

REACTION PAPER: UNION SECURE CONNECTIVITY PROGRAMME

EUROSPACE REACTION TO PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING THE UNION SECURE CONNECTIVITY PROGRAMME FOR THE PERIOD 2023-2027

PREAMBLE

On February 15th 2022, the European Commission issued its Proposal for a Regulation “establishing the Union Secure Connectivity Programme for the period 2023-2027”¹, responding to European strategic needs, already raised in the Eurospace October 2021 Position Paper “Industry Manifesto for a Resilient Satellite System for Secure Connectivity...to Make Europe Fit for the Digital Age”².

As already stated in October 2020, the European space manufacturing industry, represented by Eurospace, strongly supports the ambitious and ground-breaking space-based secure connectivity initiative. **Eurospace therefore welcome this proposal for a Regulation and is delighted by the rapid progresses of the Commission.**

An ambitious new strategic satellite system for global connectivity would, in an area where European industrial and design capabilities have already been demonstrated, therefore **answer some of the most important policy challenges set out by the European Union.** It will help the Union to **remain a leading international player with freedom of action in the space domain**, and will **support the competitiveness and innovation capacity of space sector industries within the Union.**

The development and implementation of such European connectivity system would also greatly contribute to **ensure Europe’s autonomous and affordable access to space** in the coming years while having a critical and profound **positive impact on the competitiveness of European launchers’ exploitation models.** The EU secure connectivity constellation shall therefore be launched by European launchers, from European territory.

Strategic autonomy in secure communications starts at industrial and technological levels (to the operations and the end-user segment, including interoperability and fusion with non-space-based systems) in order to **ensure non-dependency from third countries throughout the entire industrial value chain.** It is therefore key that such initiative should be **accompanied by an ambitious research, development and innovation policy** to maintain the vibrant technological ecosystem of the industry existing in Europe that can only become reality with sustained long-term financial investments in cutting-edge space technologies.

¹ https://ec.europa.eu/info/sites/default/files/proposal_regulation_union_secure_connectivity_programme.pdf

² https://eurospace.org/wp-content/uploads/2020/10/secured-connectivity-constellation_final_13102020.pdf

EUROSPACE POINTS OF ATTENTION

Eurospace is committed to support European institutions to achieve the objective of establishing a secure and autonomous space-based connectivity system for the provision of guaranteed and resilient satellite communication services.

Eurospace therefore wishes European institutions to consider the following points of attention:

CHAPTER I – GENERAL PROVISIONS

Art. 2 (Definitions)

The Commission surprisingly defines “New Space Industry” as “*private companies, small and medium-sized enterprises and start-ups that develop novel space technologies and applications.*”

One could consider that the definition, starting by “private companies” would encompass any Industry, large or small, old or new. This would obviously make the definition harmless (and useless) because it would encompass the whole sector. But on the other hand, the Commission is making made clear that “*In order to ensure the New Space involvement in the initiative, the procurement should elaborate criteria for the award of the concession ensuring the participation of start-ups and SMEs along the whole value chain of the concession, hereby incentivising the development of innovative and disruptive technologies.*”

The Commission is therefore making clear that what it calls “New Space” is essentially “start-ups and SMEs”. This implies that, for the Commission, innovation is taking place in particular in new and small companies, which is of course an undocumented and unsubstantiated statement and an unjustified, and detrimental, criticism towards the European space industry.

Eurospace believes that “New Space” has regretfully become a loose concept amongst several institutional actors in Europe promoting policy measures aiming at **unclear policy objectives**. Eurospace invites European institutions to forget this idea that there would be an “Old” and a “New” Space: what truly counts is a **European industry that delivers efficient and cost-effective products and services to its institutional customers, and is competitive on the open markets**. This should of course not prevent the implementation of measures aiming at accessing the capabilities and innovation existing in smaller and newer companies, in particular through the removal of unnecessary barriers.

