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*****I**

REPORT

on the amended proposal for a regulation of the European Parliament and of the Council on the further implementation of the European satellite radionavigation programmes (EGNOS and Galileo)
(COM(2007)0535 – C6-0345/2007 – 2004/0156(COD))

(Renewed referral)

Committee on Industry, Research and Energy

Rapporteur: Etelka Barsi-Pataky

Symbols for procedures

- * Consultation procedure
majority of the votes cast
- **I Cooperation procedure (first reading)
majority of the votes cast
- **II Cooperation procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- *** Assent procedure
*majority of Parliament's component Members except in cases
covered by Articles 105, 107, 161 and 300 of the EC Treaty and
Article 7 of the EU Treaty*
- ***I Codecision procedure (first reading)
majority of the votes cast
- ***II Codecision procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- ***III Codecision procedure (third reading)
majority of the votes cast, to approve the joint text

(The type of procedure depends on the legal basis proposed by the Commission.)

Amendments to a legislative text

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the amended proposal for a regulation of the European Parliament and of the Council on the further implementation of the European satellite radionavigation programmes (EGNOS and Galileo)
(COM(2007)0535 – C6-0345/2007 – 2004/0156(COD))**

(Codecision procedure: first reading – renewed referral)

The European Parliament,

- having regard to the amended Commission proposal to the European Parliament and the Council (COM(2007)0535),
 - having regard to the Commission proposal to the European Parliament and the Council (COM(2004)0477),
 - having regard to its position at first reading of 6 September 2005¹,
 - having regard to Article 251(2) and Article 156 of the EC Treaty, pursuant to which the Commission submitted the proposal to Parliament again (C6-0345/2007),
 - having regard to its resolution of 20 June 2007 on the financing of the European programme of satellite radionavigation (Galileo) under the Interinstitutional Agreement of 17 May 2006 and the multiannual financial framework 2007-2013²,
 - having regard to Rules 51 and 55(1) of its Rules of Procedure,
 - having regard to the report of the Committee on Industry, Research and Energy and the opinions of the Committee on Budgets and the Committee on Transport and Tourism (A6-0144/2008),
1. Approves the Commission proposal as amended;
 2. Approves the joint declaration annexed hereto, which will be published in the Official Journal together with the final legislative act;
 3. Draws attention to the Commission statements annexed hereto;
 4. Calls on the Commission to refer the matter to Parliament again if it intends to amend the proposal substantially or replace it with another text;
 5. Instructs its President to forward its position to the Council and the Commission.

¹ OJ C 193 E, 17.8.2006, p. 61.

² Texts adopted, P6_TA(2007)0272.

Amendment 1

Amended proposal for a regulation

AMENDMENTS BY PARLIAMENT*

to the Commission proposal for a

EUROPEAN PARLIAMENT AND COUNCIL REGULATION

on the further implementation of the European satellite radionavigation programmes

(EGNOS and Galileo)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 156 thereof,

Having regard to the proposal from the Commission^{||},

Having regard to the opinion of the European Economic and Social Committee¹,

Having regard to the opinion of the Committee of the Regions²,

Acting in accordance with the procedure laid down in Article 251 of the Treaty³,

Whereas:

- (1) The aim of the European satellite radionavigation policy is to provide the European Community with two satellite navigation systems (GNSS). These systems are established under the EGNOS and Galileo programmes (***hereinafter "the programmes"***) respectively. Each infrastructure is made up of satellites and ***a global network of*** earth stations.

* Political amendments: new or replacement text is marked in bold italics, and deletions are indicated by the symbol **||**.

Technical corrections and adaptations by the services: new or replacement text is marked in italics and deletions are indicated by the symbol **||**.

¹ OJ C ...

² OJ C ...

³ *Position of the European Parliament of xx April 2008.*

- (2) The programmes comply fully with the requirements of the principle of subsidiarity. The establishment of satellite radionavigation infrastructures exceeds the financial and technical capacities of any single Member State, and action at Community level is the best way to carry out these programmes.
- (3) The aim of the Galileo programme is to establish the first global satellite radionavigation and positioning infrastructure specifically designed for civilian purposes. The system established under the Galileo programme is completely independent of other existing or potential systems.
- (4) The aim of the EGNOS programme is to improve the quality of signals from *existing global satellite navigation* systems.
- (5) The European Parliament, the Council and the European Economic and Social Committee have consistently given their full support to European GNSS programmes.
- (6) The development of *satellite radionavigation* is fully in line with the Lisbon Strategy and other Community policies, such as transport policy as set out in the Commission's White Paper¹. *In the multi-annual work programme the Commission should, if appropriate, accord special attention to the development of the GNSS applications and services.*
- (7) The programmes are among the priority projects included in the Growth initiative proposed by the Commission and endorsed by the European Council. They are also considered as one of the major achievements of the future European space programme, as described in the Communication on the European Space Policy².
- (8) The Galileo programme consists of a definition phase, a development phase, a deployment phase and *an exploitation* phase. The deployment phase is set to begin in 2008 and end in 2013. The system should be operational *by 2013*.
- (9) The definition and development phases of the Galileo programme, which are the parts of the programme dedicated to research, were financed by the Community budget for trans-European networks *and by the European Space Agency*. The deployment phase *is intended* to be financed entirely by the European Community. *It may be decided at a later stage that public private partnerships or any other form of contracts with the private sector are appropriate for the operation and replenishment of the system after 2013.*
- (9a) *It is noted that the Safety-of-Life Centre may decide to evolve to a fully qualified, equivalent Galileo Satellite Control Centre, the assets of which will be owned by the Community. The investment of this evolution will be without additional costs to the agreed Community budget for the European GNSS programmes for the period 2007-2013. It is noted that, whilst not affecting the operational capabilities of Oberpfaffenhofen and Fucino, the Commission in that case will ensure that this Centre will be fully operationally qualified as a Galileo Satellite Control Centre by the*

¹ COM(2001)0370.

² COM(2007)0212.

end of 2013, subject that it is able to meet all the necessary requirements applicable to all centres and will be included in the Galileo network of the three centres mentioned above.

- (10) It is important that the financing of the EGNOS system **■** is *ensured* by the European Community, *including its operations, sustainability and marketing*. The operation of EGNOS could be the subject of *one or more* public service *contracts, in particular* with the private sector, until it is integrated into the operations of Galileo.

■

- (21) As European satellite radionavigation programmes have now reached an advanced stage of maturity and have gone well beyond the framework of simple research projects, it is necessary to put them on a specific legal basis which is better able to satisfy their needs and respond to the requirement for sound financial management.

(21a) The systems established under the European satellite radionavigation programmes are infrastructures set up as trans-European networks of which the usage extends well beyond the national boundaries of the Member States. Furthermore, the services offered through these systems contribute in particular to the development of trans-European networks in the areas of transport, telecommunications and energy infrastructures. Article 156 of the Treaty is therefore the appropriate legal basis for this Regulation to ensure the further implementation of the European GNSS programmes.

[former recital 17]

- (21b) Sound public governance of the Galileo and EGNOS systems assumes, firstly, that there is a strict division of responsibilities between the **Commission, the European GNSS Supervisory Authority (hereinafter "GSA")** and the European Space Agency **(hereinafter "ESA")** and, secondly, that the **■** Community, represented by the Commission, ensures the *management* of the programmes. The Commission must establish the appropriate instruments and possess the necessary resources, in particular in terms of assistance.

(21c) In view of the importance, uniqueness and complexity of the European GNSS programmes, the Community ownership of systems resulting from the programmes, the full financing of the Community budget of the programmes for the period 2008-2013, the European Parliament, the Council, and the European Commission recognise the usefulness of close co-operation of the three institutions. To this end, the European Parliament, the Council, and the European Commission will meet in the Galileo Interinstitutional Panel (GIP) in accordance with the Joint Declaration of .../2008.

[former recital 12]

- (21d) Council Regulation (EC) No 1321/2004 of 12 July 2004 on the establishment of structures for the management of the European satellite radio-navigation programmes¹

¹ OJ L 246, 20.7.2004, p. 1. **■** Amended by Council Regulation (EC) No 1942/2006 **■** (OJ L 367, 22.12.2006, p. 18).

establishes the **GSA**. *The GSA is a Community agency, which as a body within the meaning of Article 185 of the Financial Regulation is subject to the obligations laid down for Community agencies.*

(21e) *Respecting the Commission's role as manager of the programmes and in accordance with guidelines issued by the Commission, the GSA should 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 with a view to a smooth functioning, seamless service provision and high market penetration. In addition, the GSA should also be able accomplish other tasks entrusted to it by the Commission in accordance with the provisions of Article 54(2) of the Financial Regulation applicable to the general budget of the European Communities, in particular the promotion of applications and services and ensuring the certification of the components of the systems.*

(21f) *The European Parliament and the Council invite the Commission to put forward a proposal in order to align formally the structures for the management of the programmes provided in Regulation (EC) No 1321/2004 to the new roles of the Commission and the GSA.*

[former recital 13]

(21g) *In order to guarantee the continuation of the Galileo and EGNOS programmes an appropriate financial and legal framework must be established to allow the European Community to continue to fund these programmes. It is also necessary to indicate the amount of money required between 1 January 2007 and 31 December 2013 to fund the end of the development phase and the deployment phase of Galileo, the operation of EGNOS and the preparation for the exploitation phase of the programmes.*

(21h) *The European Parliament and the Council decided¹ 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 as decided by the budgetary authority through a review of the current financial framework (2007-13). Furthermore, a sum of EUR 400 million is made available from the Seventh Research and Development Framework Programme², bringing to total available budget to 3,405 million Euro for the programmes for the period 2007 - 2013.*

(21i) *In the allocation of those Community funds, effective procurement procedures and contract negotiations that obtain best value for money and secure performance completion, the seamless continuity of programmes, risk management and adherence to the proposed timetable are essential. These should be ensured by the Commission.*

(21j) *Pursuant to Article 18 of the Financial Regulation to the general budget of the European Communities, Member States as well as third countries and international*

¹ Decision of the European Parliament and of the Council of 18 December 2007 amending the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management as regards the multiannual financial framework (OJ L 6, 10.1.2008).

² Title 6 of the Budget.

organisations may contribute financially or in-kind to the programmes on the basis of appropriate agreements.

[former recital 15]

(21k) It should be pointed out that the investment costs and the costs of operating the Galileo and EGNOS systems currently estimated for 2007-13 do not take account of unforeseen financial obligations which the European Community may be obliged to bear, in particular those relating to non-contractual liability arising from the public ownership of the systems, *in particular with regard to force majeure and catastrophic failure.*

(21l) Furthermore, revenue from the operation of the Galileo and EGNOS systems, *provided, in particular, through the commercial service (CS) of Galileo*, must be collected by the European Community in order to ensure that its earlier investments are recovered. However, a revenue-sharing mechanism could be stipulated in any contract concluded with the private sector.

(21m) *The European Community should conclude a multi-annual delegation agreement with ESA covering the technical and programmatic aspects of the programmes. In order for the Commission, as representative of the European Community, to exercise its power of audit fully, the delegation agreement should include the general conditions for managing the funds entrusted to ESA.*

(21n) *As the programmes will be financed by the European Community, public procurement under the programmes should comply with Community's rules on public contracts and should aim, first and foremost, to attain value for money, control costs, mitigate risks and improve efficiency and decrease dependencies on single sourcing. Open access and fair competition throughout the industrial supply chain, offering a balanced chance to participation of industry at all levels, including in particular SME, should be pursued across the Member States. Possible abuse of dominance or long-term dependence on single suppliers should be avoided. In order to mitigate programme risks, to avoid single source dependencies and to ensure better overall control of programme, cost and schedule, dual sourcing should be pursued, wherever appropriate. European industries should have the possibility to rely on non-European sources for certain components and services in case of demonstrated substantial advantages in terms of quality and costs, taking account of the strategic nature of the European GNSS programmes and of the EU security and export control requirements. Advantage should be taken of investments and industrial experiences and competences, including that acquired during the definition and development phases of the European GNSS programmes, while ensuring that competitive tendering shall not be prejudiced.*

