

Statement of
General Norton A. Schwartz, USAF
Commander, United States Transportation Command



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On the State of the Command

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INTRODUCING THE UNITED STATES TRANSPORTATION COMMAND
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Mission/Organization

USTRANSCOM, a unified combatant command (COCOM), serves as the "quarterback" of the Joint Deployment and Distribution Enterprise (JDDE), whose purpose is to project national security capabilities, provide end-to-end visibility of forces and sustainment in transit and rapidly respond to support joint logistics requirements. Through our component commands, the Air Force's Air Mobility Command (AMC), the Navy's Military Sealift Command (MSC), the Army's Military Surface Deployment and Distribution Command (SDDC) and our national and commercial partners, we execute military and commercial transportation, terminal management, aerial refueling and global patient movement through the Defense Transportation System (DTS). In addition to our transportation mission, USTRANSCOM, as the Department of Defense (DOD) Distribution Process Owner (DPO), is making improvements that enhance the responsiveness of the Defense Logistics and Global Supply Chain Management System for the DOD. As the DOD's DPO, designated in 2003, redesignated in 2006, codified in the 2006 Unified Command Plan, and institutionalizing DPO's responsibilities in DOD publications, USTRANSCOM is leading a collaborative effort with JDDE partners across the defense logistics community to increase the precision, reliability and efficiency of the DOD supply chain. By increasing collaboration, employing expeditionary tools and streamlined systems, adapting our business models and ensuring an appropriate mix of lift assets, we fulfill our obligations and "keep our promise" to our warfighters and the Nation, today and tomorrow.

KEEPING PROMISES TO THE NATION IN 2006

As we look to the future, we are mindful of operations in Iraq and Afghanistan, and that 2006 was a challenging year. Our requirements in support of the Global War on Terrorism (GWOT), Operation NOBLE EAGLE (ONE), Operation IRAQI FREEDOM (OIF), and Operation ENDURING FREEDOM (OEF) were noteworthy. AMC moved 1,394,485 passengers on deployment, redeployment,

sustainment and rest and relaxation missions, an achievement accomplished in collaboration with our commercial industry partners, as they provided us with a cost efficient and effective means of moving our service personnel. This important relationship with our commercial industry partners allowed organic aircraft to airlift 526,611 short tons (stons) of vital cargo into the US Central Command (USCENTCOM) theater. Additionally, our C-17's airdropped 360 stons of critical supplies for coalition forces in Afghanistan.

Our aging airborne tanker fleet, a key force multiplier, also performed at unprecedented levels. AMC tankers delivered 128.94 million gallons of fuel to US and coalition aircraft in support of OEF/OIF. They also played a critical role in securing the skies over our cities in support of ONE. Our tankers flew over 500 sorties and offloaded 2.9 million gallons of fuel to replenish over 1,275 combat air patrol fighters and support aircraft guarding against terrorist attacks within our borders. This fall, our tankers launched on a minute's notice to support fighter patrols over major US cities following the tragic civilian aircraft crash into a residential high rise in New York City.

MSC and SDDC's contributions were equally impressive, as they delivered 1,246,106 stons/24,094,118 square feet of cargo to both OIF and OEF. MSC's point-to-point tankers also delivered over 5.79 million gallons of fuel supporting worldwide DOD requirements.

In USCENTCOM we worked in concert with our JDDE partners and rotated 37 Brigade Combat Teams, eight Air Expeditionary Forces (AEF), and six Marine Air Ground Task Forces (MAGTF). Despite dynamically changing theater requirements, USTRANSCOM delivered 95% of personnel, equipment and cargo to final destination on time, meeting warfighter requirements.

In addition to force rotations, delivering armored vehicles, vehicle armor kits and improved personal body armor remained a high priority. This

year we moved 6,000 armored vehicles, 600 armor kits, 1.4 million pounds of Bradley armor tiles, and 100,000 sets of body armor.

Close collaboration with USCENTCOM has enhanced our ability to understand requirements, forecast movements and develop better, more cost effective transportation solutions. Through the integration of our air and surface operations we were able to reduce the cost of transportation for the Services by over \$60 million and free up strategic airlift assets for higher priority missions, providing greater flexibility to us and our customers.

