

DOCUMENT RESUME

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[Improvements Needed in the Air Force's Logistical Planning for the Coproduction of the F-16 Aircraft]. June 1, 1978. 3 pp.

Report to Gen. James Abrahamson, Director, F-16 Systems Program Office, Department of the Air Force: Wright-Patterson AFB, OH; by Henry W. Connor, Associate Director, Logistics and Communications Div.

Contact: Logistics and Communications Div.
Organization Concerned: General Dynamics Corp.

Limited information is available concerning logistical planning for the coproduction of the F-16 aircraft. The Multinational Transportation Plan issued by the contractor, General Dynamics, in April 1976, was not clear in specific responsibility for bearing the costs of moving equipment from Air Force facilities to coproduction manufacturers or between various manufacturers. A review of freight documentation at military transportation facilities in Germany and The Netherlands indicated that the Air Force was paying all of the F-16 transportation costs regardless of the type of items shipped. Air Force transportation personnel suggested that all F-16 material should move through the Defense Transportation System, but there are two potential problems involved--a strong possibility of improper billings and higher transportation costs than under commercial transportation. Although General Dynamics made detailed projections of the cost of shipping F-16 equipment, parts, and assemblies between European manufacturers, the Air Force's Contract and Administration Services Offices had not analyzed these projections nor prepared independent transportation cost estimates. The Director of the F-16 Systems Program Office should: spell out whether the Air Force should fund all, none, or some of specific transportation costs of the F-16 program; accumulate and analyze transportation cost data to make sure that costs are reasonable and that the United States is paying for its fair share only; and develop the information needed for sound logistical planning. (RBS)

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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

LOGISTICS AND COMMUNICATIONS
DIVISION

JUN 1 1978

General James Abrahamson
Director, F-16 Systems
Program Office
Wright-Patterson Air Force Base
Ohio 45433

Dear General Abrahamson:

We have completed a survey of the Air Force's logistical planning for the co-production of the F-16 aircraft (GAO code 943313). Following are some observations on transportation matters that should be considered in managing the F-16 program

RESPONSIBILITY FOR TRANSPORTATION COSTS

The Multinational Transportation Plan issued by General Dynamics in April 1976 was not clear on the specific responsibilities for bearing the costs of moving equipment from Air Force facilities to the various co-production manufacturers or moving equipment between the various manufacturers. The responsibility could vary depending on whether the equipment is Government furnished or contractor furnished.

We reviewed freight documentation at military transportation facilities in Germany and The Netherlands and found that the Air Force was paying for all of the F-16 transportation costs, from its operation and maintenance funds, regardless of what type of items were being shipped. U.S. Air Force officials in Europe recently told us that they had taken steps to assure that none of their funds were being spent on transportation for the F-16 program.

In order to eliminate the confusion, we suggest that you spell out whether the Air Force should fund all, none, or certain specific transportation costs of the F-16 program.

USE OF DEFENSE TRANSPORTATION SYSTEM

During our survey some Air Force transportation personnel expressed the view that all F-16 material should move through

the Defense Transportation System. There are two potential problems under this approach.

First, there is a strong possibility of improper billings, which could cause increased Defense costs and decreased F-16 program costs. During prior reviews of programs for foreign military sales and nonappropriated fund activities, we found that millions of dollars of Defense funds were being used to subsidize these programs by not billing them for certain transportation costs. This situation resulted from the use of incorrect transportation account codes or improper appropriation symbols.

Second, assuming proper billing procedures, transportation costs for the F-16 program may be higher under the Defense Transportation System than under commercial transportation. The reason is that the Defense Transportation System billing rates not only include pure transportation costs but also a factor for overhead costs of the particular organization (such as, Military Sealift Command or Military Airlift Command) providing the services.

We suggest that you be alert for these problems in considering the use of the Defense Transportation System.

TRANSPORTATION COSTS ANALYSES

General Dynamics has made quite detailed projections of the cost of shipping F-16 equipment, parts, and assemblies between European manufacturers. We found that the Air Force's Contract and Administration Services Office in Brussels, Belgium had not analyzed these projections or prepared independent transportation cost estimates. Some of this type information could be obtained from major European freight forwarders. In fact one forwarder, Schenker, offered to provide full transportation services, including cost estimates, to the Air Force office but the offer was declined.

We suggest that you accumulate and analyze the transportation cost data to make sure the costs are reasonable and the United States is only paying for its fair share of the costs.

AIR FORCE SUPPORT PLAN

The Multinational Transportation Plan contained a number of references to an Air Force document entitled "Planning for Support of Consortium Aircraft." This document was to provide

details on how specific logistical actions were to take place. Unfortunately, our discussions with cognizant personnel indicated that this document apparently was never prepared.

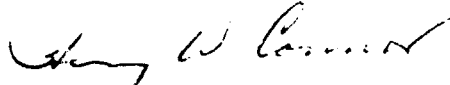
Since a plan of this nature would seem to be very useful, we suggest that you develop such a document.

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In sum, we found limited information concerning logistical planning for the F-16 program. We recognize the difficulties in building a program from the ground up and not having historical data on which to base decisions. As the program progresses we are hopeful that you will develop the information needed for sound logistical planning.

We would appreciate being advised of these developments. We also would appreciate your comments on our observations and suggestions. We regret that the lack of information precluded us from making a thorough evaluation of the logistical planning as we originally had anticipated.

Sincerely yours,



Henry W. Connor
Associate Director