

[FR Doc. 06-8549 Filed 10-6-06; 8:45 am]

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DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 06-66]

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/DBO/CFM, (703) 604-6575.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 06-66 with attached transmittal, policy justification, and Sensitivity of Technology.

Dated: October 3, 2006.

C.R. Choate,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

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DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

27 SEP 2006

In reply refer to:
I-06/011048

The Honorable J. Dennis Hastert
Speaker of the House of Representatives
Washington, DC 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. 06-66, concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance to Japan for defense articles and services estimated to cost \$144 million. After this letter is delivered to your office, we plan to issue a press statement to notify the public of this proposed sale.

Sincerely,

A handwritten signature in black ink, appearing to read "J. B. Kohler", is positioned above the typed name.

JEFFREY B. KOHLER
LIEUTENANT GENERAL, USAF
DIRECTOR

Enclosures:

1. Transmittal
2. Policy Justification
3. Sensitivity of Technology

Same ltr to:

House

Committee on International Relations
Committee on Armed Services
Committee on Appropriations

Senate

Committee on Foreign Relations
Committee on Armed Services
Committee on Appropriations

Transmittal No. 06-66

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* | \$ 84 million |
| Other | \$ <u>60 million</u> |
| TOTAL | \$144 million |
- (iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase: 16 PATRIOT Advanced Capability-3 (PAC-3) (4 pack canisters containing four missiles each) guided missiles, support equipment, modification kits, publications, spare and repair parts, U.S. Government and contractor technical assistance and other related elements of logistics support.
- (iv) Military Department: Army (XCP)
- (v) Prior Related Cases, if any: FMS case WYN - \$60 million - 09Dec04
- (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: 29 SEP 2006

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

POLICY JUSTIFICATION

Japan – PATRIOT Advanced Capability-3 Missiles

The Government of Japan has requested a possible sale of 16 PATRIOT Advanced Capability-3 (PAC-3) (4 pack canisters containing four missiles each) guided missiles, support equipment, modification kits, publications, spare and repair parts, U.S. Government and contractor technical assistance and other related elements of logistics support. The estimated cost is \$144 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 peace and stability in 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 region. This proposed sale is consistent with these U.S. objectives and with the 1960 Treaty of Mutual Cooperation and Security.

Japan needs these defense articles in order to defend its borders, and to remain militarily viable in the region. Japan also needs additional PATRIOT PAC-3 missiles to provide advanced air defense capability versus conventional threats and limited area defense against Theater Ballistic Missiles (TBM). Japan has already fielded the PATRIOT Air Defense System and is upgrading its ground support equipment to Configuration 3 to support the PAC-3 missiles. The proposed sale will provide Japan with an effective, state-of-the-art, anti-tactical missile capability and will greatly improve the defense posture of Japan. Japan will have no difficulty absorbing these PAC-3 missiles into its inventory.

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 Missiles and Fire Control in Dallas, Texas. There are no known offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will potentially require the assignment of up to 2 U.S. Government representatives and up to 8 contractor representatives in Japan for two weeks following delivery of the missiles.

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

Transmittal No. 06-66

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

**Annex
Item No. vii**

(vii) Sensitivity of Technology:

1. The PATRIOT Air Defense System contains classified Secret components and critical/sensitive technology. The PATRIOT Advanced Capability-3 (PAC-3) Missile Four-Pack is classified Confidential. With the incorporation of the PAC-3 missile, the PATRIOT System will continue to hold a significant technology lead over other surface-to-air missile systems in the world.

2. The PAC-3 Missile sensitive/critical technology is primarily in the area of design and production know-how and primarily inherent in the design, development and/or manufacturing data related to certain components. Information on system performance capabilities and effectiveness, select software documentation, and test data are classified up to Secret.

3. The loss of this hardware, software, documentation and/or data could permit development of information leading to the exploitation of countermeasures and could provide a significant threat to future United States military operations. If an adversary were to obtain this sensitive technology, the missile system effectiveness could be compromised through reverse engineering techniques.

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DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 06-58]

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/DBO/CFM, (703) 604-6575.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 06-58 with attached transmittal and policy justification.

Dated: October 3, 2006.

C.R. Choate,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

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