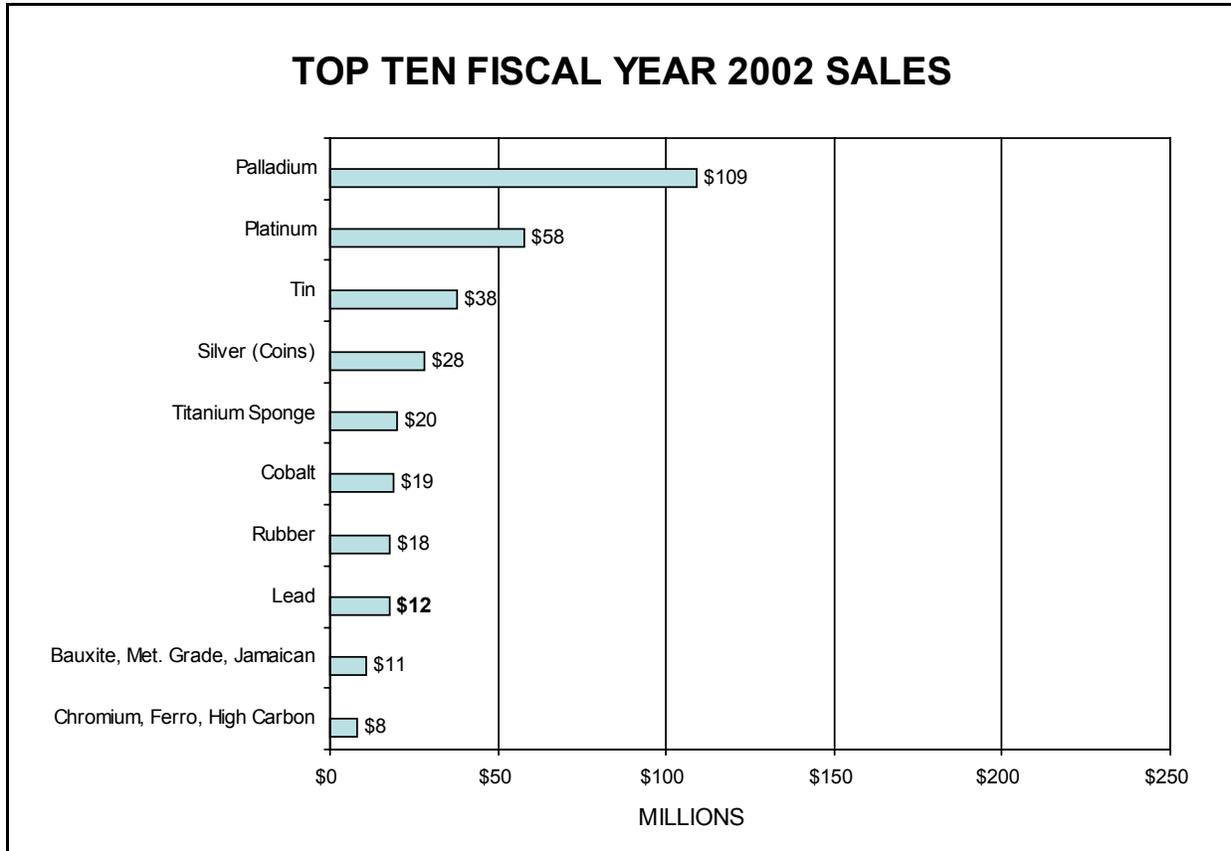


Chart 4 Top Ten Fiscal Year 2002 Sales

While this material is provided to the Army without charge, the law specifies that the Army will pay the costs for transportation and handling.

ENVIRONMENTAL ACTIVITIES

During fiscal year 2002, the Defense National Stockpile Center (DNSC) managed the following environmental projects:

- Mercury Management Environmental Impact Statement (MM EIS) process: Goal is to explore reasonable alternative for the long-term management of DNSC's mercury inventory. Completed scoping process; conducted public meetings at all storage locations plus Washington, DC; completed Scope of Statement. Anticipate issuing draft MM EIS in Spring 2003, with public meetings to follow.
- Completed upgrading of mercury storage facilities and over packing projects for the mercury stored at New Haven, IN; Somerville, NJ; and Warren, OH. Purpose was to ensure environmental safety and security of DNSC employees and local communities.
- Completed site investigations and remediation projects in Louisiana (soil remediation at Baton Rouge), Virginia (manganese storage at Riverville);

Alabama (bauxite at Theodore) and New York (soil remediation at Binghamton);

- Performed storm water compliance projects in New York, Indiana and Ohio;
- Ongoing contract with Oak Ridge National Laboratory/Department of Energy for studies related to long term management or disposition of the DNSC thorium nitrate inventory.

TABLE 1: Fiscal Year 2002 Revised Annual Materials Plan (AMP)

Material	Unit	FY2002 Quantity	Original Quantity
Aluminum Oxide, Abrasive	ST	6,000	
Antimony	ST	5,000	
Bauxite, Metallurgical Jamaican	LDT	2,000,000	
Bauxite, Refractory	LCT	43,000 ^a	5,000
Beryl Ore	ST	4,000	
Beryllium Metal	ST	40	
Beryllium Copper Master Alloy	ST	2,200	
Cadmium	LB	1,200,000	
Celestite	SDT	3,600	
Chromite, Chemical	SDT	100,000 ^a	
Chromite, Metallurgical	SDT	100,000 ^a	
Chromite, Refractory	SDT	100,000	
Chromium, Ferro	ST	150,000	
Chromium, Metal	ST	500	
Cobalt	LB Co	6,000,000	
Columbium Carbide Powder	LB Cb	21,500 ^a	
Columbium Concentrates	LB Cb	560,000	
Columbium Metal Ingots	LB Cb	20,000	
Diamond Stone	ct	1,300,000 ^a	510,000
Fluorspar, Acid Grade	SDT	12,000 ^a	
Fluorspar, Metallurgical Grade	SDT	60,000	

TABLE 1: Fiscal Year 2002 Revised Annual Materials Plan (AMP) (Continued)

Material	Unit	FY2002 Quantity	Original Quantity
Germanium	KG	8,000	
Graphite	ST	3,760	
Iodine	LB	1,000,000	
Jewel Bearings	PC	82,051,558 ^a	52,000,000
Kyanite	SDT	150 ^a	
Lead	ST	60,000	
Manganese, Battery Grade, Natural	SDT	30,000	
Manganese, Battery Grade, Synthetic	SDT	3,011	
Manganese, Chemical Grade	SDT	40,000	
Manganese, Ferro	ST	75,000	
Manganese, Metal, Electrolytic	ST	2,000	
Manganese, Metallurgical Grade	SDT	250,000	
Mica, All	LB	8,500,000 ^a	
Palladium	Tr Oz	600,000	
Platinum	Tr Oz	140,000	95,000
Platinum - Iridium	Tr Oz	6,000	0
Quartz Crystals	Lb	216,648 ^a	0
Quinidine	Oz	750,000	
Rubber	LT	75,000 ^a	
Sebacic Acid	LB	600,000	1,000,000
Silver (Coins)	Tr Oz	8,000,000 ^a	5,000,000
Talc	ST	2,000 ^a	
Tantalum Carbide Powder	LB Ta	4,000	
Tantalum Metal Ingots	LB Ta	40,000	
Tantalum Metal Powder	LB Ta	50,000 ^a	
Tantalum Minerals	LB Ta	500,000	

TABLE 1: Fiscal Year 2002 Revised Annual Materials Plan (AMP) (Continued)

Material	Unit	FY2002 Quantity	Original Quantity
Tantalum Oxide	LB Ta	20,000	
Thorium	LB	7,100,000 ^{a b}	
Tin	MT	12,000	
Titanium Sponge	ST	7,000	
Tungsten Ferro	LB W	300,000	
Tungsten Metal Powder	LB W	300,000	
Tungsten Ores & Concentrates	LB W	4,000,000	
Vegetable Tannin, Chestnut	LT	250 ^a	
Vegetable Tannin, Quebracho	LT	50,000	
Vegetable Tannin, Wattle	LT	6,500 ^a	
Zinc	ST	50,000	

a. Actual quantity will be limited to remaining sales authority or inventory.

b. The radioactive nature of this material may restrict sales or disposal options. Efforts are underway to determine the environmentally and economically feasible disposition of the material

TABLE 2: Fiscal Year 2003 Annual Materials Plan (AMP)

Material	Unit	Quantity
Aluminum Oxide, Abrasive	ST	6,000
Antimony	ST	5,000 ^a
Bauxite, Metallurgical Jamaican	LDT	2,000,000 ^a
Bauxite, Refractory	LCT	43,000 ^a
Beryl Ore	ST	4,000 ^a
Beryllium Metal	ST	40
Beryllium Copper Master Alloy	ST	1,000 ^a
Cadmium	LB	1,200,000
Celestite	SDT	3,600 ^a

**TABLE 2: Fiscal Year 2003 Annual Materials Plan
(AMP) (Continued)**

Material	Unit	Quantity
Chromite, Chemical	SDT	100,000 ^a
Chromite, Metallurgical	SDT	100,000 ^a
Chromite, Refractory	SDT	100,000
Chromium, Ferro	ST	150,000
Chromium, Metal	ST	500
Cobalt	LB Co	6,000,000
Columbium Carbide Powder	LB Cb	21,500 ^a
Columbium Concentrates	LB Cb	560,000
Columbium Metal Ingots	LB Cb	20,000
Diamond Stone	ct	600,000 ^a
Fluorspar, Acid Grade	SDT	12,000 ^a
Fluorspar, Metallurgical Grade	SDT	60,000 ^a
Germanium	KG	8,000
Graphite	ST	3,760 ^a
Iodine	LB	1,000,000
Jewel Bearings	PC	82,051,558 ^a
Kyanite	SDT	150 ^a
Lead	ST	60,000
Manganese, Battery Grade, Natural	SDT	30,000
Manganese, Battery Grade, Synthetic	SDT	3,011 ^a
Manganese, Chemical Grade	SDT	40,000
Manganese, Ferro	ST	25,000
Manganese, Metal, Electrolytic	ST	2,000
Manganese, Metallurgical Grade	SDT	250,000
Mica, All	LB	8,500,000 ^a
Palladium	Tr Oz	350,000 ^a

**TABLE 2: Fiscal Year 2003 Annual Materials Plan
(AMP) (Continued)**

Material	Unit	Quantity
Platinum	Tr Oz	50,000 ^a
Platinum - Iridium	Tr Oz	6,000
Quartz Crystals	LB	216,648 ^a
Quinidine	Oz	750,000 ^a
Rubber	LT	75,000 ^a
Sebacic Acid	LB	600,000
Silver (Coins)	Tr Oz	5,000,000 ^a
Talc	ST	2,000 ^a
Tantalum Carbide Powder	LB Ta	4,000
Tantalum Metal Ingots	LB Ta	40,000
Tantalum Metal Powder	LB Ta	50,000 ^a
Tantalum Minerals	LB Ta	500,000
Tantalum Oxide	LB Ta	20,000
Thorium	LB	7,100,000 ^{a b}
Tin	MT	12,000
Titanium Sponge	ST	7,000
Tungsten Ferro	LB W	300,000
Tungsten Metal Powder	LB W	300,000
Tungsten Ores & Concentrates	LB W	4,000,000
Vegetable Tannin, Chestnut	LT	250 ^a
Vegetable Tannin, Quebracho	LT	50,000
Vegetable Tannin, Wattle	LT	6,500 ^a
Zinc	ST	50,000

a. Actual quantity will be limited to remaining disposal authority or inventory.

b. The radioactive nature of this material may restrict sales or disposal options. Efforts are underway to determine the environmentally and economically feasible disposition of this material.

