

DEPARTMENT OF DEFENSE**Office of the Secretary**

[Transmittal No. 98-30]

36(b)(1) Arms Sales Notification

AGENCY: Defense Security Assistance
Agency, Department of Defense.

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

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

Representatives, Transmittal 98-30,
with attached transmittal, policy
justification and sensitivity of
technology pages.

Dated: April 23, 1998.

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

21 APR 1998

In reply refer to:

I-62588/98

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. 98-30, concerning the Department of the Navy's proposed Letter(s) of Offer and Acceptance (LOA) to Canada for defense articles and services estimated to cost \$20 million. Soon after this letter is delivered to your office, we plan to notify the news media.

Sincerely,


H. Diehl McCallip
Acting 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. 98-30

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

- (i) Prospective Purchaser: Canada
- (ii) Total Estimated Value:
- | | |
|--------------------------|---------------|
| Major Defense Equipment* | \$ 18 million |
| Other | \$ 2 million |
| TOTAL | \$ 20 million |
- (iii) Description of Articles or Services Offered:
Twelve HARPOON missiles, personnel training and training equipment, spare and repair parts, support equipment, publications, U.S. Government and contractor technical assistance and other related elements of logistics support.
- (iv) Military Department: Navy (ANU)
- (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: 21 APR 1998

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

POLICY JUSTIFICATION

Canada - HARPOON Missiles

The Government of Canada has requested a possible sale of 12 HARPOON missiles, personnel training and training equipment, spare and repair parts, support equipment, publications, U.S. Government and contractor technical assistance and other related elements of logistics support. The estimated cost is \$20 million.

This proposed sale will contribute to the foreign policy and national security objectives of the United States by improving the military capabilities of Canada and enhancing weapon system standardization and interoperability of this important NATO ally.

The HARPOON missiles will increase their military defensive posture and augment their current HARPOON inventory of surface deployed missiles. Canada, which already has HARPOON missiles in its inventory, will have no difficulty absorbing these additional missiles.

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

The prime contractor will be McDonnell Douglas Aerospace Company, St. Louis, Missouri. There are no offset agreements proposed to be entered into in connection with this potential sale.

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

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

Transmittal No. 98-30**Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act****Annex
Item No. vi****(vi) Sensitivity of Technology:**

1. The RGM-84G-4 HARPOON surface launch missile has the following classified components, including applicable technical and equipment documentation and manuals:

Guidance Section Components: Confidential

2. If a technologically advanced adversary were to obtain knowledge of the specific hardware and software elements, the information could be used to develop countermeasures or equivalent systems which might reduce weapon system effectiveness or be used in the development of a system with similar or advanced capabilities.

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 proposed sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification.