



## **DEPARTMENT OF DEFENSE**

### **Office of the Secretary**

**[Transmittal No. 15-43]**

### **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 15-43 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 12<sup>TH</sup> 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 28 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. 15-43, concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance to the Kingdom of Saudi Arabia for defense articles and services estimated to cost \$5.4 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,

  
J. W. Rixey  
Vice Admiral, USN  
Director

Enclosures:

1. Transmittal
2. Policy Justification
3. Sensitivity of Technology
4. Regional Balance (Classified Document Provided Under Separate Cover)



## Transmittal No. 15-43

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: Kingdom of Saudi Arabia
- (ii) Total Estimated Value:

Major Defense Equipment*	\$4.600 billion
Other	<u>\$ .800 billion</u>
TOTAL	\$5.400 billion
- (iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase: Six hundred (600) Patriot Advanced Capability-3 (PAC-3) Cost Reduction Initiative (CRI) Missiles with containers, eight (8) PAC-3 CRI Test Missiles for fly-to-buy. Also included are PAC-3 Telemetry Kits, PAC-3 Guidance Enhanced Missile (GEM) Flight Test Target/Patriot as a Target (PAAT) missiles, Fire Solution Computers, Launcher Modification Kits, PAC-3 Missile Round Trainers, PAC-3 Slings, Patriot Automated Logistics System (PALS) Kits, Shorting Plugs, spare and repair parts, lot validation and range support, support equipment, repair and return, publications and technical documentation, personnel training and training equipment, Quality Assurance Team, U.S. Government and contractor technical and logistics support services, and other related elements of logistics and program support.
- (iv) Military Department: Army (ZAB)
- (v) Prior Related Cases, if any:

FMS case UAK-\$991M-30Nov90  
FMS case JBV-\$2.7B-16Dec92  
FMS case ZAA-\$1.3B-8Apr15
- (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: 28 July 2015

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

## POLICY JUSTIFICATION

### Kingdom of Saudi Arabia (KSA) – Patriot Advanced Capability-3 (PAC-3) Missiles and Support Equipment

The Kingdom of Saudi Arabia has requested a possible sale of six hundred (600) Patriot Advanced Capability-3 (PAC-3) Cost Reduction Initiative (CRI) Missiles with containers, eight (8) PAC-3 CRI Test Missiles for fly-to-buy. Also included are PAC-3 Telemetry Kits, PAC-3 Guidance Enhanced Missile (GEM) Flight Test Target/Patriot as a Target (PAAT) missiles, Fire Solution Computers, Launcher Modification Kits, PAC-3 Missile Round Trainers, PAC-3 Slings, Patriot Automated Logistics System (PALS) Kits, Shorting Plugs, spare and repair parts, lot validation and range support, support equipment, repair and return, publications and technical documentation, personnel training and training equipment, Quality Assurance Team, U.S. Government and contractor technical and logistics support services, and other related elements of logistics and program support. The estimated total cost is \$5.4 billion.

The proposed sale will contribute to the foreign policy and national security of the United States by helping to improve the security of a partner which has been, and continues to be, an important force for political stability and economic progress in the Middle East.

The proposed sale will modernize and replenish Saudi Arabia's current Patriot missile stockpile, which is becoming obsolete and difficult to sustain due to age and limited availability of repair parts. The purchase of the PAC-3 missiles will support current and future defense missions and promote stability within the region. Saudi Arabia, which already has Patriot missiles in its inventory, will have no difficulty absorbing these additional missiles into its armed forces.

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

The principal contractors will be Lockheed Martin Missiles and Fire Control in Dallas, Texas; and Raytheon Corporation in Tewksbury, Massachusetts. Although offsets are requested, they are unknown at this time and will be determined during negotiations between Saudi Arabia and the contractor.

Implementation of this sale will require approximately thirty (30) U.S. Government and forty (40) contractor representatives to travel to Saudi Arabia for up to sixty (60) months for equipment de-processing, fielding, system checkout, training, and technical logistics support.

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

## Transmittal No. 15-43

Notice of Proposed Issuance of Letter of Offer  
Pursuant to Section 36(b)(1)  
of the Arms Export Control Act, as amended

Annex  
Item No. vii

(vii) Sensitivity of Technology:

1. The Patriot Air Defense System contains hardware components and critical/sensitive technology classified Confidential. The Patriot Advanced Capability-3 (PAC-3) Cost Reduction Initiative (CRI) Missile Four-Pack is classified Confidential, and the improved PAC-3 launcher hardware is Unclassified. The missiles requested represent significant technological advances for the existing Saudi Arabia Patriot system capabilities. With the incorporation of the PAC-3 missile, the Patriot System will continue to hold a significant technology lead over other surface-to-air missile systems in the world.

2. The PAC-3 sensitive/critical technology is primarily in the area of design and production know-how and primarily inherent in the design, development, and/or manufacturing data related to certain components. The list of components is classified Confidential.

3. Information on system performance capabilities, effectiveness, survivability, PAC-3 Missile seeker capabilities, select software/software documentation and test data are classified up to and including Secret.

4. Loss of this hardware, software, documentation and/or data could permit development of information which may lead to a significant threat to future U.S. military operations. 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.

5. A determination has been made that Saudi Arabia can provide substantially the same degree of protection for this technology as the U.S. Government. This proposed sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification.

6. All defense articles and services listed in this transmittal have been authorized for release and export to the Kingdom of Saudi Arabia.

**BILLING CODE 5001-06**

[FR Doc. 2015-20062 Filed: 8/13/2015 08:45 am; Publication Date: 8/14/2015]