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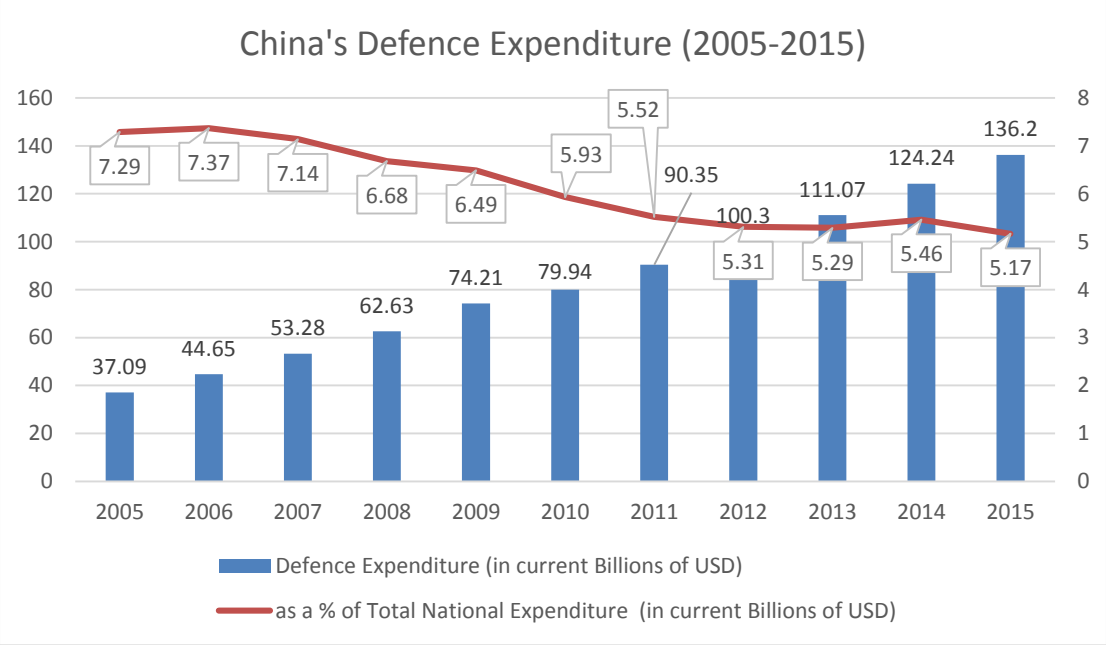
Part I: China

Part II: Epicos Newsroom

China: Defence Budget and Defence Procurements

MINISTRY OF NATIONAL DEFENSE
THE PEOPLE'S REPUBLIC OF CHINA

According to the official data published by the National Bureau of Statistics of China (see following figure), the expenditure of the country on National Defence, has been constantly rising over the period 2005-2015. More specifically, since 2005, when some 37.09 billion of current US $ were invested in the associated directions, the country's expenditure has more than tripled, to reach some 124.24 billion of current US $, in 2014. This trend was further reinforced in 2015, when defence budget reached 136.2 billion of current US $. On the other hand, the percentage (%) of the overall National Expenditure allocated for National Defence purposes, has actually dropped from around the 7% figure on average over the period 2005-2009 to some 5.5%, on average, over the period 2010-2014, to 5.17% in 2015.



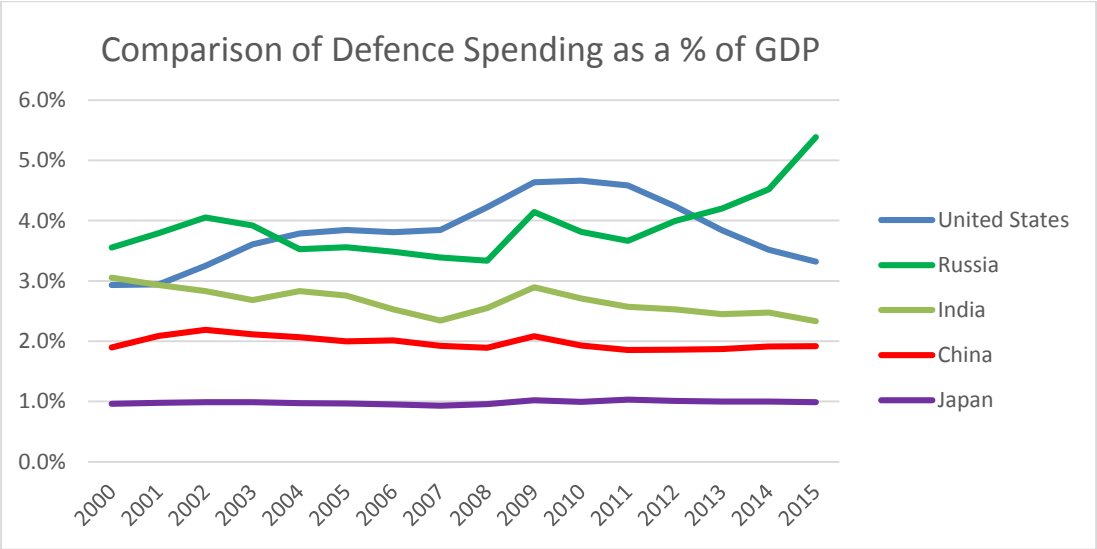
Source: National Bureau of Statistics of China

It must be stressed that particularly for China, the official figures released and those of other sources reporting on defence spending (e.g. the Stockholm International Peace Research Institute (SIPRI)), vary considerably, and often China has been accused of not providing sufficient transparency with regards to its spending in this direction.

