

Statement of
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On the State of the Command

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INTRODUCING THE UNITED STATES TRANSPORTATION COMMAND

(USTRANSCOM)

2008

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 Army’s Military Surface Deployment and Distribution Command (SDDC), the Navy’s Military Sealift Command (MSC), the Air Force’s Air Mobility Command (AMC) 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). As designated in 2003, re-designated in 2006, codified in the 2006 Unified Command Plan, and now institutionalized in DOD instructions, USTRANSCOM is the Department of Defense’s (DOD) Distribution Process Owner (DPO) and 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 keep our promises to our warfighters and the Nation, today and tomorrow.

KEEPING PROMISES TO THE NATION IN 2007

Global War on Terrorism Update

In 2007, USTRANSCOM overcame many challenges to meet the warfighter’s requirements for the Global War on Terrorism (GWOT), including Operations IRAQI

FREEDOM (OIF), ENDURING FREEDOM (OEF) and NOBLE EAGLE (ONE). AMC, in collaboration with our commercial partners, moved 1,475,427 passengers on deployment, redeployment, sustainment and rest and recuperation missions. This indispensable relationship with commercial industry freed our organic aircraft to airlift 167,396 short tons (stons) of vital cargo into the U.S. Central Command (USCENTCOM) theater. Additionally, we airdropped 3,350 stons of critical supplies for coalition forces in Afghanistan.

Our aging AMC tankers also delivered 168 million gallons of fuel to U.S. and coalition aircraft in support of OEF/OIF and helped secure our skies in support of ONE by flying more than 333 sorties and offloading 2.3 million gallons of fuel to combat air patrol fighters and support aircraft.

MSC and SDDC's contributions in OIF and OEF were equally impressive, delivering 916,000 stons/17,850,000 square feet of cargo. MSC's point-to-point tankers also delivered over 1.79 billion gallons of fuel supporting worldwide DOD requirements.

Support to other Combatant Commanders

Operations in the USCENTCOM Area of Responsibility (AOR) were our primary focus this past year. USTRANSCOM rapidly deployed five additional U.S. Army Brigade Combat Teams (BCT) to help stabilize Iraq, while simultaneously supporting on-time force rotations. Working in concert with our JDDE partners, we deployed 19 and redeployed 14 BCTs, and rotated two Air Expeditionary Forces and three Marine Air Ground Task Forces.

Delivering Mine-Resistant Ambush Protected (MRAP) vehicles was also a high priority. We rapidly delivered over 1,657 life-saving MRAPs both by air and sea while simultaneously maintaining high levels of force deployment and redeployment operations. Concurrently, we moved over 25,000 improved armor kits for U.S. High Mobility Multipurpose Wheeled Vehicles, ensuring our warfighters received the latest advances in vehicle protection.

Turkey is a key ally in the GWOT, and our operations through Incirlik Air Base are vital to our efficient intermodal distribution into Iraq. This year we delivered over 66,000 stons of cargo via aircraft flying out of Incirlik, 10,000 stons and 144 cargo aircraft sorties more than in 2006.

We continue to advance and normalize transportation operations throughout USCENTCOM. In 2007, we initiated the first U.S.-flagged commercial cargo flights into Afghanistan and Iraq since combat operations began and increased the use of alternative air and seaport facilities to augment the redeployment flow of containers that would otherwise go through Kuwait. These operations broaden our capability to provide the best possible support to the COCOMs.

The availability of direct commercial cargo capacity presents opportunities for cost savings and efficiencies. Through our air cargo tender program, we moved more than 126,000 stons of intra-theater cargo via commercial air carriers vice military aircraft or ground convoys. This capability saved \$258 million and freed 14,168 C-130 missions for other requirements. More importantly, the 67,500 pallets moved by commercial air resulted in fewer ground convoys, mitigating the risk to U.S. forces. Additionally, we contracted with commercial shipping companies to deliver increasing amounts of containerized cargo directly to Iraq, through the port of Umm Qasr, reducing the need for overland transportation from outlying regional ports. This created new jobs for Iraqi truckers and port workers, helping to accelerate the economic revitalization and stabilization process in the region.

Our quick response capability proved vital in supporting Lebanon in its recent battle against internal insurgents. USTRANSCOM rapidly airlifted over 480 stons of ammunition from the U.S., sealifted over 5,600 coalition-supplied artillery shells and moved 130 vehicles

plus support equipment from Europe to Lebanon. This rapid support was instrumental in Lebanon's ability to defeat Fatah al-Islam and maintain its sovereignty.

