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PROPOSAL

From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
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To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	SWD(2018) 328 final
Subject:	COMMISSION STAFF WORKING DOCUMENT EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT GOVSATCOM Accompanying the document Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the space programme of the European Union, relating to the European Union Agency for Space and repealing Regulations (EU) No 1285/2013, No 377/2014 and No 912/2010 and Decision 541/2014/EU

Delegations will find attached document SWD(2018) 328 final.

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COMMISSION STAFF WORKING DOCUMENT

EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT

GOVSATCOM

Accompanying the document

Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

establishing the space programme of the European Union, relating to the European Union Agency for Space and repealing Regulations (EU) No 1285/2013, No 377/2014 and No 912/2010 and Decision 541/2014/EU

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Executive Summary Sheet
Impact assessment on: Proposal for a Regulation on the Creation of a Program for Secure Satellite Communications for Governmental Users (EU GOVSATCOM)
A. Need for action
Why? What is the problem being addressed? Maximum 11 lines
The challenging operational environment for European security actors is increasingly hostile, and new threats and risks emerge constantly. In parallel, the requirements for secure satellite communications by public authorities at national and EU level also evolve rapidly. Today, there is a mismatch between these risks and needs and the limited available solutions, which are often fragile, inappropriate, and/or not secure enough. This mismatch will increase and creates risks to key missions, security operations and infrastructures of the Union and its Member States. The main drivers are the fragmented supply and demand for secure satellite communications (SatCom), the fact that critical security needs of many users are not or not fully met, and the changing environment in terms of threats (e.g. cyber) and technology developments. Affected stakeholders are the security actors at the EU and national level, such as military and police forces, the maritime community, and services in charge of external action, civil protection and humanitarian aid, as well as operators of key infrastructure. Industry, including satellite operators, manufacturers of space and ground infrastructure, and service providers are also affected.
What is this initiative expected to achieve? Maximum 8 lines
The initiative will ensure reliable access to secure and cost-effective SatCom capacities and services for EU and national authorities who manage security-critical missions and infrastructures. It will cover the costs for setting up and running a new "GOVSATCOM Hub" - the necessary ground infrastructure to seamlessly interconnect the multiple users and providers of secure SatCom – and the operational costs for the SatCom capacities and services provided to authorised EU and national users.
What is the value added of action at the EU level? Maximum 7 lines
Current and future security risks affect the EU as a whole and MS. Only some MS own secure communication satellites, but the majority of MS and EU institutions do not. EU action and inherent economies of scale will lead to improved user access, reliability, resilience, security and cost-effectiveness. This will generate more civil-military synergies, more coherence and better coordination between EU and MS efforts, and greater EU autonomy. Industry will benefit from a more stable and predictable environment that will stimulate innovation and R&D, thereby enhancing the competitiveness of the EU space industry. Citizens will benefit from enhanced security.

B. Solutions
What legislative and non-legislative policy options have been considered? Is there a preferred choice or not? Why? Maximum 14 lines
In addition to the baseline-scenario, we have analysed four options. All options build on an aggregation of user demand at EU and national level, on security accreditation, and on the implementation of a smart "GOVSATCOM Hub" that will interconnect the multiple suppliers and users. The options differ on the supply side. Since neither commercial nor national satellites (Options n° 1 and 2) can provide the full solution, two more options are considered. Both combine the supply from national and security-accredited commercial sources, and address possible longer-term shortfalls at a later stage: either via a Public-private partnership between EU and industry (Option n°3), or through EU-owned assets (Option n°4).

Option n°3 provides the most effective and diversified solution in terms of access, security, and geographic and frequency cover, for both all users. This option also allows using existing user equipment, is flexible and scalable. It will not distort the existing commercial SatCom market, and enable the EU to act as a major anchor client. Service-delivery will be more cost-effective thanks to the built-in economies of scale, and if needed, the partial investment from the EU through a PPP. The PPP approach promotes innovation by sharing technology risks. The overall costs are equivalent or lower compared to what the current governmental SatCom users will have to pay anyhow in fragmented markets, so the EU added value is considerable.

