



Billing Code: 5001-06

DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 17-18]

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 July 21, 1996.

FOR FURTHER INFORMATION CONTACT: Kathy Valadez, (703) 697-9217 or Pamela Young, (703) 697-9107; DSCA/DSA-RAN.

The following is a copy of a letter to the Speaker of the House of Representatives,
Transmittal 17-18 with attached Policy Justification.

Dated: April 24, 2017.

Aaron Siegel,
Alternate OSD Federal Register Liaison Officer,
Department of Defense.



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

APR 19 2017

The Honorable Paul D. Ryan
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. 17-18, concerning the Air Force's proposed Letter(s) of Offer and Acceptance to Canada for defense articles and services estimated to cost \$195 million. After this letter is delivered to your office, we plan to issue a news release to notify the public of this proposed sale.

Sincerely,

A handwritten signature in black ink, appearing to read "J. W. Rixey".

J. W. Rixey
Vice Admiral, USN
Director

Enclosures:

1. Transmittal
2. Policy Justification



Transmittal No. 17-18

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: Government of Canada

(ii) Total Estimated Value:

Major Defense Equipment*	\$ 0 million
Other	<u>\$195 million</u>
TOTAL	\$195 million

(iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:

Major Defense Equipment (MDE): None

Non-MDE:

Non-MDE items and services under consideration for sale are follow-on support for five (5) CC177 aircraft (Canada's designator for the C-17), including contractor logistics support (CLS) provided through the Globemaster III Integrated Sustainment Program (GISP), in-country field services support, alternate mission equipment, major modification and retrofit, software support, aircraft maintenance and technical support, support equipment, personnel training and training equipment, additional spare and repair parts, publications and technical documentation, and other U.S. Government and contractor engineering, logistics and program support.

(iv) Military Department: Air Force (QCR)

(v) Prior Related Cases, if any: CN-D-QZZ - \$1.3B – 15 Nov 06

(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: April 19, 2017

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

POLICY JUSTIFICATION

Government of Canada – Sustainment Support for C-17 Aircraft

The Government of Canada has requested a possible sale of follow-on support for five (5) CC177 aircraft (Canada's designator for the C-17), including contractor logistics support (CLS) provided through the Globemaster III Integrated Sustainment Program (GISP), in-country field services support, aircraft maintenance and technical support, support equipment, alternate mission equipment, software support, spares, personnel training and training equipment, U.S. Government and contractor engineering and logistics support services, publications and technical documentation, and major modification and retrofit kits support. The total estimated program cost is \$195 million.

This proposed sale will contribute to the foreign policy and national security objectives of the United States by sustaining the military capabilities of Canada, a NATO ally that has been, and continues to be, an important force for ensuring political stability and economic progress in the world, including through its involvement in military, peacekeeping, and humanitarian operations. The sustainment of Canada's C-17s will ensure the country's continued capability to rapidly deploy its forces, as well as the continued interoperability between the U.S. and Canadian Air Forces' C-17s.

The proposed sale of defense articles and services is required to maintain the operational readiness of the Royal Canadian Air Force C-17 aircraft. Canada's current contract supporting its five (5) C-17s will expire on 20 September 2017. The Royal Canadian Air Force will have no difficulty absorbing this support.

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

Sources of supply will award contracts when necessary to provide the defense articles ordered if items ordered are not available from U.S. stock or are considered lead-time away.

The prime contractor will involve the following contractors:

- Boeing Company, Long Beach, California
- Boeing Company Training Systems, St. Louis, Missouri
- Lockheed Martin Corporation/MFC, Lexington, Kentucky

There are no known offsets. Any offset agreements will be defined in negotiations between the purchaser and the contractor.

Implementation of this proposed sale will not require the assignment of any additional U.S. Government or contractor representatives to Canada. There is an on-going foreign military sales case providing C-17 sustainment services. There are currently 13 contractors from Boeing in-country providing contractor technical services support on a continuing basis.

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