

[FR Doc. 04-16264 Filed 7-16-04; 8:45 am]

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DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 04-10]

36(b)(1) Arms Sales Notification

AGENCY: Department of Defense, Defense Security Cooperation Agency.

ACTION: Notice.

SUMMARY: The Department of Defense is publishing the unclassified text of a section 69(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/OPS-ADMIN, (703) 604-6575

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 04-10 with attached transmittal, policy justification, and Sensitivity of Technology.

Dated: July 12, 2004.

L.M. Bynum,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

BILLING CODE 5001-06-M



DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

6 JUL 2004
In reply refer to:
I-04/003536

The 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, as amended, we are forwarding herewith Transmittal No. 04-10, 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 \$108 million. Soon after this letter is delivered to your office, we plan to notify the news media.

Sincerely,


Richard J. Millies
Deputy Director

Enclosures:

- 1. Transmittal No. 04-10**
- 2. Policy Justification**
- 3. Sensitivity of Technology**

Same ltr to: House Committee on International Relations
Senate Committee on Foreign Relations
House Committee on Armed Services
Senate Committee on Armed Services
House Committee on Appropriations
Senate Committee on Appropriations

Transmittal No. 04-10**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:** Egypt
- (ii) **Total Estimated Value:**
- | | |
|--------------------------|---------------------|
| Major Defense Equipment* | \$100 million |
| Other | <u>\$ 8 million</u> |
| TOTAL | \$108 million |
- (iii) **Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:** upgrade of three CH-47C CHINOOK medium lift helicopters to the newer CH-47D configuration, eight T55-L-712 turbine engines, spare and repair parts, support equipment, publications and technical data, communications equipment, maintenance, personnel training and training equipment, U.S. Government Quality Assurance Team, contractor representatives, contractor engineering and technical support services, preparation of aircraft for shipment, and other related elements of logistics support
- (iv) **Military Department:** Army (UWN)
- (v) **Prior Related Cases, if any:**
FMS case UUW - \$156 million - 19Jun02
FMS case JBK - \$113 million - 22Jan98
FMS case JBN - \$114 million - 01Dec99
- (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:** See Annex attached
- (viii) **Date Report Delivered to Congress:** 6 JUL 2004

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

POLICY JUSTIFICATION**Egypt – Upgrade of CH-47C to CH-47D CHINOOK Helicopters**

The Government of Egypt has requested a possible sale to upgrade three CH-47C CHINOOK medium lift helicopters to the newer CH-47D configuration, eight T55-L-712 turbine engines, spare and repair parts, support equipment, publications and technical data, communications equipment, maintenance, personnel training and training equipment, U.S. Government Quality Assurance Team, contractor representatives, contractor engineering and technical support services, preparation of aircraft for shipment, and other related elements of logistics support. The estimated cost is \$108 million.

This proposed sale would contribute to the foreign policy and national security of the United States by helping to improve the security of a friendly country that has been an important force for political stability in the Middle East.

The Egyptian Armed Forces will use these helicopters for troop transport and logistics support. They may also be deployed in future joint exercises with the United States such as Operation Bright Star. Egypt, which already has CH-47 helicopters in its inventory, will have no difficulty absorbing these additional helicopters.

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

The prime contractor will be Boeing Helicopter Company of Philadelphia, Pennsylvania. There are no offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will require a U.S. contractor representative for up to two years in Egypt. Additionally, four contractor representatives and several U.S. Government Quality Assurance personnel will be required for one week following the arrival of the aircraft.

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

Transmittal No. 04-10

**Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act****Annex
Item No. vii****(vii) Sensitivity of Technology:**

1. The CH-47 CHINOOK medium lift helicopter includes the following classified or sensitive components:

a. Radar Warning Receiver AN/APR-39A(V)3 - provides warning of a radar directed air defense threat to permit appropriate countermeasures. It is programmed with threat data provided by the purchasing country. Hardware is classified Confidential. Technical manuals for the maintenance levels are classified Confidential. Reverse engineering is not a major concern.

b. Laser Detecting Set AN/AVR-2A - is a passive laser warning system which receives, processes and displays threat information results from other aircraft illuminators, laser range finders or laser guided weapons. Hardware is classified Confidential. Reverse engineering is not a major concern.

c. Missile Approach Detector AN/ALQ-156(V)1 - is an airborne radar system, which provides infrared homing protection to the aircraft by detecting the approach of an anti-aircraft missile. Hardware is classified Confidential. Reverse engineering is not a major concern.

2. If a technologically advanced adversary were to obtain knowledge of the specific hardware and software elements, the information could be used to develop countermeasures which might 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 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.

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DEPARTMENT OF DEFENSE

[Transmittal No. 04-11]

36(b)(1) Arms Sales Notification

AGENCY: Department of Defense, Defense Security Cooperation 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 July 21, 1996.

FOR FURTHER INFORMATION CONTACT: Ms. J. Hurd, DSCA/OPS-ADMIN, (703) 604-6575.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 04-11 with attached transmittal and policy justification.

Dated: July 12, 2004.

L.M. Bynum,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

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