

## Transmittal No. 03-11

**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) (C) Sensitivity of Technology:**

1. The AEGIS Weapon System (AWS) hardware is unclassified, with the exception of the RF oscillator used in the Fire Control transmitter, which is classified Confidential. AEGIS documentation in general is unclassified. However, seven operation and maintenance manuals are classified Confidential, and one AEGIS maintenance manual supplement is classified Secret. The manuals and technical documents are limited to that necessary for operational and organizational maintenance.

2. While the hardware associated with the SPY-1D(V) radar and AN/SQQ-89 Surface Ship Undersea Combat System are unclassified, the computer programs are classified Secret. It is the combination of the SPY-1D(V) and AN/SQQ-89 sonar hardware and the computer programs that constitutes the technology sensitive aspects. The SPY-1D(V) radar and AN/SQQ-89 sonar hardware design and computer program documentation will not be released and the U.S. Navy will perform life cycle maintenance of the AEGIS weapons system computer programs.

3. The SM-2 Block IIIB Standard missiles will result in the transfer of sensitive technology and information as well as classified and unclassified defense equipment and technical data. The Standard missile hardware including: guidance section, Target Detecting Device, warhead, rocket motor, steering control section, safety and arming unit, and auto-pilot battery unit are classified Confidential. Certain operating frequencies and performance characteristics are classified Secret. Confidential documentation to be provided includes: parametric documents, general performance data, firing guidance, dynamics information, and flight analysis procedures.

4. 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 or be used in the development of a system with similar or advanced capabilities.

5. A determination has been made that Japan 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. 03-9459 Filed 4-16-03; 8:45 am]

BILLING CODE 5001-08-C

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

[Transmittal No. 03-14]

**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 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 03-14 with attached transmittal, policy justification, and Sensitivity of Technology.

Dated: April 10, 2003.

**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

10 APR 2003

**In reply refer to:  
I-03/003307**

**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. 03-14, concerning the Department of the Navy's proposed Letter(s) of Offer and Acceptance (LOA) to Australia for defense articles and services estimated to cost \$75 million. Soon after this letter is delivered to your office, we plan to notify the news media.**

**Sincerely,**

A handwritten signature in cursive script, appearing to read "Tome Walters, Jr.".

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

**Attachments**

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

**Transmittal No. 03-14****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:** Australia
- (ii) **Total Estimated Value:**
- |                          |                     |
|--------------------------|---------------------|
| Major Defense Equipment* | \$50 million        |
| Other                    | <u>\$25 million</u> |
| TOTAL                    | \$75 million        |
- (iii) **Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:** up to nine Combat Control System MK2 Block 1C Mod 6 Tactical Subsystems (includes six ship sets, one integration/test/training module, and two engineering design modules), support/test equipment, spare and repair parts, supply support, training, documentation, U.S. Government and contractor technical assistance, and program management support.
- (iv) **Military Department:** Navy (LBR)
- (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:** 10 APR 2003

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

**POLICY JUSTIFICATION****Australia – Combat Control System MK2 Block 1C Mod 6 Tactical Subsystems**

The Government of Australia has requested a possible sale of up to nine Combat Control System (CCS) MK2 Block 1C Mod 6 Tactical Subsystems (includes six ship sets, one integration/test/ training module, and two engineering design modules), support/test equipment, spare and repair parts, supply support, training, documentation, U.S. Government and contractor technical assistance, and program management support. The estimated cost is \$75 million.

This proposed sale will contribute to the foreign policy and national security of the United States by helping to improve the security of an ally which has been and continues to be an important force for political stability and economic progress in the Western Pacific region.

This proposed sale would not affect the military balance within the region. The CCS MK2 will be installed on an already existing fleet of diesel electric submarines, will improve the capabilities of the COLLINS-class submarines, and will enhance interoperability with the U.S. submarine force. The proposed sale of the MK2 CCS is another step in the Royal Australian Navy's commitment to further improving effectiveness of the COLLINS class submarine.

The prime contractor will be Raytheon Integrated Defense Systems of Tewksbury, Massachusetts. There are no offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will require the assignment of two U.S. Government representatives for up to three years to Australia.

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

## Transmittal No. 03-14

### 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 Combat Control System (CCS) MK2 Block 1C Mod 6 contains sensitive technology and has the following classified components, including applicable technical and equipment documentation and manuals: Torpedo and Harpoon engagement software, Target Motion Analysis (TMA) systems, All Sources Contact Management (ASCM) correlation, Weapon Data Converter (WDC) firmware, and Global Command and Control Communication System.

2. The CCS MK2 Block 1C Mod 6 Tactical Subsystem covers system hardware, software and associated documentation. It provides enhancements to achieve combat control commonality, improves maintainability, integrates new weapons capabilities and provides total combat system control of all surveillance and detection, target localization, weapon control, and communication functions.

3. 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 combat system effectiveness or be used in the development of a system with similar or advanced capabilities.

4. A determination has been made that Australia 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. 03-9460 Filed 4-16-03; 8:45 am]  
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#### DEPARTMENT OF DEFENSE

##### Office of the Secretary

#### TRICARE: Termination of the Worldwide TRICARE Transitional Health Care Demonstration Project

AGENCY: Office of the Secretary, DoD.  
ACTION: Notice.

**SUMMARY:** Section 736 of the National Defense Authorization Act for Fiscal Year 2002 (NDAA-02), Pub. L. 107-107, eliminated transitional health care coverage for dependents of certain separating active duty members. On June 12, 2002, a **Federal Register** notice was published that created the Worldwide TRICARE Transitional Health Care Demonstration Project. The Demonstration provided eligibility for TRICARE transitional health care

coverage to dependents excluded in the NDAA-02. The Notice stated that the Demonstration was to be in effect for 2 years or until rescinded by another authority.

Section 706 of the National Defense Authorization Act for Fiscal Year 03 re-inserted transitional health care coverage for dependents and deemed the provision to have been enacted as part of Section 736 of the NDAA-02 (retroactive to December 28, 2001). Consequently, the Worldwide TRICARE Transitional Health Care Demonstration Project is terminated.

**EFFECTIVE DATE:** December 28, 2001.

**FOR FURTHER INFORMATION CONTACT:** Ann N. Fazzini, Health Care Program Specialist (Reimbursement), TRICARE Management Activity, 16401 E. Centretech Parkway, Aurora, CO 80011-9066, telephone (303) 676-3803.

Dated: April 11, 2003.

**L.M. Bynum,**

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

[FR Doc. 03-9452 Filed 4-16-03; 8:45 am]

BILLING CODE 5001-08-M

#### DEPARTMENT OF DEFENSE

##### Department of the Army; Corps of Engineers

#### Intent To Prepare a Draft Environmental Impact Statement for Coastal Storm Damage Reduction, Barrow, AK

AGENCY: Department of the Army, U.S. Army Corps of Engineers, DoD.

ACTION: Notice of intent.

**SUMMARY:** The U.S. Army Engineer District, Alaska, intends to prepare a Draft Environmental Impact Statement (DEIS) for the construction of coastal storm damage reduction measures at