



Billing Code: 5001-06

DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 19-40]

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 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 19-40 with attached Policy Justification and Sensitivity of Technology.

Dated: December 16, 2019.

Aaron T. Siegel,

Alternate OSD Federal Register Liaison Officer,

Department of Defense.



DEFENSE SECURITY COOPERATION AGENCY

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

JUL 29 2019

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
H-209, The Capitol
Washington, DC 20515

Dear Madam 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. 19-40 concerning the Navy's proposed Letter(s) of Offer and Acceptance to the Government of Egypt for defense articles and services estimated to cost \$554 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. Hooper", written over the typed name and title.

Charles W. Hooper
Lieutenant General, USA
Director

Enclosures:

1. Transmittal
2. Policy Justification
3. Regional Balance (Classified document provided under separate cover)

Transmittal No. 19-40

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*	\$ 0 million
Other	<u>\$554 million</u>
TOTAL	\$554 million

(iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase: Foreign Military Sales (FMS) case EG-P-GKB, implemented in September 2018, was below congressional notification threshold at \$45 million (\$0 in MDE) and provided for material and labor services in support of Oliver Hazard Perry Class Frigates (FFG-7), Fast Missile Craft (FMC), Mine Hunter Coastal (MHC) ships, Coastal Mine Hunter (CMH) ships, and 25 Meter and 28 Meter Fast Patrol Craft (FPC). Egypt has requested the case be amended to continue providing the same support on the basic case. This amendment will push the current case above the non-MDE or services congressional notification threshold and thus requires notification of the entire case.

Major Defense Equipment (MDE):

None

Non-MDE:

Provides for material and labor services in support of Oliver Hazard Perry Class Frigates (FFG-7 class ships), Fast Missile Craft (FMC), Mine Hunter Coastal (MHC) ships, Coastal Mine Hunter (CMH) ships, and 25 Meter and 28 Meter Fast Patrol Craft (FPC).

(iv) Military Department: Navy (EG-P-GKB)

(v) Prior Related Cases, if any: None

(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: July 29, 2019

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

POLICY JUSTIFICATION

Egypt – Follow on Technical Support (FOTS)

The Government of Egypt has requested a possible sale of Follow on Technical Support (FOTS) that provides for material and labor services in support of Oliver Hazard Perry Class Frigates (FFG-7 class ships), Fast Missile Craft (FMC), Mine Hunter Coastal (MHC) ships, Coastal Mine Hunter (CMH) ships, and 25 Meter and 28 Meter Fast Patrol Craft (FPC). The estimated cost is \$554 million.

This proposed sale will support the foreign policy and national security of the United States by helping to provide a strategic partner with critical support for multiple type ships responsible for Egypt's maritime security. The proposed sale is essential to maintain Egypt's national security, regional stability, and the free flow of worldwide commerce via the Suez Canal.

Egypt intends to use this technical maintenance and service support to ensure the Egyptian Navy is operationally capable of providing coastal defense and security. The proposed sale will increase the Egyptian Navy's material and operational readiness. Egypt will have no difficulties absorbing this support into its armed forces.

The proposed sale will not alter the basic military balance in the region.

The prime contractor for Engineering Services Support will be VSE Corporation and U.S. Government activities will provide FOTS for Egypt. There are no known offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will require periodic trips to Egypt involving U.S. Government and contractor representatives for technical reviews, support, and oversight for approximately five years.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.
[FR Doc. 2019-27482 Filed: 12/19/2019 8:45 am; Publication Date: 12/20/2019]