**TABLE 3: Fiscal Year 2002 Sales
Defense National Stockpile Center**

Material	Unit	Quantity	Value
Principal Sales Program Transaction Account #1			
Aluminum Oxide, Abrasive Grain	ST	84.00	\$37,800.00
Antimony	ST	5,000.00	\$5,820,573.12
Bauxite, Met Grade, Jamaican	LDT	1,146,262.00	\$10,889,489.00
Bauxite, Refractory Grade	LCT	3,125.00	\$210,000.00
Cadmium	LB	1,168,523.00	\$291,166.70
Chromite, Refractory Grade	SDT	100,000.00	\$347,801.00
Chromium, Ferro, High Carbon	STCr	14,901.16	\$7,954,561,.54
Chromium, Ferro, Low Carbon	STCr	6,901.92	\$7,789,108.46
Chromium, Ferro Silicon	ST	10,583.13	\$3,881,820.21
Graphite, Natural Malagasy	ST	2,126.45	\$138,219.22
Iodine	LBS	58,500	\$301,800.00
Kyanite	SDT	140.00	\$1,400.00
Lead	ST	28,434.93	\$12,239,043.74
Manganese Dioxide, Battery, Natural	SDT	30,000.00	\$897,360.00
Manganese, Ferro, High Carbon	ST	26,841.00	\$5,568,165.45
Manganese Metal, Electrolytic	ST	1,944.98	\$1,997,710.60
Manganese Ore, Chemical Grade	SDT	39,999.00	\$1,156,954.00
Maganese Ore, Metallurgical Grade	SDT	260,481.00	\$3,180,424.00
Mica, MB, Stained & Better	LB	1,986.04	\$30,685.17
Mica MS	LB	5,320,323.10	\$422,379.99
Mica PS	LB	481,129.72	\$29,797.80
Silver (Coins)	Tr Oz	9,646,778.95	\$28,195,394.46
Tin	MT	8,614.15	\$37,606,297.62
Vegetable Tannin, Quebracho	LT	10,017.86	\$407,336.00
Vegetable Tannin, Wattle	LT	2,946.43	\$82,500.00

**TABLE 3: Fiscal Year 2002 Sales
Defense National Stockpile Center (Continued)**

Material	Unit	Quantity	Value
Zinc	ST	4,204.06	\$3,002,785.30
Subtotal: Transaction Fund			\$132,480,573.38
Foreign Military Sales Program Transaction Fund Account #2			
Cobalt	LB Co	809,901.69	\$5,862,351.20
Germanium Metal	KG	323.00	\$284,410.00
Rubber	LT	30,759.00	\$17,840,161.92
Subtotal: Transaction Fund			\$23,986,923.12
HHS & Treasury General Fund Program Transaction Fund Account #3			
Beryllium Metal	ST	19.99	\$2,838,420.05
Columbium, Carbide Powder	LB Cb	21,372.00	\$85,911.42
Columbium Metal Ingots	LB Cb	19,909.00	\$301,024.08
Diamond, Stones	ct	412,205.75	\$5,977,852.75
Graphite Natural Ceylon Lump	ST	1,631.05	\$675,107.25
Palladium	Tr Oz	157,490.48	\$54,640,141.39
Platinum	Tr Oz	121,025.02	\$58,004,150.51
Tantalum, Metal Ingots	LB Ta	40,023.43	\$3,527,239.52
Tantalum Oxide	LB Ta	b	\$4,715.29
Tungsten, Ferro	LB W	302,932.47	\$751,123.97
Tungsten, Metal Powder	LB W	317,013.33	\$1,023,019.26
Tungsten, Ores & Concentrates	LB W	b	\$85,000.00
Subtotal: Transaction Fund			\$127,913,705.49
Spectrum Program Transaction Fund Account #4			
Palladium	Tr Oz	152,199.97	\$54,610,634.70

**TABLE 3: Fiscal Year 2002 Sales
Defense National Stockpile Center (Continued)**

Material	Unit	Quantity	Value
Platinum (Sold under Spectrum by Error)	Tr Oz	9,333.32 ^c	\$4,998,259.38
Subtotal: Transaction Fund			\$59,608,894.08
WWII Memorial Program Transaction Fund Account #5			
Titanium Sponge	ST	7,000.01	\$20,384,071.08
Subtotal: Transaction Fund			\$20,384,071.08
Cobalt Post FMS Program Transaction Fund Account #6			
Cobalt	LB Co	1,849,258.65	\$13,070,826.58
Subtotal: Transaction Fund			\$13,070,826.58
Total Sales			\$377,444,993.84

Notes:

1. *The Principal Sales Program Transaction Fund Account* consists of all commodities authorized for sale that are not specifically earmarked for any particular revenue goal. Revenues from the Principal program are used to fund NDS operations and amangement by the Defense Logistics Agency. Additionally, Congress annually authorizes transfers of \$50 million to each of the Army, Navy, and Air Force operation and maintenance accounts.
2. *The Foreign Military Sales (FMS) Program Transaction Fund Account* authorizes the sale of specific quantities of 11 NDS commodities as offsets to fund the FMS program over a ten-year period ending September 30, 2006.
3. *The Health and Human Services (HHS) and Treasury General Fund (TGF) Program Account* authorizes the transfer to the Department of Health and Human Services of revenues from the sale of specific quantities of 27 NDS commodities. Starting in Fiscal Year 1999 and extending for seven years, these revenues are to be used by HHS for the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Trust Fund. After specific fiscal year revenues are transferred to HHS, any remaining monies are transferred to the General Fund of the Treasury.

**TABLE 3: Fiscal Year 2002 Sales
Defense National Stockpile Center (Continued)**

Material	Unit	Quantity	Value
4.	<i>The Spectrum Sales Program Transaction Fund Account</i> authorizes the sale of quantities of four NDS commodities. Starting in Fiscal Year 2000 and extending for ten years, these revenues are to reclaim certain radio frequencies that are reserved for DoD but were to be surrendered for civilian use, and to fund various military personnel benefit programs.		
5.	<i>The WWII Memorial and MILPERS Benefit Program Transaction Fund Account</i> authorized the sale of 30,000 short tons of titanium contained in the National Defense Stockpile by September 20, 2010. Starting in Fiscal Year 2001, \$6 million shall be transferred to the American Battle Monument Commission for deposit in the fund established for the World War II Memorial and the remainder deposited into the general Treasury.		
6.	<i>The Cobalt Post FMS Program</i> authorized the sale of 14,058,014 pounds of cobalt contained in the NDS by September 30, 2006. Receipts are to be deposited in the General Fund of the Treasury.		
a.	Includes 3 million ounces valued at \$10.3 million that were consumed by the U.S. Mint during Fiscal Year 2001.		
b.	No additional quantity sold in FY 2002; however, contract amendment increased value as indicated.		
c.	Equivalent quantity of Palladium was transferred from this program to HHS & Treasury General Fund to compensate for the error.		

III. FINANCIAL STATUS OF THE DEFENSE NATIONAL STOCKPILE TRANSACTION FUND

OVERVIEW

The Fiscal Year 2002 Transaction Fund financial status (Table 4) portrays the cash and obligations activity beginning October 1, 2000 through September 30, 2002. All proceeds from the sale of excess materials (reimbursements collected) are posted in the Transaction Fund. The table also depicts the cash flow to the United States Treasury (disbursements), net obligations (the difference between what is owed to the Fund minus what the Fund owes), and the remaining unobligated balance.

TABLE 4: Financial Status of The Defense National Stockpile Transaction Fund – October 1, 2000 to September 30, 2002 (Millions of Dollars)

Transaction	FY 00	FY 01	FY 02
Beginning Treasury Cash Balance	\$743.9	\$1,100.1	\$1,151.6
Reimbursements Collected	574.6	649.9	369.5
Appropriations and Transfers			
Service Operations	(150.0)	(150.0)	(0)
Disbursements			
FMS/Treasury/HHS/WWII	–	(384.5)	(778.0)
DNSC Operations	(68.4)	(63.9)	(73.1)
Total Disbursements	(68.4)	(448.4)	(851.1)
Ending Treasury Cash Balance	\$1,100.1	\$1,151.6	\$670.0

Focusing on the Fiscal Year 2002 column, \$369.5 million represents reimbursements collected, including \$282.1 million from Fiscal Year 2002 sales. The remaining reimbursements collected are from prior year sales. Lastly, \$851.1 million were disbursed. All data shown in Table 4 have been taken from the official accounting records as reported to the United States Treasury by the Defense Finance and Accounting Service.

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APPENDIX A: STRATEGIC AND CRITICAL MATERIALS STOCK PILING ACT (50 U.S.C. 98 et seq.)

SEC. 1. This Act may be cited as the “Strategic and Critical Materials Stock Piling Act.”

Findings And Purpose

SEC. 2. (a) The Congress finds that the natural resources of the United States in certain strategic and critical materials are deficient or insufficiently developed to supply the military, industrial, and essential civilian needs of the United States for national defense.

(b) It is the purpose of this Act to provide for the acquisition and retention of stocks of certain strategic and critical materials and to encourage the conservation and development of sources of such materials within the United States and thereby to decrease and to preclude, when possible, a dangerous and costly dependence by the United States upon foreign sources for supplies of such materials in times of national emergency.

(c) The purpose of the National Defense Stockpile is to serve the interest of national defense only. The National Defense Stockpile is not to be used for economic or budgetary purposes.

Materials to be Acquired: Presidential Authority and Guidelines

SEC. 3. (a) Subject to subsection (c) of this section, the President shall determine from time to time (1) which materials are strategic and critical materials for the purposes of this Act, and (2) the quality and quantity of each such material to be acquired for the purposes of this Act and the form in which each such material shall be acquired and stored. Such materials when acquired, together with the other materials described in section 4 of this Act, shall constitute and be collectively known as the National Defense Stockpile (hereinafter in this Act referred to as the “stockpile”).

(b) The President shall make the determinations required to be made under subsection (a) on the basis of the principles stated in section 2(c).

(c)(1) The quantity of any material to be stockpiled under this Act, as in effect on September 30, 1987, may be changed only as provided in this subsection or as otherwise provided by law enacted after December 4, 1987.

(2) The President shall notify Congress in writing of any change proposed to be made in the quantity of any material to be stockpiled. The President may make the change after the end of the 45-day period beginning on the date of the notification. The President shall include a full explanation and justification for the proposed change with the notification.

Materials Constituting the National Defense Stockpile

SEC. 4. (a) The stockpile consists of the following materials:

(1) Materials acquired under this Act and contained in the national stockpile on July 29, 1979.

(2) Materials acquired under this Act after July 29, 1979.

(3) Materials in the supplemental stockpile established by section 1704(b) of the Agricultural Trade Development and Assistance Act of 1954 (as in effect from September 21, 1959, through December 31, 1966) on July 29, 1979.

(4) Materials acquired by the United States under the provisions of section 303 of the Defense Production Act of 1950 (50 U.S.C. App. 2093) and transferred to the stockpile by the President pursuant to subsection (f) of such section.

(5) Materials transferred to the United States under section 663 of the Foreign Assistance Act of 1961 (22 U.S.C. 2423) that have been determined to be strategic and critical materials for the purposes of this Act and that are allocated by the President under subsection (b) of such section for stockpiling in the stockpile.

(6) Materials acquired by the Commodity Credit Corporation and transferred to the stockpile under section 4(h) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(h)).

(7) Materials acquired by the Commodity Credit Corporation under paragraph (2) of section 103(a) of the Act entitled “An Act to provide for greater stability in agriculture; to augment the marketing and disposal of agricultural products; and for other purposes,” approved August 28, 1954 (7 U.S.C. 1743(a)), and transferred to the stockpile under the third sentence of such section.

(8) Materials transferred to the stockpile by the President under paragraph (4) of section 103(a) of such Act of August 28, 1954.

(9) Materials transferred to the stockpile under subsection (b).

(10) Materials transferred to the stockpile under subsection (c).

(b) Notwithstanding any other provision of law, any material that (1) is under the control of any department or agency of the United States, (2) is determined by the head of such department or agency to be excess to its needs and responsibilities, and (3) is required for the stockpile shall be transferred to the stockpile. Any such transfer shall be made without reimbursement to such department or agency, but all costs required to effect such transfer shall be paid or reimbursed from funds appropriated to carry out this Act.

(c)(1) The Secretary of Energy, in consultation with the Secretary of Defense, shall transfer to the stockpile for disposal in accordance with this Act uncontaminated materials that are in the Department of Energy inventory of materials for the production of defense-related items, are excess to the requirements of the Department for that purpose, and are suitable for transfer to the stockpile and disposal through the stockpile.

(2) The Secretary of Defense shall determine whether materials are suitable for transfer to the stockpile under this subsection, are suitable for disposal through the stockpile, and are uncontaminated.

Authority for Stockpile Operations

SEC. 5. (a)(1) Except for acquisitions made under the authority of paragraph (3) or (4) of section 6(a) of this Act, no funds may be obligated or appropriated for acquisition of any material under this Act unless funds for such acquisition have been authorized by law. Funds appropriated for such acquisition (and for transportation and other incidental expenses related to such acquisition) shall remain available until expended, unless otherwise provided in appropriation Acts.

(2) If for any fiscal year the President proposes certain stockpile transactions in the annual materials plan submitted to Congress for that year under section 11(b) of this Act and after that plan is submitted the President proposes (or Congress requires) a significant change in any such transaction, or a significant transaction not included in such plan, no amount may be obligated or expended for such transaction during such year until the President has submitted a full statement of the proposed transaction to the appropriate committees of Congress and a period of 45 days has passed from the

date of the receipt of such statement by such committees.

(b) Except for disposals made under the authority of paragraph (3), (4) or (5) of section 6(a) or under section 7(a) of this Act, no disposal may be made from the stockpile unless such disposal, including the quantity of the material to be disposed of, has been specifically authorized by law.

(c) There is authorized to be appropriated such sums as may be necessary to provide for the transportation, processing, refining, storage, security, maintenance, rotation, and disposal of materials contained in or acquired for the stockpile. Funds appropriated for such purposes shall remain available to carry out the purposes for which appropriated for a period of two fiscal years, if so provided in appropriation Acts.

Stockpile Management

SEC. 6. (a) The President shall —

(1) acquire the materials determined under section 3(a) to be strategic and critical materials;

(2) provide for the proper storage, security, and maintenance of materials in the stockpile;

(3) provide for the upgrading, refining or processing of any material in the stockpile (notwithstanding any intermediate stockpile quantity established for such material) when necessary to convert such material into a form more suitable for storage, subsequent disposition, and immediate use in a national emergency;

(4) provide for the rotation of any material in the stockpile when necessary to prevent deterioration or technological obsolescence of such material by replacement of such material with an equivalent quantity of substantially the same material or better material;

(5) subject to the notification required by subsection (d)(2) of this section, provide for the timely disposal of materials in the stockpile that (A) are excess to stockpile requirements, and (B) may cause a loss to the Government if allowed to deteriorate; and

(6) subject to the provisions of section 5(b), dispose of materials in the stockpile the disposal of which is specifically authorized by law.

(b) Except as provided in subsections (c) and (d), acquisition of strategic and critical materials under this Act shall be made in accordance with established Federal procurement practices, and, except as provided in subsections (c) and (d) and in section 7(a), disposal of strategic and critical materials from the stockpile shall

be made in accordance with the next sentence. To the maximum extent feasible—

(1) competitive procedures shall be used in the acquisition and disposal of such materials; and

(2) efforts shall be made in the acquisition and disposal of such materials to avoid undue disruption of the usual markets of producers, processors, and consumers of such materials and to protect the United States against avoidable loss.

