

The Director of Central Intelligence

Washington, D.C. 20505

Intelligence Community Staff

DCI-ICS-3935-81
12 November 1981

MEMORANDUM FOR:



Chairman, Working Group on the Private Sector Transfer
of Landsat Activities

STAT...

SUBJECT : Comments on Landsat Issues

1. The following comments relative to the two Landsat issues identified by Mr. Ed Harper of OMB are forwarded as you requested.

2. With reference to Issue I, we believe that the Administration should not consider simultaneous private sector transfer of both civil weather and land remote sensing systems at this time. The reason for this position is that, as of now, 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.

3. The civil weather program has extensive domestic and international ramifications which should be identified and thoroughly understood and evaluated to preclude creating disruptions in the present cost-free flow of foreign weather data. As the largest user of weather data on a worldwide basis for agricultural, transportation, and other economic, military and intelligence activities, the US would be particularly affected by any disruptions in the flow of data. Precipitous actions to transfer the civil weather systems to the private sector also pose the risk of creating situations that are not desirable from the viewpoint of longer-term national security considerations. We defer to the Department of Defense to provide more definitive comments on this particular point.

4. The sequence of activities called for under Option 2 would provide a better basis for decision making and would also minimize the necessity for developing amendments to the OMB circular A-76 Statement of Work. In our judgment, adopting Option 2 does not necessarily rule out or delay a decision for simultaneous transfer of aspects of both civil weather and land remote sensing systems. It merely ensures that a national policy decision on any such transfer is made after consideration of all the consequent factors that would affect US interests.

UNCLASSIFIED

5. With reference to Issue II -- identifying the best mechanism to expedite the transfer of the Landsat system to the private sector, we agree with the Working Group that the central decision is to first determine the level and timing of the fiscal commitment that the Administration is prepared to make to the program of Landsat operations. Once a decision on this point is made, the identification of the specific transfer mechanism can be relatively quickly narrowed down, and the transfer can be implemented more rapidly.

6. In reaching this decision on the extent of the federal commitment, there should be a re-examination of the premises that are currently used to assess the overall value of the Landsat program. The assessment approach now used by OMB is largely predicated upon the extent to which federal agencies are able to programmatically defend their specific expenditures for purchase of Landsat products. This approach is an attempt to implement the Administration policy of having the users pay for the benefits of federally provided services, and generally has considerable merit in assessing statements of needs. However, the current manner of applying this principle to the Landsat program has a major defect in that it 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 the Landsat products.

7. Our comments on this point are addressed to the uses of Landsat data by the CIA [redacted] but probably also have some relevance to other federal agency remote sensing activities. The deficiency of the OMB purchase level criterion stems from the fact that CIA is a "user" agency only in the literal sense of actually purchasing and working with the Landsat materials. The real users are the policymakers in the government. The accompanying classified summary outlines recent CIA uses of Landsat-derived data to support US policymakers.

STAT

8. These factors lead us to recommend the Administration's adoption of Option 2 -- an enhanced federal commitment to the Landsat program. We recognize that determining where this level of enhancement should be established will be a difficult task. Some aspects of the benefits can be quantified with a fair degree of accuracy. Others, especially the aspects that have foreign policy implications, cannot be, but nevertheless they are relevant and should be considered.

9. Several additional points appear to be relevant for the Administration to consider in making the decision on the level of the federal commitment. The minimum level commitment poses the risk of not attracting sufficient private sector involvement to ensure continuation of the Landsat capability. Even if the minimum level does succeed in maintaining the present capability, there is still the risk of being overcome by the competition of the oncoming French and Japanese systems with their superior imaging capabilities. Either event will likely result in many US purchasers obtaining their data from foreign satellite sources.

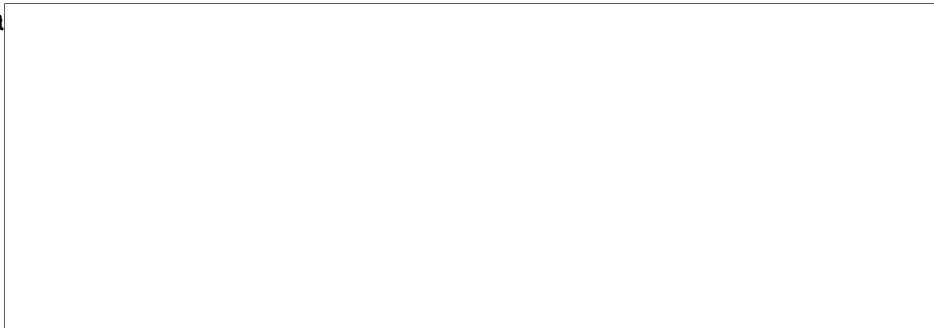
10. An enhanced Federal commitment affords the best opportunity for attracting sufficient private sector involvement to continue the present Landsat capability and perhaps even improve it to the point where it could meet or surpass aggressive foreign competition. The risk here is that the extent of the future repetitive market for Landsat-type products is not really known but is probably more limited than currently anticipated -- especially at the higher price levels that will prevail in the future. A limited market divided among several competing satellite remote sensing systems poses the prospect of none of the competing systems generating sufficient revenues to cover operational costs. Like the Concorde situation, national prestige will be established and/or maintained, but the respective programs will be viable only as long as the programs receive considerable national subsidies. Therefore, another relevant consideration is estimating to what extent such subsidies could be offset by increased sales of remote sensing processing equipment and services.

STAT

Deputy Director, Intelligence Community Staff

DISTRIBUTION:

Original



STAT

DCI/ICS/



12 November 1981

STAT