

DEPARTMENT OF DEFENSE**Office of the Secretary**

[Transmittal No. 98-11]

36(b)(1) Arms Sales Notification**AGENCY:** Department of Defense, Defense Security Assistance 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 21 July 1996.**FOR FURTHER INFORMATION CONTACT:**

Ms. J. Hurd, DSAA/COMPT/RM, (703) 604-6575.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 98-11, which attached transmittal and policy justification pages.

Dated: November 20, 1997.

L. M. Bynum,*Alternate OSD Federal Register Liaison Officer, Department of Defense.***BILLING CODE 5000-04-M**



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

09 NOV 1997

In reply refer to:
I-55169/97

Honorable Newt Gingrich
Speaker of the House of
Representatives
Washington, D.C. 20515-6501

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 98-11, concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance (LOA) to Portugal for defense articles and services estimated to cost \$29 million. Soon after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

A handwritten signature in cursive script, reading "M S Davison", is positioned above the typed name.

MICHAEL S. DAVISON, JR.
LIEUTENANT GENERAL, USA
DIRECTOR

Attachments

Transmittal No. 98-11

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b) (1)
of the Arms Export Control Act

- (i) Prospective Purchaser: Portugal
- (ii) Total Estimated Value:
- | | |
|--------------------------|---------------------|
| Major Defense Equipment* | \$ 26 million |
| Other | \$ <u>3 million</u> |
| TOTAL | \$ 29 million |
- (iii) Description of Articles or Services Offered:
Fourteen M109A5 self-propelled howitzers, Quality Assurance Team (QAT), spare and repair parts, support equipment, publications and technical data, personnel training and training equipment and other related elements of logistics support.
- (iv) Military Department: Army (UPV)
- (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:
None
- (vii) Date Report Delivered to Congress 09 NOV 1997

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

POLICY JUSTIFICATIONPortugal - M109A5 Self-propelled Howitzers

The Government of Portugal has requested a possible sale of 14 M109A5 self-propelled howitzers, Quality Assurance Team (QAT), spare and repair parts, support equipment, publications and technical data, personnel training and training equipment and other related elements of logistics support. The estimated cost is \$29 million.

This proposed sale will contribute to the foreign policy and national security objectives of the United States by improving the military capabilities of Portugal while enhancing weapon system standardization and interoperability.

Portugal currently operates M109A2 self-propelled howitzers and will use this new procurement of howitzers to re-equip existing units and retire older artillery pieces, modernizing the Army's fire support capability. Portugal will have no difficulty absorbing these howitzers.

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 (UDLP), York, Pennsylvania. There are no offset agreements proposed to be entered into in connection with this potential sale.

Implementation of this proposed sale will require the assignment of several contractor representatives for three months to provide technical support. This proposed sale will require U.S. Government Quality Assurance Team during initial delivery and fielding of the new howitzers in-country.

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