Our ability to quickly respond paid dividends during the evacuation of American citizens from Beirut during hostilities between Lebanese Hezbollah and Israel. When requested by the Department of State (DOS) to assist in this effort, MSC contracted three commercial vessels to evacuate our citizens. These vessels combined with an interagency team of other transportation assets, moved over 12,000 personnel from Beirut to a safe haven in Cyprus where follow-on air transportation arrangements were made. In the midst of this operation, with the safe haven camp populations threatening to exceed capacity, AMC secured 30 additional wide-body commercial and 19 military aircraft to transport 1,833 American citizens from Cyprus to McGuire Air Force Base (AFB), New Jersey, and 6,873 passengers to Atlanta, Baltimore, and Philadelphia. A key to the success of this operation was the integration of the expeditionary Contingency Response Group (CRG) into the Joint Task Force (JTF) command and control structure. CRG personnel from McGuire AFB were some of the first on the ground in Larnaca, Cyprus, to open the port and assist the DOS and local personnel to establish command and control and ensure safe operations.

While operations in USCENTCOM remain the focus of efforts, we are mindful of USTRANSCOM's global mission to keep forces and sustainment flowing around the world. In Germany, when a customs issue caused a backlog of critical cargo, USTRANSCOM acted immediately with USEUCOM, and negotiations

with the German Government resulted in a streamlined, more efficient customs process.

In the US Southern Command (USSOUTHCOM) area of responsibility (AOR), USTRANSCOM helped plan and execute 12 Detainee Movement Operations (DMO) from Guantanamo Bay, Cuba, to various points around the globe, resulting in 87 detainees being repatriated, or permanently accepted by partner nations. At home, USTRANSCOM responded to the devastating effects of wildfires. Working closely with US Northern Command (USNORTHCOM), we provided firefighting support via Air National Guard and Air Force Reserve C-130s. These crews flew 530 sorties and released 12.9 million pounds of retardant, preventing millions of dollars in damage and saving countless acres of forest and wilderness areas. We also worked with USNORTHCOM to develop timely response procedures to airlift Homeland Defense Quick Reaction/Rapid Reaction Forces (QRF/RRF) using C-130s and C-17s.

Exercise support was yet another key way USTRANSCOM supported the geographic COCOMs. Exercises provide critical training and serve as a venue to review business processes, and explore/refine improved deployment and distribution processes. For example, the North American Aerospace Defense Command (NORAD)-USNORTHCOM Ardent Sentry 06 exercise not only included lift of 1,656 passengers and 66.5 stons of cargo to support the employment of Homeland Defense QRF and Joint Task Force-Civil Support elements, it also exercised Joint Task Force-Port Opening (JTF-PO) elements. JTF-PO is an evolving joint expeditionary capability to rapidly establish and operate an aerial port of debarkation and cargo distribution node. This force includes command and control (C2), airfield and distribution assessment, rapid port clearance, in-transit visibility (ITV), and movement control elements for distribution operations. The US Pacific Command (USPACOM) exercises in the Republic of Korea (ROK), Reception, Staging, and Onward Movement and

Integration (RSO&I) and Ulchi Focus Lens provided similar venues for USTRANSCOM to integrate new processes to better support the joint warfighter.

Perhaps the most important of all our missions, but the least heralded, is the movement of injured soldiers, sailors, marines, airmen, and civilians from the battlefield to world-class medical treatment facilities. This is a complex, time-sensitive, process requiring close collaboration with doctors, military hospitals and our aero-medical evacuation crews to ensure that combat wounded or injured personnel move at exactly the correct time to the correct place - and this process works superbly. In 2006 over 7,500 patients were moved in the USCENTCOM AOR and over 15,000 patients were moved globally.

Should the worst occur and a warfighter perishes in the defense of our nation, USTRANSCOM ensures the most dignified transport of the honored dead from the battlefield to their final internment. Recently enacted legislation changed the way we transport the fallen, and we have been working closely with the Joint Staff (JS), Office of the Secretary of Defense (OSD), and the Services to develop a transportation strategy that ensures our fallen warfighters return home on military or military-contracted aircraft with honor and dignity to the military or civilian airfield nearest the designated destination. To date, we have provided this transportation for 103 of our fallen.

LEADING THE JOINT DEPLOYMENT AND DISTRIBUTION ENTERPRISE TRANSFORMATION

Process and Systems Transformations

As we conduct the missions of today, we are transforming the JDDE to meet both the changing environment of current operations and rapid global mobility and distribution requirements of the future force.

Guiding our transformation efforts is the DOD sanctioned and the Joint Requirements Oversight Committee approved Joint Logistics (Distribution) Joint Integrating Concept (JL(D)JIC). This keystone document directs the development of joint capabilities to enhance the movement and sustainment of joint forces. Leading this important work is USTRANSCOM, exercising our

responsibilities as the global mobility force provider and Distribution Process Owner.

