

DEPARTMENT OF DEFENSE**Office of the Secretary**

[Transmittal No. 04-01]

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 04-01 with attached transmittal, policy justification, and Sensitivity of Technology.

Dated: October 17, 2003.

Patricia L. Toppings,
*Alternate OSD Federal Register Liaison
Officer, Department of Defense.***BILLING CODE 5001-08-P**



DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

2 OCT 2003
In reply refer to:
I-03/011327

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. 04-01 and under separate cover the classified offset certificate thereto. This Transmittal concerns the Department of the Air Force's proposed Letter(s) of Offer and Acceptance (LOA) to the Czech Republic for defense articles and services estimated to cost \$650 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,


Richard J. Millies
Deputy Director

Attachments

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. 04-01

**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:** Czech Republic
- (ii) **Total Estimated Value:**

Major Defense Equipment*	\$125 million
Other	<u>\$525 million</u>
TOTAL	\$650 million
- (iii) **Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:** 12 F-16A Block 15 Air Defense Fighter aircraft, 2 F-16B Block 10 Operational Capabilities Upgrade (OCU) aircraft, 2 F-16A Block 10 OCU aircraft for cannibalization, 16 Pratt and Whitney F-100-PW-220 engines including 2 spare engines, and 35 LAU-129 launchers. This possible sale could include 20 AIM-120C Advanced Medium Range Air-to-Air Missiles (AMRAAM) and 4,000 rounds of 20mm cannon ammunition. Also provided will be F-16 associated support equipment, spare and repair parts, devices, simulators, ammunition, AMRAAM training missiles, publications and technical documentation, personnel training and training equipment, U.S. Government and contractor engineering and logistics personnel services and other related elements of logistics support to ensure full program supportability for up to 10 years of operational use.
- (iv) **Military Department:** Air Force (SAK, NAA, NAB, and NAC)
- (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 Annex attached
- (viii) **Date Report Delivered to Congress:** 2 OCT 2003

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

POLICY JUSTIFICATION**Czech Republic – F-16A/B Block 10/15 Aircraft**

The Government of Czech Republic has requested a possible sale of 12 F-16A Block 15 Air Defense Fighter aircraft, 2 F-16B Block 10 Operational Capabilities Upgrade (OCU) aircraft, 2 F-16A Block 10 OCU aircraft for cannibalization, 16 Pratt and Whitney F-100-PW-220 engines including 2 spare engines, and 35 LAU-129 launchers. This possible sale could include 20 AIM-120C Advanced Medium Range Air-to-Air Missiles (AMRAAM) and 4,000 rounds of 20mm cannon ammunition. Also provided will be F-16 associated support equipment, spare and repair parts, devices, simulators, ammunition, AMRAAM training missiles, publications and technical documentation, personnel training and training equipment, U.S. Government and contractor engineering and logistics personnel services and other related elements of logistics support to ensure full program supportability for up to 10 years of operational use. The estimated cost is \$650 million.

This proposed sale will contribute to the foreign policy and national security objectives of the United States by improving the military capabilities of the Czech Republic and further weapon system standardization and interoperability with U.S. forces.

The Czech Air Force currently operates MiG-21 aircraft. These former Warsaw Pact fighters are expensive to operate and maintain, lack essential NATO interoperability capabilities, and are nearing the end of their useful service lives. The Czech Republic will use the F-16 aircraft to perform its air defense mission and be a viable air defense provider for its National commitments. It will also enhance NATO interoperability and simultaneously provide operational capabilities. This proposed sale would not impact regional military balance of power.

The principal contractors will be Lockheed Martin Tactical Aircraft Systems of Fort Worth, Texas; Pratt and Whitney of East Hartford, Connecticut; Raytheon Corporation of Lexington, Massachusetts; and United Fastners of Bayshore, New York. One or more proposed offset agreements may be related to this proposed sale.

Implementation of this proposed sale will require the assignment of 1 U.S. Government and 4 contractor representatives for up to 10 years to the Czech Republic.

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

Transmittal No. 04-01

**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 F-16A Block 15 Air Defense Fighter and F-16B Block 10 Operational Capability Upgrade aircraft and Pratt and Whitney F-100-PW-220 engine are all unclassified. The aircraft does not contain "cutting edge" technology.

2. The F-100 engine and the associated component parts used in F-16A/B aircraft are unclassified. However, several manufacturing processes, design practices, and metallurgical fabrication techniques used are advanced technology methods found only with the U.S. propulsion industry. The sale of F-100 engines to Czech Republic will not include the transfer of sensitive technology as the sale does not include sensitive manufacturing, design, or metallurgical processes or information.

3. The AIM-120C Advanced Medium Range Air-to-Air Missile (AMRAAM) is a new generation air-to-air missile. The AIM-120C AMRAAM hardware, including the missile guidance section, is classified Confidential. State-of-the-art technology is used in the missile to provide it with unique beyond-visual-range capability. Significant AIM-120C features include a target detection device with embedded electronic counter-countermeasures, an electronics unit within the guidance section that performs all radar signal processing, mid-course and terminal guidance, flight control, target detection and warhead burst point determination.

4. If a technologically advanced adversary were to obtain knowledge of the above systems, such knowledge could be used in an attempt to develop component countermeasures or systems with similar or advanced capabilities.

5. A determination has been made that Czech Republic can provide essentially 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.