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DDI Chrono

04 DEC 1984

MEMORANDUM FOR: Director of Central Intelligence

VIA: Deputy Director of Central Intelligence
Deputy Director for Intelligence *S*

FROM:
Director of Global Issues

SUBJECT: 6 November 1984 Meeting with Ambassador Diana Dougan
Coordinator for International Communication and
Information Policy
Department of State

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1. Ambassador Dougan is responsible for a broad range of international telecommunications issues including the question of whether private companies such as Orion could enter the international communications satellite business. She also works on negotiations about the future use of the high frequency radio spectrum and the geostationary orbit. She travels extensively, discussing communications issues, most recently to Japan to discuss Intelsat among other subjects. I have attached highlighted cables dealing with the Orion issue (Tab A) and Ambassador Dougan's talks in Japan (Tab B).

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2. In July 1984, Ambassador Dougan sought your support for State's position concerning the proposal of the Orion Satellite Company to provide transatlantic service. CIA had no Agency equities in the issue and did not take an active role in the interagency discussions preceding the President's Orion decision. On 28 November the President authorized Orion and other private firms to negotiate with Intelsat to provide specific transatlantic services.

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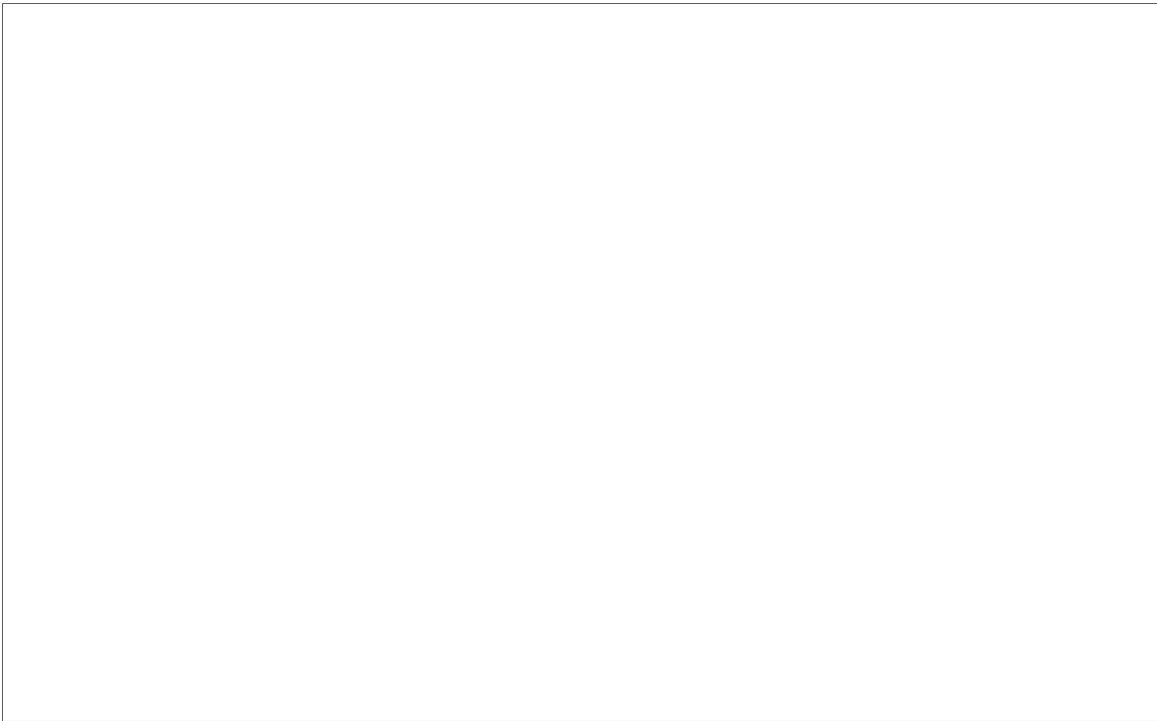
3. OGI works extensively with Ambassador Dougan. We meet with her periodically and are in touch with her staff almost every day.

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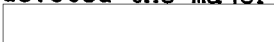
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While we are not able to respond to all of Ambassador Dougan's requests for support, we have devoted the majority of our analysts' time to supporting her office. 

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Attachments:
As Stated

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OGI/ISID/IO/ [redacted] (4 Dec 84)

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Distribution:

- Original and 1 - addressee
- 1 - DDA
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- 1 - C/IO

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C O N F I D E N T I A

TAB A

C1S

PAGE 0001

MSGNO 124 (STXX) *11/28/84* *08:17:01.8.9*
ZCZC 13:15:03Z (ST)

CONFIDENTIAL

STATE

ACTION: NONE INFO: NMON, ODPN-N, ODPS-S, ODPW-W, OGI/EC/CM,
OGI/GD/ERA, OOE/EI/PS, OSWR/TTC, PAGE-E (), RF, FILE, COMMO/RB, CR/F,
CRES/IG, D/FBIS-2, DSD/DEB, NCECF, NCPM, OC/ED-2, OC/FILE, [REDACTED]
OSWR/CIG, QA/STATE, SSD/SMB, SSD/STAB, SWO, (18/W)

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<> TOR: 280923Z <><>NOV 84<><>