While operations in USCENTCOM remain a primary focus, we are mindful of our global commitments. In the U.S. European Command AOR, USTRANSCOM rotated 7,752 peacekeepers into the Darfur region to support the African Union Mission in Sudan as it executed its transition of authority to the United Nations Mission in Sudan.

In U.S. Southern Command (USSOUTHCOM), USTRANSCOM conducted ten detainee movement operations from Guantanamo Bay, Cuba, repatriating 70 detainees to various points around the globe. We also airlifted over 1,400 passengers and 1,500 stons of cargo to support Presidential visits to Brazil, Uruguay, Colombia and Guatemala, strengthening key regional partnerships.

In the U.S. Pacific Command (USPACOM) AOR, in addition to providing forces and sustainment for OEF-P (Philippines), we set records in Operation DEEP FREEZE, airlifting over 1,900 stons of cargo and 5,000 passengers, and sealifting 11.9 million gallons of fuel and 12 million pounds of cargo into McMurdo Station, Antarctica, in support of the National Science Foundation. In a successful proof of concept, a C-17 conducted the first-ever airdrop at the South Pole, delivering 35.5 stons of cargo.

At home, USTRANSCOM maintains strong partnerships with U.S. Northern Command (USNORTHCOM) and non-DOD organizations such as the Federal Emergency Management Agency (FEMA). We have synchronized plans to support civil authorities during catastrophic events like hurricanes and the devastating wildfires that swept across parts of California. Working closely with these partners, USTRANSCOM moved over 250 passengers and 360 stons of cargo and provided urgently needed command and control, aerial firefighting and aero-medical evacuation elements to reduce the loss of life and property.

We also support the geographic COCOMs through exercises, which provide critical training and serve as a venue to refine business and deployment and distribution processes. For example, the Republic of Korea Reception, Staging, Onward Movement and Integration and ULCHI FOCUS LENS exercises in the USPACOM AOR allowed us to integrate new command and control processes and capabilities to better support the joint warfighter. USSOUTHCOM's PANAMAX, the largest 2007 multinational exercise involving more than 30 ships, 12 aircraft and 7,500 personnel from 19 nations, also gave us ample refinement opportunities. Additionally, we tested our Containerized Ammunition Distribution System (CADS). During Exercise TURBO CADS 2007, we shipped 1,133 container loads of munitions to five ports using an MSC-chartered commercial container ship, which substantially increased USPACOM's wartime munitions readiness and prepared commercial ports to augment typical host nation ports used for ammunition shipments. Finally, during USNORTHCOM's ARDENT SENTRY 07, an exercise centered on deployment and employment of Homeland Defense Quick Reaction Force and Joint Task Force – Civil Support elements, we successfully exercised our new Theater Distribution Management Portable Deployment Kit, a man-portable suite equipped with Radio Frequency Identification, satellite communication and other technologies to provide in-transit visibility for unit deployments and cargo movements. The future kit will provide Global Positioning System-based, passenger manifesting and cargo accountability capability.

Improving DOD Supply Chain Management

In our role as the DPO, USTRANSCOM declared 2007 the "Year of Metrics" and made great strides to develop the JDDE Performance Measure Framework. This framework allows us to better evaluate supply chain performance, reliability and cost, gain insight into system behavior and identify ways to drive tangible improvements. Using "Voice of the Warfighter" surveys, we conducted 200 face-to-face interviews with logisticians across four COCOMs to

validate the key performance indicators that will both measure and drive supply chain performance to meet COCOM and warfighter expectations. Representative outcomes include substantial improvement in delivery times and better alignment of shared business processes across supply, transport, and end user segments of the DOD supply chain to improve support to the warfighter.

Another significant improvement in supply chain management will be the Joint Shipment Manager construct, a collaborative effort between USTRANSCOM, Defense Logistics Agency and USPACOM operations analysts and local commercial transportation experts. This construct will place a distribution hub near Defense Distribution Center Pearl Harbor to maximize transportation efficiencies between the Oahu ports and the distribution center. The arrangement will offer customer service and delivery time improvements across more than 150 transportation lanes with the potential for a 12 percent net reduction in annual operating costs.

Supporting the Warfighter

Our support for the warfighter includes improving quality of life. Through the Families First program we are improving household goods shipments, as this recurring event directly affects the lives of our service members and their families. In 2007, SDDC and its partners moved 1.63 billion pounds in household goods. Families First will benefit the large portion of DOD that moves each year by allowing personnel to rate transportation service providers online, obtain counseling via the web and file personal property claims directly with the provider. The Defense Personnel Property System (DPS), which will provide these web-based capabilities and help manage the 680,000 annual shipments of household goods, reached initial operational capability in November 2007 and will be fully integrated into all 136 shipping offices by September 2008. We also began implementing Full Replacement Value protection for household goods shipments. This enhancement was made possible by the John Warner National

Defense Authorization Act of 2007 and will be fully implemented for all shipments by March 1, 2008.

