



Billing Code: 5001-06

DEPARTMENT OF DEFENSE

Office of the Secretary

(Transmittal No. 16-87)

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: Kathy Valadez, (703) 697-9217 or Pamela Young, (703) 697-9107; DSCA/DSA-RAN.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 16-87 with attached Policy Justification and Sensitivity of Technology.

Dated: May 3, 2017.

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

APR 26 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. 16-87, concerning the Department of the Navy's proposed Letter(s) of Offer and Acceptance to the Government of Israel for defense articles and services estimated to cost \$440 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,

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

J. W. Rixey
Vice Admiral, USN
Director

Enclosures:

1. Transmittal
2. Policy Justification
3. Sensitivity of Technology



Transmittal No. 16-87

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: Israel
- (ii) Total Estimated Value:
- | | |
|--------------------------|----------------------|
| Major Defense Equipment* | \$400 million |
| Other | <u>\$ 40 million</u> |
| TOTAL | \$440 million |
- (iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:
- Major Defense Equipment (MDE):
Thirteen (13) 76mm Naval Guns (includes the Digital Control Console)
- Non-MDE:
Shipboard spares to support operation and preventive maintenance; spares to support repairs; special tools needed for maintenance; holding and transportation fixtures; test equipment; technical manuals, other documentation, and publications; U.S. Government and the contractor engineering, technical, and logistics support services; site surveys of ships and maintenance facilities; installation, checkouts and testing of the systems on the boats; operations and maintenance training; and other related support services.
- (iv) Military Department: Navy (LHN)
- (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 Attached Annex
- (viii) Date Report Delivered to Congress: April 26, 2017

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

POLICY JUSTIFICATION

Israel – 76mm Naval Gun and Technical Support

The Government of Israel has requested a possible sale of thirteen (13) 76mm naval guns. Also included are shipboard spares to support their operation and preventive maintenance; spares to support repairs; special tools needed for maintenance; holding and transportation fixtures; test equipment; technical manuals, other documentation, and publications; U.S. Government and the contractor engineering, technical, and logistics support services; site surveys of ships and maintenance facilities; installation, checkouts and testing of the systems on the boats; operations and maintenance training; and other related support services. The estimated cost is \$440 million.

The United States is committed to the security of Israel, and it is vital to U.S. national interests to assist Israel to develop and maintain a strong and ready self-defense capability. This proposed sale is consistent with those objectives. This proposed sale will contribute to the foreign policy and national security of the United States by helping to improve the security of a strategic regional partner that has been, and continues to be, an important force for political stability and economic progress in the Middle East.

The proposed sale will improve Israel's capability to meet current and future threats in the defense of its borders and territorial waters. The naval guns will be installed on Israeli Navy SA'AR 4.5 and SA'AR 6 Missile Patrol Boats. One gun will be located at an Israeli Naval Training Center to be used for training maintenance personnel. Israel will have no difficulty absorbing this equipment into its armed forces.

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

The potential principal contractor will be DRS North America (a Leonardo company). There are no known offset agreements proposed in connection with this potential sale.

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

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

Transmittal No. 16-87

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
Of the Arms Export Control ActAnnex
Item No. vii(vii) Sensitivity of Technology:

1. The naval gun system proposed in response to this request is a modern variant of the MK-75 naval gun system. The naval gun system is mounted aboard the ship and supports multiple missions while deployed at sea and at home port stations. The missions include ship's surface to air defense and surface to surface defense or attack modes. It also can be used for sea surface to land surface for bombardment or as offshore artillery to support troops on the ground. This gun system does not include Global Positioning System (GPS) or sensors. The naval gun hardware and support equipment, test equipment, and maintenance spares are UNCLASSIFIED.
2. Some of the prospective ammunition types that may be used with the gun system are either laser or GPS guided. Ammunition is not part of this proposal.
3. The naval gun system provides an interface (Digital Control Console) so that it can be used in conjunction with the ships' Fire Control System (FCS) and Combat Management System (CMS). The FCS and CMS are not proposed as part of this sale.
4. 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.
5. All defense articles and services listed in this transmittal have been authorized for release and export to the Government of Israel.
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