

DEPARTMENT OF DEFENSE**Office of the Secretary****[Transmittal No. 02-03]****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 P.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 02-03 with attached transmittal, policy justification, and Sensitivity of Technology.

Dated: October 19, 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

4 October 2001

In reply refer to:
I-01/011028

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, we are forwarding herewith Transmittal No. 02-03, concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance (LOA) to Canada for defense articles and services estimated to cost \$43 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 Walters", is positioned above the typed name.

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

Attachments

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

Transmittal No. 02-03

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

- (i) **Prospective Purchaser:** Canada
- (ii) **Total Estimated Value:**
- | | |
|--------------------------|---------------------|
| Major Defense Equipment* | \$31 million |
| Other | <u>\$12 million</u> |
| TOTAL | \$43 million |
- (iii) **Description of Articles or Services Offered:** Components of the TOW Improved Target Acquisition System (ITAS): 75 TOW Target Acquisition System, 75 Fire Control Systems, support equipment, spare and repair parts, publications and technical data, personnel training and equipment, U.S. Government and contractor engineering and logistics personnel services, a Quality Assurance Team, and other related elements of logistics support.
- (iv) **Military Department:** Army (ZTK)
- (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:** 04 OCT 2001

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

POLICY JUSTIFICATION**Canada - TOW-2B Target Acquisition System**

The Government of Canada has requested a possible sale for the components of the TOW Improved Target Acquisition System (ITAS): 75 TOW Target Acquisition System, 75 Fire Control Systems, support equipment, spare and repair parts, publications and technical data, personnel training and equipment, U.S. Government and contractor engineering and logistics personnel services, a Quality Assurance Team, and other related elements of logistics support. The estimated cost is \$43 million.

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

Canada will use these ITAS components on their Light Armored Vehicles. The system will greatly enhance the coalition efforts within the region. Canada, which already has ITAS in its inventory, will have no difficulty absorbing these additional components.

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

The prime contractor will be of Raytheon Corporation of McKinney, Texas. There are no offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will require the assignment of a U.S. Government Quality Assurance Team to Canada for a week to assist in the delivery and deployment of the missiles. Four contractor representatives will be required for two years to perform maintenance services.

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

Transmittal No. 02-03**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 TOW Improved Target Acquisition System (ITAS) increases target acquisition, detection, recognition, and engagement ranges, while retaining the ability to fire all configurations of the TOW missiles when used in the stand-alone mode or when mounted on the light armored vehicle. ITAS uses a second-generation, forward-looking, infrared night vision sight, digital components, and an eye-safe laser range finder to address the weather and day/night capabilities. Key features that achieve the ITAS objectives include auto-boresight, aided tracking, embedded training, and traversing unit modifications. The TOW ITAS is unclassified; however, the documentation is Classified.

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

3. A determination has been made that Canada 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. 01-26847 Filed 10-24-01; 8:45 am]
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DEPARTMENT OF DEFENSE**Office of the Secretary**

[Transmittal No. 02-08]

36(b)(1) Arms Sales Notification

AGENCY: Department of Defense, Defense Security Cooperation Agency.

ACTION: Notice.

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The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 02-08 with attached transmittal and policy justification.

Dated: October 19, 2001.

L.M. Bynum,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

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