Perhaps the most important of all our missions is the movement of injured warfighters 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 move injured personnel at exactly the correct time to the correct place. In 2007, we transported over 9,900 patients from the USCENTCOM AOR and over 16,000 patients globally. We continue to improve an already superb process by chartering the Global Patient Movement Joint Advisory Board to develop a joint critical care transport capability, standardize the theater Patient Movement Requirements Centers and implement joint electronic medical records.

Should the worst occur and a warfighter perish in the defense of our nation, USTRANSCOM ensures the most dignified transport from the battlefield to final destination. This year, we transported 837 of our fallen heroes aboard military or military-contracted aircraft to the airfield nearest the interment.

**LEADING THE JOINT DEPLOYMENT AND DISTRIBUTION ENTERPRISE
TRANSFORMATION**

Process and Systems Transformations

As DOD's Distribution Process Owner, we are leading transformation of the JDDE to meet the changing environment of current operations and to improve performance to meet the needs of the future force. A key enabler of this transformation is our initiative to implement a single transportation tracking number. Much like commercial industry, this will allow decision makers to more easily track warfighting capability in the DOD pipeline.

As DOD's functional proponent for Radio Frequency Identification (RFID) and related Automated Identification Technology (AIT), we are taking a corporate approach to synchronize the myriads of ongoing AIT efforts with the Services, DLA and other partners. We published a concept of operations and developed an implementation plan to transform the current AIT environment and improve asset visibility. We implemented active RFID technology at our strategic ports to provide detailed cargo movement information. Through the Alaska RFID Implementation project and Joint Regional Inventory Material Management initiative, we have installed passive RFID technology at selected military installations in Alaska, California, and Hawaii.

Another major initiative, Theater Enterprise Deployment and Distribution, takes an enterprise view of the JDDE to identify performance gaps or shortfalls and provides the foundation for instituting common joint processes, establishing intra-theater organizational relationships and applying common Information Technology (IT) support. This effort is yielding positive results.

Our transformation includes moving toward private industry arrangements geared toward performance and integrated customer-focused solutions, such as our Defense Transportation Coordination Initiative (DTCI). DTCI has quickly evolved from a concept to a fully-integrated and operationally-focused program office. In August 2007 we partnered with the Defense Logistics Agency (DLA) and the Services to contract a commercial transportation services coordinator to help manage DOD CONUS freight. This partnership will provide visibility of CONUS freight movements, enabling load consolidation, increased use of cost effective intermodal solutions and intelligent scheduling. Today, many Fortune 500 companies using transportation management services witness cost savings of 7-15 percent. Our comprehensive

analysis shows incorporating such commercial best practices could yield cost savings of up to 15 percent annually over the seven-year contract.

Managing the portfolio of IT systems is key to meeting the ever increasing need for information. Historically, IT resources have been managed and acquired as stand-alone systems rather than integral parts of a net-centric capability. This often results in duplicative investment in the same or similar systems, limiting the ability to share information and fully incorporate doctrine, organization, training, materiel, leadership and education factors. As the Distribution Portfolio Manager, we are aligning IT with warfighter needs through enterprise level planning, integrated architectures and warfighter preferred performance measures.

An example of our alignment efforts is the convergence of DLA's Integrated Data Environment (IDE) logistics system and USTRANSCOM's Global Transportation Network (GTN). The creation of an IT backbone through the IDE/GTN Convergence (IGC) allows us to more closely operate with DLA, provides a common data environment for the DOD supply/transportation enterprise and facilitates development of new applications riding on that backbone. For instance, in June 2007 we fielded a Motor Carrier Compliance capability, which allows us to determine carriers' compliance with contractual requirements for electronic status of movement and Government bills of lading. IGC will also make possible the Spring 2008 fielding of World Wide Express (WWX)/International Heavyweight Express (IHX) air carrier shipment status compliance.

The migration of surface port information from the Worldwide Port System into the Global Air Transportation Execution System (GATES) is a similar effort, providing a single web-based port processing and manifesting system for DOD. GATES will also link to external systems, thus enhancing information sharing across DOD and in-transit visibility for the warfighter. Other transformation initiatives include Common Operational Picture for

Distribution and Deployment, which fuses information from multiple systems to present one distribution and deployment picture to the user; and the Single Load Planning concept, which combines features of the Automated Air Load Planning System and the Integrated Computerized Deployment System to allow air and surface load planning on a single web-based application.

