Billing Code: 5001-06

DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 18-38]

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: DSCA at dsca.ncr.lmo.mbx.info@mail.mil or (703) 697-9709.

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 18-38 with attached Policy Justification and Sensitivity of Technology.

Dated: September 18, 2018.

Shelly E. Finke,

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 Paul D. Ryan
Speaker of the House
U.S. House of Representatives
H-209, The Capitol
Washington, DC 20515

SEP 0 7 2018

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. 18-38, concerning the Navy's proposed Letter(s) of Offer and Acceptance to the Government of Japan for defense articles and services estimated to cost $3.135 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 Charles W. Hooper
Lieutenant General, USA
Director

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

Transmittal No. 18-38

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*	$1.961 billion
Other	$1.174 billion
TOTAL	$3.135 billion

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

Major Defense Equipment (MDE):
Nine (9) E-2D Advanced Hawkeye (AHE) Airborne Early Warning and Control (AEW&C) Aircraft
Twenty eight (28) T56-A-427A Engines (18 installed and 10 spares)
Twelve (12) Multifunction Information Distribution System/Joint Tactical Radio System (MIDS/JTRS) Terminals (9 installed and 3 spares)
Ten (10) APY-9 Radars (9 installed and 1 spare)
Eleven (11) AN/AYK-27 Integrated Navigation Control and Display Systems (INCDS) (9 installed and 2 spares)
Thirty (30) LN-251 Embedded Global Positioning Systems/Inertial Navigation Systems (EGls) with Embedded Airborne Selective Availability Anti-Spoofing Module (SAASM) Receiver (18 installed and 12 spares)

Non-MDE:
Also included are aircraft ancillary equipment, modifications, spare and repair parts, support equipment, publications and technical documentation, software, personnel training and training equipment, ferry services, U.S. Government and contractor logistics, engineering, and technical support services, and other related elements of logistics and program support.

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

(v) Prior Related Cases, if any: JA-P-SCJ, JA-P-SCL, JA-P-SCM and JA-P-SCQ

(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: September 7, 2018

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

POLICY JUSTIFICATION

Japan – E-2D Advanced Hawkeye Airborne Early Warning and Control Aircraft

The Government of Japan has requested to buy nine (9) E-2D Advanced Hawkeye (AHE) Airborne Early Warning and Control (AEW&C) aircraft, twenty eight (28) T56-A-427A engines (18 installed and 10 spares), twelve (12) Multifunction Information Distribution System/Joint Tactical Radio System (MIDS/JTRS) terminals (9 installed and 3 spares), ten (10) APY-9 Radars (9 installed and 1 spare), eleven (11) AN/AYK-27 Integrated Navigation Control and Display Systems (INCDS) (9 installed and 2 spares), thirty (30) LN-251 Embedded Global Positioning Systems/Inertial Navigation Systems (EGIs) with Embedded Airborne Selective Availability Anti-Spoofing Module (SAASM) Receiver (18 installed and 12 spares), and twelve (12) AN/ALQ-217 Electronic Support Measures (ESM, 9 installed and 3 spares). Also included are: aircraft ancillary equipment, modifications, spare and repair parts, support equipment, publications and technical documentation, software, personnel training and training equipment, ferry services, U.S. Government and contractor logistics, engineering, and technical support services, and other related elements of logistics and program support. The total estimated program cost is $3.135 billion.

This proposed sale will support the foreign policy and national security of the United States. Japan is one of the major political and economic powers in East Asia and the Western Pacific and is a key partner of the United States in ensuring peace and stability in that region. It is vital to U.S. national interests to assist Japan in developing and maintaining a strong and effective self-defense capability.

The proposed sale of E-2D AHE aircraft will improve Japan's ability to effectively provide homeland defense utilizing an AEW&C capability. Japan will use the E-2D AHE aircraft to provide AEW&C situational awareness of air and naval activity in the Pacific region and to augment its existing E-2C Hawkeye AEW&C fleet. Japan will have no difficulty absorbing these aircraft into its armed forces.

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

The principal contractor will be Northrop Grumman Corporation Aerospace Systems in Melbourne, Florida.

