



European Economic and Social Committee

TEN/179
GALILEO/Progress report

Brussels, 30 June 2004

OPINION

of the European Economic and Social Committee

on the

**Communication from the Commission to the European Parliament and the Council - Progress
report on the GALILEO research programme as at the beginning of 2004**

COM(2004) 112 final



On 5 May 2004, the European Commission decided to consult the European Economic and Social Committee, under Article 262 of the EC Treaty on the

Communication from the Commission to the European Parliament and the Council - Progress report on the GALILEO research programme as at the beginning of 2004
COM(2004) 112 final.

The Section for Transport, Energy, Infrastructure and the Information Society, which was responsible for the Commission's work on the subject, adopted its opinion on 10 June 2004. The rapporteur was **Mr Buffetaut**.

At its 410th plenary session of 30 June and 1 July 2004 (meeting of 30 June 2004), the European Economic and Social Committee adopted the following opinion by 161 votes, with three abstentions:

1. Preamble

1.1 The GALILEO programme represents a major challenge for the European Union, its independence, its technological and scientific capacity, its economy and, primarily, its space and telecommunications industries. Over the last few years, the development of the space industry in the EU has been based mainly on commercial activity linked to satellite telecommunications. The difficulties which have afflicted the telecommunications industry have had serious repercussions on the space industry, which has been given insufficient institutional and political support, in particular in comparison with its main competitors.

1.2 The GALILEO programme, which was delayed because of the discussions on the allocation of "fair returns" from the programme between the various states which are members of the European Space Agency and because of pressures from outside Europe, finally entered the actual starting phase following the agreement on 26 May 2003 in the Council of the European Space Agency (ESA) on the respective financial contributions of the ESA Member States.

1.3 The GALILEO programme has an important feature when compared with the GPS system, namely that it is a civil programme. This major infrastructure project is of decisive strategic importance to Europe and the independence of Europe, as has already been pointed out by the EESC, the European Parliament and the European Council. The GALILEO programme ties in perfectly with the Lisbon Strategy. The importance of such a large-scale project to the cause of promoting European integration should also be strongly emphasised.

1.4 The GALILEO system will provide five services:

- the "open service" (comparable to the GPS basic service);
- the "safety of life service" intended primarily for use by air, rail and maritime transport bodies;

- the "commercial service", which is more accurate than the open service and is designed for commercial applications;
- the "search and rescue service";
- the "public regulated service"; the use of this service is reserved for public authorities and their police, customs and civil protection services. High-precision, encrypted signals will be used for these activities; they will also be able to be used for military purposes and the necessary measures will be taken to prevent any malicious interference.

1.5 As GALILEO is a civil system, its main use is nonetheless for everyday purposes, particularly in the field of transport. It will therefore have to be able to ensure a continuous and secure service, and, in the event of a breakdown, its civil liability may be engaged, which is not the case with the GPS system.

1.6 Finally, GALILEO will be slightly more precise than GPS and, above all, have a range covering the whole of the planet. It can also provide for real time verification of the integrity of the signal; this is a vital requirement for certain applications, particularly in the field of civil aviation.

1.7 The basic aim of the communication under review is to report on the progress made with the GALILEO programme, to outline the prospects for the future and to pinpoint a number of ongoing uncertainties in respect of a project which is expected to cost EUR3.2 bn. and to involve three phases, namely:

- a development and validation phase, running from 2002 to 2005;
- a deployment phase from 2006 to 2007;
- a commercial operating phase, due to begin in 2008.

2. **Structure and gist of the Commission document**

The communication revolves around the following three points:

- the progress of the development phase;
- the development of international cooperation;
- the transition to the deployment and operating phases.

2.1 **The development phase**

2.1.1 **The Joint Undertaking**

The agreement reached in May 2003 in the Council of the ESA made it possible to resolve the outstanding issues, with the result that the GALILEO Joint Undertaking has been fully operational since last summer. The director of the Joint Undertaking has been appointed, the establishment plan has been accepted and its budget for 2003 and 2004 has been adopted. EGNOS, the European Geostationary Navigation Overlay Service, should be placed under the control of the

Joint Undertaking. The remaining problem is the question of the Joint Undertaking's fiscal and social status. This matter is being discussed with the Belgian Government. The sums involved are by no means negligible (EUR 5 million per year). The aim is to secure for the 32 persons working at the Joint Undertaking arrangements of the same nature as those applicable to the members of the European Space Agency (ESA) and the European Commission. The Belgian authorities are not opposed to this request but wish to ensure that the staff of the Joint Enterprise enjoy social security cover. The problem is therefore more of an administrative nature than a substantive nature.

2.1.2 Technical studies and research work

These concern:

- the latest work on the definition phase;
- basic infrastructure;
- the EGNOS system, which will soon be operational;
- a European radio navigation schedule.

2.1.3 The World Radio Communication Conference, held in June 2003

2.1.3.1 The issues at stake were extremely important for the EU, which had two objectives:

- to obtain confirmation of the spectrum of frequencies allocated in 2000;
- to ensure, within that frequency spectrum, distribution amongst the different systems should not prove disadvantageous to the European system and to ensure that access to the frequency spectrum was both equitable and based on the principle of interoperability.

2.1.3.2 The discussions took place against the background of the historical monopoly of the American GPS system. The EU did, however, in fact secure the outcome which it had hoped for, both as regards the conditions for utilising the frequency spectrum and as regards its demand that there should be impartial multilateral coordination.

2.1.4 Integration of the new Member States and the candidate countries

Initiatives have been elaborated on an industrial scale so as to ensure the full participation of the abovementioned countries in the GALILEO programme, as desired by the Commission.