Business process reengineering and continuous process improvements are at the heart of USTRANSCOM's ongoing transformation. Agile Transportation for the 21st Century (AT21) is an effort to implement distribution industry best practices using commercial-off-the-shelf tools and then transition to commercial optimization and scheduling technologies. This transition will improve transportation planning, improve forecast accuracy and increase on-time delivery of forces and supplies to Combatant Commanders at a lower cost to the Services. When fully operational, AT21 will provide the warfighter full distribution pipeline visibility and enable throughput management at critical ports and waypoints around the world.

In collaboration with the Air Force and Defense Finance and Accounting Service, we are replacing outdated, unreliable billing and accounting processes and systems. The Defense Enterprise Accounting and Management System (DEAMS) will transform the financial management of our \$10 billion enterprise. When fully fielded, DEAMS will set a new standard for effective and efficient stewardship of Defense Working Capital Fund resources.

AMC is transforming its relationships with the air components of the Combatant Commands at the Air Operations Centers (AOCs). By summer of 2008, AMC will integrate strategic and theater mobility missions planning and execution information across coalition, Joint, and Air Force systems. Globally, AMC will have unprecedented ability to plan and report aircraft movements into, around, and out of COCOM AORs and provide USTRANSCOM visibility of in-theater air assets for air refueling, airlift and air medical evacuation missions.

Finally, in the area of patient movement we are continuing development of the TRANSCOM Regulating and Command & Control Evacuation System (TRAC2ES). TRAC2ES will reach full operational capability in 2010 and provide access to information on available transportation assets, retrospective trend analysis, improved in-transit visibility, automated data sharing and global web-based user training.

Organizational Realignment/Personnel Issues

Although vital to what we do, the JDDE is more than just processes and systems. We are focused on initiatives that provide for the needs of the warfighter. First, we are developing organizational structures, both in the distribution network and at USTRANSCOM, to enhance JDDE responsiveness.

Joint Deployment Distribution Operations Centers (JDDOC), resident in each geographic AOR, continue to aid COCOMs in improving integration of strategic and theater distribution. As each COCOM tailors the JDDOC to best meet theater needs, USTRANSCOM assists with the development of performance-based metric framework as part of the organization.

A good example of the JDDOC's value is our previously mentioned support of Lebanese Armed Forces (LAF). USEUCOM and USCENTCOM's JDDOCs facilitated movement of donated munitions to the LAF by tapping into regional expertise, as well as by reaching back to national partners in the U.S. to maximize intra-theater and inter-theater lift. This unique mission was possible because of the established collaboration across our JDDOCs.

Another emerging capability is Joint Task Force - Port Opening (JTF-PO), an on-call, jointly trained, world-wide deployable team which enables the rapid opening of ports. JTF-PO was designed with the command and control capability and in-transit visibility technology to support geographic COCOMs and sustain domestic first responders. It has been endorsed by the COCOMs and demonstrated in national level, Joint Chiefs of Staff and multi-national exercises.

The JTF-PO Aerial Port of Debarkation (APOD) combines Air Force and Army units to open an airport and prepare it for logistics operations in as little as 24 hours. A JTF-PO APOD was fully operational during Ardent Sentry 07, responding to 23 military and 9 commercial airlift missions, handling over 1,400 short tons and processing nearly 900 passengers. We are currently fielding the Seaport of Debarkation capability to open a seaport in a comparable fashion.

The Base Realignment and Closure (BRAC) process has presented a unique opportunity to establish a modern command and control structure. Our BRAC initiatives are estimated to save the taxpayer \$1.2 billion over the next 20 years as we realize efficiencies resulting from consolidation. SDDC's move to Scott Air Force Base in 2007 is the most visible of our comprehensive consolidation efforts. This organizational realignment along with the new USTRANSCOM facility housing SDDC and other critical functions has facilitated consolidation activities.

One such consolidation is our new "Fusion Center", which co-locates SDDC, MSC and AMC planners with our command staff, allowing air, surface and sea transportation teams of experts to approach movement requirements planning from an integrated, intermodal perspective. This includes combining SDDC, AMC, and USTRANSCOM networks and moving to joint certification and accreditation by USTRANSCOM of all transportation working capital fund-resourced systems.

