



Defense Security Cooperation Agency
NEWS RELEASE

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Transmittal No. 07-65

Egypt - Co-production of M1A1 Tanks and Upgrade (correction)

This release replaces a previous news release dated 24 August 2007 (transmittal no. 07-24) because it contained an incorrect dollar value.

WASHINGTON, September 18, 2007 -- On September 18, 2007, the Defense Security Cooperation Agency notified Congress of a possible Foreign Military Sale to Egypt of M1A1 Abrams tank kits as well as associated equipment and services. The total value, if all options are exercised, could be as high as \$889 million.

The Government of Egypt has requested a possible sale of 125 M1A1 Abrams tank kits each with a Commander's Independent Thermal Viewer, Firepower Enhancement Package and armor upgrades. Additional Major Defense Equipment (MDE) include 125 M256 Armament Systems, 125 M2 .50 caliber machine guns, 250 M204 7.62mm machine guns, and non-MDE for 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 \$889 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 co-production program, started in 1988, from the current level of 880 tanks, to 1005 tanks. The additional M1A1 tanks will modernize Egypt's tank fleet. Egypt, which has already co-produced 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 six U.S. Government representatives already in country who currently manage the M1A1 and M88A2 HERCULES co-production 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.

This notice of a potential sale is required by law; it does not mean that the sale has been concluded.