Remarks by
FCC Chairman William Kennard
AT

THE SATELLITE SEMINAR DINNER
INTELSAT Headquarters

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(As prepared for delivery)

Thank you, Walda, for that kind and generous introduction.

Good evening to all. It is a pleasure to speak before you again.

I am delighted to be here in the Intelsat headquarters building this evening, and to get a chance to be a part of this important satellite seminar. From what I understand, the seminar has already been extremely productive after its second day, despite the last-minute change in venue.

As you know, in little less than a week, our nation will be choosing its next President. And, I must confess, I have been a little disappointed in the quality of the discourse in this year's election. To my mind, neither Vice-President Gore nor Governor Bush has spoken to my concerns. In three debates, I did not hear either candidate say a word about two-degree spacing or coordinating positions. Oh, sure they went on and on about Social Security, education, and foreign policy, but what about the crucial satellite issues facing America today. Aren't either of these men concerned about swaying the satellite undecideds, or losing the critical satellite swing vote?

Seriously, though, I want to congratulate the U.S. satellite industry for its leadership in the global telecommunications market.

It all started almost a half-century ago with Sputnik. It was the height of the Cold War when that first satellite traced across the sky, and in its steady beep the world heard the first reverberations of the Information Age.

I was all of one year old at the time Sputnik traced across the sky, but I do remember what it was like to grow up in the Cold War, and I have heard much of the fears of Russian espionage – and supremacy -- that Sputnik once stoked in the American mind. It is a testament to the domestic satellite industry – and to the vision and leadership of President John F. Kennedy – that the United States was able to match the considerable technological feats of the Russian people in the following years.

We have come a long way since the days of Sputnik. Nowadays, satellites have become an integral foundation of life in the Information Age.

An important event can take place on the other side of the world – such as the 2000 Olympic Games in Sydney or the recent Serb revolution in Yugoslavia – and within seconds it is broadcast by satellites into homes around the globe.

Thanks to satellite images of weather patterns, people can now make much more informed decisions on their travel and daily wardrobes -- and can more readily prepare for or possibly evacute from damaging and possibly fatal storm systems.

In a boon to developed and developing nations alike, farmers can now utilize enhanced satellite imaging to monitor – and increase – their crop production.

Rabid sports fans can use satellite feeds to receive every game of their particular favorite sport or team regardless of where they reside. I wish they could use the same technology to receive every important political debate -- but I won't get into that debate tonight.

Fixed satellite services have advanced to the point where they can simultaneously carry thousands of public network conversations around the world.

And mobile satellite service technologies now have the ability to bring switched public networks to every point on earth, particularly to rural and underserved areas which need more attention.

Using satellite technology, the Central Intelligence Agency can now watch each and every one of you as…oops, never mind. I wasn't supposed to mention that.

Seriously though, satellites have countless applications in our current age. And as far as using the technology to improve lives, I believe we've only hit the tip of the iceberg.

Indeed, satellite technology holds particular promise for the nations of the developing world. As a cornerstone of our Development Initiative, which partners FCC regulatory expertise with emerging nations around the globe – in Africa, South America, and Asia – we encourage our colleagues overseas to think of their communications networks in technology neutral terms. For the advantages of satellites to developing countries deserve a full airing – for example, satellites can service areas where towers cannot feasibly be built.

We all know the ups and downs that are currently occurring in your industry. But I feel this is only a reflection of the competitiveness of the business. Visionaries and investors are willing to plan and develop new paths for the satellite industry, and we at the FCC encourage this.

I am very encouraged by recent news reports that Motorola, under the leadership of Chris Galvin, is taking important steps to sell the Iridium constellation to a group of private investors. We applaud any efforts that would keep these valuable assets in use for critical voice communications around the globe.

We see satellite systems as excellent complements to terrestrial wired and wireless networks -- especially for broadband services -- systems that are good for the U.S. and good for the delivery of those services to global markets.

In the broadband arena, satellites have a very important role to play. Satellites will be needed to bridge the gap to rural areas, where it is too costly and time-consuming to provide terrestrial broadband services. Serving rural and remote areas is a particular strength of satellite technology, and satellite systems really need to step up to the plate in doing so.

We know that the ability of satellite systems to serve rural and underserved markets is unsurpassed by terrestrial means. We want to ensure those opportunities, and then to get out of your way so you can get on with your business.

I also want to promote delivery of the Internet to consumers via satellite networks so that there are more alternatives and competition to terrestrial delivery.

The Internet is as integral to the contours of the Information Age as satellite technology. And, in order to facilitate the satellite industry's moving into the ISP market, the FCC is prepared to defend U.S. satellite systems' spectrum needs at international conferences and to continue to streamline and expedite satellite network authorizations.

Intelsat is a large part of the movement. Intelsat has been the focus of much attention lately at the FCC. You all know now that Intelsat will privatize as early as April next year - - a decision taken to change from a treaty-based organization to a private company with its main service headquarters here where we are tonight.

The creation of Intelsat was another initiative of John F. Kennedy in the early 60s. The United States and Comsat were among its founding members in 1964. We are enormously proud of the history and role this organization has played. And, I am personally very pleased to see its full privatization and transformation into a public company now just around the corner.