Nevertheless, it is commonly acknowledged that China's defence spending is the 2nd highest worldwide, only behind that of the United States (US). In addition, US defence spending has been falling since 2012, each year, while China's defence expenditure continued to rise steadily over the same period. As a result, the gap between the 2 countries' defence expenditure is closing, albeit that it is still very sizable (in 2015, it was estimated that US defence expenditure was still some 3 times greater than that of China for the same year).

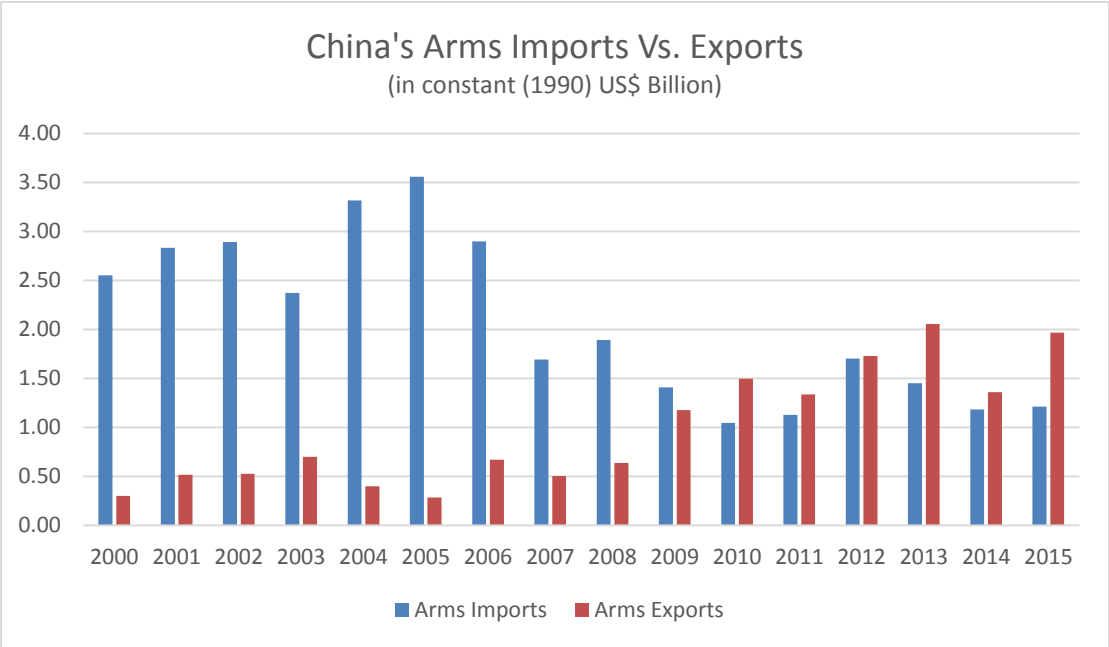
On the other hand though, according to SIPRI data, the % of the GDP spent by China on defence has remained quite constant over the last 15 years (2000-2015), and is still

considerably below those of the United States, Russia and India, but still about double that of Japan.



Source: SIPRI

According to the Stockholm International Peace Research Institute's (SIPRI), February 2016 Fact Sheet, "Trends In International Arms Transfers, 2015", Chinese exports of major arms increased by 88%, between the periods 2006–10 and 2011–15 (see following figure). More specifically, since 2010, China's revenues from arms exports, have surpassed the cost of respective imports from abroad, while the contrary was the case for at least the previous decade (2000-2009). More specifically, the country's arms imports decreased by 25% between 2006–10 and 2011–15. While in the early-2000s China was by far the largest importer of arms worldwide, it dropped to 3rd place in the period 2011–15.



Source: SIPRI

Further, most notably, China's share of global arms exports, rose from 3.6% (2006-10) to 5.9% (2011-2015). All in all, China supplied major arms to 37 countries worldwide, over the period 2011–15, however some 75% of these exports were to countries from Asia and Oceania. In fact, the exports of Chinese arms to countries from these regions, exhibited the largest growth over the period 2011–15, namely being 139% higher than the respective exports over the period 2006–10. Pakistan was the main recipient of Chinese arms exports over the period, accounting for 35%, followed by Bangladesh with 20% and Myanmar with 16%.

