



DEPARTMENT OF STATE

Washington, D.C. 20520

August 4, 1969

MEMORANDUM FOR: Governor Scranton

Mr. Sase came over this morning with the attached communication from Mr. Ogiso, who is presently in Geneva.

It is interesting that Mr. O. plans to go over to see Killick in London and Northe in Bonn after receiving our reactions to his draft. Mr. Sase told me that Mr. O. plans first to go to London around August 15 and from there to Bonn. He suggested we send our comments to Mr. O. in Geneva in care of their Embassy there.

Bonnie tells me you will be here on Thursday. Perhaps we can talk on the phone before then. Meantime, I will get the opinions of other members of our delegation.

Yours,

Abbott Washburn
Deputy Chairman, U.S. Delegation
INTELSAT Conference

P.S. Mr. Sase says that John Killick will not be able to be here during the first week of the Prep-Com in September and has asked Mr. Ogiso to take the chair for that period.

cc: Mr. Loy
Mr. Miller
Mr. Whitehead
Mr. Ende
Mr. Smith
General McCormack
General O'Connell ✓
Mr. Clark
Ambassador Wadsworth

MINISTRY OF FOREIGN AFFAIRS
TOKYO, JAPAN

July 25, 1969

Mr. Abott M. Washburn
The White House
Washington, D.C.

Dear Mr. Washburn,

Reflecting on our elaboration on the management body under the Definitive Agreement which took place in the Preparatory Committee held last June-July, the major difference of opinions among delegations appear to have been a) what should be the Director General's competence and b) whether the principle of internationalization of the management body should be specified in the Definitive Agreement.

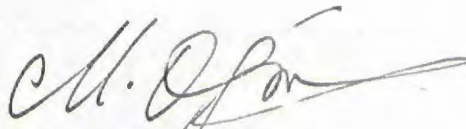
Considering the above, I have prepared the following proposal and the draft resolution.

I would appreciate your comments on them. Since I will be in Geneva from the end of July through August, I will manage, upon receiving your comments, to visit European cities including Bonn and London with a view to sounding opinions on them.

My address in Geneva will be:-

c/o Délégation Permanente du Japon
auprès des Organisations Internationales
à Genève, 10, Avenue du Budé,
Genève, Suisse.

Sincerely,



Motoo Ogiso
Assistant Director-General
United Nations Bureau
Ministry of Foreign Affairs

Proposal

Managing body during the transitional period

The managing body shall be consisted of two parts: administrative secretariat established under the director general, and technical manager under the contract with the governing body. Among the functions performed by COMSAT at present, functions such as financial, legal matters and information should belong to administrative secretariat. Functions such as technical, operational matters and procurement should belong to the technical manager. COMSAT is contemplated as the technical manager during transitional period.

The period of transition shall be fixed at 7 years (as proposed in Venezuelan Paper), so that the staff under technical manager will not feel anxiety as to its status at least during such transitional period.

The director general shall perform reviewing and monitoring functions over technical manager in accordance with the terms of the contract and under the general directives given by governing body.

The director general shall, under the terms of reference given by the governing body, study and make a recommendation

within

within 5 years (as proposed in Venezuelan Paper) with respect to future arrangement about technical managership, which recommendation shall be considered by the governing body.

It shall be open for the director general to recommend, in particular, whether:

(1) Part of the technical managerial function shall be contracted out (as suggested in tripartite paper) to a national or international entity or entities.

(2) The entire technical managership shall be contracted out to a national or international entity.

(3) The whole or a part of the technical managerial function shall be attached to secretariat under director general.

(Draft Resolution)

It has been impossible so far to find a consensus among the delegations as to whether the principle of internationalization of the Managing Body should be provided for in the Definitive Agreement.

However, it may be easier to find a consensus in providing the said principle in a resolution to be adopted by the plenipotentially Conference.

The Japanese Delegation therefore wishes to propose the following Draft Resolution:

The ~~Assembly~~, *Conference*,

taking note of the opinions of many delegations that the Managing Body under the Definitive Agreement should be internationalized compared with that under the Interim Agreement,

decides that the Director General shall, when studying, under the ~~terms~~ of reference given by the Governing Body, the question of future arrangement about technical manager-ship, take account of views expressed in the Conference in this regard.

W. J. Connel

COMMUNICATIONS SATELLITE CORPORATION

THOMAS E. DONAHUE, JR.
Director
International Agreements Division

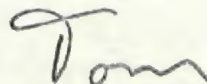
August 1, 1969

Mr. Ralph L. Clark
Special Assistant to the Director
of Telecommunications Management
Executive Office of the President
Office of the Director of
Telecommunications Management
Room 748
Washington, D. C.

Dear Ralph:

The attached material should be inserted in your copy of the draft Intergovernmental Agreement which was attached to my memorandum dated July 30, 1969. Attachment 1 is necessary due to the deletion of (a) (x) of Article X. Attachment 2 is necessitated due to a decision to use the language from Plenipotentiary Conference Document 10 (U. S. Draft Definitive Arrangements) in describing members' obligations with regard to the establishment of separate satellites to meet their international specialized or domestic telecommunications requirements.

Yours truly,



Thomas E. Donahue, Jr.

Attachment

ARTICLE X

(a) The Board of Governors shall have the responsibility for the design, development, construction, establishment, operation and maintenance of the INTELSAT space segment and for any other activities which are undertaken by INTELSAT pursuant to authority contained in this Agreement and the Operating Agreement. The Board of Governors shall have the powers and shall exercise the functions set forth in this Agreement and the Operating Agreement, including but not be limited to:

- (i) Adoption of policies, plans and programs in connection with the design, development, construction, establishment, operation or maintenance of the INTELSAT space segment and, as appropriate, in connection with any other activities which INTELSAT is authorized to undertake.
- (ii) Adoption of procurement policies, regulations and procedures and approval of procurement contracts in excess of an amount specified by the Board of Governors.
- (iii) Establishment of the method for the calculation of investment shares pursuant to Article V of this Agreement.
- (iv) Adoption of financial policies and approval of budgets by major categories.
- (v) Adoption of policies and procedures for the acquisition, protection and distribution of rights in inventions and data consistent with Article ____ of the Operating Agreement.

- (vi) Adoption of criteria and procedures for approval of earth stations for access to the INTELSAT space segment, for verification and monitoring of performance characteristics of earth stations having access, and for coordination of such earth station access to and use of INTELSAT space segment.
- (vii) Adoption of terms and conditions governing the allotment of INTELSAT space segment capacity.
- (viii) Taking such actions as may be appropriate in accordance with the provisions of Article XIII with respect to the increase of the net contribution.
- (ix) Enter into agreements granting privileges, exemptions and immunities to INTELSAT pursuant to Article XV of this Agreement.

(b) In the performance of its responsibilities under this Agreement and the Operating Agreement, the Board of Governors shall be assisted by such advisory committees as it deems appropriate.

(c) The Board of Governors shall adopt its own rules of procedure, which shall include the method for selection of a Chairman and such other officers as may be required. Notwithstanding the provisions of Article IX of this Agreement, such rules may provide any method of voting in the election of officers as the Board of Governors deems appropriate.

(d) The first meeting of the Board of Governors shall be convened pursuant to Article ____ of the Operating Agreement.

ARTICLE XIV

(a) The Parties and Signatories agree that they shall not establish or otherwise acquire, or join in the establishment or acquisition of any space segment other than the INTELSAT space segment, except as provided in this Article.

(b) To the extent any Party, Signatory, or any person within the jurisdiction of a Party establishes or otherwise acquires space segment facilities separate from the INTELSAT space segment to meet its domestic public and specialized telecommunications requirements, the establishment, acquisition and operation of such facilities will be subject to a prior determination by the Board of Governors that:

- (i) They will be consistent with the use of the radio spectrum and orbital space by the existing or planned INTELSAT space segment,
- (ii) The mechanisms and techniques for control of such space segment facilities will be adequate, and
- (iii) The radiation emitted from such space segment facilities will not cause harmful interference.

(c) To the extent any Party, Signatory, or any person within the jurisdiction of a Party establishes or otherwise acquires space segment facilities separate from the INTELSAT

space segment to meet its international specialized telecommunications requirements, the establishment, acquisition and operation of such facilities will be subject to a prior determination by the Board of Governors that:

- (i) They will be consistent with the use of the radio spectrum, and orbital space by the existing or planned INTELSAT space segment,
- (ii) The mechanisms and techniques for control of such space segment facilities will be adequate, and
- (iii) The radiation emitted from such space segment facilities will not cause harmful interference;

and prior consultation with the Board of Governors with respect to the economic compatibility of such facilities with any INTELSAT space segment facilities existing or planned to meet such specialized telecommunications requirements.

(d) To the extent any Party, Signatory, or any person within the jurisdiction of a Party establishes or otherwise acquires space segment facilities separate from the INTELSAT space segment to meet its international public telecommunications requirements, the establishment, acquisition and operation of such facilities will be subject to a prior determination by the Board of Governors that such facilities:

ARTICLE XIV (Cont'd)

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- (i) will be limited for use to a geographically compact group of INTELSAT member countries linked by cultural or economic ties;
- (ii) will be technically and operationally compatible with the existing and planned INTELSAT space segment; and
- (iii) will not have a substantial adverse economic effect upon INTELSAT.

(e) Nothing in this Agreement shall affect the right of a Party or Signatory to establish or otherwise acquire space segment facilities solely for national security purposes.

(f) Upon the breach of any obligation under this Article by a Party or its Signatory which has not been remedied within three months from the date of notification to the Party and Signatory by the Board of Governors of the breach, the rights of the Party and the Signatory shall be suspended. After three months from the date of such suspension, the Board of Governors may recommend to the Assembly that the Party be deemed to have withdrawn from this Agreement, pursuant to Article VIII (d) (iii). Upon approval by the Assembly of such a recommendation, this Agreement shall cease to be in force for such Party. Withdrawal

ARTICLE XIV (Cont'd)

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of the Signatory of such Party from the Operating Agreement shall thereupon be automatically effected subject to the condition provided in Article XVII.

COMMUNICATIONS SATELLITE CORPORATION

June 23, 1969

WILLIAM D. ENGLISH
Assistant General Counsel
International Matters

MEMORANDUM FOR MEMBERS OF THE U. S. DELEGATION
AND THE WORKING GROUP

Comsat has received from the Internal Revenue Service a favorable Ruling to the effect that, under the Definitive Arrangements as currently envisioned, INTELSAT will be classified as a partnership for Federal income tax purposes. This will permit Comsat to continue to deduct on its Federal income tax returns its share of INTELSAT depreciation and business expenses.

However, this Ruling is premised on two major conditions being maintained under the Definitive Arrangements in their final form.

INTELSAT must not possess the corporate characteristic of free transferability of interest. This means that an INTELSAT member must not be able to effect unilaterally a transfer of its interests in the organization to a non-member entity without obtaining the consent of other members. Consequently, we must maintain in the investment-use scheme the central responsibility of the Board of Governors as representative of

the Signatories in the reallocation of investment shares. Any system by which the reallocation of investment shares would be left to the individual Signatories to accomplish could present problems with respect to this corporate characteristic.

The second major condition is that INTELSAT not possess the corporate characteristic of limited liability for its members. We must avoid any provision in the final agreement or any recorded consensus among the delegates that a member's liability will be limited to its investment in the organization. Some delegates in Committee II have already expressed their opinion that the agreements should be structured to so limit the liability of INTELSAT and its members, while others believed this followed merely from granting INTELSAT juridical personality.

In addition to these two major conditions, note should be made of the Service's reference in its Ruling to a number of other important factors concerning INTELSAT. One of these is the undivided ownership of the space segment. In Committee II a majority of the delegates favored placing the ownership of the space segment in INTELSAT rather than leaving it in the Signatories. Although, Committee III's Report notes a contrary feeling among its delegates based upon a first consideration,

they do not appear to have concerned themselves with this exact question, but rather with whether ownership of certain facilities should be by groups of Signatories. We should maintain a strong position for undivided ownership relying on arguments such as those contained in the FCC memorandum of May 19, 1969.

The Service had some difficulty reconciling the juridical personality concept with that of a joint venture. Therefore, if juridical personality is to be granted the organization so as to afford it the capacity to perform certain legal acts, we should stick with the substance of the language contained in the fourth paragraph on page 2 of the Ruling, which is the same as that annexed to our position paper on Legal Form, and, if possible, the language itself.

Another apparent basis for the Ruling was that we would not be creating INTELSAT as an international, or national, corporation nor will it be organized in a way so as to exist wholly separate and apart from the members. In light of this, we should avoid any proposition such as contained in the Swedish Working Draft, Doc. 8, which would create an inter-

national corporation to handle the commercial functions.

A copy of the Ruling, dated June 9, 1969, is attached.

W.D.E.

US Treasury Department

Internal Revenue Service
Washington, DC 20224

Date:

In reply refer to:

JUN 9 1969

T:I:I:2:2



► Communications Satellite Corporation
950 L'Enfant Plaza South, S. W.
Washington, D. C. 20024

Attention: Mr. David C. Acheson
Vice President and
General Counsel

In re: International Telecommunications
Satellite Consortium

Gentlemen:

This is in reply to your letter dated May 19, 1969, requesting a ruling to the further effect that the organization named above will be classified, for Federal tax purposes, as a partnership and not an association taxable as a corporation. The organization has been held by the Service to be an "international organization" within the meaning of sections 892 and 7701(a)(16) of the Internal Revenue Code of 1954.

The International Telecommunications Satellite Consortium (Intelsat) is an arrangement whereby 68 countries are participating in the establishment of a global commercial communications satellite system. The various countries either participate directly or through a designated communications entity, public or private. Communications Satellite Corporation (Comsat), a publicly-held corporation for profit, is the authorized participant from the United States. (See the Communications Satellite Act of 1962.)

Intelsat is presently operating under interim agreements entered into in 1964. It is now proposed to establish definitive arrangements for the global system, to supersede those interim agreements. Although the exact and final nature of Intelsat must await the results of international negotiations, drafts showing the structure and legal form of the organization have been submitted. It is on the basis of these that we are asked to issue our ruling.

The "Space Segment" of the satellite system (which consists of the communications satellites and the tracking, control, command, and related ground facilities required for the operation of the satellites) is owned by the participants in undivided shares, based on their respective contributions to its cost. Comsat currently owns an undivided interest of approximately 53 percent. It also acts as manager.

In re: International Telecommunications
Satellite Consortium

Intelsat derives its operating revenues from furnishing satellite capacity to the various participants. Net revenues are distributed pro rata to the participants.

Intelsat will function as a joint venture. It will be referred to in the agreement, however, as having "juridical personality." This is to satisfy a substantial majority of the foreign participants in the negotiations who believe that an organization lacks the capacity on its own behalf to contract, to acquire and dispose of real and personal property, and to institute legal proceedings unless it is referred to as having "juridical personality."

In an opinion of the Acting Deputy Legal Advisor, Department of State, dated May 19, 1969, it is represented, in effect, that under international law: the use of the phrase "juridical personality" does not create an international organization which is an international corporation; that Intelsat will not be made an organization which exists wholly separate and apart from its members; and that the phrase is merely part of a provision which will explicitly recognize that Intelsat may act in its own name. It is further represented that the structure of an international corporation will not be created either by the new agreements or by incorporation under the laws of any jurisdiction.

Consequently, language will be incorporated into the agreement to the effect that Intelsat shall possess juridical personality to the extent necessary for the exercise of its functions and the achievement of its purposes, and, in particular, the capacity to:

- (i) contract
- (ii) acquire and dispose of real and personal property
- (iii) institute legal proceedings.

As stated above, we are asked to classify the arrangement for Federal tax purposes.

The regulations under section 7701 of the Code relate to the classification of organizations for Federal tax purposes. The term "partnership" is broader in scope than in common law meaning of partnership and may include groups not commonly called partnerships. Thus, the term "partnership" includes a syndicate, group, pool, joint venture, or other unincorporated organization through or by means of which any business, financial operation, or venture is carried on, and which is not a corporation or a trust or estate within the meaning of the Code. (See section 301.7701-3 of the Regulations on Procedure and Administration.)

In re: International Telecommunications
Satellite Consortium

The term "association" refers to an organization whose characteristics require it to be classified for purposes of taxation as a corporation. There are a number of major characteristics ordinarily found in a pure corporation which, taken together, distinguish it from other organizations. These are: (i) associates, (ii) an objective to carry on business and divide the gains therefrom, (iii) continuity of life, (iv) centralization of management, (v) liability for corporate debts limited to corporate property, and (vi) free transferability of interests. An organization will be treated as an association if the corporate characteristics are such that the organization more nearly resembles a corporation than a partnership or trust. (See section 301.7701-2(a)(1) of the Regulations.)

An unincorporated organization shall not be classified as an association unless such organization has more corporate characteristics than noncorporate characteristics. (See section 301.7701-2(a)(3) of the Regulations.)

Characteristics common to partnerships and corporations are not material in attempting to distinguish between an association and a partnership. For example, since associates and an objective to carry on business and divide the gains therefrom are generally common to both corporations and partnerships, the determination of whether an organization which has such characteristics is to be treated for tax purposes as a partnership or association depends on whether there exists free transferability of interests, limited liability, centralization of management, and continuity of life. (See section 301.7701-2(a)(2) of the Regulations.)

An organization has the corporate characteristic of free transferability of interests if each of its members or those members owning substantially all of the interests in the organization have the power, without the consent of other members, to substitute for themselves in the same organization a person who is not a member of the organization. In order for this power of substitution to exist in the corporate sense, the member must be able, without the consent of other members, to confer upon his substitute all the attributes of his interests in the organization. (See section 301.7701-2(e)(1) of the Regulations.)

In the case of the withdrawal of a member or admission of a new member, shares in Intelsat will be reallocated. An entity will be permitted to transfer its interest only to another entity designated by its own government to replace it. Accordingly, the organization will not have the corporate characteristic of free transferability of interests.

Communications Satellite Corporation

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In re: International Telecommunications
Satellite Consortium

An organization has the corporate characteristic of limited liability if under local law there is no member who is personally liable for the debts or claims against the organization. (See section 301.7701-2(d)(1) of the Regulations.)

An opinion has been furnished by the Department of State of the United States that the member entities participating in Intelsat are, under international law, liable to outsiders and creditors. Thus, the arrangement will lack the corporate characteristic of limited liability.

Since Intelsat will not have the corporate characteristics of free transferability of interests or limited liability it will not have more corporate characteristics than noncorporate characteristics. The arrangement will be, therefore, classified as a partnership, for Federal tax purposes, and not an association taxable as a corporation.

It should be understood that the conclusion reached in this ruling letter is based upon present regulations promulgated under the provisions of section 7701 of the Code. In the event such regulations are changed, this ruling shall be of no force and effect to the extent inconsistent with the changed regulations for the taxable year in which the regulations are promulgated and subsequent taxable years, unless such changed regulations are effective as of a later date.

No opinion is expressed on the application of any other provisions of the Code to this situation.

It is important that a copy of this ruling be attached to the first return to be filed by Comsat. A copy is enclosed for that purpose.

Very truly yours,

John W. S. Littleton
Director, Income Tax Division



DEPARTMENT OF STATE

Washington, D.C. 20520

June 4, 1969

MEMORANDUM FOR THE RECORD

When Ambassador Scranton and Mr. Washburn lunched with the Swiss Ambassador Schnyder, Dr. Steiner, and Mr. Andres on May 28, there was, over coffee, a significant exchange between Governor Scranton, Ambassador Schnyder, and Dr. Steiner. Up to that point the conversation had been fairly general.

Schnyder and Steiner bore down heavily on the need for full internationalization. COMSAT's two-hat role is totally unacceptable to the Europeans. Dr. Steiner even questioned the contribution of COMSAT as Manager thus far, stating that the important work has been done on contract by other business firms like Hughes. Ambassador Schnyder did not subscribe to this, stating: "The Swiss of all people know the importance of sound business management and technology, and we certainly want to keep COMSAT -- but we would like to see COMSAT in a consulting capacity, with its services contracted for by the International Secretariat...and the relationship between the Secretariat and COMSAT clearly spelled out in the Definitive Agreement."

The Governor took the position that the surest way to "stymie" the global system would be to place its management "in the hands of politicians like those of us around this table." He said that interposing such a body of persons between the Governing Board and the Manager would almost certainly impair the efficiency of the system, raise costs, and lower the morale of the COMSAT organization. It would, in short, be harmful to what has been built up so successfully over these past five years. To move too far too fast toward internationalization would be wrong, at this time. Nor would it be wise to state a priori that certain functions would be transferred in the future at specific stated times -- even though we all know that the general movement is toward internationalization.

Dr. Steiner argued that COMSAT's morale would not necessarily decline, that appropriate arrangements could be made to transfer some of the technicians to the international

staff. COMSAT per se was not essential in the long run, in his view, since ESRO or another organization could replace it under contract at some point in the future.

To this the Governor restated his conviction that we must not jeopardize the extraordinary success of the global operation through hasty action or through the interposing of any group between the Manager and the Governing Board. It would be appropriate, he thought, to review the manager relationship after a few years, perhaps making it the subject of an objective study.

The Swiss, at this meeting, did not bring up the role of the official who would head the Secretariat.

Distribution:

Mr. Loy - E/TT
Mr. Miller - E/TD
Mr. Whitehead - White House
Governor Scranton - INTELSAT
General McCormack - COMSAT
General O'Connell - DTM
Chairman Hyde - FCC

INTELSAT:AWashburn:bb

Mr O'Connell

COMMUNICATIONS SATELLITE CORPORATION

THOMAS E. DONAHUE, JR.
Director
International Agreements Division

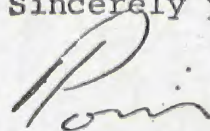
July 30, 1969

Mr. Ralph L. Clark
Special Assistant to the Director
of Telecommunications Management
Executive Office of the President
Office of the Director of
Telecommunications Management
Room 748
Washington, D.C.

Dear Ralph:

The attached material was not completed when the
draft Intergovernmental Agreement was forwarded to you
this morning.

Sincerely yours,



Thomas E. Donahue, Jr.

Attachment

PREAMBLE

The Governments Party to this Agreement,

Recalling the principle set forth in Resolution No. 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 non-discriminatory basis;

Recalling the relevant provisions of the Treaty on Principles Governing the Activities of States in the Exploration and Use of Outer Space, Including the Moon and Other Celestial Bodies, and in particular Article I, which states that outer space shall be used for the benefit and in the interests of all countries;

Noting that pursuant to the Agreement Establishing Interim Arrangements for a Global Commercial Communications Satellite System and the related Special Agreement, opened for signature at Washington, D. C. on August 20, 1964, a single global commercial communications satellite system (hereinafter referred to as the "global satellite system") has been established;

Desiring to continue the development of this global satellite system as part of an improved global communications network which will provide expanded communications 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 nations and areas of the world, through the most advanced technology available, the most efficient and economic facilities possible consistent with the best and most equitable use of the radio spectrum and of orbital space;

Believing that satellite communications should be organized in such a way as to permit all states, countries, and areas of the world 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, provision of equipment, establishment, operation, maintenance and ownership of the system;

Agree as follows:

ARTICLE I

In this Agreement:

(a) "Interim Agreement" means the Agreement Establishing Interim Arrangements for a Global Commercial Communications Satellite System concluded by Governments at Washington, D.C., and which entered into force on August 20, 1964.

(b) "Special Agreement" means the Agreement concluded pursuant to provisions of the Interim Agreement and which entered into force on August 20, 1964.

(c) The "Operating Agreement" means the Agreement concluded pursuant to Article II of this Agreement.

(d) "Party" means a Government for which this Agreement is definitively or provisionally in force.

(e) "Signatory" means a Government, or the communications entity designated by a Government party to this Agreement, which has signed the Operating Agreement.

(f) "Space segment" means the communications satellites, and the tracking, command, control, monitoring and related facilities and equipment required to support the operation of the communications satellites.

(g) "INTELSAT space segment" means the space segment which is owned in undivided shares by the Signatories in accordance with this Agreement and the Operating Agreement

ARTICLE I (Cont'd)

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and includes that space segment which was owned by the signatories to the Special Agreement.

(h) "Telecommunications" means any transmission, emission, or reception of signs, signals, writings, images and sound or intelligence of any nature which can be provided by satellites.

(i) "Public telecommunications" includes public services, fixed and mobile, which can be provided by satellite such as telephony, telegraphy, telex, facsimile and data transmission, relay of radio and television programs, and leased circuits for any of these purposes.

(j) "Specialized telecommunications" includes services other than public telecommunications which can be provided by satellite such as, but not limited to, aeronautical, maritime, radio-navigation, space research, and broadcasting services.

(k) "Domestic telecommunications" means all telecommunications among and between places under the jurisdiction of a single State.

(l) "International telecommunications" means all telecommunications other than domestic telecommunications services.

(m) "Design" and "development" include research.

COMMUNICATIONS SATELLITE CORPORATION

THOMAS E. DONAHUE, JR.
Director
International Agreements Division

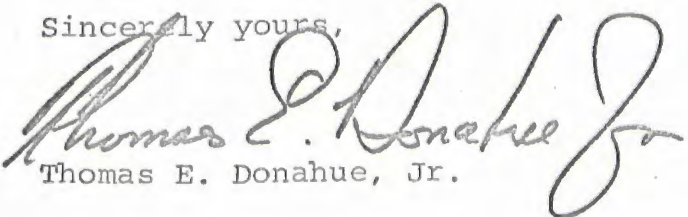
July 30, 1969

Mr. Ralph L. Clark
Special Assistant to the Director
of Telecommunications Management
Executive Office of the President
Office of the Director of
Telecommunications Management
Washington, D. C. 20504

Dear Mr. Clark:

Pursuant to our conversation at yesterday's meeting in Governor Scranton's office, I have attached for your information a copy of the draft Intergovernmental Agreement which Mr. Johnson will take to Latin America on Friday, August 1, 1969.

Sincerely yours,


Thomas E. Donahue, Jr.

Attachment

ARTICLE II

(a) In accordance with the principles set forth in the Preamble to this Agreement, the Parties shall cooperate in continuing the global organization, the International Telecommunications Satellite Consortium (INTELSAT), whose principal function shall be to continue and promote further the design, development, construction, establishment, maintenance, and operation of the INTELSAT space segment.

(b) Each Party shall sign, or shall designate a communications entity, public or private, to sign, the Operating Agreement which shall be concluded further to this Agreement and which shall be opened for signature at the same time as this Agreement. Relations between any Signatory and the Party which has designated it shall be governed by the applicable domestic law.

(c) The Parties agree that all of the rights and obligations of the signatories to the Special Agreement created under the Interim Agreement and the Special Agreement and outstanding on the date of entry into force of this Agreement shall become the rights and obligations of the Signatories to the Operating Agreement under the terms and conditions set forth in the Operating Agreement and this Agreement. Effective as of the date this Agreement enters into force, the Signatories shall own the INTELSAT space segment in undivided shares in proportion to their respective investment shares in the INTELSAT space segment.

ARTICLE II (Cont'd)

- 2 -

(d) The Parties contemplate that administrations and communications carriers will, subject to the requirements of their applicable domestic law, negotiate and enter directly into such traffic agreements as may be appropriate with respect to their use of channels of communication provided pursuant to this Agreement and the Operating Agreement, services to be furnished to the public, facilities, divisions of revenues and related business arrangements.

ARTICLE III

(a) INTELSAT shall have as a prime objective the provision of INTELSAT space segment facilities of high quality and reliability on a commercial basis to meet international public telecommunications requirements in all areas of the world.

(b) INTELSAT is authorized to provide, on a commercial basis, INTELSAT space segment facilities to meet:

(i) international public telecommunications requirements.

(ii) international specialized telecommunications requirements.

(iii) domestic public telecommunications requirements.

(iv) domestic specialized telecommunications requirements.

(c) INTELSAT is authorized to provide separate space segment facilities and related services associated with the design, development, construction, establishment, operation, and maintenance of such facilities to meet the international specialized, domestic public, and domestic specialized telecommunications requirements of a Signatory or group of

ARTICLE III (Cont'd)

- 2 -

Signatories, under mutually agreeable terms and conditions.

(d) INTELSAT is authorized to provide to a Signatory, or group of Signatories, under mutually agreeable terms and conditions, separate space segment facilities and related services associated with the design, development, construction, establishment, operation, and maintenance of such facilities to meet the international public telecommunications requirements of a geographically compact group of INTELSAT members linked by cultural or economic ties.