(21o) *All work packages in the framework of the activities of the deployment phase of Galileo should be open to the maximum possible competition, in line with EU procurement principles, and to ensure procurement in space programmes, should be more widely open to new entrants and SMEs, while ensuring technology excellence and cost effectiveness.*

[former recital 20]

- (21p) The Commission should be assisted in implementing this Regulation by a committee named the **"European GNSS Programmes Committee"**. As sound public governance requires uniform management of the programmes, faster decision-making and equal access to information, representatives of the **GSA and ESA** may be involved in the work of the **European GNSS Programmes Committee**.
- (21q) **Matters falling exclusively within Title V and/or Title VI of the Treaty on European Union will not be within the remit of the European GNSS Programmes Committee.**
- (21r) **The measures necessary for the implementation of this Regulation should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred to the Commission¹.**
- (21s) **In particular power should be conferred on the Commission to adopt any necessary measures to ensure compatibility and interoperability of the systems. Since those measures are of general scope and are designed to supplement this Regulation by the addition of new non-essential elements, they must be adopted in accordance with the regulatory procedure with scrutiny provided for in Article 5a of Decision 1999/468/EC.**
- (21t) **The European Community should be the owner of all tangible and intangible assets created or developed under the programmes. However, in order to fully respect any fundamental rights relating to ownership, necessary agreements with existing owners should be concluded.**
- (21u) **Careful attention should be paid to the certification of EGNOS for all modes of transport, in particular for aviation, in order to declare the system in operation and allow its use as soon as possible.**
- (22) This Regulation lays down, for the continuation of the programmes, a financial allocation constituting the prime reference, within the meaning of point 37 of the Interinstitutional Agreement of 17 May 2006², between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management, for the budgetary authority during the annual budgetary procedure.
- (23) It is necessary to ensure that the European Parliament and the Council are kept regularly informed about the implementation of the ■ programmes,

HAVE ADOPTED THIS REGULATION:

CHAPTER I

¹ **OJ L 184, 17.7.1999, p. 23. Decision as amended by Decision 2006/512/EC (OJ L 200, 22.7.2006, p. 11).**

² **As amended by Decision 2008/29/EC of the European Parliament and of the Council of 18 December 2007.**

SUBJECT MATTER AND GENERAL PRINCIPLES

Article 1

European GNSS systems and programmes

1. The EGNOS and Galileo programmes (hereinafter "the programmes") shall cover all the activities needed to define, develop, validate, construct, operate, renew and improve the two European **global** satellite navigation systems (GNSS), namely the EGNOS system and the system established under the Galileo programme (hereinafter "the systems").
2. The EGNOS system is an infrastructure **monitoring and correcting** signals emitted **■** by **existing global satellite navigation** systems. **■** It comprises **earth stations and** several transponders installed on **geostationary** satellites **■** .
3. The system established under the Galileo programme is an autonomous GNSS infrastructure consisting of a constellation of satellites and **a global network of** earth stations.
4. ***The specific objectives of the programmes are set out in the Annex.***

Article 2

Subject

This Regulation lays down the **■** rules for the implementation of the programmes, including those on **governance and** the financial contribution of the European Community.

Article 3

The phases of the Galileo programme

The Galileo programme consists of the following phases:

- a definition phase during which the structure of the system was designed and its **elements** determined, ***which ended in 2001;***
- 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 making it possible to validate the system in orbit. ***The aim is that this phase shall end in 2010;***
- 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;***

- a **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 the programme runs smoothly. ***The exploitation phase is set to begin at the latest upon conclusion of the deployment phase.***

Article 4

Financing the Galileo programme

1. The development and validation phase shall be funded by the European Community and the European Space Agency (***hereinafter "ESA"***).
2. The deployment phase shall be financed ■ by the European Community ***without prejudice to paragraphs 4 and 5.***
3. ***The Commission is invited, in 2010, together with its mid-term review, to submit to the European Parliament and the Council the appropriate 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 costumer 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.■***

■

Where applicable, the Commission shall also propose, together with its mid-term review, any appropriate measures that facilitate the development of satellite navigation applications and services.

4. ***Member States may provide additional funding to the programme to cover the investment of the evolution to the agreed system architecture in particular cases. The revenue arising from these contributions shall constitute assigned revenue in accordance with Article 18(2) of the Financial Regulation applicable to the general budget of the European Communities¹.***

In accordance with the principle of transparent management, the Commission shall communicate any impact from the application of the previous subparagraph on the programme to the Committee set up under Article 14.

- 4a. ***Third countries or international organisations may also provide additional funding to the programme. Agreements concluded by the European Community with such third***

¹ ***Regulation (EC, Euratom) No 1605/2002, OJ L 248, 19.09.2002, p.1.***

countries or international organisations, pursuant to Article 300 of the EC Treaty, shall lay down the conditions and detailed rules of their involvement.

Article 5

Operation of the EGNOS system

The operation of the EGNOS system consists mainly of infrastructure management, maintenance, constant improvement and renewal of the system, certification and standardisation operations relating to the programme, and marketing .

Article 6

Financing the operation of the EGNOS system

1. The European Community shall finance the operation of EGNOS, without prejudice to any contribution from *any other sources, including those referred to in paragraphs 3 and 4.*
2. The operation of EGNOS shall initially be the subject of *one or more* public service contracts.
- 2a. *Member States may provide additional funding to the EGNOS programme in accordance with Article 18(2) of the Financial Regulation applicable to the general budget of the European Communities.*
- 2b. *Third countries or international organisations may also provide additional funding to the programme. Agreements concluded by the European Community with such third countries or international organisations, pursuant to Article 300 of the EC Treaty, shall lay down the conditions and detailed rules of their involvement.*

Article 6a

Compatibility and interoperability of the systems

1. *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.*
2. *Any necessary measures designed to amend non-essential elements of this Regulation by supplementing it relating to paragraph 1 shall be adopted in accordance with the regulatory procedure with scrutiny referred to in Article 14(3).*

Article 6b

Ownership

The European Community shall be the owner of all tangible and intangible assets created or developed under the programmes, to which effect agreements shall be concluded with third parties, wherever appropriate, with regard to existing ownership rights.

