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Chron File - May 1993 #2 [3]

Staff Office-Individual:

Defense Policy-Bell, Robert

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Duplicate of vz4400_001. (1 page)	05/13/1993	P1/b(1)
002. cable	Duplicate of vz4400_002. (3 pages)	03/10/1993	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Defense Policy and Arms Control (Robert Bell)
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Chron File - May 1993 #2 [3]

2016-0152-F

vz4401

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 14, 1993

ACTION

MEMORANDUM FOR WILLIAM H. ITOH

THROUGH: ROBERT G. BELL *RB*
FROM: STEVEN R. JONES *SJ*
SUBJECT: DoT Proposed Testimony on Commercial Space
Transportation

OMB has submitted the subject Department of Transportation (DoT) proposed testimony for NSC comment. These are remarks by the Acting Director of the DoT Office of Commercial Space Transportation (OCST), explaining the OCST analytical and regulatory role supporting the commercial space industry.

The testimony is straightforward except for excerpts on pages 2, 7 and 8 describing the threat of non-market economies to U.S. commercial space interests. Bill Primosch and Elisa Harris have provided a rewrite (Tab A) that better summarizes U.S. interests and actions associated with the international space launch market.

in draft *in draft*
Concurrences by: Bill Primosch, Elisa Harris

RECOMMENDATION

That you sign the memorandum at Tab I.

Attachments

Tab I Memorandum for Signature
Tab A Revised Section
Tab II Incoming Correspondence

NATIONAL SECURITY COUNCIL

WASHINGTON D C 20506

MEMORANDUM FOR JAMES J. JUKES

FROM: WILLIAM H. ITOH

SUBJECT: DoT Proposed Testimony on Commercial Space
Transportation

The National Security Council does not concur with the proposed DoT testimony and requests that the following changes be made.

Page 2: The second point of the listing in the second full paragraph should be changed to read as follows:

"2) Some kind of assurance that the industry will not be undermined by launches from the non-market economy service providers that are not subject to market disciplines,"

Page 7: The section starting on page 7 entitled "Non-Market Economies" should be deleted through the first full paragraph on page 9 and replaced by the revised version at Tab A.

These changes are required to more accurately reflect U.S. interests and actions associated with the international space launch market.

Attachment

Tab A

Revised Section "International Launch Market"

REVISIONS TO TRILLING TESTIMONY

Page 7 Replacement to sections titled "Non-Market Economies

International Launch Market (New Heading)

The international commercial launch market consists primarily of launches of large communications satellites into geostationary orbit. The major launch systems in the world were developed and underwritten by the United States, European countries, China and Russia for national strategic and economic purposes. Initially the U.S. industry faced competition only from Arianespace, the European launch consortium. In 1989, China entered the market. And now Russia, which has a large launch capacity, is also seeking commercial launches. The geostationary launch market, however, has remained relatively stable, resulting in excess supply and a difficult competitive environment.

The U.S. commercial launch industry has expressed concern about competing against foreign launch providers that enjoy substantially greater levels of subsidies, such as Arianespace, or are not operated strictly on market principles, such as the launch industries of China and Russia. Arianespace is supported by the thirteen member governments of the European Space Agency. The Chinese and Russian launch enterprises are controlled by the state and are part of the two governments' defense complex.

The U.S. industry's strongest concerns relate to competition from launch providers in non-market economies. And it is for this reason that we negotiated a launch services agreement with China before its entry into the market in 1989. It is also why we are now negotiating a similar agreement with Russia. These agreements are aimed at avoiding significant market disruptions that could result from unrestrained offers of launch prices, terms and conditions that bear little or no relation to costs or to existing market practices in the West.

Under the leadership of the U.S. Trade Representative, the U.S. Government is taking steps to ensure that the U.S. industry can compete with foreign launch providers on a level playing field. The launch services agreement with China contains provisions to encourage market-oriented pricing and prevent a surge in the number of launches that could disrupt the market. We are now close to having a similar agreement with the Russians as a result of a successful negotiating session earlier this month in Moscow. We believe that these agreements will work to keep the playing field level for U.S. industry.

You will hear more on the agreement with Russia in testimony from USTR tomorrow. As the primary source of economic and technical expertise on the commercial launch industry, OCST played an important role in these negotiations.

Section continued unchanged....

3390
17 pages
total
TESTIMONY

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503

May 12, 1993

TESTIMONY

LEGISLATIVE REFERRAL MEMORANDUM

LRM #H-275

TO: Legislative Liaison Officer -

COMMERCE - Michael A. Levitt - (202)482-3086 - 324
DEFENSE - Samuel T. Brick, Jr. - (703)697-1305 - 325
JUSTICE - Faith Burton - (202)514-2141 - 217
STATE - Bill Keppler - (202)647-2137 - 225 (especially pgs 8+9)
TREASURY - Richard S. Carro - (202)622-1146 - 228
NSC - William H. Itoh - (202)395-3723 - 249
CEA - Francine Obermiller - (202)395-5036 - 242
NASA - Jeff Lawrence - (202)358-1948 - 219
NEC - Sonia Mathews - (202)456-6722 - 429
OSTP - Damar Hawkins - (202)456-6272 - 288
USTR - Fred Montgomery - (202)395-3475 - 223 (especially pgs 8+9)

FROM: JAMES J. JUKES (for) *Handwritten signature*
Assistant Director for Legislative Reference

OMB CONTACT: Jeffrey WEINBERG (395-3457)
Secretary's line (for simple responses): 395-3454

SUBJECT: TRANSPORTATION Proposed Testimony on
Commercial space transportation

DEADLINE: 2 PM May 14, 1993

OMB requests the views of your agency on the above subject before
advising on its relationship to the program of the President, in
accordance with OMB Circular A-19.

Please advise us if this item will affect direct spending or
receipts for purposes of the the "Pay-As-You-Go" provisions of
Title XIII of the Omnibus Budget Reconciliation Act of 1990.

CC:
Ken Schwartz
Roger Adkins
Dan Corbett
Jack Fellows
Bruce Campbell
Bruce Sasser (especially pgs 8+9)
Arnie Donahue
Steve Dotson

54 412 133

You may also respond by (1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); (2) sending us a memo or letter; or (3) if you are an OASIS user in the Executive Office of the President, sending an E-mail message. Please include the LRM number shown above, and the subject shown below.

FROM: _____ (Date)
 _____ (Name)
 _____ (Agency)
 _____ (Telephone)

The following is the response of our agency to your request for views on the above-captioned subject:

_____ Concur

_____ No objection

_____ No comment

_____ See proposed edits on pages _____

_____ Other: _____

_____ FAX RETURN of _____ pages, attached to this
_____ response sheet

05-12-93 04:08PM

TO 9/395-3109

P002/016

5/12/93 2:10pm

REMARKS OF DONALD R. TRILLING
ACTING DIRECTOR
OFFICE OF COMMERCIAL SPACE TRANSPORTATION
U.S. DEPARTMENT OF TRANSPORTATION

BEFORE THE
SUBCOMMITTEE ON SPACE
HOUSE COMMITTEE ON SCIENCE, SPACE AND TECHNOLOGY
WASHINGTON, D.C.

MAY 18, 1993

INTRODUCTION

Let me first thank you, Mr. Chairman, and the Subcommittee for this opportunity to testify on the state of the U.S. space transportation industry and the integral role the Office of Commercial Space Transportation (OCST) has played in fostering the development and maturity of this industry.

As you requested, Mr. Chairman, I will particularly address DOT's role in regulating commercial launches, and cite specific contributions to commercial space transportation policy development and coordination.

This is a critical time -- a time of significant opportunity and also of great risk -- for this relatively young industry.

U.S. launch providers face significantly increased international competition while operating under limits imposed by the technology currently in use. Promising new applications for space -- such as the varied proposals for low earth orbit

5/12/93 2:10pm

satellite communications systems and innovative low cost platforms for materials processing in space -- hold out the potential of new markets, but will our launch companies be in a position to capitalize on these opportunities?

Technology moves forward, but will our commercial space entrepreneurs be able to put it to use in meaningful and competitive ways, and will our government adopt policies and support technologies to ensure that U.S. commercial space operators remain in the vanguard of international space activities? These critical concerns are shared by the launch industry and OCST as lead agency for encouraging and facilitating its commercial operations.

When I became acting director of OCST ten months ago, it did not take me long to identify four elements that are vital to the survival of the industry:

- 1) A reasonable, efficient regulatory regime.
- 2) Some kind of assurance that the industry will not be ~~destroyed by~~ the non-market economy *undermined by launches from*
- 3) Acquisition of new technology to keep the industry competitive internationally, and *service providers that are not subject to market discipline*
- 4) An infrastructure adequate to support commercial launch activities.

REGULATORY REGIME

To understand our present situation in the licensing area, one must be aware of the very high levels of new technology emerging from the small companies:

5/12/93 2:10pm

Orbital Sciences Corporation is ably demonstrating the advantages gained in price and efficiency from using a conventional jet aircraft to take the Pegasus vehicle to 40,000 feet and to provide its initial launch velocity.

Space Industries, Incorporated (SII) and Westinghouse Electric Corporation, under contract to one of NASA's Commercial Centers for Development of Space, are developing the COMmercial Experiment Transporter (COMET) Free Flyer, which will provide a new economical platform for studying the effects of microgravity and/or processing materials in space, and then return the module to earth. This COMET system will be launched by a completely new Conestoga vehicle designed by EER Space Systems.

These innovations most assuredly represent great challenge to the entrepreneurs who are developing them. They are also challenging to our licensing staff, who must assure their safety to the public.

Since the Office's creation, OCST has been committed to developing and continually improving an efficient and streamlined regulatory process. Based on DOT's extensive regulatory experience, it has been our view from the beginning that while the regulatory process above all must protect public safety, it can also facilitate industry development, if well designed.

To accomplish this the Office relies on performance criteria--as opposed to design criteria--as the basis for assessing the safety of launch vehicles and their operations. Performance standards are stated in terms of the safety goal to be achieved, rather than giving specific instructions on how to design, build, or operate a system. They are the modern tool of choice in the regulatory arena because they foster the maximum

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flexibility in technical innovation.

They do come at a cost, however. Performance-based standards place a greater workload burden on the agency that uses them because the agency must be prepared to accept a broad range of possible analytical forms and methodologies by which the applicants demonstrate their safety performance. Assessing safety in this manner can be far more difficult than merely checking to see whether the applicant did what it was told to do in a cookbook solution.

Also, while performance standards are essential to fostering innovation, some companies in the commercial space community are not accustomed to working with them. As a result, particularly with the newer systems, the license applicants must work closely with OCST to assure a full understanding of what must be done to meet public safety requirements.

The framers of the Commercial Space Launch Act recognized that a sound, prudent, regulatory regime is essential to public confidence in, and acceptance of, new and potentially hazardous technology. To that end, OCST is implementing a safety evaluation process for the COMET, representing the first return of an orbiting capsule to a targeted landing zone in the continental United States. Because of the complexity of the COMET system and magnitude of public safety risks, the vehicle safety approval process entailed development of a highly detailed strategic plan to ensure we would address all critical issues.

05-12-93 04:16PM

TO 9/395-3109

P006/016

5/12/93 2:10pm

Safety criteria governing the vehicle's return to earth were published in the Federal Register over a year ago.

In keeping with OCST's commitment to streamlining the licensing process, we have been issuing operators licenses. An operators license authorizes the conduct of a range of launch activities within prescribed limits, set to meet the launch operator's needs. Recently, with a minimal burden on the launch firms involved, we renewed two of these operators licenses for an additional two-year period. The operators license can substantially reduce the cost for companies having active launch schedules, and based on data provided by industry we estimate one company's savings easily exceeded \$200,000.

Another of our major licensing activities is determination of maximum probable loss to establish insurance requirements for each launch. OCST issued the first risk-based insurance requirement in January 1988, and this approach was statutorily mandated by Congress later that year. As a result of these initiatives, the days are gone when companies faced the prospect of purchasing \$500 million in liability insurance, regardless of actual risks involved. We have continued to refine and improve the maximum probable loss determination process so that launch companies are not required to carry more insurance than necessary to protect the public and the government from the financial risks arising out of the conduct of commercial launch operations.