Who supports which option? Maximum 7 lines

There is broad support for the options by all stakeholders, but overall Option n° 3 scores best: MS and EU actors without access to secure SatCom will be much better served, while MS with national assets can sell surplus capacities and gain access to redundancy and additional services. All industry stakeholders favour a 'confederating' or 'anchor-client' role of the EU, notably to aggregate the user demand, to harmonize security requirements, and to stimulate EU autonomy, innovation and R&D. Satellite operators and service providers reject Option 2 (MS assets only) and prefer the more commercial Options n° 1, 3 and 4. The European space manufacturing industry supports all 4 options, arguing that an EU anchor client together with stringent EU autonomy- and security requirements will lead to greater demand for EU-made satellites. Industry as a whole also appreciates the resulting innovation that will enhance its competitiveness on the global market.

C. Impacts of the preferred option

What are the benefits of the preferred option (if any, otherwise main ones)? Maximum 12 lines

On the basis of the various studies, targeted stakeholder consultations, and bilateral discussions with MS and industry, the initiative will generate significant positive impacts in terms of:

- Security: guarantee of access and information assurance for all users, in particular for MS without national assets.
- Defragmentation benefits for users: ensured SatCom access, more frequencies, and better geographic coverage. For industry: more predictable and stable EU markets, new (anchor) clients.
- Economy: cost-effective solutions by economies of scale.
- EU autonomy: availability of more and better European SatCom capacities, and less dependence on third countries;
- Competitiveness: positive impact on competitiveness of the EU space sector.
- Direct and indirect social benefits for European citizens, as police, military, border guards, civil protection services, etc. have the tools to operate more effectively.
- More effective EU External Action worldwide, including CSDP operations and humanitarian aid.

What are the costs of the preferred option (if any, otherwise main ones)? Maximum 12 lines

In the fully operational stage, the programme could cost up to 100-150 M€ per year from the EU budget, based on identified user needs. The build-up phase will cost up to 100 M€; if required, an additional budget for gap-filling space infrastructure could be foreseen from 2025 onwards. Beyond the program costs, no negative impacts on the economic, social or environmental side are expected. There are no compliance costs.

How will businesses, SMEs and micro-enterprises be affected? Maximum 8 lines

The aggregation of demand and the establishment of EU GOVSATCOM security standards will have positive effects on businesses. It will in particular reduce the cost of doing business for the private sector (EU as an anchor client, instead of hundreds of ad hoc contracts). The user-base will be larger thanks to new users and applications, and will also be more stable and predictable. This will stimulate innovation and R&D. The PPP approach will favour private investments due to the sharing of technology risks.

The impacts on SMEs (and micro-enterprises) are generally evaluated as limited. However, given their essential role for innovation, specific rules to facilitate their involvement in EU GOVSATCOM procurements could be beneficial.

Will there be significant impacts on national budgets and administrations? Maximum 4 lines

- For MS with national SatCom satellites, moderate positive impacts: better service for security actors, greater resilience, and possibility to sell surplus capacity.
- For MS without national capacities, strong positive impacts: better service for security actors, greater resilience thanks to guaranteed access to secure SatCom solutions at EU-level that would be very costly or impossible to afford on a national level.

Will there be other significant impacts? Max 6 lines

No significant other impacts have been identified during the impact assessment, in particular with regard to fundamental rights or regional/international aspects. Industrial stakeholders have flagged the potentially positive effects of harmonized EU Security standards which could lead to more contracts for accredited European firms; compliance could become a commercial selling point for similar services worldwide.

D. Follow up

When will the policy be reviewed? Maximum 4 lines

The Program's performance and evolution should be monitored regularly to take evolving demand and supply into account, and to react to new threats and risks. Adequate provisions to this end, such as implementing acts for the service portfolio and a mid-term program review, should be included in the draft Regulation.