CHAPTER II

BUDGETARY CONTRIBUTION AND MECHANISMS

Article 7

Activities concerned

1. The Community **budgetary appropriations** allocated to the programmes under this Regulation shall be granted to finance:
 - (a) activities relating to the completion of the development and validation phase of the Galileo programme,
 - (b) activities relating to the deployment phase of the Galileo programme, including actions to manage and monitor this phase¹,
 - (c) activities relating to the operation of **EGNOS** as well as actions preceding or in preparation for **the exploitation phase of the programmes**.
2. *In order to allow a clear identification of the costs of the programmes and of the different phases of the programmes, the Commission, in accordance with the principle of the transparent management, shall inform annually the Committee set up under Article 14 on the allocation of the Community funds to the activities specified in the paragraph 1.*

Article 8

Budgetary resources

1. The amount **allocated** to implement the activities specified in Article 7¹ is **EUR 3 405** million at current prices for the period from 1 January 2007 to 31 December 2013, **including the sum of EUR 400 million made available from the Seventh Research and Development Framework Programme**¹
2. Appropriations shall be authorised annually by the budgetary authority within the limits laid down in the multi-annual financial framework. They shall be implemented in

¹ **OJ L ...**

accordance with the provisions of the Financial Regulation applicable to the general budget of the European Communities.

3. Budgetary commitments for the programmes shall be appropriated in annual instalments.

■

Article 9

Operating income

1. Income from the operation of the systems shall be collected by the European Community and shall be paid into the Community budget and be allocated to the ■ programmes. If the income allocated proves to be ■ more than ***required for the programmes***, the principle of allocation shall be ***approved by the budgetary authority on the basis of a proposal by the Commission***.
2. A revenue-sharing mechanism may be provided for in any contract(s) concluded with the private sector.

CHAPTER III

PUBLIC GOVERNANCE OF THE PROGRAMMES

Article 10

General framework for governance of the programmes

1. Public governance of the programmes ***shall be*** based on the principle of a strict division of responsibilities between the European Community, represented by the Commission, the European GNSS Supervisory Authority (hereinafter "***GSA***") and "***ESA***".
2. ***The Commission, assisted by the Committee set up under Article 14, 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.*** It may ■ be assisted by experts from the Member States and ***it shall*** carry out financial and technical audits.
3. ***The Commission shall 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. For this purpose, the Commission shall, in accordance with the advisory procedure referred to in Article 14 (1a), establish key decision points for reviews of the implementation of the programmes.***

Article 10a

Governance of security matters

1. *The Commission shall manage all questions relating to the security of the systems, duly taking into account the oversight and integration of security requirements in the overall programme.*
2. *The Commission shall, in accordance with the regulatory procedure referred to in Article 14(2a), adopt implementing measures laying down the main technical requirements for controlling the access to, and handling of, technologies that provide security to the systems.*
3. *The Commission shall ensure that the necessary steps are taken to comply with the above measures and that any further requirements related to the security of the systems are met, taking full account of expert advice.*
4. *Whenever the security of the European Union 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.*
5. *Matters falling exclusively within Title V and/or Title VI of the Treaty on European Union will not be within the remit of the European GNSS Programmes Committee set up under Article 14.*

Article 10b

Application of security regulations

1. *Member States shall apply to any natural person resident 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, ECSC, Euratom of 29 November 2001¹ and by the security regulations of the Council of the European Union stipulated in the Annex to the Council Decision 2001/264/EC of 19 March 2001².*
2. *Member States shall immediately inform the Commission of the adoption of the national security regulations referred to in paragraph 1.*
3. *In order for natural persons resident in third countries and legal entities established in third countries to be allowed to deal with EU classified information regarding the programmes, they must be subject in those countries to security regulations ensuring a degree of protection at least equivalent to that guaranteed by the rules on security of*

¹ OJ L 317 of 3 December 2001, p 1.

² OJ L 101 of 11 April 2001, p. 1.

the Commission stipulated in the Annex to Commission Decision 2001/844/EC, ECSC, Euratom of 29 November 2001 and by the security regulations of the Council of the European Union stipulated in the Annex to the Council Decision 2001/264/EC of 19 March 2001. To this effect, the security regulations of ESA shall be considered as equivalent. The equivalency of security regulations applied in a third country may be recognised in an agreement with that country.

Article 11

Programming

1. The European Commission shall manage the funds allocated to the programmes under this Regulation.
2. The Commission shall *adopt measures to define a strategic framework, including inter alia the main actions, the estimated budget and the related time table, needed to meet the objectives laid down in the Annex, for the establishment of a work programme in accordance with the requirements of* this Regulation.

These measures designed to amend non-essential elements of this Regulation *by supplementing it* shall be adopted in accordance with the regulatory procedure with scrutiny referred to in Article 14(3).

- 4a. *The Commission shall adopt the work programme, the programme implementation plan and associated financing, reviewed on an annual basis, and any amendments thereto in accordance with the management procedure referred to in Article 14(2).*
5. The measures financed under this Regulation shall be implemented in accordance with *Financial Regulation applicable to the general budget of the European Communities as amended by* Regulation (EC, Euratom) No 1995/2006.

Article 12

The role of the *European GNSS* Supervisory Authority (GSA)

Subject to the provisions of Article 10 and the respect of the Commission's role as programmes manager, the GSA shall accomplish the following tasks within the programmes in accordance with guidelines issued by the Commission:

- (a) *on programmes' security, and without prejudice to the provisions of Articles 10a and 10b, it shall ensure:*
 - *security accreditation; to that effect it shall initiate and monitor the implementation of security procedures and perform system security audits;*

- *operation of the Galileo security centre, implemented in accordance with both the decisions taken in accordance with Article 10a and the instructions provided under Joint Action 2004/552/CFSP;*
- (b) *it shall contribute to the preparation of the commercialisation of the systems, including the necessary market analysis;*
- (c) *it can also accomplish other tasks entrusted to it by the Commission in accordance with Article 54(2)(b) of the Financial Regulation applicable to the general budget of the European Communities for specific issues linked to the programmes such as:*
- *promotion of applications and services in the satellite navigation market;*
 - *ensuring that the components of the systems are certified by the appropriate, duly authorised, certification bodies.*