(e) Space segment facilities provided pursuant to paragraphs (c) and (d) shall be paid for and owned by and may be designed, developed and constructed in accordance with specifications provided by the Signatories or group of Signatories so requesting. Financial and other arrangements for the provision of such facilities and services shall be established by agreement between such Signatory or group of Signatories and the Board of Governors.

ARTICLE IV

INTELSAT will have juridical personality and will enjoy therefore the legal capacities necessary for the exercise of its functions and the realization of its objectives. Specifically, it shall have the authority to:

- (i) contract;
- (ii) acquire and dispose of real and personal property;
- (iii) institute legal proceedings.

ARTICLE V

(a) Each Signatory shall contribute a percentage of the costs of the design, development, construction and establishment of the INTELSAT space segment equal to its investment share.

(b) Except as otherwise provided in this Article, each Signatory to the Operating Agreement shall have an investment share equal to its percentage of the recent past total utilization by all Signatories to the Operating Agreement of the INTELSAT space segment.

(c) On the date of entry into force of the Operating Agreement the initial investment share of each Signatory to the Operating Agreement shall be fixed by determining its percentage of the total utilization of the INTELSAT space segment by all Signatories to the Operating Agreement during the three months prior to its entry into force.

(d) Signatories' investment shares shall be adjusted /every year/ /every two years/ in accordance with the principle set forth in paragraph (b) of this Article.

(e) If the application of paragraph (e) of this Article would result in the assignment to a Signatory to the Operating Agreement who was a signatory to the Special Agreement of an initial investment share greater than its final quota under the interim arrangements, such Signatory may elect to take an initial share equal to its final quota under

the interim arrangements, provided that one or more Signatories to the Operating Agreement agree to increase their investment shares in the amount of difference between the investment share calculated pursuant to paragraph (e) of this Article and the final quota under the interim arrangements. Any Signatory to the Operating Agreement who elects to take an initial investment share equal to its final quota under the interim arrangements shall have the right at the next regular adjustment of investment shares to take the investment share to which it is entitled under the Operating Agreement.

(f) Any Signatory in whose jurisdiction a new earth station commences operation between the regular adjustment of investment shares, or any Signatory who commences use of the space segment through the earth station of another Signatory during such a period, may request a special adjustment of investment shares. The investment share of a Signatory requesting a special adjustment shall be fixed by determining its percentage of the total utilization of the INTELSAT space segment by all Signatories to the Operating Agreement during the three months preceding the special adjustment.

ARTICLE V (Cont'd)

- 3 -

(g) There shall be a special adjustment of investment shares whenever the Operating Agreement shall enter into force for a new Signatory between a regular adjustment of investment shares.

(h) The investment shares of all Signatories to the Operating Agreement shall be reduced pro rata as necessary to accommodate the results of special adjustments of investment shares.

(i) Notwithstanding the foregoing provisions of this Article, no Signatory shall have an investment share of less than 0.05%.

ARTICLE VI

For the purposes of implementing the provisions of this Agreement and the Operating Agreement, INTELSAT shall have an organizational structure comprising

- (a) a Conference of the Parties to this Agreement;
- (b) an Assembly of the Signatories of the Operating Agreement;
- (c) a Board of Governors of representatives of the Signatories of the Operating Agreement; and
- (d) a Secretariat under the jurisdiction of and responsible to the Board of Governors.

ARTICLE VII

(a) The Conference established by Article VI shall be composed of one representative of each Party to this Agreement.

(b) It shall meet as and when required for the purpose of discharging its functions and, in any event, not less than once in each period of three years following the date on which this Agreement enters into force unless more than two-thirds of the Parties notify the authority for convening the Conference that a meeting is not necessary during any one of the said periods.

(c) The authority for convening the Conference shall be the Government of the United States of America. Upon receipt of requests by not less than one-third of the Parties for the convening of a meeting in accordance with the provisions of this Article, the Government of the United States of America will forthwith take action to convene the Conference at the earliest practicable date, being not earlier than ninety (90) days after the receipt of the request of the last Party to so notify.

(d) A duly convened Conference shall comprise representatives of not less than two-thirds of the Parties. It shall adopt its own rules of procedure which shall

ARTICLE VII (Cont'd)

- 2 -

include, inter alia, provision for the election of a President and other officers. Each Party shall have one vote. A motion before the Conference shall be carried if at least two-thirds of those present are in favor.

(e) A duly convened Conference shall have all the powers necessary to:

- (i) amend any provision of this Agreement and procure any consequential amendment of the Operating Agreement;
- (ii) require the presentation of information by the Assembly and/or the Board of Governors on matters of policy included in this Agreement; and
- (iii) transmit to the Assembly and/or the Board of Governors its views on the manner in which policies are being implemented.

(f) Each Party will meet its own costs of representation at a meeting of the Conference; general expenses associated with the meeting will be shared equally by the Parties represented.

ARTICLE VIII

(a) The Assembly established by Article V shall be composed of one representative of each of the Signatories of the Operating Agreement.

(b) It shall meet ordinarily once during each period of twelve months following the date on which this Agreement and the Operating Agreement enter into force, and extra-ordinarily for a specific purpose, within its defined functions, on the call of the Chairman of the Board of Governors. The Chairman of the Board of Governors shall call an extraordinary meeting upon request from at least one-third of the Signatories or from the Board of Governors. The specific purpose of the extraordinary meeting shall be stated by the Signatories requesting the meeting or by the Board of Governors, as the case may be, and the business of such a meeting shall be confined to that purpose.

(c) At each meeting the Assembly shall elect from among those present a President and such other officers as may be required for the purposes of that meeting, and shall adopt its own rules of procedure. A quorum for any meeting of the Assembly shall consist of not less than two-thirds of the Signatories. Each Signatory shall have one vote. A motion shall be carried only if at least two-thirds of those present and voting are in favor.

ARTICLE VIII (Cont'd)

- 2 -

(d) At its ordinary meetings the Assembly shall have all the powers necessary to:

- (i) receive, consider, and express its views to the Board of Governors on the annual report and financial statements submitted to the Assembly by the Board of Governors;
- (ii) consider and, if in agreement, adopt amendments to the Operating Agreement which would not be inconsistent with the provisions of this Agreement, taking into account any views expressed by the Board of Governors;
- (iii) consider and express views upon future programs to be submitted by the Board of Governors;
- (iv) appoint a panel of legal experts of generally recognized ability for the purpose of presiding over arbitration proceedings;
- (v) approve, on the recommendation of the Board of Governors, the establishment of formal relationships with other international organizations;
- (vi) consider and act on any recommendations made by the Board of Governors concerning an increase in the limit of the net contribution set forth in Article XII of this Agreement;
- (vii) act upon the study on management arrangements submitted, pursuant to Article XI of this Agreement, by the Board of Governors;
- (viii) determine, upon the recommendation of the Board of Governors that a Party to this Agreement shall be deemed to have withdrawn from INTELSAT for failure to comply with the obligations of this Agreement.

ARTICLE IX

(a) The Board of Governors established by Article V, shall be composed of one representative from each Signatory or group of Signatories of the Operating Agreement whose investment share or combined investment shares is not less than the minimum share as determined under paragraph (b) of this Article.

(b) The minimum investment share that will entitle a Signatory or group of Signatories to be represented in the Board of Governors shall be determined annually by the Assembly. In making such determination, the Assembly shall be guided by the desirability of maintaining the number of members of the Board of Governors at approximately twenty. During the period prior to the first such determination by the Assembly, the minimum investment share that will entitle a Signatory or group of Signatories to be represented in the Board of Governors shall be equal to the investment share of the Signatory holding place number twelve in the order of size of the initial investment shares.

(c) Any time that a Signatory or group of Signatories successfully fulfills the requirements for representation under paragraph (a) of this Article, it shall automatically be entitled to be represented in the Board of Governors.

(d) Every Signatory or group of Signatories represented in the Board of Governors shall remain represented until the next regular adjustment of the investment shares, regardless of the changes that may occur in its investment share as the result of the admission of new members or other special share adjustments, provided however that such representation shall cease if the withdrawal of one or more Signatories from a group of Signatories would make the group ineligible to be represented in the Board of Governors under the provisions of this Article.

ARTICLE IX (Cont.)

- 2 -

(e) Each member of the Board of Governors shall have a voting participation equal to the investment share of the Signatory or the combined investment shares of the group of Signatories he represents. If the representative of any Signatory or group of Signatories shall have more than 45 percent of the total voting participation of all Signatories and groups of Signatories represented in the Board of Governors, he shall cast no more than the vote which is equal to 45 percent of the total voting participation.

(f) A quorum for any meeting of the Board of Governors shall consist of a majority of the members of the Board of Governors having at least two-thirds of the total voting participation of all Signatories and groups of Signatories represented in the Board of Governors or, in the alternative, a number of members equal to the total number of members constituting the Board of Governors minus three, regardless of the amount of voting participation they may represent.

(g) The Board of Governors shall decide:

(1) On all substantive questions, by a vote in favor representing:

(i) Either two-thirds of the total voting participation, rendered by at least four members,

(ii) or else a number of members equal to or exceeding the total number of members constituting the Board of Governors minus three, regardless of the amount of voting participation they may represent.

(2) On procedural questions, by a vote in favor representing:

(i) Either a simple majority of the voting participation of the members present, rendered by at least four members,

(ii) or else, if the preceding requirement in favor is not met, two-thirds of the members present, regardless of the amount of voting participation they may represent.

ARTICLE IX (Cont'd)

- 3 -

(h) In the event of controversy over whether a specific question is procedural or substantive, this shall be decided by the Chairman of the Board of Governors. A simple majority of the members present may reject and change the Chairman's decision, with each member casting one vote.

ARTICLE X

(a) The Board of Governors shall have responsibility for the design, development, construction, establishment, operation and maintenance of the INTELSAT space segment and for any other activities which are undertaken by INTELSAT pursuant to authority contained in this Agreement and the Operating Agreement. The Board of Governors shall have the powers and shall exercise the functions set forth in this Agreement and the Operating Agreement, including but not be limited to:

- (i) Adoption of policies, plans and programs in connection with the design, development, construction, establishment, operation or maintenance of the INTELSAT space segment and, as appropriate, in connection with any other activities which INTELSAT is authorized to undertake.
- (ii) Adoption of procurement policies, regulations and procedures and approval of procurement contracts in excess of an amount specified by the Board of Governors.

ARTICLE X (Cont'd)

- 2 -

- (iii) Establishment of the method for the calculation of investment shares pursuant to Article ☒ of this Agreement.
- (iv) Adoption of financial policies and approval of budgets by major categories.
- (v) Adoption of policies and procedures for the acquisition, protection and distribution of rights in inventions and data consistent with Article of the Operating Agreement.
- (vi) Adoption of criteria and procedures for approval of earth stations for access to the INTELSAT space segment, for verification and monitoring of performance characteristics of earth stations having access, and for coordination of such earth station access to and use of INTELSAT space segment.
- (vii) Adoption of terms and conditions governing the allotment of INTELSAT space segment capacity.

ARTICLE X (Cont.)

- 3 -

- (viii) Taking such actions as may be appropriate in accordance with the provisions of Article XII/ with respect to the increase of the net contribution.
 - (ix) Enter into agreements granting privileges, exemptions and immunities to INTELSAT pursuant to Article XV of this Agreement.
 - (X) Borrowing money and issuing notes and other obligations in order to finance the design, development, construction, establishment, operation and maintenance of the INTELSAT space segment and for any other activities which are undertaken by INTELSAT pursuant to this Agreement and the Operating Agreement, to the extent such financial obligations would not result in exceeding the net contribution limits prescribed in Article XIII of this Agreement.
- (b) In the performance of its responsibilities under this Agreement and the Operating Agreement, the Board of Governors shall be assisted by such advisory committees as it deems appropriate.
- (c) The Board of Governors shall adopt its own rules of procedure, which shall include the method for selection

ARTICLE IX (Cont'd)

of a Chairman and such other officers as may be required. Notwithstanding the provisions of Article ~~IX~~ of this Agreement, such rules may provide any method of voting in the election of officers as the Board of Governors deems appropriate.

(d) The first meeting of the Board of Governors shall be convened pursuant to Article of the Operating Agreement.

ARTICLE XI

(a) A Secretariat shall be established consisting of a Secretary General assisted by a staff whose size shall be determined by the Board of Governors.

(b) The Secretary General shall be appointed by and be responsible to the Board of Governors.

(c) The staff of the Secretariat shall be employed by the Secretary General pursuant to policies established by the Board of Governors.

(d) The paramount consideration in the appointment of the Secretary General and the employment of the staff of the Secretariat, and in the determination of the conditions of service, shall be the necessity of ensuring the highest standards of efficiency, competence, and integrity. In the performance of their duties the Secretary General and the staff shall refrain from any action incompatible with their responsibilities to INTELSAT.

(e) The Secretariat shall perform, pursuant to the policies of the Board of Governors and in accordance with specific determinations which may be made by the Board of Governors, the functions set forth in Annex A to this Agreement.

ARTICLE XI (Cont'd)

- 2 -

(f) The Board of Governors, within five years from the date of entry into force of this Agreement, shall submit to the Assembly a study which considers management arrangements for INTELSAT including, but not limited to, the following alternatives:

(i) The continued performance of technical and operational management functions by one or more signatories or national entities under contract to the Board of Governors.

(ii) The establishment of an international staff headed by a Director General responsible to the Board of Governors for the performance of the management functions, with authority to contract with one or more signatories or national entities for the performance of technical and operational management functions.

(iii) The establishment of an international corporation to perform the management functions under contract to the Board of Governors.

ARTICLE XI (Cont'd)

- 3 -

The Board of Governors shall have the authority necessary to effect any management arrangement which may be approved by the Assembly after consideration of the study submitted by the Board of Governors.

(g) In order that INTELSAT may continue to have efficient and effective management while the provisions of paragraph (f) of this Article are implemented, the Board of Governors shall conclude a contract under which INTELSAT will be provided management services in the design, development, construction, establishment, operation and maintenance of the INTELSAT space segment, including the services listed in Annex B to this Agreement.

ARTICLE XII

The Board of Governors shall award contracts, through open international tender, to bidders who offer the best combination of quality, price, and timely performance.

ARTICLE XIII

(a) Except as otherwise provided in this Article, the net contribution in the INTELSAT space segment shall not exceed U. S. \$300,000,000.

(b) Net contribution, as used in paragraph (a), shall include the cumulative cash contributions made by the Signatories of the Special Agreement pursuant to Article 4 of that Agreement and by Signatories to the Operating Agreement pursuant to Article ____ of that Agreement, less the cumulative amount of amortization recorded in the INTELSAT accounts commencing August 20, 1964.

(c) The Board of Governors shall have the authority to increase the net contribution in the INTELSAT space segment by U. S. \$100,000,000 above the limit prescribed in paragraph (a) of this Article or any increase thereof established pursuant to paragraph (d) of this Article.

(d) The Board of Governors may recommend that the net contribution in the INTELSAT space segment be increased above that amount prescribed in paragraph (a) or authorized pursuant to paragraph (c). Such recommendation shall be referred to the Assembly for consideration at its next ordinary meeting or at a special meeting convened by the Chairman of the Board of Governors pursuant to the provisions of Article VII thereof. Such recommendations for an increase shall become effective when approved by the Assembly.

ARTICLE XIV

(a) The Parties and Signatories agree that they shall not establish or otherwise acquire, or join in the establishment or acquisition of, any space segment other than the INTELSAT space segment, except as provided in this Article.

(b) To the extent any Party, Signatory, or any person within the jurisdiction of a Party establishes or otherwise acquires space segment facilities separate from the INTELSAT space segment to meet its domestic public and specialized telecommunications requirements, the establishment, acquisition and operation of such facilities will be subject to a prior determination by the Board of Governors as to their technical and operational compatibility with the existing and planned INTELSAT space segment.

(c) To the extent any Party, Signatory, or any person within the jurisdiction of a Party establishes or otherwise acquires space segment facilities separate from the INTELSAT space segment to meet its international specialized telecommunications requirements, the establishment, acquisition and operation of such facilities will be subject to:

- (i) a prior determination by the Board of Governors that such facilities will be technically and operationally compatible with the existing and planned INTELSAT space segment; and

ARTICLE XIV (Cont'd)

- 2 -

- (ii) prior consultation with the Board of Governors with respect to the economic compatibility of such facilities with any INTELSAT space segment facilities existing or planned to meet such specialized telecommunications requirements.

(d) To the extent any Party, Signatory, or any person within the jurisdiction of a Party establishes or otherwise acquires space segment facilities separate from the INTELSAT space segment to meet its international public telecommunications requirements, the establishment, acquisition and operation of such facilities will be subject to a prior determination by the Board of Governors that such facilities:

- (i) will be limited for use to a geographically compact group of INTELSAT member countries linked by cultural or economic ties;
- (ii) will be technically and operationally compatible with the existing and planned INTELSAT space segment; and
- (iii) will not have a substantial adverse economic effect upon INTELSAT.

(e) Nothing in this Agreement shall affect the right of a Party or Signatory to establish or otherwise acquire space segment facilities solely for national security purposes.

(f) Upon the breach of any obligation under this Article by a Party or its Signatory which has not been remedied within three months from the date of notification to the Party and Signatory by the Board of Governors of the breach, the rights of the Party and the Signatory shall be suspended. After three months from the date of such suspension, the Board of Governors may recommend to the Assembly that the Party be deemed to have withdrawn from this Agreement, pursuant to Article VII(d)(viii). Upon approval by the Assembly of such a recommendation, this Agreement shall cease to be in force for such Party. Withdrawal of the Signatory of such Party from the Operating Agreement shall thereupon be automatically effected subject to the condition provided in Article XVII.

ARTICLE XV

(a) The headquarters of INTELSAT shall be in Washington, District of Columbia, United States of America.

(b) The Government of the Party in which the Headquarters of INTELSAT is situated (hereinafter referred to as the host Government) shall as soon as possible after entry into force of this Agreement conclude with the Board of Governors, acting on behalf of INTELSAT, an agreement granting appropriate privileges, exemptions and immunities to INTELSAT and its organs, Parties and Signatories, and their respective officers, employees and representatives while in the jurisdiction of the host Government for the purpose of carrying out their assigned duties.

(c) The agreement concluded pursuant to paragraph (b) of this Article shall be independent of this Agreement and the Operating Agreement and shall prescribe the conditions for its termination.

(d) Such additional privileges, exemptions and immunities as may be appropriated for the proper functioning of INTELSAT under this Agreement and the Operating Agreement may be obtained at the request of the Board of Governors from one or more other Parties, either by means of an agreement or agreements which the Board of Governors, acting on behalf of INTELSAT, may conclude with one or more such Parties, or by other appropriate action of such Party or Parties.

ARTICLE XVI

The Secretariat shall calculate the value of the investment of signatories to the Special Agreement who have not signed the Operating Agreement upon its entry into force by multiplying the last investment quota of each such signatory under the Special Agreement by the net worth of the INTELSAT space segment as of the effective date of this Operating Agreement. Each such signatory shall, by notification to the Secretariat on or before the first date of the determination of the investment shares pursuant to paragraph (c) of Article V, be entitled to receive an amount equal to the value of its investment. If no such notification is received within such notification period, the value of the investment of that signatory shall be continued in the INTELSAT space segment at a rate of interest to be determined by the Board of Governors. If that signatory does not accede to the Operating Agreement within one year from the date of its entry into force, it shall receive the value of its investment as computed above plus the accumulated interest.

ARTICLE XVII

(a) Any Party may withdraw from this Agreement and this Agreement shall cease to be in force for that Party three months after that Party shall have notified the Depositary Government of its intention to withdraw. In the event of such withdrawal, the Signatory designated by such Party shall pay all sums already due under the Operating Agreement, together with a sum which shall be agreed between that Signatory and the Board of Governors in respect of costs which will result in the future from contracts concluded prior to notification of withdrawal. If agreement has not been reached within three months after notification of withdrawal, the Board of Governors shall make a final determination of the sums which shall be paid by that Signatory.

(b) Not less than three months after the rights of a Signatory to the Operating Agreement have been suspended pursuant to Article ____ of the Operating Agreement, and if that Signatory has not meanwhile paid all sums due, the Board of Governors, having taken into account any statement by that Signatory or the Party which has designated it, may recommend to the Assembly that such Party shall be deemed to have withdrawn from this Agreement. Upon approval by

by the Assembly of such a recommendation, this Agreement shall cease to be in force for such Party.

(c) Withdrawal by a Party from this Agreement shall automatically effect withdrawal from the Operating Agreement by the designated Signatory to the Operating Agreement, but the obligation to make payments under paragraph (a) of this Article shall not be affected by such withdrawal.

ARTICLE XVIII

(a) Amendments to this Agreement may be proposed by any Party or Signatory and shall be submitted to the Board of Governors for consideration. The Board of Governors shall submit proposed amendments, together with its comments and recommendations, to the Assembly. The Assembly shall submit proposed amendments to the Parties with the recommendations of the Board of Governors and its own recommendations concerning whether the amendments should be adopted and whether the Conference should be convened. Notwithstanding the recommendation of the Assembly, one-third of the Parties may request that the Conference be convened to consider any amendments to this Agreement proposed pursuant to this Article.

(b) Proposed amendments shall be distributed to the Parties at least ninety days prior to the convening of the Conference.

(c) Upon recommendation of the Assembly or the request of one-third of the Parties, the Government of the United States of America shall convene the Conference.

(d) An amendment to this Agreement shall enter into force for all Parties 90 days after the Depositary Government has received notice of acceptance of the amendment from two-thirds of the Parties, except that such two-thirds must include Parties who hold or Parties whose Signatories hold

ARTICLE XVIII(cont'd.)

- 2 -

at least eighty percent (80%) of the investment shares in the INTELSAT space segment.

ARTICLE XIX

(a) This Agreement shall be open for signature in Washington from _____, 1969, until it enters into force, or until a period of 18 months has elapsed, whichever occurs first, by:

(i) the Government of any State which is a Party to the Interim Agreement;

(ii) the Government of any other State which is a member of the International Telecommunication Union.

(b) Any State referred to in paragraph (a) shall be bound by the signature of this Agreement unless that signature is declared to be subject to ratification, acceptance or approval.

(c) The Government of any State referred to in paragraph (a) of this Article may accede to this Agreement after it has entered into force.

(d) No reservation may be made to this Agreement.

ARTICLE XX

(a) This Agreement shall enter into force on the date on which it has been signed not subject to ratification, acceptance or approval, or has been ratified, accepted or approved, by two-thirds of the parties to the Interim Agreement, provided that such two-thirds includes Parties who hold or Parties whose Signatories hold at least eighty percent (80%) of the total investment quota under the Special Agreement. This Agreement shall not in any event enter into force on a date earlier than six months following the date it is opened for signature.

(b) For the Government of a State whose instrument of ratification, acceptance, approval, or accession is deposited after the date this Agreement enters into force under paragraph (a) of this Article, this Agreement shall enter into force on the date of such deposit.

(c) Upon entry into force of this Agreement pursuant to paragraph (a) of this Article, it shall enter into force provisionally for any Government which signed it subject to ratification, acceptance or approval unless that Government declares otherwise at the time of signature. Such provisional application shall terminate:

(i) Upon deposit of an instrument of ratification, acceptance or approval of this Agreement by that Government; or

(ii) Upon withdrawal by that Government in accordance with this Agreement.

(d) Notwithstanding anything contained in this Article, this Agreement shall not enter into force for any Government nor be applied provisionally by any Government until that Government or its communications entity designated pursuant to Article II of this Agreement shall have signed the Operating Agreement. The Board of Governors may determine the financial conditions under which the Operating Agreement shall be signed by a Government, or by the designated communications entity of a Government, which, having signed this Agreement subject to ratification, acceptance, or approval and without provisional application, deposits an instrument of ratification, acceptance or approval after this Agreement has entered into force, or which accedes to this Agreement.

(e) Upon entry into force of this Agreement, it shall replace and terminate the Interim Agreement dated August 20, 1964.

(f) Upon entry into force of this Agreement, the Government of the United States of America shall register this Agreement and the Operating Agreement with the Secretary-General of the United Nations in accordance with Article 102 of the Charter of the United Nations.

(g) Instruments of ratification, acceptance, approval or accession, and notifications of acceptance of amendments and of intention to withdraw shall be deposited with the Government of the United States of America.

ARTICLE XX

3 (Cont'd)

(h) The Government of the United States of America shall notify all signatory and acceding States of signatures and declarations attendant thereto, the deposit of instruments of ratification, acceptance, approval or accession, and notifications of acceptance of amendments and of intention to withdraw.



POST & TELEGRAPH DEPARTMENT
THAILAND

TELEGRAPHIC ADDRESS
"TELEPOST BANGKOK"

Bangkok, July 1969

Reference No. D.N. 3326 /2512

Mr. Abbott Washburn
Deputy U.S. Chairman
Intelsat Conference
Department of State
Washington D.C. 20520
U.S.A.

Dear Mr. Washburn,

It was a real pleasure for me to hear from you by your letter dated 17th June 1969. It was also a good news to learn that the U.S. Government has revised its position on definitive arrangements for Intelsat.

It seems to me that the new positions of the U.S. Government as regard to the Assembly and the Governing Body are very reasonable and therefore acceptable to us. The international secretariat with administrative financial and legal functions, is also quite adequate, leaving Comsat to be in charge of operational and technical services under contract. The legal personality for Intelsat, and also the regional systems as stated in your letter, also meet with the requirement of most countries in the last Conference.

I am sure that this new position of the U.S. Government will lead to a quick conclusion for the Preparatory Committee. You may be assured of the support of the Thai representative there who is now informed of the above development.

I hope that your work now is going well and the beautiful summer in Washington D.C. will help the Preparatory Committee to complete its task successfully. I also hope to see you and Mrs. Washburn in Bangkok sometimes before November, so that we could reciprocate you with our modest hospitality and exchange views with you.

Yours sincerely,

(SRIRHUMI SUKHANETI)

The delegations of the United States and France suggest that the draft article on privileges and immunities reproduced in document Com. II/15 (Annex A) might be adopted as part of the definitive international agreement with an additional paragraph preceding paragraph (d) of the draft article, requiring all member States to grant the following minimum privileges and immunities within their territories:

- 1 a. Exemption from national income and property taxes for the organization.
- b. Immunity from civil and criminal process for representatives to the Assembly or Assemblies, the Governing Body, arbitrators and agents in arbitration procedures and officers and employees of INTELSAT for acts performed in the exercise of their official capacities and falling within their function as such, except for civil actions for damages by third parties arising out of an accident caused by a vehicle, vessel, or aircraft.

As for the territory of the State where the headquarters is located, these privileges and immunities could be included in a headquarters agreement negotiated between INTELSAT and that State.

Paragraph (d) of the draft article would commence with the words "Such other privileges and immunities," so that additional privileges and immunities could be negotiated as appropriate.

Notwithstanding the foregoing, the United States delegation remains also willing to accept the draft article in Com.II/15 (Annex A) as it now stands with minor editorial changes.

July 6, 1969

OUTLINE OF PROPOSED PACKAGE SETTLEMENT

1. Scope of Activities. The organization would have international public telecommunications as its primary objective, would also provide domestic services, and could provide specialized services. It could also put up separate satellites for these purposes.
2. Membership and Access. Membership would be confined to members of the ITU, but all states and areas could be permitted direct access on an equitable basis.
3. Legal Form. The organization would have legal personality and, in particular, the capacity to contract, acquire and dispose of property, and institute legal proceedings.
4. Assembly. There would be an Assembly or two Assemblies representing both governments and signatories, which would have general responsibilities. Provided the assigned responsibilities are satisfactory, the Assembly or Assemblies would make decisions without weighted voting on the basis of a two-thirds majority.
5. Governing Board. The Governing Board, like the Interim Committee, would be the basic decision-making body. It would operate on a weighted vote basis, with voting power proportionate to investment except that a specific limit on the voting power of any one member could be considered. Though unanimity would be sought and preferred on every vote, decisions would require a two-thirds weighted vote, except that no single member could alone veto a decision favored by all others. Decisions also might require the affirmative vote of at least one-third of the members.

There would be a contract with a specific entity, reporting to the Governing Board, which would perform the operational and technical and associated functions of the present Manager. This entity would be under contract for a period of not less than seven years, and could be rehired or replaced by the Governing Board at the end of that period. It would be understood, either implicitly or explicitly, that the entity would be Comsat. The Secretary General or Director General would not be interposed between the Governing Board and the technical manager.

There would be no concept of slowly transferring some of this entity's functions to an international body, either during the contract period or by any fixed date. On the other hand, the question of how best to discharge these functions at the end of the seven year period would be left open and could be made the subject of an objective study. The Governing Board, with the approval of the Assembly, would be authorized to make any arrangement it wanted to after the contract period.

