

*Chrono*

INTELLIGENCE COMMUNITY STAFF

17 July 1981

NOTE FOR: DD/ICS

FROM:  DD/PAO

STAT

SUBJECT: Private Sector Operation of Civil  
METSAT Program

REFERENCE: My Memo, dated 9 June 1981; Same  
Subject

A copy of the COMSAT General letter proposing  
consideration of a concept for transition of  
government civil remote sensing programs to the  
private sector has been obtained and is attached  
for your information.



STAT

Attachment-a/s

- cc: D/PAO w/o att.
- D/PTO w/o att.
- D/PBO w/o att.
- D/OCS w/o att.

INFORMATION

April 9, 1981

RICHARD S. BODMAN  
President and Chief Executive Officer

The Honorable  
David Stockman  
Director  
Office of Management and Budget  
Washington, D.C.

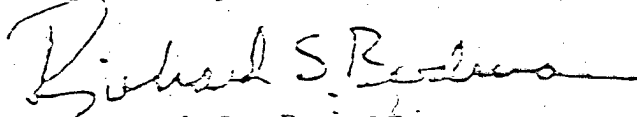
Dear Mr. Stockman:

On behalf of COMSAT General Corporation, I am pleased to submit for your consideration a concept for the reduction of the Federal budget and increase of the Federal tax base through the initiation of a major new civilian space policy. We propose that the Administration adopt and implement a policy for the transfer of the Government meteorological and earth resources civilian satellite remote sensing programs to the private sector by selling the satellites and certain related equipment and procuring remotely sensed data.

COMSAT General believes it is in a unique position to purchase the satellites and consolidate the programs into a single integrated commercial system which would supply the Government data requirements. A more detailed explanation of this concept and the resulting benefits which would redound to the Government is set forth in the enclosed concept paper.

We look forward to discussing this concept with you and to working with the Administration to implement the proposed policy.

Sincerely,

  
Richard S. Bodman

Enclosure

April 9, 1981

CONCEPT FOR  
REDUCTION OF THE FEDERAL BUDGET  
THROUGH THE TRANSITION OF  
GOVERNMENT CIVIL REMOTE SENSING PROGRAMS  
TO THE PRIVATE SECTOR

I. Introduction

COMSAT General Corporation believes there are important economic and national interest reasons why the Government should proceed promptly with the commercialization of its civilian remote sensing activities in the fields of meteorology and earth resources. The Government currently collects meteorological and earth resources data through the GOES, NOAA, and LANDSAT civilian remote sensing satellite programs. The Department of Commerce's National Oceanic and Atmospheric Administration (NOAA) and the National Aeronautical and Space Administration (NASA) share responsibility for the development and operation of the GOES and NOAA programs, and NASA presently has responsibility for LANDSAT. We estimate that the Government will spend in excess of \$1.4 billion on these programs during the period 1982 through 1984 as summarized in Attachment 1.

II. Concept

President Reagan has the opportunity in his Administration to initiate a major new civilian space policy by directing the prompt transfer of the Government's

sector. This policy, if implemented in the manner we suggest, would further President Reagan's Economic Plan by reducing the Federal Budget for these activities and increasing the Federal tax base. This policy would also significantly enhance U.S. leadership in the commercial application of space activities.

COMSAT General believes it is in a unique position to contribute to the successful implementation of this policy by purchasing the satellites and certain related equipment from the Government and consolidating the three programs into a single integrated commercial remote sensing satellite system.

COMSAT General would, in turn, supply the Government's civilian remote sensing data requirements under a commercially reasonable contract with the Government. In addition, COMSAT General would utilize the system to develop and market the products and data services to meet the needs of other users, domestic and foreign, on non-discriminatory, reasonable commercial terms and conditions.

### III. Benefits

The proposed arrangement would benefit the Government in the following major ways:

- o The Government's overall cost of obtaining necessary civilian remote sensing data could be reduced by as much as \$500 million over the period 1982 through 1984.

Bull!

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COMSAT General, the Government may be able to recoup as much as \$400 million previously expended for equipment procured prior to 1982.

- o The Federal income tax base would be broadened by the commercialization of civilian remote sensing activities.
- o The commercial development of satellite remote sensing would be assumed by COMSAT General, including the major risks and responsibilities of planning, operating, managing, and marketing.
- o The Government can refocus on activities which are more properly the province of the Government.
- o The commercialization of civilian remote sensing services would be accelerated, a stated but unimplemented Government policy.
- o The United States leadership in commercial space applications would not only be preserved but could be significantly enhanced.

