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THE EUROPEAN UNION**

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**TRANS 88  
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**REPORT**

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to: Council

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Subject: Report from the Commission to the European Parliament and the Council  
Mid-term review of the European satellite radio navigation programmes

- Adoption of Council conclusions
- Policy debate

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**Introduction**

1. On 20 January 2011, the Council received a report from the Commission to the European Parliament and the Council on the Mid-term review of the European satellite radio navigation programmes, presented in compliance with Article 22 of Regulation (EC) No 683/2008 on the further implementation of the European satellite navigation programmes (EGNOS and Galileo), which states that "*A mid-term review shall be carried out in 2010, which shall include a review of costs, risks and likely revenues from the services offered by Galileo, inter alia, in the light of technological and market developments*".

2. The report's s main aim is to assess the development of the European GNSS programmes so far and it is intended to be a major tool for designing the way forward. In broad terms, the report covers three periods of time:
- a) Past (technical achievements and public procurements): information on the establishment of the new Galileo governance framework, the Galileo in-orbit validation phase, the secure satellite navigation for emergency and security services, some aspects of international cooperation and the progress of public procurements.
  - b) Short term future: decision to ensure the presence of Galileo services in the market from 2014 and the necessary actions to be taken in order to guarantee that presence. The first services are expected to be available in 2014-2015.
  - c) Long-term future: the need for a new governance more suited to the development of the programmes and the search for long term financial commitment and alternative financing methods.

As regards future financing, the Commission considers that, in order to complete the Galileo system (Full Operational Capability, FOC), including a constellation of 30 satellites, there is a need for an additional funding of 1.9 billion euro. Furthermore, a yearly average of 800 million euro is needed for the operation of the systems. This amount should be allocated to the programmes under the next Multiannual Financial Framework starting from 2014.

### **Work carried out by the Council preparatory bodies**

3. The Working Party on Transport Intermodal Questions and Networks has examined the report with the utmost interest and discussed the draft Council conclusions, presented by the Presidency, at a number of meetings in January, February and March 2011.

4. The Permanent Representatives Committee examined the draft conclusions at its meeting on 22 March 2011 and resolved the outstanding issues.

UK has a parliamentary scrutiny reservation on the draft Council conclusions.

### **Next steps**

5. The Council hereby is invited to examine and adopt the conclusions annexed to this report at its session on 31 March 2011.

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**Draft Council Conclusions**

**On the Report from the Commission to the European Parliament and the Council Mid-term review of the European satellite radio navigation programmes**

**HAVING REGARD TO:**

- Regulation (EC) No 683/2008 of 9 July 2008 on the further implementation of the European satellite navigation programmes (EGNOS and Galileo);
- Regulation (EU) No 912/2010 of 22 September 2010 setting up the European GNSS Agency, repealing Council Regulation (EC) No 1321/2004 on the establishment of structures for the management of the European satellite radio navigation programmes and amending Regulation (EC) No 683/2008 of the European Parliament and of the Council;
- the previous Council conclusions with regard to the European Satellite Navigation Programmes (EGNOS and GALILEO), in particular the Council conclusions on the Commission's Communication "Action plan on GNSS Applications" of 15 October 2010 and the 7th Space Council resolution of 25 November 2010.

**WHEREAS:**

- the European satellite navigation programmes are designed on the basis of a political vision to develop and operate a global system that would allow the EU to pursue the economic and strategic advantages thereof, achieve autonomy with respect to the other GNSS systems;
- the European Union will benefit from its own navigation satellite system to compete in the global space technology market as one of the leading players in a growing sector characterised by increased internationalisation and the entry of emerging economies;

- the European satellite navigation programmes will contribute to the Europe 2020 strategy in terms of growth and job creation, and policies for sustainable development; they are a catalyst for a multitude of economic activities, leading to innovation and creation of wealth;
- the current discussion on the Galileo Mid-term review is without prejudice to the forthcoming decision on the next Multiannual Financial Framework reflecting the consolidation efforts being made by Member States to bring deficit and debt onto a more sustainable path.

## **THE COUNCIL**

1. WELCOMES the presentation by the Commission of the report on the mid-term review of the European satellite navigation programmes as required under article 22 of Regulation (EC) No 683/2008 on the further implementation of the European satellite navigation programmes (EGNOS and Galileo);
2. UNDERLINES that the European satellite navigation systems are of strategic importance for the independence of the European Union 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;
3. 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;
4. REAFFIRMS its strong commitment in favour of the European satellite navigation programmes (EGNOS and Galileo), EMPHASIZES the need for a timely deployment of a competitive and independent Galileo constellation and ACKNOWLEDGES the substantial economic and social benefits for the European Union and its citizens;

5. ACKNOWLEDGES the progress made in the programmes under the governance scheme put in place in 2008 designed to ensure stable and effective management on the basis of strict division of roles and responsibilities of all actors involved;
6. WELCOMES the fact that the EGNOS open service is operational and has been adopted by several user communities; 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; REITERATES that it is of utmost importance that the EGNOS coverage for the entire European Union is ensured;
7. 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; 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;
8. ACKNOWLEDGES the progressive implementation by the Commission of an integrated risk management tool for all phases and levels of the programmes and TAKES NOTE that the Commission mitigation efforts are giving priority to meeting the milestone of 2014/2015;
9. SUPPORTS the Commission's commitment to continued cooperation with all international partners on issues of system compatibility and interoperability, in particular at bilateral and multilateral level, with the objective to find a satisfactory solution on the compatibility of frequencies and signals between the respective global satellite navigation systems, without impacting on the security of the EU and its Member States;

10. ASKS the Commission to continue to analyse the impact on Galileo of the other GNSS programmes coming into operation against the background that the Full Operational Capability will be achieved in 2019;
11. 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;
12. LOOKS FORWARD to the adoption of the decision on the public regulated service (PRS) access rules as it is a prerequisite for the implementation of the PRS and INVITES the Commission to analyse carefully the implication on the uptake of PRS in case of EU charging for its use;
13. 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; 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;
14. 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 REAFFIRMS its commitment to the specific objectives of the programmes as defined in Regulation (EC) No 683/2008;

15. 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;
16. NOTES that the Commission will elaborate a proposal for the funding of the European satellite navigation programmes as part of the next Multiannual Financial Framework; 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;
17. TAKES NOTE of the principles presented by the Commission as regards the governance of the programmes; 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 the Member States and taking into account the need for continuity and consistency; URGES the Commission, in this context, to optimize and rationalize the use of existing structures and to give particular attention to the operational governance of EGNOS.

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