



DEPARTMENT OF STATE

Washington, D.C. 20520

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MEMORANDUM

TO: INTELSAT - Mr. Washburn April 21, 1969

FROM: E/TT - Frank E. Loy

SUBJECT: Strategy and Tactics for the Preparatory Committee
and the November Session.

We have now substantially agreed on a summary of positions on major issues that would be acceptable to the U.S. and might form the basis of agreement on definitive arrangements.* The question now to be addressed is strategy and tactics -- how to proceed.

In the first session of the Conference, the U.S. essentially stayed very close to its going-in position, as did other major participants, notably most of the Europeans. This probably was appropriate, and the first session can be regarded as a necessary exploratory exercise. It clarified issues and helped to develop and make known the positions of many of the participants.

We do not believe the Preparatory Committee should be regarded as simply a continuation of this exercise, in which we all hold our cards close to the chest and simply try to formulate drafts that spell out opposing views without seeking to resolve our differences. All of the membership looks to the U.S. for leadership in moving toward agreement, and if we do not move there will be little or no movement. If we do not use the period of the Preparatory Committee for negotiation, we will approach the November session of the Conference with no chance of success, both because our partners will have concluded that we do not want an agreement, and because, even if we did want one, there could not be time to work

* At the meeting of April 17, reflected in the revised summary of 4/17/69, there was agreement on all items except 3, 6 and 8. Footnotes indicate points not agreed. In addition, the implications of "determine" in item 8 were not entirely agreed.

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out an agreement of this complexity. For agreement in November, or whenever the next Conference session is held, we need the outlines of a deal in the Preparatory Committee and substantial further progress on the details. If we do not progress in that direction, we are likely to find our partners less and less inclined to find middle ground and to find that an acceptable agreement is obtainable only with the use of a great deal of pressure and the consequent risks of serious ill will.

In our view it is desirable that we end up the November Conference with an agreement. From a pure business view the continuation of the interim arrangements may seem satisfactory, but such continuation has very serious public interest deficiencies. It means that there will be continued political wrangling in the INTELSAT governing body, whereas we have tried hard to eliminate politics from that arena and to focus INTELSAT's attention on the problem of providing good, cheap communications. The sooner governments, i.e. foreign offices, including the State Department, can step in the background and let communicators concentrate on running an internationally owned common carrier organization, the better. But so long as the interim arrangements are in effect all major decisions of INTELSAT will be infected with estimates by the countries involved as to how this or that decision bears on ultimate resolution of the definitive arrangements.

Furthermore, failure to resolve the issue of definitive arrangements in a timely fashion will mean that the rather noble effort of the U.S. to share with the world this new technology through a unique, ingenious institutional arrangement has in fact been less than fully successful. That failure will be much talked about in the UN and other international bodies, and several countries that never liked the concept of a strong INTELSAT in the first place (such as the Soviets and the French) will have all kinds of alternative suggestions, none of which would be even remotely acceptable to the U.S.

Has already happened

For those reasons we consider it imperative that the U.S. go into the November Conference with the support of a significant number of our partners. We cannot obtain this on a number of major issues -- on the major questions in

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which the issue of U.S. dominance of INTELSAT has a bearing -- without some give in our positions, without doing some negotiating.

Even if we do negotiate, however, there is no assurance that the November Conference will be successful. While we would surely find many allies, there might be enough hold-outs to prevent the formation of a consensus large enough to warrant our pushing through an agreement. That would obviously be regrettable, but it would be much better than ending the November Conference without having gone reasonably close to the ultimate position the U.S. can take. Because once we have made reasonable proposals that go a long way toward meeting the more legitimate objections of others, and in that way have won broad support from many areas of the world, we can sit tight much more comfortably; we can then legitimately bring pressure on others to come to our side.

Under such circumstances, the fact that the interim arrangements continue in the absence of new agreements becomes a source of strength. Until we have made such proposals, the continuation of interim arrangements is more a weakness; for it leads others to believe that the U.S. is not really aiming for reasonable mutual concessions and is not interested in achieving any definitive arrangements.

A draft letter of instructions to Governor Scranton which reflects this concept is attached and is suggested, along with this memo, as a basis for discussion. The enclosure to it would be the summary of 4/17/69, subject possibly to further editing, including removal of the footnotes.

