

Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure completed 2004/0156(COD)
Satellite navigation programmes EGNOS and Galileo: implementation of the deployment and commercial operating phases 2008-2013. GNSS Regulation	
Amended by 2009/0047(COD) Repealed by 2011/0392(COD)	
Subject 3.30.03.06 Communications by satellite	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	ITRE Industry, Research and Energy	PPE-DE BARSI-PATAKY Etelka	09/10/2007
	Former committee responsible		
	ITRE Industry, Research and Energy	PPE-DE BARSI-PATAKY Etelka	24/11/2004
	Committee for opinion	Rapporteur for opinion	Appointed
	BUDG Budgets	PPE-DE SCHINAS Margaritis	14/11/2007
	CONT Budgetary Control	The committee decided not to give an opinion.	
	TRAN Transport and Tourism		09/10/2007
		ALDE JENSEN Anne E.	
	Former committee for opinion		
	BUDG Budgets	PPE-DE LEWANDOWSKI Janusz	26/10/2004
	CONT Budgetary Control	The committee decided not to give an opinion.	
TRAN Transport and Tourism		31/08/2004	
	IND/DEM LOUIS Patrick		
Council of the European Union	Council configuration	Meeting	Date

European Commission

Transport, Telecommunications and Energy	2861	07/04/2008
Economic and Financial Affairs ECOFIN	2822	09/10/2007
Economic and Financial Affairs ECOFIN	2813	10/07/2007
Transport, Telecommunications and Energy	2735	08/06/2006
Transport, Telecommunications and Energy	2654	21/04/2005
Transport, Telecommunications and Energy	2607	07/10/2004
Commission DG Energy and Transport	Commissioner TAJANI Antonio	

Key events

14/07/2004	Legislative proposal published	COM(2004)0477	Summary
07/10/2004	Debate in Council	2607	
16/11/2004	Committee referral announced in Parliament, 1st reading		
21/04/2005	Debate in Council	2654	Summary
21/06/2005	Vote in committee, 1st reading		Summary
22/06/2005	Committee report tabled for plenary, 1st reading		
04/07/2005	Committee report tabled for plenary, 1st reading	A6-0212/2005	
05/09/2005	Debate in Parliament		
06/09/2005	Decision by Parliament, 1st reading	T6-0313/2005	Summary
24/05/2006	Modified legislative proposal published	COM(2004)0477/2	
08/06/2006	Debate in Council	2735	
10/07/2007	Debate in Council	2813	Summary
19/09/2007	Formal reconsultation of Parliament		
19/09/2007	Amended legislative proposal for reconsultation published	COM(2007)0535	Summary
09/10/2007	Debate in Council	2822	
07/04/2008	Debate in Council	2861	Summary
08/04/2008	Vote in committee, 1st reading		Summary
10/04/2008	Committee report tabled for plenary, reconsultation	A6-0144/2008	
22/04/2008	Debate in Parliament		
23/04/2008	Results of vote in Parliament		
23/04/2008	Decision by Parliament, 1st reading	T6-0167/2008	Summary
03/07/2008	Act adopted by Council after Parliament's 1st reading		
09/07/2008	Final act signed		

09/07/2008	End of procedure in Parliament		
24/07/2008	Final act published in Official Journal		

Technical information

Procedure reference	2004/0156(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
	Amended by 2009/0047(COD) Repealed by 2011/0392(COD)
Legal basis	EC Treaty (after Amsterdam) EC 156
Stage reached in procedure	Procedure completed
Committee dossier	ITRE/6/55020; ITRE/6/22742

Documentation gateway

Legislative proposal		COM(2004)0477	14/07/2004	EC	Summary
Economic and Social Committee: opinion, report		CES0123/2005 OJ C 221 08.09.2005, p. 0028-0032	09/02/2005	ESC	
Committee opinion	TRAN	PE349.921	23/03/2005	EP	
Amendments tabled in committee		PE359.923	31/05/2005	EP	
Committee opinion	BUDG	PE357.939	16/06/2005	EP	
Committee report tabled for plenary, 1st reading/single reading		A6-0212/2005	04/07/2005	EP	
Text adopted by Parliament, 1st reading/single reading		T6-0313/2005 OJ C 193 17.08.2006, p. 0025-0061 E	06/09/2005	EP	Summary
Document attached to the procedure		COM(2006)0239	24/05/2006	EC	Summary
Modified legislative proposal		COM(2004)0477/2	24/05/2006	EC	
Amended legislative proposal for reconsultation		COM(2007)0535	19/09/2007	EC	Summary
Amendments tabled in committee		PE400.389	11/01/2008	EP	
Committee opinion	BUDG	PE398.607	23/01/2008	EP	
Committee opinion	TRAN	PE398.335	28/01/2008	EP	
Committee draft report		PE396.800	31/01/2008	EP	
Committee final report tabled for plenary, reconsultation		A6-0144/2008	10/04/2008	EP	
Text adopted by Parliament after reconsultation		T6-0167/2008	23/04/2008	EP	Summary
Commission response to text adopted in plenary		SP(2008)3169	28/05/2008	EC	

Draft final act		03636/2008/LEX	09/07/2008	CSL	
Follow-up document		COM(2009)0302	26/06/2009	EC	Summary
Follow-up document		COM(2011)0005	12/01/2011	EC	Summary

Additional information

National parliaments	IPEX
European Commission	EUR-Lex

Final act

[Regulation 2008/683](#)
[OJ L 196 24.07.2008, p. 0001](#) Summary

Satellite navigation programmes EGNOS and Galileo: implementation of the deployment and commercial operating phases 2008-2013. GNSS Regulation

PURPOSE : to define the modalities of the financial contribution of the Community for the implementation of the deployment and commercial operating phases of the European satellite radionavigation GALILEO.

PROPOSED ACT : Regulation of the European Parliament and the Council.

CONTENT : the GALILEO programme has now reached an advanced stage of maturity and goes well beyond the framework of a simple research project. It is necessary to place it on a specific legal tool, better able to satisfy its needs and respond to the requirement for good financial management. As a result, a Community Regulation is necessary to enable the implementation of the deployment and the commercial operating phases of the programme.

