CONTRIBUTION FROM COORDINATOR ON TORS 1, 3 AND 5

Relevant elements to ToR 1, 3 and 5

The terms of reference in the first grouping generally focus on the importance of ITSO's relationship with what is expected to be a combined SES/Intelsat going forward, including those directly governed by the terms of the Public Services Agreement (PSA), as well as those potentially influenced by external events.

ToR 1: Consider the circumstances, expertise and experience of ITSO, to include a focus on strengths, weaknesses and opportunities in the formulation of recommendations for a more successful ITSO, while including mechanisms to ensure the Company provides the minimum required funding for ITSO.

Scope of ToR 1: Assessment of strengths, weaknesses and opportunities to ensure a more successful ITSO, including securing minimum funding levels.

Background relevant for ToR 1:

The International Telecommunications Satellite Organization (ITSO) is a global entity established to ensure that Intelsat, a privatized satellite operator, adheres to public service obligations, particularly in providing reliable and affordable satellite communications. With SES's planned acquisition of Intelsat for $3.1 billion (€2.8 billion), ITSO's role in securing a bilateral agreement with SES becomes a critical point of discussion. This report delves into ITSO's efforts to establish a bilateral agreement with SES, analyzing the implications of the SES-Intelsat merger, the challenges faced by ITSO, and the potential outcomes of such an agreement.
ITSO was originally created as an intergovernmental organization to oversee Intelsat's operations when it was a public entity. Following Intelsat's privatization in 2001, ITSO's primary role shifted to ensuring that Intelsat continued to meet its obligations under the "core principles" of universal service, global connectivity, and non-discriminatory access ([U.S. Department of State, 2025] (https://www.state.gov/international-telecommunications-satellite-organization-intelsat)).

However, ITSO has concerns in recent years about insufficient funding from Intelsat to support its mission. The organization has emphasized the need for a better funding approach to ensure that its oversight responsibilities are effectively carried out ([Communications Daily, 2024] (https://communicationsdaily.com/news/2024/10/02/SESIntelsat-Deal-Sees-Suggestions-of-CBand-Conditions-2410010018)

In April 2024, SES announced its intention to acquire Intelsat through a $3.1 billion cash transaction, with additional contingent value rights. The merger aims to create a stronger multi-orbit satellite operator with enhanced global coverage, improved resiliency, and expanded capabilities. The deal is expected to deliver €2.4 billion in synergies (net present value), with 70% of these synergies to be realized within three years of closing ([Intelsat, 2024] (https://www.intelsat.com/newsroom/ses-to-acquire-intelsat/)).

Securing Agreements with SES, ITSO has the potential to be recognized as a pioneering force in satellite communications arena, this alliance stands at the forefront of transformative change. Partnership with ITSO will enable a positive influence within ISTO for both internal and external customers. With nearly 70 satellites positioned across two diverse orbits, we possess an extraordinary global presence. We empower media content providers to engage wider audiences; enable mobile network operators to venture into untapped markets; support peacekeepers with real-time intelligence; allow passengers to work and enjoy online experiences; and connect vibrant communities—even in some of the most isolated regions on Earth.

See **Annex 1** for a separate note on Opportunities and Threats for the International Telecommunications Satellite Organization (ITSO).

Main issues addressed under ToR 1:

ITSO Securing Bilateral Agreement with SES: A Perspective for consideration

The transaction has been unanimously approved by the boards of both companies and is subject to regulatory clearances, which are anticipated in the second half of 2025. The merger also includes provisions for SES to issue contingent value rights for potential future monetization of up to 100 MHz of C-band spectrum ([Intelsat, 2024] (https://www.intelsat.com/newsroom/ses-to-acquire-intelsat/)).

ITSO has expressed concerns about Intelsat's recent lack of sufficient funding to support its oversight activities. As the SES-Intelsat merger progresses, ITSO is likely to seek assurances from SES to address this issue. A bilateral agreement could establish a framework for SES to provide adequate funding to ITSO, ensuring that the organization can continue to fulfill its mandate effectively ([Communications Daily, 2024] (https://communicationsdaily.com/news/2024/10/02/SESIntelsat-Deal-Sees-Suggestions-of-CBand-Conditions-2410010018)).

C-Band Spectrum and Competitive Impacts - The SES-Intelsat merger has raised concerns about the competitive impacts on the satellite communications market, particularly in the U.S. SES and Intelsat collectively control nearly 50% of the video content distribution market via satellite. Eutelsat/OneWeb has suggested that regulatory conditions may be necessary to address these competitive issues, though it has not proposed specific measures ([Communications Daily, 2024] (https://communicationsdaily.com/news/2024/10/02/SESIntelsat-Deal-Sees-Suggestions-of-CBand-Conditions-2410010018)).

ITSO may leverage a bilateral agreement to ensure that SES adheres to principles of fair competition and does not jeopardize video distribution in the C-band spectrum. This would align with ITSO's broader mission of promoting universal access and non-discriminatory practices.