Attachment:

Draft letter.

E/TT:FELOY
E/TD:WKMILLER:sp

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Dear Governor Scranton:

I have asked you to serve as Chairman of the United States Delegation to the Plenipotentiary Conference on Definitive Arrangements for the International Telecommunications Satellite Consortium and, in this capacity, to be responsible for and direct the activities of the United States Delegation in preparation for and participation in the Preparatory Committee established by the Conference and in the plenary session (or sessions) of the Conference when it reconvenes. Executive Order 11191 makes the Secretary of State responsible for direction of all negotiations by the United States with foreign governments in connection with the Communications Satellite Act. This letter is to serve as your basic authorization and instruction with respect to U.S. participation in the Conference and the U.S. position on the definitive arrangements.

The basic United States policy on INTELSAT is that it should continue in operation, that it should continue to be organized around a single system concept, and that the United States should maintain a prominent role, reflecting

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the technological contributions made by the United States as well as the large volume of our international telecommunications traffic. It is also our objective to pay particular heed to that part of the Communications Satellite Act of 1962 which states that ". . . in effectuating this program, care and attention will be directed toward providing such service to economically less developed countries and areas, as well as those more highly developed . . .". In the broadest sense our effort is to expand and improve world communications through communications satellite technology.

The arrangements that emerge should enable us to carry out this policy. They should also safeguard adequately the interests of the U.S. investor in the system, the Communications Satellite Corporation, and should meet ComSat's specific concerns to the extent that this is compatible with the attainment of broad public policy objectives.

United States proposals for the definitive arrangements were set forth originally in a document submitted to the INTELSAT Interim Committee in October 1967 (ICSC 28-40). Building upon those proposals, we have made further suggestions, both in the Interim Committee and at the first session of the Conference. These are reflected in

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part in draft agreements which we submitted to the Conference.

COMMUN It has become quite clear, however, that our proposals are not acceptable to a large number of our partners in INTELSAT and cannot become the basis of an agreement without substantial further change. Several key issues have emerged.

The substance of solutions to these issues that would be acceptable to the United States is set forth in the enclosure to this letter. Our negotiators believe there is a good chance that agreement could be reached on the basis of these positions, and, perhaps almost as important, that, having taken these positions, we will be in a tenable position as having negotiated in a reasonable and forthcoming manner even if these proposals do not result in agreement.

COMMUN In this context, it should be kept in mind that the existing Interim Arrangements for INTELSAT are in many respects quite satisfactory in substance from the U.S. standpoint as a basis for operation of the global satellite system. From the standpoint of the substance of the arrangements, there is no great need to hurry to change, and we could live with the present Agreements indefinitely. However, they are, by agreement, interim arrangements; we

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are committed to change, and, in the present time frame, to change as quickly as new arrangements can be worked out. Any appearance of reluctance on our part to change, or excess rigidity in our position, would be badly received by our partners. This is particularly true when most of the major issues relate to the degree of control or dominance of the organization by the United States. Hence there is an important policy interest in creating the impression that the United States wants agreement and is being reasonable in seeking to resolve the differences we have and to reconcile the various viewpoints.

*No in fact
this appearance
is detrimental
Steamroller*

On the other hand, we should not sacrifice any fundamental interest of the U.S. or ComSat to achieve an agreement. And the proposals in the enclosure hereto do not do so.

The tactics of the negotiation of course will be up to you. I would only add in this respect that the same point, the importance of appearing reasonable, also has a very significant relationship to tactics. We will not seem reasonable, and will not seem really to want agreement, if we are not willing to negotiate in the Preparatory

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Committee and if we approach the plenary session in November without having tried to work out a package that most of our partners could reasonably be expected to accept. On the other hand, if we can work out a broadly acceptable package, one with really wide support, we can afford to be firm on essential points at the Conference, whether or not agreements result.

For the record, this letter is intended as an authorization to negotiate in the sense required under Department of State Circular 175 as well as your instructions as the head of the U.S. Delegation to the INTELSAT Conference.

I, like the President, am grateful to you for undertaking this difficult task, and I wish you every success.

Sincerely,

Enclosure:

Summary of positions
on major issues.

E/TD:WKMiller:sp 4/21/69

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