DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 15-53]

36(b)(1) Arms Sales Notification

AGENCY: Defense Security Cooperation Agency, DoD.

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: Sarah A. Ragan or Heather N. Harwell, DSCA/LMO, (703) 604-1546/ (703) 607-5339.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 15-53 with attached Policy Justification and Sensitivity of Technology.

Dated: August 11, 2015.

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

AUG 0 4 2015

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. 15-53, concerning the Department of the Navy's proposed Letter(s) of Offer and Acceptance to the Government of Japan for defense articles and services estimated to cost $1.5 billion. After this letter is delivered to your office, we plan to issue a news release to notify the public of this proposed sale.

Sincerely,

for J. W. Rixey
Vice Admiral, USN
Director

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

Transmittal No. 15-53
Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(l)
of the Arms Export Control Act, as amended

(i) Prospective Purchaser: Government of Japan

(ii) Total Estimated Value:

Major Defense Equipment	$0.361 billion
Other	$1.139 billion
TOTAL	$1.500 billion

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

-Two (2) AEGIS Weapon Systems (AWS) MK 7
-One (1) J7 AWS Computer Program
-Two (2) ship sets Multi-Mission Signal Processor (MMSP)
-Two (2) ship sets AN/MK8 MOD4 AEGIS Common Display System (CDS)
-Two (2) ship sets AN/SPQ-15 Digital Video Distribution System and Common -Processor System (CPS)
-Two (2) ship sets AWS Computing Infrastructure MK1 MOD4
-Two (2) ship sets Operational Readiness Test System (ORTS) hosted in AWS computing infrastructure
-Two (2) MK 99 MOD 8 Fire Control Systems (FCS)
-Two (2) ship sets AN/SPG-62A Radar, Ballistic Missile Defense including Mission Planner blade server processors hosted in CPS
-Two (2) Kill Assessment System/Weapon Data Recording Cabinets (KAS/WDRC)
-Two (2) ship sets Mode 5/S capable Identification Friend or Foe (IFF)
-Two (2) ship sets MK 36 MOD 6 Decoy Launching System
-Two (2) ship sets AN/SQQ-89A (V) 15 Underwater Surveillance and Communication System
-Two (2) Global Positioning System (GPS) Navigation systems with OE-553/U antenna
-Two (2) ship sets AN/SSN-6F (V) 4 Navigation Sensor System Interface (NAVSSI)
-Two (2) ship sets WSN-7(V) Inertial Navigation System (INS)
-Two (2) ship sets AN/URC-141(V) 3(C) Multifunctional Information Distribution System (MIDS) Radio Set
-Two (2) ship sets AN/UYQ-86(V) 6 Common Data Link Management System (CDLMS)
-Two (2) ship sets AN/SQQ-89A (v) 15J Underwater Weapon System (UWS)
-Two (2) ship sets Gigabit Ethernet Data Multiplex System (GEDMS)

-Two (2) ship sets Maintenance Assist Modules (MAM) cabinets for Fire Control and Combat Systems equipment
-Two (2) ship sets Multi-Function Towed Array (MFTA) and associated OK-410(V)3/SQR handling equipment
-Two (2) ship sets of Vertical Launching System (VLS)
-MK41 components for Direct Commercial Sale (DCS) launcher to support Ballistic Missile Defense (BMD) missions employing the Standard Missile 3 (SM-3)
-Two (2) ship sets Launch Control Units (LCU) MK 235 Mod 9 with VLS GPS Integrator (VGI)
-VLS launcher components including twenty-four (24) MK 448 Mod 1 Motor Control Panels
-Four (4) Programmable Power Supplies MK 179 Mod 0
-Twenty-four (24) Launch Sequencers MK 5 Mod 1
-Four (4) Fiber Optic Distribution Boxes (FODB)
-Twenty-four (24) Single Module Junction Boxes
-Two (2) ship sets Gun Weapon System MK 34
-Two (2) ship sets MK 20 Electro-Optical Sensor System (EOSS)
-Two (2) ship sets of Cooperative Engagement Capability (CEC)
-Two (2) ship sets Global Command and Control System-Maritime (GCCS-M)
-Two (2) ship sets AN/SPQ-9B Radar
-Two (2) ship sets Enhanced AEGIS Combat Systems Trainer (ACTS) with communication suite
-Two (2) ship sets technical documentation

Also included are two (2) ship sets installation support material, special purpose test equipment and systems engineering, technical services, on-site vendor assistance, spare parts, systems training and staging services necessary to support ship construction and delivery.

(iv) Military Department: U.S. Navy (LZU)

(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 Articles or Defense Services Proposed to be sold: See Annex attached

(viii) Date Report Delivered to Congress: 4 August 2015

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

POLICY JUSTIFICATION

Japan – DDG (guided missile destroyer) 7 and 8 AEGIS Combat System (ACS), Underwater Weapon System (UWS), and Cooperative Engagement Capability (CEC)

The Government of Japan has requested a possible sale of two (2) ship sets of the MK 7 AEGIS Weapon System, AN/SQQ-89A (v) 15J UWS and CEC. Additional items include associated equipment, training and support for its Japan Fiscal Year (JFY) 2015 and JFY2016 new construction destroyers (DDGs). The ACS and associated support will be procured over a six (6) to seven (7) year period, as approved by Japan in budgets for JFY2015 and JFY2016. The estimated value of this proposed sale is $1.5 billion.