One might ask, "Why privatize Intelsat?" I believe there are two compelling reasons - -

(1) There are fast-paced requirements for more specialized and value-added services, as well as greater bandwidth, and

(2) There is a need to maintain increasing competition with highly capitalized, agile, global satellite competitors and expanding global fiber optic and wire cable systems.

The FCC wants to see Intelsat as a strong, competitive company on a level playing field with maximum flexibility. There must be continuity of service and continuing global connectivity for all Intelsat customers on a non-discriminatory basis. We want to see the transition to Intelsat Ltd., occur smoothly. I am encouraged by the progress being made toward this goal, and I am particularly pleased with the prospect of the privatized company becoming an FCC licensee.

Let me return for a moment to the larger event surrounding this evening -- the satellite seminar. This seminar is compelled largely by international events. Changes made to satellite regulatory requirements and spectrum availability at the last several world radio conferences, -- which occur at a back-breaking biannual pace – create new and enhanced opportunities for innovation.

Unfortunately, there is a negative side effect – namely, the diminished ability of the International Telecommunication Union (ITU) in Geneva to keep up with processing of satellite network notifications and related paper processing.

Backlog at the ITU is more than two-years and growing. This is becoming a great problem for the satellite community. U.S. Ambassador George Moose in Geneva told the ITU Secretary-General earlier this year that "the most critical near-term … issue for the radio sector is related to the backlog … in processing satellite notification and registration notices."

Indeed, this backlog situation reminds me of the story about a man who goes to his doctor and tells him, "Doctor, I think my wife is trying to poison me." The doctor tells him that must be ridiculous, but the man insists it's true. So, on the request of this fellow, the doctor decides to pay a visit to the man's wife. He comes back and tells the guy, "Well, sir, I just spent the afternoon talking with your wife and hearing about all the varied details of your lives together." The man says, "And?" To which the doctor replies, "And…I'd take the poison."

Seriously though, this backlog is more than just paperwork and headaches. It has the propensity to hamstring satellite interests in seeking global markets. Measures taken at the last radio conference in Istanbul -- such as the requirement for electronic filings -- will help with the backlog, but it will be some time before we see all the necessary relief. It is our hope that measures identified and discussed at this seminar will be helpful in getting the backlog reduced and eventually eliminated.

With that in mind, I would like to offer a suggestion for addressing the inability to complete satellite coordination because of the backlog. Maybe it is time -- perhaps in the ITU reformation discussions leading up to the ITU plenipotentiary conference in Marrakech -- to consider a variety of commercial marketplace solutions. These commercial solutions would give more authority directly to the satellite community while putting the responsibility for coordination in the hands of those who value it the most.

When I say "commercial solutions," I can think of a number of options for solving both the ITU satellite coordination problem and the WTO market access problem. These include, using the current ITU, as well as short circuiting the ITU process, and allowing administrative certainty. For example, we could consider privatizing the part of the ITU that currently administers the satellite coordination process. We could also consider formalizing secondary markets for orbital locations. Under this scenario, entities could form alliances to implement satellite networks at orbital locations or use private commercial arrangements to buy access to, or resolve potential interference conflicts at, individual orbital locations. Whatever we consider, the satellite industry's interest must be safeguarded.

At the FCC, we look to the satellite industry to provide strategic thinking and solutions for the future. I know my staff has challenged you to consider ways to not only improve the ITU process, but to also streamline our domestic satellite licensing process. It is your business and we want to help you succeed.

The backlog isn't the only stumbling block we currently face. As in several other information industries, there are growing satellite spectrum scarcity issues, not only among satellite network systems but also between these networks and terrestrial networks.

We tend to move higher and higher in frequencies for using satellites, but each higher band brings another set of challenges to go along with the benefits. Greater transmission bandwidth is available in higher bands, but we are pushing the technology envelope.

Now, we want to push that envelope. This is where the satellite community excels. We encourage development of new systems and innovative ways of providing satellite services of all kinds. But until then, more frequency sharing is required while we all become more efficient in finding new ways of delivering satellite services in the future.

The FCC is not exempt from this need for innovation and efficiency. I have been frustrated by the slow pace of satellite network application processing at the Commission. We too have a backlog, and the national regulatory process is causing delays in entering the market.

It is important that satellite services get to the market more quickly. We are trying to streamline this licensing process, and you will hear Friday at the seminar what steps we are taking. For example, you can soon expect an FCC earth station notice of proposed rulemaking designed to speed licensing.

You will also have an opportunity at the FCC seminar panel on Friday to tell us your thoughts on how to streamline and quicken our application process. In many cases, we know that you are in competition with terrestrial services that can roll out much faster. And we want to do what we can to minimize or erase this competitive disadvantage. I would mention the recent 2 gigahertz notice, which offers equal opportunity for all of the applicants. As a step forward we have introduced more market-based mechanisms into the licensing process in this band.

In closing, I want to address directly the recent turbulence in the industry. People ask me all the time – in the satellite world as in the Internet world – if these economic corrections or downturns in the market signify the end of the boom. Is this all over?, they ask. To which I can only respond, "Of course not. This is only the beginning."

Satellite technology is the most efficient way of processing and transmitting information in the Information Age. We need you to ensure that all corners of the globe – urban, rural, and remote – are not left behind in the communications revolution. In short, forty-three years after Sputnik, satellites are just beginning to change the world.

Thank you for your attention tonight.