In addition, we are in the process of developing regulations

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that reflect a more mature licensing regime and a clear articulation of the licensing options available to launch providers and operators of commercial launch site facilities.

Finally, we believe that the most efficient form of regulation is that which emanates from the industry itself. Regulatory standards that are developed by industry are oftentimes more attuned to the industry's economics and operations. To encourage the industry to assume a broader role in its own regulation, we are sponsoring an American Institute of Aeronautics and Astronautics workshop on voluntary industry standards. The goal of the workshop is to enable industry to reach consensus regarding the advantages of industry standards, and to identify those areas in which standards will benefit the industry the most. Former NASA Administrator and Deputy Secretary of DOT Jim Beggs is the chairman of the workshop.

Resources - In the licensing area, we have assembled a highly qualified engineering staff that is assisted by a diverse group of contractors, including leading safety experts, that lend their specialized expertise to unique technical issues. However, I would like to point out that it takes more than just a sound regulatory approach and dedicated staff to regulate and support this industry. OCST needs resources.

The growing workload that has been stretching our resources is now straining them to the limit. At this moment we are conducting safety assessments involving the COMET program, both

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the launch (by EBR's new Conestoga vehicle) and the re-entry system (the Free Flyer); Orbital Sciences Pegasus vehicle that will be launched for the first time from a commercial jumbo jet; and General Dynamics's first Atlas II-AS commercial launch, with solid rocket motors attached. The volume of work is not only greater than it has ever been; the complexity of the analyses required to assure public safety has also increased manyfold over previous applications, due to increasingly innovative and sophisticated proposals from a maturing industry. Applicants' safety analyses submitted in support of their applications are measured in terms of feet, rather than inches. These applicant's capabilities and operations must be carefully, thoroughly, and thoughtfully assessed to assure that no aspect of the launch activity will, in fact, jeopardize public safety.

The President's FY-94 budget requests three additional staff positions in the licensing and safety division to address this crucial need, so that we can continue to meet the responsibilities assigned to us under the CSLA.

INTERNATIONAL ECONOMIES

The international commercial launch market consists primarily of launches of large communications satellites into geostationary orbit. The major launch systems of the world were developed and underwritten by governments for national strategic and economic purposes. Many have been tempted to enter this

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Add Revised
Section

5/12/93 2:10pm

commercial market to expand their operations and enhance their international prestige. The result is that the market suffers from great excess supply. Nevertheless, it has been U.S. policy to rely on our private sector companies to compete with other national launch systems enjoying substantially greater levels of government subsidies, from Arianespace (which is supported by the 13 nations of the European Space Agency but functions essentially like a business enterprise), to the Chinese and soon the Russians (both of which are 100% government enterprises).

The principal concern for the U.S. commercial launch industry today is competition with non-market economies. As much as it is in our national interest for the Russians to have access to the international launch market, so that they can earn hard western currency and facilitate their transition to a market economy, their entry represents a clear threat to the survival of the U.S. commercial space transportation industry. Significant market disruptions could result from offers of launch prices, terms, and conditions which bear little or no relation to costs, or to existing market practices in the West. Consequently, in the absence of fair trade agreements with pricing and quantity restraints, Russia, as well as China and other non-market competitors, would be able to disrupt the market with launch bids far below Western prices in an attempt to win contracts.

Under the leadership of the U.S. Trade Representative, the U.S. government is taking steps to ensure that the U.S. industry

5/12/93 2:10pm

Revised Section
↓

can compete with foreign launch providers on a level playing field. We are close to having an agreement with the Russians as a result of a successful negotiating session earlier this month in Moscow, and you will hear more on this in testimony from USTR tomorrow. As the primary source of economic and technical expertise on the commercial launch industry, OCST played an important role in those negotiations.

The Office played a comparable role supporting USTR and the USTR-led team in the negotiation of the Memorandum of Agreement (MOA) with the People's Republic of China (PRC). DOT chairs the interagency Working Group on Information that provides technical support and analysis to USTR for purposes of determining whether or not the Chinese are in compliance with terms and conditions of the MOA. As we approach the expiration of the MOA at the end of 1994, the Department, through OCST, will have a pivotal role to play in formulating the Administration's approach to continued Chinese participation in the commercial launch market, supplying market analyses, forecasts, and technical expertise, and coordinating with the industry to ensure that their concerns are addressed.

The Department's involvement in the trade arena is an integral part of our responsibility as lead agency within the federal government for facilitating commercial launches by the U.S. private sector. In other interagency deliberations, we have successfully argued for explicit attention to the needs of the

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commercial launch industry in a series of national space policy statements.

NEW TECHNOLOGY

Because commercial operations lead to a reduction in NASA and DOD launch costs, it is to the government's benefit that the industry remain internationally competitive. Today, the U.S. commercial space launch industry sorely needs advanced technology to stay abreast of the new vehicles being developed by our foreign competitors. There are two tracks by which such technology can be acquired: government development of the next generation of launch vehicles, and the infusion of new technology at the component level that will bridge the gap until the Air Force and/or NASA have a new vehicle on line. NASA and DoD are both considering a range of conceptual approaches to developing a new generation of launch vehicles.

With respect to the second track, component technology, there are elements in NASA's FY-93 advanced development program that would improve technology of the existing expendable launch vehicle fleet. As far as our industry is concerned, component technology research is one of the most important steps the U.S. government can take to help the industry improve its own competitiveness. A new generation vehicle will help U.S. industry in the year 2005, but component technology benefits the domestic industry immediately. The results from both tracks

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would benefit the U.S. government as the primary customer of the domestic space transportation industry.

With the assistance of valuable input from our Commercial Space Transportation Advisory Committee (CONSTAC), OCST has been working to assure that both the Air Force and NASA are apprised of the cost, size, and lift requirements that must be met by a new vehicle in order to assure that it will be internationally competitive, as well as meet the government's civil and military requirements.

INFRASTRUCTURE

Pursuant to our facilitational responsibilities under the CSLA, the office has maintained a strong interest in space launch infrastructure. We work closely with DOD and NASA to improve their responsiveness in providing launch site and range services that meet the needs of commercial customers. Earlier this year we forwarded to Congress a report assessing the existing infrastructure in light of the projected requirements of the U.S. commercial launch industry. It also described long term financing options.

omit per DOT Congress has authorized, but not funded, a new DOT program to provide grants to construct or improve the nation's space launch infrastructure to benefit the U.S. commercial space transportation industry.

Congress has also funded a \$10 million DOD program to

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TO 9/395-3109

P013/016

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provide grants to construct or improve dual-use space launch infrastructure for launches of both U.S. government and commercial payloads. At DOD's request, OCST provided technical assistance and advice on administration of this program, including selection criteria and funding mechanisms, based on DOT's experience in other transportation grant programs.

THE COMMERCIAL SPACE LAUNCH ACT

In many respects, the original Commercial Space Launch Act was a visionary and forward-looking document and periodic amendments have met a number of the major needs of the evolving commercial space transportation industry. But now, nearly a decade after enactment of the CSLA, we find that new proposals from this industry, and emerging technologies leading to new space transportation capabilities, raise public safety concerns that should also be addressed as part of a comprehensive safety regime.

In conducting the reviews required for COMET as part of OCST's licensing process, we have seen one example of how the CSLA needs to be updated. At the time the Act was drafted, commercial remote-controlled reentry vehicles were not yet envisioned. Now that we have experience working with this concept, we recognize that the Act could be amended to enable us to address this new technology more effectively.

Clarifying the scope of the Secretary's authority to address

5/12/93 2:10pm

the full range of commercial space transportation activities that have a potential impact on public safety and other U.S. national interests, would account for advances and innovations in space technology and applications that were either not contemplated in 1984, such as the aforementioned commercial reentry vehicles, or were excluded pending further congressional review, such as upper stage launches.

In keeping with OCST's charge to develop a streamlined licensing process, providing express authority to review and certify certain elements of the launch (e.g., flight termination systems and tracking support systems, as well as launch vehicle systems and safety personnel) in advance of and independent from a specific licensing application, would facilitate industry's development and use of these new technologies. For example, we currently evaluate launch vehicle systems on a case-by-case basis to support a licensing determination. One clarifying change would specifically refer to the Department's general authority to certify new space transportation systems as "spaceworthy" in selected cases.

Licenses issued by the Department are conditioned on a demonstration of financial responsibility by the launch operator that the United States government and launch participants are protected from third party liability and that losses to government property will be compensated. In addition, the Department requires the licensee and other launch participants to

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enter into reciprocal waivers of claims for certain other losses. However, it may be appropriate to reexamine the financial responsibility provisions of the Act to determine whether they address adequately the range of commercial space transportation activities undertaken today.

The Department is gratified by the recent extension to December 31, 1999, of the so-called "indemnification" provisions of the Act. Implementation of these provisions continues on a case-by-case basis in order to respond to the variations in launch proposals presented for licensing.

CONCLUSION

The U.S. commercial space transportation industry has come a long way since adoption of the Commercial Space Launch Act of 1984 and subsequent actions by the government to foster a robust and competitive domestic commercial launch sector. Beginning with the first launch in 1989, we have had 34 licensed commercial launches and our current manifest shows more than 40 firm orders for commercial launches in the future. Sixteen of those 34 launches were for foreign or international customers. The commercial space launch industry itself generates \$300 to \$500 million in revenue per year and is of major importance to our international competitiveness.

New technological advances, such as the Pegasus and the COMET, are just the beginning of the development of more viable

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space projects in the commercial environment. Advances in single stage to orbit vehicle technology, hybrid fuel vehicles and other developments also have promise. Despite these bright spots on the industry's horizon, we must remain circumspect in projecting the industry's future. Some unfortunate recent launch failures have raised questions about the reliability of U.S. launches. U.S. launch facilities have been significantly improved but generally still do not measure up to our principal competitor in the amenities available to customers or in the latest electronic and communications equipment.

The Department and the U.S. government as a whole must remain vigilant and responsive to the changing shape of commercial space markets and technologies if we expect this industry to thrive.

Thank you for this opportunity to share these thoughts with you and I will be happy to answer any questions you may have.

Chuck/Don/Eta/Elaine/Dick/et al

File: chuck\donhill13

12:54 p.m. Wednesday 5/12/93

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

3417

May 14, 1993

ACTION

MEMORANDUM FOR WILLIAM H. ITOH

THROUGH: ROBERT G. BELL *h2B*

FROM: STEVEN R. JONES *J*

SUBJECT: NASA Proposed Testimony RE: S.419 Aeronautical
Technology Consortium Act of 1993

OMB has submitted the proposed NASA testimony before the Senate Committee on Commerce, Science and Transportation for NSC comment. The first six pages regarding NASA R&D has already been cleared. The proposed testimony on pages 6 and 7 regarding the S.419 Aeronautical Technology Consortium Act of 1993 is a summary of that previously cleared by the NSC in action #3244 (Tab II).

Concurrence by: Jeremy Rosner

RECOMMENDATION

That you sign the memorandum at Tab I.

Attachments

Tab I Memorandum for Signature
Tab II NSC #3122
Tab III Incoming Correspondence

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

MEMORANDUM FOR JAMES J. JUKES

FROM: WILLIAM H. ITOH

SUBJECT: NASA Proposed Testimony RE: S.419 Aeronautical
Technology Consortium Act of 1993

The National Security Council has no objection to the NASA
proposed testimony.

TO: JUKES, J

FROM: ITOH

DOC DATE: 12 MAY 93
SOURCE REF:

KEYWORDS: SPACE POLICY
LEGISLATIVE REFERRAL

SPACE PROGRAMS

PERSONS:

SUBJECT: REVISED NASA PROPOSED RPT RE S-419 / AERONAUTICAL TECHNOLOGY
CONSORTIUM ACT OF 1993

ACTION: KENNEY SGD MEMO

DUE DATE: 11 MAY 93 STATUS: C

STAFF OFFICER: JONES

LOGREF:

FILES: WH

NSCP:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO
EXECSEC
JONES

COMMENTS: _____

DISPATCHED BY WA DATE 5/12 BY HAND W/ATTCH

OPENED BY: NSASK

CLOSED BY: NSKDB

DOC 3 OF 3

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

3122

May 12, 1993

MEMORANDUM FOR JAMES J. JUKES

FROM: WILLIAM H. ITO *W.H. ITO*
SUBJECT: Revised NASA Proposed Report RE: S. 419,
Aeronautical Technology Consortium Act of 1993

The National Security Council has no objections to the NASA review of the subject legislation.

