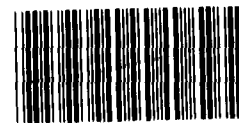


NTO 116560

SUMMARY OF GAO TESTIMONY  
BEFORE THE  
SUBCOMMITTEE ON EUROPE AND THE MIDDLE EAST  
AND THE  
SUBCOMMITTEE ON INTERNATIONAL SECURITY AND SCIENTIFIC AFFAIRS  
COMMITTEE ON FOREIGN AFFAIRS  
U.S. HOUSE OF REPRESENTATIVES  
ON PROPOSED SALE OF AWACS  
TO SAUDI ARABIA

- GAO takes no position on whether or not the Congress should approve the sale.
- There is a strong rationale for using an airborne early warning system to defend the Saudi oil fields.
- The Saudi AWACS would have both offensive and defensive capabilities; it would be essentially the same as or better than the AWACS in the current U.S. inventory.
- Substituting five Saudi AWACS for the current U.S. AWACS deployment would either reduce current coverage time by about half or require supplemental help from U.S. AWACS to maintain extended around-the-clock coverage.
- The administration sees the sale as a way to preposition AWACS spare parts and specialized equipment that could be available for use by U.S. forces in a crisis in the region; however, the Saudis have been reluctant to agree to the future use of Saudi bases by the United States.
- Saudi Arabia recognizes the Soviet threat but perceives threats from other nations in the region to be more imminent.
- Selling AWACS to Saudi Arabia will enhance the potential capabilities of the Royal Saudi Air Force but according to Defense, not sufficiently to be a threat to Israeli security.

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UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

FOR RELEASE ON DELIVERY  
Expected at 2:00 p.m.  
October 1, 1981

STATEMENT OF  
MILTON J. SOCOLAR  
ACTING COMPTROLLER GENERAL  
U.S. GENERAL ACCOUNTING OFFICE  
BEFORE THE  
SUBCOMMITTEE ON EUROPE AND THE MIDDLE EAST  
AND THE  
SUBCOMMITTEE ON INTERNATIONAL SECURITY AND SCIENTIFIC AFFAIRS  
COMMITTEE ON FOREIGN AFFAIRS  
U.S. HOUSE OF REPRESENTATIVES  
ON  
THE PROPOSED SALE OF E-3A AIRBORNE WARNING  
AND CONTROL SYSTEM (AWACS) AIRCRAFT TO SAUDI ARABIA

Mr. Chairman and Members of the Committee:

We are pleased to discuss with you the results of our study on the proposed sale of E-3A Airborne Warning and Control System (AWACS) aircraft to Saudi Arabia. We, in the GAO, have taken no position on the basic policy issue of whether the sale should be consummated, but rather have addressed the specific issues outlined in your request.

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We looked into several aspects of the proposed sale, including its implications for

- U.S. national security interests,
- the military balance within the region, and
- a regionally coordinated air defense system.

You also asked that we review

- the expected U.S. involvement in operating and maintaining Saudi AWACS aircraft,
- the proposed conditions of the sale,
- security arrangements for the sensitive technology to be supplied, and
- possible alternative systems.

We concentrated on the sale of AWACS and not the remainder of the Saudi enhancement package. The subcommittees are aware that we were not provided certain information concerning sensitive ongoing negotiations. Nevertheless, we have attempted to address your concerns based on the information we were able to obtain.

#### U.S. NATIONAL SECURITY INTERESTS

The United States has important national security interests in Saudi Arabia because of its oil, strategic geographic location, and moderating influence in an unstable region of the world. Moreover, the United States apparently needs access to Saudi Arabian military bases and facilities for effective U.S. military projection during a crisis in the region.

Executive branch officials maintain that providing Saudi Arabia with AWACS could in effect create the limited prepositioning of AWACS-peculiar ground support, spares, and

specialized maintenance equipment that could be available to the United States in a crisis. U.S. officials assume that the Saudis would welcome U.S. support if the Kingdom were directly threatened. However, Saudi Arabia has been reluctant to discuss any possible future use of Saudi bases by the United States.

Concerned about the potential spillover from the ongoing Iran-Iraq war, the United States deployed four U.S. AWACS to Saudi Arabia in October 1980. U.S. AWACS provide, on a temporary basis, around-the-clock radar coverage for the Saudi oil fields. The continuation of this operation for the past year, while helping to protect U.S. vital interests in the region, has also taken an extraordinary U.S. effort impacting on the entire U.S. AWACS program. U.S. AWACS aircraft are rotated in and out of Saudi Arabia at least every 90 days and then flown to the United States for maintenance and reassignment. About 500 U.S. Air Force personnel are assigned to Saudi Arabia for tours of 30 to 60 days to support this operation.

The five Saudi AWACS would, under normal operating conditions, provide less than half the current U.S. radar coverage time. U.S. officials told us that in a time of increased tension, such as the current year-old Iran-Iraq war, Saudi Arabia would only be able to provide 24-hour coverage for a limited time because of the need for maintenance. The United States would then probably be required to assist in providing such around-the-clock coverage.

According to the U.S. Air Force Tactical Air Command, and the Boeing Corporation, the production line for AWACS will begin to close down between October and December 1981 if no

further production orders are placed. The U.S. Air Force is currently considering purchasing a number of new AWACS beginning in 1983. U.S. Air Force documents indicate that once the production line closes, the estimated cost to reopen the line is \$200 million to \$300 million.

