

OCT 23 1984

For Six Month Period Ending \_\_\_\_\_

(Insert date)

Name of Registrant

Registration No.

Burson-Marsteller

2469

Business Address of Registrant

1825 Eye Street, N.W.

Suite 950

Washington, D.C. 20006 I-REGISTRANT

1. Has there been a change in the information previously furnished in connection with the following:

(a) If an individual:

- |                       |                              |                             |
|-----------------------|------------------------------|-----------------------------|
| (1) Residence address | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (2) Citizenship       | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (3) Occupation        | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

(b) If an organization:

- |                          |   |  |
|--------------------------|---|--|
| (1) Name                 | Yes <input type="checkbox"/>            | No <input checked="" type="checkbox"/> |
| (2) Ownership or control | Yes <input type="checkbox"/>            | No <input checked="" type="checkbox"/> |
| (3) Branch offices       | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/>            |

2. Explain fully all changes, if any, indicated in item 1.

Burson-Marsteller/Detroit office officially closed. All account work shifted to Burson-Marsteller/Chicago.

IF THE REGISTRANT IS AN INDIVIDUAL, OMIT RESPONSE TO ITEMS 3, 4, and 5.

3. Have any persons ceased acting as partners, officers, directors or similar officials of the registrant during this 6 month reporting period? Yes  No

If yes, furnish the following information:

Name	Position	Date Connection Ended
David Corey	Vice President	10/5/84
Dominic Difrisco	Vice President	6/30/84
Alan Hilburg	Vice President/Gen. Mgr.	10/15/84
Larry Kurtz	Vice President	9/28/84
Patrick Muldowney	Vice President	8/15/84
Wendy Pressley-Jacobs	Vice President	8/3/84

4. Have any persons become partners, officers, directors or similar officials during this 6 month reporting period?  
 Yes  No

If yes, furnish the following information:

<i>Name</i>	<i>Residence Address</i>	<i>Citizenship</i>	<i>Position</i>	<i>Date Assumed</i>
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SEE ATTACHMENT I

5. Has any person named in Item 4 rendered services directly in furtherance of the interests of any foreign principal?  
 Yes  No

If yes, identify each such person and describe his services.

Sherry Saunders -- Manage INTELSAT public education program for Burson-Marsteller.

6. Have any employees or individuals other than officials, who have filed a short form registration statement, terminated their employment or connection with the registrant during this 6 month reporting period? Yes  No

If yes, furnish the following information:

<i>Name</i>	<i>Position or connection</i>	<i>Date terminated</i>
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7. During this 6 month reporting period, have any persons been hired as employees or in any other capacity by the registrant who rendered services to the registrant directly in furtherance of the interests of any foreign principal in other than a clerical or secretarial, or in a related or similar capacity? Yes  No

If yes, furnish the following information:

<i>Name</i>	<i>Residence Address</i>	<i>Position or connection</i>	<i>Date connection began</i>
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II—FOREIGN PRINCIPAL

8. Has your connection with any foreign principal ended during this 6 month reporting period? Yes  No

If yes, furnish the following information:

*Name of foreign principal*

*Date of Termination*

✓ Singapore Airlines

8/84

9. Have you acquired any new foreign principal<sup>1</sup> during this 6 month reporting period? Yes  No

If yes, furnish following information:

*Name and address of foreign principal*

*Date acquired*

SEE ATTACHMENT II

10. In addition to those named in Items 8 and 9, if any, list the foreign principals<sup>1</sup> whom you continued to represent during the 6 month reporting period.

✓ INTELSAT

III—ACTIVITIES

11. During this 6 month reporting period, have you engaged in any activities for or rendered any services to any foreign principal named in Items 8, 9, and 10 of this statement? Yes  No

If yes, identify each such foreign principal and describe in full detail your activities and services:

SEE ATTACHMENT III

<sup>1</sup>The term "foreign principal" includes, in addition to those defined in section 1(b) of the Act, an individual or organization any of whose activities are directly or indirectly supervised, directed, controlled, financed, or subsidized in whole or in major part by a foreign government, foreign political party, foreign organization or foreign individual. (See Rule 100(a)(9)).

A registrant who represents more than one foreign principal is required to list in the statements he files under the Act only those foreign principals for whom he is not entitled to claim exemption under Section 3 of the Act. (See Rule 208.)

12. During this 6 month reporting period, have you on behalf of any foreign principal engaged in political activity<sup>2</sup> as defined below?  
Yes  No

If yes, identify each such foreign principal and describe in full detail all such political activity, indicating, among other things, the relations, interests and policies sought to be influenced and the means employed to achieve this purpose. If the registrant arranged, sponsored or delivered speeches, lectures or radio and TV broadcasts, give details as to dates, places of delivery, names of speakers and subject matter.

Burson-Marsteller helped create and disseminate press kits commemorating Brunei's induction into the U.N. and distributed them to major print and broadcast media, so that the U.S. might have a better understanding of that country.

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13. In addition to the above described activities, if any, have you engaged in activity on your own behalf which benefits any or all of your foreign principals? Yes  No

If yes, describe fully.

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<sup>2</sup>The term "political activities" means the dissemination of political propaganda and any other activity which the person engaging therein believes will, or which he intends to, prevail upon, indoctrinate, convert, induce, persuade, or in any other way influence any agency or official of the Government of the United States or any section of the public within the United States with reference to formulating, adopting, or changing the domestic or foreign policies of the United States or with reference to the political or public interests, policies, or relations of a government of a foreign country or a foreign political party.

## IV—FINANCIAL INFORMATION

## 14. (a) RECEIPTS—MONIES

During this 6 month reporting period, have you received from any foreign principal named in Items 8, 9 and 10 of this statement, or from any other source, for or in the interests of any such foreign principal, any contributions, income or money either as compensation or otherwise? Yes  No

If yes, set forth below in the required detail and separately for each foreign principal an account of such monies.<sup>3</sup>

<i>Date</i>	<i>From Whom</i>	<i>Purpose</i>	<i>Amount</i>
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SEE ATTACHMENT IV

\$94,407.58

Total

## (b) RECEIPTS—THINGS OF VALUE

During this 6 month reporting period, have you received any thing of value<sup>4</sup> other than money from any foreign principal named in Items 8, 9 and 10 of this statement, or from any other source, for or in the interests of any such foreign principal? Yes  No

If yes, furnish the following information:

<i>Name of foreign principal</i>	<i>Date received</i>	<i>Description of thing of value</i>	<i>Purpose</i>
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<sup>3</sup>A registrant is required to file an Exhibit D if he collects or receives contributions, loans, money, or other things of value for a foreign principal, as part of a fund raising campaign. See Rule 201(e)

<sup>4</sup>Things of value include but are not limited to gifts, interest free loans, expense free travel, favored stock purchases, exclusive rights, favored treatment over competitors, "kickbacks," and the like.

15. (a) DISBURSEMENTS—MONIES

During this 6 month reporting period, have you

(1) disbursed or expended monies in connection with activity on behalf of any foreign principal named in Items 8, 9 and 10 of this statement?      Yes       No

(2) transmitted monies to any such foreign principal?      Yes       No

If yes, set forth below in the required detail and separately for each foreign principal an account of such monies, including monies transmitted, if any, to each foreign principal.

<i>Date</i>	<i>To Whom</i>	<i>Purpose</i>	<i>Amount</i>
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SEE ATTACHMENT V

\$169,245.64

Total

15. (b) DISBURSEMENTS—THINGS OF VALUE

During this 6 month reporting period, have you disposed of anything of value<sup>5</sup> other than money in furtherance of or in connection with activities on behalf of any foreign principal named in items 8, 9 and 10 of this statement?

Yes  No

If yes, furnish the following information:

<i>Date disposed</i>	<i>Name of person to whom given</i>	<i>On behalf of what foreign principal</i>	<i>Description of thing of value</i>	<i>Purpose</i>
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(c) DISBURSEMENTS—POLITICAL CONTRIBUTIONS

During this 6 month reporting period, have you from your own funds and on your own behalf either directly or through any other person, made any contributions of money or other things of value<sup>5</sup> in connection with an election to any political office, or in connection with any primary election, convention, or caucus held to select candidates for political office?

Yes  No

If yes, furnish the following information:

<i>Date</i>	<i>Amount or thing of value</i>	<i>Name of political organization</i>	<i>Name of candidate</i>
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SEE ATTACHMENT VI

V—POLITICAL PROPAGANDA

(Section 1(j) of the Act defines "political propaganda" as including any oral, visual, graphic, written, pictorial, or other communication or expression by any person (1) which is reasonably adapted to, or which the person disseminating the same believes will, or which he intends to, prevail upon, indoctrinate, convert, induce, or in any other way influence a recipient or any section of the public within the United States with reference to the political or public interests, policies, or relations of a government of a foreign country or a foreign political party or with reference to the foreign policies of the United States or promote in the United States racial, religious, or social dissensions, or (2) which advocates, advises, instigates, or promotes any racial, social, political, or religious disorder, civil riot, or other conflict involving the use of force or violence in any other American republic or the overthrow of any government or political subdivision of any other American republic by any means involving the use of force or violence.)

16. During this 6 month reporting period, did you prepare, disseminate or cause to be disseminated any political propaganda as defined above? Yes  No

IF YES, RESPOND TO THE REMAINING ITEMS IN THIS SECTION V.

Sultanate of Brunei

17. Identify each such foreign principal.

<sup>5</sup>Things of value include but are not limited to gifts, interest free loans, expense free travel, favored stock purchases, exclusive rights, favored treatment over competitors, "kickbacks," and the like.

18. During this 6 month reporting period, has any foreign principal established a budget or allocated a specified sum of money to finance your activities in preparing or disseminating political propaganda? Yes  No

If yes, identify each such foreign principal, specify amount, and indicate for what period of time.

19. During this 6 month reporting period, did your activities in preparing, disseminating or causing the dissemination of political propaganda include the use of any of the following:

- Radio or TV broadcasts
- Magazine or newspaper articles
- Motion picture films
- Letters or telegrams
- Advertising campaigns
- Press releases
- Pamphlets or other publications
- Lectures or speeches
- Other (specify) \_\_\_\_\_

20. During this 6 month reporting period, did you disseminate or cause to be disseminated political propaganda among any of the following groups:

- Public Officials
- Newspapers
- Libraries
- Legislators
- Editors
- Educational institutions
- Government agencies
- Civic groups or associations
- Nationality groups
- Other (specify) \_\_\_\_\_

21. What language was used in this political propaganda:

- English
- Other (specify) \_\_\_\_\_

22. Did you file with the Registration Section, U.S. Department of Justice, two copies of each item of political propaganda material disseminated or caused to be disseminated during this 6 month reporting period? Yes  No

23. Did you label each item of such political propaganda material with the statement required by Section 4(b) of the Act? Yes  No

24. Did you file with the Registration Section, U.S. Department of Justice, a Dissemination Report for each item of such political propaganda material as required by Rule 401 under the Act? Yes  No

VI-EXHIBITS AND ATTACHMENTS

25. EXHIBITS A AND B

(a) Have you filed for each of the newly acquired foreign principals in Item 9 the following:

- Exhibit A<sup>6</sup> Yes  No
- Exhibit B<sup>7</sup> Yes  No

If no, please attach the required exhibit.

(b) Have there been any changes in the Exhibits A and B previously filed for any foreign principal whom you represented during this six month period? Yes  No

If yes, have you filed an amendment to these exhibits? Yes  No

Re-filed complete registration for SABIC when full contract was signed.

If no, please attach the required amendment.

<sup>6</sup>The Exhibit A, which is filed on Form CRM-157 (Formerly OBD-67) sets forth the information required to be disclosed concerning each foreign principal.

<sup>7</sup>The Exhibit B, which is filed on Form CRM-155 (Formerly OBD-65) sets forth the information concerning the agreement or understanding between the registrant and the foreign principal.

If you have previously filed an Exhibit C<sup>8</sup>, state whether any changes therein have occurred during this 6 month reporting period. Yes  No

If yes, have you filed an amendment to the Exhibit C? Yes  No

If no, please attach the required amendment.

27. SHORT FORM REGISTRATION STATEMENT

Have short form registration statements been filed by all of the persons named in Items 5 and 7 of the supplemental statement? Yes  No

If no, list names of persons who have not filed the required statement.

The undersigned swear(s) or affirm(s) that he has (they have) read the information set forth in this registration state. ... and the attached exhibits and that he is (they are) familiar with the contents thereof and that such contents are in their entirety true and accurate to the best of his (their) knowledge and belief, except that the undersigned make(s) no representation as to the truth or accuracy of the information contained in attached Short Form Registration Statement, if any, insofar as such information is not within his (their) personal knowledge.

(Type or print name under each signature)

(Both copies of this statement shall be signed and sworn to before a notary public or other person authorized to administer oaths by the agent, if the registrant is an individual, or by a majority of those partners, officers, directors or persons performing similar functions who are in the United States, if the registrant is an organization.)

*Jonathan S. Jessar*

Jonathan S. Jessar

Senior Vice President/Director,  
Washington Operations

Subscribed and sworn to before me at 1825 Eye St NW Suite 900  
Washington, D.C. 20006

this 29 day of November, 19 84

*Emily R. Novick*  
(Signature of notary or other officer)

My Commission Expires October 31, 1989

<sup>8</sup>The Exhibit C, for which no printed form is provided, consists of a true copy of the charter, articles of incorporation, association, constitution, and bylaws of a registrant that is an organization. (A waiver of the requirement to file an Exhibit C may be obtained for good cause upon written application to the Assistant Attorney General, Criminal Division, Internal Security Section, U.S. Department of Justice, Washington, D.C. 20530.)

# Burson-Marsteller

## ATTACHMENT I

<u>Name &amp; Address</u>	<u>Title</u>	<u>Date Assumed</u>	<u>Citizenship</u>
Robert E. Hope 450 South Susan Creek Dr. Stone Mountain, CA 30083	Sr. V.P.	4/23/84	U.S.
Darryl Salerno 30 Dorchester Rd. Eastchester, NY 10709	Sr. V.P.	4/23/84	U.S.
Norman L. Wolfe 145 15th Street #403 Atlanta, GA 30361	Sr. V.P.	4/23/84	U.S.
Margaret Ferroli 735 Linden Ave. Oak Park, IL 60302	V.P.	4/23/84	U.S.
Morrison C. Newell 718 Birch Rd. Lake Bluff, IL 60044	V.P.	4/23/84	U.S.
Murray J. Mitchneck 1200 St. Johns Ave. Highland Park, IL 60035	V.P.	4/23/84	U.S.
Joseph G. Charest 6031 West 78th St. Los Angeles, CA 90045	V.P.	4/23/84	U.S.
Linda G. Blanc 113 West 70th 5A New York, NY 10023	V.P.	4/23/84	U.S.
Kathy H. Cripps 50 Parkview Drive Bronxville, NY 10708	V.P.	4/23/84	U.S.
Derek H. Dalton 34-48 30th St., Apt. 2R Astoria, NY 11106	V.P.	4/23/84	U.S.
James E. Huckfeldt 26 Heyburne Road Hamilton Sq., NJ 00690	V.P.	4/23/84	U.S.

<u>Name &amp; Address</u>	<u>Title</u>	<u>Date Assumed</u>	<u>Citizenship</u>
James E. Kaplove 31 East 31st St. New York, NY 10016	V.P.	4/23/84	U.S.
Herbert S. Karlitz 55 Old Querry Road Englewood, NJ 07631	V.P.	4/23/84	U.S.
Thomas W. McDermott 40-24 191 Street Flushing, NY 11358	V.P.	4/23/84	U.S.
Gail R. Safian 526 Mountain Ave. Westfield, NJ 07090	V.P.	4/23/84	U.S.
Sheila E. Raviv 8601 Longacre Court Bethesda, MD 20817	V.P.	10/16/84	U.S.
Sherry Saunders 708 A Street NE Washington, D.C. 20002	V.P.	10/16/84	U.S.

## ATTACHMENT II

NAME	ADDRESS	DATE ACQUIRED
✓ Stern Magazine	50 Warburg Strasse 2000 Hamburg 26 Fed. Republic of Germany	4/84
Sultanate of Brunei	Ritz Paris Enterprises 75 Rockefeller Plaza New York, NY 10019	9/84
✓ Petroleos de Venezuela S.A.	Av. Libertador La Campina Apdo. 169 Caracas 1010A, Venezuela	10/84

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Burson-Marsteller also re-registered for another client, as a full contract was signed.

✓ Saudi Basic Industries Corp. (SABIC)	P.O. Box 5101 Riyadh, Saudi Arabia	9/84
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**Burson-Marsteller**

✓ Saudi Basic Industries Corp.  
Activities Report  
April 23, 1984 - October 23, 1984

RECEIVED  
JULY 11 1984  
COMMUNICATIONS  
DIVISION  
FBI

July 9 - Sept. 15

1. Initiate media relations by surveying business and trade editors to determine their knowledge of and interest in SABIC, and what information about SABIC they would like to receive.
2. Design and produce trade show exhibit for client to take to SITRA trade show in Seoul, Korea.
3. Compile list of chemical/plastics trade shows worldwide; prepare and submit recommendation to client about which shows SABIC should participate in to exhibit its capabilities.
4. Prepare and submit to client proposal outlining editors tour of SABIC facilities, including potential list of invitees.
5. Confer with client to establish procedures and program client contact with media.

Sept. 16 - Oct. 15

1. Edit client-made videotape "interview" and forward to trade publication, which had requested videotape.
2. Research and begin writing background press materials and stories for press kit.
3. Maintain media contacts and provide answers to queries about SABIC.
4. Research, write and submit recommendation that SABIC participate in next National Plastics Exhibit in Chicago.

Oct. 16 - Oct. 23

1. Burson-Marsteller senior executives travel to Riyadh to confer with client about program and plan future activities, including greater information to and contact with the media.
2. Research possible arrangements for press conference in conjunction with any SABIC participation at National Plastics Exhibit in Chicago.
3. Prepare transcripts of client-made videotape interview, and supply to chemical industry trade editors.

**Burson-Marsteller**

Stern Magazine  
Activities Report  
April 23, 1984-October 23, 1984

J. Jessar and C. Levin registered as foreign agents for this new client.

Assisted in arrangements for reception (September 13) for new Washington correspondent. (Acceptance list attached.)

Arranged appointment for new correspondent to meet Mrs. Reagan's press secretary, Sheila Tate.

Conferred with client and prepared proposal to enhance client's marketing of advertising in the United States. Not yet executed.

SEARCHED  
SERIALIZED  
INDEXED  
FILED  
OCT 23 1984  
FBI - WASHINGTON

STERN MAGAZINE

Reception, September 13, 1984

Acceptance List

JIM HOAGLAND, Asst. Man. Ed.-Foreign - The Washington Post  
BILL KOVACH, Wash. Bureau Chief - The New York Times  
JAMES RESTON, Columnist - The New York Times  
BARBARA GAMEREKIAN, Social Affairs - The New York Times  
LARS-ERIK NELSON, Chief Correspondent - New York Daily News  
WILLIAM HINES, Bureau Chief - Chicago Sun Times  
JOHN C. QUINN, Editor - USA Today  
JEANIE WILLIAMS, Man. Life Editor - USA Today  
JOSEPH KRAFT, Columnist (Washington Insight), Los Angeles Times  
VICTOR LASKY, Columnist (Say It Straight), United Feature  
NICK THIMMESCH, Columnist - Los Angeles Times  
PETER BERNSTEIN, Correspondent - Fortune  
ROY GUTMAN - Newsday  
MEL ELFIN, Bureau Chief - Newsweek  
GARRY CLIFFORD, Correspondent - People  
DON MOSER - Smithsonian Magazine  
GISELA BOLTE, Business - Time Magazine  
LAURENCE BARRETT, White House Correspondent - Time Magazine  
GAIL BRONSON, Assoc. Editor-Congress - U.S. News & World Report  
PATRICIA A. AVERY, Assoc. Ed.-White House - U.S. News & World Report  
MURRAY SEEGER, Director, Department of Information, AFL-CIO  
CLAUDE MOISY, Director & Ch. Correspondent - Agence France-Presse  
BRUCE RUSSELL, Bureau Chief - Reuters  
JIM ANDERSON, National Security-State - UPI

L. EDGAR PRINA, Bureau Chief - Copley News Service  
ANDREW J. GLASS, Bureau Chief - Cox Newspapers  
MARIANNE MEANS, Columnist - Hearst Newspapers  
LEE RODERICK, Bureau Chief - Scripps League Newspapers  
B. J. CUTLER, Editor-in-Chief - Scripps Howard Newspapers  
CHARLES V. WICK, Director - U.S. Information Agency  
JAMES A. BRYANT, Director of Public Liaison, U.S. Information Agency  
FRANCIS D. GOMEZ, Director - Foreign Press Center  
CHARLES E. COURTNEY, Director-European Affairs, U.S. Information Agcy.  
FRANK SHAKESPEARE, Chairman - Board for International Broadcasting --  
(Maybe - not definite yes)  
JACK SMITH, VP & Bureau Chief - CBS-TV News  
MARGIE LEHRMAN, Producer "Today" - NBC-TV News  
BETTY COLE DUKERT, "Meet The Press" - NBC-TV News  
MARY DORMAN, Manager - NBC-RADIO News  
DANIEL SCHORR, Senior Correspondent - Cable News Network  
JOHN GRASSIE, Producer, "International Dateline" - PBS-TV  
COUNTESS MAYA de MONTAUDOUIN  
RICHARD FIELDHOUSE - Institute for Policy Studies  
BERNHARD A. PEIHOFER, Manager, International Sales, General Electric.  
SHIRLEY GREEN, Press Secretary, Office of the Vice President of  
the United States  
BENJAMIN F. SCHEMMER, Editor - Armed Forces Journal  
ANGELIKA LEGDE-JASKOLLA - Friedrich Naumann Foundation  
JUDITH COCHRAN - Realtor  
KAREN FELD - Freelance Writer  
MERRIE SPAETH - Special Assistant to the President and  
Director, White House Media Relations  
ROBERT B. SIMS - Special Asst. to the President and Deputy Press  
Secretary for Foreign Affairs

SCOTT COHEN, Staff Director, Senate Committee on Foreign Relations

CASIMIR A. YOST, Senate Committee on Foreign Relations

EVERETT E. BIERMAN, Staff Director, House Comm. on Foreign Affairs

JOHN H. HAWES, Director, Office of Security and Political Affairs,  
Department of State

ROBERT DEAN, Deputy Director, Bureau of Politico-Military Affairs,  
Department of State

JOHN C. KORNBLUM, Director, Central European Affairs, Department  
of State

WILSON F. GRABILL, III, Director, Western European Affairs,  
Department of State

THOMAS SIMONS, Director, Soviet Union Affairs, Department of State

RONALD H. STIVERS, Assistant Deputy Undersecretary for Policy,  
Department of Defense

CLARENCE J. BROWN, Deputy Secretary of Commerce, Dept. of Commerce.

DAVID J. MARKEY, Assistant Secretary for Communications and  
Information Policy, Department of Commerce

Gerhard W. HENZE, Minister-Counselor, Embassy of the Federal  
Republic of Germany and  
Mrs. Henze (known as Juliane Stephan, TV Personality)

Gebhardt von MOLTKE, Counselor, Embassy of the FRG.

Bernhard EDLER VON DER PLANITZ, Counselor, Embassy of the FRG.

Wilhelm SCHOENFELDER, Counselor, Embassy of the FRG.

Dr. Matei HOFFMANN, Second Secretary, Embassy of the FRG.

Wolfgang DIX, Counselor, Embassy of the FRG.

Brigadier General Klaus-Christoph STEINKOPFF, Defense Attache,  
Embassy of the FRG.

Mrs. Brigitte MEYER-ZURI, Press Office, Embassy of the FRG.

Colonel Luehr-Onno OLDIGS, Air Attache, Embassy of the FRG.

Captain Klaus Dieter LAUDIEN, Naval Attache, Embassy of the FRG.

Dr. Hans-Dieter KRONZUCKER, ZDF German Television

Gerd LOTZE, Sudwestfunk, Baden-Baden

Thomas von MOUILLARD, Deutsche Presse Agentur

Horst A. SIEBERT, Die Welt

Erhard THOMAS, ARD German Television

Thomas KIELINGER, Die Welt, Bonn

Hans-Theodor WALLAU, Minister, Embassy of the FRG

Hugh and Marie GRADY

Philip Merrill, Publisher - Washingtonian Magazine

JOSEPH R. JUDGE, Associate Editor - National Geographic Magazine

DR. LOTHAR GRIESSBACH, Managing Director, German-American Chamber  
of Commerce

BARBARA JACOB, Deputy Head of Delegation, Delegation of the  
European Communities (Attending in place of  
Sir Roy Denman, Head of Delegation, who had  
to decline because of other commitment.)

The Hon. ROBERT NEUMANN, Georgetown University Center for  
Strategic and International Studies

BOB WOODWARD, Asst. Managing Editor-Investigative - Washington Post

DR. EDWARD von ROTHKIRCH, (Magic Carpet/Washington Insider) -  
Intercontinental Media

REINHARD HAARMANN, Norddeutscher Rundfunk

JOHN W. KOLE, Bureau Chief - Milwaukee Journal

ALEXANDER (SANDY) HIGGINS, Associated Press (World News)

MELISSA HILTON, Assistant Press Officer, Senate Committee on  
Foreign Relations

MR. NICHOLAS RUWE, Chief of Staff, Office of Richard M. Nixon

JOAN TOBIN, Chairman & Chief Executive Officer - Washington Woman

MARY LOU BEATTY, Editor-in-Chief - Washington Woman

CARRIE KOSSOW, Assistant Editor - Washington Woman

THOMAS R. SMEETON, Staff Consultant & Special Projects, House  
Committee on Foreign Affairs

# Burson-Marsteller

Petroleos de Venezuela S.A.  
Activities Report  
April 23, 1984-October 23, 1984

H. Burson, J. Henry, J. DiClerico, M. Windsor, B. Scruby,  
and P. Bario registered as foreign agents for this new client.  
Client contract signed just prior to six-month out-off.

Monitored on an as-issued basis 24 U.S. newspapers and  
magazines plus network television news shows, and reported  
to client on any coverage relevant to it.

Prepared a contingency plan for client communications in the  
U.S. related to a lawsuit brought against it in federal court,  
Beaumont, Texas.

Generally advised client on communications matters related to  
the lawsuit such as if and how to respond to article published  
in the international edition of Newsweek and to questions posed  
by the Latin America reporter of the Washington Post.

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SECTION  
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FBI  
WASHINGTON

**Burson-Marsteller**

✓ Singapore Airlines  
Activities Report  
April 23, 1984-October 23, 1984

Liaison with International Aviation Club relative to address  
by the Chairman of Singapore Airlines.

Account terminated, 8/84.

RECEIVED  
INTERNATIONAL AVIATION CLUB  
1984 OCT 23 10 11 AM  
1000 AVIATION BLVD  
WASHINGTON DC 20001

**Burson-Marsteller**

Sultanate of Brunei  
Activities Report  
April 23, 1984-October 23, 1984

K. Huszar, V. Emmanuel, A. Moravick, M. Schmidt, and T. McGowan registered as foreign agents for this new client.

Prepared and submitted public relations proposal for Sultan of Brunei's Sept. 20-22 New York visit. Researched and created press kit commemorating Brunei's induction into United Nations; distributed to major print and broadcast media. (See Attachment A.)

Liaisoned with U.S. officials regarding logistics/protocol for country's induction-day ceremonies.

Distributed Sultan's U.S. acceptance speech in U.S. press room on induction day.

Created and placed ad on Brunei's U.S. induction with Wall Street Journal, New York Times, and International Herald Tribune.

Developed briefing book for Sultan on people/places he would see during his stay.

Arranged Sultan's meeting with New York City Mayor Koch.

Filmed and produced documentary on Sultan's New York visit. Piece is developed for airing on Brunei television.

Produced personal photographic album for Sultan highlighting his New York stay.

Coordinated editing/placement of two mat service stories on Brunei for distribution to newspapers that subscribed to service.

**Burson-Marsteller**

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International Telecommunications  
 Satellite (INTELSAT)  
 Activities Report  
 April 23 - October 23, 1984

- o Attended R. Colino interview with Fortune magazine (4/23).
- o Had follow-up conversations with Time and Forbes after R. Colino interviews.
- o Had follow-up conversations with Fortune reporter and sent additional information to reporter. Attachments S,T,U,V.
- o Contacted the Christian Science Monitor, Barron's and Los Angeles Times regarding scheduling interview with R. Colino. Attachments A,B,C,D,G,K,M,V.
- o Sent materials to Delta Sky for article the publication was developing on communications. Attachments A,J,N,S.
- o Arranged Industry Week interview for R. Colino. Supplied background information. Attachments A,D,E,G,I.
- o Arranged for J. Pelton to address a Young and Rubicam International Managers meeting.
- o Arranged and attended interview of R. Colino by Los Angeles Times. Provided background materials. Attachments A,B,C,E,F,L,N,R,V.
- o Contacted seven television news programs regarding R. Colino appearance and supplied background materials. Attachments A,B,G,K,R.
- o Sent media advisory to 30 reporters notifying them that D. Tudge would appear at Los Angeles Museum of Science and Industry. Attachment T.
- o Recontacted three TV programs by phone about mentioning INTELSAT during the Olympics. Sent additional materials. Attachments D,F,H,R,S.
- o Attended Industry Week and Barron's interviews with R. Colino 8/7.

Page 2

- o Notified 50 media representatives about INTELSAT/U.N. signing event. Attachment U.
- o Assisted with development of invitation list for 20th Anniversary party.
- o Assisted with filming of 20th Anniversary party.
- o Developed materials (poster contest kit and film vignettes) for use by INTELSAT members.
- o Had follow-up conversations with 10 reporters about pursuing INTELSAT stories or interviews.
- o Arranged for August 14 speech at International Club for R. Colino.
- o Pitched 10 print media about INTELSAT role in carrying the Olympics to the world. Attachment S.
- o Discussed confusion over FCC released documents about INTELSAT with members of the media. Attachment W.
- o Sent follow-up press kits on INTELSAT/U.N. signing event to 14 members of the media. Attachments M,N,R,U.

ATTACHMENT IV

Date

From Whom

Invoice

Amount

SABIC  
(744-72)

RECEIVED  
COMMERCIAL BANK  
MILWAUKEE, WISCONSIN  
MAY 10 1984  
MILWAUKEE COUNTY  
MILWAUKEE, WISCONSIN

no monies received April 23, 1984-October 23, 1984

ATTACHMENT IV

<u>Date</u>	<u>From Whom</u>	<u>Invoice</u>	<u>Amount</u>
	Petroleos De Venezuela S.A. (50605)		

no monies received April 23, 1984-October 23, 1984

ATTACHMENT IV

<u>Date</u>	<u>From Whom</u>	<u>Invoice</u>	<u>Amount</u>
4-27-84	INTELSAT (342-05)	#9087	\$23,358.99
5-21-84	"	#10021	24,507.15
6-28-84	"	#10047	<u>26,248.86</u>
TOTAL			\$74,115.00

ATTACHMENT IV

<u>Date</u>	<u>From Whom</u>	<u>Invoice</u>	<u>Amount</u>
8-30-84	Singapore Airlines (474-05)	#10054	\$1,015.78
8-30-84	"	#10095	665.46
8-30-84	"	#10119	<u>390.90</u>
TOTAL			\$2,072.14

ATTACHMENT IV

<u>Date</u>	<u>From Whom</u>	<u>Invoice</u>	<u>Amount</u>
7-2-84	Stern Magazine (674-05)	#10091	\$2,594.05
7-25-84	"	#10129	5,221.54
9-19-84	"	#10139	5,254.35
9-27-84	"	#10188	<u>5,150.50</u>
TOTAL			\$18,220.44

ATTACHMENT IV

<u>Date</u>	<u>From Whom</u>	<u>Invoice</u>	<u>Amount</u>
	Sultante of Brunei (50605)		

no monies received April 23, 1984 - October 23, 1984

ATTACHMENT V

Date Purpose Amount

Singapore Airlines

April 23, 1984-October 23, 1984

Reproduction	\$ 2.00
Postage/Photo-copies	45.79
Information Bank	71.31
Editorial Contact	57.82
L.D. Telephone	176.05
Telephone/Type-graph	36.13
Shipping	6.24
Travel	53.15
<b>TOTAL</b>	<b><u>\$448.49</u></b>

CRASH REPORT  
 REPAIRS  
 INSPECTION  
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 COMMUNICATIONS  
 PASSENGER SERVICE  
 CATERING  
 BAGGAGE  
 TICKETS  
 AIRCRAFT  
 ENGINEERING  
 FUEL  
 OIL  
 AIRCRAFT  
 MAINTENANCE  
 PARTS  
 SUPPLY  
 STORES  
 TRAVEL  
 EXPENSES  
 MISCELLANEOUS  
 OTHER

Stern Magazine

April 23, 1984-October 23, 1984

L.D. Telephone	\$ 396.61
Postage/Photo-copies	676.27
Local Transportation	12.00
Telephone/Type-graph	59.46
Travel Expenses	144.53
Shipping	5.83
Printing	326.44
Messenger	24.60
Information Bank	49.24
<b>TOTAL</b>	<b><u>\$1694.98</u></b>

Petroleos de Venezuela S.A.

April 23, 1984-October 23, 1984

Clipping Service	\$1600.00
<b>TOTAL</b>	<b><u>\$1600.00</u></b>

Date	Purpose	Amount
<u>Saudi Basic Industries Corp.</u>		
<u>April 23, 1984-October 23, 1984</u>		
	Word Processing	\$ 353.37
	Reference Materials	234.35
	Local Transportation	24.28
	Telephone/Telex	981.84
	Postage/Shipping	191.87
	Reproduction	135.14
	Travel	3297.92
	Messenger	39.20
	Televideo Production	368.71
	Cassette	159.90
	Editorial Contacts	35.00
	Research	188.46
	Administrative	
	Expenses	1214.43
	Prints	15095.72
	Artist	87.50
	Art Supplies	102.53
	Mechanicals	7064.75
	Typography	4083.86
	Stats	1491.89
	Diagrams	823.55
	Design	2058.88
	Educational Re- imbursement	25000.00
	<b>TOTAL</b>	<b><u>\$63033.15</u></b>

Sultanate of Brunei  
April 23, 1984-October 23, 1984

Reproduction	\$ 347.85
Shipping	11.00
Information Bank	102.18
A.V. Supplies	86.50
Word Processing	597.87
Local Transportation	128.70
Editorial Contact	285.21
Telephone	76.01
Messenger Service	210.80
Working Meals	30.00
Televideo Produ- ction	54.00
Documentary	28765.38
VTR Dubs	717.64
Copy & Creative Services	4564.00
Mechanical Art	1573.76
Newswire Service	205.89
Press Kits	1188.68
Photstats	53.00
Photography	188.86
Printing	15429.05
<b>TOTAL</b>	<b><u>\$54616.38</u></b>

Date	Purpose	Amount
<u>INTELSAT</u> April 23, 1984-October 23, 1984	Reproduction	\$ 1447.00
	Postage/Local Phone	2691.74
	Local Transportation	434.58
	Shipping	568.57
	Information Bank	527.37
	Editorial Contact	134.84
	Magazines	18.99
	Travel	1108.61
	L.D. Telephone	1899.17
	International Place- ment and Monitoring	19116.92
	Translation	3146.25
	Telex	8.89
	Video	1594.87
	Entertainment	467.59
	Messenger	1571.87
	Data Center	100.00
	Black & White Prints	263.53
	Pubsat - Video	10420.00
	Word Processing	12.73
	Telephone/Typegraph	14.63
	Narration	2100.97
	Press Conference	280.80
	Photography	104.72
	TOTAL	<u>\$47852.64</u>

ATTACHMENT VI

DATE	AMOUNT	NAME OF POLITICAL ORGANIZATION	NAME OF CANDIDATE
5/84	\$2000	Reagan-Bush Campaign Fund	Ronald Reagan/ George Bush
5/84	15	Democratic National Campaign	Walter Mondale/ Geraldine Ferraro
6/84	1000	Winter for Senate Campaign Fund	William Winter
5/84	50	Mondale for President	Walter Mondale
6/84	60	Mondale for President	Walter Mondale
6/84	100	Women's Democratic Club	n/a
9/84	50	Jim Hunt for Senate	James Hunt
9/84	25	Jim Hunt for Senate	James Hunt
10/84	25	Carol Schwartz Campaign	Carol Schwartz

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CRIMINAL DIVISION  
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INVESTIGATION UNIT  
COMMUNICATIONS UNIT



CONTACT: ROBERT L. WOODRUM  
(212) 752-8610  
Ext. 5543

HIS MAJESTY SIR MUDA HASSANAL BOLKIAH MU'IZZADDIN WADDAULAH:  
TWENTY-NINTH SULTAN OF BRUNEI

His Majesty Sultan Hassanal Bolkiah Mu'izzaddin Waddaullah, the 38-year-old ruler of Brunei Darussalam, is the 29th Sultan of one of the oldest surviving Sultanates. He was installed as Sultan and Yang Dipertuan of Brunei Darussalam (Head of State) in October 1967, following the voluntary abdication of his father.

