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By Megan Scully

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Senate Appropriations Chairman Daniel Inouye signaled Tuesday that he is giving serious consideration to a proposal that would split the lucrative contract to build the Air Force's next fleet of aerial refueling tankers between the two rivals vying for the work.

Inouye, who also chairs the Defense Appropriations Subcommittee, told reporters that he plans to hold subcommittee hearings on the proposal, which has been publicly pushed by key House Democrats but soundly rejected by Defense Secretary Gates.

Northrop Grumman Corp. and EADS, the European consortium behind Airbus, won the \$35 billion deal last year to build 179 tankers for the Air Force. But GAO upheld a protest filed by the Boeing Co., the losing bidder, and the Pentagon subsequently canceled the contract.

Pentagon officials have said they expect to restart competition for the procurement program this year, in the hopes of awarding a contract to

one of the firms next year.

But House Defense Appropriations Subcommittee Chairman John Murtha, D-Pa., and House Armed Services Air and Land Forces Subcommittee Chairman Neil Abercrombie, D-Hawaii, have raised concerns that any new contract would result in another protest and more delays. The Air Force now flies Eisenhower-era KC-135s made by Boeing.

Abercrombie and Murtha have argued that splitting the contract would quell political and industry opposition on the hotly contested program. Under their plan, the contractor with the best proposal would receive more orders for planes.

Inouye said he has not yet made up his mind on the contract, but suggested he would be open to the idea if it is the fastest way to buy the planes.

"We need them [the tankers]," Inouye said.
"There's no question about that."

Gates has repeatedly opposed the idea, arguing that the two-plane approach would add \$7 billion to the program's development costs over the next five years.

"If you go with a split buy and, in effect, guarantee everybody what they want, or guarantee everybody a piece of the action, any leverage that we might have in terms of cost control disappears," Gates said at the Naval War College in Newport, R.I., last week.

Murtha has said he may try to insert language in the upcoming FY09 supplemental spending bill that would require the Air Force to divide the contract between the two teams. House appropriators are expected to mark up the \$83.4 billion spending bill, which includes \$75.8 billion for the military, next week.

Senate appropriators also plan to mark up the supplemental by next week, said Inouye, who added that he has not had any discussions about leveraging the spending bill to require the Air Force to split the tanker contract.