



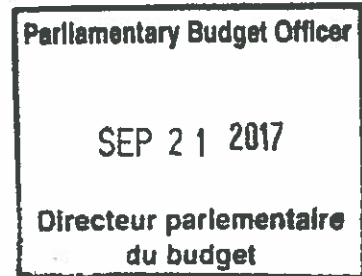
Deputy Minister

Sous-ministre

Ottawa, Canada  
K1A 0H5

**SEP 19 2017**

Mr. Jean-Denis Fréchette  
Parliamentary Budget Officer  
Office of the Parliamentary Librarian  
50 O'Connor Street, 10th Floor  
Ottawa, Ontario K1A 0A9



Dear Mr. Fréchette:

Thank you for your letter of August 29, 2017, requesting information contained in the Industrial Benefits proposal from Boeing regarding the potential Foreign Military Sale of 18 Super Hornet jet fighters to Canada. I regret the delay in replying to you.

As previously indicated by my colleague, Ms. Marie Lemay, Deputy Minister of Public Services and Procurement Canada and Deputy Receiver General of Canada, in her correspondence to you of July 17, 2017, the Government of Canada submitted a letter of request to the Government of the United States on March 13, 2017, outlining its requirements on capabilities, schedule, and economic benefits for 18 interim F/A-18 Super Hornet aircraft and associated in-service support. This potential project aims to supplement the current CF-18 fleet until a permanent fleet is in place and fully operational. As part of this process, the Government of Canada confirmed with the United States its commitment to apply its Industrial and Technological Benefits (ITB) Policy, requiring suppliers to make investments in Canada equal to their contract value.

Under the Foreign Military Sale process, the United States does not get directly involved in ITB proposals. As such, Innovation, Science and Economic Development Canada (ISED) works directly with suppliers to negotiate separate ITB agreements. In this regard, Boeing submitted a draft and preliminary proposal to ISED on August 9, 2017. It should be noted that this is not a final proposal. Final proposals are the result of significant review by the Department as well as detailed negotiations with suppliers. Consequently, Boeing's preliminary proposal does not provide reliable information with respect to the industrial benefits that Canada may receive should this acquisition proceed. Furthermore, ITB proposals are not considered financial or economic data.

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It should be noted that, given the Government of Canada's review of military procurement involving Boeing following the launch of a trade challenge against Bombardier C Series aircraft, ISED has suspended discussions with Boeing at this time.

Finally, considering the fact that the Boeing ITB proposal is draft and preliminary, we respectfully decline providing you with a copy of this document. Should the Government of Canada decide to proceed with this procurement, we may consider this request once the Boeing ITB proposal is finalized in the context of the Parliamentary Budget Office's right of access to information.

We welcome an opportunity to further discuss this matter with your officials.

Yours sincerely,

A handwritten signature in blue ink, consisting of stylized initials 'JK' followed by a long horizontal line extending to the right.

John Knubley *for*