

**UNITED STATES TRANSPORTATION COMMAND
(USTRANSCOM)**

NORTHERN DISTRIBUTION NETWORK (NDN)

**Released under USTRANSCOM FOIA 11-87 Final Response
5 U.S.C. 552(b)(6) Applies.**

USTRANSCOM FOIA 11-87
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Surface & Sustainment (S&S) Branch Operations, 9 June 2010

SUBJECT: Local Procurement

1. **ISSUE:** Local Procurement verse transportation of sustainment and cargo from the United States.
2. **DISCUSSION:** The Northern Distribution Networks way ahead for supply chain and sustainment operations in support of OEF and OIF to improve efficiency and effectiveness.
 - a. Kazakhstan has a ban on the exportation of dimensional lumber products. A request has been made for the confirmation of the ban and the process for requiring a waiver which would allow us to purchase and ship dimensional lumber from Kazakhstan.
 - b. DLA is engaged on the issue of transportation charges for products purchased in the CASA States. We have made a number of purchases where the transportation charges far exceed product cost.
 - c. DESC submitted requirement for airlift support needed for movement of non-explosive helium filled trailers into Bagram AB. We have begun planning for support beyond Jul 2010.

Purchases and transportation costs (summary):

- Roofing Corrugated Steel, material - \$7,425, transportation - \$12,602
- Concrete Redi Mix, material - \$2,771, transportation - \$11,146
- Roofing Corrugated Steel, Ridge Caps, material - \$62,564, transportation - \$22,947
- Lumber/Plywood, material - \$2,096, transportation - \$4,355
- Roofing felt, material - \$71,700, transportation - \$28,032
- Insulation, material - \$645,196, transportation - \$788,581
- Roofing Corrugated Steel, material - \$685,994, transportation - \$58,486
- Roofing Corrugated Steel, material - \$343,022, transportation - \$81,958
- Roofing Corrugated Steel, material - \$361,241, transportation - \$64,987
- Water purchased from Tajikistan, transportation cost \$75,000 (not mentioned in previous paragraph) Total: material - \$2.182M, transportation - \$1.148M
- **Total: \$453.279M**

3. **CONCLUSION:** USTRANSCOM, DLA and other supply agencies are working with DCMA to procure required supplies and sustainment stocks from countries within the theater of operation and the Northern Distribution Network. This is the natural or secondary step along the NDN to improve sustainment and reduce costs.
 - CENTCOM has pressed for sourcing in the CASA region and the mechanism has not been there for movement that previously fell to DTS. Also, CENTCOM is seeking economies of scale through standardized system and cargo movement volume.
 - ARCENT, with help from DLA, will put together CARB (Coalition Acquisition Review Board) package for funding of transportation costs; reimbursement as well as projection of future FY requirements.

4. **ACTION OFFICER:** Mr. Yousuf Smalls, Surface and Sustainment NDN/DLA Representative
And LTC David E. Patton, Surface and Sustainment Branch Chief / DSN 430-5411, 9 JUN 10

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SUBJECT: USTRANSCOM Northern Distribution Network (NDN) Outreach Program

ISSUE: Background information for TCCC visit with Director, Defense Logistics Agency (DLA), Vice Admiral Alan S. Thompson, on 17 April 2009. USTRANSCOM's NDN Outreach Program incorporates a visit to DLA's Defense Depot Susquehanna Pennsylvania (DDSP) by NDN partners.

TCCC will meet with VADM Alan S. Thompson, Director DLA on 17 April 2009. USTRANSCOM's NDN Outreach Program is designed to show our NDN partners our mission and capabilities and view various real-world applications of mobility and logistics at various locations in the United States, to include DLA's DDSP facility in New Cumberland, Pennsylvania.

BACKGROUND: The NDN Outreach Program is designed to bring six nations to the United States. The six nations are Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. Visits will be conducted between June and September 2009.

- The goal of the program is to:
 - expose mid-level logisticians and transportation related military and government civilian personnel to global transportation and logistics operations
 - maintain the positive momentum gained during TCCC's visit to the region in November 2008
 - promote a concept of being valued partners with the United States in a global network
- Funding of \$205,000 for this program was obtained through the Combatant Commander Initiative Fund (CCIF).
- Agenda includes visits to:
 - USTRANSCOM, Scott Air Force Base: Briefings, consultations, and tours
 - Charleston, South Carolina:
 - Charleston AFB: Demonstration of joint-use, civilian/military airfield
 - Port of Charleston: View container/customs processing
 - Defense Depot Susquehanna Pennsylvania (DDSP):
 - Tour wholesale logistics Facility with worldwide military customers
- DLA's liaison officer to USTRANSCOM, Mr. (b)(6) is coordinating the DDSP visit for USTRANSCOM.

Mr. (b)(6) /TCJ5/4-PD/229 (b)(6) / _____ /07/04/2009

DOC 2

U.S. to Purchase More Uzbek Goods for Delivery to Afghanistan

BYLINE: Catherine A. Fitzpatrick

Eurasianet Feb. 24, 2011

An army travels on its stomach. And now the path to hungry NATO troops in Afghanistan may grow shorter, as the U.S. is hoping to shift the supply line of fruits and vegetables from United Arab Emirates to Uzbekistan via the Northern Distribution Network (NDN), the transit route to deliver non-lethal goods to Afghanistan, the Russian news service regnum.ru reported.

U.S. Assistant Secretary of State Robert O. Blake, Jr. told an Uzbek-American business forum in Tashkent last week that the NDN is part of an overall stability plan for the region: "The Obama Administration places a high priority on building economic partnerships in Uzbekistan and throughout Central Asia so this region once again can be a crossroads for trade and ideas. This effort includes working with Uzbekistan to improve the business environment in order to enhance investment opportunities for U.S. companies, which will in turn benefit economic growth in Uzbekistan. '

Blake said the U.S. spent \$23 million on supplies in Uzbekistan in the 2010 fiscal year, and an additional \$5 million in October-November 2010; in construction materials alone, the U.S. has already purchased nearly as much in the last two months as in the previous year and plans more purchases, he said.

The U.S. has long offered the Uzbek government a chance to boost its economy with purchase orders for supplies needed in the war. A dozen business executives who travelled to Tashkent last week as part of the official U.S. delegation met with Uzbek Vice Premier Elyor Ganniev and discussed ways to increase trade and investment. Among the companies represented were Boeing, Case New Holland, ExxonMobil, FMN Logistics, General Electric, Honeywell, Nukem, Sikorsky, White & Case, Zeppelin, General Motors, Microsoft, and Nobel.

Blake said the U.S. government would work with the American-Uzbekistan Chamber of Commerce (AUCC) to develop business proposals. Last August, Donald Nicholson, president of the AUCC, told a group of business people visiting Uzbekistan that the U.S. planned to buy more fruits and vegetables from Uzbek farmers and sort and pack them for shipment to Afghanistan, the Russian news service regnum.ru reported February 20. "The overall demand from American forces in Afghanistan for fresh vegetables and fruits is more than 40 tons a day," Nicholson was quoted as saying.

At a press conference following meetings with President Islam Karimov in Uzbekistan February 18, Blake thanked the Uzbek government for its assistance with Afghanistan, and reiterated to reporters that the items delivered along the NDN would remain non-lethal.

Asked by a reporter for specifics of how many tons of cargo were moving through the NDN currently, Blake declined to say, but unofficially, it is believed that 90 percent of the goods shipped along the NDN are now travelling through Uzbekistan. Last year, Tashkent revealed that it had tripled its air cargo sent through the international airport in Navoi.

A reporter pressed Blake to indicate how much the government of Uzbekistan is paid by the U.S. for the transit, but was told the issue was "a bit too detailed for a non-specialist" and referred to CENTCOM, the U.S. central military command.

Critics have been concerned that with the Uzbek state controlling business in relations with foreign investors, any private U.S. firms would inevitably be helping to sustain the oppressive state system in Uzbekistan. And there has also been concern that with the need to maintain good relations with Uzbek officials for the sake of the NDN, human rights may fall by the wayside.

A reporter at the press conference also inquired whether Blake had discussed imprisoned journalists and activists with Karimov. Blake said, "We don't get into the details of our diplomatic discussions with any of our friends," but said there was a "wide-ranging, detailed discussion on human rights," and referenced Karimov's November 12 speech in which he claimed to wish to promote the rule of law.

21 June 2011

Media Inquiry from the Washington Post

Reporter: Craig Whitlock

Subject: Supply routes into Afghanistan and the Northern Distribution Network
Follow On Questions

Suspense: COB Wednesday, 22 June

Background: Mr. Witlock is working on an article about supply routes into Afghanistan with a focus on the expansion of the NDN and air cargo shipments. He is using information from LTG Stevenson's Senate Armed Services subcommittee testimony for the piece as well as the basis for the follow-on questions. He is visiting TRANSCOM on Thursday and is hoping to have a response from LTG Stevenson/the G-4 staff prior to his visit.

Questions:

In the spirit of making it easier to provide fuller answers during my visit, here's an additional line of questioning I'd like to raise in advance:

General McNabb has highlighted for Congress on several occasions the increasing emphasis that TRANSCOM has placed on multi-modal delivery of supplies to Afghanistan. As he describes it, TRANSCOM sends materials via ship to various ports in the Middle East or Persian Gulf, where they are then airlifted to Afghanistan.

According to testimony he gave to the Senate Armed Services Committee, Gen. McNabb said that about 35 percent of the supplies destined for Afghanistan arrive via air -- up from 20 percent previously. About 30 percent arrives via the PAK-GLOCs and about 35 percent via the NDN.

1) Could you elaborate on the 35 percent of supplies that are delivered by air? For instance, could you provide a rough breakdown of where these supplies are airlifted from -- e.g., Kuwait, Bahrain, Manas, Navoi, Incirlik or Diego Garcia in the Middle East and Asia? Roughly how much is airlifted directly from Europe (Rota?) or the US?

East: Answer: By delivering supplies via air to Afghanistan, we have provided the warfighter a more timely, effective, and efficient method of sustainment delivery. We attribute this success from the strong and positive relationship we enjoy with our regional friends and allies throughout the world. We look forward to our continued partnership with these countries for the foreseeable future.

Answer: For the past 120 days USTC has delivered via the following routes:
Air 91,815 STs (32%) ; NDN 70,659 ST (25%) ; PAKGLOC 119,956 STs (43%)

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For the past 120 days, Cargo that arrived in Afghanistan via air (on its last leg) originated from the following Aerial Port of Embarkation (APOE)s:
CONUS APOE: 41,019 STs // EUCOM APOE: 1,856 STs // CENTCOM APOEs 48,940 STs.

Air Delivery from CENTCOM included 15 different APOEs; the largest were Thumrait (20,076 STs), Kuwait (13,888 STs), consisting of Kuwait International (7798 STs) and Ali Al Salem (6,090 STs), and the third largest CENTCOM APOE was Al Udeid (2,400 STs). PACOM deliveries were lumped into CONUS APOEs but they attributed 474 STs into Afghanistan.

For example, in March 2010, Gen. McNabb told a congressional subcommittee that "Incirlik is a really pivotal base for us" in this regard and that "46 percent of our air sustainment" goes through Incirlik.

Seven months later, in October 2010, the Office of Defense Cooperation-Ankara reported that the United States was sending "68 percent of air logistical support for Iraq and Afghanistan through Incirlik," with C-17s flying an average of 2,000 sorties a year.

2) Are either of these figures regarding Incirlik and air sustainment for Afghanistan still accurate? Given that TRANSCOM has greatly increased its air delivery to Afghanistan, is Incirlik playing an even more pivotal role today?

Answer: In April 49% ...May was 47%

3) Is this primarily to deliver equipment that cannot be delivered via the NDN or PAK-GLOCs because it is considered "lethal" or sensitive military equipment that is prohibited from those routes? Are there any restrictions on what you can airlift to Afghanistan from Incirlik?

Answer: While Turkey remains a valuable partner in our on-going contingency operations, the cargo and personnel we send through their ports to Afghanistan is limited. In order to maximize available resources, we tend to use ports closer to the theater in the middle-east region when possible. We've also initiated multi-modal operations through Romania to maximize the utilization of the northern route structure out of Afghanistan. Each multi-modal route has limitations in terms of types of cargo by the transit agreements we have in place with each specific country.

4) Roughly how much cargo are you shipping via surface-sea to Mersin port in southern Turkey? Roughly what percentage of this then is flown to Afghanistan from Incirlik, and roughly what percentage continues via surface across Turkey to Georgia and the NDN?

Answer: For the last 120 days, (from 9 Feb 2011 - 11 Jun 2011): 6.5% of all cargo to Afghanistan has transited via Mersin. That was 2,196 containers all of which then traveled from Mersin via Ground (none by Air) into country.

14,705 containers have transited via Mersin since operations began in February 2009. All of the containers then transited into Afghanistan via ground.

5) Why deliver air shipments via Incirlik instead of from air fields or ports in the Persian Gulf, such as Bahrain, Kuwait, Qatar or Oman -- which are all closer to Afghanistan? To what degree are Persian Gulf ports/airfields used for multi-modal shipments to Afghanistan? What restrictions exist on what kinds of materials you can airlift from those Persian Gulf ports?

5/4 Answer: Turkey has been a longstanding partner of the United States and we continue to utilize Incirlik as part of our strategic network of transportation locations around the globe. A number of factors, to include political conditions, infrastructure limitations, and shipping restrictions contribute to maintaining flexibility in our network of multi-modal shipping locations.

East: USTRANSCOM will continue to expand and increase deployment and distribution flexibility and redundancy options in order to provide the best possible support to our warfighters. Current multi-modal operations have proven to be an effective and efficient method of providing this support. Although some airfields have restrictions in place, each and every airfield we use provides its own unique capability and service that allows us to successfully accomplish our mission.

Incirlik is one option for multi-modal transportation. We typically use other multi-modal hubs closer to Afghanistan to deliver cargo into country

5) Gen. McNabb and Maj. Gen. Michelle Johnson have both testified that about 7,000 MRAPS/MATVs were shipped via surface to Bahrain and Oman, and then by air to Afghanistan. Is that still taking place along those routes? Or have those deliveries largely ended?

Answer: USTC has delivered 7,081 MATVs and 1,484 MRAPS through Multi-Modal locations. Bahrain stopped being used as a multi-modal hub in September 2010 and we are using Multi-Modal location 2 as the hub for the MRAP family of vehicles.

6) Also, as mentioned earlier, I'd be interested to know more detail about the cost of delivery of a ton of cargo via multi-modal air-surface to Afghanistan, compared to surface only. I realize there's not a single answer to this (depending on all sorts of variables) but I'd like to get a better idea of the added expense that results from air deliveries.

Answer:

Using 20' containers weighing approximately 16K pounds, including the container itself: Surface via PAKGLOC is \$6,700, NDN is \$18,500, Multi-Modal via Dubai is \$39,006, and direct airlift from CONUS \$194,200 (with three 20' on the mission)

CURRENT OPERATIONS

Northern Distribution Network

- **TRANSCOM** expanding OEF sustainment alternatives
 - Route options include Russia, Caucasus, Central Asia and Turkey
 - Delivered over 15,400 containers to Afghanistan via NDN to date
-

Pakistan GLOC was the single point of failure for OEF logistics

- Development of NDN increased flexibility in sustaining the warfighter
- All supplies on NDN (food, water, construction materials, clothing, personal hygiene items, etc) move via commercial means

Way Ahead

- Refine distribution strategy to capitalize on commercial competition and expertise to maximize network efficiency and reduce cost
- Continue with infrastructure development and process improvements and identify/implement efficiencies to increase NDN throughput
- Refine post-surge distribution plan to achieve most effective use off all sustainment route options (NDN and PAKGLOC)

Commercial Type Cargo – Commercial Networks

CURRENT OPERATIONS

Northern Distribution Network

- NDN and PAKGLOC carrier pickup-to-delivery transit times comparable, excluding dipnote approval time
 - Transit agreement with Uzbekistan requires 20-day dipnote approval process
 - Average Karachi to Afghanistan destination transit time is 17 days
-

- Average time and cost to ship 20-foot containers from CONUS to Afghanistan via OEF supply routes

CONUS PICKUP TO SPOD TRANSIT TIME	SPOD TO AFG DELIVERY TRANSIT TIME	AVG TOTAL DWELL TIME (INCLUDES DIPNOTE PROCESS)	AVG TOTAL CARRIER PICKUP TO DELIVERY	AVG DOOR TO DOOR RATES
RIGA: 24 Days	RIGA to AFG: 20 Days	17 Days	87 Days	\$16.8K
POTI: 40 Days	POTI to AFG: 31 Days	28 Days	99 Days	\$17.6K
KARACHI: 31 Days	KARACHI to AFG: 17 Days	15 Days	63 Days	\$5.0K

Data: 1 Jan 10 - 23 Jun 10

Note: Transit time = cargo physically moving
Dwell time = cargo not moving



DPO Strategic Opportunities (DSO)

Northern Distribution Network (NDN)

November and December Efficiency Metrics for
GSA

December 9, 2009

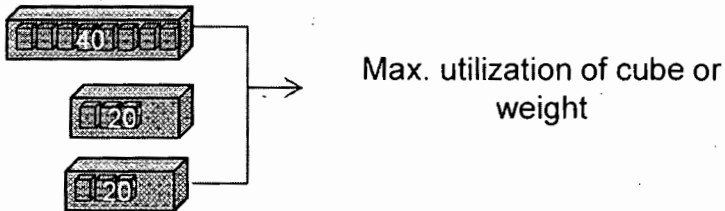


Methodology Used to Calculate GSA Savings

Performance Baseline

9 Months prior to implementation

1. Determine if Container Weighs or Cubes Out



2. Determine Cost/Cube & Cost/Lb

For Existing Routes

Total Cost/Total Cube = Average Cost/Cube
(population of cubed out containers)

Total Cost/Total Weight = Average Cost/Lb
(population of weighed out containers)

For New Routes

Avg. Cost per TEU/(950*Avg. Utilization) = Avg. Cost / Cube
(population of cubed out containers)

Avg. Cost per TEU/ (39,200*Avg. Utilization) = Avg. Cost/Lb
(population of weighed out containers)

Implementation Period

Start Date > Most recent date with valid data
(or conclusion of opportunity)

3. Repeat Steps 1 & 2 for Implementation Period

4. Determine savings per lb or cube

Cost/Cube (Baseline) – Cost/Cube (Implementation)

Cost/Lb (Baseline) – Cost/Lb (Implementation)

5. Determine Cost Savings

Savings/Cube * Total Cube (Implementation)
(population of cubed out containers)

Savings/Lb * Total Weight (Implementation)
(population of weighed out containers)

6. Annualize Cost Savings

Annual Cost Savings = (Avg. of Weekly Volume) *
(Savings/TEU) * 52 weeks



Baseline Cost Calculations

	From DoDAAC	Ship-To DoDAAC	# of 20's	# Cubed Out	# Weight- ed Out	\$/Cub e	\$/lb
GSA-NJ	GSA-NJ	W91EB8 (ARCENT Bagram)	409	395	14	\$26.55	\$0.70
		W91DX3					

◀ \$7.5M/0.3M Cubic ft
= \$26.55 / Cubic Ft

◀ \$0.3M/0.4M Lb =
\$0.70 / Lb

- 1: Average Utilization for Cubed Out Containers
- 2: Usable Cubic Ft on 20' Ft Container
- 3: Average Utilization for Weighted Out Containers



Cost Avoidance Calculation on Bagram Lane

GSA-NJ to ARCENT Bagram Lane
Nov-Dec'09

Savings Calculation for Cubed Out Containers	
# of 40' Ft	117
Total Cubed Out Containers	106
Total Cube	167,792 Cubic Ft
\$/Cubic Ft for 20' Ft (Baseline)	\$26.55
\$/Cubic Ft for 40' Ft	\$16.04
Savings/Cubic Ft	\$9.93
Realized Savings	\$1,662,618



Nov'09 and Dec'09 Cost Avoidance Metrics for 17 Lanes from GSA-E to AF

	From DoDAAC	Ship-To DoDAAC	# of 20's	# of 40's	# of 40's Cubed Out	# of 40's Weighted Out	Savings (\$/Cube)	Savings (\$/lb)	Realized Savings Nov-Dec'09
GSA-NJ	GSA-NJ	W91EB8	53	117	106	11	\$9.93	(\$0.01)	\$1662K

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1 June 2012

Northern Distribution Network (NDN) Workload Goal of 350 Containers / Week

(U) Purpose: To provide an update and receive DLA J3/4 guidance on recommendations below

(U) Issue: USCENTCOM, in collaboration with USTRANSCOM, has established a goal of 350 containers / week to be booked on NDN routes. This does not include FMS or CLIIIB.