(c)(1) The President shall encourage the use of barter in the acquisition under subsection (a)(1) of this section of strategic and critical materials for, and the disposal under subsection (a)(5) or (a)(6) of this section of materials from, the stockpile when acquisition or disposal by barter is authorized by law and is practical and in the best interest of the United States.

(2) Materials in the stockpile (the disposition of which is authorized by paragraph (3) to finance the upgrading, refining, or processing of a material in the stockpile, or is otherwise authorized by law) shall be available for transfer at fair market value as payment for expenses (including transportation and other incidental expenses) of acquisition of materials, or of upgrading, refining, processing, or rotating materials, under this Act.

(3) Notwithstanding section 3(c) of this Act or any other provision of law, whenever the President provides under subsection (a)(3) of this section for the upgrading, refining, or processing of a material in the stockpile to convert that material into a form more suitable for storage, subsequent disposition, and immediate use in a national emergency, the President may barter a portion of the same material (or any other material in the stockpile that is authorized for disposal) to finance that upgrading, refining, or processing.

(4) To the extent otherwise authorized by law, property owned by the United States may be bartered for materials needed for the stockpile.

(d)(1) The President may waive the applicability of any provision of the first sentence of subsection (b) to any acquisition of material for, or disposal of material from, the stockpile. Whenever the President waives any such provision with respect to any such acquisition or disposal, or whenever the President determines that the application of paragraph (1) or (2) of such subsection to a particular acquisition or disposal is not feasible, the President shall notify the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives in writing of the proposed acquisition or disposal at least 45 days before any

obligation of the United States is incurred in connection with such acquisition or disposal and shall include in such notification the reasons for not complying with any provision of such subsection.

(2) Materials in the stockpile may be disposed of under subsection (a)(5) of this section only if such congressional committees are notified in writing of the proposed disposal at least 45 days before any obligation of the United States is incurred in connection with such disposal.

(3) The President may acquire leasehold interests in property, for periods not in excess of twenty years, for storage, security, and maintenance of materials in the stockpile.

Special Disposal Authority of the President

SEC. 7. (a) Materials in the stockpile may be released for use, sale, or other disposition —

(1) on the order of the President, at any time the President determines the release of such materials is required for purposes of the national defense; and

(2) in time of war declared by the Congress or during a national emergency, on the order of any officer or employee of the United States designated by the President to have authority to issue disposal orders under this subsection, if such officer or employee determines that the release of such materials is required for purposes of the national defense.

(b) Any order issued under subsection (a) shall be promptly reported by the President, or by the officer or employee issuing such order, in writing, to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives.

Materials Development and Research

SEC. 8. (a)(1) The President shall make scientific, technologic, and economic investigations concerning the development, mining, preparation, treatment, and utilization of ores and other mineral substances that (A) are found in the United States, or in its territories or possessions, (B) are essential to the national defense, industrial, and essential civilian needs of the United States, and (C) are found in known domestic sources in inadequate quantities or grades.

(2) Such investigations shall be carried out in order to —

(A) determine and develop new domestic sources of supply of such ores and mineral substances;

(B) devise new methods for the treatment and utilization of lower grade reserves of such ores and mineral substances; and

(C) develop substitutes for such essential ores and mineral products.

(3) Investigations under paragraph (1) may be carried out on public lands and, with the consent of the owner, on privately owned lands for the purpose of exploring and determining the extent and quality of deposits of such minerals, the most suitable methods of mining and beneficiating such minerals, and the cost at which the minerals or metals may be produced.

(b) The President shall make scientific, technologic, and economic investigations of the feasibility of developing domestic sources of supplies of any agricultural material or for using agricultural commodities for the manufacture of any material determined pursuant to section 3(a) of this Act to be a strategic and critical material or substitutes therefore.

(c) The President shall make scientific, technologic, and economic investigations concerning the feasibility of —

(1) developing domestic sources of supply of materials (other than materials referred to in subsections (a) and (b)) determined pursuant to section 3(a) to be strategic and critical materials; and

(2) developing or using alternative methods for the refining or processing of a material in the stockpile so as to convert such material into a form more suitable for use during an emergency or for storage.

(d) The President shall encourage the conservation of domestic sources of any material determined pursuant to section 3(a) to be a strategic and critical material by making grants or awarding contracts for research regarding the development of:

(1) substitutes for such material; or

(2) more efficient methods of production or use of such material.

National Defense Stockpile Transaction Fund

SEC. 9. (a) There is established in the Treasury of the United States a separate fund to be known as the National Defense Stockpile Transaction Fund (hereinafter in this section referred to as the “fund”).

(b)(1) All moneys received from the sale of materials in the stockpile under paragraphs (5) and (6) of section 6(a) shall be covered into the fund.

(2) Subject to section 5(a)(1), moneys covered into the fund under paragraph (1) are hereby made available (subject to such limitations as may be provided in appropriations Acts) for the following purposes:

(A) The acquisition, maintenance, and disposal of strategic and critical materials under section 6(a).

(B) Transportation, storage, and other incidental expenses related to such acquisition, maintenance, and disposal.

(C) Development of current specifications of stockpile materials and the upgrading of existing stockpile materials to meet current specifications (including transportation, when economical, related to such upgrading).

(D) Testing and quality studies of stockpile materials.

(E) Studying future material and mobilization requirements for the stockpile.

(F) Activities authorized under section 15 of this Act.

(G) Contracting under competitive procedures for materials development and research to —

(i) improve the quality and availability of materials stockpiled from time to time in the stockpile; and

(ii) develop new materials for the stockpile.

(H) Improvement or rehabilitation of facilities, structures, and infrastructure needed to maintain the integrity of stockpile materials.

(I) Disposal of hazardous materials that are stored in the stockpile and authorized for disposal by law.

(J) Performance of environmental remediation, restoration, waste management, or compliance activities at locations of the stockpile that are required under a Federal law or are undertaken by the government under an administrative decision or negotiated agreement.

(K) Pay of employees of the National Defense Stockpile program.

(L) Other expenses of the National Defense Stockpile program.

(3) Moneys in the fund shall remain available until expended.

(c) All moneys received from the sale of materials being rotated under the provisions of section 6(a)(4) or disposed of under section 7(a) shall be covered into the

fund and shall be available only for the acquisition of replacement materials.

(d) If, during a fiscal year, the National Defense Stockpile Manager barter materials in the stockpile for the purpose of acquiring, upgrading, refining, or processing other materials (or for services directly related to that purpose), the contract value of the materials so bartered shall —

(1) be applied toward the total value of materials that are authorized to be disposed of from the stockpile during that fiscal year;

(2) be treated as an acquisition for purposes of satisfying any requirement imposed on the National Defense Stockpile Manager to enter into obligations during that fiscal year under subsection (b)(2) of this section; and

(3) not increase or decrease the balance in the fund.

Advisory Committees

SEC. 10. (a) The President may appoint advisory committees composed of individuals with expertise relating to materials in the stockpile or with expertise in stockpile management to advise the President with respect to the acquisition, transportation, processing, refining, storage, security, maintenance, rotation, and disposal of such materials under this Act.

(b) Each member of an advisory committee established under subsection (a) while serving on the business of the advisory committee away from such member's home or regular place of business shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons intermittently employed in the Government service.

(c)(1) The President shall appoint a Market Impact Committee composed of representatives from the Department of Agriculture, the Department of Commerce, the Department of Defense, the Department of Energy, the Department of the Interior, the Department of State, the Department of the Treasury, and the Federal Emergency Management Agency, and such other persons as the President considers appropriate. The representatives from the Department of Commerce and the Department of State shall be Cochairmen of the Committee.

(2) The Committee shall advise the National Defense Stockpile Manager on the projected domestic and foreign economic effects of all acquisitions and disposals of materials from the stockpile that are proposed to be included in the annual materials plan

submitted to Congress under section 11(b) of this Act, or in any revision of such plan, and shall submit to the manager the Committee's recommendations regarding those acquisitions and disposals.

(3) The annual materials plan or the revision of such plan, as the case may be, shall contain—

(A) the views of the Committee on the projected domestic and foreign economic effects of all acquisitions and disposals of materials from the stockpile;

(B) the recommendations submitted by the Committee under paragraph (2); and

(C) for each acquisition or disposal provided for in the plan or revision that is inconsistent with a recommendation of the Committee, a justification for the acquisition or disposal.

(4) In developing recommendations for the National Defense Stockpile Manager under paragraph (2), the Committee shall consult from time to time with representatives of producers, processors, and consumers of the types of materials stored in the stockpile.

Reports To Congress

SEC. 11. (a) Not later than January 15 of each year, the President shall submit to the Congress an annual written report detailing operations under this Act. Each such report shall include —

(1) information with respect to foreign and domestic purchases of materials during the preceding fiscal year;

(2) information with respect to the acquisition and disposal of materials under this Act by barter, as provided for in section 6(c) of this Act, during such fiscal year;

(3) information with respect to the activities by the Stockpile Manager to encourage the conservation, substitution, and development of strategic and critical materials within the United States;

(4) information with respect to the research and development activities conducted under sections 2 and 8 of this Act;

(5) a statement and explanation of the financial status of the National Defense Stockpile Transaction Fund and the anticipated appropriations to be made to the fund, and obligations to be made from the fund, during the current fiscal year; and

(6) such other pertinent information on the administration of this Act as will enable the Congress to evaluate the effectiveness of the program provided for

under this Act and to determine the need for additional legislation.

(b)(1) Not later than February 15 of each year, the President shall submit to the appropriate committees of the Congress a report containing an annual materials plan for the operation of the stockpile during the next fiscal year and the succeeding four fiscal years.

(2) Each such report shall include details of all planned expenditures from the National Defense Stockpile Transaction Fund during such period (including expenditures to be made from appropriations from the general fund of the Treasury) and of anticipated receipts from proposed disposals of stockpile materials during such period. Each such report shall also contain details regarding the materials development and research projects to be conducted under section 9(b)(2)(G) of this Act during the fiscal years covered by the report. With respect to each development and research project, the report shall specify the amount planned to be expended from the fund, the material intended to be developed, the potential military or defense industrial applications for that material, and the development and research methodologies to be used.

(3) Any proposed expenditure or disposal detailed in the annual materials plan for any such fiscal year, and any expenditure or disposal proposed in connection with any transaction submitted for such fiscal year to the appropriate committees of Congress pursuant to section 5(a)(2) of this Act, that is not obligated or executed in that fiscal year may not be obligated or executed until such proposed expenditure or disposal is resubmitted in a subsequent annual materials plan or is resubmitted to the appropriate committees of Congress in accordance with section 5(a)(2) of this Act, as appropriate.

Definitions

SEC. 12. For the purposes of this Act:

(1) The term “strategic and critical materials” means materials that (A) would be needed to supply the military, industrial, and essential civilian needs of the United States during a national emergency, and (B) are not found or produced in the United States in sufficient quantities to meet such need.

(2) the term “national emergency” means a general declaration of emergency with respect to the national defense made by the President or by the Congress.

Importation Of Strategic And Critical Materials

SEC. 13. The President may not prohibit or regulate the importation into the United States of any material determined to be strategic and critical pursuant to the provisions of this Act, if such material is the product of any foreign country or area not listed in general note 3(b) of the Harmonized Tariff Schedule of the United States (19 U.S.C. 1202), for so long as the importation into the United States of material of that kind which is the product of a country or area listed in such general note is not prohibited by any provision of law.

Biennial Report on Stockpile Requirements

SEC. 14. (a) Not later than January 15 of every other year, the Secretary of Defense shall submit to Congress a report on stockpile requirements. Each such report shall include —

(1) the Secretary’s recommendations with respect to stockpile requirements; and

(2) the matters required under subsection (b).

(b) Each report under this section shall set forth the national emergency planning assumptions used by the Secretary in making the Secretary's recommendations under subsection (a)(1) with respect to stockpile requirements. The Secretary shall base the national emergency planning assumptions on a military conflict scenario consistent with the scenario used by the Secretary in budgeting and defense planning purposes. The assumptions to be set forth include assumptions relating to each of the following:

(1) The length and intensity of the assumed military conflict.

(2) The military force structure to be mobilized.

(3) The losses anticipated from enemy action.

(4) The military, industrial, and essential civilian requirements to support the national emergency.

(5) The availability of supplies of strategic and critical materials from foreign sources during the mobilization period, the military conflict, and the subsequent period of replenishment, taking into consideration possible shipping losses.

(6) The domestic production of strategic and critical materials during the mobilization period, the military conflict, and the subsequent period of replenishment, taking into consideration possible shipping losses.

(7) Civilian austerity measures required during the mobilization period and military conflict.

(c) The stockpile requirements shall be based on those strategic and critical materials necessary for the United States to replenish or replace, within three years of the end of the military conflict scenario required under subsection (b), all munitions, combat support items, and weapons systems that would be required after such a military conflict.

(d) The Secretary shall also include in each report under this section an examination of the effect that alternative mobilization periods under the military conflict scenario required under subsection (b), as well as a range of other military conflict scenarios addressing potentially more serious threats to national security, would have on the Secretary's recommendations under subsection (a)(1) with respect to stockpile requirements.

(e) The President shall submit with each report under this section a statement of the plans of the President for meeting the recommendations of the Secretary set forth in the report.