Art. 3 (Programme objectives)

§2.d states, as one of the objectives of the programme, to “*Incentivise the deployment of innovative and disruptive technologies, in particular by leveraging the New Space industry*”. This sentence, beyond the issue of the “definition” of New Space Industry (see above), fails to consider the massive investments done by all space industries in R&D&I.

Art. 4 (Implementation activities of the Programme)

The European space industry welcomes the intention to make this Programme a reality in the short/mid-term, it nonetheless considers that having a “*provision of a preliminary set of services by 2024*” and a “*full operational capability aimed by 2027*” is very ambitious.

The European space industry is however fully committed to help the Europeans Institutions achieve such a target and understands that the preliminary set of services by 2024 will notably rely on the GOVSATCOM Hub. European space industry therefore encourages the Europeans Institutions to ensure that the GOVSATCOM Programme is implemented without further delay.

Art. 5 (Infrastructure of the secure connectivity system)

This article explains that “[...] the space assets of the secure connectivity system shall be launched by a launch service provider that complies with the conditions [of eligibility] and, where possible, from the territory of the Member States.”

Eurospace believes that the adjunction of “where possible” might be a subject of concern. Eurospace recalls that the development and implementation of such European connectivity system should greatly contribute to **ensure Europe’s autonomous and affordable access to space** in the coming years while having a critical and profound **positive impact on the competitiveness of European launchers’ exploitation models**. The EU secure connectivity constellation should be launched by European launchers, from European territory. To achieve this objective, we recommend to replace “where possible” by “*unless case of force majeure*”.

Art 6. (Actions in support of an innovative and competitive Union space sector)

This article is supposedly aiming at supporting the competitiveness of the Union space sector although the 2nd paragraph, which is detailing the measures to be taken by the Commission to achieve this objective (of an “innovative and competitive” space sector) is only mentioning start-ups and SMEs, which is absolutely incomprehensible.

Eurospace recommends that the co-legislators take into account that **the European space industry, in ALL its components (Large scale integrators and their affiliates, independent mid-caps...) is today the one that is the most exposed in the world to the competition taking place on the (scarce) open markets**. Measures should be undertaken to support the Industry capacity to innovate and to be competitive, in general; **limiting these measures in function of the size or of the age of the companies is not going to help Europe achieve this goal** (and is not coherent with the actual situation of the sector).

Besides, the proposition to use award criteria ensuring the participation of start-ups and SME might introduce cumbersomeness in the procurement; all the more as contractors will be required to “provide a plan” for the integration of start-ups and SMEs.

In addition, as security constraints are often stressed in the document, the European Institutions shall ensure that all companies have the capability to comply with security requirements.

Finally, to avoid confusion, Eurospace recommends the sentence at §2.(c) related to “start-ups and SMEs” to also include “*from across the Union and along the whole relevant value chain*” as in the other paragraphs (and has probably been forgotten here).

CHAPTER II – SERVICES

Eurospace wishes for more clarity regarding the implementation model as the variety of services and users can lead to many interpretations. In addition, Eurospace believes that relying on only one implementation model for the variety of services and users proposed may not be adapted to the needs of each party.

CHAPTER III - BUDGETARY CONTRIBUTION AND MECHANISMS

Art 13. (Contributions to the Programme)

Eurospace wonders if the Commission has already any intentions or objectives regarding third countries that would be involved, or rules for accepting/seeking their participation.

CHAPTER IV - IMPLEMENTATION OF THE PROGRAMME

Art 15. (Implementation model)

Eurospace reiterates its wish for more clarity regarding the implementation model (including its implications for procurement and risk-sharing) as the variety of services and users can lead to many interpretations.

Point 4 of the Article i.e., *“If the procurement procedure referred to in paragraph 2 takes the form of a concession contract and such procedure leads to the failure to conclude the concession contract, the Commission shall restructure the procurement and implement a supply, service or works contract, as appropriate for an optimal implementation of the Programme”* puts additional uncertainties around the Programme.

