

## Space Governance

### Eurospace input to the Segovia Workshop

#### ***A new competence for the European Union***

Article 189 of the Lisbon Treaty entered into force on 1 December 2009. It sets an explicit competence in Space for the European Union and gives the EU a clear legal framework to coordinate European efforts necessary for exploration and exploitation of Space.

This competence overlaps ESA missions as defined in Article 2 of its Convention but it enlarges the reach of European institutions in Space, potentially allowing to take advantage of the political legitimacy of the EU to impulse the development of operational systems and services serving EU policies and to foster the position of Europe in the international scene in Space affairs.

#### ***European Space capabilities are based on solid grounds***

Past ESA and member States policies have been successful in giving birth to a world class European Space industry, active in every domain of the Space related activities. This is a major accomplishment which must be saluted.

It provides substantial grounds on which to build up the future of Europe in Space.

#### ***ESA and EU: Two different procurement approaches***

ESA procurement policy takes into account the origin of the funds in the awarding of contracts through the Geo Return rules.

It also integrates key objectives of industrial policy such as preserving the industrial base or targeting R&T developments in the perspective of potential needs of its future programmes.

So far, on EC side, no specific objectives are set to the procurement process. It is fully based on open and transparent competition for fulfilling the needs of the European citizens.

It presupposes the existence of multiple potential providers to actually enable open competition, and ignores formal Geographical Return rules or industrial policy objectives.

ESA procurement policy has proved to be successful in many respects and is not challenged for scientific and technological optional programmes based on the willingness of member States to join resources to achieve ambitious objectives. It shows its limits when it comes to the deployment of operational infrastructures raising commercial, industrial, political and/or strategic stakes.

This is where EC timely and opportunely steps in.

### ***Need for a space specific procurement approach***

One key question is, for instance, to assess whether current EC rules are adapted to achieve such important political objectives as the preservation and enhancement of the industrial autonomy of Europe in the space sector to achieve security of supply of critical items.

Both ESA Convention and Article 189 of the TFUE acknowledge the need to promote and foster the competitiveness of the European Space industry.

Such objectives imply to fully account for the specificities of the sector:

- Sensitive reliance of the European Space industry on a highly variable and unpredictable commercial market, improper to ensure the required stability for the industrial base,
- Very limited global open market and unfair competitions with strongly public supported rivals,
- Up until now, the most important part of the business is done with civil R&D agencies: i.e. prototyping, development and technology, with a very limited share of recurring business and limited technological stability,
- Structural global overcapacity of the sector where the evolution of the offer is not correlated to the level of the demand. For instance China and India are not developing national launchers because of a lack of available commercial services. Strategic independence is the driver for established or arising Space powers to develop new capacities.

It took considerable efforts to develop current technical skills and capacities in Europe. Failing to properly address these factors through adequate R&T funding, such competencies could be dispersed in just a few months and might be difficult to re-establish to meet the requirements of future public Space programmes.

### ***Basis for a European Space industrial policy***

At least ESA and EC approaches should not be conflicting. In many respects, EC rules should be adapted to better cope with the above mentioned specificities of the space sector and serve overarching political goals. Its procurement process should thus be based on a dedicated industrial policy aiming at:

- Strengthening the competitiveness, efficiency, reliability of the European Space industry,
- Enhancing the European technological non-dependence in the Space sector,
- Building on existing European leading edge industrial and technological capabilities,
- Contributing to a balanced industrial development across EU member States.

Moreover, in some cases like in the launchers area and potentially for many of the critical technologies to be developed in Europe to ensure its non-dependence, future European public procurements should start with a trade-off to assess whether the benefits of competition balance the drawback of scattering an institutional market which sometimes fails to be sufficient to sustain a sound industrial base and allow the emergence of world-class European champions.

This is even more relevant when considering competitions with non-European bidders. On a global market mostly captive, some European preference clauses are needed to help the European Space industry in reaching the critical mass as well as to offer it some steady long term perspectives.

Based on such principles, ESA and EU procurement policies, although different by nature, should at least be compatible and serve common purposes.

### ***Making the most of the two models***

The relations between EU and ESA are formally governed by the EC/ESA Framework Agreement signed in 2004 and extended in 2008 for another 4 year period, and these institutions have

demonstrated their ability to work together even though a better co-ordination of the decision making processes of the two institutions would have permitted a greater efficiency.

Whatever the future governance of space related policies and programmes within Europe is, it is of utmost importance:

- To define a long term Space strategy and subsequent consistent plan of investments encompassing the full life cycle of products and systems, including the operational phase,
- To preserve the capacity of member States (including Switzerland and Norway) to invest into space and ensure the autonomy of the European Space Agency through long term budgetary commitments through a multi-annual framework contract,
- To maintain the expertise of ESA as a development Agency with major programmes management and technical capabilities and to invent the appropriate framework to make it the implementing agency of EU space activities,
- To allow this evolved European Space Agency to manage civilian as well as defence related programmes,
- To offer a framework for the management of technology driven developments through the “coalition of the goodwill” proper to optional programmes,
- To define for each of the programmes categories the appropriate funding scheme; decision making process and procurement rules consistent with European Space industrial policy.

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