

Statement of

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before the

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Mr. Chairman, I am pleased to have this opportunity to appear today before the members of this committee.

Two years ago, the Federal government began to clear the way for the development of a commercial space launch industry. Working together, this Committee and the Administration have taken positive steps to create the conditions necessary for that industry to emerge. With the President's decision to give DOT lead agency responsibilities and your leadership in drafting the Commercial Space Launch Act, a fledgling private sector launch industry has begun to take form.

The competition from government-sponsored launch systems, both here and abroad, caused some to doubt that private sector firms could compete successfully in the international market. Today, however, we find ourselves in a very different environment. The demand world-wide for launch capacity exceeds its availability.

The tragic loss of the space shuttle Challenger highlights the risk in continuing to rely upon any single launch system for providing assured access to space. This unfortunate hiatus in American launch activity provides ample evidence that this Nation needs an unmanned, expendable launch vehicle complement to the shuttle.

Current estimates indicate that the Shuttle system will be grounded for at least a year. It is clear that the backlog of payloads that will result will exceed both Shuttle's and Ariane's capacity for launching them for the foreseeable future. While the free world's only commercial launch system currently available to put satellites into orbit is the Ariane, its capacity is limited.

Last year, in testimony before the Congress, Arianespace officials discussed their plans to launch six to eight vehicles per year through the end of the decade. At that time, they indicated that, during the 1990s, Arianespace planned to decommission the ELA-1 launch pad and rely on the Ariane 4 vehicle to support approximately ten launches per year. Increasing that launch capacity would require substantial investments in production capacity at supplier facilities spread across eleven ESA-member nations, payload processing and integration capacity, propellant storage capacity, in addition to upgrading the ELA-1 launch pad.

While other countries, such as the Soviet Union, China, and Japan appear to be eager to enter the launch vehicle market, significant technology transfer barriers, together with their late entry into the world market and other considerations will likely prevent them from becoming major providers of launch services.

If production began today, some U.S. ELVs could be available to commercial customers in two to three years, offering additional capacity for getting government and commercial payloads to orbit and easing some of the pressure on the Shuttle launch schedule. American manufacturers have the advantage of twenty-five years of experience, hundreds of launches, and success rates in excess of ninety five percent. As contractors to NASA, they have established relationships throughout the international satellite community. U.S. firms have the resources and expertise necessary to make a successful transition from government to commercial operation of expendable launch vehicles.

A commercial launch industry in the United States would provide the Nation with a range of launch vehicles for assuring access to space. The existence of a domestic industry would diversify the base of resources upon which the Nation can rely for innovation and investment in space transportation. We are certain, as are the companies that will present testimony later this morning, that American ELV operators could provide the additional launch capacity necessary to meet this Nation's launch needs and be viable competitors in the international market.

The Department of Transportation remains convinced that the United States must continue to advocate policies that foster a private sector space transportation alternative. We have been active in the deliberations of the Senior Interagency Group on Space and the Economic Policy Council's Commercial Space Working Group, chaired by the Department of Commerce. In addition, we have worked closely, in an advisory capacity, with the National Commission on Space and as contributors to the joint NASA/DOD Space Transportation Architecture Study.

We have also focused attention on the impact of various regulatory requirements on commercial launch activities. As the Congress itself recognized in enacting the Commercial Space Launch Act, regulatory policy must be carefully crafted both to protect important national interests and to avoid stifling this industry's creativity and enthusiasm. Our regulatory approach is designed to provide an environment conducive to growth and innovation while ensuring safe and responsible commercial launch activities.

On February 26, the Department published an interim final rule that provides companies with the guidance they need to conduct effective planning and to secure expeditious review of their proposals. We believe that the policies and procedures contained in the regulations ensure that these proposals are efficiently but thoroughly scrutinized in order to protect important national interests -- public safety, national security, and foreign policy concerns.

In addition to developing licensing policies and procedures, we have begun a comprehensive research effort aimed at developing substantive safety standards. This effort will include analysis of range and flight safety practices currently used at Government launch Facilities. We will also conduct independent research to assist us in establishing safety criteria appropriate for commercial launch operations. Such criteria will guide industry in planning cost-effective launch proposals.

We believe that the approach taken by the Department has enabled it to carry out its responsibilities on the most efficient scale possible. In FY 1987, the President's Budget includes a request for \$2,275,000 to support the activities of the Office. Most of this funding is dedicated to conducting the safety research that will enable us to develop the standards that will be applied to commercial launch operations.

Even before the passage of the Commercial Space Launch Act in 1984, industry plans for conducting commercial space launches were ahead of Government's plans for their regulation. Given current capacity constraints, we anticipate an increase in commercial launch activity as ELVs, in particular, play a larger role in assuring access to space.

This is a time of transition for our Nation's space program. It seems clear that a mixed fleet of both manned and unmanned, public and private launch vehicles best ensures that the Nation will have the transportation options it needs to carry out the full array of planned space-based activities. A competitive ELV industry will strengthen our industrial base, ease the burden on the taxpayer, better enable the U.S. to compete against foreign launch vehicles, and promote technological innovation and commerce.

I look forward to continuing to work closely with the members of this committee as we seek to strengthen America's leadership in space through the combined energies of the Federal government and private enterprise.