The Sultan was born on July 15, 1946, at the Istana Darussalam, the first son of Paduka Seri Begawan Sultan.

As a youth, the king studied at the Istana Darul Hana and Sultan Muhammad Jamalul Alam Malay School in Brunei. During that time he also assumed some of his official responsibilities --

- more -

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attending functions with his father and traveling the country with his younger brother, Prince Mohamed Bolkiah.

After being proclaimed Crown Prince at the age of 15 in 1961, the king pursued his education at Victoria Institution in Kuala Lumpur and at the Sultan Omar Ali Saifuddien College in Brunei Town. He left for England in 1966 to become an officer cadet at the prestigious Sandhurst Royal Military Academy, where, in less than two years, he was commissioned a captain.

Upon his father's voluntary abdication, the Crown Prince returned home to rule the country. His official coronation as Sultan and Yang Dipertuan (Head of State) was held on Aug. 1, 1968.

#### Guided Brunei Darussalam's Growth

In the 16 years of his rule, the Sultan has guided Brunei's growth from the constitutional foundation laid by his father to full-fledged, independent statehood.

Through his leadership, Brunei Darussalam has obtained full independence from England, joined ASEAN, the Commonwealth, and the Organization of Islamic Countries (OIC) and after Sept. 21, becomes a member of the United Nations.

The Sultan also serves as Brunei Darussalam's prime minister, home affairs minister and finance minister as well as Commander-in-Chief and General of the Royal Brunei Malay Regiment and Inspector General of the Police Force. He is an

accomplished helicopter pilot and avid polo player. Further, His Majesty is also involved in many Bruneian charity and youth organizations.

The Sultan's wife since 1965, Her Majesty Raja Isteri Pengiran Anak Saleha, has blessed him with two princes and four princesses. His second wife, Her Royal Highness Pengiran Isteri Hajjah Mariam binte Haji Abdul Aziz, whom he married in 1981, has blessed him with another prince.

\* \* \*



**BRUNEI  
DARUSSALAM**

CONTACT: ROBERT L. WOODRUM  
(212) 752-8610  
Ext. 5543

THE STATE CREST OF BRUNEI DARUSSALAM

The state crest of Brunei Darussalam originated as a royal emblem.

The emblem itself, can be traced to the early 15th century and the reign of the third Sultan.

Over the past 500 years, the design developed and became more elaborate. The use of Arabic script on the crest was first recorded in 1949.

The state crest was superimposed on the state flag after the promulgation of the 1959 Brunei Constitution. It was then that the Kimhap (hand), also one of the royal regalias, was placed on each side of the crest.

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The crest now includes the flag, the wing, the hand, the crescent and the royal umbrella. The flag and the royal umbrella have been royal regalias since the crest came into being.

The elements signify:

- o The wing of four feathers symbolize the protection of justice, tranquility, prosperity and peace in the country.
- o The hand signifies the government's pledge to promote welfare, peace and prosperity.
- o The crescent is the symbol of Islam, the state religion of Brunei Darussalam.
- o The Arabic characters inscribed on the crescent form the state slogan -- "Always in service with God's guidance."
- o The scroll beneath the crest reads "Brunei Darussalam," which means "the abode of peace."

# # #



**BRUNEI  
DARUSSALAM**

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Ext. 5543

UNITED STATES DEPARTMENT OF STATE  
INFORMATION REPORT  
COUNCIL ON FOREIGN INFORMATION  
PROGRAMS  
UNIT

FACT SHEET: BRUNEI DARUSSALAM

Geography

- o Brunei Darussalam is a 2,226 sq mi enclave on the northwest coast of the island of Borneo, 350 statute mi north of the equator.
- o The country is divided into two geographical areas: the main part, with about 80 miles of coastline, contains the capital, Bandar Seri Begawan, an international airport and oil fields. The two parts are separated by the Malaysian state of Sarawak.
- o Brunei Darussalam is divided into four districts, Brunei/Muara, Belait, Tutong and Temburong.

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- o Climate is tropical, with a range of temperatures from 73F to 89F. It is characterized by constant humidity and heavy rainfall. Cultivated areas lie along the coastline.

#### Population

- o Estimated to be 200,300 total; 74 percent are Malays and indigenous peoples, 19 percent Chinese residents and about 14,000 expatriate workers.
- o 43 percent of population under 20 years old.
- o Birth rate per 1,000: 31
- o Life Expectancy: 74 years
- o Average Annual Population growth: 2.7 percent
- o Official Language: Malay, with English common as second language.

#### Government

- o 1984 Budget: B\$2.6 billion
- o Per Capita Expenditure, 1984: B\$13,225
- o Ten Cabinet level ministries: Prime Minister; Finance; Home Affairs; Defense; Foreign Affairs; Culture, Youth and Sports; Law; Communication; Education and Health; Development.
- o Foreign Affairs: Brunei is a member of the Association of South-East Asian Nations (ASEAN), the Commonwealth, Organization of Islamic Countries (OIC) and, after Sept. 21, the United Nations.

Royal Family

- o Brunei Darussalam's 29th and current Sultan, Prime Minister, Minister of Finance and Minister of Home Affairs: His Majesty Sultan Hassanal Bolkiah Mu'izzaddin Waddaulah.
- o His Majesty's father: His Royal Highness Paduka Seri Begawan Sultan (Minister of Defense).
- o His Majesty's brothers: His Royal Highness Prince Mohamed Bolkiah (Minister of Foreign Affairs); His Royal Highness Prince Haji Sufri Bolkiah; His Royal Highness Prince Jefri Bolkiah (Minister of Culture, Youth and Sports; Deputy Minister of Finance).
- o His Majesty's two wives are Her Majesty Raja Isteri Pengiran Anak Saleha and Her Royal Highness Pengiran Isteri Hajjah Mariam binte Haji Abdul Aziz.
- o His Majesty the Sultan has been blessed with three princes and four princesses.
- o Royal Palace: The New Istana Nurul Iman.

Economic Facts, Figures

- o Brunei \$ = .47 U.S. \$ as of September 1, 1984
- o Gross Domestic Product; 1984 Estimate: B\$6.5 billion
- o Per Capita Income, approximately B\$22,000
- o Foreign Reserves, 1982: B\$24 billion
- o Oil Production, 1983: 65.15 million barrels  
Estimated, 1984: 63.87 million barrels
- o Gas Production, Estimated 1984: 5.65 million metric tons

o Estimated Trade:

1983 Exports: B\$6.89 million

1983 Imports: B\$1.68 million

Balance of Trade: B\$5.21 million

Infrastructure

Sea Transport:

- o The main deepwater port at Muara, 18 miles from the capital, is being dredged to accommodate ships up to 34-ft draft. Wharf being lengthened to 2,005 ft from 1,405 ft. Warehousing with 135,000 sq ft available.
- o At Seria there is a tanker terminal, which handles shipments of crude oil. Its offshore single-point mooring system handles tankers up to 300,000 dwt.
- o Lumut provides a liquefied natural gas loading wharf.

Air Transport:

- o Brunei International Airport, near Bandar Seri Begawan, provides all services; its 12,000-ft runway is one of the longest in region.
- o Royal Brunei Airlines provides freight and passenger service to Singapore, Bangkok, Hong Kong, Jakarta, Kota Kinablu, Kuala Lumpur, Kuching, Manila and Darwin.
- o British Airways, KLM Royal Dutch Airlines, Malaysian Airline System, Philippine Airlines and Singapore Airlines provide passenger service.

**Land Transport:**

- o 500 miles of primary roads, 300 miles of secondary roads.
- o Three navigable rivers: Brunei, Belait and Tutong

**Telecommunications:**

- o Radio Television Brunei broadcasts color television, two FM stereo radio channels broadcast in Malay, English and Chinese.
- o Full International telephone and telex service. Capacity for more than 30,000 domestic phone lines.

\* \* \*



**BRUNEI  
DARUSSALAM**

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Ext. 5543

Office of the  
Secretary of  
State  
Department of  
State  
Washington, D.C.  
20520

BRUNEI DARUSSALAM: WORLD'S NEWEST NATION LOOKS  
TO FUTURE WITH YOUTHFUL OPTIMISM

Brunei Darussalam, the newest member of the United Nations, joins the world community with a youthful population rich in expectations of development to come.

In his remarks commemorating induction into the United Nations, His Majesty Sultan Hassanal Bolkiah Mu'izzaddin Waddaulah noted that Brunei Darussalam's history as a sovereign state reaches back more than 600 years. Brunei Darussalam's status as a fully independent state was officially reinstated on Jan. 1, 1984, after 96 years as a British protectorate. The country quickly took steps to join in the conduct of international affairs, upgrading its observer status in the

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Association of Southeast Asian Nations (ASEAN) to full membership on Jan. 7, and joining the Commonwealth, Organization of Islamic Countries (OIC), and beginning the process leading to its Sept. 21 induction into the United Nations.

Brunei Darussalam is one of the wealthiest of the Pacific Rim countries, which have drawn the interest of American and European businesses in the last decade. The 2,226-sq-mile nation, on the northwest coast of the island of Borneo, about 1,000 miles south of Hong Kong, is separated into two geographical parts by the Malaysian state of Sarawak.

The country's population of just over 200,000 includes 86,000 under 20 years old, with all citizens attending free primary and secondary schools. Universal free education, along with free medical care and other social services, are part of the government's policy of using the income from oil and gas exports to benefit its citizens.

Emphasis in education is placed on the technical, scientific and administrative skills needed for self-government, and the literacy rate among young people is 95 percent. This large pool of future workers looks forward to generous scholarship programs for overseas university education, and, in the future, a university will be established in the capital, Bandar Seri Begawan.

#### Political Advances

Brunei Darussalam retained much of its internal autonomy throughout the 96 years as a British protectorate and even began

to play a role in international relations before independence was formally granted. In 1959, Brunei adopted a constitution, which made the country self-governing in all matters except foreign affairs, security and defense. This advance, and many others, was brought about by the Sultan Haji Sir Omar Ali Saifuddien, who ruled the country from 1950 to 1968.

In 1967, Sir Omar abdicated in favor of his oldest son, the Crown Prince, the 29th ruler of Brunei in succession since the 16th century. The young Sultan Hassanal Bolkiah formally took office on Aug. 1, 1968, and, in the 16 years since, he has continued the task of developing Brunei Darussalam into an independent state.

Under the constitution, all executive authority is vested in the Sultan, who is assisted by a Privy Council and Council of Ministers. A legislative council of 20 members recommends domestic law and votes on the annual budget. The nation is divided into four districts, each administered by a district officer. The judiciary is comprised of a High Court; the Court of Appeal; the Judicial Committee of the Privy Council, which sits in London; and various subordinate courts such as the Magistrate's Court. A separate Islamic Court system, like those found in most Islamic nations, reviews religious offenses.

During the 1970s, Sultan Hassanal Bolkiah established informal relations with neighboring countries. These have been upgraded to full diplomatic relations, and embassies also have been established in Britain and the United States. As a guest of its neighbors, Brunei enjoyed observer status in ASEAN and parts

of the United Nations prior to independence. This helped the nation's diplomatic corps develop increased skills in international affairs.

### National Development

Domestically, Brunei Darussalam's development is being planned to take full advantage of the young, well-educated work force now advancing through the school system. Incentives in agriculture, and industrial growth, as well as development of the infrastructure to support a modern nation are now in place, with an emphasis placed on projects that intelligently utilize Brunei Darussalam's natural resources and steadily growing population.

A major step was the government's assumption of a more active role in managing the energy resources, which now account for 85 percent of the nation's gross domestic product. In 1973, at the invitation of Brunei Shell Petroleum Company, the government accepted a 50 percent share of the company. Under this co-management, development of Brunei Darussalam's energy wealth will be controlled to extend its benefits into the 21st century.

In turn, the oil and natural gas revenues will be invested into the development of new industries and domestic agriculture, as well as health care, education and housing.

### Energy and Infrastructure

Today, Brunei Darussalam's four active oil fields produce about 175,000 barrels of high-grade crude oil daily, along with

the 5.14 million metric tons of liquefied natural gas (LNG) a year produced for export to Japan under a 20- year contract signed in 1972. The LNG is produced in one of the world's largest plants devoted to turning the volatile gas into a readily transportable liquid.

A landmark project in Brunei Darussalam's development is the new 10,000 barrel-a-day petroleum refinery in Seria, with an operating staff of 65 that includes 43 Bruneians. The refinery began operation in October 1983, and is capable of supplying all of Brunei Darussalam's needs for major oil products, particularly aviation and motor fuel; demand for which will increase as Royal Brunei Airlines expands operations and the country develops new roads.

A new, 37-mile coastal road is under construction, which, upon completion in 1985, will increase the highway system to over 500 miles of primary roads and 300 miles of secondary roads. This will also be the first road paved with concrete and asphalt produced in Brunei Darussalam, manufactured in a recently completed paving materials plant built in joint venture with a Japanese contractor.

Also under construction is a 21,000 kw gas turbine power plant. The plant, including 10 miles of transmission lines and waste-heat steam boilers, will supply power to the 15,000 new homes planned in the next 10 years, as well as for industrial projects now in planning stages.

### Future Plans

Down the road, Brunei Darussalam will continue to improve medical and other social services. A new general hospital was completed in 1983, reducing demands placed on the "flying doctor service" that has helped Brunei become the only country in the region to eradicate malaria.

In education, plans are under way to develop a university in the capital so Bruneians can complete their education at home. Currently, more than 2,000 students study abroad; when they return, the number of university-educated Bruneians involved in government and business will more than triple.

Recognizing that the oil and gas wells may eventually run dry, Brunei Darussalam is accelerating efforts to diversify its economy and build an industrial base. Later this year, nine companies from several nations will submit recommended 20-year development plans for government consideration. Possible new industries would include ceramic tile manufacture and glass, capitalizing on the estimated 20 million tons of silica reserves in the country.

To promote industrial development, the government has established two industrial areas, at Muara and Gadong, and has plans for a third. Projects classified as "pioneer industries" -- including pharmaceuticals, cement mills, aluminum wall panel manufacturing, steel rolling and chemical processing -- may receive corporate tax exemptions from two to five years, depending on the the size of the investment. No other taxes are assessed.

Work also is under way to expand capacity in Muara, the country's main deep-water port, 10 miles from the capital. In telecommunications, a new satellite earth station, upgrading the existing one at Tutong, will soon be installed. This will help keep pace with the rapid expansion of telephone services, from fewer than 2,000 phones in 1969 to 26,000 now and more than 35,000 within the next few years.

#### Non-Industrial Development

The modernization of Brunei Darussalam's economy began in earnest in 1965, with the first five-year development plan, aimed at expanding agriculture, forestry and fisheries. These industries had languished after oil development began. The fourth five-year plan, begun in 1980, included development of Brunei's infrastructure; roads, air and sea communications, housing, education, electric power generation and other services. The results of these efforts, although seemingly minor compared to the growth in the energy industries, have been steady and impressive.

Traditionally, agriculture in Brunei is oriented towards the needs of individual households, rather than regional or national markets. The government is working to change this with training programs and incentives to develop commercial farming ventures. Young people trained as farmers are provided with land and low interest loans for machinery, seed and animal stock.

Currently, Brunei Darussalam is self-sufficient only in tropical vegetables, with research continuing to develop of other

cash crops. Efforts are now concentrated on merchandising rice cultivation. The research work and training are centered on a 1,000 acre farm that was established by the Department of Agriculture in 1977 and 15 field stations of the Sinaut Agricultural Training Centre for Agriculture. The Department of Agriculture in cooperation with the Mitsubishi Corporation also operates a 1,200-acre cattle breeding ranch to help reduce the country's dependence on imported livestock.

Activity in developing forestry and fisheries is primarily limited to research and gradual exploitation. More than 70 percent of the country is thickly forested, and 27 sawmills annually convert about 100,000 tons of logs into sawn timber for domestic needs. However, the government recognizes the importance of the forests in maintaining Brunei Darussalam's environment and natural beauty, thus dictating slow expansion use of this precious natural resource. Fishing, a backbone of the pre-oil economy, also is limited, but research is under way to determine the feasibility of expanding activity without risking damage to underwater pipelines and oil drilling facilities.

#### A Fresh Start

Brunei Darussalam's new independence is a fresh start for a nation with a history that reaches back to the time that Christopher Columbus's three ships arrived in the Caribbean. Merchants and travelers from the Middle East brought the Islamic teachings to Southeast Asia at that time and, by the end of the

15th century, the most powerful Islamic state on the island of Borneo was the Sultanate of Brunei.

Trade with other countries increased in the following centuries and, by the early 1800s, English explorers and merchants began to visit Borneo. In 1838, when the famous explorer James Brooke arrived in Borneo, piracy was rife. Working with the Sultan -- and with the advantage of more advanced military technology -- Brooke helped suppress the pirates. In return, Brooke was named Rajah of the area known as Sarawak, the state that now divides Brunei Darussalam into two geographic areas.

The British protectorate began to take shape in 1847, with the signing of the treaty to further commercial relations and suppress piracy. In 1888, a second treaty formally placed the state under Britain's protection and, in 1906, the first permanent resident, or British government representative, was accepted by Brunei. In 1959, the British government representative was upgraded to High Commissioner. Within the next quarter century, though, exploration led to a find that brought enormous changes to Brunei.

#### Discovery of Oil

That was when a number of oil companies began exploratory drilling in the country. Early finds proved difficult to recover until April 1929, when the British Malayan Petroleum Company -- which later became the Brunei Shell Petroleum Company -- achieved success in the Seria oilfield, in the western portion of Brunei.

Development of this field was delayed by the worldwide depression of the 1930s, and the 3 1/2 year occupation by Japanese forces in the Second World War. After the war, oil was steadily pumped out of the 10-mile field. Production peaked in 1956, when 114,700 barrels a day were recovered and it was estimated that reserves would last only another 15 years. With this in mind, Brunei Shell began exploring potential offshore deposits.

By 1979, four offshore fields had been developed. Today, Brunei Darussalam's reserves are sufficient to continue production into the 21st century at the rate of 175,000 barrels a day. And, in the last few years, the government has awarded new exploration contracts to four American companies, which are surveying both onshore and offshore areas with potential deposits.

The goal of all this work, as stated by the government, is simple. Development is aimed at training bi-lingual, technical and professional manpower that will bring progress to the country with science and technology side-by-side.

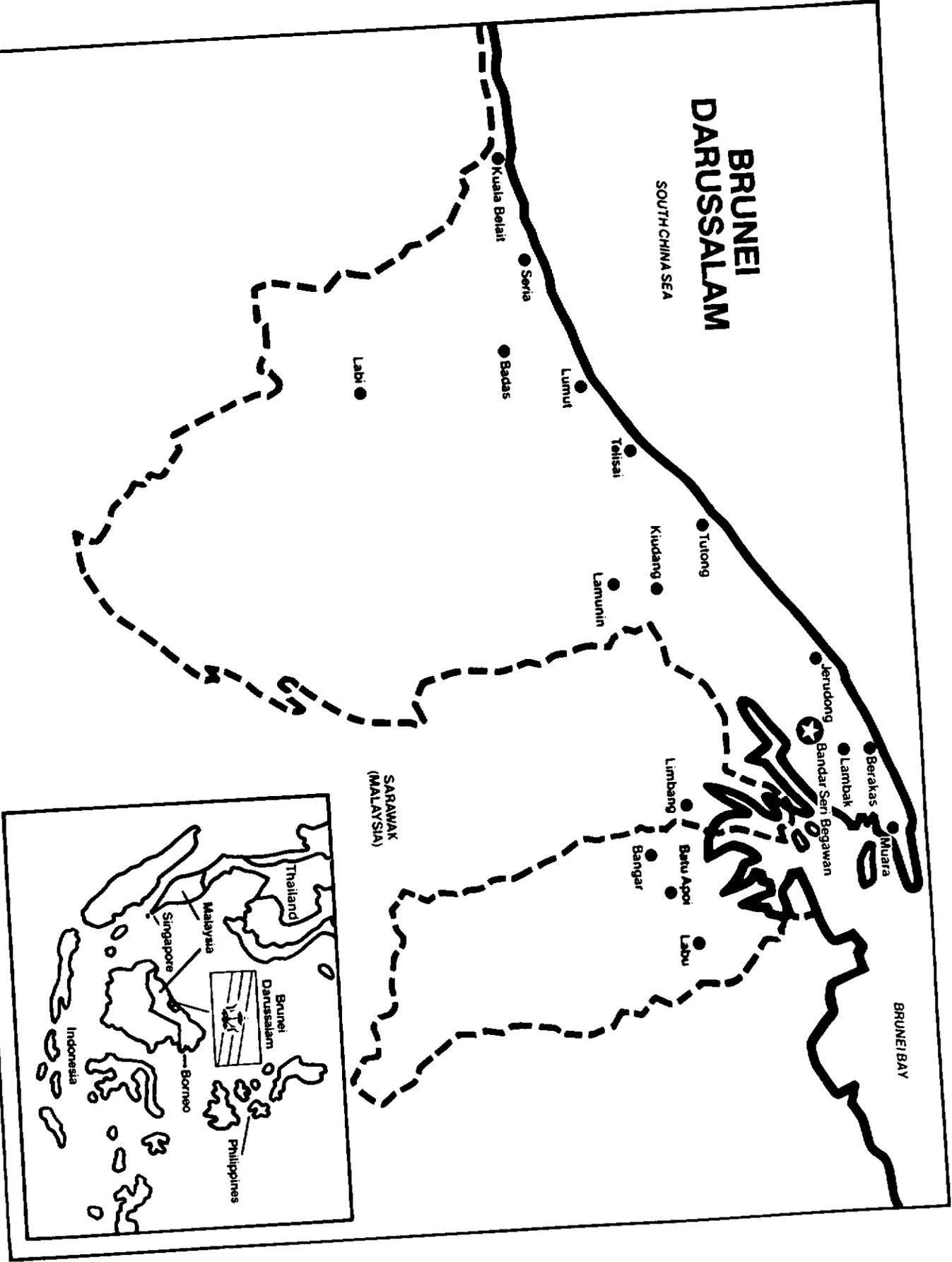
In the words of Sultan Hassanal Bolkiah, upon celebrating the new independence: "Brunei Darussalam shall be forever a sovereign, democratic and independent Malay-Muslim monarchy based upon the teachings of Islam according to Ahlis Sunnah Waljamaah and based upon the principles of liberty, trust and justice."

In looking at the progress of the last twenty years and the plans for development into the next century, this nation of eternal peace has successfully taken the initial long steps toward that goal.

‡ ‡ ‡

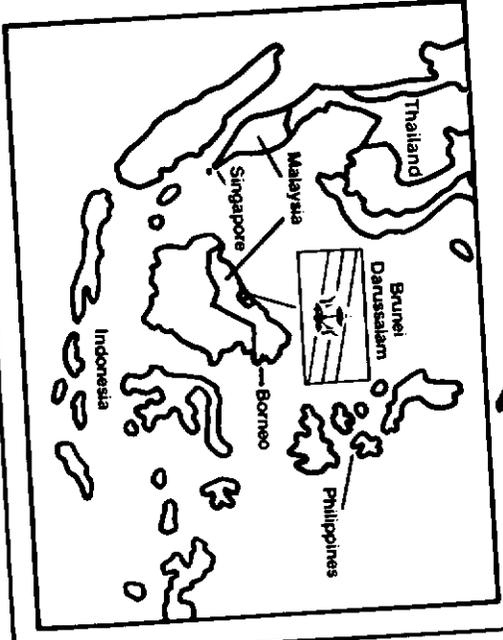
# BRUNEI DARUSSALAM

SOUTH CHINA SEA



SARAWAK (MALAYSIA)

BRUNEI BAY





CONTACT: ROBERT L. WOODRUM  
(212) 752-8610  
Ext. 5543

**BRUNEI  
DARUSSALAM**

His Majesty Sultan Hassanal Bolkiah Mu'izzaddin  
Waddaulah, Sultan and Yang Dipertuan of Negara Brunei  
Darussalam.



**BRUNEI  
DARUSSALAM**

September 19, 1984

Dear Editor:

This Friday, the application for membership of Brunei Darussalam as the United Nations' 159th member nation will be voted on by the General Assembly. This follows the formal recommendation by the Security Council on Feb. 24th of this year that Brunei Darussalam be admitted as a new member.

To enable you to become more familiar with this newest of nations, we have enclosed the following press information on the country's history, ruling family, government, people and economy.

His Majesty the Sultan and Yang Dipertuan (Head of State) of Negara Brunei Darussalam plans to address this Friday's General Assembly Session. We will provide you with a summary of his remarks on that date.

Sincerely,

Robert L. Woodrum

RLW:mlm

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NEW YORK  
SEP 20 1984



INTERNATIONAL TELECOMMUNICATIONS SATELLITE ORGANIZATION  
ORGANISATION INTERNATIONALE DE TELECOMMUNICATIONS PAR SATELLITES  
ORGANIZACION INTERNACIONAL DE TELECOMUNICACIONES POR SATELITE

January 1984

### FACTS SHEET: INTELSAT

The International Telecommunications Satellite Organization (INTELSAT), headquartered in Washington, D.C., was created on 20 August 1964 through the adoption of interim agreements, signed by 11 countries, for the establishment of a global commercial communications satellite system. There are now 108 member countries of INTELSAT.

Since 12 February 1973, INTELSAT has operated under definitive agreements, with an organizational structure consisting of:  
(a) an Assembly of Parties (governments that are Parties to the INTELSAT Agreement); (b) a Meeting of Signatories (governments or their designated telecommunications entities that have signed the Operating Agreement); (c) a Board of Governors; and (d) an Executive Organ headed by a Director General, Mr. Richard R. Colino.

The Board of Governors, which has overall responsibility for the decisions relating to the design, development, construction, establishment, operation and maintenance of the INTELSAT space segment, is currently composed of 27 Governors representing 94 Signatories.

The INTELSAT global satellite system comprises two essential elements: the space segment, consisting of satellites owned by INTELSAT, and the ground segment, consisting of the earth stations, owned by telecommunications entities in the countries in which they are located.

At present, the space segment consists of 16 satellites in synchronous orbit at an altitude of approximately 35,780 kilometers (22,240 miles). Global service is provided through a combination of INTELSAT V, INTELSAT IV-A and INTELSAT IV satellites over the Atlantic, Indian and Pacific Ocean regions.

The INTELSAT IV-A has a capacity of 6,000 voice circuits and two television channels, while the INTELSAT IV has a capacity of 4,000 voice circuits plus two television channels. Each of the INTELSAT V generation satellites has a capacity of 12,000 voice circuits plus two television channels. In addition, some INTELSAT V's carry special maritime communications packages leased to INMARSAT for ship/shore/ship communications.

- ATTACHMENT A -

The ground segment of the global system consists of 750 communications antennas at 603 earth station sites in 149 countries, territories and dependancies.

The combined system of satellites and earth stations provides more than 1,100 international earth station-to-earth station communications pathways.

In addition to the international voice channels in full-time use (now more than 65,000), INTELSAT provides a wide variety of telecommunications services, including telegraph, telex, data and television to 170 countries, territories and possessions.

Twenty-six countries also lease satellite capacity from INTELSAT for their own domestic communications. These are: Algeria, Argentina, Australia, Brazil, Chile, Colombia, Denmark, France, Federal Republic of Germany, India, Libya, Malaysia, Mexico, Morocco, Niger, Nigeria, Norway, Oman, Peru, Portugal, Saudi Arabia, Spain, Sudan, Thailand, Venezuela and Zaire.

INTELSAT currently authorizes three standards for earth stations that operate international services through its satellites: Standard A, with 30-meter (100 ft.), or larger, dish antenna, ten stories tall, which can be rotated one degree per second and which can track to within a fraction of a degree a satellite stationed in synchronous orbit; and a smaller Standard B of ten meters (33 ft.). Now, a number of countries have also installed Standard C stations, with antennas of 14 meters (46 ft.) or larger, for 14/11 GHz operations with INTELSAT V.

In addition to these "gateway" earth station standards, INTELSAT authorizes standards E<sub>1</sub>, E<sub>2</sub> and E<sub>3</sub>, with antennas from 3.5 to 7.0 meters in diameter, for operation with the international INTELSAT Business Service (IBS), introduced on 1 October 1983.

Standard Z is authorized for earth stations to be used for leased domestic services. This standard provides specific guidelines on technical performance requirements; however, certain parameters can be chosen by the earth station owner, subject to INTELSAT's review.

INTELSAT MEMBER COUNTRIES

Afghanistan	Libya
Algeria	Liechtenstein
Angola	Luxembourg
Argentina	Madagascar
Australia	Malaysia
Austria	Mali
Bangladesh	Mauritania
Barbados	Mexico
Belgium	Monaco
Bolivia	Morocco
Brazil	Netherlands
Cameroon	New Zealand
Canada	Nicaragua
Central African Republic	Niger
Chad	Nigeria
Chile	Norway
China, People's Republic of	Oman
Colombia	Pakistan
Congo	Panama
Costa Rica	Papua New Guinea
Cyprus	Paraguay
Denmark	Peru
Dominican Republic	Philippines
Ecuador	Portugal
Egypt	Qatar
El Salvador	Saudi Arabia
Ethiopia	Senegal
Fiji	Singapore
Finland	Somalia
France	South Africa
Gabon	Spain
Germany, Federal Republic of	Sri Lanka
Ghana	Sudan
Greece	Sweden
Guatemala	Switzerland
Guinea	Syria
Haiti	Tanzania
Honduras	Thailand
Iceland	Trinidad and Tobago
India	Tunisia
Indonesia	Turkey
Iran, Islamic Republic of	Uganda
Iraq	United Arab Emirates
Ireland	United Kingdom
Israel	United States
Italy	Upper Volta
Ivory Coast	Uruguay
Jamaica	Vatican City
Japan	Venezuela
Jordan	Viet Nam
Kenya	Yemen Arab Republic
Korea, Republic of	Yugoslavia
Kuwait	Zaire
Lebanon	Zambia

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CRIME DIVISION

INTELSAT BACKGROUNDER

Introduction

INTELSAT SECURITY  
REGISTRATION UNIT

The International Telecommunications Satellite Organization (INTELSAT) owns and operates the satellites used by most of the world for international communications. It is a non-profit organization of 108 member countries dedicated to providing the greatest array of telecommunications services at the lowest cost to all nations and peoples of the world.

INTELSAT was established largely at the initiative of the United States with the aim of achieving a single global commercial telecommunications satellite system which would provide expanded telecommunications services to all areas of the world without discrimination. Twenty years after its creation in 1964, INTELSAT now provides a wide variety of telecommunications services to 171 countries, territories and possessions. In addition, 25 countries currently use INTELSAT for domestic services.

Since its first communications service offerings on the Early Bird satellite in 1965, INTELSAT services have become steadily more diverse, more efficient and less costly over

time. INTELSAT's technological achievements during that time have resulted in a reduction of utilization charges to only 1/18 of their original 1965 level adjusted for inflation. Its system offers in excess of 99 percent reliability.

For developing countries, INTELSAT constitutes the primary means, and in many cases, the exclusive means, by which they communicate with the rest of the world.

#### The Single Global System

All of the basic commercial, financial and technical principles of the INTELSAT system derive from the underlying concept of the single global system, of which the United States was the key proponent. INTELSAT spreads its investment risks among 108 member countries and a wide range of service offerings. Greater economies of scale and scope have been realized with advances in technology, expanded capacity and the addition of new services, which in turn have provided the means to lower the costs of basic services to all users.

INTELSAT's pricing methodology is defined in Article V of the INTELSAT Agreements. Charges are non-discriminatory across like services and for all types of users. For example, charges are the same for a high-volume user or a small user; the Agreements unequivocally prohibit INTELSAT from differentiating charges on the basis of a particular route.

This fundamental principle of the global averaging of charges is a cornerstone of the INTELSAT Agreements. As a single, integrated cooperative, INTELSAT's facilities and costs are shared among its owners and users without regard to geographic location, traffic volume or other characteristics. Charges for services are calculated to cover the operating and capital expenses of the total system.

#### Planning, Capacity and New Services

The capacity of the INTELSAT system is planned to achieve maximum economies of scale on the basis of worldwide traffic forecasts provided by members and all users. Based on these forecasts, INTELSAT decides what facilities are needed to meet anticipated communications requirements, and invests hundreds of millions of dollars to construct and launch the satellites.

The satellites now in orbit or under construction are designed to meet projected requirements, provide back-up capability and ensure capacity for new markets and services through 1995.

Although INTELSAT has seen its growth rates drop over the last few years (in 1983 INTELSAT's growth was projected to be about 20 percent and was actually about ten percent), the range and scope of services offered are under continuous review and

development to ensure that the telecommunications requirements of users and potential users can be met at the lowest possible cost.

Consistent with its prime objective of providing all forms of international telecommunications services to all users, public and private, INTELSAT has had a remarkable record of service and technological innovation. This is continuing with a wide range of new services that have recently been initiated, including the INTELSAT Business Service (IBS).

IBS is a flexible digital communications service providing 24 hour-a-day or part-time and occasional-use access. It includes applications like digital telephone, telex, data, facsimile, videoconferencing, electronic mail and document distribution. The IBS is structured to achieve total interconnectivity within the satellite region at extremely low, and appealing rates.

In December, 1983, INTELSAT introduced its new VISTA low-density telephony service for rural and remote parts of the world. Other service innovations to be considered this year include a large number of preemptible international video services and associated tariffs on satellites not now used as primary or major path satellites.

Each new service brought into the INTELSAT system benefits not only the users of that service, but all the users of the system, as charges for each service include not only the incremental cost of the service but some contribution to the total costs of the system as well. Thus, the addition of a new service sharing spacecraft, launch, and other costs helps to reduce the charges for all other services.

INTELSAT's fastest growing service/revenue activities are in international television and business services. In 1984, international television on an occasional basis has expanded to account for six percent of INTELSAT's revenues. Full-time international television leases (now numbering seven and going up quickly) will account for more than three percent of INTELSAT's revenues in 1984. Business services, inaugurated in 1983 and in service today between Canada and the United Kingdom, will be growing through 1984 and may account for two percent of INTELSAT's revenues this year. Leasing of capacity for domestic satellite systems will probably account for 12 percent of INTELSAT's revenues.

These new services and the economies of scale and scope they provide are becoming increasingly important, as INTELSAT has tremendous competition from submarine cables. With the implementation of the TAT-8, a fiber optic cable system that

can provide a full range of services on the transatlantic routes, competition for telecommunications traffic in the Atlantic will intensify.

#### Regional Satellite Systems

Although the single global system was the central concept of the agreements which created INTELSAT, provisions were made to consider the creation of regional satellite systems. Article XIV(d) of the Agreement was written to protect the integrity of the global system, requiring that any proposed regional system would be technically compatible with the INTELSAT system, and would not cause "significant economic harm to the global system."

In several instances the INTELSAT Assembly of Parties, the organization's highest body, has found, upon recommendation of the Board of Governors, that proposed regional systems were technically compatible and would not cause significant economic harm. In the cases of both EUTELSAT and ARABSAT, the Board of Governors was convinced that the traffic carried on those systems would not have been carried on INTELSAT, but would have been transmitted on terrestrial facilities which connected the nations in each region. Nevertheless, each system respects certain limitations to service as an outcome to the XIV(d) process.

None of these regional systems plans intercontinental, transoceanic services over routes which comprise INTELSAT's financial backbone.

#### INTELSAT and the United States

The United States currently utilizes the INTELSAT system more than any other country in the world, using about 24 percent of the capacity of the system in operation.

Of the US\$4.1 billion invested in the INTELSAT system by its member countries, more than US\$3.4 billion has been awarded in more than 2,500 contracts to approximately 600 contractors in the United States.

INTELSAT has been characterized as one of the most successful U.S. international initiatives in recent years. The National Telecommunications and Information Administration has described the global communications satellite system as "an unqualified, outstanding success on institutional, financial and operational grounds and must be considered a triumph of U.S. foreign policy."

Observing INTELSAT's 20th Anniversary this year, President Reagan noted that through INTELSAT, "nations with differing backgrounds have cooperated to build a common heritage founded

on technological and commercial accomplishments unparalleled in world experience." The President also reaffirmed U.S. support of "continued universal availability of those basic and essential satellite communications services INTELSAT provides in response to world needs."

## INTELSAT UNDER SIEGE

*Intelsat has a new Director-General, Mr. Richard Colino, who is determined to preserve Intelsat's co-operative venture from the threat of private satellite systems. Communications International spoke to him shortly before he took up his new post.*

Mr Richard Colino, the American new Director-General of Intelsat, used to have a joke about the first action that he would take on assuming his responsibilities as Director-General at the end of last year. He would call a staff meeting. As that day was a weekend, he could plead compliance with Intelsat's rather elaborate rules of succession and an enthusiasm for directing the fortunes of the \$300m. per year co-operative venture.

