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THE SECRETARY OF DEFENSE  
WASHINGTON, D. C. 20301

23 MAR 1979

His Excellency  
General Kamal Hassan Ali  
Minister of Defense and War Production  
General Commander of the Armed Forces  
Arab Republic of Egypt

Dear Mr. Minister:

In the context of the peace treaty between Egypt and Israel, the United States is prepared to enter into an expanded security relationship with Egypt with regard to the sales of military equipment and services and the financing of at least a portion of those sales, subject to such Congressional review and approvals as may be required.

With respect to financing, the President is prepared to recommend to Congress that the United States provide military equipment and services during the next three years of a value of \$1.5 billion, with up to \$500 million annually in Foreign Military Sales (FMS) credits. The credits will be made available on the following terms: current interest rates, a ten-year deferment of payments on principal, and twenty years to repay the loan thereafter.

The United States is prepared in general to supply the items of equipment we discussed and which are listed in a classified attachment to this letter. In this connection, the United States agrees to dispatch teams to Egypt in the very near future to survey and discuss Egyptian needs for naval forces, air defenses, and ground force armored and other vehicles. The United States is also pleased to receive an Egyptian team in Washington in the near future to discuss the needs of the Egyptian Air Force.

Sincerely,

*Harold Brown*

Attachment (S)

~~CLASSIFIED~~  
~~EX-105H~~  
~~13 MAR 1979~~  
~~Classified by: [redacted] & Rec WHS~~

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The United States is prepared to approve the sale of the following equipment and services to Egypt:

- Jet Training Aircraft (e.g., of the T-38 type)
- 10 Additional C-130 aircraft.
- 16 CH-53 Helicopters.
- Aircraft ECM Pods.
- 12 Improved Hawk Batteries.
- 4 TPS-59 Three-Dimensional Radars.
- 4 Destroyers of the US Gearing Class, henceforth to be referred to as "frigates."
- Harpoon and Phalanx Weapons Systems for Installation on Frigates, number to be determined.
- Pressure testing of diesel submarine hulls.
- 800 M113 Armored Personnel Carriers.
- Technical Data Package to Upgrade T-54 and T-55 Tanks.
- Lorries and Tractors, number to be determined.

The United States is willing to consider favorably the following items of equipment, subject to further discussion and definition:

- F-4 Phantom Aircraft
- Radars for detecting low-flying aircraft, of a type to be determined by the Air Defense Survey.
- Diesel Submarines of the Guppy Type, following evaluation of the program for pressure testing existing Egyptian submarine hulls.
- Auxiliary Equipment (e.g., Ground Radars, Communication Equipment, Forward and Side Looking Camera, Equipment for Frogmen).
- Patrol Boats.

The United States also maintains its offers of the following equipment:

- Cruiser (USS Albany)
- CH-47 Helicopters
- Additional F-5E Aircraft

~~DECLASSIFIED~~  
Authority: EOP 1.2956  
Date: 19 March 2003  
Ref: Declass Br. Div. Rec. WHS

Classified by: ASD/ISA

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INTERNATIONAL  
SECURITY AFFAIRS

ASSISTANT SECRETARY OF DEFENSE  
WASHINGTON, D.C. 20301

22 MAR 1979

In reply refer to:  
I-21340/79

MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT: Letter for General Kamal Hassan Ali, MOD Egypt - ACTION  
MEMORANDUM

Here is the letter for your signature to Minister Ali. Note that it offers financial assistance up to the \$1.5 billion level over the three years. I am informed by Harold Saunders that this has been approved by the President. The letter hedges this slightly by saying RMS credits "up to \$500 million a year" for three years.

David E. McGiffert  
Assistant Secretary of Defense  
International Security Affairs

Attachment:  
a/s with ~~secret~~ encl.

Coordination:  
State Department/NEA

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~~WHEN WITH ATTACHMENTS~~

SEC DEF CONTR No. 01666