Development of Domestic Sources

SEC. 15. (a) Subject to subsection (c) and to the extent the President determines such action is required for the national defense, the President shall encourage the development of domestic sources for materials determined pursuant to section 3(a) to be strategic and critical materials —

(1) by purchasing, or making a commitment to purchase, strategic and critical materials of domestic origin when such materials are needed for the stockpile; and

(2) by contracting with domestic facilities, or making a commitment to contract with domestic facilities, for the processing or refining of strategic and critical materials in the stockpile when processing or refining is necessary to convert such materials into a form more suitable for storage and subsequent disposition.

(b) A contract or commitment made under subsection (a) may not exceed five years from the date of the contract or commitment. Such purchases and commitments to purchase may be made for such quantities and on such terms and conditions, including

advance payments, as the President considers to be necessary.

(c)(1) Descriptions of proposed transactions under subsection (a) shall be included in the appropriate annual materials plan submitted to Congress under section 11(b). Changes to any such transaction or the addition of a transaction not included in such plan, shall be made in the manner provided by section 5(a)(2).

(2) The authority of the President to enter into obligations under this section is effective for any fiscal year only to the extent that funds in the National Defense Stockpile Transaction Fund are adequate to meet such obligations. Payments required to be as a result of obligations incurred under this section shall be made from amounts in the fund.

(d) The authority of the President under subsection (a) includes the authority to pay—

(1) the expenses of transporting materials, and

(2) other incidental expenses related to carrying out such subsection.

(e) The President shall include in the reports required under section 11(a) information with respect to activities conducted under this section.

National Defense Stockpile Manager

SEC. 16. (a) The President shall designate a single Federal office to have responsibility for performing the functions of the President under this Act, other than under sections 7 and 13. The office designated shall be one to which appointment is made by the President, by and with the advice and consent of the Senate.

(b) The individual holding the office designated by the President under subsection (a) shall be known for purposes of functions under this Act as the “National Defense Stockpile Manager.”

(c) The President may delegate functions of the President under this Act (other than under sections 7 and 13) only to the National Defense Stockpile Manager. Any such delegation made by the President shall remain in effect until specifically revoked by law or Executive order. The President may not delegate functions of the President under sections 7 and 13.

United States Code Citations

Section 2	—	50 U.S.C. 98a	Section 10	—	50 U.S.C. 98h-1
Section 3	—	50 U.S.C. 98b	Section 11	—	50 U.S.C. 98h-2
Section 4	—	50 U.S.C. 98c	Section 12	—	50 U.S.C. 98h-3
Section 5	—	50 U.S.C. 98d	Section 13	—	50 U.S.C. 98h-4
Section 6	—	50 U.S.C. 98e	Section 14	—	50 U.S.C. 98h-5
Section 7	—	50 U.S.C. 98f	Section 15	—	50 U.S.C. 98h-6
Section 8	—	50 U.S.C. 98g	Section 16	—	50 U.S.C. 98h-7

**APPENDIX B: BOB STUMP DEFENSE AUTHORIZATION
ACT FOR FISCAL YEAR 2003
Public Law 107-248
December 2, 2002**

**SEC. 3301. AUTHORIZED USES OF
NATIONAL DEFENSE STOCKPILE
FUNDS.**

(a) OBLIGATION OF STOCKPILE FUNDS - During fiscal year 2003, the National Defense Stockpile Manager may obligate up to \$76,400,000 of the funds in the National Defense Stockpile Transaction Fund established under subsection (a) of section 9 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h) for the authorized uses of such funds under subsection (b)(2) of such section, including the disposal of hazardous materials that are environmentally sensitive.

(b) ADDITIONAL OBLIGATIONS - The National Defense Stockpile Manager may obligate amounts in excess of the amount specified in subsection (a) if the National Defense Stockpile Manager notifies Congress that extraordinary or emergency conditions necessitate the additional obligations described in the notification after the end of the 45-day period beginning on the date on which Congress receives the notification.

(c) LIMITATIONS - The authorities provided by this section shall be subject to such limitations as may be provided in appropriations Acts.

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**APPENDIX C: DEFENSE AUTHORIZATION ACT FOR
FISCAL YEAR 2002
PUBLIC LAW 107-107, December 28, 2001
115 STAT. 1012**

SEC. 304. TRANSFER FROM NATIONAL DEFENSE STOCKPILE TRANSACTION FUND.

(a) **TRANSFER AUTHORITY.**—To the extent provided in appropriations Acts, not more than \$150,000,000 is authorized to be transferred from the National Defense Stockpile Transaction Fund to operation and maintenance accounts for fiscal year 2002 in amounts as follows:

- (1) For the Army, \$50,000,000.
- (2) For the Navy, \$50,000,000.
- (3) For the Air Force, \$50,000,000.

(b) **TREATMENT OF TRANSFERS.**—Amounts transferred under this section—

(1) shall be merged with, and be available for the same purposes and the same period as, the amounts in the accounts to which transferred; and

(2) may not be expended for an item that has been denied authorization of appropriations by Congress.

(c) **RELATIONSHIP TO OTHER TRANSFER AUTHORITY.**—The transfer authority provided in this section is in addition to the transfer authority provided in section 1001.

TITLE XXXIII—NATIONAL DEFENSE STOCKPILE

Sec. 3301. Definitions.

Sec. 3302. Authorized uses of stockpile funds.

Sec. 3303. Authority to dispose of certain materials in National Defense Stockpile.

Sec. 3304. Revision of limitations on required disposals of certain materials in National Defense Stockpile.

Sec. 3305. Acceleration of required disposal of cobalt in National Defense Stockpile.

Sec. 3306. Restriction on disposal of manganese ferro.

SEC. 3301. DEFINITIONS.

In this title:

(1) The term “National Defense Stockpile” means the stockpile provided for in section 4 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98c).

(2) The term “National Defense Stockpile Transaction Fund” means the fund established under section 9(a) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h(a)).

(3) The term “Market Impact Committee” means the Market Impact Committee appointed under section 10(c) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h–1(c)).

SEC. 3302. AUTHORIZED USES OF STOCKPILE FUNDS.

(a) **OBLIGATION OF STOCKPILE FUNDS.**—During fiscal year 2002, the National Defense Stockpile Manager may obligate up to \$65,200,000 of the funds in the National Defense Stockpile Transaction Fund for the authorized uses of such funds under section 9(b)(2) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h(b)(2)), including the disposal of hazardous materials that are environmentally sensitive.

(b) **ADDITIONAL OBLIGATIONS.**—The National Defense Stockpile Manager may obligate amounts in excess of the amount specified in subsection (a) if the National Defense Stockpile Manager notifies Congress that extraordinary or emergency conditions necessitate the additional obligations. The National Defense Stockpile Manager may make the additional obligations described in the notification after the end of the 45-day period beginning on the date on which Congress receives the notification.

(c) **LIMITATIONS.**—The authorities provided by this section shall be subject to such limitations as may be provided in appropriations Acts.

SEC. 3303. AUTHORITY TO DISPOSE OF CERTAIN MATERIALS IN NATIONAL DEFENSE STOCKPILE.

(a) DISPOSAL AUTHORIZED.—Subject to the conditions specified in subsection (b), the President may dispose of obsolete and excess materials contained in the National Defense Stockpile. The materials subject to disposal under this subsection and the quantity of each material authorized to be disposed of by the President are set forth in the following table:

Authorized Stockpile Disposals	
Bauxite	40,000 short tons
Chromium Metal	3,512 short tons
Iridium.....	25,140 troy ounces
Jewel Bearings	30,273,221 pieces
Manganese Ferro HC	209,074 short tons
Palladium	11 troy ounces
Quartz Crystal	216,648 pounds
Tantalum Metal Ingot.....	120,228 pounds contained
Tantalum Metal Powder	36,020 pounds contained
Thorium Nitrate.....	600,000 pounds

(b) MINIMIZATION OF DISRUPTION AND LOSS.—The President may not dispose of materials under subsection (a) to the extent that the disposal will result in—

- (1) undue disruption of the usual markets of producers, processors, and consumers of the materials proposed for disposal; or
- (2) avoidable loss to the United States.

(c) RELATIONSHIP TO OTHER DISPOSAL AUTHORITY.—The disposal authority provided in subsection (a) is new disposal authority and is in addition to, and shall not affect, any other disposal authority provided by law regarding the materials specified in such subsection.

SEC. 3304. REVISION OF LIMITATIONS ON REQUIRED DISPOSALS OF CERTAIN MATERIALS IN NATIONAL DEFENSE STOCKPILE.

(a) PUBLIC LAW 105–261.—Section 3303 of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Public Law 105–261; 50 U.S.C. 98d note) is amended—

- (1) in subsection (a)—
 - (A) by striking “the amount of—” and inserting “total amounts not less than—”;
 - (B) by striking “and” at the end of paragraph (3); and
 - (C) by striking paragraph (4) and inserting the following new paragraphs:
 - “(4) \$760,000,000 by the end of fiscal year 2005; and
 - “(5) \$770,000,000 by the end of fiscal year 2011.”; and
- (2) in subsection (b)(2), by striking “receipts in the amounts specified in subsection (a)” and inserting “receipts in the total amount specified in subsection (a)(5)”.

(b) PUBLIC LAW 105–85.—Section 3305 of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105–85; 50 U.S.C. 98d note) is amended—

- (1) in subsection (a), by striking “amounts equal to—” and inserting “total amounts not less than—”; and
- (2) in subsection (b), by striking paragraph (2) and inserting the following new paragraph:

“(2) The President may not dispose of cobalt under this section in fiscal year 2006 in excess of the disposals necessary to result in receipts during that fiscal year in the total amount specified in subsection (a)(5).”.

(c) PUBLIC LAW 104–201.—Section 3303 of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104–201; 50 U.S.C. 98d note) is amended—

- (1) in subsection (a), by striking “amounts equal to—” and inserting “total amounts not less than—”; and
- (2) in subsection (b), by striking paragraph (2) and inserting the following new paragraph:

“(2) The President may not dispose of materials under this section during the 10-fiscal year period referred to in subsection (a)(2) in excess of the disposals necessary to result in receipts during that period in the total amount specified in such subsection.”.

SEC. 3305. ACCELERATION OF REQUIRED DISPOSAL OF COBALT IN NATIONAL DEFENSE STOCKPILE.

Section 3305(a) of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105–85; 50 U.S.C. 98d note), as amended by section 3304(b) of this Act, is amended—

(1) in paragraph (1), by striking “2003” and inserting “2002”;

(2) in paragraph (2), by striking “2004” and inserting “2003”;

(3) in paragraph (3), by striking “2005” and inserting “2004”;

(4) in paragraph (4), by striking “2006” and inserting “2005”; and

(5) in paragraph (5), by striking “2007” and inserting “2006”.

SEC. 3306. RESTRICTION ON DISPOSAL OF MANGANESE FERRO.

(a) TEMPORARY QUANTITY RESTRICTIONS.—During fiscal years 2002 through 2005, the disposal of

manganese ferro in the National Defense Stockpile may not exceed the following quantities:

(1) During fiscal year 2002, 25,000 short tons of all grades of manganese ferro.

(2) During fiscal year 2003, 25,000 short tons of high carbon manganese ferro of the highest grade.

(3) During each of the fiscal years 2004 and 2005, 50,000 short tons of high carbon manganese ferro of the highest grade.

(b) CONFORMING AMENDMENT.—Section 3304 of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104–106; 110 Stat. 629) is repealed.

EXCERPTS FROM THE FLOYD D. SPENCE NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2001 P.L. 106-398; October 30, 2002

SEC. 304. TRANSFER FROM NATIONAL DEFENSE STOCKPILE TRANSACTION FUND.

(a) **TRANSFER AUTHORITY.** -To the extent provided in appropriations Acts, not more than \$150,000,000 is authorized to be transferred from the National Defense Stockpile Transaction Fund to operation and maintenance accounts for fiscal year 2001 in amounts as follows:

- (1) For the Army, \$50,000,000.
- (2) For the Navy, \$50,000,000.
- (3) For the Air Force, \$50,000,000.

(b) **TREATMENT OF TRANSFERS:** Amounts transferred under this section -

(1) shall be merged with, and be available for the same purposes and the same period as, the amounts in the accounts to which transferred; and

(2) may not be expended for an item that has been denied authorization of appropriations by Congress.

(c) **RELATIONSHIP TO OTHER TRANSFER AUTHORITY.**-The transfer authority provided in this section is in addition to the transfer authority provided in section 1001.

TITLE XXXIII-NATIONAL DEFENSE STOCKPILE

SEC. 3301. AUTHORIZED USES OF STOCKPILE FUNDS.

(a) **OBLIGATION OF STOCKPILE FUNDS.**-During fiscal year 2001, the National Defense Stockpile Manager may obligate up to \$71,000,000 of the funds in the National Defense Stockpile Transaction Fund established under subsection (a) of section 9 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h) for the authorized uses of such funds under subsection (b)(2) of such section, including the disposal of hazardous materials that are environmentally sensitive.

(b) **ADDITIONAL OBLIGATIONS.** -The National Defense Stockpile Manager may obligate amounts in excess of the amount specified in subsection (a) if the

National Defense Stockpile Manager notifies Congress that extraordinary or emergency conditions necessitate the additional obligations. The National Defense Stockpile Manager may make the additional obligations described in the notification after the end of the 45-day period beginning on the date on which Congress receives the notification.

(c) **LIMITATIONS.** -The authorities provided by this section shall be subject to such limitations as may be provided in appropriations Acts.

SEC. 3302. INCREASED RECEIPTS UNDER PRIOR DISPOSAL AUTHORITY.

