

GALILEO, satellite radionavigation programme: development phase, joint undertaking

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This Communication from the Commission takes stock of the GALILEO Programme. In 2005, the world market in satellite navigation products and services reached EUR 60 billion. Over the last five years, the annual growth rate of this market came to 25%. By 2020, the annual worldwide turnover of these markets is estimated at EUR 300 billion, with 3 billion receivers in operation. Within the EU alone, it is expected that 150 000 jobs will be created, primarily in the high-tech sectors associated with the relevant research, applications and services.

Installations of space and ground infrastructure: the first of the experimental satellites, GIOVE A, was successfully launched on 28 December 2005. It should be possible to launch the second experimental satellite, GIOVE B, at the end of 2006. Alongside this, the industrial activities of the in-orbit validation phase, the management of which has been entrusted to the European Space Agency, began in December 2004. The contract for this phase, amounting to EUR 1 038 million, was signed in Berlin on 19 January 2006. These new operations supplement those already undertaken or planned in order to complete the development phase. The total cost of the development phase, i.e. approximately EUR 1 500 million, is shared equally between the EU and the ESA. The in-orbit validation phase, whose cost is again shared equally between the EU and ESA, will lead to the installation of the first monitoring stations and the launch of the first four satellites in the constellation in 2008.

Status of the concession contract negotiations: negotiations with the eight-member consortium (Aena, Alcatel, EADS, Finmeccanica, Hispasat, Inmarsat, Thales and TeleOp) commenced following submission of a joint tender in 2005. An initial round of negotiations resulted on 17 February 2006 in an agreement on the principles to be followed during the remainder of the procedure. The main remaining differences of opinion concern the sharing of the risks associated with the system design and with commercial revenue and market development. By the end of 2006, the estimated costs and income and the public sector contribution will have been finalised. In addition, the financial plan will be confirmed and the main terms of the contract will be fixed. Then the stocktaking will be certified ("due diligence"), and the contract and the financial plan will be finalised. Lastly, between June and December 2007, financial closure will be achieved and the concession contract will be signed.

Establishment of the Supervisory Authority: the Authority will effectively start its operations towards mid-2006, when the 20 members of staff currently being recruited will take up their positions and when the basic administrative infrastructure has been set up. It will be based temporarily in Brussels until a decision on the location of its headquarters has been adopted. Since the Supervisory Authority is required to sign the concession contract, it is vital for it to be involved in the operations of the Galileo Joint Undertaking over the next few months, particularly in the negotiations for the concession contract. The Authority's 2006 work programme also covers the technical development of the system, including frequencies and certification, integration of the EGNOS programme into the Galileo programme, security, market development and activities under the Sixth Framework Programme for Research.

Transferring operations from the Galileo Joint Undertaking to the Supervisory Authority: the Commission has initiated procedures to wind down the Galileo Joint Undertaking by 31 December 2006, by which time all the activities of the Galileo Joint Undertaking will have been transferred to the Supervisory Authority. In 2006, its main task will be to conclude the concession contract negotiations, since responsibility for its other activities should be handed over to the Supervisory Authority at the earliest opportunity.

Preparation of the Galileo Applications: work has primarily concerned the use of satellite radionavigation in transport and telecommunications, the development of receivers, and projects to be carried out in the context of international cooperation. A final call for proposals, totalling EUR 10 million, will cover a number of very promising areas of application, such as the transmission of warning messages, the transportation of animals, the carriage of dangerous substances, etc. The Supervisory Authority is currently working alongside the Commission on specifying the projects to be undertaken under the Seventh Research and Development Framework Programme.

Deployment of EGNOS: construction of the infrastructure was completed in 2005 and EGNOS successfully passed its first Operational Readiness Review in respect of the “open” service. Work will be carried out in 2006 to ensure that the system is certified vis-à-vis applications which directly affect the safety of human life, such as civil aviation. As soon as the agreement with investors has been signed by the parties concerned, the Supervisory Authority will be in a position to include EGNOS in the GALILEO concession contract, thereby enabling the two systems to be fully integrated. The Commission plans to place the GALILEO and EGNOS programmes on the same budget line within the Community budget in respect of both the current phases and later phases of the programmes.

Development of a policy for access to the public regulated service (PRS): an initial approach to defining the policy was drawn up following work carried out within the Galileo Security Board (GSB). This involved specifying the objectives of PRS access policy and identifying the phases of implementation of the policy. Technical preparations will continue in order to allow the Member States intending to make use of PRS to, on the one hand, define the national needs in terms of using this service and, on the other, to designate an authority responsible for overseeing national users. This authority will liaise with the Supervisory Authority. By the end of 2006, the Commission will propose a plan to the Council concerning the implementation of PRS access policy, defining the technical and decision-making mechanisms to be set in place in good time for it to be possible to start using the PRS as of the end of 2010.

Promotion of satellite radionavigation by Community legislation: the Commission gives details of European legislation introducing the use of satellite radionavigation into various sectors with a view to helping ensure that this new technology is economically viable. An internal Commission group will be set up to survey the satellite radionavigation needs of European policies and in order to facilitate exchanges of information on the technical development of the system. The Commission will also present a Green Paper on GALILEO applications at the end of 2006.

Financing the Programme: On 14 July 2004, the Commission proposed a Regulation on financing the deployment and commercial operating phases of the GALILEO programme during the period covered by the 2007-2013 financial framework. The Council and Parliament positions on the proposal are very similar and are acceptable to the Commission. The text cannot be definitively adopted until the main terms of the concession contract are fixed. The exact final amounts for the entire concession period will depend on the arrangements for sharing the risks and financial burdens, which are the subject of the concession contract, and the instruments identified to cover them.

International Cooperation: cooperation agreements have been signed with China, and Israel. Similar agreements were initialled with Ukraine, with India, with Morocco and with South Korea. Further agreements are being drawn up with Norway and Argentina, and discussions are under way with Switzerland, Canada, Australia, Saudi Arabia and Brazil. Russia recently reaffirmed its interest in continuing discussions with the EU. The total interoperability of European and American systems has been guaranteed thanks to the agreement signed with the United States on 26 June 2004. Work carried out under this agreement is currently focusing on signal optimisation with a view to enhancing the performance available to users of both GALILEO and GPS systems. At this stage, the emphasis is on determining the scope and the arrangements for cooperation with third countries in future phases of the GALILEO programme, including at the institutional level, and taking account of obligations connected with intellectual property and the protection of dual-use technology.