He is a strong advocate of the co-operative format, which he describes as a "finely honed concept". The shareholding of Intelsat's members is recalculated annually on the basis of the members' traffic use of the previous year; tariffs are determined from the amortisation requirements of the system capacity, in turn the subject of members' traffic projections. "It is not like a real business in two factors," Mr Colino observes. "Amortisation is one; the other is that we compensate each other for the use of each other's capital." The latter follows from the changes in shareholding lagging by one year the system use that produced them; a system of crosspayment between members has been devised to take care of this, an example of the refined mechanism of Intelsat's organisation.

Despite Intelsat's avowed intention "to provide all of the world's international public

(and private) telecommunications by satellite," Mr Colino goes on to say that "we don't have any of the characteristics of a monopoly. We are not the sole monopole at all." Cable and microwave links are always available as alternatives; Intelsat expects to carry about 50% of transoceanic voice and data communications. The hold over TV will remain almost 100% for some time. "Transoceanic communications is the bulk of Intelsat's business and will remain so," he declares.

He is convinced that a private international system would be a real threat to Intelsat, and has testified as a private citizen to this effect to the US Senate subcommittee on communications. The subcommittee is considering the formulation of an overall US international telecommunications policy, at a time when private companies are beginning to petition the FCC for permission to begin an international satellite service. "If someone puts a satellite next to yours over the mid-Atlantic, that is a real threat. If the purpose of competition is to drive down the charges to the customer while improving customer service, please, US, don't come down on Intelsat" is Mr Colino's plea.

He points out that in 12 of the past 16 years Intelsat has reduced its tariffs — its policy when the actual use of the system is greater

than that predicted (and Intelsat's predictions are conservative). In the past four years prices have been held, but only as the result of additional investments, such as the high-speed digital business data system launched in October of last year and the additional requirements of the Inmarsat system.

He believes that, should the US support private international satellite communications, it would be seen to be tantamount to the USA withdrawing its support to the Intelsat concept, one that has generated a large amount of goodwill among the less developed countries, as the USA has made available its once exclusive technology to the third world, now the largest single grouping in Intelsat in terms of member numbers. "The third world countries overnight had modern telecommunications contact with the rest of the world. Instant contact. Instant emancipation from colonial status."

He does not see Eutelsat or other regional systems, such as Arabsat, as a threat to the Intelsat concept. Commenting on the fact that the provisional agreement between Eutelsat and Intelsat is due to terminate in 1988, he feels that too much emotion has been generated over the European venture too soon. "Eutelsat and Intelsat are working very hard to co-operate," he says. "The big fuss is what will happen next — will Eutelsat do transoceanic traffic? Let's talk about that when they have done something specific. I am not sure that there is an issue to get excited about yet."

### ISDN

The world interest in ISDN is greeted by Mr Colino with enthusiasm. "ISDN will be great," he says. "We have done so much digital work already." He is confident that Intelsat will have the necessary channel capacity that ISDN-type systems demand. He points to the success of the recent field trials of the space segment for t.d.m.a. and to the new business system, although he admits that more work is needed on the latter, particularly by the PTTs in sorting out their policy on access to such a system.

"We are far from home in this area," he observes. "From the satellite point of view only, it makes no point to charge for different distances, but administrations charge on the basis of distance." He believes that agreement will be reached, although it may mean that some administrations insist on a gateway, while others will allow direct access via a user's own antenna.

One area in which Mr Colino does favour competition is in launch vehicles, and he displays some delight in Arianespace's recent successes. "If Ariane's charges are comparable to NASA's, why not have competition?" he asks. While admitting that the strong European representation in Intelsat could influence Intelsat's choice of the Ariane launch vehicle "to a degree", he stresses that voting is weighted and that gross differences between launch vehicles cannot be glossed over: "You have to cross some undefined threshold before political pressures have an effect."

*Mr Richard Colino, Intelsat's newly elected Director-General.*



ATTACHMENT C

FEDERAL BUREAU OF INVESTIGATION  
CRIMINAL DIVISION  
APR 25 1984  
INTERNAL SECURITY  
RESEARCH UNIT

INDUSTRIAL/  
TECHNOLOGY EDITION  
NUMBER 2827

# BusinessWeek

FEBRUARY 6, 1984

## INTELSAT: CAN ITS NEW PILOT KEEP REVENUES IN ORBIT?

**B**etween February and June last year, Richard R. Colino visited 44 countries as part of an ambitious, long-shot campaign. He wanted to persuade the multinational owners of International Telecommunications Satellite Organization (Intelsat) to vote for him as the new director general. He started the race as an outsider. But on Jan. 1, 1984, Colino moved into the organization's Washington headquarters. Ever since then, quips one insider, the new chief has been "ricocheting through the corridors like a full swing on a golf ball in a bathroom."

Such activity is new to Intelsat, the 108-nation consortium that for almost 20 years has enjoyed a virtual global monopoly on transmission of international

satellite communications. In fact, some say the organization has done little beyond counting its money—some \$400 million in operating revenues last year. As a result, Colino's creed—"I believe in market, market, market; offer, offer, offer"—has shaken up many insiders.

**LINKING CONTINENTS.** But Intelsat, under pressure on two fronts, must reposition itself. Would-be competitors want to break into the international market by beaming communications via their own satellites. They particularly want to grab a share of the transatlantic market, which is by far the most lucrative. Indeed, two U.S. companies—Orion Satellite Corp. and International Satellite Inc.—already have filed with the Federal Communications Commission, which li-

CORPORATE STRATEGIES

ATTACHMENT D

# Corporate Strategies

censes such operations, to do just this.

Meanwhile, new technology—fiber optics—has created an even more threatening form of competition that may bring back ocean-floor cables as Intelsat's major rival. A 28-member consortium headed by American Telephone & Telegraph Co., also eyeing the biggest potential market, is spending \$335 million to lay a fiber-optic cable under the Atlantic. It is slated to begin operation by 1988.

Intelsat is lobbying hard to head off competition from other satellite operators. But fiber-optic technology, Colino admits, is "Intelsat's greatest competitor." Whereas existing cables can carry 4,200 voice circuits, the fiber-optic cable will have a capacity of 40,000. As a result, says Richard B. Nichols, vice-president at AT&T Communications, "we expect to cut our cable costs some 75% from today's [prices]."

This means that transatlantic cable users—the telephone companies—would pay only \$1,500 per year, compared with the current \$5,000. That is a giant discount from the more than \$18,000 a year the same customers pay to communicate via Intelsat's satellites. "Once the new cable is installed," Nichols promises, "it's going to be a whole new ball game."

**"BLANKET THE U.S.:** Colino, 47, believes he can withstand future challenges by increasing the range of facilities that Intelsat provides. "The obligation we have is to make available worldwide every imaginable communication service," he says. "In 1984, I will be proposing a dozen or more services to the board of governors and maybe get six or seven approved. I'll probably recommend things I haven't thought about yet."

Intelsat Business Service, for example, began in January when Bank of Montreal used it to link up with its branch in London. This system now is able to provide users with service throughout Europe and as far west as St. Louis in the U.S. When the new Intelsat VI satellites are in orbit in 1986, service will extend as far west as Omaha. Colino's ultimate goal is to "blanket the U.S."

Colino argues that Intelsat's worldwide presence will give him a marketing edge. And he thinks he can get even more business by using sophisticated new communications techniques for broadcasting television programs multilingually. For example, live coverage of the Olympic Games might be beamed around the world with a simultaneous transmission of multiple voice tracks. In contrast, the networks and other broadcasters now must use a dozen separate transmissions. "I want to see Intelsat anticipate demand for TV, not just wait



**'I believe in  
market, market,  
market; offer,  
offer, offer'**

RICHARD R. COLINO  
Director General Intelsat

for customers to request services," says Colino.

He has equally high hopes for a continued growth in revenues. He predicts they will reach \$620 million within two years and top \$1 billion by 1989.

For all his plans, Colino admits that "Intelsat is trapped" by the price structures that stem from the way the organization was set up. Intelsat has only one actual customer for its services in each of its member countries: telephone companies abroad and, in the U.S., the Communications Satellite Corp. (Comsat), which is the only nongovernment owner.

**STIFF MARKUP.** Comsat was established by an act of Congress to be the sole U.S. partner in Intelsat. It buys Intelsat's services and resells them to U.S. carriers such as AT&T and RCA Corp.

Each step involves a stiff markup in prices. For example, Comsat pays Intelsat \$4,680 per year for a half circuit (the leg between an earth station and a satellite, or vice versa); the carriers pay Comsat \$13,200; the end-user pays the carrier \$50,000. True, Comsat and the carriers provide some extras, such as telephone service between earth stations and the end-users' offices, but because of a technique known as "bundling" tariffs, it is impossible to break out the cost of such

extras. Moreover, even if Comsat and Intelsat's other owners agreed to reduce their markup, they have little influence on the prices charged by the carriers.

Such markups, of course, have been protected by the consortium's monopoly, and Intelsat's owners have done well over the years. Comsat, which is Intelsat's largest stockholder, with a 24% stake, netted \$52 million in the 11 months ended Nov. 30 on its \$264 million share of revenues.

**EARLY BIRD.** It may be that Colino is the person best qualified to maintain Intelsat's growth. His background includes a stint as a lawyer at the FCC in the early 1960s and some 14 years with Comsat, where he eventually became vice-president and general manager of international operations. He is quick to note that he was present as a government representative at the formation of Intelsat in 1964, "when the U.S. initiated the organization." Since then, Intelsat has grown dramatically. The initial 240 telephone circuits provided by the first tiny Early Bird communications satellite have grown to 65,000, offered by way of 16 satellites.

In 1979, Colino left Comsat to run a cable-TV and consulting business. When he first showed interest in the \$250,000-a-year top job at Intelsat, there were some who felt that the Board of Governors would not select an American over the other contenders—an Australian, an Austrian, a Thai, and a Canadian, the early favorite. Colino promised he would work for Intelsat, not the U.S. or Comsat. He already has passed his first test. The new business service that Intelsat offers undercuts the price of a similar service in which Comsat is a partner. But that, Colino says, "is Comsat's problem."

SATELLITE COMMUNICATIONS  
April, 1984

COMMUNICATIONS DIVISION  
CRIME PREVENTION  
INVESTIGATION  
INTELLIGENCE SECURITY  
REGISTRATION UNIT



## Transocean Systems Separate From Intelsat?

By Abbott Washburn

Congress, in the Communications Satellite Act of 1962, charted the course for the global commercial satellite system. The system was to be designed to serve "all areas of the world... on a non-discriminatory basis." Its International public telecommunications services were to be reliable and of high quality. The lawmakers placed particular emphasis on the importance of bringing these services within the affordable reach of developing nations.

So admirably has Intelsat met these goals that — for worldwide usefulness, impact, and contribution to international comity — it has been favorably compared to the Marshall Plan. Generous sharing of American knowledge and resources is characteristic of both projects. Both have generated great goodwill, credibility and economic return for the U.S.

In January 1969, going into the 2½ year-long negotiation that led to the Intelsat Definitive Agreements, our U.S. Delegation was strongly opposed to any language that would permit use by member countries of satellite systems separate from Intelsat. We held that the *single global system* concept was the keystone of the entire venture, that encouragement of multiple systems carrying competing international traffic would undermine the viability and vitality of Intelsat and defeat the primary objective of the 1962 Act.

We succeeded, along with other minded delegations, in making the *single global system* concept central to the Agreements. However, over several weeks of intense discussion,

we compromised on the question of regional systems; this was in response to the wishes of a number of European countries to leave a way open for their mounting of a regional system, or systems, at some future time. The compromise took the form of Article XIV(d), which established a coordinating mechanism to ensure that any proposed regional system would be technically compatible with the Intelsat global system and not result in "significant economic harm" to the global system. Also, the proposed system must be acted upon by the organization's highest body, the Assembly of Parties, upon receipt of recommendations from the Board of Governors.

The drafters of Article XIV(d) and the delegates of the 79 nations participating in the negotiating Conference clearly understood that this provision was aimed at proposed *regional* systems. Additional *transocean* systems were not contemplated. The latter, we all recognized, would be in direct conflict with the *single global system* concept.

In practice, the coordinating mechanism has worked well. The current regional systems have all been coordinated under XIV(d) and approved unanimously by the Assembly of Parties. Among these are Eutelsat, Arabsat and Palapa. Not one is a heavy-route transocean system.

The systems being proposed by the Orion Satellite Corporation, International Satellite Inc., and now RCA, in applications before the Federal Communications Commission, are, on the other hand, heavy-route transatlantic

systems. In my view, successful coordination with Intelsat under XIV(d) should unquestionably be a prerequisite of final FCC approval. Anything otherwise would be unthinkable, particularly given the key role of the U.S. in the creation of the organization and in the drafting of the Articles.

Testifying on "a space communications system" before the House Committee on Science and Astronautics on July 14, 1961, Edward R. Murrow, who was then Director of the U.S. Information Agency in the Kennedy Administration, stated:

*"The aims of the Government and industry may not be identical. Industry may have little interest in communications with Upper Volta, as there may be no profit forthcoming for years. Yet, it is right that Upper Volta have as much potential use of the system as the United States. And if it is not the aim of private industry to serve the lean as well as the lucrative, then it must be the aim of Government."*

As things worked out, Intelsat has been able to maintain the thin-traffic routes to all countries regardless of population size, and U.S. aerospace/electronic firms have benefited by close to \$3.5 billion in Intelsat contracts.

But it is the clear aim of Orion, ISI and RCA, to serve only the lucrative markets of Europe and America. They contend they would not dilute Intelsat's traffic significantly. Yet it is precisely from these heavily-used pathways across the Atlantic that Intelsat derives the revenues to serve the Up-  
(Continued on page 81.)

per Voltas throughout the world. (There are over 400 earth stations in developing nations; and the cost of an Intelsat circuit is universally the same). They also contend that they would bring the benefits of new technologies and new services. In actuality, there is not one type of service in these proposals that was not thought of when we were negotiating the Definitive Agreements and which is not today available through Intelsat. They offer nothing new except the diversion of revenues from the heavy transAtlantic traffic streams and the willingness to fragment the future of global telecommunications services.

If these three applicants are given a green light, others (both foreign and U.S.) will quickly get in line. Trans-Pacific systems will likewise be proposed. In consequence, the rates paid by Intelsat users will be forced up, reversing the consistent downward trend which has seen Intelsat rates reduced 12 times to date. In my judgment, the mounting of an array of such systems would ultimately put the very existence of Intelsat in jeopardy.

At the Assembly of Parties meeting in Washington last October, delegate after delegate voiced concern over the possibility of Orion-type systems. Could it be that the U.S. was getting ready to reverse its basic policy of the single global system? The developing countries were particularly concerned. Without Intelsat they have neither the financial resources nor the technological capability to use satellite communications for either their international or their domestic communications needs.

There is a huge foreign policy dimension to the questions raised by the applications. As Irl Marshall said recently in his *Publisher's Forum*: "...any competitive plan must have the support of all the nations which use international satellite services." Unless we make certain of this, the U.S. will be in danger of bringing down one of the most successful and useful international initiatives of our century. 

### **About The Author**

Abbott Washburn, as Ambassador, served as chairman of the 70-nation negotiating conference, 1969-71, which drafted the Intelsat Definitive Agreements. Last year he served as chairman of the U.S. Delegation to the ITU Region 2 Conference in Geneva on Direct Broadcasting Satellite Service. From 1974 through 1982, Washburn served as an FCC Commissioner.

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# THE MONITOR

By Bob Brewin

## Space War Over the Atlantic

A real-life international space communications battle, fought mostly behind closed doors over the past year, could soon be resolved by President Reagan. The fight pits the increasingly beleaguered International Telecommunications Satellite Organization (INTELSAT) against a growing number of private companies. These firms—including one in which the New York-based Millstein brothers real estate combine holds a large interest—want to construct satellite systems to serve the lucrative North Atlantic telecommunications market. INTELSAT, which has operated as a worldwide space communications monopoly since its founding in 1964, views their plans as a serious threat to global communications.

In INTELSAT's view, one worldwide satellite communications system affords the opportunity for all nations, large or small, rich or poor, to reap the benefits of space-age communications. Since its founding in 1964, INTELSAT has revolutionized the way the world communicates. Before the development of the geostationary satellite, which in its simplest form can be described as nothing more than an antenna parked some 23,000 miles in space, global communications belonged primarily to the more prosperous nations which had the capital to finance development of expensive undersea cables. But since the launch of the primitive Early Bird satellite in April 1965, INTELSAT has made phoning to or from Fiji as easy—and almost as inexpensive—as calling across town. That's because INTELSAT operates as an international financial cooperative, with member nations paying costs and receiving dividends from the system based on their pro rata share of the international traffic.

Over the past 20 years the system has produced remarkable results. When INTELSAT started with 11 member countries, it was able to offer only limited service. The Early Bird satellite could carry 240 phone calls or one television transmission. Today INTELSAT has 109 member nations (including Israel and the Arab countries), and operates a fleet of some 16 satellites serving 750 earth-station antennas located in 149 countries or territories. And it is now building and launching a monster series of satellites that make Early Bird look like a Model T. These birds can carry 12,000 simultaneous telephone conversations and two television channels. Probably the best example of INTELSAT's impact is the audience it drew for the World Cup soccer matches last year, thanks to a technology that grew rapidly from a dream to reality.

1.8 billion viewers around the world watched the matches live.

Finally, despite rampant global inflation, the cost of using INTELSAT has dropped to one-sixth of the cost of making a phone call when the organization started.

Now, however, INTELSAT officials warn that if applications currently pending at the FCC to offer competing satellite services across the North Atlantic are approved, their ability to transmit communications quickly, effectively, and cheaply will be threatened. That's because the revenues between North America and Europe account for much of INTELSAT's financial base. If these revenues are skimmed from the system, INTELSAT contends, the cost of sending increasingly important information to and from the developing nations of Africa, Latin America, and the Pacific basin could grow beyond the means of those countries.

Christopher Vinas, executive vice-president of Orion (a privately held company not connected to the film company), the first firm to announce a private North Atlantic satellite venture, dismisses INTELSAT's arguments as not germane to the situation. In fact, Vinas contends that if the domestic satellite situation in the U.S. is any indicator, development of private satellite systems across the North Atlantic will stimulate worldwide telecommunications growth rather than inhibit it. Vinas claims Orion would offer services that INTELSAT cannot or will not offer, services a variety of businesses on both sides of the Atlantic desperately need to keep pace with the transformation of the global economy from the industrial age to the information/communications age. They include company-to-company links carrying high-speed data, teleconferencing, and a variety of video offerings that could be used by broadcasters or cable TV companies. Orion hopes to sell transponders to private users on the two high-band satellites it plans to loft into orbit over the Atlantic.

In its comments to the FCC, Orion has emphasized that it is not a public communications company, and will not compete with INTELSAT as such. This is the argument voiced by firms that have followed Orion's lead, including International Satellite Inc., a company backed by TRT Communications, which in turn is a subsidiary of United Brands, in which the Millstein interests hold a substantial share. Other applicants for private North Atlantic satellites include RCA and their recently formed Cygnus Satellite, a privately held company

backed by executives of M/A-Coman, an earth-station manufacturing company.

INTELSAT, along with COMSAT, the U.S. representative on the INTELSAT Board, has fought a rear-guard action against these applications by invoking its diplomatic status. COMSAT has argued that approval of competing satellite systems would show the U.S. does not live up to its treaty commitments, and INTELSAT itself sent a strongly worded note to the State Department which said: "... the proposals challenge the underlying purposes for which INTELSAT was created... the establishment of one or more competitive satellite systems diverting international transoceanic or other heavy route traffic from the INTELSAT system would have a fundamental impact on the viability of a single global commercial telecommunications satellite system, and would entail serious financial consequences for all INTELSAT users."

Because the Orion, ISI, RCA, and Cygnus proposals have become an international political football, a task force drawn from the State Department, the Commerce Department, and the Office of the U.S. Trade Representative has spent the past year studying the situation. Sources familiar with the group say it recently decided to endorse the Orion and ISI applications, and sent its recommendation to the president. A decision by Reagan is expected within the month, and it is expected to be in favor of Orion and ISI. If these companies' estimations of satellite demand are correct, INTELSAT will continue to thrive. But if INTELSAT's arguments prove correct, private interests may have blown away the one real chance the world had for inexpensive, truly international communi-

FEDERAL BUREAU OF INVESTIGATION  
INTELLIGENCE SECURITY  
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HOGAN & HARTSON

EXECUTIVE BRIEFING ON NEW OPPORTUNITIES AND PROSPECTS  
FOR INTERNATIONAL SATELLITE SERVICES

23 February 1984

INTELSAT: YOU NAME IT: YOU GOT IT

Richard R. Colino  
Director General  
INTELSAT

INTELSAT: YOU NAME IT: YOU GOT IT

Thank you, Henry, for that very kind introduction. In the February 6 issue of Business Week, there was a story about INTELSAT and its new service offerings. In that article, Business Week quoted me as saying that my objective for INTELSAT could be rather succinctly summed up as follows: "Market, Market, Market -- Offer, Offer, Offer." For once, I can assure you, the press got it right.

INTELSAT can be expected to spend the rest of 1984, and 1985, and 1986, and 1987, and each and every year that follows doing some rather basic things: Market, Market Market -- Offer, Offer Offer! And doing these things in market areas in which INTELSAT is perceived as being inactive; a perception which is a mystery to me.

As telecommunications services for, say, electronic document transmission take hold in the international business community, INTELSAT will anticipate these new needs. INTELSAT will be there. The need to restore fiber optic cables will be met by INTELSAT. The new types of modulation and digital compression techniques are to ensure that overseas satellite communications are competitive with fiber optics will be introduced by INTELSAT. If companded single sideband is what our users want, then that's what they'll get. As needs for smaller, lower-cost earth stations emerge, INTELSAT will be ready to meet them. Requirements for low-power direct

broadcasting services which have emerged will be met. If there is a need for desk-top microterminals to access data distribution networks, INTELSAT will meet it.

I want to state, emphasize, and underline for the record, in bold typeface, that INTELSAT is working hard to maintain its position as the unquestioned source of innovation in satellite communications; is gearing up rapidly to expand its reservoir of new services; to enhance the flexibility of pricing and operations policies; and to take the lead in customer responsiveness. We intend to continue as the global leader, making the miracle of satellite communications available to essentially each and every person on the face of the planet earth. INTELSAT, to paraphrase a current U.S. computer commercial, is going to be very "competitive" but also very "compatible" with the needs of all of our system users around the world.

All of this is possibly because after nearly 20 years we can consolidate our experience and build upon our basic network more effectively. Let me put these comments in the proper historical perspective, so that you can clearly understand what INTELSAT -- the global commercial satellite cooperative -- actually is. INTELSAT revolutionized the world of communications by providing global interconnectivity during the 1960's and 70's. In 1965, INTELSAT was the first organization to provide operational transoceanic television services.

Before INTELSAT, transmission "Live Via Satellite" simply was not possible. In 1968, INTELSAT became the first organization to introduce satellite service with a despun antenna that provided a focused communications beam, rather than wasting most of the power by sending it out into space. In 1969, INTELSAT completed the global system with satellites, tying together the Atlantic, Pacific and the Indian Ocean Regions. Also in that year, INTELSAT provided the world's first truly global television show, when 500 million people around the world saw the moon landing.

In the years since then, INTELSAT has been the leader, pioneering the frequency reuse through polarization discrimination and geographic separation of beams. INTELSAT has been the innovator, in terms of on-demand telephone exchanges in orbit to support communications to third-world countries. INTELSAT was also the first provider of long-distance domestic communications, first in Algeria, then in Brazil. Now more than 30 countries have come to INTELSAT for long-distance telephone, data and television services. By the close of the 1980's, we fully expect 50 countries or more to be using INTELSAT for domestic services. And a significant number of countries plan to use INTELSAT Ku-band spot beams for TV distribution, for SMATV, for private TV networks and cable TV distribution, and a host of other domestic video-related services.

By the end of this year INTELSAT will have 17 satellites in operation in the geosynchronous orbital arc and it is my personal commitment to make sure that we make that capacity available in as many new and exciting and innovative ways as possible. The point is that we are exploring many ways for INTELSAT have capacity used effectively by many users. It is my intention that you, as users, are going to find the corresponding offerings by INTELSAT Signatories irresistible. INTELSAT is rapidly becoming a powerful force for service innovation, a tool of great flexibility for you, as system users, in the 1980's. Let me get specific and tell you some of the moves we are making right now. Moves that will, if we are anticipating your needs properly, dovetail with plans for your services this year and for the next few years to come.

Today, the INTELSAT V satellite series is being deployed. The V satellites each have a capacity of 12,000 telephone circuits and 2 TV channels. The V-A and V-B satellites can carry 15,000 telephone circuits. The V satellite series is the first to include 14/12 and 14/11 GHz and maritime capabilities.

INTELSAT will launch the INTELSAT VI satellites in a few years. This satellite will be able to provide in excess of 40,000 telephone circuits and television services OR, in an all-digital mode, will be able to provide 3.5-billion bits of

information per second. This is sufficient capacity to transmit the Encyclopedia Britanica once every three seconds across the Atlantic OR 175 segments of "Dallas" simultaneously.

Not all of this is in the future. Last September, after extensive planning and careful international coordination, INTELSAT introduced the INTELSAT Business Service (IBS). This is a flexible digital communications service providing 24 hour-a-day or part-time and occasional-use access. It includes applications like digital telephone, telex, data, facsimile, videoconferencing, electronic mail and document distribution. The IBS is structured to achieve total interconnectivity within the satellite region at extremely low, and we are told, appealing rates. IBS also reflects the changing telecommunications environment by offering the capability for direct customer-premise access, as well as urban gateway and the traditional country gateway earth station access. And we know we're on the right track with IBS because initial customer interest is very high and we have every expectation of exceeding our traffic forecast estimates. On the basis of information received from Signatories and potential customers, we are continuing to refine this service and provide more and more service options.

In December of last year INTELSAT introduced its new VISTA low-density telephony service. This new service, which is

designed for rural and remote parts of the world, has been receiving enthusiastic reviews.

At its upcoming March meeting, the Board of Governors will have nearly 40 new tariffing concepts to consider and, we hope, approve, for immediate implementation. These include: tariffs for various bit rates of digital television; tariffs for a datanet distribution service to microterminals that range in size from 65 centimeters to 3 meters in size; and fiber optic and medium-capacity submarine cable restoration services. In addition, we are engaged in preliminary studies of diversified telephony services using new techniques that include analysis of companded single sideband techniques and tariffs; companded FDM/FM; 32 kilobit voice; digital carriers employing digital speech interpolation and "encoded phase" technologies applied to digital transmissions.

But the real story at this stage of our service innovation is video services we are proposing. INTELSAT's Board of Governors will be considering more than a hundred preemptible international video services and associated tariffs on satellites not now used as primary or major path satellites. These new proposals include services on global beam, hemispheric beam, zonal beam and spot beam transponders; on C-Band and Ku-Band transponders; offer interconnectivity in all possible configurations, East/West, West/East, East/East, West/West and global connectivity; on simplex and half duplex

channels; on 36 and 72 MHz transponders. At the core of these offerings is the notion that users are entitled to video transmission services that render them the highest degree of control possible, while ensuring the signal quality level that is desirable. Thus, the transmitting user would lease the space segment capacity for transmission to any number of receivers at the same price. Further, these proposals offer the flexibility for users to select a wide range of earth station antenna sizes to meet customer requirements.

I wouldn't say that these video tariff proposals create an environment of "you name it and you've got it," but it comes close. We are proposing that the Board consider several 36 MHz transponder options for video services under a five-year lease commitment, for less than \$.5 million per year, with no restrictions on the multideestination networking arrangements that the hub Signatory country wishes to provide these videoservices to. New datanet service for data distribution and microterminals will also follow a similar pattern of flexible tariffing as well, since it is being offered initially as a broadcast service.

None of these tariffs can become official until they are approved by our Board. Also, it must be understood that INTELSAT's rates cover only the cost and revenue requirements and do not reflect the end-user rates. The inevitable conclusion is that if the Board does approve these rates, the

beneficial flow-through to the end-user should be very impressive. Not only can one look to the possibility of lower rates, one can also envision tremendous flexibility in terms of earth station network design as well.

Obviously, I am enthusiastic about the many new tariff proposals we have designed in the seven, seemingly too short weeks since I assumed the office of INTELSAT's Director General. I am even more enthusiastic about the future; what INTELSAT can be and will be. And, most of all, I am excited about creating a positive new environment where you, the users, can communicate your requirements to INTELSAT: the service innovations and new tariffs you need; those aspects of our plans you specifically would like to know more about. So I would like to throw the floor open and become as interactive as possible at this point in our discussions.

Thank you very much.

**INTELSAT: MYTHS AND REALITIES**

**Richard R. Colino**

**Director General  
and  
Chief Executive Officer**

**INTELSAT**

**Satellite Summit '84**

**26 April 1984**



INTERNATIONAL TELECOMMUNICATIONS SATELLITE ORGANIZATION  
ORGANISATION INTERNATIONALE DE TELECOMMUNICATIONS PAR SATELLITES  
ORGANIZACION INTERNACIONAL DE TELECOMUNICACIONES POR SATELITE

5 April 1983

The Honorable  
Kenneth W. Dam  
Deputy Secretary of State  
Department of State  
Washington, D. C. 20520

Dear Mr. Dam:

I am writing this letter to draw the attention of the United States Government as a Party to the INTELSAT Agreement to a recent development in the United States which could have far reaching consequences for the provision of international telecommunications satellite services throughout the world.

My concern is prompted by an application submitted to the Federal Communications Commission on 11 March 1983 by Orion Satellite Corporation for authority to construct and operate an international communications satellite system linking the U.S. and Europe, and which would provide services that INTELSAT already provides or plans to provide.

Orion's application challenges the fundamental underpinnings of the INTELSAT Agreement and puts to a test the U.S. Government's will to continue to support the existence of a single global commercial satellite system. The manner in which these basic issues will be resolved in the United States will predetermine to a considerable extent the global framework for the provision of all public international telecommunications traffic.

As you know, the INTELSAT Agreements, which entered into force in 1973, were the result of complex, protracted and controversial negotiations extending over a three year period. The Agreements reflect a very carefully balanced compromise between widely different approaches on many interrelated issues. One of the most critical of these issues is the relationship between INTELSAT and other emerging satellite systems intending to carry public international telecommunications traffic. This compromise, reflected in the Preamble to the INTELSAT Agreement, commits the Parties to "the aim of achieving a single global commercial telecommunications satellite system." INTELSAT was intended to be the

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Deputy Secretary of State  
5 April 1983  
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provider of a worldwide public service to which all nations, members and non-members alike, would have non-discriminatory access. The clear intent was to gain the varied benefits of a single system, and to avoid the proliferation of other satellite systems, except to the limited extent that the requirements of Article XIV of the INTELSAT Agreement could be met.

The United States Government was the main proponent and, through successive Administrations since 1962, has been a key supporter of the basic concept of the single global system. Indeed, it has been a major U.S. foreign policy achievement, and one that is widely recognized throughout the world, that the U.S. chose to place international satellite communications under this cooperative arrangement, rather than developing in a unilateral way the then-exclusive technology. This cooperative effort has grown to 109 member countries, and constitutes for the developing countries the primary means, and in many cases the exclusive means, by which they communicate with the rest of the world. Thus, the question is not whether an established system should be protected against competition, but rather whether this major international cooperative effort should be needlessly jeopardized.

The viability of the single global system is at stake. Orion's proposal is most probably the first in a series of similar ones to be proposed in the U.S. and other industrialized nations. Favorable consideration by the U.S. in this case would open the door to the proliferation of other U.S. satellite systems intending to carry public international telecommunications traffic in direct competition with INTELSAT. Moreover, if the U.S. Government were to permit such a system for transatlantic or other heavy traffic routes, other INTELSAT members would undoubtedly seek to do so as well. The long-term result would surely be the emasculation of the single global system and its reduction to a thin route system.

All the basic commercial, financial and technical principles of the INTELSAT system derive from the concept of the single global system: systems planning on the basis of worldwide traffic forecasts, achieving the advantages of economies of scale, rate averaging to allow all users affordable access, etc. INTELSAT's long-term plans for the acquisition of satellites and other facilities have been established on the basis of projected levels of traffic which, of course, include transatlantic traffic as a primary

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component. INTELSAT plans for the INTELSAT V, V-A, and VI generation of satellites were adopted to ensure reliable international communications at least cost. INTELSAT's financial plans, including contributions from its members were developed and are now being implemented on the basis of achieving these economies, particularly in the Atlantic Ocean region. To fragment the transatlantic traffic by introducing additional separate facilities would not appear to serve either the interests of international comity or those of the using public. Over two and a quarter billion dollars (US) is being invested in these systems, and the viability of this investment for the more than 100 countries involved rests to a very great extent on the transatlantic traffic. That traffic, between U.S./Canada and Europe, comprises approximately 25% of the total full-time traffic carried worldwide on the INTELSAT system and is by far our biggest single stream.

The establishment of transatlantic systems such as Orion would entail serious financial consequences for INTELSAT members and non-member users alike. If transatlantic traffic were diverted from the INTELSAT system, INTELSAT's revenues would decrease while its capital costs would remain the same. As a consequence, the rate-averaging system which characterizes INTELSAT would be directly affected, and rates would have to increase, not only for users in the United States, but also for users in all other parts of the world. The international repercussions of a worldwide rate increase could be considerable, and are likely to be felt even more intensely in the Third World countries which comprise more than two-thirds of INTELSAT's 109 members.

United States authorities have found that in certain exceptional and well-defined circumstances U.S. domestic systems may be utilized to carry transborder traffic provided that the requirements of Article XIV(d) of the INTELSAT Agreement are met. However, Orion's proposal is of a completely different nature: it is not proposing international service to nearby countries as an incidental and minor adjunct to domestic service, but rather is proposing a purely intercontinental heavy route system for services which have been, are and can continue to be, provided economically and practically by the INTELSAT global system.

The arguments put forward to justify a separate transatlantic satellite system as being complementary to the INTELSAT system are fundamentally erroneous and betray a basic misconception of the nature and purposes of our system.

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The assumption that INTELSAT's offerings are not, and cannot, meet the specific needs of users is simply incorrect. All of INTELSAT's service offerings respond to specific telecommunications requirements of its users or potential users. The range and scope of INTELSAT's services are also under continuous review and development. Examples of this are the international leased TV channel service, on a long-term and short-term basis, and the planned INTELSAT business services.

For the international leased TV channel service, a relatively large number of international television distribution networks have recently been introduced between the U.S.A. and other countries. The INTELSAT business services, which have been under consideration for more than a year and which will be introduced shortly, will provide data communication facilities operated over a wide range of data transmission rates to permit integrated digital communication services to be established internationally. This service will be introduced in the Atlantic Ocean region initially because of the predominance of the demand in this region and will subsequently be extended throughout the global network of INTELSAT.

To further justify a separate system, it has also been argued that if such a system sells transponders or leases them over the life of the satellite, customers will be able to make tailored and flexible arrangements not possible under the regimen of an international tariffed service offering, benefits that are now available to domestic communications users but not international users. This argument also is incorrect. INTELSAT makes capacity available to its customers on both short-term and long-term bases, and the concept of bulk capacity rather than an individual circuit basis of charge, with the object of enabling users to tailor their particular requirements, is very much in mind for the business services which INTELSAT is introducing. Moreover, INTELSAT can and does approve provision of capacity sufficiently in advance so as to permit its customers to plan their services ahead of time, with maximum flexibility and with assurances with respect to supply and cost and continuity.

It is fundamentally wrong to assert that the INTELSAT system is necessarily geared to public offerings and that private facilities will provide a vital complement. In fact, private dedicated facilities are essential parts of existing

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Public telecommunications networks, including INTELSAT's. Such private facilities are very much a part of the overall INTELSAT network in many member nations. Moreover, the proposed Orion services are no different than the normal public telecommunications services INTELSAT now provides, and cannot be regarded as "specialized services" under our Agreements; that term refers, by contrast, to such things as radio navigation, meteorological and other services.

In sum, proposals such as Orion's will not complement INTELSAT's but, quite to the contrary, will enter into direct and destructive competition with INTELSAT's service offerings, and will impair INTELSAT's overall ability to continue to provide the wide range of services required by its users on a world wide basis.

It should be emphasized that the extent to which the INTELSAT system may be used for private facilities, like all issues involving relationships between each Party and its Signatory or others within its jurisdiction, is a purely domestic question in each particular country. Within the framework of the INTELSAT Agreements each Party or Signatory may make internal arrangements for the distribution of INTELSAT capacity in any manner it chooses, involving any degree of competition in the provision of service to end users which is considered to be in its national interest. Consequently, if a Party or Signatory sees the need for private facilities for international traffic or for additional competition in the provision of service, it can adjust its internal policies regarding the use of the INTELSAT system to meet those needs. No new international facilities are required.

I trust that the comments above will be of help in the United States Government's consideration of this important matter.

