

be sent to Mr. Cushing, WHS/DIOR,  
1215 Jefferson Davis Highway, Suite  
1204, Arlington, VA 22202-4302.

Dated: April 10, 2003.

**Patricia L. Toppings,**

*Alternate OSD Federal Register Liaison  
Officer, Department of Defense.*

[FR Doc. 03-9457 Filed 4-16-03; 8:45 am]

**BILLING CODE 5001-08-M**

## **DEPARTMENT OF DEFENSE**

### **Office of the Secretary**

**[Transmittal No. 03-11]**

### **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/COMPT/RM, (703) 604-  
6575.

The following is a copy of a letter to  
the Speaker of the House of  
Representatives, Transmittal 03-11 with  
attached transmittal, policy justification,  
and Sensitivity of Technology.

Dated: April 10, 2003.

**Patricia L. Toppings,**

*Alternate OSD Federal Register Liaison  
Officer, Department of Defense.*

**BILLING CODE 5001-08-M**



## DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

10 APR 2003

**In reply refer to:  
I-03/003058**

**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. 03-11, 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 \$482 million. Soon after this letter is delivered to your office, we plan to notify the news media.**

**Sincerely,**

A handwritten signature in cursive script, appearing to read "Tome Walters, Jr.".

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

**Attachments**

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

**Transmittal No. 03-11**

**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:** Japan

(ii) **Total Estimated Value:**

Major Defense Equipment*	\$215 million
Other	<u>\$267 million</u>
TOTAL	\$482 million

(iii) **Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:** 1 MK 7 MOD 6(V) AEGIS Weapon System, 1 AN/SQQ-89(V) Surface Ship Undersea Combat System, 1 AN/UPX-29(V) Aircraft Identification Monitoring System MK XII Identification Friend or Foe system, 1 shipboard gridlock system, 1 Common Data Link Management System/Joint Tactical Information Distribution System, 1 MK 34 gun weapon system, 1 Navigation Sensor System Interface, 1 MK36 Decoy Launching System, 1 AN/WSN-7 Ring Laser Gyro Navigator, 1 AN/SQQ-121 Computer Aided Dead Reckoning Tracker, 18 SM-2 Block IIIB Standard missiles, 10 SM-2 Block IIIB Standard missiles with telemetry; 28 MK 13 MOD 0 canisters, containers, testing and combat system engineering technical assistance, computer programs and support maintenance, U.S. Government and contractor engineering and technical assistance, testing, publications and documentation, training, spare and repair parts, and other related elements of logistics support

(iv) **Military Department:** Navy (LTS, APG, and APP)

(v) **Prior Related Cases, if any:**

FMS case AOZ - \$ 21 million - 23Aug02  
 FMS case LSU - \$521 million - 22Jul02  
 FMS case AOO - \$ 18 million - 19Dec01  
 FMS case AOI - \$ 17 million - 1Nov00  
 FMS case AOB - \$ 16 million - 9Dec99  
 FMS case ANU - \$ 17 million - 21Dec98  
 FMS case AMZ - \$ 7 million - 17Oct94  
 FMS case LPE - \$462 million - 27Aug93  
 FMS case ALT - \$ 10 million - 27Aug93  
 FMS case ALI - \$ 7 million - 28Oct92  
 FMS case AKV - \$ 12 million - 24Mar92  
 FMS case LNW - \$450 million - 11Sep91  
 FMS case LND - \$478 million - 29Aug90  
 FMS case LKL - \$468 million - 24Jun88

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

- (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: 10 APR 2003**

## **POLICY JUSTIFICATION**

### **Japan – AEGIS Weapon Systems and Standard Missiles**

The Government of Japan has requested a possible sale of 1 MK 7 MOD 6(V) AEGIS Weapon System, 1 AN/SQQ-89(V) Surface Ship Undersea Combat System, 1 AN/UPX-29(V) Aircraft Identification Monitoring System MK XII Identification Friend or Foe system, 1 shipboard gridlock system, 1 Common Data Link Management System/Joint Tactical Information Distribution System, 1 MK 34 gun weapon system, 1 Navigation Sensor System Interface, 1 MK36 Decoy Launching System, 1 AN/WSN-7 Ring Laser Gyro Navigator, 1 AN/SQQ-121 Computer Aided Dead Reckoning Tracker, 18 SM-2 Block IIIB Standard missiles, 10 SM-2 Block IIIB Standard missiles with telemetry; 28 MK 13 MOD 0 canisters, containers, testing and combat system engineering technical assistance, computer programs and support maintenance, U.S. Government and contractor engineering and technical assistance, testing, publications and documentation, training, spare and repair parts, and other related elements of logistics support. The estimated cost is \$482 million.