A second consolidation of SDDC, MSC and AMC analysts made our vision for a Joint Distribution Process Analysis Center (JDPAC) a reality. While not fully operational until 2010, the JDPAC is primed to co-lead the Mobility Capabilities and Requirements Study (MCRS) with OSD and already contributes to the Joint Staff Operational Availability studies and the OSD Analytical Agenda. The JPDAC is also building the foundation to conduct a bi-annual Future Mobility Assessment. JDPAC supports the geographic COCOMs through several on-going or

planned projects to include Guam infrastructure and shared logistics studies for USPACOM; infrastructure, theater airlift and throughput studies for USCENTCOM; and airlift and distribution studies for U.S. Africa Command (USAFRICOM). We expect significant expansion of our analytical capabilities this year with initial delivery of programmatic and distribution modeling and simulation tools, and in time, JDPAC will bring unprecedented distribution modeling and simulation capability, research techniques and sophisticated engineering tools to bear on complex distribution problems.

Finally, the Acquisition Center of Excellence (ACE) combines common carrier acquisitions and contract functions under one authority. ACE produces synergies and efficiencies in securing national transportation and distribution service contracts by centralized procurement of air, surface and ocean transportation.

In parallel with BRAC transformation, our Joint Intelligence Operations Center-Transportation (JIOC-TRANS) reached initial operational capability in 2007. JIOC-TRANS enhances our ability to anticipate emerging global events and warn transportation and distribution decision-makers by collaborating with the national intelligence community and intelligence components of the other COCOMs.

In concert with the Defense Finance and Accounting Service, we established a Billing Center at Scott AFB. Typically, cargo movement within the DTS requires the billing of segmented transportation events by mode. When changing transportation modes, bills may be generated for each mode used. In addition, cargo movement via ship may generate three separate bills for loading the ship at the Port of Embarkation, for the actual sealift and for unloading at the Port of Debarkation. As it matures, the Billing Center will generate a single consolidated bill for each customer that includes all transportation modes and billable events.

USTRANSCOM is also examining ways to achieve efficiencies in container management. Preliminary analyses indicate opportunities to clarify responsibilities and command relationships by consolidating authority, strategic-level planning and funding in a DOD-level Executive Agent organization.

We are developing military and civilian personnel to manage deployment and distribution for warfighters in joint, inter-agency and multinational environments. These joint logisticians will ensure the viability and vitality of the JDDE. We developed a competency model for Defense deployment and distribution. The Joint Staff has validated and is planning to use it as a starting point to develop a broader competency model for joint logistics. We have also teamed with the Industrial College of the Armed Forces to enhance joint logistician training in the classroom. In its third year, the Supply Chain Management program has 43 graduates with 27 enrolled for 2008.

Maintaining Airlift Readiness for Mission Execution

Rapid global mobility is a key enabler to the effectiveness of the joint force. As response times shrink from weeks to hours, our ability to rapidly aggregate and move operational capabilities forward depends on versatile, ready and effective mobility forces.

However, much of our mobility force structure requires modernization. My top air mobility priority is the recapitalization of our aging tankers from a fleet of Eisenhower-era KC-135s and Reagan-era KC-10s to the more capable KC-45, having multi-point refueling, significant cargo and passenger carrying and defensive system capabilities. The KC-45 will fulfill its primary refueling role, and have the flexibility to contribute to an array of enhanced mobility solutions, mitigating some short-term risk and/or mission load in other areas. The Air Force must recapitalize this fleet and retire those remaining KC-135s that are no longer safe to fly or that are no longer mission effective.

The KC-10 fleet must also be modified to operate in the global airspace environment to remain viable through approximately 2040. AMC is examining ways to modernize the KC-10 to comply with international airspace requirements, address obsolescence and provide a path for future avionics upgrades.

Our national defense strategy requires a viable fleet of strategic airlift aircraft. The C-17 is, and will continue to be, a key mobility asset. We are approaching the end of the procurement program of C-17s, with the FY 2007 supplemental extending the fleet to 190 aircraft. Should C-5 modernization falter, we will need to sustain C-17 production.

The outsized and oversized, roll-on/roll-off capability provided by the C-5 is essential to meet global mobility requirements. However, this year the C-5 had the lowest departure reliability and mission capable rates among the airlift fleet. Modernizing the C-5s with avionics upgrades, new engines and other reliability enhancements is necessary to increase aircraft availability, enable access to international airspace and foreign airfields, reduce fuel consumption and extend the useful life of this unique asset through 2040. AMC must modernize the C-5 fleet while closely managing the costs of the program, for which Under Secretary of Defense for Acquisition, Technology and Logistics (USD(AT&L)) certification is complete.

