



Billing Code: 5001-06

DEPARTMENT OF DEFENSE

Office of the Secretary

(Transmittal Nos. 13-37)

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: Ms. B. English, DSCA/DBO/CFM, (703) 601-3740.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittals 13-37 with attached transmittal, policy justification, and Sensitivity of Technology.

Dated: July 11, 2013.

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

The Honorable John A. Boehner
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

JUL 01 2013

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. 13-37, concerning the Department of the Navy's proposed Letter(s) of Offer and Acceptance to Australia for defense articles and services estimated to cost \$83 million. After this letter is delivered to your office, we plan to issue a press statement to notify the public of this proposed sale.

Sincerely,

A handwritten signature in black ink that reads "William E. Landay III".

William E. Landay III
Vice Admiral, USN
Director

Enclosures:

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



Transmittal No. 13-37

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: Australia
- (ii) Total Estimated Value:

Major Defense Equipment*	\$ 61 million
Other	<u>\$ 22 million</u>
TOTAL	\$ 83 million
- (iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase: up to 100 MK 54 All-Up-Round Torpedoes, 13 MK 54 Exercise Sections, 13 MK 54 Exercise Fuel Tanks, 5 Recoverable Exercise Torpedoes, support and test equipment for Maintenance Facility upgrade to MK 695 Mod 1 capability, spare and repair parts, technical data and publications, personnel training and training equipment, U.S. government and contractor engineering, technical and logistics support services, and other related elements of logistics support.
- (iv) Military Department: Navy (AZO)
- (v) Prior Related Cases, if any: FMS case AHV-\$168M-12Sep11
- (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: 01 July 2013

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

POLICY JUSTIFICATION

Australia – MK 54 Lightweight Torpedoes

The Government of Australia has requested a possible sale of up to 100 MK 54 All-Up-Round Torpedoes, 13 MK 54 Exercise Sections, 13 MK 54 Exercise Fuel Tanks, 5 Recoverable Exercise Torpedoes, support and test equipment for Maintenance Facility upgrade to MK 695 Mod 1 capability, spare and repair parts, technical data and publications, personnel training and training equipment, U.S. government and contractor engineering, technical and logistics support services, and other related elements of logistics support. The estimated cost is \$83 million.

Australia is an important ally in the Western Pacific that contributes significantly to ensuring peace and stability in the region. Australia's efforts in peacekeeping and humanitarian operations have made a significant impact on regional, political and economic stability and have served U.S. national security interests.

Australia will use the MK 54 torpedo on its MH-60R helicopters and intends to use the torpedo on a planned purchase of the P-8A Increment 2 Maritime Patrol and Response aircraft. Australia, which currently has MK 54 torpedoes in its inventory, will have no difficulty absorbing these additional torpedoes into its armed forces.

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

The principal contractor will be Raytheon Integrated Defense Systems in Keyport, Washington. There are no known offset agreements proposed in connection with this potential sale.

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

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

Transmittal No. 13-37

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 MK 54 is a conventional torpedo that can be launched from surface ships, helicopters, and fixed wing aircraft. The MK 54 is an upgrade of the MK 46 torpedo. The upgrade to MK 54 entails replacement of the torpedo's sonar and guidance and control systems with updated technology using a mixture of commercial off-the-shelf and custom-built electronics. The warhead, fuel tank, and propulsion system from the MK 46 torpedo are reconfigured for use in the MK 54. The MK 54 is highly effective against modern diesel and nuclear submarines, but currently does not have the capability to attack surface ships. The MK 54 uses advanced logic to detect and prosecute threat submarines operating in challenging littoral environments and is effective in the presence of advanced acoustic countermeasures.

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.

[FR Doc. 2013-17017 Filed 07/15/2013 at 8:45 am; Publication Date: 07/16/2013]