The JDDE includes the equipment, procedures, leaders and connectivity necessary to conduct joint distribution operations. When fully developed, the JDDE will be a single unified enterprise with well-defined authorities, metrics, business rules, and integrated capabilities that can precisely and reliably see and direct the flow of forces and sustainment.

Transformation is driving us to rethink how we conduct business. We are moving toward arrangements with private industry that are geared towards performance and integrated customer focused solutions. An example of this business transformation is the Defense Transportation Coordination Initiative (DTCI). USTRANSCOM, in partnership with the Defense Logistics Agency (DLA) and the Military Services, is currently selecting a transportation services coordinator to manage DOD freight movements in the Continental United States (CONUS). This transportation services coordinator will have visibility of CONUS freight movements enabling load consolidation, use of more cost effective inter-modal solutions, and more intelligent scheduling. These improvements will increase the precision and reliability of freight movement which will lead to increased customer confidence, cost savings and more effective employment of our workforce. Use of a single coordinator will also help generate relevant metrics that can be used to drive continual process improvements across our distribution system.

Industry has experienced cost savings on average of 12 percent through partnering with transportation services providers. Today, seventy-eight percent of US companies and eighty-two percent of Fortune 100 companies use transportation management services. DOD is several years behind industry and we are acting now to capitalize on this industry best practice. Analyses suggest cost savings in the fifteen percent range annually over the life of a 7-year contract. DTCI is an example of how we will leverage commercial best practices to provide best value to our defense customers.

Just as DTCI will improve commercial transportation, USTRANSCOM's Joint Deployment and Distribution Operations Center (JDDOC) concept is improving integration of strategic and theater distribution. This year we published the second edition of the JDDOC template which every regional COCOM has used to tailor their organic JDDOCs. Currently, we are planning a third edition to include metrics, elaborate on forward deployed JDDOC operations and how enhanced JDDOCs can best address broad theater logistics issues.

As we work hard to increase the reliability and precision of our processes, the ability to measure system performance becomes increasingly important. This year we began measuring system performance through Integrated Distribution Lanes, where the warfighting customer defines the output of the distribution systems in terms of on-time delivery. USTRANSCOM, in our role as DPO, then takes appropriate action with our components, national partners, and services to ensure the logistics system, writ large, delivers the outcome defined by the warfighter. We are already achieving substantial improvements in delivery times, and we expect to make continued improvements to the largest and most diverse supply chain that exists today.

In the current high-paced operating environment, commanders need timely and accurate supply chain information to inform operational decision making. With this in mind, the Under Secretary of Defense for Acquisition, Technology and Logistics designated USTRANSCOM to be the Department's functional proponent for Radio Frequency Identification (RFID) and related Automated Identification Technology (AIT) implementation. Under the new designation, USTRANSCOM will execute an AIT implementation strategy and develop a corporate approach for use of these asset visibility technologies. Major responsibilities include developing an integrated AIT concept of operation to provide end-to-end visibility, incorporating RFID and related AIT in the DPO architecture, overseeing data quality and performance using Portfolio Management methodology, championing funding and synchronizing RFID implementation.

We have already implemented active RFID technology at our strategic ports to provide COCOMs detailed tracking information on the movement of cargo throughout the transportation system and have begun passive RFID

implementation at state-side aerial ports to improve tracking of air shipment cargo. USTRANSCOM is also evaluating the use of satellite technology to track container movements in the USCENTCOM AOR. Our goal on the AIT front is to craft a strategy that delivers the optimal AIT and corresponding logistics solutions which provide the warfighter with end-to-end visibility of forces and material moving through the DOD supply chain.

Given the ever increasing need for information, one key responsibility is the management of the portfolio of information technology (IT) systems which provide that information. Historically, IT resources have been managed and acquired as stand-alone systems rather than integral parts of a net-centric capability. This has the effect of allowing duplicative investment in systems or platforms that deliver the same or similar capabilities, limiting the ability to share information or fully incorporate doctrine, organization, training, materiel, and leadership factors. To mitigate this problem, DOD designated USTRANSCOM the Distribution Portfolio Manager (DPfM). Managing distribution systems as a portfolio of capabilities will align IT with the needs of the warfighter. This approach will provide the structure for a balanced strategy based on enterprise level planning, integrated architectures and warfighter proposed performance measures.

