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DELEGATION OF THE UNITED STATES OF AMERICA

INFORMATION MEMORANDUM

TO: The Secretary

THROUGH: S/S

FROM: United States Delegation to the INTELSAT Conference *W*

SUBJECT: Daily INTELSAT Conference Summary - March 5, 1969

COMMITTEE I - Structure and Functions of INTELSAT

Debate in Committee I focused on the fundamental political issues of the Conference --the structure and functions of the assembly, the governing body, and the manager of INTELSAT. All delegations which addressed the question of the future role and identity of the manager maintained that the management body should be internationalized. There was general recognition that COMSAT had performed the managerial function well and efficiently, and that a change to international management could not be accomplished overnight. In particular, Canada, Denmark, the United Kingdom, Japan, and the Philippines emphasized the need for a transition period sufficiently long to ensure continuity and the maintenance of a high level of competence. Most of the discussion centered on the proposal submitted yesterday by Canada, India, and the FRG, which Canada described as a "middle" position, capable of being acted on with minor changes.

Most delegations supported broader powers in the assembly than favored by the United States, and there was widespread sentiment that voting in the assembly be on a one nation, one vote basis. Greece and Algeria supported Sweden in recommending sweeping powers of action and review for the assembly, Algeria maintaining that such powers were necessary if the developing countries, who comprise two-thirds of INTELSAT's membership, were to be adequately represented. Japan and the United Kingdom, however, were among those insisting that primary authority remain in the governing body.

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- 2 -

COMMITTEE III - Financial Arrangements

Committee III discussed the question whether return on capital, as used as a basis of space segment utilization charges, should be based on the cost of money or should be "not substantially lower" than the 14% rate now used. Some 30 delegations expressed views, about two-thirds, including the United States, in favor of the cost of money and one-third, led by the United Kingdom in favor of a higher "commercial" rate. The question of financial conditions for use of the space segment by non-members also was discussed, but without firm conclusions, partly because the question of non-member access is up to Committee I and has not yet been decided. It was agreed that such conditions should be "non-discriminatory," but not agreed just what this would mean.

Canada and the Chairman suggested that this might be left to the Board of Governors.

COMMITTEE IV - Operational Arrangements

All 12 members participated in wide ranging discussion of procurement policy. Three specific proposals have been tabled and a fourth has been promised:

- (1) A draft article was suggested by Venezuela reading--
"The Governing Body will insure all contracts will be awarded on the basis of the best quality at the best price and at the shortest delivery period and by open international bidding."
- (2) The United Kingdom proposed to carry forth Article X of the 1964 Agreement.
- (3) The United States referred to its draft Article X at p.21, Document 10.

The representative of France said his delegation has submitted a proposal to the Secretariat for publication and it should be available tomorrow. It describes a proposed technical assistance program.

The Working Group adjourned without taking any decisions and commending to the members a careful study of the French proposal. The Group will reconvene at the call of the Chair.

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- 3 -

Committee II did not meet.

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