Section 3303(a)(4) of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Public Law 105-261; 112 Stat. 2263; 50 U.S.C. 98d note) is amended by striking “\$590,000,000” and inserting “\$720,000,000”.

SEC. 3303. DISPOSAL OF TITANIUM.

(a) **DISPOSAL REQUIRED.** -Notwithstanding any other provision of law, the President shall, by September 30, 2010, dispose of 30,000 short tons of titanium contained in the National Defense Stockpile.

(b) **TREATMENT OF RECEIPTS.** -Notwithstanding section 9 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h), of the funds received as a result of the disposal of titanium under subsection (a), \$6,000,000 shall be transferred to the American Battle Monuments Commission for deposit in the fund established under section 2113 of title 36, United States Code, for the World War II memorial authorized by section 1 of Public Law 103-32 (107 Stat. 90), and the remainder shall be deposited into the Treasury as miscellaneous receipts.

(c) **WORLD WAR II MEMORIAL.** -(1) The amount transferred to the American Battle Monuments Commission under subsection (b) shall be used to complete all necessary requirements for the design of, ground breaking for, construction of, maintenance of, and dedication of the World War II memorial. The Commission shall determine how the amount shall be apportioned among such purposes.

(2) Any funds not necessary for the purposes set forth in paragraph (1) shall be transferred to and deposited in the general fund of the Treasury.

(d) RELATIONSHIP TO OTHER DISPOSAL AUTHORITY. -The disposal authority provided in

subsection (a) is new disposal authority and is in addition to, and shall not affect, any other disposal authority provided by law regarding materials in the National Defense Stockpile.

**EXCERPTS FROM THE DEPARTMENT
OF DEFENSE APPROPRIATIONS ACT, 2001
(P.L. 106-259; August 9, 2000)**

Title II authorizes \$150 million to be transferred from the National Defense Stockpile Transaction Fund to the Operation and Maintenance Accounts of the Army, Navy, and Air Force (\$50 million each).

Section 8157. The Secretary of Defense may transfer, at no cost, the title/ownership of the alloying material

being stored at the Brownfield site in Bethlehem, Pennsylvania to the Bethlehem Development Corporation: Provided, That the net proceeds from the disposition of the materials are only for the redevelopment of the Brownfield site.

**EXCERPTS FROM THE
NATIONAL DEFENSE AUTHORIZATION ACT
FOR FISCAL YEAR 2000
(P.L. 106-65; October 5, 1999)**

SEC. 304. TRANSFER FROM NATIONAL DEFENSE STOCKPILE TRANSACTION FUND.

(a) Transfer Authority - To the extent provided in appropriations Acts, not more than \$150,000,000 is authorized to be transferred from the National Defense Stockpile Transaction Fund to operation and maintenance accounts for fiscal year 2000 in amounts as follows:

- (1) For the Army, \$50,000,000.
- (2) For the Navy, \$50,000,000.
- (3) For the Air Force, \$50,000,000.

(b) Treatment of Transfers.--

Amounts transferred under this section -

(1) Shall be merged with, and be available for the same purposes and the same period as, the amounts in the accounts to which transferred; and

(2) may not be expended for an item that has been denied authorization of appropriations by Congress.

(c) Relationship to Other Transfer Authority. - The transfer authority provided in this section is in addition to the transfer authority provided in section 1001.

TITLE XXXIV--NATIONAL DEFENSE STOCKPILE

SEC. 3401. AUTHORIZED USES OF STOCKPILE FUNDS.

(a) Obligation of Stockpile Funds. -- During fiscal year 2000, the National Defense Stockpile Manager may obligate up to \$78,700,000 of the funds in the National Defense Stockpile Transaction Fund established under subsection (a) of section 9 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h) for the authorized uses of such funds under subsection (b)(2) of such section, including the disposal of hazardous materials that are environmentally sensitive.

(b) Additional Obligations. -- The National Defense Stockpile Manager may obligate amounts in excess of

the amount specified in subsection (a) if the National Defense Stockpile Manager notifies Congress that extraordinary or emergency conditions necessitate the additional obligations. The National Defense Stockpile Manager may make the additional obligations described in the notification after the end of the 45-day period beginning on the date on which Congress receives the notification.

(c) Limitations. -- The authorities provided by this section shall be subject to such limitations as may be provided in appropriations Acts.

SEC. 3402. DISPOSAL OF CERTAIN MATERIALS IN NATIONAL DEFENSE STOCKPILE.

(a) Disposal Required. -- Subject to subsection (c), the President shall make disposals from the National Defense Stockpile of materials in quantities as follows:

- (1) Beryllium metal, 250 short tons.
- (2) Chromium ferro alloy, 496,204 short tons.
- (3) Chromium metal, 5,000 short tons.
- (4) Palladium, 497,271 troy ounces.

(b) Management of Disposal to Achieve Objectives for Receipts. -- The President shall manage the disposal of materials under subsection (a) so as to result in receipts to the United States in amounts equal to -

- (1) \$10,000,000 during fiscal year 2000;
- (2) \$100,000,000 during the 5-fiscal year period ending September 30, 2004; and
- (3) \$300,000,000 during the 10-fiscal year period ending September 30, 2009.

(c) Minimization of Disruption and Loss.--The President may not dispose of the material under

subsection (a) to the extent that the disposal will result in -

- (1) undue disruption of the usual markets of producers, processors, and consumers of the materials proposed for disposal; or

(2) avoidable loss to the United States.

(d) Disposition of Receipts.--Notwithstanding section 9 of the Strategic and critical Materials Stock Piling Act (50 U.S.C. 98h), funds received as a result of the disposal of materials under subsection (a) shall be deposited into the general fund of the Treasury.

(e) Relationship to Other Disposal Authority.--The disposal authority provided in subsection (a) is new disposal authority and is in addition to, and shall not affect, any other disposal authority provided by law regarding the materials specified in such subsection.

(f) Increased Receipts Under Prior Disposal Authority. -

(1) Section 3303(a)(2) of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104-201; 110 Stat 2855; 50 U.S.C. 98d note) is amended by striking "\$612,000,000" and inserting "\$720,000,000".

(2) Section 3305(a) of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85; 111 Stat 2057; 50 U.S.C. 98d note) is amended -

(A) in paragraph (2), by striking "\$30,000,000" and inserting "\$50,000,000";

(B) in paragraph (3), by striking "\$34,000,000" and inserting "\$64,000,000"; and

(C) in paragraph (4), by striking "\$34,000,000" and inserting "\$67,000,000".

(g) Elimination of Disposal Restrictions on Earlier.--Section 3303 of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104-106; 110 Stat. 629) is repealed.

SEC. 3403. LIMITATIONS ON PREVIOUS AUTHORITY FOR DISPOSAL OF STOCKPILE MATERIALS.

(a) Public Law 105-261 Authority. - Section 3303(b) of the Strom Thurmond National Defense Authorization

Act for Fiscal Year 1999 (Public Law 105-261; 112 Stat. 2263; 50 U.S.C. 98d note) is amended -

(1) by striking "(b) LIMITATION ON DISPOSAL QUANTITY. - "and inserting "(b) LIMITATIONS ON DISPOSAL AUTHORITY.--(1)"; and

(2) by adding at the end the following:

"(2) The President may not dispose of materials under this section in excess of the disposals necessary to result in receipts in the amounts specified in subsection (a)."

(b) Public Law 105-85 Authority.--Section 3305(b) of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85; 111 Stat. 2058; 50 U.S.C. 98d note) is amended--

(1) by striking "(b) LIMITATION ON DISPOSAL QUANTITY. - " and inserting "(b) LIMITATIONS ON DISPOSAL AUTHORITY.--(1)"; and

(2) by adding at the end the following:

"(2) The President may not dispose of cobalt under this section in excess of the disposals necessary to result in receipts in the amounts specified in subsection (a)."

(c) Public Law 104-201 Authority.--Section 3303(b) of the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104-201; 110 Stat. 2855; 50 U.S.C. 98d note) is amended -

(1) by striking "(b) LIMITATION ON DISPOSAL QUANTITY.--"and inserting "(b) LIMITATIONS ON DISPOSAL AUTHORITY.--(1)"; and

(2) by adding at the end the following: "(2) The President may not dispose of materials under this section in excess of the disposals necessary to result in receipts in the amounts specified in subsection (a)".

**EXCERPTS FROM THE DEPARTMENT OF DEFENSE
APPROPRIATIONS ACT, 2000
(P.L. 106-79; October 25, 1999)**

Title II authorizes \$150 million to be transferred from the National Defense Stockpile Transaction Fund to the Operation and Maintenance Accounts of the Army, Navy, and Air Force (\$50 million each).

**EXCERPTS FROM THE EMERGENCY
SUPPLEMENTAL APPROPRIATIONS ACT
FOR FISCAL YEAR 1999
(P.L. 106-31; May 21, 1999)**

Sec. 303.

(a) Disposal Authorized. - Subject to subsection (c), the President may dispose of the material in the National Defense Stockpile specified in the table in subsection (b).

(b) Table.- The total quantity of the material authorized for disposal by the President under subsection (a) is as follows:

Authorized Stockpile Disposal	
Material for Disposal	Quantity
Zirconium ore.....	17,383 short dry tons

(c) Minimization of Disruption and Loss.--The President may not dispose of material under subsection (a) to the extent that the disposal will result in-

(1) undue disruption of the usual markets of producers, processors, and consumers of the material proposed for disposal; or

(2) avoidable loss to the United States.

(d) Relationship to Other Disposal Authority.-- in subsection (a) is new disposal authority and is in addition to, and shall not affect, any other disposal authority provided by law regarding the material specified in such subsection.

(e) National Defense Stockpile Defined.--In this section, the term “National Defense Stockpile Transaction Fund” means the fund in the Treasury of the United States established under section 9(a) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h(a)).

**EXCERPTS FROM THE STROM THURMOND
NATIONAL DEFENSE AUTHORIZATION ACT
FOR FISCAL YEAR 1999
(P.L. 105-261; October 17, 1998)**

Entries in ***Bold and Italic*** are changed by Public Law 106-398 or Public Law 106-65

SEC. 3301. DEFINITIONS.

In this title:

- (1) The term “National Defense Stockpile” means the stockpile provided for in section 4 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98c).
- (2) The term “National Defense Stockpile Transaction Fund” means the fund in the Treasury of the United States established under section 9(a) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h(a)).

SEC. 3302. AUTHORIZED USES OF STOCKPILE FUNDS.

- (a) **Obligation of Stockpile Funds.** - During fiscal year 1999, the National Defense Stockpile Manager may obligate up to \$83,000,000 of the funds in the National Defense Stockpile Transaction Fund for the authorized uses of such funds under section 9(b)(2) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h(b)(2)), including the disposal of hazardous materials that are environmentally sensitive.
- (b) **Additional Obligations.** – The National Defense Stockpile Manager may obligate amounts in excess of the amount specified in subsection (a) if the National Defense Stockpile Manager notifies Congress that extraordinary or emergency conditions necessitate the additional obligations. The National Defense Stockpile Manager may make the additional obligations described in the notification after the end of the 45-day period beginning on the date on which Congress receives the notification.
- (c) **Limitations.** – The authorities provided by this section shall be subject to such limitations as may be provided in appropriations Acts.

SEC. 3303. AUTHORITY TO DISPOSE OF CERTAIN MATERIALS IN NATIONAL DEFENSE STOCKPILE

- (a) **Disposal Required**—Subject to subsection (c), the President shall dispose of materials contained in the national Defense Stockpile and specified in the table in

subsection (b) so as to result in receipts to the United States in the amount of—

- \$105,000,000 by the end of fiscal year 1999;
- \$460,000,000 by the end of fiscal year 2002;
- \$555,000,000 by the end of fiscal year 2003; and
- \$720,000,000 by the end of fiscal year 2005.

(b) ***Limitation on Disposal Authority.***—(1) The total quantities of materials authorized for disposal by the President under subsection (a) may not exceed the amounts set forth in the following table: (2) ***The President may not dispose of materials under this section in excess of the disposal necessary to result in receipts in the amount specified in subsection (a).***

Material for Disposal	Quantity
Bauxite Refractory	29,000 LCT
Beryllium Metal	100 ST
Chromite Chemical	34,000 SDT
Chromite Refractory	159,000 SDT
Chromium Ferroalloy	125,000 ST
Columbium Carbide Powder	21,372 LB Cb
Columbium Concentrates	1,733,454 LB Cb
Columbium Ferro.....	249,396 LB Cb
Columbium Metal Ingots	161,123 LB Cb
Diamond, Stones.....	3,000,000 ct
Germanium Metal	28,198 KG
Graphite Natural Ceylon Lump	5,492 ST
Indium	14,248 Tr Oz
Mica Muscovite Block.....	301,000 LB
Mica Phlogopite Bloc	30,745 LB
Platinum	439,887 Tr Oz
Platinum—Iridium	4,450 Tr Oz

Platinum—Palladium	750,000 Tr Oz	\$28,000,000 during FY 2001
Tantalum Carbide Powder	22,688 LB Ta	\$31,000,000 during FY 2002
Tantalum Metal Ingots	125,000 LB Ta	\$8,000,000 during FY 2003
Tantalum Metal Powder	125,000 LB Ta	
Tantalum Minerals	1,751,364 LB Ta	
Tantalum Oxide	122,730 LB Ta	
Tungsten Carbide Powder	2,032,896 LB W	
Tungsten Ferro	2,024,143 LB W	
Tungsten Metal Powder	1,898,009 LB W	
Tungsten Ores & Concentrates	76,358,235 LB W	

(c) Minimization of Disruption and Loss.—The President may not dispose of materials under subsection (a) to the extent that the disposal will result in—

(1) undue disruption of the usual markets of producers, processors, and consumers of the materials proposed for disposal; or (2) avoidable loss to the United States.

