

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

[Transmittal No. 01-12]

**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 section 36(b)(1) arms sale notification. This is published to fulfill the requirements of section 155 of Public Law 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 01-12 with attached transmittal and policy justification.

Dated: June 21, 2001.

**L.M. Bynum,***Alternate OSD Federal Register Liaison Officer, Department of Defense.***BILLING CODE 5001-08-M**



## DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

**14 JUN 2001**  
**In reply refer to:**  
**I-01/004411**

**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, we are forwarding herewith Transmittal No. 01-12, concerning the Department of the Navy's proposed Letter(s) of Offer and Acceptance (LOA) to Saudi Arabia for defense articles and services estimated to cost \$257 million. Soon after this letter is delivered to your office, we plan to notify the news media.**

**Sincerely,**

  
**A.R. KELTZ**  
**ACTING DIRECTOR**

**Attachments**

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

**Transmittal No. 01-12**

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

- (i) **Prospective Purchaser:** Saudi Arabia
- (ii) **Total Estimated Value:**
- |                          |                       |
|--------------------------|-----------------------|
| Major Defense Equipment* | \$ 0 million          |
| Other                    | \$ <u>257 million</u> |
| <b>TOTAL</b>             | <b>\$ 257 million</b> |
- (iii) **Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:** U.S. Government and contractor engineering, technical and logistics services in the development and implementation of a comprehensive 10 year program for the upgrade, development, operation and maintenance program, and system additions to the Royal Saudi Naval Forces (RSNF) Command, Control, and Communications (C<sup>3</sup>) System. The system additions will include, but are not limited to, installation of commercial data link and mobile communications equipment.
- (iv) **Military Department:** Navy (LCE)
- (v) **Prior Related Cases, if any:**
- |                       |                 |           |
|-----------------------|-----------------|-----------|
| FMS case LBG          | - \$288 million | - 25Nov90 |
| FMS case LAH, Amd 12- | \$ 21 million   | - 18Jul87 |
| FMS case LAH, Amd 10- | \$ 17 million   | - 9Sep85  |
| FMS case LAH, Amd 9   | - \$ 50 million | - 29Sep84 |
| FMS case LAH, Amd 8   | - \$ 50 million | - 19Mar84 |
| FMS case LAH, Amd 5   | - \$129 million | - 11May82 |
- (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:** none
- (viii) **Date Report Delivered to Congress:** 14 JUN 2001

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

**POLICY JUSTIFICATION****Saudi Arabia - Upgrade, Development, and Support for Royal Saudi Naval Forces Command, Control, and Communications System**

The Government of Saudi Arabia has requested a possible sale of U.S. Government and contractor engineering, technical and logistics services in the development and implementation of a comprehensive 10 year program for the upgrade, development, operation and maintenance program, and system additions to the Royal Saudi Naval Forces (RSNF) Command, Control, and Communications (C<sup>3</sup>) System. The system additions will include, but are not limited to, installation of commercial data link and mobile communications equipment. The estimated cost is \$257 million.

This proposed sale will contribute to the foreign policy and national security of the United States by helping to improve the security of a friendly country which has been and continues to be an important force for political stability and economic progress in the Middle East.

The RSNF need the equipment and services in order to modernize and enhance an aging C<sup>3</sup> system that was provided during the period of 1974 through 2000. The program, which will provide commercially available equipment, material and services, will significantly enhance interoperability with U.S., NATO and other Saudi military forces operating in the region.

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

The principal contractors will be Science Applications International Corporation of San Diego, California; PE Systems of Alexandria, Virginia; and Booz, Allen, and Hamilton, Incorporated of McLean, Virginia. There are no offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will require the assignment of 18 contractor representatives for 10 years to Saudi Arabia.

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