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FUNDAMENTAL LANDSAT ISSUE

Interior - "A vigorous civil satellite land remote sensing program is essential to Federal agency interests, to the energy and mineral industry and to the nation as a whole."--is of "vital importance to the economic and national security of the nation. Whether these data are used to predict Soviet requirements for American Wheat, or to chart reefs in shipping lanes around the world, or to assist energy and mineral companies in the worldwide exploration, benefits flow to the nation as a whole..."

"The U.S. should proceed with the design and development of a follow-on cost-effective system at the earliest possible time"...  
 "to have such a system operational by the 1986-1987 time period following Landsat D and D'."..."A private sector transfer...would be welcome at the appropriate time" (but) "key policy questions must be addressed before the program is hastily transferred in the course of the budget process."

The current Government (budget) policy has "all its eggs in the basket of private sector ownership and operation of the satellite system for continuation of the program." "Enough evidence exists to cast doubt on the success of the immediate transfer...to the private sector." If there is no significant private sector program and no government program following Landsat D/D', there "will be an absence of U.S. presence in civil satellite remote sensing after 1986/1987" with "grave implications for our nation and U.S. industry involved in the development of domestic and foreign sources of energy and strategic minerals, in addition to worldwide agricultural inventories and their relationship to foreign trade and the U.S. balance of payments."

- NOAA - "...it is of utmost importance to continue the land remote sensing space technology" because of:
- o "...large potential public benefits associated with the use of Landsat data...in the management of renewable...and non-renewable ...resources on public lands"
  - o Increasing dependence "on information derived from Landsat data" in predicting agricultural productivity in critical areas of the world...to establish and implement a number of national and international policies."

CEA - "Clearly, Landsat provides substantial benefits to U.S. citizens. The data provided may not be available from any other source. However, that alone does not justify its existence or its operation by the Federal Government...Given the relatively small price that the current users are willing to pay, (the program's) ability to pass a cost-benefit test becomes highly suspect."

Suggests auction of Landsat assets. "The Federal Government should be willing to accept the fact that there may be no firm that is willing to (bid on Landsat as a future system)." "No bids at the present time does not mean that there will never be a private sector Landsat. Competition among firms will cause these services to be provided when...it is profitable. If that is not the case at the present time, it may be in the future."

Agriculture - "The Department of Agriculture favors eventual transfer of the civil land system to private industry. However, we disagree with what we consider a hasty and ill-advised decision to implement the transfer before the serious concerns of Federal departments and agencies have been adequately addressed." "USDA strongly supports the continuation and strengthening of the U.S. land remote sensing satellite systems," "...USDA can support a policy of eventual transfer ...(h)owever, the decision to effect a hasty transfer to the private sector seems to be a result of focusing on the budget without consideration of important economic, political and international implications."

"USDA recommends the creation of a temporary, Federally-owned corporation or similar entity for civil land observing satellite systems" that would "Have a finite life of sufficient duration to permit an orderly transition from Federal to civil sector operation." "Such a corporation...would maintain continuity and momentum toward an eventual fully operational satellite system while protecting the national interest and providing time to carefully address the various problems and concerns of both the domestic and international communities."

WHO PAYS

Interior - "...we should not expect the current data purchasers to carry the cost of the system" --"use of the satellite data is often for the common good of the whole nation" -- a government agency may be a data purchaser, but is not the ultimate user." -- "it is difficult to bill individual users of the satellite data, and it is appropriate and desirable for the government to support a substantial portion of the activity out of general revenues. Interior strongly advocate such support."

CIA - There "should be a reexamination of the (OMB) premises that are currently used to assess the overall value of the Landsat program..." "which are based on the extent to which Federal agencies are able to programmatically defend their specific expenditures for" data. This approach "does not focus on the actual user groups that benefit from the Landsat program or the actual value to those user groups of the information derived from Landsat products." "CIA is a "user" agency only in the literal sense of actually purchasing and working with the Landsat materials. The real users are the policy makers in the government."

Defense - "The use of Federal data purchasing costs...does not reflect the worth of the data to the actual users---those responsible for national policy and effective U.S. resource allocation."

NOAA

- "Data budgets (by Federal users) are not an accurate reflection of the Federal interest..." "Land remote sensing technology offers demonstrated potential for contributing to the growth of the gross national product, reducing the nation's dependence on foreign sources of critical minerals, and providing positive impacts on the balance of payments. These national benefits are not measurable in terms of the data budgets of a few Federal user agencies."