7. Financial Arrangements. Financial arrangements would be based on the concept of investment related to use, with periodic adjustments. "Use" should be construed as all use of INTELSAT-financed facilities without distinction between international and domestic traffic.
8. Regional Systems. Regional systems outside INTELSAT would be permitted on the basis of a compact regional area, provided the Governing Board has the authority to determine in each case that the proposed system would not be technically or economically incompatible with INTELSAT.
9. Obligations of Members. Members would be obligated not to participate in the establishment or ownership of outside international systems other than regional systems which have been so approved, but could use non-member systems to communicate with non-member countries not using INTELSAT.
10. Procurement. The basic criteria would be best quality, best price, and timely performance. However, the widest practical international participation consistent with this would be encouraged.



Preparatory Committee of the Plenipotentiary Conference
on Definitive Arrangements for the International
Telecommunications Satellite Consortium
Washington, D.C., June-July 1969

PC/OD/1

ORDER OF THE DAY
Tuesday, June 24, 1969

10:00 a.m.

Second Session. Election
of Vice Chairman. Consider-
ation of Order of Discussion
of Work Program Topics.
Discussion of Governing Body,
Assembly, Management and
related topics.

Pan American
Health Organiza-
tion (PAHO)
Council Chamber,
525 Twenty-third
Street, N.W.
(Directions at
Conference
Information
Center).

2:30 p.m.

Third Session. Continued
Discussion of Governing
Body, Assembly, Management
and related topics.

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Preparatory Committee of the Plenipotentiary Conference
on Definitive Arrangements for the International
Telecommunications Satellite Consortium
Washington, D.C., June-July 1969

PC/OD/3

ORDER OF THE DAY
Thursday, June 26, 1969

10:00 a.m.

Fifth Session. Continued discussion of Governing Body, Assembly, Management and related topics.

Pan American Health Organization (PAHO) Council Chamber, 525 Twenty-third Street, N.W. (Directions at Conference Information Center).

2:30 p.m.

Sixth Session. Continued discussion of Governing Body, Assembly, Management and related topics.

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At conclusion of Committee session

Working Group on Functions and Powers of INTELSAT.

Room 1207, Department of State.

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Preparatory Committee of the Plenipotentiary Conference
on Definitive Arrangements for the International
Telecommunications Satellite Consortium
Washington, D.C., June-July 1969

PC/OD/4

ORDER OF THE DAY
Friday, June 27, 1969

10:00 a.m.	<u>Seventh Session.</u> Continued discussion of Governing Body, Assembly, Management and related topics.	Pan American Health Organization (PAHO) Council Chamber, 525 Twenty-third Street, N.W. (Directions at Conference Information Center).
2:00 p.m.	<u>Working Group on Functions and Powers of INTELSAT.</u>	Room 1207, Department of State
2:30 p.m.	<u>Eighth Session.</u> Continued discussion of Governing Body, Assembly, Management and related topics.	Pan American Health Organization (PAHO) Council Chamber, 525 Twenty-third Street, N.W. (Directions at Conference Information Center).

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Preparatory Committee of the Plenipotentiary Conference
on Definitive Arrangements for the International
Telecommunications Satellite Consortium
Washington, D.C., June-July 1969

PC/OD/5

ORDER OF THE DAY
Monday, June 30, 1969

10:00 a.m.

Ninth Session. Consideration
of functions and powers of
INTELSAT and related topics.

Main Conference
Room, Department
of State.

2:30 p.m.

Tenth Session. Continued
consideration of functions
and powers of INTELSAT and
related topics.

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Preparatory Committee of the Plenipotentiary Conference
on Definitive Arrangements for the International
Telecommunications Satellite Consortium
Washington, D.C., June-July 1969

PC/OD/6

ORDER OF THE DAY
Tuesday, July 1, 1969

10:00 a.m.

Eleventh Session. Consideration
of functions and powers of
INTELSAT and related topics.

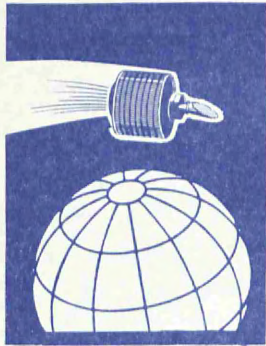
Main Conference
Room, Department
of State.

2:30 p.m.

Twelfth Session. Continued
consideration of functions
and powers of INTELSAT and
related topics.

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Preparatory Committee of the Plenipotentiary Conference
on Definitive Arrangements for the International
Telecommunications Satellite Consortium
Washington, D.C., June-July 1969

PC/OD/7

ORDER OF THE DAY
Wednesday, July 2, 1969

10:00 a.m.	<u>Thirteenth Session.</u> Discussion of Management and related topics.	Main Conference Room, Depart- ment of State.
2:30 p.m.	<u>Fourteenth Session.</u> Discussion of Management and related topics.	"

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Preparatory Committee of the Plenipotentiary Conference
on Definitive Arrangements for the International
Telecommunications Satellite Consortium
Washington, D.C., June-July 1969

PC/OD/8
July 3, 1969

ORDER OF THE DAY
Thursday, July 3, 1969

10:00 a.m.

Fifteenth Session.
Discussion of Legal
Personality and
related topics.

Main Conference
Room, Department
of State.

2:30 p.m.

Sixteenth Session.
Continued discussion
of Legal Personality
and related topics.

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Preparatory Committee of the Plenipotentiary Conference
on Definitive Arrangements for the International
Telecommunications Satellite Consortium
Washington, D.C., June-July 1969

PC/OD/9
July 4, 1969

ORDER OF THE DAY
Friday, July 4, 1969

10:00 a.m.

Seventeenth Session.
Continued discussion
of legal and related
matters.

Main Conference
Room, Department
of State.

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Preparatory Committee of the Plenipotentiary Conference
on Definitive Arrangements for the International
Telecommunications Satellite Consortium

Washington, D.C., June-July 1969

PC/OD/10

ORDER OF THE DAY
Monday, July 7, 1969

9:00 a.m.

Eighteenth Session.
Consideration of
establishing a financial
working group. Resumed
discussion of structure and
voting arrangements in the
Governing Body.

Main Conference
Room, Department
of State.

2:30 p.m.

Nineteenth Session.
Discussion of rights and
obligations and the
preamble. Resumed dis-
cussion of legal items.

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Preparatory Committee of the Plenipotentiary Conference
on Definitive Arrangements for the International
Telecommunications Satellite Consortium
Washington, D.C., June-July 1969



PC/OD/11

ORDER OF THE DAY
Tuesday, July 8, 1969

9:00 a.m.

Twentieth Session. Resumed discussion of the Assembly and voting arrangements in the Governing Body. Discussion of financial arrangements.

Main Conference Room, Department of State.

2:30 p.m.

Twenty-first Session. Discussion of rights and obligations and the preamble. Resumed discussion of legal items.

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Preparatory Committee of the Plenipotentiary Conference
on Definitive Arrangements for the International
Telecommunications Satellite Consortium
Washington, D.C., June-July 1969

PC/OD/12

ORDER OF THE DAY
Wednesday, July 9, 1969

9:00 a.m.

Twenty-second Session.

Resumed discussion of rights and obligations and the preamble. Discussion of procurement, inventions, data and technical information. Resumed discussion of the Assembly, Management, and voting arrangements in the Governing Body.

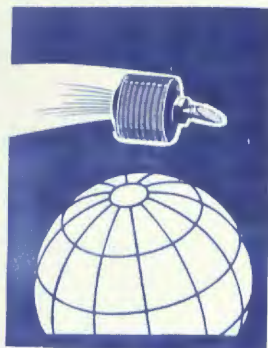
Main Conference
Room, Department
of State.

2:30 p.m.

Twenty-third Session.

Continuation of morning's discussion. Resumed discussion of legal items.

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Preparatory Committee of the Plenipotentiary Conference
on Definitive Arrangements for the International
Telecommunications Satellite Consortium
Washington, D.C., June-July 1969

PC/OD/13

ORDER OF THE DAY
THURSDAY, JULY 10, 1969

9:00 a.m.	<u>Twenty-fourth Session.</u> Further discussion of Committee's future work program. Resumed consideration of voting arrangements in the Governing Body and of the structure of the Assembly (or Assemblies) and related matters.	Main Conference Room, Department of State.
2:30 p.m.	<u>Twenty-fifth Session.</u> Continuance of the morning's discussions as appropriate.	Main Conference Room, Department of State.

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Preparatory Committee of the Plenipotentiary Conference
on Definitive Arrangements for the International
Telecommunications Satellite Consortium
Washington, D.C., June-July 1969

PC/OD/14

ORDER OF THE DAY
FRIDAY, JULY 11, 1969

10:00 a.m.

Concluding Session.

Main Conference
Room, Department
of State.

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INTELSAT CONFERENCE

July 7, 1969

PREP-COM COMMENTS ON THE MANAGER BY ABBOTT WASHBURN

The United States has a deep commitment to INTELSAT which, though still in its infancy, has made such a remarkable record over the past five years. We have a tremendous stake in it, not just as a financial investment, but philosophically as an idea which the U.S. has nurtured and believed in from the beginning...and also, of course, because of the great volume of traffic that originates or terminates in this country.

To keep up the extraordinary pace of INTELSAT's progress, the organization must be governed extremely well; and essential to this is continued excellence of management. Please understand that in saying this I do not mean to imply that we are wedded to American management indefinitely.

From listening to the debates and reading the various papers of the Conference and the Prep-Com, it is clear that we are all agreed on one overriding principle -- namely -- that our first objective is the on-going efficiency, economy, and reliability of the global system -- and its continued growth as a truly world service.

Also from the discussions, it seems clear that there is quite general agreement on the need and desirability of continuing the present manager -- at least to handle the technical and operational functions of the space segment -- under contract for a fixed period of years.

The United States is completely open-minded as to what happens -- with respect to the manager -- at the close of that contract period. If COMSAT is not to be rehired at that point, we would insist -- as I am sure all the other partners would also insist -- that whatever entity does the job must be equally as efficient and competent to carry on. We can well conceive that by that time there may be several other competent technical teams available both in this country, in Canada, Europe, Japan, and perhaps elsewhere in the world. It might be decided to ask for bids from a number of such teams...or to put out a general bid.

Also open to INTELSAT, at that time, would be the possibility of creating a separate international body to perform these technical functions. Or it could decide to broaden the functions of the Secretariat, if there is one, to include these functions. The United States does not exclude any of these four possibilities as we look ahead. We are also quite open as to the method of determination of what happens at that point -- and are listening with great interest to your thoughts on this.

I believe that all of us, as partners, should agree to watch the situation carefully over the first two or three years of the management contract and, in the light of technical developments and other developments, do our best to evolve the most effective plan for what happens at the end of the contract period. I do not think we can, or should, sit here now, in July of 1969 or later on in November, and try to decide a priori what should be done six or seven years hence.

The very thoughtful and interesting paper submitted last week by the Delegate of Venezuela contains the suggestion that the Governing Board be charged with studying this matter and that it make a report to the Assembly containing recommendations for provision of the on-going management. This proposal strikes us as both helpful and realistic. As he indicates, this should be done rather early on in the contract period, so that the report could be carefully studied and decisions taken a year or two before the close of the contract -- in order to assure no interruption in the operational management of the global system.

The problem of COMSAT's wearing two hats is bothersome to a number of delegations. We understand this concern -- and are aware of the overtones, or perhaps undertones, resulting from the situation. One initial suggestion in this connection would be to put COMSAT in a contractual relationship under the Board of Governors, thus placing it more in the category of a hired servant of the INTELSAT organization, or in the representative of Italy's phrase, of a team of specialists that you might hire to install your telephone or keep your TV set in order.

Another move that we can contemplate, as you know, is the spinning off of various administrative functions of the managership and vesting them in an international Secretariat that could be under the direction of an Administrative Manager or Secretary General. This unit, reporting to the Governing Board, would be the counterpart of the Technical Manager, COMSAT. The Technical Manager, as the Venezuelan paper suggests, might report to a Management Subcommittee of the Governing Board, with the U.S. representative not participating on the subcommittee.

These two moves would substantially change the present role of COMSAT as Manager. We would hope they would be received as evidence of our good faith concerning the "two-hat problem".

Members of one or two other delegations have asked me whether COMSAT could not be removed as the signatory, continuing on as Manager but being replaced as signatory by some entity of the U.S. Government. This is not an option that is open to us. The reason is that the U.S. Congress, in the Satellite Act of 1962, designated COMSAT as the "chosen instrument" of the U.S. Government to develop the global system and make it available to other nations, including both industrialized and developing countries. It would be extremely difficult to change this law -- and certainly would require several years time to do so -- even if COMSAT had done a bad job of carrying out the mission Congress gave it. But with the global system the spectacular success that it has become, in just the short span of five years, the legislators on Capitol Hill would not listen to any changes. Beyond this, as you know, traditionally the U.S. Government does not operate commercial communications systems; and therefore this is something that is not, realistically, subject to change.

COMSAT is not a government organization or even a quasi-government organization. (Its only Government aspect is that out of 15 members of the company's Board of Directors, the President of the U.S. appoints 3 members.) There are no government funds allotted to it. The money which COMSAT has invested in INTELSAT was raised entirely from the public through the sale of shares of stock in the company -- there are today some 140,000 COMSAT stockholders in the organization -- and for this reason no entity of the U.S. Government could

serve as signatory or sit on the Governing Board and vote the COMSAT interest in INTELSAT as the legal representative of the United States. This is an internal matter for us. I raise it only because of questions from other partners and to clarify that we are foreclosed from changing the U.S. signatory.

Some members this morning have raised the question of whether the U.S. Government under the Satellite Act has or can exercise the legal authority to give instructions to COMSAT as Manager for INTELSAT. Let me clarify that nothing in the Satellite Act is intended to, or actually does, give such authority to the U.S. Government. To answer this concern directly -- the U.S. Government does not have, claim or intend to exercise such a power, or to give instructions to COMSAT in the discharge of its managerial duties.

How much internationalization of INTELSAT is really needed? Before we are through, this Conference will have set up an Assembly -- or possibly two Assemblies -- with all member countries participating.

We will have created a Governing Board, composed of some 20 or 22 members, who will represent directly or indirectly perhaps as many as 60 of the 68 member countries.

We may very likely have set up an Administrative Secretariat with an international staff under a Secretary General, to assume most or all of the administrative tasks of the Manager.

Meanwhile the contract manager for technical operations will continue to add experts from other countries to its staff, as they become available.

To an observer from Mars this would seem to add up to a considerable movement in the direction of internationalization. But, even so, we would not oppose further movement -- to full internationalization of the technical management under a Director General -- if we thought it would work as well, and if we thought it possible to decide this question several years ahead in a technology that is moving as rapidly as space communications. The truth is we doubt that it would be as workable, and we believe that any decisions made today would be taken blindly.

It would not be as workable, in our judgment, because the technical operation of the global system, difficult enough in its own right, ought not to be subjected to the additional problems of international politics or of pressures to balance its staff nationally or regionally. One could write provisions against this, but the fact remains that these factors would inevitably creep into an area of INTELSAT where they have no business -- with consequent lessening of the efficiency of the system. In this regard -- to be frank -- the recent examples we have seen of multi-national efforts to mount space programs do not give us much comfort as we contemplate this possibility.

Equally serious, in our view, would be the immediate negative effect on the morale of the technical manager of a decision to phase them out. As one COMSAT technician put it: "If you know you're going to be dead, you're not apt to stick around for the funeral." Highly qualified scientific and engineering personnel are today at a premium throughout the world. COMSAT's ability to hold and attract them would inevitably be affected. This would change the challenge of the job to them. It would alter their ability to progress in their profession by working on the frontiers of space communications. Challenges elsewhere and attractive salaries would certainly draw a number of them away, with deleterious effect on the efficiency of the system. And, to replace them, it would be difficult to recruit expert personnel for an operation in process of phasing out.

It has been suggested that these professional experts at COMSAT would or could be induced to move over to the Secretariat and become a technical cadre under the Secretary General if and when he takes over the operational management. The fallacy here is that they would not wait around for this to happen and that most of them would not be attracted to an international civil service corps. It is far more likely that the bulk of them would go to other private enterprise organizations here and abroad, and that they would do so long before the designated change-over. All the Consortium partners rely on this team of experts for the continued development and growth of the system. INTELSAT's future still depends upon their competence and dedication. Ought we to tamper with such a key element in our success?

To sum up, in our view there could be an international Secretariat as soon as practicable, reporting to the Governing Board and handling appropriate administrative functions of the present Manager. There could be a fixed-term management contract with the present Manager to perform the technical and operational functions, also reporting to the Governing Board. This Technical Manager could be rehired or replaced after the contract period -- or an entirely new arrangement could be instituted.

We do not think it wise to try to prejudge now that the Technical Manager's functions should be transferred to an international body. The question of how best to discharge these functions after the contract period ought to be left open for study, with the understanding that a decision would be taken well before the end of the contract period.

In this way, we will be safeguarding the continued progress of the global system both for now and for the future.

UNITED STATES COORDINATING GROUP
FOR THE
MEETING OF THE PREPARATORY COMMITTEE
OF THE
PLENIPOTENTIARY CONFERENCE ON DEFINITIVE ARRANGEMENTS
FOR THE
INTERNATIONAL TELECOMMUNICATIONS SATELLITE CONSORTIUM
Washington, D.C., June 23 - July 11, 1969

June 23, 1969

ALPHABETICAL
TELEPHONE DIRECTORY

<u>NAME</u>	<u>Parent Organization</u>		<u>U.S. Delegation</u>		<u>Home</u>
	<u>Agency</u>	<u>Ext.</u>	<u>Office</u>	<u>Ext.</u>	
Governor Scranton	U.S. Gov't.	6604	1417	6604 6605	293-5344
Abbott Washburn	U.S. Gov't.	2300	1417	2300	244-7593
Frank Loy	State	4118	1115	6732	337-5119
Asher Ende	FCC	632-6910	1117	4875	656-1919
John Johnson	COMSAT	554-6340	1117A	5512	524-3931

ALLEN, Ward P.	State	5244			765-9510
BATTLE, Lucius D.	COMSAT	554-6042			337-2443
BELT, Richard D.	State	3441			534-9096
CARTER, Mildred			1113	5268	832-3440
CLARK, Ralph L.	OTM (Code 103)	5196	1117	4875	536-6642
COLINO, Richard	COMSAT	554-6375	1117A	5512	
COMSAT OFFICE			1117A	5512	
DONAHUE, Thomas E.	COMSAT	554-6380	1117A	5512	424-3452
DOUD, Lowell A.	State	6512			232-1680
DOYLE, Stephen E.	State	8580	1210A	5680	971-3498

ENGLISH, William	COMSAT	554-6147	1117A	5512	657-8248
FCC OFFICE			1117	4875	
FRANK, Richard A.	State	6621			234-2244
GELLER, Henry	FCC	632-7020			765-1913
GREENBURG, Robert	FCC	632-6990	1117	4875	EM 5-3313
HAGER, Eric	U.S. Gov't.		1111	5267	965-2700
HYDE, Rosel H.	FCC	632-6336			WO 6-8537
KING, John	State	5000			534-5274
LORENZ, Joseph	State	4765			965-2316
MATTHEWS, A. Bruce	COMSAT	554-6490			365-0280
MCCORMACK, James	COMSAT	554-6020			524-3121
MCCORMACK, Richard	U.S. Gov't.		1417	3974	659-4026
MEYER, Lewis C.	COMSAT	554-6700			256-8628
MILLER, William K.	State	5461	1210A	6512	525-3329
O'CONNELL, James D.	OTM (Code 103)	5182			229-2112
OLSSON, Ward T. (Col.)	OTM (Code 103)	5190	1117	4875	449-4199
O'MALLEY, John	OTM (Code 103)	5174	1117	4875	337-7168
ROSEMAN, Abbott	FCC	632-6415			365-0698
SMITH, Bromley	U.S. Gov't.		1113A	4160	234-6669
STRASSBURG, Bernard	FCC	632-6910			589-5891
WHITEHEAD, Clay T.	White (Code 145) House	2786	1008	4529	293-3293

July 7, 1969

MEMORANDUM FOR : Governor Scranton
FROM : U.S. Delegation
SUBJECT : Emerging Patterns on the Basic Issues
before the Conference.

I. Background

We are concerned at this Conference with the formulation of the Definitive Arrangements for an international global communications satellite system to supercede the Interim Arrangements open for signature in Washington on August 20, 1964. Almost five years have elapsed since the Agreements providing for interim arrangements were negotiated and the nations of the world embarked upon a unique experiment in international cooperation. In order to appreciate the nature of the problems involved in concluding the Definitive Arrangements, it is necessary to understand the basic character of INTELSAT. INTELSAT is a unique development in international cooperation. It represents the first attempt of mankind to make use of outer space for the benefit of all in a cooperative manner. INTELSAT recognizes that outer space belongs to all nations and is to be used by them for the mutual benefit of all without discrimination against any.

The satellites used to provide international communications are in themselves the fruits of the most advanced developments

of both the electronics and space technology now available to mankind. These satellites, in synchronous orbit, enable all nations having earth stations which can access a satellite to communicate with all other nations in a similar position directly, and without the need to transit other nations. Any development in this technology which makes service more efficient or more economical for any one user benefits all users.

Large users have a vested interest in reducing the costs to small users with whom they communicate. This is so because the total cost to each of the users of a circuit between any two countries in the long run must equal one half of the total cost at both ends of the circuit. In this respect, INTELSAT is different from most, if not all, other efforts at international cooperation. There are no benefactor nations or beneficiary nations. What is beneficial to any nation is, of necessity, beneficial to all; and conversely, what affects service to any nation adversely will have similar adverse effects on all other nations using the satellite.

Finally, INTELSAT was designed to be service oriented. Essentially, its clientele encompasses all of the users of international communications in the world, regardless of nationality or citizenship. In this sense, INTELSAT has a universal,

supranational outlook, with heavy emphasis on efficiency of operation and economy of cost.

INTELSAT is now beyond its experimental or even developmental stage. The space segment capable of providing global service is now in place, and any nation having an approved earth station can use INTELSAT's facilities to communicate with all other nations having approved earth stations.

II. Terms of Reference

The Agreement establishing the Interim Arrangements sets forth certain terms of reference for this Conference. It provides that, regardless of the form of the Definitive Arrangements, their aim shall be consonant with the principles of the Preamble to the Interim Agreement, that they shall be open to all states members of the ITU, that they shall safeguard the investment of signatories, and that they shall be such that all parties to the Definitive Arrangements may have an opportunity of contributing to the determination of general policy.

The Preamble to the Interim Arrangements places heavy stress on the establishment of a single satellite system as part of an improved global communications network, on making use of the most advanced technology for the benefit of all

nations, and on providing the most efficient and economical services possible. The Preamble also implies, and it is set forth in the terms of reference that member states should have a voice in the formulation of general policy.

III. The Basic Issue

A reading of the various papers submitted in the course of the Conference, and a consideration of the opinions orally expressed, would seem to indicate that there are a plethora of views regarding the structure, purposes, powers and functions of the organization to be established by the Definitive Arrangements. However, more careful analysis indicates that there is a remarkable degree of agreement regarding the basic aims of the organization, the purposes it is to achieve, and the manner in which it is to function. The remaining differences stem primarily from the relative stress placed by the various delegations on the achievement of economy and efficiency as against that placed by others on enhancing the voice of the individual Parties in the affairs and operations of INTELSAT. These differences manifest themselves in the proposals for structure of INTELSAT, the relative powers of the different tiers, how voting powers are to be determined, the majorities necessary to carry propositions, the ability to veto, the identity of the manager,

the problem of legal personality, and obligations of members.

IV. The Structure of INTELSAT

There is a general consensus, if not virtual unanimity, that responsibility for technical matters and day-to-day operations must be entrusted to a Governing Body of relatively small size in which voting power and control reflect at least generally the use made of the system by the entities represented thereon. The differences which arise with respect to voting power in this Governing Body relate essentially to the extent to which voting power is to be directly proportional to use. Here there are broadly two divergent views. The first view held by the group concerned with efficiency and economy is that there should be a direct relationship between investment, use, and voting power so that the organization would be responsive to the needs of users. Furthermore, that investment should be related directly to all use made of the global system, whether for international traffic or domestic traffic, and that voting power should reflect this investment and use. Those advocating this point of view agree that the system should be primarily designed to meet international requirements; but, once having been designed for this purpose, it should be available on a non-discriminatory basis for domestic uses as well.

Those who disagree with this basic point of view (and are concerned with greater voice to individual members), are probably ready to agree that investment in the system should follow use but feel that some countries, because of their potential heavy use of the system for domestic purposes, may exercise disproportionate control over the organization. It is, therefore, suggested either that use of the system for

domestic purposes be excluded in computing the vote or that it not have as much weight as use of the system for international purposes.

There is another variation among those who oppose relating voting power directly to use. This group suggests that a certain proportion of the total voting power be set aside and allocated equally among all members and that the balance of the voting power reflect actual use.

It appears to us that the concern about the voting power, although expressed in general terms, is directed primarily at what appears to be the disproportionate share of voting power the U.S. would have under a use formula which ties investment and voting together. We recognize that there is merit to these concerns, whatever theoretical justification there may be for a direct relationship between use, investment and voting. It follows, then, that an international organization now composed of 68 members, and hopefully encompassing all nations of the world in the future, should not be controlled by any single country. Accordingly, the United States in Document 10 has proposed absolute limitation of 50% on the voting power of any nation regardless of its investment or use. This limitation, together with the generally

accepted requirement of a 2/3 vote in the Governing Body for affirmative action would prevent affirmative control by the United States. In the further discussions at the Preparatory Committee we indicated that our position on a 50% ceiling was flexible and that we could accept a lower ceiling in an otherwise satisfactory Agreement. This approach should enable other countries to accept the use, investment, vote approach for all public traffic, domestic and international.

The Chilean paper, PC/4, at the Preparatory Committee approaches this problem from another point of view. It suggests that in order for a proposition to pass it should, in addition to the 2/3 vote, have the support of at least four members of the Governing Body. Our delegation has already indicated that it felt the Chilean paper was useful and had made considerable contribution to the resolution of this problem.

There is also the other side of the coin to the vote problem and that is the ability of any nation having more than 1/3 of the total vote; i.e., the United States, to veto proposals of others. The Chilean paper, PC/4, proposed that no item should be vetoed if it is supported by all members of the Governing Body except three, regardless of the vote.

This appears to be an ingenious approach but carries with it the danger that if the three largest users oppose a proposition, it might nevertheless pass even though it had the support of only 30-odd% of the weighted vote. Nevertheless, there appears to be merit to the concern that no one nation or a very small number of nations should be able to block the wishes of all other members of the Governing Body. We feel that in an otherwise acceptable agreement the United States should give careful consideration to this concern and accept some proposition which prevents a veto by one nation, provided it is supported by all other members of the Governing Body.

The next area of difference between the efficiency-economy group and the nation-voice group relates to the division of functions and powers between the Governing Body and the Assembly or Assemblies of all members of INTELSAT. The differences here have two aspects. The first of these relates essentially to the extent to which the Assembly of all signatories should have the power to review and veto decisions of the Governing Body or to give directives to it. The second aspect of the differences relates to the

so-called political or regulatory functions of nations and the powers that they should exercise in these respects over the functions and activities of the Governing Body.

These two different aspects of Assembly functions have also led to differences between the delegations as to whether there should be one Assembly in which governments and/or signatories are to be represented (the three-tier approach) or two separate Assemblies, one of signatories and one of governments (the four-tier approach).

Despite the differences expressed, it is clear from a reading of the papers that none of the holders of the above described views have any desire to circumscribe or limit the Governing Body to the extent that it will be unable to discharge its basic function of providing an efficient, economical space segment responsive to the needs of all members. The differences relate rather to specific details regarding which some delegations place much greater stress on the dangers to economy and efficiency from diluting the powers of the Governing Body whereas others place much greater stress on the need for and the desirability of giving individual members a dispositive voice in the Assembly.