There are no known offset agreements proposed in connection with this potential sale. Any offset agreement will be defined in negotiations between the Purchaser and the prime contractor.

Implementation of this proposed sale will not require any additional U.S. Government or contractor personnel in Japan. However, U.S. Government or contractor personnel in-country visits will be required on a temporary basis in conjunction with program technical and management oversight and support requirements.

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

Transmittal No. 18-38

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 E-2D Advanced Hawkeye (AHE) Airborne Early Warning and Control (AEW&C) provides detection and surveillance of regional surface and aircraft platforms through the use of the APY-9 radar, APX-122A Identification Friend or Foe (IFF), and ALQ- 217 Electronic Support Measures (ESM) systems. The E-2D AHE provides area surveillance and detection, air intercept control, air traffic control, search and rescue assistance, communication relay and automatic tactical data exchange. The E-2D AHE is classified SECRET.

2. The APY-9 radar is a mechanically rotated, electronically scanned array, which utilizes Space Time Adaptive Processing technology to provide 360-degree detection and surveillance in high clutter environments. It is able to provide simultaneous detection and surveillance of surface and air units. The APY-9 radar is classified SECRET.

3. The MIDS JTRS (5) terminal provides enhanced Link 16 functionality, namely Concurrent Multi-netting with four channels (CMN-4) and Concurrent Contention Receive (CCR). CMN-4 is a Link 16 enhancement that increases the terminal capability from receiving only one Tactical Digital Information Link-J (TADIL-J) message packing structure per time slot to receive as many as four simultaneous message packing structures per time slot, each transmitted on a unique Link 16 net. The capability for current Link 16 terminals to receive only one TADIL-J message packing structure per time slot imposes complex network design constraints and prohibits network designers from making full use of the Link 16 spectrum capacity. CMN-4 relaxes these restrictions allowing for greater network planning flexibility and achieves a fourfold increase in receive message throughput for Link 16 terminals with this capability. CMN-4 is backwards compatible with JTIDS and MIDS-LVT, although legacy terminals would not be able to experience the increased throughput. CCR described the Link 16 terminal's ability to receive multiple messages in the same net within the same time slot. The MIDS-JTRS device itself is CCI and is not classified. The COMSEC keying material which is loaded into the device for IFF Mode 4/5 operations is classified SECRET.

4. The APX-122A IFF Interrogator and APX-123A IFF Transponder are identification systems designed for command and control. They provide the ability to distinguish friendly aircraft, vehicles, or forces, and to determine their bearing and range from the Interrogator. These devices have embedded COMSEC which contains SENSITIVE encryption algorithms and keying material. The APX-122A IFF Interrogator and APX-123A IFF Transponder devices themselves are CCI and are not classified. The COMSEC keying material which is loaded into the devices for IFF Mode 4/5 operations is classified SECRET.

5. The ALQ-217 Electronic Support Measure (ESM) system is used to detect, intercept, identify, locate, record, and/or analyze sources of radiated electromagnetic energy to support classification of unknown surface and airborne units. The ALQ-217 is classified SECRET.

6. The AN/AYK-27 Integrated Navigation Control and Display System serves as the network manager and the human machine interface for the E-2D navigation system. The AN/AYK-27 is an UNCLASSIFIED system.

7. The LN-251 Embedded Global Positioning Systems/Inertial Navigation Systems (EGIs) with embedded airborne Selective Availability Anti-Spoofing Module (SAASM) Receiver (ASR) system provides position, navigation and timing information to the E-2D via the Global Positioning Satellite system and an inertial measuring unit. The LN-251 is UNCLASSIFIED.

8. If a technologically advanced adversary obtained knowledge of the specific hardware or software in the proposed sale, the information could be used to develop counter-measures which might reduce weapons system effectiveness or be used in the development of a system with similar or advanced capabilities.

9. A Special Security Agreement (SSA) will be in place in order to provide additional security requirements for implementation by the Government of Japan to protect the advanced capabilities this aircraft provides. This sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification.

10. All defense articles and services listed in this transmittal have been authorized for release and export to Japan.

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