The ACS/UWS/CEC support ship construction for a new ship class of DDGs based upon a modified Atago-class hull (Ship Class not yet named) and a new propulsion system. The equipment and services to be provided include: two (2) ship sets of installation support material and special purpose test equipment, as well as the systems engineering, technical services, on-site vendor assistance, spare parts, systems training and staging services necessary to support ship construction and delivery. Post-construction Combat System Qualification Testing is expected to be procured in a future Foreign Military Sales (FMS) case.

Major Defense Equipment (MDE) includes:

-Two (2) AEGIS Weapon Systems (AWS) MK 7
-One (1) J7 AWS Computer Program
-Two (2) ship sets Multi-Mission Signal Processor (MMSP)
-Two (2) ship sets AN/MK8 MOD4 AEGIS Common Display System (CDS)
-Two (2) ship sets AN/SPQ-15 Digital Video Distribution System and Common Processor System (CPS)
-Two (2) ship sets AWS Computing Infrastructure MK 1 MOD4
-Two (2) ship sets Operational Readiness Test System (ORTS) hosted in AWS computing infrastructure
-Two (2) MK 99 MOD 8 Fire Control Systems
-Two (2) ship sets AN/SPG-62A Radar, Ballistic Missile Defense (BMD) including Mission Planner blade server processors hosted in the CPS
-Two (2) Kill Assessment System/Weapon Data Recording Cabinets (KAS/WDRC)
-Two (2) ship sets Mode 5/S capable Identification Friend or Foe (IFF) System
-Two (2) ship sets MK 36 MOD 6 Decoy Launching System
-Two (2) ship sets AN/SQQ-89A (V) 15 Underwater Surveillance and Communication System
-Two (2) Global Positioning Satellite (GPS) Navigation systems with OE-553/U antenna
-Two (2) ship sets AN/SSN-6F (V) 4 Navigation Sensor System Interface (NAVSSI)

-Two (2) ship sets WSN-7(V) Inertial Navigation System (INS)
-Two (2) ship sets AN/URC-141(V) 3(C) Multifunctional Information Distribution System (MIDS) Radio Set
-Two (2) ship sets AN/UYQ-86(V) 6 Common Data Link Management System (CDLMS)
-Two (2) ship sets AN/SQQ-89A (v) 15J UWS
-Two (2) ship sets Gigabit Ethernet Data Multiplex System (GEDMS)
-Two (2) ship sets Maintenance Assist Modules (MAMs) cabinets for Fire Control and Combat Systems equipment
-Two (2) ship sets Multi-Function Towed Array (MFTA) and associated OK-410(V)3/SQR handling equipment
-Two (2) ship sets of Vertical Launching System (VLS)
-MK41 components for Direct Commercial Sales (DCS) launcher to support BMD missions employing the Standard Missile 3 (SM-3)
-Two (2) ship sets Launch Control Units (LCU) MK 235 Mod 9 with Vertical Launching System (VLS) Global Positioning System (GPS) Integrator (VGI)
-VLS launcher components including twenty-four (24) MK 448 Mod 1 Motor Control Panel
-Four (4) Programmable Power Supplies MK179 Mod 0
-Twenty-four (24) Launch Sequencers MK 5 Mod 1
-Four (4) Fiber Optic Distribution Boxes (FODB)
-Twenty-four (24) Single Module Junction Boxes
-Two (2) ship sets Gun Weapon System MK 34
-Two (2) ship sets MK 20 Electro-Optical Sensor System (EOSS)
-Two (2) ship sets of Cooperative Engagement Capability (CEC)
-Two (2) ship sets Global Command and Control System-Maritime (GCCS-M)
-Two (2) ship sets AN/SPQ-9B Radar
-Two (2) ship sets Enhanced AEGIS Combat Systems Trainer (ACTS) with communication suite
-Two (2) ship sets technical documentation

Japan continues to modernize its fleet to support Integrated Air and Missile Defense (IAMD) roles and special mission requirements. The addition of two (2) new AEGIS DDGs will fulfill Japan's mission goal of acquiring eight (8) ballistic missile defense capable ships and will further enhance interoperability with the U.S. Navy, build upon a longstanding cooperative effort with the United States, and provide enhanced capability with a valued partner in a geographic region of critical importance to Japan and the U.S. Government.

The proposed sale to Japan will represent an important commitment by the U.S. Government in furtherance of foreign policy and national security goals for both the United States and Japan. Japan is one of the major political and economic powers in East Asia and the Western Pacific and a key partner of the United States in ensuring peace and

stability in that region. It is vital to the U.S. national interest to assist Japan in developing and maintaining a strong and ready self-defense capability. This proposed sale is consistent with U.S. foreign policy and national security objectives and the 1960 Treaty of Mutual Cooperation and Security.

