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DEPARTMENT OF DEFENSE

Office of the Secretary

(Transmittal No. 16-32)

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: Chandelle K. Parker, DSCA/OGC, (703) 697-9027.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 16-32 with attached Policy Justification and Sensitivity of Technology.

Dated: August 18, 2016.

Aaron Siegel,
Alternate OSD Federal Register Liaison Officer,
Department of Defense.



DEFENSE SECURITY COOPERATION AGENCY
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ARLINGTON, VA 22202-5406

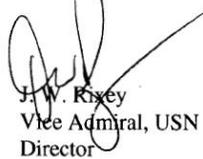
8 AUG 2016

The Honorable Paul D. Ryan
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

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. 16-32, concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance for the Kingdom of Saudi Arabia for defense articles and services estimated to cost \$1.15 billion. After this letter is delivered to your office, we plan to issue a news release to notify the public of this proposed sale.

Sincerely,



J. W. Rixey
Vice Admiral, USN
Director

Enclosures:

1. Transmittal
2. Policy Justification
3. Sensitivity of Technology



Transmittal No. 16-32

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: The Kingdom of Saudi Arabia

(ii) Total Estimated Value:

Major Defense Equipment*	\$0.15 billion
Other	<u>\$1.00 billion</u>
TOTAL	\$1.15 billion

(iii) Description and Quantity or Quantities of Articles or Services under consideration for Purchase:

Major Defense Equipment (MDE):

One hundred fifty-three (153) M1A1/A2 Abrams Tank structures for conversion to one hundred thirty-three (133) M1A2S Saudi Abrams configured Main Battle Tanks and twenty (20) battle damage replacements for the existing fleet

One hundred fifty-three (153) M2 .50 Caliber Machine Guns

Two hundred sixty-six (266) 7.62mm M240 Machine Guns

One hundred fifty-three (153) M250 Smoke Grenade Launchers

Twenty (20) M88A1/A2 Heavy Equipment Recovery Combat Utility Lift

Evacuation System (HERCULES) Armored Recovery Vehicle (ARV)

Structures for conversion to twenty (20) M88A1/A2 HERCULES ARVs

One hundred sixty-nine (169) AN/VAS-5 Driver Vision Enhancer – Abrams (DVE-A)

One hundred thirty-three (133) AN/PVS-7B Night Vision Devices

Four thousand two hundred fifty-six (4,256) Rounds M865 Training Ammunition

Two thousand three hundred ninety-four (2,394) Rounds M831A1 Training Ammunition

Non-MDE:

This request also includes the following Non-MDE: M1A1/A2 Tank and

M88A1/A2 ARV overhaul, conversion and refurbishment services; Special Tools and Test Equipment; Basic Issue Items; Program Management Support; Verification Testing; System Technical Support; Advanced Gunnery Training System (AGTS); Deployable Advanced Gunnery Training System (DAGTS); Transportation; Binoculars; Camouflage Netting; spare and repair parts; communications equipment; personnel training and training equipment; tool and test equipment; repair and return; publications and technical documentation; Quality Assurance Team (QAT); U.S. Government and contractor engineering, technical and logistics support services; and other related elements of logistics and program support.

(iv) Military Department: Army (SR-B-VTF)

(v) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None

(vi) Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold: See Annex attached.

(vii) Prior Related Case, if any:

SR-B-VKZ, Implemented 27 Nov 06, TCV:
3,220,367,024
SR-B-VTC, Implemented 08 Dec 14, TCV:
1,887,611,823

(viii) Date Report Delivered to Congress: 08 AUG 2016

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

POLICY JUSTIFICATION

Kingdom of Saudi Arabia – M1A2S Saudi Abrams Main Battle Tanks and M88A1/A2: Heavy Equipment Recovery Combat Utility Lift Evacuation System (HERCULES) Armored Recovery Vehicles (ARV)

