[FR Doc. E8–17049 Filed 7–25–08; 8:45 am]
BILLING CODE 5001–06–C

DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal Nos. 08–74]

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. B. English, DSCA/DBO/CFM, (703) 601–3740.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittals 08–74 with attached transmittal, policy justification, and Sensitivity of Technology.

Dated: July 18, 2008.

Patricia Toppings,

OSD Federal Register Liaison Officer, Department of Defense.

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DEFENSE SECURITY COOPERATION AGENCY
2800 DEFENSE PENTAGON
WASHINGTON, DC 20301-2800

JUL 09 2008

In reply refer to:
USP007973-08

The Honorable Nancy Pelosi
Speaker of the House of Representatives
Washington, DC 20515-6501

Dear Madam Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 08-74, concerning the Department of the Navy's proposed Letter(s) of Offer and Acceptance to Australia for defense articles and services estimated to cost $700 million. After this letter is delivered to your office, we plan to issue a press statement to notify the public of this proposed sale.

Sincerely,

Richard J. Millies
Deputy Director

Enclosures:
1. Transmittal
2. Policy Justification
3. Sensitivity of Technology

Same ltr to:

House	Senate
Committee on Foreign Affairs	Committee on Foreign Relations
Committee on Armed Services	Committee on Armed Services
Committee on Appropriations	Committee on Appropriations

Transmittal No. 08-74

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:** Australia

(ii) **Total Estimated Value:**

Major Defense Equipment*	$400 million
Other	$300 million
TOTAL	$700 million

(iii) **Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:** AEGIS Combat System and select combat system and communication components consisting of 1 MK41 Vertical Launch System, 1 AN/SPQ-9B Horizon Search Radar, 1 Cooperative Engagement Capability System, 1 Naval Fire Control System, 1 Multi-Functional Information Distribution System, AN/SLQ-25A Nixie Countermeasure Suite, MK160 Gun Computer System with MK 20 Electro-Optical Sight, AIMS MK XII Identification Friend or Foe (IFF) system for the Air Warfare Destroyer platform, communication and information distribution systems, U.S. Government and contractor engineering and logistics personnel services, personnel training and training equipment, support and test equipment, spare and repair parts, publications and technical documentation, and other related elements of logistics support.

(iv) **Military Department:** Navy (LEG)

(v) **Prior Related Cases, if any:**
FMS case LCQ - $489 million - 31Oct05
FMS case LCQ(A01) - $196 million - 04Apr06
FMS case LCQ(A02) - $ 489 million - 31Jul06
FMS case LCQ(A03) - $192 million – pending

(vi) **Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid:** none

(vii) **Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold:** See Annex attached

(viii) **Date Report Delivered to Congress:** JUL 09 2008

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

POLICY JUSTIFICATION

Australia – AEGIS Combat System Components for Air Warfare Destroyer Program

The Government of Australia requested a possible sale of the AEGIS Combat System and select combat system and communication components consisting of 1 MK 41 Vertical Launch System, 1 AN/SPQ-9B Horizon Search Radar, 1 Cooperative Engagement Capability System, 1 Naval Fire Control System, 1 Multi-Functional Information Distribution System, AN/SLQ-25A Nixie Countermeasure Suite, MK160 Gun Computer System with MK 20 Electro-Optical Sight, AIMS MK XII Identification Friend or Foe (IFF) for the Air Warfare Destroyer platform, communication and information distribution systems, U.S. Government and contractor engineering and logistics personnel services, personnel training and training equipment, support and test equipment, spare and repair parts, publications and technical documentation, and other related elements of logistics support. The estimated cost is $700 million.

Australia is one of our most important allies in the Western Pacific. The strategic location of this political and economic power contributes significantly to ensuring peace and economic stability in the region. Australia's efforts in peacekeeping and humanitarian operations in Iraq and in Afghanistan have had a significant impact on regional political and economic stability and have served U.S. national security interests. This proposed sale is consistent with those objectives and facilitates burden-sharing with our allies.

