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NOTE

From: Presidency
To: Permanent Representatives Committee/Council

Subject: *Preparation of the Council ("Competitiveness") of 4-5 December 2014*
European Space Policy:
"The competitiveness of the European space sector as a key driver for the European economy"
- Exchange of views

I. POLITICAL CONTEXT

1. Space is an important source of economic growth, social wellbeing and sustainable development. In our globalised era the unique capabilities offered by space are closely intertwined with the efficient functioning of modern societies and have become enablers of tools used by citizens in their everyday lives. Satellite navigation, communications and Earth observation coupled with terrestrial means and digital agenda technologies give rise to a growing stream of applications from air traffic control, transport, natural resource management, land use planning, agriculture, environmental and climate change monitoring to emergency management and security. Such technologies are behind car navigation, maps, weather forecasts and also entertainment.

2. In 2013, the global space economy has generated some €203 billion in revenues, divided between the space upstream supply chain (€67 billion or 33%), satellite operators (€17 billion or 8.4%) and consumer services (€118 billion or 58%)¹. The trend and the outlook are both positive and strongly influenced by the force and momentum of the downstream sector. The European space upstream industry has been able to generate growth with an overall turnover that amounted to €6.8 billion in 2013 (compared to €6.5 billion in 2012) which corresponds to 10,6% of the global space manufacturing chain. The share of the industrial activity with European public customers in 2013 has remained stable at 53% of its global turnover. At the same time, the share of export revenues out of Europe has reached 22%, a way level above those of any non-European competitor².
3. European investments in space have been driven by political ambition for autonomous access to space and a sustained effort to develop scientific, technological, industrial and security breakthroughs opting for targeted international co-operation with leading space powers. These efforts, notably through the European Space Agency (ESA) and national space agencies, have made it possible to create a solid industrial base, foster commercial success and establish a recognised capability elevating Europe into a leading world-class player.
4. The increasing role of the Union is a fundamental condition towards increasing the European capability in the global scene. The Union has been instrumental in improving the proper institutional environment and level of investment allowing the consolidation and the growth of space-based infrastructures and applications in the fields of satellite navigation and Earth observation. The Union's research and innovation framework programme (Horizon 2020) constitutes a significant building block underpinning industrial competitiveness. The political action taken both at European and international levels has been pivotal towards shaping the future.

¹ Space Economy at a glance 2014, OECD

² ASD-Eurospace, The European Space Industry in 2013, Facts & Figures, June 2014

5. Following the Commission Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on "*EU Space Industrial Policy. Releasing the Potential for Economic Growth in the Space Sector*"³, the Council adopted Conclusions⁴ which represented an important step in defining the future landscape of a coherent and dedicated EU industrial policy for the space sector. They recognised the strategic importance of space for Europe, its increasing role in modern society, the importance of the space industry and its contribution to economic growth and competitiveness.

II. A CHALLENGING OUTSET

6. Europe would need an ambitious and comprehensive space vision responding to public policy objectives and user needs, as well as a stronger space scientific research, to enable faster economic growth, job creation, industrial competitiveness, cohesion, sustainable development, social wellbeing , as well as to ensure support to world-class scientific progress and to security and defense.
7. If the European space sector is to continue to thrive and further be strengthened as a motor boosting the European economy, Europe should take action in order to tackle important challenges for this ambitious objective.
8. A coherent, long-term perspective is essential for planning and investment. This includes a clear, shared and sustainable policy and programmatic framework, a well-functioning governance approach building on the strengths of the different actors involved, and targeted measures to improve the market opportunities and conditions for industry.

³ Doc. 6950/13

⁴ Doc. 10295/13

9. The collaboration with ESA, and the consultation with the respective Member States, is instrumental in consolidating a robust European space policy, which tightly meshes technology efforts with Union policies through clear programmatic priorities and actions. This consists, first, in implementing and fully exploiting established Union space programmes so that they are placed at the service of users in the public and private sectors. Second, it should address emerging priorities such as access to space, critical technologies and systems, including launchers, satellite communications, space and security, notably in the field of protection of assets in space as well as in the downstream sector, small satellites and remotely piloted aircraft systems. Last, it should allow pursuing the European endeavour for space science and exploration as well as maintaining the European scientific and technological lead through an adequate level of research and innovation activities.

10. This should be underpinned by a European governance approach based on a reliable and sustainable partnership of the Union with Member States and with ESA. In order to proceed with this debate, it is important to keep in mind the broader space policy context at international level and the Union's long-term strategic vision including high-level political objectives for autonomy and industrial competitiveness.

11. These ambitions can only be met if the European economic and industrial structure is capable of responding to the challenges that lie ahead. Therefore, the policy and programmatic framework should be coupled with targeted industrial measures, which aim at fostering the European industrial capacity to implement its programmes and to enable Europe's growth potential.

12. A broad range of policies determines the operating environment for the European space industry. Some emanate from the Union, while others are determined at the national level. They include industrial competitiveness policy, taxation, skills, mobility and research. Fair conditions in international trade and access to markets are essential pre-conditions for ensuring competitiveness-based growth in space. A dedicated approach to industrial policy should aim at ensuring cost-efficiency and competitiveness at global level, maintaining state-of-the-art skills and contributing to economic growth.

13. Where appropriate, international cooperation should be considered to combine technological advances, share financial burden, and pursue major political endeavour such as space exploration.

At the crossroads of the renewed Union institutional environment, the Presidency wishes to launch a debate on a comprehensive and long-term European vision for space with a view to providing new impetus to the discussions and adjusting their focus on the actual priorities of the European ambition for space and the means to achieve them.

III. QUESTIONS FOR THE EXCHANGE OF VIEWS

In the light of the overall context described above the Presidency invites the Council ("Competitiveness – Space part") on 5 December 2014 to address the following questions:

- In order to maximise the benefits for the society and tackle key societal and economic challenges, space programmes should be completed and placed at the service of sectorial policies. What are the key programmatic priorities that should be addressed by a comprehensive European space policy and how can space programmes be placed at the service of sectorial policies?
- A constructive partnership of the Union with Member States and with ESA as well as cooperation with international partners are instrumental in order to implement the European Space Policy priorities. What should be the focus of such a partnership and such cooperation and how they can be used to stimulate industrial competitiveness?
- Given the strategic importance of a robust European space industrial capacity for the implementation of the European space policy and the potential of space as a driving force for innovation, economic growth and job creation, what are the essential building blocks to underpin industry and what measures can be pursued at European and national levels?
