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# U.S. Sale of Abrams Tanks to Saudi Arabia

By

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[The following is a reprint of Mr. Clarke's 17 November 1989 testimony before the Senate Foreign Relations Committee in support of the proposed U.S. sale of 315 M1A2 Abrams tanks to the Government of Saudi Arabia. In addition to the tanks, the proposed sale includes a variety of support vehicles, equipment, and services, and is valued at about \$3.1 billion. Since Mr. Clarke's testimony was presented, the proposed sale passed Congressional review, and a formal Letter of Offer (DD Form 1513) has been issued to Saudi Arabia. Mr. Clarke's testimony has been published as *Current Policy No. 1235* by the Bureau of Public Affairs, U.S. Department of State.]

It is a pleasure for me to appear before you this morning to discuss the Administration's plans to sell 315 M1A2 main battle tanks and associated equipment to Saudi Arabia. As you know, the Administration advised the Congress informally of its plans to proceed with this sale on October 11th. The formal notification was delivered on November 2. The decision to notify was made only after a lengthy assessment of the impact of this sale on U.S. interests in the Middle East and the security situation there. As a result of our assessment, we have concluded that Saudi Arabia has a legitimate need for this equipment; the sale will not have a negative impact on regional stability; it will not pose a risk to Israel's security; and it will serve a number of important U.S. interests. My prepared remarks will focus on these conclusions. I would also ask that two background documents\* entitled "Background Information: Sale of Abrams Tanks to Saudi Arabia," and "Fact Sheet: Proposed Sale of M1A2 Tanks to Saudi Arabia," prepared by the Departments of Defense and State, be included in the record of this hearing.

## GENERAL BACKGROUND

Before discussing our rationale for this sale, I would first like to outline its dimensions. The total value of this sale is approximately \$3.1 billion of which about \$1.15 billion will go toward the purchase of the 315 tanks. The remainder will go for various types of support vehicles—recovery vehicles, tank transporters, support trucks, spare parts, construction, and other support services. A complete listing of the package's components and their estimated value is contained in the aforementioned background documents. As to the configuration of the tank that we will be providing to the Saudis, I will summarize by saying that it will be somewhat different from the model that the U.S. Army will use. Again, a more detailed description of the tank can be found in the background material. Finally, we plan to deliver these tanks to the Saudis during the period June 1993 through April 1996. The Saudis will begin receiving their tanks about one year after the Army begins receiving its M1A2s. This delivery schedule will not adversely affect deliveries to the U.S. Army.

At least as far back as 1982, when we first received a request for information, the Saudis have been considering the purchase of modern tanks to replace their obsolescent fleet of approximately 300 French AMX-30s. During the summer of 1987, Brazil, France, and the United Kingdom as well as the United States participated in a tank "shoot-off" at the invitation of the Saudi Government. As a result of that competition, the Saudis determined that the U.S. Abrams tank

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\* Copies can be obtained by writing to: Bureau of Public Affairs, Public Information Division, Room 5819A, U.S. Department of State, Washington, D.C. 20520.

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best suited their needs. They subsequently advised us of their desire to purchase a total of 315. In the timeframe for delivery, the only tank we will produce will be the M1A2; the A1 will have gone out of production.

## **MILITARY THREATS FACED BY SAUDI ARABIA**

In determining how to respond to the Saudi request, we first looked at the Saudis' need for these tanks. The Saudi ground forces face the daunting task of defending a country that approximates the size of the United States east of the Mississippi and that contains several tempting targets: vast oil reserves—25 percent of the world's proven reserves—and the spiritually (and therefore within the Islamic world, politically) important holy cities of Mecca and Medina. This task is made all the more difficult as the Saudis must contend with potential threats from the East, the Northeast, and the South.

In the East, the Saudis face a revolutionary regime in Iran which has long expressed its enmity for the Saudi royal family. During the active phases of the Iran-Iraq war, Iran sought to interdict shipping going to and from Saudi ports. At one point, the Iranian Air Force actually threatened the oil fields in the Eastern Province. At another point, it appeared as if Iranian forces might break through Iraqi lines in southern Iraq and directly threatened Kuwait and the Saudi Eastern Province with their considerable land forces. Although ultimately defeated in this long war, Iran is now engaged in an active rearmament program and may again be a major conventional threat to Saudi Arabia in the mid-1990s—the same timeframe in which the M1A2s in the proposed sale will be delivered. Though the active fighting has stopped, Iran is still active in terrorism and subversion against Saudi Arabia.