The Kingdom of Saudi Arabia has requested a possible sale of up to one hundred fifty-three (153) M1A1/A2 Tank structures for conversion to one hundred thirty-three (133) M1A2S Saudi Abrams configured Main Battle Tanks and twenty (20) battle damage replacements for their existing fleet; one hundred fifty-three (153) M2 .50 Caliber Machine Guns; two hundred sixty-six (266) 7.62mm M240 Machine Guns; one hundred thirty-three (153) M250 Smoke Grenade Launchers; twenty (20) M88A 1/A2 Heavy Equipment Recovery Combat Utility Lift Evacuation System (HERCULES) Armored Recovery Vehicle (ARV) Structures for conversion to twenty (20) M88A1/A2 HERCULES ARVs; one hundred sixty-nine (169)

AN/VAS-5 Driver Vision Enhancer-Abrams (DVE-A); one hundred thirty-three (133) AN/PVS-7B Night Vision Devices; four thousand two hundred fifty-six (4,256) Rounds M865 Training Ammunition; and two thousand three hundred ninety-four (2,394) Rounds M831A1 Training Ammunition. Also included are M1A1/A2 Tank and M88A1/A2 ARV overhaul, conversion and refurbishment services; Special Tools and Test Equipment; Basic Issue Items; Program Management Support; Verification Testing; System Technical Support; Advanced Gunnery Training System (AGTS); Deployable Advanced Gunnery Training System (DAGTS); Transportation, Binoculars, Camouflage Netting; spare and repair parts; communications equipment; personnel training and training equipment; tool and test equipment; repair and return; publications and technical documentation; Quality Assurance Team (QAT); U.S. Government and contractor engineering, technical and logistics support services; and other related elements of logistics and program support. The total estimated value is \$1.15 billion.

This proposed sale will contribute to the foreign policy and national security of the United States by helping to improve the security of a strategic regional partner which has been and continues to be a leading contributor of political stability and economic progress in the Middle East. This sale will increase the Royal Saudi Land Force's (RSLF) interoperability with U.S. forces and conveys U.S. commitment to Saudi Arabia's security and armed forces modernization.

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

The proposed sale will improve Saudi Arabia's capability to meet current and future threats and provide greater security for its critical infrastructure. The addition of these tanks and recovery vehicles to the RSLF's inventory will enhance Saudi Arabia's ability to support its soldiers in the field and to defend the Kingdom's borders. Saudi Arabia will have no difficulty absorbing these vehicles into its armed forces.

The principal contractor will be General Dynamics Land Systems (GDLS), Sterling Heights, Michigan. There are no known offset agreements in connection with this potential sale.

Implementation of this sale will not require the assignment of any additional U.S. Government or contractor representatives to Saudi Arabia. Support teams will travel to the country on a temporary basis.

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

Transmittal No. 16-32
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. This sale will involve the release of sensitive technology to Saudi Arabia. The M1A2S Main Battle Tank (MBT) is an analog/digital hybrid system comprising the best features of the M1A1 and M1A2 SEP v2 tanks, while limiting component obsolescence challenges. This configuration is unique to Saudi Arabia. It is armed with the M256 120mm smooth bore gun and has an improved fire control system with range of effective fire in excess of 4 km. Secondary armament of the M1A2S consists of a coaxial 7.62mm machine gun, another 7.62mm machine gun mounted over the gunner's hatch, and a 12.7mm machine gun mounted over commander's hatch. The vehicle is operated by a crew of four, including a tank commander, gunner, loader, and a driver. The M88A1/A2 Heavy Equipment Recovery Combat Utility Lift Evacuation System (HERCULES) Armored Recovery Vehicle (ARV) is a full-tracked armored vehicle used to perform battlefield recovery missions including towing, hoisting, and winching. It is fully capable of recovery support for Abrams series tanks and future heavy combat vehicles.

