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REPORT

from: Permanent Representatives Committee

to: Competitiveness Council

Subject: Space policy

- Preparation for the "Space Council"
- Endorsement of the orientations concerning the programme development of the European Space Programme

1. The Framework Agreement between the European Community and the European Space Agency (ESA) entered into force on 28 May 2004. This agreement provides a common basis for the coherent and progressive development of an overall European Space Policy and establishes under Article 8 regular joint and concomitant meetings of the Council of the European Union and of the Council of ESA at ministerial level, the “Space Council”, for coordinating and facilitating cooperative activities. The first session of the “Space Council” will take place on 25 November 2004.

2. The objective of the first Space Council is to discuss major policy issues concerning the definition of an European Space Programme (ESP) on the basis of a questionnaire drawn up by the two Presidencies concerned (EU and ESA). This is set out in Annex I. In addition, the Joint Secretariat, established under the EC-ESA Framework Agreement, has drawn up a non-paper containing background information, which could also be useful to delegations during the "Space Council" deliberations.
3. In addition, the "Space Council" is called upon to propose orientations relating to the future development of ESP which require to be formally adopted by both the EU Competitiveness Council and the ESA Council, in accordance with their own rules and procedures. The draft orientations, drawn up by the High Level Space Policy Group consisting of representatives of EU and ESA Member States, the Commission and the ESA Secretariat, and established pursuant to the EC-ESA Framework Agreement, were discussed by the Permanent Representatives' Committee on 19 November 2004 and broad agreement was reached on the text set out in Annex II.

5. The Permanent Representatives' Committee recommends the Competitiveness Council, for its part, to endorse these orientations, following the meeting of the "Space Council" of 25 November 2004, it being recalled that the orientations text will have to be acceptable to the two bodies (EU Council and ESA Council) concerned.
Questionnaire for the Space Council
25 November 2004

The purpose of this Questionnaire is to structure the discussion of the first meeting of the Space Council on November 25th. The discussions which have taken place in the High Level Group on Space Policy form the background on which the Questionnaire is based. The questions focus mainly on the open issues that need an agreement in the next Space Councils.

1. Scope and Content of the European Space Programme (ESP)

The ESP will be developed as a common framework on the basis of which activities and measures could be taken by EC, ESA and other stakeholders

- What is your view on the scope of the priority activities that should be included in the ESP?
- What is your view regarding the criteria to be used to choose priorities (e.g. cost-benefit assessment)?

2. Governance

Publicly funded European space activities are currently managed through ESA, EU, EUMETSAT and national programmes, which work according to different regulations. With the new EU competence in space, roles and responsibilities in the European Space sector will change. A new equilibrium needs to be found, making best use of existing capacities and strengths and avoiding duplication of tasks.

- What is your view on the roles and responsibilities of the different actors in the ESP?
- How can we make optimal use of the existing capacities and strengths available in Europe?
- How can the ESP be designed in order to ensure adequate participation of and benefits for all stakeholders, including new EU-10?
3. Industrial Policy

The EU is planning to take on new competences in the fields of space and security related research. The appropriate governing procedures for the allocation of EC funding will have to be defined. Measures enabling the global competitiveness of European industry in the space sector will also have to be defined.

**ESA**, which has been responsible for the greater part of European Space funding in the past, applies the *fair return principle*, associated with the voluntary funding provided by its Member States. In ESA, this is an important precondition for the commitment of the member states and for political and financial support for space policy.

- *What is your view on the industrial policy principles to be defined for the activities of the ESP taking into account the different stakeholders?*

4. Funding of the ESP

Closely linked to the question of governance is the division of funding responsibility. The difficult decision-making process in the case of **Galileo** has demonstrated the importance of an efficient financing mechanism. At this moment the different stakeholders that are expected to fund ESP activities apply their own financial rules.

- *How can we finance the ESP activities in an efficient and effective way?*
- *How do you see the balance between funding by individual stakeholders and the use of co-financing mechanisms?*
- *How can additional investments be maximized, e.g. through Public Private Partnerships?*
ANNEX II

DRAFT

First orientations
on the preparation of the European Space Programme

1. Space activities are acknowledged as being of strategic importance for their contribution to the implementation of a wide range of European policies.¹

2. It is therefore essential to assess the resources necessary and to utilise the available resources in an efficient and effective way at all levels, so that efforts are complementary and avoid duplication, and so that the offer of space based services and infrastructures meet the demand from users, such as the European Union’s policies, the Member States' policies and the European citizens.

3. The specificity of the space sector requires the continued attention of public authorities and the determination of appropriate industrial policy principles to respond to the above.

4. The first joint and concomitant meeting of the Council of the European Union and of the Council of ESA at ministerial level ("Space Council") established under the EC-ESA Framework Agreement was an important opportunity to gather twenty seven States, members of the European Union and members of the European Space Agency, to assess the issues above and to discuss the coherent and progressive development of an overall European Space Policy.

5. The European Space Programme will constitute a common, inclusive and flexible framework on the basis of which activities and measures would be taken by the European Union, the European Space Agency and other stakeholders (e.g. national organisations).

¹ In this context, Art. III-254 par. 1 of the Constitutional Treaty for Europe reads as follows: "To promote scientific and technical progress, industrial competitiveness and the implementation of its policy, the Union shall draw up a European space policy. To this end, it may promote joint initiatives, support research and technological development and coordinate the efforts needed for the exploration and exploitation of space".
6. It is advisable to start the process of preparing a European Space Programme so as to define its conceptual basis for a “Space Council” session planned for end 2005. This should be without prejudice to the outcome of the on-going discussions of the European Union Financial Perspectives 2007-2013.

7. It is foreseen to hold the second “Space Council” session in Spring 2005 for addressing preliminary elements of the European Space Programme. This second session is expected, in particular to:
   • Recognise and identify priorities of the European Space Programme, including estimation of possible costs
   • Identify the roles and responsibilities of the EU, ESA and other stakeholders of the European Space Programme as well as the relevant funding sources
   • Identify industrial policy principles and funding principles related to the implementation of the European Space Programme

8. The Joint Secretariat will develop, in consultation with Member States, and in particular through the High Level Space Policy Group pursuant to article 8 of the Framework Agreement, the above mentioned preliminary elements of the European Space Programme.