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

May 11, 1993

ACTION

MEMORANDUM FOR WILLIAM H. ITOH

THROUGH: ROBERT G. BELL *RB*FROM: STEVEN R. JONES *SJ*SUBJECT: Revised NASA Proposed Report RE: S. 419,
Aeronautical Technology Consortium Act of 1993

OMB has submitted the NASA comments on the proposed bill S. 419 for NSC comment. The bill, entitled the "Aeronautical Technology Consortium Act of 1993" would establish an Aeronautical Technology Program, consortium, OSTP-led coordinating committee, and advisory committee.

The proposed legislation appears to overlap the recently formed national Commission on revitalizing the airline industry. It also duplicates in part the recently initiated OSTP-NEC Technology Policy working group on space and aeronautics.

Given these recent activities, coupled with the President's guidance to reduce the number of federal advisory committees, I concur with the NASA position that while supporting the objectives of S. 419, the proposed consortium and committees should not be formed until the Administration's ongoing initiatives have had a chance to work.

Concurrences by:

Copy Provided
Keith Hahn, Jeremy RosnerRECOMMENDATIONThat you **sign** the memorandum at Tab I.

Attachments

Tab I Memorandum for Signature
Tab II Incoming Correspondence

**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503**

May 7, 1993

LEGISLATIVE REFERRAL MEMORANDUM

LRM #I-404

TO: Legislative Liaison Officer -

COMMERCE - Michael A. Levitt - (202)482-3086 - 324
DEFENSE - Samuel T. Brick, Jr. - (703)697-1305 - 325
ENERGY - Bob Rabben - (202)586-6718 - 209
JUSTICE - Faith Burton - (202)514-2141 - 217
STATE - Bill Keppler - (202)647-2137 - 225
TRANSPORTATION - Tom Herlihy - (202)366-4687 - 226
TREASURY - Richard S. Carro - (202)622-1146 - 228
NSC - William H. Itoh - (202)395-3723 - 249
CEA - Francine Obermiller - (202)395-5036 - 242
NEC - Sonia Mathews - (202)456-6722 - 429
NSF - Lawrence Rudolph - (202)357-9435 - 248
OSTP - Damar Hawkins - (202)456-6272 - 288
USTR - Fred Montgomery - (202)395-3475 - 223
GSA - William R. Ratchford - (202)501-0563 - 237
SBA - Christine Swedin - (202)205-6702 - 315

FROM: JAMES J. JUKES (for)
Assistant Director for Legislative Reference

OMB CONTACT: Jeffrey WEINBERG (395-3457)
Secretary's line (for simple responses): 395-3454

**SUBJECT: REVISED NASA Proposed Report RE:
S 419, Aeronautical Technology Consortium Act
of 1993**

DEADLINE: NOON May 12, 1993

**COMMENTS: This is a revised version of the report that was
circulated on April 20th.**

OMB requests the views of your agency on the above subject before
advising on its relationship to the program of the President, in
accordance with OMB Circular A-19.

Please advise us if this item will affect direct spending or
receipts for purposes of the the "Pay-As-You-Go" provisions of
Title XIII of the Omnibus Budget Reconciliation Act of 1990.

CC:
Kathy Peroff
Jack Fellows
Bruce Campbell
Steve Isakowitz

Bill McQuaid
Cora Beebe
Bob Damus

05/07/93

12:56

OMB LRD/ESGG

003

05-05-1993 08:47

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LEGISLATION DIV

P.02

Revised

NASA DRAFT REPORT TO OMB ON
S. 419, 103rd Congress,
1st Session

L:KHS:tas

The Honorable Ernest F. Hollings
Chairman
Committee on Commerce, Science,
and Transportation
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

The National Aeronautics and Space Administration (NASA) has reviewed the bill S. 419, the "Aeronautical Technology Consortium Act of 1993," which has been referred to your Committee. I would like to share the results of our review with you so that they may be taken into consideration during the Committee's upcoming deliberations.

S. 419 would require the President to establish an Aeronautical Technology Program, which is to be an interagency effort to coordinate and expand Federal research and development programs relating to aeronautical technologies and related manufacturing technologies. This Program would be implemented and administered by an Aeronautical Technology Coordinating Committee (the Coordinating Committee) composed of the Director of the Office of Science and Technology Policy (who is to be the Chairperson), the Secretaries of Defense, Commerce and Transportation, the Administrator of NASA, and the Director of the National Science Foundation.

2.

One of the purposes of this Program would be to assist the United States' commercial aircraft industry in developing an industry-led Aeronautical Technology Consortium, and to provide Federal assistance to the Consortium and subordinate joint ventures for research and development and commercialization of aeronautical technologies applicable to large civil aircraft.

The bill would also establish an Aeronautical Technology Advisory Committee to advise both the Coordinating Committee and the Consortium on the goals, activities and policies of each.

NASA recognizes the critical need to strengthen coordination among Federal agencies involved in aeronautical research and technology development in order to better support the U.S. aeronautical industry, and we strongly support the legislation's objectives in this regard.

As you are aware, the President has expressed his strong support for a healthy and highly competitive U.S. aviation industry. In fact, he has announced his plans to create a "National Commission to Ensure A Strong Competitive Airline Industry" to review all major facets of the aviation industry including tax, trade, regulatory and technology issues. We expect the members of the Commission to be announced shortly with findings and recommendations to be reported in a timely fashion soon after.

*Have been
announced*

3.

We believe that the Commission will address many of the concerns that are raised in the proposed legislation and therefore recommend that you delay action pending the Commission's report.

As for the specifics of this legislation, we are concerned with the following:

(1) Aeronautical Technology Consortium - We believe that creation of a consortium should be decided by industry market needs and not by statute. Although there are clear advantages to creations of consortia in general, to create one large consortium could prove restrictive, inflexible, and may in fact discourage industry participation. Instead, we recommend that consortia be formed on a case by case basis. For example, a team of U.S. companies and universities are currently working together on a NASA materials project for high-speed research.

Second, the bill cites the Sematech consortium as the model for the Aeronautical Technology Consortium. We believe that this comparison misses the distinctive features of the aircraft industry. Aircraft often require over a decade of research and technology development before a product is brought to market, unlike the semiconductor products which can be done in a few years or even months. Moreover, with the longer development horizon, it is significantly more difficult for aircraft

4.

companies to match government funding early in a program as required by the bill.

Finally, the bill's restrictive language regarding non-U.S. companies may unnecessarily inhibit U.S. companies from gaining access to aircraft markets that are controlled by governmental policies.

Therefore, we recommend the requirement for an Aeronautical Technology Consortium be adjusted to allow for industry to decide when to create it, who can participate, and which government programs it will apply to.

(2) Aeronautical Technology Coordinating Committee - The statutory creation of a Coordinating Committee at OSTP is premature and possibly unnecessary. Pending the findings from the Commission, OSTP plans to create an interagency mechanism within its existing mandate to address many of the key issues raised in the proposed legislation. We recommend you allow the OSTP Director the opportunity to create an appropriate coordinating mechanism, as is needed.

(3) Aeronautical Technology Advisory Committee - We agree that industry participation and input for government technology programs is needed to maintain the proper focus; however, we reserve judgement on its creation until the Commission has had

5.

a chance to present its finding. Moreover, we must be cautious about creating new advisory committees since the President has recently directed that the number of federal advisory committees be cut by half.

While NASA supports the objectives of S. 419, there are several areas that we are concerned with. We have also identified some additional problems which should be clarified, and we have outlined them in the enclosure. We believe that these matters can be resolved and look forward to working with your Committee.

The Office of Management and Budget has advised that, from the standpoint of the Administration's program, there is no objection to the submission of this report to the Congress.

Sincerely,

Enclosure

6.

SPECIFIC COMMENTS ON S. 419**AERONAUTICAL TECHNOLOGY CONSORTIUM ACT OF 1993**

Section 4(b)(1) proposes a five-year National Aeronautics Strategy, but NASA has a 10-year Strategy enacted under title III of our Fiscal Year 1989 Authorization Act, and the Department of Defense has a six-year strategy. This seems redundant and inconsistent.

Sections 4(b)(1) and (2) duplicate the requirements of the National Aeronautics and Space Act, sections 102(b) and 203(c)(8), regarding coordination of Federal aeronautical research and development, and places the responsibility with the new Coordinating Committee. This seems to create redundant activities.

Section 5(j), dealing with the Freedom of Information Act (FOIA), should be deleted. The FOIA already provides protection for the confidential information that this bill seeks to protect. This section would have the FOIA be inapplicable to confidential information obtained from Consortium members; this same information is already protected

7.

by exemption 4 of the FOIA. Perhaps the legislation meant to protect confidential information developed by the Consortium with partial Federal funding. If so, this section should be rewritten.

We recommend that section 5(k), Intellectual Property, be redrafted. Subsection 5(k)(1) broadly groups intellectual property (trade secrets, technical data, etc.) and forbids disclosure of such property. Intellectual property should be carefully defined. Intellectual property includes patents and trademarks, which by definition cannot be held in confidence. To protect against disclosure of important information, the protected intellectual property should be described as "trade secrets or commercial or financial information that is privileged or confidential."

The second sentence of subsection 5(k)(2), reserving a Government purpose license for reprourement, is fairly standard, but the last clause ("but shall not...publicly disclose proprietary information related to the license") would appear to impede the reprourement rights. A Request for Proposals for a reprourement must disclose some proprietary information in order to allow bidders to bid on the reprourement.

Subsection 5(k)(3) needs to be clarified. Contrary to the

8.

language of subsection 5(k)(2), this subsection states that nothing in subsection (k) shall be construed to prohibit the licensing to any company--including foreign companies, presumably--of intellectual property rights resulting from Consortium efforts.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503

May 13, 1993

LEGISLATIVE REFERRAL MEMORANDUM

9 pages
total
TESTIMONY
3417

LRM #I-445

TESTIMONY

TO: Legislative Liaison Officer -

COMMERCE - Michael A. Levitt - (202)482-3086 - 324
DEFENSE - Samuel T. Brick, Jr. - (703)697-1305 - 325
TRANSPORTATION - Tom Herlihy - (202)366-4687 - 226
NSC - William H. Itoh - (202)395-3723 - 249
NEC - Sonia Mathews - (202)456-6722 - 429
OSTP - Damar Hawkins - (202)456-6272 - 288

FROM: JAMES J. JUKES (for) *Ji-*
Assistant Director for Legislative Reference

OMB CONTACT: Jeffrey WEINBERG (395-3457)
Secretary's line (for simple responses): 395-3454

SUBJECT: NASA Proposed Testimony RE: S 419,
Aeronautical Technology Consortium Act of
1993

DEADLINE: 11 AM May 17, 1993

COMMENTS: NASA addresses S 419 on pages 6 & 7. The letter referred to on page 6 was circulated on May 7th. The first 6 pages of the testimony have previously been used by NASA at hearings on its authorizations.

OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

Please advise us if this item will affect direct spending or receipts for purposes of the the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

CC:

Kathy Peroff
Jack Fellows
Bruce Campbell
Steve Isakowitz
Roger Adkins
Dan Corbett
Dave Tornquist

DRAFT 5/11/93

Statement of
Mr. Daniel S. Goldin
Administrator
National Aeronautics and Space Administration

before the
Committee on Commerce, Science and Transportation
United States Senate

Mr. Chairman and Members of the Committee, it is my pleasure to be here today to discuss a subject of great interest, the competitiveness of our country's aviation industry. I would like to discuss the general situation facing the aviation industry, explain how we have structured NASA's FY 1994 Aeronautics Program to meet that industry's changing needs, and comment briefly on S.419, the Aeronautical Technology Consortium Act of 1993. We look forward to working closely with the Committee to ensure that NASA's Aeronautics Program is successful in meeting national needs.

Mr. Chairman, the message we want to leave with you today is that NASA and this Administration are deeply committed to strengthening aviation in this country, and we believe our strategy will accomplish that. Our objective is to improve U.S. competitiveness in civil aviation and enhance the safety and capacity of our National Aviation System by developing and commercializing high-payoff technologies. Because our work is done for industry or other agencies, we especially appreciate the value of our close working relationships with these partners. We understand well the importance of accountability, both to our partners and to the American taxpayers who foot the bill for our research programs. I want to assure you that NASA's aeronautics program is being managed to emphasize accountability and results.