(U) Bottom Line:

- The NDN booking goal increased from 200 containers per week to 350 per week.
- USTRANSCOM looks to DLA as the lead agency for attaining this goal.
- USCENTCOM guidance to DLA is to ship all NDN eligible cargo destined for the northern Afghanistan over the NDN.

(U) Background:

- The NDN provides redundant distribution routes to Afghanistan to mitigate the risks and pressures inherent with Pakistan and Afghanistan GLOCs. DLA has supported the NDN by shipping CL I, CL IV, RLBs, and bunk beds since its inception.

(U) Discussion:

- On 28 Aug 09 USCENTCOM J4 published a draft "Updated Policy Guidance for the NDN" that establishes the 350 container/week goal and directs the NDN be used to the maximum extent possible for the next 180 days for all sustainment cargo. This includes all NDN routes: Riga, Poti, Estonia, Kazakhstan, Kyrgyzstan, and Tajikistan (KKT) and potentially China.
- USTRANSCOM objectives are to relieve pressure on PAKGLOC, reduce unnecessary movement on ring road, increase performance of NDN, and mitigate risk of single point of failure if either NDN or PAKGLOC is disrupted.
- Targeting all sustainment cargo, this frees up the PAKGLOC for unit moves and build-up prior to the winter months.
- NDN eligible cargo is defined as CL I (OPRATs only), CL II, CL IV and CLVI and currently excludes CL I (reefers), CL V, CL VII, AAFES, FMS, Unit Movement and Break Bulk.

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- Despite recent improvements to NDN performance, supply chain managers have concerns about sending all eligible cargo on the NDN for the following reasons:
 - NDN route performance (book to deliver) takes longer than PAKGLOC route (90 days vs. 67 days respectively). Additionally, cargo coming from CONUS will experience a longer book to deliver date than DDDE.
 - Shipping via NDN is more expensive. Door to Door shipments from CONUS to Afghanistan are ~ \$15K per container more expensive on NDN vs. on PAKGLOC. (\$10K per container PAKGLOC and \$25K per container NDN)
 - Booking sustainment cargo exclusively utilizing NDN routes creates a single point of failure by having all sustainment on one GLOC.
- Using 34 weeks of shipment data from Europe and CONUS, initial staff input suggests that on average DLA can target, 223 containers per week to ship via the NDN. In addition, DSCP can ship 10 containers of OPRATs per week bringing the total weekly shipments via the NDN to 233. These numbers include all eligible OEF sustainment cargo, regardless of their final destination within Afghanistan. It does not include Subsistence Prime Vendor containers. If all CL I is added to the eligible cargo criteria than the total containers per week increases to 383.

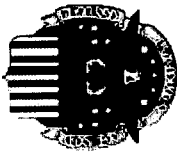
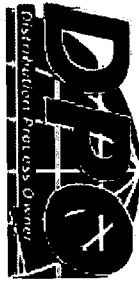
(U) Recommendations:

- DLA staff validate the results of the initial analysis discussed above to ensure we have the correct numbers and then socialize this information with DLA leadership, USCENTCOM and USTRANSCOM.
- Establish a plan that ships as much DLA material as possible and practical over the NDN to support USCENTCOM and USTRANSCOM objectives.
- Continue to identify ways to increase container volume and assist USTRANSCOM in meeting the goal.
- Formally task Primary Level Field Activities to execute based upon guidance / intent.

Prepared by: MAJ Lucas, Distribution Division, 703-767-6428

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Doc 7



DPO Strategic Opportunities (DSO)

Northern Distribution Network (NDN)

December 9, 2009

Doc 8



Objective and Agenda

Objective

- Brief on potential savings/cost avoidance opportunities for NDN cargo sourced out of DDDE
- Understand and discuss any potential and/or other limitations in shipping 40' footers on NDN route from DDDE

Agenda

- NDN and DDDE Overview
- Potential Savings / Cost Avoidance Analysis on Major DDDE Lanes
- Operational Implications
- Conclusion and Next Steps



NDN and DDDE Overview

1. **NDN distribution is significant and growing rapidly**
 - **Current 16-week running avg. is 213TEUs/Wk and expected to grow to 500¹TEUs/Wk by mid FY10 with spend of ~\$420M/year**
2. **DDDE distribution lane is large and growing accounting for 49% of sustainment² cargo sourced on NDN with spend of ~\$99M/year & 104TEUs/Wk (16 wk running avg.)**
3. **Sizeable opportunity exists to reduce cost by applying SSO principle of optimizing the utilization of 40' footers**
4. **Opportunity is concentrated on 4-major lanes making rapid implementation possible**
 - **Ship to DoDAACs - W91DX3, W90Z0G, SD0417, and W91EB8 accounts for 75% of current DDDE volume**
 - **Sufficient volume exists on each of the 4-lanes to ship pure 40' footers**
 - **It appears that with few exceptions 40' footers can be handled on NDN**

Note: Analysis is based on 16 week data (Aug '09 – Nov 23' 09) from iSDDB

1: Projection does not reflect the potential increase in volume to support additional 30K troops

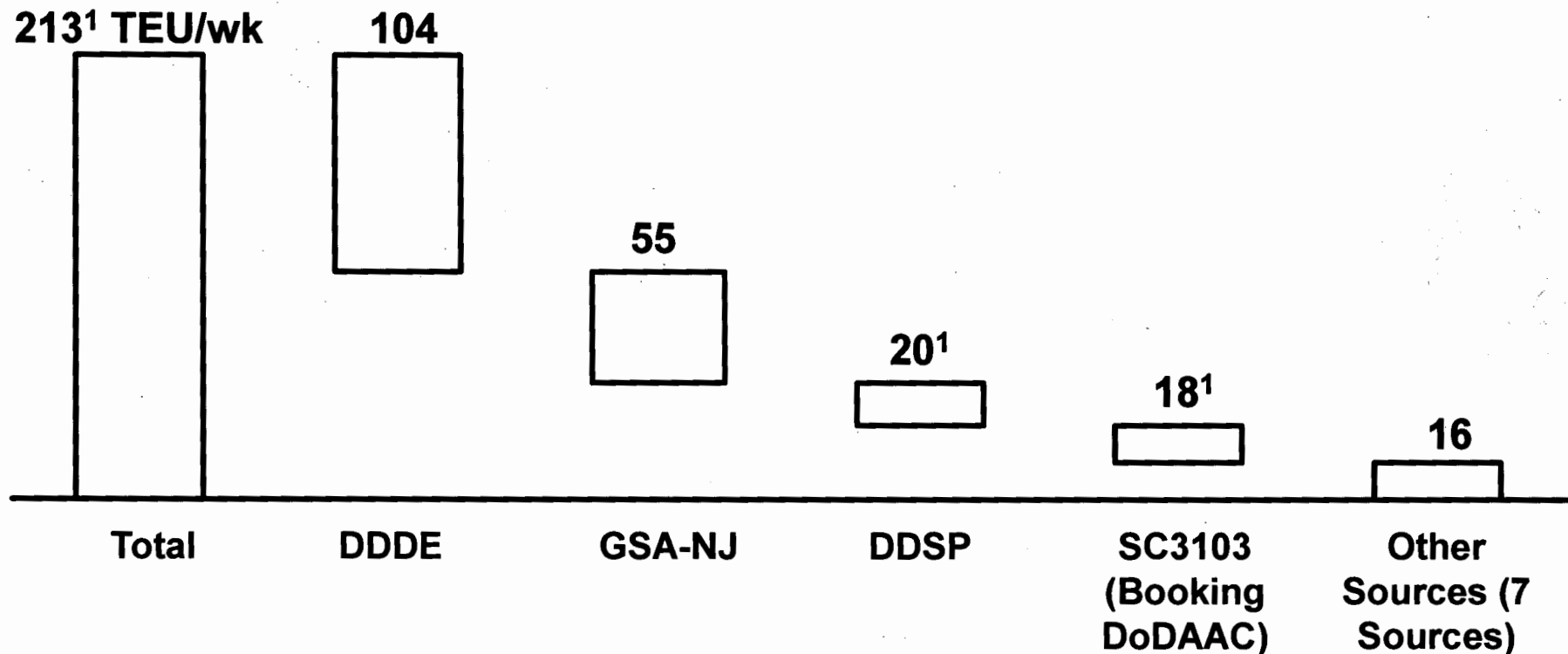
2: Sustainment cargo excludes RLB, FMS and PV



DDDE Composes 50% of NDN Volume

- DDDE accounts for 37% of total NDN Volume (excluding direct vendor delivery) and 49% of NDN volume excluding breakbulk and direct vendor delivery**

Average Weekly Volume for Prior 16 Weeks



Note: Analysis is based on 16 week data (Aug '09 – Nov 23' 09) from iSDDB

1: Breakbulk cargo and Direct Vendor Delivery's are not included



DDDE Cargo is Concentrated to 4-Key Destinations

• 4 major lanes account for 75% of DDDE volume to Afghanistan

• Sufficient volume exists on each of 4 lanes to ship pure 40' footers

▪ Class IV = 79 (76%)
▪ Other = 25 (24%)

104 TEU/wk

34

19

18

8

25

▪ Class IV = 30
▪ Other = 4

▪ Class IV = 9
▪ Other = 10

▪ Class IV = 17
▪ Other = 1

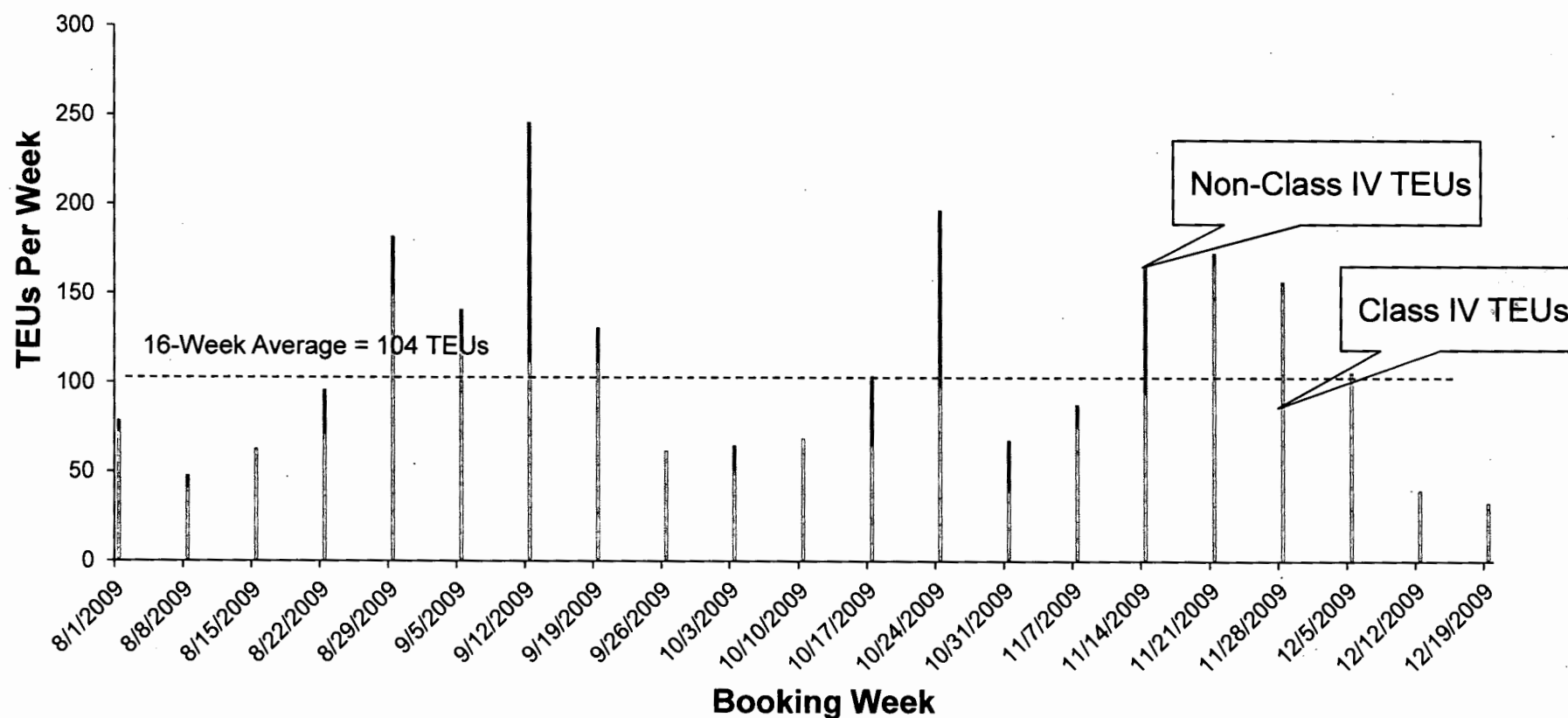
▪ Class IV = 6
▪ Other = 2

DoDAAC Name, Destination	Total	W91DX3 (ARCENT Kandahar)	W90Z0G (Bastion SSA1, Kandahar)	SD0417 (Supreme, Kabul)	W91EB8 (ARCENT Bagram)	Other (10-Lanes)
Current Annualized Cost	\$99M/yr	\$32M/yr	\$19M/yr	\$17M/yr	\$8M/yr	\$23M/yr
% of 20's			100%			
# Cubed Out	94%	100%	97%	100%	100%	85%
# Weighted Out	6%	-	3%	-	0%	15%
Utilization (Cube)	102 ¹ %	98 ¹ %	108 ¹ %	111 ¹ %	88 ¹ %	101 ¹ %
Utilization (Wt)	36%	-	14%	-	-	40%

Note: Analysis is based on 16 wk data (Aug'09 – Nov 23' 09) from iSDDDB & weekly volume is 16 wk running avg.
1: Total available cubic feet for 20'ft = 1171 & standard usable cubic feet = 950. Volumetric Utilization is calculated based on standard usable cubic feet



Booking Indicates Significant Increase in DDDE Cargo Since November '09


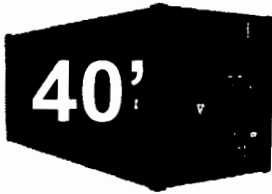


Note: Analysis is based on 16 wk data (Aug'09 – Nov 23' 09) from iSDDB & weekly volume is 16 wk running avg.



Conversion from 20' to 40' is major savings driver

- Conversion from 20' to 40' is major savings/cost avoidance driver
- 94% of containers are cubed-out

As-Is		To-Be	
 20'	\$18,000 /Container	 40'	\$28,000 /Container
	\$/Cubic ft = 19.01		
	\$/lb = 1.31		
Utilization for Weighted Out Containers	36%	Savings	
			\$/Cubic Ft % of As-Is Cost
		75 ¹ %	\$/Cubic ft = 16.44 \$2.57 14%
			\$/lb = 0.76
Utilization for Cubed Out Containers	102%	85 ² %	\$/Cubic ft = 14.89 \$4.12 22%
			\$/lb = 0.62

Note: Analysis is based on 16 week data (Aug'09 – Nov 23' 09) from iSDDB

1: 75% utilization is achievable as DLA has achieved it

2: Conservative approx. average of utilization across different class of supply from DDDE on NDN



Maximizing Utilization of 40's on 4-Lanes from DDDE to AF

- **Changes on 4-major lanes reduce cost by ~\$10 - \$16M/year**
- **Potential Savings / Cost Avoidance is function of Utilization and Volume**

Potential Savings / Cost Avoidance at Average Weekly Volume for Prior 16 weeks

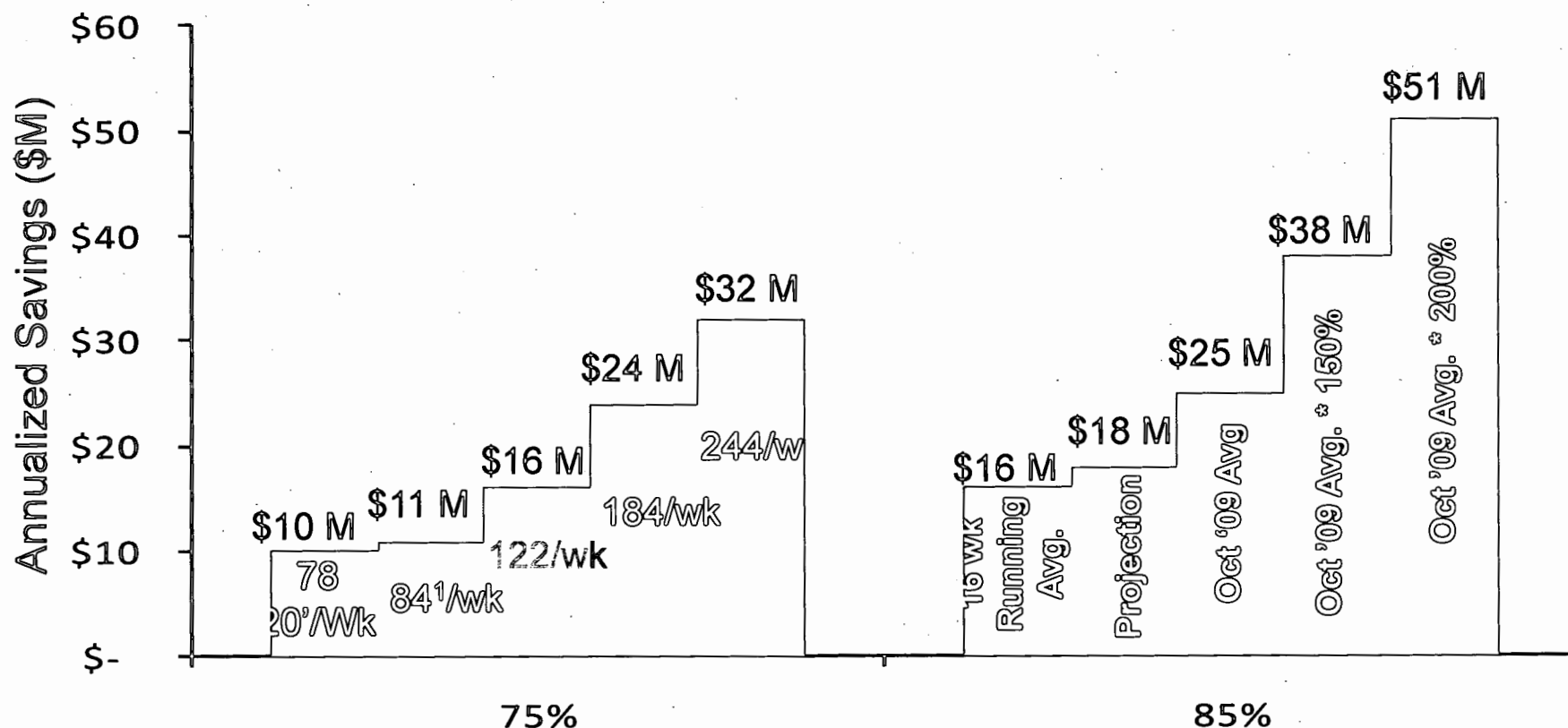
Ship-To DoDAAC	Destination	Weekly Volume (20's)	Class IV Weekly Volume (20's)	Other Classes Weekly Volume (20's)	Weekly Volume (40's-after conversion)	Current Annualized Cost	Savings/ TEU	Annualized Potential Savings at 75% Utilization	Annualized Potential Savings at 85% Utilization
ARCENT, Kandahar (W91DX3)	Kandahar	34 20's/ Wk	30	4	19 – 22 40's/wk	\$32 M/Yr	~\$2.7K - \$4.2K	\$4.7 M	\$7.3 M
Bastion SSA 1 (W90Z0G)	Kandahar	19	9	10	12-13	\$18		\$1.6 M	\$3.1 M
Supreme (SD0417)	Kabul	18	17	1	11-12	\$17		\$2.1 M	\$3.5 M
ARCENT, Bagram (W91EB8)	Bagram	8	6	2	5-6	\$8		\$1.6 M	\$2.3 M
		79 /wk	62 /wk	17 /wk	47 – 53 /wk	\$75 M		\$10 M	\$16 M

Note: Analysis is based on 16 week data (Aug'09 – Nov 23' 09) from iSDDB



Potential Savings Increases as Function of Volume

- Increase in volume increases potential savings significantly
- With the deployment of additional 30K troops in AF, potential volume may increase resulting in significant increase in savings

