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COMMON GROUND
The Satellite Industry Association Agenda
by Richard DalBello

The year 2001 was a chilly, wet blanket for the satellite industry. The year began with the mobile satellite community in financial peril and ended with much of the rest of the industry in seemingly endless rounds of reorganizations, mergers and acquisitions. True, the old reliable fixed satellite services continued to produce respectable, if not compelling profits. And, Inmarsat continued to prove that even mobile satellite services could make money. Real-time satellite TV debuted on commercial aircraft and high-speed, two-way passenger data services reached experimental stage. Finally, there was even a little excitement in the XM Radio commercial launch in November, as the American penchant for music, technology and innovation produced a compelling new service in search of solid financial footing.

So what should satellite executives expect in 2002? Early indications suggest that it will be another rebuilding year with reasonable performance and good indications of a stronger future. Certainly there is much to be optimistic about.

The Satellite Industry Association (SIA), the trade organization representing U.S. space and communications companies in the commercial satellite arena, will continue to work with industry to identify and resolve important issues. For 2002, the SIA identified five key areas where combined industry effort will be needed:

* Ensuring spectrum for satellite services: The growth of the satellite and terrestrial wireless technologies will continue to exert pressure on available spectrum resources. Much has been made, throughout the last year, of the financial difficulties of the mobile satellite industry, and there have been repeated calls to reallocate a portion of the MSS spectrum to terrestrial uses. Yet, for every mobile satellite market stumble, it is possible to point to an equally dramatic terrestrial wireless failure. In 2002, the satellite industry will continue to feel pressure on its scarce spectrum resources and the SIA will continue to aggressively defend the spectrum .

*Improving the FCC licensing process: In 2001 SIA began working with the FCC to analyze the strengths and weaknesses of the current FCC satellite licensing process and suggesting creative alternatives for improving that procedure. The common objectives of the industry and the FCC were to accelerate processing times for license applications, reduce the regulatory clutter caused by the filing of “paper satellites,” and develop techniques for creatively resolving mutually exclusive applications.

* Reforming satellite export policy:

This year, the SIA will continue to support legislation that would take commercial satellite exports off of the “Munitions List,” transferring most elements from State Department oversight back to the Commerce Department. The licensing process was changed during 1998 due to congressional concerns that lax security measures by U.S. satellite companies had allowed the transfer of sensitive U.S. launch technology to the People’s Republic of China. The core of our strategy has been to explain that the satellite export issue is not about choosing between national security and a competitive U.S. satellite industry. It is possible to keep the national security safeguards put in place in 1998 while enjoying the relative speed and certainty of the Commerce licensing process.

* Ensuring a satellite leadership role in the broadband debate: The satellite industry is now a major source of service to rural areas. Satellite DBS services has provided service for more than 42 million viewers. More than 19.5 million of these viewers are in rural or under-served areas. Just as the satellite industry has brought multi-channel television services to the least densely populated areas of the United States, it is beginning to supply broadband to both urban and rural areas. It also has the potential to be a leading supplier of broadband services in both urban and rural areas. Unfortunately, the legislation considered by Congress last year focuses almost exclusively on the interests of terrestrial broadband companies and will provide little assistance to the satellite industry. In 2002 the SIA will continue to push for broadband legislation that recognizes the strengths of satellite systems.

* Modernizing the launch infrastructure: The U.S. Government is currently examining how to manage, operate and maintain the U.S. space launch bases and national ranges. At issue is the government's desire to reduce expenses while maintaining a critical national resource, as well as the commercial space launch industry's need to manage costs while providing safe, reliable and timely launch services. The entire issue is complicated by the fact that international launch capacity currently exceeds demand, and as a result, prices are depressed. This fact, combined with the level of support provided by other countries to their launch industry, threatens the long-term competitiveness of the U.S. industry. The SIA will continue to support a coordinated and mutually beneficial transition of government launch facilities to private operation and control.

There is much to be optimistic about in 2002. The market for existing satellite services remains strong and new technologies for satellite radio, broadband, and aviation services offer intriguing revenue and investment opportunities for the near future. The strength and vitality of the industry, however, depends on key issues. Adequate spectrum, an efficient licensing process and sensible export controls are all essential to the continued health of the industry. Government support for satellite enabled broadband services and a constructive government/industry partnership in the launch industry can do much to ensure continued U.S. leadership in this industry.

Richard DalBello is the executive director of the Satellite Industry Association. His e-mail is rdalbello@sbca.org.