As global competition increases, we will have to improve our ability to assist industry to commercialize technology. We are all painfully aware that Airbus beat us to the punch in commercializing, among other advanced technologies, fly-by-wire controls, a technology invented in the United States by NASA and DoD. To prevent this kind of occurrence in the future, we are now working harder at developing and validating new technologies for industry to commercialize, and we intend to do it faster, better, and cheaper than our competitors. NASA's Aeronautics Program can contribute by ensuring that commercialization by industry is an integral part of program planning from the very beginning, accomplished in cooperation with our partners. This is a change from the way we have done business in recent years -- a much needed change -- and exactly the tack we are taking.

Those of us in this room desire to improve competitiveness not just for its own sake, but because aviation is one of this country's most successful industries, largely thanks to a long history of Government-industry cooperation and innovative contributions from the university research community. We all know that over the past couple of decades, the world has changed in several significant ways, and our investment strategy -- both in dollars and the way we manage them -- must change to keep up. Military and civil aeronautics technology needs have diverged, which means the Department of Defense has reduced its investment in validating technologies with

commercial potential. In addition, airlines have been deregulated, the Cold War is over, and the aeronautics industry has gone global. We must keep all of these factors in mind as we refocus and reinvigorate our national program of aeronautics technology research and development, in which NASA is an essential player.

As you are well aware, the U.S. aviation industry is huge. Aircraft manufacturers recorded over \$95 billion in sales in 1992, contributing \$28 billion to our balance of trade and employing one million people in high quality jobs. Long-range prospects for growth are very good: industry experts calculate that the global civil transport aircraft market will be worth more than \$500 billion through 2005, approaching \$1 trillion through 2015.

That's the good news. The bad news is that as the market grows, the U.S. is losing its share. In 1969, our market share was 91 percent. Today, it is 67 percent and falling. Airbus already holds 30 percent. Japan and Taiwan are attempting to enter this lucrative market, and even Russia may be able to compete for a share if it teams with another nation. While our aircraft manufacturers are hurting, the U.S. airlines are also facing grave difficulties; although the airlines generated substantial revenues of \$75 billion in 1991, they still lost money.

The airlines' predicament highlights the fact that competition from foreign manufacturers is not the only challenge facing our aviation industry. We must improve the efficiency of our national aviation system, upgrade safety, and resolve environmental concerns as well. Advanced technology is a critical element of our response to all of these challenges. And NASA's role is to develop this technology. Clearly we must reverse the decline of U.S. aviation -- now -- by providing our industry the support it needs to remain a world leader.

Much of that support will come from NASA. I would like to turn now to the specifics of NASA's Aeronautics Program and its impact on industry's competitiveness. In FY 1994, our request for aeronautics is up 18 percent over FY 1993 funding. We will use this increase primarily to expand our civil aviation programs in three key areas: high speed research, subsonic research, and national facilities. There continues to be discussion in the aeronautics community over priorities; should subsonic or high speed research be our first priority? Our answer is that this is a false choice. We need to invest appropriately in both. Our program is, and must remain, carefully balanced to ensure the health of the aviation industry in the near-, mid-, and long term. In addition to our expanded activities in civil aviation, we continue our commitment to a crucial technology program with future civil and military applications, the National Aero-Space Plane. The final piece of our program is an expanded High Performance Computing and Communications Program which will speed development of the National Information Infrastructure. I will briefly go through each of these important areas.

High Speed Research

NASA's High Speed Research (HSR) program is leading the development of the highest risk technology that will allow industry to build an economical, environmentally friendly commercial aircraft that industry studies indicate will fly at two and a half times the speed of sound, carrying 300 passengers over 5000 nautical miles. The

studies indicate a potential market of 315,000 passengers per day in 2000, increasing to 600,000 in 2020. This translates into 500-1000 High Speed Civil Transports (HSCT). This would be a big boost for the U.S. economy, if we are the ones who build it.

The main problem we need to solve before this kind of aircraft is feasible is pollution: air and noise pollution. Many of you may remember the Supersonic Transport program of the 1970s -- the SST. It was canceled because of environmental concerns; high speed transport engines can emit ozone-depleting nitrogen oxides (NOx) into the upper atmosphere and generate unacceptable levels of community noise, and the effects of the aircraft's sonic boom on people and animals are worrisome. Having learned our lesson with the SST, this time around we are addressing these crucial environmental concerns up front. Simply put, if this aircraft harms the environment, it cannot be built. To understand better the potential atmospheric effects, we are working in close coordination with NASA's Office of Mission to Planet Earth, the international scientific community, the FAA, the Environmental Protection Agency, the United Nations Environment Program, and the International Civil Aviation Organization. These studies will eventually lead to environmental certification requirements for future high speed transports. On noise, our goal is to enable industry to build engines that will meet FAR 36 Stage 3 requirements, the most stringent noise standards which currently apply to subsonic aircraft. This will mean that high speed transports can take off and land at any airport currently used by subsonic aircraft. Our Phase I environmental studies give us confidence that the emissions and community noise concerns can be adequately addressed; we are working closely with U.S. engine manufacturers to develop technology for cleaner, quieter engines and the results are quite promising. Regarding the sonic boom, although studies indicate this aircraft will be economically viable without flying supersonically over land, we are working on ways to soften the sonic boom to ensure minimal or no harmful effect on human and animal life from its operation.

While we continue working with industry to solve the environmental issues, in FY 1994 we plan to begin Phase II of the HSR program, which is aimed at developing the highest risk technologies that will help make this aircraft economically competitive with subsonic aircraft, and therefore profitable for industry to build and operate. In collaboration with industry and universities, we will develop and validate critical portions of new technologies such as advanced propulsion, new materials, improved aerodynamics, and cutting-edge flight deck systems. The FY 1994 budget request for the High Speed Research program is \$187.2 million.

I'd like to emphasize our close cooperation with industry on the HSR program. While NASA will concentrate its investments in the early, high-risk stages of research and development, our partners in industry are planning to make a substantial investment in this program as well. We are working together to define technology priorities, and are sharing investment and risk. Companies are coming together as teams to meet the tremendous challenges of this program, rather than going it alone. For instance, a team of companies and universities is working on enabling propulsion materials. To meet anticipated environmental requirements, a future HSCT's engines must burn at very high temperatures; new ceramic matrix composite materials to withstand temperatures up to 3000 degrees fahrenheit must be developed. We are encouraging this team approach and anticipate that as the HSR program progresses many more

teams will develop to meet other challenges. If funding and schedules remain steady, a U.S.-built High Speed Civil Transport aircraft could be certified by 2005, guaranteeing once again the preeminence of U.S. industry in the world aircraft market.

Subsonic Research

While HSCTs promise to be the wave of the future in long-distance air travel, subsonic aircraft will continue to handle the dominant portion of passenger traffic even after new high speed transports are flying. For that reason we are aggressively augmenting the Advanced Subsonic Technology program, an initiative begun in FY 1992, as well as our other work in subsonics. We are requesting \$ 101.3 million for advanced subsonic technology which is focused specifically on giving back the competitive edge to U.S. companies by developing technologies that will increase aircraft efficiency, improve safety, and reduce development costs. Let me share just one example. Last year, in partnership with the FAA, we successfully flight-tested in Orlando and Denver three types of sensors for wind shear detection and avoidance. Results indicate that these sensors can provide up to 40 seconds of warning to a pilot, enough time to avoid the dangerous wind shear condition and possible disaster. When this kind of equipment is required to be put on aircraft, U.S. companies will have a technological advantage in the marketplace.

The Advanced Subsonic Technology program encompasses nine major technology areas: fly-by-light/power-by-wire, aging aircraft, composites, technology integration and environmental impact, noise reduction, propulsion, short-haul, terminal area productivity, and integrated wing. I'd like to specifically call out our new emphasis on both fixed and rotary wing short-haul aircraft technology. I have directed a task force of the Aeronautics Advisory Committee (AAC) to look specifically at fixed-wing short-haul aircraft, which should report this summer. On rotary wing (tiltrotor) aircraft, NASA is continuing to work with FAA on a technology development program to address critical issues for civilian tiltrotors. By the end of the summer, the AAC task force and NASA researchers will develop a comprehensive NASA/industry/ university research and development action plan, for implementation beginning in FY 1994, to help revitalize the important short-haul aviation industry segment. The objectives are to: 1) increase the national air space system capacity by expanding the role of fixed-wing and rotary short-haul aircraft through higher utilization of the air space and the large network of general aviation public-use airports; and 2) develop and apply technology to improve the safety and expand the utility of U.S.-produced short-haul aircraft. Key elements that technology must address are: improved safety, environmental compatibility, advanced user-friendly cockpits, advanced controls, performance efficiency, and lower initial and operating costs. This focused short-haul effort, together with new developments in the other high-payoff subsonic technology areas mentioned above, will make possible a safe, highly productive global air transportation system that includes a new generation of environmentally compatible, economical aircraft that are superior to foreign products.

I mentioned our partnership with the FAA on wind shear research earlier. Under a Memorandum of Understanding signed in 1990, we are working closely with the FAA in a number of areas of mutual interest. In FY 1994, we intend to expand our work on integrating cockpit and air traffic controls, enhancing safety by reducing human

error, and reducing aircraft noise and emissions. We are continuing to work on improving safety in severe weather and predicting fatigue-crack formation and operating lifetimes for aging aircraft. For inspecting hard-to-reach aircraft parts, we are looking into advanced infrared, thermographic, ultrasonic, optical, and magnetic techniques. In addition, we are jointly evaluating a four-dimensional air traffic management system, developed at NASA, that will improve air traffic control, enabling more on-time arrivals and cutting aircraft fuel consumption. The FAA is currently testing this technology at the Dallas-Fort Worth and Denver airports. All of these programs contribute to aviation safety and the competitiveness of U.S. industry.

Aeronautics Facilities

Let me turn now to our national facilities. One way we can ensure that the U.S. aviation industry remains the best in the world is to maintain the best, most productive aeronautics research and testing facilities in the world. Our customers have told us that our facilities, especially our wind tunnels, are the single most important service NASA provides. However, our facilities are aging, and many were designed as research, rather than production, tunnels, and are therefore of limited use to industry in developing new aircraft. Newer European facilities, including subsonic wind tunnels in England, France, and the Netherlands and a new transonic wind tunnel to come on line next year in Germany, offer higher quality test conditions and productivity. To keep U.S. companies and their technology at home, we must upgrade the Nation's aeronautical testing capability. Our FY 1994 budget reflects this commitment, with \$200 million for upgrades and planning of new facilities. I would like to mention two facilities that preliminary results from our National Facility Study indicate may be needed: a high Reynolds number subsonic tunnel and a high Reynolds number transonic tunnel. These facilities would be production tunnels, rather than research tunnels, meaning industry would be able to test large pieces of equipment at near-flight conditions and get a lot of data in a relatively short turnaround time. We also intend to invest in productivity upgrades to existing facilities and will continue studying future facility needs in partnership with industry and other government agencies. To help enable funding, deactivation of some existing unproductive facilities is also being investigated. The bottom line is that this Administration is committed to providing industry with the world's best testing capability.

Dual-Use Technologies

In addition to our strong commitment to civil aviation in this country, NASA's Aeronautics Program also encompasses important dual-use technology efforts, which are carried out for the Department of Defense or cooperatively with them. We will continue to develop and validate high priority dual-use technology that will improve the performance of future military aircraft while also benefiting the commercial aircraft industry.

Our largest cooperative program with DoD is the National Aero-Space Plane (NASP) program, which is dedicated to developing and demonstrating the enabling technologies for future operational hypersonic aircraft. Hypersonic vehicles may be the means of routine, efficient and responsive access to space for civil and/or military missions we are looking for. In the future, technologies developed by the NASP

program may provide our industry with the capability to "leap-frog" the competition and develop an entirely new generation of aerospace vehicles. In addition, much of the research is applicable to aircraft operating in lower speed regimes and even to other industries. For instance, industry already has commercialized materials processing and computational methods developed under this program. We are strongly committed to continuing this beyond-the-state-of-the-art technology program, and with DoD and our team of five major industry partners are restructuring the program so it is affordable, realistic, and reduces technical risk. NASA's request for NASP in FY 1994 is \$80 million.