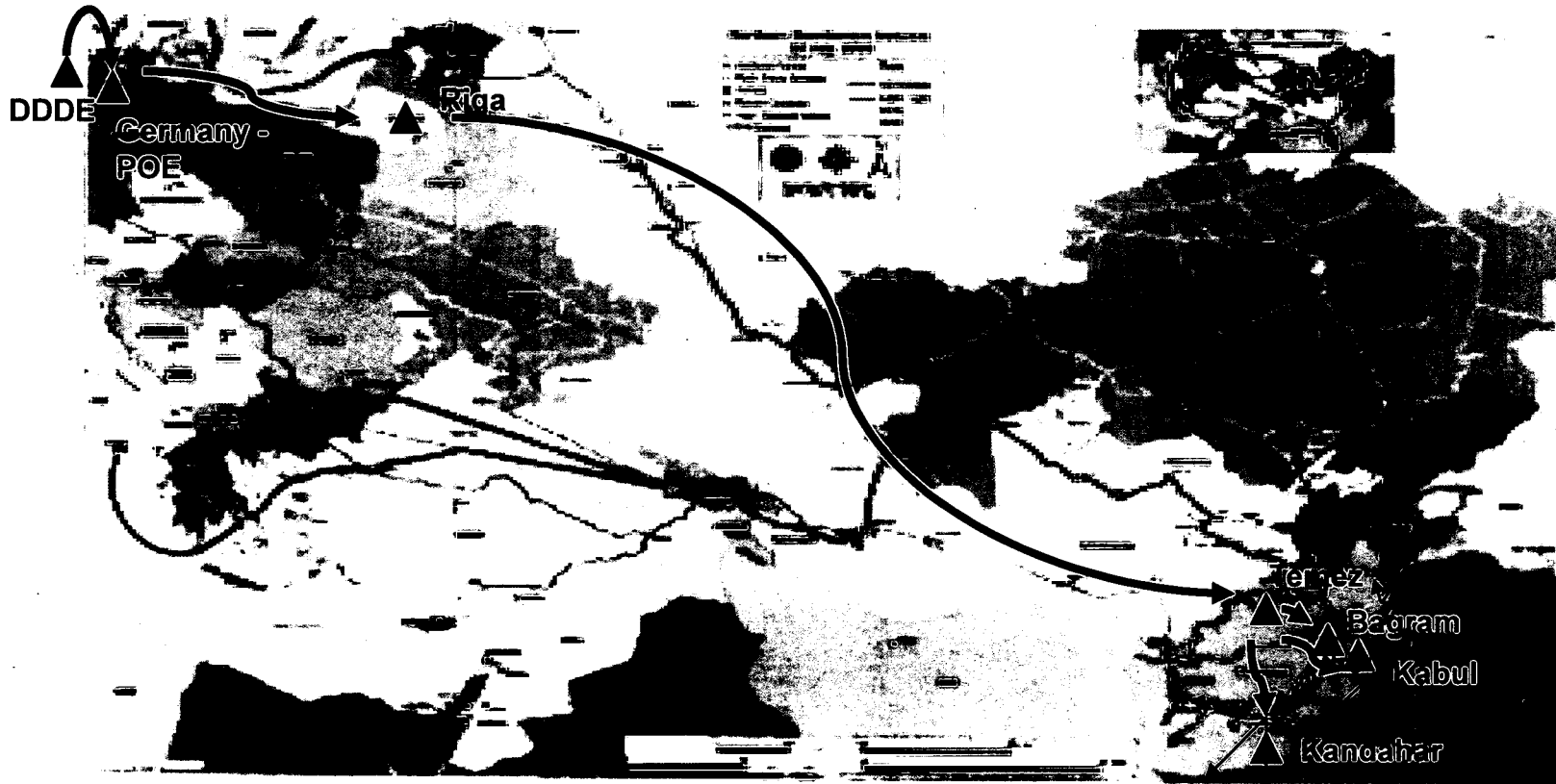


Note: Analysis is based on 16 week data (Aug'09 – Nov 23' 09) from iSDDB

1: Weekly volume calculated based on projected 230 TEUs/Week by DLA on NDN



Operational Implications to Ship 40' from DDDE to AF



Key Questions

Origin (DDDE)

- Are there operational limitations for shipping 40' footers on NDN from DDDE?

Route (Riga ?)

- Are there operational limitations for shipping 40' footers across NDN route(s)?

Customer Location

- Can all the identified 4 customers receive 40' footers?



Conclusion & Next Steps

Conclusion

- **DDDE sourced cargo on NDN presents sizable opportunity to generate savings/avoid cost**
- **Opportunities for savings are concentrated in few key lanes**
- **Focus going forward should be to optimize utilization of 40' footers on NDN cargo from DDDE**

Proposed Next Steps

- **Determine which if any operational constraints exists to ship 40'ft containers from DDDE on NDN**



DPO Strategic Opportunities (DSO)

Northern Distribution Network (NDN)

November and December Efficiency Metrics for
GSA

December 9, 2009

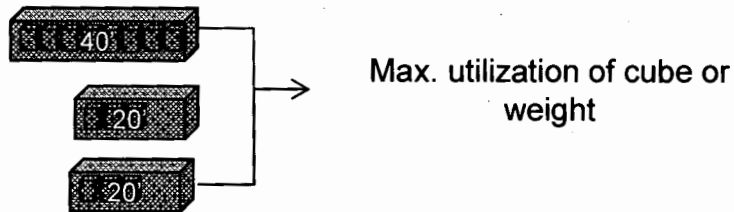


Methodology Used to Calculate GSA Savings

Performance Baseline

9 Months prior to implementation

1. Determine if Container Weighs or Cubes Out



2. Determine Cost/Cube & Cost/Lb

For Existing Routes

Total Cost/Total Cube = Average Cost/Cube
(population of cubed out containers)

Total Cost/Total Weight = Average Cost/Lb
(population of weighed out containers)

For New Routes

Avg. Cost per TEU/(950*Avg. Utilization) = Avg. Cost / Cube
(population of cubed out containers)

Avg. Cost per TEU/ (39,200*Avg. Utilization) = Avg. Cost/Lb
(population of weighed out containers)

Implementation Period

Start Date > Most recent date with valid data
(or conclusion of opportunity)

3. Repeat Steps 1 & 2 for Implementation Period

4. Determine savings per lb or cube

Cost/Cube (Baseline) – Cost/Cube (Implementation)

Cost/Lb (Baseline) – Cost/Lb (Implementation)

5. Determine Cost Savings

Savings/Cube * Total Cube (Implementation)
(population of cubed out containers)

Savings/Lb * Total Weight (Implementation)
(population of weighed out containers)

6. Annualize Cost Savings

Annual Cost Savings = (Avg. of Weekly Volume) *
(Savings/TEU) * 52 weeks



Baseline Cost Calculations

	From DoDAAC	Ship-To DoDAAC	# of 20's	# Cubed Out	# Weight- ed Out	\$/Cub e	\$/lb
GSA-NJ	GSA-NJ	W91EB8 (ARCENT Bagram)	409	395	14	\$26.55	\$0.70
		W91DX3					

◀ $\$7.5\text{M} / 0.3\text{M Cubic ft}$
= $\$26.55 / \text{Cubic Ft}$

◀ $\$0.3\text{M} / 0.4\text{M Lb}$ =
 $\$0.70 / \text{Lb}$

- 1: Average Utilization for Cubed Out Containers
- 2: Usable Cubic Ft on 20' Ft Container
- 3: Average Utilization for Weighted Out Containers



Cost Avoidance Calculation on Bagram Lane

GSA-NJ to ARCENT Bagram Lane
Nov-Dec'09

Savings Calculation for Cubed Out Containers	
# of 40' Ft	117
Total Cubed Out Containers	106
Total Cube	167,792 Cubic Ft
\$/Cubic Ft for 20' Ft (Baseline)	\$26.55
\$/Cubic Ft for 40' Ft	\$16.04
Savings/Cubic Ft	\$9.93
Realized Savings	\$1,662,618



Cost Avoidance Calculation on Kandahar Lane

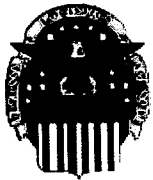
GSA-NJ to ARCENT Kandahar Lane
Nov-Dec'09

Savings Calculation for Cubed Out Containers	
# of 40' Ft	21
Total Weighted Out Containers	5
Total Weight	136,838 Lbs
\$/Cubic Ft for 20' Ft (Baseline)	\$0.87
\$/Cubic Ft for 40' Ft	\$1.20
Savings/Cubic Ft	(\$0.32)
Realized Savings	(\$44,430)



Nov'09 and Dec'09 Cost Avoidance Metrics for 17 Lanes from GSA-E to AF

									Realized Savings Nov-Dec'09
	From DoDAAC	Ship-To DoDAAC	# of 20's	# of 40's	# of 40's Cubed Out	# of 40's Weighted Out	Savings (\$/Cube)	Savings (\$/lb)	
GSA-NJ	GSA-NJ	W91EB8	53	117	106	11	\$9.93	(\$0.01)	\$1662K
		W91DX3	0	21	16	5	0	(\$0.32)	(\$44K)



DPO Strategic Opportunities (DSO)

Northern Distribution Network (NDN)

Methodology to Calculate Cost Avoidance for
GSA-DVDs

March 28, 2010

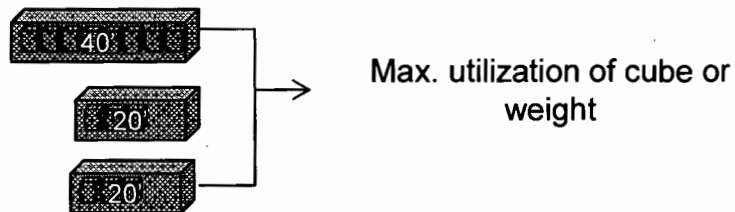


Methodology Used to Calculate GSA Savings

Performance Baseline

9 Months prior to implementation

1. Determine if Container Weighs or Cubes Out



2. Determine Cost/Cube & Cost/Lb

For Existing Routes

Total Cost/Total Cube = Average Cost/Cube
(population of cubed out containers)

Total Cost/Total Weight = Average Cost/Lb
(population of weighed out containers)

For New Routes

Avg. Cost per TEU/(950*Avg. Utilization) = Avg. Cost / Cube
(population of cubed out containers)

Avg. Cost per TEU/ (39,200*Avg. Utilization) = Avg. Cost/Lb
(population of weighed out containers)

Implementation Period

Start Date > Most recent date with valid data
(or conclusion of opportunity)

3. Repeat Steps 1 & 2 for Implementation Period

4. Determine savings per lb or cube

Cost/Cube (Baseline) – Cost/Cube (Implementation)

Cost/Lb (Baseline) – Cost/Lb (Implementation)

5. Determine Cost Savings

Savings/Cube * Total Cube (Implementation)
(population of cubed out containers)

Savings/Lb * Total Weight (Implementation)
(population of weighed out containers)

6. Annualize Cost Savings

Annual Cost Savings = (Avg. of Weekly Volume) *
(Savings/TEU) * 52 weeks



Baseline Cost Calculations Jan'09 – Dec'09

From DoDAAC	Ship-To DoDAAC	Customer Location	# of 20's	# Volume Driven	# Wt. Driven	Utiliz % Volume	Utiliz %Wt.	\$/Cube	\$/lb
GG0003	W91UGE	Salerno	No Data Available					\$27.86*	\$0.58*
GG0003	W90Y0S	Kabul						\$27.86*	\$0.58*
GG0003	W90VPT	Bagram	1	1	0	101%		\$16.94	\$0.57*
GG0003	W91EB8	Bagram	No Data Available					\$30.91*	\$0.57*
GG0003	W91DX3	Kandahar	4	4	0	95%		\$26.02	\$0.72*
GFOSDD	W90VPT	Bagram	1	1	0	101%		\$19.41	\$0.54*
GFOSDD	FB5814	Bagram	No Data Available					\$30.91*	\$0.57*
GF0SDD	W91EB8	Bagram	25	11	14	49%	83%	\$36.22	\$0.57
GF0SDD	W91DX3	Kandahar	8	7	1	86%	79%	\$26.99	\$0.76
GFOSDD	W90Y0S	Kabul	No Data Available					\$27.86*	\$0.58*

Data Source: iiSDDC and Power Track

*: Unit Cost is estimated based on following business rule

Business Rule: When no data is available to establish baseline, use average unit cost for that customer location (only use GSA-DVDs).

If average unit cost to target customer location is not available use average unit cost across all GSA lanes (excluding GSA-NJ)



Baseline Cost Calculations Jan'09 to Dec'09 (Continued)

From DoDAA C	Ship-To DoDAAC	Customer Location	# of 20's	# Volume Driven	# Wt. Driven	Utiliz. % Volume	Utiliz % Wt.	\$/Cube	\$/lb
4774G5	W90XC3	Bagram	No Data Available					\$30.91*	\$0.57*
4774G5	W91EB8	Bagram	10	10	0	80%		\$23.71	\$0.58*
4774G5	W5J9TO	Kandahar	8	8	0	75%		\$26.53	\$0.72*
4774G5	W90Z0G (Bastian SSA1)	Bastion	No Data Available					\$27.48*	\$0.72*
4774G5	W90VPT	Bagram						\$30.91*	\$0.57*
4774G5	W91DX3	Kandahar	8	7	1	74%	69%	\$30.23	\$0.67
4774G5	M95302	Camp Leatherne	No Data Available					\$27.86*	\$0.58*
4774G5	W81T8T	Salerno	4	4	0	69%		\$27.72	\$0.58*
4774G5	W91PFK	Jalalabad	4	4	0	59%		\$32.31	\$0.58*
4774G5	W91GLW	Salerno	1	1	0	40%		\$47.40	\$0.58*

Data Source: iiSDDC and Power Track

*: Unit Cost is estimated based on following business rule

Business Rule: When no data is available to establish baseline, use average unit cost for that customer location (only use GSA-DVDs).

If average unit cost to target customer location is not available use average unit cost across all GSA lanes (excluding GSA-NJ)



Cost Savings for GSA DVD Cargo to AF

From DoDAAC	Ship-To DoDAAC	# of 20's	# of 40's	# of 40's Volume Driven	# of 40's Weight Driven	Utilization % of Volume Driven	Savings (\$/Cube)	Savings (\$/lb)	Realized Savings Jan – Feb'10
GG0003	W90VPT	0	22	22	0	93%	\$4.34	-	\$176K
GG0003	W91EB8	2	2	2	0	90%	\$18.31	-	\$66K
GG0003	W91DX3	2	5	5	0	65%	\$3.31	-	\$21K
GFOSDD	W90VPT	0	8	6	2	90%	\$1.73	(\$0.47)	(\$1K)
GFOSDD	FB5814	0	1	1	0	81%	\$17.20	-	\$28K
GF0SDD	W91EB8	11	8	3	5	64%	\$18.87	(\$0.42)	\$21K
GF0SDD	W91DX3	2	8	4	4	88%	\$9.63	(\$0.04)	\$61K
4774G5	W91EB8	3	19	17	2	77%	\$8.02	(\$0.37)	\$191K
4774G5	W90VPT	0	1	1	0	101%	\$20.03		\$41K
4774G5	W91DX3	7	14	12	2	78%	\$11.31	(\$0.71)	\$175K
4774G5	W81T8T	1	1	1	0	80%	\$12.21		\$20K
TOTAL			89	74	15				\$800K



Cost Avoidance Calculation from Fort Worth, TX to ARCENT Bagram

Fort Worth, TX (4774G5) to ARCENT Bagram (W91EB8) Lane
Jan – Feb'09

Savings Calculation for Cubed Out Containers	
# of 40' Ft	19
Total Volume Driven Containers	17
Total Cube	26,051 Cubic Ft
\$/Cubic Ft for 20' Ft (Baseline)	\$23.71
\$/Cubic Ft for 40' Ft	\$15.69
Savings/Cubic Ft	\$8.02
Realized Savings	\$209,013



U.S. General Services Administration

FEDERAL ACQUISITION SERVICE (FAS)

Request for Kazakhstan Logistics Assistance

July 2010

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Request for Kazakhstan Logistics Assistance

Foreword

The United States General Services Administration (GSA), a U.S. Government agency, provides logistics and supply support to U.S. Government activities in the U.S. and around the world. GSA is a key source of common consumable supplies to U.S. military and civilian personnel globally, including the U.S. forces in Afghanistan.

Several months ago, the government of Kazakhstan offered its assistance in establishing improved logistics capability, including possibly a physical logistics resource / facility related to the United States supply chain needs. Kazakhstan's central location, importance to the Northern Distribution Network (NDN) lines of transportation, and supportive economic posture make it an attractive setting for a logistics function.

GSA believes that this logistics assistance offer could achieve a synergy beyond GSA's Local Sourcing effort. GSA and the partner agencies included in this paper look forward to exploring Kazakhstan's offer.

.....

The General Services Administration (GSA) is a United States civilian government agency responsible for U.S. government buildings, acquisition and supply operations, transportation management, and telecommunications.

The GSA supply operations function annually manages the acquisition and delivery of over \$1B of supplies for daily U.S. Government operations, including:

- Pre-positioning and fast delivery of fire-fighting supplies to control forest fires in the U.S.
- Supply support to the U.S. Federal Emergency Management Agency for U.S. emergency disaster response (i.e., hurricanes, flood, earthquake)
- Provision of common consumable supplies (office products, dining ware, bulk paper products, cleaning supplies) for U.S. Government employees and military personnel stationed throughout the world.
- The GSA supply program routinely sources virtually all of its products from within the United States and ships to U.S. Government operations globally, including those in Afghanistan.

- GSA is currently improving its global logistics by achieving greater reliance upon supply networks closer to the point of consumption. This will reduce transportation cost, and shorten delivery time. Sourcing of GSA product from Kazakhstan sources for delivery to Afghanistan destinations has begun.
- GSA welcomes the assistance offered by the Government of Kazakhstan to fashion more efficient logistics arrangements.

GSA describes in this request for assistance:

- Aspects of logistics assistance that will help improve the U.S. supply chain into Afghanistan
- How this effort might utilize existing Kazakhstan – U.S. initiatives

GSA has discussed this request for assistance with other U.S. Government agencies, including the Department of State, USAID, the Department of Commerce, United States Central Command, and the Defense Logistics Agency. All are supportive of GSA's contact with the Government of Kazakhstan as described in this document.

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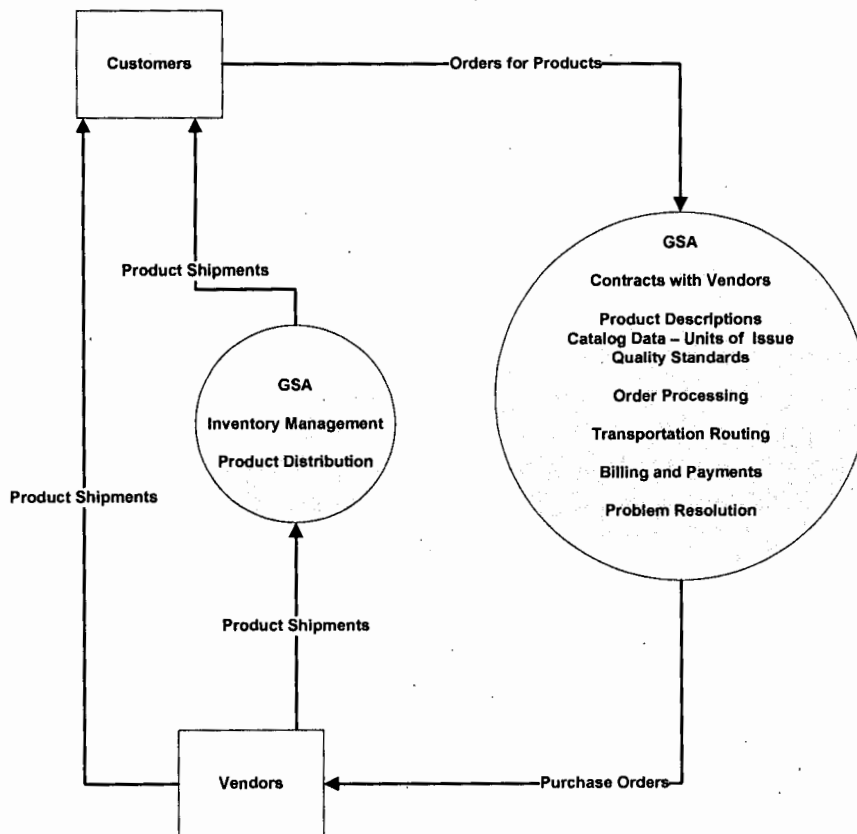
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SECTION 1: GSA SUPPLY CHAIN

1.1 Description of Standard Operations

GSA functions as the supply chain manager for many U.S. Government operations, linking commercial firms (manufacturers, distributors) with U.S. Government customers. GSA manufactures nothing, and exercises Government ownership of inventory only when this provides advantages not found in the private, commercial supply chain. The diagram below illustrates the supply chain relationships managed by GSA:

GSA Supply Chain



GSA operates primarily within the borders of the United States. Many GSA shipments flow directly from private, commercial vendors to the customer. From the perspective of the Vendor / Supplier, GSA adds value to the supply chain by the following.

