

Dated: December 3, 2004.

Robert Grimm,

Director, Department of Research and Policy Development.

[FR Doc. 04-27148 Filed 12-9-04; 8:45 am]

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DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 05-05]

36(b)(1) Arms Sales Notification

AGENCY: Department of Defense, Defense Security Cooperation Agency.

ACTION: Notice.

SUMMARY: The Department of Defense is publishing the unclassified text of a section 36(b)(1) arms sales notification. This is published to fulfill the

requirements of section 155 of Public Law 104-164 dated 21 July 1996.

FOR FURTHER INFORMATION CONTACT: Ms. J. Hurd, DSCA/OPS-ADMIN, (703) 604-6575.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 05-05 with attached transmittal, policy justification, and Sensitivity of Technology.

Dated: December 6, 2004.

Jeannette Owings-Ballard,

OSD Federal Register Liaison Officer, Department of Defense.

BILLING CODE 5001-06-M



DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

16 NOV 2004

**In reply refer to:
I-04/009141**

**The Honorable J. Dennis Hastert
Speaker of the House of Representatives
Washington, D.C. 20515-6501**

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 05-05, concerning the Department of the Navy's proposed Letter(s) of Offer and Acceptance to Pakistan for defense articles and services estimated to cost \$155 million. Soon after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

A handwritten signature in black ink, reading "Richard J. Millies", is positioned above the typed name and title.

**Richard J. Millies
Deputy Director**

Enclosures:

- 1. Transmittal No. 05-05**
- 2. Policy Justification**
- 3. Sensitivity of Technology**

**Same ltr to: House Committee on International Relations
Senate Committee on Foreign Relations
House Committee on Armed Services
Senate Committee on Armed Services
House Committee on Appropriations
Senate Committee on Appropriations**

Transmittal No. 05-05

**Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act, as amended**

- (i) **Prospective Purchaser:** Pakistan
- (ii) **Total Estimated Value:**

Major Defense Equipment*	\$113 million
Other	<u>\$ 42 million</u>
TOTAL	\$155 million
- (iii) **Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:** six PHALANX Close-In Weapon Systems (CIWS), upgrade of six PHALANX CIWS Block 0 to Block 1B, spare and repair parts, modification kits, supply and support equipment, personnel training and training equipment, publications and technical data, U.S. Government and contractor engineering and logistics services and other related elements of logistics support.
- (iv) **Military Department:** Navy (GCU and LCK)
- (v) **Prior Related Cases, if any:** none
- (vi) **Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid:** none
- (vii) **Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold:** See Annex attached.
- (viii) **Date Report Delivered to Congress:** 16 NOV 2004

* as defined in Section 47(6) of the Arms Export Control Act.

POLICY JUSTIFICATION

Pakistan – PHALANX Close-In Weapon Systems

The Government of Pakistan has requested a possible sale for six PHALANX Close-In Weapon Systems (CIWS), upgrade of six PHALANX CIWS Block 0 to Block 1B, spare and repair parts, modification kits, supply and support equipment, personnel training and training equipment, publications and technical data, U.S. Government and contractor engineering and logistics services and other related elements of logistics support. The estimated cost is \$155 million.

This proposed sale will contribute to the foreign policy and national security of the United States by helping to improve the security of a friendly country that continues to be a key ally in the global war on terrorism.

The proposed sale will provide Pakistani surface ships with a highly lethal defense capability against inbound aircraft, missiles, and fast moving surface craft. The modernization of the CIWS will enhance the capabilities of the Pakistani Navy and support its regional influence. It will further allow Pakistan to ensure the viability of their existing CIWSs by facilitating the upgrade of the current Block 0 system that are being phased out and becoming unsupportable by U.S. Navy logistic systems. Upgrading of the current system into the Block configuration that the U.S. Navy operates from will also reduce Pakistani logistical costs and will also reduce overall operating expenses.

The proposed sale of this equipment and support will not affect the basic military balance in the region.

The prime contractor will be The Raytheon Company of Tucson, Arizona. There are no known offset agreements proposed in connection with this potential sale.

There will be U.S. Government and contractor representatives for one-week intervals twice annually to participate in program management and technical reviews to Pakistan.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Transmittal No. 05-05**Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act****Annex
Item No. vii****(vii) Sensitivity of Technology:**

1. The PHALANX Close-in Weapons System (CIWS) MK 15 Block 1B is a self defense weapons system which provides Naval surface forces with a capability to engage high speed inbound air contacts. Additionally, the Block 1B allows for engagement of high-speed surface contacts. The highest classification of any data and/or items associated with this proposed refurbishment/sale including publications, documentation, operations, supply and training is Confidential.

2. The refurbishment/sale of the PHALANX Close-in Weapons System (CIWS) MK 15 Block 1B under this proposed case will result in the transfer of sensitive technological information to Pakistan. Both classified and unclassified defense equipment and technical data will be involved. The CIWS MK15 BLK 1B crystals and the Operational and Maintenance Procedures are classified Confidential. Equipment and documentation to be provided will include: MK 15 BLK1B mounts, gun barrels, PASS equipment and tapes, support and test equipment, General Purpose Electronic Test Equipment, and publications.

3. If a technologically advanced adversary were to obtain knowledge of the specific hardware and software elements, the information could be used to develop countermeasures which might reduce weapon system effectiveness or be used in the development of a system with similar or advanced capabilities.

[FR Doc. 04-27125 Filed 12-9-04; 8:45 am]

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DEPARTMENT OF DEFENSE**Office of the Secretary**

[Transmittal No. 05-07]

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FOR FURTHER INFORMATION CONTACT: Ms. J. Hurd, DSCA/OPS-ADMIN, (703) 604-6575.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 05-07 with attached transmittal, policy justification, and Sensitivity of Technology.

Dated: December 6, 2004.

Jeannette Owings-Ballard,
OSD Federal Register Liaison Officer,
Department of Defense.

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