It appears to us that the differences can be narrowed, if not eliminated, on the basis of a dispassionate analysis, item by item, of, on the one hand, the effect of the Assembly review on efficiency and economy of service, and, on the other hand, of the ability to incorporate within the Definitive Arrangements themselves specific provisions to protect the interests of small usermembers against unfair or discriminatory actions which could adversely affect such small users. There are, of course, certain areas where the Assembly would rightfully have a role. U.S. Document 10 suggests at least two such matters -- the first being an increase in investment obligations above

the amounts set in the agreements, and the second the election of some members to the Governing Body regardless of their voting power. It may be that other functions could be included, but in each case the basic test should be the effect upon economic and efficient operation which, after all, benefits all members and most particularly the small users and lesser developed countries, which do not have alternate means of direct communications available to them and whose relatively small use makes the per circuit costs a much more important factor in their ability to develop international or domestic traffic. Stress on this consideration, combined with a clear spelling out of rights of all members in the agreements, should lead to a mutually accepted solution.

The so-called four-tier approach which would distinguish between member-states as governments and signatories as users is worthy of detailed consideration. Several basic problems must, however, be resolved. The first of these relates to the voting question. If, in fact, one Assembly is to be composed of signatories only, is there any justification for a voting formula different from that in the Governing Body? Members of this Assembly would participate as investors in and users of the system, as a business enterprise. Under this concept, there would appear to be both logic and merit to

relating voting power to investment and use as in the Governing Body, subject to the same limitations against control or veto by one or a small group of large users. Essentially, however, this problem should

be resolved in the context of the powers of the Assembly.

If those powers are, with the specified exceptions named above, restricted to receipt of reports, debate and, where appropriate recommendations, the distribution of voting should not be a vital factor affecting efficiency and economy of the system, and a one-nation, one-vote approach might prove acceptable.

The basic problem with the Assembly of Governments relates to the powers and functions to be attributed to it. Since this would be in the nature of a plenipotentiary conference and would, under the proposals submitted, meet at infrequent intervals (every three or five years), its functions and powers should be geared to its political nature and infrequent meeting schedule. Thus, it could appropriately consider and act upon proposals for amending the intergovernmental agreement and debate general, overall policy questions. It should not, however, directly or by implication, be responsible for operational matters. In this connection, we have serious concern with the proposal that this body should act either as a public utility regulatory organ or have the function of considering whether the Governing Body is proposing to depart from the basic purposes of the organization.

As we see it, a public utility regulatory organ is required when a utility with monopoly powers provides service to the public in general. Since such service is essential by definition, there is a need for a public utility regulatory organ to protect the general public against monopoly abuses. INTELSAT, however, is not intended to provide service to the general public. In essence, it is an organization created by its members to serve them. Furthermore, under the investment-use approach for which there is now general consensus, each member would pay only its proportionate share of the capital and operating costs. Thus, the abuses to the general public by way of overcharges, poor service, discrimination or unresponsiveness to needs which may be envisioned in the normal public utility operation are precluded by the very nature of the INTELSAT operation. Charges must necessarily be uniform and, in any event, reflect only proportionate share of operating costs. Uniform quality of service from given satellites and responsiveness to needs of all users follows almost axiomatically from the single global concept. Protection against discrimination, deprivation of appropriate allocations of capacity and similar unfair activities should be provided for by the terms of the Agreements. Any Party or Signatory which at any time believes that its rights under the Agreements have been or are about

to be violated will be able to refer the matter to the Board of Arbitrators which will be established by the Agreements.

It will then be in a position to receive a prompt decision in accordance with its legal rights under the Agreements.

It appears to us that this is a much more efficient and effective manner of providing protection to members than requiring them to wait for the next Plenipotentiary Meeting of the first-tier Assembly for consideration of the complaint by that Body. Such an approach would not only lead to unnecessary delays but would also have inherent in it the danger that the decision on any given issue could be political rather than on the technical or operational merits given by a Board of Arbitrators whose sole function is to act in a quasi-judicial manner.

The attribution of the function of determining whether the Governing Body, in undertaking a particular course of action, is proposing to depart from the basic purposes of the organization to the Plenipotentiary Assembly also appears to us to be inconsistent with sound principles. A question of this type would appear to be essentially a legal one. It involves interpretation of the Agreements and as such should be entrusted to a quasi-judicial Body rather than to a political organ.

The Board of Arbitrators provided in the Agreements is particularly qualified to consider and decide such matters. Thus, whenever any nation or signatory is of the opinion that the Governing Body is acting or proposing to act in an ultra vires fashion and depart from the basic purposes of the organization, it could specifically demand the convening of the Board of Arbitrators for a prompt decision. Aside from this, there is also the danger that any party or signatory dissatisfied with a proposal could allege that such proposal represents a departure from the basic purposes and demand referral of the matter to the next Plenipotentiary Meeting of the Assembly of Governments. This would give a single party or signatory the power to impede, if not negate, the ability of the organization to be responsive to the decisions of the vast majority of the parties or signatories in both number and voting power.

If the Assembly of Parties were to be given the functions outlined above, the Assembly of Signatories similarly given the functions outlined above, and a consensus appears to be developing for the four-tier approach, we believe that this approach would merit serious consideration by the United States with the view to incorporating it in the Agreements.

The Manager

The question of the managership is perhaps the most difficult one confronting the Conference. Its solution is also the key to the negotiation of mutually satisfactory arrangements. Once it is resolved in a manner acceptable to all it would appear that differences on other issues will probably prove more easily manageable.

At the Plenipotentiary Conference three basic positions emerged. The first, reflecting the views of those desiring to enhance the status of the individual member, in essence, postulated that it was improper to permit the largest owner and user to serve also as manager. It was therefore proposed that an international Secretariat under a Secretary General be set up, to which the functions now performed by COMSAT would be progressively transferred on a fixed time schedule, with the total transfer to be completed as quickly as possible, but in no event later than a date to be specified in the Agreements.

A second position, a compromise between the first and the efficiency, economy view, was premised on the concept that "internationalization" of the managerial functions was a necessary and proper ultimate goal and provisions looking towards its

achievement were to be incorporated in the Agreements. However, this group placed primary emphasis on the need to maintain efficiency and economy and would not set a timetable or ultimate date for either the transfer of any function or for completion of the transfer. Instead, a test of ability to perform would have to be satisfied before a function were transferred.

The third position, put forth by the United States Delegation was that the considerations of economy and efficiency required that at present COMSAT be retained as Manager under a fixed time contract. It contemplated that at the end of any contract period the Governing Body could either renew the contract or enter into a contract with another entity, subject to the approval of the Assembly. In the debate, the United States made it clear it could not accept a provision providing for transfer of these functions either by gradual transition or at an eventual date fixed in the Agreements. Finally we indicated that, while we could consider a division of functions between an international Administrative Secretariat and COMSAT as technical and administrative manager, we could not accept interposition of a Secretary General between COMSAT as Manager and the Governing Body.

The discussion and debate at the Preparatory Committee indicates that there has been considerable thinking on the

subject of the Manager. The first position of prompt transfer with completion by a specified date has now been modified and two new concepts have been proposed. In essence the positions before the Preparatory Committee may be summarized as follows:

a) Provide for a Secretary General of stature and competence to build up a staff of experts on the basis of ability and not with proportionate national distribution to assume as quickly as they are qualified the functions of the Manager with the stated goal of eventual internationalization. In each case, however, the test to be made before transfer takes place is to be economy, efficiency and technical excellence. In addition, under this revised approach, contracting out of particular technical functions to entities other than the Secretariat, if this is determined to be in the best interest of INTELSAT, is not barred.

b) A paper by Venezuela (PC/9) sets forth a new and somewhat different approach to the manager problem. Under the Venezuelan proposal, the functions now performed by the Manager would be divided into those of a technical and non-technical nature. The technical functions which relate primarily to the planning, design, procurement, construction, launch, operation, and maintenance of the space segment would be

performed under a seven-year contract by COMSAT. The other functions would be performed by an International Secretariat under a Secretary General. Three alternatives are provided for relationships between COMSAT as Technical Manager and the Governing Body. COMSAT could (i) report directly to the Governing Body; (ii) report to a small Committee of the Governing Body (with the U.S. representative not participating); (iii) report to the Secretary General. The proposal envisages that at the end of five years a report would be made by the Governing Body regarding the future management operations and this would be based on a study of how the functions could best be handled. Finally, there are attached two detailed lists of functions respectively for the Technical Manager and the Secretary General.

c) The Delegate of Italy orally suggested still another possible approach. It was his opinion that a determination should be made now that the technical functions would always be most effectively and efficiently performed by an outside organization of specialists (like COMSAT) and that the Governing Body of INTELSAT periodically let contracts to qualified entities, chosen on the basis of bidding, to perform the technical functions on a fixed-term contract basis.

The United States has not as yet formally suggested any modification of the stand it took in Document 10 at the Plenipotentiary Conference. It appears to our Delegation staff, however, that a reasonable compromise between the views we expressed and those now put forth by others could be based on the Venezuelan proposal (courses i or ii) with or without the modification suggested by Italy. If the modification suggested by Italy is not acceptable, the United States' proposal could incorporate a provision for an objective study under the aegis of the Governing Body to be conducted during the fixed-term contract with COMSAT which would evaluate the totality of the operations and make appropriate recommendations regarding the future of the management structure from the point of view of effectiveness, efficiency, assurance of technical competence, and appropriate initiatives to take advantage of all developments in the fields of communications and space technology for the benefit of all members. This study would have to be structured in such fashion as to give assurances that it was not controlled by any entity and that its terms of reference would not indicate a bias in favor of a particular result. The entity making the study would have to be above suspicion and acceptable on the basis of professional competence by the

international membership represented on the Governing Body.

A compromise of this kind would assure for a period of years the continuation of COMSAT in those managerial roles which we believe to be essential to the future of INTELSAT and at the same time would leave open the ultimate administrative and technical structure until after the objective study had been made during the term of the initial contract. This would not prejudice how management should be conducted in the future and would make clear the United States' position that it is not now insisting that COMSAT must be Manager forever. By avoiding any prejudgment, it would enable the United States Delegation to respond to those who wish to make the internationalization determination now by pointing out that if we have confidence in the objective study they too should have an equal amount of confidence and let the future be dictated not by the subjective views of the individual delegations but by the hard facts as they exist several years hence and as elicited in the objective study.

The crux of the matter, therefore is whether a determination should be made now, and appropriate provision incorporated in definitive arrangements, for transfer of the total managerial functions to an internationalized body at some foreseeable date in the future when that body shall have developed the necessary expertise. Our basic problems with any decision now for such an eventual transfer are two-fold: no realistic or practical determination can be made now regarding the transfer to another entity or to an international Secretariat. First, we are very much concerned about the deleterious effect on the operation of COMSAT as manager should it be announced that the technical managerial functions will in fact be transferred. Highly qualified scientific and engineering personnel are in high demand and at a premium throughout the world. COMSAT's ability to hold and attract such expert personnel would, as pointed out by the Australian in the course of the debate on July 7, 1969, inevitably be affected by the knowledge that the functions they are performing will ultimately be transferred away from them. This affects the challenge of the job to them as well as their ability to progress in their profession by working on problems on the very frontiers of space communications. Any announcement that a decision had been made for a future transfer would

adversely affect the very efficiency and economy which we all rely upon COMSAT to provide. INTELSAT's future still depends upon this competence. ¶ Secondly, there are specific United States problems which though internal can nevertheless have a major and very serious effect upon the INTELSAT organization. Under the Communications Satellite Act, NASA is authorized to provide launch facilities to COMSAT for satellites for the commercial global system. While COMSAT is manager it has a clear legal authorization to receive the services from NASA and, of course, at present and for the foreseeable future, NASA's services are essential for the successful launch of the ever heavier and more complex satellites which INTELSAT requires. If COMSAT were to stop performing its managerial functions, serious questions could arise regarding the ability of NASA under present law and governmental policy to provide these services to INTELSAT for the global system. ¶ Aside from this immediate practical problem, there is also a basic political problem. Under the Communications Satellite act of 1962, the Congress envisaged that COMSAT, in cooperation with other nations, would provide the international global communications system. If COMSAT were to be relegated to the position of only an owner of the system rather than a provider thereof through

planning and the designing of the system, serious questions could arise in the Congress as to whether the Government of the United States in agreeing to definitive arrangements which would deprive COMSAT of the managerial role, regardless of the merits of its performance as against that of available alternatives, were in fact inconsistent with the basic requirements of law.

LEGAL PERSONALITY

The question of legal personality for INTELSAT has caused considerable debate and difficulty during the Plenipotentiary Session. Now, however, since the United States has submitted Document PC/7, with an attached draft article, providing that INTELSAT shall possess juridicial personality, the major policy difficulties in this area appear to have been resolved. It is still essential, of course, to structure the juridicial personality in such fashion as not to raise the question of limitation of liability in a manner which would affect COMSAT's tax status adversely. In addition, the United States would prefer to have the space segment continue to be owned in undivided shares. Both of these issues should be capable of resolution.

The further issue of major difficulty relates to the use of satellites for traffic other than international public

communications. This may be broken down into two categories: use of INTELSAT satellites for these purposes and use of non-INTELSAT satellites for these purposes. Insofar as the use of INTELSAT satellites is concerned, a consensus appears to be developing that once the system is established primarily to meet international public communications needs, it may be used without discrimination to meet domestic public communication needs. As has already been set forth above in connection with the matter of voting in the Governing Body, the differences with respect to relating investment to use and use to voting with the inclusion of domestic traffic for both investment and voting purposes, will probably be resolved on the basis of the acceptance by the United States of a limitation of less than 50% on its total voting power regardless of its use or investment. (The possibility of a 45% figure has been mentioned informally.)

The problem of the use of INTELSAT satellites for special purposes has not been discussed in depth. In general, there seems to be a strong feeling that INTELSAT should not undertake to provide such satellites without some type of special

authorization preferably given by the Assembly. We believe, however, that if appropriate provisions are included to make it clear that the provision of such satellites would be at the request or with the consent of other international organizations as, for example, ICAO or WMO, this difficulty can probably be resolved so that INTELSAT is given a broad charter in the Agreements. It is possible that some modification of the investment obligation of members may be required so that those members who do not wish to participate in financing such specialized satellites will be excused from participation. It may further be necessary to exclude investment in such satellites from the determination of voting power in the Governing Body.

The second category relates to the conditions under which members may provide themselves with non-INTELSAT satellites to meet their domestic, regional or special services needs.

There seems to be a consensus that any nation should be free to provide itself with a non-INTELSAT satellite for domestic communication purposes. The United States has taken the position that any member desiring to provide itself with such a satellite must secure a determination from the Governing Body that the proposed satellites would be consistent with INTELSAT's proposed use of orbital parking spaces and

frequencies and would not cause harmful interference to INTELSAT satellites. Most other nations feel that, instead of determination with respect to such matters, consultation should be sufficient. A compromise position which would provide for a recommendation by the Governing Body may prove acceptable. The United States, which for the foreseeable future would be requested to provide the launch facilities, could, of course, announce that it would be guided by the recommendation of the Governing Body. This would prevent adverse effects with respect to parking frequencies and interference and not appear to subject individual sovereign nations to "determinations" of the Governing Body.

Insofar as regional satellite systems are concerned, there is a serious split among the Delegations. Many of the more advanced countries feel there should be no differentiation between domestic satellites and regional satellites. On the other hand, many of the developing countries are concerned with the potential adverse economic impact of regional satellites upon them. Such satellites could make the global satellite communications more costly by depriving the INTELSAT satellites of traffic or by putting such countries under pressure to duplicate their antennas to communicate with both the INTELSAT satellites

and regional satellites.

The United States has not included any provision for the authorization of regional satellites in the paper submitted to the Conference. However, it appears to our Delegation that if there is, as now appears to be, a strong push against the prohibition of such regional satellite systems outside of INTELSAT to serve a compact geographic area, an appropriate compromise might be the inclusion of an economic test in addition to the orbital, frequency and interference tests. In essence, this would require a determination by the Governing Body and possibly by the Assembly, because this is where the developing countries have the most representation, that the proposed regional system would not have a substantial adverse economic effect on INTELSAT. If here again it is impossible to prevail upon the Delegations to give the Governing Body the power to determine -- we might consider giving the Governing Body the power to recommend and on the basis of such recommendation have the United States make the determination of whether it would furnish the necessary launch facilities.

There has not been much discussion regarding non-INTELSAT special purpose satellites. There appear to be no major problems associated with such satellites. They would not normally compete for traffic with INTELSAT whose primary objective is to provide facilities for public correspondence

nor would they normally use the same bands in the spectrum. Some review and recommendation functions for the Governing Body would be appropriate to insure against unforeseen problems.

Another major issue relates to procurement. Here the differences between Delegations are related to their present and foreseeable ability to furnish hardware for the INTELSAT space segment. Three approaches have been suggested. The first, supported strongly by the developing countries, is competitive bidding with procurement based solely on best price, quality, and timely delivery. The second is retention of the present provisions which call for spreading of contracts among parties to the Agreement provided price, quality and delivery schedules are about the same. The third is a scheme of allocation in accordance with investment. The last is unacceptable to us and unfair to all countries which are unable to provide hardware. The first is our preferred position. The second would be acceptable if those favoring it convince the LDCs to accept it.

* * * * *

In view of all the foregoing, it would appear that generally acceptable Agreements could be devised which would include the following provisions:

- 1) INTELSAT with a legal personality, but operating as a joint venture, not an international corporation, shall continue

to be concerned primarily with the provision of the space segment for international public communications traffic;

2) once the system is established, it should be available for domestic traffic without discrimination;

3) INTELSAT should be empowered to provide satellite facilities or capacity to handle any and all communications capable of being transmitted via satellite without necessarily requiring all members to invest in so-called special purpose satellites and without necessarily including an investment in such satellites in a determination of voting power in the Governing Body;

4) the basic responsibility for the control and operation of INTELSAT would be vested in a Governing Body of relatively limited size (about 20), this Governing Body to be composed of the largest users having a specified percentage of total traffic, plus groupings of members which together have a percentage of the total traffic equal to that of the smallest user determined above, plus groupings of any five members regardless of percentage, plus possibly the election by the Assembly of such additional members as is necessary to bring the total membership to 20;

5) action would be taken in the Governing Body on substantive matters by a 2/3 weighted vote provided that a

specified number of four entities have concurred; that no matters should fail to pass if supported by the affirmative vote of all members of the Governing Body except one;

6) voting on the Governing Body shall follow investment which shall be based on use representing all international and domestic public communications provided that no member regardless of actual use and investment shall cast more than 50% (45%) of the total vote in the Governing Body;

7) there shall be an Assembly of Signatories acting on a one-nation, one-vote basis and having generally the function of receiving reports and discussing issues with possible decision-making functions on such matters as increasing total investment and approval of regional systems;

8) there shall be an Assembly of parties (Governments) in the nature of a Plenipotentiary Conference to act on amendments to the Inter-governmental Agreement and to debate general policies and procedures;

9) there would be division of the managerial function between technical and administrative activities with the former, which includes research, development, design, procurement, construction, launch, operation and maintenance of the

space segment entrusted to COMSAT on a fixed-term (seven year) contract, and with the administrative functions performed by a Secretariat (under a Secretary or Director General) chosen on the basis of ability and competence rather than balanced national representation. COMSAT would report directly to the Governing Body and there would be no concept of gradual transfer of functions from COMSAT during the fixed contract period;

10) before the expiration of the fixed-term contract, an objective study would be made with respect to how, in the future, the managerial function can most effectively be performed. With the help of this study and other judgments, the Governing Board would recommend a course of action to the Assembly;

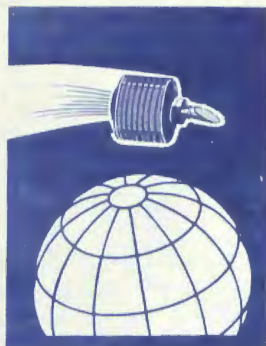
11) parties may provide themselves with non-INTELSAT satellites for domestic purposes provided that the Governing Body has an opportunity to make determinations (or possibly recommendations) regarding orbital slots, frequencies and interference matters;

12) parties may provide themselves with non-INTELSAT regional satellite systems to serve compact areas provided that the Governing Body has the opportunity to make determinations (or possibly recommendations), regarding orbital slots, frequencies and interference matters, and to determine (or possibly recommend) whether a proposed regional system would have a serious adverse economic effect on the global system.

13) procurement would be on the basis of best quality, price, and delivery schedule determined on the basis of

competitive bidding -- with a possible compromise to permit broader allocation of contracts where the Governing Body determines that the above factors are substantially equal.

Preparatory Committee of the Plenipotentiary Conference
on Definitive Arrangements for the International
Telecommunications Satellite Consortium
Washington, D.C., June-July 1969



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July 14, 1969

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PC/SR/19	Summary Minute - Nineteenth Session Monday, July 7, 1969	E, F, S
PC/SR/19 (Final)	Summary Minute - Nineteenth Session Monday, July 7, 1969	E, F, S
PC/SR/20	Summary Minute - Twentieth Session Tuesday, July 8, 1969	E, F, S

INDEX (Rev. 2)

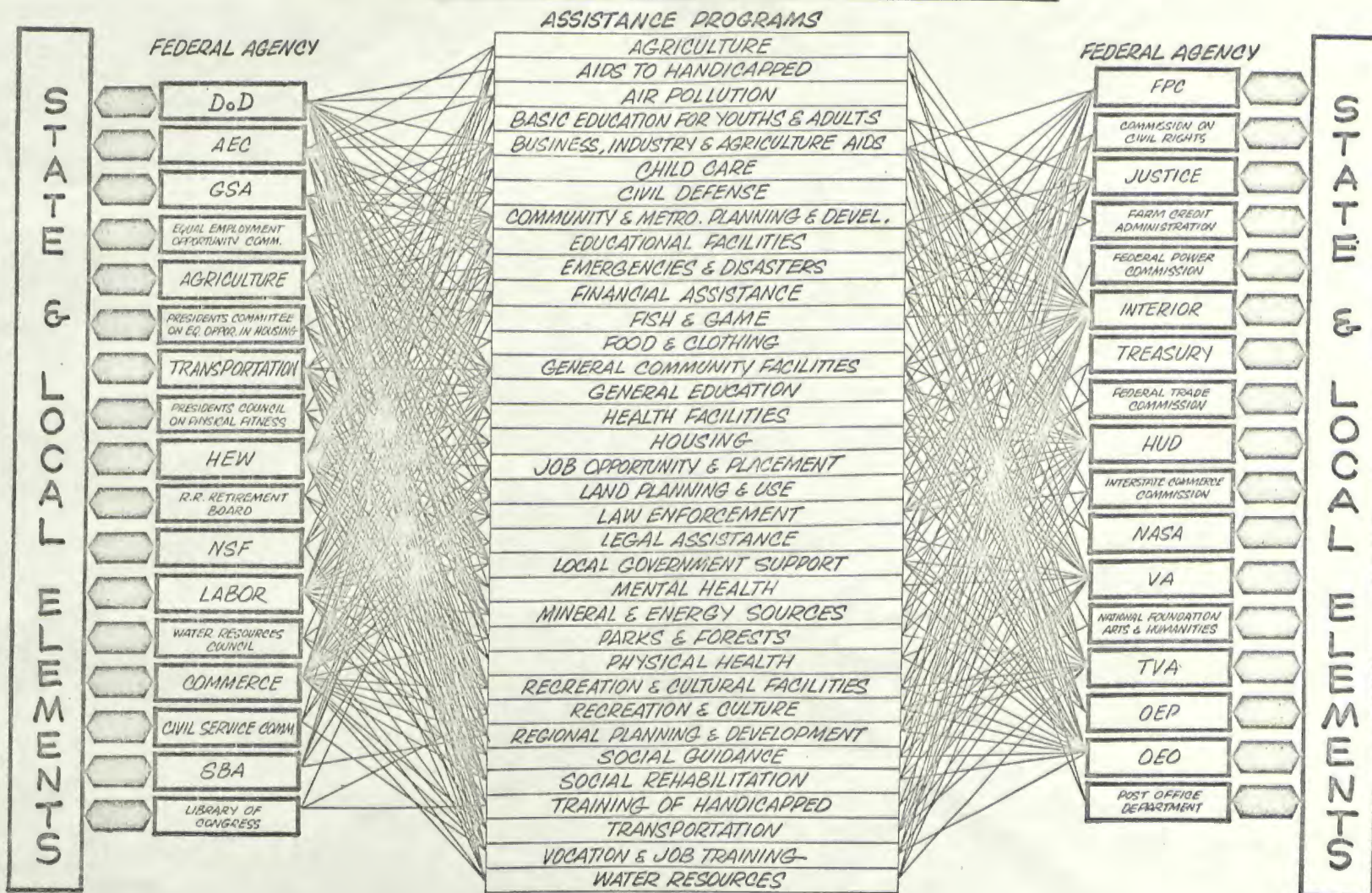
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<u>Document Number</u>	<u>Title</u>	<u>Language</u>
PC/SR/21	Summary Minute - Twenty-first Session Tuesday, July 8, 1969	E, F, S
PC/SR/22	Summary Minute - Twenty-second Session Wednesday, July 9, 1969	E, F, S
PC/SR/23	Summary Minute - Twenty-third Session Wednesday, July 9, 1969	E, F, S
PC/SR/23 (Final)	Summary Minute - Twenty-third Session Wednesday, July 9, 1969	E, F, S
PC/SR/24	Summary Minute - Twenty-fourth Session Thursday, July 10, 1969	E, F, S
PC/SR/25	Summary Minute - Twenty-fifth Session Thursday, July 10, 1969	E, F, S
PC/SR/26	Summary Minute - Concluding Session Friday, July 11, 1969	E, F, S
PC/Inf/1	General Information	E
PC/Inf/2	Documentation Procedure	E
PC/Inf/2-A	Stenographic Style Sheet	E
PC/Inf/3	Provisional List of Participants	E
PC/Inf/4	Functional Directory	E
PC/Inf/4 (Rev.1)	Functional Directory	E
PC/Inf/5	Directory	E
PC/Inf/5 (Add.1, Corr.1)	Directory	E
PC/Inf/5 (Rev. 1)	Directory	E

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Substituted
for
PC/Inf/5
and Add.1,
Corr.1)

COORDINATION COMMUNICATION REQUIREMENTS FOR FEDERAL ASSISTANCE PROGRAMS





Preparatory Committee of the Plenipotentiary Conference
on Definitive Arrangements for the International
Telecommunications Satellite Consortium
Washington, D.C., June-July 1969

PC/1
June 12, 1969

PROVISIONAL AGENDA

1. Election of Chairman
2. Election of Vice Chairman
3. Adoption of Agenda
4. Approval of Work Program
5. Consideration of Work Program by Topics

* * *



Preparatory Committee of the Plenipotentiary Conference
on Definitive Arrangements for the International
Telecommunications Satellite Consortium
Washington, D.C., June-July 1969

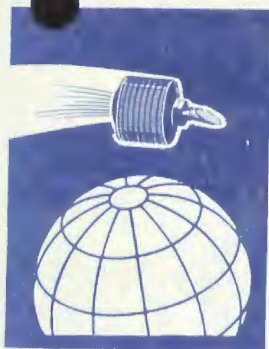
PC/1 (Adopted)

June 23, 1969

AGENDA

1. Election of Chairman
2. Election of Vice Chairman
3. Adoption of Agenda
4. Approval of Work Program
5. Consideration of Work Program by Topics

* * *



Preparatory Committee of the Plenipotentiary Conference
on Definitive Arrangements for the International
Telecommunications Satellite Consortium
Washington, D.C., June-July 1969

PC/2
June 12, 1969

SUGGESTED WORK PROGRAM

1. Items Referred by Committee I (Structure and Functions) for Further Consideration

Doc. 17

Related Documents:*

Com. I/1 (Rev. 1) - Work Program

Com. I/84 (Rev. 1) - Report of Working Group A
(on Objectives and Purposes and Scope of
Activities)

Com. I/94 (as corrected) - Report of Working
Group C (on Eligibility for Membership and
Relations with Non-Member States)

Com. I/107 (Rev. 1) - Main Points Expressed in
Committee I's Discussion of the Rights and
Obligations of Members and the Relationship
with the ITU

Com. I/111 (as corrected) - Report of
Working Group B (on Structure)

Com. II/9 (as corrected) - Report of
Working Group on Legal Status (referred to
Committee I by Committee II - see Com. II/11)

* This listing notes the principal pertinent documents and is not necessarily exhaustive. Other documents, such as the working papers put forward by delegations and the statements during conference and committee sessions are also related. In addition, some of the reports cited also incorporate references to other documents that are relevant to their conclusions.

