

DEPARTMENT OF DEFENSE**Office of the Secretary**

[Transmittal No. 99-13]

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 26(b)(1) arms sales notification. This is published to fulfill the requirements of section 155 of Pub. L. 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 99-13, with attached transmittal, policy justification, and Sensitivity of Technology.

Dated: April 20, 1999.

L.M. Bynum,

Alternate OSD Federal Register Liaison Officer Department of Defense.

BILLING CODE 5001-10-M



DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

12 APR 1999
In reply refer to:
I-99/03653

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. 99-13, concerning the Department of the Air Force's proposed Letter(s) of Offer and Acceptance (LOA) to Egypt for defense articles and services estimated to cost \$1.2 billion. Soon after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

A handwritten signature in black ink, appearing to read "MS Davison".

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. 99-13**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* | \$ 700 million |
| Other | \$ <u>500 million</u> |
| TOTAL | \$1,200 million |
- (iii) **Description of Articles or Services Offered:** Twenty-four F-16C/D Block 40 aircraft; 28 F110-GE-100B engines; 24 AN/APG-68 radar; Block 40 upgrade configuration to include integration capability to employ the HARPOON, Heads Up Display, Multiple Boresight Indicator, Egyptian Identification Friend or Foe, and Tactical Airborne Reconnaissance System. Associated support equipment, software development/integration, spares and repair parts, flight test instrumentation, publications and technical documentation, personnel training and training equipment, U.S. Government and contractor technical and logistics personnel services, and other related requirements to ensure full program supportability will also be provided.
- (iv) **Military Department:** Air Force (STR)
- (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:** 12 APR 1999

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

POLICY JUSTIFICATION

Egypt - F-16C/D Aircraft

The Government of Egypt has requested a possible sale of 24 F-16C/D Block 40 aircraft; 28 F110-GE-100B engines; 24 AN/APG-68 radar; Block 40 upgrade configuration to include integration capability to employ the HARPOON, Heads Up Display, Multiple Boresight Indicator, Egyptian Identification Friend or Foe, and Tactical Airborne Reconnaissance System. Associated support equipment, software development/integration, spares and repair parts, flight test instrumentation, publications and technical documentation, personnel training and training equipment, U.S. Government and contractor technical and logistics personnel services, and other related requirements to ensure full program supportability will also be provided. The estimated cost is \$1.2 billion.

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.

Egypt needs these aircraft to augment their present operational inventory and to enhance their air-to-air and air-to-ground self-defense capability. The addition of these F-16 aircraft will allow the Egyptian Air Force to maintain a strong defense while it continues its plans to reduce its inventory of aging Eastern bloc aircraft. Egypt, which already has F-16 aircraft in its inventory, will have no difficulty absorbing these additional aircraft.

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

The prime contractor will be Lockheed Martin Corporation, Fort Worth, Texas. 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 one Weapons System Liaison Officer for two years and 13 Extended Training Service Specialists up to five years in-country. Five U.S. contractor representatives will be required in Egypt to conduct Contractor Engineering Technical Services for a three-year period after aircraft delivery.

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

Transmittal No. 99-13

**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. The F-16C/D Block 40 weapon system is unclassified, except as noted below. It contains current technology representing the General Electric F-110-GE-100B engine, AN/APG-68 radar, AN/ALR-56AA Radar Warning Receiver, ALE-47 chaff/flare dispenser, fly-by-wire flight control system, the diagnostics in Avionics Intermediate Shops, and the ARC-164 radio. All critical avionics on the F-16C/D will be sold on an end-item only basis via FMS, as well as computer software. Based on the policy to sell critical F-16C/D avionics and computer software on an end-item basis, this sale will not result in the transfer of any U.S. developmental technology or critical manufacture/process technology to Egypt's suppliers or other parties.

2. Sensitive and/or classified (up to Secret) elements of the F-16C/D Block 40 aircraft include hardware, accessories, components, and associated software for the following:

- AN/APG-68 Radar (FMS Version)
- AN/ALR-56AA Radar Warning Receiver
- AN/ARC-164 UHF Radio
- ALE-47 Chaff/Flare Dispenser
- Operational Flight Program of the Fire Control Computer

3. If a technologically advanced adversary were to obtain knowledge of the above systems, such knowledge could be used in an attempt to develop component countermeasures or systems with similar or advanced capabilities.

4. 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.