During the deployment and the commercial operating phases, the construction and then the management of the system will be entrusted to a private concessionaire working under the control of the Supervisory Authority. The missions of the Supervisory Authority include managing the public funds allocated to the European Satellite radionavigation programme as well as following the financial management of this programme so as to optimise the use of public money. In addition, the Supervisory Authority carries out budgetary responsibilities given to it by the Commission.

In order to ensure the continuation of the programme, the Commission must secure the financing of the deployment and commercial operating phases which will in particular include a Community contribution.

The Community contribution to the programme allocated by this Regulation is granted with the aim of co-financing:

- activities related to the deployment phase, covering the construction and the launch of satellites as well as the complete setting up of the terrestrial infrastructure;
- the first series of activities related to the launch of the commercial operating phase, covering the management of the infrastructure composed by satellites and the associated ground stations, as well as the maintenance and updating of the system.

FINANCIAL IMPLICATIONS :

- Budget line : specific Galileo Programme budget line;
- Period of allocation : 2007-2013;
- total allocation of the action : EUR 1 billion. This amount will be transferred to the Supervisory Authority. The annual appropriations are authorised by the Budgetary Authority within the limits of the financial perspectives.

Satellite navigation programmes EGNOS and Galileo: implementation of the deployment and commercial operating phases 2008-2013. GNSS Regulation

Following the agreement it had already reached in December 2004, the Council formalised a partial general approach concerning the proposal for a Regulation on the implementation of the deployment and commercial operating phases of the European satellite radio navigation programme, before taking a final decision at the close of the discussions on the future financial perspective 2007-2013.

Satellite navigation programmes EGNOS and Galileo: implementation of the deployment and commercial operating phases 2008-2013. GNSS Regulation

The committee adopted the report by Etelka BARSÍ-PATAKY (EPP-ED, HU) broadly approving the proposal under the 1st reading of the codecision procedure, subject to a number of amendments:

- it was important to specify the time-frame for the different phases of the programme, i.e. the deployment phase (2006-2010) and the commercial operating phase (2008 onwards);
- it should be made clear that the figure of EUR 1 billion for the financial framework was indicative, pending a decision on the financial perspective. Moreover, the reference amount should be set at 2004 prices;
- taking into account the specific nature of the programme, especially the fact that it was a public-private partnership, the Community would probably have to give financial guarantees in excess of the budgetary allocation. These commitments should therefore be subject to budgetary approval by Parliament and Council;
- since the programme could prove lucrative, a profit-sharing mechanism should be set up to enable the Community contribution to be repaid;
- ownership of the Intellectual Property Rights and licences should stay with the Supervisory Authority, but the revenues generated by the exploitation of these rights could form the income of the concession holder;
- Parliament should have observer status on the Administrative Board of the Supervisory Authority;
- the amount of each annual subsidy should be decided in the framework of the EU budgetary procedure and not on the basis of the work programme of the Supervisory Authority, as stated in the proposal;
- to enable Parliament to monitor the implementation of the programme and fulfil its budgetary role, the Commission should report to Parliament and Council every year on the implementation of the programme, when presenting the preliminary draft budget, and a mid-term review should be carried out in 2007.

Satellite navigation programmes EGNOS and Galileo: implementation of the deployment and commercial operating phases 2008-2013. GNSS Regulation

The European Parliament adopted a resolution drafted by Etelka BARSÍ-PATAKY (EPP-ED, HU) making some amendments to the Commission's proposal. The principal amendment envisages a profit-sharing mechanism to permit the refunding of the EU's contribution to the two phases, in view of the anticipated profits from the programme's commercial operation. The amendments in the report are as follows:

- the Regulation concerns the "programmes", referring to the GALILEO and EGNOS programmes. EGNOS is a programme aiming at augmenting the American GPS and Russian GLONASS signals for reliability purposes across a broad geographical area. It is independent from and complementary to GALILEO;
- Parliament specified the time-frame for the different phases of the programme, i.e. the deployment phase (2006-2010) and the commercial operating phase (2008 onwards);
- the figure of EUR 1 billion for the financial framework is indicative, pending a decision on the financial perspective.
- in cases where financial guarantees in excess of the budgetary allocation are to be undertaken by the Community either directly or indirectly, including the concession contract, they must be subject to approval by the European Parliament and the Council in accordance with the applicable budgetary rules;
- in cases where liability commitments in excess of the budgetary allocation are to be undertaken by the Community either directly or indirectly, including the concession contract, they must also be subject to approval by the European Parliament and the Council in accordance with the applicable budgetary rules;
- a profit-sharing mechanism will be established in order to ensure the repayment of the Community contribution to the deployment and commercial operating phases.
- the concession holder will be entitled to receive the revenues deriving from the exploitation of licences and intellectual property rights for system components, ownership of which should rest with the Supervisory Authority;
- taking into account the specific nature of the programmes, the European Parliament, in order to be able to fulfil its budgetary role, will have observer status on the Administrative Board of the Supervisory Authority;
- the amount of each annual subsidy shall be decided in the framework of the EU budgetary procedure, and not on determined on the basis of the work programme of the Supervisory Authority;
- finally, every year, upon presentation of the preliminary draft budget, the Commission will present a report to the European Parliament and the Council on the implementation of the programmes. In 2007, a mid-term review shall be carried out in order to inform the European Parliament and the Council of the progress reached by that time.

Satellite navigation programmes EGNOS and Galileo: implementation of the deployment and commercial operating phases 2008-2013. GNSS Regulation

The Council held an exchange of views on the possible additional public financing of Galileo, the EU's global satellite navigation system. Several delegations expressed opposition to any modification of the EU's current financial framework as a means of providing additional funding.

The Transport, Telecommunications and Energy Council, at its meeting on 6-8 June, requested detailed alternative proposals for the financing of Galileo. The Commission is expected to present in September a proposal for continued management of the project.

Galileo, launched in 2001, has accumulated a delay of five years on its initial calendar and is currently facing a number of difficulties, in

particular with regard to industrial governance and the transfer of risk to the private sector.

Without prejudice to decisions to be taken in the autumn, the Transport Council expressed support for deployment of the Galileo system by the end of 2012 and recognised that this would require additional public funding.