OO RUEAIIB
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<> O 280353Z <><>NOV 84<><>
FM SECSTATE WASHDC
TO AMEMBASSY TOKYO IMMEDIATE 0000 IMMEDIATE
BT

EZ1:
C O N F I D E N T I A L
LIMITED OFFICIAL USE STATE 350510
EZ2:

<> TOKYO FOR AMBASSADOR <><>DOUGAN<><>
C O R R E C T E D C O P Y (TEXT - PARA 3, LINE 28)
ORIGINALLY PROCESSED AS CDS#5807200
E.O. 12356: N/A
<> TAGS: ECPS, <><>INTELSAT<><>
<> SUBJECT: <><>INTELSAT<><> PRESS RELEASE AND DRAFT QS AND AS
<> PLEASE DELIVER TO AMBASSADOR <><>DOUGAN<><> AS SOON AS POSSIBLE.
<> 1. PER AMBASSADOR <><>DOUGAN<><>'S REQUEST, THE FOLLOWING ARE THE
<> PRESS RELEASE AND DRAFT QS AND AS ON <><>INTELSAT<><>:

2. DRAFT WHITE HOUSE PRESS OFFICE RELEASE
PRESIDENT REAGAN TODAY MADE THE DETERMINATION THAT
SEPARATE INTERNATIONAL COMMUNICATIONS SATELLITE SYSTEMS
ARE REQUIRED IN THE NATIONAL INTEREST. THIS DECISION
PERMITS THE OPERATION OF SUCH SYSTEMS, UNDER CERTAIN
CONDITIONS, OUTSIDE OF THE INTERNATIONAL

<> TELECOMMUNICATIONS SATELLITE ORGANIZATION (<><>INTELSAT<><>),
AND CLEARS THE WAY FOR CONSIDERATION BY THE FEDERAL
COMMUNICATIONS COMMISSION (FCC) OF FIVE PENDING
APPLICATIONS.

IN MAKING THE DETERMINATION, THE PRESIDENT DIRECTED THE
SECRETARIES OF STATE AND COMMERCE TO ESTABLISH CRITERIA
TO INSURE THAT FCC DECISIONS ON SEPARATE SYSTEMS ARE
CONSONANT WITH U.S. INTERNATIONAL TREATY OBLIGATIONS AND
TELECOMMUNICATIONS AND FOREIGN POLICY OBJECTIVES.

IN A JOINT LETTER TO THE CHAIRMAN OF THE FEDERAL

C O N F I D E N T I A

C O N F I D E N T I A

C1S

PAGE 0002

- COMMUNICATIONS COMMISSION, SECRETARY OF STATE GEORGE P. SHULTZ AND SECRETARY OF COMMERCE MALCOLM BALDRIGE ARE NOTIFYING THE FCC THAT ANY NEW SYSTEMS AUTHORIZED UNDER THIS DETERMINATION 1) MUST BE RESTRICTED TO PROVIDING SERVICES THROUGH THE SALE OR LONG-TERM LEASE OF TRANSPONDERS OR SPACE SEGMENT CAPACITY FOR COMMUNICATIONS NOT INTERCONNECTED WITH PUBLIC-SWITCHED MESSAGE NETWORKS (EXCEPT FOR EMERGENCY RESTORATION SERVICE); AND 2) THAT ONE OR MORE FOREIGN AUTHORITIES MUST AUTHORIZE USE OF THE SYSTEM AND ENTER INTO CONSULTATION PROCEDURES WITH THE UNITED STATES UNDER THE TERMS OF THE <><>INTELSAT<><> AGREEMENT TO ENSURE TECHNICAL COMPATIBILITY AND TO AVOID SIGNIFICANT ECONOMIC HARM TO THE GLOBAL SYSTEM OF <><>INTELSAT<><>.
- <> OF THE FIVE APPLICATIONS FOR INTERNATIONAL SERVICE PENDING BEFORE THE FCC, FOUR PROPOSE TRANS-ATLANTIC SERVICES IN SOUTH AMERICAN COUNTRIES THE U.S. AND SOUTH AMERICA, AND SERVICE BETWEEN SOUTH AMERICA AND SPAIN.
- THE U.S. GOVERNMENT BELIEVES THAT SEPARATE SYSTEMS CAN CONTRIBUTE TO THE CONTINUED GROWTH OF THE INTERNATIONAL TELECOMMUNICATIONS MARKET AND STIMULATE HIGHER OVERALL LEVELS OF COMMUNICATIONS TRAFFIC BY DEVELOPING INNOVATIVE AND CUSTOMIZED SERVICES FOR THE BUSINESS COMMUNITY:
- <> SATELLITE COMMUNICATION SYSTEMS OUTSIDE OF <><>INTELSAT<><> WERE PROVIDED FOR IN THE ORIGINAL <><>INTELSAT<><> AGREEMENT AND SEVERAL OF THEM ARE ALREADY IN EXISTENCE. THE INTERNATIONAL MARITIME SATELLITE ORGANIZATION (INMARSAT), ARABSAT, AND EUTELSAT PROVIDE SERVICE ON A REGIONAL OR GLOBAL BASIS, AND DOMESTIC SATELLITES, INCLUDING SEVERAL AMERICAN SATELLITES AND THE INDONESIAN PALAPA SATELLITE, PROVIDE SATELLITE COMMUNICATIONS SERVICES BETWEEN NEIGHBORING COUNTRIES.
3. QS AND AS AS FOLLOWS:
- <> Q. ISN'T THE UNITED STATES UNDERMINING THE <><>INTELSAT<><> GLOBAL SYSTEM BY AUTHORIZING COMPETITION ON THE MOST LUCRATIVE AND HIGHLY-USED ROUTES ACROSS THE ATLANTIC?
- A. THE PRESIDENT'S DECISION DOES NOT STATE THAT ANY INDIVIDUAL APPLICATION FOR PRIVATE INTERNATIONAL COMMUNICATION SATELLITE SYSTEMS WILL BE APPROVED. IT DOES SAY THAT SUCH SYSTEMS ARE IN THE NATIONAL INTEREST. THIS MEETS A DOMESTIC REQUIREMENT OF THE COMMUNICATIONS SATELLITE ACT OF 1962. THE APPLICATIONS MUST ALSO BE AUTHORIZED BY THE FCC AND MEET THE CONDITIONS SET FORTH IN THE LETTER OF SECRETARIES BALDRIGE AND SHULTZ TO FCC CHAIRMAN FOWLER, NAMELY
- <> CONSULTATION UNDER <><>INTELSAT<><> PROCEDURES AND A FOREIGN PARTNER WILLING TO AUTHORIZE THE OTHER END OF THE SERVICE AND JOIN THE U.S. IN THE CONSULTATION PROCESS. FURTHER, PRIVATE SYSTEMS WILL NOT BE ALLOWED TO COMPETE
- <> WITH <><>INTELSAT<><>'S PRINCIPAL BUSINESS, PROVIDING