Sincerely,



Santiago Astrain  
Director General

cc: All INTELSAT Parties and Signatories





ATTACHMENT K

INTERNATIONAL TELECOMMUNICATIONS SATELLITE ORGANIZATION  
ORGANISATION INTERNATIONALE DE TELECOMMUNICATIONS PAR SATELLITES  
ORGANIZACION INTERNACIONAL DE TELECOMUNICACIONES POR SATELITE

490 L'ENFANT PLAZA, SW WASHINGTON, D.C. 20024 TELEX 89-2707 TELEPHONE (202) 488-2683

# NEWS-NOUVELLES-NOTICIAS

FOR IMMEDIATE RELEASE  
83-27-1  
21 September 1983

## INTELSAT TO PROVIDE GLOBAL BUSINESS COMMUNICATION SERVICE

INTELSAT, the international satellite communications organizations, will provide a new range of services tailored for business from October this year.

This new service called INTELSAT Business Service (IBS) will be fully digital and has been designed to operate with small earth stations which may be located on or near customer premises.

The service will carry all types of telecommunication services including video, teleconferencing, high and low speed facsimile, high and low speed data, packet switching, voice telephony, electronic mail, telex, etc.

Although tailored to meet business telecommunication requirements, the service will be equally effective for publicly switched service as well as dedicated or shared private networks.

All forms of digital signal processing including multiplexing, data compression and other efficiency techniques, as well as encryption, will be allowed subject only to users not exceeding the technical performance limits established for each individual circuit.

INTELSAT is the 109-member country international cooperative that owns and operates the global satellite system used by more than 170 countries for international communications and by some 23 countries for domestic communications.

INTELSAT's Board of Governors who met in Washington, D.C. last week:

- o approved the details of the IBS service package and decided the the service would be initiated from 1 October 1983;
- o considered and approved the inclusion of a global connectivity option which will permit direct interface through the satellite between earth stations operated at C-band and K-band located anywhere between the west coast of North America and Europe as well as points in the Middle East;

- o approved tariffs for the service;
- o authorized modification of INTELSAT V (F-13) for IBS operation at a cost of US\$9 million (some modifications to F-14 and F-15 had been authorized previously);
- o authorized further modifications costing a total of US\$2.6 million to INTELSAT V(F-13, F-14 and F-15) to incorporate the full connectivity service option described and also to expand beam coverage. The three satellites will be utilized in the Atlantic Ocean region to provide the new service.

INTELSAT's Director of Business Planning, Mr. Marcel Perras, said that the service concepts and features, tariff principles and rates, and the consolidated forecast of requirements were developed over the past year and one-half in close coordination with interested telecommunications authorities in over 40 countries.

Mr. Perras said that the global connectivity option was a service feature that was developed in response to customer demand, and was one that only INTELSAT with its "worldwide system" could offer.

"For instance, by cross connection on-board the satellite you could uplink your company premises in say Chicago, and be simultaneously received in London and Berlin in K-band, and in Lagos, Nigeria, and Caracas, Venezuela in C-band.

"Inter-connection could then be made to other INTELSAT satellites operating in C-band over the Pacific and Indian Oceans to give access to other parts of the world", he said.

If full connectivity was not required, businesses could reduce costs by opting for either point-to-point or point to multi-point service.

A wide variety of communications capacities would be available to enable businesses to tailor their private IBS networks to suit their needs.

The capacity range will go from individual bit streams of 64, 128 and 256 kilobits/second (suitable for low/medium speed data transfer, facsimile and digital voice) through bulk rate bit streams of 1.544 and 2.048 megabits/second (suitable for full color, full motion video teleconferencing, etc.).

Capacity will be available on occasional use, part-time or full-time basis.

Mr. Perras said that the rates approved for IBS are those that INTELSAT would charge to countries' telecommunications authorities which would in turn provide service to end-users.

"INTELSAT's rates reflect the direct costs of providing the service and as INTELSAT is a cooperative there is no margin added in for profit. We expect the end charges to be very attractive," he said.

Mr. Perras emphasized that it would be the responsibility of each country's authorities to determine how IBS would be offered to users in their countries.

"They will be able to choose one or all of three optional methods," he said.

- o The user gateway concept would allow businesses to have small earth stations on their own premises. These stations would be either INTELSAT Standard E-1 (3.5 meter antenna) for K-band operation or F-1 (5 meter) for C-band.
- o The urban gateway concept would allow groups of users in a locality to share either Standard E-2 (5.5 meter or E-3 (8 meter) for K-band earth stations or F-2 (7m) or F-3 (9m) for C-band earth stations.
- o The country gateway concept would allow the routing of IBS capacity through existing Standard A, Standard B or C earth stations.

While IBS is primarily designed for international communications he said it may also be used for domestic applications, either in conjunction with IBS international services or dedicated to purely domestic business needs.

The service will be provided using existing INTELSAT satellites, including INTELSAT Vs located at 307°E and 319.5°E to give full coverage of the U.S. and Europe, where demand is expected to be high. A third satellite at 341.5° will provide middle-east coverage.

The three especially modified, INTELSAT V-B satellites are expected to go into operation in 1986. The use of these satellites will improve service using smaller earth stations and provide the full connectivity service. Existing satellite facilities will be utilized until 1986.

Mr. Perras said that there was a latent demand already for a service such as IBS and that utilization of the service should grow rapidly.

"The date of 1st October 1983 was selected for initiation of the service because we already had requests for the service starting late this year."

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## Intelsat members to bar competition

**Signatories, meeting in Washington for organization's 20th anniversary, agree not to allow proposed new services access to their countries**

For its ceremonial function, the 14th Intelsat meeting of signatories, held in Washington last week, officially inaugurated the global system's 20th anniversary celebration. The period of April 9, 1984, through April 6, 1985, was declared the Intelsat Twentieth Anniversary Year. The anniversary was even noted by President Reagan, who sent a message declaring that the organization's "record of real accomplishment places it in the forefront among international organization." So much for ceremony.

For substance, the representatives of the 73 signatories attending the meeting adopted unanimously, and on behalf of all 108 member signatories, a resolution designed to deny proposed U.S. international telecommunications systems the "correspondents" they would need abroad in order to operate—the telecommunications companies through which they would communicate abroad. In commenting on the action, Jose Alegrett, deputy director general for business planning and external relations, said, "We have closed the loop" against the proposed systems.

He was referring to the adoption of a similar resolution by the organization's Assembly of Parties—representatives of the member governments at a meeting in Washington last October. It calls on all parties to "insure that their commitments to the Intelsat system... continue to be fulfilled" and to "reaffirm the importance that all parties refrain from actions that would imperil the viability of the single global satellite system." Thus, the governments and, in the case of the signatories, the authorities, usually government owned, that provide a country's link with Intelsat for external communications, appear to be on record as pledged not to cooperate in the establishment of separate international satellite systems.

But the signatories' resolution is stronger and more specific than the Parties'—far stronger and more specific than a resolution on the same subject the signatories adopted at a meeting in Bangkok, Thailand, last year,

when only one troubling application was on file with the FCC. Last week's statement notes that proponents of separate international satellite systems require correspondents in order to operate, then urges all signatories "to refrain from entering into any arrangements which may lead to the establishment and subsequent use" of such systems "to carry traffic to or from their respective countries." It also refers to the parties' resolution and expresses the members' "full support to the director general in his efforts to insure that the viability of the Intelsat single global system is not imperiled and that the Intelsat system provides the widest range of efficient and economical services."

The resolution adopted last week was inspired by concern over the proposals of four U.S. applicants—Orion Satellite Corp., International Satellite Inc., RCA Americom and Cygnus Satellite Corp.—for authority to establish separate international satellite systems. Asked if he thought the command of the resolution the signatories adopted would be obeyed, John Hampton, the representative of the Australian signatory, Overseas Telecommunications Commission, said he had no doubt. "It's hard to imagine signatories, which in most countries are owned by the government, entering into an agreement the government did not want kept."

Both Hampton and the representative of the signatory of the Dominican Republic, Manuel Berget, in separate interviews, expressed the kind of concern and anger over the U.S.'s apparent determination to approve the establishment of separate international systems. "I have absolutely no doubt about the harm that would be done [to the Intelsat system]," Berget said. "There is no doubt in my mind, or the mind of my organization or my government. No doubt." He noted that Intelsat's 108 members have committed the expenditure of \$200 billion to expand capacity through the late 1990's. "If one or more of the countries change their mind about the agreement, that will cost the others in the organization," he said. Hampton noted that Intelsat already has substantial unused capacity—about 50%, according to an economic analysis prepared for the organization (BROADCASTING, April 9). Berget, of the Compania Dominicana De Telefonos, C

For A, said the Dominican Republic has benefitted from Intelsat service. "Costs are low," he said. "But the competition of an independent system will harm us." He foresaw a loss of Intelsat business leading the global system to raise its tariffs to earn the same degree of return. "We think the U.S. as a party to Intelsat is putting all signatories in bad shape."

However, the question remains as to what the ultimate effect of the resolutions might be. Hampton said there could be no "guarantee." And one State Department official expressed little concern over the prospect of a U.S. system being unable to find an overseas partner with which to do business. "That is not a legally binding resolution," he said. "The proof of the pudding is in whether there will be a foreign entity that makes a deal with Orion or one of the other proposed systems."

Thomas McKnight, president of Orion, seized on the resolution as proof of his frequently stated conviction that Intelsat "does not intend to coordinate with Orion," a reference to the requirement in the Intelsat agreement that proposed systems that would compete with Intelsat must coordinate with the it on technical and economic grounds. McKnight has maintained that since Orion does not intend to offer common carrier service, economic coordination would not be required—a position the government does not accept. On Thursday, after learning of the signatories' resolution, he said, "Intelsat has just announced it rejects the notion of coordinating economically with Orion."

The signatories' adoption of the resolution constituted a setback for the U.S., and the issue for Comsat, the U.S. signatory, was awkward. Under the guidance given it by the State Department, Comsat was to make it known that the U.S. would look with disfavor on the the adoption of a resolution on the independent satellite system issue, that it regarded the matter as a domestic one on which it would not be appropriate for Intelsat to comment. The position was not a new one, and was no more persuasive than on other occasions. And after it did as it was advised, Comsat voted with all of the other signatories for the resolution. Alegrett offered a response heard in the debate preceding the vote: "The fact that the U.S. is stimulating competition for Intelsat makes it an international issue."

The guidance given Comsat provided further grounds for conflict between the State and Commerce Departments over the manner in which U.S. policy in international telecommunications policy is conducted, and by whom. Commerce had objected to the expression of concern about a resolution aimed at U.S. policy on independent satellite systems, particularly to the tough language that appeared in early drafts of the instruction. David Markey, assistant secretary of commerce for communication and information, said, "I don't know why State felt [such a resolution] is offensive." He said that the expression of Intelsat's views on the issue would be helpful.

But the principal disagreement was over State's insistence on having Comsat declare the U.S.'s annoyance with Intelsat's officials

for distributing to the members of the Board of Governors, at the board's meeting last month, a State Department cable to U.S. embassies in Intelsat member countries (BROADCASTING, March 26). The text of the cable, which was not classified and which had been sent to Intelsat by person or persons unknown, according to Intelsat officials, had figured in U.S. consideration of foreign policy issues raised by the four applications for separate international satellite systems. State, according to an official there, felt it important to make it clear the U.S. considered distribution of "an internal U.S. document" as "inappropriate." Commerce would not have mentioned the cable incident to the meeting of signatories.

Meanwhile, two new players have entered the game, both on the side of the applicants seeking to provide additional international telecommunications satellite service. Representative Timothy Wirth (D-Colo.), chairman of the House Subcommittee on Telecommunications, and Representative James T. Broyhill (R-N.C.), ranking minority member of the parent Commerce Committee, wrote to President Reagan last week, urging him to endorse the recommendations of executive branch agencies that the applications be approved subject to conditions barring them from engaging in public telephone service, on which Intelsat depends for 85% of its revenue. They express the view that "the benefits of such systems far outweigh the possible risks."

To Intelsat members, apparently, such talk is disturbing. As the Dominican Republic's Berges said, "The competitive systems won't benefit our countries." The Bergeses of the world can take what comfort they can from the Reagan message to the meeting of signatories, although the message speaks of "competition": "The United States is pledged to maintaining the vitality of Intelsat in this era of new electronics communications services, diversifying demand, and increasing competition. We support continued universal availability of those basic and essential satellite communications services Intelsat provides in response to world needs." □

# INTELSAT: MYTHS AND REALITIES

Richard. R. Colino  
Director General & Chief  
Executive Officer  
INTELSAT

ORIGINALLY CLASSIFIED  
IN 1964 BY 100-100000  
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ON 08/14/2001

Throughout its 20-year history, INTELSAT has remained remarkably free from parochial political discussions. Its various organs have focused primarily on cooperative technical and operational efforts to achieve a common goal--providing the global satellite system which makes possible a wide array of telecommunications services to be offered to all areas of the world efficiently and economically. This was a basic objective of the United States in 1964 when it convinced and led the rest of the world to the establishment of INTELSAT as the best way to afford the opportunity for all nations, large or small, rich or poor, to reap the benefits of space-age communications. In

- ATTACHMENT M -

this spirit of mutual endeavor, INTELSAT was designed as an international non-profit cooperative, with member nations paying costs and expenses for the system based on their pro rata share of the international traffic. Since its founding in 1964, and the launch of the world's first commercial communications satellite, Early Bird, in April 1965, this approach has produced remarkable results.

INTELSAT started with 11 member countries; today it has 108. The Early Bird satellite could offer only limited service, carrying 240 phone calls or one television transmission between the U.S. and Europe. INTELSAT today operates 15 satellites globally, providing over 1,200 communications paths by serving 796 earth-station antennas located in 166 countries, dependencies, or territories. Each INTELSAT V satellite (and with last month's successful Ariane launch, we've had 8 straight successes) can carry about 12,000 telephone circuits and at least two television channels. There are 49 equivalent 36MHz satellite transponders on each INTELSAT V; the INTELSAT V-As and V-Bs carry 54 equivalent 36MHz transponders and the INTELSAT VIs will have capacity equivalent to 84 36MHz transponders.

Despite rampant global inflation and tremendous system growth, the cost of using INTELSAT has dropped to almost one-seventh of the cost of making a phone call when the organization started. INTELSAT has made phoning to or from remote areas as easy--and almost as inexpensive--as calling across town.

Although many believe that they understand INTELSAT, what it is and what it has accomplished, the continuing dialogue concerning this uniquely effective international organization demonstrates that there are many fundamental misconceptions. This does not come as a total surprise, since INTELSAT has been a little-known organization, dedicated to improving generation after generation of satellites for its global system and building, over the years, to the point where it offers virtually every part of the world the services that individuals, organizations, business entities, governments, and others, require in a very mutually interdependent world. On the other hand, one continues to hear characterizations of this organization which cannot be attributed to "mystery" but which might better be characterized as an absence of analysis and familiarity, or even an inability to digest the realities and facts of INTELSAT, and--indeed--international telecommunications.

With the hope that facts and understanding aid those engaged in the intellectually demanding process of analysis--and fail to reach only those wishing to be misinformed, I would like to discuss with you today some myths and realities about INTELSAT.

MYTH:

INTELSAT is a for-profit monopolistic organization that needs to be broken up to bring about economic benefits to consumers.

REALITY:

INTELSAT has tremendous competition from submarine cables. It is supposed to be a single global system as part of a global telecommunications network. There is another global system--INTERSPUTNIK. INTELSAT has improved services and its capabilities while reducing charges on some 12 occasions in its not-yet 20 years of life. INTELSAT has no profits. It must meet its expenses--including investments, operating expenses, and the cost of money.

MYTH:

INTELSAT provides only public switched message services, and the Treaty limits it to that.

REALITY:

INTELSAT is supposed to provide all services to all users, public and private. all forms of international telecommunications, other than restrictions contained in the Agreement for such matters as direct broadcast satellites (and even these can be provided subject to certain conditions). It is not limited to public or private, switched or otherwise, services.

MYTH:

INTELSAT derives more than 85% of its revenue from switched public message services.

REALITY:

This was true as INTELSAT evolved. Each year it derives less of its revenues from such sources. Less than a decade ago, it derived 95% of its revenue from such sources. In 1984, less than 75% of INTELSAT's revenues will come from such sources.

MYTH:

Being a primarily telephone, telex--and similar--system, INTELSAT has not engaged in innovative activities for providing new services.

REALITY:

The fastest growing service/revenue activities are in international television and business services. In 1984, international television on an occasional basis has expanded to account for 6% of INTELSAT's revenues. Full-time international television leases (now numbering 7 and going up quickly) will account for more than 3% of INTELSAT's revenues in 1984. Business services, inaugurated in 1983 and in service today between Canada and the United Kingdom, will be growing through 1984 and may account for 2% of INTELSAT's revenues

this year. Leasing of capacity for domestic satellite systems will probably account for 12% of INTELSAT's revenues.

MYTH:

INTELSAT has such substantial growth rates that, in certain areas, it need not worry about competition from private systems.

REALITY:

INTELSAT has seen its growth rates drop dramatically in the past several years. In 1983, INTELSAT's growth was projected to be about 20% and actual was 10%. In reality, for the last several years, there has been a tremendous disparity between projection and actual traffic. In 1983 there was a revenue shortfall of almost \$30 million.

MYTH:

This is INTELSAT's fault.  
It overbuilt its system.

REALITY:

The projections for usage of the system come from each country. Internal regulatory mechanisms--coupled with government-to-government international planning--produce demand and requirement forecasts. INTELSAT builds--on the expectation of continuing as the global system--its facilities to meet these needs. If there are failures, they are due to inadequate domestic regulatory mechanisms.

MYTH:

The rest of the world has a lot of actual and planned regional systems. Why shouldn't the United States?

REALITY:

No country has under consideration inter-continental, transoceanic systems over heavy traffic and revenue-producing routes which could undermine INTELSAT's backbone, as is the case with the United States.

MYTH:

Competition will be good for INTELSAT. Let INTELSAT compete to see if its advertised economies and efficiencies can stand up. New services will be provided, and consumers will benefit.

REALITY:

INTELSAT is obliged to average its rates by Treaty provisions. Those proposing competition only propose it for heavy traffic streams such as the North Atlantic and know that INTELSAT cannot enter into differentiated pricing and must charge the same charge for each type of service, regardless of geographical locations.

No one has proposed offering ANY services which INTELSAT does not currently offer or is in the process of offering, whether it be video, teleconferencing, high speed data, West Coast U.S. services, business services, SCPS (created by INTELSAT), UN services, customer premise services, audio services, message communications, etc.

With enough time and your indulgence, I could go on like this for some time, and tell those of you who do understand, or wish to understand, more and more of the realities of INTELSAT. However, I would like now to proceed to underscore a few of these points and address a few others.

Absent apparent economic analysis--and I have only had one report mailed to me anonymously--assertions are made that would have turned Adam Smith over in his grave. Basically, they indicated that competition for certain private types of systems would not only not affect INTELSAT adversely, but would benefit consumers. This is a proposition that might be sustainable, with a great deal of analysis. Since I have not seen any such reports, it sounded more like "dogma." As a cooperative, INTELSAT by definition must break even every year. Traffic goes down; charges will go up. In fact, we are struggling to avoid raising charges, due to the unfulfillment of traffic forecasts during a period of system expansion planned over many years. I am referring to the expansion of the INTELSAT V-A and B system, including IBS services and the INTELSAT VI satellite program. We cannot compete and enter into price wars on particularly attractive routes, for Article V(d) of the INTELSAT Treaty states:

"All users of the INTELSAT space segment shall pay utilization charges determined in accordance with the provisions of this agreement and the Operating Agreement. The rates of space segment utilization charge for each type of utilization shall be the same for all applicants for space segment capacity for the type of utilization."

Of course, proponents of additional transoceanic satellite systems contend that users will benefit because of lower rates. This, of course, is what prompted Adam Smith to indicate that one way to reach his objective of economic efficiency was through competition. In the absence of analysis, this is most unlikely. Some could benefit; most will not. However, facing self-serving and dogmatic assertions, INTELSAT commissioned a study of the economics of international satellite telecommunications by Walter Hinchman and associates. Mr. Hinchman is well known for his pro-competition stance in international telephony policy issues and, as former Chief of the FCC Common Carrier Bureau, possesses expertise in this area. He and his associates were given a free hand. Although I have not yet seen a final report, a preliminary executive summary suggests that the creation of just two of the four proposed transatlantic systems could result in an increase in INTELSAT charges of between 15% and 35%. If Mr. Hinchman is correct and such increases will be likely due to traffic diversion from just 2 systems operating with U.S. imposed limitations as explained in the process, the overall potential impact on INTELSAT rates and the financial structure of the cooperative from approval of this U.S. policy could well be devastating. Many apparently have misunderstood entirely the

"bottomline" of all of this debate. It is, simply put, that INTELSAT cannot fight back if confronted with competition from other satellite systems. The Hinchman study notes that where INTELSAT to face a competitive situation, principles of economic efficiency would normally dictate that it base its charges to users only on the cost of the incremental satellite capacity needed to provide the types of services offered by its competitors rather than, as it does now, on a globally averaged cost basis. Of course, INTELSAT was expressly created for technical, operational, economic-and even political reasons- to inter-connect the world by global averaging. The study further notes that INTELSAT charges based on incremental costs would be lower than any which could be offered by a commercially viable separate system. However, basic INTELSAT charging principles and philosophy, as set forth particularly in Article V of the Agreement, legally and unequivocally, prohibit INTELSAT from differentiating charges on the basis of a particular route. Thus, the inescapable conclusion is that the cooperative can not "compete" absent modifications of the agreement.

The above should illustrate some of the benefits inherent in the principles of the INTELSAT Treaty and why instant, reliable, and highly affordable telecommunications services are

now available throughout the globe. In the absence of dialogue with its partners based upon mutually clear understanding of the bases upon which INTELSAT has served the world for the last 20 years, the confusing consideration within the United States of the possible establishment of separate international systems has produced reactions.

Some would say that these are monopolists trying to protect their profits. A more reasonable view is that in a state of confusion and concern, most of the nations of the world are speaking out to remind the United States of the fundamental benefits inherent in the INTELSAT system, of which the United States persuaded them some 20 years ago. I have read in this week's trade press that a government official thought a recent Resolution of the INTELSAT Signatories was an "extra-official" meeting of the global consortium. "Extra-official," indeed!! These are the organizations that have invested on a cumulative basis over \$4 billion in this system. This kind of insensitivity only serves to underscore the fear among a very wide range of member-countries (including such countries as: Australia, Austria, Brazil, the People's Republic of China, Germany, Kenya, Nigeria, the Philippines, and Zambia), that with sweeping unilateral pronouncements in complete analysis of

economic and political repercussions there is potential for myopic policy decisions. And, this global system on which these member-nations--and the rest of the world--so heavily relies, could be severely damaged.

It has also been asserted that this is a United States domestic matter. This assertion not only demonstrates a failure to comprehend international telecommunications, but has been seen by other countries as being "inconsistent," and even "ludicrous," because of the inevitable involvement and impact on all countries--and consumers--using the INTELSAT system. There is a sense that either the United States Government is not taking countries seriously which have now passed unanimously in the intergovernmental body--the Assembly of Parties, and the investor group--the Meeting of Signatories, a total of three Resolutions expressing concern and urging caution, wisdom, and serious analysis.

As a former American businessman, well-versed in the world of free enterprise and competition, I can comprehend beliefs that benefits will accrue. As an individual long-involved in international affairs, I cannot comprehend haughty disregard for the views of others, whether expressed in letters to the

Department of State, the Federal Communications Commission, or in three Resolutions within the last year. This, coupled with the apparent absence (again, I have only seen the so-called SIG Study), of substantive economic analysis, does not seem to me to provide a sound basis for exporting economic philosophies and ideas which the world might be prepared to consider under appropriate circumstances.

The United States has achieved a great deal in the creation and operation of the INTELSAT system. INTELSAT has reduced its rates. Its system offers in excess of 99 percent reliability. It adds to world security in the cause of instant communications. It offers diverse and innovative services. It has spent about \$3.4 billion in the United States. It has spent a great deal of money on research and development, and has contributed enormously to technological innovation.

Certainly, therefore, there must be very tangible benefits to the United States Government, its peoples, and to international telecommunications users--to call into question the continued success of INTELSAT and to disregard the concerns of so many experts with respect to the consequences. Absent careful preparation, there

may be enormous risks to disturbing this very delicate, but highly successful, example of international cooperation. In the United States, innovative domestic satellite policy appears to have worked well. However, adjustments are made constantly, and the situation is under the control of the United States Government. We have all seen how the divestiture of AT&T has not simply taken place as contemplated. There is continuous "fine tuning," and an ability to change by legislative actions, regulatory actions, judicial actions, or even executive policy, what has gone wrong in a "tentative test" of marketplace determinations.

There are no such mechanisms on the international plane. One of the more curious aspects of the reports I've read about U.S. policy proposals is that it is admitted if the U.S. were to approve of transatlantic or other similar satellite systems, this would open the door to other systems, and that the long-term viability of INTELSAT as a global system could be threatened by indiscriminate proliferation of other satellite systems. How can any one nation plan to proceed with separate satellite systems, and yet somehow expect to control the proliferation of other nationally-backed systems on the international level?

In effect, absent complete, clear, and fully substantive analysis, one must caution against a rush to judgment. One must recommend constructive and positive analysis and reasoning within the United States. This presumably should result in an indication of what benefits the United States at large--and not just a few individuals or selected classes or geographic location of users--would obtain from the establishment of separate systems. What might the United States lose? It would seem that this process demands time and sober reflection, and, thereafter, interaction, constructive dialogue, and mutual actions abroad with The World. For it is The World which is speaking in the INTELSAT Meetings and elsewhere. And, as summed up in a recent article in a New York paper, the stakes are great:

"If these companies' (ORION, ISI, Cygnus and RCA) estimation of satellite demand are correct, INTELSAT will continue to thrive. But if INTELSAT's arguments prove [to be] correct, private interests may have blown away the one real chance the world had for inexpensive, truly international communications."

CRIMINAL DIVISION  
INVESTIGATIVE SECURITY  
RECORDS UNIT

"INTELSAT AT 20 YEARS: IS GLOBAL COOPERATION REALLY POSSIBLE?"

D. C. BAR - 27 APRIL 1984

MR. RICHARD R. COLINO

DIRECTOR GENERAL AND CHIEF EXECUTIVE OFFICER

INTELSAT

- ATTACHMENT N -

"INTELSAT AT 20 YEARS: IS GLOBAL COOPERATION  
REALLY POSSIBLE?"

"In outer space we start with a clean slate--an area yet unmarred by the accumulated conflicts and prejudices of our earthly past. We propose...that the United Nations write on this slate boldly and in an orderly and creative way to narrow the gap between scientific progress and social invention, to offer to all nations, irrespective of the stage of their economy or scientific development, an opportunity to participate in one of the greatest adventures of man's existence."

Adlai Stevenson

Today I would like to ask some basic and tough questions. What has the INTELSAT experiment in global communications cooperation meant? What has INTELSAT really represented at the rather basic level of politics among nations - in terms of the future course and direction in humankind's sociological and technological development? Has INTELSAT meant anything from the perspectives of the long term prospects for world peace and global cooperation? What can we expect for the 21st century in the way of global cooperation and international legal relations based upon current trends?

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Note 1 -- These remarks were made December 26 1961, in the United Nations General Assembly during consideration of Resolution 1721.

Let's start with an immediate issue at hand and then pursue a little bit of history.

The INTELSAT Meeting of Signatories--those who have invested over \$4 billion in INTELSAT since 1964--has now passed two unanimous resolutions, one in 1983 and another recently in 1984, expressing concerns about a possible fundamental shift of U.S. policy with regard to INTELSAT and possible U.S. authorization of additional trans-oceanic satellite systems. In this respect, a recent article in a New York newspaper, entitled "Space War Over the Atlantic," stated:

... INTELSAT itself sent a strongly worded note to the State Department which said...the proposals challenge the underlying purposes for which INTELSAT was created...the establishment of one or more competitive satellite systems diverting international transoceanic or other heavy route traffic from the INTELSAT system would have a fundamental impact on the viability of a single global commercial telecommunications satellite system, and would entail serious financial consequences for all of INTELSAT users.

Because the Orion, ISI, RCA, and Cygnus proposals have become an international political football, a task force drawn from the State Department, the Commerce Department, and the Office of the U.S. Trade Representative has spent the past year studying the situation. A decision by Reagan is expected within the month, and it is expected to be in favor of Orion and ISI. If these companies' estimations of satellite demand are correct, INTELSAT will continue to continue to thrive.

to thrive. But if INTELSAT's arguments prove correct, private interests may have blown away the one real chance the world had for inexpensive, truly international communications.

This article also goes on to state that:

...INTELSAT has made phoning to or from Fiji as easy--and almost as inexpensive--as calling across town. That's because INTELSAT operates as an international financial cooperative, with member nations paying costs and receiving dividends from the system based on their pro rata share of the international traffic.

Two rather basic issues are presented here.

One is that of low-cost international communications and the ability to maintain a global network that sustains thousands of earth station pathways--not only between the U.S. and the U.K., but also between Chad and Bolivia or the Cook Islands and Vanuatu. Not all of you may know where those particular places are, but let me assure that they are not heavy traffic streams. Under the provisions of Article V of the INTELSAT Agreement (a Treaty for most Nations) INTELSAT must average its charges and, thus, the price is the same for each of these routes for the same type of service, e.g., telephone, TV, etc. If other systems divert traffic from INTELSAT, the cost of providing services as well as the charges

for services between these points can certainly go up. This is because, the global economies of scale represented by INTELSAT would be challenged by selective predatory satellite systems that service only a few routes on which they can maximize profits. In this respect, Walter Hinchman and Associates has done a recent economic study that suggests the creation of just two of the four proposed transatlantic satellite systems could serve to increase INTELSAT utilization charges on its routes by up to 35 percent.

We are not talking small change here! Nor of distinctions perhaps meaningful in the U.S. but not necessarily elsewhere; such as the FCC Computer I and II decisions have shown. INTELSAT was created to provide all types of international telecommunications services. And does!

We are talking about fundamental economic and financial shifts. Shifts that are fundamental and basic both in terms of principles and in terms of dollars. Words that minimize this issue and pretend a Government agency of any one country can be economic czar to the World at large, do not make the reality of this large problem go away. Nor does pretending that the issue is one of "economic ideology" remove foreign relations

realities. While this is not the issue I intend to discuss here, it is still a significant backdrop to our discussion.

The other issue is at a much more basic level of how does one define national interest and the public good, particularly how do you define these concepts in a world of increasing interdependence, in all senses, economic, social, political, and technical. A world increasingly interlinked electronically with instant contact among people a daily event. Let me give you a few examples to underscore what I mean. The INTELSAT system provides each year several trillion dollars in overseas electronic funds transfer, serves about a billion telephone conversations, and provides global TV distribution for global spectacular events like the Olympics. Indeed, the INTELSAT-linked global TV audiences could range up to 2 or more billion people, or half of the world's population, for the Los Angeles Summer Olympics. Where does public interest and national interest begin and end in such a world?

A real issue is whether the U.S, or any other highly industrialized nation, is evolving a new INTELSAT policy, and hence, a new foreign policy without sober reflection and

analysis of the possible consequences. Is there to be global cooperation or global competition? It is easy, polite, and certainly expected that political leaders in international forums will talk high-mindedly about global cooperation, peace, kindness, and human understanding. Yet it is equally clear that in fact there is a lot of national economic competition going on in this complicated world of ours. It's happening in steel production, in automobile manufacturing, in computer and software development, in shipping, in electronic appliances, and it is certainly happening in the field of communications and broadcasting. However, "competition" can and must occur with a balanced view to the results and gains to be achieved and the need to cooperate for the welfare of mankind. And, in fact, despite the current world situation, men and governments have continued to try to achieve better international relations with treaties, conventions, and international organizations. International telecommunications requires cooperation more than many other fields of endeavor.

Professor Hans Morgenthau in his book Politics Among Nations notes that there are certainly new mechanisms and new entities of the 19th and 20th centuries that have emerged to complicate the power politics that involve the relationship

among nations. One of these is the creation of international organizations and particularly what are described by political scientists as international functionalist organizations, which include entities like INTELSAT. Prof. Morgenthau has suggested that only a few of the international agencies work. I submit INTELSAT is a major example and model of international cooperation working. Prof. Morgenthau notes that the successful agencies have in common the fact that they "try to solve a common problem which none of the participants could have solved by its own efforts through the coordination of technical functions on a supernational level. To that end they use and develop the novel procedures of limited international government, and international cooperation based upon mutual self-interest."

Now, it was thought by some, at least by the U.S. government officials some 20 years ago when they led others to the creation of INTELSAT that that's what they were up to--doing something collectively that could not be done individually and that all, including the U.S., would benefit from doing so. These U.S. leaders had in mind the fact that they had developed some exciting new technologies in which U.S. industry was particularly strong, but that to develop and

exploit this new technology effectively, they had to create the framework for international cooperation. It was also apparently President Kennedy's objective to achieve some international political advantage and enhance the prestige of, and world public opinion about the U.S., when he launched the INTELSAT initiative at the same time as he made his speeches about sending a man to the moon and returning him to the earth within the decade. There was indeed within a span of weeks the initiatives to create the Peace Corps, to launch the Apollo Project, and to initiate what became the INTELSAT initiative. He went to the United Nations and made a speech about sharing communication satellite technology with the world that resulted in the adoption of the U.N. General Assembly Resolution 1721 at its 16th Assembly. Today the Preamble of the INTELSAT Agreement still includes the following language: "the principles set forth in Resolution 1721 (XVI) of the General Assembly of the United Nations that communications by means of satellites should be available to the nations of the world as soon as practicable on a global and nondiscriminatory basis."

Perhaps the problem with INTELSAT, if there is a problem, is the fact that the concept and practice are extraordinarily successful. The traffic carried on the INTELSAT system now

represents two out of three overseas transoceanic telecommunications calls. It represents virtually all live international TV distributions; it represents the traffic growth since 1965 of more than 400 times. It connects the peoples of the world. It overcomes differences in economic--or political--ideology by being a non-profit cooperative. It competes with submarine cable technology for technical and economic efficiency.

Further, the cost of INTELSAT service when adjusted for inflation is 18 times, that's right, 18 times less than in 1965. Reliability is an excess of 99.9%, and if all of the submarine cables of the world today were to fail, all of the service could be immediately restored on the INTELSAT system. The problem is that some people have looked at INTELSAT's accomplishments and have suggested, "Let's change the rules." "Let's redefine the global common interest as it best suits me." This cannot and should not be done in a vacuum. This should not be done without a trade-off analysis clearly demonstrating the benefits to the United States--and others. Not words alone but analysis!

INTELSAT recently received, unsolicited, a copy of a study which has been under preparation for some time by the U.S.

Senior Interagency Group on International Communications and Information Policy. This study is an interesting document. First of all, it specifically recognizes the benefits which have been and continue to be provided by the INTELSAT global system, as well as the harm which might be done if that system were weakened. While mentioning a broad range of objectives met by INTELSAT, the study particularly emphasizes two important areas in which INTELSAT's role is increasingly crucial.

The first point made is that the provision of services to developing countries at reasonable and affordable rates is an extremely important objective, in order that as many countries as possible may be linked into the global system. Indeed, with the INTELSAT system currently serving 170 different countries, territories, and jurisdictions around the world today, that objective seems to be achieved remarkably well. The second point is that INTELSAT's role is critical to frequency conservation and meeting Third World communications needs. Indeed, INTELSAT is characterized as a critical, if indirect, participant in the resolution of the problem of equitable access to the geostationary orbit, and the issue of saturation of the radio spectrum on terms acceptable to all countries of

the world. The study thus concludes that "strong continued U.S. support of the INTELSAT system is warranted." I understand a State Department official has echoed these words to this group.

So what is all the fuss about? Well, unfortunately, the study goes on to describe a series of benefits which seem to derive only from development of additional international satellite facilities. This discussion seems particularly curious in the absence of a detailed analysis of economic benefits to be achieved and the impact on all classes of users in many different geographical locations (and not just the privileged few), of the establishment of such systems.

The premise of the so-called SIG study indeed seems to be that the U.S. must develop a procedure or condition under which a balance must be struck between pro-competition goals achievable only through authorizing separate systems and "foreign policy objectives" which can best be met through INTELSAT. What is worrisome about this discussion is that the goals seem to promote competition rather than the goals of service diversity, lower-cost communications services, and effective international relations. To what tangible end?

I have read and heard of various points--some nine, which are made to justify a new U.S. policy. For example, there are statements of goals and objectives for a revised U.S. policy and how the "new" service affects only 14 percent of INTELSAT's current revenues, since 86 percent are basic switched services. There is a danger in an arithmetical approach to the complex world of INTELSAT. First, prior discussion and input from partners--in addition to serious analysis--is omitted. This type of indifference to other governments and the Signatories seems strange in light of several unanimous resolutions that have been passed on this subject by both the Assembly of Parties and the Meeting of Signatories, and scores of diplomatic notes of concern. These have been a reaction to a perceived unilateral approach and a concern over the full impact on others. In all of the recent pronouncements, there has been reference to "educating" the rest of the world, but none to learning from others, or even discussions of mutual interest. While the potential new U.S. policy as outlined to you seems to stress economics, deregulation, pro-competition, it also seems to place foreign policy and public interest considerations lower on the list. But, the voices of others--experts too--are saying they perceive mostly negative results for all, including the U.S.