Article 12a

Procurement principles related to the deployment phase of Galileo

1. *The Community's public procurement rules, in particular open access and fair competition throughout the industrial supply chain, tendering on the basis of the provision of transparent and timely information, clear communication of the applicable procurement rules, selection criteria and any other relevant information allowing a level-playing field for all potential bidders shall apply to the deployment phase of Galileo without prejudice to measures required to protect the essential interests of the security of the European Community or public security or to comply with EU export control requirements.*
2. *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.*
3. *To that end, the following principles for the procurement of the activities of the deployment phase of Galileo shall 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, or a group represented for this purpose by a legal entity part of a group, 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; the Commission shall, on a regular basis, report to the Committee set up under Article 14 on the fulfilment of this principle. In case projections show the possibility that 40 % cannot be attained, the Commission shall, in accordance with the management procedure referred to in Article 14(2), take appropriate measures;*
- (d) dual sourcing wherever appropriate in order to ensure better overall control of programme, cost and schedule.*

Article 13

The role of the European Space Agency (ESA)

- 1. On the basis of the principles defined in Article 12a, the European Community, represented by the Commission, shall conclude a multi-annual **delegation** agreement with **ESA**, on the basis of a delegation decision adopted by the Commission in accordance with Article 54(2) of **Financial Regulation applicable to the general budget of the European Communities** which shall cover the **delegated tasks and budget implementation** relating to the **implementation** of the Galileo programme, in particular the deployment phase.*
- 2. The **delegation** agreement shall, insofar as necessary for the tasks and budget implementation delegated under paragraph 1, lay down the general conditions for the management of the funds entrusted to the **ESA**, and in particular the actions to be implemented, the relevant financing, management procedures and monitoring and inspection measures, measures applicable in the event of inadequate performance of **contracts** and rules regarding the ownership of **all** tangible and intangible property.*
- 3. The Committee set up under Article 14 shall be consulted, in accordance with the advisory procedure referred to in Article 14(1a), on the delegation decision. The Committee shall be informed on the multi-annual delegation agreement to be concluded between the European Community, represented by the Commission, and **ESA**.*

4. *The Committee set up under Article 14 shall be informed by the Commission of the intermediate and end results of the evaluation of the procurement tenders and the contracts with the private sector to be established by ESA.*

Article 14

Comitology

1. The Commission shall be assisted by a committee known as the "European GNSS Programmes *Committee*".
 - 1a. *Where reference is made to this paragraph, Articles 3 and 7 of Decision 1999/468/EC shall apply, having regard to the provisions of Article 8 thereof.*
2. Where reference is made to this paragraph, Articles 4 and 7 of Decision 1999/468/EC shall apply, having regard to the provisions of Article 8 thereof.

The period laid down in Article 4(3) of Decision 1999/468/EC shall be set at one month.

- 2a. *Where reference is made to this paragraph, Articles 5 and 7 of Decision 1999/468/EC shall apply, having regard to the provisions of Article 8 thereof.*

The period laid down in Article 5(6) of Decision 1999/468/EC shall be set at one month.

3. Where reference is made to this paragraph, Article 5a (1) to (4) and Article 7 of Decision 1999/468/EC shall apply, having regard to the provisions of Article 8 thereof.
4. Representatives of the **GSA and ESA** may be involved as observers in the work of the European GNSS Programmes *Committee* under the conditions laid down in its rules of procedure.
5. Agreements concluded by the European Community *referred to in Article 4(4a)* may provide for the participation of third countries or international organisations in the work of the European GNSS Programmes *Committee* under the conditions laid down in its rules of procedure.

Article 14a

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.

CHAPTER IV

FINAL PROVISIONS

Article 15

Protection of the Community's financial interests

1. The Commission shall ensure that, when actions financed under this Regulation are implemented, the financial interests of the Community are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and by the recovery of amounts unduly paid and, if irregularities are detected, by effective, proportional and dissuasive penalties, in accordance with Council Regulations (EC, Euratom) No 2988/95¹ and (Euratom, EC) No 2185/96² and with Regulation (EC) No 1073/1999 of the European Parliament and of the Council³.
2. For the Community actions financed under this Regulation, the notion of irregularity referred to in Article 1(2) of Regulation (EC, Euratom) No 2988/95 shall mean any infringement of a provision of Community law or any breach of a contractual obligation resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the Communities or budgets managed by them, by an unjustified item of expenditure.
3. ■ Agreements ■ resulting from this Regulation, including agreements ■ concluded with participating third countries, shall provide for supervision and financial control by the Commission, or any representative authorised by it, and audits by the Court of Auditors, if necessary on-the-spot.

Article 16

Information to the European Parliament and to the Council

The Commission shall ensure the implementation of this Regulation. Each year, when it presents the preliminary draft budget, it shall present a report to the European Parliament and to the Council on the implementation of the programmes. A mid-term review shall be carried out in 2010, ***which should include a review of costs, risks and likely revenues from the services offered by Galileo, including in the light of technological and market developments***, to inform the European Parliament and the Council of the progress made on the programmes.

¹ OJ L 312, 23.12.1995, p. 1.

² OJ L 292, 15.11.1996, p. 2.

³ OJ L 136, 31.5.1999, p. 1.

Article 16a

Repeal

Article 7 of Regulation (EC) No 876/2002 of the Council¹ shall be repealed [...]*.

Article 17

Entry into force

This Regulation shall enter into force the day following its publication in the Official Journal of the European Union.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at || Brussels, [...]

For the Parliament

The President

For the Council

The President

¹ ***OJ L 138, 28.5.2002, p. 1.***

^{*} ***One year after the entry into force of this Regulation.***

ANNEX

Specific objectives of the European GNSS programmes



The specific objectives of the Galileo programme are to ensure that the signals emitted by the system can be used to fulfil the following five functions:

- To offer an open service (OS), which is free to the user and provides positioning and synchronisation information intended for high-volume satellite radionavigation applications.
- To offer a safety of life service (SoL) aimed at users for whom **safety** is essential. This service also fulfils the **requirements of certain sectors** for continuity, **availability and accuracy** and includes an integrity message alerting the user to any failure in the system.
- To offer a commercial service (CS) for the development of applications for professional or commercial use due to improved performance and data with greater added value than those obtained through the open service.
- To offer a public regulated service (PRS) restricted to government-authorised users, for sensitive applications which require a high level of service continuity. The public regulated service uses strong, encrypted signals.
- To participate in the search and rescue support service (SAR) of the COSPAS-SARSAT system by detecting emergency signals given off by beacons and relaying messages to them.

