

General KLOCKO. We had conflicting directives. DCA was directed to assign the circuits to the international carriers, but the Philippines didn't want the international carriers. While at the same time we couldn't keep the United States end of the Philippine circuit with Comsat because that was against the FCC ruling.

We were in effect in a stalemate until the Philippine Government did actually agree to allow the international carriers to take the channels.

Mr. ROBACK. So the Philippine Government had started off with Comsat, had gone to the carriers, come back to Comsat and now are back with the carriers.

General KLOCKO. Yes, sir.

Mr. ROBACK. Adjustments had to be made in the case of the other carrier allocations somewhat, in view of the stated preferences of the Government of Thailand and the Government of Japan.

General KLOCKO. Yes. We readjusted to get the distribution as equitable as we could.

Mr. ROBACK. Now the assignment is working. The contract has been assigned, the traffic is being handled by the carriers.

General KLOCKO. Yes, sir; as of the first of May this year.

Mr. ROBACK. Have you any information, any new information on the rate situation?

General KLOCKO. Yes, sir. A particular aspect.

Mr. ROBACK. What has happened? What kind of developments? Also, would you address yourself to the problem of whether you are going to procure any Atlantic satellite circuits?

General KLOCKO. Yes, sir. The rates have come down on the foreign side. In the Philippines, in 1967, when they originally had the agreement with Comsat, they were charging \$26,645 for their down-link. The price now is \$10,710. Next year it will be going down to \$9,210.

There has been a considerable reduction. Thailand, in the same way, from an original price of slightly over \$27,000, they are now down to \$8,850.

Mr. ROBACK. These have been substantial reductions.

General KLOCKO. Yes.

Mr. ROBACK. The fact that there has been a composite rate, which in a sense was worked out to effect this assignment, and also to effect a rate reduction to the Government, hasn't been—it can't be said that it is discouraging the economic benefits of new technology, necessarily.

General KLOCKO. No, sir.

Mr. ROBACK. The point was that if Comsat wasn't going to deal directly with the Government, and DCA was somewhat involved in saying this, allegedly the benefits of the new technology couldn't be derived, but this composite arrangement has effected substantial rate reductions as far as the Government is concerned.

General KLOCKO. The composite arrangement applies only to the up-leg on the U.S. side. The main reason for the lowering of the rates on the downside is the size of their ground terminals. They have put in recently—these countries, the Philippines and Thailand, larger ground terminals, which cuts down the cost of each channel.

Mr. ROBACK. Have you any savings figures projected over a period of any given recent time?