The "other satellite systems" problem has been minimized by saying we are only talking about "new services" which represent only 14 percent of INTELSAT revenues. This simply isn't true!! This year 25 percent or more of INTELSAT's revenues will come from non-telephony, telex and data sources. Of the remaining 75 percent or so that represent so-called basic services, much of the revenue for data services is also potentially at risk. In 1975, 5 percent of our revenues were "new services;" today three are at least 25 percent. By the 1990's with the full effects of the digital revolution in place, it will be the bulk of our revenues.

A most curious aspect of the SIG study is its own admission that if the U.S. were to seek approval of U.S. transatlantic satellite systems, this would open the door to other systems, and that the long-term viability of INTELSAT as a global system could be threatened by indiscriminate proliferation of other satellite systems and I quote "an unbridled invitation to indiscriminate support of systems outside of INTELSAT has the obvious potential for inflicting significant economic harm to the global system."

A clear implication, based upon a logic difficult to comprehend, is that somehow the approval of separate satellite systems could be made consistent with continued strong support of INTELSAT. Apparently the authors of the study believe that "discriminating proliferation of separate systems" or a "bridled invitation" as opposed to "an unbridled invitation to support systems outside of INTELSAT," is possible. Yet it is difficult to perceive how any one nation can proceed with separate satellite systems and yet somehow believe it has the right or the power to control the proliferation of other nationally-backed systems on the international level.

I suppose that if other countries were to be so bold as to also proceed to authorize such satellite systems, this would be "unbridled competition" and therefore they should be compelled to rein-in their own nationally-backed initiatives and discourage the development of nationally-based satellite systems. The same mischievous logic might also overlook the obligation that derives from Article XIII of the INTELSAT Agreement to hold open international competition for satellite and launch services. Which, I might add, has resulted thus far in INTELSAT's spending approximately \$3.4 billion in the U.S. over the last 20 years. I suppose we will hear some argue that

other countries whose cooperation is needed for other systems, will voluntarily refrain from using whipsawing tactics to say: "yes, I will allow satellite system X to come into my country, but only if you happen to buy the satellites from one of my domestic suppliers or refrain from other 'self-interest' demands." Of course, one is also free, particularly at this time of year, to believe in the Easter Bunny. In effect we are being told that a "catch-as-catch can" and "let's make up the rules as we go along" approach to international cooperation can work! The 108 member countries of INTELSAT are being told to believe that the proliferation of other satellite systems will not economically harm INTELSAT nor undermine the principle of a global satellite system. It isn't that this is true or untrue. It's more the absence of dialogue and analysis, and an apparent willingness to gamble so much on assertions.

If one no longer wishes to maintain a commitment to global averaging as reflected in Article V(d) of the Agreement, then enter into a dialogue to change it. If there is no longer a commitment to using the large economies of scale represented by the heavy-volume traffic of industrial countries used to benefit developing Third World countries then tell them so--

but first appreciate the repercussions and consequences and, if you still want cooperation, find other means to compensate. There have been at the recent Meetings of Signatories and Assembly of Parties, impassioned pleas from countries in South America and Africa and Asia that say in effect, "Please, U.S., do not do this to us. Do not endanger a system upon which we depend. Do not remove the economies of scale that have made access to the global electronic village a possibility. Do not withdraw callously and indifferently, the precious gift that you gave the world 20 years ago." Mixed in among these pleas, however, have been other messages. These messages have included a statement from the Philippines that said, in effect, that they do not understand the arrogance with which a single country could try to resolve basic and major international issues without consultation, without the opportunity to sit down and discuss possible amendments to the INTELSAT Agreement, but rather to opt for unilateral action.

There have been statements that if the U.S. were to unilaterally take precipitous action, that there is in the international framework a host of options and activities that can be pursued to seek redress. Let me make it perfectly clear that INTELSAT would not, does not, and could not, like to see

such quarrelsome scenarios unfold. INTELSAT has a tremendous amount to lose in all of this. The strength of INTELSAT depends first and foremost on a strong participation by the United States. The strength of INTELSAT depends upon the commitments of all members of INTELSAT to support the system--because it is in their own self-interest to do so. Indeed, some of the actions proposed by certain profit-making U.S. concerns, if implemented as proposed, could very well adversely affect the interest of the American public in significant ways. The cost of making connections with many of the Third World countries to which the U.S. is the prime correspondent could be significantly increased without necessarily achieving any corresponding economies on heavy-route streams as well. Because INTELSAT is a global cooperative which does not have a profit requirement, our services are reliable and cheap. Many regrettable consequences could flow from this precipitous action, leading to not only a political donnybrook, but also a major economic hardship as well. There is thus much reason for caution.

In 1963 Professors Myers McDougal and Harold Lasswell published a landmark book entitled Law and Public Order in Space. This book was published a year before INTELSAT was created and two years before INTELSAT Early Bird was launched.

What McDougal and Lasswell stated in their book in 1963 was extremely prophetic:

The vastness of space affords an easy accommodation of joint cooperative strategies in use and enjoyment. The adjustments required to effect common use and enjoyment need entail no great or special sacrifices upon particular participants [Emphasis added]. The most economic strategies--such for example, as in the use of spacecraft for intercontinental radio television services, transoceanic telephone and telegraph communications, international postal service, worldwide weather forecasting, and so on, must require intense cooperative activities by many communities in all parts of the world [Emphasis added]. Enhanced potentials, obtainable from employment of space resources for diplomatic, ideological, economic and military policy objectives will tremendously augment the common concern of all people for inclusive access to and competence in space.

Professors Lasswell and McDougal's words could not have been more insightful. We live in a world fundamentally different than that of the 17th century when Hugo Grotius "fathered" international law, and where the process of international cooperation could be more easily left to chance. Each day there is increasing technical complexity, and international trade claims an increasing percentage of the total national economy. It can be effectively argued that technological development, aided by transborder data flow, has become a primary engine of world economic growth. The importance of a strong and effective global satellite system that is non-political, technically innovative, user-responsive, and perceived to be

and perceived to be equitable to all countries: large and small, north or south, east or west, is, I believe, essential to continued successful evolution of our activities on this Earth. Such a capability is needed not only to successfully tackle the mega-problems that face us in the decades ahead, but also in outer space as we tackle the ultimate frontier of mankind's evolution.

As we celebrate INTELSAT's 20th anniversary and look forward with enthusiasm and vigor to the introduction of new services, new satellite facilities, and new economies of service, we hope that the country that led the way to the creation of INTELSAT will renew its commitment at this critical time in its history.

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CRIMINAL DIVISION  
NOV 20 1984  
INTERNATIONAL SECURITY  
REGISTRATION UNIT

**PREAMBLE**

Noting that pursuant to the Agreement Establishing Interim Arrangements for a Global Commercial Communications Satellite System and the related Special Agreement, a global commercial telecommunications satellite system has been established,

Desiring to continue the development of this telecommunications satellite system with the aim of achieving a single global commercial telecommunications satellite system as part of an improved global telecommunications network which will provide expanded telecommunications services to all areas of the world and which will contribute to world peace and understanding.

Determined, to this end, to provide, for the benefit of all mankind, through the most advanced technology available, the most efficient and economic facilities possible consistent with the best and most equitable use of the radio frequency spectrum and of orbital space,

Believing that satellite telecommunications should be organized in such a way as to permit all peoples to have access to the global satellite system and those States members of the International Telecommunication Union so wishing to invest in the system with consequent participation in the design, development, construction, including the provision of equipment, establishment, operation, maintenance and ownership of the system,

### ARTICLE III

#### (Scope of INTELSAT Activities)

(a) In continuing and carrying forward on a definitive basis activities concerning the space segment of the global commercial telecommunications satellite system referred to in paragraph (a) of Article II of this Agreement, INTELSAT shall have as its prime objective the provision, on a commercial basis, of the space segment required for international public telecommunications services of high quality and reliability to be available on a non-discriminatory basis to all areas of the world.

(b) The following shall be considered on the same basis as international public telecommunications services:

(i) domestic public telecommunications services between areas separated by areas not under the jurisdiction of the

State concerned, or between areas separated by the high seas; and

(ii) domestic public telecommunications services between areas which are not linked by any terrestrial wideband facilities and which are separated by natural barriers of such an exceptional nature that they impede the viable establishment of terrestrial wideband facilities between such areas, provided that the Meeting of Signatories, having regard to advice tendered by the Board of Governors, has given the appropriate approval in advance.

(c) The INTELSAT space segment established to meet the prime objective shall also be made available for other domestic public telecommunications services on a non-discriminatory basis to the extent that the ability of INTELSAT to achieve its prime objective is not impaired.

(d) The INTELSAT space segment may also, on request and under appropriate terms and conditions, be utilized for the purpose of specialized telecommunications services, either international or domestic, other than for military purposes, provided that:

(i) the provision of public telecommunications services is not unfavorably affected thereby; and

(ii) the arrangements are otherwise acceptable from a technical and economic point of view.

(e) INTELSAT may, on request and under appropriate terms and conditions, provide satellites or associated facilities separate from the INTELSAT space segment for:

(i) domestic public telecommunications services in territories under the jurisdiction of one or more Parties;

(ii) international public telecommunications services between or among territories under the jurisdiction of two or more Parties;

(iii) specialized telecommunications services, other than for military purposes;

provided that the efficient and economic operation of the INTELSAT space segment is not unfavorably affected in any way.

(f) The utilization of the INTELSAT space segment for specialized telecommunications services pursuant to paragraph (d) of this Article, and the provision of satellites or associated facilities separate from the INTELSAT space segment pursuant to paragraph (e) of this Article, shall be covered by contracts entered into between INTELSAT and the applicants concerned. The utilization of INTELSAT space segment facilities for specialized telecommunications services pursuant to paragraph (d) of this Article, and the provision of satellites or associated facilities separate from the INTELSAT space segment for specialized telecommunications services pursuant to subparagraph (e) (iii) of this Article, shall be in accordance with appropriate authorizations, at the planning stage, of the Assembly of Parties pursuant to subparagraph (c) (iv) of Article VII of this Agreement. Where the utilization of INTELSAT space segment facilities for specialized telecommunications services would involve additional costs which result from required modifications to existing or planned INTELSAT space segment facilities, or where the provision of satellites or associated facilities separate from the INTELSAT space segment is sought for specialized telecommunications services as provided for in subparagraph (e) (iii) of this Article, authorization pursuant to subparagraph (c) (iv) of Article VII of this Agreement shall be sought from the Assembly of Parties as soon as the Board of Governors is in a position to advise the Assembly of Parties in detail regarding the estimated cost of the proposal, the benefits to be derived, the technical or other problems involved and the probable effects on present or foreseeable INTELSAT services. Such authorization shall be obtained before the procurement process for the facility or facilities involved is initiated. Before making such authorizations, the Assembly of Parties, in appropriate cases, shall consult or ensure that there has been consultation by INTELSAT with Specialized Agencies of the United Nations directly concerned with the provision of the specialized telecommunications services in question.

## ARTICLE V

### (Financial Principles)

(a) INTELSAT shall be the owner of the INTELSAT space segment and of all other property acquired by INTELSAT. The financial interest in INTELSAT of each Signatory shall be equal to the amount arrived at by the application of its investment share to the valuation effected pursuant to Article 7 of the Operating Agreement.

(b) Each Signatory shall have an investment share corresponding to its percentage of all utilization of the INTELSAT space segment by all Signatories as determined in accordance with the provisions of the Operating Agreement. However, no Signatory, even if its utilization of the INTELSAT space segment is nil, shall have an investment share less than the minimum established in the Operating Agreement.

(c) Each Signatory shall contribute to the capital requirements of INTELSAT, and shall receive capital repayment and compensation for use of capital in accordance with the provisions of the Operating Agreement.

(d) All users of the INTELSAT space segment shall pay utilization charges determined in accordance with the provisions of this Agreement and the Operating Agreement. The rates of space segment utilization charge for each type of utilization shall be the same for all applicants for space segment capacity for that type of utilization.

(e) The separate satellites and associated facilities referred to in paragraph (e) of Article III of this Agreement may be financed and owned by INTELSAT as part of the INTELSAT space segment upon the unanimous approval of all the Signatories. If such approval is withheld, they shall be separate from the INTELSAT space segment and shall be financed and owned by those requesting them. In this case the financial terms and conditions set by INTELSAT shall be such as to cover fully the costs directly resulting from the design, development, construction and provision of such separate satellites and associated facilities as well as an adequate part of the general and administrative costs of INTELSAT.

## ARTICLE XIV

### (Rights and Obligations of Members)

(d) To the extent that any Party or Signatory or person within the jurisdiction of a Party intends individually or jointly to establish, acquire or utilize space segment facilities separate from the INTELSAT space segment facilities to meet its international public telecommunications services requirements, such Party or Signatory, prior to the establishment, acquisition or utilization of such facilities, shall furnish all relevant information to and shall consult with the Assembly of Parties, through the Board of Governors, to ensure technical compatibility of such facilities and their operation with the use of the radio frequency spectrum and orbital space by the existing or planned INTELSAT space segment and to avoid significant economic harm to the global system of INTELSAT. Upon such consultation, the Assembly of Parties, taking into account the advice of the Board of Governors, shall express, in the form of recommendations, its findings regarding the considerations set out in this paragraph, and further regarding the assurance that the provision or utilization of such facilities shall not prejudice the establishment of direct telecommunication links through the INTELSAT space segment among all the participants.

CHARLES H. PERCY, ILL. CHAIRMAN

WARD H. BAKER, JR. TENN.  
GEE HELMS, N.C.  
CHARLES G. LUGAR, IND.  
CHARLES McC. MATHEWS, JR. MD.  
JUDY L. CASSEBAUM, KANS.  
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LARRY PRESSLER, S. DAK.  
FRANK RANKOWSKI, ALABAMA  
PAUL T. ENGLISH, FLA.

JOHN F. BROWN, R.I.  
J. R. BIDENT, JR. DEL.  
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PAUL S. BARBARO, MD.  
EDWARD TORRESKY, NEBR.  
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ALAN CRANSTON, CALIF.  
CHRISTOPHER J. BODD, CONN.

# United States Senate

COMMITTEE ON FOREIGN RELATIONS

WASHINGTON, D.C. 20510

RECEIVED  
CRIMINAL DIVISION  
NOTED  
INTERNAL SECURITY  
REGISTERED UNIT

SCOTT CONNELL, STAFF DIRECTOR  
GARYL D. CHRISTIANSON, MINORITY STAFF DIRECTOR

May 2, 1984

Dear Mr. President:

It is my understanding that you will soon consider recommendations from the Departments of Commerce and State concerning proposals to permit U.S. companies, for the first time, to establish and provide transatlantic satellite communications services outside the current internationally established framework of Intelsat.

As you know, the Senate Committee on Foreign Relations has long been interested in international communications issues. It was one of the Committees instrumental in the creation of Intelsat; and at that time, made every effort to ensure that Intelsat would make satellite communications services available and affordable world-wide, especially to developing countries. Last October, the Committee held two days of hearings on U.S. international communications policy during which it became evident that to permit private parties to offer independent satellite services would be a fundamental change in long-standing U.S. policy.

Significant alterations in U.S. telecommunications policy may have profound implications not only for international telecommunications operations but also for the conduct of foreign policy. Evidence of this is the recent adoption of a resolution by over 70 of Intelsat's signatory members expressing concern about possible changes in U.S. international communications policy without prior consultations with other Intelsat members, as required by Intelsat agreements.

I would respectfully request that you delay deciding on proposals to permit independent international telecommunication services until the appropriate Congressional Committees have had adequate time to assess the impact of the implementation of these proposals on current U.S. telecommunications policy.

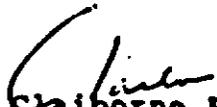
The President  
The White House

ATTACHMENT P

If the implementation of these proposals would imply a substantial change in U.S. policy, then I would hope that you would seriously consider making such changes by proposing modifications to current legislation, so that Congress may be involved in this very important matter.

With regard and respect, I am,

Ever sincerely,

  
Claiborne Pell

BARRY GOLDWATER ARIZ  
JOHN C. BARNORTH MO  
NANCY LARSON KASSTRAUM, KANS  
LARRY PRESSLER S DAK  
BLAKE GORTON WASH  
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FRANK R. LAUTNER, ILL.

# United States Senate

COMMITTEE ON COMMERCE, SCIENCE,  
AND TRANSPORTATION

WASHINGTON, D.C. 20510

January 10, 1984

The Hon. George P. Shultz  
Secretary of State  
Washington, D.C. 20520

Dear Mr. Secretary:

I understand that the State Department is currently reviewing the international telecommunications policy implications of several proposals to develop transatlantic satellite communications systems as alternatives to Intelsat. These proposals were examined as part of a series of hearings I chaired in my Subcommittee on Arms Control, Oceans, International Operations and Environment of the Senate Foreign Relations Committee last October.

Several questions were discussed during these hearings, which included witnesses from the Departments of State and Commerce. First of all, this is not simply a question of supporting or opposing competition in a free marketplace. Secondly, the United States has long-standing international agreements that may be affected by these proposals. Finally, Congress and the Executive Branch must make every effort to establish long-term policies rather than simply allow circumstances to dictate decision-making.

These proposals parallel the proposals put forth domestically by competitive long-distance carriers in the late 1960s. In that instance, the federal government failed to establish a comprehensive, long-range policy on domestic phone service competition. The result has been 14 years of uncertainty or short-sighted responses. We must not make the same mistake twice. These proposals present us with a real opportunity to determine at an early and appropriate stage just what our policy should be.

Several issues must be addressed. First is the question of the international agreements in which the United States played a major role in establishing a single global satellite system.

- ATTACHMENT Q -

If our policy determination favors competitive alternatives to Intelsat, how does this decision affect these agreements? Also, what are the foreign policy implications if the United States moves forward with competitive alternatives to Intelsat? Finally, how do we maintain a stable international satellite system if and when competition is introduced and encouraged?

I strongly urge you to thoroughly consider all of these questions in your Department's review of this sensitive issue.

Sincerely,



Larry Pressler  
United States Senator

LP/mbk

**CURRICULUM VITAE****RICHARD R. COLINO****SUMMARY**

Mr. Colino has more than 20 years of association with and experience in high technology telecommunications and broadcasting. He has served as a senior operating executive and a chief executive, with both general management and administrative functions and responsibilities. During his years at COMSAT he was involved with the development and management of each of the INTELSAT series of satellites through the early construction of the INTELSAT V.

Mr. Colino's association with INTELSAT can be traced to the creation of the organization. His involvement in the establishment of both Interim and Definitive Arrangements, as well as the INTELSAT Permanent Management Arrangements, provides him with an exceptionally deep background in the very foundation of the organization. This knowledge and experience is paralleled by his involvement in the workings of the various organs of INTELSAT, the Assembly of Parties, Meeting of Signatories and Board of Governors, where he chaired numerous committees while serving as U.S. Governor for 6 years (following 8 years as an Interim Committee Alternate Representative) and served as Chairman of the Board of Governors.

Mr. Colino possesses the qualifications required for the position of Director General, a post requiring a blend of executive and operating experiences and a capability for planning and directing the future of the organization.

**PROFESSIONAL BACKGROUND**

**Dynacom Enterprises Limited**  
President and Chief Executive Officer

**1980 to Present**

Mr. Colino manages this telecommunications and broadcasting consulting firm, and is also a part time practicing communications attorney. His clients have included, among others, a major U.S. broadcasting network; several major non-U.S. broadcasters and telecommunications organizations; a domestic U.S. satellite system operator; a U.S. international service carrier; a major U.S. telephone company; a U.S. aerospace/satellite manufacturing company; cable and pay television companies. His activities with these clients have provided Mr. Colino with a current and first hand knowledge of telecommunications technology developments, including satellites, cables, fibre optics and other transmission media.

**Continental Home Theatre, Inc.**  
President and Chief Executive Officer

**1979 to 1980**

In addition to his management functions, Mr. Colino was a Director of this corporation, an officer of affiliated companies and a Director of subsidiaries. These companies were engaged in the start-up and operation of subscription television businesses in major cities throughout the United States. The primary facilities and transmission techniques used in these businesses were cable, scrambled UHF broadcasting (STV) and microwave distribution systems (MDS). These operations were headquartered in California, with subsidiary operations and staffs in numerous cities including Albuquerque, Baltimore, Boston, New Orleans and New York, and start-up companies elsewhere. After the various companies and operations were made financially viable, beginning in 1979, they were sold.

**Communications Satellite Corporation**

**1965 to 1979**

From 1976 to 1979 Mr. Colino was Vice President & General Manager, International Operations Division, COMSAT's largest and most significant business unit (now known as World Systems Division), providing international satellite services and operating the six U.S. INTELSAT earth station complexes, as well as all other U.S. INTELSAT telecommunications facilities which at the time produced over 25% of the INTELSAT system utilization. This self-contained line of business consistently produced over \$100 million annually in revenue, and comprised a widely dispersed and multi-disciplined staff of 300-400 including more than 200 professional, technical and management personnel. In addition to being responsible for the operations of this division, in effect all U.S. Signatory systems and operations, Mr. Colino was responsible for relations and business arrangements with more than 100 countries, Federal, State and local authorities and INTELSAT. He served as Chairman of, and COMSAT representative to, the U.S. earth station owners committee, which owns and operates all U.S. earth stations which are part of the INTELSAT system.

- ATTACHMENT R -

In addition to his operational and overall management responsibilities, Mr. Colino introduced several administrative and developmental programs while General Manager of International Operations. These included in-house and outside university training and development programs for technical and non-technical personnel; minority development and assistance programs; management training and implementation of programs for management by objectives/results; reorganization of the Division to reflect clearer lines of authority/responsibility; five year forward business planning action programs and projects; project management for earth station projects including the first U.S. bid to provide TTC&M services to INTELSAT under contract (following successful competition with other Signatories); and tighter, more demanding, budgetary planning procedures and monitoring systems.

From 1971-1976, growth in COMSAT and INTELSAT activities led to changes in Mr. Colino's divisional title through Assistant Vice-President, International Systems Division to Assistant Vice-President, U.S. INTELSAT Division, each change representing the addition of operational, administrative, and functional responsibilities. In 1974 he also became the first Director of Corporate Planning and Development, a function which examined future prospects for the company and developed both short-term and strategic plans for growth and diversification; and was responsible for the planning and use of the company's computer facilities and operations.

In 1967 Mr. Colino established, and became the first Director of, the company's office in Geneva, Switzerland with responsibilities for Europe, the Middle East and Africa. Shortly after joining COMSAT in 1965 Mr. Colino became the Director, International Arrangements Division, and Alternate U.S. Representative to INTELSAT.

#### **Legal Experience**

**1960 to 1965**

Prior to joining COMSAT, Mr. Colino was: 1964-1965, Assistant General Counsel, United States Information Agency, assigned to a variety of broadcast, film, and print media matters; 1962-1964, Attorney-Advisor, Federal Communications Commission in the International Division and Office of Satellite Communications, working on rates and tariffs, services and facilities, radio-frequency and ITU and international satellite matters; 1960-1961, Associate with a law firm in New York City specializing in antitrust, copyright and contract matters in the U.S. entertainment industry, particularly motion pictures.

#### **ASSOCIATION WITH INTELSAT**

Mr. Colino's long association with INTELSAT began in 1962 when he was an Attorney with the U.S. Government and Spokesman on U.S. Delegations which negotiated the Interim Agreements establishing INTELSAT. He was Chairman of the Working Committee which concluded the negotiation of the predecessor to the INTELSAT Operating Agreement in June 1964, the Special Agreement. He served as Alternate U.S. Representative to the INTELSAT Interim Communications Satellite Committee, which preceded the Board of Governors, from 1965 until 1973 when he became the U.S. Governor to the Board, remaining in that position until he left COMSAT in 1979.

From 1969 until 1971, Mr. Colino was Alternate Representative on the U.S. Delegation to the INTELSAT Plenipotentiary Conference and Spokesman on the Operating Agreement and commercial matters. He served on various committees of INTELSAT, including those dealing with long range planning, contracts, patents and data and was Chairman of the committees on contracts and on headquarters and facilities. Mr. Colino was elected Chairman of the Board of Governors in 1976 after serving as Vice Chairman for a one year term. During this time, in particular his tenure as Chairman, Mr. Colino played a major role in the development of the INTELSAT Permanent Management Arrangements. He also was U.S. Representative to the INTELSAT Meeting of Signatories and Alternate Representative to the Assembly of Parties.

## EDUCATIONAL BACKGROUND

Juris Doctor  
Bachelor of Arts

Columbia University  
Amherst College

Mr. Colino is a member of the New York and District of Columbia Bars and has served on numerous professional committees and associations. He has received advanced training at major universities and institutions in management disciplines including computers, finance, marketing and procurement, and is a trained radio and electronics operator.

## LANGUAGES

Native language - English. Working capability in French and Spanish, the other official languages of INTELSAT. Working proficiency in Italian.

## PERSONAL INFORMATION

Born on February 10, 1936 in New York, New York; U.S. citizen. Mr. Colino is married and has two children, residing at:

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He is active in a variety of organizations and has served on Boards and Committees of professional, business, civic and educational institutions including: The Advisory Board, Center for Telecommunications, George Washington University; the Congressional Leadership Group on International Communications, Center for Strategic and International Studies, Georgetown University; Class Agent, Chairman, Reunion Gift Fund, member Alumni Fund Committee and recipient of the 1982 Adam Johnson Award of Amherst College; Board of Directors, U.S. Institute for Space Law; the International and Regulatory Committee, U.S. National Chamber of Commerce; technical and other committees of the American Institute of Aeronautics and Astronautics, the IEEE, the American Astronautical Society, the InterAmerican Bar Association, the Federal Bar Association, the American Bar Association and others.

## PUBLICATIONS

### BOOKS

"The INTELSAT Definitive Arrangements: Usbering In a New Era In Satellite Telecommunications" (European Broadcasting Union, Geneva, Switzerland.) 1973

"Manual On Space Law", Space Agencies and Institutions - INTELSAT (Chapter XI) Oceana Publications, New York 1979.

## OTHER PUBLICATIONS RELEVANT TO INTELSAT AND SATELLITES

"INTELSAT: Doing Business in Outer Space". (The Columbia Journal of Transnational Law, Vol. 6). Spring 1967.

"COMSAT: A Unique Experience in Government-Corporate Relations". (11th Annual Conference on Social Studies, University of Rhode Island). July 1967.

"Legal Problems Arising from the Establishment of One or Several Systems of Telecommunications by Satellites-Global Satellite Communications and International Organization: A Focus on INTELSAT". (Xth Colloquium on the Law of Outer Space, International Institute of Space Law). September 1967, Belgrade, Yugoslavia.

"International Satellite Communications: A Case Study" (Vol. 21 - Practical Space Applications). "Advances in the Astronautical Sciences Series" of the American Astronautical Society, 69-85. 1967. San Diego, California.

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"Economic and Other Aspects of Global Telecommunication Satellite Systems". (Third EUROSPACE U.S. - European Conference). June 1968, Munich, Germany.

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"The United Nations Organization and the Legal Problems of Outer Space - The International Telecommunications Satellite Consortium". (XIIIth Colloquium on the Law of Outer Space, IISL). October 1970, Constance, Germany.

"The United Nations Organization and the Legal Problems of Outer Space - The United Nations: Its Specialized Agencies and Communications Satellites". (XIIIth Colloquium on the Law of Outer Space, IISL). October 1970, Constance, Germany.

"The Present and Future Organizational Structure of INTELSAT". (International Conference on Communications, Institute of Electrical and Electronics Engineers, Inc.) June 1971, Montreal, Canada.

"INTELSAT: A Comparison of the Interim and Definitive Arrangements". (No. 129B, EBU Review, 49-56). September 1971.

"Arbitration Provisions Governing International Commercial Communications Satellites". (IISL, XVth Colloquium on the Law of Outer Space). October 1972, Vienna, Austria.

"The Impact of INTELSAT on World Telecommunications and Understanding". (AIAA Paper). January 1974.

"International Cooperation Between Communications Satellite Systems: An Overview of Current Practices and Future Prospects". (Journal of Space Law). Spring 1977.

"A Survey of Subscription and Cable Television Developments Around the World: Cable, DBS, STV, MDS." STV Association National Convention, Los Angeles, November 1981.

"Establishing Satellite Delivered Pay TV Systems in Latin America and the Caribbean". Conference on International Video Program Markets, New York, New York, June 1982.



INTERNATIONAL TELECOMMUNICATIONS SATELLITE ORGANIZATION  
ORGANISATION INTERNATIONALE DE TELECOMMUNICATIONS PAR SATELLITES  
ORGANIZACION INTERNACIONAL DE TELECOMUNICACIONES POR SATELITE

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# NEWS-NOUVELLES-NOTICIAS

FOR IMMEDIATE RELEASE  
84-50-1  
13 July 1984

## THE WORLD SEES THE OLYMPICS THROUGH INTELSAT

Nearly one billion people around the world will share in the excitement of live television coverage of the 1984 Summer Olympic Games commencing July 28, but relatively few will appreciate the tremendous accomplishment that such coverage represents.

According to Richard Colino, Director General of the International Telecommunications Satellite Organization, (INTELSAT), the establishment of the global telecommunications satellite system has been so successful that millions of people around the world regard live international coverage of such events as commonplace. The international commitment to making that system a reality, however, was far from commonplace, Colino says.

Twenty years ago, Colino recalls, limited coverage of the 1964 Olympic Games in Tokyo were transmitted to the West Coast of the United States via an experimental satellite over the Pacific Ocean. Filmed highlights of that coverage was flown by airplane to a duplication and distribution center in Canada, and copies then flown on to other points in the United States and Europe for delayed television broadcasts. Audiences were amazed at that time that they could see Olympic coverage as little as 24 hours after the events took place.

Today, live television coverage of the Games around the world will be carried on 21 television channels on nine INTELSAT satellites. Reservations for satellite time are still being received by the INTELSAT TV center in Washington, D.C. Nearly 50 countries have reserved satellite time for direct coverage of the Games, and INTELSAT telecasts will also be

- ATTACHMENT S -

relayed to other countries by those receiving the transmissions, creating a truly global audience.

Mr Colino noted that live television coverage from around the world through the INTELSAT system has allowed mankind to experience as one the events that shape our history and celebrate our humanity.

"INTELSAT is proud," he said "of its role in bringing perhaps the most exciting example of our common experience to millions of homes throughout the world."

The 1984 Olympic Games coincide with INTELSAT's twentieth anniversary year. INTELSAT is the 108 member-nation organization that owns and operates the global system used by countries and territories around the world for international communications and by more than 30 countries for domestic communications. INTELSAT currently provides about two-thirds of all overseas telecommunications services and virtually all overseas television.

\* \* \* \* \*

For further information, contact:

Bernard Cummings  
INTELSAT  
Public and Media Relations  
(202) 488-2683

MEDIA ADVISORY  
OLYMPIC PHOTO OPPORTUNITY  
OLYMPIC SATELLITE ALREADY A MUSEUM PIECE

A new installation at the California Museum of Science and Industry is a contemporary illustration of the lightning-like speed at which today's technology becomes tomorrow's museum piece.

On Friday, 15 June 1984 at 11:00 AM, an INTELSAT IV-A satellite just like those being used to transmit worldwide television coverage of the Summer Olympics will be unveiled at the Museum by Mr. David T. Tudge, INTELSAT Deputy Director General for Finance and Staff Support. The satellite is part of a special exhibit being opened to commemorate the Summer Olympic Games during which INTELSAT will form the hub of Olympic broadcasts to the largest audience the world has yet known.

The first INTELSAT IV-A satellite was launched in 1976, and, along with four other INTELSAT IV-A's, continues to provide service as part of INTELSAT's global communications network. The INTELSAT IV-A being unveiled on Friday measures 2.38 meters in diameter and 6.78 meters in height. It is an actual INTELSAT IV-A that was built as a back-up and never launched.

The INTELSAT system today is made up of a combination of INTELSAT IV, IV-A and V satellites, which serve the communications needs of 170 countries, territories and possessions.

Before INTELSAT, spectators at the Olympics had to travel across the earth to see them. INTELSAT has made the Olympic Games a truly global participatory event, with an estimated television viewing audience for these games of 750 million people at any one time; in totality, probably exceeding 2 billion.

- ATTACHMENT T -

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INTERNATIONAL TELECOMMUNICATIONS SATELLITE ORGANIZATION  
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# NEWS-NOUVELLES-NOTICIAS

For Immediate Release  
84-62  
August 10, 1984

## MEDIA ADVISORY

**INTELSAT TO SIGN AGREEMENT WITH UNITED NATIONS TO PROVIDE SATELLITE CAPACITY FOR U.N. PEACEKEEPING AND EMERGENCY RELIEF ACTIVITIES.**

The International Telecommunications Satellite Organization (INTELSAT), a 109 member country organization providing international satellite communications, has reached agreement with the United Nations to provide satellite capacity for United Nations peacekeeping and emergency relief activities. The United Nations network will link earth stations in Geneva, Switzerland, Naqura, Lebanon and Jerusalem, Israel. INTELSAT granted approval for these earth stations for a one-year period beginning June 8, 1984. INTELSAT will initially provide satellite capacity, subject to availability, for a period of five years.

Javier Perez de Cuellar, Secretary General of the United Nations, and Richard R. Colino, Director General of INTELSAT, will sign the agreement at the United Nations in New York. The signing ceremony is scheduled for Thursday, August 16 at 12:30 P.M.

For additional information, contact: Kevin P. Power  
Senior Executive  
Public & Media Relations  
INTELSAT  
(202) 488-2863

- ATTACHMENT U -



# INTERNATIONAL SATELLITE TELEVISION COVERAGE



INTERNATIONAL SERVICE SATELLITES



PACIFIC OCEAN REGION

INTERNATIONAL SERVICE SATELLITES

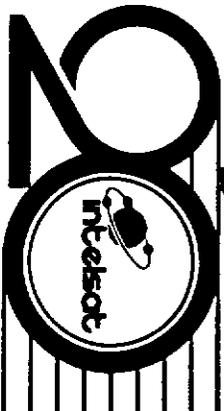
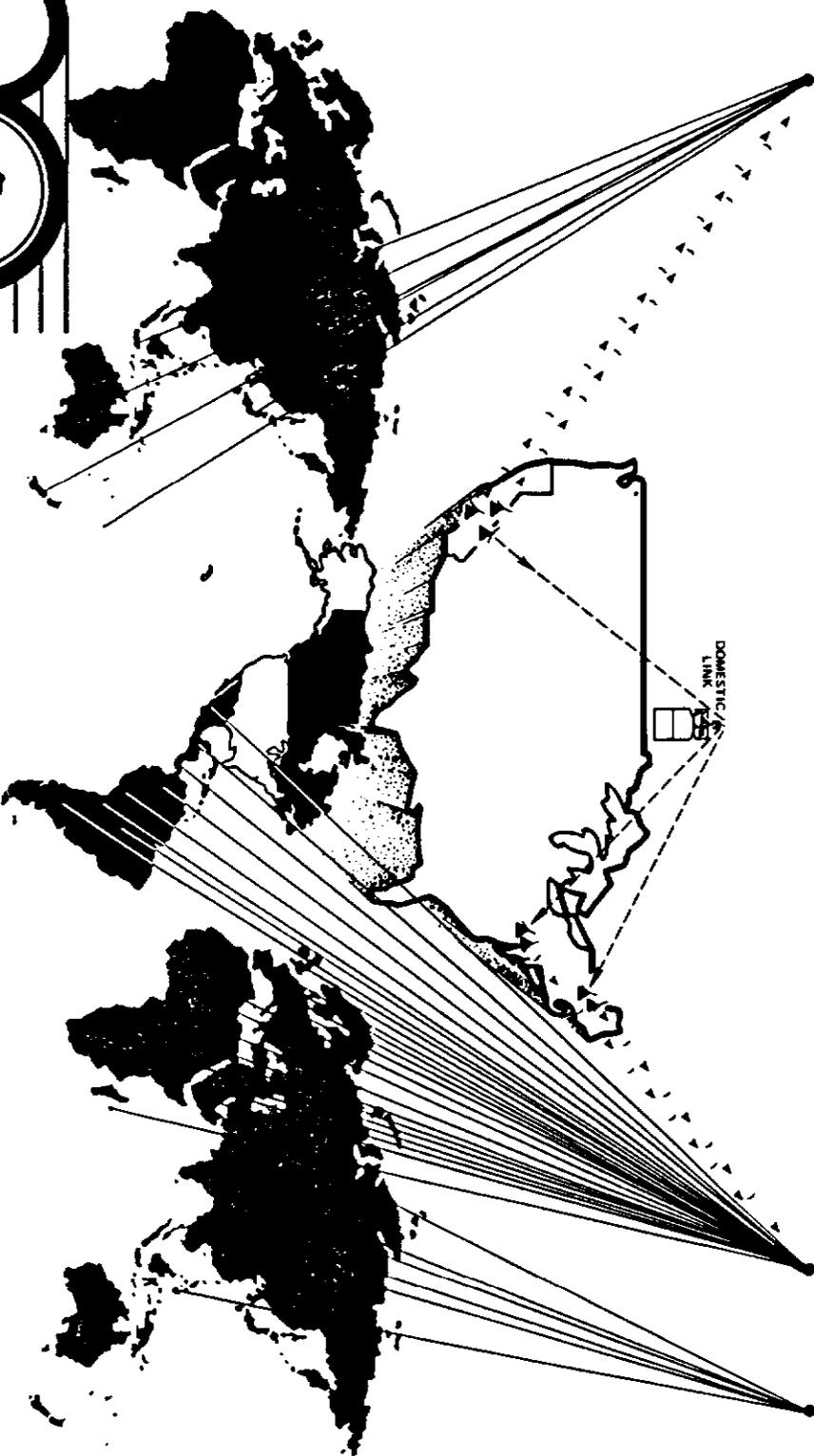


ATLANTIC OCEAN REGION



INDIAN OCEAN REGION

DOMESTIC LINK



## 1984 OLYMPIC GAMES LOS ANGELES

A worldwide audience approaching one billion people will share in the excitement of live television coverage of the Summer Olympics through the INTELSAT global satellite system. Uplinks on the East and West coasts of the U.S. will transmit to more than twenty different satellite TV circuits on nine of INTELSAT's fifteen satellites. Nearly 50 countries will receive direct coverage of the games; many others will receive transmissions relayed through other countries.

