

Transmittal No. 02-17

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control ActAnnex
Item No. vii(vii) Sensitivity of Technology:

1. AEGIS Weapon System (AWS) hardware is unclassified, with the exception of the RF oscillator used in the Fire Control transmitter, which is classified Confidential. AEGIS documentation in general is unclassified. However, seven operation and maintenance manuals are classified Confidential, and there is also a classified Secret supplement to the AEGIS Combat System Maintenance Manual. The manuals and technical documents are limited to those necessary for operational use and organizational maintenance.

2. While the hardware associated with the SPY-1D radar is unclassified, the computer programs are classified Secret. It is the combination of the SPY-1D hardware and the computer program for the SPY-1D radar that constitutes the technology sensitive aspects of the AWS. SPY-1D radar hardware design and computer program documentation will not be released. Additionally, life cycle maintenance of the AWS computer programs will be performed by the U.S. Navy.

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.

4. A determination has been made that Korea 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.

[FR Doc. 02-7733 Filed 3-29-02; 8:45 am]

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DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 02-19]

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 July 21, 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 02-19 with attached transmittal and policy justification.

Dated: March 25, 2002.

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

18 MAR 2002
In reply refer to:
I-02/002418

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 (AECA), as amended, we are forwarding herewith Transmittal No. 02-19 and under separate cover, the classified documents thereto. This Transmittal concerns the Department of the Air Force's proposed Letter(s) of Offer and Acceptance (LOA) to Austria for defense articles and service estimated to cost \$1 billion. Soon after this letter is delivered to your office, we plan to notify the news media of the unclassified portion of this Transmittal.

Reporting of Offset Agreements in accordance with Section 36(b)(1)(C) of the Arms Export Control Act (AECA), as amended, requires a description of any offset agreement with respect to this proposed sale. Section 36(g) of the AECA, as amended, provides that reported information related to offset agreements be treated as confidential information in accordance with section 12(c) of the Export Administration Act of 1979 (50 U.S.C. App. 2411(c)). Information about offsets for this proposed sale is described in the enclosed confidential attachment.

Sincerely,

A handwritten signature in black ink, appearing to read "Tome H. Walters, Jr.".

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

Attachment
As stated

Separate Cover:
Classified Annex
Offset certificate
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. 02-19

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

- (i) **Prospective Purchaser:** Austria
- (ii) **Total Estimated Value:**
- | | |
|--------------------------|------------------------|
| Major Defense Equipment* | \$0.595 billion |
| Other | <u>\$0.405 billion</u> |
| TOTAL | \$1.000 billion |
- (iii) **Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:** 30 F-16A/B aircraft upgraded with the Falcon Up structural modification and the Mid-Life Update (MLU) capability modification. The aircraft includes: F-100-PW-220 alternate fighter engines, AN/APG-66(V)2 radar sets, LAU-129 launchers, M61A1 20mm cannons, provisions for AN/ALQ-131 Electronic Counter Measure pods, PANTERA (LANTIRN derivative) or LITENING II targeting pods, and the capability to employ a wide variety of munitions. This possible sale includes: four F-16A Block 10 operational capabilities upgrade aircraft for cannibalization, four spare F-100-PW-220 engines, 4,000 rounds of 20mm cannon ammunition, eight AN/ALQ-131 Electronic Counter Measure pods, 16 PANTERA (LANTIRN derivative) or 16 LITENING II targeting pods, 30 M61A1 20mm cannons, associated support equipment, software development/integration, ammunition, radar, modem, receivers, installation, avionics, spare and repair parts, flight test instrumentation, publications and technical documentation, personnel training and training equipment, U.S. Government and contractor technical and logistics personnel services, and other related requirements to ensure full program supportability.
- (iv) **Military Department:** Air Force (ACB)
- (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 under separate cover
- (viii) **Date Report Delivered to Congress:** 18 MAR 2002

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

POLICY JUSTIFICATION

Austria – F-16A/B Aircraft

The Government of Austria has requested a possible sale of 30 F-16A/B aircraft upgraded with the Falcon Up structural modification and the Mid-Life Update (MLU) capability modification. The aircraft includes: F-100-PW-220 alternate fighter engines, AN/APG-66(V)2 radar sets, LAU-129 launchers, M61A1 20mm cannons, provisions for AN/ALQ-131 Electronic Counter Measure pods, PANTERA (LANTIRN derivative) or LITENING II targeting pods, and the capability to employ a wide variety of munitions. This possible sale includes: four F-16A Block 10 operational capabilities upgrade aircraft for cannibalization, four spare F-100-PW-220 engines, 4,000 rounds of 20mm cannon ammunition, eight AN/ALQ-131 Electronic Counter Measure pods, 16 PANTERA (LANTIRN derivative) or 16 LITENING II targeting pods, 30 M61A1 20mm cannons, associated support equipment, software development/integration, ammunition, radar, modem, receivers, installation, avionics, spare and repair parts, flight test instrumentation, publications and technical documentation, personnel training and training equipment, U.S. Government and contractor technical and logistics personnel services, and other related requirements to ensure full program supportability. The estimated cost is \$1 billion.

The MLU modification is an outgrowth of the development program notified to the Congress in August 1990. This multi-national effort has included the countries of Belgium, Denmark, The Netherlands, Norway, and Portugal who have participated with the United States Air Force in the full scale MLU engineering development and integration effort. The MLU is an avionics retrofit program for F-16 aircraft consisting of: Heads-Up Display Pilot's Display Unit, AN/APX-113 Advanced Identification Friend or Foe, Common Color Multi-Function Displays, Common Programmable Display Generator, Modular Mission Computer, Voice Message Unit, Common Data Entry Electronics Unit, Global Positioning System antennas, Interference Blanking Unit, and configuration of the APG-66(V)2 radar.

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 Europe.

The Austrian Air Force currently operates SAAB JAS-35 Draken and SAAB-105 aircraft. These aging fighters are expensive to operate and maintain. This proposed sale will provide operational capabilities as the SAAB aircraft eventually are retired. It will also allow AAF to meet training requirements starting in early 2003. This proposed sale will not impact the regional military balance of power.

The principal contractors will be Lockheed Martin Aeronautics Company in Fort Worth, Texas; Pratt and Whitney in East Hartford, Connecticut; SABCA in Gosselies, Belgium; and Fokker Services in The Netherlands. One or more proposed offset agreements may be related to this proposed sale.

Implementation of this sale will require the assignment of approximately 12 each U.S. Government and contractor representatives for a period of up to four years to provide program support commencing with delivery of the aircraft to Austria.

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