Intra-theater airlift is a key component of our global mobility force. We currently have grounded three and restricted 24 Air Force C-130s due to center wing box (CWB) problems, and another 40 aircraft have been temporarily repaired. The Air Force's C-130 CWB replacement program for combat delivery C-130H1s is funded thru fiscal year 2013. Funding stability for CWB is critical to maintaining intratheater airlift operational effectiveness. Additionally, C-130 variants have faced challenges of noncompliance with global air traffic requirements, aircraft avionics equipment and sustainment. The Avionics Modernization Program will modify 222 combat delivery C-130H2/2.5/3s. USD(AT&L) directed the Air Force to develop an investment

strategy for satisfying the capability of the remaining 166 C-130 aircraft, which includes 47 C-130H1s and 10 LC-130s.

While the C-130 remains a workhorse for intra-theater lift, the C-27 will fulfill the joint force need to support dispersed tactical elements and go the “last tactical mile”. Acquisition of the C-27, coupled with the repair and replacement of the CWB on select C-130s, and additional C-130J procurement will provide the right mix of aircraft to meet COCOM requirements.

A modern tool in our tactical airlift arsenal is the Joint Precision Airdrop System (JPADS). JPADS provides precision airdrop from higher altitudes with a four-fold increase in accuracy over previous ballistic airdrop systems and the ability to deliver to multiple drop zones on a single pass. Today, over 250 JPADS systems are supporting operations in OIF/OEF. An additional advantage of the JPADS technology is the ability to apply the JPADS Mission Planning System to conventional airdrop delivery methods. These drops, termed Improved Container Delivery System (ICDS), produce a refined release point enhancing ballistic load accuracy by 60% while allowing deployment from higher and less vulnerable operating altitudes. On average, JPADS/ICDS delivers more than 400,000 pounds of cargo each month. Since being deployed to OIF/OEF in July 2006, JPADS/ICDS has eliminated the need for many ground convoy supply missions, thus removing countless personnel from dangerous roadways.

The ability to rapidly offload cargo with our Tunner and Halvorsen loaders cannot be overlooked. The Air Force has funded the full complement of 318 Tunners, but only 392 of 538 Halvorsens. We strongly support Air Force acquisition of the remaining assets to properly outfit our global mobility force.

Distinguished Visitor (DV) airlift is a key component of the global mobility force. Our senior leaders often require immediate and sometimes simultaneous airlift to carry out diplomatic and other missions in an ever-changing strategic environment. In partnership with the Joint Staff

and Services, we are facilitating collaborative scheduling processes, policy and technology initiatives as well as working to modernize our DV fleet with the Senior Leadership Command, Control, and Communications System–Airborne (SLC3S-A) package. SLC3S-A offers our senior government officials communications and information management capabilities comparable to those available in their permanent government office environments, while they travel globally aboard U.S. Government aircraft.

Maintaining Sealift Readiness

On the sealift side, our efforts focus on targeted investments in readiness, leveraging commercial capabilities and improvements in maintaining our organic fleet. In previous years, we “right-sized” the strategic sealift fleet by transferring older, lower utility ships out of the Ready Reserve Force (RRF). The RRF, which is owned and operated by the Maritime Administration, now consists of 44 ships, down from 102 in 1994. We used the savings generated from retiring the vessels to extend the service life of the remaining vessels, fund efficiency and safety enhancements and leverage our commercial partners to recapitalize lost capacity.

We are also working with MSC to recapitalize aging tankers and extend the service life of our Fast Sealift Ships (FSS). International regulations and commercial refinery standards limit tankers loading and discharging at most worldwide oil terminals to a maximum age of 25 years. This will place MSC’s tankers beyond their useful life in 2010. As such, MSC contracted for new tankers, which will be built in a U.S. shipyard. Additionally, MSC completed an Outyear Engineering Requirements Assessment for the FSSs that determined the FSS platforms could safely and economically operate through 2033. This extends their military useful service life to approximately 60 years vice the originally planned 50 years.

In 2007, MSC conducted a successful test activation of a small T1 size tanker under a unique contingency contract supporting our strategic capabilities in the Far East. We also replaced our 40 year-old Offshore Petroleum Discharge System (OPDS). This year MSC chartered a new U.S.-built, U.S.-flagged and U.S.-crewed vessel for this mission. Replacing our OPDS vessel with a modern technology ship greatly enhances our capability to support the warfighter with fuel over the shore when access to prepared ports is denied.

