



Billing Code: 5001-06

DEPARTMENT OF DEFENSE

Office of the Secretary

(Transmittal Nos. 14-43)

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 July 21, 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 14-43 with attached transmittal, policy justification, and Sensitivity of Technology.

Dated: October 6, 2014.

Aaron Siegel,
Alternate OSD Federal Register Liaison Officer,
Department of Defense.



DEFENSE SECURITY COOPERATION AGENCY
201 12TH STREET SOUTH, STE 203
ARLINGTON, VA 22202-5408

SEP 30 2014

The Honorable John A. Boehner
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

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. 14-43, concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance to the Kingdom of Saudi Arabia for defense articles and services estimated to cost \$1.750 billion. After this letter is delivered to your office, we plan to issue a press statement to notify the public of this proposed sale.

Sincerely,

A handwritten signature in black ink, appearing to read "J. W. Rikey".

J. W. Rikey
Vice Admiral, USN
Director

Enclosures:

1. Transmittal
2. Policy Justification
3. Sensitivity of Technology
4. Regional Balance (Classified Document Provided Under Separate Cover)



Transmittal No. 14-43

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: Kingdom of Saudi Arabia
- (ii) Total Estimated Value:
- | | |
|--------------------------|------------------------|
| Major Defense Equipment* | \$1.250 billion |
| Other | <u>\$.500 billion</u> |
| TOTAL | \$1.750 billion |
- (iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase: 202 Patriot Advanced Capability (PAC) -3 Missiles with containers, and 1 Guidance Enhanced Missile (GEM) Flight Test Target/Patriot as a Target. Also included are 2 PAC-3 Telemetry Kits, 6 Fire Solution Computers, 36 Launcher Station Modification Kits, 2 Missile Round Trainers, 2 PAC-3 Slings, 6 Patriot Automated Logistics Systems Kits, 6 Shorting Plugs, spare and repair parts, lot validation and range support, ground support equipment, repair and return, publications and technical documentation, personnel training and training equipment, Quality Assurance Team, U.S. Government and contractor technical and logistics support services, and other related elements of logistics and program support.
- (iv) Military Department: Army (WAS)
- (v) Prior Related Cases, if any:
FMS case UAK-\$991M-30Nov90
FMS case JBV-\$2.7B-16Dec92
- (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: 30 Sep 14

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

POLICY JUSTIFICATION

Kingdom of Saudi Arabia (KSA) – Patriot Air Defense System with PAC-3 Enhancement

The Kingdom of Saudi Arabia has requested a possible sale of 202 Patriot Advanced Capability (PAC) -3 Missiles with containers, and 1 Guidance Enhanced Missile (GEM) Flight Test Target/Patriot as a Target. Also included are 2 PAC-3 Telemetry Kits, 6 Fire Solution Computers, 36 Launcher Station Modification Kits, 2 Missile Round Trainers, 2 PAC-3 Slings, 6 Patriot Automated Logistics Systems Kits, 6 Shorting Plugs, spare and repair parts, lot validation and range support, ground support equipment, repair and return, publications and technical documentation, personnel training and training equipment, Quality Assurance Team, U.S. Government and contractor technical and logistics support services, and other related elements of logistics and program support. The estimated cost is \$1.750 billion.

The program will contribute to the foreign policy and national security of the United States by helping to improve the security of a partner which has been, and continues to be, an important force for political stability and economic progress in the Middle East.

The proposed sale will help replenish Saudi's current Patriot missiles which are becoming obsolete and difficult to sustain due to age and the limited availability of repair parts. The purchase of PAC-3 missiles will support current and future defense missions and promote stability within the region. Saudi Arabia, which already has Patriot missiles in its inventory, will have no difficulty absorbing these additional missiles into its armed forces.

The proposed sale will not alter the basic military balance in the region.

The principal contractors will be Lockheed Martin Missiles and Fire Control in Dallas, Texas; and Raytheon Corporation in Tewksbury, Massachusetts. Although offsets are requested, they are unknown at this time and will be determined during negotiations between the KSA and contractor.

Implementation of this proposed program will require one U.S. contractor to travel to the Kingdom of Saudi Arabia for a period of three years for equipment fielding and system checkout.

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

Transmittal No. 14-43

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 Patriot Air Defense System contains classified Confidential hardware components and critical/sensitive technology. The Patriot Advance Capability-3 (PAC-3) Missile Four-Pack is classified Confidential and the improved PAC-3 launcher hardware is Unclassified. The missiles requested represent significant technological advances for the existing Kingdom of Saudi Arabia Patriot system capabilities. With the incorporation of the PAC-3 missile, the Patriot System will continue to hold a significant technology lead over other surface-to-air missile systems in the world.

2. The PAC-3 sensitive/critical technology is primarily in the area of design and production know-how and primarily inherent in the design, development and/or manufacturing data related to certain components. The list of components is classified Confidential.

3. Information on system performance capabilities, effectiveness, survivability, PAC-3 Missile seeker capabilities, select software/software documentation and test data are classified up to and including Secret.

4. Loss of this hardware, software, documentation and/or data could permit development of information which may lead to a significant threat to future U.S. military operations. If a technology adversary were to obtain knowledge of the specific hardware and software elements, the information could be used to develop countermeasures that might reduce weapon system effectiveness or be used in the development of a system with similar capabilities.

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

6. A determination has been made that the Kingdom of Saudi Arabia can provide substantially the same degree of protection for this technology 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.

7. All defense articles and services listed in this transmittal have been authorized for release and export to the Kingdom of Saudi Arabia.

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