The specific objectives of the EGNOS programme are to ensure that the EGNOS system fulfils the following three functions:

- To offer an open service, which is free to the user and provides positioning and synchronisation information intended for high-volume satellite radionavigation applications in the area covered by the system.
- To offer a service for the dissemination of commercial data to assist the development of applications for professional or commercial use due to improved performance and data with greater added value than those obtained through the open service.
- To offer a safety of life service (**SoL**) aimed at users for whom **safety** is essential. In particular, this service fulfils the **requirements of certain sectors** for continuity, **availability and accuracy** and includes an integrity message alerting the user to any failure in the system **over the coverage area**.

DECLARATION

by the European Parliament, the Council and the European Commission

on the

"GALILEO INTERINSTITUTIONAL PANEL (GIP)"

1. *In view of the importance, uniqueness and complexity of the European GNSS programmes, the Community ownership of systems resulting from the programmes, the full financing of the Community budget of the programmes for the period 2008-2013, the European Parliament, the Council, and the European Commission recognise the need for close co-operation of the three institutions.*
2. *A Galileo Inter-institutional Panel (GIP) will meet with the objective to facilitate each Community institution exercising its respective responsibility. To this end, the GIP will be set up in order to follow closely:*
 - (a) *the progress on the implementation of the European GNSS programmes, in particular with regard to the implementation of the procurement and the contract agreements, in particular with regard to the ESA;*
 - (b) *the International Agreements with third countries without prejudice to the provisions of Article 300 of the Treaty;*
 - (c) *the preparation of satellite navigation markets;*
 - (d) *the effectiveness of the governance arrangements; and*
 - (e) *the annual review of the work programme.*
3. *In accordance with existing rules, the GIP will respect the need for discretion in particular in view of the commercial-in-confidence and sensitive nature of certain data.*
4. *The Commission will take account of the views expressed by the GIP.*
5. *The GIP will be composed of seven representatives, of which:*
 - *3 from the Council*
 - *3 from the EP*
 - *1 from the Commission,**and will meet on a regular basis (in principle 4 times per year).*

6. *The GIP does not affect the established responsibilities or inter-institutional relationships.*

Statement by the European Commission
regarding the involvement of the GIP in international agreements

On international agreements, the Commission will inform the GIP so that it can follow closely international agreements with third countries in line with the Framework Agreement on relations between the Commission and the European Parliament of 26 May 2005 and future related Agreements and without prejudice to the provisions of Article 300 of the Treaty.

Statement by the European Commission
with regard to the launch of studies on the exploitation of the Galileo system

In view of the invitation from the Council to provide, in 2010, the proposal foreseen in Article 4 paragraph 3 of the Regulation on the exploitation phase of the programmes, in particular regarding the financing, the pricing policy and the revenue-sharing mechanism, the Commission will launch the necessary preliminary studies as from 2008 and during 2009, in accordance with the conclusions of the Transport Council of 29 and 30 November 2007.

These studies will carry out, in particular, an analysis of the possibilities for the involvement of the private sector in the management of the exploitation phase of the programmes beyond 2013, as well as the modalities for this potential involvement, notably those of a Public-Private Partnership.

Statement by the European Commission
regarding the creation of a security expert group ("GNSS Security Board")

In order to implement the provisions of Article 10a paragraph 1 of the Regulation and in order to examine matters related to the security of the systems, the Commission intends to create an expert group composed of representatives from the Member States.

The Commission will ensure that this expert group shall:

- be composed of one representative of each Member State and one representative from the Commission;
- be chaired by the representative of the Commission;
- adopt its rules of procedures that foresee, inter alia, the adoption of opinions by consensus and a provision for the experts to raise any relevant issue related to the security of the systems;

In exercising its responsibilities, the Commission will take full account of the opinions of the expert group and commits to consult it, inter alia, before defining the main requirements for the security of the systems as set out in Article 10a of the Regulation.

In addition, the Commission considers that:

- the representatives of the European GNSS Supervisory Authority, the European Space Agency as well as the SG/HR should be involved as observers in the work of the expert group under the conditions laid down in its rules of procedure;
- agreements concluded by the European Community may provide for the participation of representatives of third countries in the work of the expert group under conditions laid down in its rules of procedure.

Statement by the European Commission
with regard to the calling upon of an independent expert team

In order to apply properly the provisions of Article 10 paragraph 3 of the Regulation, the Commission intends to:

- call upon an independent project management expert team;
- have, as part of its tasks, this team review the implementation of the programmes with the aim of making appropriate recommendations in particular with regard to risk management;
- communicate these recommendations on a regular basis to the Committee set up in the Regulation.

Statement by the European Commission
regarding the interpretation of Article 12a paragraph 3c

Article 12a paragraph 3c establishes the principle that at least 40% of the aggregated value of the activities is to be subcontracted by competitive tendering at various levels to companies other than those belonging to groups of which entities will be prime contractors of any of the main work package.

The Commission, throughout the entire tendering process, will keep this under close scrutiny and review, and will inform the GIP and the GNSS Committee of the fulfilment of this requirement and its overall impact on the programme.

If, in this process, the projections show that the 40 % threshold cannot be attained, the Commission will take appropriate measures in accordance with the procedure referred to in Article 12a paragraph 3c.

EXPLANATORY STATEMENT

Introduction

The European ***Global Navigation Satellite System*** (GNSS) is conceived to consist of two programmes: EGNOS and GALILEO.¹ EGNOS is a regional system that re-uses GPS signals to provide, by means of added navigation signals, improved performance for satellite navigation users. GALILEO consists of a global constellation of 30 satellites and related ground control infrastructure. The project is a civilian one. It is also an alternative and complementary system to the U.S. [Global Positioning System](#) (GPS) and the [Russian GLONASS](#), both initially designed for and funded by the military. EGNOS and Galileo are developed as reliable space infrastructures which can be exploited and generate revenues in their own right.