At present Saudi Arabia is working closely with Iraq and supported it during the Iran-Iraq war. Historically, however, Saudi Arabia has had to meet threats from all quadrants, including hostile regimes in the Tigris-Euphrates Valley. The Iraqi Army is a formidable, battle-tested instrument, and like any prudent state, Saudi Arabia must take into account worst-case scenarios to protect its security. It is simply a fact that the Iraqi Army is equipped with over 5,500 tanks—10 times as many as the Saudis—a substantial number of which are top-of-the-line Soviet T-72s.

To the south lies the Marxist People's Democratic Republic of Yemen, or South Yemen, with which the Saudis have a continuing history of border disputes. Ongoing clashes in this region of undemarcated borders require the Saudi Government to position its forces defensively in this area. Rearmed by the Soviets since its 1986 civil war, South Yemen now has over 500 tanks—almost as many as in the entire Saudi inventory.

To deal with these potential adversaries, the Saudis must deploy their two armored brigades and four mechanized infantry brigades to multiple locations on their territorial periphery—thus diluting the impact of what is already a comparatively modest force. Given the manpower limitation on the size of their armed forces that is imposed by the small Saudi population—only about 3.5 million men, with close to half under the age of 15—the Saudis believe that they must depend upon modern technology to offset what is clearly a significant armor threat around their borders.

In view of this situation—both because of the numbers of tanks that could threaten Saudi Arabia and also because of the improving quality of that threat—we believe that the Saudi request for 315 M1A2 tanks is justified. We also believe that satisfying this Saudi request will contribute to the stability of the region by enhancing the ability of the Saudis to deter outside threats.

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## SAUDI ARABIA'S POLITICAL ROLE IN THE MIDDLE EAST

The Saudis play a leading political role in the region. Most recently they have worked actively to arrange a settlement of the 14-year-old civil war in Lebanon. It should also be recalled that Saudi Arabia worked to achieve Egypt's return to the Arab League with its ties to Israel intact and played an important role in encouraging PLO [Palestine Liberation Organization] leader Arafat to make his statements recognizing Israel's right to exist, renouncing terrorism, and accepting UN Resolutions 242 and 338. In regard to the Middle East peace process, the Saudis helped shift the Arab consensus from the "rejectionism" of the 1970s to a search for a "just settlement" which included recognition of "the right of all states in the region to live in peace" as was embodied in the 1981 Fahd Plan. Since then, the Saudis have worked quietly to have these principles reaffirmed in the Arab summits at Frez, Algiers, and Casablanca. With the United States and Pakistan, Saudi support for the Afghan resistance has been instrumental in the Afghan people's struggle for self-determination against the illegal Kabul regime.

We believe that a militarily strong and, therefore, confident Saudi Arabia is more likely to continue supporting these and other moderate positions than is a Saudi Arabia that is weak and exposed to pressures from its more radical neighbors.

### THIS SALE AND ISRAEL

We have also considered this sale in the context of our security commitment to Israel. Based on previous Saudi behavior and our understanding of their capabilities and security objectives, this sale will not pose a threat to Israel. The Saudis have never played a significant role in any of the Arab-Israeli wars and are committed to a peaceful resolution of the Arab-Israeli conflict.

As was mentioned earlier, the Saudis must deploy their armored forces to cover multiple threats around their periphery. Our understanding is that the largest number of these tanks will be based in the East and Northeast with a lesser number in the South and at Taif in the middle of the country. Only a limited number will be in Tabuk in the Northwest where the Saudis have maintained a blocking force as a deterrent against attack on this traditional invasion route from the northern Levant or Fertile Crescent. Let me add that we do not believe Saudi Arabia has any plans for use of these tanks against Israel.

Lastly, it would be exceedingly difficult for Saudi Arabia to attack Israel, even if it were so inclined. Not only are Saudi armored forces dispersed throughout the kingdom, they are not postured, equipped, or trained to deploy rapidly across country and, therefore, cannot easily mass to pose a threat to Israel. The mountainous terrain of northwestern Saudi Arabia and the very difficult mountains of southern Jordan through which the tanks would have to pass (there is no common Israeli-Saudi border) are extremely ill-suited to tank warfare. Given the almost total absence of roads in those areas and the resulting choke points, the Israeli Air Force would have little difficulty dealing with any attempt to attack Israel from that direction. As with any sale of U.S. military equipment, the buyer agrees to use the items solely for self-defense. Any violation of such understanding could lead to an immediate cutoff of further deliveries of spare parts, ammunition, and other arms and a withdrawal of U.S. advisers and technicians.