Nevertheless, according to SIPRI data, China still remains partly dependent on imports for some key defence items, including large transport aircraft and helicopters (mostly from Russia), and engines for aircraft, vehicles and ships. Characteristically, engines accounted for 30% of China's arms imports over the period 2011–15. In addition, in 2015 the country signed orders for 4 to 6 air defence systems (S-400 Triumph) and 24 combat aircraft (Sukhoi Su-35 multirole fighter jets) from Russia, indicating that it is not yet self-sufficient as far as such items. In terms of arms suppliers to China, traditionally Russia continued to rank as the primary supplier over the period (2011-2015), with 59%, followed by France with 15% and Ukraine with 14%.

China's armed forces comprise of the People's Liberation Army Ground Forces (PLA), consisting of some 1.6 Million troops, the People's Liberation Army Navy (PLAN), with some 235,000 personnel, the People's Liberation Army Air Force (PLAAF) with some 398,000 personnel and the People's Liberation Army Rocket Force (PLARF), with a further 100,000 active staff. Altogether, the sum of the country's regular forces amount to some 2,333,000 personnel (2015 estimate), and in addition there are the PLA reserves, of some 510,000 members.

In the last couple of decades, notably China has been investing in defence programs and weapons' acquisitions, with the aim to extend the range of its power projection, as also in operations in 'critical' pillars for advanced defence capabilities, such as cybersecurity, satellite communications and space operations, as well as electronic warfare. The PLA, equipped with the latest weapons under production indigenously, will be able to conduct military operations in the Asia-Pacific region, beyond Taiwan, in the South China Sea, the Western Pacific, and the Indian Ocean. Key systems that have been either deployed or are under development with the PLA in this direction include:

- Ballistic missiles (e.g. the silo-based CSS-4, the solid-fuelled, road-mobile CSS-5 (anti-ship) and CSS-10, the extended range CSS-11, etc).
- Anti-ship (e.g. the YJ-18, the YJ-83) and land attack (e.g. CJ-10) cruise missiles.
- Nuclear submarines (Types 093 and 094).
- Modern surface ships (e.g. the Type 056 Jiangdao-class corvette, the Type 052D Luyang II class guided missile destroyer, the Type 071 Yuzhao-class amphibious transport docks, the Type 054A Jiangkai II frigates).
- An aircraft carrier (the Liaoning, Type 001).

The PLA's Naval force is expected to be further strengthened with the construction on the new Type 081-class landing helicopter assault ship, as well as several aircraft carriers (Type 001A), over the next years.

In terms of aerial assets, China is developing advanced 4th and 5th generation aircraft (e.g. the Shenyang J-16, the Chengdu J-20 and the Shenyang J-31, the first introduced in 2013, and the 2nd and 3rd expected to be introduced in 2018/19), which incorporate stealth/low-observable technology, carbon fibre and other specialty materials, and has introduced recently (July 2016) its first indigenously produced heavy-lift military transport aircraft (the Xian Y-20). As far as UAVs, China is investing heavily in such systems, as is the trend in all advanced countries, with over a dozen reported programmes underway. In this direction, AVIC (Aviation Industry Corporation of China) holds an annual competition (the "AVIC Cup—International UAV Innovation Grand Prix") for new UAV concepts, since 2012. Participants typically include some of China's leading engineering schools. On the other hand, the indigenous Sky Hawk-1 (SH-1) stealth multirole long-range tactical UAV (developed by China Aerospace Science and Industry Corporation (CASIC)), first demonstrated in 2010, is now in service with the PLA. Further, AVIC has developed the Pterodactyl 1, a Medium-Altitude Long-Endurance (MALE) UAV, comparable to the US RQ-1 Predator, in addition to a number of other advanced UAV concepts, including a vertical take-off platform. The Pterodactyl 1 is also in service with the PLA and has already achieved reported exports sales to Saudi Arabia, the UAE, Egypt, Nigeria and Kazakhstan.

In general it is noted that China's defence investments in recent times, prioritize missile and space programs, followed by the development of naval assets and aircraft, and, lastly, land force materiel. China is developing and producing increasingly advanced military systems, through a combination of investments in accessing foreign designs, as well as through reverse engineering, combined with strategically planned indigenous systems development. In parallel, the local defence industry is drastically improving upon the quality and reliability of the produced systems, while at the same time increasing overall production capacity.