(d) Treatment of Receipts.—Notwithstanding section 9 of the Strategic and Critical materials Stock Piling Act (50 U.S.C. 98h), funds received as a result of the disposal of materials authorized for disposal under subsection (a) shall be treated as follows:

(1) The following amounts shall be transferred to the Secretary of Health and Human Services, to be credited in the manner determined by the Secretary of Health and Human Services, to be credited in the manner determined by the Secretary to the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund:

\$3,000,000 during FY 1999
 \$22,000,000 during FY 2000

(2) The balance of the funds received shall be deposited into the general fund of the Treasury.

(e) Relationship to Other Disposal Authority.—The disposal authority provided in subsection (a) is new disposal authority and is in addition to, and shall not affect, any other disposal authority provided by law regarding materials specified in such subsection.

(f) Authorization of Sale.—The authority provided by this section to dispose of materials contained in the National Defense Stockpile so as to result in receipts of \$100,000,000 of the amount specified for fiscal year 1999 in subsection (a) by the end of that fiscal year shall be effective only to the extent provided in advance in appropriation Acts.

SEC. 3304. USE OF STOCKPILE FUNDS FOR CERTAIN ENVIRONMENTAL REMEDIATION, RESTORATION, WASTE MANAGEMENT, AND COMPLIANCE ACTIVITIES.

Section 9(b)(2) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h(b)(2)) is amended—

(1) by redesignating subparagraphs (J) and (K) as subparagraphs (K) and (L) respectively; and

(2) by inserting after subparagraph (I) the following new subparagraph (J):

“(J) Performance of environmental remediation, restoration, waste management, or compliance activities at locations of the stockpile that are required under a Federal law or are undertaken by the government under an administrative decision or negotiated agreement.”.

NATIONAL DEFENSE AUTHORIZATION ACT
FOR FISCAL YEAR 1998
(P.L. 105-85; November 18, 1997)
as amended by Public Law 106-65

SEC. 3301. DEFINITIONS.

In this title:

- (1) The term “National Defense Stockpile” means the stockpile provided for in section 4 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98c).
- (2) The term “National Defense Stockpile Transaction Fund” means the fund in the Treasury of the United States established under section 9(a) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h(a)).
- (3) The term “Market Impact Committee” means the Market Impact Committee established under section 10(c) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h-1(c)).

SEC. 3302. AUTHORIZED USES OF STOCKPILE FUNDS.

- (a) **Obligation of Stockpile Funds.** - During fiscal year 1998, the National Defense Stockpile Manager may obligate up to \$73,000,000 of the funds in the National Defense Stockpile Transaction Fund for the authorized uses of such funds under section 9(b)(2) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h(b)(2)), including the disposal of hazardous materials that are environmentally sensitive.
- (b) **Additional Obligations.** - The National Defense Stockpile Manager may obligate amounts in excess of the amount specified in subsection (a) if the National Defense Stockpile Manager notifies Congress that extraordinary or emergency conditions necessitate the additional obligations. The National Defense Stockpile Manager may make the additional obligations described in the notification after the end of the 45-day period beginning on the date on which Congress receives the notification.
- (c) **Limitations.** - The authorities provided by this section shall be subject to such limitations as may be provided in appropriations Acts.

SEC. 3303. DISPOSAL OF BERYLLIUM COPPER MASTER ALLOY IN NATIONAL DEFENSE STOCKPILE.

- (a) **Disposal Authorization.**—Pursuant to section 5(b) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98d(b)), the National Defense Stockpile Manager may dispose of all beryllium copper master alloy from the National Defense Stockpile as part of continued efforts to modernize the stockpile.
- (b) **Precondition for Disposal.**—Before beginning the disposal of beryllium copper master alloy under subsection (a), the National Defense Stockpile Manager shall certify to Congress that the disposal of beryllium copper master alloy will not adversely affect the capability of the National Defense Stockpile to supply the strategic and critical material needs of the United States.
- (c) **Consultation With Market Impact Committee.**—In disposing of beryllium copper master alloy under subsection (a), the National Defense Stockpile Manager shall consult with the Market Impact Committee to ensure that the disposal of beryllium copper master alloy does not disrupt the domestic beryllium industry.
- (d) **Extended Sales Contracts.**—The National Defense Stockpile Manager shall provide for the use of long-term sales contracts for the disposal of beryllium copper master alloy under subsection (a) so that the domestic beryllium industry can re-absorb this material into the market in a gradual and nondisruptive manner. However, no such contract shall provide for the disposal of beryllium copper master alloy over a period longer than eight years, beginning on the date of the commencement of the first contract under this section.
- (e) **Relationship to Other Disposal Authority.**—The disposal authority provided in subsection (a) is new disposal authority and is in addition to, and shall not affect, any other disposal authority provided by law regarding materials in the National Defense Stockpile.
- (f) **Beryllium Copper Master Alloy Defined.**—For purposes of this section, the term “beryllium copper

master alloy” means an alloy of nominally four percent beryllium in copper.

SEC. 3304. DISPOSAL OF TITANIUM SPONGE IN NATIONAL DEFENSE STOCKPILE.

(a) Disposal Required.—Subject to subsection (b), the National Defense Stockpile Manager shall dispose of 34,800 short tons of titanium sponge contained in the National Defense Stockpile provided for in section 4 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98c) and excess to stockpile requirements.

(b) Consultation With Market Impact Committee.—In disposing of titanium sponge under subsection (a), the National Defense Stockpile Manager shall consult with the Market Impact Committee to ensure that the disposal of titanium sponge does not disrupt the domestic titanium industry.

(c) Relationship to Other Disposal Authority. The disposal authority provided in subsection (a) is new disposal authority and is in addition to, and shall not affect, any other disposal authority provided by law regarding materials in the National Defense Stockpile.

SEC. 3305. DISPOSAL OF COBALT IN NATIONAL DEFENSE STOCKPILE.

(a) Disposal Required. Subject to subsections (b) and (c), the President shall dispose of cobalt contained in the National Defense Stockpile so as to result in receipts to the United States in amounts equal to—

- (1) \$20,000,000 during fiscal year 2003;
- (2) **\$50,000,000** during fiscal year 2004;
- (3) **\$64,000,000** during fiscal year 2005;
- (4) **\$67,000,000** during fiscal year 2006; and
- (5) \$34,000,000 during fiscal year 2007.

(b) **Limitation on Disposal Authority.**—(1) The total quantity of cobalt authorized for disposal by the President under subsection (a) may not exceed 14,058,014 pounds. (2) **The President may not dispose of materials under this section in excess of the disposal necessary to result in receipts in the amount specified in subsection (a).**

(c) Minimization of Disruption and Loss. The President may not dispose of cobalt under subsection (a) to the extent that the disposal will result in—

(1) undue disruption of the usual markets of producers, processors, and consumers of cobalt; or

(2) avoidable loss to the United States.

(d) Treatment of Receipts. Notwithstanding section 9 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h), funds received as a result of the disposal of cobalt under subsection (a) shall be deposited into the general fund of the Treasury.

(e) Relationship to Other Disposal Authority. The disposal authority provided in subsection (a) is new disposal authority and is in addition to, and shall not affect, any other disposal authority provided by law regarding materials in the National Defense Stockpile.

SEC. 3307. RETURN OF SURPLUS PLATINUM FROM THE DEPARTMENT OF THE TREASURY.

(a) Return of Platinum to Stockpile. Subject to subsection (b), the Secretary of the Treasury, upon the request of the Secretary of Defense, shall return to the Secretary of Defense for sale or other disposition platinum of the National Defense Stockpile that has been loaned to the Department of the Treasury by the Secretary of Defense, acting as the stockpile manager. The quantity requested and required to be returned shall be any quantity that the Secretary of Defense determines appropriate for sale or other disposition.

(b) Alternative Transfer of Funds. The Secretary of the Treasury, with the concurrence of the Secretary of Defense, may transfer to the Secretary of Defense funds in a total amount that is equal to the fair market value of any platinum requested under subsection (a) and not returned. A transfer of funds under this subsection shall be a substitute for a return of platinum under subsection (a). Upon a transfer of funds as a substitute for a return of platinum, the platinum shall cease to be part of the National Defense Stockpile. A transfer of funds under this subsection shall be charged to any appropriation for the Department of the Treasury and shall be credited to the National Defense Stockpile Transaction Fund.

(c) Responsibility for Costs. The return of platinum under subsection (a) by the Secretary of the Treasury shall be made without the expenditure of any funds available to the Department of Defense. The Secretary of the Treasury shall be responsible for all costs incurred in connection with the return, such as transportation, storage, testing, refining, or casting costs.

**EXCERPTS FROM THE DEPARTMENT OF DEFENSE
AUTHORIZATION ACT FOR FISCAL YEAR 1997
P.L. 104-201 as amended by P.L. 106-65**

**TITLE XXXIII – NATIONAL DEFENSE
STOCKPILE**

**Subtitle A – Authorization of Disposals and
Use of Funds**

Sec. 3301. Definitions

Sec. 3302. Authorized uses of stockpile funds.

Sec. 3303. Disposal of certain materials in National
Defense Stockpile.

Subtitle B – Programmatic Change

Sec. 3311. Biennial report on stockpile requirements.

Sec. 3312. Notification Requirements.

Sec. 3313. Importation of strategic and critical
materials.

**Subtitle A – Authorization of disposals and
Use of Funds**

SEC. 3301. DEFINITIONS.

In this title:

(1) The term “National Defense Stockpile” means the stockpile provided for in section 4 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98c).

(2) The term “National Defense Stockpile Transaction Fund” means the fund in the Treasury of the United States established under section 9(a) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h(a)).

**SEC. 3302. AUTHORIZED USES OF
STOCKPILE FUNDS.**

(a) **OBLIGATION OF STOCKPILE FUNDS.** – During fiscal year 1997, the National Defense Stockpile Manager may obligate up to \$60,000,000 of the funds in the National Defense Stockpile Transaction Fund for authorized uses of such funds under section 9(b)(2)).

(b) **ADDITIONAL OBLIGATIONS.** – The National Defense Stockpile Manager may obligate amounts in excess of the amount specified in subsection (a) if the National Defense Stockpile Manager notifies Congress that extraordinary or emergency conditions necessitate

the additional obligations. The National Defense Stockpile Manager may make the additional obligations described in the notification after the end of the 45-day period beginning on the date Congress receives the notification.

(c) **LIMITATIONS.** – The authorities provided by this section shall be subject to such limitations as may be provided in appropriations Acts.

**SEC. 3303. DISPOSAL OF CERTAIN
MATERIALS IN NATIONAL DEFENSE
STOCKPILE.**

(a) **DISPOSAL REQUIRED.** – Subject to subsection (c), the President shall dispose of materials contained in the National Defense Stockpile and specified in the table in subsection (b) so as to result in receipts to the United States in amounts equal to –

(1) \$81,000,000 during fiscal year 1997; and

(2) \$720,000,000 during the ten-fiscal year period ending September 30, 2006.

(b) **LIMITATION ON DISPOSAL QUANTITY.** – The total quantities of materials authorized for disposal by the President under subsection (a) may not exceed the amounts set forth in the following table:

Authorized Stockpile Disposals

Material for disposal	Quantity
Aluminum	62,881 short tons
Cobalt.....	26,000,000 pounds contained
Columbium Ferro.....	930,911 pounds contained
Germanium Metal	40,000 kilograms
Indium	35,000 troy ounces
Palladium	15,000 troy ounces
Platinum.....	10,000 troy ounces
Rubber, Natural.....	125,138 long tons
Tantalum, Carbide Powder	6,000 pounds contained
Tantalum, Minerals	750,000 pounds contained

Tantalum, Oxide..... 40,000 pounds contained

(c) MINIMIZATION OF DISRUPTION AND LOSS. – The President may not dispose of materials under subsection (a) to the extent that the disposal will result in –

(1) undue disruption of the usual markets of producers, processors, and consumers of the materials proposed for disposal; or

(2) avoidable loss to the United States.

(d) TREATMENT OF RECEIPTS. – Notwithstanding section 9 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h), funds received as a result of the disposal of materials under subsection (a) shall be-

(1) deposited into the general fund of the Treasury; and

(2) to the extent necessary, used to offset the revenues that will be lost as a result of execution of the amendments made by section 4303(a) of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104-106; 110 Stat.658).

(e) QUALIFYING OFFSETTING LEGISLATION. – This section is specifically enacted as qualifying offsetting legislation for the purpose of offsetting fully the estimated revenues lost as a result of the amendments made by subsection (a) of section 4303 of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104-106; 110 Stat. 658), and as such is deemed to satisfy the conditions in subsection (b) of such section.

(f) RELATIONSHIP TO OTHER DISPOSAL AUTHORITY – The disposal authority provided by law regarding the materials specified in such subsection.

Subtitle B – Programmatic Change

SEC. 3311. BIENNIAL REPORT ON STOCKPILE REQUIREMENTS.

(a) NATIONAL EMERGENCY PLANNING ASSUMPTIONS. – Section 14 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h-5) is amended –

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

(2) by striking out subsection (b) and inserting in lieu thereof the following new subsection:

“(b) Each report under this section shall set forth the national emergency planning assumptions used by the

Secretary in making the Secretary’s recommendations under subsection (a)(1) with respect to stockpile requirements. The Secretary shall base the national emergency planning assumptions on a military conflict scenario consistent with the scenario used by the Secretary in budgeting and defense planning purposes. The assumption to be set forth include assumptions relating to each of the following:

“(1) The length and intensity of the assumed military conflict.