In addition, we do not believe this sale significantly degrades Israel's current ability to defeat the attack of any likely combination of hostile forces in the region. In our view, this superiority is very clear to all Arab states, including the Saudis; the deterrent in Arab minds of a devastating Israeli strike is not going to change as a result of this sale. As a related concern, it has been suggested that the Saudis might loan these tanks to another state for use against Israel. Since such an action would violate the prohibition against the transfer of the equipment to a third party without U.S. Government permission, it would trigger a cut-off of assistance. The recipient country would also face considerable difficulties as it would lack the logistical support system to maintain,

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and the trained personnel to operate, what is a very complex piece of equipment. For these reasons, we believe that such a loan would be highly unlikely.

While we do not mean to imply that the addition of 315 of the world's finest tanks will not result in a material improvement in Saudi capabilities, we do wish to emphasize that Israel enjoys, and will continue to enjoy, an advantage based on its ability to exploit technology, its superior command and control, maintenance and intelligence, and its high state of training and readiness in combined arms operations that result in a level of combat effectiveness that is unchallenged in the Middle East. This sale will in no way undercut the Israeli advantage.

## U.S. INTERESTS IN THE MIDDLE EAST

Finally, I would like to address what I believe to be the most important reason for pursuing this sale: It serves U.S. interest and objectives. Let me first highlight the strategic interests which will be served. As you know, the United States and Saudi Arabia have a 45-year-old security relationship. A major facet of that relationship has been a U.S. willingness to provide the weapons that the Saudis require to meet their legitimate defense needs. It should be noted that although our sales of defense equipment and services to Saudi Arabia have, since the 1950s, totaled over \$50 billion, only about 12 percent (or \$5.7 billion) of that has gone to buy actual weapons systems. The rest has purchased nonlethal equipment, construction, and other support services.

This sales component of our security relationship is important, not just because the Saudi ability to pay cash provides a significant economic benefit, but because it enhances the ability of our forces to operate with the Saudi military in time of need. Among the many things that enabled our forces to carry out the difficult Earnest Will Operations in the Persian Gulf in 1987 and 1988 was their ability to work closely with the Saudi armed forces. In addition to the Saudi desire to cooperate with us in that venture, Saudi knowledge of U.S. procedures, as a result of training on U.S. equipment at U.S. military schools, facilitated the coordination of our efforts. Furthermore, the presence of significant quantities of the same types of equipment that are used by the U.S. Air Force and the U.S. Navy ensured that a logistical infrastructure was in place that could be tapped in the event that both our governments determined that to be necessary.

In like manner, we believe that the sale of the M1A2 will greatly enhance our ability to work with the Saudi ground forces should the need ever develop. If we do not sell the M1A2, the Saudis will turn to a foreign tank such as the British Challenger II, thus eliminating the possibility of maintaining this link.

In addition to fostering a closer security relationship with the Saudis, we believe that this sale will serve U.S. strategic interests in other ways as well. Obviously, the sale will enhance Saudi Arabia's ability to defend its vast oil reserves, a resource in which we will continue to have a major interest. As was mentioned earlier, we believe that the sale will enhance regional stability by enabling the Saudis to deter the adventures of their more radical neighbors and by reinforcing their willingness to adhere to a moderate foreign policy. By tangibly demonstrating our willingness to assist them in meeting their defense needs, we will strengthen U.S.-Saudi cooperation in the continued pursuit of our shared objectives in the Persian Gulf area and elsewhere in the region. We believe a strong U.S. relationship with Saudi Arabia is not only in our interest but in the Israeli interest as well.

As a final consideration, we believe it important to note that this sale will yield significant economic benefits. This will be a \$3.1 billion cash sale which will involve no cost to the American taxpayer. In fact, quite the contrary, the U.S. taxpayer will benefit in several ways. Since there are not offsets, almost the entire amount will be credited against our balance of trade deficit. The estimated 57,000 man years of employment that will result from the tank sale alone—not counting the additional employment that will be derived from other equipment that will sold—is also

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important as is the \$680 million in savings and revenue that will accrue to the Army and U.S. Government. Additional economic details are outlined in the two background documents that I mentioned at the outset.

In closing, I would like to emphasize that the Administration has carefully considered all facets of this sale. It is only because we believe that significant U.S. interests are served by it that we have elected to proceed.

