

[FR Doc. 04-22689 Filed 10-7-04; 8:45 am]

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DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 04-38]

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/OPS-ADMIN, (703) 604-6575.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 04-38 with attached transmittal, policy justification, and Sensitivity of Technology.

Dated: October 4, 2004.

L.M. Bynum,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

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DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

28 SEP 2004
In reply refer to:
I-04/011859

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, as amended, we are forwarding herewith Transmittal No. 04-38, concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance to the Netherlands for defense articles and services estimated to cost \$71 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 "Richard J. Millies".

Richard J. Millies
Deputy Director

Enclosures:

- 1. Transmittal No. 04-38**
- 2. Policy Justification**
- 3. Sensitivity of Technology**

Same ltr to: House Committee on International Relations
Senate Committee on Foreign Relations
House Committee on Armed Services
Senate Committee on Armed Services
House Committee on Appropriations
Senate Committee on Appropriations

Transmittal No. 04-38**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:** Netherlands
- (ii) **Total Estimated Value:**
- | | |
|--------------------------|---------------------|
| Major Defense Equipment* | \$35 million |
| Other | <u>\$36 million</u> |
| TOTAL | \$71 million |
- (iii) **Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:** seven Secure Mobile Anti-Jam Reliable Tactical Terminals (SMART-T), seven M998A1 High Mobility Multi-purpose Wheeled Vehicles (HMMWV), installation, modification kits, support equipment, spare parts, supply support, personnel training and training equipment, publications and technical data, U.S. Government and contractor technical assistance and other related elements of logistics support.
- (iv) **Military Department:** Army (WCG)
- (v) **Prior Related Cases, if any:** none
- (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:** 28 SEP 2004

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

POLICY JUSTIFICATION

Netherlands – Secure Mobile Anti-Jam Reliable Tactical Terminals

The Government of the Netherlands has requested a possible sale of seven Secure Mobile Anti-Jam Reliable Tactical Terminals (SMART-T), seven M998A1 High Mobility Multi-purpose Wheeled Vehicles (HMMWV), installation, modification kits, support equipment, spare parts, supply support, personnel training and training equipment, publications and technical data, U.S. Government and contractor technical assistance and other related elements of logistics support. The estimated cost is \$71 million.

The proposed sale is associated with an ongoing cooperative effort in the area of Advanced Extremely High Frequency MILSATCOM and will contribute to the foreign policy and national security objectives of the United States by helping to improve the military capabilities of the Netherlands, a NATO ally.

The terminals are transportable as well as portable, so they can be installed on a vehicle or used in stand-alone operation. The Netherlands Ministry of Defense has not made a final decision regarding the vehicle on which the SMART-Ts will be mounted. Candidates include the HMMWVs, a Mercedes built Light Support Wheeled Vehicles (LSWV), and a tailor made trailer. The LSWVs or trailers will require some modification in order to mount the SMART-Ts.

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

The principle contractors will be: Raytheon Incorporated in Marlborough, Massachusetts and AM General in Detroit, Michigan. Although generally the purchaser requires offsets, at this time, there are no known offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will require travel of U.S. Government and contractor personnel to the Netherlands for program reviews, site surveys, equipment installation and training. The specific requirements for the support in country will be established during program definition between representatives of the United States Government and the Netherlands.

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

Transmittal No. 04-38**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 Secure Mobile Anti-Jam Reliable Tactical Terminal (SMART-T) is a low-cost High Mobility Multipurpose Wheeled Vehicle (HMMWV) mounted Enhanced High Frequency (EHF) satellite terminal which provides unattended, robust, worldwide, low probability of detection, jam resistant, multi-channel communications in support of the field commander. A typical application of the SMART-T is to provide range extension beyond line-of-sight, thus allowing communications support extension of the Mobile Subscriber Equipment (MSE) to units of widely dispersed forces. The satellite terminal is also capable of stand-alone operation once removed from the HMMWV.

2. The SMART-T is a Controlled Cryptographic Item (CCI) when it is unkeyed. It is classified Secret when keyed. There will be no transfer of classified data. The data, publications, and manuals are considered Unclassified.

3. If a technologically advanced adversary were to obtain knowledge of the specific hardware and software elements, the information could be used to develop a system of similar or advanced capabilities.

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DEPARTMENT OF DEFENSE**Office of the Secretary**

[Transmittal No. 04-39]

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/OPS-ADMIN, (703) 604-6575.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 04-39 with attached transmittal, policy justification, and Sensitivity of Technology.

Dated: October 4, 2004.

L.M. Bynum,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

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