

**DEPARTMENT OF DEFENSE**

**Office of the Secretary**

[Transmittal No. 99-25]

**36(b)(1) Arms Sales Notification**

**AGENCY:** Defense Security Cooperation 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 Public Law 104-164 dated 21 July 1996.

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

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

Representatives, Transmittal 99-25, with attached transmittal, policy justification, and Sensitivity of Technology.

Dated: July 22, 1999.

**Patricia L. Toppings,**

*Alternate OSD Federal Register Liaison Officer, Department of Defense.*

**BILLING CODE 5001-10-M**



## DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

**16 JUL 1999**  
**In reply refer to:**  
**I-99/08328**

**Honorable J. Dennis Hastert**  
**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. 99-25, 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 \$564 million. Soon after this letter is delivered to your office, we plan to notify the news media.**

**Sincerely,**

  
**A.R. KELTZ**  
**ACTING 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. 99-25****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* | \$ 418 million        |
| Other                    | <u>\$ 146 million</u> |
| <b>TOTAL</b>             | <b>\$ 564 million</b> |
- (iii) **Description of Articles or Services Offered:** A coproduction program for the possible sale of 100 M1A1 Abrams tanks to include 100 M256 Armament Systems, 100 M2 .50 caliber machine guns, 200 M240 7.62mm machine guns, 12 M16A2 rifles, spare and repair parts, support and test equipment, personnel training and training equipment, U.S. Government and contractor engineering and logistics support services, technical assistance and support, and other related elements of logistics support.
- (iv) **Military Department:** Army (NFM, NFO, and JBP)
- (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:** 16 JUL 1999

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

## **POLICY JUSTIFICATION**

### **Egypt - M1A1 Abrams Tanks Coproduction**

The Government of Egypt has requested a coproduction program for the possible sale of 100 M1A1 Abrams tanks to include 100 M256 Armament Systems, 100 M2 .50 caliber machine guns, 200 M240 7.62mm machine guns, 12 M16A2 rifles, spare and repair parts, support and test equipment, personnel training and training equipment, U.S. Government and contractor engineering and logistics support services, technical assistance and support, and other related elements of logistics support. The estimated cost is \$564 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.

This proposed sale will increase the quantity of the Abrams tank coproduction program, started in 1988 with a quantity of 530 tanks, to 630 tanks. Egypt, which already coproduced the M1A1 Abrams tanks, will have no difficulty absorbing the additional tanks.

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

The prime contractor will be General Dynamics, Sterling Heights, Michigan. There are no offset agreements proposed to be entered into in connection with this potential sale.

Implementation of this proposed sale will require the assignment of up to 20 U.S. contractor representatives in-country up to three years. The four U.S. Government personnel already in Egypt on HERCULES coproduction will also manage this program for production and fielding. One additional U.S. Government personnel may be required during the overlap of the two programs.

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

**Transmittal No. 99-25**  
**Notice of Proposed Issuance of Letter of Offer**  
**Pursuant to Section 36(b)(1)**  
**of the Arms Export Control Act**

**Annex**  
**Item No. vi**

**(vi) Sensitivity of Technology:**

**1. Components considered to contain sensitive technology in the proposed coproduction program are special armor, 120mm gun and ammunition, gas turbine propulsion system, Night Vision Forward Looking Infra Red, and compartmentation.**

**a. M1A1 Tank Special Armor:**

**(1) FMS armor and other special armors used in the hull and turret are classified at the Secret level. Major components of special armor are fabricated in sealed modules and in serialized removable subassemblies. Special armor components and associated vulnerability data for both chemical and kinetic energy rounds are classified Secret, SPECIAL ACCESS. The track skirts have been formally declassified but still considered to be sensitive items and their dissemination is controlled.**

**(2) Release of classified information can be used by potential adversaries to develop improved munitions to defeat U.S. armor systems. The consequences would be the capabilities neutralize or defeat the armor. The armor in question has been previously sold to Egypt as a part of the M1A1 Abrams Tank coproduction program delineating obligations and measures for the protection of special armor.**

**b. M1A1 Tank 120mm Gun and Ammunition:**

**(1) The 120mm system is composed of a smooth bore gun manufactured at Watervliet Arsenal; "long rod" APFSDS penetrators; and combustible cartridge case ammunition also made in the United States. The gun and ammunition are produced under license from the Federal Republic of Germany.**

**(2) Gun production and design technology are generally well known. Ammunition technology is much more sensitive and includes the design criteria for long rod penetration warheads, new kinds of higher energy propellants. Evidence indicates that the United States and its allies have technological advantages in these areas. Technology for the weapons has been previously released to Egypt as a part of the M1A1 Abrams Tank Coproduction Program.**

**c. M1A1 Tank Gas Turbine Propulsion System:**

**(1) The use of a gas turbine propulsion system in the Abrams tank is a unique application of armored vehicle power pack technology. The hardware is composed of the AGT 1500 engine and X1100-3B transmission, and is not classified. Manufacturing processes associated with the production of turbine blades, recuperator, bearings, and shafts, and hydrostatic pump and motor, are proprietary and therefore commercially competition sensitive.**

**(2) Unauthorized release and exploitation of sensitive propulsion system information would adversely impact U.S. technology advantages. Acquisition of production data by a potential enemy could enhance their capability to design and produce gas turbine propulsion systems with application to land and air vehicles.**

**d. Night Vision Forward Looking Infra Red (FLIR):**

**(1) First Generation (GEN) FLIR can be used for target acquisition such as IR missile target acquisitions or air defense. It is classified as Confidential.**

**(2) First GEN FLIR is a fairly mature technology and this capability can be obtained in the marketplace. The First GEN FLIR has been previously sold to Egypt as a part of the M1A1 Abrams Tank Coproduction program.**

**e. Compartmentation:**

**(1) A major survivability feature of the Abrams Tank is the compartmentation of fuel and ammunition. Compartmentation is the positive separation of the crew and critical components from combustible materials. In the event that the fuel or ammunition is ignited or deteriorated by an incoming threat round, the crew is fully protected by the compartmentation. Sensitive information includes the performance of the ammunition compartments as well as the compartment design parameters.**

**(2) The U.S. Army has invested millions of dollars in the design, development, and integration of compartmentation in the Abrams Tank. Although the concept of compartmentation is not new and design principles are known, the U.S. currently has the advantage in the design and integration of compartmentation into combat vehicles. The design of the compartments cannot be protected. However, the guidelines, parametric inductions, and test data used to develop the compartments do not have to be disclosed to permit a sale.**

**2. This proposed 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 proposed sale, as outlined in the Policy Justification, outweigh the potential damage that could result if the sensitive technology were revealed to unauthorized persons.**