2. Items Referred by Committee III (Financial Arrangements) for Further Consideration

Doc. 16

Related Documents:*

Com. III/1 (Rev. 1) (Corr. 1) (Add. 1) -
Work Program

Com. III/41 - Summary of Committee III
Consideration of Work Program

Com. III/43 - Financial Rights and Obligations
of Investors

3. Items Referred by Committee IV (Other Operational Arrangements) for Further Consideration

Doc. 12

Related Documents:*

Com. IV/1 - Work Program

Com. IV/5 (Rev. 1) - Report of Working Group
(on Procurement Policy)

4. Items Referred by Committee II (Legal and Procedural Questions) for Further Consideration

Doc. 15 and
Doc. 15 (Add. 1)

Related Documents:*

Com. II/1 (Rev. 1) (Add. 1) - Work Program

Com. II/10 - Report of Working Group on
Accession, Supersession, Buy-out, Obligations
and Rights of Non-Continuing Members and
Entry into Force

Com. II/15 (as corrected) - Report of Working
Group II B (on Immunities & Privileges and
Settlement of Disputes)

Com. II/16 - Report of Working Group II B (on
Amendment Processes, Withdrawal Provisions
and Liability of Partners Inter-Se)

* * *

* See footnote on page 1



Preparatory Committee of the Plenipotentiary Conference
on Definitive Arrangements for the International
Telecommunications Satellite Consortium
Washington, D.C., June-July 1969

PC/2 (Adopted)
June 23, 1969

WORK PROGRAM

1. Items Referred by Committee I (Structure and Functions) for Further Consideration

Doc. 17

Related Documents:*

Com. I/1 (Rev. 1) - Work Program

Com. I/84 (Rev. 1) - Report of Working Group A
(on Objectives and Purposes and Scope of Activities)

Com. I/94 (as corrected) - Report of Working Group C (on Eligibility for Membership and Relations with Non-Member States)

Com. I/107 (Rev. 1) - Main Points Expressed in Committee I's Discussion of the Rights and Obligations of Members and the Relationship with the ITU

Com. I/111 (as corrected) - Report of Working Group B (on Structure)

Com. II/9 (as corrected) - Report of Working Group on Legal Status (referred to Committee I by Committee II - see Com. II/11)

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PC/2 (Adopted)

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2. Items Referred by Committee III (Financial Arrangements) for Further Consideration

Doc. 16

Related Documents:*

Com. III/1 (Rev. 1) (Corr. 1) (Add. 1) -
Work Program

Com. III/41 - Summary of Committee III
Consideration of Work Program

Com. III/43 - Financial Rights and Obligations
of Investors

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and Rights of Non-Continuing Members and
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Settlement of Disputes)

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* See footnote on page 1



Preparatory Committee of the Plenipotentiary Conference
on Definitive Arrangements for the International
Telecommunications Satellite Consortium
Washington, D.C., June-July 1969

PC/3

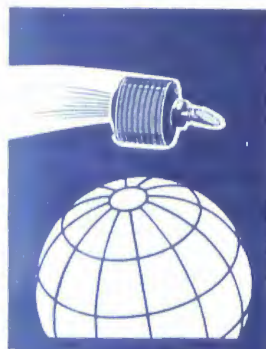
June 23, 1969

SUGGESTED ORDER OF DISCUSSION

- (a) Governing Body
- (b) Assembly
- (c) Management
- (d) Objectives and Purposes
- (e) Scope of Activities
- (f) Rights and Obligations (and relations with I.T.U.)
- (g) Eligibility for Membership
- (h) Relations with Non-Member States
- (i) Preamble
- (j) Procurement
- (k) Financial arrangements
- (l) Inventions, data and technical information
- (m) Legal Personality
- (n) Privileges and Immunities
- (o) Settlement of Disputes
- (p) Amendment
- (q) Withdrawal
- (r) Liability
- (s) Definitions

* * *

Preparatory Committee of the Plenipotentiary Conference
on Definitive Arrangements for the International
Telecommunications Satellite Consortium
Washington, D.C., June-July 1969



PC/3 (Adopted)(Add.1)
July 9, 1969

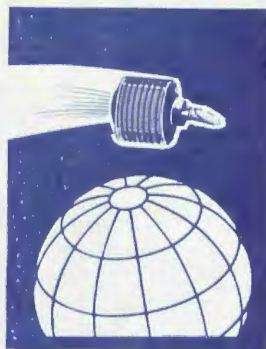
ORDER OF DISCUSSION

- (a) Governing Body
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- (o) Settlement of Disputes
- (p) Amendment
- (q) Withdrawal
- (r) Liability
- (s) Accession, Supersession, Buy-out, Obligations and
Rights of Non-Continuing Members and Entry Into Force 1/
- (t) Definitions
- (u) Recommendation Regarding Reconvening of Conference

★ ★ ★

1/ Additional topic

Preparatory Committee of the Plenipotentiary Conference
on Definitive Arrangements for the International
Telecommunications Satellite Consortium
Washington, D.C., June-July 1969



PC/4
June 24, 1969

SOME BASIC QUESTIONS FOR THE PERMANENT ORGANIZATION OF INTELSAT

(Considerations for the study of draft Agreements on Definitive Arrangements which the Delegation of Chile is submitting to the Preparatory Committee of the INTELSAT Conference)

I. Introduction

Article IX of the Agreement between Governments establishing interim arrangements which now govern the global commercial system of telecommunications by means of INTELSAT satellites, provided that the report which the Interim Committee was to prepare with regard to the definitive or permanent arrangements that are to be adopted for the global system, to supersede the present interim arrangements, was to consider "whether the interim arrangements should be continued on a permanent basis or whether a permanent international organization with a General Conference and an international administrative and technical staff should be established."

It might be thought from the language quoted above that the recommendation to create a permanent international organization was considered to be opposed or in conflict with the recommendation to continue with the interim arrangements on a definitive basis in circumstances which might call for an intermediate recommendation that would contain elements of both proposals, since what is being sought is to make use of the experience obtained while the interim arrangements were in effect in order to establish the reforms or changes that should be made in them when they are put on a permanent basis.

Therefore, we think that in studying the new Agreements on permanent arrangements we must not start from the premise that all the existing interim arrangements have to be changed and replaced by other new and completely different ones, but rather that we must seek to fill the gaps and correct the mistakes and shortcomings of the present Agreements.

With this understanding, we wish to state below some considerations with regard to certain basic points in the organization which INTELSAT is to have, in order to contribute toward the study and preparation of the draft Agreements on definitive arrangements.

II. Legal Status of INTELSAT

Since the structure of the organization is closely linked to its legal status, we must begin by pointing out that the Delegation of Chile considers it advisable to give INTELSAT the legal status that it lacks at present. The reasons that impel us to do so have been widely studied and are contained in the majority report of the Working Group that studied the matter (Document Com. II/11, approved by Commission II).

III. Creation of New Bodies within the Structure of INTELSAT

Within the structure of INTELSAT, according to the Interim Agreements, there is no body other than the Interim Committee, since the post of Manager or Administrator is not established in those Agreements independently from the company known as COMSAT, in which it is given the status of Manager or Administrator of the system.

The Interim Agreements, therefore, do not contemplate the existence of bodies in which all the Governments or States Parties to the Inter-Governmental Agreement and all the signatories of the Special Agreement, whether or not they are Governments or States, can be heard. Only those which are or come to be represented on the Interim Committee can do so. The same thing is true of those Governments or States Parties which do not, at the same time, have the status of signatories of the Special Agreement.

The situation described is to be changed in the Permanent Agreements, since Article IX of the Inter-Governmental Agreement in force provides that regardless of the form of the definitive arrangements, they shall "be such that all parties to the definitive arrangements may have an opportunity of contributing to the determination of the general policy."

The Delegation of Chile considers it advisable to provide INTELSAT with a body that might be called "the Conference," in which all the Governments or States that sign the General Agreement on definitive arrangements would be represented. The Conference would have as its main purpose to see that the other INTELSAT bodies do not depart in their actions from the basic principles that were kept in mind when INTELSAT was established and to decide, in the capacity of a Plenipotentiary Conference, on such changes as it becomes necessary from time to time to introduce into the aforementioned General Agreement. The Conference would meet at intervals of from three to

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five years, without prejudice to holding meetings on an extraordinary basis when a certain minimum number of Governments or States so request. Each Government or State would have one vote in the decisions of the Conference.

Likewise, the Delegation of Chile considers it necessary to create within INTELSAT a body that might be called "the Assembly," in which all the signatories of the Special Agreement on permanent arrangements would be represented, whether they are Governments or telecommunications entities designated by the Governments to sign the said Special Agreement. Since the rights and obligations of the signatories of the Special Agreement will arise directly from their status as investors in the INTELSAT system, we think that the said Assembly must meet each year, mainly in order to become acquainted with the status of the INTELSAT operations and the activities of its Governing Body as well as to express opinions in general terms on future projects, so that its task may, to a certain extent, be compared with the function of the General Meetings of Stockholders in corporate organizations.

Each signatory would have one vote in the decisions of the Assembly.

We also consider that in the INTELSAT structure there should be a Governing Body and a Management Body. The Governing Body could be compared with the present Interim Committee and could meet and work in a manner similar to that of the said Committee, except for such changes as it may be necessary to make. Lastly, the Management Body must be established as the permanent administrative body, subordinate to the Governing Body, with such powers as the Governing Body may grant it.

IV. Functions or Powers of the Conference, Assembly, and Governing Body

CONFERENCE. We consider that the Conference must have the following basic functions or powers:

(1) To see that INTELSAT does not depart, in its actions, from the principles and objectives aimed at when the General Agreement on definitive arrangements was signed, issuing general directives to the other INTELSAT bodies, which are to follow faithfully the said principles and objectives; and

(2) To decide, in the capacity of a Plenipotentiary Conference, on such changes as it becomes necessary to introduce into the General Agreement.

ASSEMBLY AND GOVERNING BODY. In order to be able to study to advantage the functions and powers of the Assembly and Governing Body, we have considered it advisable to make a list of the functions and powers that the Interim Committee has at present, according to the text of the Agreement and of the Special Agreement on interim arrangements, which we include as Annex A. Some functions appear on the said list which, with certain changes, should belong, rather, to the Assembly, since this body, composed of all the investors, should take cognizance, annually, of the state of the transactions and operations of the entity and approve its future plans.

We shall indicate below the basic functions and powers which, it appears to us, should be assigned to the Assembly:

(1) To express its views concerning the annual balance sheet and report submitted to it by the Governing Body;

(2) To approve programs of work and budgets for the following five years, submitted by the Governing Body;

(3) To approve such amendments to the Special Agreement as the Governing Body or a substantial number of signatories may propose, provided the said amendments do not go beyond or are not in conflict with the provisions of the General Agreement;

(4) To appoint the members of the panel of arbitrators who are to preside over courts of arbitration in order to settle disputes between the signatories and INTELSAT and/or between the signatories themselves;

(5) To establish the general rules that are to govern the approval of earth stations in connection with their access to the space segment, after considering the report of the Governing Body;

(6) To establish the general rules that are to govern the assignment of quotas for the use of satellites by earth stations, after considering the report of the Governing Body;

(7) To establish the general rules for the periodic setting of rates per unit of satellite use, after considering the report of the Governing Body;

(8) To approve such additional contributions as the Governing Body may propose;

(9) To approve the withdrawal of a signatory as a result of arrears in the payment of contributions or investment shares.

The Governing Body, for its part, should keep the functions and powers which the Interim Committee holds now and which do not belong to the Assembly.

V. Bases for Determining Investment Shares

Our delegation believes that it is interpreting the majority opinion of the delegations in the deliberations that took place last February and March in establishing the following basic principles that should guide the adoption of a method for determining the investment shares of the signatories to the Definitive Agreements:

- The investment shares of the signatories should be related, as closely as possible, to the actual use of the organization's installations in international public telecommunications service. This relationship should be maintained continuously through periodic adjustments.
- A signatory should not be obliged to take the larger quota that it might be entitled to on the basis of use of the system.
- A minimum basic share for participation should be established for each signatory that does not qualify for a larger share or may not wish to have it.

Pursuant to the foregoing, and based on the fact that the Agreements will fix a just return on the money invested, we propose the following method for the determination of the investment shares:

(1) Investment shares should be related to the use of the Organization's installations for international public telecommunications service measured in equivalent voice channels in permanent use.

(2) On the date of the entry into force of the Definitive Agreements, the investment shares of the signatories shall be fixed in direct proportion to their percentage of use of the Organization's installations in international public service during the three months prior to that date. The arrangement arrived at by applying point 3 shall be exempted from exact proportionality.

(3) The minimum, obligatory investment share shall be 0.05%.

(4) The signatories of the Definitive Agreements which are, in turn, signatories of the present Special Agreement, shall not be obliged to increase their present investment share, except as regards point 3, and any remaining share that might thereby result is to be distributed, in proportion to their respective shares, among those signatories which have agreed to absorb a greater investment.

In case no signatory agrees to absorb the remainder, those signatories that have asked to give up their greater share may not do so and shall have to take as much as the entire amount of the share to which they have a right. However, those signatories that give up the greater share to which they have a right, shall retain the option of taking as much as the entire amount of the said share at any time, and this shall be deducted from among those signatories that have taken the remainder.

(5) The investment shares of the signatories shall be adjusted every two years (or annually) on the bases established above.

(6) Those signatories which, because of placing an earth station in service after the entry into force of the Agreements, or, in general, between two regular adjustments of investment shares, become direct space segment users, shall be entitled to request a special adjustment of their investment share on the bases established in points (1) and (2) above, an adjustment that will become effective three months after the commercial operation of their stations is started, taking into consideration the average use during those three months. The greater investment share taken by a signatory for the preceding reason shall be deducted, proportionately to their respective shares, from all the other signatories, without prejudice to the provisions set forth in item 3.

VI. Participation in the Governing Body

We believe that the requirements for determining who shall constitute the Governing Body in the future organization should be guided by the following basic principles:

(1) Since this concerns a highly specialized body, the telecommunications agencies of the governments signatories to the Special Agreement or the Operational Agreement should be represented in it.

(2) To ensure efficiency and flexibility in the performance of its duties, the members of the Governing Body should be limited in number.

(3) In order to be consistent with the organization's basic objectives, the major users of the organization's facilities in international public telecommunications service, both individually and by groups of signatories, should be represented in the Governing Body.

(4) Participation in the Governing Body should be such as to allow the broadest and most equitable representation of the small countries and of all the regions of the world.

(5) Its composition should be stable.

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From the discussions of the first phase of the Conference, it is clear that there is agreement on the foregoing principles, except as regards item 3. In this connection, two principal schools of thought are evident, the first of which we support and which is set forth in item 3, which states that in the Governing Body there should be representation of the major users or groups of users of international public telecommunications services, and the second school which simply states that the Governing Body should be composed of the major investors, independently of how the investment shares may be fixed.

It seems to us quite logical that if the principal objective of the organization is to develop, construct and maintain the space segment of a Global System designed to furnish primarily international public telecommunications services, its Governing Body should be composed of those signatories having the greatest interest in this type of service, so that the policies set by said body would be aimed at attaining the principal objective. For the same reasons, we maintain that the investment shares should be fixed in direct proportion to the use of international public services, in which case the difference of opinions regarding the membership of the Governing Body obviously disappears.

We are supporters of the groupings of users in the Governing Body, regardless of who the signatories may be, that combine their shares in order to be entitled to appoint a representative, since we believe this is the only fair and logical way to ensure the participation of the small countries and of those regions of the world that have a genuine interest in furthering the organization's basic objectives.

The proposals of certain delegations to elect members by voting in the Assembly, or the participation by grouping together a certain number of signatories independently of their share, do not strike us as suitable methods for enhancing the representative nature of the Governing Body. The first method, of electing members to fill vacancies on the basis of regional representation, is cumbersome, difficult to apply and regulate. How will a region be defined? How can the better right of one party or another to elect a representative be objectively established? In practice, the principle of equitable regional representation will not be attained, since, in an election of this sort, factors that are alien to the organization's interest will necessarily come into play, thus creating a conflict of interests among the various countries and regions of the world, in which all will adduce their greater right to elect these members. The second method proposed, whereby five signatories may nominate one member of the Governing Body independently of their investment shares (on the basis of use), strikes us as arbitrary and unfair. It is arbitrary in the sense that such representation would not necessarily have a community of interests with the objectives of the organization which

it professes to direct, since the users of the system would not be represented; and unjust, since it might remove from the decisions of the Governing Body signatories or group of signatories who, being users, have a genuine interest in the organization and, therefore, a better right to be a part of it.

Consistent with our position on how the investment shares should be established and with what has been set forth previously, we wish to submit the following draft article:

Draft Article

(1) The Governing Body shall be composed of all those signatories (of the Special Agreement or Operational Agreement) or groups of signatories whose investment share is equal to or higher than the minimum share as determined under item (2).

(2) The minimum investment share that will entitle a signatory or group of signatories to be represented by one member of the Governing Body shall be equal to the share of the signatory holding place No. __ (see footnote 1/) in the order of size of the individual investment share. This minimum share shall be established on the entry into force of the Definitive Agreements once the allocation of shares to all signatories has been made and shall be revised whenever a regular adjustment of the investment share occurs.

The amount of the minimum share shall remain unchanged until the next regular adjustment of shares, regardless of the changes affecting the distribution of investments in said period.

(3) Any time that a signatory or group of signatories successfully fulfills requirement (1), it shall automatically be entitled to be represented by one member in the Governing Body.

(4) Every signatory or group of signatories having one member in the Governing Body shall keep him until the next regular adjustment of the investment shares, regardless of the changes that may occur in the value of its investment share as the result of the admission of new members or special share adjustments. In this case an exception is made in the joint representations when the cause of the reduction of shares is the withdrawal of one or more signatories from the group.

1/ We have seen that if one regards as a minimum share that of member No. 14, the theoretical maximum membership of the Governing Body based on the data included in Annex I of Appendix B of Com. III/49, is 30 members. However, the actual maximum would not exceed 24 members in most cases.

VII. Voting Procedure in the Governing BodyDraft Article

(1) Each member of the Governing Body shall have a voting participation equal to the investment share of the signatory or group of signatories he may represent. (Share established in Article)

(2) The Governing Body shall have a quorum if at least two-thirds of its members representing two-thirds of the total voting participation are present.

(3) The Governing Body shall decide:

1. On all substantive questions, by a vote in favor representing:

Two-thirds of the total voting participation, rendered by at least four members.

Or else a number of members equal to or exceeding the total number of members constituting the Governing Body minus three, regardless of the amount of voting participation they may represent.

2. On procedural questions, by a vote in favor representing:

A simple majority of the voting participation of the members present, rendered by at least four members.

Or else, if the preceding requirement in favor is not met, two-thirds of the members present, regardless of the amount of voting participation they may represent.

(4) In the event of controversy over whether a specific question is procedural or substantive, this shall be decided by the Chairman of the Governing Body. A simple majority of the members present may reject and change the Chairman's decision, with each member casting one vote.

June 23, 1969

FUNCTIONS AND POWERS OF THE INTERIM COMMITTEE AS SET FORTH
IN THE INTERIM AGREEMENTS

The Interim Committee shall:

1. Have responsibility for the design, development, construction, establishment, maintenance, and operation of the space segment of the system (Art. IV(a) of the Agreement).
2. Make the choice of type or types of space segment to be established (Art. V(i) of the Agreement).
3. Establish general standards for approval of earth stations for access to the space segment (Art. V(ii) of the Agreement and Art. VII(a) of the Special Agreement).
4. Approve earth stations to utilize the space segment (Art. VII of the Agreement and Art. VII of the Special Agreement).
5. Approve budgets by major categories (Art. V(iii) of the Agreement).
6. Review accounts for expenditures incurred by COMSAT in the design, development, construction, and establishment of the space segment, as well as interest accrued by such funds, and to make such adjustments as it deems necessary (Art. V(iv) of the Agreement and Art. IV(c) of the Special Agreement).
7. Allot amounts of satellite utilization to approved earth stations (Art. VIII(b) of the Special Agreement).
8. Establish on a periodic basis the rate of charge per unit of satellite utilization, based on the estimated total use of the space segment and in such amounts as will generally be sufficient to cover amortization of the capital cost of the space segment, an adequate compensation for use of capital, and the estimated operating, maintenance, and administration costs of the space segment (Art. V(v) of the Agreement and Art. IX(a) of the Special Agreement).
9. Establish reserves from charges made for the utilization of satellites (Art. IX(e) of the Special Agreement).
10. Establish amounts to be paid by signatories to COMSAT to cover shortages resulting from the insufficiency of funds collected from satellite utilization to cover operational, maintenance, and administrative costs (Art. IX(e) of the Special Agreement).

11. Institute appropriate sanctions in cases where payments for the use of satellites have been in default for three months or longer (Art. IX(f) of the Special Agreement).
12. Determine whether additional contributions by the signatories are required, and establish the amounts thereof (however, the Committee shall not force any signatory to contract the obligation to pay the additional share assigned to it). If additional contributions are in excess of 300 million dollars, a special meeting of signatories shall be convened before the Committee shall make its decision (Art. V(vi) and Art. VI(b) of the Agreement).
13. Determine improvements and enlargements required by the experimental and operative phases, as well as by the succeeding phases to which Article I of the Agreement refers, subject to the provisions on additional contributions (Art. I(a)(iii) of the Agreement).
14. Approve INTELSAT incorporation quotas (Art. V(ix) and Art. XII(a)(ii) of the Agreement).
15. Determine the financial terms under which a State may accede to the Interim Agreements (Art. V(x) and Art. XII(b) of the Agreement).
16. Establish general policies and set forth the specific provisions under which COMSAT shall act as manager in the design, development, construction, establishment, operation, and maintenance of the space segment (Art. VIII of the Agreement).
17. Decide upon and approve an appropriate compensation for COMSAT's services as manager or administrator of the design, development, construction, establishment, operation, and maintenance of the space segment (or for the operation and maintenance of the space segment) (Art. V(c) and IX(b) of the Special Agreement and Art. V(xiv) of the Agreement).
18. Ensure the application of the principles contained in Article X of the Agreement concerning the granting of contracts and major subcontracts (Art. X of the Agreement).
19. Authorize signatories other than COMSAT to incur obligations (Art. IV(b) and V(b) of the Special Agreement).
20. Determine the conditions to be observed by COMSAT in issuing requests for quotations and invitations to tender for contracts for design, development, and procurement of equipment for the space segment which exceed the amount of \$125,000 (Art. X(b) of the Special Agreement).

- 3 -

21. Rule upon questions raised by COMSAT concerning procedures to be followed in handling requests for quotations and invitations to tender for design, development, and procurement of equipment for the space segment which are expected to exceed \$500,000 (Art. X(c) of the Special Agreement).
22. Approve, before they are granted, contracts for the design, development, and procurement of equipment for the space segment (Art. V(vii) of the Agreement and Art. X(c) of the Special Agreement).
23. Approve the program for the launching of satellites and associated services, the launch source, and the related contracting agreements (Art. V(viii) of the Agreement and Art. X(d) of the Special Agreement).
24. Adopt the following measures concerning withdrawal of members:
 - a. When one of the Parties wishes to withdraw, in the absence of an agreement with the signatory, the Committee shall establish the amount to be paid by the signatory to cover costs which will result in the future from contracts concluded prior to notification of withdrawal, in addition to payment of amounts already due under the provisions of the Special Agreement (Art. XI(a) and Art. V(xi) of the Agreement).
 - b. When the rights of a signatory have been suspended for default in the payment of contributions or investment shares, the Committee may decide that the party may be considered to have withdrawn from the Agreement; this shall automatically effect withdrawal of the respective signatory (Art. V(xi) and XI(b) of the Agreement and IV(d) of the Special Agreement).
 - c. In the event of case (b), the Committee shall make a binding determination of the sums already due by the signatory together with a sum to be paid in respect of the costs which will result in the future from contracts concluded while that signatory was a party to the Special Agreement (Art. IV(d) of the Special Agreement).
 - d. In the event of cases (a) or (b), the Committee shall increase the quotas of the remaining signatories in order to account for the quota of the withdrawing signatory in proportion to their respective quotas or as they may otherwise agree (Art. XI(d) of the Agreement).

- e. In case of withdrawal by transfer, the Committee shall approve the transfer of the rights and obligations of a Party and signatory to others (Art. XI(e) of the Agreement).
25. Recommend, or not recommend, the amendments to the Special Agreement proposed by the signatories. If recommended, the amendment shall enter into force for all signatories when notifications of approval have been deposited by two-thirds of the signatories (Art. V(xii) of the Agreement and Art. XV of the Special Agreement).
26. Submit to each Party, not later than January 1, 1969, a report containing the Committee's recommendations concerning the definitive arrangements to be adopted for the world system superseding the interim arrangements (Art. IX of the Agreement).
27. Establish an advisory sub-committee on finance; it may also establish such other advisory committees as it thinks fit and adopt rules of procedure for the Interim Committee and advisory sub-committees (Art. IV(c) and (d) and Art. V(xiii) of the Agreement).
28. Authorize the costs caused by the activities of the representatives of the signatories on the Interim Committee or advisory sub-committees, and those of the staffs of those representatives shall form part of the costs to be shared by all the signatories (Art. VI(c) of the Special Agreement).
29. Choose, with the concurrence of COMSAT, from among the persons nominated by the signatories, the technicians to participate in the assessment of designs and specifications for equipment for the space segment (Art. XII(f) of the Special Agreement).

Preparatory Committee of the Plenipotentiary Conference
on Definitive Arrangements for the International
Telecommunications Satellite Consortium
Washington, D.C., June-July 1969



PC/5
June 26, 1969

RELATION BETWEEN INVESTMENT SHARES AND VOTING POWER
(Submitted by the Delegation of Sweden)

Introductory remarks

1. The primary objective of INTELSAT as an international consortium would appear to be to provide for improved international communications.
2. To the extent capacity is available utilization of the space segment for domestic traffic purposes could only be welcomed. Special capacity may even be created and reserved for domestic traffic (i.e. as a matter of technical assistance).
3. International traffic being the primary objective and the main reason for the type of international cooperation envisaged, the distribution of voting power among the Participants should be determined on the basis of their interest in (= utilization of) the space segment for such traffic.
4. The question as to whether some kind of traffic between points in separated areas under the same jurisdiction should be assimilated to international traffic might be solved by way of defining the different types of traffic for the purposes of the agreement.

Draft text

A.

Each participant is entitled to an investment share equal to its percentage of the total utilization of the space segment for international and domestic traffic purposes, as shown in annex 00 to (name of the relevant agreement).

B.

Each Participant or group of Participants represented in the Governing Body shall have a number of votes equal to the portion of its investment share which relates to the space segment for international traffic purposes, as shown in annex to (name of the relevant agreement).

C.

For the purpose of this (agreement).

X) International traffic means

Y) Domestic traffic means

ANNEX 00

List of Participants in etc. etc.

Country

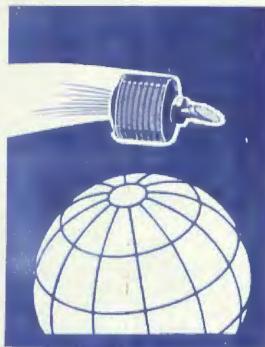
Name of Participant

Investment share

International
traffic

Domestic
traffic

* * *



Preparatory Committee of the Plenipotentiary Conference
on Definitive Arrangements for the International
Telecommunications Satellite Consortium
Washington, D.C., June-July 1969

PC/6
June 28, 1969

REPORT OF THE WORKING GROUP ON
FUNCTIONS AND POWERS OF THE INTELSAT ORGANIZATION

Mr. Chairman:

The Terms of Reference of the Working Group were:

1. Draw up a comprehensive list of all functions and powers which will be needed by the INTELSAT Organization under the definitive arrangements.
2. Suggest which of these might properly be attributed to the Governing Body.
3. Set out any relevant assumptions on which the Working Group has based its work.

The Group met each day from the 24th to the 28th of June and used as a basic document a list of functions and powers derived from the Interim Agreements and relevant documents and papers presented at the Plenary Conference as well as PC/4 presented by the delegation of Chile at this meeting. A list of the documents from which extractions were made is shown at Annex B.

Assumptions which the Working Group has based its work on are:

1. That the functions and powers of the Organization will be exercised in conformity with relevant articles of the Agreements constituting the definitive arrangements.
2. The structure of the Organization will provide for the creation of an Assembly, or two Assemblies in a four-tier structure, which will have certain functions and powers, some of which may have been carried out previously by the Interim Communications Satellite Committee.

3. There will be a Governing Body, the functions and powers of which, subject to 2 above, will be similar to those presently exercised by the Interim Communications Satellite Committee.
4. The responsibility for management functions rests primarily with the Governing Body who may delegate the functions in an appropriate form.

