



Billing Code: 5001-06

DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 17-79]

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: Pamela Young, (703) 697-9107, pamela.a.young14.civ@mail.mil or Kathy Valadez, (703) 697-9217, kathy.a.valadez.civ@mail.mil; DSCA/DSA-RAN.

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 17-79 with attached Policy Justification and Sensitivity of Technology.

Dated: March 8, 2018.

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

MAR 02 2018

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. 17-79, concerning the Navy's proposed Letter(s) of Offer and Acceptance to the Government of Japan for defense articles and services estimated to cost \$45 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, appearing to read "C. W. Hooper".

for Charles W. Hooper
Lieutenant General, USA
Director

Enclosures:

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

Transmittal No. 17-79

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 Japan

(ii) Total Estimated Value:

Major Defense Equipment*	\$40 million
Other	<u>\$ 5 million</u>
TOTAL	\$45 million

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

Major Defense Equipment (MDE):

Twenty-four (24) MK 15 Phalanx Close-in Weapon System (CIWS) Block IB Baseline 1 to MK 15 Phalanx Block IB Baseline 2 Conversion Kits.

Non-MDE:

Also included is support equipment, spare parts, publications, software and associated support, and logistical support services, and other related elements of logistical and program support.

(iv) Military Department: Navy (JA-P-NBE)

(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 Article or Defense Services Proposed to be Sold: See Attached Annex

(viii) Date Report Delivered to Congress: March 2, 2018

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

POLICY JUSTIFICATION

Japan – MK 15 Phalanx Close-in Weapon System (CIWS) Block IB Baseline 2 Conversion Kits

The Government of Japan has requested to buy twenty-four (24) MK 15 Phalanx Close-in Weapon System (CIWS) Block IB Baseline 1 to MK 15 Phalanx Block IB Baseline 2 conversion kits. Also included is support equipment, spare parts, publications, software and associated support, and logistical support services, and other related elements of logistical and program support. The estimated total case value is \$45 million.

This proposed sale will contribute to the foreign policy and national security of the United States by improving the security of a major ally that has been, and continues to be, a force for political stability and economic progress in the Asia-Pacific region.

The proposed sale will improve Japan's capability in current and future defensive efforts. Japan will use the enhanced capability as a deterrent to regional threats and to strengthen homeland defense.

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

The principal contractor will be Raytheon Missile Systems, Tucson, AZ. There are no known offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will not require the permanent assignment of additional U.S. Government or contractor representatives in Japan.

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

Transmittal No. 17-79

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 CIWS Block IB Baseline 2 represents an increase in threat acquisition and firepower accuracy over previous Block 1 Baseline configurations. The Baseline 2 variant includes a radar improvement upgrade and an electro-optical sensor to improve weapon system performance against low-observable, sea-skimming threats, and provides improved capability to concentrate hard-kill ordnance in a tighter pattern on the threat. The CIWS mount and spare hardware are UNCLASSIFIED. The radar improvement/upgrade is the most sensitive portion of the Baseline 2 configuration.

2. The CIWS Block 1B Baseline 2 systems and upgrade kits will result in the transfer of a highly accurate close-in engagement technology and ship self-defense capability. The equipment, hardware, and the majority of documentation are UNCLASSIFIED. The embedded software and operational performance are classified CONFIDENTIAL. The seeker/electro-optical control section and the target detector are UNCLASSIFIED, but contain a sensitive state-of-the-art technology. Technical Manuals used to support the operation and provisioning of organizational-level maintenance are CONFIDENTIAL. The technical and operational data identified above is classified to protect vulnerabilities, design and performance parameters, and similar critical information.

3. If a technologically advanced adversary were to obtain knowledge of specific hardware, the information could be used to develop countermeasures which might reduce weapons system effectiveness or be used in the development of a system with similar or advanced capabilities.

4. A determination has been made that Japan can provide substantially the same degree of protection for sensitive technology being released as the U.S. Government. This proposed sustainment program is necessary to the furtherance of the U.S. foreign policy and national security objectives outlined in the policy justification.

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

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