Satellite navigation programmes EGNOS and Galileo: implementation of the deployment and commercial operating phases 2008-2013. GNSS Regulation

PURPOSE: to present an amended proposal by the Commission on the further implementation of the European satellite radionavigation programmes (EGNOS and Galileo).

BACKGROUND:

- 14 July 2004: the Commission adopted a proposal for a Regulation of the European Parliament and of the Council on the implementation of the deployment and commercial operating phases of the European programme of satellite radionavigation.
- 21 April 2005: the Council reached an agreement (partial general approach) on the Commission's proposal for a Regulation, with the exception of the budgetary details, with final approval dependant on the outcome of the debate on the 2007-13 financial framework. The main amendment introduced by the Council was to include the EGNOS programme in the proposed Regulation.
- 5 September 2005: Parliament also examined the text at first reading and gave a generally very positive opinion of it. Like the Council it wished to see the EGNOS programme included in the proposed Regulation.
- 22 March 2007: in the light of the difficulties that arose in the negotiations on the concession contract, the Transport Council asked the Commission: i) to assess all progress made regarding the Galileo project; ii) to propose, as soon as possible, ways of guaranteeing the public financial commitments in the long term; iii) to provide for a scenario for making EGNOS satellite navigation services available in the short term; iv) to assess the progress of the concession contract negotiations and to suggest detailed alternative scenarios (see [RSP/2006/2629](#)).
- 26 April 2007: the European Parliament made a similar request in its Resolution on the Galileo concession contract negotiations, in particular to improve the public management of the programme by ensuring clear political responsibility and the Commission's leadership role (see [RSP/2007/2548](#)).
- 16 May 2007: the Commission responded to the requests made by Parliament and the Council in a Communication (see also [RSP/2007/2548](#)). Firstly, it invited them to take note of the failure of the negotiations on the concession contract, to reaffirm the necessity to put in place an autonomous satellite navigation system and to recognise that, in this respect, the characteristics of the Galileo system remain fully compatible with the ambitions of the European Union.
- 8 June 2007: the Council adopted a Resolution in which it largely agreed to the Commission's proposals. In particular, the Council: i) concluded that the concession contract negotiations had failed and should be ended; ii) invited the Commission to continue with the implementation of a certifiable EGNOS, with the initial service available by 2008; iii) reaffirmed the value of Galileo as a key project of the European Union and supported the deployment of the Galileo system by the end of 2012; iv) recognised that the implementation of a deployment of Galileo and EGNOS by the public sector would need additional public funding; v) requested the Commission to submit to it by September 2007 detailed proposals for financing, proposals for an implementation and procurement strategy which will have to reflect progress made so far as well as the need for competition, concepts for the role of the private sector in the commercial operating phase, and proposals for a sound public-sector management structure of the programme on the basis of a clear division of responsibilities between the Commission, the European Space Agency, the European GNSS Supervisory Authority, Member States and the Council.
- 20 June 2007: in its Resolution on the financing of Galileo, Parliament supported the proposals put forward by the Commission in its Communication of 16 May 2007, in particular regarding Community financing for the programmes and the need to improve public governance of them.

CONTENT: in the light of the changes in the course of the Galileo programme since the start of 2007, in particular the fact that the European Community will now assume direct responsibility for the deployment of the system and the resulting additional cost of EUR 2 100 million for the Community budget during the 2007-2013 financial framework, it is necessary to amend the initial proposal for a Regulation.

The proposals put forward by the Commission to amend its initial proposal for a Regulation reflect the abandonment of the concession plan for the deployment phase, as well as the various comments made by Parliament and the Council:

1) the amended text now fully incorporates the EGNOS programme. It identifies it, alongside Galileo, as one of the two pillars of European satellite radionavigation policy. Both systems and programmes are also clearly defined: a) the EGNOS system is an infrastructure using signals emitted, initially, by the American GPS and the Russian GLONASS systems. It increases their reliability over a geographical area mainly covering Europe; b) the system established under the Galileo programme is an autonomous GNSS infrastructure consisting of a constellation of satellites and earth stations.

2) the proposed text reflects the abandonment of the concession plan for the deployment phase of the Galileo programme and the fact that all aspects of this phase will be undertaken by the European Community. The budgetary resources needed to finance the two programmes between 1 January 2007 and 31 December 2013 are now EUR 3 405 million. EUR 1 005 million is already foreseen in the existing financial programming (2007-13) under the Commission's proposed legislation for the implementation of the deployment and commercial operating phases of the Galileo programme. It is proposed to increase the above figure by an additional EUR 2 100 million the allocation of which will be subject to a review of the current financial framework (2007-13). The funds are provided from unused margins in headings 2 and 5 for 2007 and 2008. As a result, the text of the amended proposal shall stipulate that the Community budget for 2007-13 foresees EUR 3 105 million for the European GNSS programmes. A sum of EUR 300 million, which is available for the European GNSS programmes under the Seventh Research and Development Framework Programme, will help cover these costs. This amount also covers costs linked to the delays in the development phase of the Galileo programme, which will only be completed in 2010. Lastly, recent studies carried out by the Commission conclude that the Galileo system is likely to be deployed in mid-2013.

3) the text allows the commercial operation of the EGNOS system from 2009, with a one-year delay due to ongoing pre-qualification work.

4) the proposed text aims to improve the public governance of the programmes: halting the concession contract negotiations left a legal vacuum regarding the role of the Supervisory Authority during the deployment and commercial operating phases of the Galileo programme, as the tasks assigned to the Authority under Regulation (EC) No 1321/2004 mainly entailed selecting a concession holder. The Commission must therefore put forward a proposal amending Regulation (EC) No 1321/2004 once the European Union has adopted the necessary political decisions, in order to ensure a solid and coherent framework for the public governance of the programmes. Nevertheless, several measures can already be taken. The proposed text strengthens public governance in two ways:

- a) by providing for a strict division of responsibilities between the European Community, represented by the Commission, the European GNSS Supervisory Authority and the European Space Agency, and by conferring the implementation of the programmes upon the Commission. The European GNSS Supervisory Authority will, in addition to its core role of facilitating the introduction of the services offered by the systems on commercial markets, assist the Commission in all matters linked to the implementation of the programmes. Technical aspects are the responsibility of the European Space Agency. Contracts concluded by the Agency must comply with relevant Community rules on public contracts;
- b) by providing for the setting up of the Committee on European GNSS Programmes, which will help the Commission implement this Regulation and ensure the uniform management of the programmes, faster decision-making and equal access to information.