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## Department of Commerce Overseas Support for U.S. Defense Industry Sales Support

[To increase the awareness of DOD personnel regarding the role of overseas Department of Commerce personnel in support of Direct Commercial Sales and Foreign Military Sales, the following 1987 Department of Commerce message (05225Z Aug 87) is reprinted herein.]

1. Summary: In response to requests from the field and conversations at recent SCO [Senior Commercial Officer] conferences, this message (1) clarifies the nature and scope of support which USFCS [U.S. and Foreign Commercial Service] officers can provide to U.S. companies in connection with commercial military sales overseas, and it provides guidance on the role officers can play in supporting DOD Foreign Military Sales (FMS) assistance in-country teams; and (2) it encourages USFCS officers to support U.S. defense industry sales effort where appropriate to their mission. In short, USFCS officers may support commercial (as opposed to FMS-Funded) sales of military equipment subject to State Department guidelines listed below. In the case of FMS sales or where another agency would have the lead, USFCS posts should provide counsel and information on a time available basis, as long as this support does not negatively impact on higher priority work.

2. USFCS support for U.S. companies' overseas commercial military sales activities was a frequent topic at the recent series of SCO conferences. The purpose of this message is twofold (1) To clarify the current USFCS position on defense industry sales and provide some basic guidance on support you can offer; and (2) to encourage your efforts in this areas, if it is appropriate for your mission. A number of you are already doing a great deal in assisting U.S. companies' defense sales activities as part of Post management or DOD/FMS initiatives. I encourage you to do so. It is not the intent of this message to make you less aggressive or to circumscribe your efforts, but to encourage you to do as much as you can to support U.S. companies' defense industry sales activities. These activities do not show up in the trade statistics, but do translate into more U.S. jobs and a stronger U.S. defense industry.

3. Export of U.S. defense products is regulated by the Foreign Assistance Act and the Arms Export Control Act. Dual use items which have both military and civilian applications are controlled by the Export Administration Act (EAA) and amendments. The EAA does not apply to arms sales.

4. USFCS personnel cannot promote defense industry products or services unless specifically instructed to conduct such activities by an appropriate official in the Executive Branch. Under the Arms Export Control Act, State has supervisory responsibility in coordinating arms exports. Unclassified U.S. State Department message 022248, offers guidelines on the specific services posts can provide to U.S. firms selling arms and cautions that questionable items should first be called to the State Department for a ruling.

5. Following is a brief description of support USFCS staff can offer:

a. For any U.S. defense industry product exporter: USFCS can offer basic business information and services such as access to commercial library, names and addresses, information about local customs regulations and commercial law; and non-sensitive background information on the organizational structure of the host government and defense forces, its defense budget, funding limitations, and whatever U.S. financial assistance is available.

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b. For U.S. firms which have a license to release technical data in support of sales promotions or other marketing efforts in the host country (subject to local conditions): USFCS can provide additional assistance to company representatives, including advice on which host government officials to contact, general advice on sale tactics, and informing the host government of issuances of licenses. However, you should inform the appropriate State/DOD country team member and get their approval before proceeding.

c. You cannot take any action without State/Post management approval on any other request by U.S. firms or their representatives for special support of any kind beyond the activities outlined above which would directly encourage, promote, or influence a US. defense industry purchase by a foreign government.

6. Officers are directed to review U.S. State Department Message 022248, paragraphs 9 through 13 for detailed guidance on acceptable activity. If at any point in your support of a defense industry sale or defense contractor you have questions regarding appropriate licensing processes or policy, you should consult with your defense attaché or security assistance officer as appropriate. If you cannot get a definitive reading, you are encouraged to contact State, attention PM/SAS.

7. In the case of foreign military sales assistance efforts conducted by DOD, you are encouraged to advise or consult DOD/FMS country team members at their request, provided that you can do so without impacting on your primary mission or priority activities. Given our limited resources, we do not feel that USFCS can or should assume a leadership role in FMS efforts. However, you can support DOD or State efforts in areas where your knowledge of commercial activities or contacts can be useful, as for example, in suggesting areas for co-production agreements and/or bi/multilateral industrial worksharing, assistance in identifying and selecting agents and/or consultants, etc.

8. Some of you may already have good information to assist in responding to inquiries per paragraph 5 a. and b. above. If not, you may wish to start developing this general information, as resources permit, and assuming that there is sufficient on-going demand to make the effort worthwhile.

9. We are currently revamping our Trade Opportunities Program. We have been approached by DOD to explore ways that USFCS can work with DOD to improve U.S. companies' access to foreign government military procurement opportunities. We have proposed using the new TOPS program for this purpose.