GSA establishes the sourcing contract, including clear requirements for:

- Product Description
- Packaging
- Product Marking
- Quality
- Shipping Documentation
- GSA receives orders from customers and routes these to approved vendors
- GSA provides status of the order to customers
- GSA bills the customer and pays the vendor
- GSA's information processing systems are compatible with the U.S. Government agencies, including the Department of Defense

GSA provides Government Distribution Centers for storage and distribution of product. This benefits vendors by:

- Allowing the vendor to ship less frequently and in larger product quantities, thus simplifying production schedules and lowering transportation costs.
- Identifying and consolidating multiple customer orders for different products for one destination into fewer shipments.

1.2 Description of GSA's New Local Sourcing Model

Most of the supplies that GSA currently ships into Afghanistan originate in the United States and transit the Northern Distribution Network (NDN). To support the NDN, GSA has begun purchase of supplies from the local Central Asia economies. Kazakhstan vendors are among the earliest approved sources for products to be purchased.

Examples of products targeted for local sourcing include garbage bags, gloves, toilet paper, disposable cups, disposable dinnerware, napkins, paper towels, cleaning supplies, office supplies (including printer toner cartridges), and small hand tools.

With its well-developed consumer economy, national infrastructure, and strategic location in the region, Kazakhstan is a logical source for many of these high-volume, consumable products.

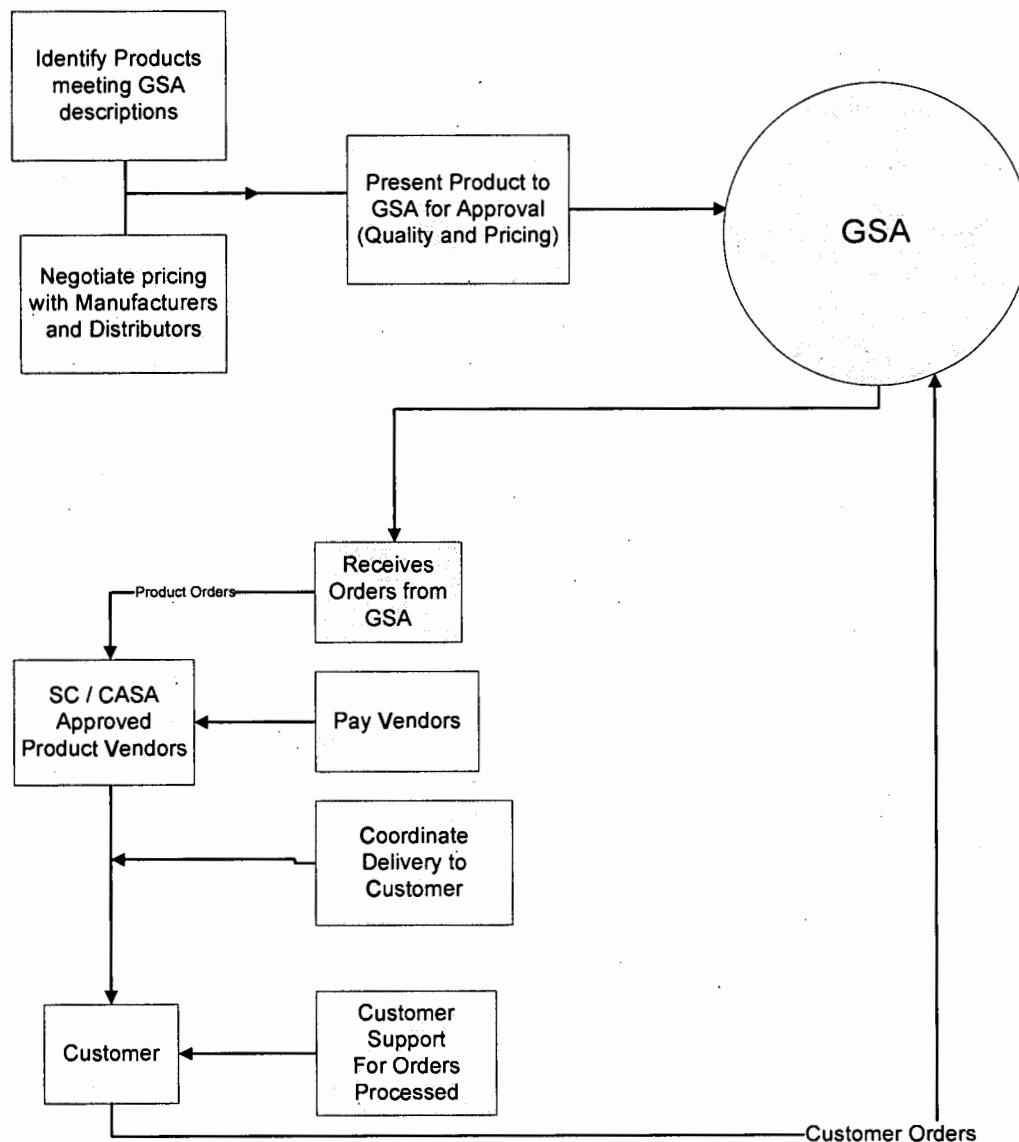
Since GSA does not routinely source products outside the United States, GSA awarded a contract to Theodor Wille Intertrade (TWI) for the acquisition of products and supply chain

services in the South Caucasus and South and Central Asian states (SC/CASA). Under this contract, TWI assists GSA to identify viable manufacturing, assembly, and distributor sources in the region.

TWI, serving as GSA's "Supply Integrator agent" will process both large and small orders for GSA. Within that task, the need to consolidate multiple orders into truck- or container-sized shipments could benefit by Kazakhstan's offer.

TWI performs the following tasks for GSA in the newly-established Local Sourcing Supply Chain.

TWI Role in GSA Local Sourcing



GSA / TWI will use a combination of local and regional carriers to transport good from Local Sources to customer order points, (primarily in Afghanistan). Transportation arrangements with

these carriers will be made by either the U.S. Department of Defense, or through commercial arrangements made directly by TWI.

1.3 Kazakhstan Logistics Assistance for GSA

GSA is interested in logistics assistance from the Government of Kazakhstan and identifies the following items that will optimize the supply chain: Customs/Taxes; and a Physical Facility.

Assistance with the above items will improve delivery times and help GSA lower supply chain costs. Lower supply chain costs from Kazakhstan improve the attractiveness and competitiveness of sourcing in Kazakhstan.

1.3.1 Customs/Taxes

The following aspects are presented for discussion.

- Expedited and streamlined customs procedures
 - On-site customs officials once- or twice-weekly
 - Bonded facility
 - Waiver for number of days required to export after receiving imported goods
 - Waiver for number of days required to import (relates to custom clearance)
 - Allow consolidation of goods from multiple suppliers on one pallet
 - Permission for multiple export declarations for partial shipments (example: vendor ships 100 Each to consolidation point; but consolidation point ships multiple shipments of 10 each to different customers.
 - Permission to consolidate bonded and non-bonded items
- Relief from customs fees
 - Exemption from state, local provincial, and/or local customs fee
- Tax exemptions
 - Exemption from Value Added Tax (VAT) for all commodities whether purchased locally or imported.

1.3.2 Facility Resources

- Physical facility for use in consolidating orders from multiple Kazakhstan manufacturers and/or distributors

Many orders received by GSA are for smaller quantities. GSA's experience is that many vendors find it difficult to process high volume, small quantity orders to multiple destinations.

GSA will have greater success sourcing orders in Kazakhstan if facilities are available for use by TWI to receive product from vendors and re-sort, consolidating with shipments from other vendors to the mix of customers in Afghanistan.

Although the number of products to be sourced in Kazakhstan is not yet known, early estimates are that the following characteristics of a consolidation / re-shipping facility would be similar to:

- 2500 to 2700 square meters storage space with ability to expand to adjacent or nearby space. (Expansion anticipates inventory storage in months ahead)
- Stacking height 4 pallets high
- Covered dock access for all-weather shipment processing
- Proximity to major road and rail lines
- Located within 50 km of major airport (freight processing)
- Proximity to ready labor source
- Low risk seismic hazardous zone
- Telecommunications (data transmittal)

1.3.3 Kazakhstan Involvement in Operations Supporting GSA

GSA and its Supply Integrator agent have expertise to operate the facility. However, GSA is open to arrangements that would include a greater role in operating the facility by Kazakh companies with the appropriate expertise, or by the Government of Kazakhstan and we invite discussions on the matter.

For example, Kazakhstan's involvement in the facility could range from providing the physical facility, to full ownership of inventory and operations by a Kazakh commercial company. Under this scenario, the facility would be viewed by GSA's supply chain as a source of product.

Kazakhstan might also consider operating the facility as a Government of Kazakhstan-owned and operated facility, similar to a GSA Distribution Center in the United States (which is U.S. Government-owned-and-operated).

GSA's experience in logistics environments shows that the integration of information technology systems can be a critical and difficult component. If Kazakhstan anticipates a substantial "operations" role, GSA welcomes the opportunity to partner with Kazakh firms in the area of information technology, material handling, and other disciplines of distribution science, and invites discussions on this subject.

SECTION 2: APPLICABILITY TO U.S. DEFENSE LOGISTICS AGENCY (DLA) SUPPLY CHAIN

Like GSA, DLA provides logistics and supply support to US military and other US Government agencies around the world. DLA currently procures construction materials in Kazakhstan for use in Afghanistan. DLA also sources food, water, and other commodities.

The Defense Logistics Agency can benefit from Customs / Tax relief in a manner similar to GSA.

If a physical facility is made available to support the U.S. Supply Chain, DLA could also benefit.

Physical facility characteristics stated above for GSA apply also for DLA, with the note that the following additional space is estimated as required to support DLA operations:

Space

Initially, 500 square meters; possibly up to 2500 square meters storage space with ability to expand to adjacent or nearby space if operations grow beyond that level.

Additionally, it should be noted that DLA anticipates that it would own the product inventory and operate within its assigned space.

SECTION 3: U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)

3.1 USAID and / Kazakhstan Economic Development Goals

GSA's Local Sourcing effort in Kazakhstan is generally supportive / aligned with projects which either exist today or have been co-funded by the Government of Kazakhstan and the United States Agency for International Development.

Applicable projects include those listed below. Though the current term for some of these projects expires soon, the discussion of Local Sourcing is enhanced by the strong association with these goals, setting the stage for successor USAID / Kazakhstan discussions.

The following aspects of Local Sourcing, including possible use of a Logistics facility are aligned with the goals of Business Environment Improvement, Small Business Improvement, and Regional Trade Liberalization and Customs:

- Local Sourcing establishes multiple supply chain relationships with Kazakhstan firms and provides a testing/proving ground for improvements in administrative processes and operational improvements for the benefit of small and medium enterprises:

Examples: product, packaging, and marking requirements, supply chain scheduling; exterior markets for small and medium manufacturers and distributors.

- Study of new exterior markets could identify new manufacturing opportunities that are good matches to Kazakhstan industrial base and natural resources.

Examples: Packaging industry, export processing center.

- Local Sourcing shipments provide test environment for both "vendor-direct-to-customer" shipments and "Consolidation Facility-to-customer" shipments.

Example: This test environment can help improve the conditions for international and cross-border trade and transit, with respect to WTO-compliant trade policies and practices; improved customs procedures, and predictability of transit systems.

- Additionally, the opportunity to partner on supply chain development can provide opportunity for travel and study of logistics methods and distribution science in the United States. This may be facilitated via USAID or directly with the U.S. General Services Administration.

3.2 USAID Office of Foreign Disaster Assistance

Improving disaster response and recovery capabilities in Central Asia is already recognized as an important need and is receiving attention from the Government of Kazakhstan and multiple international bodies.

As an information note, United States Government logisticians associated with NDN and Local Sourcing work are also active in U.S. disaster response and recovery planning. This takes place through GSA and DLA's support to the U.S. Federal Emergency Management Agency.

Disaster response planning has been identified in various review documents as an attention area in Central Asia, particularly with respect to zones which are high risk for earthquakes.

Noting that a cooperative venture in a logistics hub in Kazakhstan will involve the exchange of ideas among the Government logistics teams (U.S. and Kazakhstan), it is possible that disaster response logistics planning could be discussed to identify supply chain improvement insights of benefit to both countries.

This could be discussed further if this topic is of interest to the Government of Kazakhstan.

SECTION 4: CONCLUSION

GSA is appreciative of the offer of logistics assistance by the Government of Kazakhstan and of the collaborative interest by other U.S. agencies.

Improved logistics and distribution capabilities will strengthen Kazakhstan supply chain capabilities in the dynamic and expanding economic markets of Central Asia, spur increased economic activity and entrepreneurship in the region, have a positive long term impact on Kazakhstan's local economy, and strengthen the relationship between Kazakhstan and the United States.

Exhibit: Summary of Logistics Hub / Facility Needs

Customs / Taxes

- Expedited and streamlined customs procedures
 - On-site customs officials once- or twice-weekly
 - Bonded facility
 - Waiver for number of days required to export after receiving imported goods
 - Waiver for number of days required to import (relates to custom clearance)
 - Allow consolidation of goods from multiple suppliers on one pallet
 - Permission for multiple export declarations for partial shipments (example: vendor ships 100 "Each" to consolidation point; but consolidation point ships multiple shipments of 10 "Each" to different customers.)
 - Permission to consolidate bonded and non-bonded items.
- Relief from customs fees
 - Exemption from state, local provincial, and/or local customs fees
- Tax exemptions
 - Exemption from Value Added Tax (VAT) for all commodities whether purchased locally or imported.

Facility Resources

- GSA Use:
 - 2500 to 2700 square meters storage space with ability to expand to adjacent or nearby space. (Expansion anticipates inventory storage in months ahead)
- DLA use:
 - 500 square meters; possibly up to 2500 square meters storage space with ability to expand to adjacent or nearby space if operations grow beyond that level.
- Stacking height 4 pallets high
- Covered dock access for all-weather shipment processing
- Proximity to major road and rail lines
- Located within 50 km of major airport (freight processing)
- Proximity to ready labor source
- Low risk seismic hazardous zone
- Telecommunications (data transmittal)



UNITED STATES TRANSPORTATION COMMAND

608 SCOTT DRIVE
SCOTT AIR FORCE BASE, ILLINOIS 62225-5357

2 March 2009

MEMORANDUM FOR CHAIRMAN, JOINT CHIEFS OF STAFF

FROM: TCDC

SUBJECT: USTRANSCOM Fiscal Year (FY) 09 Combatant Commander Initiative Fund (CCIF) Submission

1. The attached CCIF submission requests \$205,000 to enable the United States Transportation Command (USTRANSCOM) to bring six nations critical to a future Northern Distribution Network (NDN) into partnership with the United States in a global transportation and distribution network. Participants include logisticians and transporters from the six most promising NDN countries: Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan.
2. The NDN is being established as a potential replacement for or complement to the Pakistan Ground Lines of Communication (GLOC). While the Pakistan GLOC is the current backbone of logistics support to Operation ENDURING FREEDOM, the present Pakistani political and military situation points to the urgency of finding alternative routes. Every effort must be made to ensure the successful establishment of the NDN.
3. Commander, USTRANSCOM recently traveled to United States European Command (USEUCOM) and United States Central Command (USCENTCOM) countries with potential involvement in projected NDN. The positive momentum gained during the visit must be quickly leveraged by educating logistics and transportation leaders from the six prospective NDN nations in the global nature of our mission and the role they play as global partners. The cost of this effort is small...the potential return is significant.
4. This request has been coordinated with USEUCOM and USCENTCOM.
5. We appreciate Joint Staff support received on past submissions and look forward to approval on the attached initiative.
6. USTRANSCOM POC is Major (b)(6), TCJ8-BR, DSN 779- (b)(6)

A.E. Rondeau
A.E. RONDEAU
Vice Admiral, U.S. Navy
Deputy Commander

Attachment:
CCIF Request

Doc 12



THE VICE CHAIRMAN OF THE JOINT CHIEFS OF STAFF
WASHINGTON, D.C. 20318-0909

CM-0681-09
13 April 2009

MEMORANDUM FOR THE DEPUTY COMMANDER, U.S. TRANSPORTATION
COMMAND

Subject: Authorization for CDRUSTRANSCOM to Invite Foreign Dignitaries

1. Your request¹ for CDRUSTRANSCOM to invite logisticians and transportation leaders from Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan is approved. On 20 Mar 09, the Chairman approved your Combatant Commander Initiative Fund submission to support the visits of these key U.S. partners.
2. The Joint Staff recommends that USTRANSCOM also extend the invitation to Turkmenistan, which provides critical overflight rights. Because of its positive neutrality policy, Turkmenistan will generally not attend regional events. However, we are concerned with the implications of not extending the invitation. The Joint Staff believes USTRANSCOM should take steps to help cultivate a relationship with Turkmenistan. We encourage CDRUSTRANSCOM to add Turkmenistan to his upcoming trip to Central Asia.
3. The Joint Staff shares your position regarding the importance of the Northern Distribution Network and appreciates your initiative to diversify our logistics routes in support of operations in Afghanistan.

JAMES E. CARTWRIGHT
General, United States Marine Corps
Vice Chairman
of the Joint Chiefs of Staff

Reference:

- 1 USTRANSCOM memorandum, 2 March 2009, "Authorization for Commander USTRANSCOM to Invite Foreign Dignitaries"

REMARKS TO THE PRESS

BY GENERAL DAVID H. PETRAEUS
COMMANDER, USCENTCOM

Bishkek, Kyrgyzstan
January 19, 2009

GENERAL PETRAEUS: "Dobriy Vecer, Spasibo, Rahmat, Kak dela?" (Good evening, thank you, how are you?)

(Laughter)

And thank you all for gathering for this press conference. I've had a wonderful first visit to your country over the last couple of days. It has been "ochen' priyatno" (very pleasant) and today, what I'd like to do is give a brief statement about what we've done over the past couple of days and then take a few questions with priority going to the local press.

We arrived on Saturday night, had a good visit with our troopers out at Manas Air Base. Very impressive facility. Yesterday we were able to see some of your country's extraordinary natural beauty. We had a several-hour hike at the nature preserve at Ala-Archa and an excellent lunch in a yurt. The ambassador was seen drinking vodka in a yurt. (Laughter)

GENERAL PETRAEUS: Actually, that's not true, but some other people were [drinking vodka].

