

DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 02-43]

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 02-43 with attached transmittal, policy justification, and Sensitivity of Technology.

Dated: July 23, 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

22 JUL 2002

In reply refer to:
I-02/008931

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. 02-43 and under separate cover the classified offset certificate thereto. This Transmittal concerns the Department of the Navy's proposed Letter(s) of Offer and Acceptance (LOA) to The Republic of Korea for defense articles and service estimated to cost \$66 million. Soon after this letter is delivered to your office, we plan to notify the news media of the unclassified portion of this Transmittal.

Reporting of Offset Agreements in accordance with Section 36(b)(1)(C) of the Arms Export Control Act (AECA), as amended, requires a description of any offset agreement with respect to this proposed sale. Section 36(g) of the AECA, as amended, provides that reported information related to offset agreements be treated as confidential information in accordance with section 12(c) of the Export Administration Act of 1979 (50 U.S.C. App. 2411(c)). Information about offsets for this proposed sale is described in the enclosed confidential attachment.

Sincerely,


Richard J. Millies
Acting Director

Attachment
As stated

Separate Cover:
Offset certificate

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. 02-43

**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:** Republic of Korea
- (ii) **Total Estimated Value:**
- | | |
|--------------------------|----------------------------|
| Major Defense Equipment* | \$12 million |
| Other | <u>\$54 million</u> |
| TOTAL | \$66 million |
- (iii) **Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:** 9 excess P-3B aircraft; 16 T56-A-14 and 20 T56-A-10W engines, refurbishment and modification of T-56 engines, propellers, and landing gears; secure communications systems, missile warning systems, countermeasures dispensing systems, aircraft cockpit enhancements, acoustic receiver and processor system, missile warning and missile countermeasures dispensing systems, data management system, spare and repairs parts, support equipment, personnel training and training equipment, publications and technical data, system software development and installation, ground/flight testing of new systems and system modifications, U.S. Government and contractor engineering and logistics services and other related elements of program support.
- (iv) **Military Department:** Navy (SDJ)
- (v) **Prior Related Cases, if any:** FMS case SCG - \$245 million – 28May91
- (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:** 22 JUL 2002

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

POLICY JUSTIFICATION**Republic of Korea – P-3B Aircraft**

The Republic of Korea (ROK) Government has requested a possible sale of 9 excess P-3B aircraft; 16 T56-A-14 and 20 T56-A-10W engines, refurbishment and modification of T-56 engines, propellers, and landing gears; secure communications systems, missile warning systems, countermeasures dispensing systems, aircraft cockpit enhancements, acoustic receiver and processor system, missile warning and missile countermeasures dispensing systems, data management system, spare and repairs parts, support equipment, personnel training and training equipment, publications and technical data, system software development and installation, ground/flight testing of new systems and system modifications, U.S. Government and contractor engineering and logistics services and other related elements of program support. The estimated cost is \$66 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 Northeast Asia.

The ROK Navy (ROKN) intends to use the P-3B aircraft to patrol its economic exclusion zone, including anti-submarine warfare, anti-surface warfare and search/rescue operation.

The principal contractors will be Rolls-Royce Engine Services of Oakland, California and Knight Aerospace Product, Incorporated of San Antonio, Texas. One or more proposed offset agreements may be related to this proposed sale.

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

Implementation of this proposed sale will require the assignment of up to ten Contractor Engineering Technical Services for two years to the Republic of Korea.

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

Transmittal No. 02-43**Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act, as amended****Annex
Item No. vii****(vii) Sensitivity of Technology:**

1. The P-3B Maritime Surveillance Aircraft have been declared excess defense articles to the U.S. Navy inventory. There is currently no sensitive technology aboard these aircraft that are being provided "as is, where is." Upon delivery, the successful competitive contractor, to modernize the aircraft, will incorporate undetermined releasable technology equivalent to the U.S. Navy Anti-Surface Warfare Improvement Program (AIP)/Block Modification Upgrade Program (BMUP) aircraft and will include technology similar to the Republic of Korea Navy (ROKN) current P-3C Update III aircraft. Featured in the ROKN current aircraft are the AN/APS-137(V)(6 - 360 degree Inverse Synthetic Aperture Radar (ISAR), AN/ALR-66B(V)3 + ADACS Electronics Surveillance Measure (ESM) system, AN/UYS-1(V)10 acoustic processor, AN/ASQ-212/CP-2044 tactical computer and the AN/AWG-19C(V)1 Harpoon Missile/Control armament system.

2. A determination has been made that the Republic of Korea 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.