More specifically, in January 2006, the country adopted a 15-year plan (for the period 2006-2020), titled the "Medium- and Long-Term Program for Science and Technology Development", which was aimed at transforming China into an "innovation-oriented society by 2020" and a "world leader in science and technology (S&T) by 2050". This plan outlines China's science and technology focus areas in terms of "basic research", "leading-edge technologies", "key fields and priority subjects" and "major special projects", many of which have an impact on defence, as follows:

- Basic Research: The 5 areas with military extensions identified in the associated plan as "major strategic needs", requiring 'active' government involvement and funding, were:
    - Material design and preparation
    - Manufacturing in extreme environmental conditions
    - Aeronautic and astronautic mechanics
    - Information technology development

  - Nanotechnology research

- Leading-edge Technologies: Such technologies identified in the 15-year plan as 'priority' for rapid development, include:
  - *Information Technology*: As far as intelligent sensing, ad-hoc networks and virtual reality.
  - *New Materials*: Smart materials and structures, high-temperature superconduction and highly efficient energy material.
  - *Advanced Manufacturing*: Extreme manufacturing and 'intelligent' service robots.
  - *Advanced Energy Technologies*: Hydrogen energy and fuel cell technologies, alternative fuels and advanced vehicle technologies.
  - *Marine Technologies*: 3-D maritime environment monitoring, fast, multi-parameter ocean floor survey and deep-sea operations' technology.
  - *Laser and Aerospace Technologies*: Chemical and solid-state laser technology, as weapon systems to be integrated on ground-based and/or airborne platforms.
- Key Fields and Priority Subjects: Industries and technology groups which could lead to technological breakthroughs, remove technical obstacles and improve international competitiveness, were identified. As a consequence, the indigenous defence industry is pursuing advanced manufacturing, information-based and defence technologies (e.g. radar, space capabilities, secure C4ISR, smart materials and low-observable technologies).
- Major Special Projects: 16 'fundamental' such directions in which the country needs to focus its efforts for the further development of its current capabilities were identified. These included items such as: core electronic components, high-end universal chips and operating system software, very large-scale integrated circuit manufacturing, next-generation broadband wireless mobile communications, high-grade numerically controlled machine tools, large passenger aircraft, high resolution earth observation systems, manned space flights, and the moon probe.

China: Defence Industry, Capabilities and International Cooperative Schemes

China's defence industry has undergone major transformation since the late 1990s and continues to do so, as its companies and research institutes re-organize in order to improve their performance as far as military systems R&D, as well as related production capabilities. Moreover, the government continues its efforts to improve the business 'environment' and to eliminate bureaucracy, while the industry works on reducing development timelines and on enhancing its quality standards.

As of 1998, a comprehensive strategy for improving indigenous industrial capabilities in the defence sector has been in place. This strategy aimed to achieve modernization in key capabilities' areas, as well as attaining greater civil-military industrial integration, so as to make better use of under development dual-use technologies, as also the acquisition of advanced foreign defence equipment and materiel. The 1998 reforms, also lead to the establishment of the new COSTIND (or SCOSTIND as is referred to by some, so as to distinguish from the previous COSTIND), i.e. the State Commission for Science, Technology and Industry for National Defence. COSTIND was to be responsible for the country's defence industry, including related policy and objectives formulation, its restructuring, development, disciplinary management, regulations, quality control, international cooperation and R&D. In addition, the State Council, in 1999, implemented a number of structural reforms within defence industries, so as to promote competition and efficiency, and to align the defence industry's output to the PLA's operational requirements.

All 5 major state-controlled defence groups of that time, were split into two entities, via which, in parallel, both defence and civilian products would be produced, elevating the level of domestic competition and military production output. COSTIND was to coordinate the activities of the 10 resulting entities, namely consisting in:

- China National Nuclear Corporation
- China Nuclear Engineering & Construction Group Corporation
- China Aerospace Science and Technology Corporation
- China Aerospace Machinery and Electronics Corporation
- China Aviation Industry Corporation-I
- China Aviation Industry Corporation-II
- China State Shipbuilding Corporation
- China Shipbuilding Industry Corporation
- China North Industries Group Corporation
- China South Industries Group Corporation

Through this 'radical' approach, 'unobstructed' access to both defence and dual-use technologies was to be made possible, which in turn could be used to boost indigenous

military production. In addition, revenues from commercial sales, could serve so as to fund defence-related activities.

In addition, COSTIND was tasked with the administration of a number of institutes of higher education, with ties to the local Aerospace and Defence industry's activities, including:

- The Beijing University of Aeronautics and Astronautics
- The Beijing University of Science and Technology
- The Nanjing University of Aeronautics and Astronautics
- The Northwestern Polytechnical University
- The Nanjing University of Science and Technology
- The Harbin Institute of Technology
- The Harbin Engineering University

In 2008, a new 'super' ministry, was established by the government, namely the Ministry of Industry and Information Technology (MIIT). MIIT was tasked with empowering greater civil-military integration and overseeing the development of advanced technologies. COSTIND that was integrated under the MIIT, was renamed and restructured at that time, into the State Administration for Science, Technology and Industry for National Defence (SASTIND), with much the same responsibilities as the former COSTIND.

The continued pursuit of integration between the defence and civilian sectors' activities, was aimed at leveraging the results of the expanding science and technology base of the country, for the benefit of local defence production. To this end, a number of local defence entities, have since established research institutes with academic departments, a few of which are able to issue advanced degrees for their students. In this fashion, related scientific research can be targeted at innovative military technologies and deliver scientists and engineers who will further support and 'fuel' future defence-oriented R&D and production programs.