#### IV. Why the Programs Should be Transferred

Civilian satellite remote sensing is ready for commercial development. The GOES and NOAA satellite programs are no longer experimental but are fully operational. The LANDSAT program, which has been experimental, is now scheduled to become operational after the launch of the LANDSAT-D satellite in 1982.

These programs are ready for the efficiencies that a commercial entity can bring to their operation and for the future market growth which must come from the development of the commercial market. The development and growth of the commercial markets would reduce the future costs of data products and services to all customers, including the

the private sector as it is not an activity which the Government has historically done well.

Not only are these programs ready for transfer to commercial ownership and operation, but the Government would achieve the economic benefits listed above through the sale of 14 Government satellites (identified in Attachment 2) as well as certain other Government related equipment and facilities, and through the removal from the budgets of the Department of Commerce and NASA, the requirement for appropriations to cover the cost of operating these programs.

The transfer would also result in significant improvement in the quality of data and the reliability and timeliness of service as these would be important factors bearing directly on the profitability of the system. Improved data and services would enable Government agencies to carry out their statutory duties more efficiently and effectively.

The transfer of these Government programs would result in real economic growth through the creation of new jobs and opportunities in the commercial data processing and environmental and meteorological earth resource industries. Additional tax revenues could be anticipated as a result of new companies entering the market as well as increased earnings by existing companies.

... engaged in a race with other countries to develop commercial space applications. Both France and Japan are scheduled to launch in the mid-1980's remote sensing satellites employing advanced technology for commercial applications. U.S. users of remotely sensed data, including Government agencies, may have no choice but to become customers of these foreign programs if commercial U.S. competition using advanced technology is not developed.

V. Why COMSAT General

COMSAT General is uniquely qualified to acquire and integrate the three existing Government programs into a single commercial system serving both Government and non-Government needs. We were established in 1973 by our parent, Communications Satellite Corporation (Comsat), primarily to apply the benefits of satellite technology to the U.S. domestic and specialized communications markets. In addition to developing and operating the domestic COMSTAR system of satellites, COMSAT General is the only company that has established a commercial communications satellite system which successfully met both a special Government requirement and initiated a new mode of communications to meet the needs of the public. The MARISAT satellite system integrated the urgent requirement of the U.S. Navy for dedicated global maritime communications with the maritime community's need for instantaneous, highly reliable global maritime communications, a need which had never before been satisfied.

COMSAT General Corporation  
corporation established pursuant to the Communications Satellite Act of 1962. For nearly 20 years, Comsat has successfully met the public needs and furthered national objectives through the establishment, operation, and use of international commercial communications satellite systems. Comsat has accomplished this without any financial assistance or subsidy from the Government, and its efficiencies have allowed it to make four successive rate reductions of 48.5, 15.5, 5, and 11.8 percent, respectively, for international satellite communications within the last three years.

Altogether, the companies possess unparalleled experience and knowledge in the development, establishment, operation and marketing of satellite systems and services as well as in the furnishing of environmental data services. We have successfully bridged the transition of space technology from the research and development mode to highly beneficial commercial applications. COMSAT General understands and is able to assume the economic risks associated with development, construction, launch, and operation of the system. We are prepared to examine the development of a new generation of solid state technology, affording greater reliability at lower costs, much earlier than currently projected in the Government's programs. In addition, we would seek to implement new types of sensor techniques, such as



stereoscopic sensors, to enable the gathering and interpretation of data with significant benefits in oil and mineral exploration. The Government's obligation would be to pay only for the data received.

#### VI. Need for Prompt Action

As we see it, the Administration is at an important crossroad with regard to its civilian remote sensing programs. There is a unique opportunity to initiate a new and important national space policy which is consistent with the Economic Plan of the Administration. Prompt action is required to establish this policy at the outset and to avoid the delays in the commercialization of civilian remote sensing inherent in the policy established by the previous Administration in Presidential Directive 54. Prompt action is also required to realize, in the early budgets of this Administration, the economic advantages we have outlined.

Absent prompt action, the continuity of data from the U.S. land remote sensing programs will be endangered and, as noted earlier, Government agencies may become customers of these foreign programs. Not only will many of the benefits described above, including U.S. leadership in civilian applications of remote sensing technology, be lost, but greater barriers-to-entry for U.S. firms seeking to enter the market in the middle of this decade in competition with the foreign programs will result. On the other hand, a

decision now to move forward with the concept which we have proposed will, we believe, best assure that these consequences are avoided.