CONFIDENTIAL  
INFORMATION  
REGISTRATION UNIT

**AGENDA ITEM NO. 9 - REPORT BY THE DIRECTOR GENERAL TO THE  
ASSEMBLY OF PARTIES ON NEW DEVELOPMENTS  
CONCERNING INTERNATIONAL SATELLITE  
COMMUNICATIONS**

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Reference(s): AP-8-9 & Add. No. 1 (DG)  
AP-8-15 (DG)  
AP-8-16 (DG)

**21 THE ASSEMBLY OF PARTIES,**

Noting the principle set forth in Resolution 1721 (XVI) of the General Assembly of the United Nations that communications by means of satellites should be available to the nations of the world on a global and non-discriminatory basis,

Noting that, on the basis of that Resolution, INTELSAT was established with the aim of achieving a single global commercial telecommunications satellite system as part of an improved global telecommunications network which will provide expanded telecommunications services to all areas of the world and which will contribute to world peace and understanding.

- Noting the achievements of INTELSAT in providing services with the most efficient and economic facilities possible consistent with the best and most equitable use of the radio frequency spectrum and of orbital space,

Noting the Director General's document, "Report to the Assembly of Parties on New Developments Concerning International Satellite Communications",

Noting the resolution unanimously adopted by the Meeting of Signatories at its Thirteenth Meeting regarding the establishment of separate international satellite systems,

Noting the reaffirmation of the Parties as expressed at the Eighth Assembly of Parties of their commitment to the single global satellite system enshrined in the INTELSAT Agreements,

Noting that the INTELSAT Agreements accommodate members with widely different social and economic systems and widely varying arrangements for the utilization of INTELSAT space segment capacity within a country, including, if a Party wishes to do so, the incorporation of any particular degree of competition in such internal arrangements,

DECIDED to:

- (a) Urge all Parties to ensure that their commitments to the INTELSAT system set forth in the INTELSAT Agreements continue to be fulfilled and that the objectives of INTELSAT continue to be achieved.
- (b) Reaffirm the importance that all Parties refrain from actions that would imperil the viability of the single global satellite system.
- (c) Express its fullest support to the Director General in his pursuit of the INTELSAT aim of developing the single global satellite system in the most efficient and economical manner possible.
- (d) Request the Director General to circulate to all Parties the views expressed at this Meeting.
- (e) Request the Board of Governors and the Director General to keep this matter under continuous review and to report to the Parties of any new developments on this matter.

AGENDA ITEM NO. 9 - REPORT BY THE DIRECTOR GENERAL TO THE  
ASSEMBLY OF PARTIES ON NEW DEVELOPMENTS  
CONCERNING INTERNATIONAL SATELLITE  
COMMUNICATIONS

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Reference(s): AP-8-9 & Add. No. 1 (DG)

185 The Chairman drew the Assembly's attention to document AP-8-9 and Addendum No. 1, containing the report by the Director General to the Assembly of Parties on new developments concerning international satellite communications. He noted that this item was included in the agenda at the request of the Director General to draw to the attention of the Assembly important developments taking place in the field of international telecommunications that could severely impact on the long-term viability of INTELSAT and to report on the action by the Thirteenth Meeting of Signatories which passed a resolution addressing this matter. The Chairman then invited the Director General to present document AP-8-9 and its Addendum.

186 The Director General stated that as noted by the Chairman, the purpose of document AP-8-9 was to draw to the attention of the Assembly of Parties important developments now taking place in the United States of America that could in his view severely impact upon the operations and continued viability of INTELSAT and lead to a substantial modification of the way in which international satellite communications carried today. He informed the Assembly that by way of background, on 11 March 1983, a United States corporation, Orion Satellite Corporation, filed an application with the United States Federal Communications Commission (FCC) for authority to construct and operate an international communications satellite system linking the United States and Europe which would provide services that INTELSAT already provides or plans to provide.

187 The Director General noted that because the Orion application, if granted, would constitute a major change in the United States policy in international satellite telecommunications and entail very serious consequences for INTELSAT, he had addressed a letter on 5 April 1983 to the United States Department of State outlining the issues.

He indicated that a copy of the letter, which was also sent to all other Parties and Signatories was set forth in Attachment No. 1 to AP-8-9. He had also reported the matter to the Thirteenth Meeting of Signatories which, after considering the issue, adopted the Resolution set forth in AP-8-9.

188 As part of that Resolution, the Director General noted that the Meeting of Signatories had decided to request the Director General to convey the concerns of the Meeting of Signatories to the United States Party, and to the Board of Governors, all other INTELSAT Parties, and the Assembly of Parties for their consideration and, accordingly, the matter was now before the Assembly of Parties for its consideration.

189 The Director General continued his presentation of AP-8-9 by stating that in addition to the Orion application and the above-quoted Resolution, there had been other related developments which the Director General believed warranted attention by INTELSAT Parties. He informed the Assembly that, legislation introduced in the United States Senate in April 1983 would open the door to the establishment of separate international satellite systems that could provide services now provided, or in the process of being offered, by INTELSAT. The practical effect of the adoption of this legislation would be a fundamental change in the U.S. Government's policy towards INTELSAT, which would be inconsistent with the commitments taken under the INTELSAT Agreements. He stated that hearings were held on the legislation in May 1983 and the matter was now pending.

190 The Director General also pointed out that an announcement had been made that a second U.S. entity intended to file with the FCC in August 1983 for permission to establish another separate satellite system carrying transatlantic traffic. In view of the basic importance of these developments to INTELSAT and its Parties and Signatories, the Director General thought it might be helpful to bring these developments and his analysis of their impact upon INTELSAT to the attention of all Parties, and to do so sufficiently in advance of the October meeting of the Assembly so as to enable Parties to consult and consider what appropriate action might be taken.

191 The Director General then summarized the effects of this new policy on INTELSAT and its members' interests as follows:

- (a) INTELSAT's existence was based on the principle of a single global system;
- (b) a new United States policy, if adopted, would run counter to the principle of a single global system, and open the door to the establishment of other international systems servicing heavy-traffic routes. This would result in loss of revenue for Signatories and rate increases for all users;
- (c) Orion and other heavy-traffic route systems which would follow were not like the other separate systems determined to be compatible with the INTELSAT single global system;
- (d) competing satellite systems would waste scarce orbital arc resources.

192 With respect to consistency with the INTELSAT Agreements, the Director General stated that the prospect of multiple separate transoceanic satellite systems represented a challenge to the basic principle underlying INTELSAT's existence, namely, the aim of achieving a single global telecommunications system. The INTELSAT Agreements were a very carefully worded compromise between different views on many important issues, one of which was the relationship between INTELSAT and other satellite systems intending to carry public international telecommunications traffic. The compromise reached on this particular point committed INTELSAT Parties to "the aim of achieving a single global commercial telecommunications satellite systems", and permitted the existence of other satellite systems carrying public international traffic only to the extent that the requirements of Article XIV were met. But the negotiators of the INTELSAT Agreements did not support the concept that such other separate systems could be used for transoceanic public telecommunications.

193 The Director General pointed out that the INTELSAT Agreements were not predicated on the basis of the principle of competition to provide space segment facilities to carry international services. On the contrary, the duplication of facilities and coverages and the establishment by member countries of separate systems syphoning traffic from INTELSAT ran fundamentally counter to the spirit and the letter of the INTELSAT Agreements. INTELSAT's outstanding operational and cost reduction record was evidence that the INTELSAT approach has been highly successful. If separate systems to carry transoceanic traffic were approved by the U.S. Government, one could expect a proliferation of other similar systems offering international services like INTELSAT's to be established both in the United States and in other countries. The Director General emphasized that such a proliferation of separate international transoceanic systems was fundamentally inconsistent with the commitment to the single global system that all INTELSAT member states took in adhering to the INTELSAT Agreements.

194 The Director General then drew attention to the updated information provided in Addendum No. 1 to AP-8-9. He reported in particular that on 12 August 1983 a second U.S. entity, International Satellite, Inc. (ISI), filed with the FCC an application for authority to construct, launch and operate a North Atlantic international satellite system. ISI proposes to operate two in-orbit KU band satellites located at 56° and 58° west longitude to carry traffic between the United States and Western Europe. He noted that ISI stated that the proposed system would serve primarily the video distribution and data markets and that it would sell at least half the capacity of the system and would make the remainder of the capacity available on a common carrier basis.

195 The Director General stated that the ISI application raised the same fundamental issues discussed in document AP-8-9 with respect to INTELSAT, its members and non-member users. The application also bore out the prediction in AP-8-9 that, should a change in U.S. policy be adopted, there would be a proliferation of separate competing transatlantic satellite systems, established in the United States and other countries.

He emphasized that as an international organization with a worldwide mandate and an obligation to provide service to all nations on a nondiscriminatory basis, INTELSAT was not able to conduct itself in the same manner as any commercial national entity free to pick and choose its markets.

196 The Director General concluded by reiterating that as stated in AP-8-9, the proliferation of satellite systems carrying international services such as those described therein was not in accordance with the principles underlying the INTELSAT Agreements. He, however, added that this did not mean that the INTELSAT Agreements precluded competition at the domestic level in the provision of international satellite telecommunications services to end users. If desired by the Party concerned, competition at the domestic level could be achieved fully in accordance with the INTELSAT Agreements and as clearly stated in the Director General's letter to the U. S. State Department set forth in Attachment No. 1 to AP-8-9.

197 The Chairman then opened the floor for discussion of document AP-8-9 and Addendum No. 1.

198 The representative of Mali said that he believed the problems outlined by the Director General were of the greatest importance and that what was at stake was the very survival of INTELSAT and the concept of a single global system. He said that the applications being considered in the United States would completely overturn the basis of INTELSAT. The representative of Mali referred to the resolution adopted by the Meeting of Signatories in Bangkok and proposed that the Assembly of Parties act in a similar manner, adopting as a resolution a text developed by interested countries. He also requested that the United States delegation express its views on these matters.

199 The representative of Sri Lanka said it had been suggested that INTELSAT's prime international service did not include the lease or sale of dedicated facilities and therefore other proposed private satellite systems did not need to undergo economic harm coordination under Article XIV(d), but rather only technical coordination under Article XIV(e).

He said that there appeared to be a semantic dimension to this issue which related to the modalities for coordination with INTELSAT and asked the Director General whether, if the Party concerned presented the proposal to INTELSAT, it would be coordinated under Article XIV(d) or XIV(e).

200 The representative of Senegal said he believed, as had already been stated by the distinguished delegate of Mali, the matter being discussed was of the greatest importance for all of the member countries of INTELSAT or users of INTELSAT services and, in particular, for developing countries. He said the Party of Senegal was extremely satisfied with the actions taken by the Director General to date in this matter and asked the Director General what had been the reaction of the United States Party as a result of INTELSAT's actions, and what were the actions envisaged by the Board of Governors regarding the establishment of international satellite systems separate from INTELSAT. He said that document AP-8-9 presented in a very complete manner the consequences which the advent of competitive heavy route systems would have upon INTELSAT's activities. He then asked the Director General to clarify a statement in Part C of the document - "the negotiators of the INTELSAT Agreements would not have supported the concept that such other systems could be used for public transoceanic telecommunications".

201 The Director General, addressing the point raised by the representative of Sri Lanka, said that one of main arguments put forward by the Orion Corporation was that they would not be competing with INTELSAT as they would be providing private telecommunications services and INTELSAT's primary purpose, as stated in the Agreements, was to provide public telecommunications services. The Director General said, however, that the INTELSAT Agreement distinguished two types of services - public international and domestic services, and specialized services and there was no distinction between public and private services of the type defined by Orion. It was, therefore, the opinion of the Director General that the services proposed by Orion were the same type of public services which INTELSAT was actually providing or planning to provide and that, for example, a large number of private line

networks already existed within the INTELSAT system and it has never been suggested that these did not fall within the public telecommunications services definition of the INTELSAT Agreements. He concluded that the definition of "public" must therefore be sought in the Agreements, not in a dictionary or in the legislative acts of any one country.

202 In reply to the representative of Senegal, the Director General said he had followed exactly the instructions of the Thirteenth Meeting of Signatories, bringing the matter to the attention of the Board of Governors, the Party of the United States and the Assembly of Parties. Over the question of how proposed systems such as Orion would be coordinated, the Director General said that careful analyses of the facts involved have led him to conclude that such systems fall clearly under the provisions of Article XIV(d) of the Agreement.

203 The representative of Algeria said that he supported the arguments raised by the representatives of Mali and Senegal. He characterised the situation as a short-circuiting operation, with the proposed competitive satellite system short circuiting the basis upon which INTELSAT was established. As the Assembly of Parties was the highest body of INTELSAT, any decision it reached on this matter would have important consequences on positions taken by individual members and thus the Assembly should indicate its strong support for the preservation and protection of the single global satellite system.

204 The representative of the Ivory Coast said that the issue raised by the Director General in AP-8-9 was one of primary importance to all members. In his view, in creating INTELSAT all of the countries involved had analysed the advantages and disadvantages and had agreed to a single global system to link all the countries of the world, along with the obligations that such an agreement entails. Those who took part in the negotiations which led to INTELSAT would recall that the initiative was led by the United States and that when the first satellites were launched, most countries throughout the world had no concept of what the future held in this regard. He said that it was only the United States that had the vision of what world communications could be using this new technology. He then said that developing countries, which had enjoyed the advantages of INTELSAT, could not conceive that the pioneer

country which had made possible the creation of INTELSAT today wished to undermine and destroy it. The representative of the Ivory Coast pointed out that developing countries do not have industries to enable them to participate in the commercial aspects of building satellites and earth stations but that, nevertheless participated in INTELSAT's financing on an equal basis with industrialized countries and all paid the same utilization rates. He said, however, if those countries whose industries benefitted from INTELSAT withdrew, the smaller countries would have to pay far higher rates of charge. He urged the Assembly to strongly oppose any actions that would challenge the fundamental principles incorporated in the framework of the INTELSAT Agreements.

205 The representative of India added his country's concern at the possible consequences of the Orion application, if it was approved by the United States Administration. He noted that INTELSAT was a voluntary organization, and it was therefore necessary that the Parties to the Agreement at all times subscribed to the purpose for which INTELSAT had been set up. He said that, as the Director General had rightly pointed out, domestic satellite systems were a totally different matter and there would be no objection by INTELSAT to the establishment of as many domestic satellite systems as necessary. Even in the international sphere, specialized services were also acceptable but it was not acceptable when a service that was being rendered by INTELSAT was sought to be duplicated by a private corporation. He also expressed concern at the impact of possible competitive systems on INTELSAT's rates saying that, for example, it had been assessed by the Director General that about 25 percent of the total volume of traffic was between the United States and Western Europe. If this high volume, high density traffic was skimmed off by a private corporation, INTELSAT would be left with a low volume, low density traffic with a very high per unit cost. This meant that substantial revenue producing services would be skimmed off by the private corporation and the unprofitable services would continue to be rendered by INTELSAT. He concluded by saying that if the growth of traffic was going to result in additional, as yet to be realized revenues these revenues should flow back into INTELSAT and be reflected as a lower unit rate, thus benefitting developing countries in particular. He said that

from his examination it was apparent that the proposed competitive satellite systems would cut into the services already provided by INTELSAT and proposed that the Assembly ratify the stand taken by the Director General, the Board of Governors and the Meeting of Signatories and direct the Director General to write to the Government of the United States to emphasize the seriousness of the views expressed by the Parties.

206 The representative of the People's Republic of China stated that he had attentively followed the presentation of AP-8-9 and Addendum No. 1 by the Director General as well as the views expressed by the representatives who spoke before him. He stated that his delegation felt it necessary to also express its views on this important matter. He continued by stating that, based on experience gained from participating in the activities of INTELSAT for many years, his country considered that the INTELSAT satellite system, which had been established and developed on the principle of "a single global system" had made great contributions to improving international communications media and service quality and promoting telecommunications relations and cooperation between various countries. He said, therefore, that as a Party to the Organization, one should safeguard this principle of "a single global system" so as to further INTELSAT's continued development as the single global commercial satellite system. He noted, however, that some actions taken by some departments in the United States recently had violated the principle.

207 The representative of the People's Republic of China concluded by expressing support for the position of the Director General on this matter and his hope that the representative of the Party of the United States of America to this meeting would convey the concern and expectation of the meeting to the departments concerned of the U.S. government and ask them not to create a precedent that would impact upon the continued viability of INTELSAT through a change in their domestic policies.

208 The representative of the United Kingdom stated that after listening carefully to the Director General's statement and the remarks of previous delegates, he was bound to express some concern about certain aspects of the debate. His concern touched more on procedure than on substance. He said he believed the Parties should reflect on the propriety of discussion of a matter of domestic policy, where the Party concerned had taken no decision, in an intergovernmental forum. His own government would have been deeply concerned if such a precedent were to be followed in a matter of United Kingdom domestic policy. He strongly endorsed the comment of the Director General that the INTELSAT Agreement was a carefully worded compromise. The founding fathers of INTELSAT built into the Agreement a series of checks and balances, which, in his Government's view, provided the organization with all the necessary safeguards. There should be no attempt to undo that compromise without the most careful consideration,

209 The representative of the United Kingdom then proceeded to set out the principles which would govern the United Kingdom's approach to proposals of the kind to which the Director General had referred, should such proposals be brought before this Assembly after having been duly authorized by their Party. He said the United Kingdom's basic concern was to maintain the viability of the single global commercial telecommunications satellite system in accordance with the preamble to the INTELSAT Agreement. There was no diminution of the United Kingdom's commitment to INTELSAT which had served member states well and brought efficient telecommunications services to all parts of the globe. However, new developments in technology needed new approaches by regulators and the United Kingdom was second to none in its desire to stimulate innovation for the benefit of all. His country was therefore prepared to consider carefully new proposals for satellite systems. Various regional satellites, including ARABSAT, PALAPA and EUTELSAT had already been successfully coordinated with INTELSAT. These were examples of the kind of new ventures which could coexist harmoniously with the INTELSAT system.

210 The representative of the United Kingdom said it was important that any new system should take full account of the Parties' obligations under the INTELSAT Agreement. The United Kingdom Party would not favor any attempt to avoid those

obligations. The United Kingdom also attached great importance to the best and most equitable use of the radio frequency spectrum and of orbital space. He said there was some uncertainty in his Government over the meaning of the terms "significant economic harm" and "specialized telecommunications requirements" in Article XIV(c) and (e). It would be helpful if the Director General could consider and provide his interpretation of these terms for review by the Board of Governors and in due course, at a future Assembly of Parties, there could be further discussion of these points. The United Kingdom would also welcome more factual data on the implications for INTELSAT finances of new market entrants. Various allegations had been heard outside the Assembly from other concerns about the extent of cross subsidy in the INTELSAT system. His Party would be most interested in hearing the views of the INTELSAT secretariat about this point.

211 The representative of Nigeria said that his country would not like to see the investment it had made in INTELSAT eroded, which could be a consequence of this new development and the deployment of separate competitive systems. He said he had noted the views expressed by the United Kingdom but that he would like to hear from other European countries. He expressed the belief that if all Parties at this Assembly agree not to subscribe to Orion's proposed satellite system, that company would have a second thought in pressing further its application now pending with the FCC. He endorsed the action taken by the Director General on the subject.

212. The representative of Venezuela said that, at the Thirteenth Meeting of Signatories, his Signatory had indicated its full agreement with the Director General's efforts in regard to the matter under discussion. At that meeting, his Signatory co-sponsored the resolution which urged Signatories to address, through their own authorities, to the Department of State of the United States expressions of concern regarding the Orion application. He therefore requested the Assembly of Parties to endorse the concerns expressed by the Director General, by the Board of Governors, and by the Thirteenth Meeting of Signatories by adopting a decision stressing the need for the Parties to safeguard the fundamental principles and objectives of INTELSAT as a single commercial telecommunications satellite system.

213 The representative of Gabon stated that, while not wishing to prolong the Assembly's deliberations, he wanted to congratulate the Director General of INTELSAT for the steps he had taken in order to protect and safeguard the interests of INTELSAT. He firmly supported those measures and also agreed with the delegations of other developing countries who had spoken before with regard to their great concern over the efforts that were being made that would be damaging to the interests of INTELSAT. He suggested that the United States Party should perhaps inform the Assembly whether the U.S. Party has taken the necessary steps in order to protect the interests of INTELSAT pursuant to the Agreements, which it had signed. He said that on the basis of the reports before the Assembly, he was under the impression that the United States Party had felt that it was an internal matter and would be analysed within the terms of U.S. internal policy before being reported to the Meeting of Signatories and to the Assembly of Parties. He said the Assembly needed to know the views of the United States before it could continue with the discussion.

214 The representative of Ecuador offered his congratulations to the Director General for the timeliness and clarity of his presentation of the topic under discussion. He said his delegation wished to ratify its support for the actions of the Executive Organ. He then concentrated his remarks on the possible financial impact of systems such as Orion on INTELSAT users, concluding that countries such as Ecuador would have to pay higher contributions, a result which would not be in harmony with its expectations when joining the organization. At the same time these same countries would not benefit in any way from the proposed private systems as these systems would be carrying communication traffic primarily between the United States and Europe..

215 The representative of Paraguay said his delegation would like to reiterate its concern with the proliferation of private services that might arise if there were to be established a parallel-communications system such as was Orion, the impact of such a development on service costs and the consequent damage it could cause to developing countries such as Paraguay.

216 The representative of Italy stated that his country was much more worried today than it had been at the time of the Bangkok Meeting of Signatories as, since that time, another potential competitor had arisen in ISI and it was possible that other entities were also planning to present applications to the U.S. Federal Communications Commission. In addition, as the Director General had mentioned, new legislation had been introduced in the United States Senate in April 1983 that could open the door to the widespread establishment of separate international satellite systems in direct competition with INTELSAT. He said the Italian Government had already expressed to the United States Party, through diplomatic channels, its deepest concern on the Orion initiative and he confirmed that the Italian Party's attitude to this matter had not changed. He said he believed that, as had occurred at the Bangkok Meeting of Signatories, the concern of all those who were sensitive to the fundamental issues which impact the viability of the INTELSAT system as the single global system, should be properly expressed in a resolution. Finally, he said that even if Orion and ISI were approved by the United States authorities, he could not envisage any organization in Italy being authorized to operate with these systems.

217 The representative of Brazil said his delegation would like to join with others in expressing concern over the Orion project and in congratulating the Director General for his actions so far. He said his delegation also strongly supported the proposal that the Assembly adopt the same resolution as was passed by the Thirteenth Meeting of Signatories.

218 The representative of Tanzania said his Government had written to the Director General to express its concern over the possible adverse impact of the Orion project upon the effectiveness, purpose and viability of INTELSAT and that these concerns remained and had been increased by the ISI application. He expressed the hope that the efforts of the Director General, in making the necessary representations at official level, would be successful, in the interest of the integrity of INTELSAT.

219 The representative of Chile said that her delegation believed it was necessary to express its firm support for the INTELSAT Agreements, which had been discussed at great length and then signed by all Parties, who were fully aware of the commitment they had undertaken. She expressed the hope that the outcome of this meeting would strengthen the principles underlying the single global satellite communications system.

220 The representative of Thailand expressed his support for the initiatives taken by the Director General and pointed out that the Orion application, if successful, would be regarded as a precedent by many other potential systems. He joined with previous speakers in urging that the Assembly of Parties adopt the same resolution calling for the preservation of the single INTELSAT global system as had been passed by the Thirteenth Meeting of Signatories in Bangkok.

221 The representative of Congo expressed his full support for the actions taken by the Director General regarding the new communications policies being considered by the United States, adding that his Party remained committed to the principles embodied in the resolution adopted by the Thirteenth Meeting of Signatories in Bangkok.

222 The representative of Portugal stated that his delegation had been following with the utmost attention the various positions stated by previous speakers concerning the adverse consequences the authorization of a separate system like Orion could cause INTELSAT. He stated that his delegation deeply shared the Director General's concerns with respect to the potential threat to INTELSAT's viability. He pointed out, however, that the success of Orion would not rely only upon the authorization of the United States Party but much more on the willingness of other Signatories to start operation with Orion. The representative of Portugal stated that, bearing in mind the present stage of this matter in the United States, he wished to express his support for any position which may be adopted by this Assembly which clearly indicates its support for preservation of the INTELSAT single global commercial satellite system and opposes any actions which may reduce INTELSAT's viability.

223 The representative of Uruguay stated that he was taking the floor in order to see whether the Assembly could reach a form of consensus regarding the various points of view that had been expressed. He urged the Assembly to support the principles on which INTELSAT was based and, in that regard, he expressed support for the view that the INTELSAT system should be the only global system for the provision of international public communications services. He also suggested that Parties who are contacted by the two United States corporations regarding establishment of communications links outside the INTELSAT system should advise the Director General of such occurrences.

224 The representative of Uruguay requested further clarification of the political approaches or analyses mentioned by the representative of the United Kingdom. He then proposed that a resolution be drafted supporting the principles which underlie INTELSAT and acknowledging that, although competitive systems may be authorized by countries, these would not necessarily be allowed to operate in other countries. He concluded by urging the Assembly to ensure that such a resolution was carefully worded to ensure unanimous support.

225 The representative of Argentina joined other delegations expressing his concern on the issues now being examined and expressed support for continuation of a single global telecommunications organization based on a non-discriminatory and economically sound basis. He stated that he was prepared to support any recommendations the Assembly of Parties should adopt in that regard.

226 The representative of Malaysia congratulated the Director General for his clear and lucid presentation of the subject under discussion. He noted that the matter was equally of great concern to his country, and therefore expressed his country's full support for the view that INTELSAT should be the only international agency for a global commercial telecommunication satellite system and that the creation of a separate international system was fundamentally inconsistent with the commitment to the single global system that all INTELSAT members took in acceding to the INTELSAT Agreements.

227 The representative of Canada stated that the various statements made on the Orion system fully underlined the importance and concern of the Parties with respect to the issues involved. He said that without question, his Party shared the concerns expressed on the possible introduction of competing international satellite systems. He further stated that he wished at this time to reconfirm his country's commitment to the principle of a single global system as enshrined in the INTELSAT Agreements. He further stated that while he did not think it necessary to repeat points which had been expressed by others, he however wished to state that in his Party's view, it would be appropriate at this Assembly to fully endorse the Director General's activities in bringing the concerns and the underlying issues to the attention of all the Parties. He further stated that his Party was of the view that the Assembly should call for continued monitoring of developments concerning these issues, to be brought to the attention of all Parties. Finally, the Assembly should ensure that its views are brought to the attention of the United States Party.

228 The representative of the Federal Republic of Germany stated that he wished to join the delegations supporting the Director General's view given in AP-8-9 and to also state that his Party fully shared the concerns expressed earlier by many of the Parties. He noted that there were three fundamental points of the Agreement which were clearly set forth in the preamble and which should be closely adhered to, namely: that all communications by means of satellites should be available to the nations on a global and non-discriminatory basis; the second one was the aim of achieving a single global commercial telecommunications satellite system; and the third one which should be a very important one from the viewpoint of Signatories was to make the most equitable use of the radio frequency spectrum available.

229 The representative of Kenya stated that he wished his Party to be associated with the deep concern expressed by representatives, particularly those from the developing countries, regarding the setting up of competing international telecommunications satellite systems. He expressed full

support for the representations made by the Director General first in Bangkok during the Meeting of Signatories, then at the Board of Governors and at this Assembly of Parties. He concluded by suggesting that it might be timely to consider a resolution on the lines suggested by the Party of Uruguay and others embodying the concerns that had been expressed.

230 The representative of El Salvador also stated his Party's concern over the issue under consideration by the Assembly and continued his full support for a single global telecommunication system under the INTELSAT organization.

231 The representative of Guinea stated that, although he shared the views expressed by previous speakers, he felt it imperative to also express his Government's view. He stated that his Party was fully satisfied with the services provided to it as a member of INTELSAT. Accordingly, his Party could not support or accept the weakening of the INTELSAT organization through diversification by separate systems such as Orion and, therefore, it firmly supported all actions that had been taken by the Director General of INTELSAT to protect the integrity of the organization.

232 The representative of Australia stated that his Party shared the concerns expressed by the other speakers on this subject. He noted that the Australian Signatory had participated in the unanimous expression of concern by the Meeting of Signatories in Bangkok and fully endorsed the actions which the Director General had taken in bringing this matter to the attention of the Signatories and the Parties. He further stated that the Assembly of Parties should also be able to express concern at the prospect of competition in the provision of international services that are now being carried by INTELSAT, including all developments in the future of those services. He expressed his Party's willingness to participate in a suitable expression of concern from this Assembly. The representative of Australia then alluded to the intervention by the United Kingdom representative which indicated that procedurally the matter now under discussion was a domestic one within the purview of the Party or Parties concerned and would therefore not be appropriate for consideration by the Assembly at this time. He stated that he did not share that view,

especially since the Assembly of Parties was an organ which normally met every two years and that it would therefore be regrettable if this Assembly did not take full advantage of the opportunity to present the combined views of a large number of INTELSAT Parties on this very important matter. The representative of Australia then indicated that his Party had received a letter dated 30 September 1983 which purported to be addressed to all Parties to the INTELSAT Agreements from the Orion Satellite Corporation. He stated that the contents of the letter made certain challenges to the Director General's statements and he believed those challenges to be totally fallacious and that they were based on a serious lack of understanding by Orion of the basic principles of the INTELSAT Agreements. He said he believed that it would be useful for the Assembly to address certain of these misconceptions in order to provide clear guidance to the Director General and the Board of Governors in their continuing pursuit of the issues raised.

233 The representative of Saudi Arabia noted that mention had been made earlier that the separate systems like ARABSAT, PALAPA and EUTELSAT had been successfully coordinated with INTELSAT. He said that these were regional systems which had been fully coordinated under the Agreement and had been found not to cause any significant economic harm to INTELSAT. On the other hand, he noted that the systems proposed to be established by Orion and International Satellite Incorporated were intercontinental systems potentially adversely affecting about 25 percent of the INTELSAT traffic. He noted that INTELSAT revenues would thus considerably decrease while its capital cost remained the same. He therefore expressed his Party's strong support for the actions taken by the Director General and also the views given by all the distinguished representatives expressing serious concern in this matter.

234 The representative of the United States said her delegation had noted with interest and great care the comments and documents which had been submitted in connection with the agenda item under consideration. She believed the discussion had assisted all in addressing their individual and collective international satellite communication needs. Everyone present was aware that the United States had been one of the principal

193 The Director General began his presentation of document MS-14-17 and its addenda by reviewing the actions taken by his predecessor, Mr. Astrain, in bringing this matter to the attention of the last Meeting of Signatories, and in writing to the United States Party expressing his concerns about the application filed before the United States Federal Communications Commission (FCC) in March of 1983 seeking authority to establish a separate transatlantic satellite system which would compete directly with the INTELSAT system. He also noted that in the same period, legislation had been introduced in the United States Congress which also raised concern over the United States Party's commitment to the INTELSAT Agreement and Mr. Astrain had testified on this legislation at a meeting of a Subcommittee of the U.S. Senate. The Director General said that Mr. Astrain's actions in this regard were extraordinary and, based on the developments which had occurred since that time, it was apparent that his concerns were well founded.

194 The Director General continued saying that it was unfortunate that the United States Party had not chosen to respond promptly to the Director General's letter or provide INTELSAT with the reassurances that would have alleviated this issue. However, more than a year later, INTELSAT now faced a situation in which a number of additional applications have been submitted to the FCC, even in the face of decisions in unanimity by both the Thirteenth Meeting of Signatories and the Eighth Assembly of Parties opposing the establishment of such separate systems, which would challenge the underlying purpose for which INTELSAT was created and have a fundamental impact on the viability of the single global telecommunications system, entailing serious financial consequences for all system users. The Director General briefly reviewed the applications presently pending before the FCC noting that in each instance, the services described and coverages proposed were either already being provided or could be provided through INTELSAT's own satellites. He said that it was clear that if these applications were approved, other requests would be submitted in a variety of forms, all designed to carry international traffic.

195 The Director General then described the actions taken and the reasons therefor, in the area of dissemination of information and education concerning INTELSAT in order to clear up and correct the apparent mis-impressions held by a number of United States policy makers who will be making decisions which could have such a profound impact on INTELSAT. The Director General also indicated that there still appeared to be an impression in some individuals' minds that these matters were a United States domestic matter, not withstanding the fact that overseas correspondents would be required to establish such systems, that Signatories and Parties had been contacted by the applicants, that orbital and frequency coordination through the ITU is required and last, but not least, the legal requirements of the INTELSAT Agreement are binding international treaty obligations affecting all 108 member countries of the Organization.

196 Moving to Addendum No. 1, the Director General said that the correspondence set forth had not been solicited by anyone in the Executive Organ but, nevertheless, upon receiving it, he had felt obligated to bring the information therein to the attention of the Signatories and the Board of Governors because of the importance of that information and the apparently mistaken assumption that INTELSAT would be advised directly and early by the United States Party of such developments.

197 Turning to Addendum No. 2 to MS-14-17, the Director General reviewed in detail the summary results of the independent economic analyses concerning international satellite systems undertaken by the firm of Walter Hinchman and Associates, Inc. at INTELSAT's request. He emphasized that Mr. Hinchman undertook the commission only on the condition that he be given a free hand to conduct the analyses as he saw fit based on his broad experience in the international telecommunications field. He said that, while INTELSAT did not necessarily agree with all of the conclusions contained in the summary report of the analysis, the study was performed by highly qualified professionals and based upon a clear knowledge and understanding of international telecommunications and should be very beneficial to all who read it in understanding the issues being faced.

198 The Director General said that, although the initial analysis has been completed, there was further work still to be done in this area to clarify and refine certain of the points made, but that nevertheless, he wished to give particular emphasis to several of the conclusions. First, he referred to the conclusions concerning the distinction made between the use of facilities for domestic and international source applications and the philosophy of competition that can apply in a domestic situation where a particular country has total control of its own policies, economy and its regulatory principles, as opposed to international systems where there is no one body or country which has control over such matters. The Director General also pointed to the independent conclusion regarding the cooperative aspect of INTELSAT and the fact that INTELSAT is a non-profit organization. While this may seem obvious to the member countries, it is a matter of misunderstanding by many individuals today.

199 The Director General then referred to the conclusions in respect of INTELSAT utilization cost characteristics and indicated that the approach used by the consultant was only one of several ways of looking at this subject, and that INTELSAT would be entering into discussions with the consultant in order that they might expand and complete their work on these important conclusions and clearly define all of the underlying reasons and facts. The Director General said, however, that what was important to note was the fact that the analysis shows the need for detailed, profound study of a wide range of cost and market assumptions before any meaningful conclusions can be reached with regard to the advantages or disadvantages of competition in the area of international satellite telecommunications. Until such studies are completed it is difficult to see how the parties concerned in the matter being discussed can come to any informed conclusions regarding the likely impact of allowing competitive systems to be established.