After consideration of the information available and on the basis of the assumptions made, the Working Group carried out a step by step analysis of the functions and powers extracted from the various documents, at the same time eliminating duplication and overlapping and paraphrasing where practicable. A list of the functions and powers considered to be needed by the INTELSAT Organization was established and these are as shown at Annex A attached.

The Working Group has indicated its suggestions with respect to the attribution of the functions and powers to the Governing Body in the following manner:

- * Indicates unanimity in the working group that the function or power should be attributed to the Governing Body
- ** Indicates lack of unanimity in the working group that the function or power should be attributed to the Governing Body, or the view of some members that the function or power should be shared with another organ of the Organization

May I, through you Mr. Chairman, thank the members of the Working Group for their enthusiasm and full cooperation at all times in completing this assignment.

P. F. Moore
Convener

Attachments:

- Annex A (10 pages)
- Annex B (1 page)

FUNCTIONS AND POWERS OF THE INTELSAT ORGANIZATION
UNDER THE DEFINITIVE ARRANGEMENTS

The Working Group indicates its suggestions with respect to the attribution of functions and powers to the Governing Body in the following manner:

- * Indicates unanimity in the Working Group that the function or power should be attributed to the Governing Body
 - ** Indicates lack of unanimity in the Working Group that the function or power should be attributed to the Governing Body, or the view of some members that the function or power should be shared with another organ of the Organization
-
1. Possess juridical personality as necessary for the exercise of the Organization's functions and purposes, including capacity to contract, acquire property and institute legal proceedings.
 2. Appoint certain members of the Governing Body.
 3. Finally determine withdrawal of a Party in default.
 - ** 4. Confirm the appointment or dismissal of (Director General).
 5. Receive and consider annual and other reports, including budgetary information and financial reports, submitted by the Governing Body.
 6. Receive and consider an annual report from the Governing Body giving an outline of the program and financial prospects for the following five years.
 7. In some instances, approve reports from the Governing Body.
 8. Appoint a panel of legal experts for presiding over arbitration proceedings.
 9. Decide matters concerning formal relationships with other international organizations.

- * 10. Recommend establishment of and, where appropriate, establish relationships with other organizations.
- 11. Consider amendments to the Intergovernmental Agreement, taking into account any views expressed by the Governing Body, and to decide whether a Plenipotentiary Conference should be held to review or decide upon such amendments.
- ** 12. Decide on establishment of satellites for specialized services.
- ** 13. Adopt general directives with regard to the rights and obligations of the Organization in its capacity as a public utility agency.
- ** 14. Decide with regard to such changes in the type of space segment as would substantially alter the basic assumptions on which the Agreements have been concluded.
- 15. Define the main lines of conduct of the Organization and take decisions of a governmental nature.
- 16. Adopt rules of procedure of the Assembly (Assemblies).
- ** 17. Supervise the carrying out of the Agreements and examine problems which might arise therefrom.
- 18. Suspension of voting right of Party in default.
- ** 19. Consider complaints submitted by the Parties.
- ** 20. Consider complaints submitted by Signatories or users of the system.
- 21. Consider amendments to the Operating Agreement, taking into account any views expressed by the Governing Body.
- 22. Approve amendments to the Operating Agreement, taking into account any views expressed by the Governing Body.
- ** 23. Recommend amendments to the Operating Agreement for approval by the Assembly (Assemblies) or adoption directly by the Parties or Signatories.

- 3 -

24. Approve, upon the recommendation of the Governing Body, decisions to raise loans.
- ** 25. Approve decisions to raise loans.
- * 26. Authorize limited overrun on capital investment ceiling.
27. Approve, upon the recommendation of the Governing Body, increases of capital investment limits of the Signatories.
- ** 28. Adopt and amend such general rules for access to the space segment and for determination of utilization charges as are necessary to secure the observance of the non-discrimination principle and to prevent abuse of a dominating position with regard to the supply of circuits.
29. Consider the general tariff regulations adopted by the Governing Body.
- ** 30. Approve tariffs for the use of global and other Organization-financed satellites by Signatories and non-Signatories.
- ** 31. Record that a Signatory in default of fulfilling its financial obligations has no right of vote.
- * 32. Recommend annually for adoption by the Assembly (Assemblies) an outline of the policies, the future program and financial framework of the Organization for the following five years.
- ** 33. Approve the five year program for the Organization.
- ** 34. Review the activities of and decisions taken by the Governing Body.
- ** 35. Determine financial conditions of accession to the Agreements.
36. Implement procedures in connection with accession to the Agreements.
37. Confirm the accession of new members.
- * 38. Determine the method of measurement of usage by Signatories of the space segment.

- ** 39. Adopt procedures for determination and periodic adjustment of Signatories' investment and ownership shares.
- ** 40. Approve the investment quotas as modified from time to time.
- ** 41. Act upon recommendations for changes in management arrangements.
- 42. Determine, in the event of disputes, the competence of the Governing Body.
- ** 43. Approve the choice of type or types of space segment to be established.
- * 44. Adopt procedures for approval of earth stations.
- ** 45. Adopt and, where appropriate, amend general standards for earth stations.
- * 46. Review expenditures and approve accounts after any necessary adjustments.
- ** 47. Approve change of location of headquarters.
- ** 48. Appoint the (Secretary-General) and such other personnel as may be necessary, and determine the terms and conditions of service of the (Secretary-General) and other personnel.
- ** 49. Approve transfer of rights and obligations of a withdrawing Party or Signatory.
- ** 50. Responsibility for the design, development, construction, establishment, maintenance, and operation of the space segment and, as appropriate, for any other activities which the Organization is authorized to undertake. Subject to the provisions of the present Agreement, take all decisions and actions necessary to carry out this responsibility.
- ** 51. Adopt procurement policies, regulations and procedures and approve contracts in accordance with such procedures.
- ** 52. Determine research and development policies and programs.

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- * 53. Adopt procedures for initial and continuing verification of performance characteristics of earth stations.
- * 54. Adopt plans and procedures for coordination between earth stations in the utilization of global satellites and other Organization-financed satellites, e.g., operation plans, including frequency plans, tests and lineups, and service circuits.
- * 55. Adopt procedures for filing of the required information with the International Telecommunication Union.
- ** 56. Adopt programs for the development and establishment of Organization-financed domestic satellites.
- ** 57. Adopt programs for the development and establishment of Organization-financed specialized satellites.
- * 58. Adopt programs for the development and establishment by the Organization of domestic satellites financed by a Participating State requesting such satellites.
- ** 59. Adopt programs for the development and establishment by the Organization of specialized or regional satellites financed by a Participating State requesting such satellites.
- * 60. Adopt arrangements, terms and conditions under which the Organization may provide operational control for non-Organization-financed domestic satellites.
- ** 61. Adopt arrangements, terms and conditions under which the Organization may provide operational control for non-Organization-financed specialized or regional satellites.
- * 62. Establish advisory subcommittees.
- * 63. Approve the programs and the annual work plans of the Organization and adopt the annual budget (by major categories) within the outline adopted by the Assembly (Assemblies).
- ** 64. Approval of matters relating to satellite launchings.
- ** 65. Recommend amendments to the Intergovernmental Agreements.

- ** 66. Review periodically the Agreements.
- ** 67. Adopt general policies with respect to management services.
- * 68. Make specific determinations with respect to management services.
- ** 69. Adopt and administer procedures relating to financial rights and obligations of Signatories.
- * 70. Authorize Signatories to incur costs on behalf of the Organization subject to the right of appropriate audit.
- * 71. Adopt accounting procedures and practices.
- ** 72. Approve for inclusion in the costs of the Organization expenses associated with Signatory representation to the Organization, where appropriate.
- * 73. Allot satellite capacity and establish appropriate units of utilization.
- * 74. Establish appropriate financial reserves.
- ** 75. Institute appropriate sanctions against members or users of the space segment not fulfilling their obligations.
- ** 76. Adopt policies and procedures for acquisition, protection and distribution of rights in inventions and data, and for dissemination of information.
- ** 77. Determine the rate of compensation for use of capital.
- * 78. Recommend calling of special meeting of the Assembly (Assemblies).
- ** 79. Authority to conclude a management contract with Communications Satellite Corporation for a fixed term of years.
- ** 80. Authority to conclude a management contract with other firms or organizations for a fixed term of years.
- ** 81. Responsibility for transfer of functions from Communications Satellite Corporation to management body, at appropriate intervals, in the shortest practicable period.

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- ** 82. Make recommendations for changes in management arrangements.
- ** 83. Conclude agreements for appropriate privileges, exemptions and immunities.
- * 84. Administration of provisions for transition arrangements.
- * 85. Approve earth station applications to use the space segment.
- * 86. Administer arbitration provisions, as required or appropriate.
- * 87. Express its views on technical, operational and economic compatibility of separate satellite systems for domestic or specialized telecommunications requirements or international public telecommunications requirements established by a Party, Signatory, or any person within the jurisdiction of a Party, with the Organization-financed space segment system, as existing and planned at the time of the request.
- ** 88. Determine, in the case where a Party, Signatory, or any person within the jurisdiction of a Party establishes or acquires space segment facilities separate from the Organization's to meet domestic public or any specialized telecommunications requirements, that such facilities are technically and operationally compatible with the existing and planned space segment of the Organization. Engage in consultation with any Party, Signatory or person who intends to establish such separate facilities, concerning their economic compatibility with facilities of the Organization existing or planned to meet international specialized telecommunications requirements.

- ** 89. Determine, in the case where a Party, Signatory, or any person within the jurisdiction of a Party establishes or acquires space segment facilities separate from the Organization's to meet international public telecommunications requirements, that such facilities (i) are limited in use to a geographically compact group of countries linked by cultural or economic ties, (ii) will not have a substantial adverse economic effect upon the Organization, and (iii) are technically and operationally compatible with the existing and planned space segment of the Organization.
- * 90. Adopt regulations for the Organization's staff.
- ** 91. Take any decisions regarding special projects or other cooperation with member States.
- * 92. Undertake studies to ascertain satellite service requirements, including establishment of a satellite communications traffic data base.
- * 93. Prepare recommendations on the economic desirability for the Organization to finance the development and establishment of a domestic satellite in response to the request of a Participating State.
- * 94. Implement procedures and criteria in regard to earth station approvals for access to the space segment.
- * 95. Keep Parties and Signatories informed as to the activities of the Organization.
- * 96. Adopt rules of procedure of the Governing Body.
- 97. Provision of information required by the International Telecommunication Union, in accordance with procedures adopted by the Governing Body.
- 98. Preparation of specifications; preparation and issuance of requests for proposals for Organization procurements; initial and, where appropriate, final evaluation of proposals received in response to such requests for proposals; recommendations to the Governing Body concerning the selection of contractors; negotiations (execution) and administration of the Organization's contracts, unless specifically directed otherwise by the Governing Body.

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99. Technical participation in the planning and development of operational requirements.
100. Carry out or arrange for the carrying out of technical studies, including general system engineering studies, R&D, network configuration studies, engineering, economic and cost effectiveness studies, and interface studies.
- * 101. Arrange for launch services.
102. Carry out or arrange for carrying out of the technical control of spacecraft in orbit.
103. Provide engineering services and support in the operation and maintenance of the system.
104. Based on telecommunications service requirements of the users, prepare plans for satellite location, operation and utilization.
105. Provide users with operation plans, guides and instructions for the operational employment of the satellite system.
106. Maintain a data base on all phases of system operations. Furnish analyses of this data at regular intervals.
107. Carry out or arrange for carrying out of the operational control of tracking, telemetry and command, system monitoring, and general system management functions.
108. Support for and implementation of regional coordination on operational matters.
109. Preparation and presentation of cost and economic analysis with respect to each program and proposal under consideration.
110. Prepare studies and make recommendations to the Governing Body to enable it to establish satellite charges and formulate rate profiles.
111. Prepare budgetary data and maintain accounts.
112. Provide legal services as they are needed in connection with the performance of management and other Organization functions.

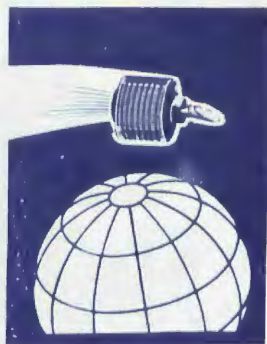
113. Provide overall public information services.
114. Implement the financial arrangements of the Organization.
115. Prepare and submit annual programs and related budgets.
116. In accordance with policies and directives of the Governing Body, direct or perform all management functions associated with the planning, design, development, construction, establishment, maintenance and operation of the space segment, and such other services as the Organization may undertake.
117. Operate and maintain the space segment.
118. Furnish such information as may be required by any representative on the Governing Body to enable him to discharge his responsibilities as a representative.
119. Administer inventions and data policies, programs and procedures of the Organization.
120. Maintain all such records as may be necessary for the efficient discharge of the functions of the Organization and prepare, collect and circulate the papers, documents, agenda, minutes and information that may be required for the work of the various organs of the Organization.
121. Recommend earth station performance characteristics to the Governing Body.
122. Evaluate the technical, operational and, as appropriate, the economic impact of any proposed independent satellites, to be established by Parties or Signatories, upon the Organization's space segment.
123. Recommend accounting practices and policies to the Governing Body.
124. Calculate and recommend to the Governing Body periodic adjustments of investment shares of Signatories.
125. Recommend space segment allotment policy and procedures.
- ** 126. Determine and administer provisions relating to withdrawal.

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- Some Basic Questions for the Permanent Organization of INTELSAT - Chile (P/C 4).

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Preparatory Committee of the Plenipotentiary Conference
on Definitive Arrangements for the International
Telecommunications Satellite Consortium
Washington, D.C., June-July 1969



PC/7

July 1, 1969

STATEMENT OF THE UNITED STATES DELEGATION WITH RESPECT TO
THE LEGAL PERSONALITY FOR INTELSAT

The United States has carefully considered the views expressed by the delegates on the issue of legal personality at the Plenipotentiary Conference. Many of the delegations at that Conference indicated their strong interest in providing the INTELSAT organization with legal personality, separate from that of its individual participants, as the most effective means of carrying out the business and other activities of the organization. While this approach differed from that of the United States, and also presented the United States with some difficult practical problems, the United States reexamined its position on this issue in an effort to reconcile differences to the extent possible.

Based upon this reexamination, we have now outlined to the Committee an approach to the legal structure of INTELSAT which we believe will meet the interests of all the participants in the INTELSAT organization. Specifically, we would suggest including in the Inter-governmental Agreement an article such as is attached to this paper. That article is patterned closely upon provisions found in the constitutive documents of a number of international organizations, including the International Bank for Reconstruction and Development and many of the specialized agencies of the United Nations.

The article, which should be readily understood in all legal systems, would provide INTELSAT with legal capacities to undertake its activities in its own name. Under the article INTELSAT could be a party to contracts and acquire directly rights under such contracts, acquire and dispose of property, and institute and otherwise participate in legal proceedings. Moreover, INTELSAT would be able to enter into agreements with sovereign governments and other international organizations, and it could enjoy privileges and immunities.

Imbuing INTELSAT with such legal capacities will enable the organization to present itself as an entity in respect of business activities without dictating any particular organizational structure such as that generally associated with a corporation. The United States does not believe that it is necessary or desirable, in order to carry out the activities of INTELSAT, to restructure the organization in the form or with the attributes of an international corporation. We should maintain the direct participation of the Signatories in both the rights and the obligations of the organization.

The United States is, of course, prepared to discuss and explain its views on this matter.

* * *

DRAFT ARTICLE

INTELSAT shall possess juridical personality to the extent necessary for the exercise of its functions and the achievement of its purposes, and, in particular, the capacity to:

- (i) contract;
- (ii) acquire and dispose of real and personal property;
- (iii) institute legal proceedings.



Preparatory Committee of the Plenipotentiary Conference
on Definitive Arrangements for the International
Telecommunications Satellite Consortium
Washington, D.C., June-July 1969

PC/8 (Corr. 1)
July 4, 1969

THE STRUCTURE OF THE ASSEMBLY

The Japanese Delegations's suggestion made on June 26 with respect to the structure of the Assembly is as follows:

1. The Assembly which should be the highest rank of hierarchy of the INTELSAT shall consist of the representatives of the States.
2. The provision should be made in the Agreement to the effect that the delegations to the Assembly shall include the representatives of the signatories as well as of Governments.
3. The provision shall also be made in the Agreement that the Committee of the Whole which is composed of the representatives of the signatories should be established in the Assembly. This Committee of the Whole will report to the plenary session of the Assembly after consideration of the items assigned to it. The items to be assigned to this Committee are those of operational or financial nature which are of particular interest to the signatories.
4. It is difficult to state those items in an exhaustive way since no agreement has yet been reached as to the functions to be performed by the Assembly. However, if we try to quote here some examples on the basis of the document PC/6, the items which should be considered by the Committee of the Whole will be as follows:
 - Item 5. Receive and consider annual and other reports, including budgetary information and financial reports, submitted by the Governing Body.
 - Item 6. Receive and consider an annual report from the Governing Body giving an outline of the program and financial prospects for the following five years.
 - Item 21. Consider amendments to the Operating Agreement, taking into account any views expressed by the Governing Body.

- Item 27. Consider, upon the recommendation of the Governing Body, increases of capital investment limits of the Signatories.
- Item 29. Consider the general tariff regulations adopted by the Governing Body.

On the other hand, the Assembly would concern itself directly with the items on which the Governments have particular interest; for example, such items in the PC/6 as:

- Item 2. Appoint certain members of the Governing Body.
- Item 8. Appoint a panel of legal experts for presiding over arbitration proceedings.
- Item 9. Decide matters concerning formal relationships with other international organizations.
- Item 11. Consider amendments to the Intergovernmental Agreement, taking into account any views expressed by the Governing Body, and to decide whether a Plenipotentiary Conference should be held to review or decide upon such amendments.
- Item 16. Adopt rules of procedure of the Assembly.

5. This paper is written on the assumption that the one country-one vote principle shall be applied to the Assembly and its Committee.

* * *

Preparatory Committee of the Plenipotentiary Conference
on Definitive Arrangements for the International
Telecommunications Satellite Consortium
Washington, D.C., June-July 1969



PC/9
July 2, 1969

MANAGEMENT ARRANGEMENTS
(Submitted by the Delegation of Venezuela)

I. Introduction

The Delegation of Venezuela has examined the proposals made thus far with respect to management arrangements for INTELSAT. While we believe that the first objective must be to ensure the proper management of the system, we also believe that internationalization of certain management functions would not interfere with the achievement of this objective. The Delegation of Venezuela respectfully submits this document for the consideration of the Preparatory Committee in the hope that it might serve as the means for further consideration of this matter.

II. Division of Management Functions

One of the proposals made during the Plenipotentiary Conference was the division of management functions between an international secretariat and a contract manager. The Delegation of Venezuela feels that this approach might provide the basis for agreement regarding management functions and should be carefully considered. There are two major areas, however, which we believe must be discussed in detail: first, the division of functions between the international secretariat and the contract manager; second, the relationships between the Governing Body, the international secretariat and the contract manager.

The Delegation of Venezuela has carefully considered the division of functions, and proposes that an international secretariat be given those listed in Annex A to this document, while the contract manager be given those listed in Annex B to this document.

III. Relationships

The structural and organizational relationship between the Governing Body, the international secretariat and the contract manager must assure both effective control of management by the Governing Body and proper execution of management functions. These are three alternative approaches which should be considered in depth.

(a) The Governing Body would create a small subcommittee of its own members which would assist it in the administration of the contract concluded with the manager to provide management services associated with the design, development, construction, establishment and operation of the space segment. This subcommittee could be called the Management Subcommittee. It would provide the Governing Body with periodic reports reviewing the overall quality of the service provided under the contract and the objectivity of the recommendations of the contract manager. The subcommittee could also advise the Governing Body as to any necessary contract modifications. The subcommittee would not include any member associated with the provision of services under the management contract.

The technical, finance, and procurement subcommittees, which now assist the ICSC would continue to provide expert support to the Governing Body with respect to the specific proposals and programs.

(b) Both the international secretariat through its Director-General, and the contract manager through a designated liaison person, would report and be responsible for their respective functions directly to the Governing Body.

(c) The Director-General of the international secretariat would report directly to the Governing Body with respect to all management functions. He would be responsible for the administration of the contract and the contract manager would report directly to him.

The separation of functions between the international secretariat and the management and their extension should be studied and reviewed once the precise relationship between the management body and the Governing Body has been established. The functions that we propose and annexed as A and B are based on one type of relationship, which is that of establishing a direct relationship between the Governing Body and the management. In case the alternative chosen is that of a Director-General, the latter will assume greater regulatory and control functions in order to administer the management contract. If the third alternative is chosen, that is, the management subcommittee, then the controlling and regulatory functions that the Governing Body will delegate to that subcommittee should be studied very carefully.

IV. Draft Article

In accordance with the ideas expressed above we present the following draft article.

- 3 -

DRAFT ARTICLE

(a) The organization will contract for the administration of the technical and operational aspects in accordance with the functions described in Annex B, with an entity that has the maximum experience and capability to carry out the management functions mentioned above.

(b) The Governing Body shall conclude the contract with the Corporation for a fixed term of 7 years under which the contract manager shall provide for management services associated with the design, development, construction, establishment, maintenance, and operation of the INTELSAT space segment, including those services listed in Annex B to this Agreement. This contract may be continued in effect beyond such fixed term by the Governing Body upon mutual agreement of the parties thereto pending the implementation of any management arrangement recommended pursuant to paragraph (c) of this Article.

(c) Within five years from the entry into force of this Agreement, the Governing Body shall render a report to the Assembly containing its recommendations with respect to the management of INTELSAT. The Governing Body is authorized to implement any management arrangement which it recommends to the Assembly and which is approved by the Assembly. Any such arrangement shall enter into force no sooner than the expiration of the contract concluded pursuant to paragraph (b) of this Article.

* * *

Attachments:

Annex A (3 pages)

Annex B (2 pages)

FUNCTIONS OF THE INTERNATIONAL SECRETARIAT

1. Maintain the INTELSAT traffic data base; convene periodic regional meetings for the purpose of estimating traffic demands.
2. Approve applications for access by standard earth stations; report to the Governing Body on applications for access by non-standard earth stations; maintain records on new earth station availability dates.
3. Maintain records based on reports submitted by the Signatories, earth station owners, and the Manager, on the technical and operational capabilities and limitations of all current and proposed earth stations.
4. Maintain an office of record for the assignment of frequencies to users; arrange for the filing of frequencies with the ITU.
5. Based on planning assumptions approved by the Governing Body, prepare capital and operating budgets and estimates of revenue requirements.
6. Recommend space segment utilization charges to the Governing Body.
7. Recommend accounting policies to the Governing Body.
8. Maintain books of account and make them available for audit as required by the Governing Body; prepare monthly and annual financial statements.
9. Calculate the investment shares of Signatories; bill Signatories for capital contributions; bill allottees for use of the space segment; receive cash payments on behalf of INTELSAT; make revenue distributions and other cash disbursements to Signatories on behalf of INTELSAT.
10. Advise the Governing Body of Signatories in default of capital contributions, and of allottees in default of payments for utilization of the space segment.
11. Approve and pay invoices submitted to INTELSAT with respect to authorized purchases and contracts made by the Secretariat; reimburse the Manager for expenditures incurred in connection with purchases and contracts made on behalf of INTELSAT and authorized by the Governing Body.

12. Administer INTELSAT employee benefit programs and pay salaries and authorized expenses of INTELSAT employees.
13. Invest or deposit funds on hand, and draw upon such investments or deposits as necessary to meet INTELSAT obligations.
14. Maintain INTELSAT property and depreciation records; arrange with the Manager and the appropriate Signatories for the necessary inventories of INTELSAT property.
15. Recommend terms and conditions of allotment agreements for utilization of satellite services.
16. Recommend insurance programs for protection of INTELSAT assets, and as authorized by the Governing Body, arrange for necessary coverage.
17. Analyze and report to the Governing Body on the economic effects to INTELSAT of any proposed independent satellite system.
18. Prepare the tentative agendas for meetings of the Governing Body, Assembly, and any advisory committees; prepare the provisional summary records of such meetings; assist the Chairmen of advisory committees in preparation of their agendas, records, and reports to the Governing Body and Assembly.
19. Arrange for interpretation and for the translation, reproduction, and distribution of documents.
20. Provide the history of the decisions taken by the Governing Body and Assembly; prepare reports and correspondence for the Governing Body and its Chairman, and the Assembly regarding decisions taken during meetings.
21. Arrange for the preparation of verbatim records of meetings, as necessary.
22. Assist in the interpretation of the rules of procedure of the Governing Body and Assembly, and the terms of reference for any advisory committees.
23. Make arrangements for any meetings of the Governing Body, the Assembly and advisory committees which may be held away from the INTELSAT headquarters.
24. Recommend procedures and regulations for contracts and purchases made on behalf of INTELSAT.

- 3 -

25. Compile and maintain a world-wide bidders list for all INTELSAT procurements.
26. Negotiate, place and administer contracts necessary to enable the Secretariat to perform its assigned functions, including contracts for assistance from other entities to perform such assigned functions.
27. Provide or arrange for the provision of legal advice to INTELSAT, as required in connection with the Secretariat's functions.
28. Provide appropriate public information services.

* * *

FUNCTIONS OF THE CONTRACT MANAGER

1. Recommend research and development programs to the Governing Body.
2. Conduct studies, research, and development, directly or under contract with other entities or persons, as authorized by the Governing Body.
3. Conduct system studies in the fields of engineering, economics, and cost effectiveness.
4. Perform system simulation tests and evaluations.
5. Study and forecast potential demands for new communications satellite services.
6. Advise the Governing Body on the need to procure space segment facilities.
7. Prepare and distribute requests for proposals, including specifications, for procurement of space segment facilities.
8. Evaluate all bids and proposals submitted in response to requests for proposals and make recommendations to the Governing Body on such bids and proposals.
9. Pursuant to procurement regulations and decisions of the Governing Body, negotiate, place, amend, and administer all contracts on behalf of INTELSAT for satellite systems, sub-systems, components, and related terrestrial facilities.
10. Make arrangements for launch services and necessary supporting activities, and participate in launches.
11. Provide or arrange for the provision of services for tracking, telemetry, and control of the spacecraft, including coordination of the efforts of Signatories and earth station owners participating in the provision of these services, to perform satellite positioning, maneuvers, and tests.
12. Recommend frequencies for use by INTELSAT satellites and satellite location plans to the Governing Body.
13. Provide or arrange for the provision of services for monitoring satellite performance characteristics, outages, and effectiveness, and the satellite power and frequencies used by the earth stations, including coordination of the efforts of Signatories

and earth station owners participating in the provision of these services.

14. Operate the INTELSAT Operations Center and the Spacecraft Technical Control Center.
15. Recommend standard earth station performance characteristics, both mandatory and non-mandatory, to the Governing Body.
16. Evaluate applications for access by non-standard earth stations.
17. Allot units of satellite capacity as prescribed by the Governing Body.
18. Prepare and coordinate system operations plans (including network configuration studies and contingency plans), procedures, guides, practices, and standards.
19. Prepare, coordinate and disseminate frequency plans for assignments to earth stations having access to the system.
20. Prepare and distribute the System Status Report, including actual and projected system utilization.
21. Distribute information to Signatories and system participants on new telecommunications services and methods, e.g. demand assignment.
22. Evaluate the technical and operational impact, including frequency and location plans, of any proposed independent satellites upon INTELSAT's space segment.
23. Arrange insurance coverage to protect INTELSAT spacecraft and associated equipment designated for launch or launch services.
24. Recommend policies relating to the acquisition, disclosure, distribution and protection of rights and inventions, and data.
25. Arrange, pursuant to the policies adopted by the Governing Body, for licensing of INTELSAT inventions and data to others and enter into licensing agreements on behalf of INTELSAT.
26. Take all operational, technical, financial, procurement, administrative and supporting actions necessary to fulfill the above listed responsibilities.
27. Provide appropriate public information services.



Preparatory Committee of the Plenipotentiary Conference
on Definitive Arrangements for the International
Telecommunications Satellite Consortium
Washington, D.C., June-July 1969

PC/10
July 3, 1969

THE MANAGEMENT BODY
(Submitted by the Delegations of Canada,
the Federal Republic of Germany and India)

Upon request of several delegations the following is submitted as a working paper to set out one possible method of implementing the purposes of Conference Paper Com. I/58 (Rev.2) submitted by Canada, the Federal Republic of Germany and India.

1. The basic objective remains that of providing in the Definitive Arrangements for an efficient management body as an integral part of the future INTELSAT organization to discharge executive management functions as instructed by the Governing Body. It would be headed by a Director General and would be responsible to the Governing Body.

