DEPARTMENT OF DEFENSE

Office of the Secretary

(Transmittal No. 99–01)

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 99–05, with attached transmittal, policy justification, sensitivity of technology and Section 620C(d) of the Foreign Assistance Act of 1961.

Dated: October 13, 1998.

L.M. Bynum,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

BILLING CODE 5000–04–M

DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

05 OCT 1998
In reply refer to:
I-74029/98

Honorable Newt Gingrich
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. 99-01, concerning the Department of the Navy's proposed Letter(s) of Offer and Acceptance (LOA) to Greece for defense articles and services estimated to cost $380 million. Soon after this letter is delivered to your office, we plan to notify the news media.

You will also find attached a certification as required by Section 620C(d) of the Foreign Assistance Act of 1961, as amended, that this action is consistent with Section 620C(b) of that statute.

In addition to the FMS articles and services proposed herein, the total program will include a direct commercial sale of up to six E-2C or C-130J airframes, a software laboratory, technical assistance, and unique changes to the E-2C mission system. These elements are estimated to be valued at $320 million and should be addressed separately under Section 36(c), AECA.

Sincerely,

EDWARD W. ROSS
ACTING DIRECTOR

Attachments

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

Transmittal No. 99-01

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

(i) Prospective Purchaser: Greece

(ii) Total Estimated Value:

Major Defense Equipment*	$ 160 million
Other	$ 220 million
TOTAL	$ 380 million

(iii) Description of Articles or Services Offered:
Six new production E-2C Airborne Early Warning and Control (AEW&C) mission systems as part of a purchase of either E-2C or C-130J airframe for AEW and Control, along with spares and repair parts, support equipment, training and training equipment, contractor technical and logistics personnel services, and other related requirements to ensure full program supportability.

(iv) Military Department: Navy (SAL or SAN)

(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 Annex attached.

(vii) Date Report Delivered to Congress: 05 OCT 1998

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

POLICY JUSTIFICATION

Greece - E-2C Airborne Early Warning Mission Systems

This is a proposed sale to the Government of Greece of six new production E-2C Airborne Early Warning and Control (AEW&C) mission systems as part of a purchase of either E-2C or C-130J airframe for AEW and Control, along with spares and repair parts, support equipment, training and training equipment, contractor technical and logistics personnel services, and other related requirements to ensure full program supportability. The estimated cost is $380 million.

This proposed sale will contribute to the foreign policy and national security of the United States by improving the military capabilities of Greece and furthering NATO rationalization, standardization and interoperability.

This proposed sale is consistent with the stated U.S. policy of assisting friendly nations in providing for their own defense by allowing the transfer of reasonable amounts of defense articles and services. It will demonstrate the continued willingness of the U.S. to support efforts by Greece to improve their security through modernization of Greece's air defense forces. The AEW&C will be provided in accordance with, and subject to, the limitation on use and transfer provided for under the Arms Export Control Act, as embodied in the terms of sale. This sale will not adversely affect either the military balance in the region or U.S. efforts to encourage a negotiated settlement of the Cyprus question.

The prime contractor will be Northrop Grumman Corporation, St. Augustine, Florida (for the E-2C) or Lockheed Martin Aeronautical Systems, Marietta, Georgia (for the C-130J). One or more proposed offset agreements may be related to this proposed sale.

Implementation of this proposed sale will require the assignment of 14 contractor representatives in Greece for two years after delivery, followed by up to six contractors for the third year. A Navy Weapon System Liaison Office staffed by two persons will be required for the first three years.

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

Transmittal No. 99-01

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 E-2C Mission System contains sensitive state-of-the-art technology. Some of the hardware, publications, performance specifications, operational capability parameters, vulnerabilities to countermeasures, and software documentation are classified Secret. However, the classified information that will be provided consists of only that necessary for the Government of Greece to operate, maintain, and repair (through depot level maintenance) the aircraft and its installed systems and related software.

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 or equivalent systems which might reduce weapon system effectiveness or be used in the development of a system with similar or advanced capabilities.

3. This proposed sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification. Moreover, the benefits to be derived from this proposed sale, as outlined in the Policy Justification, outweigh the potential damage that could result if the sensitive technology were revealed to unauthorized persons.

Certification Under Section 620C(d)
Of The Foreign Assistance Act of 1961, As Amended

Pursuant to section 620C(d) of the Foreign Assistance Act of 1961, as amended (the Act), Executive Order 12163 (sec. 1-201(a)(13)) and the Secretary of State's memorandum of December 15, 1997, I hereby certify that the furnishing to Greece of 6 E-2C Airborne Early Warning and Control (AEW&C) mission systems as part of an eventual purchase of either the E-2C or C-130J airframe for AEW and Control, along with spares and repair parts, and related elements of logistics and program support at an estimated cost of this sale is $380 million, is consistent with the principles contained in section 620C(b) of the Act.

This certification will be made part of the notification to the Congress under section 36(b) of the Arms Export Control Act regarding the proposed sale of the above-named articles and services, and is based on the justification accompanying said notification, of which said justification constitutes a full explanation.

John D. Holum
Acting Under Secretary
for Arms Control and
International Security
Affairs / Director, U.S. Arms
Control and Disarmament Agency

[FR Doc. 98–28139 Filed 10–20–98; 8:45 am]
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