The implementation of these programmes must be accompanied by the establishment of the appropriate components and resources. Amongst other things, the tasks which were to be undertaken by the concession holder must now be carried out by the Commission, with the help of independent experts, experts from the Member States and a specialised team.

Satellite navigation programmes EGNOS and Galileo: implementation of the deployment and commercial operating phases 2008-2013. GNSS Regulation

The Council reached a general approach on an amended proposal for a Regulation on the further implementation of the European satellite radio navigation programmes (EGNOS and Galileo), which constitute a key project for the European Union.

The agreed text is the result of work carried out within the Council's bodies and of the presidency's informal negotiations with the European Parliament. On this basis, the European Parliament will adopt its first-reading opinion at its April or May session. This amended proposal constitutes the legal basis for the budgetary implementation of the programmes during the current financial period 2007-2013. It therefore needs to be finalised as quickly as possible and adopted by both institutions in the framework of the codecision procedure.

Due to significant changes in the course of the programme, the draft regulation provides for a series of amendments to the Commission's initial proposal, taking into account the abandonment of the concession scheme for the deployment phase in particular. The main modifications are the following:

- the European Community will assume responsibility for the deployment of the system;
- budgetary resources needed to finance both programmes for the period from 1 January 2007 to 31 December 2013 are set at EUR 3.4 billion;
- the EGNOS programme is included in the regulation as one of the two pillars of European satellite radio navigation policy and the EGNOS system should be declared operational as soon as possible ;
- the public governance of the programme is strengthened by strictly defining the responsibilities of the European Community (represented by the Commission), the European GNSS Supervisory Authority and the European Space Agency, and by declaring the Commission responsible for the management of the programme.

Further modifications in the text agreed by the ministers are the result of the negotiations with the European Parliament. They concern the following issues in particular:

- the role of the European GNSS Supervisory Authority: the GSA will ensure the security accreditation of the system and the operation of the Galileo security centre, and contribute to the preparation of the commercialisation of the systems. In addition, the GSA will also be able to accomplish other tasks entrusted to it by the Commission, in particular the promotion of applications and services and ensuring the certification of the components of the systems;
- the Galileo Interinstitutional Panel: the European Parliament, the Council, and the European Commission agreed to meet in the GIP, which will follow the progress on the implementation of the programmes in particular, and its main purpose will be to ensure a comprehensive exchange of information. The GIP will be composed of three representatives from the Council, three from the European Parliament and one from the Commission and will meet, in principle, four times a year;
- comitology issues: in the framework of the comitology procedure, in particular the regulatory procedure with scrutiny, the institutions agreed on a balanced solution providing for further involvement of the European Parliament.

The Commission will present an annual report to the European Parliament and to the Council on the implementation of the programmes. A mid-term review of the programmes will be carried out in 2010. In particular, it will include a review of costs, risks and likely revenues from the services offered by Galileo.

Satellite navigation programmes EGNOS and Galileo: implementation of the deployment and commercial operating phases 2008-2013. GNSS Regulation

The Committee on Industry, Research and Energy adopted a report drafted by Etelka BARSÍ-PATAKY (EPP-ED, HU), and made some amendments to the amended proposal for a regulation of the European Parliament and of the Council on the further implementation of the European satellite radio-navigation programmes (EGNOS and Galileo). The text adopted in Committee was the result of a compromise

negotiated with the Council in informal meetings. The amended regulation contains several modifications requested by Parliament and asks the European Commission to lay down the main technical requirements for controlling access to the technologies that provide security to Galileo and EGNOS. The main amendments are as follows:

Phases of Galileo: the text stipulates that the development and validation phase should end in 2010. The deployment phase should run from 2008 to 2013. It shall include preparations for the exploitation phase. The exploitation phase is set to begin at the latest upon conclusion of the deployment phase.

Budget and financing: the European Parliament and the Council decided that the total estimated amount for costs for operating the Galileo and EGNOS systems for the period 2007-13 is EUR 3 405 million at current prices. EUR 1 005 million was already foreseen in the existing financial programming (2007-13). This amount has been increased by an additional EUR 2 000 million through a review of the current financial framework (2007-13). Furthermore, a sum of EUR 400 million is made available from the 7th RDFP.

The Commission is invited, in 2010, together with its mid-term review, to submit a proposal for the financing programming period starting in 2014 on the public funds and commitments, including any obligation needed for the exploitation phase, deriving from its responsibility relating to the public ownership of the system, and objectives for a pricing policy ensuring that customer receive high quality services at fair prices and the revenue-sharing mechanism needed for the exploitation phase. It shall, in particular, include a reasoned feasibility study of the advantages and disadvantages of the use of service concession contracts or public service contracts with the private sector. Member States may provide additional funding to the programme to cover the investment of the evolution to the agreed system architecture in particular cases. Third countries or international organisations may also provide additional funding to the programme.

Compatibility and interoperability of the systems: the Commission shall make every effort to ensure the compatibility and interoperability of the systems, networks and services of EGNOS and Galileo and shall pursue the benefits of compatibility and interoperability of EGNOS and Galileo with other navigation systems and where possible with conventional navigation means.

General framework for governance of the programmes: the Commission, assisted by the Committee, shall be responsible for the management of the programmes, which it shall conduct in a transparent manner. It shall avoid duplication of structures and functions, through a clear division of tasks with the GSA and ESA. The Commission must establish the appropriate instruments, including the implementation of an integrated Galileo programme risk management at all levels of the programme as well as structural measures to identify, control, mitigate and monitor risks, and ensure it possesses the resources needed to accomplish this task.

Governance of security matters: Member States should adopt national security regulations that guarantee at least the same level of protection for EU classified information on the two programmes as is required for the industrial security of EURATOM. If the operation of the systems should pose a risk to the security of the EU or Member States, joint action should be taken under the Common Foreign and Security Policy. The text states that whenever the security of the EU or its Member States may be affected by the operation of the systems as foreseen by the Joint Action 2004/552/CFSP, the procedures of the Joint Action shall apply. Matters falling exclusively within Title V and/or Title VI of the TEU will not be within the remit of the European GNSS Programmes Committee.

