

DEPARTMENT OF DEFENSE**Office of the Secretary**

[Transmittal No. 98-32]

36(b)(1) Arms Sales Notification

AGENCY: Office of the Secretary, Defense Security Assistance Agency, Department of Defense.

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 21 July 1996.

FOR FURTHER INFORMATION CONTACT:

Ms. J. Hurd, DSAA/COMPT/RM, (703) 604-6575.

The following is a copy of a letter to the Speaker of the House of

Representatives, Transmittal 98-32, with attached transmittal, policy justification, and sensitivity of technology pages.

Dated; March 30, 1998.

L.M. Bynum,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

BILLING CODE 5000-04-M



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

20 MAR 1998

In reply refer to:

I-62794/98

Honorable Newt Gingrich
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, we are forwarding herewith Transmittal No. 98-32, concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance (LOA) to Korea for defense articles and services estimated to cost \$40 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 "MS Davison".

MICHAEL S. DAVISON, JR.
LIEUTENANT GENERAL, USA
DIRECTOR

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

Transmittal No. 98-32

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

- (i) Prospective Purchaser: Korea
- (ii) Total Estimated Value:
- | | |
|--------------------------|---------------------|
| Major Defense Equipment* | \$ 38 million |
| Other | <u>\$ 2 million</u> |
| TOTAL | \$ 40 million |
- (iii) Description of Articles or Services Offered:
One hundred twelve Multiple Launch Rocket System extended range (MLRS-ER) rocket pods, one verification testing MLRS-ER rocket pod, spare and repair parts, support equipment, publications and technical documentation, personnel training and training equipment, U.S. Government and contractor technical and logistics personnel services, U.S. Government Quality Assurance Team(s), and other related elements of program support.
- (iv) Military Department: Army (JBA, Amendment 2)
- (v) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None
- (vi) Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold:
See annex attached.
- (vii) Date Report Delivered to Congress: **20 MAR 1998**

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

POLICY JUSTIFICATION

Korea - Multiple Launch Rocket System Extended Range Rocket Pods

The Government of Korea has requested a possible sale of 112 Multiple Launch Rocket System extended range (MLRS-ER) rocket pods, one verification testing MLRS-ER rocket pod, spare and repair parts, support equipment, publications and technical documentation, personnel training and training equipment, U.S. Government and contractor technical and logistics personnel services, U.S. Government Quality Assurance Team(s), and other related elements of program support. The estimated cost is \$40 million.

This proposed sale will contribute to the foreign policy and national security of the United States by helping to improve the security of a friendly country which has been and continues to be an important force for political stability and economic progress in Northeast Asia.

The proposed sale of the MLRS-ER rocket pods will enable the Korean Army to develop a defensive area fire capability to counter hostile long range artillery and rocket systems as well as enhance its interoperability with U.S. forces. Korea will take delivery of 168 MLRS-ER, notified in FY 97, beginning in the fourth quarter of 1998. The country will have no difficulty absorbing these additional rocket pods into its armed forces.

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

The prime contractor will be Lockheed Martin Vought Systems, Dallas, Texas. One or more proposed offset agreements may be related to this proposed sale.

Implementation of this proposed sale will not require any additional contractor representatives in-country. There may be a Quality Assurance Team required for two weeks.

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

Transmittal No. 98-32

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 highest level of classified information required to be released for training, operation and maintenance of the Multiple Launch Rocket System extended range (MLRS-ER) rocket pods is Confidential. The highest level of information which could be revealed through reverse engineering or testing of the end item is Secret. MLRS-ER technical data and information includes Confidential and Secret reports and data, as well as performance and capability data, classified Confidential/Secret.

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

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

[FR Doc. 98-8703 Filed 4-2-98; 8:45 am]

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DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 98-31]

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