It is further understood that major Chinese information technology companies, operating in the civil sector, such as Huawei Technologies Co., Datang Telecom Technology & Industry Group and ZTE (Zhong Xing Telecommunication Equipment) Co., maintain close ties with the PLA and collaborate with its various branches, on associated R&D programmes.

Another organisation that plays a 'pivotal' role in the development of innovative technologies for use by the domestic defence industry, is China's Academy of Sciences (CAS). More specifically, the CAS's Institute of Mechanics, established with the aim to pursue innovation and advanced-technologies' integration in the aerospace, oceanic, environmental, and energy domains, focusses amongst other items, on nano/micro-scale mechanics, microsystems, high temperature gas dynamics and supersonic flight technologies, as well as advanced manufacturing. The institute further operates as of March 2014, the reportedly largest worldwide hypersonic wind tunnel (the JF-12). This wind tunnel allows the simulation of flying conditions at speeds from Mach 5, up to Mach 9.

Another similar entity, is the Chinese Academy of Engineering (CAE). This organisation is tasked with conducting strategic studies, providing consultancy services to support governmental decision-making with respect to 'key' matters in the engineering and

technological sciences fields, as well as to promote the development and take-up of associated research results.

With China projected to become the largest civil aviation market in the coming decades, the major aircraft manufacturers are all heavily investing in the country, with the aim to grab a 'bigger slice of the pie'.

Airbus has established an A320 Family Final Assembly Line in Tianjin, since 2008, as part of a joint venture with the Tianjin Free Trade Zone (TJFTZ) and the Chinese Aviation Industry Corporation (AVIC). In 2016, the set-up of a further A330 Family Final Assembly Line, on the same site, was underway. In terms of helicopter production, likewise, Airbus Helicopters (and its predecessors) had/have established several cooperation agreements for the licensed production in China of the AS365 Dauphin/Z-9, the EC120/HC120 Colibri, the H175/AC352, and most recently, the H135 helicopters. In June 2016, a Chinese consortium ordered 100 H135 helicopters, becoming the first customer from China for the helicopter, resulting in the formation of an industrial partnership for the launch of an H135 Final Assembly Line, in Qingdao. This historic agreement followed the production contract for the development of the H175 signed in 2014, covering more than 1,000 units over 20 years. The H175 (known as the AC352 in China), is being developed as part of a cooperation between Airbus Helicopters and Chinese manufacturer Avicopter.

In addition, Airbus has established within the country, in cooperation with local partners, the following facilities:

- A Customer Support Centre in Beijing, which can dispatch any of some 25,000 spare parts, to airlines in the Asia-Pacific region.
- A Logistics Centre in Tianjin, so as to improve related supply chain management.
- A Training Centre in Beijing, which operates 5 Full Flight Simulators (FFS), 3 for the A320 Family, 1 for the A330/A340 Family and 1 for H225 helicopters.
- An Engineering Centre in Beijing and a Composite Manufacturing Centre in Harbin.

On the other hand, Boeing is to follow in the steps of Airbus, as was agreed in September of 2015, with the set-up of a plant in China (location to be determined), to be responsible for the completion (install interiors and paint exteriors) of the B737 aircraft destined for the Chinese market, in compensation for a major deal signed with 3 Chinese entities, to procure some 300 B737 aircraft. In addition, prior to this agreement, Boeing activities in China, contributed some 800 million to 1 billion USD on an annual basis to the nation's economy, through the sourcing of parts, components and assemblies for its various aircraft models, through joint venture revenues, related operations, training and R&D investment. Specifically, Chinese companies build horizontal stabilizers, vertical fins, aft tail sections, doors, wing panels, wire harnesses and other parts for the Next-Generation 737 aircraft, the rudder for the 737 MAX, trailing edge wing ribs, horizontal stabilizers, vertical fins, ailerons, spoilers and inboard flaps for the 747-8, the rudder, wing-to-body fairing panels, leading edge and panels for the vertical fin, as well as other composite parts for the Boeing 787 aircraft.

Furthermore, the US light aircraft manufacturer Cessna and the Brazilian regional and business jet manufacturer Embraer, have both enjoyed leading positions in China in their respective market segments, after launching associated manufacturing activities in China (for the Cessna 162 and 208, and the ERJ 145 and the Legacy 650, respectively), in collaboration with AVIC subsidiaries.

In addition to this very auspicious business 'environment' created through major foreign investments in the local economy, as well as the rapid indigenous capabilities' development, the local government continues its efforts to remove related political and bureaucratic obstacles, for example by opening up bidding for state-funded military R&D work, for private domestic firms also, since August of 2016. All the above are expected to further boost the growth of the Aerospace & Defence market in China, as well as the level and the extent of the corresponding domestic manufacturing capabilities, over a horizon of at least the next couple of decades (i.e. up to 2040).

