

James C. Leonard III  
Chairman, Committee for the Implementation  
of Textile Agreements.

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

[Transmitted No. 02-25]

**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/COMPT/RM, (703) 604-6575.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 02-25 with

attached transmittal, policy justification, and Sensitivity of Technology.

Dated: May 8, 2002.

**Patricia L. Toppings,**

*Alternate OSD Federal Register Liaison  
Officer, Department of Defense.*

**BILLING CODE 5001-08-M**



## DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

29 APR 2002  
In reply refer to:  
I-02/004703

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 (AECA), as amended, we are forwarding herewith Transmittal No. 02-25, concerning the Department of the Navy's proposed Letter(s) of Offer and Acceptance (LOA) to Japan for defense articles and services estimated to cost \$578 million. Soon after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

A handwritten signature in cursive script that reads "Tome Walters".

TOME H. WALTERS, JR.  
LIEUTENANT GENERAL, USAF  
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. 02-25

**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* | \$218 million        |
| Other                    | <u>\$360 million</u> |
| <b>TOTAL</b>             | <b>\$578 million</b> |
- (iii) **Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:** one MK 7 MOD 6(V) AEGIS Weapon System, one AN/SQQ-89(V)15R Surface Ship Undersea Combat System, one AN/UPX-29(V) Aircraft Identification Monitoring System MK XII Identification Friend or Foe system, one shipboard gridlock system, one Common Data Link Management System/Joint Tactical Information Distribution System, one MK 34 gun weapon system, one Navigation Sensor System Interface, one MK36 Decoy Launching System, one AN/WSN-7 Ring Laser Gyro Navigator, one AN/SQQ-121 Computer Aided Dead Reckoning Tracker, testing and combat system engineering technical assistance, computer programs and support maintenance, U.S. Government and contractor engineering and technical assistance, testing, publications and documentation, training, spare and repair parts, and other related elements of logistics support
- (iv) **Military Department:** Navy (LSU)
- (v) **Prior Related Cases, if any:**
- |              |                 |           |
|--------------|-----------------|-----------|
| FMS case LPE | - \$462 million | - 27Aug93 |
| FMS case LNW | - \$450 million | - 11Sep91 |
| FMS case LND | - \$478 million | - 29Aug90 |
| FMS case LKL | - \$468 million | - 24Jun88 |
- (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 APR 2002

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

## POLICY JUSTIFICATION

### Japan – AEGIS Combat System

The Government of Japan has requested a possible sale of one MK 7 MOD 6(V) AEGIS Weapon System, one AN/SQQ-89(V)15R Surface Ship Undersea Combat System, one AN/UPX-29(V) Aircraft Identification Monitoring System MK XII Identification Friend or Foe system, one shipboard gridlock system, one Common Data Link Management System/Joint Tactical Information Distribution System, one MK 34 gun weapon system, one Navigation Sensor System Interface, one MK36 Decoy Launching System, one AN/WSN-7 Ring Laser Gyro Navigator, one AN/SQQ-121 Computer Aided Dead Reckoning Tracker, testing and combat system engineering technical assistance, computer programs and support maintenance, U.S. Government and contractor engineering and technical assistance, testing, publications and documentation, training, spare and repair parts, and other related elements of logistics support. The estimated cost is \$578 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 the peace and stability of 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 area. This proposed sale is consistent with these U.S. objectives and with the 1960 Treaty of Mutual Cooperation and Security.

Installation of the AEGIS combat system on ships of the Japan Maritime Self Defense force will provide enhanced capabilities to Japan in providing for defense of its critical Sea Lines of Communication (SLOCs). AEGIS will be the keystone in Japan's effort to upgrade its anti-air warfare (AAW) capability. Japan is fully capable of integrating this system into its operational forces and will receive data sufficient for basic maintenance of the equipment. Japan, which already has AEGIS systems, will have no difficulty absorbing the additional system.

The principal contractors will be: Lockheed Martin Naval Electronics Systems and Support of Morristown, New Jersey; Lockheed Martin Naval Electronics Systems and Support of Syracuse, New York; Raytheon Company of Andover, Massachusetts; General Dynamics Armament Systems of Burlington, Vermont; and Lockheed Martin Naval Electronics Systems and Support of Eagan, Minnesota. There are no offset agreements proposed in connection with this potential sale.

Implementation of this sale will not require the assignment to Japan of any U.S. Government representatives. It will require the assignment of approximately 40 contractor representatives for approximately five years to support integration and testing of the AEGIS Combat Systems.

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

**Transmittal No. 02-25****Notice of Proposed Issuance of Letter of Offer  
Pursuant to Section 36(b)(1)  
of the Arms Export Control Act****Annex  
Item No. vii****(vii) Sensitivity of Technology:**

1. **AEGIS Weapon System (AWS) hardware is unclassified, with the exception of the RF oscillator used in the Fire Control transmitter, which is classified Confidential. AEGIS documentation in general is unclassified. However, seven operation and maintenance manuals are classified Confidential, and there is also a classified Secret supplement to the AEGIS Combat System Maintenance Manual. Access to the manuals and technical documents is limited to those for whom the manuals and documents are necessary for operational use and organizational maintenance.**

2. **While the hardware associated with the SPY-1D(V) radar and AN/SQQ-89 sonar of the Undersea Warfare System (UWS) are unclassified, the computer programs are classified Secret. It is the combination of the SPY-1D(V) and AN/SQQ-89 sonar hardware and the computer programs that constitutes the technology sensitive aspects. The SPY-1D(V) radar and AN/SQQ-89 sonar hardware design and computer program documentation will not be released. Additionally, life cycle maintenance of the AWS computer programs will be performed by the U.S. Navy.**

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 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 Japan 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.**