200 The Director General then pointed to the consultant's conclusion that were INTELSAT to face a competitive situation, principles of economic efficiency would normally dictate that it base its charges to users only on the cost of the incremental satellite capacity needed to satisfy new or specialized communications requirements, such as those ORION or ISI propose to serve, rather than on a transponder averaged cost basis. This would be the normally expected course of action for any organization to follow in face of a competitive situation and, although the Director General in conjunction with the Board of Governors was examining a number of new services and tariff structures, INTELSAT faced a potential inhibition in being able to react in a truly competitive way because of the basic INTELSAT charging principles and philosophy set forth in Articles III and V of the Agreement. The Director General said that in many ways, these charging principles had been the genius of INTELSAT and exemplified the cooperative nature of the Organization in the manner that costs of providing the various services were averaged across the entire system to the benefit of all users, both large and small, developed and developing, giving as an example the users of INTELSAT's IBS, maritime and VISTA services. However, these principles may make it difficult to compete with a separate system which is designed to provide specific services to a limited number of users in Europe and North America. The Director General continued saying that the consultant's report clearly showed the difficulties which would be faced in separating the operational and economic cross-supports among the various services from the other mechanical or economic factors upon which the viability of the INTELSAT system is based.

201 The Director General then drew the Meeting's attention to the conclusions regarding the potential impact on INTELSAT's utilization charges over the next five years if several of the separate systems were in fact to be established and the significance this would have to users of the INTELSAT system. This conclusion is partly affected by the under utilization of INTELSAT's existing space segment resources and the Director General said that the availability of this excess capacity should be viewed as an opportunity for INTELSAT, its Signatories and users to develop and implement new and expanded services to the benefit of all.

202 The Director General then presented Addendum No. 3 to MS-14-17 providing an analysis of the study results set forth in Addendum No. 1, saying that it had been prepared in response to specific requests from a number of Signatories for the Director General's reaction to the study. He said that the analysis was based only on the summary contained in Addendum No. 1 and that INTELSAT does not have access to the full study nor the recommendations and conclusions referred to. The Director General said that in general, there appeared to be a number of implications and conclusions concerning the desirability of competition and the benefits which would result, which may be more properly described as economic philosophies rather than factual and arising out of the type of serious, in-depth analysis referred to earlier. The Director General also said that, in his view, the study did not accurately reflect the role and purpose that INTELSAT was created to fulfill, thus making it difficult to comprehend the reasoning underlying the United States Party's approach to the establishment of separate international systems.

203 The Director General continued, pointing out a number of misinterpretations of INTELSAT's previous actions with respect to Article XIV(d) coordinations for ARABSAT, ECS (EUTELSAT) and PALAPA which lead to highly erroneous conclusions and the fact that the summary apparently does not take full cognizance of either the resolution passed by the Meeting of Signatories at its Thirteenth Meeting, or the resolution passed by the Assembly of Parties in October 1983. Further, the study seemed to confuse the issue of the obligations and responsibilities invested upon each Party to the INTELSAT Agreement with the domestic laws of an individual Party.

204 In concluding his remarks concerning MS-14-17 and its Addenda the Director General said that the documentation submitted and the presentation had been very detailed in order to give the Signatories a clear picture of the situation facing INTELSAT and the way in which the decision making process in the United States Party operates, so that the Signatories are in the best possible position to determine appropriate courses of action, either collectively or individually, to deal with the issue of establishment of separate transoceanic systems.

205 The Chairman then invited the Chairman of the Board of Governors to present document MS-14-23 presenting the Board's report concerning the establishment of separate international satellite systems.

206 The Chairman of the Board of Governors stated that at its March 1984 meeting, the Board had reviewed the Director General's report (MS-14-17 and Addenda Nos. 1 and 2) updating developments now taking place in the United States of America that could severely affect INTELSAT's viability as a single global satellite system and have serious financial consequences for all users of the INTELSAT system. He stated that the Board had also noted that the studies reported in Addendum No. 2 to MS-14-17 had been undertaken at the request of the Director General, analyzing the economics of international satellite telecommunications, including the economic bases of the INTELSAT system, and that these studies addressed as well the impact on the INTELSAT system if separate, transoceanic systems were approved. He concluded by stating that after noting the above information, the Board of Governors had endorsed the actions taken by the Director General, as described in MS-14-17, particularly with respect to the Director General's ongoing activities with respect to education and information.

207 The Chairman then drew the Meeting's attention to the following draft resolution which had been sponsored jointly by forty-nine (49) Signatories:

DRAFT RESOLUTION

THE MEETING OF SIGNATORIES.

Recalling the Resolution unanimously adopted at the Thirteenth Meeting of Signatories concerning the fundamental impact upon INTELSAT resulting from the establishment of separate international satellite systems;

Recalling that such Resolution requested the Director General to convey the concerns of the Meeting of Signatories to the United States Party and to the Board of Governors, all other INTELSAT Parties, and the Assembly of Parties for their consideration;

Noting the developments which have taken place on this matter since the Thirteenth Meeting of Signatories, as described in MS-14-17 and its Addenda, particularly the appearance of additional U.S. applicants for separate international satellite systems;

Noting the results of an independent economic analysis performed by a consulting firm retained by INTELSAT, set forth in Addendum 2 to MS-14-17, concluding that the establishment of separate international satellite systems would have major economic and operational consequences, including major losses of revenues and a consequent major increase in INTELSAT's charges to all users.

Noting the Decision adopted at the Eighth Assembly of Parties which, inter alia, urged all Parties to ensure that their commitments to the INTELSAT system set forth in the INTELSAT Agreements continue to be fulfilled and that the objectives of INTELSAT continue to be achieved.

DECIDES:

- 1) to express its full support to the Director General in his efforts to ensure that the viability of the INTELSAT single global system is not imperiled and that the INTELSAT system provides the widest range of efficient and economical services.
- 2) to request the Director General to bring to the attention of all Parties and Signatories the results of the independent study referred to above.

- 3) to reaffirm the concerns expressed by the Thirteenth Meeting of Signatories that "...the establishment of one or more competitive satellite systems diverting international transoceanic or other heavy route traffic from the INTELSAT System would have a fundamental impact on the viability of the single global commercial telecommunications satellite system, and would entail serious financial consequences for all INTELSAT users."
- 4) to request all Signatories to take appropriate actions in furtherance of the abovementioned decisions of the Meeting of Signatories and the Assembly of Parties.
- 5) to urge all Signatories to refrain from entering into any arrangements that may allow the establishment, acquisition or utilization of the types of systems described in paragraph 3 above to carry traffic to or from their respective countries.
- 6) to request the Board of Governors and the Director General to keep this matter under continuous review and to report on any new developments on this matter to all Signatories.

208 The Meeting of Signatories also noted document MS-14-26, a contribution of the Signatory of the United States submitting a statement provided by the U.S. Party as set forth in Annex (iii).

209 The representative of the Signatories of Honduras, Costa Rica and Panama said that all three Signatories had participated in the drafting of the resolution and wished to support fully the continued development of INTELSAT as the single global telecommunication satellite system.

210 The representative of the Signatory of Mali congratulated the Director General for his brilliant presentation of the situation. He suggested that the Meeting promptly adopt the draft resolution, as it embodied the views that had been expressed by a considerable number of Signatories. At the previous meeting, the Meeting of Signatories, had adopted a similar resolution and he strongly supported the adoption of the resolution presently before the Fourteenth Meeting of Signatories.

211 The representative of the Signatory of the Philippines, stated that, after the exhaustive analysis given by the Director General of the problem in hand, he felt it was only proper that the Meeting adopt the draft resolution presented. This resolution reflected the stands taken by the Thirteenth Meeting of Signatories, in Bangkok, and the Eighth Assembly of Parties, in Washington, in that it sought to vigorously and eloquently oppose moves for the establishment of separate international satellite systems. He said that the Director General had mentioned the fact that one of the arguments raised was that the applications pending before the Federal Communications Commission were purely domestic matters. This seemed a little ludicrous, considering that the applications spoke of international satellite systems - systems which involved not only the United States but, necessarily, foreign countries as well. Even assuming, for the sake of argument, that it was purely a domestic matter, the due process provisions of the United States Constitution gave an aggrieved party the right to be heard on any matter pending before any body of the United States Government. Having been appraised at the previous meetings of the damage INTELSAT would suffer if these new international satellite systems were adopted, he had concluded that INTELSAT was definitely an aggrieved party.

212 The representative of the Signatory of the Philippines said he was more concerned with the question of what INTELSAT, as an organization, and its 108 members could do to protect their own interests, irrespective of the attitudes different governments or their agencies may take. The fact that since last October the number of applicants before the FCC had risen from two to four was an alarming development. INTELSAT could be confronted with heavy opposition that would imperil its very existence. Under this situation, what was needed was for each

architects of INTELSAT and a very strong supporter of the organization from its inception. The kind words of the distinguished delegates from the Ivory Coast, Nigeria, and others, who had taken special note of the leadership role the United States had played in the development of INTELSAT, were indeed appreciated. All nations, members and non-members alike, she believed, recognized INTELSAT's outstanding record of achievement during its nineteen-year history as had been pointed out by others, an important part of this record had been the successful use of the coordination mechanism provided for in the INTELSAT agreement.

235 She said that INTELSAT had provided expanded telecommunication services to most areas of the world and had made significant contributions toward world peace and understanding, and that the United States continued its strong support of INTELSAT, as had been stated in the comments made by the U. S. representative on the previous day upon the confirmation of the new Director General.

236 The representative of the United States continued, saying that the specific proposals by the United States enterprises which were now being discussed were currently under domestic review and consideration within the United States and had not become a formal issue for INTELSAT coordination or consideration. She said that the proposals were pending before the Federal Communications Commission (FCC) and that the Executive Branch had informed the FCC that it was evaluating the proposals to determine their implications for the United States' national interest, foreign policy and relationships to the INTELSAT Agreements. The FCC would not act on the applications before the Executive Branch provided its assessment and guidance. She then said that, as had been noted in the documents, in addition to the Executive Branch and Regulatory review under way, the United States Senate had invited INTELSAT's Director General and its Director General-designate, as well as the United States Signatory to INTELSAT, to testify in hearings on these issues. All three invitees had participated, and their testimony had been valuable. She said, however, it was the responsibility of individual governments to evaluate new ideas and to assess their implications. This was a continuous process, familiar to

all governments, and one, that took on special significance in a technologically dynamic field such as satellite communications. It was only prudent for the United States and other governments to individually assess such proposals in light of current policy, domestic law, service requirements, technological developments, and international agreements.

237 The representative of the United States assured the Assembly that the United States had taken note of the concerns raised by members of the INTELSAT community and was fully aware and committed to exercising its rights and fulfilling its obligations as Party to the INTELSAT Agreement. Its evaluation of the issues raised was being conducted in this light.

238 For these reasons, the United States Party believed, at this point, it would be premature for the INTELSAT Assembly of Parties to endorse particular characterizations or interpretations of the INTELSAT Agreements on issues which were still under consideration by an individual country. It also believed, as other had pointed out, that safeguards did exist within the INTELSAT Agreement. In fact, she believed the farsightedness in making these provisions part of the INTELSAT Agreement should be applauded. These safeguards had served the needs and interests of all its member countries -- developing as well as developed countries.

239 The representative of the United States recommended that, procedurally, the Assembly of Parties should "note for the record" the documents which had been submitted to the Board of Governors, the Meeting of Signatories and the comments made in the Assembly. It should note the concerns expressed with the understanding that all Parties present, including the United States, would continue to honor their obligations and would appropriately use the coordination mechanism provided for in the INTELSAT Agreement.

[Note: Item continued, see para. 242.]

240 The Meeting was adjourned at 1730 Hours.

INTELSAT ASSEMBLY OF PARTIES  
SUMMARY MINUTES OF DISCUSSIONS  
EIGHTH MEETING

Washington, D.C., U.S.A.

Third Day, Wednesday

5 October 1983

241 The Meeting was reconvened at 0930 Hours

AGENDA ITEM NO. 9 - REPORT BY THE DIRECTOR GENERAL TO THE  
(continued) ASSEMBLY OF PARTIES ON NEW DEVELOPMENTS'  
CONCERNING INTERNATIONAL SATELLITE  
COMMUNICATIONS

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Reference(s): AP-8-9 & Add. No. 1 (DG)  
AP-8-15 (DG)  
AP-8-16 (DG)

242 The Chairman noted that when the meeting adjourned the previous day, it was considering Item 9 of the agenda. He observed that there was still a large number of representatives who had requested to speak to the issues raised in document AP-8-9 and Addendum No. 1 and that after they have had the opportunity to express their views, it was his intention to adjourn the Meeting to allow the Steering Committee an opportunity to meet and draft a text of a resolution which would reflect a consensus of the meeting on the issues under discussion.

243 The Chairman then opened the floor for further discussion.

244 The representative of Switzerland congratulated the Director General on his prompt and clear reaction to the Orion project. He further stated that his delegation fully shared the concerns voiced by a great number of Parties the previous day and wished to add that his country's attitude towards new satellite systems would be governed by the INTELSAT Agreements. He concluded by stating that his delegation was of the opinion that all further steps undertaken by INTELSAT in this matter should be guided by the spirit contained in the INTELSAT Agreements, especially in its preamble. It was this spirit of solidarity among 108 member nations, which was also a spirit of compromise and openness to new developments, that made INTELSAT possible and accounted for its success.

245 The representative of Mexico stated that he wished to join the very large number of delegations that had expressed their views at this Assembly and reaffirmed their commitment to the principles of INTELSAT, particularly the principle of a single global system. He said that his Party was concerned at the possibility that those principles might be in jeopardy and that he considered the actions and the letter of the Director General to the United States Government as being in clear defense of the INTELSAT system and a reaffirmation of the principles on which the organization was based. He concluded by stating that within the framework of cooperation and consensus that had prevailed during the course of this Assembly, it would be desirable to reaffirm those principles and endorse those actions taken by the Director General in a manner similar to the action taken by the Thirteenth Meeting of Signatories and, consequently, his Party supported the course of action outlined by the Chairman.

246 The representative of New Zealand stated that he also wished to express his delegation's concern regarding the impact on the INTELSAT system of competitive systems in the transatlantic or on other heavy traffic routes. He said that New Zealand placed great value on its membership in INTELSAT because it believed that it received the highest quality of service, a good return on the capital invested and user charges that were as low as they could reasonably be. He added that these benefits were shared by many island nations of the Pacific who made use of INTELSAT services as their sole means of contact with the outside world.

247 The representative of New Zealand further stated that these benefits were made possible by the configuration of the INTELSAT system as a single, integrated global system which permitted a scale of operation that brought with it not only economies in the provision of technical facilities, but also access to the best and latest technology. He expressed his belief that the system of equality of charging did indeed mean that there were net cross-subsidies to the thin routes from the heavier traffic routes, thus bringing to the smaller countries the further benefit of lower charges and that this important consideration had been lucidly expressed by the Director General in AP-8-9.

248 The representative of New Zealand went on to state that he thought it important to recognize that business corporations required enhanced and specialized services of various kinds, and that such telecommunications policy development was directed to this end. But he also noted that these services were achieved through specialized, high technology computer systems and terrestrial networks and were not dependent on private ownership of space segment capacity. He stated that these enhanced services could be provided just as well through INTELSAT facilities, and that in so using INTELSAT, corporate business would be doing its part in supporting a worldwide system benefitting many small countries, including those whose telecommunications networks were still developing.

249 The representative of New Zealand reminded the Assembly that growth in telecommunications in such countries created the need for investment, which benefitted the communication industries of the industrialized nations who were the producers of the higher technology required. This, he believed, was another reason for retaining the role of INTELSAT in world communications as it was established at present. His Party fully accepted that there may be counteracting reasons for certain larger members to review the current arrangements and their freedom to do so was not in contention. Nevertheless, he also believed that this Assembly was right to be anxious while such a process was taking place.

250 The representative of New Zealand concluded by stating that in respect to the current applications before the FCC and the review being undertaken by the United States Administration, his delegation believed it would be appropriate for this Assembly to express concern as to the effects upon INTELSAT of possible changes. In this connection, he noted that the statement made the previous day by the distinguished representative of the United States was most reassuring.

251 The representative of Spain reiterated his Party's gratitude for actions taken in the past and those to be taken in the future by the various organs of INTELSAT to safeguard the interests of the Organization which were equally those of its individual members as well. He stated that all the views expressed had shown and proved the absolute unanimity of the INTELSAT community and had provided the confidence that none of them would take unilateral action outside or beyond the INTELSAT Agreements that would in any way harm the Organization. He reiterated his Party's commitments, undertaken when it signed and ratified the INTELSAT Agreement and, further, promised that Spain would continue to uphold them.

252 With regard to the specific item under discussion, the representative of Spain stated that it seemed to him that none of the proposed activities and services covered in the explanatory letter sent by the Orion corporation to the Parties was outside the purview of what is covered in Article III of the INTELSAT Agreement. His understanding was that those kinds of activities in the international field were fully covered by Article III of the Agreement and that any proposal to conduct international telecommunications satellite activities should be governed by those provisions of the the INTELSAT Agreements, including the requirement for coordination under Article XIV(d). He further noted that the services described in the Orion Satellite Corporation's letter were either currently being provided or would very shortly be provided by INTELSAT. Consequently, there was no purpose or

legal reason to have such organizations as Orion and ISI penetrate the international telecommunications sphere as was being proposed. The representative of Spain concluded by expressing support for the Chairman's proposal that the Assembly express in a specific and tangible way its consensus to the commitment undertaken by all Parties not to unilaterally undertake any action that might harm the interests of the Organization.

253 The representative of Sri Lanka stated that his Party wished to add its voice to the almost universal expression of concern over the possibility of any private satellite system which would feed on heavy traffic routes and thus cause significant economic harm to the INTELSAT single global satellite system, which was providing services to all users on a non-discriminatory basis. He noted, however, that no Party present had yet approved an application to set up private international system and he therefore felt that it might be expedient to couch the views which the Assembly wished to express in general rather than specific terms, without mentioning any specific application which might be under domestic scrutiny by a Party.

254 The representative of Sweden stated that his Party had listened with interest to the debate on this important matter and shared the concerns expressed by the Director General in the documents presented to this meeting. His Party therefore wished to associate itself with all those distinguished delegations who had spoken in favor of a statement by the Assembly giving full support to the INTELSAT system as the single global telecommunications satellite system. He further stated that his Party shared the view that all Parties should refrain from action that could distort the functioning of the INTELSAT system or undermine its economic viability.

255 The representative of Egypt observed that all previous speakers had expressed concern over the possible consequences of the Orion project on the global character and unity of INTELSAT. He stated that Egypt as a developing country fully shared those concerns. He further stated that the issue under discussion provided a good opportunity for the Parties to

assure that the prevailing spirit in the activities of INTELSAT continued to promote its sound functioning and success through the cooperation of all its members. He stated that he felt optimistic in light of the United States representative's reassurances that the United States would remain committed to the principle of INTELSAT that the further discussions which the Director General and the Board of Governors would undertake with the United States Executive and the Legislative Branches would prove constructive in the sense of preserving the integrity and unity of INTELSAT, and preserving the interests of all its Parties without discrimination.

256 The representative of the Philippines stated that the opinions expressed by the various delegates who had spoken on the issue clearly indicated that this Assembly of Parties stood solidly behind the Director General and the steps he had taken on the subject under discussion. He noted that the U.S. Federal Communications Commission's ultimate decision on the pending applications, while vital, would not be final, even if it were adverse to INTELSAT's wishes. He observed that the analysis of the situation made by the United States representative the previous day could be interpreted as a confrontation in the U.S. between national policy and international comity, or, in terms of the prevailing trend in the United States towards deregulation, between the doctrines of free enterprise and trade, and respect for and compliance with international obligations such as the INTELSAT Agreements.

257 The representative of the Philippines continued by noting that while at a first glance, as the United Kingdom representative had observed, this may be considered inopportune interference by INTELSAT in domestic affairs, the fact that INTELSAT would obviously be prejudiced by a decision favorable to Orion and ISI made INTELSAT an indispensable party to those applications before the FCC. As such, INTELSAT deserved an opportunity to be heard. He noted, however, that the decision belonged exclusively to the U.S. and there was no way of knowing to what extent INTELSAT's representation would be honored.

258 The representative of the Philippines said, however, that an FCC decision adverse to INTELSAT would not be final as the establishment of international communication links required the assent of the corresponding states, and if INTELSAT Parties refused to allow correspondence with those systems within their respective countries, the FCC decision would be rendered ineffective. He noted that the representatives of Italy, Portugal and other Parties had expressed grave concern about this serious threat to a single global commercial telecommunication system and their Parties' unwillingness to participate in separate systems, and that the representative of Uruguay had spearheaded the move for a resolution which would reflect this stand. Under pain of being charged with interference in domestic affairs, the Philippines espoused the proposed resolution and particularly appealed to those States which could directly be involved in these competitive systems to categorically express their wholehearted support of INTELSAT and their rejection of these new projects. He said that to do so now would not be a premature act and would be a very potent factor worthy of consideration by the FCC in making its decision. He concluded by saying such action could be the decisive element, i.e., if FCC realized that its decision would be negated and rendered inoperative by the countries within the sphere of these competitive projects and that INTELSAT should now present a united stand.

259 The representative of Yugoslavia stated that his delegation wished to fully associate itself with the deep concern voiced by other delegations during the debate with regard to the recent developments related to the Orion satellite corporation's intentions. He fully supported the feeling overwhelmingly expressed that this action could deeply threaten and heavily damage the principles upon which INTELSAT was created and had been so far successfully operating. He also expressed support for the actions already taken by the Director General on this issue. He concluded by noting that the statement made by the United States representative provided some reassurance and hope that the whole matter could be dealt with and resolved to the best interests of all Parties and Signatories.

260 The representative of Japan stated that all INTELSAT Parties were committed to the basic objective of achieving a single global commercial telecommunications satellite system and that from that viewpoint, his delegation shared the concerns which had been expressed by a number of delegations. He expressed the hope that the United States government, in its deliberations on this matter, would take into full account the basic objectives of INTELSAT as well as the concerns expressed by the delegates here. He noted that, in this respect, the statement which was made by the United States delegate to the Assembly was most reassuring.

261 The representative of Zambia stated that his Party also wished to associate itself with the sentiments expressed by the previous speakers on this very important topic and also supported wholeheartedly the actions already taken by the Director General. He stated that it was gratifying to note that no decision had yet been taken by the Party of the United States regarding the sanctioning of a new transatlantic service by private operators. He expressed the hope that the consultative processes and dialogue that had been instituted between the Director General and the United States government would take into account the general feelings expressed at the Assembly and that the result of such a dialogue would further strengthen the INTELSAT organization to enable it to face the challenges of the future. He concluded by expressing support for any resolution which would present a united stand from this Assembly on this issue.

262 The representative of Saudi Arabia noted that his Party had already endorsed fully the action taken by the Director General and had also associated itself with those who had expressed grave concerns at the proposed establishment of separate transatlantic satellite systems. He, however, wished to offer a comment on the reference made the previous day to the carefully worded compromise contained in the INTELSAT Agreement which permitted the existence of separate satellite systems. He reminded the Assembly that that compromise committed the Parties to the INTELSAT Agreement to achieve a single global communications system. Furthermore, separate satellite systems were permitted to the extent that they did not cause significant economic harm. Although what

constituted significant economic harm had not been laid down, it could easily be seen that the systems of the type now being proposed which would divert heavy route traffic from INTELSAT were bound to cause serious economic harm and that if others followed suit, the resulting multiple, separate, transoceanic systems could, in his opinion, be the beginning of the liquidation of INTELSAT at least as a global communication system. He therefore urged the Assembly to do everything possible to prevent this from happening. He once again expressed deep appreciation to the Director General for the prompt action he had taken in this matter.

263 The representative of Barbados stated that his Party wished to record its support for the actions taken by the Director General and to express its willingness to support a resolution along the lines already indicated by various speakers as a show of its commitment to the concept of INTELSAT as a single global commercial telecommunications satellite system, providing services on a non-discriminatory basis. His Party was of the opinion that even if the Orion proposal was still a domestic matter for the United States, the action by that corporation in communicating with all Parties clearly indicated that it recognized that their filing with the FCC was also a matter of direct and legitimate concern for this Assembly.

264 The Representative of France stated that the position of his government concerning INTELSAT had been frequently reaffirmed and did not therefore need lengthy elaboration. His Party had always expressed the desire to see the INTELSAT organization continue to grow harmoniously whilst allowing, as provided by the Agreements, the implementation of regional satellite communication systems. He stated, however, that there was no doubt that the establishment of transatlantic satellite communication systems in parallel to INTELSAT was a matter of serious concern; and that France considers that submarine cables, which are also used, provide the desired diversity and an adequate degree of competition to the INTELSAT system in that region. He observed that all

delegations shared the same concern regarding the emergence of transatlantic satellite communications systems to the extent that such systems would imperil INTELSAT's viability.

265 The Representative of France stated that under the circumstances, it seemed entirely possible for this Assembly to agree on a number of basic conclusions that could be drawn from the discussions that had taken place during the course of the meeting. He suggested that such conclusions could include the noting of the information provided by the Director General, the statements made by the Parties who had participated in the debate, and the reaffirmation of the adherence of all Parties to the INTELSAT organization as well as their undertaking to do nothing which would harm the viability of the INTELSAT system. Similarly, that a statement that the Parties envisage future developments in the area of satellite communications within strict adherence to the INTELSAT Agreements could also be included. Finally, the Representative of France suggested that a further conclusion might be to ask the Director General and the Board of Governors to continue to follow the developments of these programs and to keep the Assembly fully appraised of further developments.

266 The representative of Peru stated that the only thing that he could do was to reiterate the views of many representatives who had expressed the need to preserve the INTELSAT organization as it now was -- a global organization which had been successfully implemented, operated in a non-discriminatory manner, and which had after all produced remarkable improvements in telecommunications while at the same time providing great reductions in cost. He therefore reiterated Peru's unswerving support for INTELSAT and its wish that everything possible be done to ensure that the Orion project is not developed to create competition to INTELSAT as the only international global organization which has proved itself to be the proper solution for resolving the problems of international telecommunications.

267 The representative of Guatemala stated that he wished to put on record his Party's concern regarding the Orion project and any similar future actions which might affect INTELSAT. He also wished to record and express support for the actions taken by the Director General to safeguard the principles of the Parties of this Organization.

268 The representative of Cameroon stated that after all that had been said by earlier speakers, it was difficult to add anything new to this issue. He stated that his Party supported in the fullest possible manner all the remarks made by previous speakers.

269 The representative of the Dominican Republic stated that he considered that this agenda item had been sufficiently discussed and accordingly, respectfully requested the Chairman that a unanimous resolution be adopted by the Parties on the lines previously suggested; also, that the Assembly request the Director General to come to agreement with the FCC taking full account of the economic interests and the political considerations advanced by INTELSAT Parties in support of the single global satellite telecommunications system provided by INTELSAT.

270 The representative of Ghana stated that the note of caution expressed by the representative of the United Kingdom concerning involvement in the internal matters of a Party notwithstanding; the statement by the representative of the Philippines highlighted INTELSAT's immediate interest in the issues being considered and the need for the organization to take every step possible to protect INTELSAT against a proliferation of separate, transoceanic systems. He concluded by endorsing the views of the many previous speakers concerning the need to maintain the integrity of the INTELSAT system.

271 The representative of Australia referred to materials which had been provided to Parties on an individual basis by the Orion Satellite Corporation and stated that it would be useful for the records of the meeting to clearly reflect INTELSAT's position with respect to several of the misconceptions that he believed were contained in those

materials. In particular, he felt it was important that INTELSAT's opposition to the conclusion by Orion that the services it proposes to offer would not require coordination under Article XIV(d) of the INTELSAT Agreement be well understood. Further, he said he felt it would be useful to indicate the approximate annual revenue requirement to launch and maintain a satellite in a system such as that being proposed to inform Parties of the order of magnitude of the potential loss of revenues that would be faced by INTELSAT.

272 The representative of Chile strongly supported the suggestion of the representative of Australia.

273 At the request of the Chairman, the Director General said that documents addressing the above referenced matters would be prepared and distributed during the course of the meeting for inclusion in the final records (see documents AP-8-15 and AP-8-16, respectively).

274 The Chairman then adjourned the Meeting to allow the Steering Committee the opportunity to prepare a draft

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After a full discussion of a number of proposed amendments the Chairman proposed that the Assembly of Parties adopt as its decision concerning the matters raised in document AP-8-9 and Addendum No. 1, the following:

**The Assembly of Parties,**

Noting the principle set forth in Resolution 1721 (XVI) of the General Assembly of the United Nations that communications by means of satellites should be available to the nations of the world on a global and non-discriminatory basis,

Noting that, on the basis of that Resolution, INTELSAT was established with the aim of achieving a single global commercial telecommunications satellite system as part of an improved global telecommunications network which will provide expanded telecommunications services to all areas of the world and which will contribute to world peace and understanding,

Noting the achievements of INTELSAT in providing services with the most efficient and economic facilities possible consistent with the best and most equitable use of the radio frequency spectrum and of orbital space,

Noting the Director General's document, "Report to the Assembly of Parties on New Developments Concerning International Satellite Communications",

Noting the resolution unanimously adopted by the Meeting of Signatories at its Thirteenth Meeting regarding the establishment of separate international satellite systems,

Noting the reaffirmation of the Parties as expressed at the Eighth Assembly of Parties of their commitment to the single global satellite system enshrined in the INTELSAT Agreements,

Noting that the INTELSAT Agreements accommodate members with widely different social and economic systems and widely varying arrangements for the utilization of INTELSAT space segment capacity within a country, including, if a Party wishes to do so, the incorporation of any particular degree of competition in such internal arrangements,

DECIDED to:

- (a) Urge all Parties to ensure that their commitments to the INTELSAT system set forth in the INTELSAT Agreements continue to be fulfilled and that the objectives of INTELSAT continue to be achieved.
- (b) Reaffirm the importance that all Parties refrain from actions that would imperil the viability of the single global satellite system.
- (c) Express its fullest support to the Director General in his pursuit of the INTELSAT aim of developing the single global satellite system in the most efficient and economical manner possible.
- (d) Request the Director General to circulate to all Parties the views expressed at this Meeting.
- (e) Request the Board of Governors and the Director General to keep this matter under continuous review and to report to the Parties of any new developments on this matter.

The text proposed by the Chairman was adopted by acclamation.

[Note: Item continued, see para. 283.]

281 The Meeting was adjourned at 1820 Hours.

INTELSAT ASSEMBLY OF PARTIES  
SUMMARY MINUTES OF DISCUSSIONS  
EIGHTH MEETING  
Washington, D.C., U.S.A.  
Fourth Day, Thursday  
6 October 1983

282 The Meeting was reconvened at 0930 Hours

AGENDA ITEM NO. 9 - REPORT BY THE DIRECTOR GENERAL TO THE  
(continued) ASSEMBLY OF PARTIES ON NEW DEVELOPMENTS  
CONCERNING INTERNATIONAL SATELLITE  
COMMUNICATIONS

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Reference(s): AP-8-9 & Add. No. 1 (DG)  
AP-8-15 (DG)  
AP-8-16 (DG)

283 The Director General brought to the attention of the Assembly of Parties documents AP-8-15 and AP-8-16 which had been prepared in response to a request made during the Assembly's initial discussion of the matters raised in AP-8-9 and Addendum No. 1.

284 The representative of Australia expressed his appreciation to the Director General for the additional information. With respect to AP-8-15, he noted the level of telecommunications revenues required to support such systems and said that those revenues would come from the overall telecommunications revenues from across the Atlantic Ocean, and that the figures gave a broad indication of the significant degree of economic harm which could be faced by INTELSAT if such systems were implemented. With respect to AP-8-16, the representative of Australia said that he fully concurred with the conclusion of the Director General that the nature of the services proposed by such systems clearly required that they be coordinated under the provisions of Article XIV(d) of the INTELSAT Agreement and that any attempt to imply that such coordination would not be required can only be considered as a misconstruction of the Agreement.

285 The Chairman in the absence of further comments stated that the information provided in documents AP-8-15 and AP-8-16 would be specifically referred to in the final records of the meeting.

[Note: Item concluded.]

AGENDA ITEM NO. 9 - DEVELOPMENTS WHICH COULD RESULT IN THE  
ESTABLISHMENT OF SEPARATE INTERNATIONAL  
SATELLITE SYSTEMS

Reference(s): MS-14-17 & Err. No.1 & Add. Nos.1-3 (DG)  
MS-14-23  
MS-14-26 (U.S.)

192 The Chairman invited the Director General to present document MS-14-17, Erratum No. 1 and Addenda Nos. 1, 2 and 3 providing his report on development which could result in the establishment of separate international satellite systems.

230 The representative of the Signatory of Australia noted that INTELSAT was today celebrating twenty years of great telecommunications achievements, achievements which had had aided and benefitted the whole world and that therefore every effort shall be made to ensure that INTELSAT remained in a position to continue to fulfill that role in the future in a viable way. He stated that the question of competing systems was a matter of great concern to his Signatory because the establishment of competing systems of the type being discussed could greatly harm the INTELSAT organization. He informed the Meeting that his Signatory viewed the matter so seriously that the Australian Party had written to the United States Party to express its concern that INTELSAT would be greatly damaged if such competing systems were permitted to be brought into being. Therefore, he fully supported the draft resolution.

231 The representative of the Signatory of Australia observed that, firstly the draft resolution simply noted some past events, ensuring that they were drawn together in one place to remind Signatories of their previous actions on this matter; the resolution then supported the actions that the Director General had taken to date in these matters. He further noted that the draft resolution went on to reaffirm the resolution taken at the Thirteenth Meeting of Signatories, and that since that time, there had been a number of new developments which had taken place. He emphasized that it was important that the Meeting reaffirm that resolution in light of the most recent developments which perhaps gave even greater meaning to the resolution than was applicable at that time of the last Meeting of Signatories when it was first addressed. Finally, he noted that it recognized that the solution to the potential dangers for INTELSAT lay in the Signatories' own hands; that it was the delegates present at this Meeting who also represented their respective organizations, who had the power to stop competing systems by refraining from doing those things that would permit the competing systems to work.

232 the representative of the Signatory of Australia emphasized that these competing systems could not succeed in any meaningful way unless they could work to Signatories of INTELSAT and that therefore the resolution was urging all Signatories to stand firm behind the organization that had served them so well for the last twenty years, in order to

ensure that they would continue to collectively derive the benefits from this organization without seriously and permanently damaging it by allowing the competing systems to be established. He concluded by reiterating his support for the draft resolution although he recognized that some refinements in the language could be made to make it more acceptable to those who had indicated such a need, but that the resolution must continue to emphasize the individual and collective responsibility of all Signatories to stop the competing systems.

233 The representative of the Signatory of Algeria stated that his Signatory had joined with all Signatories in adopting the resolution from the Thirteenth Meeting of Signatories in Bangkok. He further noted that his Party had also participated in the adoption of the decision by the Eighth Meeting of the Assembly of Parties in October last year. Accordingly, he had no problems in principle with the draft resolution which had been proposed. However, he expressed doubt whether it was useful to include the third "decided" to reaffirm the concerns expressed by the Thirteenth Meeting of Signatories since reference had already been made to that in the "noteds". He further stated that it would be advisable under the third "decided" to reaffirm the obligations of INTELSAT members in accordance with the provisions of Article XIV of the Agreement which was very complete and explicit.

234 The representative of the Signatory of Japan stated that his Signatory was pleased to endorse all of the actions taken by the Director General with respect to the establishment of separate satellite systems. In particular, he expressed appreciation for Addendum No. 2 to MS-14-17 which provided the summary report of the study by Hinchmann and Associates Incorporated, which he found very informative in terms of the future management of INTELSAT as well as a basis for his own analysis back home. He cautioned that if there were going to be substantive revisions to the contents of Addendum No. 2 to MS-14-17, then it should be handled carefully as had been suggested by the distinguished delegate of France. He noted that although the establishment of separate international systems was not awaiting the decision of the United States authorities, such approval would give rise to similar applications in some other countries as well. He further noted

that while it was necessary to avoid commenting on the domestic affairs of a Party, the expression of concern by INTELSAT Signatories was very essential at the particular time. He therefore believed that at the Fourteenth Meeting of Signatories, it would be appropriate to take certain actions to ensure the safeguard of INTELSAT as a single global satellite system which could provide a very efficient worldwide system. He concluded by expressing support for the draft resolution with any minor improvements that may be suggested.

235 The representative of the Signatory of Malaysia stated that although his Signatory was not a co-sponsor of the draft resolution, he wished to support its adoption.

236 The representative of the Signatory of Indonesia stated that after hearing the deliberations on this agenda item, he also wished to support the draft resolution.

237 The representative of the Signatory of Austria reminded the Meeting that on the occasion of the Thirteenth Meeting of Signatories in Bangkok, his Signatory had expressed its concern with regard to the Orion project. He informed the Meeting that in the spirit of the resolution passed at that Meeting, the Austrian Signatory had taken the unusual step of sending a letter to the Chairman of the U.S. Federal Communications Commission to explain to him the specific position of Austria as one of the smaller users of the INTELSAT system, which was different from those of the large users who needed heavy traffic streams between them. He noted that meanwhile, the situation had changed to the effect that there were now four applications before the Federal Communications Commission instead of one, which further emphasized the concerns of his Signatory. He expressed full support for the draft resolution.