And we had a lovely dinner at her house last night, as well, and in fact, it was local food. And today we've had a series of meetings, plus a lunch at which one of your local fashion designers was present, a painter, an intellectual, and a writer. I was also honored to place a wreath at one of your local monuments, and I'll talk more about that later, and to place a coin, a medallion - one of my medallions, at the monument to your famous ballerina. I'm in your country as part of a long-planned trip to the Central Asian states to discuss issues of security cooperation with the states in this region and especially against our common enemy of extremism. I believe we all share a major common interest in preserving and strengthening stability and security here in Central Asia. In pursuit of this goal, we have sought to deepen the cooperation with your country and with other partners in the region and beyond, even including other countries, such as Russia and China. And in each country I have noted that we share a common interest in the success of the international effort to bring peace and stability to Afghanistan and to counter extremism and the flow of international narcotics. In particular, I think no one wants to see extremism triumph in Afghanistan and spread to other countries in the region. We respect your country's commitment in the fight against extremism and recognize the sacrifices you have made in this common struggle. And today with your Deputy Minister of Defense, I had the honor of laying a wreath at the monument to the Kyrgyz heroes who gave their lives in the fight against

extremism in August 1999 in Batken. We remembered and honored their sacrifice as we remembered and honored the sacrifice of all those who have fallen in the fight against extremism. We met today with the Minister of Defense and your senior military, with the Prime Minister, and with the Chief Foreign Policy Advisor to the President and the Deputy Minister of Foreign Affairs. In each meeting, we began with a discussion of the situation in Iraq. As you may know, I left Iraq several months ago, after having spent nearly four years there in different capacities, ending up as the Commander of the Multinational Force in Iraq for over nineteen months. I noted the significant progress in Iraq over the course of the last two years, with the level of attacks being reduced from 180 per day in June of 2007 to about 10 attacks per day over the past few months. I noted that while the presence of Al Qaeda and its extremist allies, and the Shi'ia militia and other extremists has been reduced substantially, there still are extremist elements in Iraq and there still are challenges. But the reduction in violence, the improvement in the security situation, and the growth of the Iraqi security forces have enabled us to reduce, for example, the U.S. combat brigades in Iraq from twenty at the height of the surge to fourteen, with other reductions possible in the months ahead. We then discussed the situation in Afghanistan, where over the course of the past year, in particular, the security situation has gotten worse. I noted that, for example, the level of attacks has gone up by some forty or so percent from 2007 to 2008. The security situation in the eastern and southern parts of Afghanistan, in particular, has deteriorated, and the commander on the ground has requested additional forces. There have, indeed, been significant areas of progress in Afghanistan, in the construction of schools, of medical facilities, of communications and telecommunications infrastructure, the agreement on a constitution, elections, and so forth, but the security situation has gotten worse, and it is necessary to take actions to arrest the downward spiral and begin to improve that situation. And I discussed the announcements by the U.S. Secretary of Defense and Chairman of the Joint Chiefs about the deployment of some 30,000 additional U.S. forces, the expansion of the Afghan National Army, and the possible deployment of additional other NATO forces as well. Manas Air Base plays an important role in the deployment of these forces, being a location through which our soldiers flow, and through which the soldiers of France and Spain flow as well, on their way to and from Afghanistan. It's also an important base for refueling aircraft, and I discussed how it fits into the overall logistics structure that is important to supporting the forces in Afghanistan from the north, as part of what we call the northern distribution network, which supplements the main line of communication, of logistical resupply, that runs through Pakistan and the Khyber Pass. In the development of the northern distribution network, my visit has been important because we have successfully established agreements for the transit of various commercial goods and services through a number of your neighbors, including Kazakhstan, Uzbekistan, and Russia, and, of course, through Manas Air Base. Our meetings today did focus a good bit on Manas and the important role that it plays, and I think the meetings can be characterized as having been quite constructive and also quite reassuring as to the future partnership that revolves around Manas Air Base. We also discussed the assistance that the United States provides, both direct and indirect, it adds up to about 150 million dollars

per year in various programs, some 63 million of which is connected to Manas. Included in that 63 million are fees for the lease of the space at Manas, fees paid to the airport, and also money for contracts to local companies and individuals, noting that over 320 Kyrgyz citizens are employed at that base. We also discussed the programs in which we support Kyrgyz counter-terrorist, counter-narcotics and military forces to about \$25 million per year as well. I noted our desire to increase the benefits that accrue to your country from Manas and the other activities, and we'll be sending a team of senior officers here in February to discuss in concrete ways various programs that we can undertake. I was asked by the Prime Minister about the case in which a Kyrgyz citizen was shot and killed by one of our troopers at the base, and I noted that the investigation into that case has been reopened and that I would brief him when the findings and actions are complete. A constant theme in all of our discussions was that all countries, again, face a common threat in extremism and all countries should work together to help the endeavor in Afghanistan achieve progress, in providing assistance to countries like Kyrgyzstan, that indeed, the partnership should be one in which there is mutual cooperation of *all* involved who have a stake in the fight against extremism. Again, these common interests are shared, not just by the Central Asian states, the countries engaged in the effort in Afghanistan, but also, other countries of the region, including China and Russia and others, and indeed, all freedom-loving people of the world. As you know, tomorrow my country will inaugurate a new president. Every such inauguration marks a new beginning. And it is my hope, and the hope of my partners here in this country, that that new beginning will be followed by strengthened relationships and partnerships between the United States and the people and government of your country. And it is our hope, as well, that that partnership and cooperation can be extended to all countries who, again, stand together in the effort to counter extremism. And now I'd be happy to take a few questions.

QUESTION: Rina Kindjeeva, local Information Agency Akipress. Lately, there have been reports that the Kyrgyz government might close Manas Air Base. Did you discuss such possibilities during your meetings with Kyrgyz officials?

GENERAL PETRAEUS: We did not discuss such possibilities at all. We did discuss the news reports of that item, and each governmental official with whom I met noted that the source of that story was not your government, it was one press source from another country that has been repeated by other newspapers and media, and that there is no foundation to it. In fact, one of your most senior officials noted that in discussions with Russia over economic cooperation the subject of Manas did not come up, and this is why I was able to say in my comments that our conversations were quite reassuring as to the future of Manas and the future of those people who benefit from it.

So, we would say in my country that that story – your governmental officials told us that that story was without foundation, so I would say "rahmat" (thank you) for that question.

QUESTION: Vadim Nochevkin, local newspaper "Delo Nomer." It's not the first time that there has been speculation about the Kyrgyz Government's intent to close Manas Air Base, and each time it is the Pentagon and State Department officials who deny the rumors, but the Government of Kyrgyzstan does not deny the rumors. They deny the rumors to you but they are silent to us. Why do you think that is so?

GENERAL PETRAEUS: With respect to "gopodin" (mister) journalist, obviously that's a question for other individuals. I did ask if I could report what I reported to you, and I asked that of your senior governmental officials, and I was told that I could, in fact, report what I did. It could be that there's a little bit of Central Asia negotiating going on here through the press, and that's okay.

MODERATOR: Unfortunately, we only have time for one more question.

QUESTION: Sergey Kozhemjakin, local newspaper "Beliy Parus." You, Mr. General, are partly responsible for those bloody crimes which America commits in Haiti, Iraq, Afghanistan – that is, in all the countries you have served. Your visit is an insult is an insult to Kyrgyzstan. The question is, when will America stop interfering in the affairs of other questions, including Kyrgyzstan?

GENERAL PETRAEUS: I think it's probably interesting to look at the situation in Afghanistan, actually, and to realize that over eighty percent of the civilian casualties in Afghanistan, for example, are caused by actions of extremists who carry out indiscriminate acts of violence. In other words, they kill whoever is in the path of their suicide bombing or improvised explosive device attack. They do this because they do not tolerate others who want to live their lives in a different way. It is these individuals, of course, who harbor transnational extremists, and by that I mean extremists who have taken actions outside the borders of the country in which they were located; extremists who attacked in your country, in Kyrgyzstan; extremists who have carried out, of course, attacks in my country; who have carried out attacks in various Western countries; in the Gulf States, in Saudi Arabia, in many countries around the world. Again, this term is used very carefully, the term "extremist," because they believe in an extreme ideology, one that does not accept that others can act or believe differently than they do. In Iraq, it was the actions of the extremists that ultimately turned the people against them, it was the indiscriminate violence, it was acts of oppression – forced marriages, cutting fingers off people who smoked – and if you are perhaps defending them, then, obviously, that would be worthy of quite a serious discussion. But those are the forces that the coalition of nations, with the United Nations Security Council resolution authorizing, have sought to counter in Afghanistan. That is the kind of extremism that your soldiers died fighting in 1999. And that is what we have sought to support – the coalition, the partnership of countries who do not want to see that extremism spread into their countries, to cross their boundaries, who also want to counter the flow of illegal narcotics and other such activities. That is our goal – it is, again, authorized by the United National Security Council, and I believe that it is very much in your

country's interest to see the endeavor in Afghanistan make progress so that the extremism there does not spread to your country.

Thank you all very much for this opportunity, and I look forward to meeting with you again, when I visit again. I've been very impressed by the scenic beauty here and the warmth of hospitality here, and I want to thank you all for that. And I look forward to increased partnership and cooperation and the new President is inaugurated in Washington tomorrow. Thank you very much. Spasibo, Rahmat, and Do-svidaniya! (Thank you, thank you, goodbye!)

####

TALKING POINTS

Gen. Duncan McNabb

Commander, U.S. Transportation Command

Interview with Elisabeth Bumiller of The New York Times

1 Feb 2010

Northern Distribution Network

- Afghanistan is a very **unique place**, a little like the 14th Street Bridge. The 14th Street Bridge can handle so much, sometimes it gets jammed up. You want to have options...to **to open up another lane**, another bridge. We have many options, and we may not use them until we need them, but we need to make sure that they are set.
- If you wanted to pick a place that was hard, Afghanistan would be one of those places which is **good test of how we accomplish logistics**. Afghanistan is landlocked with very high terrain, and then there are some very interesting neighbors.
- The creation of the NDN came about because of the State Department, ambassadors, Office of the Secretary of Defense, theater combatant commanders, USTRANSCOM, everybody working together. Our **commercial partners** quite frankly are the ones that are doing it all because of their relationships.
- We transit **primarily through Karachi, through the Pakistan** ground line of communication.
- One of the big things that happened on the Northern Distribution Network is that we have **gates in the North** we can take advantage of. That gives us additional **options and also some competition**.
- What we're trying to do is to make sure we have the **capacity both from the North and through Pakistan** to be able to handle it all. So I would like to **double the capacity** we need. I'm trying to make sure that we have options.
- We have **five major ways** to come into Afghanistan and we are taking advantage of most of them. In December 2008, **about 9-10 percent of the cargo was affected by theft, pilferage and attacks**. We're below one percent now, and have been for 2009.
- **On the Pakistan routes**, we have **increased the flow of containers** as we have increased forces. About **50%** of our cargo is moving **through the Pakistan GLOC**, about **30%** is coming **from the Northern Distribution Network** and about **20 percent by air**. We take everything **lethal and sensitive by air**.
- Russia was one of the **first countries** to come back to us and say they would be **willing to help**. **We have a different relationship with Russia now and with Central Asia**. Trust grows as you build relationships.
- Since our first "proof of principle" shipment in March of last year, we have shipped about **7,000 containers through the NDN**. Almost 75 percent of the cargo on the NDN transits Russia.

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TALKING POINTS

OPERATION ENDURING FREEDOM/PLUS-UP SUPPORT

- Bringing forces into Afghanistan is similar to **putting together a big puzzle**. There's a lot of equipment and needed forces in Iraq which U.S. Central Command/Gen Petraeus/Gen McChrystal may want to move into Afghanistan. We have **routing options**, and we do everything we can to take a shorter routes, such as from Kuwait.
- In everything we do, we look for **best, most economical solution**, including **multi-modal delivery**. An example is moving the **5/2 Stryker Brigade from Fort Lewis, Wash.** We moved people by air, and moved the Strykers and support equipment by ship to Diego Garcia, trans-loaded to air, then into Afghanistan.
- **Transportation** for the plus up of forces is **not the long pole in the tent**. We have **double and triple the capacity needed**. Understand that we are moving forces, about five brigades, all the time. We tend to get better, and the units also get better preparing to move.
- Through a **variety of transportation resources, commercial, military, surface, air**, including shipments over the **Northern Distribution Network**, USTRANSCOM has the **capacity** within the Defense Transportation System to **support the increase in forces as requested by the President**.
- At the same time we have to do this with a view toward the taxpayer We try to find those options that can save money.
- Transportation is a finite, though fluid asset. **Synchronizing and orchestrating** modes of transportation for constant and emerging priorities is at the heart of USTRANSCOM operations.
- Mission planning **will require close coordination with U.S. Central Command and the services** to set priorities for the movement of troops and their equipment.
- Beyond Iraq and Afghanistan, **USTRANSCOM provides the crucial supply and support backbone that allows our military to carry out its missions across the globe** – from combat operations to humanitarian relief, such as the ongoing OPERATION UNIFIED RESPONSE in support of the government of Haiti.
- Once we get cargo in, the question is then **how do you distribute it within the country**. The bigger, probably from my standpoint, harder thing is how do we continue to make sure we get the out to the forces.
- You have **three choices**. You can secure the area so you can get convoys through, you can run **convoys with armed protection**, or you can bring it in **vertically**. And vertically can be helicopters, it can be air-land, but of course infrastructure obviously impacts that, or the other one is air delivery.
- Air delivery has **increase dramatically**. We did **2 million pounds** of airdrop in 2005. In September 2009, we did **4 million pounds**. And we're probably going to end up being

19-20 million 2009. We can use precision air delivery which allows us to drop at higher, high altitudes, up to 20,000 feet plus and be able to guide to a GPS point.

TALKING POINTS

RUSSIA TRANSIT AGREEMENTS

- **Russia was one of the first countries to come back to us and say they would be willing to help.** Pretty amazing when you think about that...how trust grows once you start doing things like that together. **We have a different relationship with Russia now and with Central Asia.**
- Russia has been an **important partner**. A great amount of US cargo in support of operations in Afghanistan already transits Russia by rail, as provided by the NATO-Russia Transit Agreement. In addition, the US and Russia signed an agreement 6 July 2009 to allow **the air transit of lethal cargo**.
- The US-Russia Lethal Transit Agreement **is the one of the newest transportation options** to support forces in Afghanistan.
- The agreement allows for the **transit of personnel and cargo** in connection with the participation of the US in efforts for ensuring the security, stabilization and reconstruction of the Islamic Republic of Afghanistan.
- The first flight occurred 7 Oct., and since then there have **been two additional flights**.
- The agreement is part of a **diplomatic process**, and as the agreement evolves, it will allow for faster transit times. As with any new diplomatic initiative, there are **many administrative details** to be attended to in order to make the process smoother.
- It permits **4,500 military flights per year free of air navigation charges**, and unlimited commercial flights subject to navigation fees.
- By providing access to these transit routes the **Russian Federation is enabling a substantial increase in the efficiency of our common effort** to defeat the forces of violent extremism in the Islamic Republic of Afghanistan, and to ensure Afghanistan's, and the broader region's, security.

TALKING POINTS

M-ATV DELIVERY

- USTRANSCOM depends on the **vital support of its commercial partners**, and we consider their contributions in devising our transportation solutions which deliver the critical assets to the warfighter.
- Right now we're taking **the M-ATVs mostly on commercial 747-400s**. You can fly those aircraft into places like Manas, Kyrgyzstan, then shuttle them forward with C-17s. This way, we make sure we're taking **maximum advantage of the most economical way** and maximize the C-17 role to go into that airfield, offload it go back to Manas, refuel, then load up and go back.
- USTRANSCOM, with its military aircraft and commercial partners, has moved **almost 700 vehicles** into theater. We'll be ready to start multi-modal transport this spring. The plan is to **deliver 500 M-ATVs** a month into the theater.
- We work in tandem with the Joint Program Office and U.S. Central Command to **ensure transportation meets USCENTCOMS delivery requirements**.
- Although the cost varies, the **JPO estimates** as a planning factor that direct air delivery costs approximately **\$160,000 per vehicle**.
- M-ATV delivery takes approximately **two days by air**, and less than **30 days by a combination of surface and air**.

USTRANSCOM JUSTIFICATION FOR OTHER THAN FULL AND OPEN COMPETITION

1. **CONTRACTING ACTIVITY.** United States Transportation Command (USTRANSCOM), International Charter Division, 508 Scott Drive, Scott AFB IL 62225-5357.

2. **NATURE AND/OR DESCRIPTION OF THE ACTION BEING APPROVED.** This Justification & Approval (J&A) authorizes the use of Other than Full and Open Competition procedures for the Department of Defense (DOD) to acquire charter air and ground handling service from Brussels, Belgium to Navoi, Uzbekistan (UTSA) from Korean Airlines. Korean Airlines (KAL) has obtained exclusive landing and ground handling rights at UTSA as stated in the U.S.-Uzbekistan transit agreement signed 3 April 2009. UTSA represents a strategic logistic point in the current DOD operation in Afghanistan. The Government of Uzbekistan sought out KAL as its sole partner for the development of Navoi International Airport into a region-wide logistical hub. The current Uzbekistan Airways /Korean Air joint venture agreement, inaugurated at the Navoi Airport on August 27, 2008 specifically grants KAL the following:

- Exclusive rights to manage UTSA operations effective January 1, 2009.
- Exclusive rights to UTSA facilities (currently the only non-national air cargo airline sanctioned by the Government of Uzbekistan to operate out of the Navoi airport).
- Full authority to manage cargo and passenger flights to and from the UTSA.
- Full authority to develop the airport's adjacent area including commercial, industrial and residential projects.
- Full government-granted air traffic rights to and from the UTSA.

The development of this airfield is key to efforts in Operation Enduring Freedom. This requirement is to provide missions from Brussels, Belgium into Navoi using a B747 capable of transporting 110 tons/42 pallets with ground handling services to offload at UTSA. Period of performance is on or about 3 March 2010 through 3 April 2010, with an option to extend services through 30 September 2010. An option to exercise would only occur if the exclusive agreement with Korean Airlines is extended beyond 3 April 2010. The contractor shall provide the necessary aircraft, personnel, equipment, tools, material, maintenance, and supervision required to perform the missions. Estimated value for this acquisition, including the option, if exercised, is \$38.8M (\$353,000 per flight x 110 missions.)

3. **DESCRIPTION OF THE SUPPLIES/SERVICES REQUIRED TO MEET THE AGENCY'S NEEDS.** This requirement is for the acquisition of commercial charter airlift and ground services at UTSA. The Government currently has an initial requirement for 31 missions from 3 March-3 April 2010. There are an additional 39 missions required from 4 April-12 May 2010, with the possibility of extending for 2 missions per week for the period May-September 2010 using B747 aircraft capable of carrying a maximum of 42 pallets/110 ton capacity.

4. **STATUTORY AUTHORITY PERMITTING OTHER THAN FULL AND OPEN COMPETITION.** 10 U.S.C. 2304(c)(1), Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements.

5. **DEMONSTRATION THAT THE NATURE OF THE ACQUISITION REQUIRES ONLY ONE SOURCE.** Navoi, Uzbekistan has been identified as a critical supply point in the developing military operation in Afghanistan. As detailed above, the development of UTSA as a logistical supply point is critical to the United States support of the war effort in Afghanistan.

Currently, no cargo air carriers are allowed to fly out of Navoi into Afghanistan; only KAL can operate into Navoi because of their agreement with Uzbekistan. This operation provides an important capability for surging forces in OEF and provides mitigation for interruptions of primary lines of communication (LOC) into Afghanistan. The KAL missions represent the continued use of the Northern Distribution Network (NDN) as a critical alternate supply line for access to Afghanistan. Alternate locations will not provide mitigation for loss of other LOCs and it is important to maintain this operation. We cannot conduct a full and open competition because KAL is the sole provider of this service authorized by the Uzbekistan Government.

6. DESCRIPTION OF EFFORTS MADE TO ENSURE THAT OFFERS ARE SOLICITED FROM AS MANY POTENTIAL SOURCES AS IS PRACTICAL.

It is in the Government's best interest to solicit from known DOD Approved carriers with aircraft immediately available to support this requirement however, the agreement between the Government of Uzbekistan and KAL as their exclusive partner precludes full-and-open competition. U.S. Government representatives continue to develop relations with the government of Uzbekistan to allow other carriers access to Navoi Airport.

7. DETERMINATION BY THE CONTRACTING OFFICER THAT THE ANTICIPATED COST TO THE GOVERNMENT WILL BE FAIR AND REASONABLE.

A determination of fair and reasonable prices will be made for this acquisition, based on comparison of prices presently being paid for similar services and additional pricing information submitted by the contractor, if required.

8. DESCRIPTION OF THE MARKET RESEARCH CONDUCTED AND THE RESULTS OR A STATEMENT OF THE REASONS A MARKET RESEARCH WAS NOT CONDUCTED.

Based on Market Research, KAL is the only approved air carrier to operate to UTSA and is the only carrier allowed by the transit agreement signed by the United States and Uzbekistan. KAL has immediate availability to operate missions to UTSA as well as ground handling equipment and personnel on location. The current CRAF B747 carriers have agreed to support the follow-on efforts at UTSA. Positive response came from four carriers (World, Atlas, Kalitta, and Southern Air) on their interest to operate future missions.

9. ANY OTHER FACTS SUPPORTING THE USE OF OTHER THAN FULL AND OPEN COMPETITION.

The Civil Airlift Review Board has identified KAL as an approved DOD air cargo carrier based on their safety, financial, and operation inspection.

10. A LISTING OF SOURCES, IF ANY, THAT EXPRESSED, IN WRITING, AN INTEREST IN THE ACQUISITION.

KAL is willing to provide B747 aircraft to perform these missions as well as the ground support to offload and transport the cargo to Afghanistan.

11. A STATEMENT OF ACTIONS, IF ANY, THE AGENCY MAY TAKE TO REMOVE OR OVERCOME ANY BARRIERS TO COMPETITION BEFORE MAKING ANY SUBSEQUENT ACQUISITION FOR THE SUPPLIES OR SERVICES REQUIRED.

Market research has been conducted to find additional sources for a follow-on acquisition for continued charter airlift services. An inquiry was sent to all current CRAF cargo carriers in FY09 that operate B747 aircraft to express their interest in current and follow-on efforts at UTSA. Positive response came from four carriers (World, Atlas, Kalitta, and Southern Air) on their interest to operate the missions. The documentation from the U.S. Embassy Tashkent (3 April 2009 US-Uzbekistan Bi-Lateral Transit Agreement) was provided to all interested U.S. flag carriers explaining the efforts to develop UTSA and the relationship with KAL.

(3 April 2009 US-Uzbekistan Bi-Lateral Transit Agreement) was provided to all interested U.S. flag carriers explaining the efforts to develop UTSA and the relationship with KAL. Competition may be obtained if the government of Uzbekistan opens air and ground operations at UTSA to commercial carriers other than KAL. If Uzbekistan maintains its exclusive arrangement with KAL, competition cannot be expected.

12. **CONTRACTING OFFICER'S CERTIFICATION.** I certify that the data supporting the recommended use of other than full and open competition is accurate and complete to the best of my knowledge and belief.