Japan is one of the major political and economic powers in East Asia and the Western Pacific and a key ally of the United States in ensuring the peace and stability of that region. It is vital to the U.S. national interest to assist Japan to develop and maintain a strong and ready self-defense capability, which will contribute to an acceptable military balance in the area. This proposed sale is consistent with these U.S. objectives and with the 1960 Treaty of Mutual Cooperation and Security. This proposed sale of SM-2 missiles and AEGIS Weapon System will provide substantial economic opportunities for U.S. industry and continue to promote greater interoperability and cooperation between our navies.

Installation of the AEGIS combat system on ships of the Japan Maritime Self Defense force will provide enhanced capabilities to Japan in providing for defense of its critical Sea Lines of Communication. AEGIS will be the keystone in Japan's effort to upgrade its anti-air warfare capability. Japan is fully capable of integrating this system into its operational forces and will receive data sufficient for basic maintenance of the equipment. Japan will use these missiles to update older or less reliable missiles currently in the Japan Maritime Self Defense Force fleet. Japan, which already has AEGIS systems and Standard missiles, will have no difficulty absorbing the additional system. The proposed sale of this equipment and support will not affect the basic military balance in the region.

The principal contractors will be: Lockheed Martin Naval Electronics and Surveillance Systems of Morristown, New Jersey; Lockheed Martin Naval Electronics and Surveillance Systems of Syracuse, New York; Raytheon Company of Andover, Massachusetts; General Dynamics Armament Systems of Burlington, Vermont; Lockheed Martin Naval Electronics and Surveillance Systems of Eagan, Minnesota and Raytheon Company of Tucson, Arizona. There are no offset agreements proposed in connection with this potential sale.

Implementation of this sale will not require the assignment to Japan of any U.S. Government representatives. It will require the assignment of approximately 40 contractor representatives for approximately five years to support integration and testing of the AEGIS Combat Systems.

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

## Transmittal No. 03-11

**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) (C) Sensitivity of Technology:**

1. The 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 one AEGIS maintenance manual supplement is classified Secret. The manuals and technical documents are limited to that necessary for operational and organizational maintenance.

2. While the hardware associated with the SPY-1D(V) radar and AN/SQQ-89 Surface Ship Undersea Combat System are unclassified, the computer programs are classified Secret. It is the combination of the SPY-1D(V) and AN/SQQ-89 sonar hardware and the computer programs that constitutes the technology sensitive aspects. The SPY-1D(V) radar and AN/SQQ-89 sonar hardware design and computer program documentation will not be released and the U.S. Navy will perform life cycle maintenance of the AEGIS weapons system computer programs.

3. The SM-2 Block IIIB Standard 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 hardware including: guidance section, Target Detecting Device, warhead, rocket motor, steering control section, safety and arming unit, and auto-pilot battery unit are classified Confidential. Certain operating frequencies and performance characteristics are classified Secret. Confidential documentation to be provided includes: parametric documents, general performance data, firing guidance, dynamics information, and flight analysis procedures.

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 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.

[FR Doc. 03-9459 Filed 4-16-03; 8:45 am]

BILLING CODE 5001-08-C

**DEPARTMENT OF DEFENSE****Office of the Secretary**

[Transmittal No. 03-14]

**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 Pub. 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 03-14 with attached transmittal, policy justification, and Sensitivity of Technology.

Dated: April 10, 2003.

**Patricia L. Toppings,**

*Alternate OSD Federal Register Liaison Officer, Department of Defense.*

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