Application of security regulations: Member States must apply to any person or legal entity established on their territory, which are dealing with EU classified information regarding the programmes, security regulations ensuring a degree of protection at least equivalent to that guaranteed by the rules on security of the Commission stipulated in the Annex to Commission Decision 2001/844/EC, and by the security regulations of the Council in the Annex to the Council Decision 2001/264/EC.

The role of the European GNSS Supervisory Authority (GSA): following criticism that the role of the GSA was not clearly set out in the Commission proposal for the deployment phase, the GSA's tasks are revised. The GSA will now monitor the implementation of security procedures and perform system security audits. The Commission is asked formally to align the structures for the programmes' management with the GSA's new role. The GSA shall accomplish certain prescribed tasks within the programmes in accordance with guidelines issued by the Commission: (a) on programmes' security it must ensure security accreditation, and operation of the Galileo security centre; (b) it shall contribute to the preparation of the commercialisation of the systems, including the necessary market analysis; (c) other tasks entrusted to it by the Commission.

Procurement principles related to the deployment phase of Galileo: the Community's public procurement rules will apply to the deployment phase of Galileo without prejudice to measures required to protect the essential interests of the security of the EC or public security or to comply with EU export control requirements. During the procurement, the following objectives shall be pursued: (a) promoting a balanced participation of industry at all levels, including in particular SME, across the Member States; (b) avoiding possible abuse of dominance or long-term dependence on single suppliers; (c) taking advantage of prior public sector investments and lessons learned as well as industrial experience and competences, including that acquired in the definition and development phases of the European GNSS programmes, while ensuring that competitive tendering shall not be prejudiced. To that end, certain principles for the procurement of the activities of the deployment phase of Galileo will apply:

(a) split of the procurement of the infrastructure into a set of six main work packages (system engineering support, ground mission infrastructure completion, ground control infrastructure completion, satellites, launchers and operations) as well as a number of additional work packages, through a comprehensive overall procurement break-down; this does not rule out the prospect of multiple simultaneous procurement strands for individual work packages, including of satellites;

(b) competitive tendering of all packages and, for the six main work packages, the use of a single procedure whereby any one independent legal entity may bid for the role of prime contractor for a maximum of two of the six main work packages;

(c) at least 40 % of the aggregated value of the activities to be subcontracted by competitive tendering at various levels to companies other than those belonging to the groups of which entities will be prime contractors of any of the main work packages. In case projections show the possibility that 40 % cannot be attained, the Commission shall take appropriate measures;

(d) dual sourcing wherever appropriate in order to ensure better overall control of programme, cost and schedule.

Protection of personal data and privacy: the Commission shall ensure that protection of personal data and privacy is guaranteed and integrated into the technical structures of the systems.

Galileo Inter-institutional Panel: given the uniqueness of the programmes and the Community's ownership of the satellite radio navigation systems, Parliament, Council and Commission agreed to set up a new inter-institutional framework, the Galileo Inter-institutional Panel (GIP) which will be composed of three representatives each of the Council and the Parliament, and one representative of the Commission. The GIP

will follow the implementation of the GNSS programmes, the international agreements with third countries, the preparation of the satellite navigation markets, the effectiveness of the governance arrangements, and the annual review of the work programme.

Satellite navigation programmes EGNOS and Galileo: implementation of the deployment and commercial operating phases 2008-2013. GNSS Regulation

The European Parliament adopted, with 607 votes to 36 against with 6 abstentions, a legislative resolution making some amendments to the amended proposal for a regulation of the European Parliament and of the Council on the further implementation of the European satellite radio-navigation programmes (EGNOS and Galileo). The report was tabled for consideration in plenary by Etelka BARSÍ-PATAKY (EPP-ED, HU), on behalf of the Committee on Industry, Research and Energy. The text adopted was the result of a compromise negotiated with the Council in informal meetings. The amended regulation contains several modifications requested by Parliament and asks the European Commission to lay down the main technical requirements for controlling access to the technologies that provide security to Galileo and EGNOS.

The main amendments - adopted in the 1st reading of the codecision procedure - are as follows:

Phases of Galileo: the text stipulates that the development and validation phase should end in 2010. The deployment phases shall run from 2008 to 2013, and include preparations for the exploitation phase. The exploitation phase is set to begin at the latest upon conclusion of the deployment phase.

Budget and financing: the European Parliament and the Council decided that the total estimated amount for costs for operating the Galileo and EGNOS systems for the period 2007-13 is EUR 3 405 million at current prices. EUR 1 005 million was already foreseen in the existing financial programming (2007-13). This amount has been increased by an additional EUR 2 000 million through a review of the current financial framework (2007-13). Furthermore, a sum of EUR 400 million is made available from the 7th RDP.

The Commission is invited, in 2010, together with its mid-term review, to submit a proposal for the financing programming period starting in 2014 on the public funds and commitments, including any obligation needed for the exploitation phase, deriving from its responsibility relating to the public ownership of the system, and objectives for a pricing policy ensuring that customer receive high quality services at fair prices and the revenue-sharing mechanism needed for the exploitation phase. It shall, in particular, include a reasoned feasibility study of the advantages and disadvantages of the use of service concession contracts or public service contracts with the private sector. Member States may provide additional funding to the programme to cover the investment of the evolution to the agreed system architecture in particular cases. Third countries or international organisations may also provide additional funding to the programme.

Compatibility and interoperability of the systems: the Commission shall make every effort to ensure the compatibility and interoperability of the systems, networks and services of EGNOS and Galileo and shall pursue the benefits of compatibility and interoperability of EGNOS and Galileo with other navigation systems and where possible with conventional navigation means.

General framework for governance of the programmes: the Commission, assisted by the Committee, shall be responsible for the management of the programmes, which it shall conduct in a transparent manner. It shall avoid duplication of structures and functions, through a clear division of tasks with the GSA and ESA. The Commission must establish the appropriate instruments, including the implementation of an integrated Galileo programme risk management at all levels of the programme as well as structural measures to identify, control, mitigate and monitor risks, and ensure it possesses the resources needed to accomplish this task.