Olivia L. Hitsman

OLIVIA L. HITSMAN
Contracting Officer
Int'l Airlift Procurement Branch

18 Feb 2010

Date

13. **TECHNICAL/REQUIREMENTS PERSONNEL CERTIFICATION.** I certify that the data supporting the recommended use of other than full and open competition is accurate and complete to the best of my knowledge and belief.

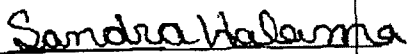
Robert S. Hilliard

ROBERT HILLIARD, Maj, USAF
USTRANSCOM J3, Eastern Operations Division
618-229-4547; DSN: 779-4547


19 Feb 2010

Date

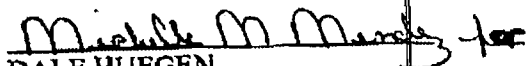
REVIEW AND APPROVAL:


SANDRA M. HALAMA
Chief, International Charter Division


2/19/10
Date


Office of the Staff Judge Advocate

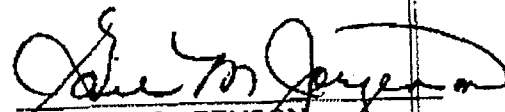
19 Feb 10
Date


DALE HUEGEN
USTRANSCOM Competition Advocate

22 Feb 10
Date


JEFFREY T. BEYER
Chief, Business Support/Policy Division

22 FEB 10
Date


GAIL M. JORGENSEN
Head of the Contracting Activity

FEB 22 2010
Date

Statement of
General Duncan J. McNabb, USAF
Commander, United States Transportation Command



Before the House Armed Services Committee

On the State of the Command

March 17, 2010

DOC 16

INTRODUCING THE UNITED STATES TRANSPORTATION COMMAND

Mission/Organization

Chairman Skelton, Representative McKeon, and members of the Committee, thank you for the invitation to testify today. I appreciate the strong and unwavering support of this committee to our Nation's defense, to the United States Transportation Command (USTRANSCOM), and to our military men and women and DOD civilians that serve so faithfully. Equally important is your tremendous support to our families.

One of our greatest asymmetric advantages over any adversary is our nation's strategic ability to move—it is a crown jewel in our National Strategy and gives us our true global reach. It is my honor to represent USTRANSCOM and the over 145,000 men and women that maintain this advantage. USTRANSCOM is a unique partnership of active duty, Guard, Reserve, civilian, contractor and commercial partners. Together we are an unrivaled, global team operating an integrated, networked end-to-end defense distribution system, providing logistics superiority when and where needed. At home or abroad, USTRANSCOM fosters trust and confidence by delivering combat power through that logistics network. Our components, Air Mobility Command (AMC), Military Sealift Command (MSC) and Military Surface Deployment and Distribution Command (SDDC) provide tremendous capabilities that we merge into multi-modal solutions to deliver effective support to the combatant commands at the best value to the nation.

As a supporting combatant command, we execute military and commercial transportation, terminal management, aerial refueling and global patient movement for the Defense Transportation System across the full range of military and humanitarian operations. Additionally, as the Distribution Process Owner (DPO), we lead a collaborative effort with the Joint Deployment and Distribution Enterprise (JDDE) to increase the precision, velocity, reliability, efficiency and visibility of our distribution network and the DOD supply chain.

SUPPORTING GLOBAL OPERATIONS

USTRANSCOM's components, Air Mobility Command (AMC), Military Sealift Command (MSC) and Military Surface Deployment and Distribution Command (SDDC) provide tremendous capabilities that we merge into intermodal solutions to maximize efficiency and best support the combatant commands. In 2009, the components moved staggering quantities to all parts of the globe. AMC and our commercial partners airlifted more than 2 million passengers and 750,000 tons of cargo, while our aging tanker fleet delivered 230 million gallons of fuel to U.S. and coalition aircraft. Equally impressive, MSC shipped 2.3 million square feet and SDDC moved 3 million tons of cargo worldwide. Finally, to support global DOD requirements, MSC's point-to-point tankers delivered 1.78 billion gallons of fuel.

Support to USCENTCOM

Over the past year, in direct support of U.S. Central Command (USCENTCOM) force flow, we deployed and redeployed 36 Brigade Combat Teams, 34,000 Air Expeditionary Forces, 8 Security Force packages, and moved Marine Expeditionary, Stryker and Combat Aviation Brigades to support the Afghan elections.

Given President Obama's decision to increase forces in Afghanistan, USTRANSCOM is working with USCENTCOM to meet theater force flow and sustainment requirements while optimizing the logistics flow through major en route air, sea and surface hubs. In partnership with our Service components and commercial partners, we are meeting the President's intent to surge forces into theater at the fastest possible pace, moving more than 5,000 of the additional 30,000 troops into Afghanistan as of the end of February. We are on target to move the remaining 25,000 personnel through the summer. Additionally, we are actively engaged to responsibly drawdown the force in Iraq, flowing materiel to Afghanistan and the United States as required.

A top priority for USTRANSCOM in support of operations in Afghanistan is maturing the Northern Distribution Network (NDN). Established in 2008 in partnership with USCENTCOM, U.S. European Command (USEUCOM), U.S. Pacific Command (USPACOM), Department of State (DOS) and DOD; the NDN is a key strategic alternative to the congested Pakistan ground lines of communication (PAKGLOC). Since March 2009, over 8,100 containers of non-lethal cargo moved by commercial air, ship, truck and rail through routes across Northern Europe, Russia, Central Asia and the Caucasus. In 2010, the volume and velocity on the NDN will increase as we exercise local purchase options with NDN countries and further expand our logistics processes across the network.

Given the dangers to the troops in Afghanistan, we are ensuring warfighters receive the latest advances in vehicle protection. To that end, we delivered over 2,600 Mine-Resistant Ambush Protected (MRAP) vehicles and more than 20,000 short tons of vehicle armor kits. Additionally, we have delivered 1,105 MRAP All-Terrain Vehicles (M-ATV) since production began in October 2009.

Mountainous terrain, high threat and poor infrastructure make airdrop a vital part of our support to USCENTCOM. Since 2006, we have more than tripled airdrop deliveries, using C-17s, C-130s and other contract aircraft to deliver over 29 million pounds in 2009. In addition to conventional drops, we employed the Joint Precision Airdrop System and the Improved Container Delivery System to deliver over 3 million pounds of cargo to warfighters operating in extremely challenging terrain. These systems improved accuracy by 60 percent and allow drops from higher altitudes, mitigating threats our aircrews encounter at lower altitudes. Finally, we are testing Low Cost Low Altitude airdrop and other delivery systems to improve accuracy and lower costs—innovations to get critical supplies to forces in remote areas—on time, on target.

Another high priority to ensure the continued delivery of critical supplies is addressing the threat of piracy faced by our commercial partners. Military Sealift Command has led a successful effort with interagency, industry, international organizations and nations in the region to share information and best practices, thereby reducing the vulnerability of U.S. flagged vessels transiting high risk waters in and around the Horn of Africa and the Indian Ocean.

Support to Other Combatant Commands

In USSOUTHCOM, we provided civilian airlift support to Honduras during their period of political turmoil and provided airlift support for President Obama's participation in the Summit of the Americas. We also conducted detainee movement operations from Guantanamo Bay, Cuba, while our defense couriers transported attorney-client material in support of high value detainee litigation. We also exercised our Joint Logistics Over-the-Shore capability, perfecting the ability to unload equipment from ships at anchor without the benefit of fixed deep draft ports. As the year drew to a close, this would prove a lifesaving capability as the world joined together in a "unified response" to the devastation in Haiti.

The recent events in Haiti highlight USTRANSCOM's ability to rapidly deliver humanitarian assistance to those in desperate need. Immediately after the earthquake, USTRANSCOM alerted our Joint Task Force Port Opening units and began developing relief plans. Within 48 hours, we deployed an assessment team to the air and sea ports at Port-au-Prince to survey the damage and began coordinating the air and sea bridge of humanitarian supplies and personnel. USTRANSCOM's personnel, including two Joint Task Force Port Opening units (airport and seaport), deployed to assist in moving the critical supplies needed to ease the suffering. The response of our commercial partners was equally impressive. Within days of the earthquake, our commercial partners were surveying the seaport to establish over-the-shore operations and moving container ships, vehicle carrying vessels and lighterage to Haiti.

Within the first fifteen days after the earthquake, USTRANSCOM and our commercial partners airlifted 9,529 tons of goods and 6,387 relief personnel into Haiti, and evacuated 11,588 individuals from Haiti. This included the urgent deployment of the 2^d Brigade Combat Team of the 82^d Airborne Division—one of their largest and fastest movements since the Vietnam Conflict. We also airdropped over 125 tons of food and water to remote locations. As of the end of February 2010, mobility air forces had flown 3,713 sorties, lifting 17,902 tons of cargo and 27,324 passengers.

Furthermore, despite near catastrophic damage to the port, USTRANSCOM commercial and military vessels delivered 387,857 tons of cargo into Haiti, including 1,590 containers of humanitarian assistance/disaster supplies, vehicles and additional break-bulk relief cargo.

All told, as of March 1, 2010, USTRANSCOM provided 405,759 tons of lifesaving cargo, more than 2.5 million meals and over 5 million liters of water to Haitians in need.

USTRANSCOM aeromedical teams also deployed to Port-au-Prince Airport immediately after the earthquake. Working closely with other federal and state agencies, USTRANSCOM moved 318 injured earthquake victims on 30 aeromedical evacuation flights. Additionally, we transported over 400 adoptees on military and commercial aircraft.

We remained quite active in USEUCOM's AOR as well. USTRANSCOM rotated over 3,800 U.S. forces into the AOR to support the North Atlantic Treaty Organization (NATO)-led Kosovo security presence in the Balkans. Additionally, we provided strategic lift for five major exercises to enhance USEUCOM and NATO readiness.

We supported U.S. Africa Command (USAFRICOM) by rotating over 800 U.S. forces and nearly 300 tons of cargo into the Horn of Africa as part of Operation ENDURING FREEDOM (OEF). We also moved 950 U.S. forces for AFRICAN LION, USAFRICOM's largest combined exercise used to build partnerships with key African nations.

In USPACOM, a priority was providing humanitarian assistance and disaster response in the wake of the devastating tsunami in American Samoa and the earthquakes in Indonesia. In support of the National Science Foundation's Operation DEEP FREEZE, we airlifted over 6,300 tons of cargo and 3,250 passengers and sealifted nearly 5.7 million gallons of fuel and 7.5 million pounds of cargo into McMurdo Station, Antarctica. We also were at work in the Philippines, transporting more than 2,000 passengers, 2,300 tons and 63,000 square feet of cargo for Operation ENDURING FREEDOM—Philippines.

Working closely with U.S. Strategic Command, we are countering cyber threats to our enterprise networks. Our reliance on unclassified military and commercial information systems for our transportation and logistics mission makes this a constant challenge as independent and state-supported cyber criminals become more sophisticated in their incursion attempts.

Finally, at home, USTRANSCOM aided U.S. Northern Command (USNORTHCOM) and the Federal Emergency Management Agency, providing command and control and port opening capabilities to help reduce loss of life and property during the Red River flood that submerged parts of North Dakota. Additionally, we continue to provide deployment support for USNORTHCOM's Consequence Management Response Force.

Support to Other Nations – Building Distribution Partnerships

USTRANSCOM depends on close partnerships with nations across the globe to successfully conduct our mission. The Security Assistance Program focuses the DOD on military-to-military partnerships, yet USTRANSCOM is building partnerships with foreign governments and foreign private organizations as well.

The authority to make very modest investments has netted great logistical advantages. For example, the NDN-- a relatively small diplomatic effort -- has allowed relationships with Central Asian and Caucasus states to grow 'exponentially'. By sharing less than \$20K of

computer equipment with one of our partners, the diplomatic note paperwork process for transit approvals was reduced by one third, resulting in an increased velocity for the cargo supporting the warfighter, and estimated cost avoidance in the millions of dollars (shortening the leadtime for delivery reduces the quantities required to fill the pipeline).

In order to secure a critical northern overflight route into Afghanistan, in FY09 USTRANSCOM secured \$1.7M in Department of Defense discretionary funding to address air traffic control shortfalls with a key partner nation, substantially increasing air traffic control capacity to support the increased OPTEMPO in Afghanistan.

The ability to engage non-military stakeholders and build global distribution partnerships gives us the necessary flexibility to provide the best possible support to our warfighters.

Support for the Warfighter

One of our most critical missions is moving injured warfighters from the battlefield to world-class medical treatment facilities. In 2009, we transported over 8,460 patients from the USCENTCOM AOR and over 15,120 patients globally—saving lives with rapid response. Our unique ability to provide medical care while moving patients out of harm's way and into the hands of medical specialists is second to none. We are currently maturing our Joint Patient Movement Expeditionary System, a deployable, scalable version of our current patient movement system, which will give us even greater capability to get wounded warriors to critical care as quickly as possible.

Our support to the warfighter also includes improving quality of life at home. With over 300,000 personnel and their families and 2 billion pounds of household goods moving each year, we are committed to making family moves much simpler through the Defense Personal Property Program (DP3). Concentrated on best value procurement standards and a streamlined claims process, this program is aimed at providing the best move experience for our families. The

Defense Personal Property System (DPS) program is a key element to DP3, and USTRANSCOM is striving to make this a world class tool for warfighter. We began worldwide rollout of DPS in February 2009 and are working closely with the Services to steadily increase its functionality and performance.

Improving Global Joint Sourcing Solutions

As the DPO, USTRANSCOM is responsible for improving the precision and velocity of DOD's supply chain. To enable our experts to more closely collaborate, we have undertaken an effort to co-locate them in a fused operations center. USTRANSCOM is only months away from the ribbon-cutting of this new facility, a result of a 2005 Base Realignment and Closure initiative. When completed, the "campus at Scott Air Force Base" will include two of our three Service components and a Fusion Center, which will house air, land and sea experts working together on the same operations floor. The Fusion Center will be co-located with the Joint Intelligence Operations Center – Transportation to firmly link operations and intelligence—improving mission execution by identifying and assessing threats to our intermodal operations at seaports, airfields and surface networks worldwide.

One of our most important process improvement and information technology initiatives over the coming decade is Agile Transportation for the 21st Century (AT21). AT21 will allow our customers to connect to the enterprise from across the globe and closely collaborate with the Fusion Center on deployment and distribution solutions. AT21 will automate current manpower-intensive processes to enable operators to reformulate plans quickly and dynamically, explore various time and cost options, or adjust to changing global circumstances. This system will provide users with real-time deployment and distribution information and visibility from one end of the supply chain to the other—factory to foxhole. Ultimately, AT21 will expedite decision making, ensuring troops and materiel are delivered on time and at best value to the nation.

The ability to deliver and execute world class logistics solutions depends on having forces sized and postured correctly to support every AOR. USTRANSCOM's Joint Distribution Process Analysis Center (JDPAC) provides the analytical talent needed to make those joint mobility, deployment and distribution determinations. Combining analysts from AMC, MSC and SDDC, the JDPAC is rapidly becoming DOD's deployment and distribution analytical center of excellence. Its first major undertaking was partnering with the Office of the Secretary of Defense Cost Assessment and Program Evaluation team to co-lead the Mobility Capabilities and Requirements Study 2016 (MCRS-16). This extensive study indicated that the programmed mobility force structure is sufficient to meet the national defense strategy. JDPAC has also aided USCENTCOM by computer modeling the development and expansion of the NDN into Afghanistan and analyzing ways to expand air and surface distribution capacity. These efforts shaped the decisions to support force increases in Afghanistan and the drawdown in Iraq.

Maintaining Air Mobility Readiness

Rapid global mobility is critical to USTRANSCOM's quick reaction capability to meet the needs of the joint force and we need to continue recapitalizing our air mobility force. The ability to extend the range and persistence of almost all other joint force aircraft through air refueling is a distinct asymmetric advantage for our nation—we need to maintain this advantage. Replacing the KC-135 with the KC-X remains my number one recapitalization priority. In addition, KC-135 sustainment and modernizing our aging KC-10 fleet is a necessity as well. To keep the KC-135 and KC-10 a viable asset through 2040 and allow the fleet to operate in the global airspace environment, we must continue to update these aircraft.

Strategic airlift is a critical national capability and requires a flexible, capable fleet of inter-theater airlift aircraft. The C-17 has proven its worth over the past 8 years in Operations

IRAQ FREEDOM and ENDURING FREEDOM. Its strategic reach and agility in the tactical role have made it an irreplaceable asset.

Complementing the C-17, the outsized and oversized cargo capability provided by the C-5 is essential to meeting our global mobility requirements.

Modernizing the C-5 through the Avionics Modernization Program (AMP) and the Reliability Enhancement and Re-engining Program (RERP) is absolutely critical to improve the mission capability of this airplane. Again, we agree with Air Force efforts to manage the airlift fleet mix through C-5 retirements as necessary to meet our national strategy.

The DOD also requires safe and agile intra-theater airlift and the C-130 continues to be the workhorse of our mobility force operations in Iraq, Afghanistan and other regions around the world. Fielding the C-27J during the coming year, along with acquisition of the C-130J and modernization of legacy aircraft through the C-130 AMP will ensure the continued viability of our intra-theater fleet.

As the Air Force brings the first C-27Js on line in FY10, we are confident this new intra-theater asset will provide significant mission-critical/time-sensitive airlift capability in direct support of our joint partners. Its ability to serve in the general and direct support roles will maximize the utility for the warfighter.

To provide command and control of our warfighters, senior leaders continue to need access to our fleet of Operational Support Airlift (OSA) and Distinguished Visitor (DV) aircraft. To enable a worldwide view of the DOD OSA and executive aircraft fleets, USTRANSCOM remains a strong stakeholder in the development of a common movement management system with the Navy, Army, Air Force and Marine Corps. This common system will improve visibility of the worldwide OSA fleet, greatly enhance tracking of senior DOD and U.S. Government leaders, resulting in improved scheduling efficiencies, and maximize fleet utilization.

The Civil Reserve Air Fleet (CRAF) is a national asset that provides commercial aircraft to augment our organic fleet to ensure USTRANSCOM can rapidly project and sustain forces. With our industry partners, we are moving forward on Congressional mandates to improve predictability of DOD commercial charter requirements and incentivize carriers to use modern aircraft to fulfill peacetime CRAF missions, all while simultaneously working to strengthen carrier participation. By adjusting how we forecast fixed mission requirements, we doubled the FY10 contract from \$300 million in FY09 to over \$600 million. In FY11, we plan to use, for the first time, the guaranteed minimum business authorities granted by Congress to further increase the annual contract purchase amount and to prepare for the eventual return to pre-9/11 business levels. Finally, we are working with our commercial partners to incentivize modernization to capitalize on the fuel efficiency of newer aircraft.

To encourage modernization, we enacted rate adjustments for modern aircraft in the FY10 contract and examined the benefits of using Boeing 747-400 freighters on nonstop routes from the U.S. to Afghanistan in our Extended Range Cargo Channel test. We are also examining pallet weight, pallet dimensions and our aerial port processes to fully leverage the modern assets our CRAF carriers may provide. Additionally, AMC instituted concurrent servicing and ground turn times to maximize use of our CRAF partners' assets by keeping them in the air.

Maintaining Sealift Readiness

Like airlift, cost effective commercial ocean transportation is vital. As one of the largest single shippers of ocean cargo worldwide, DOD spends approximately \$1.85 billion annually on commercial transportation through Universal Services Contracts. We acquire these intermodal services by capitalizing on our commercial carriers' established infrastructures and trade routes.

USTRANSCOM also partners with the U.S. commercial sealift industry and the Department of Transportation through programs like the Maritime Security Program (MSP),

Voluntary Intermodal Sealift Agreement and Voluntary Tanker Agreement. These partnerships give us critical access to U.S. commercial capability while ensuring the availability of a viable U.S. flag maritime industry and U.S. citizen mariner pool in times of national emergency.

We also work closely with the Defense Logistics Agency's Defense Energy Support Center to meet DOD's fuel requirements. In October 2010, MSC will take delivery of the first of two U.S. built product tankers under time charter arrangements. The new tankers will replace the current T-5 fleet as it reaches the end of its 25-year service life.

Additionally, we look forward to the acquisition of the Joint High Speed Vessel (JHSV). The JHSV promises to bridge the gap between low-speed, heavy sealift and high-speed light airlift, providing flexible and efficient transportation and distribution options for the combatant commanders across vast expanses of their AORs.

Finally, I urge continued congressional support of the National Defense Sealift Fund (NDSF) and the MSP. Full funding of NDSF is necessary to maintain the Large Medium-Speed Roll-On/Roll-Off (LMSR) vessels in reduced operating status (ROS) 4 and the majority of the Ready Reserve Force in ROS 5—assets critical for our ability to surge when required. Support of the MSP, in addition to supporting a U.S. flag commercial fleet, is critical to maintaining the U.S. merchant mariner base which provides the manpower needed for surge operations.