C O N F I D E N T I A

C O N F I D E N T I A

C1S

PAGE 0003

INTERNATIONAL INTERCONNECTION FOR PUBLIC SWITCHED NETWORKS. THE EXECUTIVE BRANCH WAS NOT ONLY AWARE OF

<> THE OBLIGATION TO CONSULT WITH <><>INTELSAT<><>, BUT ALSO COMMITTED TO THE POLICY OF AVOIDING SIGNIFICANT ECONOMIC

<> HARM TO THE GLOBAL SYSTEM OF <><>INTELSAT<><>. WE WILL NOT

<> PREJUDGE THE <><>INTELSAT<><> CONSULTATION PROCESS, BUT THE UNITED STATES WOULD NOT INITIATE CONSULTATION ON ANY SYSTEM IF IT BELIEVED IT WOULD CAUSE SIGNIFICANT

<> ECONOMIC HARM TO THE <><>INTELSAT<><> GLOBAL SYSTEM.

<> Q. WON'T THESE SATELLITE SYSTEMS SIPHON OFF <><>INTELSAT<><> PROFITS ON THE TRANS-ATLANTIC ROUTES, THEREBY FORCING

<> <><>INTELSAT<><> TO LOWER RATES FOR TRANS-ATLANTIC TRAFFIC IN ORDER TO COMPETE WITH THE NEW SYSTEMS?

<> A. THERE SHOULD BE NO EFFECT ON <><>INTELSAT<><> RATES FOR SERVICES THROUGH PUBLIC SWITCHED NETWORKS. MANY OF THE SERVICES PROPOSED BY THE PRIVATE SYSTEMS -- SALE OR LEASE OF TRANSPONDERS TO PRIVATE USERS, DEDICATED TV TRANSMISSIONS, OR OTHER INNOVATIVE SERVICES -- ARE NOT

<> NOW AVAILABLE FROM <><>INTELSAT<><>. SOME LARGE USERS MAY

<> SWITCH FROM <><>INTELSAT<><> TO THEIR PRIVATELY-OWNED OR LEASED TRANSPONDERS FOR THEIR OWN COMMUNICATION NEEDS, BUT THE VAST BULK OF THE BUSINESS WILL BE NEW. EXPERIENCE ALSO TELLS US THAT THE AVAILABILITY OF ALTERNATIVE SYSTEMS LEADS TO INCREASED COMMUNICATION OF ALL KINDS.

<> Q. WON'T THIS NEW COMPETITION FORCE <><>INTELSAT<><> TO RAISE ITS RATES ON SERVICE TO UNDER-DEVELOPED COUNTRIES; RATES WHICH ARE NOW BEING SUBSIDIZED BY PROFITS FROM THE TRANS-ATLANTIC TRAFFIC?

<> A. SINCE WE DO NOT EXPECT ANY SIGNIFICANT DECREASE IN <><>INTELSAT<><>'S TRANS-ATLANTIC TRAFFIC, THERE SHOULD BE NO EFFECT ON ANY CROSS SUBSIDIES TO THEIR MARKETS. WHILE CROSS-SUBSIDIES HAVE BEEN WIDELY DISCUSSED, WE HAVE NO EMPIRICAL EVIDENCE THAT THIS IS AN IMPORTANT FACTOR IN

<> SETTING RATES. <><>INTELSAT<><> TARIFFS ARE, OF COURSE, UNIFORM AND AFFECT ALL USERS ALIKE.

