

**POLICY JUSTIFICATION****Egypt – Co-production of M88A2 HERCULES Heavy Recovery Vehicles**

The Government of Egypt has requested a possible sale of co-production of 21 M88A2 HERCULES heavy recovery vehicle kits, 21 M2 machine guns, spare and repair parts, contractor technical support, support and test equipment, publications, program management, personnel training and training equipment, U.S. Government and contractor technical and logistics services and other related elements of program support. The estimated cost is \$96 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 which has been and continues to be an important force for political stability and economic progress in the Middle East.

The proposed co-production program with Egypt and United Defense for the M88A2 heavy recovery vehicles will support the M1A1 tanks in Egypt's inventory. The vehicles will be used for towing, wrecking, and hoisting operations supporting recovery operations and evacuation of heavy tanks and other tracked combat vehicles. Egypt will have no difficulty absorbing the vehicles in its armed forces.

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

The prime contractor will be United Defense, Limited Partnership of York, Pennsylvania. There are no offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will require the assignment of four U.S. Government and 15 contractor representatives for two years to Egypt.

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