An example of this integration is the convergence of Defense Logistics Agency's (DLA) Integrated Data Environment (IDE) logistics system and USTRANSCOM's Global Transportation Network (GTN). USTRANSCOM is partnering with DLA and JS-J4 to bring these programs together under the same acquisition management framework. Converging these two systems will create a powerful environment for managing integrated supply, distribution, and logistics information. Another area of integration is the Port Management Automation (PMA) initiative. PMA will support integration of the Worldwide Port System and its manifesting functionality into the existing Global Air Transportation Execution System (GATES) to achieve a single joint port operations and manifesting system. Convergence of these distribution systems will increase logistics information sharing across DOD, enhance customer visibility and reduce costs.

In collaboration with the Air Force and Defense Finance and Accounting Service, we are replacing outdated, unreliable billing and accounting processes and systems, transforming the financial management of our \$9 billion enterprise with the Defense Enterprise Accounting and Management System (DEAMS). With implementation of Version 1.1 in FY07, DEAMS will provide the warfighter with near real-time accurate and reliable financial information. This cross-service application, when fielded, will set the standard for effective and efficient stewardship of Defense Working Capital Fund resources.

We are also modernizing our border clearance process by exploring an integrated system that will enable automated customs clearance in most if not all theaters of operation. We believe the single system will streamline the process, improve host nation confidence, and minimize cargo delays for the warfighter.

Finally, in the area of patient movement we are continuing development of the TRANSCOM Regulating and Command and Control Evacuation System (TRAC2ES). When fully operational in FY09, this system will provide direct support of DOD patient movement requirements and provide a web- and client-based system capable of In-Transit Visibility (ITV), as well as trend analysis.

As with any similar effort, the maturity and completeness of our portfolio management strategy will produce results over time; however, we have already seen a substantial return on our efforts to date.

Organizational Realignment/Personnel Issues

Although vital to what we do, the JDDE is more than just processes and systems. It's really about people, and USTRANSCOM is focusing on initiatives that will provide for the needs of the warfighter. First, we are developing organizational structures, both in the distribution network and at USTRANSCOM, to enhance the responsiveness of the JDDE. We are developing deployable distribution command and control concepts, procedures, and associated doctrine to enable the combatant commanders to execute theater logistics operations with greater visibility, control, precision and efficiency. Functional elements like JTF-PO mentioned earlier and the Director Mobility Forces-

Surface (DM4-S) were created to support deployment and distribution activities. The DM4-S will synchronize and direct movement of surface transportation resources, ensuring optimum throughput at ports of debarkation (air and sea) in the theater as prescribed by the Combined/Joint Force Land Component Commander.

The Base Realignment and Closure (BRAC) process has presented USTRANSCOM the unique opportunity to establish a modern command and control structure. This important organizational realignment, in addition to achieving BRAC savings two years earlier, accomplishes several important things as USTRANSCOM looks to the future. First, it consolidates, at Scott AFB, the SDDC Command Center currently in Alexandria, VA with its execution arm currently at Ft. Eustis, VA. Second, it allows USTRANSCOM to consolidate acquisition and contracting into a single, acquisition center of excellence focused on delivering integrated logistics support solutions for our customers. Third, it has enabled the creation of the Joint Distribution Process Analysis Center (JDPAC) by consolidating analytical elements of USTRANSCOM, AMC and SDDC. This concentration of analysis and engineering expertise will offer unprecedented end-to-end distribution modeling and simulation capability, advanced operations research techniques, and sophisticated engineering tools to bear on complex distribution problems. In summary, by consolidating locations and concentrating joint business and analytical processes, BRAC will drive efficiencies and enhance DTS performance for the next 20 years. Availability of BRAC appropriations for personnel and military construction remains key to timely execution of this effort.

In parallel with BRAC transformation, we are transforming intelligence operations. In April 2006, USTRANSCOM established the Joint Intelligence Operations Center-Transportation (JIOC-TRANS) to enhance integration of intelligence, operations, and plans, to provide time-sensitive intelligence in support of global operations, and to strengthen our ability to conduct intelligence analysis. Focused on providing support to the deployment and distribution process, the JIOC-TRANS ensures intelligence capabilities and disciplines are optimally employed and synchronized within the defense intelligence enterprise.

The military's strength is our people, and we must all make continuous improvements to the quality of life of our warfighters. Moving is a particularly stressful event for service members and DOD civilians, and damage to personal property makes it even more difficult. In response, SDDC is developing the Families First Program - a comprehensive program that revamps DOD household goods movements to include full replacement value for lost or damaged personal property. The program is also shifting practices by allowing customers to go online to rate transportation service providers, obtain online counseling via the web, and file personal property claims directly with the transportation service provider.