Epicos "Industrial Cooperation and Offset Projects"

Epicos "Industrial Cooperation and Offset Projects" provides a unique set of online tools enabling the structure, identification and implementation of comprehensive Offsets programs, through a searchable database. By introducing different offset projects and ideas proposed by local A&D industry it ensures the optimum cost for Prime Contractors and reassures that the priorities of local industry are fully met…

For Further Information Press Here

New generation of Tactical Vests for Military, Police and Law Enforcement applications, able to stop 7.62x39 rounds, without additional ballistic protection plates

A leading company in the development and manufacturing of personal protective equipment, including tactical vests, concealed ballistic vests, riot control equipment and related training equipment, is proposing the development and production of a new generation of personal ballistic protection systems, able to stop 7.62 x 39 rounds, without inserting additional ballistic protection plates, thus reducing the overall vest weight.

For Further Information Contact our ICO Department
Mail at: a-kintis@epicos.com

Non-destructive Testing (NDT) services for the aerospace and defence industry

A company excelling in the area of Non-destructive Testing (NDT) is proposing collaboration, with a Prime Contractor or a third party, for the provision of NDT related services domestically and abroad.

For Further Information Contact our ICO Department
Mail at: a-kintis@epicos.com

News from our A&D Business Network

Orbital ATK Receives $50 Million in Orders to Supply Ammunition to U.S. Army and International Allies

Orbital ATK, a global leader in aerospace and defense technologies, announced today that it has been awarded a $50 million order from the U.S. government to supply non-U.S. standard ammunition (NSA) for the Department of Defense in support of international allies. The U.S. government awarded the order to Orbital ATK under Indefinite Delivery/Indefinite Quantity and Basic Ordering Agreement contracts.

Orbital ATK has been a leading supplier to the government's NSA program since the program's inception in 2008. The company's expertise in program, technical and supply chain management, and a worldwide team of proven suppliers has made Orbital ATK a reliable provider of NSA products to the United States and its allies. Including this award, Orbital ATK received orders under the NSA program of more than $200 million in 2016.

Orbital ATK is the operator of the U.S. Army's Lake City Army Ammunition Plant in Independence, Missouri, where it is the largest manufacturer of small caliber ammunition for the U.S Department of Defense.

Orbital ATK's Defense Systems Group is an industry leader in providing innovative and affordable precision and strike weapons, advanced propulsion and hypersonics, missile components across air-, sea- and land-based systems, ammunition and related energetic products.

About Orbital ATK

Orbital ATK is a global leader in aerospace and defense technologies. The company designs, builds and delivers space, defense and aviation systems for customers around the world, both as a prime contractor and merchant supplier. Its main products include launch vehicles and related propulsion systems; missile products, subsystems and defense electronics; precision weapons, armament systems and ammunition; satellites and associated space components and services; and advanced aerospace structures. Headquartered in Dulles, Virginia, Orbital ATK employs approximately 12,000 people in 18 states across the U.S. and in several international locations. For more information, visit www.orbitalatk.com.

DynCorp International Awarded Contract to Continue Aircraft Maintenance Work at Patuxent River

DynCorp International (DI) has been awarded a $546 million firm-fixed-price, cost-plus-fixed-fee contract to provide organizational level maintenance and logistic support on all aircraft and support equipment for which the Naval Test Wing Atlantic has maintenance responsibility. The contract includes a base year plus four option years. The maintenance responsibility includes all rotary, fixed, lighter-then-air, unmanned aircraft on site for project testing, transient aircraft, loaner aircraft, leased aircraft, and tested civilian aircraft assigned to the Naval Air Warfare Center Aircraft Division, Patuxent River, Maryland. In addition, labor and services will be provided to perform supportability/safety studies, off-site aircraft safety/spill containment patrols and aircraft recovery services.

DynCorp International has continuously provided uncompromised maintenance and logistic support at the Patuxent River Naval Station for over 43 years.

“Maintaining the multitude of test aircraft and systems of Naval Test Wing Atlantic is so vital to our national security and those who defend our country, and we are incredibly proud to have the opportunity to continue our work on this program,” said Charlie Grogan, head of Navy Programs at DI.

“It is such a great honor to continue to provide our Navy customer support on this highly unique mission,” said Randy Hughes, DI site manager at Patuxent River. “The Pax team is totally dedicated to this mission. We are all looking forward to another successful five years serving our nation at Pax.”

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Epicos NewsRoom

Government of Kuwait – Sustainment and Contractor Logistics Support for AH-64D Apache Helicopters

The State Department has made a determination approving a possible Foreign Military Sale to the Government of Kuwait for sustainment and contractor logistics support for AH-64D Apache Helicopters. The estimated cost is $400 million. The Defense Security Cooperation Agency delivered the required certification notifying Congress of this possible sale today.

