



Billing Code: 5001-06

DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 17-40]

Arms Sales Notification

AGENCY: Defense Security Cooperation Agency, Department of Defense.

ACTION: Arms sales notice.

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

FOR FURTHER INFORMATION CONTACT: Pamela Young, (703) 697-9107, pamela.a.young14.civ@mail.mil or Kathy Valadez, (703) 697-9217, kathy.a.valadez.civ@mail.mil; 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 17-40 with attached Policy Justification and Sensitivity of Technology.

Dated: July 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

JUL 10 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. 17-40, concerning the Army's proposed Letter(s) of Offer and Acceptance to the Government of the Netherlands for defense articles and services estimated to cost \$58.2 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 blue ink, appearing to read "J. W. Rixey".

J. W. Rixey
Vice Admiral, USN
Director

Enclosures:

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



Transmittal No. 17-40

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: The Government of the Netherlands

(ii) Total Estimated Value:

Major Defense Equipment*	\$30.0 million
Other	\$28.2 million

TOTAL	\$58.2 million
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(iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:

Foreign Military Sales (FMS) case NE-B-WGC for Aircraft Survivability Equipment (ASE) for the Netherlands' AH-64D Apache helicopters, was below the congressional notification threshold at \$8.2M (all non-MDE) and included a total of thirty-three (33) AN/AVR-2B laser detecting sets and communications, logistics and support equipment. The Netherlands has requested the case be amended to include the Common Missile Warning Systems (CMWS). This amendment, which will add \$30M of MDE and \$20M of non-MDE, will push the current case above the congressional notification threshold, requiring notification of the entire case before the amendment can be offered.

Major Defense Equipment (MDE):

Thirty-two (32) AN/AAR-57A(V)7 Common Missile Warning Systems (CMWS)

Non-MDE:

Thirty-three (33) AN/AVR-2B laser detecting sets, mission equipment, hardware and services required to implement customer unique post modifications, communications and navigation equipment, special tools and test equipment, ground support equipment, technical data, publications, MWO/ECP, technical assistance, and training, and other related elements of logistics and program support.

(iv) Military Department: Army (XX-B-WGC Amend 1)

(v) Prior Related Cases, if any: NE-B-WES

(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: July 10, 2017

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

POLICY JUSTIFICATION

Government of the Netherlands –AN/AAR-57A(V)7 Common Missile Warning System (CMWS)

The Government of the Netherlands has requested the possible sale of thirty-two (32) AN/AAR-57A(V)7 Common Missile Warning Systems (CMWS). This would be in addition to the thirty-three (33) AN/AVR-2B laser detecting sets with various support elements included in an earlier FMS case valued at \$8.2M. Also included in the amended FMS case would be mission equipment, hardware and services required to implement customer unique post modifications, communication and navigation equipment, special tools and test equipment, ground support equipment, technical data, publications, MWO/ECP, technical assistance, and training, and other related elements of logistics and program support. The estimated total case value is \$58.2 million.

This proposed sale will enhance the foreign policy and national security objectives of the United States by helping to improve the security of the Netherlands which has been, and continues to be an important force for political stability and economic progress in Europe. It is vital to the U.S. national interest to assist the Netherlands to develop and maintain a strong and ready self-defense capability.

The proposed sale will improve the Netherlands' capability to meet current and future threats and will be employed on the Netherlands' AH-64D Apache helicopters. The Netherlands will use the enhanced capability to strengthen its homeland defense, deter regional threats, and provide direct support to coalition and security cooperation operations. The Netherlands will have no difficulty absorbing these systems into its armed forces.

The proposed sale of these systems will not alter the basic military balance in the region.

The principal contractor will be BAE Systems, Nashua, NH. There are no known offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will not require the assignment of any additional U.S. Government personnel or contractor representatives to the Netherlands.

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

Transmittal No. 17-40

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 AN/AAR-57A(V)7 CMWS is the detection component of the suite of countermeasures designed to increase survivability of current generation combat aircraft and specialized special operations aircraft against the threat posed by infrared guided missiles.
 2. The KIV-77, is a Common Crypto Applique for Identification Friend or Foe (IFF) that provides Mode 4/5 capability. The KIV-77 can be removed from the host and stored as an UNCLASSIFIED Controlled Cryptographic Item (CCI).
 3. A determination has been made that the Government of the Netherlands can provide substantially the same degree of protection for the sensitive technology being released as the U.S. Government. This proposed sale is necessary to the furtherance of the U.S. foreign policy and national security objectives outlined in the policy justification.
 4. All defense articles and services listed in this transmittal are authorized for release and export to the Government of the Netherlands.
- [FR Doc. 2017-15832 Filed: 7/26/2017 8:45 am; Publication Date: 7/27/2017]