

## **EARSC Position Paper**

**on**

## **The Threat to GMES**

*EARSC and the European EO geo-information services industry are extremely concerned that the “large-scale project” GMES has been excluded from the Multi-annual Financial Framework (MFF) contained in the European Commission’s budget proposal.*

## **GMES: A European Project**

On 29<sup>th</sup> June 2011, the EC published its proposed budget in the communication “A Budget for Europe 2020”. The proposition for a Multi-annual Financial Framework (MFF) contains a section on large projects within which are included the 2 space application and infrastructures; Galileo and GMES. However, whilst Galileo has been retained within the MFF, GMES is proposed to be funded outside the MFF. This means that today, there is no foreseen budget for GMES after 2013, just at the moment that the space segment will be launched.

As European companies all concerned with developing business in the domain of EO applications, we are dismayed by this decision and the threat that it poses to our sector. Competition between European and US companies underpinned by large government contracts is fierce. Whilst we are pleased that funding uncertainties for Galileo may finally have been ended, introducing such uncertainty for GMES now will greatly harm the programme.

The GMES initiative started in Baveno in 1998 with the goal to bring the benefits of space derived information to the citizens of Europe. In this respect, GMES will provide European decision makers with:

- vital information on climate change and the environment. In many cases it is the only way such monitoring can be performed and is essential to ensure Europe and their international partners can meet future environment treaty obligations.
- operational information to enable more efficient and effective management of European budgets and programmes ranging from transport and planning to agriculture and forestry.
- essential information to be used to protect the security of our citizens and to respond to emergency situations.

GMES is a critical programme from the perspective of the EO geo-information services industries. It is the first EU operational programme using satellite based earth observation and is a key enabler in Europe today that, in addition to supplying information to Europe’s decision makers, can drive forward the industrial services sector.

## **GMES: a key European Infrastructure**

The European Commission has been responsible for initiating the GMES programme. ESA has played its role by developing the technology and funding a significant part of the first satellite missions. The EC has continued to provide the leadership in preparing the overall programme and its application on behalf of European citizens. In this respect, GMES and Galileo are quite similar.

However, in its proposal for the “large scale projects”, the EC has decided to make a distinction between Galileo and other projects. The EC considers that “*for projects such as ITER and GMES, where the costs and/or the cost overruns are too large to be borne only by the EU budget, the Commission proposes to foresee their funding outside the MFF after 2013.*”

This message that, for the time being, the EC considers that GMES will not be financed by the EU is in contradiction with the recent messages from the Council of the EU<sup>1</sup> as well as the continuous support of the Parliament. The GMES project is running on-time and in-cost and there is no reason to believe that this will change. It is a specious argument to take this major backward step on GMES.

Moreover, the Commission services considers that the decision to fund GMES outside the MFF will “*create high uncertainty for GMES [...], the EU would withdraw from GMES while it has not reached its maturity yet. It would be more than likely that this option would mean a discontinuation of GMES as no other partners would be in a position to take over the prominent role played so far by the EU in structuring and supporting – both politically and financially - GMES. It would lead to sunken costs and past investment would be lost. In this context, the increased flexibility for the implementation of the programme potentially offered by this option would be of limited interest*”<sup>2</sup>.

---

<sup>1</sup> Conclusions of the Council of the EU (Competitiveness Council) adopted on 31 May 2011, the Council “*REAFFIRMS that the top priority for a European Union action in the European Space Policy is the timely and efficient implementation of the flagship programmes GNSS (EGNOS and Galileo) and GMES.*”

<sup>2</sup> Commission Staff Working Paper SEC (2011) 868, *A Budget for Europe 2020: the current system of funding, the challenges ahead, the results of stakeholders consultation and different options on the main horizontal and sectoral issues.*

For our industry, as argued in our recent position paper<sup>3</sup>, GMES presents an opportunity to develop further a strong position in global markets and thereby to ensure a maximum economic benefit to Europe. Outside the EU Framework, GMES loses its European dimension and becomes a matter of choice for a few member States. We fully endorse the arguments of the Staff Working paper.

### **GMES: The Dangers of Uncertainty**

The EU and Member States have been investing in GMES for over 10 years now. It is regrettable that the project has taken so long to achieve the necessary political support and to move from a research activity into an operational infrastructure in 2013. Delay and uncertainty now will undermine the value from existing investments and a minimal programme will struggle to move from the initial research goals. **The GMES programme must be given adequate funding to maintain the GMES services, the space component and the in-situ element.**

For many years, our industry has been heavily investing in new products and services for GMES and the commercial return on that investment is today not envisaged before 2015. Further delays and uncertainty greatly undermines the industrial effort and makes projects linked to GMES very unattractive when compared to other ideas. The potential to create new goods and services and particularly high-technology jobs in a growing business sector as envisaged under the Lisbon Treaty may be lost. **The funding uncertainty will certainly reduce or even cancel future private commitments.**

Users in the public sector have been slowly convinced to start cautiously to use products and services using satellite data. The reluctance comes not from the benefits that can be obtained but the uncertainty that such products and services can be maintained over a long period of time. A user will not change his internal procedures to incorporate geo-information products if he cannot be sure that they will be available in the future. Public users provide a strong reference to develop products and to promote them into other markets. **Many users that have been convinced on the basis of the EU commitment to GMES will now hesitate and withdraw.**

The backing of the EU to a long-term programme as has been presented up to now has been a critical factor in convincing both industry and users to invest in the use of this new technology. That the EC now withdraws from its second flagship project gives rise to uncertainty and delay for GMES and **raises doubts over future EU commitment to an space policy endorsed only recently<sup>1</sup> and despite the new competency on space which was attributed to the EU by the Lisbon Treaty (article 189).**

GMES is also a contribution from Europe to the Global Earth Observation System of Systems – GEOSS and is part of a wider co-operation between space-faring nations. Internationally, it is required for environmental treaty verification, for development aid and for humanitarian disaster relief. **Europe's reputation as a good international partner is put in doubt.**

*EARSC represents the Earth Observation geo-information services companies in Europe. Today EARSC has 70 members coming from 20 countries in Europe and including nearly 50% of the total number of European EO service companies. Over 60% of these are small or medium sized enterprises. Our members include both commercial operators of EO satellites and downstream, value-adding companies. The sector plays a key role in providing value-added geo-spatial information to its customers in Europe and the world. In 2010, the revenue of EARSC members is estimated to be around €700m and giving work to around 2600 highly skilled employees. The industry is growing at around 10% per annum.*

---

<sup>3</sup> EARSC Position paper on "Exploiting GMES Operational Services", March 2011.