The GNSS is to be realised in successive *phases*: Definition, Development, Deployment and Commercial operating phase.

The realisation of the GNSS system was first based on a Public-Private-Partnership (PPP) concession contract between the EU and the private sector, based on the principle of *1/3 public and 2/3 private funding*. To this end, the Galileo Joint Undertaking (GJU) was set up,² seeking via a tender procedure to find the appropriate private partner, the Concession Holder.³

In order to have the appropriate EU structure to follow the realisation of the programmes, the GNSS Supervisory Authority was set up. It took over from the GJU the tangible and intangible assets and was endowed with wide responsibilities to continue the work in progress.⁴

On 14 July 2004 the Commission adopted a proposal for a regulation of the EP and of the Council on the implementation of the deployment and commercial operating phases of the GNSS⁵. This proposal had two main objectives: to place the Galileo programme on a specific legal basis and to endow it with a financial contribution from the European Community of EUR 1 billion for the period from 1 January 2007 to 31 December 2013.

The EP first reading of 6 September 2005 proposed a number of amendments to the 2004 proposal,⁶ which in principle were acceptable to both the Commission and Council. Yet difficulties arose in the negotiations on the concession contract, particularly over the transfer

¹ **Galileo Galilei** (1564-1642), the father of astronomy, of physics, of science, etc, in discovering the four largest satellites of Jupiter (Io, Europa, Callisto and Ganymede) in 1610, held a dream about his discoveries: They were supposed to serve mankind.

² See Reg. (EC) no 876/2002 as amended by Reg. no 1943/2006

³ The consortium consisted of 1. EADS Astrium (European Consortium, yet mainly France and Germany), 2. TeleOp (Germany, but is made of Deutsch Telekom and the German Aerospace Centre), 3. Inmarsat (UK), 4. Thales (France), 5. Alcatel-Lucent (France), 6. Finmeccanica (Italy), 7. Aena (Spain) and 8. Hispasat (Spain).

⁴ See Reg. (EC) no 1321/2004 as amended by Re. (EC) no 1942/2006.

⁵ See COM (2004) 477.

⁶ It was based on the Barsi-Pataky report (A6-0212/2005).

of the shared risks and liability to the private sector. In its Resolution of September 2006¹ the European Parliament urged the Commission to assess what modifications in legal and procedural regulations would have been necessary to ensure a continuous progress of the project. Further, it called on the Commission to develop more appropriate solutions that would respond to the programme's objectives.

Consequently, important decisions were taken in the course of 2007:

- The Transport Council of 22 March 2007 asked the Commission to re-assess all aspects and the progress made regarding the Galileo project.
- The EP made a similar request in its Resolution adopted on 26 April 2007².
- The Commission responded in the Communication which it adopted on 16 May 2007³.
- The EP in its Resolution of 20 June 2007⁴ supported the proposals put forward by the Commission, in particular regarding Community financing for the programmes and the need to improve public governance of them.
- The Transport Council adopted a Resolution in June 2007, requesting the Commission to submit by September 2007 detailed proposals for financing and for an implementation and procurement strategy.

The 19 September 2007 proposals

The Commission presented to the Council and EP a package of proposals⁵ intended to re-launch the stalled GNSS project. However, your Rapporteur wishes to concentrate on three aspects of it:

1. The Lessons learned from the date of inception of Galileo,
2. The Revision of the Interinstitutional Agreement (IIA) on budgetary discipline,
3. Her main amendments to the new Galileo proposal.

The Lessons learned

Today, it is *eleven* years since the Commission submitted its first timid Communication on a Global Navigation Satellite System (GNSS). *It was in 1997*. However, we had to wait until the Nice European Council in December 2000 in order to have a commitment from the Heads of State and Government.

¹ Motion for a Resolution on taking stock of the Galileo programme (B6-0511/2006)

² European Parliament Resolution of 26 April 2007 on the Galileo concession contract negotiations.

³ See COM(2007) 261.

⁴ European Parliament Resolution of 20 June 2007 on the financing of the European programme of satellite radionavigation (Galileo) under the Interinstitutional Agreement of 17 May 2006 and the multiannual financial framework 2007-2013.

⁵ The documents submitted are: 1) 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) ((COM (2007) 535 final); 2) Communication from the Commission to the European parliament and the council progressing Galileo: re-profiling the European GNSS programmes (COM(2007) 534 final); 3) Commission staff working document, *Accompanying document to the communication from the commission to the European Parliament and the Council, progressing Galileo: re-profiling the European GNSS programmes* (SEC(2007) 1210); and 4) Communication from the Commission to the European Parliament and the council, concerning the revision of the multiannual financial framework (2007-2013), Proposal for a decision of the European Parliament and of the Council, amending the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management as regards the multiannual financial framework (COM(2007) 549 final).

The EP in all subsequent resolutions or Legislative resolutions on the GJU or the GNSS Supervisory Authority, has maintained its position, namely that the Galileo programme:

- a. Is a civilian programme,
- b. Guarantees the Independence of the EU with respect to third countries,
- c. Entails a strategic, economic, industrial, security, space and a lot more other Interests,
- d. Is an EU project par excellence due to the fact that it is a Technological and Space-related programme that no individual Member State can do it on its own.

However, in the meantime, we have learned a lot:

First, the Public Private Partnership *principle* is an important new form of cooperation in order to attain an objective that entails features of a Public Good. Yet any PPP that leads to mergers or consortia, which establish monopoly situations, should be avoided. Procurement Rules that lead to *monopolistic* market structures should also be avoided.

Second, GALILEO is the first Community infrastructure and its success can only be ensured through a common will. Previous negotiations collapsed because of internal disagreement.

Third, highly sophisticated projects that entail advanced technology present known and unknown *risks*. And these risks are *not* always calculable. Consequently, the industry is not very willing to assume Risk. That means that in such cases the PPP model is not beneficial for the Community. It is not an accident that in the US, in China, in Russia and in India, such projects have been initiated and funded by Government.

