

### **POLICY JUSTIFICATION**

#### **Egypt – Co-production of M1A1 Tanks and Upgrade**

The Government of Egypt has requested a coproduction program that would include the possible sale of 125 M1A1 Abrams tank kits each with Commander's Independent Thermal Viewer, Firepower Enhancement Package and armor upgrades. Also included: 125 M256 Armament Systems, 125 M2 .50 caliber machine guns, 250 M204 7.62mm machine guns, spare and repair parts, special tool and test equipment, personnel training and equipment, publications, U.S. Government and contractor engineering and logistics personnel services, and other related elements of logistics support. The estimated cost is \$920 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 has been and continues to be an important force for political stability and economic progress in the Middle East.

Egypt is demilitarizing its Soviet fleet. This proposed sale will increase the quantity of the Abrams tank coproduction program, started in 1988, from the current level of 755 tanks, to 880 tanks. The additional M1A1 tanks will modernize Egypt's tank fleet. Egypt, which has already coproduced the M1A1 Abrams tanks, will have no difficulty absorbing the additional tanks.

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

The prime contractor will be General Dynamics of Sterling Heights, Michigan. There are no offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will require the assignment of up to 40 U.S. contractor representatives for up to two years in Egypt. The 6 U.S. Government representatives already in country who currently manage the M1A1 and M88A2 HERCULES coproduction programs will also manage this program for production and fielding.

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