

Office of the White House Press Secretary
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The President today announced the Administration's recommendations on the utilization of communications satellites for domestic telecommunications services. The proposals for regulatory policies, which do not require new legislation, were set forth in a memorandum to the Federal Communications Commission. Satellites are currently used in international communications through the INTELSAT consortium, for which the Comsat Corporation is the United States representative. No satellite systems for domestic service have been approved by the FCC.

The Administration's proposals recognize that a flexible regulatory policy is required to stimulate vigorous and innovative exploration and development of satellite service possibilities. It was concluded that Government policy should encourage and facilitate the development of commercial domestic satellite communications systems to the extent that private enterprise finds them economically and operationally feasible, but that there is no reason to call for the immediate establishment of a domestic satellite system as a matter of public policy nor to promote uneconomic systems or dictate ownership arrangements. However, the memorandum does express concern that the delay in adopting appropriate policies should not be prolonged.

Since no natural monopoly conditions appear to exist in the provision of specialized communications via satellite -- such as network television distribution and high-speed data transfer -- the Administration recommended relatively open entry and rate competition for such services subject to certain conditions. While the provision of standard telephone services by satellite may or may not be economic at this time, established procedures were recommended to be applied by the FCC for common carriers wishing to establish a satellite system for such use.

The proposed policy -- recommended for an interim period of 3 to 5 years -- is designed to allow competition to act within well-defined limits necessary to preclude anti-competitive practices and to assure that the competition works toward the public interest. It was concluded that the innovative potential is so great that no highly detailed regulatory process could be flexible enough to realize the potential benefits to the public and the economy that satellites might offer. It was also concluded that, under appropriate standards that could be established by the FCC, the likely use of orbital and radio spectrum resources would be far short of available resources so that systems need not be excluded arbitrarily on conservation grounds. A great deal of flexibility was designed into the policy proposals to accommodate likely technological and economic change and to permit selected policy changes as the need arises.

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