We are also operating Patriot Express commercial passenger service between the continental United States and our forward operating locations. In the Pacific, we recently completed an OSD-directed restructuring that eliminated a \$13 million loss, while retaining this desirable transportation service to mainland Japan and Okinawa. This year, we are reviewing our European route structure and the protected bases that support CENTCOM movements.

Finally, to ensure the viability and vitality of the JDDE, we are developing joint logisticians - military and civilian personnel trained to manage deployment and distribution for warfighters in joint, inter-agency, and multinational environments. We are working with commercial industry, civilian institutions specializing in logistics education, and USJFCOM's Joint Knowledge Development and Distribution Capability to develop training opportunities. Furthermore, we have teamed with the Industrial College of the Armed Forces to bring enhanced joint logistician training to the classroom, culminating in the graduation of 16 students with a concentration in Supply Chain Management in the class of 2006.

Maintaining Airlift Readiness for Mission Execution

In addition to world-class people, the reliability and precision of the JDDE depends on ensuring those people have world-class equipment to operate. As we look to the future, rapid global mobility will be a key enabler to the

effectiveness of the joint force. As response times for forces shrink from weeks to hours, our ability to rapidly aggregate and then move operational capabilities forward will depend on versatile, ready and effective mobility forces.

However, much of our mobility force structure requires modernization or recapitalization, and my top priority is to work with the Air Force to recapitalize our aging tanker fleet. The current fleet consists of 531 Eisenhower-era KC-135s and 59 Reagan-era KC-10s. The Air Force needs to recap its KC-135 fleet with the KC-X, as well as retire those KC-135s that are no longer able to fly or are mission ineffective. The replacement KC-X must be a multi-mission aircraft capable of multi-point refueling, have significant cargo and passenger carrying capability, and be equipped with appropriate self-protection systems. The next generation tanker, the KC-X, will not only fulfill its primary refueling role, but also provide an array of enhanced mobility solutions. A tailored cargo and passenger carrying capability will revolutionize our transportation options and mitigate wear on the C-17, C-5, and C-130s by decreasing force closure times and lessening the burden on our strategic lift fleet.

The KC-10 fleet remains a viable platform through 2040, but it must be modified to ensure the fleet can operate in the future global airspace environment. To this end, AMC has initiated a KC-10 aircraft modernization program that complies with international airspace requirements, addresses obsolescence concerns, and provides a growth path for future avionics upgrades.

In addition to recapitalizing the tanker fleet, AMC is modernizing the C-5 fleet. C-5 modernization will deliver needed capability to the warfighter through the year 2040, while improving force closure and increasing the number of available C-5s with its unmatched outsized and oversized, roll-on / roll-off capability -- at a substantially reduced cost of operation. The modernization includes avionics upgrades, new engines, and other reliability enhancements to increase aircraft availability, enable

access to international airspace and foreign airfields, while reducing fuel consumption by up to ten percent and lowering operations costs. To effectively support the National Defense Strategy, we need the C-5's unique lift capabilities in combination with the C-17. In short, C-5 modernization is an essential companion to the remaining C-17 procurement to meet known mobility requirements.

Another key component to our global mobility posture is providing regional COCOMs with theater aerial delivery and distribution capability. Air Reserve Component C-130 E/H/J personnel demobilization and C-130 structural fatigue place a burden on our capability to meet this critical requirement. Since October 2004, we have had 115 C-130s grounded or restricted due to problems with the center wing box (CWB). Over the past year alone, three Air Force C-130s were grounded and another 14 were restricted from normal flying operations. The Air Force has had near term success in repairing 17 of these CWBs and plans on repairing or replacing more, but this is not the permanent solution. Additionally, C-130 variants have experienced other challenges in the areas of noncompliance with global air traffic regulatory requirements, aircraft capability and sustainment, and long-term combat effectiveness. The Avionics Modernization Program (AMP) seeks to address these issues with standardized avionics upgrades. We would also ask that Congress allow the Air Force to selectively retire some of the oldest aircraft, allowing the Air Force to manage the new and legacy aircraft fleet to best effect.

While the C-130 remains a work horse for intra-theater lift, it does not fully meet the Joint Force need to go the "last tactical mile". The Joint Cargo Aircraft (JCA) will be capable of meeting this joint force requirement. Procurement of the JCA, coupled with the repair and replacement of the CWB on select C-130s, will enable us to attain the right mix of aircraft to meet COCOM requirements.

