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12 APR 1985

DOD 5200.1-R (1-603)
M. J. Cirrino

In reply refer to:
I-11227/69

29 September 1969

MEMORANDUM FOR COMMANDER EDWIN A. KUHN/ USN
OSD/ISA/EA & PR/

SUBJECT: Safeguards: Foreign Ownership or Controlling
of Utilities Communications in
Airlines

Pursuant to our last meeting at the Department of Interior, we have considered the question of foreign interests which may be in a position to secure ownership, control or operation of public utilities, intra-island airlines, communications and the like. There are safeguards in United States legislation (subject to exception noted below) protecting United States security interests to this extent by vesting control, etc. in United States citizens (or Micronesians are to become citizens under the proposed legislation or by providing other means for protection in crises or wartime. We strongly recommend that this Federal legislation and the United States Government agencies vested with the authority to implement and regulate the areas under consideration be made applicable to Micronesia.

The following areas have been examined and I would appreciate your comments:

1. Control of Public Utilities.

The United States Federal Power Commission's Act provides control solely over water power. The Tennessee Valley Authority, it will be noted, has its own controls over steam generated plants, but this arises from Federal laws incorporating the Tennessee Valley Authority's and giving it

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1. The FCC, although it regulates public utilities holding companies, has no power to regulate foreign control or ownership.

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power to control steam plants.¹ All other steam generating plants according to the Office of General Counsel, Federal Power Commission, are subjected to state controls. Consequently, since such controls seem to be required, either appropriate legislation will be needed, or a provision protecting United States interests must be made part of the proposed legislation before us.

2. Domestic Airlines.

Domestic airlines must be distinguished from international airlines. The United States unquestionably will permit foreign airlines to land on the islands probably at one or at most two assigned airfields. Domestic airlines operating between the various islands as a group and the United States would be subject to the Federal Aviation Act. That Act will not certify an airline to engage such traffic unless it is controlled and owned by United States citizens (see 49 USCA Sec. 1401).

3. Communications.

Interstate communications within the United States are largely controlled by the Federal Communication Commission (this Act also requires control and operation in the United States citizens as to broadcasting - radio and television. (47 USCA Sec. 310.) The sections referring to communications by wire apply only if part of interstate commerce. Hence, regulation of telephone networks would require appropriate amendment and probably "consent" by the FCC to apply its regulations. Submarine cables are separately controlled (see Sec. 34).

SIGNED

Harry H. Almond, Jr.
Office of Assistant General Counsel
International Affairs

cc: Mr. S. Boyd/State Dept.
Mr. B. Chapman/ Dept. of Interior

cc: Mr. Niederlehner
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1. The AEC separately controls nuclear power generators.