2. As a part of its general responsibility, the new management body would take over at an early date (among other agreed functions, e.g. administration, legal, financial, personnel, information), system planning, research, technical procurement etc., for the satellite programmes to follow those now under contract.

3. The main agreement should also specify that, in implementing his responsibilities, the new management body should use, to the greatest extent practicable, under contract, the services of entities in member countries and international entities.

4. During a transitional period COMSAT's role would be:

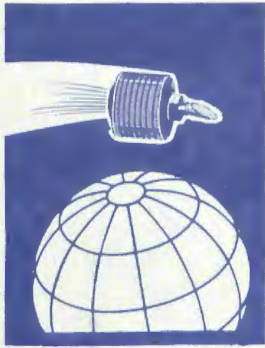
- (a) with respect to satellites in orbit or now under procurement, the continued supervision of the contracts, the placing of the satellites in orbit and their in-orbit control;
- (b) with respect to studies, and the operational planning and co-ordination related to the use of the aforementioned satellites, to perform these functions for a limited period until, in the opinion of the Board of Governors, the new management body would have the capacity to take over.

In performing these continuing functions under the supervision of the Governing Body, COMSAT would provide to the Director General all the relevant information required for co-ordination purposes.

Additional Note:

In creating the new management body, the Governing Body would be expected to establish pay scales that are commensurate with those existing in entities with similar responsibilities.

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Washington, D.C., June-July 1969

PC/11

July 3, 1969

REPRESENTATION OF TELECOMMUNICATIONS
PUBLIC AGENCIES OR ENTITIES
(Submitted by the French Delegation)

On June 26, the French delegation suggested two approaches that could be used, separately or jointly, in attempting to conciliate various attitudes that were expressed regarding the question of representation of telecommunications agencies or entities.

1. The first seems to be closely related to the Japanese delegation proposal (PC/8).

The international agreement being negotiated would provide not only that the Assembly be able to set up the necessary committees and working groups but also that it have the obligation to convene, at the time of each session, certain committees, such as:

- (a) a committee on planning and tariffs;
- (b) a committee on Finance;
- (c) a committee on scientific and technical matters;
- (d) a committee on legal matters.

This agreement would also include a recommendation urging the governments to designate as their representatives on the first two committees persons from telecommunications agencies or entities. It could also be recommended that a representative of the agencies charged with space matters be delegated to serve on the Third Committee. These committee members will of course also be members of the Assembly.

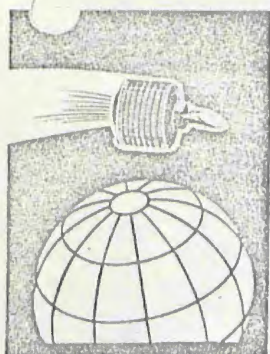
The primary role of the committees, with respect to the Assembly, would be one of information and preparing measures to be adopted. However, some executive functions could also be entrusted to them, especially on the basis of the list drawn up by the Japanese delegation. But the problem of "hierarchy" to which other delegations have referred would have to be resolved.

2. The second would provide that the Governing Body should meet

once a year with full participation by all members of the Organization so that they may all inform each other, and the interest of all members may be taken into account, since this meeting would immediately precede a regular session. The international agreement now being negotiated would also include a recommendation that representatives from telecommunications agencies or entities be included in the delegations to this special annual meeting. These agents would thus exert a real influence, particularly if the meeting of the Governing Body that would follow was, from the standpoint of agenda, the most important of the year.

* * *

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Washington, D.C., June-July 1969



PC/12
July 7, 1969

COMPOSITION OF THE ASSEMBLY
(Submitted by the Delegation of Denmark)

1. The Danish Delegation wishes to make the following proposal in regard to the composition of the Assembly.

The Assembly will consist of:

- a. Representatives of the Governments whenever they deem it appropriate to participate.
- b. Representatives of the Signatories.

It is implicit in the proposal that each country has one vote. It is further understood that the Assembly may establish such committees as are found necessary for carrying out its work.

2. The Danish proposal is in the first instance based on the unanimous recommendation in the Interim Committee's report, paragraph 244, that the Organization consist of an Assembly, a Governing Body and a Management Body. In connection with this recommendation the Interim Report contains three different proposals as to the composition of the Assembly:

- a. all the Parties;
- b. either Parties or Signatories as may be decided by the Parties prior to each meeting of the Assembly; or
- c. all the Signatories.

3. As none of these proposals seems to be able to meet all the needs of the various States for representation in the Assembly, the Danish Delegation submits this proposal, taking into account the different structures in the various States and at the same time safeguarding the interests of the Governments as well as those of the Signatories.

PC/12

- 2 -

The proposal does not necessitate any distinction--in itself difficult to define--between the competence belonging to Governments, and that which might be attributed to Signatories. On the whole, the maximum amount of flexibility and simplicity is therefore preserved.

* * *

Preparatory Committee of the Plenipotentiary Conference
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Washington, D.C., June-July 1969



PC/13
July 7, 1969

REPORT REQUESTED OF THE CHILEAN DELEGATION IN
THE SESSION OF THE PREPARATORY COMMITTEE
HELD ON FRIDAY, JULY 4, 1969

In the session held Friday, July 4, 1969, the Vice Chairman of the Preparatory Committee, Mr. Motoo Ogiso, who presided at the session, requested the representative of the delegation of Chile to kindly draft certain general ideas that had been expressed on the question of "Settlement of Disputes" discussed in that session.

The delegation of Chile is therefore pleased to comply with that request, as follows:

1. In March, 1969, Commission II of the INTELSAT Conference approved the report of the Working Group (document Com. II/15), on "Settlement of Disputes." Appendix I to Annex B of that document contains two draft articles to be incorporated into the Definitive Agreements, to wit:
 - a. An article to be included in the inter-Governmental Agreement that provides that, barring another solution, controversies arising over rights and obligations of the Parties with respect to each other, or regarding the rights and obligations between INTELSAT and a Party or Parties, should, in accord with the terms of that inter-Governmental Agreement, be submitted to an arbitration tribunal; and
 - b. An article to be included in the Operational Agreement, which provides that, in lieu of another solution, controversies arising respecting the rights and obligations of the Signatories with respect to each other, or respecting the rights and obligations between INTELSAT and a Signatory or Signatories, should, as provided by the inter-Governmental Agreement or the Operational Agreement, be submitted to the arbitration tribunal mentioned in that article.

Thus the draft articles do envision arbitration, by the tribunals therein mentioned, of the disputes that might arise between the Parties with respect to each other or between a Party or Parties and INTELSAT, as well as the controversies that might arise between the Signatories with respect to each other or between a Signatory or Signatories and INTELSAT.

As a legal personality, INTELSAT will be empowered to conclude all types of contracts that may deal with the most varied matters. Some of them might concern supply, performance of work projects or services. The other contracting party might be any natural or juridical person, including a Signatory of the INTELSAT Operational Agreement.

It seems to us both necessary and proper that contracts of some importance signed by INTELSAT include stipulations designating a proper arbitration tribunal, and establishing an appropriate arbitration procedure for resolving disputes that might possibly arise between the contracting parties.

However, we do not consider it advisable to incorporate into the Definitive Agreements of INTELSAT provisions stating that the disputes that might arise between INTELSAT, as party to a contract, and the other party, ought to be subject to the arbitration tribunals and procedures established by the same Definitive Agreements according to the draft articles heretofore mentioned. To incorporate such provisions into the Definitive Agreements would circumscribe INTELSAT's freedom of action, and it would not be a just demand to make on the other contracting party as a prerequisite for signing a contract. The contracting parties ought to be free to decide in what manner they will resolve their possible controversies, which manner may vary from case to case. This, however, does not prevent the appropriate INTELSAT Agencies from setting general guidelines for the solution of disputes, guidelines to be included in INTELSAT contracts.

However, there would appear to be no objection to stipulating in the Definitive Agreements that when INTELSAT signs a contract with a Signatory, the eventual controversies that might arise from or concerning that contract would be subject to the arbitration tribunals and procedures established in the Definitive Agreements, because if the Signatory accepts those tribunals and procedures to resolve difficulties that could confront him as Signatory, then there should be no reason why he would decline to accept the very same tribunals and procedures to adjust difficulties that might arise for him as an INTELSAT contractor.

- 3 -

2. Once the Definitive Agreements enter into force, the controversies that might arise under their terms could be submitted to the arbitration procedure established therein.

Furthermore, such Definitive Agreements will have to envision temporary provisions for governing activities while the INTELSAT Organs are being established.

Since INTELSAT activities ought not to be interrupted by the entry into force of the Definitive Agreements, it is possible, unless it should be otherwise decided, that COMSAT, now administering the system, continue with these functions until the appropriate INTELSAT Organ may have signed a contract with COMSAT for the provision of given services. In that interim, it is possible that a controversy could arise between COMSAT and INTELSAT concerning or because of COMSAT services during that period.

In view of such possibilities, we deem it indispensable that the temporary provisions of the Definitive Agreements include the necessary stipulations for solving the above-mentioned possible disputes between INTELSAT and COMSAT. Such stipulations ought to be drawn up in such a fashion as to oblige COMSAT to adhere to them, by the mere fact of its signing the Operational Agreement as a Signatory.

* * *

Preparatory Committee of the Plenipotentiary Conference
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PC/14
July 7, 1969

FINANCIAL ASPECTS OF THE DEFINITIVE ARRANGEMENTS

Contribution by the United Kingdom

1. Many of the Articles of the Interim and Special Agreements have financial implications of one kind or another. Those which are predominantly of a financial nature are:-

INTERIM AGREEMENT

- Article I. Basic Principle: ownership of the space segment of the global system in undivided shares.
Article VI. Estimated cost of the space segment during the interim period.
Article XI. Withdrawals.

SPECIAL AGREEMENT

- Article 4. Payment of contributions by Signatories.
Article 5
and 6 Nature of the costs to be borne by Signatories.
Article 9 Space segment charge and cognate matters.

These Articles contain financial principles and the Interim Committee has the responsibility for interpreting these principles and for carrying them out. Subject to the powers which may be given to the Assembly, it is considered that the Definitive Arrangements should follow a similar pattern.

Signatories should undertake to contribute, on a basis to be agreed, a proportional share of all expenditure, whether by way of investment or of operating costs, with the reciprocal right to participate on a similar proportional basis in the distribution of surplus revenues; these obligations should persist for any Signatory whose corresponding Party subsequently withdraws from the Agreement in respect of future costs resulting from contracts concluded prior to withdrawal. The following paragraphs attempt to develop these principles having regard to the report of Committee III established at the first session of the Plenipotentiary Conference (Document 16).

2. CONCEPTS

In the discussion at the Plenipotentiary Conference there appears to have been no serious question that the basic concepts on which the present Agreements are based should continue. Under these concepts, the space segment of the global system is owned in undivided shares by the Signatories and users of the system pay to the Organisation a space segment charge, determined by the Interim Committee, to cover all costs including interest on capital, operating and maintenance costs, amortisation and a margin of profit.

The new Agreements should not contain a limitation on the investment costs of the space segment. Subject to the functions that may be ascribed to the Assembly, the Governing Body should be empowered to arrange for such investment as is necessary for the fulfillment of the Agreements.

3. Determination of Investment Shares

The principle matters for considerations are:

- (a) whether investment shares should be based on use;
- (b) periodic adjustment of shares.

As to (a), there appears to be a virtually unanimous view that investment shares should be based on use of the system. "Use" has still to be defined and the view of the United Kingdom delegation remains that it should be defined as total use by a Signatory. If it were based on use for public international telecommunications traffic, the question would arise as to how the investment attributable to use for domestic purposes would be contributed. The document submitted by the delegation of Sweden, PC/5, proposes that the investment share of a Signatory should be equal to the Signatory's total use of the space segment but the share should be in two parts, one for international traffic and one for domestic traffic. Discussion in the Committee suggests that there would be difficulty in agreeing definitions of "international" and "domestic" for this purpose. Document PC/5 was written in the context of voting arrangements and, even if it were possible to reach agreement based on the proposals in that document, the question of finding generally acceptable voting arrangements would still remain. The United Kingdom Delegation considers that investment quotas should be related to total use of the space segment, and that this parameter should form the basis on which the question of voting rights should be settled.

As to (b) there appears to be agreement that quotas should be adjusted periodically. The United Kingdom suggests that the adjustments should be based on the following principles:

- (1) initially adjustment should take place annually.

With the growth of the system, an annual adjustment of quotas might result in fairly small changes of quotas and adjustments at substantially longer intervals might become appropriate. Decisions on the frequency of the adjustment of investment shares might be a function of the proposed Assembly.

- (ii) Adjustments should be made on the basis of actual past use of the system. However, the adjustments should reflect the forecast use of Signatories who could demonstrate satisfactorily that they would be bringing earth stations into use within six months of an adjustment of quotas.
- (iii) Exceptionally and provided that all other Signatories were willing to accept an appropriate proportional increase in their investment shares, a Signatory might be permitted not to increase its investment share in proportion to its use of the system.
- (iv) Given arrangements on the above lines, the concept of a minimum investment share would apply only to Signatories who were not yet users when they became members of the Organisation. For such Signatories it is suggested that a minimum investment share of 0.05% should apply, unless they requested a lower share and the Governing Body agreed to the request.

4. Financial Aspects of Transition from the Interim to the Definitive Arrangements.

It will be necessary to determine the value of the assets of the Organisation at the time of the transition from the interim to the definitive arrangements (as also at the dates of periodic adjustment of investment shares). Annex 2 to Appendix D of Document 16 noted that, for this purpose, there were two possible methods, the "net book value method" and the "net payments method", and stated that in principle, and assuming that the same rate of return was used in both methods, the results obtained by them were identical and that from the practical point of view there was little to choose between them. This being so, the Committee may wish to base its consideration of this complicated subject on the methods for determining the initial and subsequent investment shares proposed in Article 4 of Document 10.

5. Financial Aspects of Provisions Relating to Withdrawal

The present Agreement and Special Agreement provide that when a Party withdraws, whether voluntarily, or by decision of the Interim Committee, the corresponding Signatory to the Special Agreement shall meet all financial obligations then existing under the latter Agreement, and shall further contribute, as the Committee may decide, to future costs arising from contracts placed during the Party's membership. Provision is also made for consequential adjustments of the investment shares of other Signatories and for the transfer of the share of the withdrawing Signatory to other specific Signatories in certain conditions.

In the view of the United Kingdom Delegation:

- (i) the new Agreement should make corresponding provision as to the financial obligations of withdrawing Parties towards the Organisation;
- (ii) the Agreements should also state what financial obligations the Organisation shall have towards a withdrawing Party;
- (iii) subject to what is done about (ii), the new Agreements should provide that if withdrawal takes place other than at a periodic general adjustment of investment shares, the shares of remaining Parties are adjusted proportionately except as regards such contributions to future costs for which the withdrawing Party remains responsible.

As to (ii), two alternatives have been advanced:

- (a) the Agreements might provide that the Signatory corresponding to the withdrawing Party should be refunded the value of its investment in the Organisation, such value being computed by reference to the net worth of the Organisation at the time of withdrawal, and the investment share then held by the Signatory concerned. The amount required for the refund would be contributed by the remaining Signatories in proportion to their then investment shares;

- (b) the Agreement might provide that there should be no immediate refund but that a refund should be made in instalments over a suitable period out of the revenue of the Organisation.

Course (a) is inconsistent with the present, and in the United Kingdom view necessary, provision that requires the Signatory corresponding to the withdrawing party to contribute further capital in so far as this is required by current contracts. On the assumption that the Organisation would wish to continue to protect itself in this way, the United Kingdom view is that course (b) is the appropriate one to adopt, namely, for this purpose the Signatory concerned would be treated as any other Signatory and would be refunded out of the revenues of the Organisation over a suitable period, the value of his investment share at the time of withdrawal plus any further investment required of him as a condition of withdrawal. Such a procedure would apply irrespective of the conditions giving rise to withdrawal.

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6. Financial Articles cannot be drafted until agreement is reached on the principles discussed in this paper. When agreement has been reached, the drafting can be carried out by financial experts under the aegis of the Preparatory Committee or at some later stage.

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PC/15 (Corr. 1)
July 9, 1969

STRUCTURE OF THE ASSEMBLY
(Submitted by the Delegation of Belgium)

This proposal on the structure of the Assembly, submitted by the delegation of Belgium, is based on the ideas and principles underlying the proposals made by Mexico and Spain (document Com. I/111, items 31 and 32), Chile (PC/4), Japan (PC/8, Corr. 1), France (PC/11), and Denmark (PC/12).

1. The delegations to the Assembly, which occupies the highest rank in the INTELSAT hierarchy, shall be composed of representatives of Parties and of the Signatories.
2. The Agreement shall stipulate that a Committee of the Whole, composed of the representatives of the Signatories, shall be established within the Assembly. This Committee shall be empowered to examine the financial, operational, and technical questions specifically mentioned in the Operational Agreement.
3. The Committee of the Whole shall forward a report of its deliberations to the plenary session of the Assembly, emphasizing the problems that the plenary session should eventually take into consideration.
4. The decision-making or reviewing functions of the Assembly and those of the Committee of the Whole could be those stated in document PC/8, Corr. 1, submitted by Japan.
5. In the Assembly, each country would have one vote. The same would be true for the Signatories in the Committee of the Whole.

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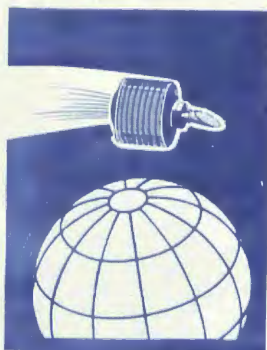
PC/16
July 8, 1969

CONSIDERATIONS REGARDING THE MANAGEMENT BODY
AND THE GOVERNING BODY
(Submitted by the Mexican Delegation)

1. The Governing Body should be primarily responsible for the efficient operation of the organization and, therefore, of the activities of INTELSAT that fall within the purview of the management body or manager.
2. It is considered advisable to create a general secretariat or an administrative staff that would be accountable to the Governing Body, that would represent the latter, and that would be distinct from the management body. Its staff would be chosen with a view to meeting the highest criteria of efficiency, without disregarding, whenever possible, the desirability of an equitable geographic distribution.
3. The manager, though closely associated with the organization, should be linked to it by contractual means only during the transitional period. As far as its future integration into the organization is concerned, it is evident that the great majority of the delegations deem it desirable as the ultimate goal.
4. In the event of duality of functions within the management body because of its role as a signatory, on the one hand, and of its powers, capacities, and obligations as a contractor, on the other, a very careful distinction should be made between them, bearing in mind the possible conflicts of competence. Since this is undesirable as a definitive arrangement, it is advisable that the present situation be maintained only for a relatively short transitional period, but in such a way that, in the future, the personalities of the signatory and of the contractor be fully separated. From the legal standpoint, it is essential that the definitive standards that we may adopt do not contain the seeds of future conflicts of competence and jurisdiction, such as those examined by the distinguished Representative of the United Kingdom.
5. For the transitional period a maximum 3-to-5-year contract with the present management body could be entered into, which could be reviewed and revised; but this should not preclude the organization from entering into additional arrangements or contracts with other national or international

concerns or entities that would take care of specific matters, such as special technical, operational, and economic studies and, in particular, the evaluation of the programs entrusted to the management body and the manner in which they have been carried out by it.

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PC/17
July 8, 1969

SEATING AND VOTING RIGHTS IN THE
GOVERNING BODY

(Submitted by the Delegations of Algeria, Kuwait, Sweden,
Switzerland and Turkey)

The following proposal is the result of a carefully balanced consideration of the differing views regarding the interrelated aspects of investment, membership in the Governing Body and voting power. It should be understood that this proposal is a package and it would not be possible to modify any one of these principles without seriously disturbing the intended equilibrium.

A.

Each Signatory shall be entitled to an investment share equal to its percentage of the total utilization of the space segment for international and domestic public telecommunication traffic.

B.

The Governing Body shall be composed of:

- i) Representatives from each of the Signatories whose investment share is not less than . . .%
- ii) Representatives from any two or more Signatories whose combined investment shares total not less than . . .% and which have agreed to be so represented.
- iii)

C.

The voting power of the Signatory or group of Signatories so represented in the Governing Body shall be based on their share in the total international public telecommunication traffic handled by the INTELSAT system.

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Preparatory Committee of the Plenipotentiary Conference
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Washington, D.C., June-July 1969

PC/17(Rev.1)
July 9, 1969

SEATING AND VOTING RIGHTS IN THE
GOVERNING BODY

(Submitted by the Delegations of Algeria, Kuwait, Sweden,
Switzerland and Turkey)

The following proposal is the result of a carefully balanced consideration of the differing views regarding the interrelated aspects of investment, membership in the Governing Body and voting power. It should be understood that this proposal is a package and it would not be possible to modify any one of these principles without seriously disturbing the intended equilibrium.

A.

Each Signatory shall be entitled to an investment share equal to its percentage of the total utilization of the space segment for international and domestic public telecommunication traffic.

B.

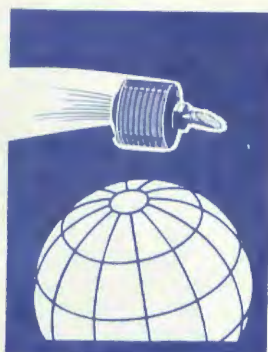
The Governing Body shall be composed of:

- i) Representatives from each of the Signatories whose investment share is not less than . . .%
- ii) Representatives from any group of two or more Signatories whose combined investment shares total not less than . . .% and which have agreed to be so represented.
- iii)

C.

The voting power of the Signatory or group of Signatories so represented in the Governing Body shall be based on their share in the total international public telecommunication traffic handled by the INTELSAT system.

* * *



Preparatory Committee of the Plenipotentiary Conference
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July 8, 1969

CONSIDERATIONS REGARDING INVESTMENT SHARES
(Submitted by the Delegation of Venezuela)

The Delegation of Venezuela would like to make the following statement regarding the arrangements for investment shares in the organization and propose possible solutions in this connection:

In studying the material dealing with the method of determining the investments of the signatories in the organization, one perceives that a rather exceptional situation is created by the geographical characteristics peculiar to countries such as Pakistan, Denmark, Portugal, the United Kingdom and the United States, requiring them to send traffic by satellite between territories separated by sea or by the territories of other nations. This situation calls for a solution that is likewise exceptional; however, we should not try to draw a general rule therefrom under the pretext of solving an exceptional problem.

Once the basic and primary objective of the organization has been achieved, which is to provide the most efficient international public telecommunications service, INTELSAT should envisage giving first priority to meeting the needs of the above-mentioned exceptional telecommunications traffic.

This exceptional guarantee would provide an equitable solution for the special case of the above-mentioned countries and thus obviate distorting the INTELSAT system of investments and decisions, which system should be based on generally accepted principles and not be influenced by exceptional circumstances.

Another solution to this situation, but which would distort to a certain extent the system of investments in the organization, would be to accept the principle that:

"The investment shares of the signatories should be related to the actual use of the organization's installations in public telecommunications service, measured in equivalent voice channels in permanent use."

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as long as it is clearly established that:

"For purposes of participation in the Governing Body and determination of the voting mechanism there should be taken into account only the actual use of the organization's installations in international public telecommunications service measured in equivalent voice channels in permanent use."

With the exception of the above-mentioned proposal, all the principles established in document PC/4 submitted by the Chilean delegation remain valid.

* * *



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July 9, 1969

RIGHTS AND OBLIGATIONS OF MEMBERS

(Submitted by the Delegation of the Federal Republic of Germany)

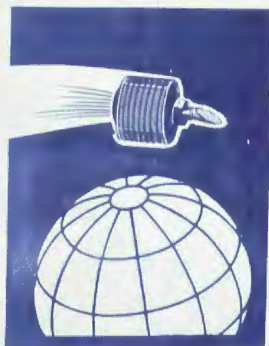
Proposed amendments to the draft Article in document Com.I/77,
pages 2 and 3:

1. Remove all the brackets.
2. Replace in paragraph (b), second sentence, the words
"shall confirm" by "may confirm".
3. Add the following paragraph:

" (d) The above recommendations of the Assembly
shall be adopted within a period of six
months beginning with the date of the formal
consultation."

* * *

Preparatory Committee of the Plenipotentiary Conference
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A METHOD OF DETERMINING ELIGIBILITY AND VOTING POWER OF MEMBERS
WITHIN THE GOVERNING BODY
(Document submitted by the Algerian delegation)

The following proposal, presented for the purpose of conciliating the various points of view expressed during the Plenipotentiary Conference and the meeting of the Preparatory Committee, aims at defining a single criterion for eligibility to the Governing Body and determination of the voting power of the members of that Body.

I. Basic Principles

In evaluating the eligibility and voting power of the members of the Governing Body consideration should be given not only to the members' investment in the space segment but also to their investments in the earth segment (earth stations).

This addresses itself to the concern of many countries whose investment in the earth segment may sometimes be a very high multiple of their investment in the space segment.

The space and earth segments are in fact two inseparable and interrelated aspects of satellite telecommunications.

II. Method of determining parameter p used for evaluating eligibility of members to the Governing Body and determining their voting power within that Body

To illustrate, this method, to take a general example, involves a member country possessing (n) standard earth stations, i.e.:

- X the Organization's total investment in the space segment
- Y the fixed average value of a standard earth station
- Z the share of participation of the country under consideration in the financing of the space segment
- N the total number of earth stations using the system

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parameter p is equal to:
$$p = \frac{100 \times (Z + n Y)}{X + NY} \quad (F)$$

III. Results obtainable with this method

1. From the standpoint of voting power

A numerical illustration of the results obtainable with this method with regard to the distribution of voting power within the Governing Body will be found in Annexes 1, 2, and 3 to the present document.

(a) Hypotheses

Three chosen hypotheses on evaluation of investment in the space segment (present investment, investment based on a 3-year projection of public international traffic, and investment based on a 3-year projection of both domestic and international public traffic) are only practical examples. With regard to the calculations themselves, we assumed we were in 1972, at which time, according to Document ICSC 39-11, there will be 79 stations in operation, six of which will be non-standard. We have given a fixed average value of 5 million dollars to standard stations and a value of 2.5 million dollars to non-standard stations, which amounts to a total earth investment of \$380 million as against \$200 million for the space segment. These figures may seem slightly arbitrary, but we had to adopt them for purposes of calculation.

Thus: $X = \$200 \text{ million}$

$Y = \$5 \text{ million}$

$N = 79 \text{ (73 standard stations + 6 non-standard stations)}$

Z is computed as follows:

- in Table 1, based on present quotas listed in Document ICSC 39-6;
- in Table 2, based on traffic figures on pages 3 & 4 of Annex I to Appendix B to Document 16 of the Plenipotentiary Conference;
- in Table 3, based on figures on pages 6 & 7 of Annex I to Appendix B to Document 16.

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(b) Analysis of advantages

From Tables 1, 2, and 3, it appears that the proposed system permits us to envisage, as far as the space segment is concerned, and without major consequences for the distribution of voting power, the calculation of investment shares independently of any reference to the domestic or international nature of satellite use for public needs.

Furthermore, without appreciably modifying the hierarchical structure of the voting power of the countries represented within the Governing Body, this method weights the extreme values of this voting power and results in a more balanced distribution of intermediary values.

Lastly, it will be noted that by using this method it will no longer be necessary to provide for restrictive voting procedures such as making additional provisions against the risks of "veto power" used by a very limited number of members of the Governing Body or of decisions imposed under similar conditions.

2. From the standpoint of determining the eligibility of members to the Governing Body

The same parameter p as defined above will serve as a criterion of eligibility to the Governing Body. The minimum value of p_m entitling one to a seat ($p \geq p_m$, p being the parameter used either for a country or for a group of associated countries) will be determined in relation to the values obtained when applying formula (F) to all the members and in relation to the desired limitation of the number of members of the Governing Body.

This system, by promoting better representation within the Governing Body, will strengthen the latter's authority.

* * *

Note: This paper has been intentionally limited to the guiding principles and fundamental consequences of the proposed method. Needless to say, as far as voting procedures (definition of a majority, quorum, etc.) as well as details regarding the eligibility of members to the Governing Body (determination of the number of members, qualifications of representatives, etc.), we did not consider it necessary to overburden this document with considerations that do not give rise to major differences of opinion.

