

Tanker decision does not promote American Security or Economy

Contributed by George Landrith
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George Landrith, president of Frontiers of Freedom Institute, appeared at the National Press Club on Monday, March 31, 2008 and delivered the following statement:

"Tankers may not grab headlines like new fighter jets or stealth bombers, but the truth is they form an important part of our military's backbone and without them our high-tech fighters and bombers would essentially be grounded and unable to perform their critical missions around the world.

"The current tanker fleet dates back to the Eisenhower administration. To replace this aging fleet, the Defense Department set up a bid for one of the largest contracts in recent Pentagon history -- about \$40 billion for the initial order and almost \$100 billion over the life of the project.

"There were two companies competing to build the new tanker. Boeing is a U.S. company that has been a world aerospace technology leader since air-flight was in its infancy and has successfully supplied these kinds of tankers for our Air Force and for the air services of other nations as well.

"The other competitor was European Aeronautic Defense and Space (EADS) a subsidiary of Airbus who included as a minority partner in its bid an American company. Airbus has no long or storied history in building military tankers.

"...The European Union has a wide-variety of political pressures and perspectives and they are frequently at odds with the security interests of the United States. Whether it is Russia or France -- both owners and subsidizers of Airbus/EADS -- there is a track record of opposing the United States in the United Nations (UN). Additionally, many of the European Union members who are also members of NATO, do not live up to their treaty obligations. Why would we want to make America's national security dependent on a company that is subsidized and partially owned by these same EU governments that oppose the vital national interests of the United States and refuse to live up to their treaty obligations?"

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"Even casual fans of football, know who the star quarterback is. But only the most enthusiastic fans know the names of each of the linemen who block for the star quarterback. Likewise, the tanker is the unheralded, but critical part of our air capabilities that make our fighters and bombers the stars that they are in our national defense arsenal.

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"The other competitor was European Aeronautic Defense and Space (EADS) a subsidiary of Airbus who included as a minority partner in its bid an American company. Airbus has no long or storied history in building military tankers.

"As you know, the Air Force recently chose the Airbus product.

"We are concerned about this choice and about the process used to arrive at it.

"First and foremost is the matter of national security.

"The Boeing plane (the KC-767) is 30 percent smaller footprint than the Airbus plane (KC-30) means more options as well as greater fuel efficiency, lower operating costs and superior environmental performance. Nearly twice as many KC-767s as KC-30s can be based on a parking ramp. Moreover, its lesser size does not in any way compromise the KC-767's ability to perform the required mission. The KC-767 offers more than 1000 additional basing options worldwide than the incumbent KC-135, meaning the aircraft can deliver more fuel where it is needed, when it is needed. Additionally, it offers 300 percent more cargo, passenger and patient capacity than the incumbent KC-135, enabling it to perform a multi-mission capability. The KC-767 is also 99 percent interoperable with existing commercial and military support equipment, almost completely eliminating the need to retrofit existing aircraft.

"Safety and efficiency are further enhanced by a remote vision refueling system enabled by camera systems and a "heads-up" guidance system. The Boeing tanker also includes a state of the art fly-by-wire boom — the telescoping tube used to deliver fuel to military aircraft. The fly-by-wire system, which is controlled by computer rather than the traditional mechanical operations, provides more precise and responsive controls to the operator, automatically corrects its position to reduce potential damage to the receiver aircraft and is easier to maintain. According to pilots, this makes in-air adjustments smoother and easier. The boom can offload more than 1,000 gallons of fuel per minute — meaning that the KC-767 can refuel a B1B bomber in approximately 10 minutes — and can simultaneously service multiple aircraft.

"Second is the matter of economics.

"The KC-767 also offers economic value: 24 percent greater fuel efficiency and a 22 percent lower operating cost than its competitor, saving taxpayers an estimated \$14.6 billion in fuel costs and \$4 billion in operating costs.

"Then there is the question of jobs. With the Airbus bid most of the plane and its parts will be built in Europe. While the final assembly is promised to be here in the United States, there is a reason that European business leaders and parliamentarians were excited to see the EU win the contract -- it ensures that their industrial complex is fully employed and puts money in their pockets. During difficult economic times, one has to ask — is it wise to allow a company that receives billions in illegal governmental subsidies to snatch 20,000 American jobs?

"But even more important is the national security question and how it intersects with economic issues. The European Union has a wide-variety of political pressures and perspectives and they are frequently at odds with the security interests of the United States. Whether it is Russia or France — both owners and subsidizers of Airbus/EADS

– there is a track record of opposing the United States in the United Nations (UN). Additionally, many of the European Union members who are also members of NATO, do not live up to their treaty obligations. Why would we want to make America’s national security dependent on a company that is subsidized and partially owned by these same EU governments that oppose the vital national interests of the United States and refuse to live up to their treaty obligations?

"Moreover, we are concerned about the process by which this huge \$35 to \$40 billion contract was awarded. For example, the Defense Department originally established an offsetting provision in to account for the fact that EADS has received billions of dollars in illegal government subsidies -- something the World Trade Organization investigating. Yet the Department of Defense changed the bidding rules midway through the process so that these illegal subsidies could not be considered in any way.

"Additionally, after being lobbied by EADS, the Defense Department changed its own rules prohibiting the export of new technologies -- like anti-missile technologies -- that EADS may develop as a result of the contract, and which it would be free to export to rogue nations.

"Finally, the Defense Department inexplicably changed the evaluation criteria during the bidding process such that the larger EADS aircraft was given an advantage over the mid-sized 767 Boeing aircraft. If the size of the aircraft was an important criterion, why was this only discovered midway through the process? Boeing submitted its bid based on the request prepared by the Pentagon. That request made it clear that a replacement was sought for the C-135 – a mid-sized plane. Had the Pentagon requested proposals for a large plane, clearly Boeing could have submitted such a proposal. But that is not what the Defense Department asked for. It is troubling that the procurement process became a bait and switch operation and that the clearly stated needs of America’s war fighters was replaced over time with the preferences of procurement bureaucrats.

"For all these reasons, we urge the Congress to exercise its appropriate oversight responsibilities to ensure that national security issues are given the appropriate level of scrutiny in building a tanker for America’s war fighters."