<> Q. IF THERE IS A MARKET FOR NEW SERVICES, WHY ISN'T <><>INTELSAT<><> PROVIDING THEM? ISN'T IT TRUE THAT THEY HAVE EXCESS SATELLITE TRANSPONDER CAPACITY?

<> A. <><>INTELSAT<><>'S PRIMARY MISSION IS TO PROVIDE A BASIC GLOBAL TELECOMMUNICATIONS SATELLITE SYSTEM. IT IS JUSTIFIED IN RISKING ITS CAPITAL IN THE PURSUIT OF THAT MISSION AND HAS EXCEEDED ALL ORIGINAL ESTIMATES OF TECHNICAL AND FINANCIAL SUCCESS IN DOING SO. IT IS NOT

<> SO CLEAR THAT <><>INTELSAT<><> SHOULD RISK THE CAPITAL IT DERIVES FROM BOTH DEVELOPED AND DEVELOPING COUNTRY SHAREHOLDERS, ITS SIGNATORIES, TO INTRODUCE HIGH CAPITAL COST SERVICES TO AN UNCERTAIN MARKET OF A LIMITED NUMBER OF CUSTOMERS IN A FEW DEVELOPED COUNTRIES. SOME OF THESE SERVICES ARE NOT IN FACT PROSPERING IN THE U.S. AND IT MAY TAKE YEARS TO BUILD INTERNATIONAL MARKETS. IF THE PRIVATE SECTOR IS WILLING TO TAKE THIS RISK AND IS SUCCESSFUL IN DEVELOPING NEW MARKETS, THERE IS NO

C O N F I D E N T I A

C O N F I D E N T I A

C1S

PAGE 0004

<> REASON WHY <><>INTELSAT<><> MAY NOT SEEK TO SHARE IN THEM TO THE
 <> EXTENT ALLOWED IN THE <><>INTELSAT<><> AGREEMENT. IF, IN FACT,
 THERE IS NO MARKET FOR PRIVATE SYSTEMS, THEY OBVIOUSLY
 WOULD BE UNSUCCESSFUL, BUT THAT IS THE RISK OF THE
 PRIVATE INVESTORS.

Q. WHAT KINDS OF SERVICES ARE THESE NEW SATELLITE
 SYSTEMS GOING TO PROVIDE THAT ARE NOT ALREADY BEING
 PROVIDED?

A. THERE ARE NOW FIVE APPLICATIONS BEFORE THE FCC WHICH
 DESCRIBE IN DETAIL THE PROPOSED SERVICES AND HOW THEY
 <> DIFFER FROM, AND DO NOT COMPETE WITH, <><>INTELSAT<><>
 OFFERINGS. THESE APPLICATIONS ARE ON THE PUBLIC RECORD
 AND YOU MAY WANT TO LOOK AT THEM. BASICALLY, THEY
 PROPOSE SALE OR LEASE OF TRANSPONDERS FOR PRIVATE LINE
 SERVICES AND LARGE SCALE TV TRANSMISSIONS.

Q. WHAT EVIDENCE IS THERE THAT THERE IS A MARKET FOR
 NEW SERVICES?

A. YOU WOULD NOT HAVE PROPOSALS FOR COSTLY SYSTEMS
 UNLESS THE APPLICANTS WERE CONVINCED THAT A MARKET
 EXISTS OR COULD BE DEVELOPED FOR THEIR SERVICES. THE
 EXECUTIVE BRANCH CONSIDERED WHETHER U.S. NATIONAL
 INTEREST WOULD BE SERVED BY PERMITTING PRIVATE
 ENTREPRENEURS TO OFFER NEW INNOVATIVE SERVICES TO
 AMERICAN INTERNATIONAL TELECOMMUNICATIONS USERS UNDER
 <> CONDITIONS THAT WOULD PROTECT <><>INTELSAT<><> FROM SIGNIFICANT
 ECONOMIC HARM TO ITS GLOBAL SYSTEM.

Q. WHAT DOES IT MEAN WHEN IT SAYS IN THE GUIDELINES TO
 THE FCC THAT THE NEW SATELLITE SYSTEMS WILL NOT BE
 CONNECTED TO THE PUBLIC-SWITCHED MESSAGE NETWORKS?

A. OWNERS OR RENTERS OF THE TRANSPONDERS WOULD NOT BE
 ALLOWED TO CONNECT THEIR SYSTEM WITH THE PUBLIC
 TELEPHONE SYSTEM IN THE U.S. EXCEPT FOR EMERGENCY
 RESTORATION SERVICES.

Q. WHICH COUNTRIES HAVE INDICATED A WILLINGNESS TO JOIN
 <> THE U.S. IN REQUESTING <><>INTELSAT<><> AGREEMENT TO COMPETITIVE
 SYSTEMS?

A. THE U.S. GOVERNMENT HAS NOT QUERIED OTHER
 GOVERNMENTS ON THEIR WILLINGNESS TO JOIN THE U.S. IN
 ARTICLE XIV(D) NON-BINDING CONSULTATIONS FOR
 NON-INTELSAT SYSTEMS. IT IS THE RESPONSIBILITY OF THE
 APPLICANTS TO OBTAIN APPROVAL OF THEIR SYSTEMS IN OTHER
 COUNTRIES.

