

DEPARTMENT OF DEFENSE**Office of the Secretary**

[Transmittal No. 98-21]

36(b)(1) Arms Sales Notification

AGENCY: Defense Security Assistance 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. This is published to fulfill the requirements of section 155 of P.L. 104-164 dated 21 July 1996.

FOR FURTHER INFORMATION CONTACT: Ms. J. Hurd, DSAA/COMPT/RM, (703) 604-6575.

The following is a copy of a letter to the Speaker of the House of

Representatives, Transmittal 98-21, with attached transmittal, policy justification, and sensitivity of technology pages.

Dated: November 20, 1997.

L.M. Bynum,

Alternative OSD Federal Register Liaison Officer, Department of Defense.

BILLING CODE 5000-04-M



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

09 NOV 1997

In reply refer to:

I-56131/97

Honorable Newt Gingrich
Speaker of the House of
Representatives
Washington, D.C. 20515-6501

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 98-21, concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance (LOA) to Egypt for defense articles and services estimated to cost \$197.9 million. Soon after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

A handwritten signature in black ink, reading "MS Davison", is positioned above the typed name.

MICHAEL S. DAVISON, JR.
LIEUTENANT GENERAL, USA
DIRECTOR

Attachments

Transmittal No. 98-21

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b) (1)
of the Arms Export Control Act

- (i) Prospective Purchaser: Egypt
- (ii) Total Estimated Value:
- | | |
|--------------------------|------------------------|
| Major Defense Equipment* | \$ 137.0 million |
| Other | \$ <u>60.9 million</u> |
| TOTAL | \$ 197.9 million |
- (iii) Description of Articles or Services Offered:
Co-production of 50 M88A2 recovery vehicle kits, 53 M2 machine guns, 100 AN/PVS-7B night vision goggles, spare and repair parts, contractor technical support, support and test equipment, ammunition, publications, program management, personnel training and training equipment, U.S. Government and contractor technical and logistics services and other related elements of program support.
- (iv) Military Department: Army (JBM)
- (v) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: none
- (vi) Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold:
See Annex attached.
- (vii) Date Report Delivered to Congress: 09 NOV 1997

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

POLICY JUSTIFICATION

Egypt - Co-production of M88A2 Recovery Vehicle Kits

The Government of Egypt has requested the possible sale of co-production of 50 M88A2 recovery vehicle kits, 53 M2 machine guns, 100 AN/PVS-7B night vision goggles, spare and repair parts, contractor technical support, support and test equipment, ammunition, publications, program management, personnel training and training equipment, U.S. Government and contractor technical and logistics services and other related elements of program support. The estimated cost is \$197.9 million.

This proposed sale will contribute to the foreign policy and national security of the United States by helping to improve the security of a friendly country which has been and continues to be an important force for political stability and economic progress in the Middle East.

The proposed sale and co-production of these vehicles at their Factory 200, Egyptian Tank Plant, will support the 555 M1A2 tanks in their inventory. The M88A2 recovery vehicles will be used for towing, winching, and hoisting operations supporting recovery operations and evacuation of heavy tanks and other tracked combat vehicles. The proposed sale of this equipment and support will not affect the basic military balance in the region.

The prime contractor will be United Defense, Limited Partnership, York, Pennsylvania. There are no offset agreements proposed to be entered into in connection with this potential sale.

Implementation of this proposed sale will not require the assignment of any contractor representatives but will require the assignment of approximately 26 U.S. Government personnel in-country for three years.

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

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Pursuant to Section 36(b)(1)
of the Arms Export Control Act

Annex
Item No. vi

(vi) Sensitivity of Technology:

1. The M88A2 recovery vehicles includes the following classified or sensitive components:

a. AVDS-1790-8CR Engine Propulsion System - an unique modification to the standard piston engine family found in the M60 series and the base M88A1. Manufacturing processes associated with the production of turbochargers, fuel injection system, and cylinders are proprietary, and therefore, commercially competition sensitive.

b. Hydraulic System - use of commercially available hydraulic components is not entirely unique in the armored vehicle world. None of the subcomponents of the system are classified. Manufacturing processes associated with winches, hydraulic motors, control valves, and the like are proprietary and therefore, commercially competition sensitive.

2. 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.