The Government of Kuwait has requested the sale of support equipment and services for its AH-64D Apache helicopters, to include: Apache Maintainer unit support, Depot Level support, training devices, helmets, simulators, generators, transportation, wheeled vehicles and organization equipment, spare and repair parts, support equipment, tools and test equipment, technical data and publications, personnel training and training equipment, United States Government and contractor engineering, technical, and logistics support services, and other related elements of logistics support. The total overall estimated value is $400 million.

The proposed sale will contribute to the foreign policy and national security of the U.S by helping to improve the security of a Major Non-NATO Ally that has been and continues to be an important force for political stability and economic progress in the Middle East region. Kuwait plays a large role in U.S. efforts to advance stability in the Middle East, providing basing, access, and transit for U.S. forces in the region.

Kuwait requires continued support for equipment already procured to ensure national security interests and objectives are met. The defense articles maintained are used solely by the Ministry of Defense to protect the sovereign border and to conduct operations and training to include joint exercises with the U.S. military.

Kuwait will be able to absorb this additional equipment and support into its armed forces.

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

The U.S. companies potentially involved in the sale are Boeing, Mesa, AZ; Longbow Limited, Orlando, FL/Owego, NY (Joint Venture between Lockheed Martin and Northrop Grumman); Lockheed Martin, Orlando, FL; and DynCorp International, Fort Worth, TX. There are no known offset agreements for the sale.

Implementation of this proposed sale will require the assignment of four (4) U.S. Government representatives and sixty-five (65) contractor representatives in country for up to five year.

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

This notice of a potential sale is required by law and does not mean the sale has been concluded.

All questions regarding this proposed Foreign Military Sale should be directed to the State Department's Bureau of Political Military Affairs, Office of Congressional and Public Affairs, pm-cpa@state.gov.

For Further Information Click Here

Source: Defense Security Cooperation Agency

United Kingdom – Continuation of C-17 Logistics Support Services and Equipment

The State Department has made a determination approving a possible Foreign Military Sale to the United Kingdom of continued C-17 logistics support services, and equipment. The estimated cost is $400 million. The Defense Security Cooperation Agency delivered the required certification notifying Congress of this possible sale today.

The Government of the United Kingdom has requested a possible sale of continued logistics support for eight (8) C-17 aircraft which will include: contract labor for sustainment engineering, on-site COMSEC support, Quality Assurance, support equipment repair, supply chain management, spares replenishment, maintenance, back shop support, centralized maintenance support/associated services, and additional spare and repair parts, publications and technical documentation. Required upgrades will include fixed installation satellite antenna, Mode 5+ installation and sustainment, Automatic Dependent Surveillance-Broadcast Out, Communications Modernization (CNS/ATM) Phase II, Replacement Heads-Up Display and three special operations loading ramps. The estimated total cost is $400 million.

The United Kingdom is a close ally and an important partner on critical foreign policy and defense issues. The proposed sale will enhance U.S. foreign policy and national security objectives by enhancing the United Kingdom’s capabilities to provide national defense and contribute to NATO and coalition operations.

The proposed sale of defense articles and services are required to maintain the operational readiness of the Royal Air Force. The United Kingdom's current contract supporting its C-17 aircraft will expire in September 2017. The United Kingdom will have no difficulty absorbing this support into its armed forces.

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

The prime contractor will be the Boeing Corporation of Chicago, Illinois. The U.S. Government is not aware of any known offsets associated with this sale. Any offset agreement will be defined in negotiations between the purchaser and the contractor.

Implementation of this sale will require the assignment of approximately three additional U.S. Government and approximately 55 contractor representatives to the United Kingdom.

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

This notice of a potential sale is required by law and does not mean the sale has been concluded.

All questions regarding this proposed Foreign Military Sale should be directed to the State Department's Bureau of Political Military Affairs, Office of Congressional and Public Affairs, pm-cpa@state.gov.

For Further Information Click Here

Source: Defense Security Cooperation Agency

Kuwait – AIM-120C-7 Advanced Medium Range Air-to-Air Missiles (AMRAAM)

The State Department has made a determination approving a possible Foreign Military Sale to Kuwait for AIM-120C-7 Advanced Medium Range Air-to-Air Missiles (AMRAAM). The estimated cost is $110 million. The Defense Security Cooperation Agency delivered the required certification notifying Congress of this possible sale today.

The Government of Kuwait has requested a possible sale of sixty (60) AIM-120C-7 AMRAAM Missiles including containers and other related services. The total overall estimated value is $110 million.

This proposed sale contributes to the foreign policy and national security of the United States by improving the security of a Major Non-NATO Ally that continues to be an important force for political stability and economic progress in the Middle East. Kuwait is a strategic partner in maintaining stability in the region. This sale will increase Kuwait's interoperability with the United States. It also ensures a sustained air-to-air capability for Kuwait's F/A-18 aircraft.
The proposed sale of this equipment and support will not alter the basic military balance in the region.

