



DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 20-59]

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: Karma Job at karma.d.job.civ@mail.mil or (703) 697-8976.

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 20-59 with attached Policy Justification and Sensitivity of Technology.

Dated: November 25, 2020.

Kayyonne T. Marston,

Alternate OSD Federal Register Liaison Officer,

Department of Defense.



DEFENSE SECURITY COOPERATION AGENCY
201 12TH STREET SOUTH, SUITE 101
ARLINGTON, VA 22202-5408

September 24, 2020

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
H-209, The Capitol
Washington, DC 20515

Dear Madam 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. 20-59 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 \$241 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 that reads "Heidi H. Grant".

Heidi H. Grant
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: Government of the Netherlands

(ii) Total Estimated Value:

Major Defense Equipment*	\$194 million
Other	<u>\$ 47 million</u>
TOTAL	\$241 million

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

Major Defense Equipment (MDE):

Thirty-four (34) Patriot Advanced Capability-3 (PAC-3) Missile Segment Enhancement (MSE) Missiles

Non-MDE:

Also included are eight (8) kitted 2-pack PAC-3 MSE Missile Round Trainers (MRT), six (6) kitted 2-pack PAC-3 MSE Empty Round Trainers (ERT), four (4) PAC-3 MSE Skid Kits, one (1) Lot of Classified PAC-3 MSE Concurrent Spare Parts (CSPs), one (1) Lot of Unclassified PAC-3 MSE CSPs, and PAC-3 MSE repair and return processing support services, and other related elements of logistics and program support.

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

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

(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: **September 24, 2020**

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

POLICY JUSTIFICATION

The Netherlands – Patriot Advanced Capability-3 (PAC-3) Missile Segment Enhancement (MSE) Missiles

The Government of the Netherlands has requested to buy thirty-four (34) Patriot Advanced Capability-3 (PAC-3) Missile Segment Enhancement (MSE) missiles. Also included are eight (8) kitted 2-pack PAC-3 MSE Missile Round Trainers (MRT), six (6) kitted 2-pack PAC-3 MSE Empty Round Trainers (ERT), four (4) PAC-3 MSE Skid Kits, one (1) Lot of Classified PAC-3 MSE Concurrent Spare Parts (CSPs), one (1) Lot of Unclassified PAC-3 MSE CSPs, and PAC-3 MSE repair and return processing support services, and other related elements of logistics and program support. The total estimated program cost is \$241 million.

This proposed sale will support the foreign policy and national security of the United States by helping to improve security of a NATO ally which is an important force for political stability and economic progress in Northern Europe.

This proposed sale will improve the Netherlands' missile defense 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 equipment 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 will be Lockheed-Martin, Dallas, TX. The purchaser typically requests offsets. Any offset agreement will be defined in negotiations between the purchaser and the contractor(s).

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.

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 Advanced Capability (PAC-3) Missile Segment Enhancements (MSE) is a small, highly agile, kinetic kill interceptor for defense against tactical ballistic missiles, cruise missiles and air-breathing threats. The MSE variant of the PAC-3 missile represents the next generation in hit-to-kill interceptors and provides expanded battlespace against evolving threats. The PAC-3 MSE improves upon the original PAC-3 capability with a higher performance solid rocket motor, modified lethality enhancer, more responsible control surfaces, upgraded guidance software and insensitive munitions improvements.
2. The highest level of classification of defense articles, components, and services included in this potential sale is SECRET.
3. 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.
4. A determination has been made that the Netherlands can provide substantially the same degree of protection for the technology being released as the U.S. Government. This potential sale is necessary in furtherance of the U.S. foreign policy and national security objectives as outlined in the Policy Justification.
5. All defense articles and services listed in this transmittal have been authorized for release and export to the Netherlands.