High Performance Computing and Communications

The last program area I will briefly touch on is High Performance Computing and Communications. NASA is a major participant in this interagency program. In the field of aeronautics, high-performance computing will enable us to enhance industrial productivity and competitiveness by improving aircraft designs, compressing the design process, and cutting certification costs. We plan to invest our FY 1994 funding (\$65.6 million) to speed development of our National Information Infrastructure, a Presidential initiative led by the Office of Science and Technology Policy. This work will benefit not only our industry, but will make major contributions to educating our future technical workforce as well.

University Research

This leads me to our investment in college education and university research. NASA's Aeronautics Program issues grants for specialized university research centers, student training (e.g., fellowships), and university investigators engaged in aeronautics research. In light of changing national needs, we are updating our university grants strategy to ensure that we encourage invention and innovation in the university research community and provide developing engineers with the skills, knowledge, and incentive they will need to be creative and productive in the workplace of the future.

S.419

As you can see, Mr. Chairman, NASA has an aggressive program in aeronautics which is closely tied to industry, universities, and other government agencies. We believe that pursuing this program, in close cooperation with our partners, will do much to strengthen the U.S. aviation industry. It is our opinion that these activities strongly support the basic goals of S.419, the Aeronautical Technology Consortium Act of 1993. NASA recently sent a letter to the Committee detailing the Agency's position on S.419. In brief, the Administration recommends delaying action until the National Commission to Ensure a Strong Competitive Airline Industry has reported; we believe that the Commission will address many of the concerns raised in the proposed legislation. In addition, pending the findings from the Commission, the Office of Science and Technology Policy (OSTP) plans to create an interagency mechanism within its existing mandate to address many of the key issues raised in S.419. NASA and the Administration share with the Committee a recognition of the dire situation facing the industry, and support the objectives of S.419. We are committed both to doing more to support the aviation industry and doing it better by fostering closer coordination of federal efforts. We believe NASA's Aeronautics Program, in the context

context of a comprehensive Federal effort coordinated by OSTP, will accomplish many of the bill's objectives; already NASA's industry, university and government partnerships are gaining momentum in that direction.

Conclusion

In conclusion, I would like to quote the Wall Street Journal of March 8, 1993, which stated: "The U.S. is the world leader in aircraft production and airline services." President Clinton and NASA intend to keep it that way, working closely with the Congress and U.S. industry to ensure that our program is properly focused on real national needs. Implementing a more aggressive and augmented NASA Aeronautics Program will not be easy, but it certainly is within our grasp. We need you to help by holding us accountable for every penny of taxpayer money we receive; this effort is too important to the Nation to tolerate anything but the most effective stewardship of scarce resources. We expect that good planning, strategic investments, and hard work -- by us and our government, university, and industry partners -- will pay off in a stronger, more competitive aviation industry. We look forward to working with the Committee to ensure that it does.

Thank you, Mr. Chairman. I will be happy to answer any questions you or other Members of the Committee may have.

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

May 15, 1993

ACTION

MEMORANDUM FOR ANTHONY LAKE

THROUGH: ROBERT BELL *R-B*FROM: KEITH HAHN *W*SUBJECT: Invitation to National Security Telecommunications
Advisory Committee Events

At Tab I you have been invited to participate in the 15th meeting of the President's National Security Telecommunications Advisory Committee on May 27. Specifically, you are invited to a reception and dinner at the Willard Hotel on the evening of May 26 and an Executive Luncheon and Executive Session in the Indian Treaty Room on May 27.

The President and Vice President have also been invited, although, at the present time, it does not look like the President will be able to participate. We have made tentative plans for the Vice President to be on hand after the luncheon for brief remarks and the passing of the gavel ceremonies. The Vice President will be having lunch with the President earlier that day.

The schedule at Tab I incorrectly shows the Vice President speaking at the morning session. They have allowed 10 minutes each for you and Secretary Aspin to make brief remarks before the Vice President arrives. I will work with Jeremy Rosner to provide these comments. In the event that the Vice President is unable to attend, we will work with Secretary Aspin's office to find a way to share the ceremonial responsibilities.

This is an extremely influential group of executives who, in the past, have provided a valuable service to the Nation. Their support and contributions will be critical in many of the plans for enhanced telecommunications and information programs. We strongly encourage you to attend.

Concurrence by: Jeremy Rosner *(Signature)*RECOMMENDATION

That you attend the reception and dinner at the Willard Inter-Continental Hotel on May 26 and the luncheon and Executive Session at the Indian Treaty Room on May 27. If you agree,

please have the questionnaire at Tab II forwarded to General Short's office.

Approve _____ Disapprove _____

Attachments

Tab I Invitation to NSTAC Meeting
Tab II Questionnaire



IN REPLY
REFER TO

NJ

NATIONAL COMMUNICATIONS SYSTEM

OFFICE OF THE MANAGER
701 SOUTH COURT HOUSE ROAD
ARLINGTON, VIRGINIA 22204-2198

6 May 1993

MEMORANDUM FOR ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS

SUBJECT: Invitation to the 15th meeting of the President's National Security Telecommunications Advisory Committee

1. You are cordially invited to attend the reception and dinner, and the Executive Luncheon and Executive Session of the 15th meeting of the President's National Security Telecommunications Advisory Committee (NSTAC XV), to be held in Washington, DC on May 26-27, 1993. The reception and dinner will be held at The Willard Inter-Continental Hotel, 1401 Pennsylvania Avenue, NW, on May 26, 1993. The reception, hosted by AT&T and Martin Marietta Corporation, will begin at 6:30 p.m. and the dinner I am hosting will begin at 7:15 p.m.
2. On May 27, 1993, you are invited to join the NSTAC members and selected Senior Government officials for an Executive Luncheon and Executive Session, beginning at 12:00 p.m., in the Indian Treaty Room of the Old Executive Office Building. President Clinton has also been invited, and if his schedule does not permit his attendance, the President's representative is normally expected to provide brief remarks. This particular session will include a presentation of ceremonial gavels from the President to the departing NSTAC Chairman, Mr. Bob Allen, Chairman of the Board and Chief Executive Officer of AT&T, and to the new NSTAC Chairman, Mr. Norm Augustine, Chairman and Chief Executive Officer of Martin Marietta Corporation.
3. The NSTAC, currently consisting of 26 leaders of the Nation's telecommunications industry, provides information and advice to the President to assist in the enhancement of the Government's national security and emergency preparedness telecommunications. I believe you will find NSTAC XV to be most informative.
4. Please do not hesitate to contact me for further information. Administrative details may be obtained by calling Lieutenant Colonel Michael S. Cleary, USAF, or Major Martin Peavyhouse, USAF, at (703) 692-9274. Please complete and return the enclosed response sheet by May 13, 1993. I look forward to seeing you at NSTAC XV.

Sincerely,

A handwritten signature in black ink, reading 'Alonzo E. Short, Jr.'

ALONZO E. SHORT, JR.
Lieutenant General, USA
Manager

- 4 Enclosures:
- 1 Tentative Agenda
- 2 NSTAC XV Response Sheet
- 3 List of NSTAC Members
- 4 Map

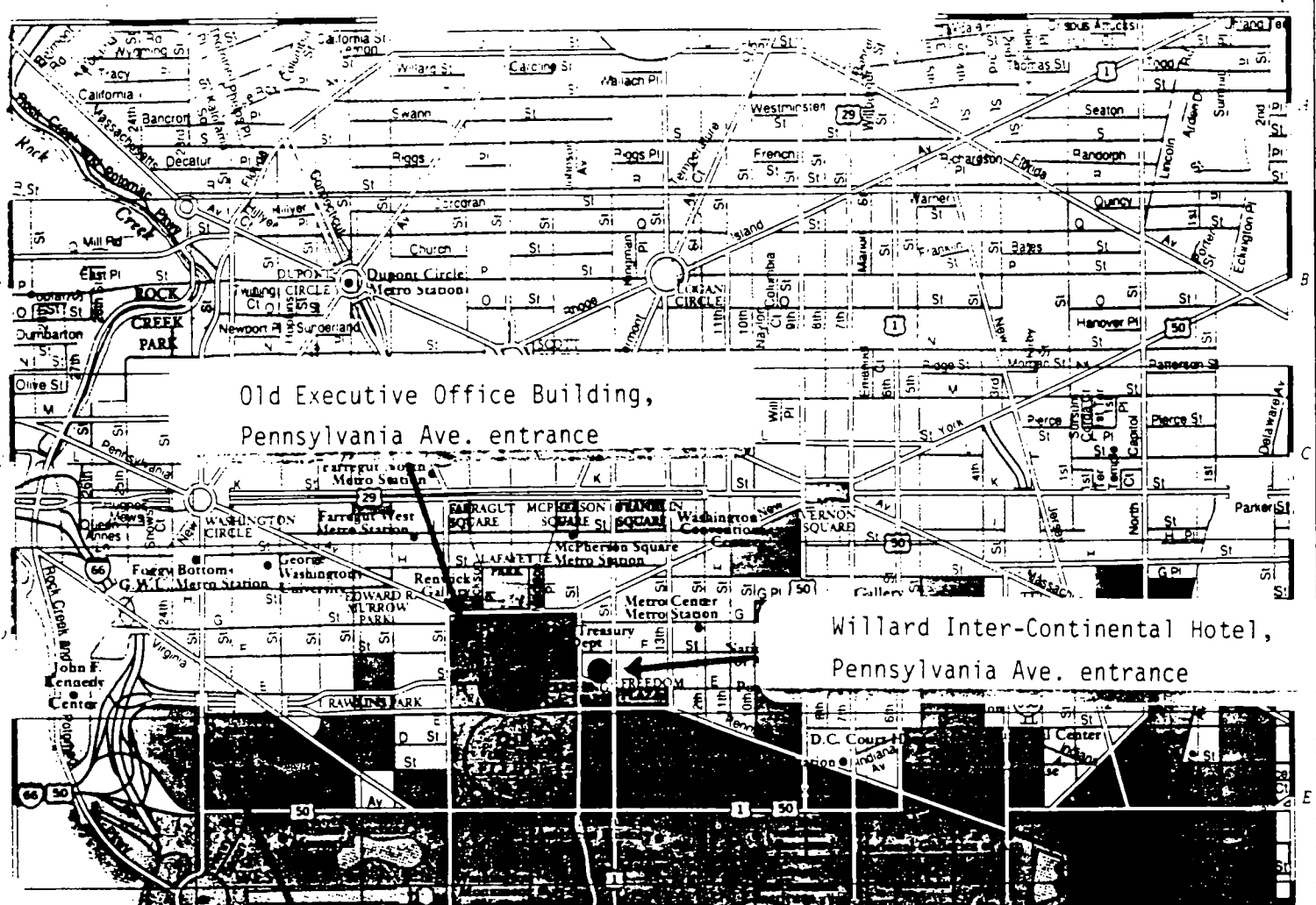
National Security Telecommunications Advisory Committee

EXECUTIVE SESSION--AGENDA
MAY 27, 1993

1:00 p.m.	Welcoming Remarks	Mr. Allen, Chairman
1:05 p.m.	Remarks by National Security Advisor	Mr. Lake
1:15 p.m.	Remarks by Executive Agent	Secretary Aspin
1:25 p.m.	President arrives	
1:30 p.m.	Remarks by President	President Clinton
1:45 p.m.	Recognition of Departing and Arriving Chairmen	President Clinton
1:55 p.m.	President Departs	
2:00 p.m.	Adjourn	Mr. Augustine, New Chairman

