SEC. 1206. DEPARTMENT OF DEFENSE PARTICIPATION IN PROGRAMS RELATING TO MULTILATERAL EXCHANGE OF AIR AND SURFACE TRANSPORTATION CAPACITY.

(a) PARTICIPATION AUTHORIZED.—The Secretary of Defense may, with the concurrence of the Secretary of State, authorize the participation of the United States in multinational programs relating to the coordination or the exchange of air and surface transportation capacity. Such programs may include the reciprocal exchange or transfer of transportation services (which, for the purposes of this section, includes any conveyance of personnel or goods by air, land, or sea as well as the provision of air refueling services) on a reimbursable basis or by replacement-in-kind or the exchange of transportation services of an equal value. Such programs include—

(1) activities of the Movement Coordination Centre Europe; and

(2) activities under the Technical Arrangement known as the "Air Transport, Air-to-Air Refueling and other Exchanges of Services".

(b) WRITTEN ARRANGEMENTS OR AGREEMENTS.—(1) The participation of the United States in a multinational program under subsection (a) shall be in accordance with one or more written arrangements or agreements entered into by the Secretary of Defense, with the concurrence of the Secretary of State, and the foreign nations or multinational organizations concerned.

(2) If Department of Defense facilities, equipment, or funds are used to support a program under subsection (a), the written arrangement or agreement under paragraph (1) shall specify the details of any equitable cost sharing or other funding arrangement.

(3) Any written arrangement or agreement entered into under paragraph (1) shall require that any accrued credits and liabilities resulting from an unequal exchange or transfer of air and

surface transportation capacity shall be liquidated, not less than once every five years, by direct payment to the party having provided the greater amount of air and surface transportation capacity.

(c) IMPLEMENTATION.—In carrying out any written arrangement or agreement entered into under subsection (b), the Secretary may—

(1) pay the United States' equitable share of the operating expenses of the multinational organizations concerned from funds appropriated to the Department of Defense for operation and maintenance; and

(2) assign members of the Armed Forces or Department of Defense civilian personnel to duty at such multinational organizations as necessary to fulfill the United States' obligations under the written arrangements or agreements authorized by this section.

(d) CREDITING OF RECEIPTS.—Any amount received by the United States in carrying out a written arrangement or agreement entered into under subsection (b) shall be credited, as elected by the Secretary of Defense, to the following:

(1) The appropriation, fund, or account used in incurring the obligation for which such amount is received.

(2) An appropriation, fund, or account currently available for the purposes for which such obligation was made.

(e) APPLICABILITY OF PREFERENCE STATUTE.—Section 2631 of this title, regarding the preference for vessels of the United States or belonging to the United States in the transportation of supplies by sea, shall apply to sea-borne transportation acquired by the United States under the authority of this section.

Section-by-Section Analysis

This proposal would authorize the Secretary of Defense, with the concurrence of the Secretary of State, to enter into multilateral written arrangements or agreements authorizing the United States to participate in programs relating to the coordination or the exchange of air and surface transportation capacity. Those programs could include the exchange or transfer of transportation services of equal value on a reimbursable basis or by replacement in kind. The authorized programs would include, but not be limited to—

(1) the Movement Coordination Centre Europe (MCCE), a European-based consortium of 24 member nations—including the United States—that coordinates a variety of air transport, air refueling, and surface transport services from a headquarters in the Netherlands; and

(2) the Air Transport, Air-to-Air Refueling and other Exchanges of Services (ATARES), an arrangement among a number of European-based countries (all of which, as of August 2010, are MCCE members) that provides a multi-national framework for the exchange of air transportation services.

The proposal would also clarify that the United States could (1) pay its equitable share of the costs and activities of such programs, (2) detail Department of Defense personnel to such programs to fulfill the United States' obligations under a written arrangement or agreement, and (3) provide for the liquidation of obligations incurred and credits received as part of the multinational program concerned over a period not to exceed five years. Currently, costs relating to the MCCE are covered through an acquisition and cross-servicing agreement—generally requiring liquidation within one year—and there is no U.S. employee specifically detailed to that organization. Further, the proposal would not change the law governing Department of Defense Working Capital Fund operations.

The proposal would also provide that any amount received by the United States in carrying out the written arrangement or agreement would be credited to (1) the appropriation, fund, or account used in incurring the obligation for which such amount is received and/or (2) an appropriation, fund, or account currently available for the purposes for which such obligation was made.

Finally, the proposal would clarify that 10 U.S.C. 2631, relating to the preference for United States vessels in connection with transportation by sea of supplies bought for the Army, Navy, Air Force, or Marine Corps, would apply to sea-borne transportation acquired by the United States under the authority of this proposal.

The proposal is necessary because participation in these ventures requires authorization for the equivalent exchange of transportation assets among members of such programs on a multilateral, multiyear basis. Generally, under current law, such transactions must occur through Foreign Military Sales, contracts, or bilateral exchange of funds or payment-in-kind services through Acquisition and Cross-Service Agreements. None of these methods fit the model used by ATARES (or similar programs) to transfer the use of transportation assets.

The most important aspect of the proposal, however, is the authority to join with partners and allies to share and exchange transportation capacity. For example, during a crisis, U.S. lift might be limited or constrained in order to meet military objectives. Cultivating multinational relationships through the MCCE and the programs it generates—such as ATARES—can ensure immediate access to partner transportation resources to augment U.S. capacity as needed.

Additionally, U.S. participation in these exchange programs is an optimal way to gain efficiencies. For example, current members of the ATARES program have access to a pool of 376 aircraft and "pay" for use of an asset when it is convenient by providing an equivalent service to any member of the pool within a five-year cycle. This return-of-services agreement cost-effectively decreases the number of member aircraft that fly with less than full capacity.

MCCE and ATARES are not the only programs that would be available for U.S. participation under this authority. For example, another Europe-based (and MCCE-related) program called "Surface Exchange of Services" is expected to begin operations in fiscal year 2011, and would be, as the name implies, a surface analog to the ATARES program. Further, as we continue to form coalitions in this era of asymmetric warfare, it is likely that other such opportunities will present themselves throughout the world.

Active participation in these activities not only tangibly demonstrates that the United States supports its partners, but offers partners a viable opportunity to reciprocate and provide support to the United States. When a crisis occurs, the relationships, goodwill, and resource exchange systems will already be in place to quickly and efficiently provide additional transportation capacity to meet U.S. needs.

Budgetary Implications: The ATARES program described above capitalizes on the exchange of existing excess capacity and available assets. Accordingly, this proposal would incur no additional cost to the government beyond funds already being paid for existing programs—approximately $25,000 per year for dues and technology upgrades in connection with the Movement Coordination Centre Europe. That amount is paid from U.S. Transportation Command's Transportation Working Capital Fund pursuant to a Memorandum of Agreement between that command and the U.S. European Command.

RESOURCE REQUIREMENTS ($MILLIONS)								
	FY 2012	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**Payment from**	**Fund code**	**OAC/RCCC**
	+.025	+.025	+.025	+.025	+.025	US TRANSCOM Transportation Working Capital Fund	6F	70AB/ G50PDO
Total	+.025	+.025	+.025	+.025	+.025			

Changes to Existing Law: This proposal would be a free-standing provision, and would not change any current law.