

DEPARTMENT OF DEFENSE**Office of the Secretary****[Transmittal No. 01-22]****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 P.L. 104-164 dated 21 July 1996.

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

The following is a copy of a letter to the Speaker of the House of Representatives, transmittal 01-22 with attached transmittal, policy justification, and Sensitivity of Technology.

Dated: August 8, 2001.

L.M. Bynum,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

BILLING CODE 5001-08-M



DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

2 AUG 2001

In reply refer to:
I-01/006981

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, we are forwarding herewith Transmittal No. 01-22, concerning the Department of the Navy's proposed Letter(s) of Offer and Acceptance (LOA) to Japan for defense articles and services estimated to cost \$27 million. Soon after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

A handwritten signature in cursive script, reading "Tome H Walters Jr", is positioned above the typed name.

TOME H. WALTERS, JR.
LIEUTENANT GENERAL, USAF
DIRECTOR

Attachments

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

Transmittal No. 01-22

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

- (i) Prospective Purchaser: Japan
- (ii) Total Estimated Value:

Major Defense Equipment*	\$23 million
Other	<u>\$ 4 million</u>
TOTAL	\$27 million
- (iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase: Sixteen SM-2 Block IIIA STANDARD missiles, 16 MK 13 MOD 0 canisters, containers, spare and repair parts, supply support, U.S. Government and contractor technical assistance and other related elements of logistics support
- (iv) Military Department: Navy (AOO)
- (v) Prior Related Cases, if any:

FMS case AKV - \$12 million - 24Mar92
FMS case ALI - \$ 7 million - 28Oct92
FMS case ALT - \$10 million - 27Aug93
FMS case AMZ - \$ 7 million - 17Oct94
FMS case ANU - \$17 million - 21Dec98
FMS case AOB - \$16 million - 9Dec99
FMS case AOI - \$17 million - 1Nov00
- (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: 2 AUG 2001

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

POLICY JUSTIFICATION

Japan - SM-2 Block III STANDARD Missiles

The Government of Japan has requested a possible sale of 16 SM-2 Block IIIA STANDARD missiles, 16 MK 13 MOD 0 canisters, containers, spare and repair parts, supply support, U.S. Government and contractor technical assistance and other related elements of logistics support. The estimated cost is \$27 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 which has been and continues to be an important force for political stability and economic progress in the East Asia.

Japan will use these missiles to update older or less reliable missiles currently in the Japanese Self Defense Force fleet. Japan, which already has STANDARD missiles in its inventory, will have no difficulty absorbing these additional missiles.

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

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

Implementation of this proposed sale will not require the assignment of any additional U.S. Government or contractor representatives to Japan.

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

Transmittal No. 01-22

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Pursuant to Section 36(b)(1)
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Annex
Item No. vi

(vi) Sensitivity of Technology:

1. The possible sale of STANDARD SM-2 missiles will result in the transfer of sensitive technology and information as well as classified and unclassified defense equipment and technical data. The STANDARD missile guidance section, Target Detecting Device (TDD), warhead, rocket motor, steering control section, safety and arming unit, and auto-pilot battery unit are classified Secret. Certain operating frequencies and performance characteristics are classified Secret. STANDARD missile documentation to be provided will include:

- a. Parametric documents (C)
- b. Missile Handling Procedures (U)
- c. General Performance Data (C)
- d. Firing Guidance (C)
- e. Dynamics Information (C)
- f. Flight Analysis Procedures (C)

2. 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.

3. A determination has been made that Japan can provide substantially the same degree of protection for the sensitive technology being released as the U.S. Government. This sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification.