

DEPARTMENT OF DEFENSE**Office of the Secretary**

[Transmittal No. 97-39]

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 97-39, 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-51546/97

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. 97-39, 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 \$32 million. 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 "M. Davison".

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

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

Attachments

Transmittal No. 97-39

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* | \$ 25 million |
| Other | \$ 7 million |
| TOTAL | \$ 32 million |
- (iii) Description of Articles or Services Offered:
Eighty-four MK-46 torpedoes with containers, MK-85 exercise heads and short fuel tanks, torpedo warheads, surface ship and helicopter launch accessories, training torpedoes, personnel training, supply support, training, spare and repair parts, publications and technical data, engineering technical services, support and test equipment, and other related elements of logistics support.
- (iv) Military Department: Navy (ABU)
- (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 - MK-46 Torpedoes

The Government of Egypt has requested the purchase of 84 MK-46 torpedoes with containers, MK-85 exercise heads and short fuel tanks, torpedo warheads, surface ship and helicopter launch accessories, training torpedoes, personnel training, supply support, training, spare and repair parts, publications and technical data, engineering technical services, support and test equipment, and other related elements of logistics support. The estimated cost is \$32 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.

Egypt will use these torpedoes on their U.S.-origin PERRY class frigates and their SH-2G anti-submarine warfare (ASW) helicopters, also of U.S.-origin. These torpedoes will upgrade current ASW capabilities by introducing state-of-the-art torpedo technology. This will enable the Egyptian Navy to provide for the security of the Suez Canal and its shipping lanes in the Mediterranean Sea. Egypt, which already has torpedoes in its inventory, will have no difficulty absorbing these additional torpedoes.

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

The prime contractor for the MK-46 torpedoes will be Alliant Techsystems Incorporated, Hopkins, Minnesota. 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 MK-46 MOD 5A(SW) torpedo has the following confidential components, including applicable technical and equipment documentation and manuals;

- a. Transducer
- b. Transmitter
- c. Receiver
- d. Control Group
- e. Exploder

2. The loss of this classified information to a technologically advanced or competent adversary could result in the development of countermeasures or equivalent systems which could 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 the recipient country 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.