Another tool in our tactical airlift arsenal is the Joint Precision Airdrop System (JPADS). Currently under development, JPADS is the "Joint Direct Attack Munition (JDAM)" of logistics, and gives us the ability to provide precision airdrop from higher altitudes, thereby dramatically reducing the threat to our air crews and personnel on the ground. JPADS provides a

four-fold increase in accuracy over previous ballistic airdrop systems and can deliver to multiple drop zones on a single pass. We have had 147 drops during OEF and will continue to collaborate with the Services to ensure the capability reaches its full potential.

The ability to rapidly offload cargo, while cannot be overlooked - and that ability resides in our Tunner and Halvorsen loaders. We currently have funded for the full complement of 318 Tunner loaders, but only 391 of 538 Halvorsens. USTRANSCOM strongly supports the Air Force acquisition of these remaining assets to properly outfit the Nation's air distribution "system".

Our entire air mobility and air refueling fleet is a critical capability in our nation's ability to project power. But the expertise on the ground which provides command and control, on-load/off-load capability, and ground maintenance in potentially hostile environments is equally important. AMC's capability to rapidly deploy into an austere, not totally secured environment, quickly assess an airbase and begin airfield operations is the Contingency Response Wing. This highly capable force multiplier also provides the core contingent, coupled with forces from the Army and eventually the Navy, to integrate air and surface lines of communications for Joint Reception, Staging, Onward Movement and Integration in the form of Joint Task Force-Port Opening.

Maintaining Sealift Readiness

On the sealift side, our efforts parallel the air - targeted investments in readiness, recapitalization of aging force structure and improvements in how we maintain our organic fleet. We are in the process of "right-sizing" the strategic sealift fleet by transferring older, lower utility ships out of the Ready Reserve Fleet (RRF). Currently, the RRF consists of 44 ships, from a high of 102 in 1994. The funding that had been programmed for the maintenance of those retired vessels will now be used to maintain and extend the service life of the remaining vessels, fund enhancements to increase efficiency and safety, and leverage our commercial partners to recapitalize lost capacity.

Vital to conduct any war or contingency is the requirement for enormous quantities of fuel and USTRANSCOM is working with MSC to recapitalize their aging tanker capability as well. International regulations and commercial

refinery standards limit the age of tankers loading and discharging at most worldwide oil terminals to a maximum of 25 years. MSC's fleet of T-5 fuel tankers will exceed their useful age in 2010. In preparation, we are pursuing the long-term charter of U.S. manufactured commercial tankers to transport DOD fuel.

We are also looking forward to replacing our 40-year old Offshore Petroleum Discharge System (OPDS) tanker this June. Replacing this OPDS vessel with a modern technology ship will significantly enhance our capability to support the warfighter with fuel over the shore when access to ports is unavailable.

To further shore up our strategic sealift capability, we fully support the Navy's effort to exercise purchase options on the ships employed in the Maritime Prepositioning Ships (MPS) program. Apart from the support they provide for the Marine Corps' prepositioning requirements, these ships have the dual use of providing transportation capacity for surge and sustainment missions. Each of the charters includes favorable purchase options.

Maintaining Infrastructure Readiness

USTRANSCOM is working with our national partners at the Department of Transportation (DOT) to balance peacetime and wartime surface movement requirements on the US highway system. Through our Highways for National Defense Program, we are preparing for the reauthorization of Surface Transportation legislation required in FY 2010 by updating the Strategic Highway Network. We are concentrating on congestion, condition, and capacity issues with our intermodal deployment routes. We will continue our close coordination efforts with DOT, the Federal Highway Administration, and the States, through the American Association of State Highway and Transportation Officials to identify defense requirements. We urge Congress to ensure that defense public highway needs are included in future national highway programs.

We are also focusing significant attention and resources on critical infrastructure supporting global mobility. Beginning in the late 1990s, USTRANSCOM, the geographic COCOM's, Joint Staff, Defense Logistics Agency, and the Services implemented a comprehensive plan to improve strategic mobility support capabilities. This year, USEUCOM and USPACOM En-Route Infrastructure

Steering Committees approved over \$1.2 billion in construction projects to upgrade fuel receipt and storage, fuel hydrant systems, ramps, and runways at 13 key installations.

We are looking to expand our reach into regions of increasing national interest and potential instability, most notably Africa, Southeast Asia, and South America. We participated in OSD strategy-led visits to all the regional COCOMs to better understand emerging contingency plans and to champion the need for mobility-capable cooperative security locations to support these plans. We also led the first Global En-Route Infrastructure Steering Committee to prioritize joint military construction projects to expand global mobility capabilities. Like the force structure that moves our forces, infrastructure is a cornerstone of our ability to project national power.