<> Q. CAN <><>INTELSAT<><> BLOCK THESE NEW SYSTEMS?

<> A. <><>INTELSAT<><> CONSULTATIONS UNDER ARTICLE XIV(D) ARE
 NON-BINDING: MEMBERS ARE NOT LEGALLY REQUIRED TO ACCEPT
 <> <><>INTELSAT<><> RECOMMENDATIONS ON NEW SYSTEMS. THE U.S. WILL,
 <> OF COURSE, CONSULT IN GOOD FAITH WITH <><>INTELSAT<><> TO ENSURE
 TECHNICAL COMPATIBILITY AND TO AVOID SIGNIFICANT
 <> ECONOMIC HARM TO THE GLOBAL SYSTEM OF <><>INTELSAT<><>. THE
 <> CONSULTATION REQUIRED UNDER THE <><>INTELSAT<><> AGREEMENT WILL
 BE ON INDIVIDUAL SYSTEMS ON A CASE-BY-CASE BASIS.

Q. WHO DETERMINES WHAT CONSTITUTES "SIGNIFICANT

C O N F I D E N T I A

C O N F I D E N T I A

C1S

PAGE 0005

ECONOMIC HARM?"

- A. THE COUNTRIES WHICH REQUEST ARTICLE XIV(D) CONSULTATIONS PROVIDE ALL RELEVANT INFORMATION TO
- <> <><>INTELSAT<><> REGARDING THE ISSUE OF SIGNIFICANT ECONOMIC
- <> HARM TO THE GLOBAL SYSTEM OF <><>INTELSAT<><>. THE <><>INTELSAT<><> ASSEMBLY OF PARTIES MAKES RECOMMENDATIONS AFTER
- <> CONSIDERING THE PROPOSAL AND THE ADVICE OF THE <><>INTELSAT<><> BOARD OF GOVERNORS. IN THE ASSEMBLY, EACH COUNTRY HAS ONE VOTE.
- <> Q. HASN'T THE <><>INTELSAT<><> SECRETARIAT PROPOSED NEW CRITERIA ON ECONOMIC HARM THAT WOULD EFFECTIVELY BAR ALMOST ALL NEW SYSTEMS?
- A. SINCE ARTICLE XIV(D) CONSULTATION IS NON-BINDING,
- <> <><>INTELSAT<><> RECOMMENDATIONS CANNOT BAR NEW SYSTEMS. THE
- <> <><>INTELSAT<><> SECRETARIAT HAS PROPOSED NEW CRITERIA ON ECONOMIC HARM WHICH ARE UNACCEPTABLE TO THE U.S.
- Q. WHAT DOES THE U.S. INTEND TO DO ABOUT THOSE PROPOSED CRITERIA?
- A. THE U.S. WILL OPPOSE THEIR ADOPTION. IT SHOULD BE NOTED THAT OUR DISAGREEMENTS GO BEYOND THE ECONOMIC HARM
- <> CRITERIA. THE <><>INTELSAT<><> DOCUMENTS, TAKEN TOGETHER, RAISE FUNDAMENTAL QUESTIONS OF SOVEREIGNTY IN INTERNATIONAL COMMUNICATIONS.
- <> Q. CAN THEY BE ADOPTED BY <><>INTELSAT<><> OVER THE OBJECTIONS OF THE UNITED STATES?
- A. WE ARE CONFIDENT THAT OTHER MEMBERS SHARE U.S. CONCERNS OVER THE IMPLICATIONS OF THE PROPOSED CRITERIA AND THAT THEY WILL NOT BE ADOPTED IN THEIR PRESENT FORM.
- Q. IF THEY WERE ADOPTED WHAT WOULD THE U.S. DO ABOUT
- <> ITS MEMBERSHIP IN <><>INTELSAT<><>?
- A. THE SUPPORT OF THE U.S. WAS FUNDAMENTAL IN THE
- <> ESTABLISHMENT OF <><>INTELSAT<><>. WE, AS MUCH AS ANYONE,
- <> ACKNOWLEDGE THE CONTRIBUTION THAT <><>INTELSAT<><> HAS MADE TO WORLD-WIDE COMMUNICATIONS AND THEREFORE TO WORLD PEACE. WE ARE HOPEFUL THAT THE NEW CRITERIA WILL NOT BE ADOPTED IN THEIR PRESENT FORM. IF THEY ARE, AND IF THEIR OPERATION ADVERSELY AFFECTS THE INTERESTS OF THE U.S., THEN, OF COURSE, THE U.S. WOULD HAVE TO CONSIDER THE IMPLICATIONS.
- Q. WHAT ARE THE FIVE COMPANIES THAT HAVE APPLIED FOR PERMISSION TO ESTABLISH SATELLITE SERVICES IN
- <> COMPETITION WITH <><>INTELSAT<><>?
- A. ORION SATELLITE CORPORATION (3/83)
- INTERNATIONAL SATELLITE, INCORPORATED (8/83)
- RCA AMERICOM (3/84)
- CYGNUS SATELLITE CORPORATION (3/84)
- PAN AMERICAN SATELLITE CORPORATION (5/84)
- Q. WHY HAS IT TAKEN THE PRESIDENT SO LONG TO REACH A DECISION ON THE NEW SATELLITE SERVICES? DIDN'T THE DEPARTMENTS OF STATE AND COMMERCE SEND RECOMMENDATIONS TO THE WHITE HOUSE ON THE QUESTION SEVERAL MONTHS AGO?
- A. THIS WAS A DIFFICULT DECISION THAT HAD TO

