

[Transmittal No. 97-02]**36(b) Notification; Arms Sales**

AGENCY: Department of Defense, Defense Security Assistance Agency.

ACTION: Notice.

SUMMARY: The Department of Defense is publishing the unclassified text of a

section 36(b) 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:

Mr. A. Urban, DSAA/COMPT/FPD, (703) 604-6575

The following is a copy of the letter to the Speaker of the House of

Representatives, Transmittal 97-02, with attached transmittal, policy justification and sensitivity of technology pages.

Dated: December 1, 1996.

L.M. Bynum,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

BILLING CODE 5000-04-M

**DEFENSE SECURITY ASSISTANCE AGENCY**

WASHINGTON, DC 20301-2800

15 NOV 1996

In reply refer to:
I-05483/96ct

Honorable Newt Gingrich
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. 97-02, concerning the Department of the Navy's proposed Letter(s) of Offer and Acceptance (LOA) to the Netherlands for defense articles and services estimated to cost \$27 million. Soon after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas G. Rhame".

Thomas G. Rhame
Lieutenant General, USA
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. 97-02

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

- (i) Prospective Purchaser: The Netherlands
- (ii) Total Estimated Value:
- | | |
|--------------------------|---------------------|
| Major Defense Equipment* | \$18 million |
| Other | <u>\$ 9 million</u> |
| TOTAL | \$27 million |
- (iii) Description of Articles or Services Offered:
Four HARPOON Shipboard Command and Launch Control Systems (HSCALCS), hardware/software for shipboard installation and checkout of launcher systems, technical services to support shipboard installation, software integration, system checkout/acceptance testing and engineering analysis, personnel training and training equipment, special support and test equipment including four HARPOON Guided Missile Simulators (HGMS), spare and repair parts, publications and technical documentation, U.S. Government and contractor engineering and logistics personnel services and other related elements of logistics support.
- (iv) Military Department: Navy (LFM, Amendment 1)
- (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: 15 NOV 1996

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

POLICY JUSTIFICATIONNetherlands - HARPOON Missile Shipboard Launcher Systems

The Government of the Netherlands has requested the purchase of four HARPOON Shipboard Command and Launch Control Systems (HSCALCS), hardware/software for shipboard installation and checkout of launcher systems, technical services to support shipboard installation, software integration, system checkout/acceptance testing and engineering analysis, personnel training and training equipment, special support and test equipment including four HARPOON Guided Missile Simulators (HGMS), spare and repair parts, publications and technical documentation, U.S. Government and contractor engineering and logistics personnel services and other related elements of logistics support. The estimated cost is \$27 million.

This sale will contribute to the foreign policy and national security objectives of the United States by helping to improve the military capabilities of the Netherlands; furthering standardization and interoperability of naval shipboard systems; and enhancing the defense of Western Europe.

The Netherlands plans to install this HARPOON shipboard equipment on new construction frigates in order to improve its surface warfare capability. The Netherlands has HARPOON missiles in its inventory and therefore will have no difficulty absorbing this additional HARPOON equipment into its armed forces.

The sale of this HARPOON equipment will not affect the basic military balance in the region.

The prime contractor will be McDonnell Douglas Aerospace, Saint Louis, Missouri. There may be one or more offset agreements entered into in connection with this proposed sale.

Implementation of this sale will not require the assignment of any additional U.S. Government personnel or contractor representatives to the Netherlands.

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

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Pursuant to Section 36(b)(1)
of the Arms Export Control Act

Annex
Item No. vi

(vi) Sensitivity of Technology:

1. The HARPOON Shipboard Equipment Weapons Control Console is classified Confidential. The Fault Isolation Kit, an item of special test equipment, is classified Confidential as are the preprogrammed computer boards used on the HARPOON Guidance Missile Simulator. Operational and maintenance manuals and system related technical data which provide information on system vulnerabilities are classified Confidential.

2. If a technologically capable adversary were to obtain knowledge of this equipment, it is possible that countermeasures could be developed thereby reducing overall weapon system effectiveness.

3. A determination has been made that the recipient country 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.