Market Dynamics - The satellite communications industry is undergoing rapid transformation, driven by technological advancements and increasing competition from players like SpaceX's Starlink. ITSO and SES will need to consider these dynamics when formulating a bilateral agreement to ensure its relevance and effectiveness.

Recommendations under ToR 1:

The SES-Intelsat merger represents a significant development in the satellite communications industry, with the potential to create a stronger multi-orbit operator capable of driving innovation and expanding global connectivity. However, the merger also raises concerns about funding, oversight, and competition, which ITSO must address through a bilateral agreement with SES.

By securing such an agreement, ITSO can ensure that SES adheres to the core principles of universal service, global connectivity, and non-discriminatory access. This would not only strengthen ITSO's oversight capabilities but also promote a more equitable and competitive satellite communications market. While challenges remain, a well-structured bilateral agreement could serve as a model for collaboration between intergovernmental organizations and private sector entities in the evolving space industry.

ToR 3: Review and make recommendations on possible way to improve the PSA for better collaboration between Intelsat or any other operator and ITSO

Scope of ToR 3: Potential Improvements in the Current Public Services Agreement (PSA) between ITSO and Intelsat; Development of a PSA framework if needed for entities other the Company (Intelsat/SES)

<u>Background relevant for ToR 3:</u>
[text]

<u>Main issues addressed under ToR 3:</u>

Regulatory and Operational Considerations
The SES-Intelsat merger is subject to review by regulatory bodies, including the FCC Space Bureau and Team Telecom. These reviews will likely consider the implications of the merger on ITSO's oversight role and the broader satellite communications industry. A bilateral agreement between ITSO and SES could address regulatory concerns by formalizing SES's commitments to ITSO's core principles and operational requirements ([Communications Daily, 2024](https://communicationsdaily.com/news/2024/10/02/SESIntelsat-Deal-Sees-Suggestions-of-CBand-Conditions-2410010018)).

Strengthened Oversight and Funding
A bilateral agreement could provide ITSO with the necessary resources to enhance its oversight capabilities. This would enable ITSO to monitor SES's compliance with public service obligations more effectively, ensuring that the merger does not compromise the availability and affordability of satellite communications.

Enhanced Industry Collaboration
By formalizing a partnership with SES, ITSO could play a more active role in shaping the future of the satellite communications industry. This collaboration could include joint initiatives to promote innovation, expand global connectivity, and address emerging challenges such as cybersecurity and climate change.

Mitigation of Competitive Risks
A bilateral agreement could include provisions to address competitive concerns raised by the SES-Intelsat merger. For example, SES could commit to maintaining fair access to C-band spectrum and avoiding practices that could harm smaller competitors or limit consumer choice.

Alignment with Regulatory Requirements
By proactively addressing regulatory concerns through a bilateral agreement, SES and ITSO could facilitate a smoother approval process for the merger. This would demonstrate SES's commitment to transparency and accountability, potentially strengthening its reputation in the industry.

Recommendations under ToR 3:

ITSO should try to establish agreements with SES to address all unresolved funding matters. This includes finalizing multi-year funding arrangements, determining provisions for the costs associated with any future dispute resolution proceedings under Article 6 of the PSA, and facilitating ITSO's capacity to alleviate past debts accrued during the Intelsat bankruptcy process. Additionally, it is essential to ensure coverage for expenses related to FY 2026.

ToR 5: Identify and make recommendations on the various issues that may arise in connection with specific decisions that could be undertaken by Intelsat or any other operator which have a direct impact on the Common Heritage such as bankruptcy, mergers, change of ownership, etc.

Scope of ToR 5: Consider the issues affecting Common Heritage from bankruptcy, merger or change of control
[text]

Background relevant for ToR 5:
[text]

Main issues addressed under ToR 5:
[text]

Recommendations under ToR 5:
[text]

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ANNEX 1

Opportunities and Threats for the International Telecommunications Satellite Organization (ITSO)

Introduction

The International Telecommunications Satellite Organization (ITSO) is a significant intergovernmental organization established in 1964 to ensure equitable access to satellite communications globally. ITSO oversees the public service obligations of Intelsat, which was privatized in 2001. As of 2025, ITSO operates with 149 member states and continues to play a pivotal role in facilitating global connectivity, particularly for underserved nations. However, with the rapid evolution of satellite technology, market dynamics, and regulatory frameworks, ITSO faces both opportunities and threats. This note attempts to provide an analysis of these aspects, offering insights into ITSO's current position and prospects.

Opportunities for ITSO

1. Advancing Global Connectivity Goals

ITSO has a unique opportunity to leverage its position to advance global connectivity goals. By ensuring equitable access to satellite communications, ITSO can help bridge the digital divide, especially in developing nations. The organization's commitment to public service obligations, such as Intelsat's Lifeline Connectivity Obligation, allows nations with limited resources to access satellite links at below-market prices (SpaceNews).
Furthermore, ITSO can play a critical role in shaping global communication policies to address emerging challenges and opportunities in satellite technology. By fostering collaboration among member states and private entities, ITSO can enhance its influence in policy frameworks that promote cross-border communication (Dweeb Life).

