SEC. 1207. DEPARTMENT OF DEFENSE PARTICIPATION IN EUROPEAN PROGRAM ON MULTILATERAL EXCHANGE OF AIR TRANSPORTATION AND AIR REFUELING SERVICES.

(a) PARTICIPATION AUTHORIZED.—

(1) IN GENERAL.—The Secretary of Defense may, with the concurrence of the Secretary of State, authorize the participation of the United States in the Air Transport, Air-to-Air Refueling and other Exchanges of Services program (in this section referred to as the "ATARES program") of the Movement Coordination Centre Europe.

(2) SCOPE OF PARTICIPATION.—Participation in the ATARES program under paragraph (1) shall be limited to the reciprocal exchange or transfer of air transportation and air refueling services on a reimbursable basis or by replacement-in-kind or the exchange of air transportation or air refueling services of an equal value.

(3) LIMITATION.—The United States' balance of executed flight hours, whether as credits or debits, in participation in the ATARES program under paragraph (1) may not exceed 500 hours.

(b) WRITTEN ARRANGEMENTS OR AGREEMENTS.—

(1) ARRANGEMENTS OR AGREEMENT REQUIRED. — The participation of the United States in the ATARES program under subsection (a) shall be in accordance with a written arrangement or agreement entered into by the Secretary of Defense, with the concurrence of the Secretary of State, and the Movement Coordination Centre Europe.

(2) FUNDING ARRANGEMENTS.—If Department of Defense facilities, equipment, or funds are used to support the ATARES program, the written arrangement or agreement

under paragraph (1) shall specify the details of any equitable cost sharing or other funding arrangement.

(3) OTHER ELEMENTS.—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 transportation or air refueling services shall be liquidated, not less than once every five years, through the ATARES program.

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

(1) pay the United States' equitable share of the operating expenses of the Movement Coordination Centre Europe and the ATARES consortium from funds available to the Department of Defense for operation and maintenance; and

(2) assign members of the Armed Forces or Department of Defense civilian personnel, from among members and personnel within billets authorized for the United States European Command, to duty at the Movement Coordination Centre Europe as necessary to fulfill the United States' obligations under that arrangement or agreement.

(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) EXPIRATION.—The authority provided by this section to participate in the ATARES program shall expire five years after the date on which the Secretary of Defense first enters into a written arrangement or agreement under subsection (b). The Secretary shall publish notice of such date on a public website of the Department of Defense.

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 a program relating to the coordination or exchange of air transportation capacity and air refueling services.

This program would be limited to the exchange or transfer of air transportation and air refueling services of equal value on a reimbursable basis or by replacement in kind. The program is called the Air Transport, Air-to-Air Refueling and other Exchanges of Services (ATARES), an arrangement among a number of European-based countries that provides a multi-national framework for the exchange of air transportation services. All countries are currently also members of 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. The United States' balance of "executed flight hours" could not exceed a credit or debit of 500 hours.

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 (ACSA)—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 provide that the authority provided under this proposal to engage in the reciprocal exchange or transfer of transportation services would expire 5 years after the date of the Secretary of Defense's first entry into a written arrangement or agreement

under subsection (b). The purpose of this subsection is to give the Secretary and the Congress sufficient time to evaluate the usefulness of this authority. The Committee expects that, if the program is successful, the expiration provision could be removed.

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 ACSAs. 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 the 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.

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 2013	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**Appropriation From**	**Budget Activity**	**Dash-1 Line Item**
	+.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.