

**Transmittal No. 03-01****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 TOW-2 Weapon System hardware and documentation provides with this proposed sale are Unclassified. However, sensitive technology is contained with the system itself. This sensitivity is primarily in the software programs, which instruct the system how to operate in the presence of countermeasures. Programs are contained in the system in the form of microprocessors with only Read out Memory maps being available, which do not provide the software program itself. The overall hardware is also considered sensitive in that the modulation frequency and infrared wavelengths could be useful in attempted countermeasure development. The benefits to be derived from this proposed sale outweigh the potential damage that could result if sensitive technology were revealed to unauthorized persons.

2. A determination has been made that the recipient can provide substantially the same degree of protection for the sensitive technology being released 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. 02-26636 Filed 10-18-02; 8:45 am]

BILLING CODE 5001-08-C

**DEPARTMENT OF DEFENSE****Office of the Secretary**

[Transmittal No. 03-02]

**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 21 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 03-02 with attached transmittal and policy justification.

Dated: October 15, 2002.

**Patricia L. Toppings,**  
*Alternate OSD Federal Register Liaison  
Officer, Department of Defense.*

BILLING CODE 5001-08-M



## DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

11 OCT 2002

In reply refer to:  
I-02/014148

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. 03-02 and under separate cover the classified offset certificate thereto. This Transmittal concerns the Department of the Navy's proposed Letter(s) of Offer and Acceptance (LOA) to Kuwait for defense articles and service estimated to cost \$131 million. Soon after this letter is delivered to your office, we plan to notify the news media of the unclassified portion of this Transmittal.

Reporting of Offset Agreements in accordance with Section 36(b)(1)(C) of the Arms Export Control Act (AECA), as amended, requires a description of any offset agreement with respect to this proposed sale. Section 36(g) of the AECA, as amended, provides that reported information related to offset agreements be treated as confidential information in accordance with section 12(c) of the Export Administration Act of 1979 (50 U.S.C. App. 2411(c)). Information about offsets for this proposed sale is described in the enclosed confidential attachment.

Sincerely,

A handwritten signature in black ink, appearing to read "Tome Walters, Jr.", is positioned above the typed name.

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

Attachment  
As stated

Separate Cover:  
Offset certificate

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

**Transmittal No. 03-02**

**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:** Kuwait
- (ii) **Total Estimated Value:**
- |                          |                      |
|--------------------------|----------------------|
| Major Defense Equipment* | \$ 0 million         |
| Other                    | <u>\$131 million</u> |
| TOTAL                    | \$131 million        |
- (iii) **Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:** Aerostat balloon/radar system comprised of 71M Low Altitude Surveillance System (LASS) Balloon with a non-MDE version of the AN/TPS-63 radar. Also included in the proposed sale are: Interim AN/TPS-63 radar components, spare LASS balloon, AN/TPS-63 radar component (Tether Up), miscellaneous commercial vehicles, spare and repair parts, supply support, publications and technical documentation, personnel training and training equipment, U.S. Government and contractor technical assistance and other related elements of logistics support.
- (iv) **Military Department:** Navy (LBF)
- (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:** none
- (viii) **Date Report Delivered to Congress:** 11 OCT 2002

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

## **POLICY JUSTIFICATION**

### **Kuwait – Aerostat Radar System**

The Government of Kuwait has requested a possible sale to replace its Aerostat radar system with the Aerostat balloon/radar system comprised of the 71M Low Altitude Surveillance System (LASS) Balloon with a non-MDE version of the AN/TPS-63 radar. Also included in the proposed sale are: Interim AN/TPS-63 radar components, spare LASS balloon, AN/TPS-63 radar component (Tether Up), miscellaneous commercial vehicles, spare and repair parts, supply support, publications and technical documentation, personnel training and training equipment, U.S. Government and contractor technical assistance and other related elements of logistics support. The estimated cost is \$131 million.

The Aerostat system is defensive in nature and will be used as part of Kuwait's early warning system to monitor ground traffic and low-flying aircraft along its borders. The Aerostat is a relatively low technology, fixed site system that Kuwait can easily absorb and utilize within its existing structure. Regional foreign policy and military developments affecting this proposed sale have been carefully considered and the positive features of having a friendly coalition force in the region are a driving force.

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

The principle contractors will be: TCOM in Columbia, Maryland and Northrop Grumman in Baltimore, Maryland. One or more proposed offset agreements may be related to this proposed sale.

Implementation of this proposed sale will require the assignment of 13 contractor representatives to perform Operation and Maintenance in Kuwait for up to 3 years after delivery.

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

[FR Doc. 02-26637 Filed 10-18-02; 8:45 am]

BILLING CODE 5001-08-C

#### **DEPARTMENT OF DEFENSE**

##### **Office of the Secretary**

[Transmittal No. 03-04]

##### **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 21 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 03-04 with attached transmittal, policy justification, and sensitivity of Technology.

Dated: October 15, 2002.

**Patricia L. Toppings,**  
*Alternate OSD Federal Register Liaison Officer, Department of Defense.*

BILLING CODE 5001-08-M