The addition of two (2) new AEGIS DDGs to Japan's fleet will afford more flexibility and capability to counter regional threats and continue to enhance stability in the region. Japan currently operates AEGIS ships and is proficient at using evolving ballistic missile defense capability and effective at employing the AN/SQQ-89 UWS for undersea surveillance and detection. Japan has demonstrated the capability and commitment necessary to incorporate CEC into its fleet and will capably assimilate this technology into its operations.

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

The prime contractors will be Lockheed Martin, with offices based in Moorestown, NJ; Syracuse, NY; and Manassas, VA per sole source request from Japan as the primary AEGIS System Contractor for JFY 2015 and JFY 2016 DDG Class Ships. Japan has also requested Data Link Solutions, Cedar Rapids, IA be designated as the sole source prime contractor for the Multifunctional Information Distribution System (MIDS) on Ships (MOS) to reduce the cost of sparing and logistics for its AEGIS Ships. There are also a significant number of companies under contract with the U. S. Navy that will provide components and systems as well as engineering services during the execution of this effort.

Japanese industry has requested participation with U.S. industry as sub-contractors under the FMS case on a limited basis to provide selected components and software. Japanese industry sourced items are: 1) TR-343 Equivalent Replacement Sonar Transducers for SQS-53C sonar by NEC, 2) Partial AEGIS Display System application software by MHI, and 3) Partial AEGIS Display System Hardware and Common Display System hardware by Fujitsu. The Japan sourced products will be subject to product qualification, export control or other requirements for use in FMS-provided systems. The U.S. Navy retains the option to use U.S. Navy Programs of Record to source products or services as required to meet program requirements. There are no known offset agreements in connection with this potential sale.

Implementation of this proposed sale will require travel of U.S. Government or contractor representatives to Japan on a temporary basis for program technical support and management oversight.

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

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Annex
Item No. vii

(vii) Sensitivity of Technology

1. The AEGIS Weapon System is a multi-mission combat system providing Integrated Air and Missile Defense (IAMD) for surface ships. This sale involves AEGIS Weapon System (AWS) Baseline 9 with integrated Ballistic Missile Defense (BMD).

2. AWS software, documentation, combat system training, and technical services/documentation will be provided at classification levels up to and including SECRET.

3. AWS Baseline 9 hardware includes Common Display System (CDS), Common Processing System (CPS) and Multi-Mission Signal Processor (MMSP). This hardware is UNCLASSIFIED.

4. AN/SQQ-89A (V) 15J is an integrated, active and passive underwater surveillance, detection, tracking and underwater fire control system. The system incorporates the Multi-Function Towed Array (MFTA) providing enhanced passive underwater detection and tracking capability above and below the thermocline layer. It also interfaces with the SH-60 helicopter carried onboard Japanese DDGs to enhance detection and weapon delivery capability against a submerged adversary at longer ranges. The AN/SQQ-89 UWS is installed aboard existing Japanese Atago-class DDGs.

5. AN/SQQ-89A(V)15J software delivery is SECRET. In addition to the software, documentation, combat system training, and technical services/documentation will be provided at classification levels up to and including SECRET.

6. CEC is a real-time sensor netting system that enables high quality situational awareness and integrated fire control capability. CEC is designed to enhance the Anti-Air-Warfare (AAW) capability of ships and aircraft by the netting of battle force sensors to provide a single, distributed AAW defense capability. CEC enables Integrated Fire Control to counter increasingly capable cruise missiles and manned aircraft. The CEC system makes it possible for multiple surface ships and aircraft to form an air defense network by sharing radar target measurements in real-time.

7. CEC software delivery is SECRET. In addition to the software, documentation, combat system training, and technical services/documentation will be provided at classification levels up to and including SECRET.

8. AN/SPQ-9B is dual-band surface search and fire control radar capable of providing surface and low altitude air track information the AEGIS Weapons Control System and to the MK160 GFCS.

9. AN/SPQ-9B software delivery is SECRET. In addition to the software, documentation, combat system training, and technical services/documentation will be provided at classification levels up to and including SECRET.

10. AN/UPX-29 is an Identification Friend or Foe (IFF) digital transponder and is also used for the safe operation of military aircraft in civilian airspace. The AN/UPX-29 meets all United States and North Atlantic Treaty Organization (NATO) mode 5 requirements. The hardware is unclassified, however, associated key mat is classified as Secret. Japan currently has the AN/UPX-29 installed on other surface ships and is in the process of receiving the mode 5 upgrade.

11. If a technologically advanced adversary were to obtain knowledge of the specific hardware and software elements, the information could be used to develop countermeasures that might reduce weapon system effectiveness or be used in the development of a system with similar advanced capabilities.

12. A determination has been made that Japan is capable of providing substantially the same degree of protection for the sensitive technology being released as the U.S. Government. The sale is necessary to advance the U.S. foreign policy and national security objectives outlined in the Policy Justification.

BILLING CODE 5001-06

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