“(2) The military force structure to be mobilized.

“(3) The losses anticipated from enemy action.

“(4) The military, industrial, and essential civilian requirements to support the national emergency.

“(5) The availability of supplies of strategic and critical materials from foreign sources during the mobilization period, the military conflict, and the subsequent period of replenishment, taking into consideration possible shipping losses.

“(6) The domestic production of strategic and critical materials during the mobilization period, the military conflict, and the subsequent period of replenishment, taking into consideration possible shipping losses.

“(7) Civilian austerity measures required during the mobilization period and military conflict.

“(c) The stockpile requirements shall be based on those strategic and critical materials necessary for the United States to replenish or replace, within three years of the end of the military conflict scenario required under subsection (b), all munitions, combat support items, and weapons systems that would be required after such a military conflict.

“(d) The Secretary shall also include in each report under this section an examination of the effect that alternative mobilization periods under the military conflict scenario required under subsection (b), as well as a range of other military conflict scenarios addressing potentially more serious threats to national security, would have on the Secretary’s recommendations under subsection (a)(1) with respect to stockpile requirements.”

(b) CONFORMING AMENDMENT. – Section 2 of such Act (50 U.S.C. 98a) is amended by striking out subsection (c) and inserting in lieu thereof the following new subsection:

“(c) The purpose of the National Defense Stockpile is to serve the interest of national defense only. The

National Defense Stockpile is not to be used for economic or budgetary purposes.”

(c) EFFECTIVE DATE. – The amendments made by this section shall take effect on October 1, 1996.

SEC. 3312. NOTIFICATION REQUIREMENTS.

(a) PROPOSED CHANGES IN STOCKPILE QUANTITIES. – Section 3(c)(2) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98b(c)(2)) is amended –

(1) by striking out “effective on or after the 30th legislative day following” and inserting in lieu thereof “after the end of the 45-day period beginning on”, and

(2) by striking out the last sentence.

(b) WAIVER OF ACQUISITION AND DISPOSAL REQUIREMENTS. – Section 6(d)(1) of such Act (50

U.S.C. 98e(d)(2)) is amended by striking out “thirty days” and inserting in lieu thereof “45 days.”.

(c) TIME TO BEGIN DISPOSAL. – Section 6(d)(2) of such Act (50 U.S.C. 98e(d)(2)) is amended by striking out “thirty days” and inserting in lieu thereof “45 days”.

SEC. 3313. IMPORTATION OF STRATEGIC AND CRITICAL MATERIALS.

Section 13 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h-4) is amended-

(1) by striking out “as a Communist-dominated country or area”; and

(2) by striking out “such Communist-dominated countries or areas” and inserting in lieu thereof “a country or area listed in such general note”.

The National Defense Authorization Act for Fiscal Year 1996

(P. L. 104-106)

SEC. 3301. DEFINITIONS.

For purposes of this subtitle:

(1) The term “National Defense Stockpile” means the stockpile provided for in section 4 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98c).

(2) The term “National Defense Stockpile Transaction Fund” means the fund in the Treasury of the United States established under section 9(a) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h(a)).

SEC. 3302. AUTHORIZED USES OF STOCKPILE FUNDS.

(a) Obligation of Stockpile Funds. - During fiscal year 1996, the National Defense Stockpile Manager may obligate up to \$77,100,000 of the funds in the National Defense Stockpile Transaction Fund for the authorized uses of such funds under section 9(b)(2) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98h(b)(2)).

(b) Additional Obligations. - The National Defense Stockpile Manager may obligate amounts in excess of the amount specified in subsection (a) if the National Defense Stockpile Manager notifies Congress that extraordinary or emergency conditions necessitate the additional obligations. The National Defense Stockpile Manager may make the additional obligations described in the notification after the end of the 45-day period beginning on the date on which Congress receives the notification.

(c) Limitations. - The authorities provided by this section shall be subject to such limitations as may be provided in appropriations Acts.

SEC 3303. DISPOSAL OF CHROMITE AND MANGANESE ORES AND CHROMIUM FERRO AND MANGANESE METAL ELECTROLYTIC

(Sec. 3303 was repealed by public law 106-65)

(a) Domestic Upgrading. In offering to enter into agreements pursuant to any provision of law for the disposal from the National Defense Stockpile of chromite and manganese ores or chromium ferro and

manganese metal electrolytic, the President shall give a right of first refusal on all such offers to domestic ferroalloy upgraders.

(b) Domestic Ferroalloy Upgrader Defined. For purposes of this section, the term “domestic ferroalloy upgrader” means a company or other business entity that, as determined by the President—

(1) is engaged in operations to upgrade chromite or manganese ores of metallurgical grade or chromium ferro and manganese metal electrolytic; and

(2) conducts a significant level of its research, development, engineering, and upgrading operations in the United States.

SEC. 3304. RESTRICTIONS ON DISPOSAL OF MANGANESE FERRO

(a) Disposal of Lower Grade Material First. The President may not dispose of high carbon manganese ferro in the National Defense Stockpile that meets the National Defense Stockpile classification of Grade One, Specification 30(a), as revised on May 22, 1992, until completing the disposal of all manganese ferro in the National Defense Stockpile that does not meet such classification. The President may not reclassify manganese ferro in the National Defense Stockpile after the date of the enactment of this Act.

(b) Requirement for Remelting by Domestic Ferroalloy Producers. Manganese ferro in the National Defense Stockpile that does not meet the classification specified in subsection (a) may be sold only for remelting by a domestic ferroalloy producer unless the President determines that a domestic ferroalloy producer is not available to acquire the material.

(c) Domestic Ferroalloy Upgrader Defined. For purposes of this section, the term “domestic ferroalloy upgrader” means a company or other business entity that, as determined by the President—

(1) is engaged in operations to upgrade manganese ores of metallurgical grade or manganese ferro; and

(2) conducts a significant level of its research, development, engineering, and upgrading operations in the United States.

**SEC 3305 TITANIUM INITIATIVE TO
SUPPORT BATTLE TANK UPGRADE
PROGRAM**

During each of the fiscal years 1996 through 2003, the Secretary of Defense shall transfer from stocks of the National Defense Stockpile up to 250 short tons of

titanium sponge to the Secretary of the Army for use in the weight reduction portion of the main battle tank upgrade program. Transfers under this section shall be without charge to the Army, except that the Secretary of the Army shall pay all transportation and related costs incurred in connection with the transfer.

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APPENDIX D: NATIONAL DEFENSE STOCKPILE INVENTORY

STOCKPILE INVENTORY

The Stockpile inventory quantities shown in Table 5 of this appendix include both stockpile and non-stockpile grade materials. Although non-stockpile grade materials do not meet current purchase specifications for Stockpile materials, they may be credited towards the goals until they can be sold or upgraded.

Stockpile inventory quantities shown in Table 5 do not include quantities of materials that have been sold but have not yet been shipped from Stockpile depots. Table 6 lists quantities of materials that have been sold but not shipped as of the end of the fiscal year. Inventory quantities include material that is on consignment and on loan as indicated below. Inventory quantities of five materials – Columbium Carbide powder, Chromium Ferro Silicon, mica MS, mica PS, and tungsten carbide powder – were depleted by sales during this reporting period.

Stockpile materials on consignment and loan are as follows:

Silver consignment to the U.S. Mint – 663,644 fine Tr Oz.

Iodine on loan to University of Pennsylvania – 126,537 pounds.

Platinum on loan to Lawrence Livermore National Laboratory – 20,880 Tr Oz.

Iridium on loan to Los Alamos National Laboratory – 1,237.792 Tr Oz.

Iridium on loan to Lawrence Livermore National Laboratory – 1,300.00 Tr Oz.

Iridium on loan to the U.S. Army Space and Missile defense Command – 1,200.264 Tr Oz.

Inventory values are based on September 30, 2002 prices at which comparable materials are being traded. In the absence of current trading data, market values are estimated. The market values are not necessarily the amount that would be realized if the materials were sold.

STOCKPILE GOALS

The Stockpile goals shown in Table 5 have been reduced for those materials for which disposal was authorized in the National Defense Authorization Acts for Fiscal Years 1998, 1999, 2000, 2001, and 2002. For those materials or family groups the goals are derived by subtracting new legislative disposal authority from the lower of either the goal in effect or the inventory quantity on the date the new disposal was authorized by the Congress.

FAMILY GROUPINGS OF MATERIALS

When the Stockpile contains more than one form of a primary material, the inventory group may include the different forms of the material.

**TABLE 5: STOCKPILE GOALS AND INVENTORY
STATUS FOLLOWING THE ENACTMENT OF
PUBLIC LAW 107-107
Inventory Quantities and Market Values as of
September 30, 2002 Goals effective 12/28/01 following
the enactment of FY 2002 Authorization Act.
(Millions of Dollars)**

Material	Unit	Goal	Quantity	Value (\$)	Excess
1. Aluminum Oxide					
Aluminum Oxide Abrasive Grain	ST		17,831	\$7.075	17,831
2. Antimony					
	ST		2,876	\$3.358	2,876
3. Bauxite					
Bauxite Met. Grade, Jamaica	LDT		1,680,307	\$11.406	1,680,307
Bauxite Refractory	LCT		41,752	\$3.238	41,752
4. Beryllium					
Beryl	ST		6,262	\$0.495	6,262
Beryllium Copper Master Alloy	ST		1,136	\$5.680	1,136
Beryllium Metal	ST	50 ^a	324	\$50.317	274
5. Cadmium					
	LB		594,138	\$0.097	594,138
6. Chromium					
Chromite Chemical	SDT		86,338	\$1.986	86,338
Chromite - Refractory	SDT		124,217	\$0.656	124,217
Chromium - Ferro High Carbon	ST		599,486	\$223.987	599,486

**TABLE 5: STOCKPILE GOALS AND INVENTORY
STATUS FOLLOWING THE ENACTMENT OF
PUBLIC LAW 107-107 (Continued)
Inventory Quantities and Market Values as of
September 30, 2002 Goals effective 12/28/01 following
the enactment of FY 2002 Authorization Act.
(Millions of Dollars)**

Material	Unit	Goal	Quantity	Value (\$)	Excess
Chromium - Ferro Low Carbon	ST		258,152	\$211.519	258,152
Chromium - Ferro Silicon	ST		0	\$0.000	0
Chromium Metal	ST		7,958	\$33.929	7,958
7. Cobalt	LB Co		14,644,975	\$147.665	14,644,975
8. Columbium					
Columbium Carbide Powder	LB Cb		0	\$0.000	0
Columbium Concentrates	LB Cb		1,309,942	\$0.000	1,309,942
Columbium Metal Ingots	LB Cb		80,750	\$1.591	80,750
9. Diamond Stones	ct		796,747	\$7.967	796,747
10. Fluorspar					
Fluorspar Acid	SDT		7,467	\$0.745	7,467
Fluorspar Metallurgical Grade Ore	SDT		98,904	\$3.483	98,904
11. Germanium Metal	KG		42,186	\$36.598	42,186
12. Graphite					

**TABLE 5: STOCKPILE GOALS AND INVENTORY
STATUS FOLLOWING THE ENACTMENT OF
PUBLIC LAW 107-107 (Continued)
Inventory Quantities and Market Values as of
September 30, 2002 Goals effective 12/28/01 following
the enactment of FY 2002 Authorization Act.
(Millions of Dollars)**

Material	Unit	Goal	Quantity	Value (\$)	Excess
Graphite Natural Cey (Lump)	ST		17	\$0.005	17
Graphite Natural Malagasy	ST		1,980	\$0.130	1,980
13. Iodine	LB		3,691,627	\$20.581	3,691,627
14. Jewel Bearings	PC		82,051,558	\$0.000	82,051,558
15. Lead	ST		180,877	\$77.379	180,877
16. Manganese Group					
Manganese Chemical	SDT		92,592	\$2.822	92,592
Manganese Dioxide Battery - Natural	SDT		83,377	\$2.873	83,377
Manganese Dioxide Battery - Synthetic	SDT		3,011	\$3.826	3,011
Manganese Electrolytic	ST		2,308	\$2.880	2,308
Manganese Ferro High Carbon	ST		818,340	\$198.501	818,340
Manganese Metallurgical Grade Ore	SDT		759,908	\$10.023	759,908
17. Mercury	LB		9,781,617	\$0.000	9,781,617

**TABLE 5: STOCKPILE GOALS AND INVENTORY
STATUS FOLLOWING THE ENACTMENT OF
PUBLIC LAW 107-107 (Continued)
Inventory Quantities and Market Values as of
September 30, 2002 Goals effective 12/28/01 following
the enactment of FY 2002 Authorization Act.
(Millions of Dollars)**

Material	Unit	Goal	Quantity	Value (\$)	Excess
18. Mica					
Mica MB Stained and Better	LB		22,363	\$0.042	22,363
Mica MF 1st and 2nd Quality	LB		1,115	\$0.000	1,115
Mica MS	LB		0	\$0.000	0
Mica PB	LB		0	\$0.000	0
Mica PS	LB		26,963	\$0.006	26,963
19. Platinum Group					
Platinum	Tr Oz		20,880	\$9.354	20,880
Platinum - Iridium	Tr Oz		25,210	\$9.758	25,210
Platinum - Palladium	Tr Oz		225,931	\$125.864	225,931
20. Quartz Crystals	LB	15,520	232,761	\$0.000	217,241
21. Quinidine	Av Oz		2,211,122	\$0.774	2,211,122
23. Ricinoleic/Sebacic Acid Prod.	LB		1,102,200	\$1.206	1,102,200
24. Rubber	LT		40,877	\$33.713	40,877
25. Silver	Tr Oz		663,644	\$2.248	663,644