LEVEL OF FEDERAL COMMITMENT TO LANDSAT

- Interior - "The private sector owner-operator in the near-term will likely require direct government subsidies or product purchase guarantees that are 5 to 10 times the \$15 million annual Federal purchase projections now planned"--"The so-called laissez-faire approach to private sector transfer (in Option 1) "will not result in serious private interest in the program in this decade."
- CIA - "The minimum level commitment (Option 1) poses the risk of not attracting sufficient private sector involvement to ensure continuation of the Landsat capability." "An enhanced Federal commitment affords the best opportunity for attracting sufficient private sector involvement" to continue and "perhaps improve it to the point where it could meet or surpass aggressive foreign competition."--The CIA recommends the Administration's adoption of Option 2.
- Defense - "Option 1"... "is unrealistic for it would surely be an insufficient support level to balance the significant investment costs to be incurred...while the market is established." "DOD supports the Option 2 approach...as it makes a more reasonable approach to addressing the issue of the level of government support required to make the Landsat transfer viable."
- NOAA - Opposes Option 1--"The Administration's goal of commercializing land remote sensing from space cannot be achieved"--"insufficient to encourage the required private sector investment"--"The currently limited data market...combined with competition from subsidized foreign systems, poses too large a business risk with too small a return on investment."--"Federal benefits...from the derived information, when properly used in national and international policy decisions" far exceeds the agency data budgets--with "an economic value of hundreds of millions of dollars" in any one year in the balance of payments, or in avoidance of Federal (expenditures)." "NOAA strongly supports the continuation of the U.S. leadership role in land remote sensing from space...it believes that the enhanced Federal commitment is likely to achieve private sector transfer, thus continuing the public and private benefits" to the nation.
- Agriculture - "USDA cannot support any of the options...as presently worded. To do this would give our implicit approval to an ill-advised decision to prematurely transfer the land satellite system to the private sector." "USDA strongly supports the continuation and strengthening of the U.S. land remote sensing satellite systems." "USDA is convinced that it is to the economic advantage of the U.S. to make necessary financial commitments to maintain--and even upgrade--the Landsat systems to provide continuity of data until a successful transfer of the systems can be accomplished."

SIMULTANEOUS TRANSFER OF WEATHER SATELLITES

- Interior - Takes no specific position on two options--"believes that it is premature and impractical to make any decisions concerning the transfer of these satellites at this time"--"feel that the issues involved are too important to be rushed through the policymaking process."
- CIA - "The Administration should not consider simultaneous private sector transfer of both civil weather and land remote sensing systems at this time"--"there does not appear to be a clear understanding and identification of the specific civil weather functions that are to be transferred, or the potential adverse impacts of such transfers." --"The sequence of activities called for under Option 2 would provide a better basis for decision making..." ensuring "that a national policy decision...is made after consideration of all the consequent factors that would affect U.S. interests."
- Defense - "DOD strongly opposes linking the civil weather satellites with the question of LANDSAT transfer to the private sector. We further believe that the USG should not use the operational weather satellite systems as the vanguard to apply A-76 processes to government satellite operations." "The issue...must be considered within the logic paradigm that these systems and their associated products are public goods"--"the transfer of civil weather satellite systems rouses significant policy questions" "Any approach...must completely explore the policy and national security implications prior to initiating any (A-76) process..."--"to conduct an incomplete, and necessarily superficial, short-term study that attempts to surface and explore the policy issues is not a sound approach." DOD's position is that
- o "Simultaneous private sector transfer of Civil Meteorological Satellite Systems and the civil LANDSAT system is opposed"
  - o "If civil weather satellite system transfer must be addressed, the DOD supports Option 2 vice Option 1."
- NOAA - "NOAA strongly supports Option 2..." because:
- o "The policy issues involved...have never been thoroughly explored. A policy decision of this magnitude should be based on adequate and coordinated analyses by the concerned Federal agencies."
  - o "...weather satellite data are an integral element of the well coordinated, highly complex and sophisticated weather forecasting and warning services provided by" (Federal civil and military agencies). The impact of commercialization on overall U.S. weather service missions should be examined carefully"
  - o "Premature initiation of an A-76 study would preclude examination of other options that might offer larger savings"

"...Option 1 would prematurely commit the Federal Government to an inadequately defined A-76 study. The weather satellite services in question are too important for the issues involved in their commercialization not to be given serious analyses and consideration." "NOAA strongly supports Option 2."

Agriculture - USDA does not take a position supporting either option as presently worded. "(T)his Department opposes proposals to take action to move the weather satellites to the private sector before all domestic and international implications of such an action have been carefully studied and appropriate decisions made." Policy decisions should be made "before a decision is made on whether to enter into competitive bidding procedures required by OMB A-76....Option 2...implicitly assumes that a decision to enter into competitive bidding procedures, regardless of the outcome of any preliminary assessments..."