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

Maintaining Infrastructure Readiness

Infrastructure is the cornerstone of our ability to project national power. We continue our close coordination with the Department of Transportation (DOT), the Federal Highway Administration and the States to balance peacetime and wartime surface movement requirements on the U.S. highway system. In advance of the reauthorization of surface transportation legislation, we are updating the Strategic Highway Network as part of our Highways for National Defense Program, focusing on congestion, condition and capacity issues along our intermodal deployment routes. We urge Congress to address national defense public highway needs in future national highway programs.

With many of our strategic seaports operating at or near capacity, we are also examining our infrastructure to ensure it is capable of meeting national security requirements. SDDC has initiated Port Look 2008 to examine ways to optimize the use of U.S. strategic commercial and military seaports.

We are also looking to expand our reach into regions of increasing national interest and potential instability, most notably Africa, Southeast Asia and South America. USTRANSCOM personnel visited all the geographic COCOMs to better understand emerging contingency plans and to champion the need for mobility-capable cooperative security locations. Additionally, we led Global En-Route Infrastructure Steering Committee meetings to prioritize joint military construction projects to expand key global mobility capabilities while ensuring current mobility infrastructure remains viable.

Protecting our Forces

Protecting our forces is key to accomplishing our global mission. Our Critical Infrastructure Program (CIP) is fostering information sharing among DOD, DOT, U.S. Coast Guard, Transportation Security Administration (TSA) and the COCOMs. The CIP mitigates identified risks to our critical worldwide physical and cyber transportation infrastructures.

Our components are improving threat protection in their mission areas. SDDC implemented waterside barriers, improved security equipment and optimized guard positions at our seaports. AMC continues to field the Large Aircraft Infrared Countermeasures system to protect mobility aircraft from advanced man-portable missiles. MSC is integrating Navy Embarked Security Teams to secure our sealift assets. Finally, we are working with the Joint Staff on individual protective equipment and technological improvements in Chemical, Biological and Radiological warfare defense capabilities.

We support all initiatives to authenticate drivers and workers in the distribution supply chain. This year, we improved interoperability between the Defense Biometric Identification System and TSA's Transportation Worker Identification Credential (TWIC) programs. SDDC began issuing biometric credentials to our commercial truck drivers holding security clearances

who haul arms, ammunition, explosives and classified items. We are also seeking TSA's approval to accept DOD credentials in lieu of TWIC.

Improving 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. We continue to work on improvements using both technical and personnel solutions. In partnership with the Joint Non-Lethal Weapons Directorate, we tested several promising pieces of equipment that would enhance waterway control. We are also conducting manpower surveys to adequately address the workload concerns of our anti-terrorism and force protection personnel.

Fiscal Stewardship

While we are focused on effectiveness in our supporting role, we are decidedly mindful of costs and constantly look to find efficiencies due to our stewardship of a significant portion of the nation's treasure. Since 2003, we avoided over \$1.6 billion in costs. We achieved the majority of these savings by shifting to less costly transportation modes attributable to forward stocking initiatives at Defense Distribution Center, Kuwait. We realized additional savings by incorporating challenge protocols to validate requests for high-cost transportation options and negotiating least-cost transportation solutions. As a large consumer of hydrocarbons, we began using alternative fuels. Twenty-five percent of our diesel fuel consumption this year was bio-diesel and 11 of 12 AMC bases are now equipped to handle and issue bio-diesel fuel. Similarly, six percent of our unleaded fuel was issued as E-85, and 4 of 12 bases are equipped to manage E-85.

Maintaining Partnerships

Mutually supporting relationships are essential to the success of any enterprise and ours is no different. The Civil Reserve Air Fleet (CRAF) is a critical partner in our nation's ability to

project and sustain forces. Our legislative initiative is aimed at preserving CRAF viability by providing a prudent amount of assured business to our commercial airline partners, thus incentivizing them to maintain sufficient aircraft availability to meet future DOD needs.

In addition to CRAF, the Maritime Security Program (MSP) and the Voluntary Sealift Agreement (VISA) U.S.-flag commercial sealift carriers remain a critical partner in our nation's ability to project and sustain forces by providing the Department of Defense with assured access to commercial U.S.-flag ships as well as U.S. mariners to support national security requirements during war or national emergency.

Our commercial sealift partners accessed through the Universal Services Contract (USC) are also vital to our mission. USC provides worldwide intermodal transportation services through the DTS, and is a cost-effective means to transport less than shipload lots of equipment and supplies by leveraging commercial trade routes and existing commercial capacity. Although traditionally focused on port-to-port transportation services, efforts are underway to improve the USC by asking our commercial sealift partners to expand service to cover the entire end-to-end distribution process, include provisions for prime vendor direct booking and improve claims resolution mechanisms.