One should make sure that lessons learnt from the first stages of the implementation of the Galileo programme are well taken into account, in particular regarding the necessity to have a clear definition of the implementation model, and of the market.

Art. 16 (Ownership and use of assets)

Industry recommends that more precision is given on the rules sharing between the governmental and commercial parts of the Programme.

Art. 17 (Principles of procurement)

Art paragraph 2. (b), Eurospace calls on the European institutions to devise as soon as possible clear criteria to be used in the tendering process with regard to the requirement to take into account *“the objectives of technological independence and continuity of services”*.

Art. 18 (Subcontracting)

The Commission proposes to *“encourage new entrants, SMEs and start-ups”*.

Eurospace calls on the European institutions to consider the full European industrial and technological base. This includes start-ups and SMEs, Large System Integrators and affiliates, as well as the independent Midcap companies.

Besides, while Eurospace fully understands the necessity to remove unnecessary barriers that would prevent the adequate participation of SMEs, it is not clear what objective is actually being pursued by *“encouraging new entrants”*, whose only quality would apparently be to just be *“new”*.

Art 19. (Eligibility and participation conditions for the preservation of the security, integrity and resilience of operational systems of the Union)

Eurospace believes that a special attention should be paid to not jeopardising the difficult equilibrium that has indeed been achieved during the adoption process of the EU Space programme regulation regarding the Art. 24 of this Regulation.

In addition, as Art. 24 of the EU Space programme regulation opens the door to use waivers, important preparatory activities must be undertaken upfront (e.g., allowing initiation of security assessment before ITT release by establishing clear assessment criteria), to ensure that all the waivers will be approved before submitting the offer.

CHAPTER V - GOVERNANCE OF THE PROGRAMME

Eurospace believes that the governance must be clarified. Even if the definition of the major roles and duties is explained, the implementation is still quite unclear.

In addition, Art. 24 entrusts a number of key responsibilities to EUSPA (operation of the governmental infrastructure, provision of governmental services, management of contracts...), which is of course logical. Nevertheless, the current situation of understaffing within EUSPA might be worrying given the very ambitious schedule of the European Commission.

CHAPTER VI - SECURITY OF THE PROGRAMME

Eurospace requests all security requirements to be defined at the start of the Programme, and not all along the life of the Programme. This is key to ensure a smooth implementation of governmental and commercial services from the beginning.

CHAPTER VII - INTERNATIONAL RELATIONS

Art. 36 (Participation of third countries and international organisations in the Programme)

Art. 36 states that the programme shall be open to the participation of third countries. This will probably need more investigation to understand the consequences of such a provision. In any case, as for Art. 13, Industry wonders if the Commission has already any intentions or objectives regarding third countries that would be involved, or rules for accepting/seeking their participation.

CHAPTER X - TRANSITIONAL AND FINAL PROVISIONS

Art. 46 (Continuity of services after 2027)

Eurospace wonders if the European Commission has already estimated the operating costs of the Programme.

LEGISLATIVE FINANCIAL STATEMENT

p. 49: Eurospace warns the European Commissions that the sentence *“Member States governments and EU institutions can access initial set of governmental services in 2025, with full capacity in 2027”* is not consistent in terms of dates with the text of the proposed regulation

p. 50: Specific objective 4: *“Incentivise the deployment of innovative and disruptive technologies, in particular by leveraging the New Space industry”* is believed to be unreasonably biased towards New Space. The European space industry insists that innovative and disruptive technologies are developed within all segments of the European space industry including large industry, innovative Midcaps, SMEs and Start-ups.

p. 50: Eurospace warns the European Commissions that the sentence *“integration with the GOVSATCOM Hubs in 2025”* is not consistent in terms of dates with the text of the proposed regulation

p.50: Eurospace believes that system security accreditation is required before 2027, at the start of the Programme.

p.51: Eurospace is interested to have access to the mentioned *“Lessons learned”*.

p. 56: Eurospace wonders why is there no specific mention of the implementation model risk. Besides, risk sharing possibilities are unclear and should be specified.