**The President's
National Security Telecommunications Advisory Committee (NSTAC)
Members**

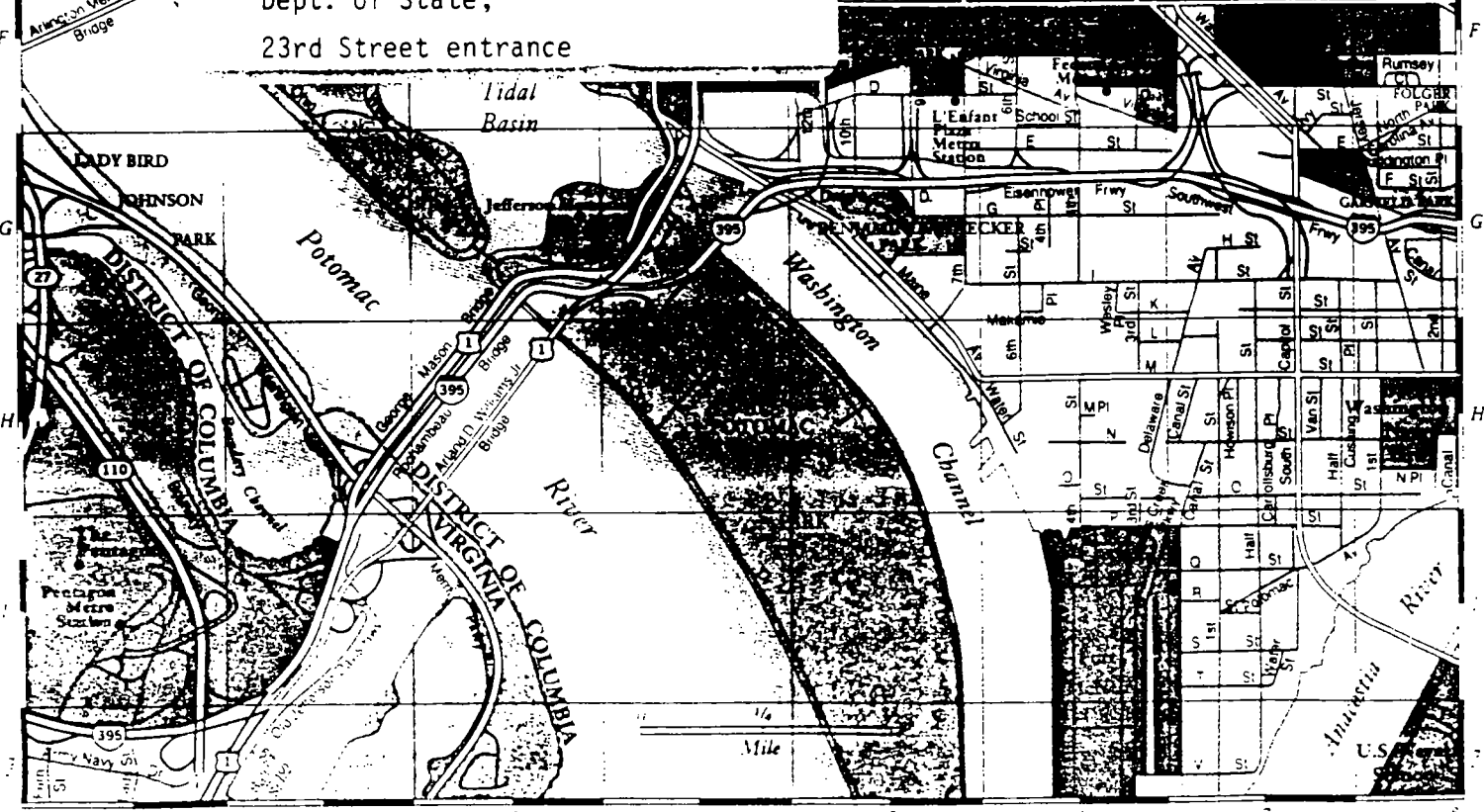
Mr. Lester M. Alberthal, Jr.	Electronic Data Systems
Mr. Robert E. Allen	American Telephone and Telegraph Company
Mr. C. Michael Armstrong	Hughes Aircraft Company
Mr. Norman R. Augustine	Martin Marietta Corporation
Mr. Stanley C. Beckelman	The Boeing Company
Mr. Kent M. Black	Rockwell International Corporation
Mr. Robert C. Brown, III	United States Telephone Association
Mr. Bruce L. Crockett	Communications Satellite Corporation
Mr. Gerald W. Ebker	International Business Machines Corporation
Mr. D. Travis Engen	ITT Corporation
Mr. William T. Esrey	Sprint Corporation
Mr. John T. Hartley	Harris Corporation
Dr. George H. Heilmeier	Bell Communications Research, Incorporated
Mr. William J. Hilsman	InterDigital Communications Corporation
Mr. Royce J. Holland	Metropolitan Fiber Systems Communications Company
Mr. William R. Hoover	Computer Sciences Corporation
Mr. Charles R. Lee	GTE Corporation
Mr. Craig O. McCaw	McCaw Cellular Communications, Incorporated
Mr. Richard D. McCormick	U S West, Incorporated
Mr. John N. McMahon	Lockheed Corporation
Mr. John F. Mitchell	Motorola, Incorporated
Mr. Bert C. Roberts, Jr.	MCI Telecommunications Corporation
Mr. Charles E. Robinson	Pacific Telecom, Incorporated
Dr. Paul G. Stern	Northern Telecom, Incorporated
Mr. Roy A. Wilkens	Williams Telecommunications Group, Incorporated
Mr. Albert F. Zettlemoyer	Unisys Corporation



Old Executive Office Building,
Pennsylvania Ave. entrance

Willard Inter-Continental Hotel,
Pennsylvania Ave. entrance

Dept. of State,
23rd Street entrance



Fifteenth Meeting of the
National Security Telecommunications Advisory Committee (NSTAC)
Willard Hotel/Old Executive Office Building (OEOB)
May 26-27, 1993

NSTAC XV Questionnaire

1. Full Name: _____
2. Title, Organization, and Telephone Number: _____

3. Do you (personally) plan to attend NSTAC XV? YES ____; NO ____.
If YES, please indicate the functions you plan to attend:
If NO, skip to Item 6.

YES NO

- | | | |
|-------|-------|---|
| _____ | _____ | Reception at The Willard Hotel, 1401 Pennsylvania Avenue, NW, Washington, DC (6:30 p.m., May 26, 1993, hosted by AT&T and Martin Marietta). |
| _____ | _____ | Spouse attending? (Name _____). |
| _____ | _____ | Dinner at The Willard Hotel (7:15 p.m., May 26, 1993, hosted by the National Communications System). |
| _____ | _____ | Spouse attending? (Cost to you is \$63.00. Make check payable to Greta Lomas and include with questionnaire). |
| _____ | _____ | Do you (or your spouse) request a special diet entree? |
| _____ | _____ | Executive Luncheon/Session at the Indian Treaty Room, OEOB (12:00 p.m - 2:00 p.m., May 27, 1993). |
| _____ | _____ | Do you request a special diet entree? |

Information required to ensure entrance into OEOB:

Date of birth: _____; Social Security #: _____

COMMENTS: _____

TO: LAKE

FROM: SELIN, I

DOC DATE: 14 MAY 93
SOURCE REF:

KEYWORDS: DEFENSE POLICY

NUCLEAR ENERGY

PERSONS:

SUBJECT: NUCLEAR REGULATORY COMMIS DECLINES INVITATION TO PARTICIPATE IN
GLOBAL WAR GAMES AT NAVAL WAR COLLEGE ON 12 - 30 JUL

ACTION: FOR RECORD PURPOSES

DUE DATE: 20 MAY 93 STATUS: C

STAFF OFFICER: NONE

LOGREF: 9302201

FILES: PA

NSCP:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO

ANDREASEN

BELL

FRY

GOTTEMOELLER

HAHN

JONES

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSWEA

CLOSED BY: NSWEA

DOC 1 OF 1

5520



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

May 14, 1993

The Honorable Anthony Lake
Assistant to the President
for National Security Affairs
The White House
Washington, D.C. 20500

Dear Mr. Lake:

Thank you for your memorandum of April 9, 1993, inviting the Nuclear Regulatory Commission to participate in the Global War Games at the Naval War College in Newport, Rhode Island, from July 12-30, 1993. Although the Commission recognizes that the Global War Games provide an excellent opportunity to explore new approaches to national security issues, we do not believe that the issues are likely to relate directly to NRC activities. Therefore, the NRC will forego participation in this year's exercise.

Sincerely,

Ivan Selin

UNCLASSIFIED
NSC/RMO PROFILE

RECORD ID: 9303336
RECEIVED: 12 MAY 93 09

TO: JUKES, J

FROM: ITOH

DOC DATE: 17 MAY 93
SOURCE REF:

KEYWORDS: SPACE POLICY

LEGISLATIVE REFERRAL

PERSONS:

SUBJECT: COMMERCE PROPOSED TESTIMONY RE COMMERCIAL SPACE TRANSPORTATION

ACTION: KENNEY SGD MEMO

DUE DATE: 17 MAY 93 STATUS: C

STAFF OFFICER: JONES

LOGREF:

FILES: WH

NSCP:

CODES:

DOCUMENT DISTRIBUTION

FOR ACTION

FOR CONCURRENCE

FOR INFO

BELL
EXECSEC
HARRIS
JONES
ROSNER

COMMENTS:

DISPATCHED BY WJ DATE 5/12 BY HAND W/ATTCH

OPENED BY: NSWEA

CLOSED BY: NSKDB

DOC 3 OF 3

UNCLASSIFIED

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

May 17, 1993

MEMORANDUM FOR JAMES J. JUKES

FROM: WILLIAM H. ITO *W.H. Ito*

SUBJECT: Commerce Proposed Testimony on Commercial Space Transportation

The National Security Council concurs with the Commerce proposed testimony on the provision that the following two changes be made. In the second full paragraph on page 4, we recommend that in the third sentence the word "tentative" be replaced by "framework," so that the sentence reads "These talks resulted in a framework agreement that..." In addition, we request that the last sentence beginning "I should note...." describing Chinese space launch issues be deleted.

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

May 17, 1993

ACTION

MEMORANDUM FOR WILLIAM H. ITOH

THROUGH: ROBERT G. BELL *RG for*FROM: STEVEN R. JONES *SJ*SUBJECT: Commerce Proposed Testimony on Commercial Space
Transportation

OMB has forwarded the subject Commerce testimony (Tab II) for NSC comment. This is Director of Space Commerce Calhoun-Senghor's testimony before the House Subcommittee on Space.

The proposed testimony outlines Commerce's role in commercial space activities and policy. We recommend two changes be made to the paragraph describing international commercial space market negotiations on page 4. In the second full paragraph on page 4, recommend that in the third sentence the word "tentative" be replaced by "framework," so that the sentence reads "These talks resulted in a framework agreement that...." Also, we request that the last sentence beginning "I should note....." describing Chinese space launch issues be deleted.

Concurrences by: *in draft* Elisa Harris, Jeremy Rosner RECOMMENDATION

That you sign the memorandum at Tab I.

Attachments

Tab I Memorandum for Signature
Tab II Incoming Correspondence

**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503**

May 14, 1993

LEGISLATIVE REFERRAL MEMORANDUM

LRM #M-284

TESTIMONY

9/1/93
stat
TESTIMONY

TO: Legislative Liaison Officer -

DEFENSE - Samuel T. Brick, Jr. - (703)697-1305 - 325
INTERIOR - Ralph Hill - (202)208-6706 - 329
JUSTICE - Faith Burton - (202)514-2141 - 217
STATE - Bill Keppler - (202)647-2137 - 225
TRANSPORTATION - Tom Harlihy - (202)366-4687 - 226
TREASURY - Richard S. Carro - (202)622-1146 - 228
NSC - William H. Itoh - (202)395-3723 - 249
CEA - Francine Obermiller - (202)395-5036 - 242
NASA - Jeff Lawrence - (202)358-1948 - 219
NEC - Sonia Mathews - (202)456-6722 - 429
OSTP - Damar Hawkins - (202)456-6272 - 288
USTR - Fred Montgomery - (202)395-3475 - 223

FROM: JAMES J. JUKES (for) *Ji-*
Assistant Director for Legislative Reference

OMB CONTACT: Jeffrey WEINBERG (395-3457)
Secretary's line (for simple responses): 395-3454

**SUBJECT: COMMERCE Proposed Testimony on Commercial
space transportation**

DEADLINE: noon May 17, 1993

**OMB requests the views of your agency on the above subject before
advising on its relationship to the program of the President, in
accordance with OMB Circular A-19.**

**Please advise us if this item will affect direct spending or
receipts for purposes of the the "Pay-As-You-Go" provisions of
Title XIII of the Omnibus Budget Reconciliation Act of 1990.**

CC:
Ken Schwartz
Cora Beebe
John Serlemitsos
Roger Adkins
Dan Corbett
Jack Fellows
Bruce Campbell
Bruce Sasser

SENT BY:Xerox Telecopier 7020 : 5-14-93 11:30AM :

2028773151~

202 885 3100# 2

DRAFT**U.S. Competitiveness and Commercial Space Activities****For Release****on Delivery
Tuesday
May 18, 1993****Statement of****Keith Calhoun-Senghor
Director, Office of Space Commerce
Office of the Secretary
U.S. Department of Commerce****Before the****Subcommittee on Space
Committee on Science, Space, and Technology
House of Representatives**

SENT BY:Xerox Telecopier 7020 : 5-14-93 :11:38AM :

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202 395 3109:8 3

Mr. Chairman and members of the Committee:

It is a pleasure to be here with you today to discuss the Department of Commerce's role in developing opportunities in commercial space, our contributions to the development of national space policy, and how we hope to reflect the Administration's technology policy and economic strategy in the area of commercial space. I believe that these hearings are timely and will be helpful in enhancing the competitiveness of the commercial space industry. I would like to begin by telling you a little about the office for which I am responsible.