THE THREAT TO SAUDI ARABIA  
AND MILITARY BALANCE IN THE REGION

The administration has indicated that it wants to build up the defenses of friendly nations against any further Soviet intervention. Saudi Arabia, with its vast wealth, limited military capability, and extensive land mass in a region of persistent political volatility, sees itself as a tempting and vulnerable target. Saudi Arabia recognizes the Soviet threat but perceives threats from other nations in the region to be more imminent.

Supplying the AWACS aircraft to Saudi Arabia could help defend the oil fields because such a system is designed to provide much more timely warning of an air attack than ground radars. However, from a technological standpoint, the defensive and offensive capabilities of AWACS are inextricably linked. Limiting the offensive capabilities of this aircraft would mean limiting its defensive capabilities and would require extensive modifications to the aircraft.

The administration has indicated that the AWACS to be supplied to Saudi Arabia would be a stripped-down model. This is true when it is compared to future U.S. AWACS; however, the equipment on the Saudi AWACS would, except for commercial substitutes

for U.S. military encryption gear and equipment to identify friendly aircraft, be the same as or better than the current version in the U.S. inventory today.

U.S. military officials have indicated that an AWACS has a "force multiplier" effect in enhancing the capabilities of the other aircraft it can control. Through its command and control equipment, the Saudi AWACS could improve the effectiveness of F-5s and F-15s in both offensive and defensive intercept actions. If the Royal Saudi Air Force could achieve some efficiency in utilizing this multiplier effect, the potential capability of the Royal Saudi Air Force could be improved.

According to the Director of Operations for the Royal Saudi Air Force, the Saudi AWACS would be used during peacetime in the performance of routine missions to maintain crew proficiency; but during periods of increased tensions, the AWACS would operate in air defense sectors requiring extended warning capabilities.

Executive branch officials, nevertheless, have concluded that with or without AWACS the overall military balance in the region will not change. We have no basis to challenge their conclusion that the Royal Saudi Air Force poses no significant threat to the security of Israel.

REGIONALLY COORDINATED  
AIR DEFENSE

The administration supports a regionally coordinated air defense system in the Persian Gulf with AWACS having an important role. U.S. officials told us that an effective regional air defense system would require a sophisticated tactical communication network.

The concept of a regional air defense system seems to be far from reaching fruition. Basic political differences; language barriers; the shortage of skilled manpower; and differences in weaponry, tactics, and communications hobble the regionally coordinated air defense concept.

Nevertheless, countries in the immediate Persian Gulf region are following the sale closely and view it as a manifestation of U.S. willingness to help key Arab moderate countries. U.S. Embassy officials in various Arab countries told us that any attempt to provide Saudi Arabia with a less-sophisticated airborne surveillance system would be seen throughout the region as U.S. discrimination against Arabs in favor of Israel.

#### SECURITY OF TECHNOLOGY

During the 1977 deliberations on the proposed sale of AWACS to Iran, the CIA categorized as sensitive certain components which would be on the Saudi version. CIA declined to provide us with a current sensitivity assessment concerning the proposed configuration for the Saudi AWACS. Executive branch officials, however, indicated that if Saudi AWACS were compromised, the loss of technology would be "marginal," especially if considered in the time frame of 1985 or 1986, when the first Saudi AWACS would be delivered. Nevertheless, we believe the compromise of any component would be a loss because with a piece of equipment in hand, your enemy no longer has to guess about the actual design or capability of that equipment.

Concerning physical security of AWACS, we looked at the ground security being jointly provided by the Saudis and the U.S. military police for the U.S. AWACS currently deployed in Saudi Arabia. It seemed adequate to handle a threat from theft, hijacking, or sabotage.

#### U.S. INVOLVEMENT IN SAUDI AWACS

Under the proposed sale of AWACS to Saudi Arabia, about 500 Americans, mostly contractor personnel, would be responsible for providing training, maintenance, and logistics support.

The administration expects that the Saudis could be trained to operate and help maintain the AWACS system within a few years. However, executive branch officials say that AWACS is so complex that without U.S. support the system would quickly become non-operational.

The degree of Saudi dependence on U.S. support will depend on the initial skills and qualifications of the Saudis to be trained. It should be pointed out that Saudi Arabia has experienced difficulties in getting sufficient Saudi skilled manpower to support previously purchased U.S. aircraft. Thus, the Saudis already depend heavily on U.S. contractor support to maintain their air force. To support the Saudi AWACS would also require an extensive logistical infrastructure.

#### ALTERNATIVES TO AWACS

Alternative airborne systems could also provide Saudi Arabia with enhanced early warning capabilities for defending the oil



fields. An Air Force study shows that in some ways the Navy HAWKEYE E-2C offers possible advantages but has some drawbacks as well when compared to the AWACS. Nevertheless, it must be remembered that Saudi Arabia asked for AWACS and the U.S. Department of Defense selected AWACS for U.S. airborne early warning operations initiated in 1979 and 1980 in Saudi Arabia. Moreover, if the rationale for the Saudi sale is linked with the concept of facilitating some future U.S. military response to a crisis, then the discussion of AWACS and possible alternatives must be viewed in this context.

This concludes our prepared unclassified statement. We are prepared to answer your questions about our findings. However, most of the information we can provide you today has been classified by the executive branch and therefore cannot be discussed in open session.