



**Billing Code: 5001-06**

**DEPARTMENT OF DEFENSE**

**Office of the Secretary**

**[Transmittal No. 16-78]**

**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:** Pamela Young, DSCA/SA&E-RAN, (703) 697-9107.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 16-78 with attached Policy Justification and Sensitivity of Technology.

Dated: February 6, 2017.

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



DEFENSE SECURITY COOPERATION AGENCY  
201 12TH STREET SOUTH, 6TH FLOOR  
ARLINGTON, VA 22202-5406

JAN 23 2017

The Honorable Paul D. Ryan  
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. 16-78, concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance for the Kingdom of Saudi Arabia for defense articles and services estimated to cost \$525 million. After this letter is delivered to your office, we plan to issue a news release to notify the public of this proposed sale.

Sincerely,



J. W. Rousey  
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. 16-78

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*	\$0 million
Other	\$525 million
<b>TOTAL</b>	<u>\$525 million</u>

(iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:

Major Defense Equipment (MDE): None

Non-MDE includes:

Ten (10) 74K Persistent Threat Detection System (PTDS) Aerostats  
Fourteen (14) Ground Moving Target Indicator (GMTI) Radars  
Twenty-six (26) MX-20 Electro-Optic Infrared (EO/IR) Cameras  
Ten (10) Communications Intelligence (COMINT) Sensors

Also included are the Mooring systems with powered tether with embedded fiber optics; Ground Control Systems (GCS); associated installation hardware; special tools and test equipment; Basic Issue Items (BII); program management support; verification testing; systems technical support; transportation; spare and repair parts; communications equipment; operators and maintenance manuals; personnel training and training equipment; tool and test equipment; repair and return; publications and technical documentation; Quality Assurance Team (QAT); U.S. Government and contractor engineering, technical and logistics support services; in-country Field Service Representatives (FSR); and other related elements of logistics and program support.

(iv) Military Department: Army (ZAJ)

(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: January 23, 2017

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

### POLICY JUSTIFICATION

#### Kingdom of Saudi Arabia – 74K Persistent Threat Detection System (PTDS) Aerostats

The Government of the Kingdom of Saudi Arabia has requested a possible sale of ten (10) 74K Persistent Threat Detection System (PTDS) Aerostats; fourteen (14) Ground Moving Target Indicator (GMTI) Radars; twenty-six (26) MX-20 Electro-Optic Infrared (EO/IR) Cameras; and ten (10) Communications Intelligence (COMINT) Sensors. Also included are the Mooring systems with powered tether with embedded fiber optics; Ground Control Systems (GCS); associated installation hardware; special tools and test equipment; Basic Issue Items (BII); program management support; verification testing; systems technical support; transportation; spare and repair parts; communications equipment; operators and maintenance manuals; personnel training and training equipment; tool and test equipment; repair and return; publications and technical documentation; Quality Assurance Team (QAT); U.S. Government and contractor engineering, technical and logistics support services; in-country Field Service Representatives (FSR); and other related elements of logistics and program support. Total estimated program cost is \$525 million.

This proposed sale will enhance the foreign policy and national security objectives of the United State by helping to improve the security of an important ally which has been and continues to be a leading contributor of political stability and economic progress in the Middle East. This sale will increase the Royal Saudi Land Force's interoperability with U.S. forces and conveys U.S. commitment to Saudi Arabia's security and armed forces.

The proposed sale will improve Saudi Arabia's capability to meet current and future threats and provide greater security for its critical infrastructure. Saudi Arabia will have no difficulty absorbing these systems into its armed forces.

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

The prime contractor is unknown at this time. There are no known offset agreements in connect with this potential sale.

Implementation of this proposed sale will require the U.S. Government or contractor representative to travel to the Kingdom of Saudi Arabia for a period of six (6) years for de-processing/fielding, system checkout and new equipment training, as well as provide the support of in-country FSRs and operators.

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

## Transmittal No. 16-78

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. This sale will involve the release of sensitive technology to the Kingdom of Saudi Arabia. The Persistent Threat Detection System (PTDS) is a tethered aerostat system capable of supporting a variety of surveillance payloads. The PTDS is a 74K tethered aerostat with a relocatable mooring system capable of supporting payloads up to 500 kg at altitudes of 1,500m, providing surveillance systems with line of site up to 140km. In addition to the aerostat, each system includes a mobile mooring system, ground control and maintenance shelters, electrical generators and power distribution panel, forklift and man lift, supply of helium and spare parts. The program will also include system training, maintenance and in-country support services. Each of the ten (10) aerostats will carry a payload consisting of one (1) radar system and two (2) Electro-Optical/Infrared (EO/IR) systems or one (1) radar system, one (1) EO/IR system and one (1) communications Intelligence (COMINT) system.

a. Radar System. The Telephonics APS-143G Intelligence, Surveillance, and Reconnaissance Radar is a multi-function radar capable of providing long-range detection of land based or maritime targets that are static or in motion. The system can operate in overland, maritime, and air-to-air modes. It displays Ground Moving Target Indicator (GMTI) tracks overlaid on a Doppler Beam Sharpened (DBS) image. The system can switch between vertically and horizontally-orientated antennas and incorporates an optional Identify Friend or Foe (IFF) capability. The hardware and software are UNCLASSIFIED.

b. Communications Intelligence (COMINT) System. The Raytheon Applied Signal Technology, Inc. Model 1240 Titan Reconfigurable Multichannel Receiver is a modular, scalable software-defined radio (SDR) designed for airborne COMINT missions. The system can search, intercept, collect, geo-locate, analyze, store, and distribute wireless signals. The hardware and software are UNCLASSIFIED.

c. Electro-Optical/Infrared (EO/IR) System. The L3 WESCAM MX-20 is suite of up to seven (7) long-range camera and imaging sensors mounted within a gimbaled pod. Sensors include either a thermal image or high definition infrared imager; a daylight continuous zoom color TV camera, either a daylight spotter color TV camera or lowlight spotter TV camera; a laser rangefinder; and a laser illuminator. The hardware and software are UNCLASSIFIED.

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 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 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.

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

[FR Doc. 2017-02753 Filed: 2/9/2017 8:45 am; Publication Date: 2/10/2017]