VII. COMSAT General is prepared to make a proposal.

We believe the concept outlined above would greatly benefit the Government and enhance the leadership of the United States in the commercial application of space. To implement this concept will, of course, take time and may require legislative consideration. COMSAT General, however, is prepared to proceed promptly with discussions and, should the Government decide that it is interested in receiving a proposal, dedicate the necessary resources to bring about the proposed transfer.

various stages of construction or operation as illustrated in Chart 1. COMSAT General would acquire and operate the existing and contracted for satellites and provide for continuity of service with new designs and procurements.

Chart 1

<u>DESCRIPTION</u>	<u>SATELLITE SYSTEM</u>	<u>STATUS</u>	<u>PROJECTED LAUNCH</u>
GOES Geostationary Weather Imaging Systems	GOES 2	Operating	In Orbit
	3	Operating	In Orbit
	4	Operating	In Orbit
	E	Current Buy for	1983
	F	Future Launches	1985
NOAA Polar Orbiting Weather Monitoring Systems-Multi Sensor Payload	NOAA 6	Operating	In Orbit
	C	Imminent Launch	1981
	D		1982
	E	Current Buy for	1983
	F	Future Launches	1984
	G		1985
	NOAA H	Upgrade Buy for	1986
	I	Future Launches	1987
	J		1988
	NASA LANDSAT Polar Orbiting Land Observing Imaging System	LANDSAT D-1	New Satellite/Sensor and Ground System
D-2		1985	

o The GOES satellites are geostationary orbiting satellites owned and managed by the Department of Commerce. The GOES satellites have a constant hemispheric view of the earth from an altitude of 34,800 kilometers. The GOES satellites provide visible and infrared images of Earth and cloud formations and relay data from remote weather and other environmental sensors located on the Earth. The GOES program plan is for two satellites to be operational at all times. There are currently two GOES satellites in full operation.

o The NOAA satellites are sun synchronous, low orbiting satellites. The NOAA satellites carry four atmospheric sensors and a data collection system. The NOAA program plan is for two satellites to be in operation at all times. There is currently one NOAA satellite in operation. In addition to data and communications provided to Government agencies, NOAA and GOES data is provided to the public for the cost of reproduction.

o The LANDSAT satellites are sun synchronous, low orbiting satellites which carry visible and infrared sensors. LANDSAT data is used to provide digital and photographic representations of the Earth's land areas. There is one LANDSAT satellite in service, but it is virtually non-operational. There are plans to launch the new generation LANDSAT-D spacecraft in 1982. The LANDSAT satellites are currently operated by NASA. However, the former Administration directed the transfer of the operation of these satellites to the Department of Commerce pursuant to Presidential Directive 54. In addition to data provided to Government agencies, a small amount of

## PROJECTED GOVERNMENT COSTS (\$10 Millions)

	1981	1982	1983	1984
<u>NOAA &amp; GOES WEATHER SATELLITES</u>				
1. NOAA-National Environmental Satellite Service Costs				
o Satellite Support and Development Costs-Orig. Code SA - SG.	\$ 45	\$ 47	\$ 52	\$ 57
Administration, Satellite Operations, Data Services, Systems Development and Research				
o Ground System Upgrade	12	6	7	2
o Satellite System Acquisition and Launch Costs	59	62	70	80
2. NASA Satellite Systems and Payload Development Costs	22	8	9	9
3. SUBTOTAL	\$138	\$123	\$138	\$148

LANDSAT EARTH OBSERVATION SATELLITES

4. NASA Costs				
o Space and Ground Systems Acquisitions Costs and Launch Costs	110	119	50	25
o Applied R&D and Technology Utilization Including Agristars*	50	50	35	35
o Civil Service Support Costs Including Goddard and Other Centers (not reported as a program cost)*	50	50	25	25
5. NOAA Cost				
o Transition of Operational System	40	120	150	200
6. SUBTOTAL	\$250	\$339	\$260	\$285
7. TOTAL (Lines 3 & 6)	\$388	\$462	\$298	\$433
8. Government Personnel Benefits**	45	46	33	33
9. TOTAL (Lines 7 & 8)***	\$433	\$508	\$431	\$466

\* NASA does not include civil service and application support costs associated with the LANDSAT program in the LANDSAT line item budget.

\*\* Calculated pursuant to OMB Circular A-76 which establishes criteria for comparing costs of procuring extended services with Government produced services.

\*\*\* This total is conservative; it does not include the opportunity costs of capital investment provided for in OMB Circular A-76.