

DEPARTMENT OF DEFENSE**Office of the Secretary****[Transmittal No. 02-12]****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 Pub. L. 104-164 dated July 1996.

FOR FURTHER INFORMATION CONTACT: Ms. J. Hurd, DSCA/COMPT/RM, (703) 604-6575.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 02-12 with attached transmittal, policy justification, and Sensitivity of Technology.

Dated: October 30, 2001.

L.M. Bynum,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

BILLING CODE 5001-08-M



DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

17 October 2001

In reply refer to:
I-01/012378

The Honorable J. Dennis Hastert
Speaker of the House of
Representatives
Washington, D.C. 20515-6501

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act (AECA), as amended, we are forwarding herewith Transmittal No. 02-12, concerning the Department of the Navy's proposed Letter(s) of Offer and Acceptance (LOA) to the United Kingdom for defense articles and services estimated to cost \$87 million. Soon after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

A handwritten signature in black ink, appearing to read "Tome H. Walters, Jr.", is located below the word "Sincerely,".

TOME H. WALTERS, JR.
LIEUTENANT GENERAL, USAF
DIRECTOR

Same ltr to: House Committee on International Relations
Senate Committee on Appropriations
Senate Committee on Foreign Relations
House Committee on Armed Services
Senate Committee on Armed Services
House Committee on Appropriations

Attachments

Transmittal No. 02-12

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

- (i) Prospective Purchaser: United Kingdom
- (ii) Total Estimated Value:

Major Defense Equipment*	\$85 million
Other	<u>\$ 2 million</u>
TOTAL	\$87 million
- (iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase: Forty-eight conventionally armed TOMAHAWK BLOCK IIIC Land Attack Missiles (TLAM), containers, engineering technical assistance, spare and repair parts, and other related elements of logistics support.
- (iv) Military Department: Navy (AHF)
- (v) Prior Related Cases, if any:

FMS case AHB - Cancelled - 01Dec99
FMS case AHA - \$ 28 million - 26Aug99
FMS case AGS - \$140 million - 16Oct95
- (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: October 17, 2001.

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

POLICY JUSTIFICATION**United Kingdom - TOMAHAWK BLOCK IIIC Land Attack Missiles**

The Government of the United Kingdom has requested a possible sale of 48 conventionally armed TOMAHAWK BLOCK IIIC Land Attack Missiles (TLAM), containers, engineering technical assistance, spare and repair parts, and other related elements of logistics support. The estimated cost is \$87 million.

This proposed sale will contribute to the foreign policy and national security of the United States by improving the military capabilities of the United Kingdom and enhancing weapon system standardization and interoperability of this important NATO ally.

The United Kingdom needs these missiles to augment their present operational inventory and to enhance their submarine launched capability. The missiles will enhance the United Kingdom's operational effectiveness in support of NATO. The United Kingdom, which already has TOMAHAWK missiles in its inventory, will have no difficulty absorbing these additional missiles.

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

The prime contractor will be Raytheon Missile Systems Company of Tucson, Arizona. There are no offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will not require the assignment of any additional U.S. Government and contractor representatives to the United Kingdom.

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

Transmittal No. 02-12**Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act****Annex
Item No. vi****(vi) Sensitivity of Technology:**

1. The conventionally armed TOMAHAWK BLOCK IIIC Land Attack Missile (TLAM) consists of the following classified components:

a. The TOMAHAWK missile (Complete) - Guidance Set, Digital Scene Matching Area Correlator (DSMAC) Global Positioning System (GPS) when software is installed, Data Link when software/firmware is installed, Common Missile Radar Altimeter (CMRA), Operational Flight Software as well as DSMAC and GPS flight software.

2. If a technologically advanced adversary were to obtain knowledge of the specific hardware and software elements, the information could be used to develop countermeasures which might reduce weapon system effectiveness. The consequences of loss of this technology to a technologically advanced or competent adversary could result in the development of countermeasures or equivalent systems which could reduce weapons system effectiveness or be used in the development of a system with similar advanced capabilities.

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

[FR Doc. 01-27688 Filed 11-2-01; 8:45 am]

BILLING CODE 5001-08-C

DEPARTMENT OF DEFENSE**Office of the Secretary****Nationwide TRICARE Demonstration Project**

AGENCY: Office of the Secretary, The Department of Defense

ACTION: Notice of a nationwide TRICARE demonstration project.

SUMMARY: This notice is to advise interested parties of a demonstration project in which the Department of Defense will test the Military Health System's (MHS's) ability to address unreasonable impediments to the continuity of healthcare encountered by family members of Reservists and National Guardsmen called to active duty in support of a national emergency. This TRICARE Reserve Family Demonstration Project seeks to show that the MHS, with certain flexibility in operation, can ensure timely access to

healthcare during a national crisis, maintain clinically appropriate continuity of healthcare to family members of activated reservists and guardsmen, appropriately limit the out-of-pocket expenses for those family members, and remove potential barriers to healthcare access by families in order to improve the morale and retention of reservists and guardsmen. In this Project, for family members of activated reservists and guardsmen, the Department of Defense will authorize an increase in the TRICARE payment for healthcare services received from non-participating providers under TRICARE Standard up to 115 percent of the TRICARE maximum allowable charge less the appropriate patient copayment; waive the TRICARE Standard annual deductible; and, waive the requirement for nonemergency inpatient care to be provided by a facility of the uniformed services (when the facility is located within a 40-mile radius of the residence of the patient and the services are available at that facility) in order for the patient to have continuity of healthcare from a civilian healthcare provider. At

the end of this Project, the Department of Defense will conduct an analysis of the benefits and costs of the program in improving the welfare of Service members and their families when called to active duty during a national emergency. Information and experience gained as part of this demonstration project will provide the foundation for longer-term solutions in the event of future national emergencies. This demonstration project is being conducted under the authority of 10 U.S.C. 1092.

EFFECTIVE DATE: This demonstration project applies to all covered health care services provided on or after September 14, 2001. In view of the declaration of a national emergency and the immediacy of the call of reservists and guardsmen to active duty in support of deployment to conduct operational missions, the Department of Defense is waiving the regulation (32 CFR 199.1(o)) requiring at least 30 days notice of a demonstration project prior to its effective date. Waiver of the notice period is deemed necessary to avoid delay in implementing program changes