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DEPARTMENT OF DEFENSE **Billing Code 5001-06**

Office of the Secretary

(Transmittal Nos. 12-54)

36(b)(1) Arms Sales Notification

AGENCY: Defense Security Cooperation Agency, DoD.

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. B. English, DSCA/DBO/CFM, (703) 601-3740.

SUPPLEMENTARY INFORMATION: The following is a copy of a letter to the Speaker of the House of Representatives, Transmittals 12-54 with attached transmittal and policy justification.

Dated: September 26, 2012

Morgan F. Park
Alternate OSD Federal Register Liaison Officer
Department of Defense

DEFENSE SECURITY COOPERATION AGENCY
201 12TH STREET SOUTH, STE 203
ARLINGTON, VA 22202-5408

The Honorable John A. Boehner
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 12-54, concerning the Department of the Air Force's proposed Letter(s) of Offer and Acceptance to Mexico for defense articles and services estimated to cost $412 million. After this letter is delivered to your office, we plan to issue a press statement to notify the public of this proposed sale.

Sincerely,

FOR William E. Landay, III
Vice Admiral, USN
Director

Enclosures:
1. Transmittal
2. Policy Justification

Transmittal No. 12-54

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: Mexico

(ii) Total Estimated Value:

Major Defense Equipment*	$221 million
Other	$191 million
TOTAL	$412 million

(iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase: 2 C-130J-30 aircraft, 10 AE2100D3 engines (8 installed and 2 spare), aircraft modifications, Government Furnished Equipment, communication equipment, spare and repair parts, support and test equipment, publications and technical documentation, personnel training and training equipment, U.S. Government and contractor engineering, technical and logistics support services, and other related elements of logistical and program support.

(iv) Military Department: Air Force (MX-D-SAB)

(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:

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

POLICY JUSTIFICATION

Mexico – C-130J-30 Aircraft

The Government of Mexico has requested a sale of 2 C-130J-30 aircraft, 10 AE2100D3 engines (8 installed and 2 spares), aircraft modifications, Government Furnished Equipment, communication equipment, spare and repair parts, support and test equipment, publications and technical documentation, personnel training and training equipment, U.S. Government and contractor engineering, technical and logistics support services, and other related elements of logistical and program support. The estimated cost is $412 million.

This proposed sale will contribute to the foreign policy and national security of the United States by helping to improve Mexico's fight against criminal organizations, drugs, and gang activities in support of the internal security of Mexico. This proposed sale directly supports the Mexican government and serves the interests of the Mexican people and the U.S.

The proposed sale of C-130J's to Mexico will significantly increase the Mexican Air Force's capability to provide in-country airlift for the Government of Mexico. Mexico intends to utilize these aircraft to transport supplies, vehicles, and personnel in support of counter illicit-trafficking operations, humanitarian efforts, and presidential movement support airlift. Mexico, which already operates a mix of legacy C-130s, will have no difficulty absorbing these aircraft into its inventory and has requested that the sale include three years of training and sustainment in order to ensure a smooth transition.

The proposed sale of these aircraft and support will not alter the basic military balance in the region.

The prime contractor will be Lockheed Martin-Aerospace in Marietta, Georgia. There are no known offset agreements in connection with this potential sale.

Implementation of this proposed sale will require the assignment of four contractor representatives and four Field Service Representatives (two from Lockheed Martin and two from Rolls Royce) for a period of three years. Also, U.S. government personnel will be assigned to the area for a period of three years to assist the purchaser in establishing a supply system in support of flight operations, supply management, inventory control, and documentation procedures.

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

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