

Key note address given by **Pedro Pedreira**, Executive Director, European GNSS Supervisory Authority on the occasion of the Munich Satellite Navigation Summit

6 March 2007, Munich Germany

Minister Huber,
Ladies and Gentlemen,

Good afternoon. I would like to begin by thanking the organisers of Munich Satellite Navigation Summit for the opportunity to address the opening session of this prestigious event.

It is a pleasure to be here today. This is, if fact, the first time that our young organisation, the European GNSS Supervisory Authority – or more simply, GSA - takes the floor at the Munich Summit, so I would like to start off with a brief introduction of the Authority.

The GSA is a Community agency, with legal personality, set up by a European Council Regulation to manage the public interests relating to, and to be the regulatory authority for, the European GNSS programmes.

The EU Member States and the European Commission are represented on the GSA Administrative Board which is entrusted with the necessary powers to establish the budget, verify its execution, adopt the appropriate financial rules, establish transparent working procedure for decision making by the Authority, approve its work programme and appoint the Executive Director.

The GSA was mainly established in 2006 and, at the end of last year, took over the activities formerly under the responsibility of the Galileo Joint Undertaking, which was then wound up. Among these activities, were the negotiation of the Galileo concession contract, the supervision of the development phase of Galileo (also called the In-Orbit Validation – IOV phase), the integration of EGNOS into the concession contract and the management of the Research & Development activities under the 6th Framework Programme of R&D on GNSS.

The GSA is therefore a new entity; one that has inherited a critical legacy and that is facing the unique and very high-stake challenges of the Galileo and EGNOS programmes.

Today I would like to give you a status of the three main priorities that the GSA has in 2007: EGNOS, the 7th Research Framework programme and - I'll save the best for last - the Galileo concession contract.

EGNOS

The plan is for EGNOS to be qualified for full service in 2008, thus becoming the first operational European GNSS system, providing regional augmentation to safety-of-life applications - primarily to civil aviation - and a first step toward the future Galileo services.

Before the operational qualification, the GSA must finalise 2 key tasks:

- 1 - Agree with the other EGNOS investors on the transfer to the GSA of the ownership of the assets - which are currently held by the European Space Agency, and;
- 2 - Implement a Plan that will ensure the long-term operational stability and utilisation of the system.

This Plan has three major drivers:

1. the integration of EGNOS in the Galileo concession contract, as decided by the Council;
2. the agreement with the other EGNOS investors, as foreseen in the Council Regulation that established the Authority; and
3. the overall utility and public benefit of the system, that will justify the running costs.

Furthermore, to make the system usable by civil aviation, the GSA has to conclude the certification of the system and to supervise the certification of the future EGNOS Service Provider, under the Single Sky Regulation and other applicable international standards.

FP7

Now, regarding the launch of the 7th Research Framework Programme on GNSS.

The GSA has planned the publication of the first call for proposals for FP7 in the second half of 2007. This will be an opportunity for many of you to benefit of the public share of the risks of the development of your most promising ideas, either for applications of the EGNOS and Galileo signals in space or for the development of better user technologies.

The GSA is working hard to design a 7th Framework Programme that will leverage the results of previous programmes, improve the return on this investment (among other things, by enhancing the visibility and measurability of the results), and enlarge the participation base.

The 7th Framework Programme offers a great opportunity for you as well as the European GNSS programmes. We are looking forward to your ideas, creativity and proposals to inject more positive spirit and good news into European GNSS, especially at a time when they can use a bit of a boost.

The Concession

And now, I'd like to turn to our number one priority: the concession. Number one because the establishment of the concession contract is the fundamental milestone in the path to the deployment of the system and, ultimately, to the full operational capability that will allow the Community to start reaping the huge benefits of the system.

Unfortunately, the negotiation of the Galileo concession contract is currently stalled. After a preliminary agreement on some of the core elements of the contract reached at the end of last year, the consortium that resulted from the merger of the two former bidders for the concession has not been able to resume the negotiation.

The reason for this situation has been presented as the inability of the members of the merged consortium to agree on the incorporation of the Galileo Operating Company, the prospective concession holder,

one year after the date of their formal commitment on that incorporation.

It is troubling that an entity that is offered the exclusive opportunity of a long-term concession in a non-competitive process is not even able to present its own terms for such unique deal, not to mention to negotiate the terms.

The GSA believes that this situation is deeply rooted in:

- the ungovernability of the merged consortium under the current governance agreement, which blocks the decision-making in the face of disputes of individual interests;
- the expectations that the industrial members of the consortium have for alternative procurement scenarios that could offer much more favourable terms for them, such as the terms they had enjoyed for the development phase.

Ladies and Gentleman,

It appears that the individual interests of a few stakeholders are unfortunately putting at risk Europe's greatest technological dream, its strategic satellite navigation independence, and the vast economic potential that justified the Council decision to invest in the system in the first place

The GSA will continue to strive for an agreement with the merged consortium, because we think that the delicate and still unstable equilibrium that was reached in December 2005 - which was the basis for the current configuration of the consortium - will not be easily replaced by a better solution, at least in the short term.

But, I believe that it is only worth rescuing the process if:

- the Galileo Operating Company is quickly incorporated, with a workable governance; its Chief Executive is appointed and given the adequate empowerment for the negotiation of the concession contract; and
- the Community makes very clear that there will be no procurement of additional satellites outside the framework of the concession.

I would like to underline that the GSA is committed to insist on the present model, as long as it believes that the model can work. But if the GSA concludes that it will never work, we will then present the best alternative for the Community.

That said, the one thing I believe I can safely say that everyone can agree on is that Galileo is a good thing for Europe: for the economy, for business, for our quality of life, and for our independence. Basically for all the reasons that we have come this far. Galileo is truly a win – win initiative. And anything with this much promise should not be allowed to be put at risk.

I am confident that if the collective will of European political and business initiative is harnessed, we will be able to move beyond this stage, learn from the past and work together to develop and implement a global satellite navigation system that meets and even exceeds our expectations.

Thank you for your attention.