2. Technological Innovations in Satellite Communications

The rise of advanced satellite systems, such as low-Earth orbit (LEO) satellites and 5G networks, presents a significant opportunity for ITSO. These technologies promise to revolutionize global connectivity by providing faster, more reliable, and cost-effective communication solutions. ITSO can capitalize on this trend by facilitating the integration of these technologies into its member states' communication infrastructures (Dweeb Life).
For instance, ITSO can collaborate with private companies like SpaceX (Starlink), Amazon (Project Kuiper), and OneWeb, which are leading the charge in LEO satellite deployments. These partnerships can help ITSO expand its reach and improve its service offerings to member states (SmartViser).

3. **Policy and Regulatory Influence**

As global communication could have the opportunity to strengthen its role in shaping international policies and regulations. By addressing the complexities of emerging technologies, such as 5G and LEO satellites, ITSO can ensure a more integrated and equitable international communication landscape. This includes advocating for policies that promote fair competition, prevent monopolistic practices, and ensure the sustainability of satellite resources (GAO).

Additionally, ITSO could work towards enhancing its communication protocols to standardize operational procedures across diverse networks and jurisdictions. This would not only improve the efficiency of satellite communication but also strengthen ITSO's position as a global leader in the field (Dweeb Life).

4. **Growing Demand for Satellite Connectivity**

The increasing reliance on satellite connectivity for various applications, including disaster management, remote education, telemedicine, and military operations, presents a significant growth opportunity for ITSO. By aligning its services with these emerging needs, ITSO could expand its relevance and impact in the global communication ecosystem (Wikipedia).

Threats to ITSO

1. **Competition from Private Sector Players**

The privatization of Intelsat in 2001 introduced significant competition from private satellite operators. Companies like SpaceX, Amazon, and OneWeb are rapidly deploying advanced satellite constellations, challenging ITSO's traditional role in the market. These private players often operate with greater agility and resources, making it difficult for ITSO to compete effectively (SmartViser). Moreover, the Lifeline Connectivity Obligation, which requires Intelsat to provide below-market connectivity to underserved nations, is seen as a "ball and chain" by some stakeholders. This obligation places Intelsat at a competitive disadvantage compared to other satellite operators that are not bound by similar commitments (SpaceNews).

2. **Financial and Operational Challenges**

ITSO's reliance on Intelsat's compliance with its public service obligations poses a significant financial and operational risk. Any failure by Intelsat to meet these obligations, whether due to market downturns or internal challenges, could undermine ITSO's mission. For instance, concerns have been raised about Intelsat's ability to fulfill its commitments following its acquisition of PanAmSat and subsequent financial difficulties (SpaceNews). Additionally, ITSO's limited operational role and dependence on member states' contributions may constrain its ability to invest in new technologies and expand its services.

3. **Regulatory and Political Risks**

As an intergovernmental organization, ITSO operates within a complex regulatory and political environment. Differences in priorities and interests among member states can hinder decision-making and policy implementation. Furthermore, geopolitical tensions and trade disputes may impact ITSO's ability to foster international collaboration and achieve its objectives (GAO).

4. **Technological Disruptions**

While technological advancements present opportunities, they also pose threats to ITSO. The rapid pace of innovation in satellite technology requires continuous adaptation and investment. Failure to keep up with these advancements could render ITSO's services obsolete, reducing its relevance in the global communication landscape (Dweeb Life).

Recommendations for ITSO

To navigate these opportunities and threats effectively, ITSO should consider the following strategies:

1. **Strengthen Partnerships with Private Sector Players**

Collaborating with leading private satellite operators can help ITSO access advanced technologies and expand its service offerings. These partnerships can also enable ITSO to better serve its member states and fulfill its public service obligations.

2. **Enhance Policy and Regulatory Influence**

ITSO should focus on shaping international policies that promote fair competition, sustainability, and equitable access to satellite resources. This includes advocating for regulations that address the challenges posed by emerging technologies like LEO satellites and 5G networks.

3. **Invest in Technological Innovation**

To remain competitive, ITSO must invest in research and development to integrate new technologies into its operations. This includes exploring the potential of LEO satellites, AI-driven communication systems, and energy-efficient computing.

4. **Diversify Revenue Streams**

Reducing its reliance on Intelsat's compliance with public service obligations, ITSO should explore alternative revenue streams, such as offering consultancy services, technical training, and capacity-building programs for member states.

5. **Foster International Collaboration**

ITSO should strengthen its engagement with member states, international organizations, and private entities to address global communication challenges collectively. This includes participating in open-source communities and promoting knowledge-sharing initiatives.

Conclusion

The International Telecommunications Satellite Organization stands at a critical juncture in 2025. While it faces significant challenges from competition, financial constraints, and technological disruptions, it also has substantial opportunities to enhance global connectivity, influence policy, and drive innovation. By leveraging its unique position and adopting proactive strategies, ITSO can continue to play a vital role in shaping the future of global communication.

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