Protecting our Forces

Protecting our forces is also foundational to accomplishing our global mission. We are leading the DOD in integration of best security practices for securing and protecting cargo. Sharing force protection information is crucial and our Critical Infrastructure Program (CIP) is fostering information sharing with the DOD, DOT, US Coast Guard, and the Transportation Security Agency. The CIP enables global mobility by mitigating identified risks to our critical worldwide physical and cyber transportation infrastructures. SDDC is working with the Association of American Railroads and other key commercial partners to obtain "secure" modes of communication. These same partners are being integrated into regular force protection meetings to facilitate community-wide infrastructure and force security.

Each of our components is also working to improve threat protection measures for their specific missions. At our seaports we are making improvements such as waterside barriers, security equipment and guard positions. AMC is pursuing the Large Aircraft Infrared Countermeasures system in order to detect and defeat advanced, man-portable air defense systems which are the number one threat to mobility aircraft worldwide. To address the radar-guided missiles and anti-aircraft artillery threat, AMC will be fielding the Advanced Situational Awareness Countermeasures system. This system provides mobility aircrews the capability to avoid radar-guided threats and

countermeasures to defeat threats when avoidance is not possible. To help secure our sealift assets, MSC is integrating Navy Embarked Security Teams. In the area of Chemical, Biological, Radiological, Nuclear, and High Yield Explosive, we are working with the Joint Staff on individual protective equipment and related technological improvements.

As the Distribution Process Owner, USTRANSCOM supports all initiatives to authenticate drivers and workers in the distribution supply chain. In CONUS, interoperability between the Defense Biometric Identification System (DBIDS) and the TSA Transportation Worker Identification Credential (TWIC) programs will eventually enable driver identity authentication via compatible biometric credentials at multiple locations, authenticating the identity of drivers as they move between forts, ports and bases. In the interim, SDDC will vet contractors and stevedores in conjunction with the El Paso Intelligence Center (EPIC) as MSC currently does for its ship's crew and associated support personnel.

Improved supply chain security includes protecting our Military Ocean Terminals. We must provide a trained and capable security force at adequate levels to protect critical infrastructure. Currently, SDDC augments security of commercial strategic seaports through contracts with local law enforcement and occasional utilization of Army Reserve military police personnel.

Fiscal Stewardship

USTRANSCOM, as a combatant command, is focused on effectiveness in our supporting role to the geographic combatant commanders (GCCs). However, we are at the same time decidedly mindful of cost.

USTRANSCOM is intensely aware of our role as stewards of a not insignificant portion of the Nation's treasure. As such we are constantly looking to find efficiencies. This year we implemented a cost-management process that allows us to capture cost avoidance information across the enterprise. From October 2005 through September 2006, USTRANSCOM avoided \$496.68 million in distribution costs: by shifting to less costly transportation modes; by incorporating challenge protocols which validate a

customer's requests for high-cost transportation options; by scheduling efficiencies; and, by negotiating least cost transportation strategies with our Service customers.

Maintaining Partnerships

Critical to the success of any enterprise is mutually supporting relationships with partner organizations, and our enterprise is no different. A critical partner in our nation's ability to project and sustain forces is a viable Civil Reserve Air Fleet (CRAF). Therefore, to ensure CRAF's future viability, we have proposed legislation to incentivize our commercial airline partners to maintain the size and type of lift capability DOD needs in the future. This "assured business" initiative is designed to preserve the core of our CRAF incentives by assuring business in an amount no greater than 80% of a five year average of peacetime commercial contracts in a "take or pay" arrangement. To further ensure CRAF's viability we enthusiastically support the Fly America Act (49 USC 40118) and the Fly CRAF Act (49 USC 41106).

On the cargo side, USTRANSCOM has awarded an International Heavyweight Express (IHX) contract to our commercial partners for cargo from 151-300 pounds. This fills a much needed customer requirement for an express freight option for items up to 300 pounds.

Through the Maritime Security Program (MSP) and the Voluntary Intermodal Sealift Agreement (VISA), the DOD obtains wartime sealift capability from commercial sources utilizing privately owned, US Flag vessels, US citizen crews and the use of these shipper's global intermodal networks. The success of this important national program is based on a two-way value proposition: for the DOD we receive assured access to vessels and intermodal equipment; we receive significant cost savings by relying on existing commercial capacity; and, we avoid significant up-front capital investment. On the commercial side, our partners receive payments under the MSP and priority access to US government cargoes. Unfortunately, recent budget rescissions to the MSP program have threatened this vital relationship, and we are engaged with others in the Executive Branch on that issue. As an additional measure to ensure a viable US maritime industry, we are investigating the feasibility of

an assured business incentive for the US flag maritime industry that parallels that which we propose for the CRAF.