Maintaining Infrastructure Readiness

A high priority for USTRANSCOM is to preserve and expand the number of en route locations that have airlift, sealift and surface capability all "inside the fence." Intermodal "crown jewels" in our system like Rota, Spain, Diego Garcia and Souda Bay, Greece are key to global force projection. Camp Lemonier, Djibouti is another critical airlift en route location which holds promise as a future intermodal jewel with the recently completed seaport just to the North. The use of these locations increases supply chain velocity, allowing decreased delivery times and

reduced costs. For example, we used a sealift/airlift multi-modal solution for the 5th Stryker Brigade Combat Team's deployment from Fort Lewis Washington to Afghanistan. Transiting by ship to Diego Garcia then transitioning to aircraft, we moved more than 3,800 troops and 900 pieces of unit equipment 38 days more quickly than if we had executed the entire deployment using only aircraft. This multi-modal solution also saved taxpayers over \$100 million. In 2009, USTRANSCOM, in coordination with the other combatant commands, recommended funding be allotted for a control tower replacement at Rota and a modernized air freight terminal at Andersen AFB, Guam. These projects will directly enhance distribution efficiency and effectiveness at these key DOD intermodal nodes.

In addition to preserving and expanding global access, we continue to optimize infrastructure in the continental United States (CONUS) and our territories. Using the 2008 Port Look study, SDDC in collaboration with members of the National Port Readiness Network designated three new strategic seaports—Charleston Naval Weapons Station, SC, the Port of Port Arthur, TX and the commercial Port of Guam. Adding these ports will provide the flexibility to meet current and future deployment requirements in the U.S. and the Western Pacific region.

LEADING THE JDDE TRANSFORMATION

Improving the DOD Supply Chain

USTRANSCOM and our JDDE partners are driving tangible improvements in the DOD supply chain by developing new tools and processes that allow us to monitor the flow—knowing what is in the pipeline, where it is and how fast it is moving. For example, as DOD's lead proponent for radio frequency identification and related automatic identification technology, we continue to expand use of these technologies to gain exquisite visibility into the supply chain. The data this technology provides has proven invaluable in reducing pilferage and monitoring

delivery performance on the PAKGLOC into Afghanistan. Our industry partners and Services are expanding their use on the NDN from the north as well.

Another extremely useful tool is the Integrated Distribution Lanes (IDL) model. This model breaks up the complex supply chain into measurable and controllable route segments along which we monitor the movement of people and cargo. Armed with actionable data, USTRANSCOM, Defense Logistics Agency (DLA) and the Services gain performance visibility “inside the pipe.” This enables us to eliminate bottlenecks and chokepoints in the supply chain and identify intermodal transportation options to reduce costs.

In 2009, as part of our DPO Strategic Opportunities, we successfully launched three improvement initiatives. First, we improved on-time delivery performance to customers in USPACOM by up to 28 percent by synchronizing distribution processes between agencies at hand-off points—we essentially removed “dead time” from the supply chain for USPACOM commodities. We plan to apply these principles to USCENTCOM in the near future.

Second, we created a new Surface Route Plan that helps us determine whether routing surface cargo directly to the customer or using consolidation centers is more cost efficient and has a better chance of meeting the required delivery date. By using this planning tool to identify consolidation opportunities, we have increased the use of more cost-effective 40-foot containers (vice 20-foot containers) to maximize utilization of the containers and reduce overall cargo hold time in CONUS. We anticipate these improvements will reduce over-ocean shipping costs by \$8 million per year and increase cargo velocity by up to 25 percent.

Third, we implemented a new service at the Travis AFB aerial port when there is not enough cargo available to justify a full plane charter. This less-than-planeload (LPL) option allows the aerial port to switch to other contract vehicles to best meet shipping requirements and required delivery dates at reasonable cost. We are in the initial stages of incorporating

commercial less-than-planeload service into our portfolio of services provided by aerial ports at select locations when we cannot fully use an entire aircraft. This service provides another option for matching cargo demand with shipping capacity and will provide USTRANSCOM additional flexibility to meet the warfighter's needs.

One of USTRANSCOM's efficiency improvement efforts is the Defense Transportation Coordination Initiative, implemented to transform CONUS freight movement from a disparate locally managed process to a more integrated, enterprise level program. In partnership with the DLA and the Services, the program's performance goals for on-time pickup and delivery, minimal damage, claims, small business participation and cost savings/avoidance are all on track. We have activated over 70 sites across the U.S.—that number is growing, as is the gross cost savings, which is approaching \$93.6 million—a 30.4 percent gross freight cost avoidance.

Improved visibility across the DOD supply chain is dependent on maturing the enterprise information technology portfolio. Since being designated as the DPO in 2003, USTRANSCOM has been streamlining information technology systems, eliminating those where it makes sense, converging others, and creating a capabilities-based, web-enabled, enterprise level portfolio of services. Our goal is to standardize common distribution processes and information exchanges while allowing the Services the flexibility to be unique where required.

Developing expeditionary capabilities also enhances our ability to provide quick response to needs in any AOR. In 2009, SDDC took control of the Army's Rapid Port Opening Elements from U.S. Forces Command. These elements support TRANSCOM's Joint Task Force-Port Opening (JTF-PO)—an on-call, jointly trained, worldwide deployable team which enables the rapid opening of ports. This new command and control arrangement allows us to tailor port opening teams for both air and seaports and rapidly deploy them to meet COCOM requirements.

Looking Ahead

Looking ahead, USTRANSCOM will continue to support irregular warfare against a global enemy with the challenges of widely dispersed operations, diminishing overseas access, and unsecured supply lines of communication. We will do so in partnership with our joint, inter-agency and coalition partners using a highly integrated network of commercial and military capability.

To support those future operations, we are continuously exploring ways to support the future force. Our Afghanistan operations emphasize the need to operate and sustain our troops in all environments, including those with limited access and significant infrastructure challenges. Through our Deployment and Distribution Enterprise Technology Research, Development, Test and Evaluation (RDT&E) Program, we leverage emerging technologies to meet these and other challenges. For example, in partnership with the U.S. Joint Forces Command and the Marine Corps, we achieved promising results using the A160T Hummingbird unmanned aircraft to test delivery of cargo to sustain the warfighter in austere and urban environments.

We are also working on the next generation of guidance, navigation and control systems for the Joint Precision Airdrop System, a combat-proven tool which has given us outstanding results in the high terrain of Afghanistan. These upgrades will improve airdrop accuracy and expand ability to resupply our forces in remote and isolated areas.

Finally, USTRANSCOM and the Navy are in final stages of demonstrating a new crane system that allows the transfer of 20-foot containers between vessels in heavy seas. When fully developed, these cranes will provide a means to sustain the joint force from the sea in locations without fixed port infrastructure. These representative RDT&E investments may greatly improve the precision and velocity of the DOD supply chain. We appreciate the congressional

support for our RDT&E program—it delivers cost-effective, life-saving distribution and logistics innovations to the warfighter.

Fiscal Stewardship

USTRANSCOM is ever mindful of costs, and we constantly seek cost efficiencies through improvements to how we deliver support to the warfighters. Since 2003, we and our enterprise partners have avoided over \$3.2 billion in costs through transformational distribution initiatives, improving supply alignment, and optimizing strategic air and surface processes—all while simultaneously improving end-to-end velocity and delivery effectiveness.

Additionally, as the DOD's largest consumer of hydrocarbons, we continue to pursue alternative fuels. AMC made significant progress in 2009—the C-17 and C-5 are now fully certified for unrestricted use of coal-based or natural gas-based synthetic fuel blends. Additionally, the C-130J and KC-135 completed testing and await their certification. Efforts are underway between AMC and the Federal Aviation Administration to certify the remaining AMC aircraft types. We see certification in biofuels as one more step toward a long term effort to significantly reduce reliance on petroleum products.

FINAL THOUGHTS

USTRANSCOM's mission is to get our warfighters to the fight, to sustain them in the fight and to get them home when the mission is complete, while doing so effectively and efficiently. We are also mindful that our capability to help those in need brings them hope, serves as a message of our nation's strength and demonstrates directly the American people's compassion. I am extremely proud of the men and women of the United States Transportation Command. Together with our partners across the globe, we operate a unique enterprise that saves lives every day and allows our warfighters to win. This unrivaled team will continue to mature and transform the Joint Deployment and Distribution Enterprise to enhance its logistics

capabilities, focus its resources, and deliver superior support to our warfighter, our nation and all those in need. USTRANSCOM has earned the trust of those we support, and as each new challenge arises, we will always, always deliver. Mr. Chairman, thank you again for your committee's continued superb support for USTRANSCOM and for your steadfast commitment to the members of our Armed Forces.

Talking Points for Australian Broadcasting Corporation Interview
on the Northern Distribution Network
Time and Location TBD
Prepared for CDA John Ordway's interview
Astana, Kazakhstan

Q1. What volume of non-prohibited military cargo is being forwarded through the Northern Distribution Network (NDN)? When did the NDN become operational?

- U.S. Transportation Command is responsible for creating and implementing global deployment and distribution solutions to support the Department of Defense and its combatant commanders. The command has been working closely with the State Department to secure international transit agreements to support the NDN.
- We have delivered more than 30,000 containers of construction material, food, water, and other general supplies for U.S. forces in Afghanistan through the NDN. (Note: Figure updated 6 Jan 2011)

—Almost half of the containers on the NDN transit the Caucasus route through Georgia and Azerbaijan.

—~~Besides the route through Russia, there is an operational multi-modal route which enters the NDN at Poti, Georgia, transits Azerbaijan, acrossing the Caspian Sea and then through Kazakhstan and Uzbekistan.~~

- With the appropriate transit agreements in place, the U.S. Transportation Command began using existing rail and road infrastructure in mid-March 2009. It is important to note that no additional construction was necessary and the NDN utilizes commercial companies from origination to destination.

Comment [F1]: Is there State/DoD-approved language on Kazakhstan?

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Comment [F2]: To help Astana with Kazakhstan-specific language (per comment 1 above), I inserted this bullet (taken from USTRANSCOM QAs draft). Experts – feel free to insert your responses.

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- The NDN became operational in May 2009.

Q2. Have there been any problems with U.S. cargo transiting into Afghanistan?

- We have been pleased with the support of the governments of the countries involved and appreciate their efforts to expedite our cargo, which is flowing freely and effectively.
- We have always emphasized that we move our cargo on commercial routes, and that these routes are subject to the normal commercial customs regimens of the nations we transit and at the final destination.

Q3. What is the volume of US supplies transported into Afghanistan every month?

Comment [F3]: Q3 refers in both bullets to "sustainment." What will this be translated into? Is there an alternative word that would be clearer?

- The equivalent of 4,750 truckloads of sustainment is delivered each month.
- This is based on historic data of the overall sustainment of U.S. forces throughout Operation Enduring Freedom in Afghanistan.

Q4. How important are the relationships with Central Asian countries for success of logistical support for U.S. troops? What does the relationship with the U.S. mean for Central Asian countries?

Comment [F4]: 1. The below answers in Q4 seems to imply that the United States is trying to connect Central Asia to an inherently unstable region. Do we have a Q&A on that?
2. Also, Q4 could use a Kazakhstan-specific reference.

- For the U.S. the relationship with the Central Asian countries is important. All of Afghanistan's Central Asian neighbors play critical roles in helping to bring stability to the region.
- We see Kazakhstan as an essential partner in this mutual effort and we thank you.

-
- Instability in Afghanistan is a threat to the region and beyond. Bilateral cooperation -- as exemplified by our recently concluded Air Transit Agreement, which will facilitate the transport of personnel and equipment across Kazakhstan's airspace; Kazakhstan's decision to join the International Security Assistance Force (ISAF); and its \$50 million program to educate Afghans in Kazakhstan -- help to promote the security, stabilization, and reconstruction of Afghanistan.
-

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- The Central Asian countries have considerable infrastructure (rails, roads, ports, commercial airports, electrical lines, bridges, etc.). The United States has been working for years with Afghanistan and its neighbors to try to re-connect regional infrastructure links tying South Asia with Central Asia through Afghanistan.
- For all countries involved, the United States is interested in developing mutually beneficial transportation options that offer positive economic as well as a concrete way that they can support international efforts that support peace, prosperity and security in Afghanistan and the region.
- We are committed to utilizing transit options that best support our military and civilian personnel in Afghanistan. At the same time, we seek to bring economic opportunity, not only to Afghanistan, but to its supportive neighbors along the Northern Distribution Network as well.

- The United States highly values Kazakhstan's support for the mission in Afghanistan, especially your critical cooperation through the Northern Distribution Network and the university program to educate Afghan students in Kazakhstan.
- The United States appreciates Kazakhstan's approval of the United States' request for a second route -- from Aktau to the border crossing point at Karakalpakia -- in our land transit agreement for shipments of wheeled armored vehicles through Kazakhstan. Recommend not using this bullet.

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Comment [F5]: Experts -- I do not know if this is for public knowledge. I took it from State 129293 Dec 17, 2010 (S letter to Nazarbayev). Feel free to insert whatever public lines are.

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If asked only:

Kazakhstan: Northern Distribution Network Exchange of Diplomatic Notes

Q: Has Kazakhstan agreed to the transit of U.S. supplies through its territory?

- The U.S. Department of State and Kazakhstan's Ministry of Foreign Affairs formally agreed through an exchange of diplomatic notes on January 16 to allow commercial shipments for non-lethal supplies across Kazakhstan's territory to support coalition operations in Afghanistan.
- Non-lethal cargo would include items such as food, medical supplies, and building materials that would be shipped on a purely commercial basis by private companies.

Q: What is the actual transit route?

- Cargo would transit by various routes and combinations of rail, road and air.

Q: Is this agreement related to the situation with Manas Air Base?

- No. This agreement is the result of discussions that preceded questions regarding the future of Manas.

NDN excerpt from A/S Blake's remarks at the Rice University, Houston, TX, Jan 19, 2011:

The Northern Distribution Network – the NDN – runs through most of the Central Asian countries, supplies a growing percentage of provisions for our military effort and offers an alternative to the more widely used southern supply route through Pakistan. The NDN increasingly offers the people of the Central Asian countries the opportunity to sell goods and services to NATO troops in Afghanistan, and we hope it can help catalyze greater trade and economic cooperation between Afghanistan and Central Asia.

Even beyond the NDN, the Central Asian nations have underpinned our efforts to fight the Taliban and rebuild Afghanistan. Kyrgyzstan hosts the Manas transit center, which facilitates troop transport and supports refueling missions for coalition forces in Afghanistan.

NDN Excerpt from A/S Blake remarks at CSIS IND, Dec 14, 2010:

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We appreciate the assistance of all our partners along the Northern Distribution route, from Latvia to Afghanistan, for their cooperation and support of our efforts in Afghanistan. The Northern Distribution Network is an important route for getting supplies into Afghanistan for coalition forces. This year we focused on expanding the capacity of the Northern Distribution Network. We signed an enhanced transit agreement with Kazakhstan, and are also working with Uzbekistan on NDN enhancements. But our relations with Central Asia are by no means limited to cooperation on the NDN or on security issues – we have a broad agenda encompassing everything from counterterrorism and counternarcotics to democracy and human rights.

Excerpt from Nov 117, 2010 HFAC Blake-Sedney Testimony:

DEPUTY ASSISTANT DEFENSE SECRETARY SEDNEY: I'm sorry. The issue of -- every time I visit the capitals of Central Asia, the issue of helping Afghanistan succeed is very high on the agenda and the partnership we have with those countries, even despite their limited resources, as Assistant Secretary Blake said, the government of Kazakhstan is working with us in Afghanistan and we continue -- we look to continue to increase that partnership.

Excerpt from Secretary Clinton OSCE Intervention, Astana, Dec 1, 2010:

First, an increased role supporting our mutual interests in Afghanistan. I thank the leaders at this table who have recognized that instability in Afghanistan is dangerous not only for Central Asia, but for the OSCE region as a whole. Individual nations have been important partners in helping the Afghan people rebuild their country and pursue comprehensive security. Forty OSCE nations already contribute to the coalition and our host, Kazakhstan, will soon join them. But the OSCE itself should play a greater role. OSCE participating states have 1,200 miles of borders with Afghanistan. And we should expect OSCE efforts to improve border security, counter illicit trafficking, boost legitimate trade, and promote economic development.

Afghanistan is just one conflict where the OSCE can and should play an expanded role. In fact, we believe the organization needs to be empowered to respond more effectively to crises within the OSCE itself. It is encouraging that Russia also recognizes the need to improve on our existing capacity. And we are working to find a framework that will allow for timely, impartial OSCE reporting during emergencies like those we have seen in Georgia and Kyrgyzstan. And again, I commend Kazakhstan for the leadership role that it played in responding to the situation in Kyrgyzstan.

Excerpt from Secretary Clinton remarks after the meeting with FM Saudabayev, Astana, Dec 1, 2010:

In the discussion that I had with both the president and the foreign minister, I thanked Kazakhstan for your support of the international mission in Afghanistan, and for all you are doing to help the Afghan people, particularly the very kind invitation for 1,000 students to continue their education here, in Kazakhstan. This will enable these young people to contribute

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to Afghanistan's development. I also thanked Kazakhstan for the recently concluded air transit agreement that will help ensure the delivery of critical resources to Afghanistan, and I welcomed Kazakhstan as the newest member of the International Security Assistance Force, which now includes 49 countries.

Drafted: U.S. TRANSCOM NDN QAs sent 11/22/10

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Additional inserts in track changes: SCA/PPD: K. Faillace

Cleared: SCA/CEN:

EUR/RPM:

SCA/A:

OSD/PA:



NDN & PAKGLOC Comparison

Doc 17

- NDN & PAKGLOC carrier pickup-to-delivery transit times comparable, excluding diplomatic note approval time
- Transit agreement with Uzbekistan requires 20-day diplomatic note approval process
- Average time & cost to ship from CONUS to Afghanistan via OEF supply routes:

CONUS PICKUP TO SPOD TRANSIT TIME	SPOD TO AFG DELIVERY TRANSIT TIME	AVG TOTAL DWELL TIME (INCLUDES DIPNOTE PROCESS)	AVG TOTAL CARRIER PICKUP TO DELIVERY	AVG DOOR TO DOOR RATES
RIGA: 21 Days	RIGA to AFG: 29 Days	37 Days	87 Days	\$16.8K
POTI: 41 Days	POTI to AFG: 32 Days	23 Days	102 Days	\$17.6K
KARACHI: 32 Days	KARACHI to AFG: 16 Days	21 Days	69 Days	\$5.0K

Note: Transit time = cargo physically moving
Dwell time = cargo not moving

Data: Since 1 Jan 10

STAFF SUMMARY SHEET

TO	ACTION	SIGNATURE (Surname) GRADE &	TO	ACTION	SIGNATURE (Surname) GRADE &
1 TCJ5/4	Coord	(b)(6)	6 TCDC	Sign	TCDC signed document
2 TCJA	Coord		TCDC	Info	Copy provided 23 Jul 09
3 POLAD	Coord				
4 TCCS-P	Coord				
5 TCCS	Coord				

SURNAME AND GRADE OF ACTION OFFICER	OFFICE SYMBOL	PHONE	TYPIST'S INITIALS	SUSPENSE
(b)(6)	TCJ8-BR	229 (b)(6)	(b)(6)	n/a

SUBJECT
FY09 Combatant Commanders Initiative Fund (CCIF) Submission - Additional Funds

DATE
13 July 09

SUMMARY

- The purpose of this SSS is to obtain TCDC approval on proposed memorandum to Chairman, Joint Chiefs of Staff (CJCS) requesting additional funds for our CCIF funded NDN Outreach Program (Tab 1).
- USTRANSCOM requires an additional \$135,000 to complete NDN Education Event proposal. Earlier this year, the CJCS approved a USTRANSCOM request for \$205,000 to bring logisticians/transportation personnel from seven Caucasus/Central Asian NDN nations to USTRANSCOM for demonstrations and discussion (Tab 3). The NDN is critical to providing direct logistics support to US forces in Afghanistan. Our approved CCIF program is successfully underway, with visits from Tajikistan and Kazakhstan successfully completed. We will be hosting the other NDN countries over the next three months. The attached CCIF proposal outlines our request (Tab 2)
- Three factors prevent us from completing the program within the approved \$205,000 funding limit. First, the Vice Chairman, Joint Chiefs of Staff (VCJCS) requested Turkmenistan be added to the existing program (Tab 4). Second, a surprisingly enthusiastic response from the NDN nations prompted the respective US Embassy Country Teams to ask to send additional delegates. Third, the long daily schedule for the NDN delegations necessitated the addition of a second language interpreter for each visit. Cumulatively, these factors have pushed our program beyond the funding limits of the original submission.
- RECOMMENDATION: TCDC sign memorandum at Tab 1.