Implementation of the sale does not require the assignment of any additional U.S. Government or contractor representatives to Kuwait.

The principal contractor will be Raytheon Corporation, Tucson, Arizona. There are no known offset agreements proposed in connection with this potential sale.

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

This notice of a potential sale is required by law and does not mean the sale has been concluded.

All questions regarding this proposed Foreign Military Sale should be directed to the State Department's Bureau of Political Military Affairs, Office of Congressional and Public Affairs, pm-cpa@state.gov.

For Further Information Click Here

Source: Defense Security Cooperation Agency

Government of Kenya - Air Tractor Aircraft with Weapons and Related Support

The State Department has made a determination approving a possible Foreign Military Sale to the Government of Kenya for Air Tractor aircraft with weapons, and related support. The estimated cost is $418 million. The Defense Security Cooperation Agency delivered the required certification notifying Congress of this possible sale on January 19, 2017.

The Government of Kenya has requested a possible sale of up to twelve (12) Air Tractor AT-802L and two (2) AT-504 trainer aircraft, weapons package, technical support and program management. The total estimated program cost is $418 million.

This proposed sale contributes to the foreign policy and national security of the United States by improving the security of a strong regional partner who is a regional security leader undertaking critical operations against al-Shabaab and troop contributor to the African Union Mission in Somalia (AMISOM).

The proposed sale provides a needed capability in the ongoing efforts to counter al-Shabaab. The platform maximizes the Kenyan Defense Force's Close Air Support (CAS) ability because it is a short-field aircraft capable of using precision munitions and cost effective logistics and maintenance.

The proposed sale supplements Kenya's aging F-5 aircraft as it will be more fiscally efficient and able to be pre-positioned much closer to the conflict area than the F-5 fleet. The Kenyan Defense force is committed to modernizing its air fleet and is capable of absorbing these aircraft. The proposed sale of this equipment and support does not alter the basic military balance in the region.

The prime contractor will be L-3 Communications, Platform Integration Division, Waco, Texas. There are no known offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale requires the assignment of at least five contractor representatives in Kenya.

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

This notice of a potential sale is required by law and does not mean the sale has been concluded.

All questions regarding this proposed Foreign Military Sale should be directed to the State Department's Bureau of Political Military Affairs, Office of Congressional and Public Affairs, pm-cpa@state.gov.

For Further Information Click Here

Source: Defense Security Cooperation Agency

Kingdom of Saudi Arabia – 74K Persistent Threat Detection System (PTDS) Aerostats

The State Department has made a determination approving a possible Foreign Military Sale to the Kingdom of Saudi Arabia for 74K Persistent Threat Detection System (PTDS) Aerostats and related equipment, support, and training. The estimated cost is $525 million. The Defense Security Cooperation Agency delivered the required certification notifying Congress of this possible sale today.

The Government of the Kingdom of Saudi Arabia has requested a possible sale of ten (10) 74K Persistent Threat Detection System (PTDS) Aerostats; fourteen (14) Ground Moving Target Indicator (GMTI) Radars; twenty-six (26) MX-20 Electro-Optic Infrared (EO/IR) Cameras; and ten (10) Communications Intelligence (COMINT) Sensors. Also included are the Mooring systems with powered tether with embedded fiber optics; Ground Control Systems (GCS); associated installation hardware; special tools and test equipment; Basic Issue Items (BII); program management support; verification testing; systems technical support;

transportation; spare and repair parts; communications equipment; operators and maintenance manuals; personnel training and training equipment; tool and test equipment; repair and return; publications and technical documentation; Quality Assurance Team (QAT); U.S. Government and contractor engineering, technical and logistics support services; in-country Field Service Representatives (FSR); and other related elements of logistics and program support. Total estimated program cost is $525 million.

This proposed sale will enhance the foreign policy and national security objectives of the United State by helping to improve the security of an important ally which has been and continues to be a leading contributor of political stability and economic progress in the Middle East. This sale will increase the Royal Saudi Land Force's interoperability with U.S. forces and conveys U.S. commitment to Saudi Arabia's security and armed forces.

The proposed sale will improve Saudi Arabia's capability to meet current and future threats and provide greater security for its critical infrastructure. Saudi Arabia will have no difficulty absorbing these systems into its armed forces.

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

The prime contractor is unknown at this time. There are no known offset agreements in connect with this potential sale.

Implementation of this proposed sale will require the U.S. Government or contractor representative to travel to the Kingdom of Sadia Arabia for a period of six (6) years for de-processing/fielding, system checkout and new equipment training, as well as provide the support of in-country FSRs and operators.

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

This notice of a potential sale is required by law and does not mean the sale has been concluded.

All questions regarding this proposed Foreign Military Sale should be directed to the State Department's Bureau of Political Military Affairs, Office of Congressional and Public Affairs, pm-cpa@state.gov.

For Further Information Click Here

Source: Defense Security Cooperation Agency