Governance of security matters: Member States should adopt national security regulations that guarantee at least the same level of protection for EU classified information on the two programmes as is required for the industrial security of EURATOM. If the operation of the systems should pose a risk to the security of the EU or Member States, joint action should be taken under the Common Foreign and Security Policy. The text states that whenever the security of the EU or its Member States may be affected by the operation of the systems as foreseen by the Joint Action 2004/552/CFSP, the procedures of the Joint Action shall apply. Matters falling exclusively within Title V and/or Title VI of the TEU will not be within the remit of the European GNSS Programmes Committee.

Application of security regulations: Member States must apply to any person or legal entity established on their territory, which are dealing with EU classified information regarding the programmes, security regulations ensuring a degree of protection at least equivalent to that guaranteed by the rules on security of the Commission stipulated in the Annex to Commission Decision 2001/844/EC, and by the security regulations of the Council in the Annex to the Council Decision 2001/264/EC.

The role of the European GNSS Supervisory Authority (GSA): following criticism that the role of the GSA was not clearly set out in the Commission proposal for the deployment phase, the GSA's tasks are revised. The GSA will now monitor the implementation of security procedures and perform system security audits. The Commission is asked formally to align the structures for the programmes' management with the GSA's new role. The GSA shall accomplish certain prescribed tasks within the programmes in accordance with guidelines issued by the Commission: (a) on programmes' security it must ensure security accreditation, and operation of the Galileo security centre; (b) it shall contribute to the preparation of the commercialisation of the systems, including the necessary market analysis; (c) other tasks entrusted to it by the Commission.

Procurement principles related to the deployment phase of Galileo: the Community's public procurement rules will apply to the deployment phase of Galileo without prejudice to measures required to protect the essential interests of the security of the EC or public security or to comply with EU export control requirements. During the procurement, the following objectives shall be pursued: (a) promoting a balanced participation of industry at all levels, including in particular SME, across the Member States; (b) avoiding possible abuse of dominance or long-term dependence on single suppliers; (c) taking advantage of prior public sector investments and lessons learned as well as industrial experience and competences, including that acquired in the definition and development phases of the European GNSS programmes, while ensuring that competitive tendering shall not be prejudiced. To that end, certain principles for the procurement of the activities of the deployment phase of Galileo will apply:

(a) split of the procurement of the infrastructure into a set of six main work packages (system engineering support, ground mission infrastructure completion, ground control infrastructure completion, satellites, launchers and operations) as well as a number of additional work packages, through a comprehensive overall procurement break-down; this does not rule out the prospect of multiple simultaneous procurement strands for individual work packages, including of satellites;

(b) competitive tendering of all packages and, for the six main work packages, the use of a single procedure whereby any one independent legal entity may bid for the role of prime contractor for a maximum of two of the six main work packages;

(c) at least 40 % of the aggregated value of the activities to be subcontracted by competitive tendering at various levels to companies other than those belonging to the groups of which entities will be prime contractors of any of the main work packages. In case projections show the possibility that 40 % cannot be attained, the Commission shall take appropriate measures;

(d) dual sourcing wherever appropriate in order to ensure better overall control of programme, cost and schedule.

Protection of personal data and privacy: the Commission shall ensure that protection of personal data and privacy is guaranteed and integrated into the technical structures of the systems.

Galileo Inter-institutional Panel: given the uniqueness of the programmes and the Community's ownership of the satellite radio navigation systems, Parliament, Council and Commission agreed to set up a new inter-institutional framework, the Galileo Inter-institutional Panel (GIP) which will be composed of three representatives each of the Council and the Parliament, and one representative of the Commission. The GIP will follow the implementation of the GNSS programmes, the international agreements with third countries, the preparation of the satellite navigation markets, the effectiveness of the governance arrangements, and the annual review of the work programme.

Satellite navigation programmes EGNOS and Galileo: implementation of the deployment and commercial operating phases 2008-2013. GNSS Regulation

PURPOSE: to lay down the rules for the further implementation of the EGNOS and GALILEO programmes, including those on governance and the financial contribution of the Community.

LEGISLATIVE ACT: Regulation (EC) No 683/2008 of the European Parliament and of the Council on the further implementation of the European satellite navigation programmes (EGNOS and Galileo).

CONTENT: this Regulation describes the further implementation of the Community's two satellite navigation systems, established under the EGNOS and Galileo programmes. Each infrastructure is made up of satellites and a network of earth stations.

Galileo: the aim of the Galileo programme is to establish the first global satellite navigation and positioning infrastructure specifically designed for civilian purposes. The system established under the Galileo programme is completely independent of other existing or potential systems.

The phases of the Galileo programme: these are the following :

(a) a definition phase during which the structure of the system was designed and its elements determined, which ended in 2001;

(b) a development and validation phase, comprising the construction and launch of the first satellites, the establishment of the first ground-based infrastructures and all the work and operations necessary to validate the system in orbit. The aim is that this phase shall end in 2010;

(c) a deployment phase consisting of the establishment of all the space and ground-based infrastructures as well as related operations. The aim is that this phase shall run from 2008 to 2013. It shall include preparations for the exploitation phase;

(d) an exploitation phase comprising infrastructure management, the maintenance, constant improvement and renewal of the system, certification and standardisation operations relating to the programme, the marketing of the system and all other activities needed to develop the system and ensure that the programme runs smoothly. The exploitation phase is set to begin at the latest upon conclusion of the deployment phase.

Financing the Galileo programme: the definition phase and the development and validation phase of the Galileo programme, which are the phases of the programme dedicated to research, have been financed substantially by the Community budget for trans-European networks and by the European Space Agency (ESA). The deployment phase should, in principle, be financed entirely by the Community. It may be decided at a later stage that public-private partnerships or any other form of contract with private sector entities are appropriate for the operation, maintenance, improvement and renewal of the system after 2013. In 2010, the Commission shall submit, together with its mid-term review, a proposal concerning the public funds and commitments required for the financing programming period starting in 2014, also covering any financial obligations with regard to the exploitation phase deriving from its responsibility relating to the public ownership of the system, the revenue-sharing mechanism for the exploitation phase, and objectives for a pricing policy ensuring that customers receive high quality services at fair prices. It shall, in particular, include a reasoned feasibility study of the advantages and disadvantages of the use of service concession contracts or public service contracts with private sector entities.

