

On the basis of competitive procurement practices, the award was made to Comsat on July 11, 1966. The contract covers the lease of 10 alternate-voice data satellite channels between Hawaii and Japan, Hawaii and the Philippines, and Hawaii and Thailand, for a total of 30, with a service date of April 1, 1967.

Provision was made in the contract for Comsat to assign its rights under the contract to the international common carriers if it were to be determined to be in the national interest or directed by appropriate authority.

In mid-August of 1966, the circumstances surrounding the DCA lease of 30 circuits from Comsat was the primary subject of the Holifield hearing. On February 1, 1967, FCC ruled that Comsat could initially provide the service to DOD, that is, the Department of Defense, until transfer to the international common carriers after service became operational.

Based on the FCC ruling, DCA directed an equitable assignment of the 30 circuits to the international common carriers. As a result of this action, Japan and Thailand took exception to the assignment of leases to certain U.S. international carriers.

This matter was formally presented to the FCC for resolution in May of 1967. Meanwhile Comsat provided the services to the Philippines in April of 1967, to Thailand in May of 1967, and to Japan in June of 1967.

In late August 1967, FCC replied to the effect that the DCA-directed assignment could not be achieved and that Thailand would only accept an assignment of the 10 circuits to RCAC, RCA Communications, and Japan would not accept any assignment to Western Union International.

On September 8, the director of DCA directed the chief of (DECCO), Defense Commercial Communications Office, to assign the 30 circuits to the international carriers, with a target date of October 1, 1967. Are you interested in the assignments to each carrier?

Mr. ROBACK. You can submit that for the record. Go ahead, if it isn't too long.

General KLOCKO. Because of legal, contractual and administrative problems, the assignment could not be effected on October 1. On October 3, the PhilComsat organization advised Comsat that it had decided to maintain the current working relations between Comsat and PhilComsat, and not to disturb the contractual relationship pertaining to Philippine channels.

The director of DCA advised the FCC on October 17, 1967 that this problem would preclude an assignment until DCA could make an equitable assignment calling on one carrier being responsible for a circuit on an end-to-end basis. The FCC referred this matter to the State Department.

On January 16, of this year, word was received that PhilComsat had agreed to the assignment and the assignment to the carriers was accomplished on May 1, 1968. I have the distribution which will be in the record.

Mr. ROBACK. What was the problem of the end-to-end? In other words, if the Philippines only wanted to deal with Comsat, and Comsat wasn't in a position, because it only had the space control, to give end-to-end service, is that the point?