



Billing Code: 5001-06

DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 18-32]

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: DSCA at dscn.ncr.lmo.mbx.info@mail.mil or (703) 697-9709.

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 18-32 with attached Policy Justification and Sensitivity of Technology.

Dated: September 18, 2018.

Shelly E. Finke,
Alternate OSD Federal Register Liaison Officer,
Department of Defense.



DEFENSE SECURITY COOPERATION AGENCY

201 12TH STREET SOUTH, STE 203
ARLINGTON, VA 22202-5408

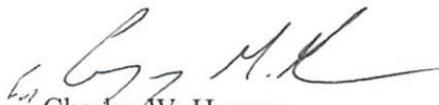
SEP 05 2018

The Honorable Paul D. Ryan
Speaker of the House
U.S. House of Representatives
H-209, The Capitol
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. 18-32, 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 \$105 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,


Charles W. Hooper
Lieutenant General, USA
Director

Enclosures:

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

Transmittal No. 18-32

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*	\$ 0 million
Other	<u>\$105 million</u>
TOTAL	\$105 million

(iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase: Foreign Military Sales Case NE-B-WHJ, implemented on December 29, 2016, was below congressional notification threshold at \$65.5 million for the Recapitalization (RECAP) of the four (4) Netherlands Patriot Fire Units. The Netherlands has requested the case be amended to include the Launching Stations in the RECAP program. This amendment will push the current case above the notification threshold and thus requires notification of the entire case.

Major Defense Equipment (MDE): None

Non-MDE:

RECAP of four (4) Patriot Fire Units to include Radar Sets (RS), Radar Digital Processors (RDP), Engagement Control Stations (ECS), Information and Coordination Central (ICC), Modem Man Stations (MMS), Launching Stations, and Post Deployment Build (PDB)-8 upgrades along with parts, tools, technical and engineering assistance, support services, testing, and other related elements of logistics and program support, which will produce fire units at the Configuration 3+ capability.

(iv) Military Department: Army (NE-B-WHJ)

(v) Prior Related Cases, if any: NE-B-WFX, NE-B-WEC, NE-B-WGF

(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: None

(viii) Date Report Delivered to Congress: September 5, 2018

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

POLICY JUSTIFICATION

The Netherlands –Patriot Recapitalization (RECAP)

The Netherlands has requested Recapitalization (RECAP) of four (4) Netherlands Patriot Fire Units. RECAP includes Radar Sets (RS), Radar Digital Processors (RDP), Engagement Control Stations (ECS), Information and Coordination Central (ICC), Modem Man Stations (MMS), Launching Stations, and Post Deployment Build (PDB)-8 upgrades along with parts, tools, technical and engineering assistance, support services, testing, and other related elements of logistics and program support, which will produce fire units at the Configuration 3+ capability. The total estimated program cost is \$105 million.

This proposed sale will support the foreign policy and national security objectives of the United States by improving the security of a NATO Ally, which is an important force for political stability and economic progress in the European region.

This sale improves the Netherlands' capability to meet current and future enemy threats. The Netherlands will use the enhanced capability to strengthen its homeland defense and deter regional threats, and provide direct support to coalition and security cooperation efforts. The Netherlands will have no difficulty absorbing this upgraded equipment and support into its armed forces.

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

U.S. Government personnel will conduct the RECAP at Letterkenny Army Depot. The purchaser typically requests offsets. 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 the Netherlands.

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

Transmittal No. 18-32

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 CONFIDENTIAL hardware components, SECRET tactical software and CRITICAL/SENSITIVE. Patriot ground support equipment and Patriot missile hardware contain CONFIDENTIAL components and the associated launcher hardware is UNCLASSIFIED. The services requested represent significant technological advances for the Netherlands. The Patriot Air Defense System continues to hold a significant technology lead over other surface-to-air missile systems around the world.

2. If a technologically advanced adversary were to obtain knowledge of the hardware and software elements, the information could be used to develop countermeasures or equivalent systems which might reduce system 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 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 Netherlands.

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