**TABLE 5: STOCKPILE GOALS AND INVENTORY
STATUS FOLLOWING THE ENACTMENT OF
PUBLIC LAW 107-107 (Continued)
Inventory Quantities and Market Values as of
September 30, 2002 Goals effective 12/28/01 following
the enactment of FY 2002 Authorization Act.
(Millions of Dollars)**

Material	Unit	Goal	Quantity	Value (\$)	Excess
26. Talc - Block & Lump	ST		1,003	\$0.000	1,003
27. Tantalum Group					
Tantalum Carbide Powder	LB Ta		12,158	\$1.031	12,158
Tantalum Metal Powder	LB Ta		40,627	\$4.875	40,627
Tantalum Metal Ingots	LB Ta		100,628	\$11.689	100,628
Tantalum Minerals	LB Ta		1,909,165	\$72.214	1,909,165
Tantalum Oxide	LB Ta		68,174	\$3.068	68,174
28. Thorium Nitrate	LB		7,096,154	\$0.000	7,096,154
29. Tin	MT		45,416	\$215.009	45,416
30. Titanium Sponge	ST		16,858	\$52.178	16,858
31. Tungsten Group					
Tungsten Carbide Powder	LB W		0	0	0
Tungsten Ferro	LB W		891,170	\$1.908	891,170
Tungsten Metal Powder	LB W		1,056,855	\$3.283	1,056,855
Tungsten Ores & Concentrates	LB W		66,387,068	\$161.321	66,387,068

TABLE 5: STOCKPILE GOALS AND INVENTORY STATUS FOLLOWING THE ENACTMENT OF PUBLIC LAW 107-107 (Continued)
Inventory Quantities and Market Values as of September 30, 2002 Goals effective 12/28/01 following the enactment of FY 2002 Authorization Act.
(Millions of Dollars)

Material	Unit	Goal	Quantity	Value (\$)	Excess
32. Vegetable Tannin					
Vegetable Tannin Chestnut	LT		62	\$0.017	62
Vegetable Tannin Quebracho	LT		80,371	\$4.393	80,371
Vegetable Tannin Wattle	LT		3,289	\$0.222	3,289
33. Zinc	ST		121,100	\$107.391	121,100
Total Strategic and Critical Materials Inventory Value^b					\$1,892.377

a. 171 ST of Hot Pressed Powder (HPP) Beryllium Metal are proposed as a requirement in the 2003 requirements report to the Congress.

b. In addition to the materials listed in Table 5, the NDS inventory also contains celestite, kyanite, mica muscovite block stained and lower, and talc ground valued at .009 million.

TABLE 6: Inventory Sold But Not Shipped (Shipping to occur in accordance with specific contract provisions) As of September 30, 2002

Material	Unit	Quantity
Aluminum Oxide Abrasive Grain	ST	12.00
Aluminum Oxide Fused Crude	ST	2,015.00
Antimony	ST	1,282.00
Bauxite Met Grade - Jamaica	LDT	5,270,366.00
Bauxite Met Grade - Surinam	LDT	1,424,923.00
Bauxite Refractory	LDT	2,001.00

TABLE 6: Inventory Sold But Not Shipped (Continued)
(Shipping to occur in accordance with
specific contract provisions)
As of September 30, 2002

Material	Unit	Quantity
Beryl	ST	926.00
Beryllium Copper Master Alloy	ST	276.00
Beryllium Metal	ST	273.00
Cadmium	LB	213,799.00
Chromite - Chemical	SDT	4,826.00
Chromite - Metallurgical	SDT	91,943.00
Chromite - Refractory	SDT	124,217.00
Chromium - Ferro High Carbon	ST	11,789.00
Chromium - Ferro Low Carbon	ST	2,961.00
Cobalt	LB Co	471,899.00
Diamond Stones	CT	219,211.00
Fluorspar Acid	SDT	119,623.00
Fluorspar Metallurgical	SDT	39,007.00
Graphite Malag Crys Fines	ST	2,113.00
Graphite Malag Crys Flakes	ST	2,504.00
Graphite Nat Cey + Amor Lump	ST	17.05
Iodine	LB	27,500.00
Kyanite	ST	140.00
Lead	ST	15,272.00
Manganese Chemical Type A	ST	4,421.00
Manganese Chemical Type B	ST	27,461.00
Manganese Dioxide Battery Natural	ST	30,180.00
Manganese Electrolytic	ST	217.00
Manganese Ferro High Carbon	ST	46,913.00
Manganese Metallurgical	LB	355,115.00
Mica MB - Condenser Quality	LB	33,597.00

TABLE 6: Inventory Sold But Not Shipped (Continued)
(Shipping to occur in accordance with
specific contract provisions)
As of September 30, 2002

Material	Unit	Quantity
Mica MB Electronic T Quality	LB	8,574.00
Mica MB O/T Cond + Elec Qual	LB	1,430.00
Mica MB Stained B And Lower	LB	58.50
Mica MS	LB	5,306,038.00
Mica PB	LB	12.00
Mica PS	LB	263,206.00
Platinum - Palladium	Tr Oz	7,761.00
Silver	Tr Oz	663,644.00
Tantalum Metal Capacitor Grade	LB Ta	34,607.00
Tantalum Metal Ingot	LB Ta	12,943.00
Tantalum Oxide	LB Ta	6,699.00
Tin	MT	8,392.00
Titanium	ST	1,278.00
Tungsten Carbide Powder	LB W	7,801.00
Tungsten Ferro	LB W	891,170.00
Tungsten Metal Powder Hydro	LB W	23,951.00
Tungsten O&C Ferb Hubn Wolf	LB W	6,771.00
Tungsten O&C Scheelite	LB W	29,965.00
Vegetable Tannin Quebracho	LT	3,441.00
Vegetable Tannin Wattle	LT	2,105.00
Zinc	ST	3,673.00

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APPENDIX E: ABBREVIATIONS USED IN THIS REPORT

AMA LB	Anhydrous Morphine Alkaloid Pound	LCT	Long Calcined Ton
AMP	Annual Materials Plan	LDT	Long Dry Ton
Av Oz	Avoirdupois Ounce (28.350 Grams)	LT	Long Ton
DLA	Defense Logistics Agency	MT	Metric Ton
DoD	Department of Defense	NDS	National Defense Stockpile
DNSC	Defense National Stockpile Center	NSG	Non-Stockpile Grade
FL	Flask (76 Pounds)	PC	Piece
HC	High Carbon	S&CM	Strategic and Critical Materials
KG	Kilogram	SDT	Short Dry Ton
ct	Carat	ST	Short Ton
LB	Pound	ST Be	Short Tons of Contained Beryllium
LB Cb	Pounds of Contained Columbium	ST Cr	Short Tons of Contained Chromium
LB Co	Pounds of Contained Cobalt	ST Mn	Short Tons of Contained Manganese
LB Ta	Pounds of Contained Tantalum	ST V	Short Tons of Contained Vanadium
LB W	Pounds of Contained Tungsten	Tr Oz	Troy Ounce

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APPENDIX F: BIDDERS INFORMATION

Mailing Lists

Individuals or companies interested in buying from or selling to the Defense National Stockpile Center (DNSC) may request to be placed on a mailing list for the material(s) or services they wish to buy or sell. The request should contain the following information:

Name
Title
Company
Mailing address
Telephone
Facsimile
Materials or Services interested in

Requests to be added to mailing lists should be sent to:

Defense National Stockpile Center
ATTN: DNSC-C
Suite 3229
8725 John J. Kingman Road
Fort Belvoir, VA 22060-6223

SALES

Materials are offered for sale when they are excess to the goal and authorized for sale by the Congress and are listed on the current fiscal year's Annual Materials Plan. To the extent possible, sales are conducted competitively. DNSC carefully monitors prices and other market conditions to ensure that sales do not unduly disrupt the market and that there is a fair return to the taxpayer. Individuals and companies on the mailing list for a material being sold automatically receive the necessary documents on which to submit an offer.

TYPES OF SALES

Sealed Bid: An Invitation-for-Bids (IFB) containing all the terms and conditions of the sale is sent to all potential bidders. Bids are opened publicly and evaluated without discussions with bidders. Awards are made only to the responsive, responsible bidders whose bids conform to the IFB and are deemed advantageous to the Government. Award is based on price alone.

Negotiated: The solicitation does not predetermine all the terms and conditions of the final contract. Price and other terms are negotiable. Buyers make an initial offer and an award may be made without further discussions or the Government may negotiate terms. Where discussions have taken place, each offeror is asked to submit a "best and final offer," at which point discussions end. Offers are then evaluated and an award is made to the responsible offeror whose offer is considered most advantageous to the Government.

Basic Ordering Agreement (BOA): DNSC successfully expanded the use of the Basic Ordering Agreement sales method in Fiscal Year 2002 from one group of commodities (the platinum group metals) to seven (platinum group

metals, cobalt, ferrochromium, lead, rubber, tin, and zinc). The BOA is a written instrument of understanding that contains a description of the material offered for sale and the terms and conditions negotiated between the Contracting Officer and the Contractor. The terms and conditions will apply to all resulting contracts awarded under the BOA. Under the BOA process, DNSC offers firms an opportunity to quote on materials periodically, in response to market and customer needs. Quoters must be pre-qualified by submitting a completed BOA package prior to quoting. All pre-qualified quoters are invited to quote. Award is based on prices offered, as may be adjusted by special terms negotiated previously.

METHODS OF PAYMENT

Payment for stockpile materials is due prior to delivery unless other options are specified in negotiated or BOA contracts.

FINANCIAL EXPOSURE LIMIT

In Fiscal Year 2002, DNSC introduced the practice of determining a financial exposure limit for each contractor seeking to participate in the sale of stockpile materials. Prior to awarding its sales contracts, DNSC establishes a financial exposure limit (the maximum level of business DNSC will allow) for a contractor based on financial data provided by the firm. If a Contractor reaches its financial exposure limit, subsequent sales cease until the Contractor either performs satisfactorily its existing contracts or provides additional information for DNSC to increase the exposure limit.

ACQUISITIONS (PURCHASES)

To the extent possible, DNSC purchases supplies and services competitively. While there are no plans to purchase new stockpile materials in Fiscal Year 2003, DNSC will contract for the purchase of repair and alteration (construction), maintenance, other non-personal services, and supplies at the various Stockpile storage locations across the United States. Solicitation documents contain specific information about planned projects and notices of these solicitations are published in FedBizOpps. Firms on the mailing lists for the supplies and services being acquired will automatically receive solicitations when they are issued. Those not on the mailing list may request the solicitations from DNSC. A review of program information may be found on the internet at <https://www.dnsc.dla.mil> or questions may be directed to agricola@hq.dla.mil.

In order to streamline its contracting processes, DNSC issues solicitations and contracts with multiple option years for the full range of Base Operations Support Services (BOSS) at each of its eight major manned storage locations: Baton Rouge, LA; Pt. Pleasant, WV; Warren, OH; Hammond, IN; New Haven, IN; Somerville, NJ; Scotia, NY; and Binghamton, NY. Each of these contracts is issued to an 8(a) or 8(a) HubZone small business contractor thereby enhancing the participation of DNSC's parent agency, the Defense Logistics Agency, in these programs. The BOSS contracts enable DNSC to respond more timely and completely to the needs of its field locations in support of DNSC's primary mission to maintain and sell materials from the National Defense Stockpile.

TYPES OF PROCUREMENTS

Sealed Bid: This is the method usually employed when the Government's requirements can be precisely described, when pre-award discussions are not necessary, when more than one bid is expected, and when award will be based on price and price-related factors. DNSC will issue an Invitation-for-Bids (IFB) describing the supplies or services being purchased and the specific procedures for submitting a bid. Bids are opened publicly and evaluated without discussions with bidders. Contracts are awarded to the responsible bidders whose bids conform to the terms of the IFB and are deemed advantageous to the Government.

Negotiated: Negotiated procurements involve the submission of initial proposals to the Government in response to a Request for Proposals (or Request for Quotations for a smaller dollar value procurement) for the particular supply or service. This method permits discussions by the parties and allows the offeror/quoter to revise the initial proposal or quotation prior to the award of the contract. Negotiations can include discussions on price, delivery schedule, technical requirements, type of contract, or other terms of the proposal. Price is not necessarily the most important factor and awards may be made on other than price and price-related factors; for example, a superior technical approach.

METHODS OF PAYMENT

The Contractor is paid by Government electronic funds transfer or Government purchase card for the supplies or services received and accepted by DNSC.

ADDITIONAL INFORMATION

Section 6(b) of the Strategic and Critical Materials Stock Piling Act (see Appendix A to this report) contains basic procedures for buying and selling Stockpile materials. The established Federal procurement practices referenced by this Act include the Federal Acquisition Regulations (FAR), the Defense Federal Acquisition Regulation Supplement (DFARS), and the Defense Logistics Acquisition Directive (DLAD).

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APPENDIX G: SUBSCRIPTION SERVICES

Subscriptions to this Report

Members of the strategic and critical materials community in either the government or the private sector may receive a copy of the Strategic and Critical Materials Report to the Congress.

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Defense National Stockpile Center
8725 John J. Kingman Road
Fort Belvoir, VA 22060-6223
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