



Billing Code: 5001-06

DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 17-25]

Arms Sales Notification

AGENCY: Defense Security Cooperation Agency, Department of Defense.

ACTION: Arms sales notice.

SUMMARY: The Department of Defense is publishing the unclassified text of an arms sales notification.

FOR FURTHER INFORMATION CONTACT: Pamela Young, (703) 697-9107, pamela.a.young14.civ@mail.mil or Kathy Valadez, (703) 697-9217, kathy.a.valadez.civ@mail.mil; DSCA/DSA-RAN.

SUPPLEMENTARY INFORMATION: This 36(b)(1) arms sales notification is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996. The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 17-25 with attached Policy Justification and Sensitivity of Technology.

Dated: August 2, 2017.

Aaron Siegel,

Alternate OSD Federal Register Liaison Officer,

Department of Defense.



DEFENSE SECURITY COOPERATION AGENCY
201 12TH STREET SOUTH, STE 208
ARLINGTON VA 22202-5408

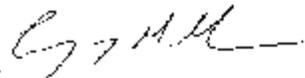
The Honorable Paul D. Ryan
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

JUL 11 2017

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(h)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 17-25, concerning the Army's proposed Letter(s) of Offer and Acceptance to the Government of the Netherlands for defense articles and services estimated to cost \$34 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. Rixey
Vice Admiral, USN
Director

Enclosures:

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



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: The Government of the Netherlands

(ii) Total Estimated Value:

Major Defense Equipment*	\$30 million
Other	\$4 million
TOTAL	<u>\$34 million</u>

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

Foreign Military Sales (FMS) case NE-B-WFV, implemented in June 2013, was below congressional notification threshold at \$26.3M (\$20M in MDE) and included one hundred and eighty (180) AGM-114R Hellfire II Missiles and twenty-four (24) M36E8 Captive Air Training Missiles (CATM). The Netherlands has requested the case be amended to include an additional seventy (70) AGM-114R Hellfire II missiles. This amendment will push the current case above the MDE notification threshold and thus requires notification of the entire case.

Major Defense Equipment (MDE):

Two hundred fifty (250) AGM-114R Hellfire II Missiles
Twenty-four (24) M36E8 Captive Air Training Missiles (CATM)

Non-MDE includes:

Hellfire missile cutaway model, AGM-114R missile spare parts, a Launcher Test Station (LTS), LTS spares, two (2) maintenance support devices, integrated logistics support tools, M299 launcher software upgrade and testing, aircrew familiarization training, launcher test station training, unclassified publications, technical assistance, AN/AWM-101A software, CATM spare parts and related support services, and other related elements of logistics and program support.

(iv) Military Department: Army

(v) Prior Related Cases, if any: NE-B-WFV

(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: July 11, 2017

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

POLICY JUSTIFICATION

Government of the Netherlands –AGM-114R Hellfire Missiles

The Government of the Netherlands has requested the possible sale of an additional seventy (70) AGM-114R Hellfire II missiles to a previously implemented case for Hellfire missiles. The original FMS case, valued at \$26.3M, included one hundred and eighty (180) AGM-114R Hellfire II Missiles and twenty-four (24) M36E8 Captive Air Training Missiles (CATM) with various support elements. Therefore, this case is for a total of two hundred fifty (250) AGM-114R Hellfire II Missiles, twenty-four (24) M36E8 CATMs, to include Hellfire missile cutaway model, AGM-114R missile spare parts, a Launcher Test Station (LTS), LTS spares, two (2) maintenance support devices, integrated logistics support tools, M299 launcher software upgrade and testing, aircrew familiarization training, launcher test station training, unclassified publications, technical assistance, AN/AWM-101A software, CATM spare parts and related support services, and other related elements of logistics and program support. The estimated total case value is \$34 million.

This proposed sale will enhance the foreign policy and national security objectives of the United States by helping to improve the security of the Netherlands which has been, and continues to be an important force for political stability and economic progress in Europe. It is vital to the U.S. national interests to assist the Netherlands to develop and maintain a strong and ready self-defense capability.

The proposed sale will improve the Netherlands' capability to meet current and future threats and will be employed on the Netherlands' AH-64D Apache helicopters. The Netherlands will use this capability to strengthen its homeland defense, deter regional threats, and provide direct support to coalition operations. The Netherlands will have no difficulty absorbing these missiles into its armed forces.

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

The principal contractor will be Lockheed Martin. The purchaser typically requests offsets. Any offset agreement will be defined in negotiations between the purchaser and the contractor.

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

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

Transmittal No. 17-25

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. AGM-114R: The AGM-114R is used against heavy and light armored targets, thin skinned vehicles, urban structures, bunkers, caves and personnel. The missile is Inertial Measurement Unit (IMU) based, with a variable delay fuse, improved safety and reliability. The highest level for release of the AGM-114R is SECRET. Software and firmware documentation (e.g., Data Processing, Software Requirements, Source Code, Algorithms) are not authorized for disclosure. The highest level of classified information that could be disclosed by a proposed sale or by testing of the end item is up to and including SECRET. The highest level that must be disclosed for production, maintenance, or training is up to and including SECRET. Vulnerability data, countermeasures, vulnerability/susceptibility analyses, and threat definitions are classified SECRET or CONFIDENTIAL. Detailed information to include discussions, reports and studies of system capabilities, vulnerabilities and limitations that leads to conclusions on specific tactics or other counter-countermeasures (CCM) are not authorized for disclosure. Reverse engineering could reveal SECRET information.

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 weapons systems effectiveness or be used in the development of a system with similar or advanced capabilities.

3. A determination has been made that the Government of the Netherlands can provide substantially the same degree of protection for the sensitive technology being released as the U.S. Government. This proposed sale is necessary to the 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 are authorized for release and export to the Government of the Netherlands.

[FR Doc. 2017-16632 Filed: 8/7/2017 8:45 am; Publication Date: 8/8/2017]