10. [Not generally applicable.]

11. You are encouraged to work with DOD and Post management on these issues, and you have our assurance of strong support for your efforts in this important area.

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## U.S. Exports Controls and China

[The following is a reprint of a November, 1989 edition of *GIST*, a quick reference aid on U.S. foreign relations published by the Bureau of Public Affairs, U.S. Department of State.]

**Background:** U.S. export controls on technology and equipment transfers to China, particularly for items in widespread commercial use, have been liberalized gradually since the early 1980s. An important motivation for this liberalization has been a desire to support U.S. private sector involvement in China's modernization program, which in turn aids the development of China's economy. It has been the view of five U.S. Administrations that a friendly, stable, modernizing China will contribute to peace and stability in East Asia and is in the general U.S. foreign policy interest.

In June 1983, recognizing China's status as a "friendly, non-allied country," President Reagan announced his decision to shift China into export control "Country Group V," which includes most friendly Asian, Africa, and European countries. Technical guidelines ("green lines") were established to describe products in certain categories that would be approved routinely for export to satisfactory end-users in China. License applications for such green line products required only Commerce Department review in the U.S. Government. Export of these products still were subject to review, however, in the Coordinating Committee for Multilateral Export Control (COCOM) in Paris. COCOM comprises Japan and all the NATO countries except Iceland.

Beginning in 1985, the U.S. and its COCOM partners agreed on a series of procedures to streamline approval of routine China cases. As a result of these changes, certain items falling within 39 product categories no longer require COCOM review. These changes have reduced significantly the China caseload in COCOM and sped up licensing of high-technology export to China by the U.S. and other COCOM members.

### U.S. Export Licenses Approved for China

<u>Year</u>	<u>Number of Applications</u>	<u>Total Dollar Value*</u>
1982	2,020	\$0.5 billion
1983	2,834	\$0.9 billion
1984	4,443	\$2.0 billion
1985	8,637	\$5.5 billion
1986	6,157	\$3.4 billion
1987	5,777	\$2.3 billion
1988	5,724	\$2.9 billion

\*Value of licenses approved does not reflect value of actual licensed shipments, which is substantially less.

**National security concerns:** Although controls gradually have been liberalized, U.S. high-technology exports remain subject to national security controls, reflecting our awareness that China poses strategic threats unlike other friendly countries. U.S. regulations outline areas of potential concern: nuclear weapons and delivery systems, intelligence gathering, electronic warfare, antisubmarine warfare, power projection, and air superiority.

U.S. policy is designed to allow U.S. companies to participate fully in China's modernization program, while the U.S. retains controls on truly sensitive items. The level of

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technology approved for China has been rising steadily. Large mainframe computers, some sophisticated semiconductor manufacturing equipment, and scientific instruments (all denied for export to the Soviet Union) are now routinely approved for China.

**Volume of high-technology exports to China:** Export control liberalization has facilitated an expanding volume of U.S. exports to China. The Commerce Department estimates that the value of U.S. high-technology exports to China increased from \$600 million in 1982 to \$1.7 billion in 1988. The total comes to more than \$8 billion. (These figures not only represent actual licensed shipments, but also include items not subject to strategic technology controls.)

U.S. High-Technology Exports to China	
<u>Year</u>	<u>Total Dollar Value*</u>
1982	\$0.63 billion
1983	\$0.65 billion
1984	\$0.82 billion
1985	\$1.71 billion
1986	\$1.28 billion
1987	\$1.43 billion
1988	\$1.72 billion

**Recent events:** In the wake of the Chinese Government crackdown against student demonstrators in June 1989, the U.S. and its COCOM partners suspended further liberalization of export control on China. The U.S. also suspended export of goods and technology on the U.S. Munitions List as a means of administering the President's ban on the export of weapons.

**Guidance for exporters.** General information on export licensing procedures is available from the Commerce Department's Office of Export Licensing, Exporter Assistance Staff (202-377-4811). Information on licensing of goods on the Munitions List is available from the State Department's Office of Munitions Control (703-875-6644). Once an export license application is sent to COCOM for review, its progress is followed by the Department of State's Office of COCOM Affairs. Exporters may make occasional inquiries on the status of urgent applications pending in COCOM by calling the Security Enforcement and Licensing Division in that office (202-647-2885).

**For further information:** See Department of State *GISTs* on "U.S. Exports: Strategic Technology Controls" (replaces "Controlling Transfer of Strategic Technology") and "U.S. Exports: Foreign Policy Controls" (replaces U.S. Export Controls").