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DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 00-49]

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 P.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 00-49 with attached transmittal, policy justification, and Sensitivity of Technology.

Dated: July 26, 2000.

C.M. Robinson,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

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DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

21 JUL 2000

In reply refer to:
I-00/007452

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. 00-49, concerning the Department of the Navy's proposed Letter(s) of Offer and Acceptance (LOA) to Italy for defense articles and services estimated to cost \$135 million. Soon after this letter is delivered to your office, we plan to notify the news media.

Sincerely,


A.R. KELTZ
DEPUTY 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. 00-49

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

- (i) **Prospective Purchaser:** Italy
- (ii) **Total Estimated Value:**
- | | |
|--------------------------|----------------------|
| Major Defense Equipment* | \$ 75 million |
| Other | \$ 60 million |
| TOTAL | \$135 million |
- (iii) **Description of Articles or Services Offered:** Fifty SM-2 Block IIIA STANDARD missiles with weapon system components, four MK 74 Mod 15 (X-band) Missile Fire Control System, containers, test sets, systems, transmitters, modification kits, spare and repair parts, support and test equipment, publications and technical documentation, training, U.S. Government and contractor technical assistance and other related elements of logistics support.
- (iv) **Military Department:** Navy (LFT)
- (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:** 21 JUL 2000

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

POLICY JUSTIFICATION

Italy - SM-2 Block IIIA STANDARD Missiles

The Government of Italy has requested a possible purchase of 50 SM-2 Block IIIA STANDARD missiles with weapon system components, four MK 74 Mod 15 (X-band) Missile Fire Control System, containers, test sets, systems, transmitters, modification kits, spare and repair parts, support and test equipment, publications and technical documentation, training, U.S. Government and contractor technical assistance and other related elements of logistics support. The estimated cost is \$135 million.

This proposed sale will contribute to the foreign policy and national security objectives of the United States by improving the military capabilities of Italy and further weapon system standardization and interoperability with U.S. forces.

Italy will use these missiles as replacements for older or less effective missiles currently in the Italian Self Defense Force fleet. Italy, which already has STANDARD missiles in its inventory, will have no difficulty absorbing these additional missiles.

The proposed sale of this equipment and support will not affect the basic military balance in the region.

The principle contractors will be Raytheon Missile Systems Company of Tucson, Arizona; BAE Systems of Rockville, Maryland; Raytheon Electronic Systems of Sudbury, Massachusetts; United Defense of Minneapolis, Minnesota; and Litton Marine Systems of Charlottesville, Virginia. Typically the GOI imposes a 50% offset against U.S. contractors marketing weapons systems in Italy; however, at this time, there is no known offset agreement associated with this proposed sale.

Implementation of this proposed sale will require the assignment of four contractor representatives to Italy for four weeks to assist in the delivery and deployment of the missiles. Additionally, there will be 10 contractor representatives for one week intervals twice annually to participate in program management and technical reviews.

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

Transmittal No. 00-49

**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 possible sale of STANDARD SM-2 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 guidance section, Target Detecting Device (TDD), 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. STANDARD missile documentation to be provided will include:

- a. Parametric documents (C)
- b. Missile Handling Procedures (U)
- c. General Performance Data (C)

2. The MK 612 Mod 4 Intermediate Maintenance Test Set is classified Secret due to the frequencies and formats contained in its software.

3. The MK 14 Weapon Direction System (WDS) is classified Confidential. The OT-134 Continuous Wave Illumination (CWI) Transmitter is unclassified, but considered sensitive. Technical documentation and publications for testing, operation and maintenance are Confidential.

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 Italy 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.

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DEPARTMENT OF DEFENSE**Office of the Secretary**

[Transmittal No. 00-52]

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 P.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 00-52 with attached transmittal, policy justification, and Sensitivity of Technology.

Dated: July 26, 2000.

C.M. Robinson,
Alternate OSD Federal Register Liaison Officer, Department of Defense.

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