Member States may provide additional funding to the Galileo programme to cover the investment necessary for the evolution to the agreed system architecture in particular cases. Third countries and international organisations may also provide additional funding to the Galileo programme.

EGNOS: the aim of the EGNOS programme is to improve the quality of signals from existing global navigation satellite systems (GNSS). The operation of the EGNOS system shall consist primarily of infrastructure management, maintenance, constant improvement and renewal of the system, certification and standardisation operations relating to the programme, and marketing.

Financing the operation of the EGNOS system: the Community shall finance the operation of EGNOS, without prejudice to any contribution from any other source. The operation of EGNOS will initially be the subject of one or more public service contracts. Member States may provide additional funding to the EGNOS programme. Third countries and international organisations may also provide additional funding to the EGNOS programme.

Budgetary resources: The European Parliament and the Council have decided that the total estimated operating costs for the Galileo and EGNOS systems for the period 2007-2013 are EUR 3405 million. EUR 1005 million had originally been earmarked in the multiannual financial framework (2007 to 2013). This amount has been increased by EUR 2000 million. Furthermore, EUR 400 million has been made available through the Seventh Framework Programme (2007 to 2013), thus bringing the total available budget to EUR 3405 million for the programmes for the period 2007-2013.

Satellite navigation programmes EGNOS and Galileo: implementation of the deployment and commercial operating phases 2008-2013. GNSS Regulation

The Commission presents the First Annual Report on the implementation of GNSS Regulation (Galileo and EGNOS) in accordance with Article 22 of Regulation (EC) No 683/2008 on the further implementation of the European satellite radio navigation programmes and with reference to the GNSS work programme adopted in 2008.

The GNSS Regulation re-profiles the European GNSS programmes by establishing a legal and financial framework for the 2008-2013 period. It was adopted by the European Parliament and Council on a proposal that the European Commission presented in September 2007, following the decision to end the negotiations for the conclusion of a concession contract with the private sector in accordance with Council Regulation (EC) No 876/2002, and in line with the Council's Conclusions of November 2007 on the need to restructure the European Global Navigation Satellite System Programmes.

The report highlights the status of implementation of some important decisions that were taken in 2008 in close cooperation between the Commission, the European Parliament and the Council. The Commission will seek to ensure close involvement of the other institutions, as appropriate. Their continued support for the further implementation of the programmes, in line with a shared commitment, is key to the success of the programmes.

Legal framework: the GNSS Regulation provides the legal and financial framework for the deployment of the Programmes and defines a governance structure with new roles for the various organisations involved, based on two main principles: (i) a strict division of responsibilities between the European Commission, the European Space Agency and the GNSS Supervisory Authority, set up by Council Regulation (EC) No 1321/2004 on the establishment of structures for the management of the European satellite radio-navigation programmes (GSA Regulation) with the Commission having the overall responsibility for the management of the programme, including the security related aspects; (ii) the complete financing of the Galileo deployment phase (Full Operational Capability - FOC) from 2008 to 2013 by the Community budget.

Main milestones: in its new role as programme manager, the Commission has launched important initiatives to reach the milestones needed for the further achievement of the objectives of the programmes and it has successfully achieved these milestones. By doing so the Commission has ensured that the necessary framework is in place in order to move on with the next steps in the implementation of the programmes.

For EGNOS this means that the Commission has ensured a smooth continuation of operations after the hand-over of the system by the European Space Agency (ESA) to the Commission on 1 April 2009 by taking over the ownership, on behalf of the Community, of the EGNOS system, from ESA (by arrangements with ESA and the EOIG, the EGNOS Operators and Infrastructure Group):

- an operations contract with ESSP SaS (EGNOS Satellite Services Provider) that will guarantee operations until October 2009, after which a long-term contract covering the period until 2013 will be put in place;
- agreeing with ESA that it will take on tasks for the design and procurement of EGNOS equipment and software renewals;
- establishing the main management interfaces in the management and execution of the EGNOS programme activities subject to the Delegation Agreement, in a Programme Management Plan developed with ESA;
- contracting out the supply of a special satellite navigation transponder on a new geostationary satellite.

Furthermore, while a short-term contract with an operator for the EGNOS service has been in place from that date, further work needs to be done to come to a more permanent solution by autumn 2009 and also to achieve certification of EGNOS for aviation. This should be concluded by the first quarter of 2010, taking into account the requirements of the Single European Sky regulation. Equally, compliance with the performance requirements of the International Civil Aviation Organisation (ICAO) will need to be ensured. As referred to in the Work Programme 2009, significant marketing activities will have to be deployed for EGNOS to facilitate its acceptance and use by the aviation sector and other areas such as road, rail, maritime and agriculture.

For GALILEO it means that the Commission has taken all steps necessary for the procurement of the Galileo system, and has:

- delegated to ESA the task of procuring the Galileo infrastructure, in accordance with the GNSS regulation and the EU procurement rules (Delegation Agreement signed on 19 December 2008);
- established the main management interfaces in the management and execution of the Galileo programme activities subject to the Delegation Agreement, in a Programme Management Plan developed with ESA;
- launched the competitive tendering procedure for the procurement of the Galileo infrastructure, divided into six work packages, in July 2008;
- provided to ESA, by means of a grant agreement, the funds necessary to cover the cost overruns incurred by ESA during the In-Orbit Validation phase (IOV).

Main challenges in 2009: the focus of activities in 2009 will be on concluding the FOC procurement, signing the service contract for EGNOS, launching preparatory studies for the post-2013 phase of Galileo and publishing the Galileo applications action plan. Further key activities in 2009 will be the revision of the GSA Regulation, the revision of the international cooperation strategy and a range of general measures, including risk management, technical consultancy and communications. Many of these activities are crucial for both Galileo and EGNOS, and challenges in certain areas such as IOV cost overruns and FOC procurement, therefore need to be prepared for.

Work on full EGNOS coverage in Europe, and on an extension beyond European territory, notably into Africa, also remains an important activity in 2009.

