EU space industrial policy, releasing the potential for growth in the space sector

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PURPOSE: to improve the competitiveness of the European space industry.

BACKGROUND: space is a **driver for growth and innovation**, and contributes directly to the objectives of the European 2020 Strategy. The European space industry has to face increasing competition from new emerging space powers such as China and India. **An EU space policy could reinforce the European identity at international political level**. At the same time, EU intervention could give space a stronger political impetus, for example by putting in place the right framework conditions to maintain and foster space activities in Europe and its industry's competitiveness at global level. This is where article 189 TFEU, which gives the EU a clear mandate to intervene in space matters, could make a difference.

The Commission underlined its intention to pursue a space industrial policy developed in cooperation with ESA and the EU Member States in its Communication on EU industrial policy adopted in October 2010. In April 2011, the Communication entitled "Towards a space strategy for the European Union that benefits its citizens" gave further orientations of a potential European space industrial policy. Member States supported this approach in the Council conclusions adopted in May and December 2011.

This Communication builds also on the Commission's Industrial Policy Communication for A Stronger European Industry for Growth and Economic Recovery.

CONTENT: considering the strategic importance of the space industry, its dependence on public funding and the increasing global competition on the commercial market, the **EU will draw up a space industrial policy** to support the development of the sector, thereby fostering economic growth.

Against this background, the EU space industrial policy could be centred on five specific objectives:

1. Establish a coherent regulatory framework: as space activities expand, the appropriateness of the existing regulatory framework needs to be examined to ensure the security, safety and sustainability of such activities and their economic development. The Commission suggests the following actions and measures:

- examine the possibility of a legislative initiative on certain aspects that have an impact on the emergence of a **single market for space products and services**;
- consider proposing a legislative initiative on **production and dissemination of private satellite data**;
- monitor and improve the **export control and intra-EU transfer frameworks**;
- ensure the availability of a **radio spectrum** for space operations that is immune from interference, to enable economies of scale and optimise operational costs for pan-European systems;
- explore whether **commercial spaceflights** activities need to be embedded in a legal framework;

- **pursue the standardisation process**, notably by decreasing the prices, and in helping SMEs enter certain segments of the space market;

- ensure the **availability of necessary skills** to satisfy the need of emerging sectors and to attract talent from third countries;

- support **access of European industry to the global market** by ensuring that specific factors of the European spatial industry are taken into consideration in trade negotiations.

2. Supporting Research and Innovation: the proposed budget for Space under Horizon 2020 (the successor of FP7) is proposed to be **EUR 1737 million** in current price (EUR 1548 million in constant 2011 prices) for 7 years.

Space in Horizon 2020 will cover R&D and innovation with the objectives to: (i) enable European **competitiveness** in space, **non-dependence** and innovation in space activities, focussed on industrial R&I, emphasizing SMEs; (ii) enable advances in space technologies ; (iii) full exploitation of space data, including data from scientific missions and commercial applications of space data.

3. Expanding the array and the use of available financial instruments: in this respect, it is necessary to: (i) explore possibilities to facilitate access to finance, especially by SMEs, by promoting the further development of **innovative financial instruments** and the use of the existing instruments; (ii) encourage Member States and regions to increase the use of structural funds and innovative financial instruments to promote the development of innovative satellite-based services by SMEs; (iii) ensure the rapid extension of the scope of the EU **project bond initiative** to space infrastructures.

4. Making a better use of procurement policy: the EU should develop and provide to industry a **long term and clear planning of the institutional market**. In addition, for programmes which involve joint funding by both the Commission and ESA, **early coordination** should take place to ensure a smooth transition between the development phase and the operational phase.

5. Establish and implement a real European launcher policy: EU autonomy in strategic sectors like launch services is of fundamental importance. In view of this, the EU space industrial policy should pursue the following objectives: (i) ensure a reliable, secure, available and cost efficient launcher system; (ii) create the conditions, and in particular the financial conditions, which are necessary to maintain and strengthen independent European access to space in line with institutional needs while proposing an evolved governance of the exploitation of the European launchers.

6. Ensure the sustainability of space activities in Europe: space infrastructures are increasingly threatened by collision risks due to the growing population of satellites or the increasing amount of space debris in the most commercially exploited orbits.

In order to **mitigate the risk of collision**, the Commission intends to come forward with a proposal setting out the organisational framework for the **setting up and operation of a European space surveillance and tracking (SST) service** in partnership with Member States building on their existing assets and expertise.