As you may know, I recently became Director of the Office of Space Commerce. This office is now a part of the newly created Office of Policy and Strategic Planning, headed by Jonathan Ballet, who in turn, reports directly to Secretary Brown. We believe this revised structure enhances the visibility of space policy issues within the Department by placing commercial space directly within the Department's policy-making organization. This structure also allows the Secretary to better integrate commercial space issues with technology and trade issues and coordinate them with the overall technology objectives of the Administration.

This structural change has important implications because commercial space activities generate the kind of high-wage, high-technology jobs that we are seeking to create and preserve for American workers into the twenty-first century. American success in commercial space means increased exports of high value products. While the United States faces increasingly fierce international competition in almost every sector, the U.S. remains a pioneer and leader in most commercial space activities. Therefore, there is much this sector can teach us about being competitive, and staying competitive, in the international marketplace.

That is the reason these hearings are particularly timely. They offer an early opportunity to review commercial space activities in the context of the President's overall technology policy. There are several points that should be made here.

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202 895 3100:8 4

First, commercial space activities generate exactly the kind of technology and information-intensive businesses which are vital to our country's long-term economic future. Our ability to successfully design and manufacture communication satellites, space-based navigation receivers, and geographic information systems using imagery from space will help determine our overall economic competitiveness into the twenty-first century.

Second, as I stated earlier, if we are to create and preserve high-wage, high-technology jobs, a viable and vibrant commercial space sector must be maintained.

Third, although the space industry grew out of government-dominated activities, the increasingly commercial nature of space launch and other commercial space activities can serve as a useful model for defense conversion efforts now underway.

Finally, commercial space activities must be seen as an increasingly important part of this country's larger aerospace industry. The Aerospace Industry Association, for example, projects that space-related revenues will comprise up to 23% of all aerospace revenues in 1993.

The world today is very different from when the first Sputnik was launched, or even from when the first Space Shuttle lifted off 12 years ago. Today, space activities take place in a world where national security is often the same as economic security and global competitiveness. Therefore, a close working partnership between government and industry is necessary if U.S. industry is to continue to be the leader in space and internationally competitive in commercial space markets. The health and long term competitiveness of the commercial space industry rests on our ability to forge effective government industry partnerships.

A Review of Significant Activities

The Office of Space Commerce was authorized in the NASA Authorization Act of 1993 (P.L. 102-588), and as you know, we are responsible

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202 895 3108:4 5

for coordinating space policies, programs, and issues within the Department of Commerce. The office also has a diverse range of space-related responsibilities involving environmental, national security, as well as commercial space activities. Nonetheless, our singular focus has been on working to strengthen the competitiveness of the U.S. commercial space industry. These efforts have included regulatory reforms, trade negotiations, industry studies, and legislative proposals that we have developed in cooperation with the Congress, and especially this Committee.

A number of space technology items have been moved from the U.S. Munitions List to the Commerce Control List for purposes of streamlining export regulations. This has meant that export licenses for civilian satellite navigation receivers, some communication satellites, and associated ground equipment can now be processed more effectively - to the benefit of U.S. industry. The Department also is working in cooperation with NASA to transfer some types of environmental satellite technology to the Commerce Control List in an effort to further simplify export controls. While important progress has been made, our task is not yet complete and we will continue to work to bring this process to completion very soon.

We are working closely with the U.S. Trade Representative and other agencies within the government on commercial space launch trade negotiations with Russia. As the Commerce Department's lead representative at the recent negotiations, I participated in the most recent round of bi-lateral talks held in Moscow on May 5 and 6. These talks resulted in a tentative *framework* agreement that the Department believes will benefit the U.S. commercial launch industry by encouraging market-oriented reforms in the Russian space launch sector, while preventing disruption of the commercial launch market. [I should note that a similar agreement with China ends in 1994, and we are now considering what steps are appropriate with respect to China's future participation in the international launch market.]

The Office of Space Commerce also led a study last year on international space launch and communications satellite technologies which resulted in the creation of a reference document used by the Commerce Department and other agencies in policy discussions within the former

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202 895 81091# 8

National Space Council. The Office also made significant contributions to one of the last reports of the Council entitled: *The Future of the U.S. Space Industrial Base.*

One of the most significant activities of the past year was the passage of the Land Remote Sensing Policy Act of 1992, due in no small part to the leadership of this Committee. The Commerce Department supported the transfer of Landsat from the Commerce Department to joint management of NASA and the Department of Defense, as well as measures to streamline the licensing process for private remote sensing systems and the removal of pricing restrictions on privately-produced remote sensing data. In January of this year, the Department issued the first license under the new law to WorldView Imaging Corporation, and we expect to process at least two more applications this year. The level of private sector interest in this venture bodes well for the future of such commercial applications.

In July of 1992, my predecessor led a technology assessment mission to Russia, accompanied by technical representatives from 17 U.S. aerospace firms. They were provided access to 24 of the leading space industrial organizations in and around Moscow and St. Petersburg. As a result, leading U.S. firms such as McDonnell Douglas and Boeing initiated new technology ventures with Russian space firms. The most significant point about this activity is that unlike space cooperation during the Cold War era, this cooperation is the result of firms acting on their own initiative and is not the result of government to government agreements.

In recognition of the changing nature of space cooperation, the Freedom Support Act of 1992 (P.L. 102-511) authorized the Office of Space Commerce to conduct additional space trade missions to the former Soviet Union and directed the office to monitor government-to-government space cooperation for potential anti-competitive measures. The Commerce Department and NASA were directed to prepare a report on space cooperation with the former Soviet Union, including technologies of interest to U.S. industry. We are currently working with NASA on this report. U.S. industry has also expressed interest in the space capabilities of other former Soviet republics and we are exploring these possibilities.

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202 395 3108:W 7

Future Initiatives

Enhancing the competitiveness of the commercial space industry is a complex undertaking. However, Secretary Brown has repeatedly stated that the Department of Commerce will take an active role in promoting the competitiveness of twenty-first century industries like commercial space. The Department has already begun a strategic dialogue with the aerospace industry to determine the most effective ways in which government and industry can work together. Commercial space concerns will figure prominently in those discussions.

Likewise, the Department, through the Office of Space Commerce, will continue to pursue final conclusion of a fair space launch agreement with the Russians and, some time later will consider a follow-on launch agreement to the 1989 U.S.-China Agreement.

The Department of Commerce will also be engaged in a number of trade missions in the upcoming year to promote U.S. commercial space and aerospace industries and to support export activities. The Office of Space Commerce intends to work closely with other agencies within the Department to ensure that U.S. commercial space firms have the full support they need to compete internationally.

U.S. space leadership requires lower cost, higher reliability, convenient access to space. If the United States fails to have a competitive space launch industry, or to continually develop new technologies, all other sectors of space commerce will be at risk. We will work with industry to create incentives for the research and development of critical technologies and to remove legal barriers, just as barriers to joint research efforts were removed.

Finally, a continuing dialog with the Congress and this committee is vital to the successful implementation of an effective national space policy. Secretary Brown looks forward to working with the members of this Committee to enhance the competitive position and technical innovation in America's commercial space industries.

SENT BY:Xerox Telecopier 7020 : 6-14-93 :11:42AM :

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202 385 3108:0 8

Thank you for your kind attention and the opportunity to speak with you today. I would be happy to answer any questions that you may have.

~~CONFIDENTIAL~~
NSC/RMO PROFILE

RECORD ID: 9303408
RECEIVED: 13 MAY 93 17

TO: SHERFIELD, M

FROM: ITOH

DOC DATE: 17 MAY 93
SOURCE REF:

KEYWORDS: MILITARY EXERCISES
BAL TIC STATES

NAVY

PERSONS:

SUBJECT: NSC APPROVAL OF SIGNIFICANT MILITARY EXERCISE BALTOPS 93 / 8 - 18
JUN / IN BAL TIC SEA

ACTION: KENNEY SGD MEMO

DUE DATE: 17 MAY 93 STATUS: C

STAFF OFFICER: HAHN

LOGREF:

FILES: PA

NSCP:

CODES:

DOCUMENT DISTRIBUTION

FOR ACTION

FOR CONCURRENCE

FOR INFO

BELL
EXECSEC
HAHN
SANNER

DECLASSIFIED
E.O. 13526
White House Guidelines, September 11, 2006
By KZ NARA, Date 10/3/2016
2016-0152-2

COMMENTS:

DISPATCHED BY PA DATE 5/18 BY HAND W/ATTCH

OPENED BY: NSWEA

CLOSED BY: NSKDB

DOC 3 OF 3

~~CONFIDENTIAL~~

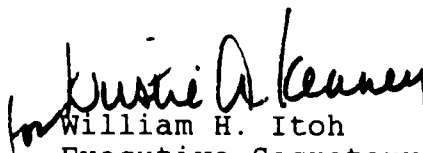
NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 17, 1993

MEMORANDUM FOR COL MICHAEL B. SHERFIELD
Executive Secretary
Department of Defense

SUBJECT: Significant Military Exercise BALTOPS 93

Military exercise BALTOPS 93 is approved.


William H. Itoh
Executive Secretary

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

3408

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 14, 1993

ACTION

MEMORANDUM FOR WILLIAM H. ITOH

THROUGH: ROBERT BELL *RB*

FROM: KEITH HAHN *KH*

SUBJECT: Significant Military Exercise BALTOPS 93

Attached at Tab I is a proposed memorandum to the Executive Secretary, Department of Defense, approving military exercise BALTOPS 93. At Tab II Defense recommends approval and State concurs.

BALTOPS 93 is a joint multinational exercise designed to enhance Navy-to-Navy contacts and cooperation between NATO nations and former Warsaw Pact nations. Invitations have been sent to Germany, Denmark, the Netherlands, Norway, Belgium, United Kingdom, Finland, Sweden, Russia, Poland, Estonia, Latvia and Lithuania. Regrets have been received from Belgium, Norway, and the U.K. Positive replies have been received from the Netherlands, Denmark, Germany and Poland. The exercise is scheduled to take place June 8-18 in the Baltic Sea.

The critical cancellation date is May 22, 1993.

Concurrence by: Beth Sanner *BS*

RECOMMENDATION

That you sign the memorandum at Tab I approving the exercise.