The proposed sale of the AEGIS Combat System and components to Australia will contribute to U.S. security objectives by providing a coalition partner with significantly improved Air Warfare capability. This will improve the Royal Australian Navy's ability to participate in coalition operations, will enhance the lethality of its Air Warfare Destroyer platform, and will provide common logistical support with the U.S. Navy. The Royal Australian Navy can easily integrate the capabilities of the AEGIS Combat System into its concept of operations. Australia will have no difficulty absorbing these systems into its armed forces.

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

The principal contractors will be:

Lockheed Martin Maritime Systems and Sensors (three locations)	Moorestown, New Jersey Eagan, Minnesota Baltimore, Maryland
Raytheon Systems Company (two locations)	St. Petersburg, Florida Sudbury, Massachusetts
Northrop Grumman Corporation	Melville, New York

There are no known offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will require the assignment of three contractor representatives in Australia for approximately 6 months during the equipment installations, test and checkout of the AEGIS Combat System.

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

Transmittal No. 08-74

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. The AEGIS Combat System provides automated detection, tracking and engagement of threat targets through the AN/SPY-1D(V) radar. It provides automated combat management functions, display, threat prioritization, weapons pairing and scheduling, and maintenance. AEGIS hardware is Unclassified, with the exception of the Radio Frequency oscillator used in the Fire Control transmitter which is classified Confidential. AEGIS documentation to be delivered to Australia is Unclassified with the exception of seven operation and maintenance manuals that are classified Confidential and one Secret supplement to the AEGIS Combat System maintenance manual.

2. The Cooperative Engagement Capability (CEC) is a system that fuses tracking data from shipboard sensors and distributes radar measurement data to other platforms with CEC capability. This data is filtered and combined to create a common tactical picture, based on available sensor data from all platforms netted through the CEC system. The hardware is Unclassified with the exception of a Communications Security (COMSEC) card which is classified Secret. The software and documentation is classified Secret.

3. The Multi-Functional Information Distribution System (MIDS) Terminal is a secure data and voice communication network using the Link 16 architecture. The system provides enhanced situational awareness, positive identification of participants within the network, secure connectivity and secure voice capability. The MIDS Terminal is classified Confidential. The MIDS software and documentation are Unclassified. MIDS has been previously purchased by Australia and the appropriate safeguards are in place to accept delivery and integrate it into the Air Warfare Destroyer.

4. The AN/SPQ-9B radar is a high resolution, three dimensional, rotating phased array, X-band narrow beam radar, providing both air and surface tracking data. The radar will become a component of the AEGIS Combat System on the Australia Air Warfare Destroyer, to serve as a complement to the AEGIS SPY-1D (V) radar, providing additional capability to detect and engage surface and low altitude air targets. The AN/SPQ-9B Radar hardware and documentation is Unclassified. The software is classified Secret.

5. The Naval Fire Control System (NFCS) is an automated mission planning system for Naval surface fire support, designed to coordinate and execute fire support weapons engagements. NFCS receives targeting data, generates a coordinated land tactical picture, and prepares fire plans. The NFCS hardware, software, and documentation are Unclassified.

6. All manuals and technical documentation disclosure will be limited to those necessary for operational use and organizational maintenance. No special tooling and/or manufacturing equipment will be sold in connection with this sale.

7. 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.

[FR Doc. E8–17050 Filed 7–25–08; 8:45 am]
BILLING CODE 5001–06–C

DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal Nos. 08–69]

36(b)(1) Arms Sales Notification

AGENCY: Department of Defense, Defense Security Cooperation Agency.

ACTION: Notice.

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FOR FURTHER INFORMATION CONTACT: Ms. B. English, DSCA/DBO/CFM, (703) 601–3740.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittals 08–69 with attached transmittal, and policy justification.

Dated: July 18, 2008.

Patricia L. Toppings,

OSD Federal Register Liaison Officer, Department of Defense.

BILLING CODE 5001–06–M