



**Billing Code: 5001-06**

**DEPARTMENT OF DEFENSE**

**Office of the Secretary**

**[Transmittal No. 18-47]**

**Arms Sales Notification**

**AGENCY:** Defense Security Cooperation Agency, Department of Defense.

**ACTION:** Arms sales notice.

**SUMMARY:** The Department of Defense is publishing the unclassified text of an arms sales notification.

**FOR FURTHER INFORMATION CONTACT:** Karma Job at [karma.d.job.civ@mail.mil](mailto:karma.d.job.civ@mail.mil) or (703) 697-8976.

**SUPPLEMENTARY INFORMATION:** This 36(b)(1) arms sales notification is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996. The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 18-47 with attached Policy Justification.

Dated: February 1, 2019.

**Shelly E. Finke,**

*Alternate OSD Federal Register Liaison Officer,*

*Department of Defense.*



DEFENSE SECURITY COOPERATION AGENCY

201 12TH STREET SOUTH, STE 203  
ARLINGTON, VA 22202-5408

The Honorable Paul D. Ryan  
Speaker of the House  
U.S. House of Representatives  
Room H-209, The Capitol  
Washington, DC 20515

NOV 27 2018

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 18-47, concerning the U.S. Army's proposed Letter(s) of Offer and Acceptance to the Government of Egypt for defense articles and services estimated to cost \$201 million. After this letter is delivered to your office, we plan to issue a news release to notify the public of this proposed sale.

Sincerely,

A handwritten signature in black ink, appearing to read "C. W. Hooper".

Charles W. Hooper  
Lieutenant General, USA  
Director

Enclosures:

1. Transmittal
2. Policy Justification
3. Regional Balance (Classified Document Provided Under Separate Cover)



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

(i) Prospective Purchaser: Government of Egypt

(ii) Total Estimated Value:

Major Defense Equipment*	\$156 million
Other	<u>\$ 45 million</u>
TOTAL	\$201 million

(iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:

Major Defense Equipment (MDE):

Forty-six thousand (46,000) 120MM Target Practice – Tracer (M831A1) and 120MM Target Practice, Cone Stabilized, Discarding Sabot – (M865) Rounds  
Ten thousand (10,000) 120MM 4th-Generation Kinetic Energy-Tungsten (KE-W) A4 Armor-Piercing Fin-Stabilized Discarding Sabot with Tracer (APFSDS-T) Rounds

Non-MDE:

Also included are four thousand five hundred (4,500) 120MM Insensitive Munitions High Explosive with Tracer (IM HE-T) tank rounds, field implementation, testing inspections, spares and repair parts, support and test equipment, field support publications and technical data, U.S. government and contractor engineering and logistics support services, personnel training and training equipment, quality assurance team support services, preparation of ammunition for shipment, ammunition delivery, component improvement program and repair, other associated equipment and support, and other related elements of logistical and program support.

(iv) Military Department: Army (EG-B-VHH, EG-B-NGB, EG-B-VGS)

(v) Prior Related Cases, if any: EG-B-VAX, EG-B-NFP, EG-B-NFX, EG-B-UWB

(vi) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None

(vii) Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold: None

(viii) Date Report Delivered to Congress: November 27, 2018

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

## POLICY JUSTIFICATION

### Egypt – 120MM Tank Rounds

This notification supersedes and replaces Transmittal No. 18-05 delivered to Congress on September 17, 2018. Although the descriptions and quantities of all defense articles and services are unchanged, the dollar values were under-reported and are updated with this new transmittal.

The Government of Egypt has requested to buy forty-six thousand (46,000) 120MM Target Practice – Tracer (M831A1) and 120MM Target Practice, Cone Stabilized, Discarding Sabot – (M865) rounds and ten thousand (10,000) 120MM 4th-Generation Kinetic Energy-Tungsten (KE-W) A4 Armor-Piercing Fin-Stabilized Discarding Sabot with Tracer (APFSDS-T) rounds. Also included are four thousand five hundred (4,500) 120MM Insensitive Munitions High Explosive with Tracer (IM HE-T) tank rounds, field implementation, testing inspections, spares and repair parts, support and test equipment, field support publications and technical data, U.S. government and contractor engineering and logistics support services, personnel training and training equipment, quality assurance team support services, preparation of ammunition for shipment, ammunition delivery, component improvement program and repair, other associated equipment and support, and other related elements of logistical and program support. The estimated cost is \$201 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 that continues to be an important strategic partner in the Middle East.

The proposed sale will improve Egypt's capability to meet current and future threats and provide greater security for its critical infrastructure. Egypt will use the 120MM IM HE-T cartridges to maintain a strategic munitions inventory for its M1A1 tank fleet and in support of operations against militants affiliated with the Islamic State of Iraq and Syria in the Sinai. They will use the target practice rounds to train M1A1 crews in proper crew procedures in a training environment using munitions that cost a fraction of tactical rounds and have nearly zero explosive or penetrating capability. Egypt has been producing this type of ammunition under an existing co-production agreement for approximately 15 years. Egypt intends to use the APFSDS-T rounds to replace older model 120MM KE-W, KE-W A1, and KE-W A2 ammunition to maintain a strategic munitions inventory for its M1A1 tank fleet. Egypt will have no difficulty absorbing these munitions into its armed forces.

The proposed sale of the munition and support will not alter the basic military balance in the region.

The prime contractor involved in this program is General Dynamics Ordnance and Tactical Systems, St. Petersburg, FL. There are no known offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will involve multiple trips to Egypt involving up to six (6) U.S. Government and contractor representatives over a period of up to 5 years.

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

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