C O N F I D E N T I A

C O N F I D E N T I A

C1S

PAGE 0006

ACCOMMODATE POLICY OBJECTIVES OF PRESERVING THE
 <> VIABILITY OF <><>INTELSAT<><> AND ENCOURAGING INNOVATIVE NEW
 INTERNATIONAL COMMUNICATIONS SERVICES WHICH THE PRIVATE
 SECTOR APPEARS WILLING TO PROVIDE. DIFFERENCES OF
 OPINION ON THE DETAILS OF SUCH A DECISION ARE NATURAL
 AND IT TOOK TIME TO ACHIEVE A UNANIMITY OF VIEWS. IN
 COMPARISON WITH OTHER IMPORTANT DECISIONS IN THE
 TELECOMMUNICATIONS SECTOR TAKEN BY CONGRESS, THE
 REGULATORY AGENCY, AND THE COURTS, IT DID NOT TAKE UNDUE
 TIME.

Q. WERE THERE DIFFERENCES BETWEEN THE DEPARTMENT OF
 STATE AND THE DEPARTMENT OF COMMERCE ON WHAT THE
 PRESIDENTIAL DETERMINATION OUGHT TO BE?

A. WE BELIEVE THE PRESIDENTIAL DETERMINATION, AS MADE,
 MEETS THE NEEDS OF THE U.S. NATIONAL INTEREST. ANY
 DIFFERENCES AMONG AGENCIES RECOMMENDING THE PRESIDENTIAL
 ACTION HAVE BEEN RESOLVED.

Q. WHAT HAPPENS TO THE PROPOSALS BEFORE THE FCC NOW
 THAT THE PRESIDENT HAS MADE HIS DETERMINATION?

A. THE FCC MUST REACH ITS OWN DECISION AS TO WHETHER
 ANY OR ALL OF THE PROPOSALS MEET FCC CRITERIA FOR
 APPROVAL. IF THE COMMISSION DETERMINES ITS CRITERIA OF
 PUBLIC INTEREST, CONVENIENCE, AND NECESSITY HAVE BEEN
 MET, IT WILL GRANT CONDITIONAL AUTHORIZATION AND REFER
 THE MATTER TO THE DEPARTMENT OF STATE. AFTER THE U.S.
 <> HAS PRESENTED THE PROPOSAL TO <><>INTELSAT<><> FOR ARTICLE
 <> XIV(D) CONSULTATION, VARIOUS ORGANS OF <><>INTELSAT<><> WILL
 <> CONSIDER IT AND FORWARD THEIR RECOMMENDATIONS TO THE
 <> <><>INTELSAT<><> ASSEMBLY. THE FCC WOULD GIVE FINAL
 <> AUTHORIZATION ONLY AFTER THE <><>INTELSAT<><> CONSULTATION
 PROCESS HAS BEEN CONCLUDED.

Q. IT IS WELL KNOWN THAT A NUMBER OF COUNTRIES HAVE
 COMPLAINED TO THE U.S. ABOUT THIS NEW POLICY. WHICH
 COUNTRIES HAVE DONE SO?

A. A NUMBER OF COUNTRIES HAVE SENT DIPLOMATIC NOTES AND
 LETTERS EXPRESSING CONCERN THAT THE U.S. WOULD PERMIT
 NON-INTELSAT SYSTEMS. WE HOPE AND EXPECT THAT OTHER
 <> <><>INTELSAT<><> MEMBERS WILL CONSIDER CAREFULLY THE U.S.
 GOVERNMENT POSITION AND THE RATIONALE UNDERLYING IT NOW
 THAT THE DECISION HAS BEEN MADE.

Q. WHAT WERE THEIR OBJECTIONS?

A. THEY EXPRESSED CONCERN ABOUT THE EFFECTS OF
 COMPETITION ON THE VIABILITY OF THE GLOBAL SYSTEM OF
 <> <><>INTELSAT<><>.

Q. ARE THERE ANY OTHER COMMUNICATION SATELLITE SYSTEMS
 <> COMPETING WITH <><>INTELSAT<><>?

A. THERE ARE A NUMBER OF REGIONAL SYSTEMS THAT HAVE
 BEEN IMPLEMENTED, OR PLANNED, INCLUDING EUTELSAT,
 ARABSAT, AND THE INDONESIAN PALAPA SYSTEM. INTERSPUTNIK
 <> IS A RUSSIAN SYSTEM DESIGNED TO COMPETE WITH <><>INTELSAT<><>
 GLOBALLY. SOME DOMESTIC SYSTEMS, INCLUDING OUR OWN,
 PROVIDE A LIMITED SERVICE TO NEIGHBORING COUNTRIES.

C O N F I D E N T I A

C O N F I D E N T I A

C1S

PAGE 0007

INMARSAT PROVIDES A GLOBAL MARITIME SERVICE, AND HAS ALSO PROVIDED SOME LIMITED MOBILE TERRESTRIAL SERVICES.

Q. ARE THERE ANY INTERNATIONAL SYSTEMS PLANNED BY OTHER COUNTRIES THAT YOU ARE AWARE OF?

A. THERE ARE EXISTING NATIONAL SYSTEMS THAT COULD BE EASILY EXPANDED TO PROVIDE INTERNATIONAL SERVICES, INCLUDING TRANS-ATLANTIC SERVICES. HOWEVER, WE HAVE NO FIRM KNOWLEDGE AT THIS TIME THAT INTERNATIONAL SERVICES ARE BEING PLANNED.

Q. ISN'T THE U.S. SIMPLY TRYING TO IMPOSE ITS OWN IDEOLOGICAL PREFERENCE FOR THE PRIVATE SECTOR ON OTHER GOVERNMENTS BY EXTENDING ITS DEREGULATORY STANCE TO THE INTERNATIONAL ARENA?

A. NO. THE U.S., FOR THE FIRST TIME, WAS REQUIRED TO CONSIDER DOMESTIC PRIVATE SECTOR PROPOSALS TO PROVIDE INTERNATIONAL COMMUNICATION SATELLITE SERVICES. IT WAS DETERMINED THAT IT WOULD BE IN OUR NATIONAL INTEREST TO HAVE SUCH SYSTEMS UNDER CERTAIN CONDITIONS. THIS WAS A DOMESTIC DECISION AND PLACES NO OBLIGATIONS ON FOREIGN GOVERNMENTS TO AGREE TO PERMIT THESE SYSTEMS TO SERVICE THEIR COUNTRIES. THE TECHNOLOGICAL ENVIRONMENT THAT LED TO THE U.S. DECISION DOES APPLY TO OTHER COUNTRIES, HOWEVER, AND WE BELIEVE THIS MAY LEAD OTHER COUNTRIES TO THE SAME CONCLUSIONS WE REACHED.

Q. ISN'T THE U.S. DECISION TO AUTHORIZE SEPARATE SATELLITE SYSTEMS LIKELY TO LEAD TO CHAOS IN THE INTERNATIONAL TELECOMMUNICATIONS MARKET?

<> A. NO. <><>INTELSAT<><>'S BASE IS PRESERVED. IN OUR VIEW, THE DECISION COULD LEAD TO COMPETITION IN PROVIDING NEW SERVICES WHICH OUR EXPERIENCE TELLS US WILL BENEFIT CONSUMERS AND HASTEN TECHNOLOGICAL ADVANCEMENT.

Q. WHAT IMPACT WILL THE TWO PRIVATE PROPOSALS TO INSTALL TRANS-ATLANTIC FIBER OPTIC CABLES HAVE ON

<> <><>INTELSAT<><> AND ON THE PRIVATE SATELLITE SYSTEMS?

A. FIBER OPTIC CABLES WILL BE STRONG COMPETITORS TO SATELLITES, BUT JUST AS THE SATELLITES DID NOT MAKE LAND AND CABLE SYSTEMS OBSOLETE, WE DO NOT THINK FIBER OPTICS WILL MEAN THE END OF COMMUNICATION SATELLITES. WE EXPECT THE MARKET TO GROW AS TECHNOLOGY INCREASES CAPACITY AND PERMITS NEW SERVICES. SATELLITES WILL RETAIN CERTAIN ADVANTAGES, AND, AS THE COST AND SIZE OF GROUND STATIONS DECLINE, SATELLITES WILL DIRECTLY SERVICE MANY NEW CUSTOMERS.

Q. WILL THE FCC APPROVE THOSE SYSTEMS?

A. ONLY IF THEY MEET FCC CRITERIA.

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C O N F I D E N T I A

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C1S

TAB B
PAGE 0001

MSGNO 23 (FBXX) *11/28/84* *12:17:04.1.0*
 ZCZC 17:14:51Z (FB)
 UNCLASSIFIED
 RTTUZYUW RUHJFBA8237 3331624 MTMS-UJAA--RUEBHAA.
 R 280851Z NOV 84
 FM FBIS OKINAWA JA
 TO AIG 4583
 RUADJNA/AFOSI DIST 46 YOKOTA AB JA//IVOA//
 RUAJMAB/FOSIF WESTPAC KAMI SEYA JA
 RUCEAAA/HQ NORAD CHEYENNE MTN COMPLEX CO//J-31S//
 RUCEAAM/HQ NORAD INTEL CEN CHEYENNE MTN CMLPX CO//J20//
 RUCHNVM/NASA JOHNSON SPACE CEN HOUSTON TX
 RUCIAEA/FTD/SDO WRIGHT PATTERSON AFB OH
 RUEANAT/NASA HQ WASH DC
 RUEBJLA/NAVSPASUR DAHLGREN VA
 RUEVHFN/NASA LANGLEY FLD HAMPTON VA
 RUWLSOH/NASA JET PROPULSION LAB PASADENA CA
 RUWLSNJ/NASA/ARC MOFFETT FLD CA
 RUWOHEA/NASA GSFC GREENBELT MD
 RUWOHEA/SMITHSONIAN CAMBRIDGE MA
 RUWTNOA/HQ SPACE CMD PETERSON AFB CO//XPX ATTN MOEN//
 RUDOMKD/FBIS LONDON UK//TAPE//
 RUEBFGA/VOA WASHINGTON DC
 RUETIAA/FT GEO G MEADE MD
 ACCT FBOW-EWDK
 BT
 EZ1:
 UNCLAS 4C/BBC TAB
 EZ2:
 ATTN MEASHAM, FRANCIS/OFFORD
 COPY TO ED, MOD
 SUBJ
 <> JAPAN SEEKS FLEXIBILITY IN <><>INTELSAT<><> AGREEMENT
 OW280851
 TOKYO KYODO IN ENGLISH 0743 GMT 28 NOV 84
 ((TEXT)) TOKYO, NOV. 28 KYODO -- JAPAN TOLD THE UNITED STATES
 WEDNESDAY IT DOES NOT WANT TO BE BOUND '100 PERCENT' BY THE
 <> <><>INTELSAT<><> AGREEMENT FOR SATELLITE OPERATIONS.
 A JAPANESE DELEGATION TO A TWO-DAY MEETING ON INTERNATIONAL
 COMMUNICATION AND INFORMATION WITH THE UNITED STATES TUESDAY
 AND WEDNESDAY VOICED CONCERN OVER THE PRESENT AGREEMENT OF
 THE INTERNATIONAL TELECOMMUNICATIONS SATELLITE ORGANIZATION
 <> (<><>INTELSAT<><>).
 THE ISSUE CAME UP IN CONNECTION WITH A U.S. EXPLANATION
 OF SIX APPLICATIONS IN THE UNITED STATES FOR THE LAUNCHING OF
 <> SATELLITE BY BYPASSING THE <><>INTELSAT<><> ACCORD, A FOREIGN MINISTRY
 OFFICIAL SAID.
 THE DEBATE BETWEEN THE JAPANESE AND AN AMERICAN GROUP
 <> HEADED BY DIANA DOUGAN, THEN SHIFTED TO THE DEGREE OF THE <><>INTELSAT<><>
 AGREEMENT'S FLEXIBILITY, HE SAID AFTER THE MEETING AT THE
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MINISTRY.

'IT IS A HOT ISSUE,' A MINISTRY SOURCE SAID. 'WE ADDRESSED THE ISSUE WITH FEAR AND EXPECTATION' OF A NEW INTERNATIONAL AGREEMENT ON SATELLITES.

- 'JAPAN DOES NOT WANT TO BE BOUND 100 PERCENT BY THE
 <> <><>INTELSAT<><> AGREEMENT,' THE SOURCE SAID.
 <> THE SOURCE SAID THE U.S. DELEGATION LIMITED ITS EXPLANATION
 <> TO INTERPRETATION OF THE <><>INTELSAT<><> AGREEMENT WITHOUT STATING FUTURE POLICY.

AMBASSADOR DOUGAN, COORDINATOR FOR INTERNATIONAL COMMUNICATION AND INFORMATION POLICY, MET WITH OFFICIALS OF THE MINISTRIES OF FOREIGN AFFAIRS, INTERNATIONAL TRADE AND INDUSTRY, POSTS AND TELECOMMUNICATIONS AND THE AGENCY FOR CULTURAL AFFAIRS, FOR 'AN INFORMAL EXCHANGE' OF OPINIONS.

THE ENVOY SAID THE UNITED STATES HAS ALREADY HELD SIMILAR TALKS WITH BRITAIN, WEST GERMANY, THE NETHERLANDS, CANADA AND MEXICO.

THE FOREIGN MINISTRY OFFICIAL SAID WASHINGTON APPEARS MAINLY CONCERNED ABOUT MOVES BY DEVELOPING COUNTRIES TO POLITICIZE ISSUES FACING THE INTERNATIONAL TELECOMMUNICATION UNION (ITU), THE UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION (UNESCO) AND THE ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD).

THE OFFICIAL SAID TOKYO HAS NO OBJECTION TO A U.S. PROPOSAL TO ESTABLISH A COMMON STAND ON 'POLITICAL DEMANDS' OF DEVELOPING COUNTRIES CONCERNING ITU.

THE DOUGAN DELEGATION HINTED THAT THE UNITED STATES PLANS TO CONTINUE ITS INVOLVEMENT IN UNESCO'S INTERNATIONAL PROGRAM FOR DEVELOPMENT OF COMMUNICATIONS (IPDC) DESPITE ITS PLANNED WITHDRAWAL FROM UNESCO, ACCORDING TO THE JAPANESE OFFICIAL. THE AMERICAN DELEGATES ALSO EXPRESSED SUPPORT FOR JAPAN'S PROJECT TO STUDY RELATIONSHIP BETWEEN THE WORLD ECONOMY AND INFORMATIZATION ((AS RECEIVED)), THE OFFICIAL ADDED.

THE TWO COUNTRIES ALSO DISCUSSED THE ITU TREATY AND WAYS TO REVISE IT AND WHETHER IT SHOULD BE CHANGED TO A CHARTER. (ENDALL) 280743 TSAO KY 28/1629Z NOV

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