



Billing Code: 5001-06

DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 16-54]

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: Pam Young, DSCA/SE&E-RAN, (703) 697-9107.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 16-54 with attached Policy Justification and Sensitivity of Technology.

Dated: December 9, 2016.

Aaron Siegel,
Alternate OSD Federal Register Liaison Officer,
Department of Defense.



DEFENSE SECURITY COOPERATION AGENCY
201 12TH STREET SOUTH, STE 203
ARLINGTON, VA 22202-6408

DEC 02 2016

The Honorable Paul D. Ryan
Speaker of the House
U.S. House of Representatives
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. 16-54, concerning the Department of the Navy's proposed Letter(s) of Offer and Acceptance to the Government of Australia for defense articles and services estimated to cost \$115 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 blue ink, appearing to read "J. W. Rixey".

J. W. Rixey
Vice Admiral, USN
Director

Enclosures:

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



Transmittal No. 16-54

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 Australia

(ii) Total Estimated Value:

Major Defense Equipment (MDE)*	\$ 0.00 million
Basic Case (GUW)	\$79.07 million
Amendment Funding	\$35.93 million
 TOTAL	 <u>\$115.00 million</u>

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

Non-MDE: FMS case AT-P-GUW, originally offered below congressional notification threshold at \$79.07 million, was for acquisition of two Range Systems to conduct Electronic Warfare (EW), Electronic Surveillance, and Airborne Electronic Attack for Royal Australian Air Force aircrew training on its twelve (12) Australian EA-18G aircraft. An amendment to AT-P-GUW is required to add \$35.93 million in funding, to provide for unfunded requirements to meet the scope of the basic case and provide for the sale of additional classified technical data and software, system integration and testing, tools and test equipment, support equipment, spare and repair parts, publications, operations manuals, and technical documents, personnel training, U.S. Government and contractor technical assistance, and other related elements of engineering, logistics, and program management. This amendment will push the original case value above notification threshold and thus requires notification of the entire case.

(iv) Military Department: Navy (AT-P-GUW-A1)

(v) Prior Related Cases, if any:

FMS case AT-P-LEN: \$992M September 13, 2012 (Airborne Electronic Attack Kits)
FMS case AT-P-SCI \$1.3B July 4, 2013 (twelve EA-18G aircrafts)
FMS case AT-P-GUW \$79M February 12, 2015 (Electronic Warfare Range System)

(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: December 2, 2016

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

POLICY JUSTIFICATION

Government of Australia - AEA-18G Electronic Warfare Range System

The Government of Australia has requested additional funding to a previously implemented case for two Electronic Warfare Range Systems to conduct Electronic Warfare and Electronic Surveillance training within the borders of Australia. The original FMS case, valued at \$79.07 million, includes non-MDE costs for all support elements required to provide for system integration testing, tools and test equipment, support equipment, spare and repair parts, publications, operations manuals, technical documents, personnel training, U.S. Government and contractor technical assistance, and other related elements of logistics and program support. The addition of \$35.93 million in non-MDE funding to the basic case will provide for unfunded requirements to meet the scope of the basic case and provide for the sale of additional classified technical data and software, system integration and testing, tools and test equipment, support equipment, spare and repair parts, publications, operations manuals, and technical documents, personnel training, U.S. Government and contractor technical assistance, and other related elements of engineering, logistics, and program management. This amendment will push the original case value above notification threshold and thus requires notification of the entire case. The total overall estimated value is \$115 million.

This sale will contribute to the foreign policy and national security of the United States by helping to improve the security of a major contributor to political stability, security, and economic development in the Western Pacific. Australia is an important Major non-NATO Ally and partner that contributes significantly to peacekeeping and humanitarian operations around the world. It is vital to the U.S. national interest to assist our ally in developing and maintaining a strong and ready self-defense capability. By enabling Australian Defense Force (ADF) ranges, the U.S. Government will ensure consistency in training across platforms and theaters, whether the exercises are conducted in the United State or in Australia, where U.S. aircrews will be able to participate in training exercises alongside their Australian counterparts.

The proposed sale will allow continued efforts to improve Australia's capability in current and future coalition operations. Australia will use the range to enhance Electronic Warfare capabilities as a deterrent to regional threats and to strengthen its

homeland defense. Australia will have no difficulty absorbing these items into its armed forces.

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

The prime contractors will be Leidos (hardware) and General Dynamics Mission Systems (software). The U.S. Government is not aware of any known offsets associated with this sale.

Implementation of this sale will require ten (10) temporary U.S. Government or contractor representatives to Australia for assistance in integration and range operational and maintenance training.

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

Transmittal No. 16-54

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. Provides two (2) in-country Electronic Warfare (EW) ranges for EA-18G aircrew training to detect, identify, locate, and suppress hostile emitters. Range technology transfers programmable equipment able to emulate generic Integrated Air Defense Systems, threat and other emitters, along with authentic threat emitters purchased from vendors in Former Soviet Block states. The range hardware is Unclassified either stand-alone or integrated. The range software is unclassified with the exception of one (1) Secret Digital Integrated Air Defense System (DIADS) software suite. The amendment facilitates transfer of classified information such as software, classified threat and fly-out models, user event captured data, range operations manuals, and security classification guidance. The classified information enhances the usefulness of the range technology being transferred and provides guidance on safeguarding sensitive information.

2. When EW range hardware and software work together against a particular aircraft platform, the visual and recorded information becomes classified Secret. The range capability is unclassified until the networks touch a Secret network (e.g., Link 16) or perform against real world training missions. The customer may capture intelligence

regarding the authentic threat emitters that is classified Confidential or Secret, as well as other training artifacts and debrief products capturing weapons capability and tactics.

3. 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 EA-18G weapon system effectiveness or be used in the development of a system with similar or advanced capabilities.

4. All defense articles and services listed in this transmittal are authorized for release and export to the Government of Australia.

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