

DEPARTMENT OF DEFENSE**Office of the Secretary**

[Transmittal No. 00-34]

36(b)(1) Arms Sales Notification**AGENCY:** Defense Security Cooperation Agency, Department of Defense.**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/COMPT/RM, (703) 604-6575.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 00-34 with attached transmittal, policy justification, and Sensitivity of Technology.

Dated: April 24, 2000.

L.M. Bynum,*Alternate OSD Federal Register Liaison Officer, Department of Defense.***BILLING CODE 5001-10-C**



DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

14 April 2000

**In reply refer to:
I-00/003164**

**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. 00-34, concerning the Department of the Navy's proposed Letter(s) of Offer and Acceptance (LOA) to Norway for defense articles and services estimated to cost \$55 million. Soon after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Davison".

**MICHAEL S. DAVISON, JR.
LIEUTENANT GENERAL, USA
DIRECTOR**

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

Attachments

Transmittal No. 00-34**Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act**

- (i) **Prospective Purchaser:** Norway
- (ii) **Total Estimated Value:**
- | | |
|--------------------------|----------------------|
| Major Defense Equipment* | \$ 0 million |
| Other | <u>\$ 55 million</u> |
| TOTAL | \$ 55 million |
- (iii) **Description of Articles or Services Offered:** Software and services in support of a potential direct commercial sale of five AEGIS SPY-1 integrated weapon systems for new frigates. This proposed sale includes AEGIS SPY-1F software support, MK-41 Vertical Launch System MK 689 Interfaced test set, Quadpack Missile Echo Units, test equipment, publications and technical documentation, engineering assistance, and other related elements of program support.
- (iv) **Military Department:** Navy (GCW and LAY)
- (v) **Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid:** None
- (vi) **Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold:** See attached Annex.
- (vii) **Date Report Delivered to Congress:** 14 April 2000

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

POLICY JUSTIFICATION**Norway - AEGIS SPY-IF Software Support**

The Government of Norway (GOG) has requested a possible sale of software and services in support of a potential direct commercial sale of five AEGIS SPY-1 integrated weapon systems for new frigates. This proposed sale includes AEGIS SPY-1F software support, MK-41 Vertical Launch System MK 689 Interfaced test set, Quadpack Missile Echo Units, test equipment, publications and technical documentation, engineering assistance, and other related elements of program support. The estimated total cost is \$55 million.

This proposed sale will contribute to the foreign policy and national security objectives of the United States by improving the military capabilities of Norway to fulfill its NATO obligations; furthering NATO rationalization, standardization, and interoperability; and enhancing the defense of the Western Alliance.

The proposed sale will be used on the new commercial frigates that will replace their old OSLO class ships. Norway will have no difficulty absorbing this software support into their armed forces. The proposed sale of this equipment and support will not affect the basic military balance in the region.

The prime contractor will be Lockheed-Martin Company of Moorestown, New Jersey and Baltimore, Maryland. There are no offset agreements proposed in connection with this potential FMS sale.

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

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

Transmittal No. 00-34**Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act****Annex
Item No. vi****(vi) Sensitivity of Technology:**

1. The AEGIS SPY-1F software proposed for this sale is considered "Secret". The SPY-1F is a three-dimensional phased array radar based on the U.S. Navy SPY-1D. The radar is similar in functionality to other export versions of the SPY-1D but differs in component redundancy and size of the radar array. The system will be capable of engaging small, fast targets in a hostile environment and be able to conduct area Anti-Air Warfare defense to a degree that is not greater than the capability of AEGIS SPY-1 systems already exported to other countries.

2. The vulnerability of software to reverse engineering and countermeasures development is considered minimal, as the actual sensitivity of the system is only exploitable through non-releasable software source codes.

3. The MK 689 Interfaced Test Set and Quadpack Missile Echo Units are considered unclassified and will be used to test the Vertical Launch System (VLS) installed on the ship. The MK-41 VLS documentation is considered unclassified.

4. 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.

5. A determination has been made that Norway 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.