238 The representative of the Signatory of Barbados noted that the main points he would have wished to make had been made by the distinguished representatives of France and Australia. He however expressed thanks to the Director General for the actions he had taken in support of INTELSAT and for his very detailed presentation in which he has highlighted the problems that the Organization faced. He noted that he had a little concern with the consultant's report in that, although it was a

useful indication of the likely impact on INTELSAT of two of the potential competitors, it also seemed to conclude that neither of the systems analyzed were competitive with INTELSAT. Such a conclusion could lead to some to feel that it may be as well to allow these systems to be established and let market forces decide the issue.

239 The representative of the Signatory of Barbados stated that there was also a tendency to forget that there were other potential competitors both inside and outside of the United States which were of course not included in the analyses. He cited as an example a recent application by a system primarily intended for domestic communications and which would consequently have a significant revenue base from that activity. He observed that in the circumstances, the cost competitiveness of the international add-on facility may well give somewhat different results in comparison with those systems which were analyzed in the report. Turning to the draft resolution, he noted that one of its values in addition to those outlined by the distinguished representative of the Signatory of Australia was that it stressed that in any bilateral arrangement, there must be two parties and that therefore the solution of the problem lay in the hands of the Signatories and Parties themselves.

240 The representative of the Signatory of Cameroon also thanked the Director General for his efforts in such a brief period of time in office in tackling the problem of separate international satellite systems and also for making the results of the independent study available. He noted that when the Thirteenth Meeting of Signatories dealt with this issue for the first time, there was only scanty information concerning one firm which was attempting to compete with INTELSAT. He further noted that the former Director General, the Meeting of Signatories and subsequently the Assembly of Parties had all expressed concern regarding these developments. He continued by noting that the available information was now very different, in that the Meeting did not only have the consistent concern of the Director General but also information that the number of applications had quadrupled. In addition, the Meeting also had a study that had been made on this topic by an independent consultant. The Meeting of Signatories and subsequently the Assembly of Parties had discussed this matter

and expressed their concerns about it, because they felt that it was a matter of life or death for the organization and they felt that this fight could only be completed when they had the final answer. He observed that although the highest entities interested in this matter had been advised there had been no reaction from them. That was why his Signatory firmly supported the text of the draft resolution, while staying open to any modifications which would not alter the spirit of the text and which would make it possible to retain its substance.

241 The representative of the Signatory of the United States stated that, as had been indicated in the documentation, there were now four applications before the United States Federal Communications Commission proposing the establishment of independent transatlantic satellite systems. These applications were still under review within the United States domestic process, and no action had been taken on any of them. He said that he would like to clarify the position of the United States Signatory, COMSAT, on this matter in general, and on the applications in particular. The United States Signatory had, within the United States regulatory process, submitted filings opposing three of these applications; the fourth would be filed in the near future in accordance with the FCC's schedule. In each case the Signatory had emphasized the difference between the proposed systems and those systems previously coordinated with INTELSAT - ECS, ARABSAT, INTERSPUTNICK and PALAPA - and in particular, the potential for diversion by these United States systems of potential traffic and revenues away from INTELSAT.

242 The representative of the Signatory of the United States had stressed that, notwithstanding attempts on the part of proponents of some of these systems to distinguish their service proposals from those of INTELSAT, in fact the services proposed were those which were presently being provided by INTELSAT, were soon to be provided by INTELSAT, or otherwise could have been provided by INTELSAT should the service demands be presented to INTELSAT by interested Signatories.

243 Furthermore, the representative of the Signatory of the United States had pointed out that no effective barriers appeared possible to limit either the types or amounts of services provided by such systems, once they had been authorized. It had also been noted that the economic viability of these systems would appear to be in doubt if limited to the services proposed, and they would likely have every incentive to move beyond any such limits and make significant incursions on INTELSAT's principle business public switched service. In addition, it had been emphasized, as each new application had emerged, that these were just the tips of a dangerous line of icebergs - the precursors of a potentially very large number of proposals not just from the United States but from other countries as well. Finally, the United States Signatory had stressed its firm belief that authorization of separate transatlantic or other heavy route international systems would sincerely compromise the objective contained in the Preamble to the INTELSAT Agreement to provide "the most efficient and economic facilities possible consistent with the best and most equitable use of the radio frequency spectrum and of orbital space".

244 With respect to the document contained in MS-14-17 and Addendum No. 2, the representative of the Signatory of the United States said it was important to note, as indicated by the Director General, that this was a preliminary report. In fact the Meeting had only seen the executive summary of a study, which was still in the process of completion. This was, however, a very important subject, and the paper presented contained a number of interesting concepts which the United States Signatory had itself been examining. While the United States Signatory would wish to see the full report before making any formal judgement, the conclusions reached seemed more or less similar to those of its own studies, particularly regarding the potential traffic diversion caused by separate transatlantic systems. This had led his Signatory to conclude that INTELSAT should undertake a re-evaluation of certain aspects of its operational planning and charging policies.

245 The representative of the Signatory of Niger thanked the Director General for the information he had provided. He said that the Signatory of Niger strongly supported the spirit of the draft resolution and urged all of the Signatories to join in the adoption of a forceful resolution in the interests of INTELSAT.

246 The representative of the Signatory of the Netherlands said his Signatory also supported the draft resolution for the many reasons already mentioned by other Signatories but said he would like to add one other argument in its favor. He said that the INTELSAT Agreement, being a typical Parties Agreement, was fundamentally based on a monopolistic policy and the reasoning for the adoption of that monopolistic policy had been the fact that this agreement had been especially formulated to provide a true global infrastructure. A competitive system policy was a complete contradiction to the basic infrastructure character that has been worded into the INTELSAT Agreement, as it was today. He concluded saying that if, from the start, the INTELSAT Parties had preferred to follow a competitive policy, then the Agreements undoubtedly should have been quite different.

247 The representative of the Signatory of Brazil said he would like to comment first on document MS-14-26. This document contained a statement by the U.S. Party that requests the Meeting of Signatories to consider that ongoing deliberations having to do with the proposals for international satellite systems of a private nature were a U.S. domestic matter. In the view of the Signatory of Brazil this was an inconsistent statement for, if the satellite system was international, it was very difficult to sustain that matters relating to it were domestic. Secondly, the Signatory of Brazil believed that the main objectives which applied when INTELSAT was established continued to be valid. For instance, INTELSAT had been and continued to be an excellent example of international cooperation; INTELSAT had made it possible and continued to make it possible to meet all of the requirements of international commerce and trade; INTELSAT had provided and continued to provide the best telecommunications services to the developing countries at a reasonable cost. Additionally, INTELSAT was the only way for countries like his, Brazil, to participate in this international industry. For these reasons

he was quite concerned over the results of the economic analysis that had been conducted by an outside consultant, hired by INTELSAT. He was concerned that the establishment of international separate systems might bring about operational and economic consequences which were very serious to INTELSAT, leading to the loss of revenues and increased charges. The Signatory of Brazil felt very satisfied being a member of an organization where their return on capital was above 15 percent and consequently it supported the draft resolution fully.

248 The representative of the Signatory of the Dominican Republic said his Signatory shared the great honor of cosponsoring, together with more than forty other Signatories, the resolution in support of the INTELSAT organization and that he fully shared the views expressed by the representatives of Australia and Barbados amongst others that the spirit of the resolution should not be modified or changed. He referred briefly to decisional element paragraph 5 of the document, which urged all Signatories to refrain from entering into any arrangements that may allow the "establishment, acquisition, or utilization" of the types of systems described in paragraph 3, saying that those three words - "establishment, acquisition, utilization" must be kept in the text, regardless of other modifications which might be made to improve the text. A commitment of all Signatories not to make arrangements to establish or utilize such competitive systems would give INTELSAT a guarantee of continuing in business, for the benefit of all its users.

249 The representative of the Signatory of Germany stated that his Signatory was one of the founding members of INTELSAT and had always supported the principles on which INTELSAT was founded, particularly the concept of having a single global satellite system. Turning to the draft resolution, he expressed his Signatory's support for the idea behind it but stated that as other delegates had already mentioned, he could accept changes in the wording which would improve the text as presented. He emphasized, however, that such a change in the wording should not weaken the resolution.

250 The representative of the Signatory of Kenya stated that just like the other delegates, he wished to express his Signatory's support for the resolution which had been put forward. He reminded the meeting that his Signatory had also supported the resolution which was adopted by the Thirteenth Meeting of Signatories. He emphasized that his concern was related to the likely impact on the economies of developing countries. He observed that the report by Hinchman and Associates, Inc. had indicated that there could be an increase in the charge for a unit of utilization in the region of four to thirty-five percent. He emphasized that such an increase could have a great impact on developing countries' economies which could not possibly be ignored particularly since some of the countries were already suffering great economic hardship. He stated that under such circumstances, he wished to support strongly the resolution as presented and to urge the Parties and Signatories to also support it. He further urged Signatories not to provide the corresponding end to the separate systems being proposed within the United States. He expressed a willingness to consider changes to the draft resolution but not those which would dilute the objective of the existing draft.

251 The representative of the Signatory of Nigeria stated that he was proud to have been a party to the drafting of the resolution before the Meeting. He further expressed appreciation for the efforts of the Director General so far in pointing out some very obvious consequences of the present trend by some companies in the U.S. towards developing separate international telecommunications systems. He noted that apart from the financial consequences which had been highlighted, there were points of principle that needed to be brought to the attention of the U.S. government of the possible consequences of the actions being contemplated. He appealed to the U.S. Government, having signed the Agreements that established INTELSAT to honor that Agreement.

252 The representative of the Signatory of The Congo stated that his Signatory also supported the draft resolution. He further stated that in a general fashion, a considerable number of Signatories had no difficulty in supporting the draft resolution although some of them had expressed a wish to amend it and he requested that the proposed amendments be made thereon.

253 The Chairman stated that apparently, all the delegates who had spoken had supported the idea of having some specific proposals put forward and that there was considerable consensus that the draft resolution before the Meeting should be slightly amended but that its spirit should be preserved. He then invited the Director General to propose a revised text for the resolution taking into account the comments made.

254 The Director General then proposed a series of editorial changes to the original draft resolution based on the comments which had been made by a number of representatives, resulting in the following suggested text for the resolution.

RESOLUTION

The Meeting of Signatories.

Recalling the rights and obligations of Parties and Signatories contained in the INTELSAT Agreements;

Recalling the Resolution unanimously adopted at the Thirteenth Meeting of Signatories;

Recalling that such Resolution requested the Director General to convey the concerns of the Meeting of Signatories to the United States Party and to the Board of Governors, all other INTELSAT Parties, and the Assembly of Parties for their consideration;

Noting the developments which have taken place on this matter since the Thirteenth Meeting of Signatories, as described in MS-14-17 and its Addenda, particularly the appearance of additional U.S. applicants for separate international satellite systems;

Noting that proponents of such systems must have correspondents in order to establish, operate and use such systems;

Noting the results of an independent economic analysis performed by a consulting firm retained by INTELSAT set forth in Addendum No. 2 to MS-14-17;

Noting the Decision adopted at the Eighth Assembly of Parties which, inter alia, urged all Parties to ensure that their commitments to the INTELSAT system set forth in the INTELSAT Agreements continue to be fulfilled and that the objectives of INTELSAT continue to be achieved.

DECIDED UNANIMOUSLY:

- (a) to express its full support to the Director General in his efforts to ensure that the viability of the INTELSAT single global system is not imperiled and that the INTELSAT system provides the widest range of efficient and economical services;
- (b) to reaffirm the resolution of the Thirteenth Meeting of Signatories (shown as Attachment No. 1 for reference);
- (c) to request all Signatories to take appropriate actions in furtherance of the abovementioned decisions of the Meeting of Signatories and the Assembly of Parties;
- (d) to urge all Signatories to refrain from entering into any arrangements which may lead to the establishment, and subsequent use, of the types of systems described in the resolution referred to in paragraph (b) above to carry traffic to or from their respective countries;
- (e) to request the Board of Governors and the Director General to keep this matter under continuous review and to report on any new developments on this matter to all Signatories.

255 In proposing these suggested changes, the Director General emphasized that he was particularly mindful of the concern expressed that no substantive changes to the principles of the original draft be made or that the resolution be weakened in anyway. He said that in his own view the modifications proposed were in accord with these concerns and served primarily to remove redundancy and to clarify the original draft text in some instances.

256 The representatives of the Signatories of Australia, Spain, Cameroon, Mexico and Algeria all expressed support for the proposed resolution as amended by the Director General.

257 The representative of the Signatory of the United Kingdom said that while the Director General's amendments appeared to answer the concerns expressed by most of the Signatories he would like to suggest two further amendments. The first would be to add the words "to meet the needs of the Signatories" to the end of the first decisional element. The second would be to delete the words "and subsequent use" from the amended version of decisional element (d). He said he believed these words were unnecessary as if the systems were not established, there could be no subsequent use.

258 The representatives of the Signatories of Sweden, Italy, Brazil, the Peoples' Republic of China, France, Thailand, the United States, Iraq, Mexico, Colombia, Japan and Peru expressed their support of the resolution as amended by the Director General.

259 The representative of the Signatory of the United Kingdom said that while he was a little disappointed that his suggested amendments had found little support he would not oppose unanimous adoption of the resolution as amended by the suggestions of the Director General.

260 The Chairman said that as there appeared to be a full consensus in favor of the amended resolution he proposed that it be adopted by unanimity. He said that the amended text of the resolution would be incorporated in the Provisional Record of Decisions for the second day and would be reviewed by the Meeting when it approves that document.

The proposal was adopted.

[Note: Item concluded.]

RESOLUTION

**THE MEETING OF SIGNATORIES,**

Recalling the rights and obligations of Parties and Signatories contained in the INTELSAT Agreements;

Recalling the Resolution unanimously adopted at the Thirteenth Meeting of Signatories;

Recalling that such Resolution requested the Director General to convey the concerns of the Meeting of Signatories to the United States Party and to the Board of Governors, all other INTELSAT Parties, and the Assembly of Parties for their consideration;

Noting the developments which have taken place on this matter since the Thirteenth Meeting of Signatories, as described in MS-14-17 and its Addenda, particularly the appearance of additional U.S. applicants for separate international satellite systems;

Noting that proponents of such systems must have correspondents in order to establish, operate and use such systems;

Noting the results of an independent economic analysis performed by a consulting firm retained by INTELSAT set forth in Addendum No. 2 to MS-14-17;

Noting the Decision adopted at the Eighth Assembly of Parties which, inter alia, urged all Parties to ensure that their commitments to the INTELSAT system set forth in the INTELSAT Agreements continue to be fulfilled and that the objectives of INTELSAT continue to be achieved.

DECIDED UNANIMOUSLY:

- (a) to express its full support to the Director General in his efforts to ensure that the viability of the INTELSAT single global system is not imperiled and that the INTELSAT system provides the widest range of efficient and economical services;
- (b) to reaffirm the resolution of the Thirteenth Meeting of Signatories (shown as Attachment No. 1 for reference);
- (c) to request all Signatories to take appropriate actions in furtherance of the abovementioned decisions of the Meeting of Signatories and the Assembly of Parties;
- (d) to urge all Signatories to refrain from entering into any arrangements which may lead to the establishment and subsequent use of the types of systems described in the resolution referred to in paragraph (b) above to carry traffic to or from their respective countries;
- (e) to request the Board of Governors and the Director General to keep this matter under continuous review and to report on any new developments on this matter to all Signatories.

EXCERPT FROM THE RECORD OF DECISIONS OF  
THE THIRTEENTH MEETING OF SIGNATORIES (MS-13-3 FINAL)

AGENDA ITEM NO. 8 - CONSIDERATION OF THE REPORT OF THE BOARD OF GOVERNORS ON FUTURE PROGRAMS, INCLUDING THE ESTIMATED FINANCIAL IMPLICATIONS OF SUCH PROGRAMS

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- 14 THE MEETING OF SIGNATORIES UNANIMOUSLY DECIDED to adopt the resolution set forth in document MS-13-16 as follows:

RESOLUTION

In connection with its consideration of the future programs of INTELSAT, including the estimated financial implications of such programs, the MEETING OF SIGNATORIES NOTED the Director General's letter to the United States Government as a Party to the INTELSAT Agreement on the issue raised by a proposal from a U.S. corporation to construct and operate an international communications satellite system linking the United States and Europe.

THE MEETING OF SIGNATORIES DECIDED to endorse the concerns expressed by the Director General in his letter that the proposal challenges the underlying purposes for which INTELSAT was created and that the establishment of one or more competitive satellite systems diverting international transoceanic or other heavy route traffic from the INTELSAT system would have a fundamental impact on the viability of the single global commercial telecommunications satellite system, and would entail serious financial consequences for all INTELSAT users.

THE MEETING OF SIGNATORIES DECIDED to request the Director General to convey the concerns of the Meeting of Signatories to the United States Party, and to the Board of Governors, all other INTELSAT Parties, and the Assembly of Parties for their consideration.

and every member of INTELSAT to put up a steadfast, vehement, determined stand against any system which could be competitive with INTELSAT. He pointed out that every country had a powerful counter mechanism to apply in its self defence, that of refusing to grant the corresponding connections which would have to be secured by any of these four, or other applicants, if they wanted access to each respective countries. On this particular point, the Signatory of the Philippines appealed to each and every Signatory, to each and every country to take up positions against the establishment of competitive systems to INTELSAT, for their own self protection. This appeal was in line with the sentiments expressed in paragraph 5 of the draft resolution under consideration, and which he most respectfully sought to be adopted at this Meeting.

213 The representative of the Signatory of Thailand opened his remarks by offering his congratulations to the Director General on his election and expressed his full satisfaction with the Director General's actions, during his short period in office, in pursuing these problems, which were matter of concern for all present. He observed that the Director General had provided Signatories with information on all developments in connection with the proposed separate satellite communications systems, since the Thirteenth Meeting of Signatories. He stated that the Signatory of Thailand wanted to state its opposition to these proposals as being quite contradictory to the prime objective of INTELSAT. He urged the Meeting to fully endorse the draft resolution, as it had been tabled.

214 The representative of the Signatory of Thailand went on to say that most countries held the INTELSAT organization in high esteem because of its role in the development of international telecommunications over the last twenty years. He observed that the nature of the organization was not the same as that of other international organizations such as the ITU, UPU and UNESCO and that it was more like a world communications community, which had a unique character, dealing, as it did, with some commercial and marketing aspects, but being dedicated to the formation of a new communications and information order in the world. He stated that it was necessary to make preparations in the event that the United States Party might take some action which would be against the interests of INTELSAT. He observed that while competition may be of benefit

for some countries, most developing countries still needed to keep telecommunications as a monopoly. INTELSAT needed time to reflect on its situation with regard to separate systems, particularly as it had adopted a policy of uniform global service, on both heavy and thin traffic routes and to the developed and developing countries, the prime objective of the world communication and information order. He again urged concerted action in endorsing the draft resolution.

215 The representative of the Signatory of the United Kingdom said that he wished to address some of the subject matter on a slightly more practical level. Before doing so, however, he also wished to say some words concerning the commitment of the United Kingdom Signatory to the ideals of INTELSAT, since he did not want there to be any misunderstanding or misapprehension among other Signatory representatives on that matter. He stated that he could do that by repeating some of the comments and statements that had been made by the United Kingdom representatives at the previous Assembly of Parties, Meeting of Signatories and the Board of Governors but that he thought that many here would have already heard those comments or could read them in the records. However, actions spoke louder than words and the record of the United Kingdom Signatory was such that it had shown that it was prepared to take actions in the interest of the INTELSAT organization.

216 The representative of the Signatory of the United Kingdom said he would like to address one or two detailed points in the report prepared by the outside consulting firm. He had found the report very useful and clearly the more information and the more evaluation available on complex topics such as this the easier it was to reach conclusions and decisions. The Director General, in presenting the report, had made the comment that the consulting firm was still in the process of fine tuning this information and that, although the results and conclusions were fairly definite, nevertheless there was room clearly for some further refinement. He noted that in the last paragraph there was a reference to "incremental" or "specialized" communications requirements, such as those Orion and ISI proposed to serve and that if it could be clearly shown that the requirements Orion and ISI were proposing to serve fell within the category of "specialized" communications requirements as defined in the INTELSAT Agreement, then the

situation would be somewhat different than if they intended to provide services falling within the prime objective of INTELSAT. On page 20 of the report there was reference to the economic harm that might come to INTELSAT should these systems be established and if INTELSAT was precluded by law or policy from developing appropriate tariffs for these types of services. This seemed to imply that the extent to which these separate systems could become viable depended upon INTELSAT's own tariff policy and this was a point worthy of attention.

217 The representative of the Signatory of the United Kingdom went on to discuss the requirements of Article XIV of the Agreement, particularly Article XIV(d). He said the existence of Article XIV of the Agreement recognized other satellite systems could be established to carry services that fell within the prime objective of INTELSAT. The obligation was then placed upon Signatories and Parties to coordinate if they wished to participate in such operations. Clearly there would be no such requirement if the Agreements totally precluded the establishment of other satellite systems. His reading of Article XIV was that it was clearly the prerogative of the Assembly of Parties to take decisions concerning the establishment of separate systems and, consequently, care was needed in any decisions or resolutions by the Meeting of Signatories to ensure the role of the Parties was not usurped.

218 The representative of the Signatory of the United Kingdom said he would like to withhold any substantive comment on the draft resolution, until some other representatives had spoken to the issue but that he believed it was a resolution that he could agree to, subject to some possible refinement. He said that care should be taken, in developing resolutions such as this, in the way words were used, as words spoken or written in haste could be regretted later. He would like, therefore, to be able to address some of these specific words without changing the thrust of the resolution.

219 The representative of the Signatory of Italy said his Signatory was one the founding members of INTELSAT. It had been investing in INTELSAT for the last twenty years, was part of INTELSAT and was proud of the achievements of INTELSAT and, consequently, he could not avoid reacting to the various initiatives which, if approved, would imperil the viability of INTELSAT as the single global satellite system. He said the Signatories he represented had been worried one year ago when only one competing system was proposed, so for obvious reasons they were much more worried today as four competitors were facing INTELSAT. He said that while he supported the draft resolution, he could agree to modifications which would improve the text and at the same time that would give it much larger acceptance. He said that he also would be pleased if somebody could comment on document MS-14-26, which he had read carefully but had not been able to fully understand.

220 The Director General, in response to a point raised by the representative of the Signatory of the United Kingdom, stated that he wished to clarify that the words "specialized communications requirements" as used by the consultant on page 8 of Addendum No. 2 to MS-14-17 had a different meaning from that conveyed by the same words in the INTELSAT Agreements. He indicated that by "specialized", the consultant had meant catering to video, television and business users.

221 The representative of the Signatory of Switzerland observed that document MS-14-26 had led him to reflect on the fact that although reference was frequently made to United States projects, it should be clearly understood that the discussion was not exclusively limited to those projects alone. He added that although the debate on this issue had originated from certain events in the United States, it was certain that if there a new economic policy, other countries of the world would also take advantage of such economic opportunities. He emphasized that he wished the Party of the United States to note that the Meeting's comments were not addressed against that Party or any particular project under consideration, though sometimes for purposes of simplicity, the terminology used by American enterprises which have planned projects was used. He said that the debate should be seen as addressing the generality of the issue rather than particular cases.

222 Turning to study performed by a firm of consultants at the request of the Director General, the representative of the Signatory of Switzerland expressed gratitude to the Director General for such an undertaking. He observed that the study was an extremely interesting one and that as pointed out by the representative of the United Kingdom, it involved several facets in its conclusions. With respect to the draft resolution, he noted that only part of the conclusions of the Hinchman report were mentioned. He cautioned that in view of the information provided earlier that the study had not yet been completed, quoting this conclusion in that way out of context could weaken rather than strengthen the resolution. He expressed support for a somewhat revised resolution.

223 The representative of the Signatory of the Peoples' Republic of China thanked the Director General for his comprehensive detailed information about the entire development noting that the matter under this discussion was very important for the whole organization. He noted that the Thirteenth Meeting of Signatories and the Eighth Assembly of Parties had discussed the seriousness of this matter and had adopted the corresponding resolutions. The representatives of China's Party and Signatory to the two conferences had shared the concern of the former Director General of INTELSAT and many other representatives to those two conferences and had also fully supported the two resolutions.

224 The representative of the Signatory of the People's Republic of China stated that he felt it necessary to reiterate China's concern and position on this matter again. His major concern was that the approval of the applications submitted to the FCC by the four United States companies would undoubtedly imply changes in the policy of the United States with regard to international satellite communications and would result in competing international satellite systems which would surely divert transatlantic or other heavy route traffic from the INTELSAT system and, consequently, would fundamentally impact upon the financial interest of the members and non-member users of INTELSAT. He further stated that this would result in a large reduction in revenues available to meet INTELSAT capital investment requirements and increase charges for INTELSAT satellite circuits, that would inevitably lead to considerable political, economic and social consequences which would be felt by all of the members and non-members of INTELSAT and would

especially be felt by many developing countries. The representative of the Signatory of the People's Republic of China further stated that the analysis done by the consulting firm as presented by the Director General had proved that this concern was a real one. He stated that his Signatory's position was that any Party should always take its obligations to the INTELSAT Agreements seriously, should safeguard INTELSAT's principle of establishing and developing a single global telecommunications satellite system, and should not impact in any way the continued viability of INTELSAT through any change in its domestic policy.

225 The representative of the Signatory of the People's Republic of China concluded by expressing the sincere hope that the representative of the United States Signatory to this Meeting would be kind enough to convey his Signatory's concern to his Party and to the United States Government and to take some actions that might be helpful to the solution of the problem.

226 The representative of the Signatory of France reminded the Meeting of his Signatory's commitments to INTELSAT, having been one of the founding members and also one of its major users. He stated that that was proof of the considerable sums invested in the organization and also of his interest in its operation leaving absolutely no doubt that INTELSAT was for his Signatory an organization that had a major role and he expressed the hope that the future would be quite as promising as the twenty past years had been.

227 With respect to Addendum No. 2 to MS-14-17, the representative of the Signatory of France appealed for extreme caution in the use of this document especially in providing information on how INTELSAT operates to outside organisations. He noted that only a summary report had been provided rather than the full report; furthermore, according to the Director General, this document was still of a provisional nature to the extent that a certain number of changes might perhaps be found necessary. He emphasized that if this document was to be distributed, it should be made quite clear that it had been prepared by an enterprise independent of INTELSAT and was not an official INTELSAT document, and in particular was not of the Board of Governors since that body had not had any opportunity to discuss it or to approve the conclusion therein.

228 The representative of the Signatory of France pointed out that some points raised in the report could be misleading outside of INTELSAT. As an example, he cited the utilization of the space segment which was indicated which seemed rather low and could lead those who were not fully informed about INTELSAT to conclude that it was a badly managed organization, having too many satellites in service. He further observed the statement on page 8 of the report relating to how INTELSAT charges would need to be determined in a competitive situation, adding that that statement raised a fundamental issue particularly to the extent that the organization's success had been based on the principle that all users paid the same amount for a given service and as was required by Article V of the Agreement. He stated that it would be risky to fail to abide by that Article and to establish a rate of charge which would be marginal for certain services or certain users. He further observed that the assessment of the economic harm which would be caused by Orion or ISI to INTELSAT as mentioned in page 17 of the report, particularly that the economic harm from the Orion system would result in a 4 to 9 percent increase in the annual INTELSAT cost, could result in some unintended consequences. For instance, the impact could appear as a very small one, and when considered with the purported under-utilization of the INTELSAT system, could lead to increased support for those who are promoting competitive systems. Turning to page 20, he noted that it was rather strange to observe that it would appear that the ISI and the Orion systems were not commercially viable. If that was really so, then the question would be asked why so much concern was being expressed. Instead, INTELSAT's task would be taken more seriously if it was stated that Orion and ISI were organizations which can indeed exist and generate sufficient revenue as to be viable.

229 Finally, the representative of the Signatory of France stated that he had no particular difficulty with the spirit of the resolution but he questioned its utility. He reminded the Meeting that there had not been any tangible results from resolutions adopted by the last Meeting of Signatories and the Assembly of Parties. He concluded by suggesting that if the Meeting wished to adopt the resolution along the lines of that proposed, the wording should be very closely and carefully examined.



INTERNATIONAL TELECOMMUNICATIONS SATELLITE ORGANIZATION  
ORGANISATION INTERNATIONALE DE TELECOMMUNICATIONS PAR SATELLITES  
ORGANIZACION INTERNACIONAL DE TELECOMUNICACIONES POR SATELITE

RICHARD R. COLINO  
DIRECTOR GENERAL

10 September 1984

Ambassador Diana Lady Dougan  
Coordinator for International  
Communication and Information Policy  
Department of State  
Washington, D.C. 20520

Chairman Mark Fowler  
Federal Communications Commission  
1919 M Street, N.W., Room 814  
Washington, D.C. 20554

Mr. David Markey, Administrator  
National Telecommunications  
& Information Administration  
Department of Commerce  
14th Street & Constitution Ave., N.W.  
Washington, D.C. 20230

Dear Ambassador Dougan, Chairman Fowler, and Mr. Markey:

I am writing to you because of an article in THE WASHINGTON POST which appeared on Saturday, 8 September 1984.

The article is troublesome for a variety of reasons. I am writing to you because of the evident contacts of your departments by the reporter and the availability of INTELSAT documents to the U.S. press. These documents were submitted to INTELSAT Governors and their Alternates, as is the usual procedure, several weeks ago, allowing them adequate time to analyze them and engage in a discussion of the merits at a meeting which is scheduled to begin this Wednesday, 12 September. As is typical of the operation of any board of direction similar to the INTELSAT Board of Governors, or even a body such as the Commission of the Federal Communications Commission, these materials are intended for internal purposes only, at least until after that Board has had an opportunity to discuss, modify, and determine an appropriate course of action. Apparently, these documents have already been released to the United States public by the Federal Communications Commission in advance of consideration by the INTELSAT Board of Governors.

- ATTACHMENT W -

10 September 1984

With respect to the fundamental question of making documents which the INTELSAT Board, representing 108 nations other than the United States, would undoubtedly consider to be "internal" at least before they have been seen and considered by all Governors, I would not presume to comment at any length. I would wish to note that it appears to create confusion, for U.S. Government personnel as well as the "public," when documents are not understood clearly, perhaps in part because they have yet to be presented to the Board officially and discussed in appropriate detail. In short, these documents must be read and understood in their context, and this cannot occur outside of Board proceedings.

With respect to the contents of the article and the comments and observations attributed to certain U.S. Government officials, I am obliged to make several observations and corrections:

At the Fifty-second Meeting of the INTELSAT Board of Governors, held 9-16 September 1982 in Washington, D.C., the Director General was requested:

"...to study the establishment of possible guidelines which might be applied to consideration of future Article XIV(d) requests."

This was undoubtedly prompted in part by the plethora of applications for coordination which the Board had faced in the previous several years (see pages 4 to 13 of BG-60-63, the Hinchman Report, listing the 9 cases reviewed between March 1979 and September 1982 meetings). To undertake this task effectively, it was necessary to analyze comprehensively and categorize the previous criteria flowing from the provisions of Article XIV(d) and applied by the Board and the Assembly of Parties. Attached is a page of the Summary of the September 1982 meeting of the Board; of course, the entire Summary Record and all pertinent documentation for that meeting relating to this subject have been in the hands of your organizations since some point in time prior to that meeting.

Work was begun on this subject during the stewardship of my predecessor and continued under my responsibility during 1984. Analyses, discussion, conclusions, and recommendations were reached by both in-house and outside experts. Their different work efforts have only been completed recently and, as is the normal practice, staff results are communicated to the INTELSAT Board of Governors promptly upon completion.

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Evidently, these documents which have been released to the general public prior to review by and discussion with the intended audience are interpreted as being directed specifically at the United States and most particularly towards certain items pending before the Federal Communications Commission. Given the fact that U.S. "policy" in this area has not been enunciated or, if it has is not known by INTELSAT, and further given the extended time frame of these studies, it is difficult to reach these conclusions as being correct. Moreover, given the actual language contained in the documents, it should be patently obvious upon reading the documents that this interpretation cannot be supported.

I will not dwell on each of these documents. It is necessary, however, to address several which are the subject of apparent dialogue between U.S. Government officials and the POST:

The POST article states that the INTELSAT staff analysis of the totality of INTELSAT's provisions, and the rights and obligations of its Governments and telecommunications entities which comprise the membership, has apparently reached the conclusion that "...the United States could be expelled..." from INTELSAT. The dialogue between the POST and "...government officials and industry experts..." dismisses the possibility as being "silly." I would concur. The only thing "sillier" is this public dialogue which totally misrepresents, misapprehends, and mischaracterizes the intent and content of INTELSAT staff analyses.

Further, all three of you know from past conversations that I am strongly committed to a continuation of the non-political approach to conduct of INTELSAT business. This has been a key feature, perhaps unique to INTELSAT, that has enabled INTELSAT to function efficiently for the past twenty years. Anyone reading document BG-60-62 and understanding the INTELSAT Organization, its method of operation and the process of meetings of the Board of Governors, would have quickly placed this document in the proper context. Within the INTELSAT context, there are many documents which are put forward as a result of Board request or staff analysis. Those leading to strong conclusions are so characterized in the document itself and generally contain clearly stated recommendations. Document BG-60-62 is different. It is not an interpretation of Article XIV(d), but is a review of the INTELSAT Intergovernmental Agreement (as is the case with BG-60-69), which analyzes "...the extent of the Parties' and Signatories' obligation to coordinate separate systems under Article XIV(d) of the INTELSAT Agreement, the legal effects of the Assembly of Parties recommendations thereunder, and reviews

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a catalog of remedies that may be available in the event of a breach of the INTELSAT Agreements by one or more Parties or Signatories." It is merely an analysis of the broad rights and obligations of governments to treaties and addresses various provisions of the INTELSAT Agreement and other agreements, in addition to Article XIV(d). Moreover, the document itself states the following as an introduction to a section on "...remedies available in the event of a breach of the INTELSAT Agreements":

"At the outset it must be recognized, of course, that this is a delicate and complex question, involving as it does sovereign states joined together by an international agreement in a common cooperative undertaking. The purpose of the following analysis is to lay before Signatories various elements bearing on this question, which heretofore have received little attention within INTELSAT. No recommendations, proposals or suggestions are here being made, recognizing that these matters are the province of the political and representational organs of INTELSAT, the Assembly of Parties and Meeting of Signatories, in which all INTELSAT members are gathered."

The discussion that follows merely points out the pertinent provisions of the Agreement concerning the withdrawal of a member from INTELSAT. (The term "expel" is nowhere used in the Agreements or in the document in question.) The document contains no recommendations leading to the conclusions stated in THE WASHINGTON POST article, nor does it lead to the conclusions manufactured by others, and then dismissed.

The reference in the article to "memoranda" "filed with the Federal Communications Commission" indicates the difficulties which are created when documents are taken out of the proper procedural context and distributed without explanation. INTELSAT "filed" no memoranda with the FCC; it sent internal staff papers to its Board in response to Board needs and the demanding workload involved in coordinating a multiplicity of other satellite facilities under the provisions of this Article of the Agreement.

The newspaper article referred to INTELSAT as changing its "rules." Presumably this is a reference to BG-60-69 and its Addendum No. 1. Let the record be clear. Most of this paper addresses past actions, standards, and guidelines already employed by the INTELSAT Board and the governmental Assembly of Parties to coordinate separate satellite facilities. In the past, such matters had been handled on a case-by-case basis.

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In the course of the staff review referred to above, an effort was made to codify the existing standards and to state them clearly and definitively so as to assist INTELSAT Governments and Signatories in exercising their rights and meeting their obligations under this Article of the Agreement. In undertaking the effort, it became clear that certain improvements in both procedure and criteria were appropriate, and this produced some revisions and proposals for the Board to consider. Moreover, this would result in the most expeditious coordination or recoordination of such systems, because the adoption of BG-60-69 would streamline often cumbersome and ad hoc Article XIV(d) consultations. The guidelines would not have the effect described in the article. For example, under the proposed criteria, satellite facilities such as those of PALAPA, ARABSAT, EUTELSAT, and the dozens of U.S./Canada, U.S./Caribbean links which have been coordinated or which are in the process of being coordinated, would not be adversely affected.

As the document makes clear, this is a "neutral" effort of an organization's staff to respond to the requirements to be fair, even-handed, and reasonable in interpreting the Agreement and in addressing the rights and obligations of its members, while ensuring that the Organization itself is properly protected by provisions which were drafted for this purpose. It is regrettable that it has not been understood in this sense and that opportunities were not afforded to have discussions to understand better these papers prior to their being made "public." Please be assured that I do not consider the subject matter or the documents as appropriate for public "display" but rather as "internal" Board documents yet to be discussed.

Finally, I would hope that the international satellite policies of the United States would not be influenced by these kinds of misinterpretations but rather by the serious and deliberate studies and analysis they deserve, with the United States Government deciding what degree of public considerations are appropriate. Should you wish to discuss these or other matters further, I continue to stand ready to meet with you at times of mutual convenience.

Sincerely yours,



Richard R. Colino

Attachments

cc: Mr. Joel R. Alper, COMSAT