Finally, we are strengthening our relations with partner's strategic seaports through our involvement in the National Port Readiness Network (NPRN). The NPRN ensures military and commercial seaport systems are ready to support deployment of military cargo.

In an increasingly global environment we are operating with our allies to ensure smooth distribution operations. Currently, we dialogue with them to exchange knowledge and determine how to best integrate our lift capabilities. Our allies in Australia, Canada and NATO plan to procure C-17 aircraft that will increase strategic airlift capability. Additionally, we are making excellent use of international agreements to further integrate our logistics systems with those of key allies. We have a Mutual Airlift Support Agreement with the Republic of Korea which provides access to Korean commercial aircraft to augment our own capacity in the event of hostilities in Korea. In addition, we use the acquisition and cross-servicing authorities provided by law to provide and obtain reimbursable logistic support in over 30 countries.

Looking Ahead

As the services evolve to meet future challenges, we must be in concert with them, anticipating their requirements for innovative mobility and distribution strategies. To meet those challenges we are exploring new ways to provide support to the future force.

In collaboration with our partners we are using our Research, Development, Test and Evaluation funding line to leverage emerging technologies. Two examples are the JPADS-Mission Planner, which makes possible precision delivery of sustainment to isolated areas in mountainous Afghanistan; and the Wireless Gate Release System, which automates the release of air drop bundles, doubling the C-130 JPADS delivery capacity and reducing damage to cargo.

We are also testing common modular containers and platforms that can be moved by sea, air or land transport without re-handling or repackaging; that

can be quickly reconfigured for movement within a theater of operations; and that are equipped with tracking technologies to permit seamless movement through the global distribution system. Known as the Joint Modular Intermodal Distribution System, or JMIDS, this Joint Capability Technology Demonstration is designed to improve end-to-end distribution from sources of supply to point of effect while reducing the logistics footprint in theater. Likewise, we are implementing a single transportation tracking number - much like commercial industry - to more simply track material as it moves around the globe.

We are participating in the capabilities-based assessment for the role of Sea Basing spanning the range of military operations in the 2015-2025 timeframe. The success of Sea Basing relies heavily on advances in the areas of cargo handling, ship-to-ship cargo transfers, sea state mitigation through sea state four and high-speed connectors. The evolution of the Joint Sea Base further highlights the need for a high-speed surface connector to bridge the gap between high-speed airlift and low-speed sealift for transport of forces and sustainment. This is the capability we seek in the Joint High Speed Vessel initiative.

AMC is working on its Global Mobility Concept of Operations which outlines how future mobility forces will operate from now until 2025. The framework it lays out centers on five operational capabilities; airlift, air refueling, expeditionary air mobility operations, space lift, and special operations forces mobility.

With our military operations being conducted in austere locations around the globe, modernizing our theater airlift fleet with highly capable aircraft is vital. To illuminate this requirements array, we are conducting a study titled the Joint Future Theater Airlift Capabilities Assessment (JFTACA). This effort will provide an analysis of future joint theater airlift requirements to include fixed-wing, rotary-wing, potentially lighter than air, and precision airdrop capabilities.

FINAL THOUGHTS

As the Geographic Combatant Commanders reorient their capabilities and forces to be more agile in the Global War on Terrorism; to prepare for increasingly asymmetrical challenges around the world; and, to hedge against uncertainty in the longer term, so must USTRANSCOM rethink our capabilities, forces and processes. We are implementing enterprise-wide changes to ensure that our organization, its processes and procedures support those GCC vectors.

Our DPO initiatives are paying substantial dividends now in effective support to the warfighter and in efficient use of our national resources. Our readiness and modernization initiatives will ensure the combatant commander's ability to swiftly engage and defeat America's enemies or provide relief to populations in need. USTRANSCOM will keep looking to the future and advocate systems and processes to move America's military might at yet greater distances and speeds with a keen eye on cost, value and efficiency.

I could not be prouder of the USTRANSCOM team and our national partners. Today, we are supporting the GWOT while providing consistent precision and velocity to ensure delivery of combat forces and humanitarian relief in support of National objectives. Together we are transforming the military deployment and distribution system, ensuring our nation's ability to project national military power to engage America's enemies or support our friends whenever and wherever the need may arise. In all of this, a promise given by us will be a promise kept.