Mid-term review of the European satellite navigation programmes: implementation assessment, future challenges and financing perspectives

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The Council adopted conclusions reaffirming its strong commitment to the European satellite radio navigation programmes, whilst calling for containment of the costs they entail. The conclusions respond to the Commission's report on the mid-term review of the EGNOS programme, which is already operational, and the Galileo programme, which is still in its development phase, with the first services scheduled to become operational in 2014-2015.

In an exchange of views, ministers highlighted the main elements of the conclusions. Responding to Member States' concerns about costs, the Commission indicated that it would be able to give a **more precise assessment of the costs once the final two contracts for the deployment of Galileo had been signed**, before the summer. The Council conclusions underline the strategic and economic importance of the programmes, which are intended to ensure the EU's independence in this field, establish the EU as one of the leading players in the space technology market and trigger further economic activities, in particular through the development of applications for the possibilities offered by the programmes.

At the same time, the Council invites the Commission to provide more details on the assumptions and calculations underlying the estimated additional financial needs (EUR 1.9 billion over the 2014-2020 period) for the completion of the Galileo infrastructure and to explore possible ways to achieve savings. It emphasises that any **further cost overruns should be avoided**. Looking forward to the Commission's proposal for the funding of the programmes under the next multiannual financial framework to apply from 2014, the Council considers that in view of the nature of the project, the programmes should continue to be financed by the EU budget.

The conclusions also stress that **keeping to the timetable for the provision of the first services (2014-2015) is essential** to build users' and industry's confidence in the programmes. International cooperation needs to be continued to settle issues regarding the compatibility and interoperability of the Union's system with those of other countries. Moreover, it is important to further reflect on the future governance of the programmes.

The EGNOS programme, which enhances the accuracy of civilian GPS services, became operational on 1 October 2009 and is now available for use with both an Open Service and a Safety-of-Life Service for aviation. As regards the Galileo programme, two experimental satellites are already in space in order to test the technology and secure frequencies, and the first four satellites of the future system will be launched in 2011-2012. In 2014, the first services are planned to be delivered on the basis of 18 satellites. The system will be fully operational when all 30 satellites are in place; that should be achieved in 2019 /2020.

The **main points of the Council conclusions** may be summarised as follows:

The Council underlines that the European satellite navigation systems are of **strategic importance for the independence of the EU regarding satellite navigation**, positioning and timing services and will offer a relevant contribution to the implementation of the "Europe 2020" strategy for smart, sustainable and inclusive growth.

Furthermore, the Council:

- stresses that, as EU flagship programmes in space, EGNOS and Galileo would allow the development of a **strong and innovative downstream application** market in Europe and will significantly contribute to the economic recovery of Europe and address major challenges such as climate change, ecological preservation and sustainable transport;
- emphasises the need for a timely deployment of a competitive and independent Galileo constellation and acknowledges the substantial economic and social benefits for the EU and its citizens;
- acknowledges the progress made in the programmes under the governance scheme put in place in 2008 and welcomes the fact that the EGNOS open service is operational and has been adopted by several user communities; it encourages the uptake of its recently operational Safety of Life service, in particular in the aviation sector, on the basis that it will be delivered free of charge to end-users;
- takes note that the Galileo ground and space segments developed under the In Orbit Validation phase are nearing completion and that the first orders within the current procurement of the Galileo deployment phase should lead to an Initial Operational Capability in 2014-2015. The Council calls upon all actors involved to do their utmost to achieve this goal, within their respective roles and responsibilities;
- underlines the importance of this progress for **establishing the necessary confidence amongst the public, receiver manufacturers and application developers** that will facilitate take-up and investment in products and services;
- highlights the need to receive, on a regular basis, information from the Commission on the implementation of the principles for the procurement of the deployment phase of the Galileo programme, in particular the 40% figure for sub-contracting, in conformity with Regulation (EC) No 683/2008;
- stresses that the **estimated additional financial needs presented by the Commission for the completion of the infrastructure should be more thoroughly substantiated** with regard to the assumptions and calculation on which they were constructed, and calls upon all actors directly involved in the governance of the programmes to take all possible measures, within their respective roles and responsibilities, to avoid any further cost overruns;
- urges the Commission to pursue its cost and risk analysis of the programmes to identify and evaluate the impact of all possible options for potential cost and risk reductions and optimisation, such as dual sourcing for the provision of satellites and launchers, reconsidering the implementation of the Safety of Life service and operational efficiencies;
- underlines its wish that the **cost and risk analysis should result in cost saving**, including efficiency savings, and cost containment, while reaffirming its commitment to the specific objectives of the programmes as defined in Regulation (EC) No 683/2008;
- notes the overall estimated operating costs of the systems, including operational management of the infrastructure, provision of the services, replacement and renewal of components with a limited service life and new technology developments, and that these costs will occur progressively as from the provision of the initial operational services;
- considers that, Galileo and EGNOS being European programmes owned by the EU, **should continue to be financed by the EU budget**, taking into account the specificities of large scale projects, the public nature of the services, as well as the fact that direct revenues will not offset costs; URGES the Commission to optimise Galileo's potential direct and indirect revenues;

- underlines the need to proceed with no delay with the ongoing reflection on possible future governance schemes, both public and private, for the day to day operations of the programmes, involving the future role of the Commission and Member States and taking into account the need for continuity and consistency.

Lastly, the Council urges the Commission to optimise and rationalise the use of existing structures and to give particular attention to the operational governance of EGNOS.