



Billing Code: 5001-06

**DEPARTMENT OF DEFENSE**

**Office of the Secretary**

**[Transmittal No. 16-75]**

**36(b)(1) Arms Sales Notification**

**AGENCY:** Defense Security Cooperation Agency, Department of Defense.

**ACTION:** Notice.

**SUMMARY:** The Department of Defense is publishing the unclassified text of a section 36(b)(1) arms sales notification.

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

**SUPPLEMENTARY INFORMATION:** This 36(b)(1) arms sales notification is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996. The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 16-75 with attached Policy Justification and Sensitivity of Technology.

Dated: July 13, 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

JUN 29 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. 16-75, concerning the Department of the Air Force proposed Letter(s) of Acceptance to the Taipei Economic and Cultural Representative Office in the United States for defense articles and services estimated to cost \$400 million. After this letter is delivered to our office, we plan to issue a news release to notify the public of this proposed sale.

Sincerely,

J. W. Rixey  
Vice Admiral, USN  
Director

Enclosures:

1. Transmittal
2. Policy Justification
3. Sensitivity of Technology



Transmittal No. 16-75

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: Taipei Economic and Cultural Representative Office  
(TECRO) in the United States

(ii) Total Estimated Value:

Major Defense Equipment	\$0 million
(MDE)* Other	<u>\$400 million</u>
TOTAL	\$400 million

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

Non-MDE includes: Follow-on sustainment package for the Surveillance Radar Program (SRP) that includes contractor logistics support (sustainment); engineering services and technical updates to address equipment obsolescence; transportation and material costs associated with contractor repair and return services; 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 (QAP)

(v) Prior Related Cases, if any: TW-D-DAH - \$831 million – 27 Oct 2004; TW-D-QAI - \$370 million – 25 May 2012.

(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 Attached Annex

(viii) Date Report Delivered to Congress: 29 JUN 2017

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

## POLICY JUSTIFICATION

### Taipei Economic and Cultural Representative Office (TECRO) in the United States - Surveillance Radar Program (SRP) Operation and Maintenance Support

TECRO requested a possible sale of SRP Operations and Maintenance follow-on sustainment package that includes, contractor logistics support (sustainment); engineering services and technical updates to address equipment obsolescence; transportation and material costs associated with contractor repair and return services; 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 total estimated program cost is \$400 million.

This proposed sale is consistent with United States law and policy as expressed in Public Law 96-8.

This proposed sale contributes to the foreign policy and national security of the United States by helping to improve the security and defensive capability of the recipient, which has been and continues to be an important force for political stability, military balance, and economic progress in the region.

The proposed sale improves the recipient's capability to provide early warning against current and future airborne threats. The SRP is a key component to the recipient's Command, Control, Communications, Computers, Intelligence Surveillance and Reconnaissance architecture. It will use the requested updates and sustainment as a defensive deterrent to regional threats and to strengthen its homeland defense. This potential sale will not introduce new capabilities, but will continue a similar sustainment package to one currently in place.

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

Currently, market research is being conducted to determine the viability of a qualified contractor in accordance with Federal Acquisition Regulations. The purchaser typically requests offsets, but any offsets will be determined 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 outside the United States.

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

## Transmittal No. 16-75

Notice of Proposed Issuance of Letter of  
Offer Pursuant to Section 36(b)(1)  
of the Arms Export Control  
ActAnnex  
Item No. vii(vii) Sensitivity of Technology:

1. The purchaser currently owns an Early Warning Radar (EWR) that serves as a critical element to its Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR) infrastructure. The radars provide a robust capability to detect, acquire, and track theater ballistic missiles, air breathing targets, and cruise missile threats. The system is able to operate in severe clutter and jamming environments amid high levels of background radio frequency interference. The follow on sustainment package requested will not introduce new capabilities.

2. The highest classification of the hardware to be exported is UNCLASSIFIED. The highest classification of the technical documentation to be exported is SECRET. There are technical manuals as well as Engineering Change Proposals, drawings, and specifications required as part of the sustainment updates. Components requiring depot level maintenance will be shipped to the U.S. for servicing. The highest level of software to be exported is UNCLASSIFIED.

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

4. This sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification. Moreover, the benefits to be derived from this sale, as outlined in the Policy Justification, outweigh the potential damage that could result if the sensitive technology were revealed to unauthorized persons.

5. All defense articles and services listed in this transmittal are authorized for release and export to the Taipei Economic and Cultural Representative Office (TECRO) in the United States.

1.