The main challenge for the international activities of the GNSS Programmes in 2009 will be to ensure the compatibility and interoperability with Galileo, to access global GNSS-related resources and set worldwide standards, to ensure security of the space segment and network of ground stations, while ensuring a stricter control of sensitive GNSS technologies developed with European funding, to join in an international effort to develop innovative applications and specialised applications of supra-regional interest. An important objective will be to create market opportunities for the European GNSS technology and applications industries.

Cooperation with China will undergo a major test at the next steering committee, jointly set as a key milestone to assess the progress made in the 2008/2009 timeframe on the critical issue of COMPASS/Galileo compatibility. The European side expects positive reactions on the

proposals made by the experts. If the problem is not solved promptly, it cannot be excluded that the cooperation with China will get a major reshaping.

Funding: Community funding will furthermore cover activities relating to the completion of the Galileo IOV phase as well as the cost for operating EGNOS and preparatory activities in relation to the exploitation of the programmes. The total amount earmarked for these activities is EUR 3405 million, including EUR 400 million made available from the Seventh Framework Programme for Research and Technological Development, the EU's main instrument for funding research in Europe for the period 2007-2013.

If appropriate, the Commission will, in accordance with the Regulation, prepare and present, in 2010, a proposal covering the public funds and commitments needed for the financing programming period starting in 2014, and will present scenarios for the exploitation of the Galileo system.

Satellite navigation programmes EGNOS and Galileo: implementation of the deployment and commercial operating phases 2008-2013. GNSS Regulation

In accordance with Regulation (EC) No 683/2008, the Commission presents a report constituting the annual report and mid-term review of the European satellite radio navigation programmes. It takes stock of the progress made on the programmes and sets out the challenges ahead.

1) The development of programmes since 2007: when the Commission took over responsibility for managing the Galileo and EGNOS programmes in 2008, they were experiencing significant cost overruns and delays, as well as serious governance problems. Significant progress has been made over the last three years: the EGNOS open service officially became operational on 1 October 2009. The system has operated since then in accordance with the requisite specifications. It is operated by a service provider (hereinafter 'ESSP') under contract to the Commission. The main subject of the contract is the uninterrupted provision of the open service and of the safety-of-life ('SoL') service.

A milestone was reached in July 2010 with the certification of ESSP under the regulations governing the single European sky. The period for finalising the EGNOS system should be completed in the near future and the SoL service for the needs of civil aviation should be declared open in early 2011. In addition, it is planned to extend the area covered by EGNOS services gradually to include all the countries belonging to the European Civil Aviation Conference. Studies are also continuing into extending coverage into Africa, the Arab countries and the countries immediately to the east of the EU.

Where the development phase is concerned, the two experimental satellites, Giove A and Giove B, are operating very satisfactorily. In addition, the assembly of the first four satellites in the future constellation, which will be launched in 2011-2012, as ESA has confirmed, is currently being completed.

Work on the deployment phase was launched in 2008 and is proceeding actively. This work has been divided up essentially into six packages, each of which is the subject of a public procurement procedure. Competitive dialogue with the tendering firms is a key element in the procedures which have been launched.

As a result, the first four contracts, with a total value of around EUR 1 250 million, were awarded in 2010; they are for the packages covering system engineering support, satellite construction (with an initial order for 14 satellites), launchers (for the launch of 10 satellites, but with options for additional launches) and operations, respectively. The other two packages, relating to ground infrastructure, will be awarded in 2011. The contracts for additional equipment and facilities will also need to be awarded in the course of 2011. For those contracts where there was competitive supply, savings have been possible with respect to original estimates, whereas this was not the case in monopoly situations.

Horizontal measures: the report discusses several horizontal measures flanking the deployment of the infrastructure, which have been taken on the regulatory front, with regard to international aspects and in respect of future uses. These include the compatibility and interoperability of the systems, which are the focus of complex discussions with China, the United States, Russia, India and Japan, and also within the United Nations. Where the development of downstream markets is concerned, in June 2010, the Commission adopted a GNSS Applications Action Plan to promote the use of satellite radio navigation in what it considers to be priority fields.

2) New challenges: However, the programmes are now faced with fresh challenges arising from the materialisation of a number of risks which were previously identified by the Commission, and the organisation of the programmes must be further fine-tuned in order to increase their efficiency.

The project has experienced cost overruns attributable in particular to the increased cost of the development phase, the increased price of the launchers, the lack of competition for the award of some packages and additional costs associated with the programme. The report notes that the additional cost of the development phase amounts to some EUR 500 million in total. The price of launch services has entailed an additional cost of more than EUR 500 million by comparison with the original budget.

The assessment shows that average annual operating costs amount to some EUR 800 million at 2010 prices, not adjusted for inflation, of which EUR 110 million is accounted for by EGNOS.

The estimates made to date point to a requirement for around EUR 1 900 million in funding over the period 2014-2019 to complete the infrastructure associated with the Galileo programme. Added to this will be the operating costs of the system once it has become operational, i.e. as from 2014-2015.

Furthermore, the economic situation of the EU and its Member States has led the Commission not to seek, up to now, the allocation of additional resources within the current multiannual financial framework, even though this is causing delays in completion of the full deployment of Galileo and an increase in overall costs.

A new basis for the work on the European satellite radio navigation programmes needs to be established so that progress can continue without compromising the objectives laid down by the European Parliament and Council. Accordingly, the Commission recommends an approach which envisages the present organisation being maintained and improved over at least 10 years, although it will have to evolve in line with the needs of the exploitation phase.

On the political front, several decisions still need to be taken. In a context in which Europe's economic and social progress is heavily dependent on mastering and using leading-edge technologies such as those relating to nuclear fusion, space, air traffic management and life sciences, it is important to reach decisions about the means, including budgetary means, of coping with the risks inherent in such

technologies. Conclusions also need to be reached on the development of the EU budget and on how the risks are to be apportioned between the EU and its Member States. The decisions laying down the budgetary and financial principles governing the continuation of the European satellite radio navigation programmes will need to be taken in parallel with those concerning the governance framework. This must seek to make all the players more aware of their responsibilities, in order to ensure an orderly transition to future governance arrangements while at the same time enhancing control of the project and of its associated costs.

The adoption of such political decisions requires time and thought. Detailed proposals will be drawn up by the Commission at a later stage on the basis of the guidelines to be laid down by the European Parliament and the Council in the light of this report.