Table 1

Country	Number of earth stations	Present (1) quotas	Investment			Parameter p (eligibility and voting power in Governing Body)
			Space segment	Earth segment	Total	
Algeria	1	0.54	1	5	6	1.05
Argentina	1	1.40	2.8	5	7.8	1.34
Australia	3.5	2.38	4.6	17.5	22.1	3.81
Brazil	1	1.40	2.8	5	7.8	1.34
Canada	2	3.25	6.4	10	16.4	2.82
Chile	1	0.28	0.4	5	5.4	0.93
France	3	5.29	10.4	15	25.4	4.37
Germany	2	5.29	10.4	10	20.4	3.55
India	1	0.46	0.8	5	5.8	1
Iran	1	0.24	0.4	5	5.4	0.93
Italy	2.5	1.90	3.8	12.5	16.3	2.81
Japan	2	1.73	3.4	10	13.4	2.31
Kuwait	1	0.04		5	5	0.86
Mexico	1	1.46	2.8	5	7.8	1.34
Nigeria	2	0.33	0.6	10	10.6	1.82
Pakistan	2	0.23	0.4	10	10.4	1.79
Spain	3.5	0.95	1.8	17.5	19.3	3.32
Sweden	1	0.60	1.2	5	6.2	1.06
Switzerland	1	1.73	3.4	5	8.4	1.44
Turkey	1	0.49	0.8	5	5.8	1
United Kingdom	5.5	7.28	14.4	27.5	41.9	7.22
United States	10	52.90	105.8	50	155.8	26.86
Venezuela	1	0.95	1.8	1	6.8	1.17

* * *

Table 2

Country	Number of earth stations	Average based on three-year use (public international traffic only) (1)	Investment			Parameter p (eligibility and voting power in Governing Body)
			Space segment	Earth segment	Total	
Algeria	1			5	5	0.86
Argentina	1	1.69	3.2	5	8.2	1.41
Australia	3.5	2.98	5.8	17.5	23.3	4.01
Brazil	1	2.01	4	5	9	1.55
Canada	2	2.43	4.8	10	14.8	2.55
Chile	1	1.44	2.8	5	7.8	1.34
France	3	2.83	5.6	15	20.6	3.55
Germany	2	2.04	4	10	14	2.41
India	1	1.23	2.4	5	7.4	1.27
Iran	1	0.43	0.8	5	5.8	1
Italy	2.5	2.91	5.8	12.5	18.3	3.15
Japan	2	4.76	9.4	10	19.4	3.34
Kuwait	1	0.43	0.8	5	5.8	1
Mexico	1	0.58	1	5	6	1.03
Nigeria	2	0.21	0.4	10	10.4	1.79
Pakistan	2	0.45	0.8	10	10.8	1.86
Spain	3.5	2.95	5.8	17.5	23.3	4.01
Sweden	1	0.40	0.8	5	5.8	1
Switzerland	1	0.82	1.6	5	6.6	1.13
Turkey	1	0.12	0.2	5	5.2	0.89
United Kingdom	5.5	13.24	26.4	27.5	53.9	9.29
United States	10	37.14	74.2	50	124.2	21.41
Venezuela	1	0.91	1.8	5	6.8	1.17

* * *

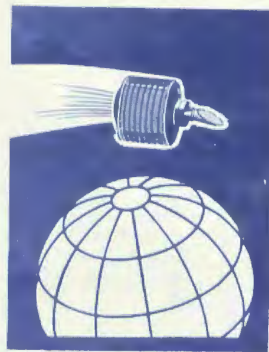
Table 3

Country	Number of earth stations	Average based on three-year use (both domestic and international public traffic)(1)	Investment			Parameter p (eligibility and voting power in Governing Body)
			Space segment	Earth segment	Total	
Algeria	1			5	5	0.86
Argentina	1	1.37	2.6	5	7.6	1.31
Australia	3.5	2.41	4.8	17.5	22.3	3.84
Brazil	1	1.64	3.2	5	8.2	1.41
Canada	2	1.98	3.8	10	13.8	2.37
Chile	1	1.17	2.2	5	7.2	1.24
France	3	2.30	4.6	15	19.6	3.37
Germany	2	1.67	3.2	10	13.2	2.27
India	1	1	2	5	7	1.20
Iran	1	0.35	0.7	5	5.7	0.98
Italy	2.5	2.37	4.6	12.5	17.1	2.94
Japan	2	3.88	7.6	10	17.6	3.03
Kuwait	1	0.35	0.6	5	5.6	0.96
Mexico	1	0.47	0.8	5	5.8	1
Nigeria	2	0.17	0.2	10	10.2	1.75
Pakistan	2	1.37	2.6	10	12.6	2.17
Spain	3.5	2.40	4.8	17.5	22.3	3.84
Sweden	1	0.33	0.6	5	5.6	0.96
Switzerland	1	0.67	1.2	5	6.2	1.06
Turkey	1	0.10	0.2	5	5.2	0.89
United Kingdom	5.5	11.07	22	27.5	49.5	8.53
United States	10	47.42	94.8	50	144.8	24.96
Venezuela	1	0.74	1.4	5	6.4	1.10

* * *

(1) Pages 6 and 7, Annex 1 to Appendix B of Document 16.

Preparatory Committee of the Plenipotentiary Conference
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Washington, D.C., June-July 1969



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July 10, 1969

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OFFICERS OF THE COMMITTEE

CHAIRMAN

John E. Killick, C.M.G. (United Kingdom)

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DEPUTY SECRETARY OF THE COMMITTEE

Marion L. Gribble (United States)

MEMBER COUNTRIES

ALGERIA

Head of Delegation

Amar Dahmouche
Counselor
Algerian Mission to the United Nations
750 3rd Avenue
New York

Delegate

Abdel Kader Bairi
Engineer
Ministry of Posts and Telecommunications
4 Boulevard Salah
Bouakouir

ARGENTINA

Delegates

Alberto E. Ham
Third Secretary
Embassy of the Argentine Republic
1600 New Hampshire Avenue, N.W.
Washington, D. C. 20009

Raul Estrada-Oyuela
Third Secretary
Embassy of the Argentine Republic
1600 New Hampshire Avenue, N.W.
Washington, D. C. 20009

AUSTRALIA

Leader

Francis A. Stanton
Assistant General Manager
Overseas Telecommunications Commission
Box 7000, GPO
Sydney

Alternate

Philip F. Moore
Deputy Assistant Director General
Postmaster General's Department
Melbourne

Advisers

Thomas C. Weaver
Chief Accountant
Overseas Telecommunications Commission
Sydney

Leonard S. Dooley
International Relations Officer
Overseas Telecommunications Commission
Sydney

Richard J. Smith
First Secretary
Embassy of Australia
1601 Massachusetts Avenue, N.W.
Washington, D. C. 20036

AUSTRIA

Delegate

Dr. Tassilo Ogrinz
Third Secretary
Federal Ministry of Foreign Affairs
Vienna

BELGIUM

Head of Delegation

Juan Cassiers
Assistant to the Director of the Scientific
Services
Ministry of Foreign Affairs
Brussels

Alternates

Marc Lambiotte
General Administrator
Regie des Telegraphes et des Telephones
Brussels

Andre Van Coillie
Chief Engineer-Director
Regie des Telegraphes et des Telephones
Brussels

Adviser

Hubert Van Houtte
Attaché
Embassy of Belgium
3330 Garfield Street, N.W.
Washington, D. C. 20008

BRAZILDelegate

Colonel Carlos Alberto Braga Coelho
Resident Delegate of the Interim Committee
of INTELSAT
Ministry of Communication
Raymundo Correa 36/603
Rio de Janeiro

CANADAHead of Delegation

Ralph E. Reynolds
Head of Transport Communications and
Energy Division
Office of Economic Affairs
Department of External Affairs
Ottawa

Deputy Head of Delegation

Gordon Nixon
Director General, Telecommunications Bureau
Department of Communications
Ottawa

Delegate

Henry Flynn
Senior Planning Officer
Department of Communications
Ottawa

Advisers

D. V. Doran Veevers
Executive Assistant to the Vice President
in charge of Engineering Operations
Canadian Overseas Telecommunications Corp.
Montreal, Quebec

Gordon Waterhouse
Vice President of Finance
Canadian Overseas Telecommunications Corp.
625 Belmont Street
Montreal, 101, P.Q.

Barry Mawhinney
Legal Adviser
Department of External Affairs
Ottawa

Miss Dorothy Burwash
Counselor
Embassy of Canada
1746 Massachusetts Avenue, N.W.
Washington, D. C. 20036

Secretary to the Delegation

Miss Helene Simard
Third Secretary
Embassy of Canada
1746 Massachusetts Avenue, N.W.
Washington, D. C. 20036

CHILEAlternate Representative

Santiago Astrain
General Manager
Empresa Nacional de Telecomunicaciones S.A.
(ENTEL)
1736 Massachusetts Avenue, N.W.
Washington, D. C. 20036

Delegate

Jorge Rodriguez
Legal Adviser-Corporative Secretary of ENTEL
National Telecommunications Enterprise
Corp. ENTEL
Santiago

Adviser

Patricio Perelman
Chief of Engineering
Empresa Nacional de Telecomunicaciones S.A.
Moneda 812, P.O. Box 4254
Santiago

DENMARKRepresentatives

Erik Andersen
Assistant Department Head
Danish Ministry of Foreign Affairs
Copenhagen

Anker K. A. Hansen
Scientific Counselor
Embassy of Denmark
3200 Whitehaven Street, N.W.
Washington, D. C. 20008

FRANCE

Head of Delegation

Augustin Jordan
Minister Plenipotentiary
Chief of General Affairs Section
Division of Economic and Financial Affairs
Ministry of Foreign Affairs
Paris

Delegates

Gilles de Boisgelin
Counselor for Foreign Affairs
Foreign Ministry
37 Quai D'Orsay
Paris

Jean-Paul Duplan
Administrator of PTT
Directorate General of Telecommunications
Paris

Robert Lemaitre
Legal Adviser
Foreign Ministry
37 Quai D'Orsay
Paris

Claudius Henri Mouton
Administrative Officer
International Telecommunications
Paris

Philippe Petit
Foreign Ministry
Paris

Raymond Serradeil
Embassy of France
2535 Belmont Road, N.W.
Washington, D. C. 20008

GERMANY, FEDERAL REPUBLIC OF

Head of Delegation

His Excellency Heinrich Northe
Ambassador
Foreign Office
Ministry of Foreign Affairs
Bonn

Deputy Head of Delegation

G. Brunner
Counselor
Foreign Office
Adenauer Allee 101
Bonn

Members of Delegation

R. Dirnecker
First Secretary
Embassy of the Federal Republic of Germany
4645 Reservoir Road, N.W.
Washington, D. C. 20007

B. Seidel
Department Counselor
Federal Ministry for Posts and Telecommuni-
cations
Bonn

Nikolaus Schneider
Regierungsdirektor
Federal Ministry of Scientific Research
Bonn

INDIA

Head of Delegation

Madan Gopal Kaul
Minister
Embassy of India
2107 Massachusetts Avenue, N.W.
Washington, D. C. 20008

Delegate

R. Parthasarathy
Director
Overseas Communications Services of India
Bombay

Adviser

Kuldip Sahdev
Second Secretary
Embassy of India
2107 Massachusetts Avenue, N.W.
Washington, D. C. 20008

INDONESIA

Representative

Adian Silalahi
Attache
Embassy of the Republic of Indonesia
2020 Massachusetts Avenue, N.W.
Washington, D. C. 20036

Assistant to the Representative

Hedi Prawoto
Economic Staff Member
Embassy of the Republic of Indonesia
2020 Massachusetts Avenue, N.W.
Washington, D. C. 20036

IRAN

Delegate

Hassan Izadi
Counselor
Embassy of Iran
3005 Massachusetts Avenue, N.W.
Washington, D. C. 20008

ISRAEL

Head of Delegation

Moshe Meirav
Economic Counselor
Embassy of Israel
1621 22nd Street, N.W.
Washington, D. C. 20008

Alternate

~~Chaim Ouziel~~ *Dele*
Assistant to the Economic Counselor
Embassy of Israel
1621 22nd Street, N.W.
Washington, D. C. 20008

ITALY

Head of Delegation

Dr. Franco Fiorio
Scientific Counselor
Embassy of Italy
1601 Fuller Street, N.W.
Washington, D. C. 20009

Delegate

Andrea Caruso
Deputy Chief
Commercial Department TELESPIAZIO
Rome

Adviser

Emanuele Santoro
Legal Adviser
Radio and Television System
Rome

JAPAN

Head of Delegation

Motoo Ogiso
Assistant Director General
United Nations Bureau
Ministry of Foreign Affairs
Tokyo

Deputy

Teruhiko Kashiwagi
Administrative Director of Telecommunications
Ministry of Posts and Telecommunications
Tokyo

Alternates

Motoichi Masuda
Managing Director
KDD
Tokyo

Kiyoaki Kikuchi
Counselor
Embassy of Japan
2520 Massachusetts Avenue, N.W.
Washington, D. C. 20008

Junichi Kimura
Washington Representative
KDD
950 L'Enfant Plaza
Washington, D. C.

Kenjiro Sase
First Secretary
Embassy of Japan
2520 Massachusetts Avenue, N.W.
Washington, D. C. 20008

Eizo Endo
Staff
KDD
Tokyo

Zenji Kaminaga
Third Secretary
Embassy of Japan
2520 Massachusetts Avenue, N.W.
Washington, D. C.

KOREA

Delegate

Joun Yung Sun
Third Secretary
Embassy of Korea
2320 Massachusetts Avenue, N.W.
Washington, D. C. 20008

KUWAITHead of Delegation

Sabeeh Amin
Head of Telegraphic Projects Section
Ministry of Posts, Telegraphs and Telephones
Kuwait

Alternate

Abdulla Al-Qandi
Third Secretary
Embassy of the State of Kuwait
2940 Tilden Street, N.W.
Washington, D. C. 20008

LUXEMBOURG

Represented by the Delegation of Belgium

MEXICOHead of Delegation

His Excellency Rafael de la Colina
Permanent Representative of Mexico
Organization of American States
2440 Massachusetts Avenue, N.W.
Washington, D. C. 20008

Alternate

Carlos Núñez Arellano
Chief
Department of International Affairs
Ministry of Communications and Transportation
Mexico, D.F.

Advisers

Enrique Luengas Hubp
Chief
Telephony Department
Ministry of Communications and Transportation
Mexico, D.F.

Andres Rozental
Third Secretary
Head of the United Nations Department
Ministry of Foreign Affairs
Mexico, D.F.

NIGERIADelegate

Michael Ononaiye
Second Secretary
Embassy of Nigeria
1333 16th Street, N.W.
Washington, D. C. 20036

NORWAYHead of Delegation

Thorvald Nebell
Chief of Section
Norwegian Telecommunications Administration
Oslo

Alternate

Frode Nilsen
Counselor
Embassy of Norway
3401 Massachusetts Avenue, N.W.
Washington, D. C. 20007

PAKISTANHead of Delegation

O. H. Mohammed
Chief Engineer (Development)
Telephone and Telegraph Department
Karachi

Delegates

Dr. Ashraf-uz-Zaman
Economic Counselor
Embassy of Pakistan
2315 Massachusetts Avenue, N.W.
Washington, D. C. 20008

Ghulam Abbas
Chief Accounts Officer
Telephone and Telegraph Department
Karachi

PANAMADelegate

Miguel Corro
Commercial Counselor
Embassy of Panama
2601 29th Street, N.W.
Washington, D. C. 20008

PHILIPPINESRepresentatives

Pablo R. Suarez, Jr.
Minister
Embassy of the Philippines
1617 Massachusetts Avenue, N. W.
Washington, D. C. 20036

Ernesto C. Pineda
Minister
Embassy of the Philippines
1617 Massachusetts Avenue, N. W.
Washington, D. C. 20036

PORTUGALHead of Delegation

His Excellency Vasco Vieira Garin
Ambassador
Embassy of Portugal
2125 Kalorama Road, N. W.
Washington, D. C. 20008

Delegate

Luis R. de Albuquerque
Second Secretary
Embassy of Portugal
2125 Kalorama Road, N. W.
Washington, D. C. 20008

SPAINHead of Delegation

Electo Garcia Tejedor
Director of Cooperation and Technical
Organizations
Madrid

Delegate

Carlos Fernandez Espeso
First Secretary
Embassy of Spain
2700 15th Street, N. W.
Washington, D. C. 20009

Advisers

Francisco Perez Martin
Engineer of Telecommunications
Compania Telefonica Nacional de Espana
Madrid

Vicente Miralles Mora
Chief of Transmissions
First Area Post Office
General Division and Telecommunications
Madrid

SWEDENHead of Delegation

Clas Nordstrom
Head of Department
Ministry of Communications
Stockholm

Delegate

Arne Raberg
Head of International Relations Division
Central Administration of Swedish Telecommuni-
cations
Stockholm

Advisers

Gunnar Bergman
Chief of Section
Ministry of Communications
Stockholm

Thomas Ganslandt
Second Secretary
Embassy of Sweden
2249 R Street, N. W.
Washington, D. C. 20008

Anders Olander
Attache
Embassy of Sweden
2249 R Street, N. W.
Washington, D. C. 20008

SWITZERLAND

Head of Delegation

Hansruedi Probst
Chief of Section for Special Missions of
Telecommunications Affairs
Ministry of Posts, Telephones and Telegraphs
Berne

Delegates

Dr. Reinhold Steiner
Counselor for Space Affairs
Embassy of Switzerland
2900 Cathedral Avenue, N. W.
Washington, D. C. 20008

Dr. Ernest Andres
First Secretary
Embassy of Switzerland
2900 Cathedral Avenue, N. W.
Washington, D. C. 20008

Dr. Peter Creola
Section of Scientific Affairs
Federal Political Department
Berne

Adviser

Dr. Hermine Herta Meyer
Embassy of Switzerland
Legal Adviser
2900 Cathedral Avenue, N. W.
Washington, D. C. 20008

TANZANIA, UNITED REPUBLIC OF

Representative

Michael A. Kamba
Second Secretary
Embassy of the United Republic of Tanzania
2721 Connecticut Avenue, N. W.
Washington, D. C. 20008

THAILAND

Representative

Manas Leeviraphan
Acting Economic and Financial Counselor
Embassy of Thailand
2300 Kalorama Road, N. W.
Washington, D. C. 20008

TURKEY

Representative

A. Erdinc Karaspan
First Secretary
Embassy of the Republic of Turkey
1606 23rd Street, N. W.
Washington, D. C. 20008

UNITED ARAB REPUBLIC

Representative

Abdel Rahman Hammoud
Commercial Counselor
United Arab Republic Interests Section
Embassy of India
Washington, D. C. 20008

UNITED KINGDOM

John E. Killick, C.M.G.
Assistant Under-Secretary of State
Foreign and Commonwealth Office
Downing Street, S.W.1.
London

Alternate

C. James Gill
Director, External Telecommunications
Executive
General Post Office
Alder House, 1 Aldersgate
London, E.C. 1

Advisers

Frank B. Wheeler
First Secretary
Foreign Commonwealth Office
Downing Street, S.W.1.
London

Arthur G. Smith
Deputy Director
External Telecommunications Executive
Alder House, 1 Aldersgate
London, E.C. 1

Robert M. Hinde
External Telecommunications Executive
General Post Office
Alder House, 1 Aldersgate
London, E.C. 1

UNITED STATES

Representative

The Honorable William W. Scranton
Ambassador
United States Government
Washington, D. C.

Alternate Representative

The Honorable Abbot M. Washburn
United States Government
Washington, D. C.

Advisers

Asher H. Ende
Deputy Chief
Common Carrier Bureau
Federal Communications Commission
Washington, D. C.

John A. Johnson
Vice President, International Communications
Satellite Corporation
Washington, D. C.

Frank E. Loy
Deputy Assistant Secretary of State for
Transportation and Telecommunications
Washington, D. C.

William K. Miller
Director, Office of Telecommunications
Bureau of Economic Affairs
Department of State
Washington, D. C.

VENEZUELA

Representative

Jose Luis Alegrett
Special Representative
Venezuelan Office--INTELSAT
950 L'Enfant Plaza, S.W.
Washington, D. C.

OBSERVERS

AFGHANISTAN

Rahmatullah Asifi
Attaché
Embassy of Afghanistan
2341 Wyoming Avenue, N.W.
Washington, D. C. 20008

CAMBODIA

Dr. Thay Sok
4500 16th Street, N.W.
Washington, D. C. 20011

*Charge d'Affaires of the Royal
Embassy of Cambodia*

CAMEROON

Tenouta Moussa
Director (Engineering)
Ministry of Posts and Telecommunications
Yaounde

Thaddeus Nkuo
First Secretary
Embassy of the Federal Republic of Cameroon
1705 New Hampshire Avenue, N.W.
Washington, D. C. 20009

COSTA RICA

Hermes Sánchez
Representative
Instituto Costarricense de Electricidad
San José

CZECHOSLOVAKIA

Antonin Nenko
Second Secretary
Embassy of the Czechoslovak Socialist Republic
2349 Massachusetts Avenue, N.W.
Washington, D. C. 20008

FINLAND

Timo Jalkanen
Secretary of the Embassy
Embassy of Finland
1900 24th Street, N.W.
Washington, D. C. 20008

MALDIVE ISLANDS

His Excellency Abdul Sattar
Ambassador
Embassy of the Republic of Maldives
2013 Q Street, N.W.
Washington, D. C. 20009

Ahmed Naseem
First Secretary
Embassy of the Republic of Maldives
2013 Q Street, N.W.
Washington, D. C. 20009

ROMANIA

Alexandru Ungur
First Secretary
Embassy of the Socialist Republic of
Romania
1607 23rd Street, N.W.
Washington, D. C. 20008

UNION OF SOVIET SOCIALIST REPUBLICS

V. S. Evalanov
Second Secretary
Embassy of the Union of Soviet Socialist
Republics
1125 16th Street, N.W.
Washington, D. C. 20036

Valeri A. Rachev
Counselor
Embassy of the Union of Soviet Socialist
Republics
1125 16th Street, N.W.,
Washington, D. C. 20036

UNITED NATIONS

Jean D'Arcy
Director, Audio Visual Division
United Nations
New York 10017

J. C. Nichols
Chief of Satellite Communications
United Nations
New York 10017

Marcial Tamayo
Director
United Nations Information Center
1028 Connecticut Avenue, N.W.
Washington, D. C. 20036

SECRETARIAT

Secretary of the Committee

Raymond J. Barrett

Deputy Secretary of the Committee

Marion L. Gribble

Technical Secretaries

Miss Frances G. Eisenstein
John Gantt
William Hutchinson
Donald Morrison
George Stelzenmuller
Thomas Tuttle
Francis Urbany

Security Officer

Charles W. Holland

Administrative Officers

Edgar F. Garwood, Jr.
George Jenkins

General Services

Randolph Coyle IV
William R. Charyk
Edward C. Mistach

Personal Services

Miss Patricia Allum-Poon
Miss Ellen McCreery
Mrs. Norma Shoemaker

Documents Officer

Mrs. Irene E. Scher

Deputy Documents Officer

Mrs. Bennie Mae Stevens

Documents Assistants

Richard H. Bienvenue
Miss Caroline Romine

Registration and Information Officer

Miss Mary E. Haslacker

Deputy Registration and Information Officer

Mrs. Elizabeth H. Walker

Registration and Information Assistant

Miss Susan M. Rossi

Stenographic Services (English)

Miss Joan M. Bienvenue
Miss Barbara Bieri
Miss Irene Derus
Mrs. Barbara Dorset
Miss Sandra Gorelli
Mrs. Lorraine MacAllan
Miss Geralyn L. Murray
Mrs. Hildegard Nelson
Miss Paula Roane
Miss Jane Shields
Miss Regina C. Siler
Miss Belita K. Sparks
Miss Judith Woods
Miss Helen Yourshaw

Distribution Clerks

Michael Goad
Charles R. Grant
Bruce Holly
Miss Rebecca Romine
Miss Kathleen Wallace

Language Services Officer

Theodore H. Leon

Deputy Language Services Officer

Mrs. Nora M. Lejins

Deputy Language Services Officer for
Translations

Mrs. Marcella Woerheide

Interpreters

Mrs. Monique Harway
Mrs. Mary Oram
Mrs. Lili Packer
Mrs. Juanita Falcon Pickering
Jean-Claude Porson
Mrs. Sophia Porson
Mrs. Hortensia Von Bredow

Translators/Reviewers

Robert Assa
Miss Alicia Edwards
Francois Eloquin
Francisco Gurri
Jean L. Marechal
Mario A. Montenegro
Mrs. Michele Morris
Ceferino Rodriquez

Bilingual Secretaries

Miss Berta Edgar
Miss Sara Edgar
Miss Evelyn Ellert
Mrs. Carmen Manrique
Mrs. Andree Orantes
Mrs. Christiane West

Visual Services Officer

J. Arnold Rosensteel

* * *



Preparatory Committee of the Plenipotentiary Conference
on Definitive Arrangements for the International
Telecommunications Satellite Consortium
Washington, D.C., June-July 1969

PC/21 (Corr.1)
July 11, 1969

CORRIGENDUM TO THE FINAL LIST OF PARTICIPANTS

Deletion:

MEMBER COUNTRY

ISRAEL

Alternate

Chaim Ouziel
Assistant to the Economic Counselor
Embassy of Israel
1621 22nd Street, N.W.
Washington, D.C. 20008

Correction:

OBSERVER

CAMBODIA

Dr. Thay Sok
Charge d'Affaires of the
Royal Embassy of Cambodia
4500 16th Street, N.W.
Washington, D.C. 20011

* * *



Preparatory Committee of the Plenipotentiary Conference
on Definitive Arrangements for the International
Telecommunications Satellite Consortium
Washington, D.C., June-July 1969

PC/22

July 11, 1969

To: All Governments Participating in the INTELSAT Plenipotentiary Conference

As Chairman of the Preparatory Committee of the Plenipotentiary Conference on Definitive Arrangements for INTELSAT, I have been charged by the Committee to inform all Governments participating in the Plenipotentiary Conference that a meeting of the Preparatory Committee was held in Washington from 23 June to 11 July, 1969. Good progress was made at this meeting. Nonetheless, delegates concluded that because of the substantial number of issues which had not been adequately discussed, or to which the Committee through lack of time was unable to turn its attention, it would not be possible for the Committee's Report to the Plenipotentiary Conference to be satisfactorily completed by 18 September, as required in paragraph 9 of its terms of reference (Doc. 14, Rev. 1). Therefore the Committee has decided, after the fullest discussion and consideration, in order that it may continue its task of reviewing and completing the work of the Committees of the Plenipotentiary Conference, and resolving in an objective manner differences of view, the second session of the Plenipotentiary Conference should be postponed. Arrangements have been made by the United States Government for the Conference to be resumed in Washington, beginning on 16 February, 1970.

The postponement of the resumed Plenipotentiary Conference in no way constitutes a failure of the Preparatory Committee to perform the task assigned to it. In part because the Committee was unable to begin its work soon after 20 May as planned, and in part because of the magnitude of the task, it became clear at the conclusion of its first session that any report completed by 18 September was virtually certain not to reflect adequate fulfillment of the Committee's mandate.

In order to continue the work assigned to it by the Plenipotentiary Conference, a second session of the Preparatory Committee will be held in Washington from 2-19 September, 1969. The period 2-6 September will be devoted to an examination of legal, financial, and administrative issues, in which work delegates will be assisted by appropriate experts. Working Groups may then be convened concurrently with sessions of the

Preparatory Committee in order to facilitate the drafting of texts. 8-19 September will be taken up with consideration of a first draft report by the Chairman. This report, which will incorporate texts of draft articles submitted by delegations, together with proposals and reservations made by delegations, will be circulated by the middle of August to Governments participating in the Preparatory Committee. Governments which participate in the Plenipotentiary Conference, but are not members of the Preparatory Committee, may, if they so wish, obtain copies of the Report from the Conference Secretariat in Washington (c/o Office of International Conferences, Room 1511, Department of State). It must be emphasized that the Chairman, in drafting this Report, has assumed sole personal responsibility for its content, which, until it has been considered, where necessary amended and finally approved by delegates to the Preparatory Committee, cannot be considered to represent the views of delegations, whatever attribution is made in the Report.

A further meeting of the Preparatory Committee will be held in Washington, beginning on 18 November, 1969, the period which had been set aside for a second meeting of the Plenipotentiary Conference. The Preparatory Committee's aim will be to complete its report by 15 December, in order that Governments may have at least the required 60 days in which to consider it prior to the Plenipotentiary Conference beginning on 14 February, 1970.

John E. Killick, C.M.G.
Chairman, Preparatory Committee

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