## DEPARTMENT OF DEFENSE

### Office of the Secretary

**[Transmittal No. 99–02]**

### 36(b)(1) Arms Sales Notification

**AGENCY:** Defense Security Cooperation Agency, DOD.

**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 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 99–02, with attached transmittal, policy justification and sensitivity of technology.

Dated: October 19, 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

09 OCT 1998
In reply refer to:
I-73683/98

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. 99-02, concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance (LOA) to the Taipei Economic and Cultural Representative Office (TECRO) in the United States for defense articles and services estimated to cost $486 million. Soon after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

MICHAEL S. DAVISON, JR.
LIEUTENANT GENERAL, USA
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. 99-02

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

(i) Prospective Purchaser: Taipei Economic and Cultural Representative Office (TECRO) in the United States pursuant to P.L. 96-8

(ii) Total Estimated Value:

| | |
|---|---|
| Major Defense Equipment* | $ 410 million |
| Other | $ 76 million |
| TOTAL | $ 486 million |

(iii) Description of Articles or Services Offered: Nine CH-47SD CHINOOK helicopters, chaff, three T55-L-714A spare turbine engines, spare and repair parts, support equipment, publications and technical data, communications equipment, maintenance, personnel training and training equipment, U.S. Government Quality Assurance Team, field service representatives, contractor engineering and technical support services, preparation of aircraft for shipment, and other related elements of logistics support.

(iv) Military Department: Army (YUX)

(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: 09 OCT 1998

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

## POLICY JUSTIFICATION

### Taipei Economic and Cultural Representative Office in the United States - CH-47SD Helicopters

The Taipei Economic and Cultural Representative Office (TECRO) in the United States has requested a possible sale of nine CH-47SD CHINOOK helicopters, chaff, radar warning receiver, three T55-L-714A spare turbine engines, spare and repair parts, support equipment, publications and technical data, communications equipment, maintenance, personnel training and training equipment, U.S. Government Quality Assurance Team, field service representatives, contractor engineering and technical support services, preparation of aircraft for shipment, and other related elements of logistics support. The estimated cost is $486 million.

This proposed sale is consistent with United States law and policy, as expressed in Public Law 96-8. This sale is a multi-year purchase. The initial Letter of Offer and Acceptance (LOA) for a portion of this program will be signed in FY 99. LOA amendments to add the remaining quantities notified herein will be signed in subsequent years.

Taiwan will use these helicopters to improve their capability to transport personnel and cargo for both military and humanitarian assistance purposes. Taiwan intends to use the nine aircraft to establish an Air Transportation Battalion. A survey was undertaken based on the approval provided for the FMS of the CH-47SD during the 1998 U.S. - Taiwan Arms Sales Talks. Taiwan will have no difficulty absorbing these helicopters into its 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 Boeing Corporation, Ridley Park, Pennsylvania. One or more proposed offset agreements may be related to this proposed sale.

Implementation of this sale will require the assignment of three U.S. Government Quality Assurance Teams to Taiwan for a week to assist in each delivery and deployment of the helicopters. There will be up to four U.S. Government personnel, twice annually, for one week intervals to participate in program management and technical reviews and up to ten U.S. Government personnel for annual (alternating) program reviews. Additionally, two contractor representatives will be needed in Taiwan for a one year period each.

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

Transmittal No. 99-02

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 CH-47 CHINOOK helicopter is designed to provide air transportation for cargo, troops and weapons within the combat area. It can perform other missions such as vertical supply/replenishment of internal and external loaded cargo, disaster relief, passenger transport, search and rescue, self-retrieval and self-deployment. This aircraft is suitable for operations during day, night, visual and instrument meterorological conditions. The CH-47A, B, and C model airframes were updated and improved with seven newly designed and developed components; fiberglass rotor blades, drive system, hydraulic system, auxiliary power unit, electrical system, advanced flight control system, multi-cargo hook system, and night vision goggle compatible lighting. The CH-47D is the latest version used by the U.S. Army. The Ch-47SD has been improved by incorporation of an avionics control and management system, T55-L-714A engines and a long-range fuel system.

2. The CH-47SD configuration proposed for Taiwan is as follows:

a. (U) The following equipment is not considered to be classified:

- ARC-210 VHF/UHF Communication System
- AN/AIC-11746(V) Interphone System
- AN/APX-100(V) IFF Transponder
- Inertial Navigation System with Embedded Global Positioning System
- AN/ARN-147(V)1 Very High Frequency Omni-directional Range/Instrument Landing System
- Air Data Computer
- AN/209J(V)5 Radar Altimeter
- AN/ARN-153 TACAN
- Primus-701 Weather Radar

b. The AAR-60 Missile Detection system is a non-U.S. system manufactured by Daimler Benz.

c. The AN/AVS-6(V)1 night vision goggles are unclassified without the laser filter.

d. The ALE-47(V) Flare/Chaff Dispenser is a programmable, threat-adaptive Countermeasures Dispenser System and is considered to be classified. The ALE-47(H) is 1553 bus comptabile and has the capability of interfacing with other Aircraft Survivability Equipment and avionics systems to utilize aircraft parameters and threat data. Automatic dispensing may be enabled for the radar warning receiver, active jammer, and missile warning system. The U.S. Army has installed the ALE-47 Advanced Countermeasures Dispensers on the MH-47E CHINOOK Special Operations Aircraft. The ALE-47 uses modified M-130 Dispenser Assemblies with internal sequences removed. The recipient currently used the ALE-47 on their F-16. The programmable portion of the hardware and associated software is classified Confidential.

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 or equivalent systems 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 the recipient country can provide substantially the same degree of protection for the classified technology/system 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. 98–28412 Filed 10–22–98; 8:45 am]
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