In an increasingly global environment, we continue to work with our allies to ensure smooth distribution operations. Strategic airlift capability is increasing as Australia, Canada and the United Kingdom now have C-17s, and a consortium of NATO and Partnership for Peace nations is planning to procure C-17 aircraft as well. The imminent acquisition of new air refueling aircraft by a number of allies and ongoing discussions with other countries on how to best assist in providing and acquiring air refueling, airlift and sealift support, on a reciprocal, reimbursable basis, bodes well for our global distribution operations. Over the past year we have made excellent use of international agreements by using the acquisition and cross-servicing

authorities provided by law to offer and obtain reimbursable logistic support in more than 20 countries.

In addition, we are working to develop closer ties with other government agencies by making them aware of the unique capabilities and expertise we can provide through the Joint Interagency Coordination Group (JIACG). The JIACG, now resident at each COCOM, is reaping benefits today via close partnering with USAID, FEMA, the Department of State and others to bring all elements of national power to bear and incorporate lessons learned from recent events into current planning.

Looking Ahead

As the Services evolve to meet future challenges, we must work in concert with them, anticipating their need for innovative mobility and distribution strategies. We are continuously exploring new ways to support future force requirements. Through our Deployment and Distribution Enterprise Technology research and development program we leverage emerging technologies to deliver enhanced joint warfighting capabilities. Program successes include the JPADS-Mission Planner, which improved airdrop delivery accuracy to isolated areas; and the Joint Modular Intermodal Container, which enhanced unit deployment and theater distribution. Leveraging successful prototype testing, we have transitioned the Wireless Gate Release System to the Air Force. This system significantly decreases the cost of airdrop operations by doubling C-130 JPADS delivery capacity and reducing damage to airdropped cargo bundles. This year we will provide improved distribution modeling tools for the JDPAC, deliver a web-based application to optimize the execution of worldwide Operational Support Airlift, and begin development of a Lightweight Trauma Module to improve the already superb en route care of injured personnel. Next year we will partner with the services to pursue mesh network, tags and tracking technologies to enhance asset visibility and develop a collaborative Single Load

Planning Capability. We ask Congress to fully fund DOD's modest Deployment and Distribution Enterprise Technology program.

We continue to participate in the capabilities-based assessment of Sea Basing, spanning the range of military operations in the 2015-2025 timeframe. The success of Sea Basing relies heavily on advances in cargo handling, ship-to-ship cargo transfers, high-speed connectors and sea state mitigation through sea state four.

AMC produced the Global Mobility Concept of Operations and the 2008 Air Mobility Master Plan outlining future mobility force operations to 2025. The framework centers on five operational capabilities: airlift, air refueling, expeditionary air mobility operations, space lift and special operations forces mobility.

One of our greatest challenges lies in supporting the recently activated USAFRICOM. With Africa significantly lacking infrastructure to support air, land and sea transportation, we will undoubtedly advocate for targeted infrastructure improvements. In doing so, we must remain flexible to rapidly changing requirements while being sensitive to the often fragile geopolitical climate that exists in many parts of Africa.

To make sure we judiciously meet these challenges, we have initiated a Global Access and Infrastructure Assessment (GAIA) to examine current global access and infrastructure capabilities on a region-by-region basis. GAIA will highlight gaps in coverage to ensure sufficient infrastructure exists to fully support future mobility operations. GAIA will also provide the infrastructure baseline assessment for the next MCRS.

All these challenges require a flexible, dynamic Command Corporate Services environment to improve the precision, reliability and efficiency of the entire DOD Supply Chain.

FINAL THOUGHTS

We have been entrusted with the authority to lead and transform the DOD Distribution System and the awesome responsibility of serving the geographic combatant commanders as they execute our Nation's most demanding military missions. Of the future, we know only that major conflicts will be joint and combined, involving all services and national and international partners acting in an interdependent manner. In this environment, we are challenged to be forward-leaning and forward-thinking and to anticipate and meet the needs of our warfighters across the globe. I am extremely proud of the USTRANSCOM team and our national partners. Today, we are supporting the GWOT while providing consistent precision and velocity to deliver combat forces and humanitarian relief in support of national objectives. We are also good stewards of our national resources, and in our role as the DOD Distribution Process Owner, we will continue to look to the future, constantly reexamining our capabilities, forces and processes while implementing enterprise-wide changes ever mindful of cost, value and efficiency. With all that the nation has placed in our trust, a promise given by us will be a promise kept.