Attachments

Tab I Memorandum for Signature

Tab II OSD Executive Secretary Memorandum, May 13, 1993

DECLASSIFIED
E.O. 13526

White House Guidelines, September 11, 2006
By *W* NARA, Date *10/3/2016*

2016-0152-f

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Duplicate of vz4400_001. (1 page)	05/13/1993	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Defense Policy and Arms Control (Robert Bell)
OA/Box Number: 44

FOLDER TITLE:

Chron File - May 1993 #2 [3]

2016-0152-F

vz4401

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

Freedom of Information Act - [5 U.S.C. 552(b)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Withdrawal/Redaction Marker

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. cable	Duplicate of vz4400_002. (3 pages)	03/10/1993	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Defense Policy and Arms Control (Robert Bell)
OA/Box Number: 44

FOLDER TITLE:

Chron File - May 1993 #2 [3]

2016-0152-F
vz4401

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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JOINT STAFF WASHINGTON DC//J3/J5/J7-JETD//
AMEMBASSY VILNIUS
AMEMBASSY RIGA
AMEMBASSY WARSAW
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USDAO STOCKHOLM SW
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COMCRUDESGRU TWO

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AMEMBASSY MOSCOW
AMEMBASSY TALLINN
USDAO BONN GE
USDAO THE HAGUE NL
USDAO WARSAW PL
USDAO HELSINKI FI
CHOD NO
JOSIC OBU

UNCLAS //NO3100//
SECTION 01 OF 02
SIC LAK/BDM
MSGID/GENADMIN/CINCUSNAVEUR DOO/-/MAY//
SUBJ/BALTOPS 93 LONDON CONFERENCE//
REF/A/RMG/CINCUSNAVEUR/221130ZMAR93/-/NOTAL//
AMPN/REF A IS ONE FPC REPORT//
RMKS/1. AN ADDITIONAL BALTOPS 93 PLANNING CONFERENCE WAS CONDUCTED
AT CINCUSNAVEUR HEADQUARTERS IN LONDON 27 APRIL 1993. DISCUSSIONS WERE
CONFINED TO THE PERIOD OF OPERATIONS TO BE CONDUCTED 8-11 JUNE 93.
2. REPRESENTATIVES FROM DENMARK, ESTONIA, FINLAND, LATVIA, LITHUANIA
NORWAY, POLAND, RUSSIA, AND SWEDEN WERE PRESENT AND CONTINUED THE
DETAILED PLANNING OF THIS PHASE.
3. AS IN THE FINAL PLANNING CONFERENCE (FPC), REPORTED REF A, A LIST
OF POSSIBLE EVOLUTIONS AND INTERACTIONS AT SEA WAS PRESENTED AND
DISCUSSED IN DETAIL. THE FOLLOWING IS A SUMMARY OF TOPICS DISCUSSED
BY CONFERENCE PARTICIPANTS:

- A. 8-11 JUNE 93 NAVAL PARTICIPATION:
- | | |
|----------------|----------------------------------|
| DENMARK: | HMDS HVIDBJORNEN (F 348) |
| FINLAND: | POHJANMAA (01) |
| GERMANY: | FGS KARLSRUHE (F212) |
| | FGS DONAU (A69) |
| | FOUR GERMAN FPB-S |
| NORWAY: | 1 OBSERVER |
| ESTONIA: | 3 OBSERVERS |
| LATVIA: | 3 OBSERVERS |
| LITHUANIA: | LITHUANIAN GRISHA NUMBER 1 |
| | LITHUANIAN GRISHA NUMBER 2 |
| POLAND: | ORP LECH (262) |
| SWEDEN: | ALVSBORG (M02) |
| | KBV 181 |
| RUSSIA: | 2 RUSSIAN COMBATANTS (TENTATIVE) |
| UNITED STATES: | USS SAN JACINTO (CG 56) |
| | USS DEYO (DD 989) |
| | USS DOYLE (FFG 39) |

B. SCHEDULE OF EVENTS:

DATE/ TIME(6)	EVENT	REMARKS
071130	P-3 LANDS IN ESTONIA. PICKS UP 3 OBSERVERS	TALLINN (DIPCLNC REQ SEPMSG)
071230	P-3 LANDS IN LATVIA. PICKS UP 3 OBSERVERS	SKULTE AIRFIELD (DIPCLNC REQ SEPMSG) (RIGA AREA)
071330	P-3 LANDS IN PALANGA, FI PICKS UP 2 OBSERVERS	(DIPCLNC REQ SEPMSG)
071500	P-3 LANDS AT TIRSTRUP DENMARK. OBSERVERS MET BY CDS-26 AND FOD REPRESENTATIVES.	
071800- 2000	RECEPTION HELD ONBOARD CDS-26 FLAGSHIP	

080900- PRE-SAIL CONFERENCE COS, OPS, OBSERVERS

JOINT STAFF V1
ACTION (U.8.F)
INFO NMCC:CWO(1) J3:DSOD-J(1) J1(1) J3(3)
NIDS(1) J8(1) J7(6) J5(1) J5:STRAT-J(1)
QUAL CONTROL(1) J5:POLICY-J(1) J5:NATO-J(1)
J5:FLANKS-J(1) J1:PPPD-J(1) J36:CSOD-J(1)
J8:IAD-J(1) J8:SPED-J(1) J8:PBAD-J(1) J8:CFAD-J(1)
J8:ASD-J(1) J8:RJPD-J(1) J8:PMAD-J(1) J7-JETD(3)

1100 AT FOD HQ
080930- PRESS OPEN HOUSE ALL SHIPS IN AARHUS
1030 (DETAILS SEPMSG)
081030 TRANSPORT PRESS TO FOD HQ
081100 PRESS CONFERENCE COS
081300 SHIPS UNDERWAY CONDUCT TRANSIT OF
GREAT AND FEMHARN
BELTS
090600 RDVU WITH ALVSBORG AND KVB 181. POSIT 5518N-01427E.
090800 SMALL BOAT TRANSFER OF OBSERVERS.
RDVU WITH FINNISH SHIP POHJANMAA. POSIT 5531N-01457E.
091000 RDVU WITH POLISH SHIP ORP LECH. POSIT 5531N-01540E.
CONDUCT BASIC MANEUVERING DRILLS/
PHOTO FORMATION
091200 SAN JACINTO DETACH ENR PVST
091400- BOARDING DEMONSTRATION. KVB-181 AND HVIDBJORNEN CONDUCT
1600 FISHERY PROTECTION. VIC POSIT 5531N-01540E.
092000 SMALL BOAT TRANSFER
ALL OBSERVERS RETURN TO HOST SHIP.
RETURN FINNISH OBSERVER (EMBARKED IN AARHUS),
TO POHJANMAA

100800 SMALL BOAT TRANSFER OF OBSERVERS
101000- POLISH SAR DEMONSTRATION. POSIT 5505N-01705E
1200 (TWO LAND-BASED POLISH HELOS INVOLVED)
101300 RDVU WITH FGS DONAU. POSIT 5505N-01740E
BASIC CIRCULAR FORMATION/PHOTO OF
UNREP. DOY/DONAU
101340 RDVU WITH GRESHA NUMBER 2. POSIT 5505N-01750E
101400 SMALL BOAT TRANSFER
102000 ALL OBSERVERS RETURN TO HOST SHIP.
102200 GRESHA NUMBER 2 DETACHES

110600 SMALL BOAT TRANSFER. POSIT 5615N-01900E
OBSERVERS FROM ESTONIA/LATVIA TRANSFER TO DOYLE
110630 DEYO DETACHES ENROUTE PVST
110900 RDVU WITH LATVIA PATROL BOATS. POSIT 5640N-02020E
TRANSFER OBSERVERS TO PATROL BOATS
110900 FINEX

C. PIM TRACK (ALL TIMES LOCAL (PLUS TWO BRAVO))

TIME	LAT	LONG	REMARKS
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081300	JUN 93	5609N	01013E UNDERWAY FROM AARHUS
081414	JUN 93	5601N	01041E
081444	JUN 93	5554N	01046E
081612	JUN 93	5534N	01050E
081808	JUN 93	5508N	01104E
081919	JUN 93	5453N	01052E
081953	JUN 93	5445N	01050E
082037	JUN 93	5438N	01103E
082219	JUN 93	5429N	01141E
082326	JUN 93	5433N	01207E

090041	JUN 93	5441N	01234E
090355	JUN 93	5506N	01340E
090600	JUN 93	5518N	01427E RDVU WITH SWEDISH SHIP
090800	JUN 93	5531N	01457E RDVU WITH FINNISH SHIP
091000	JUN 93	5531N	01540E RDVU WITH POLISH SHIP CONDUCT MANEUVERING DRILLS/ PHOTO OPPORTUNITY

091700 JUN 93 5531N 01540E

100900	JUN 93	5505N	01705E
101300	JUN 93	5505N	01740E
101400	JUN 93	5505N	01750E

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BT

UNCLAS //NO3100//

FINAL SECTION OF 02

SIC LAK/BDM

MSGID/GENADMIN/CINCUSNAVEUR DOO/-/MAY//

SUBJ/BALTOPS 93 LONDON CONFERENCE//

RMKS/

101630 JUN 93 5505N 01817E

110600 JUN 93 5615N 01900E TRANSFER ESTONIAN AND LATVIAN

UNCLASSIFIED

JOINT STAFF
INFO SERVICE CENTER

110900 JUN 93 5640N 02020E OBSERVERS TO DOYLE.
TRANSFER ESTONIAN AND LATVIAN
OBSERVERS TO LATVIAN PATROL BOAT.

4. THE OBJECTIVES OF THE PLANNING CONFERENCE WERE MET IN THAT THE ABOVE SCHEDULE WAS DISCUSSED IN DETAIL. TO FINALIZE A COMPLETE SCHEDULE AND PROVIDE ALL PARTICIPANTS WITH THE MOST UPDATED INFORMATION ON ALL UNITS PARTICIPATING IN THE 8-11 JUNE 93 PERIOD OF OPERATIONS. REQUEST DAO'S PROVIDE THIS SCHEDULE AND SOLICIT THE FOLLOWING INFORMATION FROM PARTICIPATING HOST NATIONS AND PROVIDE VIA SEPMSG TO COMDESRON TWO SIX INFO CINCUSNAVEUR:

SHIP NAME:
SHIP CLASS:
HULL NUMBER:
COMMANDING OFFICERS NAME:
INTERNATIONAL CALL SIGN:
LENGTH:
DRAFT:
SPEED (MAX):
(MOST ECONOMICAL):
COMMUNICATIONS (FREQUENCY RANGE):
(SUB-DIVIDED INTO):

HF
UHF
VHF

LANGUAGE PROFICIENCIES:
UNIQUE/SPECIAL CONSIDERATIONS:
PILOT LADDER/ACCOMMODATION LADDER:
(AND WHICH SIDE NORMALLY RIGGED)

OBSERVERS:
AVAILABLE: (HOW MANY THEY DESIRE TO TRANSFER)
CAPACITY: (HOW MANY THEY ARE WILLING TO ACCOMMODATE)
SMALL BOATS AVAILABLE FOR BOAT TRANSFER:
FLIGHT DECK CAPABILITIES:
NAV HQ OR SQUADRON COMMAND FAX (GROUP II OR III) NUMBERS
(COMMERCIAL):

5. FOR USDAO'S, COMDESRON 26 IS DEVELOPING A SIGNAL BOOK TO BE USED DURING THIS EXERCISE. UPON ITS COMPLETION, A COPY WILL BE PROVIDED VIA SEPMSG. REQUEST DAO'S PROVIDE FOUR COPIES TO EACH HOST NATION UNIT PARTICIPATING IN THE 8-11 JUNE 93 PHASE. THE FOLLOWING LANGUAGES FOR THE SIGNAL BOOK WERE AGREED AT THE CONFERENCE: ENGLISH, GERMAN, POLISH AND RUSSIAN.

6. INFORMATION CONCERNING THE PRESS CONFERENCE TO BE HELD IN AARHUS ON 8 JUN WILL BE PROVIDED SEPMSG.

7. FOR NAVLGRU MUNICH: CDS-26 HAS POLLED US SHIPS FOR PERSONNEL PROFICIENT IN GERMAN, POLISH AND RUSSIAN. AS BACKUP, REQUEST ADVISE FEASIBILITY OF INTERPRETER SUPPORT (POLISH AND RUSSIAN) DURING PHASE ONE. POLISH REP TO CONFERENCE SPECIFICALLY REQUESTED POLISH-SPEAKING NAVAL OFFICER TO EMBARK FOR THE DURATION OF THEIR PARTICIPATION (9-11 JUNE).

8. NAVEUR POINTS OF CONTACT FOR BALTOPS 93 ARE CDR BRUCE BELDEN AND LT PAUL LEWIS, COMM 44-71-409-4483.// BT

DIV	ACT	INFO
L-7 EA		
VL-7 EA		
ORP		
END		
END		
END		
END		
END		
CWPD		
END		
END		
REFA		
SSIS		
BRUCEC		
FILE		