

DEPARTMENT OF DEFENSE**Office of the Secretary**

Transmittal No. 97-40]

36(b)(1) Arms Sales Notification**AGENCY:** Department of Defense, Defense Security Assistance Agency.**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 Public Law 104-164 dated 21 July 1996.

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

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

Representatives, Transmittal 97-40, with attached transmittal, policy justification, and sensitivity of technology pages.

Dated: September 9, 1997.

L.M. Bynum,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

BILLING CODE 5000-04-M



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

03 SEP 1997

In reply refer to:
I-51548/97

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. 97-40, concerning the Department of the Navy's proposed Letter(s) of Offer and Acceptance (LOA) to Egypt for defense articles and services estimated to cost \$51 million. Soon after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

M. S. Durrin

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

Attachments Same ltr to: House Committee on International Relations
Senate Committee on Appropriations
Senate Committee on Foreign Relations
House Committee on National Security
Senate Committee on Armed Services
House Committee on Appropriations

Transmittal No. 97-40

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* | \$ 46 million |
| Other | \$ 5 million |
| TOTAL | \$ 51 million |
- (iii) Description of Articles or Services Offered:
Thirty-two AGM-84G (Block 1G) HARPOON missiles with containers, personnel training and training equipment, spare and repair parts, support equipment, publications, U.S. Government and contractor technical assistance and other related elements of logistics support. The Block 1G is the only missile in production at this time.
- (iv) Military Department: Navy (ABW)
- (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: 03 SEP 1997

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

POLICY JUSTIFICATIONEgypt - HARPOON Missiles

The Government of Egypt has requested the purchase of 32 AGM-84G (Block 1G) HARPOON missiles with containers, personnel training and training equipment, spare and repair parts, support equipment, publications, U.S. Government and contractor technical assistance and other related elements of logistics support. The Block 1G is the only missile in production at this time. The estimated cost is \$51 million.

This 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 Egyptian Air Force intends to purchase the HARPOON missiles to be used as part of the main armament of their F-16 aircraft. Egypt, which already has HARPOON missiles in its inventory, will have no difficulty absorbing these additional missiles.

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

The prime contractor will be McDonnell Douglas Aerospace, Saint Louis, Missouri. There are no offset agreements proposed to be entered into in connection with this potential sale.

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

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

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Annex
Item No. vi

(vi) Sensitivity of Technology:

1. The AGM-84G (Block 1G) HARPOON missile contains sensitive technology and has the following classified components, including applicable technical and equipment documentation and manuals:

Guidance Section Components - Confidential

2. If a technologically advanced adversary were to obtain knowledge of the specific hardware and software elements, the information could be used to develop countermeasures or equivalent systems which might reduce weapon system effectiveness or be used in the development of a system with similar or advanced capabilities.

3. A determination has been made that Egypt can provide substantially the same degree of protection for the sensitive technology being released as the U.S. Government. This sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification.