WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#1 memo	Johnson to Rostow C 2 p open 12-16-99	7/13/67	A
#2 memo	Intelligence Memorandum open NLJ 09-121, 9-4-09 S 16 p	6/67	A
#4 airgrm	Paris A-2053 C 4 p open 12-16-99	6/26/67	A
#8a memo	NSAM 338 C 1 p "	7/12/67	A
#8b rpt	"Policy Concerning US Assistance..." C 3 p "	6/28/67	A
#9 memo	Rostow to President C 2 p "	7/10/67	A
#10 memo	O'Connell to Rostow C 3 p "	6/28/67	A
#11 rpt	Duplicate of #8b "		
#12 memo	NSAM 338 C 1 p "	9/15/65	A
#13a memo	Duplicate of #9 "		
#13b memo	Duplicate of #9 "		
#13c memo	Johnson to Rostow C 1 p "	7/10/67	A
#14 memo	O'Connell to SecState, SecDef... C 6 p "	9/17/65	A
#16 memo	NSAM 338 C 1 p "	7/12/67	A

FILE LOCATION

NSF, NSAM, NSAM 338--Policy re US Assistance in Developing Foreign Communications Satellite Capabilities **Box 7**

RESTRICTION CODES

(A) Closed by Executive Order 12356 governing access to national security information.
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#16a rpt	Duplicate of #8b open 12-16-95		
#17a memo	Duplicate of #12		
#19a memo	O'Connell to President C 2 p	8/25/65	A
#19b rpt	"Policy concerning US Assistance in..." C 11 p	8/23/65	A
#21 memo	NSAM draft C 1 p	undated	A
#22a memo	O'Connell to Bundy C 1 p	8/25/65	A
#22b memo	Bundy to President C 1 p	undated	A
#23 memo	Duplicate of #10		
#23a rpt	Duplicate of #8b		

FILE LOCATION

NSF, NSAM, NSAM 338--Policy re US Assistance in Developing Foreign Communications Satellite Capabilities

Box 7

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MEMORANDUM

THE WHITE HOUSE

~~CONFIDENTIAL~~ WASHINGTON

July 13, 1967

MEMORANDUM FOR MR. ROSTOW

Walt -

As I mentioned to you the other day in my note accompanying the NSAM 338 file, there has been a good deal of activity in the broad field of US international and domestic communications policy. This came to focus Monday night when the President suddenly called DeVier Pierson for a long-awaited meeting to discuss the concept of a definitive Presidential communications message that would be just as important in the communications field as President Kennedy's 1962 transportation message proved to be for the future of US transportation policy.

I have attached copies of two papers that Pierson had given the President and which were the basis for the discussion. In addition, Pierson showed the President a draft message. The message has gone through another version and I attach the latest draft. The upshot of the meeting, according to Pierson, is that the President generally favors in principle the approach outlined by Pierson -- a Presidential message enunciating a broad communications policy, reporting on the accomplishments under the Communications Satellite Act of 1962 and the Communications Act of 1934, and recommending a broad new multi-pronged attack on the US communications problem. The President asked Pierson to obtain the views of the responsible agencies on the draft message and to keep pushing on this matter.

Obviously a great deal of the message relates to domestic communication policy. However, the provisions with respect to our international communications have great significance to foreign relations and to our national security. One specific proposal is to try to reach an understanding with the Soviets under which we can both support INTELSAT. In spite of its apparent unyielding opposition to INTELSAT, as it is presently constituted, there are some indications that the USSR might be interested in joining INTELSAT under somewhat changed circumstances. I attach for your information a Paris airgram, A-2053, in which Bohlen reports an interesting conversation in this connection. I also attach the recent intelligence memorandum on the Soviet communications satellite program which is worth scanning -- at least the first few pages thereof.

Pierson told me yesterday that he and Doug Cater (who, as you know, has been following the educational television problem) had tentatively agreed to

try to interest your brother in assuming the top-level State Department role in working on this broad problem. Tony Solomon, and particularly his deputy, Frank Loy, have been working closely with Pierson and me in the drafting of the message and the analysis. Tony, however, does not feel the same sense of urgency that Pierson and I do, and which is shared by General O'Connell to get something started in this session of the Congress. We feel that it would be highly desirable to surface the message and to get the new Presidential task force appointed and at work. The task force is supposed to finish its job by the end of the calendar year and this gives them a very short fuse.

It is my impression that Pierson and/or Cater will be talking with your brother in the next day or so. I would appreciate getting any reaction from you that I could pass to Pierson or to use as guidance for my continued participation in this enterprise.

Charles E. Johnson

~~Johnson~~ Hirsch

~~Secret~~

2

DIRECTORATE OF
INTELLIGENCE

Intelligence Memorandum

New Soviet Initiatives in Communications Satellites and Television

~~Secret~~

COPY NO 263

RR IM 67-43
JUNE 1967

WARNING

This document contains information affecting the national defense of the United States, within the meaning of Title 18, sections 793 and 794, of the US Code, as amended. Its transmission or revelation of its contents to or receipt by an unauthorized person is prohibited by law

CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence

INTELLIGENCE MEMORANDUM

New Soviet Initiatives in Communications Satellites and Television

Summary

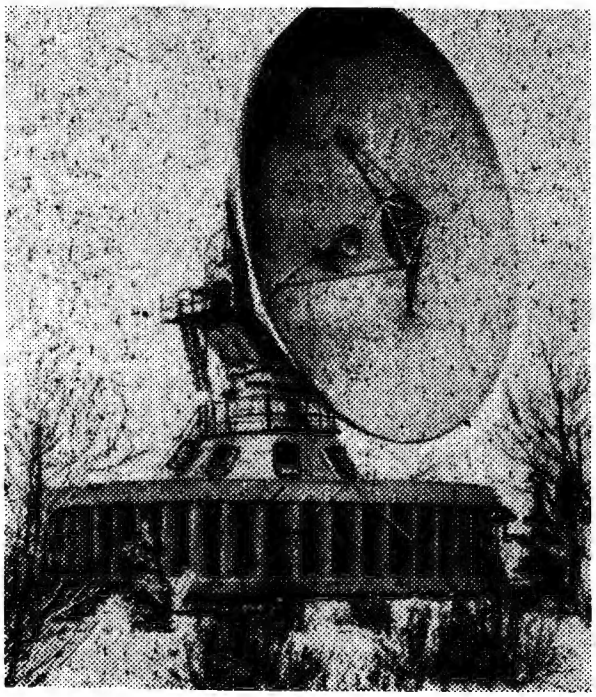
Major Soviet initiatives are under way in communications satellite (comsat) systems and television broadcasting. Domestically, the USSR is undertaking a crash expansion of TV coverage in time for the fiftieth anniversary of the Bolshevik Revolution. Costing about US $140 million, this effort has two main elements, designed to catch foreign as well as domestic attention. One is the creation of a system of about 20 new ground stations (see the photograph) to be used with the Molniya comsats in relaying and distributing Moscow-originated telecasts to the remotest corners of the USSR. The other is the completion of a new TV transmission complex in Moscow, featuring the Ostankino television tower, an architectural showpiece that ranks as the tallest building in the world.

The completion of the new ground stations (Orbita) will permit the USSR to claim a lead over the United States in developing a nationwide system of TV distribution by comsats. Although initially capable only of TV

Note: This memorandum was produced solely by CIA. It was prepared by the Office of Research and Reports and was coordinated with the Office of Current Intelligence; the estimates and conclusions represent the best judgment of the Directorate of Intelligence as of 22 June 1967.

reception, the stations can be modified to handle two-way television, telephone, and telegraph traffic. When this occurs, probably within the next few years for at least some stations, the USSR will have substantially upgraded strategic communications in its eastern and northern regions.

At the international level, the USSR agreed to and then, owing to repercussions of the Arab-Israeli war, withdrew from participation in a live global TV spectacular scheduled for 25 June 1967, using a Molniya satellite and three satellites operated by the International Telecommunications Satellite Consortium (Intelsat). This would have been the first case of operational cooperation between the two systems. Moving in yet another direction, the USSR recently issued an invitation for both Communist and non-Communist nations to join in forming a new international comsat organization. These Soviet moves appear to be designed to show that the USSR, although receptive to international cooperation on an ad hoc basis, is unwilling to join Intelsat, an organization which it feels is subordinated to US interests.



ORBITA COMMUNICATIONS SATELLITE GROUND STATION

Introduction

1. The fiftieth anniversary of the Bolshevik Revolution has provided a focus for major new moves by the USSR in the fields of communications satellite (comsat) systems and TV broadcasting. Although the main thrust of these moves is aimed at improving communications services within the USSR, some of them clearly dovetail with Soviet foreign policy and propaganda objectives.

2. This memorandum first outlines the scope of current initiatives by the USSR to expand Soviet comsat and TV broadcast capabilities, both domestic and international. Second, it examines the international implications of the Soviet program, with special reference to its propaganda potential and to the emergence of new facets in the relationship between the USSR and the International Telecommunications Satellite Consortium (Intelsat). Finally, the memorandum considers the likely effects of the expansion program on internal telecommunications in the USSR, including Soviet strategic communications.

The Crash Domestic TV Program via Comsats

3. Currently, the USSR is making intensive preparations to highlight the fiftieth anniversary of the Bolshevik Revolution -- the so-called Jubilee Year -- to be celebrated this coming autumn. Among these preparations, the most striking in terms of financial and technical effort is a crash program to provide major expansion of TV coverage in the USSR in time for the November celebrations. Costing about US $140 million, this program contains two features designed to rivet the attention of foreign as well as domestic observers. One is the creation of a comsat system capable of relaying and distributing Moscow-originated telecasts to the remotest corners of the USSR. The other is completion of a new TV transmitting complex in Moscow that includes the tallest building in the world.

Orbita Satellite Ground Stations

4. In planning for the celebration of the fiftieth anniversary, Soviet authorities were faced with a serious communications problem. The USSR has developed one of the most elaborate domestic radio broadcasting systems in the world, but its television -- a medium of far greater impact on the average citizen -- has lagged far behind. As of 1965, "live" TV programs from Moscow could reach only about one-third of the USSR landmass and could be seen by only 50 million to 70 million Soviet citizens -- most of them living west of the Urals.

5. In part, this situation resulted from a shortage of TV receivers (in 1965 there were only about 7 sets for every 100 Soviet citizens). In the USSR, however, this problem has traditionally been mitigated by installing receivers for group viewing. The most serious limitation on nationwide network telecasting from Moscow has been the lack of long-haul transmission media capable of carrying television to population centers in the eastern and northern regions of the USSR.

6. In early 1966, authorities in Moscow disclosed through the press that central TV coverage of the fiftieth anniversary would be extended to the more remote regions of the USSR through the use of comsat technology. For the space segment, the system was to use the Soviet "Molniya" satellite, two of which by then had been successfully used to relay both TV and communication traffic between Moscow and Vladivostok. The new ground segment, which soon became the subject of widespread Soviet publicity, was to consist of a network of so-called Orbita stations, located in population centers dispersed widely throughout the Soviet eastern and northern regions.

7. The Orbita construction program, which currently provides for 20 stations, now has been under way

for almost 15 months. Thus far, the location of 18 stations has been firmly established (see Figure 1). Those responsible for installing the stations clearly are under official pressure to have them completed in time for the November celebrations. Although there is evidence of problems in construction and installation at some of the sites, virtually all of them will probably be ready by the deadline.

8. For initial operations, the Orbita stations apparently are designed only for the reception of a single TV channel. In their current configuration, they will not have the capability to transmit television nor will they be able to accommodate telephone and telegraph traffic. Physically, the stations consist of circular buildings about 50 feet in diameter, each supporting a single 40-foot dish antenna (see the photograph, following the Summary). The antenna system, weighing 54 tons, is described by Moscow as "very expensive, highly complicated, and among the latest achievements of Soviet science." For tracking the satellites moving across the sky, the Orbita antennas have been made fully steerable, which greatly adds to building and maintenance costs.

9. When completed, the ground stations will represent an estimated initial investment of at least US $30 million, or an average of about US $1.5 million per station. Precise cost estimates are not possible, not only because firm price data are fragmentary but also because construction costs in the USSR vary widely depending on the geographical location of the installation. Owing to the high power of the Molniya satellite's transmitters -- currently several times higher than the power of Intelsat transmitters -- the Orbita ground stations are smaller, less complex, and less expensive than would otherwise be necessary. Modification of these stations to accommodate two-way communications traffic as well as television would increase their cost substantially, possibly by 100 percent or more.

FIGURE 2

The Molniya Satellites

10. Since April 1965 the USSR has placed five Molniya communications satellites into highly elliptical orbits, most recently on 25 May 1967. Each of these Molniya comsats has relayed television or, alternatively, 60 channels of communications traffic. Except for test TV transmissions between Moscow and Paris, these relays have been exclusively between Moscow and Vladivostok.

11. In the orbit chosen, three active Molniya satellites would be sufficient to provide 24-hour coverage of the USSR; indications are, however, that the active lifetime of the first three Molniyas was short owing to the effects of radiation on unshielded components. Recent evidence indicates that the USSR has taken steps to solve this problem. Although the USSR has cautiously labeled even the fifth Molniya as "experimental," it is likely that the system is now moving rapidly toward full operational status. It is possible that yet another Molniya-class satellite will be orbited before the Orbita ground stations begin operation in the latter half of 1967.

The All-Union TV Center

12. Concurrently with the Orbita TV distribution network, the USSR is rushing the completion of a TV transmission and studio complex that is without parallel in the Western world. The dominant feature of this complex, known as the All-Union TV Center, is a mammoth transmission tower 1,760 feet high, including a 490-foot antenna (see Figure 2). Without its antenna, the ferro-concrete tower is

slightly taller than the Empire State Building. The Center is located in the Ostankino suburb of Moscow and has been under construction since 1961. Over the past year or so, Soviet authorities have pushed hard on this showpiece project in an effort to have it operational in time for the Anniversary celebrations.

13. The Center is being equipped with 18 large studios and five 50-kilowatt TV transmitters. It is designed to serve as a national facility for TV programming, production, and transmission -- the Soviet version of CBS, NBC, and ABC in New York rolled into one. Soviet planning calls for the All-Union Center eventually to telecast 40 hours per day on five channels, about two and one-half times Moscow's current TV output of 16 to 17 hours a day on three channels. The effective radius of direct telecasting from the Center will be 100 miles, compared with only 25 to 35 miles for existing Moscow facilities. One of the Center's channels will be networked to all regions of the USSR. Reliable estimates place the full cost of the new complex at about US $110 million.

External Aspect of Soviet Comsat Policy

14. When Intelsat was chartered under the Interim Agreement of 1964 to establish a single global comsat system, the USSR rejected an invitation to join, charging that it was a capitalistic venture subordinated to US interests. A major reason for the Soviet objection is the fact that the Intelsat charter made ownership of the space segment directly proportionate to a member nation's share of international communications traffic, which gave the United States a 60.5 percent interest and the USSR only 1.5 percent.

15. Until the USSR successfully orbited its own Molniya satellites in 1965, it insisted that any international comsat system be controlled by the UN. Since proving out the Molniyas, however, the USSR has

muffled the UN theme, and is now moving ahead in several directions with an international comsat policy of its own.

16. As its initial move, the USSR invited both France and Japan to participate in testing Molniya's international relay capabilities with the ground stations they had built for use with Intelsat satellites. Japan declined but France, which was then engaged in a promising effort to sell its SECAM color TV system to the USSR, agreed. As a result, the Molniya satellite was used in both November 1965 and May 1966 to relay color TV test transmissions between Moscow and the French ground station at Pleumeur Bodou.

17. At about this same time the USSR reportedly undertook to expand its role in the international comsat business by offering ground stations to certain of the less developed countries. Although such rumors could not be confirmed at the time, it was announced in December 1966 that the USSR had made a firm commitment to assist in the installation and maintenance of a comsat ground station in Cuba. In the same month, the UAR announced Soviet agreement to establish a comsat ground station in Egypt. Thus far, however, no construction schedules have been announced, and there is no firm evidence as to whether these stations are to be of the Orbita type (TV reception only) or equipped to provide the full range of two-way communications services.

18. Thus, to date, Moscow's efforts to internationalize Soviet achievements in comsat technology have brought concrete results in only three nations outside the European Communist Bloc. Significantly, however, two of the three (France and the UAR) are signatories of Intelsat, one of whose fundamental concepts has been that all members would be committed to a single global system.

19. Apparently confident that the time was ripe, both politically and technologically, the USSR moved recently to expand its horizons in the field of international comsat diplomacy. At the conclusion of a meeting of Communist countries in April 1967, the USSR drafted a communiqué inviting both Communist and non-Communist countries to join with it in forming an independent international comsat system. Although Moscow-authorized communiqués of this type are typically ambiguous as to firm commitment and planning, it is more than likely that Soviet ambassadors in a number of foreign capitals have been instructed to play up this theme.

20. Despite its fundamental opposition to the ground rules under which Intelsat currently operates, the USSR has apparently adopted a more flexible stance in its relationship with the Consortium. From 1964 through 1966 the USSR refused to involve itself directly with Intelsat facilities (Intelsat controls only the satellites; ground stations in the system are nationally owned). In 1967, however, the USSR relaxed this attitude. In connection with the inauguration of direct air service between Moscow and Tokyo in April, it allowed live telecasting of the ceremonies to be relayed between the two capitals via Intelsat satellites.

21. Of much greater interest, however, is a live global TV spectacular scheduled for 25 June. During this telecast the Soviet Molniya system would have been operationally linked to that of Intelsat for the first time.* As planned, the TV special was to

* On 21 June, the USSR withdrew its commitment to participate in the global telecast on the grounds that Western TV stations were "conducting a smear campaign against Arab countries and the peaceful policy of the Soviet Union and other socialist states."

have used four satellites, one a Molniya and three operated by Intelsat. The Soviet satellite was scheduled to provide direct relay within the USSR between Moscow and Vladivostok. Transmissions to and from the USSR were to be carried via terrestrial lines between Moscow and Brussels. The three Intelsat satellites will provide relay between Europe, North America, and Asia.* The stimulus for this global spectacular came from the BBC, but the telecast itself is under the official sponsorship of the European Broadcasting Union. The promoters predict that the telecast could have a viewing audience of 700 million people on five continents.

Implications

22. Current Soviet initiatives in the sphere of comsats and television have several implications. Once the network of Orbita ground stations becomes operational, and perhaps before, the USSR is likely to claim a technological lead over the United States in developing a national system of TV distribution by satellite. The USSR will probably also boast that its actions have conferred the benefits of comsat technology on the Soviet population while the government and industry in the US are still debating the issue.** Soviet claims will almost certainly ignore the fact that excellent terrestrial telecommunications systems in the US and many other Western countries make the need for TV distribution by satellite less than urgent.

23. Soviet tactics toward Intelsat appear to be shifting from unrelieved hostility to a more pragmatic

* Transmission across and distribution within the continental US is being sponsored by the National Educational Television network.

** Initially, the number of Soviet citizens living within effective reception radius of the Orbita stations will range somewhere between five million and ten million.

"carrot and stick" approach. On the one hand, the televising of the recent inaugural of Moscow-Tokyo air service and the initial agreement to participate in the global TV spectacular were probably intended to show that cooperation between the USSR and the Consortium is possible for specific purposes on specific occasions. Moscow may also be trying to lay the groundwork for using Intelsat facilities in relaying the Anniversary celebrations to the West, and possibly the 1968 Olympics to the USSR. On the other hand, by first agreeing to install ground stations in Cuba and Egypt and then inviting other nations to join in a Soviet-sponsored comsat system, the USSR is clearly signaling that it does not intend to join Intelsat unless fundamental changes are written into the charter, or to permit US dominance in the international comsat field to go uncontested.

24. In the meantime, the USSR will probably try to exploit any convenient new opportunities to embellish its own stature in the international comsat field, wherever possible at the expense of the US. When the Interim Agreement is renegotiated in 1969, for example, some Intelsat members will almost certainly insist that it be altered to permit regional comsat systems. France and West Germany have already announced their intention to launch a joint regional system by 1970 to handle European traffic with Africa and Latin America, and Japan has indicated that it wishes to establish a system of its own for Asian traffic. The USSR is well aware of the growing sentiment for regional systems, and will almost certainly encourage their adoption as a development calculated to erode the US concept of a single global system and its commanding position in international comsat affairs. The USSR is likely to seek to establish a working arrangement with any European or Asian regional systems that might emerge, and it is possible that Moscow might contribute technical assistance to make such systems a reality.

25. New initiatives by the USSR in the less developed countries are also a distinct possibility. It is likely, however, that Moscow will exercise considerable caution and selectivity in its approach to these areas. In most of the less developed countries, Soviet telephone and telegraph requirements are extremely modest, and the TV viewing audience is small. In virtually all of them, acceptance of Soviet comsat technology would be contingent on Moscow's willingness to provide the necessary financing. Not the least important, the USSR will probably deem it desirable, before committing resources to projects, to estimate the probability that it can maintain a satisfactory relationship with the recipient country.

26. In the long run, the Orbita ground stations are likely to represent a considerably more significant addition to the Soviet telecommunications system than the TV center. Virtually all of the locations chosen for Orbita stations are of considerable strategic-economic importance to the USSR. Most of them are well beyond the reach of high-capacity communications trunklines currently in existence and they have thus been forced to use either unreliable high-frequency radio or very-low-capacity wirelines for outside communications. Although the Orbita ground stations will at first be confined to TV distribution, the USSR is believed capable of adding multichannel telephone/telegraph facilities whenever these capabilities are desired. It is likely that at least some of these ground stations will be equipped with such facilities within the next few years.

27. As shown in Figure 3, certain of the Orbita stations are located in close proximity to facilities of the major tropospheric scatter network now under construction in the Soviet northern and eastern regions. In all likelihood the troposcatter network, when completed, will be interconnected with the Molniya-Orbita satellite system. When this is accomplished, the USSR will have made a major forward step in modernizing its strategic telecommunications east of the Urals.

Figure 1

~~SECRET~~

USSR: Current and Anticipated Coverage of Television (TV) Broadcasting, June – November 1967

Molniya Satellite

For Routes and Capacities of Mainline Telecommunications Facilities of the Ministry of Communications see Map number 56651.

Orbita Communications Satellite Ground Station

Molniya Communications Satellite Ground Station

Main TV Broadcasting Center*

Secondary TV Station*

Extent of Moscow TV Coverage**

Estimated Extension of Moscow TV Coverage via Orbita Ground Stations

*Transmission radius of main TV centers approximates 60 miles. Most secondary TV stations are low-power retransmission stations (200 watts or less) that pick up signals from main centers and rebroadcast them locally, generally to distances of 5 to 10 miles.

**The shaded area shows only the furthermost geographical limits of Moscow TV coverage. Because of the lack of network interconnections, some main TV broadcasting centers and many secondary TV stations in the shaded area do not directly receive Moscow telecasts.

Scale 1:12,000,000

100 200 300 400 500 Nautical Miles

0 100 200 300 400 500 Statute Miles

0 100 200 300 400 500 Kilometers

NAMES AND BOUNDARY REPRESENTATION ARE NOT NECESSARILY AUTHORITATIVE

Conic Equal-Interval Projection

56650 6-67 CIA

~~SECRET~~

GROUP 1
EXCLUDED FROM AUTOMATIC DOWNGRADING AND DECLASSIFICATION

For current and anticipated coverage of television broadcasting, see map 56650

UNITED KINGDOM

NORWAY

SWEDEN

FINLAND

DENMARK

POLAND

CZECH.

ROMANIA

TURKEY

IRAQ

IRAN

AFGHANISTAN

MONGOLIA

CHINA

JAPAN

ARCTIC OCEAN

SEA OF OKHOTSK

BERING SEA

JAPAN SEA

KURIL ISLANDS

R.

S.F.S.R.

U.S.S.R.

USSR
Routes and Capacities of Mainline Telecommunications Facilities of the Ministry of Communications*
15 June 1967

ROUTES

	CABLE: MULTICONDUCTOR	CABLE: COAXIAL	MICROWAVE RADIO RELAY	TROPOSPHERIC SCATTER***	COMMUNICATIONS SATELLITE TERMINAL
In Operation	———	— — —	———	———	(Common-carrier station)
Under Construction	———	— — —	———	———	(Orbita station, for television reception only)
Planned	———	— — —	———	———	

- National capital
- Union republic
- Oblast', Kray, or ASSR center
- Autonomous oblast'

OPERATIONAL CAPACITY**

CABLE — MULTICONDUCTOR

- 12P — 12-pair cable
- 12P/M — 12-pair cable using multiplexing equipment of unknown capacity
- M(24) — Cable with an unknown number of pairs using 24-telephone-channel multiplexing equipment
- 8M(24) — 8-pair cable using 24-telephone-channel multiplexing equipment
- 6M(24)/8M(24) — Two 8-pair cables each using 24-telephone-channel multiplexing equipment
- L — Single-conductor submarine telegraph cable

CABLE — COAXIAL

- 4TM — 4-tube coaxial cable using multiplexing equipment of unknown capacity
- 12TM (60) — 1-tube coaxial cable using 60-telephone-channel multiplexing equipment

MICROWAVE RADIO RELAY

- A — Lines with a capacity of 24 to 240 telephone channels and/or 1 television channel (1440-2200 megacycles frequency range)
- B — Lines with a capacity of 240 or more telephone channels plus television (3300-4200 megacycles frequency range)

COMMUNICATIONS SATELLITE

Estimated capacity of 60 telephone channels or 1 television channel

* Lines with a capacity of 24 or more telephone channels or 1 television channel. As many as 36 telegraph channels of 60 words per minute can be substituted for each telephone channel.

** In most cases, operational capacity is significantly lower than the designed capacity.

*** Precise routing of the network is unknown. Preliminary data suggest the network will have an operational capacity of 60 telephone channels with distances between stations ranging generally from 150 to 300 miles.

Cable planned for operation in 1969

0 200 400 600 800 1000 Statute Miles

0 200 400 600 800 1000 Kilometers

This map supersedes map 56651 8-66

56651 6-67

TO THE CONGRESS OF THE UNITED STATES:

Man's greatest hope for world peace is to understand his fellow man. Nations fear--as do individuals--that which is strange and unfamiliar. The more we see and hear of those things which are common to all people, the less likely we are to fight over those issues which set us apart.

So the challenge is to communicate.

No technological advance offers greater opportunity than the mating of space exploration and communications--the advent of the communications satellite. The linking of one nation to another is no longer dependent on telephone lines, microwaves or cables under the sea. Just as man has orbited the earth to explore the universe beyond, man can orbit satellites to send our voices or televise our activities to all peoples of this globe.

Here are examples of what satellite communications have already meant in terms of human understanding.

-- The peoples of three continents witnessed my meeting with Premier Kosygin in Glassboro.

-- When President Lincoln was assassinated, it took twelve days for the news to reach London. Britons watched and grieved with us at the funeral of John F. Kennedy.

-- Europeans have watched Pope Paul speak to the United Nations in New York--and Americans have seen his pilgrimage to Fatima.

-- Europeans have watched our Surveyor photograph the moon at close range.

-- Commercial telephone calls are now carried routinely via satellite to Europe and Asia.

Who can measure the impact of this live, direct contact between nations and their people? Who can assess the value of our new-found ability to witness the history-making event of this age? This much we know -- because communication satellites exist, we are far closer than we have ever been before.

But this new technology -- exciting as it is -- does not mean that all our surface communications facilities have become obsolete. Indeed, one of the challenges before us is to integrate satellites into a balanced communications system which will meet the needs of a dynamic and expanding world society. The United States must review its past activities in this field and formulate a national communications policy.

U. S. ACTIVITIES TO DATE

The Communications Act of 1934 has provided the blueprint for federal involvement in the communications field. The Act -- and the Federal Communications Commissions it created -- have served our national interest well during one-third of a century of rapid communications progress.

The Communications Satellite Act of 1962 established the framework for our nation's participation in international satellite communications. Congress weighed with care the relative merits of public vs. private ownership of commercial satellite facilities. The Act took the middle road. It authorized creation of the Communications Satellite Corporation

(ComSat)--a private corporation with public responsibilities--to initiate a commercial satellite system.

In 1964 we joined with 17 other countries in the formation of the International Telecommunications Satellite Consortium (INTELSAT)--and 56 nations are now members. ComSat, the U. S. representative, is consortium manager and has contributed 54% of its total investment. All satellites operated by ComSat are owned by INTELSAT--so that commercial satellite communications has always been a product of international cooperation.

Progress has been rapid. Early Bird was launched in 1965. It was my pleasure to participate in inaugural ceremonies via satellite with heads of state and government officials in France, Germany, Italy, Switzerland, and the United Kingdom. Now the INTELSAT II series serves the Pacific. Twelve ground stations--the vital link for sending and receiving messages--have been constructed over the world--and forty are anticipated by the end of 1969.

Now--just five years after the passage of the Communications Satellite Act and three years after the INTELSAT agreement--these ~~advances~~ developments have exceeded our expectations and our preparations for them.

-- The synchronous satellite--one which rotates with our globe and thus maintains a stationary position in orbit--has been developed successfully well ahead of schedule.

-- Proposals are being discussed for the establishment of a domestic communications satellite ~~system~~ systems--one which could be limited to TV transmission or serve a variety of domestic communications uses.

-- Those responsible for U. S. international communications -- with ownership divided among a number of surface carriers and ComSat -- now look forward to an integrated system which will utilize satellite technology.

-- Other countries are giving study to the U. S. attitude on the continuation of INTELSAT -- and the importance we assign to international cooperation in the field of satellite communications.

On February 28, 1967, I declared in a message to Congress:

"Formulation of long range policies concerning the future of satellite communications requires the most detailed and comprehensive study by the executive branch and the Congress. I anticipate that the appropriate committees of Congress will hold hearings to consider these complex issues of public policy. The executive branch will carefully study these hearings as we shape our recommendations."

Some of these issues were discussed in the Senate Commerce Committee hearings on the Public Television Act of 1967. Others are presently before the Federal Communications Commission for consideration. ComSat is in frequent contact with our foreign partners.

In order to place this important policy area in perspective, I want the views of this Administration the President to be clear. This message includes a report of the past, a recommendation for the present, and a challenge for the future.

SINGLE GLOBAL SYSTEM

Our country is firmly committed to the concept of a single global system. The Declaration of Policy and Purpose of the Communications Satellite Act of 1962 set forth Congressional intent:

"The Congress hereby declares that it is the policy of the United States to establish, in conjunction and in cooperation with other countries, as expeditiously as practicable a commercial communications satellite system, as part of an improved global communications network, which will be responsive to public needs and national objectives, which will serve the communications needs of the United States and other countries, and which will contribute to world peace and understanding."

The preamble to the INTELSAT Agreement of 1964 -- to which 56 nations have now adhered -- left no doubt as to its purpose:

"Desiring to establish a single global commercial communications satellite system as part of an improved global communications network which will provide expanded telecommunications services to all areas of the world and which will contribute to world peace and understanding."

Today I reaffirm the commitments made in 1962 and 1964. We believe that communications satellites should be a part of a ~~single~~ global system. This system is best able to make the marvels of modern communications available to all nations. It eliminates the need for duplication in the space segment of communications

facilities and provides the most efficient use of the electro-magnetic frequency spectrum through which these communications must travel.

A global system is particularly important for less developed nations -- for they have not enjoyed the benefits of speedy, direct international communications. Instead, a system has developed that --

-- encourages indirect routing through major nations to the developing countries,

-- forces the developing nations to remain dependent on larger countries for their links with the rest of the world, and

-- makes international communications service to smaller nations more expensive and of lower quality.

It is hard to believe that a call from Rangoon to Djakarta must still go through Tokyo -- that a call from Brazzaville to Kinshasa, just across the Congo River, is routed through Paris and Brussels -- that a call from American Samoa to Tahiti is by way of Oakland, California. During the recent Punta del Este conference, I discovered that it usually cost Latin American journalists more than their American colleagues to phone in their stories -- because most of the calls had to be routed through New York!

Such an archaic system of international communications is no longer necessary. The communications satellite knows no geographic boundary, is dependent on no cable, owes allegiance to no single language or political philosophy. Man now has it within his power to speak directly to his fellow man in all nations -- and we will support a global system to achieve this end.

We support a global system of international satellite communications which is available to all nations -- large and small, developed and developing -- on a non-discriminatory basis.

To have access to a satellite in the sky, a nation must have a ground station to transmit and receive its messages. There is danger that smaller nations, unable to finance expensive ground stations, may become orphans of this technological advance.

We believe that satellite ground stations should be an essential part of the infrastructure of developing nations. They are sound investments. We will ~~provide~~ consider financial assistance to the emerging nations for construction of ground communications facilities which will permit them to reap the benefits of a global satellite system.

We also urge that smaller nations consider joint planning for a ground station to serve the communications needs of more than one nation in the same geographic area. We are prepared to provide technical assistance which will assist their planning effort.

CONTINUATION OF INTELSAT

The 1964 INTELSAT agreement is an interim agreement -- subject to renegotiation in 1969. ComSat, our representative to the consortium, has already begun discussions for a permanent arrangement. These negotiations will continue under the policy supervision of our State Department.

We support the continuation of INTELSAT. It is, as it should be, a commercial consortium -- for this is a commercial enterprise. Each nation or its representative contributes to its expenses and benefits from its revenues in accordance with its

anticipated use of the system. Its 56 members include representation from the major nations who traditionally have been most active in international communications. INTELSAT has become the logical vehicle for global cooperation. We will urge the continuation of the consortium in 1969.

Some nations may feel that the United States has too large a voice in the consortium. As heavy users of international communications, our investment in such an international undertaking is unavoidably exceptionally large. The early development of satellite technology in the United States and the size of our investment has made it logical that ComSat serve as consortium manager.

We seek no domination of satellite communications to the exclusion of any other nation -- or any group of nations. Rather, we welcome increased participation in international communications by all INTELSAT members. We shall approach the 1969 negotiations with the common purpose of all nations to seek the best possible permanent organizational framework.

-- We will consider ceilings on the voting power of any single nation -- including the United States -- so that the organization will not lose its international character.

-- We will support the creation of an assembly of all INTELSAT members -- so that all may share in the consideration of major policy issues.

-- We will consider arrangements which will permit representatives of other nations to join with ComSat in carrying out its management responsibilities.

-- We are prepared to enter into an interchange of technical information, share technological advances, and support a fair international allocation of procurement contracts among members of the consortium.

It is our earnest hope that every member nation will join with us in finding an equitable formula for a permanent INTELSAT organization.

DOMESTIC COMMUNICATIONS SATELLITE SYSTEMS

Obviously, communications satellites have domestic as well as international applications. Satellites that can beam telephone calls or television programs between New York and Paris can do so between New York and Los Angeles. Daring and revolutionary proposals have already been made to tap the vast domestic market.

Our own awareness of the social and economic potential of this new technology is met by similar excitement around the globe. Each nation will be making decisions about how domestic needs can best be met. The position taken by the United States is particularly important -- our domestic market is so large and our international commitments are so strong.

There are important unanswered questions concerning the feasibility of a domestic system. Assuming these questions are answered, the decision to move forward with it still should be in the context of our international obligations.

The space segment of a communications satellite system is international by its very nature.

-- A synchronous satellite occupies a permanent orbital position over international territory.

-- All satellites radiate electro-magnetic energy potentially capable of interferences with other communications systems.

-- All satellites use the internationally regulated frequency spectrum.

-- Satellites which are not compatible in systems design could not interconnect with one another.

In view of the international nature of satellite communications and our commitments under the INTELSAT agreement of 1964, we should take no action in the establishment of a domestic system which is incompatible with our support for a global system.

This does not mean that the United States -- or any other nation -- will give up vital sovereignty over domestic communications. The flow of satellite communications -- both domestic and international -- is to and from ground stations owned by the individual nation or its representative. Each country will determine how it wants to use its domestic communications satellites, will bear the expense of the satellites, and will derive any revenues from the operation of the system. It is the space segment -- not the ground stations -- that are of legitimate international concern.

I believe it is desirable for each nation to meet its domestic communications needs by either leasing circuits from an international INTELSAT satellite or operating a separate satellite for its own domestic use under reasonable INTELSAT regulation.

Each nation must evaluate the best means of meeting its domestic communications. A domestic satellite could be constructed by INTELSAT to the nation's specifications. Some nations may wish to build and launch domestic satellites without drawing on INTELSAT's existing pool of technology and experience. But in any event, INTELSAT members should be willing to adhere to reasonable INTELSAT regulations for domestic satellites.

Proper regulation should include the following:

-- Approval of systems design to insure that the domestic satellite will be compatible with the global system so that all satellites can inter-connect when it is desirable that they do so.

-- Approval of the orbital position which the satellite will occupy.

-- Allocation of the electro-magnetic frequency the satellite will use -- in connection with existing regulation by the International Telecommunications Union (ITU).

-- Assurance that electro-magnetic energy from the satellite will not interfere with other communications systems.

As domestic systems prove to be suitable for our nation or other nations, they should not be at the expense of international cooperation.

The alternative to reasonable regulation is international communications anarchy -- lack of inter-connections, needless expense, pollution of frequencies, radio interference, and usurpation of orbital spaces. We should have no hesitation in choosing the route of international cooperation in preference to this result.

We also realize that cooperation for future domestic systems is a two-way street. If we expect other nations to utilize INTELSAT facilities, they must not be penalized by doing so. We are prepared to furnish technical assistance -- including launch facilities -- to be available to all nations who desire operational domestic systems within the INTELSAT framework.

~~RUSSIAN~~ PARTICIPATION IN INTELSAT

~~I invite the Soviet Union to join with the United States and~~ our 55 partners as a member of INTELSAT. It is not a political organization. It holds no ideological goal. It seeks no diplomatic advantage. It is quite simply a joint undertaking of many nations to finance an international communications system which is of advantage to all.

I have stated many times my hope that our commercial activities with ~~Russia~~ and Eastern Europe will grow -- that our contacts will increase -- that we will emphasize those matters in which our interests are common rather than dwelling on those issues which divide us.

Here is a rare opportunity to join in an activity which brings benefits to both of our nations and loss to neither. Recently the Soviet Union ratified the treaty for the peaceful uses of outer space. What better symbol that space belongs to all men than an international undertaking to permit the free flow of communications through space itself? I earnestly hope that the Soviet Union will join in this historic action.

Of course, ~~Russian~~ participation would require a revision of investment and voting ratios based on her anticipated use of the system. We are prepared to enter into immediate negotiations to make that membership possible.

INTERNATIONAL COMMUNICATIONS MERGER

Most nations handle their international communications through a "chosen instrument" -- generally, a government owned entity. The United States has no chosen instrument. Several record carriers and one voice carrier compete for international traffic. In addition, ComSat provides satellite circuits to them as a "carrier's carrier."

Our national instincts tend to favor such competition. We believe that competitive pressure will usually generate lower prices for the user. Congress recognized in the 1962 Act that ComSat would be required to deal with several international carriers. Any adjustment of international communications relationships must also be viewed in the context of our INTELSAT participation -- and ComSat's role as consortium manager.

Yet, there is a legitmate question as to whether this fragmented ownership is still in the public interest. Consider the following:

-- International communications is thoroughly regulated so that typical private enterprise does not exist.

-- Divided ownership has resulted in the construction and maintenance of expensive duplicating communications facilities -- which can adversely affect communications rates.

-- The operation of an international system utilizing voice circuits, record circuits, and satellites is less likely.

-- Our nation is in a relatively poor bargaining position on communications matters with foreign counterparts since we do not speak with a single voice.

-- Disputes continue between ComSat and the surface carriers as to who should own the ground stations in the international system.

-- Defense communications requirements are being subjected to administrative delay.

The last problem is particularly disturbing. Conflicts between the interests of ComSat and the surface carriers delayed the installation of additional communications facilities in the Pacific which serve our men in Vietnam. Some solution must be found so that the Department of Defense can continue to utilize the services of commercial carriers without interference with our national security.

I recommend prompt consideration of the International Communications Act of 1967. The Act would remove the anti-trust barriers to a merger or consolidation of the international communications carriers. It would permit -- but not require -- one of the following types of consolidation:

1. A merger of two or more of the international telegraph carriers -- which would result in competition between the merged record carriers and AT&T overseas service.

2. A merger of two or more of the international telegraph carriers with Western Union Telegraph Company -- which would result in competition between one entity handling domestic and international telephone service and one entity handling domestic and international telegraph service.

3. A merger of the international record carriers and the international telephone carriers -- which would result in a chosen instrument for surface communications which would continue to lease satellite circuits from ComSat.

4. A merger of the surface carriers and ComSat -- which would result in a single chosen instrument for international communications.

The bill would require submission of merger plans to the Federal Communications Commission and a determination by the Commission that the terms of merger are in the public interest. No merger would be effective without Presidential approval.

It is my hope that Congress will give this proposal prompt and thorough consideration. I believe that discussions of possible mergers -- without the inhibitions of the anti-trust laws -- are desirable.

I want to stress that passage of the bill does not prejudge whether a particular merger is in the public interest-- nor do I wish to prejudge the merits of merger. The Act simply sets the wheels in motion for discussions among the companies themselves and for hearings before the Commission.

This review of our international communications posture is long overdue.

TASK FORCE ON COMMUNICATIONS ISSUES

It is my strong conviction that a domestic communications satellite system should be consistent with our international commitments. But this is only the beginning -- major questions remain.

-- Are we making proper use of the elctro-magnetic frequency spectrum?

-- Is a domestic satellite system economically feasible -- or would an operational system be premature?

-- Who should own and operate the domestic system?

-- Should there be a single system, a specialized system, or several systems in competition with one another?

-- What are the economic effects of these decisions on ComSat and the regulated domestic communications carriers?

These are complex issues. Some of them are presently before the Federal Communications Commission. I am advised that the Commission may issue some guidelines in the near future. But a long, hard look must be taken at these problems by all parties with responsibility in the area -- for the ultimate decisions will work a revolution in the communications pattern of our nation.

I am appointing a task force of distinguished officials of the executive branch to make a comprehensive study of communications issues.

I am also appointing a working group of government and non-government experts headed by _____ to study the technical and economic implications of a domestic communications satellite system -- and its effect on existing communications facilities. The working group will report its findings to the task force by the end of November. The task force may also choose to establish other working groups to study other phases of communications policy.

I am asking the task force to report to me by the end of December. This report will convey their recommendations for future governmental activity in the field of domestic and international communications.

GOVERNMENT ORGANIZATION

Our government must be organized to carry out its responsibilities in the communications field. Present authority is widely dispersed. The Federal Communications Commission has heavy responsibilities under the 1934 Act. The President and many agencies have responsibilities under the 1962 Act, various Executive Orders, and as part of their general duties.

Communications is a vital public policy area -- and government organizations must reflect that challenge.

I have asked the Bureau of the Budget to make a thorough study of existing governmental organization in the field of communications -- and recommend needed modifications by the end of 1967.

CONCLUSIONS

This message does not announce a communications policy for our nation -- it is rather the foundation for that policy.

-- It reaffirms our intentions to our international partners in INTELSAT.

-- It recommends consideration of legislation which would permit merger discussions among our international communications carriers.

-- It sets in motion the necessary studies for a better understanding of policy needs in domestic and international communications.

Winston Churchill was once asked if further discussions of a particular issue wouldn't be a waste of time. He replied: "As long as men jaw-jaw, they do not war-war."

This is the challenge of this new technology -- to permit men to talk to each other rather than fight one another.

Historians may well write that the human race survived or faltered because of how well it mastered the technology of this age.

Communications satellites now permit man's greatest gifts -- sight, expression, human thoughts and ideas -- to travel unfettered to any portion of our globe. The opportunity is within our grasp. We must be prepared to act.

THE WHITE HOUSE,

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THE WHITE HOUSE,

ORIGIN/ACTION

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TO : Department of State

PASS: NASA

INFO: Amembassies BONN, LONDON, MOSCOW

FROM : Amembassy PARIS

DATE: June 26, 1967

SUBJECT : Recent Franco-Soviet Space Discussions

REF : PARIS A-1524, March 29, 1967 EUR
No. C-C17-53185, January 19, 1967

A management-level CNET[1] engineer (Protect Source) recently provided an Embassy Science Officer a summary of the Franco-Soviet space project discussions which took place in Paris in late May. He described the tone of these meetings as much more relaxed than previous Franco-Soviet discussions, and remarked that the Soviet representatives gave every evidence of wishing to work as little as the framework of their Paris visit would permit. As in previous discussions, cooperative projects were discussed within three working groups: satellites, aeronomy-meteorology and telecommunications.

Telecommunications

The Soviet participants were: (French transliteration)

PETROV, Leader of USSR Delegation

KOUZMINE, Head of Technical Services, Ministry of PTT

BORODITCH, Institute of Telecommunications Research

KRIVOCHEEV, Head of television department, Research Institute of Ministry of PTT

OGORODNIKOV, Ministry of Radio Industry

BOUSSALOV, Scientific Attaché, Soviet Embassy, Paris

[1] Centre National d'Etudes des Telecommunications

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FORM DS-323
4-62

Drafted by: S/ATT:JHBuehler:ail, 6/22/67

Contents and Classification Approved by: S/ATT:ELPiret

Clearances:
NASA:CWood
TRC:TCarter for
POL:PSeeler

The telecommunications sections reached decisions in three areas:

1. Black and white and color television will be exchanged between France and the USSR via the MOLNIYA satellite beginning in October 1967.

2. Test telephony exchanges by satellite will also be made but will be limited to tests. These will not include conversations (presumably, meaning commercial, paid conversations).

3. Systems. By far the most significant exchanges took place during the systems discussions. The USSR revealed studies of future telecommunications requirements within Europe, the USSR, and the Bloc countries. The prediction of future telecommunications requirements was based upon the commercial (i.e., business, export-import) exchanges among these countries. No account whatsoever was taken of personal telephone use. These studies are said to have lead the USSR to decide to orbit a global telecommunications system initially comprising nine countries (the Bloc and Cuba), but open to membership by the entire world. The satellites to be used will be placed in eccentric (MOLNIYA) orbits, but will have greater bandwidth than the first generation MOLNIYAs, and will function in the 4-6 giga-Hertz band. The Soviet representatives said they expect the system to be in operation in about two years.

Locations for twenty ground stations in the USSR have been selected and all will be in operational use to distribute (via existing MOLNIYA satellites) the 50th anniversary celebrations of the Russian Revolution in October. The ground station antennae will have a diameter of about eighteen meters. Their construction has been given very high priority. It is expected these stations will be made available very cheaply abroad, possibly even on a give-away basis in some instances, as an inducement to underdeveloped countries to join the USSR's global system. The Soviet representatives said they were still studying the commercial and legal bases for their global system.

The Soviets made a strong appeal for French participation. They made it quite clear that they attach great importance to French membership as an example to countries which might otherwise hesitate or refuse to join the Soviet global system.

This official expressed his personal belief that the development of the Soviet system, and especially the Soviet choice of operating frequencies, point up the need for a world organization to coordinate equatorial parking positions, transmitter powers, and especially satellite operating frequencies. The ITU[2], he said, is incapable of performing this function.

The French official urged that immediate, private and searching conversations take place between the U.S. and the USSR, to seek a basis on which to bring the USSR into the INTELSAT global system.

Satellites

The decisions taken by the space (satellite) group were given wide press coverage and the official simply noted that these reports were accurate. The principle decisions of this working group according to press accounts follows:

1. A French satellite named ROSEAU which willweigh about 300 kg to be placed into eccentric earth orbit in 1971 or later by a Soviet launch vehicle intermediate in performance between the U.S. Thor-Agena and the Atlas-Agena vehicles.

2. Four magnetospheric experiments were accepted as follows:

   a) Plasma density measurements proposed by F. DU CASTEL of CNES[3]

   b) Ionospheric studies proposed by O. STOREY of CNET

   C) Low energy and high speed particle experiment proposed by F. CAMBOUR of the Science Faculty at Toulouse

   d) Natural galactic electromagnetic emissions in the 30 KHZ to 2 MHZ band proposed by J.L. STEINBERG of the Paris Observatory

3. Data readout will take place at perigee during each orbit.

Aeronomy-Meteorology

Highlights of press accounts of the decisions taken by this group in the area of aeronomy-meterology were:

1. Joint studies using cloud cover photographs taken by French balloons (project COLOMBE) and Soviet satellites (COSMOS 144 and COSMOS 156).

2. Launch of French and USSR sounding rockets in a coordinated program with an exchange of instrument payloads (Soviet mass spectrometers on French Dragon rockets, for example, and ejection of sodium vapor clouds from French payloads launched by Soviet rockets from Franz-Joseph land.

The next meeting between the French and Soviet space groups will take place in Moscow in December 1967.

COMMENT:

Press attention given this meeting with Soviet space scientists was partially overshadowed by the Paris Air Show. In terms of actual advancement of the several projects, it appears that definite although limited steps forward have been taken.

Sounding rocket payloads to be launched cooperatively have now been defined. These appear to be conventional experiments which have been fired before and which have a high probability of operational success.

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[2] International Telecommunications Union
[3] Centre National d'Etudes Spatiales

The telecommunications discussions envisage nothing new since exchanges of picture and of sound between France and the USSR via MOLNIYA have already occurred. The timing for future TV exchanges (October) indicates that coverage of the 50th anniversary of the Russian Revolution will probably be available in Paris and may be rebroadcast throughout Europe.

The decisions on orbit and experiments for the Soviet-launched French satellite ROSEAU marks real progress in defining that project. Money for construction of the satellite has not yet been appropriated nor has a cost estimate been published. Speculation places the probable cost at $12 million. The absence of a package appropriation for the project will probably not impede continuing studies and definitions of the details of the spacecraft and its experiments.

Press speculation continues over the willingness of the U.S. to sell certain space-rated components to France for a satellite to be taken to the USSR for launch. Note that the exact conditions under which ROSEAU will be launched have not yet been made available. French authorities are apparently continuing to press for access to the Soviet launch site and control of their payload for final checkout under the same condition of access enjoyed in the U.S. during launch of Satellite FR-1. Previous indications have been that this demand has embarrassed the Soviets.

BOHLEN EJP.

COMMUNICATIONS SATELLITE POLICY

We do not have a national communications satellite policy--and there are problems which merit your attention. No major policy decision have been made since the passage of the Communications Satellite Act of 1962, the creation of ComSat, and the formation in 1964 of INTELSAT--the international communications consortium--with U.S. participation.

Now the Ford Foundation proposal for a separate TV satellite syster and the hearings on the Public Television Act of 1967 have focused new attention on a domestic communications satellite system. We also have important international communications interests--and the two fields are completely intertwined.

Responsibility for communications satellite policy--both internation and domestic--is extremely fragmented. ComSat is our chosen instrument in international satellite communications--but is privately owned. You have delegated some responsibilities to State and Jim O' Connell As Director of Telecommunications Management. FCC has asserted substantial regulatory authority--of a nature posing real problems for the executive branch. Guidance from the White House is needed.

I. Who should own and operate a domestic communications satellite System?

A domestic communications satellite system is now under serious consideration. The FCC has filings before it so that a decision could be reached this year.

-- ComSat wants to own and control the system--including the ground stations which control transmission as well as the satellites themselves.

ADVANTAGES: It is limited to a single communications technology and should not be deprived of the huge U.S. domestic market. It has the technical experience and plenty of capital.

DISADVANTAGE: It changes ComSat's role from a "carrier's carrier" to a public carrier competing for domestic communications business with microwave and surface cable facilities owned by domestic carriers.

-- AT&T (and the smaller domestic carriers) want ComSat to own the satellites only--and they would control the ground stations.

ADVANTAGE: A domestic system should be integrated to utilize satellites, cables, and microwaves--as they best serve the need. ComSat would remain a carrier's carrier--as Congress intended--and the carriers would lease satellite circuits from it.

DISADVANTAGE: AT&T would retain a near monopoly with ground station control--since the stations provide the rate base and are the profitable end of the business. ComSat's competition is the major factor in recent rate reduction.

-- Ford Foundation wants a non-profit corporation to operate a single purpose satellite system for TV transmission.

ADVANTAGE: The "social dividend" from transmission savings to the commercial networks could be used to finance public TV programming. Satellite technology was developed at public expense and they should reap the benefits.

DISADVANTAGE: A single purpose system would be economi wasteful--the same satellite can be used to carry telephone and data transmission as well as TV. The public can benefit from lower rates without earmarking the funds for a single purpose. A domestic system competitive to ComSat is contra to the intent of the 1962 Act.

-- State and O'Connell feel that any domestic system is prematu and that NASA should do experimental satellite research on a domestic system.

ADVANTAGE: We would not be frozen into a single design. It will be some time before a domestic system is economicall feasible. Existing frequencies are crowded and higher frequencies for substantial use will not be available until 197(

DISADVANTAGE: We must begin now since there will be a time lag until any system is operational. Delay will retard the technology (ComSat wants to start a system now as truste pending a determination of ownership).

Guidelines as to ownership and operation of a domestic system should b established before a decision on public TV financing--and Pastore wants hearings on PTV financing this year. The issue is whether this decision should be left to the FCC or if Congress should participate in it by amendments to the 1962 Act.

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II. Should the U. S. have a single "chosen instrument" in international communications?

U. S. participation in international communications is fragmented--we have four surface carriers (AT&T, RCAC, ITT, Western Union International) plus ComSat. Other international communications nations operate through a single chosen instrument. U. S. fragmentation places us at a disadvantage in dealing with foreign counterparts--and creates friction between the surface carriers and ComSat.

ComSat is regarded as a "carrier's carrier" and can contract only with "authorized users." It must "wholesale" satellite circuits to the international surface carriers and they in turn "retail" transmissic services to the public. However, the U. S. government was specified in the 1962 Act as an authorized user. In the "thirty circuit case" in 1966, DOD contracted directly with ComSat for satellite circuits in the

Pacific. FCC required ComSat to assign the contract to the four surface carriers. Now they will lease the circuits from ComSat and use them to provide service to DOD. FCC takes the position it can approve or disapprove U. S. government contracts with ComSat on a case by case basis--and this may affect DOD capacity to get future service quickly.

FCC has also ruled that ComSat must share the ownership of international ground stations located in the U. S. with the surface carriers on a 50-50 basis. These FCC proceedings have delayed the construction of several needed stations. The ownership issue may be reconsidered by FCC--so the friction will continue.

One solution would be merger of the surface carriers and ComSat--so that the U. S. would have a single international communications carrier.

> ADVANTAGE: It would be more economical by eliminating duplicative facilities. If ComSat was included, it would permit an integrated international system utilizing both satellites and cables--and remove the friction between ComSat and the carriers.
>
> DISADVANTAGE: It is contrary to our traditional anti-trust position. It would be extremely complicated since domestic carriers would have to divest themselves of ComSat stock--further isolating ComSat from the domestic market. It might compromise ComSat's position as manager of the INTELSAT consortium.

A draft bill which would permit a merger with FCC approval is at BOB carrying the tentative approval of FCC, DTM, Justice, DOD, State, Commerce, Labor, and CEA. Pastore has urged such legislation since 1959.

The industry attitude is mixed. ComSat would like it if it were the survivor--and the merger did not preclude it from a crack at the U. S. domestic market. The international record carriers are generally favorable. But AT&T is the stumbling block. A merger which included AT&T would take them completely out of the international market--since they would have to give up their cables and their

29% stock interest in ComSat. Obvious quid pro quo--and perhaps the only way to obtain AT&T's support--would be the dominant position in the U. S. domestic market.

- -

III. What policy should the U. S. pursue in international communications satellite negotiations?

ComSat represents the U. S. as manager and 54% owner of INTELSAT-a 56-member consortium formed in 1964. All ComSat satellites have been for the consortium. Now our international success is challenged by the question of whether we can--

1. Maintain the principle of international controls--and still accomodate a domestic U. S. system and domestic or regional systems developed by other nations.

2. Negotiate a continuation of INTELSAT on a permanent basis when the interim 1964 agreement is to be renegotiated in 1969.

It is in the U. S. interest to have an international system:

-- It is a magnificant opportunity to contribute to world understanding and commerce by linking all nations--including the LDCs--in a network of direct communicati

-- We made a commitment to such a system in 1964--and failure to support it would validate Russian and French claims that we are trying to dominate satellite communi tions without regard to other nations.

-- It will provide the best service and is the most economi

-- All satellites are inherently international because they are positioned over international territory, use the frequency spectrum, and are capable of interferences with other communications systems.

Still, no nation--including the U. S. --will permit international control to interfere with the right to put up commercial satellites as needed for domestic use. And such controls would only cover the space segment of the system--the satellites themselves. The ground stations--which actuall control communications to and from the country--are owned by each nation, although some arrangements among various nations for joint ownership would be desirable.

The major issue of the 1969 INTELSAT negotiations will be the question of U. S. domination. The Japanese are attempting to develop a domestic system. A joint French-West German project has just been announced. Russia--although not an INTELSAT member--is attempting to wean away the European nations to its own system as part of its "bridge-building" program. Significantly, 1969 is also the year NATO expires. Maintaining INTELSAT as the guiding force in international satellite communications would be a major coup.

There will be an INTELSAT meeting in Tokyo on May 18. The Intra-Governmental Communications Satellite Policy Coordination Committee wants to submit a U. S. position paper as follows:

-- Satellites for international use would be owned and operated by INTELSAT.

-- Nations desiring a domestic satellite would have the option of (a) having INTELSAT build it or (b) build it itself at its own expense and for its own purposes.

-- Domestic satellites built by individual nations would still be subject to INTELSAT control to insure that the system design was compatable with the international system an orbital positioning and use of frequencies. But there would be no restriction on when and how many satellites a nation could put up.

-- Each member would bear the costs and receive the revenues from international satellites in accordance with use--domestic satellites would not be included.

-- No nation would have more than 45% of the voting power and some matters would require a 2/3rds vote.

-- ComSat would remain as manager--but contracts would be reviewed and renegotiated periodically.

These are not unreasonable concessions. A consortium based on use rather than a U. S. type "one nation, one vote" organization is very attractive to the U. S. But it is not desirable to advance this position prior to a policy decision by you and consultation with Congressional leaders.

COMMUNICATIONS SATELLITE POLICY

The rapid growth of communications satellite technology, proposals for satellite use in connection with public television, and U. S. international commitments in the communications satellite field have combined to make this a major policy area--and one which requires prompt attention. Here are the overlapping sub-areas to consider:

1. Government organization for a national communications satellite policy.

2. Nature of a U. S. domestic satellite system.

3. Role of U. S. international communications carriers--including ComSat.

4. Feasibility of international controls over domestic satellites.

5. Future of INTELSAT.

6. Future of ComSat.

An analysis of the major issues in each area follows.

GOVERNMENT ORGANIZATION FOR A NATIONAL COMMUNICATIONS SATELLITE POLICY.

Responsibility for communications satellite policy--both international and domestic--is extremely fragmented. Here are the players:

1. Communications satellite Corporation.

ComSat is a private corporation chartered under the Communications Satellite Act of 1962. 50% of its stock is owned by the communications carriers--29% belonging to AT&T. Although privately owned, ComSat is the U. S. chosen instrument in international satellite communications:

a. It owns 54% of INTELSAT--the international consortium which owns and operates the international communications satellite system.

b. It is the INTELSAT manager.

c. It owns a 50% interest in the international ground stations located in the U. S.

ComSat presently has no participation in either international surface communications or domestic satellite communications--and would like to expand into both.

2. Director of Telecommunications Management. (DTM)

The President has delegated responsibility to DTM (EO 11191) to assist him in carrying out his responsibilities under the 1962 Act. Specifically, he is to aid in the planning and development of a commercial communications satellite system, coordinate use of the electromagnetic spectrum, and act as chief point of liaison between the President and ComSat. FCC regards DTM as the focal point in the executive branch for questions of national interest in FCC exercise of jurisdiction over communications satellite issues.

3. Department of State.

The President has delegated responsibility to the Secretary of State (EO 11191) for arranging foreign participation in a communications

satellite system. State negotiated the 1964 INTELSAT Agreement and will take the lead again in 1969. They also have a vital interest in communications satellite use as it affects our relations with other nations.

4. Department of Defense.

DOD is the executive agent for the operation of the government communications system. While it has no specific responsibilities under the 1962 Act, it is a major user of circuits on the ComSat-INTELSAT system--DOD policy is to use commercial communications systems to the maximum extent possible. A question remains as to when it may deal direct with ComSat as an "authorized user." DOD operates its own satellite defense system--and the right of all nations to do so is specifically recognized in the 1964 INTELSAT Agreement.

5. National Aeronautics and Space Administration.

NASA is the technical advisor for the communications satellite system. It provides launch and other services on a reimburseable basis. NASA could operate the experimental domestic satellite program pending a final determination as to ownership.

6. Federal Communications Commission.

FCC, under the 1962 Act, regulates procurement and construction of satellites, rates, and resolves ownership of satellite facilities and ground stations. Difficulties exist from its asserted jurisdiction over (a) when the government may deal directly with ComSat and (b) who will own domestic satellite systems.

7. Department of Justice.

Domestic and international ownership of communications facilities involves monoploy considerations. For example, a merger of the international carriers with ComSat would require legislation to exempt it from the anti-trust laws.

8. Executive Office of the President.

In addition to DTM, there has been some participation in communications satellite planning by the National Aeronautics and Space Council, the Office of Science and Technology, and the Bureau of the Budget.

9. Department of Health, Education and Welfare.

Passage of the Public Television Act of 1967 will place responsibilities on HEW and the new Corporation for Public Television which may involve consideration of communications satellites for TV transmission.

10. Intra-Governmental Committee on International Telecommunications.

This Committee is composed of FCC and DTM as co-chairmen with representatives from State, Defense and Justice. It prepared a report in April 1966, recommending a merger of the international carriers.

11. Ad Hoc Intra-Governmental Communications Satellite Policy Coordination Committee.

This Committee has representatives from DTM, State, Defense, Justice, FCC, NASA, USIA, NASC, OST, NSA, GSA, and ComSat. It is divided into working groups studying U.S. program policy, satellite technology, and plans for the expiration of the interim INTELSAT Agreement in 1969. The groups are presently holding meetings--but there are no well-defined national aims.

DOMESTIC SATELLITE SYSTEM

When the 1962 Act was passed and ComSat was created, it was anticipated that a domestic satellite system would be technically impractical for many years. The development of a synchronous satellite in 1965 has changed the picture. Now that it appears that a domestic system could compete for most communications business-including long distance telephone and television. The Ford Foundation proposal for a TV satellite system--and the other FCC filings--means a decision could be reached this year.

1. Is there a present need for a domestic satellite system?

DTM contends that the present terrestrial system is currently the most efficient and economical--and that recent technological advances in microwave transmission may enable surface transmission to maintain a price advantage for some time. They say an operational satellite system constructed now would become technically obsolete within ten years. ComSat claims technology has advanced so that a domestic system could compete economically by the time of completion--and that delay retards the technology. Ford and AT&T share ComSat's view.

2. Are there frequency allocation difficulties in a domestic system?

DTM contends it is impractical to have both satellite and microwave transmission in the present range of low frequencies. Each satellite ground station would interfere with microwave reception. They feel that satellites should wait to utilize higher frequencies when they are available--estimated to be 1970. ComSat says nonsense--the interference problem is not that difficult and the system should start now with a conversion to higher frequencies in 1970.

3. Who should own and operate the domestic system?

a. ComSat says ComSat on the basis that it is limited to a single communication technology and should not be deprived of the large domestic market, has the technical experience, and has adequate capital for the purpose. It wants to own both the satellites and the ground stations.

b. AT&T says ComSat should own the satellites but that the ground stations--the actual control of communications--should be owned by it and the other domestic carriers. It wants to incorporate satellite technology into the Bell System. It would then lease circuits from ComSat as required for an integrated domestic system.

c. DTM says NASA should do experimental satellite research so that we are not frozen into one design. No commitment would be made as to eventual ownership of an operational system.

d. Ford Foundation says a non-profit corporation should be created for the purpose and that NASA should do experimental work in the interim.

4. Should the system be multi-purpose or TV only?

The Ford Foundation proposal is a non-profit system with free channels for educational TV and a "social dividend" from a portion of the transmission savings to commercial networks to finance PTV programing. They content FCC could authorize such a system without legislation.

ComSat and AT&T both want a multi-purpose system--although they part company on the issue of ground station ownership. ComSat contends that FCC has no power to authorize operation of a commercial communications satellite system by other than ComSat--so that legislation would be required to implement the Ford proposal.

ComSat, AT&T, and DTM believe the Ford proposal for a single purpose system would be economically wasteful. NBC, CBS, and ABC question the "social dividend" concept, since this would require the networks to bear a substantial share of the cost of ETV. They would like a single purpose system to "eliminate the middle-man"--it was ABC's request for such a system that initiated the FCC proceedings.

5. Should national communications satellite policy precede a decision on financing public TV?

A decision to establish a special satellite system to finance PTV might--by the nature of its ownership and direct access of the TV networks to it--be incompatable with U. S. national and international communications policy. Yet Pastore has promised hearings on PTV financing this year -- and this will necessarily involve possible

use of satellites.

It would seem that a communications satellite policy should be determined before a decision on PTV financing. Then financing arrangements--including satellite use--could be considered in the context of that policy.

ROLE OF THE U.S. INTERNATIONAL COMMUNICATIONS CARRIERS--INCLUDING COMSAT

ComSat is the chosen instrument for U.S. participation in international satellite communications. It is not the sole U.S. participant in international communications. There are three record carriers (RCAC, ITT, Western Union International) and one voice carrier (AT&T) providing international cable and radio communications. The Assimilation of satellite technology into this area creates problems.

The U.S. position is further complicated by fragmentation of ownership--there are four carriers plus ComSat. Other nations operate through a single national entity. The other major international communications nations--UK, France, and Japan--all use communications as an instrument of national policy. Although the U.S. has maintained world leadership through technological supremacy, this fragmentation allows our foreign counterparts to play off one U.S. carrier against another.

1. Is the U.S. government an "authorized user" under the 1962 Act so that it can contract directly with ComSat?

ComSat is regarded by FCC as a "carrier's carrier" and can contract only with "authorized users" --a term of the 1962 Act. In other words, it must "wholesale" circuits to the international carriers and they in turn must "retail" transmission capability to the public. However, the U.S. government is specified in the 1962 Act as an authorized user. Consequently, it had been assumed that DOD requirements could be met by direct contract with ComSat.

In 1966, DOD contracted directly with ComSat for 30 satellite circuits to be part of the defense communications network in the Pacific linking the U.S. with the Far East. The carriers objected on the ground that they should lease the circuits from ComSat and then furnish the service to DOD. After lengthy proceedings, FCC held (2-1-67) that the DOD contract must be assigned by ComSat to the international carriers. Although it recognized the right of the government to contract directly when in the "national interest," FCC feels it has the right to approve these requests on a case by case basis.

The 30-circuit case leaves some ominous unsolved problems:

-- Switching the business from ComSat to the international surface carriers has made the U.S. appear confused and vacillating on internatio nal communications policy in the eyes of other nations.

-- If DOD is not free to lease communications circuits from the most efficient and economical source--and without the delay of FCC administrative proceedings--it may feel it must build its own system.

-- FCC has asserted a jurisdiction which may continuously put it at odds with the Executive Branch.

2. Who should own international ground stations?

Under the 1964 INTELSAT Agreement, only the satellites are internationally owned. The ground stations--which control what is transmitted and received--are owned by the individual nations. But the U. S. --since it deals through several international carriers--has the additional question of who owns the international stations located in the U. S.

The dispute between ComSat and the international carriers over this ownership has delayed construction of needed stations. FCC has now ruled (12-8-66) that ownership should be divided 50-50 between ComSat and the surface carriers. This divided ownership may contribute to continued friction.

3. Should the international carriers merge--and should ComSat be included in the merger?

The case for merger of the international carriers--to include ComSat--is persuasive:

-- Merger would enable cheaper service by elimination of duplicative facilities.

-- Fragmented ownership puts the U. S. in a bad bargaining position vis-a-vis its foreign correspondents.

-- The surface carriers -- particularly the three record carriers -- are in precarious financial position because satellite technology will capture the bulk of the international market.

-- ComSat can't build cables and surface carriers can't build satellites--so they can't participate in an integrated system.

-- Continued friction between ComSat, the carriers, and FCC affects U. S. capability to provide adequate international communications--particularly for DOD.

Arguments against a merger are as follows:

-- It is contrary to our traditional anti-trust position.

-- It might compromise ComSat' s position as manager of the INTELSAT consortium.

-- If ComSat were the sole international carrier, the domestic carriers would have to divest themselves of ComSat stock--further isolating ComSat from the domestic market.

-- Organized labor might fear job losses.

A draft bill is under consideration at BOB. It would permit merger--with or without ComSat--after hearings and with FCC approval. The bill has been cleared with Justice, DOD, State, Commerce, Labor, and CEA. Pastore and FCC appear favorable. The international record carriers should support it. ComSat' s attitude would depend on whether it was the survivor.

AT&T is the question mark. Merger would be much less attractive without AT&T' s international cables--ComSat would have absorbed the financially weak record carriers without ending the disruptive fragmentation of ownership. Yet merger would take AT&T completely out of the international market--since they would give up their cables and a 29% stock interest in ComSat. Obvious quid pro quo--and perhaps the only way to obtain AT&T support--would be the dominant position in the U. S. domestic system as it is developed.

INTERNATIONAL CONTROLS OVER DOMESTIC SATELLITES

Decisions reached on a domestic satellite system have international implications. All commercial satellite operations are presently conducted by INTELSAT--a 56 member international consortium formed by 1964 agreement. If ComSat is designated the operator of a domestic system, the question remains whether it would do as a U. S. domestic corporation or for INTELSAT as its manager. If ComSat is not designated, we have the problem of reconciling the domestic system with our INTELSAT participation.

1. Is it in the U. S. interest to have international controls over our domestic satellites?

DTM, State and Defense fear that FCC may designate a domestic satellite operator without due regard to our international commitments. They cite the following:

-- The U. S. agreed in the 1962 Act and the 1964 INTELSAT Agreement to a single global system of satellite communications to contribute to world peace and understanding, improved world trade, and commerce. (In 1964, our representatives specifically stated that it was the U. S. intention to use INTELSAT for a domestic system--although this commitment did not appear in the Agreement.)

-- A separate domestic system would validate Russian and French claims that we seek to permanently dominate satellite communications without regard to the views of other nations.

-- A separate domestic system would encourage other national and regional systems--the Japanese proposal and the recently announced French-West German project are prime examples--and lead to the disintegration of INTELSAT.

-- An international system would be far less expensive by avoidance of duplication and technical obselesance.

2. Why is a purely domestic system of international concern?

In addition to diplomatic considerations, there are technical factors:

-- There is no "purely domestic" system. The same satellites will eventually do both domestic and international business--or suffer adverse economic and service consequences.

-- Ground relay between domestic and international satellites would cause poor quality of voice communications--the "two-hop circuit" problem.

-- All satellites radiate electromagnetic energy potentially capable of interferences with other communications systems.

-- Any satellite uses the electromagnetic frequency spectrum--frequency allocations in the ionosphere are regulated by the International Telecommunications Union (ITU).

-- A domestic satellite is inherently international in that it occupies a permanent orbital position over international territory.

3. Why are regional systems contrary to U.S. interests?

Regional systems operated under INTELSAT coordination are not necessarily incompatable--and may be inevitable. Japan would like to build a Far Eastern system. France and West Germany have announced a joint understanding for an experimental system--and France had previously proposed a system to link French-speaking nations.

But "regionalism" does create problems:

-- If the regional system is exclusive--so that all transmission from the international system to the region is via a central point--it means a return to the colonial system of indirect routes, transit fees, and increased operating expenses. This is contrary to our policy of direct communications to LDC's.

-- If both international and regional systems can transmit to LDCs, this may result in competitive friction and added ground station expense.

-- If the systems are not compatable, there will be difficulties in transmission interconnection between satellites.

-- If a ground relay between the systems is required, the two-hop circuit problem affects the quality of transmission.

-- The proliferation of regional systems would involve complicated pricing problems in sharing circuits for both regional and international business.

4. What portions of a domestic system could be internationally owned or controlled.

No one suggests international ownership of domestic ground stations. Even international ground stations are owned by the countries on which they are located. Since the earth terminals determine what is transmitted to and from the satellite, there is no prospect of international interference with domestic communications--once the satellite is up.

It is the space segment of the system--the satellite itself--that might be subject to international control. The problem is finding an acceptable formula for such control without sacrificing the U.S. right to use and expand a domestic system at its own discretion.

5. What type of international control is acceptable to the U.S.?

The following possibilities have been discussed:

a. Complete ownership of the satellite by the international consortium. INTELSAT (or its successor) would pay for the domestic satellite and would derive the revenues from leasing circuits to U.S. domestic users. This seems highly impractical. It is unlikely that Congress

would permit heavy U. S. investment--we have more than 50% of the consortium--in domestic systems of other nations or would permit the U. S. domestic market to be dependent on leased circuits.

b. Each nation could put up its own domestic satellites at its own cost and for its own use--but with international authority to prescribe design characteristics so that it is compatable with the international system. Circuits could be leased by the domestic system to the consortium for international use.

c. International approval and coordination of frequency allocations--this would be in conjunction with present ITU authority over frequency use.

d. International coordination and approval of orbital positions.

A working group of the Ad Hoc Intra-Governmental Communications Satellite Policy Coordination Committee has produced a paper consistent with this formula. Nations desiring satellite circuits for domestic use could choose between (a) leasing from an international satellite on a cost sharing basis or (b) putting up a domestic satellite at their own expense. The domestic satellite would be under international jurisdiction for systems design, frequency allocation, control of radiation emission and orbital positioning. The international organization would have no veto over each nation' s decision to expand its domestic capability. A nation could withdraw from the agreement if international jurisdiction was causing unacceptable delay.

6. What are the national security implications of international controls?

Each nation under the INTELSAT Agreement has the right to a separate system "to meet its unique governmental needs" (defense)--we have such a defense system.

Obviously, the U. S. could not permit any international control over a commercial domestic system which would adversely affect our national security. However, this does not appear to be a problem. Circuits for DOD use are leased from the INTELSAT System at the present time. The real control point is the ground station--and this is U. S. owned. DTM feels that there is less likelihood of interference

from unfriendly nations if the satellite system is under international ownership--rather than a "Yankee spy in the sky." (Castro has been jamming U. S. radio facilities and could interfere with both international and domestic communications satellites positioned in orbit over the equator.)

7. Should the U. S. provide financial assistance to LDCs for the construction of ground stations?

It is our present policy to do so. (NASM 342) Anticipated financing is through Ex-Im Bank and Inter-American Development Bank loans and similar financing--not through AID dollars. The President restated our commitment for such assistance to the Latin American nations at Punta del Este. Ground stations are vital--they permit direct communications so that LDCs are less dependent on a colonial regional system.

8. Should the U. S. assist other nations by providing launch capability for domestic satellites?

It is our present policy not to do so unless the satellite will be a part of the INTELSAT system. (NASM 338) This policy is still supported by DTM and State on the ground that encouragement of independent domestic systems would fragment INTELSAT.

DOD is divided. Some contend that we should extend launch assistance so other nations will not be encouraged to achieve a capability with missle delivery implications. (Japan is a case in point. The French-West German project will launch by a European organization--ELDO--from a launch site in French Guiana.)

9. Is international ownership of U. S. domestic satellites legal?

The 1934 Communications Act prohibits alien control of domestic communications. DTM's counsel has given an opinion that this provision does not prohibit ownership of the space segment of a domestic system because (a) communications would be controlled by the ground stations under national ownership and (b) the 1962 Act authorized entering into international agreements for satellite systems. Clarifying legislation might be desirable.

10. Would the development of an independent domestic system violate the 1964 INTELSAT Agreement?

DTM's counsel believes it would not--although they oppose an independent system on policy grounds. It could be contended that positioning our domestic satellites over international space violates the outer space treaty for free access to outer space by all nations. ComSat does not regard it as a problem, but DTM thinks other nations might raise it for bargaining purposes.

FUTURE OF INTELSAT

It is unlikely that the U. S. would intentionally adopt a communications satellite policy based on uncoordinated satellite activity by each nation. But--assuming U. S. policy is favorable to a continuation and strengthening of INTELSAT--serious organization problems remain. The 1964 Agreement was an interim agreement. A permanent agreement is to be negotiated in 1969.

1. Is INTELSAT the best format as the international body for communications?

There is no better alternative in sight. It has a membership of 56 nations--including the major nations with the exception of Russia and China. It includes all four of the traditional international communications leaders--U. S., UK, France, and Japan. As a commercial consortium with ownership based on use, it is an unusually attractive international vehicle for the U. S.

The problem is U. S. domination. The U. S. presently owns a 54% interest and the international agreement provides that our interest will never be less than 50%. In other words, we control. It is difficult to maintain international cooperation on this basis.

2. What permanent ownership and voting ratio would be acceptable to the U. S.?

We are faced with the alternative of giving other nations a larger voice--or witnessing a breakup of INTELSAT into regional communications blocs. If the U. S. market was included, the U. S. share based on anticipated use would be approximately 80%--and unacceptable ratio to other major industrial nations. On the other hand, U. N. type formula of "one nation, one vote" is politically and economically undesirable to the U. S.

One proposal worthy of consideration is that the U. S. agree to a ceiling of 40% for any one nation--with the right of each nation to build a domestic system under INTELSAT controls being recognized.

3. Should ComSat be permanent INTELSAT manager?

ComSat management is logical from a commercial standpoint because of the size of the U. S. interest--but it is a national target for

those nations who claim INTELSAT is a tool for U. S. dominance. While management itself is not particularly profitable, ComSat would fear any change which would jeopardize its investment and freedom of action. Possible negotiating positions for 1969 might include:

a. A more important "policy committee" role for nations which are building satellite capability--such as the EEC and Japan. (ComSat is also chairman of the Interim Committee.)

b. A fixed term--perhaps five years from 1969--for the ComSat management agreement--with renewal to require approval of majority of INTELSAT excluding the U. S.

c. A U. S. commitment to support a permanent Secretariat for management after ComSat's term expires in 1974.

4. Will Russia join INTELSAT?

Russia is developing its own domestic system--it would like to extend it to Eastern Europe and has made overtures to France. INTELSAT membership in the short run is most doubtful--but the opportunity for "bridge-building" flowing from such membership is so great that the door should be kept open. Chief obstacles are:

-- Loss of face in taking a minor position in a U. S. dominated consortium--ComSat as a creature of capitalism with a $200 million Wall Street underwriting makes it particularly difficult.

-- Reluctance to part with any national sovereignty over communications facilities--it may be difficult to separate defense and commercial usage.

5. Should the U. S. announce a position on domestic and regional systems prior to 1969?

A case can be made for U. S. disclosure of a policy of giving each nation the option of an INTELSAT satellite (on a cost-sharing basis) or a separate satellite built to INTELSAT specifications

(at the individual nation's expense) for domestic purposes. This would make clear our support for the continuation of INTELSAT--and still leave us free to proceed with a compatable domestic system if we elected to do so.

Announcement of a U. S. policy would also permit a response to the recently announced French-West German experimental project. We could indicate support--provided that the system would be compatable in design with INTELSAT satellites and under INTELSAT jurisdiction for frequency control and orbital position.

6. What jurisdiction should the FCC have over INTELSAT?

FCC's procurement regulations apply to INTELSAT satellites. All specifications for new satellites have been subject to FCC approval. Other nations are understandably irritated by U. S. regulation over international activities. Legislation would be necessary to alter this view of the FCC interpretation of the 1962 Act.

FUTURE OF COMSAT

Every important communications satellite decision--both national and international--directly affects the future of ComSat. The corporation has a number of inherent conflicts of interest because of its multiple functions. It is at odds with:

-- Its stockholders who are international carriers on the issues of (a) ownership of international ground stations, (b) its right to contract directly with other than carriers (c) the terms of any merger with the international carriers.

-- Its stockholders who are domestic carriers on (a) ownership of domestic ground stations and (b) its right to deal directly with other than carriers--such as TV networks.

-- INTELSAT as its major owner and manager with respect to efforts to independently own and operate a domestic system.

-- The government as the U. S. representative to INTELSAT in seeking entry to the domestic market on terms which may be inconsistent with our international communications policy.

-- Its public stockholders owning 50% of its stock--since limitation of new activities in deference to existing carriers may be detrimental to the public stockholders.

ComSat's potential is as follows:

1. It can be--as it is now--a chosen instrument for U. S. international communications limited to the role of "carrier's carrier."

2. It can be the sole U. S. international communications carrier--via a merger with the international carriers. In this event, it could develop an integrated international system using both satellites and cables.

3. It can be a national and international satellite operator--by designating it to operate the space segment of a U. S. domestic system with ownership of the ground stations and management of the system going to domestic carriers.

4. It can be a domestic communications carrier--by having an interest in domestic ground stations as well as the satellites themselves.

5. It can be a national and international communications carrier--by combination of merger and domestic ground station control.

The expansion of ComSat into all areas of communications technology--both national and international--raises a serious issue of monopoly. These questions, however, should be viewed in the context of our relationship with other nations--most of whom have nationally owned communications facilities. On the other hand, the exclusion of ComSat from either or both activities requires some economic analysis of its future profitability--or lack thereof. Since ComSat resulted from governmental action, its failure to achieve a reasonable level of profitability on its capitalization would create domestic political problems.

A rational communications satellite policy also must consider the future position of AT&T and the other communications carriers. They are likely to receive much of what ComSat does not. Their powerful influence with Congress and FCC cannot be disregarded in planning policy which requires legislative or regulatory action.

TO THE CONGRESS OF THE UNITED STATES:

Man's greatest hope for world peace is to understand his fellow man. Nations fear--as do individuals--that which is strange and unfamiliar. The more we see and hear of those things which are common to all people, the less likely we are to fight over those issues which set us apart.

So the challenge is to communicate.

No technological advance offers greater opportunity than the mating of space exploration and communications--the advent of the communications satellite. The linking of one nation to another is no longer dependent on telephone lines, microwaves or cables under the sea. Just as man has orbited the earth to explore the universe beyond, man can orbit satellites to send our voices or televise our activities to all peoples of this globe.

Here are examples of what satellite communications have already meant in terms of human understanding.

-- The peoples of three continents witnessed my meeting with Premier Kosygin in Glassboro.

-- When President Lincoln was assassinated, it took twelve days for the news to reach London. Britons watches and grieved with us at the funeral of John F. Kennedy.

-- Europeans have watched Pope Paul speak to the United Nations in New York--and Americans have seen his pilgrimage to Fatima.

-- Europeans have watches our Surveyor photograph the moon at close range.

-- Commercial telephone calls are now carried routinely via satellite to Europe and Asia.

Who can measure the impact of this live, direct contact between nations and their people? Who can assess the value of our new-found ability to witness the history-making event of this age? But this much we know--we of this planet are, because communication satellites exist, far closer than we have ever been before.

But this new technology--exciting as it is--does not mean that all our surface communications facilities have become obsolete. Indeed, one of the challenges before us is to integrate properly satellites into a balanced communications system which will meet the needs of a dynamic and expanding world society. The United States must review its past activities in this field and formulate a national communications policy.

U. S. ACTIVITIES TO DATE

The Communications Act of 1934 has provided the blueprint for federal involvement in the communications field. The Act--and the Federal Communications Commissions it created--have served our national interest well during one-third of a century of rapid communications progress.

The Communications Satellite Act of 1962 established the framework for our nation's participation in international satellite communications. Congress weighed with care the relative merits of public vs. private ownership of commercial satellite facilities. The Act took the middle road. It authorized creation of the Communications Satellite Corporation

(ComSat)--a private corporation with public responsibilities--to initiate a commercial satellite system.

In 1964 we joined with 17 other countries in the formation of the International Telecommunications Satellite Consortium (INTELSAT)--and 56 nations are now members. ComSat, the U. S. representative, is consortium manager and has contributed 54% of its total investment. All satellites operated by ComSat are owned by INTELSAT--so that commercial satellite communications has always been a product of international cooperation.

Progress has been rapid. Early Bird was launched in 1965. It was my pleasure to participate in inaugural ceremonies via satellite with heads of state and government officials in France, Germany, Italy, Switzerland, and the United Kingdom. Now the INTELSAT II series serves the Pacific. Twelve ground stations--the vital link for sending and receiving messages--have been constructed over the world--and forty are anticipated by the end of 1969.

Now--just five years after the passage of the Communications Satellite Act and three years after the INTELSAT agreement--these advances have exceeded our expectations and our preparations for them.

-- The synchronous satellite--one which rotates with our globe and thus maintains a stationary position in orbit--has been developed successfully well ahead of schedule.

-- Proposals are being discussed for the establishment of a domestic communications satellite system--one which could be limited to TV transmission or serve a variety of domestic communications uses.

-- Those responsible for U. S. international communications--with ownership divided among a number of surface carriers and ComSat--now look forward to an integrated system which will utilize properly satellite technology.

-- Other countries are giving study to the U. S. attitude on the continuation of INTELSAT--and the importance we assign to international cooperation in the field of satellite communications.

On February 28, 1967, in my message to Congress on Education and Health in America I said:

"Formulation of long range policies concerning the future of satellite communications requires the most detailed and comprehensive study by the executive branch and the Congress. I anticipate that the appropriate committees of Congress will hold hearings to consider these complex issues of public policy. The executive branch will carefully study these hearings as we shape our recommendations."

Some of these issues were discussed in the Senate Commerce Committee hearings on the Public Television Act of 1967. Others are presently before the Federal Communications Commission for consideration. ComSat is in frequent contact with our foreign partners.

In order to place this important policy area in perspective, I want the views of the President to be clear. This message includes a report of the past, a recommendation for the present, and a challenge for the future.

SINGLE GLOBAL SYSTEM

International communications can only result from international cooperation. Through the years, we have cooperated with other nations in the development of communications facilities--radio, telegraph, and telephone cables. Indeed, such communications continued--even through unfriendly lands--during World War I and World War II. It was only natural that nations would join together to explore the benefits of communications satellites on a global basis.

Our country is firmly committed to the concept of a single global system. The Declaration of Policy and Purpose of the Communications Satellite Act of 1962 set forth Congressional intent:

"The Congress hereby declares that it is the policy of the United States to establish, in conjunction and in cooperation with other countries, as expeditiously as practicable a commercial communications satellite system, as part of an improved global communications network, which will be responsive to public needs and national objectives, which will serve the communications needs of the United States and other countries, and which will contribute to world peace and understanding."

The preamble to the INTELSAT Agreement of 1964--to which 56 nations have now adhered--left no doubt as to its purpose:

"Desiring to establish a single global commercial communications satellite system as part of an improved global communications network which will provide expanded telecommunications services to all areas of the world and which will contribute to world peace and understanding."

Today I reaffirm the commitments made in 1962 and 1964. We believe that communications satellites should be a part of a single global system. This system is best able to make the marvels of modern communications available to all nations. It eliminates the need for duplication in the space segment of communications facilities and provides the most efficient use of the electro-magnetic frequency spectrum through which these communications must travel.

A global system is particularly important for less developed nations--for they have not enjoyed the benefits of speedy, direct international communications. Instead, a system has developed that--

-- encourages indirect "via point" routing through major nations to the developing countries,

-- forces the developing nations to remain dependent on larger countries for their links with the rest of the world, and

-- makes international communications service to smaller nations more expensive and of lower quality.

It is hard to believe that a call from Rangoon to Djakarta must still go through Tokyo--that a call from Brazzaville to Kinshasa,

just across the Congo River, is routed through Paris and Brussels -- that a call from American Samoa to Tahiti is by way of Oakland, California. During the recent Punta del Este conference, I discovered that it usually cost Latin American journalists more than their American colleagues to phone in their stories -- because most of the calls had to be routed through New York!

Such an archaic system of international communications is no longer necessary. The communications satellite knows no geographic boundary, is dependent on no cable, owes allegiance to no single language or political philosophy. Man now has it within his power to speak directly to his fellow man in all nations -- and we will support a global system to achieve this end.

We support a global system of international satellite communications available to all nations -- large and small, developed and developing -- on a non-discriminatory basis.

But to have access to a satellite in the sky, a nation must have a ground station to transmit and receive its messages. We should recognize the danger that -- not being able to finance expensive ground stations -- smaller nations may still be orphans of this technological advance.

We believe that satellite ground stations are an essential part of the infrastructure of developing nations. They are sound investments. We will continue to provide financial assistance to the emerging nations for the construction of ground communications facilities that will permit them to reap the benefits of a global system.

We also urge that smaller nations consider joint planning for a ground station which can serve the communications needs of more than one nation in the same geographic area. We are prepared to provide technical assistance which will assist their planning effort.

CONTINUATION OF INTELSAT

The 1964 INTELSAT agreement is an interim agreement -- subject to renegotiation in 1969. ComSat, our representative to the consortium, has already begun discussions for a permanent arrangement. These negotiations will continue under the policy supervision of our State Department.

We support the continuation of INTELSAT. It is, as it should be, a commerical consortium -- for this is a commerical enterprise. Each nation or its representative contributes to its expenses and benefits from its revenues in accordance with its anticipated use of the system. Its 56 members included representation from the major nations who traditionally have been most active in international communications. INTELSAT has become the logical vehicle for global cooperation -- our representative will urge the continuation of the consortium in 1969.

Some nations may feel that the United States has too large a voice in the consortium. Of course, as heavy users of international communications, our investment in such an international undertaking is exceptionally large. The early development of satellite technology in the United States and the size of our

investment has made it logical that ComSat serve as consortium manager.

But we seek no domination of satellite communications to the exclusion of any other nation -- or any group of nations. Rather, we welcome increased participation in international communications by all INTELSAT members. We shall approach the 1969 negotiations with the common purpose of all nations to seek the best possible permanent organizational framework.

-- We will consider limitations on the voting power of any single nation -- including the United States -- so that the organization will not lose its international character.

-- We will support the creation of an assembly of all INTELSAT members -- so that all may share in the consideration of major policy issues.

-- We will consider arrangements which will permit representatives of other nations to join with ComSat in carrying out its management responsibilities.

-- We are prepared to enter into an interchange of technical information, share technological advances, and support a fair international allocation of procurement contracts among members of the consortium.

It is our earnest hope that every member nation -- since each gains by the rapid spread of communications via satellites -- will join with us in finding an equitable formula for a permanent INTELSAT organization.

DOMESTIC COMMUNICATIONS SATELLITE SYSTEMS

Obviously, communications satellites have domestic as well as international applications. Satellites that can beam telephone calls or television programs between New York and Paris can do so between New York and Los Angeles. Daring and revolutionary proposals have already been made to tap the vast domestic market.

Our own awareness of the social and economic potential of this new technology is met by similar restiveness around the globe. Each nation will be making decisions as to how their domestic needs may best be met. The position taken by the United States is particularly important -- because our domestic market is so large and our international commitments are so strong.

There are important unanswered questions as to the feasibility of a domestic system -- I refer to some of them later in this message. But -- assuming a domestic system is eventually made operational -- the decision to move forward with it should be in the context of our international communications obligations as well.

There is no purely domestic satellite. The space segment of any communications satellite system is international by its very nature.

-- A synchronous satellite occupies a permanent orbital position over international territory.

-- All satellites radiate electro-magnetic energy potentially capable of interferences with other communications systems.

-- All satellites use the internationally regulated frequency spectrum.

-- Satellites which are not compatible in systems design could not interconnect with one another.

In view of the international nature of satellite communications and our commitments under the INTELSAT agreement of 1964, we should take no action in the establishment of a domestic system which is incompatible with our support for a global system.

This does not mean that the United States -- or any other nation -- will give up vital sovereignty over domestic communications. The flow of satellite communications -- both domestic and international -- is to and from ground stations owned by the individual nation or its representative. Each country will determine how it wants to use its domestic communications satellites, will bear the expense of the satellites, and will derive any revenues from the operation of the system. It is the space segment -- not the ground stations -- that are of legitimate international concern.

I believe it is desirable for each nation to meet its domestic communications needs by either leasing circuits from an international INTELSAT satellite if it cannot justify the expense of a separate domestic satellite or operating a separate satellite for its own domestic use under reasonable INTELSAT regulation.

Each nation must evaluate the best means of meeting its domestic communications. A domestic satellite could be constructed by INTELSAT to the nation's specifications. Or some nations may wish to build and launch domestic satellites without drawing on INTELSAT's existing pool of technology and experience. But in either event, INTELSAT members should be willing to adhere to reasonable INTELSAT regulations for domestic satellites.

Proper regulation should include the following:

-- Approval of systems design to insure that the domestic satellite will be compatible with the global system so that all satellites can inter-connect when it is desirable that they do so.

-- Approval of the orbital position which the satellite will occupy.

-- Allocation of the electro-magnetic frequency the satellite will use -- in connection with existing regulation by the International Telecommunications Union (ITU).

-- Assurance that electro-magnetic energy from the satellite will not interfere with other communications systems.

We intend to proceed with due caution in the domestic satellite field. We want to be certain that such a system is technically and economically feasible. We do not wish to jump prematurely into a new technology -- at unnecessary expense to existing surface facilities. We hope other nations will follow this path of prudence.

But -- as domestic systems prove to be suitable for our nation or other nations -- they still should not be at the expense of international cooperation.

The alternative to reasonable regulation is international communications anarchy -- lack of inter-connections, needless expense, pollution of frequencies, radio interference, and usurpation of orbital spaces. We should have no hesitation in choosing the route of international cooperation in preference to this result.

We also realize that cooperation for future domestic systems is a two-way street. If we expect other nations to utilize INTELSAT facilities, they must not be penalized by doing so. We are prepared to furnish technical assistance -- including launch facilities -- to be available to all nations who desire operational domestic systems within the INTELSAT framework.

RUSSIAN PARTICIPATION IN INTELSAT

I invite the Soviet Union to join with the United States and our 55 partners as a member of INTELSAT. It is not a political organization. It holds no ideological goal. It seeks no diplomatic advantage. It is quite simply a joint undertaking of many nations to finance an international communications system which is of advantage to all.

I have stated many times my hope that our commercial activities with Russia and Eastern Europe will grow -- that our contacts will increase -- that we will emphasize those matters in which our interests are common rather than dwelling on those issues which divide us.

Here is a rare opportunity to join in an activity which brings benefits to both of our nations and loss to neither. Recently the Soviet Union ratified the treaty for the peaceful uses of outer space. What better symbol that space belongs to all men than an international undertaking to permit the free flow of communications through space itself? I earnestly hope that the Soviet Union will join in this historic action.

Of course, Russian participation would require a revision of investment and voting ratios based on her anticipated use of the system. We are prepared to enter into immediate negotiations to make that membership possible.

INTERNATIONAL COMMUNICATIONS MERGER

Most nations handle their international communications through a "chosen instrument" -- generally, a government owned entity. The United States has no chosen instrument. Several record carriers and one voice carrier compete for international traffic. In addition, ComSat provides satellite circuits to them as a "carrier's carrier."

Our national instincts tend to favor such competition. We believe that competitive pressure will usually generate lower prices for the user. There is no question that Congress recognized in the 1962 Act that ComSat would be required to deal with several international carriers. Any adjustment of international communications relationships must also be viewed in the context of our INTELSAT participation -- and ComSat's role as consortium manager.

Yet, there is a legitimate question as to whether this fragmented ownership is still in the public interest. Consider the following:

-- International communications is thoroughly regulated so that typical private enterprise does not exist.

-- Divided ownership has resulted in the construction and maintenance of expensive duplicating communications facilities -- which can adversely affect communications rates.

-- The operation of an international system utilizing voice circuits, record circuits, and satellites is less likely.

-- Our nation is in a relatively poor bargaining position on communications matters with foreign counterparts since we do not speak with a single voice.

-- Disputes continue between ComSat and the surface carriers as to who should own the ground stations in the international system.

-- Defense communications requirements are being subjected to administrative delay.

The last problem is particularly disturbing. Conflicts between the interests of ComSat and the surface carriers delayed the installation of additional communications facilities in the Pacific which serve our men in Vietnam. Some solution must be found so that the Department of Defense can continue to utilize the services of commercial carriers without interference with our national security.

I recommend prompt consideration of the International Communications Act of 1967. The Act would remove the anti-trust barriers to a merger or consolidation of the international communications carriers. It would permit -- but not require -- one of the following types of consolidation:

1. A merger of two or more of the international telegraph carriers -- which would result in competition between the merged record carriers and AT&T overseas service.

2. A merger of two or more of the international telegraph carriers with Western Union Telegraph Company -- which would result in competition between one entity handling domestic and international telephone service and one entity handling domestic and international telegraph service.

3. A merger of the international record carriers and the international telephone carriers -- which would result in a chosen instrument for surface communications which would continue to lease satellite circuits from ComSat.

4. A merger of the surface carriers and ComSat -- which would result in a single chosen instrument for international communications.

The bill would require submission of merger plans to the Federal Communications Commission and a determination by the Commission that the terms of merger were in the public interest. No merger would be effective without Presidential approval.

It is my hope that Congress will give this proposal prompt and thorough consideration. I believe that discussions of possible mergers -- without the inhibitions of the anti-trust laws -- are desirable.

I want to stress that passage of the bill does not prejudge whether a particular merger is in the public interest -- nor do I wish to prejudge the merits of merger. The Act simply sets the wheels in motion for discussions among the companies themselves and for hearings before the Commission.

This review of our international communications posture is long overdue.

TASK FORCE ON COMMUNICATIONS ISSUES

It is my strong conviction that a domestic communications satellite system should be consistent with our international commitments. But this is only the beginning -- major questions remain.

-- Are we making proper use of the electro-magnetic frequency spectrum?

-- Is a domestic satellite system economically feasible -- or would an operational system be premature?

-- Who should own and operate the domestic system?

-- Should there be a single system, a specialized system, or several systems in competition with one another?

-- What are the economic effects of these decisions on ComSat and the regulated domestic communications carriers?

These are complex issues. Some of them are presently before the Federal Communications Commission. I am advised that the Commission may issue some guidelines in the near future. But a long, hard look must be taken at these problems by all parties with responsibility in the area --

for the ultimate decisions will work a revolution in the communications pattern of our nation.

I am appointing a task force of distinguished officials of the executive branch to make a comprehensive study of communications issues. Because the international challenges of our communications policy are paramount, the task force will be chaired by _____, Under Secretary of State. James D. O'Connell, Director of Telecommunications Management and my Special Assistant for Telecommunications, will serve as vice-chairman. The task force will include _____

_____

_____

_____

I am also appointing a working group of government and non-government experts headed by _____ to study the technical and economic implications of a domestic communications satellite system -- and its effect on existing communications facilities. The working group will report its findings to the task force by the end of November. The task force may also choose to establish other working groups to study other phases of communications policy.

I am asking the task force to report to me by the end of December. This report will convey their recommendations for future governmental activity in the field of domestic and international communications.

GOVERNMENT ORGANIZATION

Our government must be organized to carry out its responsibilities in the communications field. Present authority is widely dispersed. The Federal Communications Commission has heavy responsibilities under the 1934 Act. The President and many agencies have responsibilities under the 1962 Act, various Executive Orders, and as part of their general duties.

Communications is a vital public policy area -- and government organizations must reflect that challenge.

I have asked the Bureau of the Budget to make a thorough study of existing governmental organization in the field of communications -- and recommend needed modifications of that organization by the end of 1967.

CONCLUSIONS

This message does not announce a communications policy for our nation -- it is rather the foundation for that policy.

-- It reaffirms our intentions to our international partners in INTELSAT.

-- It recommends consideration of legislation which would permit merger discussions among our international communications carriers.

-- It sets in motion the necessary studies for a better understanding of policy needs in domestic and international communications.

Winston Churchill was once asked if further discussions of a particular issue wouldn't be a waste of time. He replied: "As long as men jaw-jaw, they do not war-war."

This is the challenge of this new technology -- to permit men to talk to each other rather than fight one another.

Historians may well write that the human race survived or faltered because of how well it mastered the technology of this age.

Communications satellites now permit man's greatest gifts -- sight, expression, human thoughts and ideas -- to travel unfettered to any portion of our globe. The opportunity is within our grasp. We must be prepared to act.

THE WHITE HOUSE,

~~Communications Satellite Corporation~~

Dr Joseph Charyk

1900 L ST

Washington DC

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THE WHITE HOUSE

WASHINGTON

July 12, 1967

NATIONAL SECURITY ACTION MEMORANDUM NO. 338 (REVISED)

TO: Special Assistant to the President for Telecommunications
and Director of Telecommunications Management
Secretary of State
Secretary of Defense
Secretary of Commerce
Administrator, National Aeronautics & Space Administration
Chairman, Federal Communications Commission

SUBJECT: Policy Concerning U. S. Assistance in the Development of Foreign Communications Satellite Capabilities

The President has noted and concurred in a revision of the subject policy recommended by J. D. O'Connell, Special Assistant to the President for Telecommunications and Director of Telecommunications Management, in a memorandum dated June 28, 1967. (attached)

The President noted that the policy will continue under revision by his Special Assistant for Telecommunications in collaboration with the departments and agencies concerned, and will be updated as necessary in the light of changing circumstances.

The President will look to his Special Assistant for Telecommunications to keep him informed of any proposed changes in policy that will require his personal attention and decision.

W W Rostow

W. W. Rostow

Information copies:
Director, Bureau of the Budget
Executive Secretary, NASC
Special Assistant for Science & Technology
Communications Satellite Corporation

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June 28, 1967

Policy Concerning U. S. Assistance in the Development of Foreign Communications Satellite Capabilities

Purpose

The purpose of this directive is to provide policy guidance for various elements of the United States Government in dealing with requests from foreign nations or foreign business entities for the transfer of, or other assistance in the field of, space technology applicable to communication satellite systems.

Policy

1. The United States is committed to the encouragement of international cooperation in the exploration and use of outer space. One important use of space is the improvement of communications. In this regard, it is the policy of the United States to support and promote continuing development of a single global commercial communications satellite system. The United States Government is committed to the use of global commercial communications facilities for general governmental communications purposes wherever satellite circuits are required and commercial circuits of the type and quality needed to meet government requirements can be made available on a timely basis and in accordance with applicable tariff or, in the absence of Federal Communications Commission jurisdiction, at reasonable cost. Separate satellite communications facilities including surface terminals may be established and maintained by the United States Government to meet unique governmental needs or, as may be determined by the President, when otherwise needed in the national interest. The capacity of these separate facilities shall be limited to that essential to meet such unique needs.

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2. In view of the above factors, within the limits fixed by national security considerations and other pertinent regulations, the United States may decline to make available space technology to other nations when (a) such technology is critical to the development of a communications satellite capability and (b) it has been determined that this technology will be used in a manner inconsistent with the concept of and commitments to the continuing development of a single global commercial communications satellite system as embodied in the 1964 Agreement establishing interim arrangements for a global commercial communications satellite system and the related Special Agreement (TIAS 5646) or subsequent definitive arrangements or (in the case of military systems) will be used in a manner inconsistent with the concepts of the United States national defense communications satellite system, as discussed in paragraph 3. The same limitations will apply whenever the United States assists nations to launch communications satellites for either experimental or operational purposes.

3. The United States has established a national defense communications satellite system to accommodate the unique and vital United States National Security requirements that cannot be met by commercial facilities. It is United States policy to encourage selected allied nations to use the United States national defense communications satellite system, rather than to develop independent systems. Costs of such use shall normally be borne by the participating foreign nations. Foreign use of the United States national defense communications satellite system shall, however, like United States use thereof, be restricted to accommodation of the participant's unique and vital national security requirements that cannot be met by commercial facilities.

4. For purposes of this policy statement, the restraints on the transfer of technology and provision of assistance are intended to refer to those of the following which are critical to the development of a communications satellite capability in terms of time, quality, or cost: complete satellites or launch vehicles or components thereof; detailed engineering drawings pertaining to complete satellites or launch vehicles or components thereof; production techniques and equipment, and manufacturing or fabrication processes pertaining to complete satellites or launch vehicles or components thereof; launch services. It is not intended that this policy statement apply to surface terminals and stations or limit dissemination of information concerning systems concepts, description of spacecraft, and normal scientific and technical publications of a professional character. Furthermore, this

shall not limit the dissemination of information required to be disclosed by Article 10(f) of the Special Agreement of 1964.

5. Requests for provision of technology or other assistance to a foreign nation will be assessed on a case by case basis in relation to the principles set forth in paragraphs 2 and 4 above. If necessary, government agencies may seek to determine the nature of the intended use of the technology or other assistance and need not rely on the intention stated by the requestor. After a review of each request by interested government agencies, it may be decided, consistent with the principles of paragraph 2, to deny an export license for requested technology or to decline to provide other requested assistance.

6. Implementation of restraints provided for in this policy statement shall be through the Munitions Control licensing procedure for items on the United States Munitions List and through the Department of Commerce's export licensing procedure for items not covered by the Munitions List and within the scope of both established procedures.

7. The foregoing policies shall be kept under review by the Special Assistant to the President for Telecommunications/Director of Telecommunications Management and the agencies and departments concerned.

MEMORANDUM

~~CONFIDENTIAL~~

THE WHITE HOUSE

WASHINGTON

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Monday, July 10, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Revision of NSAM 338 (September 15, 1965) Policy Concerning United States Efforts in the Development of Foreign Communications Capabilities

NSAM 338 approved September 15, 1965 states the policy of the United States with respect to helping other countries develop their communications capabilities by means of satellites. This NSAM directed General J. D. O'Connell, as the President's communications advisor, to keep the President informed of any proposed changes in the policy stated in NSAM 338.

The responsible agencies, in cooperation with General O'Connell, have been reviewing our actual experience in carrying out NSAM 338 and evaluating various proposals for improving international cooperation in space. In part, this review was initiated as a result of an allegation that NSAM 338 was an "irritant" in our international relations, even though there was general agreement that it was necessary for the Government to restrict the export of technology that might be used to increase competition with the international communications system under INTELSAT or to develop military launch vehicle technology. The results of the review were decisive. It was determined that the policy expressed in NSAM 338 is not a deterrent to cooperation, nor is it contributing to the technology gap between the U. S. and friendly foreign countries.

The review, however, did uncover redundancies and ambiguities in language that tended to confuse the policy and make administration more difficult. In addition, the policy was reviewed in light of the upcoming 1969 INTELSAT negotiations and certain language changes were made to strengthen the U. S. position by stating more clearly the U. S. support for the principles underlying INTELSAT.

A revised statement, embodying the improvements outlined above, has been submitted for your approval. It has the concurrence of the Departments of State and Defense, the Federal Communications Commission, the National Aeronautics and Space Administration, and the Federal Aviation Administration. In addition, it has been coordinated with the staff of the National Aeronautics and Space Council, the Office of Science and Technology, and the Communications Satellite Corporation.

~~CONFIDENTIAL~~

In view of the current overall review of our policy relating to international and domestic communications by satellite that Mr. McPherson is carrying on, and with which my staff has been associated, the revised NSAM was checked with Mr. Pierson on Mr. McPherson's staff and it is in line with our thinking.

I recommend that you approve the revised NSAM 338.

Walt ROSTOW

Approved ✓

Disapproved _____

See me _____

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF TELECOMMUNICATIONS MANAGEMENT
WASHINGTON, D.C. 20504

OFFICE OF THE DIRECTOR

June 28, 1967

MEMORANDUM FOR

The Honorable Walt W. Rostow

SUBJECT: Revision of NSAM 338 (September 15, 1965) Policy Concerning United States Efforts in the Development of Foreign Communications Capabilities

This memorandum is provided in accordance with my responsibility under NSAM 338 to keep the President informed of any proposed changes to subject policy. A proposed revision of this policy is attached for consideration by the National Security Council and the President. Approval is recommended.

During the March 23, 1966, meeting of the National Aeronautics and Space Council, the Vice-President asked members to examine objectives and programs to determine whether proposals might be developed for making international cooperation in space more effective. During this meeting the Vice-President appointed a sub-committee under the Department of State (later designated: Working Group on Expanded International Cooperation in Space). In cooperation with my office and other Government agencies, the working group reviewed a number of proposals. NSAM 338 was considered to be a primary "irritant" and at the working group's recommendation, U. Alexis Johnson, in a letter of September 3, 1966, requested that I review NSAM 338, "especially those provisions which relate to the export of communications satellite technology."

In response to Mr. Johnson's request, I held a number of meetings of the Ad Hoc Intra Governmental Communications Satellite Policy Coordinating Committee, Panel #1, during the period October 11, 1966, through January 6, 1967, for the purpose of reviewing NSAM 338 policy with a view toward revision if justified.

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The essential purpose of NSAM 338 policy is to avoid assisting development inimical to the establishment and operation of a single global commercial communications satellite system. The policy as presently written is, in some respects restrictive, but it also includes guidance for release of space technology to INTELSAT member nations for use in connection with the establishment of the single global system.

The desires expressed to eliminate or revise NSAM 338 policy arose essentially from the belief that it inhibits United States efforts to increase cooperation with foreign nations in space technology. Evidence to support the opinion that NSAM 338 has been a significant deterrent has not been found. During 1966 there were fewer than ten cases involving government-to-government requests for assurances that United States export technology would not be used in competition with INTELSAT or (under NSAM 294) that launch vehicle technology would not be used for other than peaceful purposes. In no case had the Department of State requested foreign assurances under NSAM 338 exclusively. In all cases where assurances were requested, no responses were ever received.

In light of the very small number of requests that were disapproved and in consideration of the fact that United States export controls apply primarily to Military articles, the extent to which NSAM 338 has contributed to the technology gap between United States and friendly foreign countries appears to be negligible.

The many discussions between United States Government agencies during the review of NSAM 338 did, however, bring to light some redundancies and verbosity which might have tended to confuse. Such inadequacies were eliminated. We also considered, in light of the 1969 INTELSAT negotiations, that the request for government-to-government assurances might be misinterpreted by some INTELSAT members desiring to develop arguments to weaken the United States position during the negotiations or that the requirement for assurances might be misinterpreted by potential new members to INTELSAT. The revised version of the policy eliminates this requirement yet retains the controls necessary to United States National Defense purposes and the support of the INTELSAT single global system.

The attached revised NSAM 338 policy statement has the concurrence of:

Department of State
Department of Defense

Federal Communications Commission
National Aeronautics and Space Administration
Federal Aviation Administration

and has been coordinated with:

Office of the Special Assistant to the President for National Security Affairs
National Aeronautics and Space Council
Office of Science and Technology
Communications Satellite Corporation.

J. D. O'Connell

Attachment

cc: Mr. Bromley Smith
Mr. DeVier Pierson
Mr. Charles E. Johnson

[back]

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June 28, 1967

Policy Concerning U. S. Assistance in the Development of Foreign Communications Satellite Capabilities

Purpose

The purpose of this directive is to provide policy guidance for various elements of the United States Government in dealing with requests from foreign nations or foreign business entities for the transfer of, or other assistance in the field of, space technology applicable to communication satellite systems.

Policy

1. The United States is committed to the encouragement of international cooperation in the exploration and use of outer space. One important use of space is the improvement of communications. In this regard, it is the policy of the United States to support and promote continuing development of a single global commercial communications satellite system. The United States Government is committed to the use of global commercial communications facilities for general governmental communications purposes wherever satellite circuits are required and commercial circuits of the type and quality needed to meet government requirements can be made available on a timely basis and in accordance with applicable tariff or, in the absence of Federal Communications Commission jurisdiction, at reasonable cost. Separate satellite communications facilities including surface terminals may be established and maintained by the United States Government to meet unique governmental needs or, as may be determined by the President, when otherwise needed in the national interest. The capacity of these separate facilities shall be limited to that essential to meet such unique needs.

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No Foreign Dissemination

2. In view of the above factors, within the limits fixed by national security considerations and other pertinent regulations, the United States may decline to make available space technology to other nations when (a) such technology is critical to the development of a communications satellite capability and (b) it has been determined that this technology will be used in a manner inconsistent with the concept of and commitments to the continuing development of a single global commercial communications satellite system as embodied in the 1964 Agreement establishing interim arrangements for a global commercial communications satellite system and the related Special Agreement (TIAS 5646) or subsequent definitive arrangements or (in the case of military systems) will be used in a manner inconsistent with the concepts of the United States national defense communications satellite system, as discussed in paragraph 3. The same limitations will apply whenever the United States assists nations to launch communications satellites for either experimental or operational purposes.

3. The United States has established a national defense communications satellite system to accommodate the unique and vital United States National Security requirements that cannot be met by commercial facilities. It is United States policy to encourage selected allied nations to use the United States national defense communications satellite system, rather than to develop independent systems. Costs of such use shall normally be borne by the participating foreign nations. Foreign use of the United States national defense communications satellite system shall, however, like United States use thereof, be restricted to accommodation of the participant's unique and vital national security requirements that cannot be met by commercial facilities.

4. For purposes of this policy statement, the restraints on the transfer of technology and provision of assistance are intended to refer to those of the following which are critical to the development of a communications satellite capability in terms of time, quality, or cost: complete satellites or launch vehicles or components thereof; detailed engineering drawings pertaining to complete satellites or launch vehicles or components thereof; production techniques and equipment, and manufacturing or fabrication processes pertaining to complete satellites or launch vehicles or components thereof; launch services. It is not intended that this policy statement apply to surface terminals and stations or limit dissemination of information concerning systems concepts, description of spacecraft, and normal scientific and technical publications of a professional character. Furthermore, this

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6. Implementation of restraints provided for in this policy statement shall be through the Munitions Control licensing procedure for items on the United States Munitions List and through the Department of Commerce's export licensing procedure for items not covered by the Munitions List and within the scope of both established procedures.

7. The foregoing policies shall be kept under review by the Special Assistant to the President for Telecommunications/Director of Telecommunications Management and the agencies and departments concerned.

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~~CONFIDENTIAL~~

September 15, 1965

NATIONAL SECURITY ACTION MEMORANDUM NO. 338

TO: Special Assistant to the President for Telecommunications and Director of Telecommunications Management
Secretary of State
Secretary of Defense
Secretary of Commerce
Administrator, National Aeronautics & Space Administration
Chairman, Federal Communications Commission

SUBJECT: Policy Concerning U. S. Assistance in the Development of Foreign Communications Satellite Capabilities

The President has noted and concurred in the promulgation of the national policy statement concerning U. S. assistance in the development of foreign communications satellite capabilities, transmitted to him by a memorandum dated August 25, 1965, from J. D. O'Connell, Special Assistant to the President for Telecommunications and Director of Telecommunications Management.

The President also noted that the policy will be kept under review by his Special Assistant for Telecommunications in collaboration with the departments and agencies concerned, and will be updated as necessary in the light of changing circumstances.

The President will look to his Special Assistant for Telecommunications to keep him informed of any proposed changes in policy that will require his personal attention and decision.

McGeorge Bundy

Information copies
Director, Bureau of the Budget
Executive Secretary, NASC
Special Assistant for Science & Technology
Communications Satellite Corporation

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7/12/67 FG

Orig. returned to Chas. Johnson

for typing of revised NSAM

WWR

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~~CONFIDENTIAL~~

Monday, July 10, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Revision of NSAM 338 (September 15, 1965) Policy Concerning United States Efforts in the Development of Foreign Communications Capabilities

NSAM 338 approved September 15, 1965 states the policy of the United States with respect to helping other countries develop their communications capabilities by means of satellites. This NSAM directed General J. D. O'Connell, as the President's communications advisor, to keep the President informed of any proposed changes in the policy stated in NSAM 338.

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The review, however, did uncover redundancies and ambiguities in language that tended to confuse the policy and make administration more difficult. In addition, the policy was reviewed in light of the upcoming 1969 INTELSAT negotiations and certain language changes were made to strengthen the U. S. position by stating more clearly the U. S. support for the principles underlying INTELSAT.

A revised statement, embodying the improvements outlined above, has been submitted for your approval. It has the concurrence of the Departments of State and Defense, the Federal Communications Commission, the National Aeronautics and Space Administration, and the Federal Aviation Administration. In addition, it has been coordinated with the staff of the National Aeronautics and Space Council, the Office of Science and Technology, and the Communications Satellite Corporation.

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In view of the current overall review of our policy relating to international and domestic communications by satellite that Mr. McPherson is carrying on, and with which my staff has been associated, the revised NSAM was checked with Mr. Pierson on Mr. McPherson's staff and it is in line with our thinking.

I recommend that you approve the revised NSAM 338.

W. W. ROSTOW

Approved ✓

Disapproved _____

See me _____

CONFIDENTIAL

CEJ:em

C E Johnson

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~~CONFIDENTIAL~~

Monday, July 10, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Revision of NSAM 338 (September 15, 1965) Policy Concerning United States Efforts in the Development of Foreign Communications Capabilities

NSAM 338 approved September 15, 1965 states the policy of the United States with respect to helping other countries develop their communications capabilities by means of satellites. This NSAM directed General J. D. O'Connell, as the President's communications advisor, to keep the President informed of any proposed changes in the policy stated in NSAM 338.

The responsible agencies, in cooperation with General O'Connell, have been reviewing our actual experience in carrying out NSAM 338 and evaluating various proposals for improving international cooperation in space. In part, this review was initiated as a result of an allegation that NSAM 338 was an "irritant" in our international relations, even though there was general agreement that it was necessary for the Government to restrict the export of technology that might be used to increase competition with the international communications system under INTELSAT or to develop military launch vehicle technology. The results of the review were decisive. It was determined that the policy expressed in NSAM 338 is not a deterrent to cooperation, nor is it contributing to the technology gap between the U. S. and friendly foreign countries.

The review, however, did uncover redundancies and ambiguities in language that tended to confuse the policy and make administration more difficult. In addition, the policy was reviewed in light of the upcoming 1969 INTELSAT negotiations and certain language changes were made to strengthen the U. S. position by stating more clearly the U. S. support for the principles underlying INTELSAT.

A revised statement, embodying the improvements outlined above, has been submitted for your approval. It has the concurrence of the Departments of State and Defense, the Federal Communications Commission, the National Aeronautics and Space Administration, and the Federal Aviation Administration. In addition, it has been coordinated with the staff of the National Aeronautics and Space Council, the Office of Science and Technology, and the Communications Satellite Corporation.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

In view of the current overall review of our policy relating to international and domestic communications by satellite that Mr. McPherson is carrying on, and with which my staff has been associated, the revised NSAM was checked with Mr. Pierson on Mr. McPherson's staff and it is in line with our thinking.

I recommend that you approve the revised NSAM 338.

W. W. ROSTOW

Approved _____

Disapproved _____

See me _____

~~CONFIDENTIAL~~

CEJ:em

MEMORANDUM

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THE WHITE HOUSE

~~CONFIDENTIAL~~ WASHINGTON

13c

July 10, 1967

MEMORANDUM FOR MR. ROSTOW

SUBJECT: Revision of NSAM 338 (September 15, 1965) Policy Concerning United States Efforts in the Development of Foreign Communications Capabilities

Walt -

I think the draft memorandum to the President and O'Connell's memorandum to you will fill you in on the rationale for amending NSAM 338.

The somewhat cryptic reference to the McPherson exercise will be explained more fully in a memorandum I am preparing that will bring you up to speed on the overall problem. McPherson has already given the President a draft message, and the President's initial reaction was favorable. He wants to spend some time on it when he gets back. Obviously, in view of the important international implications of the INTELSAT relationships and the recent moves by the French and Soviets to establish a competitive international system, you will have some direct interests in how this develops.

Meanwhile, I recommend that we go ahead with the amendment of NSAM 338. It is entirely consistent with our thinking to date and is universally supported by those responsible for this activity.

Charles E. Johnson

CONFIDENTIAL

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~~CONFIDENTIAL~~

cy filed also in COMSAT file

THE WHITE HOUSE
WASHINGTON

September 17, 1965

MEMORANDUM TO: Secretary of State
Secretary of Defense
Secretary of Commerce
Administrator, National Aeronautics and Space Administration
Chairman, Federal Communications Commission

SUBJECT: Policy Concerning U. S. Assistance in the Development of Foreign Communications Satellite Capabilities

The attached policy statement concerning U. S. assistance in the development of foreign communications satellite capabilities is promulgated in accordance with the approval of the President, as noted in National Security Action Memorandum 338, dated September 15, 1965. This statement was transmitted to the President by my memorandum dated August 25, 1965.

As noted in NSAM 338, my office will keep the subject policy under constant review. The cooperation and suggestions of the departments and agencies concerned are invited.

J. D. O'Connell
Special Assistant to the President
for Telecommunications and
Director of Telecommunications Management

Information copies:
Director, Bureau of the Budget
Executive Secretary, National Aeronautics and Space Council
Special Assistant to the President for Science and Technology
President, Communications Satellite Corporation

~~CONFIDENTIAL~~

2553

~~CONFIDENTIAL~~

August 25, 1965

POLICY CONCERNING U. S. ASSISTANCE IN THE DEVELOPMENT OF FOREIGN COMMUNICATIONS SATELLITE CAPABILITIES

GENERAL:

It is the policy of the United States to support the development of a single global commercial communications satellite system to provide common carrier and public service communications. The intent of the United States to exploit space technology for the service of all mankind, and to promote its use in support of peace, understanding and world order has been stated clearly in legislation and in Administration speeches and official releases. The U. S. Government is committed to use global commercial communications facilities for general governmental communications purposes wherever commercial circuits of the type and quality needed to meet government requirements can be made available on a timely basis and in accordance with applicable tariff or, in the absence of Federal Communications Commission jurisdiction, at reasonable cost. Separate satellite communications facilities including surface terminals may be established and maintained by the U. S. Government to meet those unique and vital national security needs which cannot be met by commercial facilities. The capacity of these separate facilities shall at all times be limited to that essential to meet such unique needs. These policies underlie the spirit and the letter of the Communications Satellite Act of 1962, its legislative history and the position of the United States in the negotiations leading to the signing of agreements establishing interim arrangements for a global commercial communications satellite system.

Provisions for the establishment of the global commercial communications satellite system and a U. S. national defense communications satellite system consistent with these policies have now advanced to the point where it is desirable to amplify and interpret these policies

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in order to guide United States relations with other countries in the development of communications satellite capabilities, and particularly with respect to providing technology and assistance therefor.

DISCUSSION:

Most major countries of the World other than the United States provide international public communications services through governmental agencies or chartered chosen instrument corporations partially or wholly owned by the government. Assistance to any of these foreign governments in the development of communications satellite systems can potentially develop competitors seeking to divert traffic from the single global system being developed by the international consortium established as a result of U. S. actions initiated by the Communications Satellite Act of 1962 and now joined by forty-six nations.

The communications satellite activities of U. S. Government agencies, including the Department of Defense and the National Aeronautics and Space Administration, have an important bearing on the U. S. support of the objectives of the Communications Satellite Act of 1962. These activities may contribute to the dissemination of scientific and technical knowledge of the subject to foreign countries which might be used to the detriment of U. S. policy in this field.

A policy to guide government agencies in the dissemination of satellite technology and in the provision of assistance which is consistent with the overall policies enunciated above is necessary. Such policy should be sufficiently comprehensive to give due regard to the specific requirements of national security.

For purposes of this policy statement it is intended that restrictions upon transfer of technology and provision of assistance refer to detailed engineering drawings, production techniques and equipment, and manufacturing or fabrication processes pertaining to complete communications satellites or a significant portion thereof, and to provision of launching services or launch vehicles for communications satellites. It is not intended that this policy statement apply to surface terminals and stations or limit dissemination of information concerning

systems concepts, description of spacecraft and normal scientific and technical publications of a professional character. Furthermore, it is not intended that this statement shall limit the dissemination of information required to be disclosed under the provisions of the Special Agreement of August 20, 1964, pertaining to the establishment of a global commercial communications satellite system.

Specific principles to guide United States arrangements for assistance to other countries in the development of communications satellite capabilities are:

1. The United States should conform fully with the 1964 Agreements Establishing Interim Arrangements for a Global Commercial Communications Satellite System.

2. The United States should refrain from providing assistance to other countries which would significantly promote, stimulate or encourage proliferation of communications satellite systems.

3. The United States should not consider requests for launch services or other assistance in the development of communications satellites for commercial purposes except for use in connection with the single global system established under the 1964 Agreements.

4. The United States should recognize the vital national security needs of other allied nations which can be met by satellite communications and which cannot be met by the commercial system. For example, the United Kingdom has indicated its need for highly reliable satellite communications from England to Australia and to other Far East terminals.

5. The United States aim is to encourage selected allied nations to use the U. S. national defense communications satellite system rather than to develop independent systems and to accommodate allied needs within the U. S. system (with additional costs normally to be borne by the participants). Recognized needs should be restricted to those, similar to ours, which are vital to the national security of the selected allied nations and which cannot be met by commercial facilities. To accommodate the needs within the U. S. national defense system it may prove necessary to include one or more satellites, synchronous or otherwise,

whether of the same or different design. In this case, such satellite(s) should be designed to be electronically interoperable with the satellites of the basic U. S. national defense communications satellite system in order to permit mutual usage.

6. Agreements for direct assistance to allies which may significantly promote their communications satellite capability should require satisfactory assurance that the assistance furnished will be used only within the framework of agreements and arrangements to which the United States is a participant and will not be transmitted or transferred to a third nation without prior U. S. authorization. No agreement should be concluded with any nation until information has been made known to other allied nations concerning the U. S. willingness to cooperate in meeting other nations' national security needs which are similar to ours.

7. U. S. firms are required to comply with the Munitions Control licensing procedure prior to communicating satellite or related technology, transferring equipment or components as embraced by the United States Munitions List, including booster technology and launch services, to foreign nations or firms.

8. U. S. firms are also required to comply with the Department of Commerce's export licensing requirements prior to communicating or transferring to foreign nations or firms certain other relevant technology, equipment or components, not covered by the U. S. Munitions List.

9. All transactions approved under paragraphs 7 and 8 involving technology and assistance pertaining to complete communications satellites or a significant portion thereof, and to provision of launching services or launch vehicles for communications satellites should be conditioned upon express (written) assurances to this government by the foreign nation(s). The assurances should be that technology and assistance obtained will be used only within the framework of the existing international consortium agreements for a single global system or the framework of such special agreements as are referred to in paragraph 6 above and will not be transmitted or transferred to a third nation without prior U. S. authorization .

10. The principles and policy set forth in this document should be reviewed and updated as communications satellite system developments progress and definitive requirements are determined and after the global commercial communications satellite system has been established and is in substantial use.

POLICY:

Therefore, in keeping with the above, it is the United States policy to:

1. Promote the prompt establishment and successful operation of a single global common carrier and public service communications satellite system in cooperation with other nations as part of an improved global communications network which will provide expanded telecommunications services and which will contribute to world peace and understanding.

2. Avoid measures which would adversely affect either the continued expansion of participation in the existing international agreement for a single global commercial communications satellite system or acceptability of the basic premises of the present agreements on a permanent basis.

3. Make use of commercial communications facilities for general governmental purposes wherever commercial circuits of the type and quality needed to meet government requirements can be made available on a timely basis and in accordance with applicable tariff or, in the absence of Federal Communications Commission jurisdiction, at reasonable cost. Establish and maintain separate satellite communications facilities including ground terminals with capacity limited to that necessary to meet those unique and vital national security needs which cannot be met by commercial facilities. The capacity of these separate facilities shall at all times be limited to that essential to meet such unique needs.

4. Encourage selected allied nations to use the U. S. national defense communications satellite system rather than to develop independent systems and accommodate their needs within the U. S. system (with additional costs normally to be borne by the participants). Recognized needs should be restricted to those, similar to ours, which are vital to the national security of the selected allied nations and which cannot be met by commercial facilities.

5. Withhold provision of assistance to any foreign nation in the field of communications satellites which could significantly promote, stimulate or encourage proliferation of communications satellite systems.

6. Provide technology and assistance in the field of communications satellites to foreign nations: (a) only if such nations are to participate in the U. S. national defense communications satellite system and then only to the extent required for that participation to be effective; or (b) only for use in connection with the single global commercial communications satellite system in accordance with the provisions of the Interim Agreement and Special Agreement of August 20, 1964; and only if there exist appropriate assurances that such technology or assistance will not be transmitted or transferred to a third nation without prior U. S. authorization.

The policies expressed above will be kept under review by the Special Assistant to the President for Telecommunications/ Director of Telecommunications Management and the agencies and departments concerned.

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NSAM 338 Declassified

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THE WHITE HOUSE

WASHINGTON

July 12, 1967

NATIONAL SECURITY ACTION MEMORANDUM NO. 338 (REVISED)

TO: Special Assistant to the President for Telecommunications
and Director of Telecommunications Management
Secretary of State
Secretary of Defense
Secretary of Commerce
Administrator, National Aeronautics & Space Administration
Chairman, Federal Communications Commission

SUBJECT: Policy Concerning U. S. Assistance in the Development of Foreign Communications Satellite Capabilities

The President has noted and concurred in a revision of the subject policy recommended by J. D. O'Connell, Special Assistant to the President for Telecommunications and Director of Telecommunications Management, in a memorandum dated June 28, 1967. (attached)

The President noted that the policy will continue under revision by his Special Assistant for Telecommunications in collaboration with the departments and agencies concerned, and will be updated as necessary in the light of changing circumstances.

The President will look to his Special Assistant for Telecommunications to keep him informed of any proposed changes in policy that will require his personal attention and decision.

W W Rostow

W. W. Rostow

Information copies:
Director, Bureau of the Budget
Executive Secretary, NASC
Special Assistant for Science & Technology
Communications Satellite Corporation

~~CONFIDENTIAL~~

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16a

June 28, 1967

Policy Concerning U. S. Assistance in
the Development of Foreign Communications
Satellite Capabilities

Purpose

The purpose of this directive is to provide policy guidance for various elements of the United States Government in dealing with requests from foreign nations or foreign business entities for the transfer of, or other assistance in the field of, space technology applicable to communication satellite systems.

Policy

1. The United States is committed to the encouragement of international cooperation in the exploration and use of outer space. One important use of space is the improvement of communications. In this regard, it is the policy of the United States to support and promote continuing development of a single global commercial communications satellite system. The United States Government is committed to the use of global commercial communications facilities for general governmental communications purposes wherever satellite circuits are required and commercial circuits of the type and quality needed to meet government requirements can be made available on a timely basis and in accordance with applicable tariff or, in the absence of Federal Communications Commission jurisdiction, at reasonable cost. Separate satellite communications facilities including surface terminals may be established and maintained by the United States Government to meet unique governmental needs or, as may be determined by the President, when otherwise needed in the national interest. The capacity of these separate facilities shall be limited to that essential to meet such unique needs.

GROUP 3
Downgraded at 12 year
intervals; not automatically
declassified

No Foreign Dissemination

~~CONFIDENTIAL~~

2. In view of the above factors, within the limits fixed by national security considerations and other pertinent regulations, the United States may decline to make available space technology to other nations when (a) such technology is critical to the development of a communications satellite capability and (b) it has been determined that this technology will be used in a manner inconsistent with the concept of and commitments to the continuing development of a single global commercial communications satellite system as embodied in the 1964 Agreement establishing interim arrangements for a global commercial communications satellite system and the related Special Agreement (TIAS 5646) or subsequent definitive arrangements or (in the case of military systems) will be used in a manner inconsistent with the concepts of the United States national defense communications satellite system, as discussed in paragraph 3. The same limitations will apply whenever the United States assists nations to launch communications satellites for either experimental or operational purposes.

3. The United States has established a national defense communications satellite system to accommodate the unique and vital United States National Security requirements that cannot be met by commercial facilities. It is United States policy to encourage selected allied nations to use the United States national defense communications satellite system, rather than to develop independent systems. Costs of such use shall normally be borne by the participating foreign nations. Foreign use of the United States national defense communications satellite system shall, however, like United States use thereof, be restricted to accommodation of the participant's unique and vital national security requirements that cannot be met by commercial facilities.

4. For purposes of this policy statement, the restraints on the transfer of technology and provision of assistance are intended to refer to those of the following which are critical to the development of a communications satellite capability in terms of time, quality, or cost: complete satellites or launch vehicles or components thereof; detailed engineering drawings pertaining to complete satellites or launch vehicles or components thereof; production techniques and equipment, and manufacturing or fabrication processes pertaining to complete satellites or launch vehicles or components thereof; launch services. It is not intended that this policy statement apply to surface terminals and stations or limit dissemination of information concerning systems concepts, description of spacecraft, and normal scientific and technical publications of a professional character. Furthermore, this

shall not limit the dissemination of information required to be disclosed by Article 10(f) of the Special Agreement of 1964.

5. Requests for provision of technology or other assistance to a foreign nation will be assessed on a case by case basis in relation to the principles set forth in paragraphs 2 and 4 above. If necessary, government agencies may seek to determine the nature of the intended use of the technology or other assistance and need not rely on the intention stated by the requestor. After a review of each request by interested government agencies, it may be decided, consistent with the principles of paragraph 2, to deny an export license for requested technology or to decline to provide other requested assistance.

6. Implementation of restraints provided for in this policy statement shall be through the Munitions Control licensing procedure for items on the United States Munitions List and through the Department of Commerce's export licensing procedure for items not covered by the Munitions List and within the scope of both established procedures.

7. The foregoing policies shall be kept under review by the Special Assistant to the President for Telecommunications/Director of Telecommunications Management and the agencies and departments concerned.

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NSAM 338 Distribution:

1 cy ea: Keeny
Johnson
Chron
NSC Files

Cy sent to Chairman Glenn Seaborg, AEC, 7/5/66

Cy sent Seaborg aug 25, 65
O'Connell hems to pres. 7/6/66

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THE WHITE HOUSE

WASHINGTON

~~CONFIDENTIAL~~

September 15, 1965

NATIONAL SECURITY ACTION MEMORANDUM NO. 338

TO: Special Assistant to the President for Telecommunications and Director of Telecommunications Management
Secretary of State
Secretary of Defense
Secretary of Commerce
Administrator, National Aeronautics & Space Administration
Chairman, Federal Communications Commission

SUBJECT: Policy Concerning U. S. Assistance in the Development of Foreign Communications Satellite Capabilities

The President has noted and concurred in the promulgation of the national policy statement concerning U. S. assistance in the development of foreign communications satellite capabilities, transmitted to him by a memorandum dated August 25, 1965, from J. D. O'Connell, Special Assistant to the President for Telecommunications and Director of Telecommunications Management.

The President also noted that the policy will be kept under review by his Special Assistant for Telecommunications in collaboration with the departments and agencies concerned, and will be updated as necessary in the light of changing circumstances.

The President will look to his Special Assistant for Telecommunications to keep him informed of any proposed changes in policy that will require his personal attention and decision.

McGeorge Bundy

Information copies
Director, Bureau of the Budget
Executive Secretary, NASC
Special Assistant for Science & Technology
Communications Satellite Corporation

~~CONFIDENTIAL~~

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

F S

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September 15, 1965

MEMORANDUM FOR MR. BUNDY

Mac --

Congratulations on your achievement in making the Communications Satellite Policy intelligible for the President.

The drafting of an appropriate public statement covering the publishable parts of the policy had already been underway because it is obvious that we must notify U. S. business in sufficient detail to inform them what is permissible and what actions are being discouraged. I have requested that the statement be drafted with a view to White House release. If it looks inappropriate we can change it into a State or Commerce issuance.

Charles E. Johnson

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

Monday, September 13, 1965
5:00 p. m.

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Helping Others to Use Communications Satellites.

Attached (Tab A) is a complicated proposed internal U.S. policy statement governing what we do to help other nations become technically able to use communications satellites. It is the product of Jim O'Connell's lengthy negotiations with State, Defense, Commerce, and NASA, and is approved by everybody concerned in the White House and EOB.

The core of the proposed policy is to use our technological superiority to discourage commercial competition with COMSAT and/or wasteful investment in several duplicative Free World defense-related systems. Essentially, the statement says that we will:

1. Devote our effort and know-how to development of the single, world-wide commercial system envisaged in the COMSAT Act.
2. Use the commercial system ourselves except where security demands that we use our separate defense system.
3. Encourage other governments to promote and use the COMSAT system rather than create or subsidize other systems.
4. Encourage selected allies to buy time on our national defense system for their security needs.
5. Provide technical information, launch vehicles and launching services to other nations only when they:

    -- assure us that what we supply is needed to develop or use the global commercial system, or
    -- assure us in writing that what we provide will only be used pursuant to special bilateral agreements for use of our defense system, and will not be transferred to any third country without our consent.

Though some problems of interpretation and enforcement will inevitably arise, I think that this is the right sort of general policy statement to start with. If you approve, I'll let the affected agencies know through the attached NSAM (Tab B). And then at an appropriate time the publishable parts of this policy could be a public statement.

McG. B.

Approve ✓ Disapprove _____

A

3668

CONFIDENTIAL

MEMORANDUM

19a

THE WHITE HOUSE

WASHINGTON

Wednesday, August 25, 1965
11:00 A.M.

MEMORANDUM FOR THE PRESIDENT:

With the cooperation of the Federal Communications Commission and interested departments and agencies of the Executive Branch, a national policy statement has been developed concerning U. S. assistance in the development of foreign communications satellite capabilities. Such a statement has been found necessary to amplify and interpret established policies and to guide U. S. relations with other countries in developing communications satellite capabilities and particularly in providing technology and assistance therefor. Uncontrolled assistance could directly or indirectly encourage the proliferation of independent communications satellite systems without due regard for United States international commitments and the U. S. national interest.

The attached policy statement has the concurrence of:

Department of State
Department of Defense
Department of Commerce
National Aeronautics and Space Administration
Federal Communications Commission

and has been coordinated with:

Office of the Special Assistant to the
President for National Security Affairs
Bureau of the Budget
National Aeronautics and Space Council
Office of Science and Technology
Communications Satellite Corporation

CONFIDENTIAL

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The President's approval of this statement as national policy is requested.

J. D. O'Connell
Special Assistant to the President
for Telecommunications and
Director of Telecommunications Management

Attachment

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POLICY CONCERNING U. S. ASSISTANCE IN THE DEVELOPMENT OF FOREIGN COMMUNICATIONS SATELLITE CAPABILITIES

GENERAL:

It is the policy of the United States to support the development of a single global commercial communications satellite system to provide common carrier and public service communications. The intent of the United States to exploit space technology for the service of all mankind, and to promote its use in support of peace, understanding and world order has been stated clearly in legislation and in Administration speeches and official releases. The U. S. Government is committed to use global commercial communications facilities for general governmental communications purposes wherever commercial circuits of the type and quality needed to meet government requirements can be made available on a timely basis and in accordance with applicable tariff or, in the absence of Federal Communications Commission jurisdiction, at reasonable cost. Separate satellite communications facilities including surface terminals may be established and maintained by the U. S. Government to meet those unique and vital national security needs which cannot

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be met by commercial facilities. The capacity of these separate facilities shall at all times be limited to that essential to meet such unique needs. These policies underlie the spirit and the letter of the Communications Satellite Act of 1962, its legislative history and the position of the United States in the negotiations leading to the signing of agreements establishing interim arrangements for a global commercial communications satellite system.

Provisions for the establishment of the global commercial communications satellite system and a U. S. national defense communications satellite system consistent with these policies have now advanced to the point where it is desirable to amplify and interpret these policies in order to guide United States relations with other countries in the development of communications satellite capabilities, and particularly with respect to providing technology and assistance therefor.

DISCUSSION:

Most major countries of the World other than the United States provide international public communications services through governmental agencies or chartered chosen instrument corporations

partially or wholly owned by the government. Assistance to any of these foreign governments in the development of communications satellite systems can potentially develop competitors seeking to divert traffic from the single global system being developed by the international consortium established as a result of U. S. actions initiated by the Communications Satellite Act of 1962 and now joined by forty-six nations.

The communications satellite activities of U. S. Government agencies, including the Department of Defense and the National Aeronautics and Space Administration, have an important bearing on the U. S. support of the objectives of the Communications Satellite Act of 1962. These activities may contribute to the dissemination of scientific and technical knowledge of the subject to foreign countries which might be used to the detriment of U. S. policy in this field.

A policy to guide government agencies in the dissemination of satellite technology and in the provision of assistance which is consistent with the overall policies enunciated above is necessary. Such policy should be sufficiently comprehensive to give due regard to the specific requirements of national security.

For purposes of this policy statement it is intended that restrictions upon transfer of technology and provision of assistance refer to detailed engineering drawings, production techniques and equipment, and manufacturing or fabrication processes pertaining to complete communications satellites or a significant portion thereof, and to provision of launching services or launch vehicles for communications satellites. It is not intended that this policy statement apply to surface terminals and stations or limit dissemination of information concerning systems concepts, description of spacecraft and normal scientific and technical publications of a professional character. Furthermore, it is not intended that this statement shall limit the dissemination of information required to be disclosed under the provisions of the Special Agreement of August 20, 1964, pertaining to the establishment of a global commercial communications satellite system.

Specific principles to guide United States arrangements for assistance to other countries in the development of communications satellite capabilities are:

1. The United States should conform fully with the 1964 Agreements Establishing Interim Arrangements for a Global Commercial Communications Satellite System.

2. The United States should refrain from providing assistance to other countries which would significantly promote, stimulate or encourage proliferation of communications satellite systems.

3. The United States should not consider requests for launch services or other assistance in the development of communications satellites for commercial purposes except for use in connection with the single global system established under the 1964 Agreements.

4. The United States should recognize the vital national security needs of other allied nations which can be met by satellite communications and which cannot be met by the commercial system. For example, the United Kingdom has indicated its need for highly reliable satellite communications from England to Australia and to other Far East terminals.

5. The United States aim is to encourage selected allied nations to use the U. S. national defense communications satellite system rather than to develop independent systems and to accommodate allied needs within the U. S. system (with additional costs normally to be borne by the participants). Recognized needs should be

restricted to those, similar to ours, which are vital to the national security of the selected allied nations and which cannot be met by commercial facilities. To accommodate the needs within the U. S. national defense system it may prove necessary to include one or more satellites, synchronous or otherwise, whether of the same or different design. In this case, such satellite(s) should be designed to be electronically interoperable with the satellites of the basic U. S. national defense communications satellite system in order to permit mutual usage.

6. Agreements for direct assistance to allies which may significantly promote their communications satellite capability should require satisfactory assurance that the assistance furnished will be used only within the framework of agreements and arrangements to which the United States is a participant and will not be transmitted or transferred to a third nation without prior U. S. authorization. No agreement should be concluded with any nation until information has been made known to other allied nations concerning the U. S. willingness to cooperate in meeting other nations' national security needs which are similar to ours.

7. U. S. firms are required to comply with the Munitions Control licensing procedure prior to communicating satellite or related technology, transferring equipment or components as embraced by the United States Munitions List, including booster technology and launch services, to foreign nations or firms.

8. U. S. firms are also required to comply with the Department of Commerce's export licensing requirements prior to communicating or transferring to foreign nations or firms certain other relevant technology, equipment or components, not covered by the U. S. Munitions List.

9. All transactions approved under paragraphs 7 and 8 involving technology and assistance pertaining to complete communications satellites or a significant portion thereof, and to provision of launching services or launch vehicles for communications satellites should be conditioned upon express (written) assurances to this government by the foreign nation(s). The assurances should be that technology and assistance obtained will be used only within the framework of the existing international consortium agreements for a single global system or the framework of such special agreements as are referred to in paragraph 6 above and will not be transmitted or transferred to a third nation without prior U. S. authorization.

10. The principles and policy set forth in this document should be reviewed and updated as communications satellite system developments progress and definitive requirements are determined and after the global commercial communications satellite system has been established and is in substantial use.

POLICY:

Therefore, in keeping with the above, it is the United States policy to:

1. Promote the prompt establishment and successful operation of a single global common carrier and public service communications satellite system in cooperation with other nations as part of an improved global communications network which will provide expanded telecommunications services and which will contribute to world peace and understanding.

2. Avoid measures which would adversely affect either the continued expansion of participation in the existing international agreement for a single global commercial

communications satellite system or acceptability of the basic premises of the present agreements on a permanent basis.

3. Make use of commercial communications facilities for general governmental purposes wherever commercial circuits of the type and quality needed to meet government requirements can be made available on a timely basis and in accordance with applicable tariff or, in the absence of Federal Communications Commission jurisdiction, at reasonable cost. Establish and maintain separate satellite communications facilities including ground terminals with capacity limited to that necessary to meet those unique and vital national security needs which cannot be met by commercial facilities. The capacity of these separate facilities shall at all times be limited to that essential to meet such unique needs.

4. Encourage selected allied nations to use the U. S. national defense communications satellite system rather than to develop independent systems and accommodate

their needs within the U. S. system (with additional costs normally to be borne by the participants). Recognized needs should be restricted to those, similar to ours, which are vital to the national security of the selected allied nations and which cannot be met by commercial facilities.

5. Withhold provision of assistance to any foreign nation in the field of communications satellites which could significantly promote, stimulate or encourage proliferation of communications satellite systems.

6. Provide technology and assistance in the field of communications satellites to foreign nations: (a) only if such nations are to participate in the U. S. national defense communications satellite system and then only to the extent required for that participation to be effective; or (b) only for use in connection with the single global commercial communications satellite system in accordance with the provisions of the Interim Agreement and Special Agreement of August 20, 1964; and only if there exist appropriate assurances that such technology or assistance will not be transmitted or transferred to a third nation without prior U. S. authorization.

The policies expressed above will be kept under review by the Special Assistant to the President for Telecommunications/ Director of Telecommunications Management and the agencies and departments concerned.

AUGUST 23, 1965

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~~CONFIDENTIAL~~

NATIONAL SECURITY ACTION MEMORANDUM NO.

TO: Special Assistant to the President for Telecommunications
and Director of Telecommunications Management
Secretary of State
Secretary of Defense
Secretary of Commerce
Administrator, National Aeronautics & Space Administration
Chairman, Federal Communications Commission

SUBJECT: Policy Concerning U. S. Assistance in the Development of Foreign Communications Satellite Capabilities

The President has noted and concurred in the promulgation of the national policy statement concerning U. S. assistance in the development of foreign communications satellite capabilities, transmitted to him by a memorandum dated August 25, 1965, from J. D. O'Connell, Special Assistant to the President for Telecommunications and Director of Telecommunications Management.

The President also noted that the policy will be kept under review by his Special Assistant for Telecommunications in collaboration with the departments and agencies concerned, and will be updated as necessary in the light of changing circumstances.

The President will look to his Special Assistant for Telecommunications to keep him informed of any proposed changes in policy that will require his personal attention and decision.

McGeorge Bundy

Information copies
Director, Bureau of the Budget
Executive Secretary, NASC
Special Assistant for Science & Technology
Communications Satellite Corporation

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL

September 1, 1965

NOTE FOR MR. BUNDY

Mac --

I have taken the liberty of addressing the attached memorandum to the President for your signature because I believe that the communications satellite policy has important national security implications and it should have the stamp of your office in going to the President and in being distributed.

This policy statement is a good job of independent analysis and decision. The melding of the commercial and security interests is excellent and the partisans on both sides deserve considerable credit for the compromises that were made to permit the job to be brought to such a successful conclusion.

C. E. Johnson

3668

MEMORANDUM

~~CONFIDENTIAL~~

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THE WHITE HOUSE

RECEIVED
McGEORGE BUNDY'S OFFICE

1965 AUG 25 PM 4 47

August 25, 1965

Memorandum for the Honorable McGeorge Bundy:

Subject: Policy Concerning U. S. Assistance in the Development of Foreign Communications Satellite Capabilities

The attached memorandum indicates that we now have formal concurrence in and have completed coordination of the national policy statement concerning U. S. assistance in the development of foreign communications satellite capabilities. As you are aware, this policy statement has been in preparation since January. It is now ready for promulgation, subject only to the approval of the President.

In a conversation with Mr. Charles Johnson of your staff we have been advised that it may prove desirable that the subject policy be promulgated as a National Security Action Memorandum to my office with information copies to the departments and agencies concerned.

The issuance of the subject policy statement is particularly timely inasmuch as the policy addresses a major problem affecting the implementation of the Communications Satellite Act of 1962 and the International Agreements incident to the establishment of the Communications Satellite Consortium.

I would appreciate your expediting action in this matter.

J. D. O'Connell

J. D. O'Connell
Special Assistant to the President
for Telecommunications

Encls:

~~CONFIDENTIAL~~

2528

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

22b

~~CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Draft Policy Concerning U. S. Assistance in the Development of Foreign Communications Satellite Capabilities

The operating agencies charged with administering the Communications Satellite Act of 1962, under the leadership of Jim O'Connell, have prepared the attached draft of a suggested national policy to amplify and interpret the policies established in the Act, its legislative history and the U. S. position in negotiating the international agreements relating to the Communications Satellite Corporation. This suggested policy would guide U. S. Governmental action in providing assistance to other countries in the development of their communications satellite capabilities.

The central thread of the policy is to encourage the development of a single global system for common carrier and public service communications and to discourage the proliferation of independent communications satellites in competition with the U. S.-sponsored single system and in conflict with certain important national security interests.

The policy was developed in collaboration with, and has the approval of State, Defense, Commerce, NASA and the FCC. In addition, it has been reviewed and concurred in by the Bureau of the Budget, the Space Council, Office of Science and Technology, the officers of the Communications Satellite Corporation and the NSC staff.

I recommend that you concur in the promulgation of the policy statement with the understanding that the operating agencies under the leadership of your Special Assistant for Telecommunications will keep the policy under review in light of rapidly changing circumstances and update it as necessary. If you agree with the recommendation, I will issue the attached National Security Action Memorandum.

____ Approved

____ Disapproved

____ See me

McGeorge Bundy

~~CONFIDENTIAL~~

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CONFIDENTIAL

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF TELECOMMUNICATIONS MANAGEMENT
WASHINGTON, D.C. 20504

OFFICE OF THE DIRECTOR

June 28, 1967

MEMORANDUM FOR

The Honorable Walt W. Rostow

SUBJECT: Revision of NSAM 338 (September 15, 1965) Policy Concerning United States Efforts in the Development of Foreign Communications Capabilities

This memorandum is provided in accordance with my responsibility under NSAM 338 to keep the President informed of any proposed changes to subject policy. A proposed revision of this policy is attached for consideration by the National Security Council and the President. Approval is recommended.

During the March 23, 1966, meeting of the National Aeronautics and Space Council, the Vice-President asked members to examine objectives and programs to determine whether proposals might be developed for making international cooperation in space more effective. During this meeting the Vice-President appointed a sub-committee under the Department of State (later designated: Working Group on Expanded International Cooperation in Space). In cooperation with my office and other Government agencies, the working group reviewed a number of proposals. NSAM 338 was considered to be a primary "irritant" and at the working group's recommendation, U. Alexis Johnson, in a letter of September 3, 1966, requested that I review NSAM 338, "especially those provisions which relate to the export of communications satellite technology."

In response to Mr. Johnson's request, I held a number of meetings of the Ad Hoc Intra Governmental Communications Satellite Policy Coordinating Committee, Panel #1, during the period October 11, 1966, through January 6, 1967, for the purpose of reviewing NSAM 338 policy with a view toward revision if justified.

CONFIDENTIAL

The essential purpose of NSAM 338 policy is to avoid assisting development inimical to the establishment and operation of a single global commercial communications satellite system. The policy as presently written is, in some respects restrictive, but it also includes guidance for release of space technology to INTELSAT member nations for use in connection with the establishment of the single global system.

The desires expressed to eliminate or revise NSAM 338 policy arose essentially from the belief that it inhibits United States efforts to increase cooperation with foreign nations in space technology. Evidence to support the opinion that NSAM 338 has been a significant deterrent has not been found. During 1966 there were fewer than ten cases involving government-to-government requests for assurances that United States export technology would not be used in competition with INTELSAT or (under NSAM 294) that launch vehicle technology would not be used for other than peaceful purposes. In no case had the Department of State requested foreign assurances under NSAM 338 exclusively. In all cases where assurances were requested, no responses were ever received.

In light of the very small number of requests that were disapproved and in consideration of the fact that United States export controls apply primarily to Military articles, the extent to which NSAM 338 has contributed to the technology gap between United States and friendly foreign countries appears to be negligible.

The many discussions between United States Government agencies during the review of NSAM 338 did, however, bring to light some redundancies and verbosity which might have tended to confuse. Such inadequacies were eliminated. We also considered, in light of the 1969 INTELSAT negotiations, that the request for government-to-government assurances might be misinterpreted by some INTELSAT members desiring to develop arguments to weaken the United States position during the negotiations or that the requirement for assurances might be misinterpreted by potential new members to INTELSAT. The revised version of the policy eliminates this requirement yet retains the controls necessary to United States National Defense purposes and the support of the INTELSAT single global system.

The attached revised NSAM 338 policy statement has the concurrence of:

Department of State
Department of Defense

Federal Communications Commission
National Aeronautics and Space Administration
Federal Aviation Administration

and has been coordinated with:

Office of the Special Assistant to the President for National Security Affairs
National Aeronautics and Space Council
Office of Science and Technology
Communications Satellite Corporation.

J. D. O'Connell

Attachment

cc: Mr. Bromley Smith
Mr. DeVier Pierson
Mr. Charles E. Johnson

~~CONFIDENTIAL~~

23a

June 28, 1967

Policy Concerning U. S. Assistance in the Development of Foreign Communications Satellite Capabilities

Purpose

The purpose of this directive is to provide policy guidance for various elements of the United States Government in dealing with requests from foreign nations or foreign business entities for the transfer of, or other assistance in the field of, space technology applicable to communication satellite systems.

Policy

1. The United States is committed to the encouragement of international cooperation in the exploration and use of outer space. One important use of space is the improvement of communications. In this regard, it is the policy of the United States to support and promote continuing development of a single global commercial communications satellite system. The United States Government is committed to the use of global commercial communications facilities for general governmental communications purposes wherever satellite circuits are required and commercial circuits of the type and quality needed to meet government requirements can be made available on a timely basis and in accordance with applicable tariff or, in the absence of Federal Communications Commission jurisdiction, at reasonable cost. Separate satellite communications facilities including surface terminals may be established and maintained by the United States Government to meet unique governmental needs or, as may be determined by the President, when otherwise needed in the national interest. The capacity of these separate facilities shall be limited to that essential to meet such unique needs.

GROUP 3
Downgraded at 12 year intervals; not automatically declassified

No Foreign Dissemination

~~CONFIDENTIAL~~

2. In view of the above factors, within the limits fixed by national security considerations and other pertinent regulations, the United States may decline to make available space technology to other nations when (a) such technology is critical to the development of a communications satellite capability and (b) it has been determined that this technology will be used in a manner inconsistent with the concept of and commitments to the continuing development of a single global commercial communications satellite system as embodied in the 1964 Agreement establishing interim arrangements for a global commercial communications satellite system and the related Special Agreement (TIAS 5646) or subsequent definitive arrangements or (in the case of military systems) will be used in a manner inconsistent with the concepts of the United States national defense communications satellite system, as discussed in paragraph 3. The same limitations will apply whenever the United States assists nations to launch communications satellites for either experimental or operational purposes.

3. The United States has established a national defense communications satellite system to accommodate the unique and vital United States National Security requirements that cannot be met by commercial facilities. It is United States policy to encourage selected allied nations to use the United States national defense communications satellite system, rather than to develop independent systems. Costs of such use shall normally be borne by the participating foreign nations. Foreign use of the United States national defense communications satellite system shall, however, like United States use thereof, be restricted to accommodation of the participant's unique and vital national security requirements that cannot be met by commercial facilities.

4. For purposes of this policy statement, the restraints on the transfer of technology and provision of assistance are intended to refer to those of the following which are critical to the development of a communications satellite capability in terms of time, quality, or cost: complete satellites or launch vehicles or components thereof; detailed engineering drawings pertaining to complete satellites or launch vehicles or components thereof; production techniques and equipment, and manufacturing or fabrication processes pertaining to complete satellites or launch vehicles or components thereof; launch services. It is not intended that this policy statement apply to surface terminals and stations or limit dissemination of information concerning systems concepts, description of spacecraft, and normal scientific and technical publications of a professional character. Furthermore, this

shall not limit the dissemination of information required to be disclosed by Article 10(f) of the Special Agreement of 1964.

5. Requests for provision of technology or other assistance to a foreign nation will be assessed on a case by case basis in relation to the principles set forth in paragraphs 2 and 4 above. If necessary, government agencies may seek to determine the nature of the intended use of the technology or other assistance and need not rely on the intention stated by the requestor. After a review of each request by interested government agencies, it may be decided, consistent with the principles of paragraph 2, to deny an export license for requested technology or to decline to provide other requested assistance.

6. Implementation of restraints provided for in this policy statement shall be through the Munitions Control licensing procedure for items on the United States Munitions List and through the Department of Commerce's export licensing procedure for items not covered by the Munitions List and within the scope of both established procedures.

7. The foregoing policies shall be kept under review by the Special Assistant to the President for Telecommunications/Director of Telecommunications Management and the agencies and departments concerned.