(b)(6)

ALAN K. BENTLEY
Director, Program Analysis
and Financial Management

- 4 Tabs
- Proposed TCDC Memo to CJCS
 - CCIF Proposal
 - TCDC Memo, dated 2 March 09
 - VCJCS Memo, dated 13 April 09



UNITED STATES TRANSPORTATION COMMAND
508 SCOTT DRIVE
SCOTT AIR FORCE BASE, ILLINOIS 62225-5357

23 July 2009

MEMORANDUM FOR CHAIRMAN, JOINT CHIEFS OF STAFF

FROM: TCDC

SUBJECT: Request for Additional Funds for Fiscal Year 2009 Combatant Commander's Initiative Fund (CCIF)—Northern Distribution Network (NDN) Education Event

1. USTRANSCOM requires an additional \$135,000 to complete the NDN Education Event proposal. Earlier this year, you approved a USTRANSCOM CCIF request for \$205,000 to bring logisticians and transportation personnel from seven Caucasus and Central Asian NDN nations to USTRANSCOM for demonstrations and discussion. This program is underway, with visits from Tajikistan and Kazakhstan successfully completed. We will be hosting the other NDN countries over the next three months. The NDN is critical to providing direct logistics support to US forces in Afghanistan.
2. Three factors prevent us from completing the program within the approved \$205,000 funding limit. First, the Vice Chairman, Joint Chiefs of Staff recommended Turkmenistan be added to the existing program. Second, a surprisingly enthusiastic response from the NDN nations prompted the respective US Embassy Country Teams to ask to send additional delegates. Third, the long daily schedule for the NDN delegations necessitated the addition of a second language interpreter for each visit. Cumulatively, these factors have pushed our program beyond the funding limits of the original submission.
3. For many US Embassies in the region, the establishment of the NDN is the primary tangible engagement they have had with their respective nations. Our NDN CCIF program unequivocally shows the visiting NDN delegations that the United States is their valuable and trusted global partner.

4. USTRANSCOM points of contact are
or (b)(6) TCJ8-BR, DSN 779.

(b)(6)

TCJ8-BR, DSN 779- (b)(6)

(b)(6)

MARK D. HARNITCHEK
Vice Admiral, U. S. Navy
Deputy Commander

Attachments:

1. CCIF Proposal
2. VCJCS Memo, dated 13 Apr 09

COMBATANT COMMANDER INITIATIVE FUND SUBMISSION

Submitted by: United States Transportation Command (USTRANSCOM)

Amount Requested: \$135,000 (Additional Funds for 20 March 2009-approved CCIF submission)

Title: Northern Distribution Network Education Event

Type Activity: Military Education and Training to Military and Related Civilian Personnel of Foreign Countries

Description: USTRANSCOM requires an additional \$135,000 to complete NDN Education Event proposal. Earlier this year, the Chairman, Joint Chiefs of Staff approved a USTRANSCOM request for \$205,000 to bring logisticians/transportation personnel from seven Caucasus/Central Asian NDN nations to USTRANSCOM for demonstrations and discussion. The NDN is critical to providing direct logistics support to US forces in Afghanistan. Our approved CCIF program is successfully underway, with visits from Tajikistan and Kazakhstan successfully completed. We will be hosting the other NDN countries over the next three months:

- Uzbekistan: 26 July to 01 August 2009
- Kyrgyzstan: 16 to 22 August 2009
- Georgia: 30 August to 5 September 2009
- Azerbaijan: 13 to 19 September 2009
- Turkmenistan: 20 to 26 September 2009

Justification: Several factors prevent us from completing the program within the approved \$205,000 funding limit. First, on 13 April 2009, the Vice Chairman, Joint Chiefs of Staff (VCJCS), requested that Turkmenistan be added to the existing program. No additional funding was provided with the request. Second, an encouragingly enthusiastic response from the NDN nations prompted the respective US Embassy Country Teams to ask for additional NDN delegate slots, including one for a senior cabinet level minister (Kazakhstan). Third, the long daily schedule for the NDN delegations necessitated the unanticipated addition of a second language interpreter for each visit. Cumulatively, these factors have pushed our program beyond the funding limits of the original request.

The deliverables of the NDN delegation visits underway are clearly visible – both in the jaw-dropping response from the delegates to the observation of two simultaneous rapid ship loadings at the state-of-the-art commercial Port of Charleston, to the impressive sight of C-17s aircraft lined up on the runway of Charleston Air Force Base, destined for support operations in Afghanistan, to Norfolk Southern's modern National Intermodal Rail Hub, and the Defense Distribution Center's enormous automated warehouse in Pennsylvania. Our open and honest exposure of the vast US transportation network to each NDN delegation, coupled with their respectful and informative reception at USTRANSCOM and Scott Air Force Base have shown them unequivocally that the United States is their valuable and trusted partner.

Funding Plan:

Types of Funds Requested: O&M - \$135,000 (additional funds)

Types of Funds Already Approved: O&M - \$205,000

Breakout of funds Requested by Object Class (average for a single delegation visit - based on 01-08 June Tajikistan Delegation Visit, and 12-18 July Kazakhstan Delegation Visit)

- 2100 Travel: (Roundtrip from NDN nations, domestic airfare to Charleston/Washington)
 - o \$29,100
- 2100 Per diem: (Hotels, meals)
 - o \$9,032
- 2500 Services (Interpreters):
 - o \$9,800
- Total for one NDN delegation visit:
 - o \$47,932

Projected Breakout of funds by Object Class (for seven NDN delegations)

- 2100 Travel and Per diem: \$266,924
- 2500 Services: \$68,600
- Total: \$335,524.

Current CCIF allotment: \$205,000

Additional funds requested: \$135,000

Responses to questions:

(1) Why is this request considered unforeseen or emergent?

Additional funds are required due to 1) unanticipated request from VCJCS for inclusion of additional NDN country without additional resources, 2) an enthusiastic response from NDN nations and the US Embassy Country Teams resulting in requests for additional delegation slots, (to include visits from influential cabinet-level visitors, i.e. Kazakhstan: Deputy Secretary, Security Council), and 3) the unanticipated need for expensive additional interpreter services.

(2) Would the funding for this request subsidize an ongoing project, supplement a budget shortfall or support a Service component expense that is normally the responsibility of the parent Service?

No.

(3) Are there other funding sources for the request as described in enclosure A, subparagraphs 5g, 5h, or 5i?

No.

(4) Does the request have an effect on the war on terrorism, strengthen joint warfighting capability, or aid in transforming the joint force?

Definitely. The NDN is absolutely critical to our logistic support in Afghanistan. When this submission was first made, the Northern Distribution Network was in its infancy. Now, each

NDN nation, with the possible exception of Turkmenistan, has enthusiastically embraced the NDN, and eagerly approached the United States as a global transportation partner. The proof is in the incredible response to this CCIF-funded program from the NDN nations and the respective US Embassy Country Teams. The opportunity for NDN delegates to "walk the ground" through our vast transportation network, coupled with their respectful and informative reception by USTRANSCOM at Scott Air Force Base has pulled these nations into a closer professional relationship with the United States.

(5) What is the realistic impact of the failure to fund this effort?

Failure to fund visits from Turkmenistan and Georgia, and/or subsequent reduction in the program for the remaining nations would have a negative impact on our ability to be fair and honest brokers in the Caucasus and in Central Asian, could send a negative message, particularly to Turkmenistan, and negatively affect our ability to transit the region. To quote General Cartwright's letter to us: "we are concerned with the implications of not extending the invitation [to Turkmenistan]".

(6) If there is an out-year budget requirement to fund this initiative, how is this requirement planned to be addresses?

We do not have an out-year requirement.

(7) Is there a liaison or subject matter expert on the Joint Staff for this effort? If so, state the office symbol and POC if known

No.

Project Point(s) of Contact:

(b)(6)
(b)(6) @ustranscom.mil
Commercial: 618-229- (b)(6)
DSN 779- (b)(6)

Comptroller Point of Contact:

(b)(6) TCJ8-BR
(b)(6) @ustranscom.mil
Commercial: 018-229- (b)(6)
DSN: 779- (b)(6)

Contracting Point of Contact:

(b)(6) TCAQ-P
(b)(6) @ustranscom.mil
Commercial: 016-576- (b)(6)
DSN: 576- (b)(6)

Approving Authority:

MARK D. HARNITCHEK
Vice Admiral, USN
Deputy Commander

DPO STRATEGIC OPPORTUNITIES (DSO)

Distribution Executive Board Goal \$500M/yr & 25% velocity improvement by Jan 2012

Opportunity	Lead	Current Status	Way Ahead	Velocity improve ments	Projected Annual Savings
Process Improvement	USTC	PACOM 5 opportunities implemented since April 09	Continue to track PACOM initiatives and move effort into CENTCOM in mid-2010	8% in PACOM (3% Globally)	N/A
Strategic Surface Optimization	USTC	<p>Implemented surface consolidation/deconsolidation:</p> <ul style="list-style-type: none"> • DDSP/GSA-E to Iraq and Kuwait • DDSP to Spain, Kosovo, and Turkey • DDJC to HI, JP <p>Optimized the use of 40' footers on NDN</p> <ul style="list-style-type: none"> • GSA-NJ to Bagram, and Kandahar <p>Transition initiated for SSRP ownership</p>	<p>Focus on high-value areas:</p> <ul style="list-style-type: none"> • NDN/Afghanistan • Prime Vendor (PV) <p>Complete transition SSRP ownership</p> <p>Begin identifying alternative PV contract structures with DLA</p>	1.5% Globally	\$19 - \$21M/yr - implemented improvements
Strategic Air Optimization	USTC	<p>LPL Phase I initiated on 1 Jan '10 - reduces one commercial wide body (CWB) / week</p> <p>Currently designing mixed pallet air solutions for Dover to Bagram</p>	<p>LPL Phase II projected to begin 1 Jul 10 will reduce a second CWB/wk</p> <p>Finalize mixed pallet solutions and plan implementation</p>		<p>LPL Phase I - ~\$4.6M over 6 months</p> <p>LPL Phase II - ~\$9M over 6 months</p> <p>Mixed pallets - TBD</p>
Supply Alignment	DLA	DLA is recalculating expected savings and benefits achieved to date			
Strategic Network Optimization	DDC				

Projected Totals:

4.5% Globally

Doc 19

20 Jan 10

FOR INTERNAL USE ONLY

OPR: J5/4-LD

CURRENT OPERATIONS

Northern Distribution Network

- Average cost and time to ship 40-foot containers from CONUS to Afghanistan via OEF supply routes

OEF SUPPLY ROUTES (CONUS TO AFG)	AVG DOOR TO DOOR RATES (40-FT CONTAINER)	AVG CARRIER PICKUP TO DELIVERY TIME*
RIGA	\$24.8K	69 Days
POTI	\$26.8K	81 Days
PAKGLOC	\$7.2K	65 Days

*Data as of 28 Feb (4-week avg); diplomatic clearance time not included

- ROM dollar value of surface CONUS-OEF pipeline inventory is ~\$10.2M per day
- Reduced transportation timelines can have a positive effect on reducing inventory levels
- Assumes demand remains constant

Note: sustainment only

Doc 20

CURRENT OPERATIONS

Northern Distribution Network

- NDN and PAKGLOC carrier pickup-to-delivery transit times comparable
 - Transit agreement with Uzbekistan requires 20-day dipnote approval process
 - Average Karachi to Afghanistan destination transit time is 9 days
-

- Average transit time and cost to ship 20-foot containers from CONUS to Afghanistan via OEF supply routes

CONUS TO SPOD TRANSIT TIME	SPOD TO AFG TRANSIT TIME	AVG CARRIER PICKUP TO DELIVERY *	AVG DOOR TO DOOR RATES
RIGA: 19 Days	RIGA to AFG: 28 Days	69 Days	\$16.8K
POTI: 39 Days	POTI to AFG: 36 Days	81 Days	\$17.6K
KARACHI: 32 Days	KARACHI to AFG: 9 Days	65 Days	\$5.0K

*Data as of 28 Feb (4-wk avg); includes port dwell time; dip clearance time not included

Doc 21

10 Mar 10

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OPR: J5/4-S

CURRENT OPERATIONS

Northern Distribution Network

- NDN and PAKGLOC carrier pickup-to-delivery transit times comparable, excluding dipnote approval time
 - Transit agreement with Uzbekistan requires 20-day dipnote approval process
 - Average Karachi to Afghanistan destination transit time is 16 days
-

- Average time and cost to ship 20-foot containers from CONUS to Afghanistan via OEF supply routes

CONUS PICKUP TO SPOD TRANSIT TIME	SPOD TO AFG DELIVERY TRANSIT TIME	AVG TOTAL DWELL TIME (INCLUDES DIPNOTE PROCESS)	AVG TOTAL CARRIER PICKUP TO DELIVERY	AVG DOOR TO DOOR RATES
RIGA: 21 Days	RIGA to AFG: 29 Days	37 Days	87 Days	\$16.8K
POTI: 41 Days	POTI to AFG: 32 Days	23 Days	102 Days	\$17.6K
KARACHI: 32 Days	KARACHI to AFG: 16 Days	21 Days	69 Days	\$5.0K

Data: Since 1 Jan 10

Note: Transit time = cargo physically moving
Dwell time = cargo not moving

Doc 22

16 Apr 10

FOR INTERNAL USE ONLY

OPR: J5/4-S

Doc 23

GDI-00147 Single Factor Rates: Door to Door (D2D), Northern Distribution Network (NDN)

Universal Service Contract (USC-6) Base Period						
Single-Factor Container Rates		Table 5				
Service: Universal Service Contract (USC)-Container						
Destination Country: Russia AND CIS						
Origin	Destination	Commodity	Cont Type	DIMS	Rate	Unit of Meas.
Karlsruhe City Group, Germany POE: Carriers Choice	Bagram, Afghanistan	General	Dry	Under 40 Feet	\$10,120	Container
Karlsruhe City Group, Germany POE: Carriers Choice	Kabul, Afghanistan	General	Dry	Under 40 Feet	\$10,385	Container
Karlsruhe City Group, Germany POE: Carriers Choice	Kandahar, Afghanistan	General	Dry	Under 40 Feet	\$15,305	Container
Karlsruhe City Group, Germany POE: Carriers Choice	Bagram, Afghanistan	General	Dry	40 Feet and Over	\$14,745	Container
Karlsruhe City Group, Germany POE: Carriers Choice	Kabul, Afghanistan	General	Dry	40 Feet and Over	\$14,995	Container
Karlsruhe City Group, Germany POE: Carriers Choice	Kandahar, Afghanistan	General	Dry	40 Feet and Over	\$24,255	Container

UNCLASSIFIED

Hearing Date: March 17, 2009

Hearing: Posture Hearing

Member: Senator Webb

Insert: (Page 118, Lines 3-10)

(The information follows):

We believe we can deliver 100 containers per day into Afghanistan using the Northern Distribution Network (NDN) whereas approximately 150 containers per day can be delivered via the Pakistan Ground Lines of Communication (PAK GLOC). The cost and timing estimates are based on approximately 190 containers being delivered via the NDN to date and over 13,000 containers delivered via the PAK GLOC in the past six months.

For containers originating in Continental United States (CONUS), the NDN Russian route costs \$17,600 per container and currently performing at 59 days from booking to date of delivery. The PAK GLOC costs \$5,900 per container and is currently performing at 95 days.

For containers originating in Germany, the NDN Russian route costs \$16,200 per container and currently performing at 45 days from booking to date of delivery. The PAK GLOC costs \$5,100 per container and is currently performing at 88 days.

Initial NDN costs are based on 120-day quotes from our commercial partners. Competition and volume should contribute to lower rates over time. The biggest reason for the cost differential is longer ocean transit for the Pakistan route as compared to the NDN routes. This factor drives the difference in overall cost because ocean transport costs less than surface segments. The additional cost provides for better velocity as NDN's transit time will be half of PAK GLOC's.

UNCLASSIFIED

Doc 24

STAFF SUMMARY SHEET

	TO	ACTION	GRADE &		TO	ACTION	SIGNATURE (Surname) GRADE &
1	TCJA	Coord		6			
2	TCCS	Coord	(b)(6)	7			
3	TCDC	Coord		8			
4	TCCC	Sign					
5							

SURNAME AND GRADE OF ACTION OFFICER

OFFICE SYMBOL

PHONE

TYPYST'S
INITIALS

SUSPENSE

(b)(6)

GS-12

TCJ8

229- (b)(6)

(b)(6)

SUBJECT

Title 10, U.S.C., Sections 1050, 1050a, 1051, 1051a, and 1051b Delegation of Authority to the United States Transportation Command (USTRANSCOM)

DATE

1 May 2011

SUMMARY

1. The purpose of this SSS is to obtain TCCC signature on memorandum (Tab 1) to the Undersecretary of Defense (USD) (Comptroller) requesting Delegation of Authority to USTRANSCOM on subject 10 U.S.C. sections 1050 and 1051.
2. Discussion. Authority for Title 10, U.S.C. Sections 1050 and 1501 will allow USTRANSCOM to use funds currently available to cover potential partners in our Northern Distribution Network (NDN) countries, Africa, and Latin America. Section 1051 also authorizes payment of awards/mementos for superior noncombatant achievement/performance. The only funding source for USTRANSCOM to fund the NDN Outreach Program is through Combatant Commander Initiative Funds (CCIF). Joint Staff/J8 advises us that we are no longer able to use that as a source of funds after FY11.
3. As a functional combatant command, USTRANSCOM has worldwide responsibility to supply war fighters, including negotiating with foreign government agencies and militaries to use host infrastructure to the extent possible. Delegation of the requested authorities would help educate foreign officers on how we can work together most effectively, and would enable USTRANSCOM to fulfill its obligations regardless of location of any contingency.
4. The proposed Delegation of Authority approval memo from USD (C) is at Tab 2. The legal authorities contained in Title 10, U.S.C. sections 1050, 1050a, 1051a and 1051b are set out at Tab 3.
5. RECOMMENDATION: TCCC sign memorandum at Tab 1.

(b)(6)

ROBERT W. FOLEY

Director, Program Analysis
and Financial Management

3. Tabs

1. TCCC Delegation of Authority Request
2. Title 10, U.S.C Authorities
3. Delegation Letter

GENERAL, I SPOKE TO

CARRY SPENDER THIS YEAR FOR FY11... THEY CUT US
SOME SLOTT... BUT ABSOLUTELY CANNOT HELP THIS

11/3846741 NEXT YEAR

AF FORM 1768, SEP 84 (EF)

PREVIOUS EDITION WILL BE USED

Electrons in Tabs of TMT

(b)(6)

Doc 25



UNITED STATES TRANSPORTATION COMMAND
508 SCOTT DRIVE
SCOTT AIR FORCE BASE, ILLINOIS 62225-5357

3 June 2011

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)

FROM: TCCC

SUBJECT: Delegation of Authority under Title 10, United States Code, Sections 1050, 1050a, 1051, 1051a, and 1051b

1. Request the Secretary of Defense delegate authority to the United States Transportation Command (USTRANSCOM), under Title 10, United States Code (USC), sections 1050, 1050a, 1051, 1051a, and 1051b, to fund the Northern Distribution Network (NDN) Outreach Program through funding available at USTRANSCOM. Presently, the only funding source is through the Combatant Commanders' Initiative Fund (CCIF). The Joint Staff J8 advised after Fiscal Year 2011, we are no longer able to use CCIF as a source of funding for the NDN Outreach Program. Title 10, USC, section 1051 authorizes payment of expenses for defense personnel of developing countries for attendance at bilateral or regional conferences and similar meetings for the national security interests of the United States.
2. The legal authorities contained in Title 10, USC, sections 1050, 1050a, 1051a and 1051b are defined in Attachment 1. As a functional combatant command, USTRANSCOM has worldwide responsibility to supply warfighters, including negotiating with foreign government agencies and militaries to use host infrastructure to the extent possible. Delegation of the requested authorities would help educate foreign officers on how we can work together effectively, and would enable USTRANSCOM to fulfill its obligations regardless of contingency location.
3. If granted, we will ensure Title 10, USC, sections 1050 and 1051 authority is used in the best interest of the Department and the Federal Government. Attachment 2 is provided for the formal delegation of authority.

4. POC for this request is (b)(6) Chief of Program and Budget Division
(TCJ8-B), (618) 229- (b)(6) (DSN 779), or e-mail: (b)(6) @ustrancom.mil.

VR

DUNCAN J. McNABB
General, USAF
Commander

2 Attachments:

1. Title 10, USA Authorities
2. Proposed Delegation Memorandum