2.2 The development of international cooperation

2.2.1 As the Council has stressed on several occasions, international cooperation is an essential element for ensuring that maximum benefits are derived from the GALILEO programme. Furthermore, requests from third countries to be associated with the project are becoming more and

more numerous. In this context, the Commission wishes to pursue, at one and the same time, a bilateral approach and a regional approach.

2.2.2 An initial agreement was signed with China on 30 October 2003 and talks have got under way with India and Israel. Similar steps are being taken in the case of South Korea, Brazil, Japan, Canada, Australia, Mexico and Chile.

2.2.3 As regards regional cooperation, dialogue has started with the Mediterranean region, Latin America and Africa.

2.2.4 Negotiations are also under way with the two states which already have a satellite navigation system, namely Russia and the United States. These negotiations are particularly important as they are designed to ensure technical compatibility and interoperability between the systems used by these latter states and the GALILEO programme. It should be pointed out that, initially, the United States questioned the very justification of the GALILEO programme. The consultation mechanism currently under discussion must be based on a system under which each of the partners has symmetrical rights and duties in respect of the other partner, particularly in connection with the exercise of a possible right of veto.

2.3 **Transition to the deployment and operating phases**

This is the crucial issue. The deployment and operating phases of the system will start in 2006 and 2008 respectively.

2.3.1 **Concession procedure**

2.3.1.1 The concession procedure is managed by the Joint Undertaking. The procedure was launched in October 2003. Four tenders were registered and declared to be eligible. The tenders were submitted by consortia consisting of a number of lead partners, backed up by a cluster of associated companies. All of the bidders considered that the future European system could generate substantial commercial revenue and each was willing to fund a considerable proportion of its contribution from its own assets.

2.3.1.2 This factor is all the more important in view of the fact that the Council wishes that Community funding should not exceed one-third of the financing for the deployment phase. Under the second phase of the concession procedure, known as "competitive negotiation", three consortia have been shortlisted (Alcatel/Alenia/Vinci, EADS/Thalès/Inmarsat, Eutelsat).

2.3.1.3 Six types of resources have been identified, namely:

- the sale of the services generated by the GALILEO system;
- licences and intellectual property rights;
- EU financing;

- loans from the European Investment Bank (EIB);
- financial contributions from some third countries;
- if it should be necessary, a levy on satellite radionavigation receivers.

2.3.2 Framework structure for the system

2.3.2.1 The Commission has forwarded to the Council and the European Parliament a proposal for a Regulation on the establishment of structures for the management of the European Satellite Radionavigation Programme. It had been proposed to establish a Supervisory Authority and a Centre for Security and Safety; the latter body would be placed under the direct responsibility of the General Secretary of the Council/High Representative for the Common Security and Foreign Policy. It ultimately transpired that a Supervisory Authority should indeed be established and would be given responsibilities in respect of security. The Centre for Security and Safety would not be set up; the Council itself would take decisions in real time in the event of a crisis.

2.3.2.2 Another key issue with regard to the framework structure for the system is the issue of possible threats to individual privacy. It should be pointed out that the GALILEO system does not, in itself, pose any threat to privacy since it does not receive any information from users (there is no "uplink"). On the other hand, information received by the user can be retransmitted by another system – e.g. mobile phones – thereby making it possible to pinpoint the location of the user. Responsibility for regulating such use of information provided by the GALILEO system does not in any way lie with the EU programme management structures but rather with national authorities. The attention of the national authorities should be drawn to the measures which they are responsible for taking in order to regulate the use of the GALILEO system and - forthwith - the use of the GPS system.

3. General comments

3.1 The Committee appreciates the decisive approach adopted by the Commission in its Communication in view of the fact that the project in question is clearly of the utmost importance and involves considerable difficulties. In this spirit – marked by a determination to succeed – sustained attention should be paid to the following issues:

- the building-in of the security requirements at the design stage of both the system and its management;
- the conclusion of negotiations with the USA with a view to reaching an agreement based on symmetrical commitments and the goal of interoperability;
- the endeavour to find adequate private funding and the guaranteed provision of long-term loans by the EIB;
- the need to keep the cost of realising the programme within the confines of the estimated budget.

3.2 The success of this major project depends upon the clear affirmation of political and financial will by the Council and its resolute adherence to this stance. By committing itself to the GALILEO project, the Council has demonstrated its ambition for both the EU and its space policy.

4. Conclusion

4.1 In its conclusions, the Commission appears to demonstrate some anxiety or uncertainty as regards the issue of financing. This is a matter of fundamental importance; if the financing were to be called into question, the whole programme could be placed in jeopardy. The EESC can only reaffirm the fact that the GALILEO project is of major strategic importance to the EU, to the future of its space industry and to the cause of promoting European integration; The EESC already strongly emphasised this point, setting out a detailed case, in its opinions on the Commission's Green Paper and White Paper on the European space policy¹. The EESC shares the Commission's satisfaction with regard to the very real progress which has been achieved in getting this project underway and hopes that the optimism displayed by the Commission will not be lessened by last-minute difficulties.

Brussels, 30 June 2004.

The President
of the
European Economic and Social Committee

The Secretary-General
of the
European Economic and Social Committee

Roger Briesch

Patrick Venturini

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Opinion of the European Economic and Social Committee on the *White Paper entitled Space: a new European frontier for an expanding Union – an action plan for implementing the European Space Policy* (COM(2003) 673 final – CESE 501/2004 of 31 March 2004)

Opinion of the European Economic and Social Committee on the *Green Paper on European Space Policy* (COM(2003) 17 final – OJ C 220 of 16.9.2003)