



REPUBLIC OF CROATIA  
MINISTRY OF DEFENCE  
MATERIAL RESOURCES DIRECTORATE

Admin No. 910-09/21-40/1

File No. 51243-21-83

Zagreb, 08-04-2021

UNITED STATES EMBASSY  
OFFICE OF DEFENSE COOPERATION  
LTC BRADLEY RITZEL, CHIEF

**SUBJECT: Amendment to the Letter of Request (LOR) for Excess Defense Article (EDA) US Army (IFV) Bradley ODS Vehicles**

Dear LTC Ritzel,

The Ministry of Defense of the Republic of Croatia would like to amend the LOR for LOA for EDA US Army (IFV) vehicles, dated December 23, 2019. The purpose of this letter is to provide you with the final number of the requested vehicles, scope of the program, equipment, timing and other related activities.

After completion of four US-Croatia working group meetings on this topic, in addition to already submitted LOA HR-B-IAG for donation EDA grant IFV Bradley M2A2 ODS, we ask the USG to submit LOA for refurbishment of 62 ea vehicles and bringing them into the US Army 10/20 standards and Integrated Logistic Support of refurbished Bradley vehicles based on "Total Package Approach" including delivery of TOW missiles and ammunition.

This LOA should consist of as follows:

- We request that all 84 ea vehicles selected by Croatian team during the JVI, be delivered to the final in-country destination in town of Slavonski Brod.; via Sea Port of Debarkation RIJEKA. The LOA should plan for DTC code 7.
- Due to business difficulties caused by COVID-19 pandemic that prevented OEM BAE Systems to provide M2A3 and M3A3 upgrade pricing, we ask that the LOA consist of total 62 ea vehicles (58ea M2A2ODS and 4ea M2A2ODS reconnaissance configuration) which will be brought into the full mission capable conditions (FMC) to fulfill US Army Operator and Unit maintenance level standard 10/20. Note that, at this moment, we ask for the minimum number of vehicles to be refurbished and included in the LOA in order to keep the total cost down as much as possible in order to achieve NATO capability target.

Later on, when our budgetary conditions improve, we will send a follow-on LOR for the Amendment in which we will ask for the refurbishment of additional Sea vehicles for training purposes (one vehicle for Croatian Military Academy and four vehicles for the Infantry and Armored Training Center). The remaining 17ea vehicles will be kept as a source of spare parts and those vehicles will be disassembled into spare parts and Line Replaceable Units (LRUs) which will be used for refurbishment and maintenance processes.

- All 62 ea vehicles should be equipped with BUSK III - Bradley Urban Survival Kit.
- All 62 ea vehicles should have the same upgraded tracks and suspensions, version T-161.
- All 62 ea vehicles should have Enhanced Bushmaster 25mm M242 gun that will go through reset process.
- All 62 ea vehicles, when the 10/20 refurbishments are completed, they should be in common end state in terms of guns, BUSKs, tracks and suspensions, communications and Basic Issue Items (BI), notwithstanding the (10) command vehicles and (4) reconnaissance vehicles.

In the Attachment # 1 to this letter please find the spreadsheet with number of vehicles to be refurbished, requirements for delivery schedule, quantities of ammunition and TOW missiles, training requirements, communications, special tools and test equipment requirements that we also request to be included in the LOA. Note that, at this moment, we ask for the minimum number of TOW missiles to be included in the LOA in order to keep the total costs down as much as possible. Later on, when our budgetary conditions improve, we will send a follow-on LOR for the additional LOA in which we may ask for additional quantities of TOW missiles and ammunition, as well as, Forward Repair Station (FRS) and the procurement, installation and integration of the Battle Management System (BMS). Also, note that due to changed circumstances related to COVID and the letter that we have received from BG Douglas S. Lowrey, dated October 8, 2020, as for now, we do not plan for the Phase II upgrade of the vehicles that we were referring in our Letter of Request from Dec 23, 2019.

All other requirements in our Letter of Request, dated December 23, 2019 still remain valid, especially the ones related to non-recurring costs waiver, scope of work for the refurbishment process and cooperation with our local industry Djuro Djakovic Special Vehicles.

We request sole source contract to be awarded to BAE System for the refurbishment program to bring 62ea vehicles into the US Army 10/20 standards. We specifically request that all refurbishment work be performed in Croatia in cooperation with Croatian company Djuro Djakovic Special Vehicle (DDSV), which will serve as sub-contractor to BAE Systems.

Acquisition of Bradley's is required to replace our old Russian licensed IFV BVP M-80A (BMP) in order to fully implement NATO Capability Targets - NATO CT-medium brigade NLT 2026. This program will significantly strengthen our mechanized land-forces and improve our capabilities to conduct national defense operations as well as to participate in various types of potential NATO collective missions and operations. This program will improve compatibility and interoperability of Croatian Armed Forces with US and NATO. That is why a Non-recurring cost waiver is requested for this program. Disapproval of the Non-recurring cost waiver may result in a loss of opportunity for interoperability with U.S./NATO.



Taking into account that all refurbished vehicles will stay in configuration M2A2 ODS for several years, we would like once more to emphasize the importance of establishing maintenance center in Croatia in the Djuro Djakovic Special Vehicles Company.

As for the payment, we ask that LOA includes RAPS payment conditions. We specifically request that initial payment of LOA includes \$25M from US DRLE grant # 20173L program and \$20M from FY19 regional FMF OCO program. At least the amount of \$45M USD for the initial payment for the LOA will be funded from Croatian national defense budget, as well all the payments which will be paid in accordance with the delivery schedule and the RAPS payment conditions.

The LOA should be delivered for review and acceptance not later than Aug 15<sup>th</sup>, 2021. The Offer Expiration Date (OED) for the LOA should not exceed Jan 30<sup>th</sup>, 2022.

Note that the payment conditions and OEDs requirements are very important for us, due to our FY22 defense budget challenges. FY23 and following years' defense budgets should have more fiscal flexibility. Also note that our fiscal and calendar years match.

Point of Contact for this case is COL Zoran Pecusak, MOD Armaments and Equipment Sector, phone +385 1 4568 089, e-mail: zoran.pecusak@morh.hr.

Attachment:

1. List of requirements for LOA

*[Handwritten initials]*

Yours sincerely,

**ASSISTANT MINISTER**



To:

1. Office of Defense Cooperation, US Embassy,
2. Armament and Equipment Sector,
3. Here to.