Chapter Five

The Role and Function of Residual International Intergovernmental Satellite Organisations Following Privatisation

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1. Introduction

The move to privatise each of the three major international satellite organisations (ISO or ISOs) – INTELSAT, INMARSAT and EUTELSAT – raised a number of issues regarding whether and how their respective public services missions should be preserved following privatisation. This chapter will consider how these public policy issues were addressed throughout the privatisation process for each of the ISOs. In particular, consideration will be given to the rationale for the preservation of some form of

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1 The proper name of each of the international organisations at the time of privatisation was the International Telecommunications Satellite Organisation, the International Mobile Satellite Organisation (which, prior to a formal name change in 1994, had originally been named the International Maritime Satellite Organisation), and the European Telecommunications Satellite Organisation. Prior to privatisation, these organisations were known by the acronyms INTELSAT, INMARSAT and EUTELSAT respectively. Following privatisation, while the names of the international organisations remained the same, the acronyms used were changed because the prior acronyms were used by the privatised companies that were created through the privatisation process. As such, INTELSAT became known as ITSO, INMARSAT became known as IMSO, and EUTELSAT became known as EUTELSAT IGO. To avoid any confusion herein, when reference is made to the acronym for each of those international organisations, whether in the form it took prior to or following privatisation, that name will appear in all capital letters (INTELSAT or ITSO, INMARSAT or IMSO, and EUTELSAT or EUTELSAT IGO). When reference is made to the name of each of the privatised companies that was created through the privatisation process, an initial capitalization format will be used (Intelsat, Inmarsat and Eutelsat).
The underlying treaty structure for each of the ISOs consisted of two separate agreements, one of which focused on the intergovernmental aspects of the organisation and the other which focused on the operational aspects of the organisation. The intergovernmental agreements, which were signed by governments or Parties thereto, were known as the intergovernmental oversight over the privatised satellite companies that emerged from the privatisation process; the scope of authority that was to be conferred on those oversight bodies, including their Core Principles or primary purposes; the anticipated duration of their continued existence and mechanisms for their funding; their role and responsibilities – if any – with respect to the orbital resources previously held by the ISOs; the manner in which the public service obligations were to be discharged; and various internal governance issues. This will be followed by an examination of specific issues that have arisen (or may arise in the future) following privatisation and how these oversight bodies have dealt (or are likely to deal) with them, as well as the relationship between these oversight bodies and other international organisations. This chapter concludes with an overall assessment of the functioning and success to date of these oversight bodies.

As more than a decade has now passed since the implementation of the decision to privatise each of the ISOs, the time is certainly ripe for a review of the decision-making processes that occurred, including the underlying forces at play, as well as the outcomes that were achieved, particularly with respect to the decision to retain some form of intergovernmental oversight of the privatised commercial entities. The perspectives gained from the passage of time since those decisions were taken further contribute to this undertaking, allowing for a more detached assessment of those processes and outcomes as well as for a critical reassessment of those decisions in light of subsequent developments.

1.1. **Overview of the Privatisation Decision-Making Process**

As originally established, each of the ISOs possessed a dual character in which the fulfilment of certain governmental public policy objectives and commercial interests were blended together into a single entity. In effect, each ISO simultaneously functioned as a treaty-based organisation comprised of governments (referred to as Parties) discharging a policy-making role and as a facilities-based operator owning and operating a satellite system on which commercial services were provided.\(^2\) Funding for the

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