a. M1A2S Thermal Imaging System (TIS). The TIS is a second generation Forward Looking Infrared Radar (FLIR) system and constitutes a target acquisition system which, when operated with other tank systems, gives the tank crew a substantial advantage over the potential threat. The TIS provides the M1A2S crew with the ability to effectively aim and fire the tank main armament system under a broad range of adverse battlefield conditions. The hardware itself is UNCLASSIFIED. The engineering design and manufacturing data associated with the detector and infrared (IR) optics and coatings are considered sensitive. The technical data package is UNCLASSIFIED with the exception of the specifications for the target acquisition range which are CONFIDENTIAL.

b. Special Armor. The major components of special armor are fabricated in sealed modules and in serialized removable sub-assemblies. Special armor vulnerability data for both chemical and kinetic energy rounds are classified SECRET. Engineering design and manufacturing data related to special armor are also classified SECRET.

c. M256 120mm Gun and Ammunition System. It is composed of a 120mm smoothbore gun, "long rod" Armor Piercing Fin Stabilized Discarding Sabot (APFSDS) kinetic warheads; and combustible cartridge case ammunition. The suite is UNCLASSIFIED.

d. Advanced Gas Turbine (AGT) 1500 Gas Turbine Propulsion System. The use of a gas turbine propulsion system in the M1A2S is a unique application of armored vehicle power pack technology. The hardware is composed of the AGT-1500 engine and transmission, and is UNCLASSIFIED. Manufacturing processes associated with the production of turbine blades, recuperator, bearings and shafts, and hydrostatic pump and motor, are proprietary and therefore are commercially competition sensitive.

e. Compartmentation. A major survivability feature of the Abrams Tank is the compartmentation of fuel and ammunition. Compartmentation is the positive separation of the crew and critical components from combustible materials. In the event that the fuel or ammunition is ignited or deteriorated by an incoming threat round, the crew is fully protected. As demonstrated during the Abram Live Fire tests, compartmentation significantly enhances crew survivability and substantially reduces the likelihood of the tank being immobilized by an ammunition explosion and fire. Sensitive information includes the performance of the ammunition compartments as well as the compartment design parameters.

f. The Driver's Vision Enhancer-Abrams (DVE-A), AN/VAS-5. The AN/VAS-5 is an un-cooled thermal imaging system developed for use while driving Combat Vehicles (CVs) and Tactical Wheeled Vehicles (TWVs). It allows for tactical vehicle movement in support of operational missions in all environmental conditions (day/night and all weather) and provides enhanced driving capability during limited visibility conditions (darkness, smoke, dust, fog, etc.). The DVE program provides night vision targeting capabilities for armored vehicles and long- range night vision reconnaissance capability to the warfighter. The highest level of classification is CONFIDENTIAL for hardware and software.

g. AN/PVS-7B Night Vision Devices (NVD). These devices are man-portable NVDs which incorporate image intensification technology. This technology is contained in a sealed intensifier tube that is serialized and removable. Engineering and manufacturing data related to the image intensification tube sub-components are classified CONFIDENTIAL. All data related to vulnerabilities and weaknesses are classified SECRET.

2. Software, hardware, and other classified or sensitive data are reviewed prior to release to protect system vulnerabilities, design data, and performance parameters. Some end-item hardware, software, and other data identified above are classified at the CONFIDENTIAL and SECRET level. Potential compromise of these systems is controlled through the management of the basic software programs of highly sensitive systems and software-controlled weapons systems on a case-by-case bases.

3. If a technologically advanced adversary were to obtain knowledge of the specific hardware and software elements, the information could be used to develop countermeasures or equivalent systems which might reduce weapon system effectiveness or be used in the development of a system with similar or advanced capabilities.

4. A determination has been made that Saudi Arabia can provide 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.

5. All defense articles and services listed in this transmittal have been authorized for release and export to the Kingdom of Saudi Arabia.

[FR Doc. 2016-20094 Filed: 8/22/2016 8:45 am; Publication Date: 8/23/2016]