Fourth, a *traditional* Cost-Benefit-Analysis that does not concentrate on the *potential* costs and on the *potential* benefits, together with the multiplier effects arising from the numerous applications of *an unknown market* is doomed to give us biased results and thus lead us to wrong recommendations. Hence we need a *new* methodology in appraising the Costs and Benefits of Galileo.

Fifth, *delays* in the decision making and in application usually lead to high costs and loss of the comparative advantage. This is particularly important in an industrial field whose technology and services are fast moving and ever changing. And the five-year delay is a serious factor that we should not lose sight of it.

The IIA

The first reading of the EP on the 2008 Budget (25 October 2007) came as surprise to the Council (Budget). Increasing the 2008 funding for Galileo from *EUR 150 million to EUR 890 million* had not been expected. By this amendment the EP took a position: The amount proposed in the amending proposal on IIA had been acceptable to the EP.

Subsequently, the Budget Council of 23 November 2007 took two important decisions. It agreed to the EP's proposed amount for the 2008 budget and the Revision of the Multiannual Financial Framework 2007-2013, as presented in the Proposal for a decision of the European Parliament and of the Council, amending the Interinstitutional Agreement of 17 May 2006 on

budgetary discipline and sound financial management.¹

The Lisbon European Council on 13-4 December 2007 simply endorsed the revised funding of the GNSS programmes.

The Amended Proposal on Galileo and EGNOS

It entails the following essential elements:

- it incorporates the EGNOS programme,
- the abandonment of the concession plan for the deployment phase and all aspects related to it will be undertaken by the EC,
- a new date for the completion of deployment is set: mid-2013,
- the commercial operation of the EGNOS system may start in 2009,
- the public governance of the programmes will be ensured by a division of responsibilities between the Commission, the GNSS Supervisory Authority, the European Space Agency, and the Committee on European GNSS.

The Rapporteur's position on the amended proposal is supportive. Yet it introduces a number of amendments intended to be *useful* in the sense of improving the proposal in question. The draft report seeks to:

- Clarify the procedure and role of EU institutions if Agreements are concluded between the EC and third countries willing to be involved in funding Galileo.
- State clearly that the EC is the owner of all tangible and intangible assets created by EGNOS and GALILEO.
- Request the Commission to present a Legal Proposal prior to 2013 on the new funding requirements for the Exploitation phase, from 2013 onwards.
- Ask the Commission to present a Proposal on a possible Revenue-Sharing Mechanism for the exploitation phase.
- Introduce a new article on Security of the programmes.
- Lay down the principles, rules, procedure and role of ESA in the field of Public Procurement.
- Strengthen the Role of the EP in two ways:
 - a. by Appointing its own Expert for monitoring the Galileo and EGNOS programmes, and
 - b. by applying the regulatory with scrutiny procedure to most important aspects of the decision making.

It should also be noted that the draft report also accepts:

- The Commission's proposal for the Public Governance of the Programmes and their distinct phases: Deployment from 2008 to 2013 and Exploitation from 2013 onwards.

¹ In principle, the Budget Council could decide by qualified majority because the amount proposed for the redeployment of Headings (i.e. 2.4 billion Euro) is ***below 0.03% of EU GNI***. And for that amount only a qualified majority is needed, otherwise unanimity is required in Council

- The Budgetary resources proposed (i.e. EUR 3 105 million at current prices for 2007 to 2013).
- The revision of IIA as proposed by the Commission and agreed by the Budgetary Authority.

Conclusion

The GNSS programmes will be owned by the Community. Based on a common decision by the Parliament and the Council, GALILEO will be carried out through Community financing. Therefore the Parliament and the Council bear a common responsibility for the regulation on the deployment and operation of the programmes.

The first Community programme financed by the Community budget and of which infrastructure is commonly owned requests adaptation to some new related challenges that are mostly unknown.

Your rapporteur's intention would be to keep the necessary regulations clear but not superfluously detailed so that the responsibilities related to the new governance structure and to the procurement rules would be explicit and the permanent control would be ensured.

24.1.2008

OPINION OF THE COMMITTEE ON BUDGETS

for the Committee on Industry, Research and Energy

on the amended proposal for a regulation of the European Parliament and of the Council on the further implementation of the European satellite radionavigation programmes (EGNOS and Galileo)
(COM(2007)0535 – C6-0345/2007 – 2004/0156(COD))

Draftsman: Margaritis Schinas

AMENDMENTS

The Committee on Budgets calls on the Committee on Industry, Research and Energy, as the committee responsible, to incorporate the following amendments in its report:

Draft legislative resolution

Amendment 1 Paragraph 1 a (new)

- 1a. Considers that the financial envelope indicated in the legislative proposal is compatible with the ceiling of subheading 1a of the multiannual financial framework (MFF) 2007-2013 as revised by Decision 2008/29/EC of 18 December 2007, and points out that the annual amount will be decided within the annual budgetary procedure in accordance with the provisions of point 37 of the IIA of 17 May 2006;***

Proposal for a regulation

Amendments by Commission

Amendments by Parliament

Amendment 2 Recital 9

(9) The definition and development phases of the Galileo programme, which are the parts of the programme dedicated to research, were chiefly financed by the Community budget for trans-European networks. The deployment phase ***must*** be financed entirely by the European Community ***due to the lack of a real commitment from the private sector***. Service concession contracts or public service contracts with the private sector may be awarded to operate the system.

(9) The definition and development phases of the Galileo programme, which are the parts of the programme dedicated to research, were chiefly financed by the Community budget for trans-European networks. The deployment phase ***is*** financed entirely by the European Community. Service concession contracts or public service contracts with the private sector may be awarded ***at a later stage*** to operate the system ***after 2013***.

Amendment 3
Recital 10

(10) It is important that ***the financing of*** the EGNOS system, including all the elements ensuring it ***operates***, is sustainable and can be marketed, ***be*** assured by the European Community. The operation of EGNOS could be the subject of a public service contract with the private sector until it is integrated into the operation of Galileo.

(10) It is important that the EGNOS system, including all the elements ensuring it ***is operational***, is sustainable and can be marketed, ***and that its financing is*** assured by the European Community. The operation of EGNOS could be the subject of a public service contract with the private sector until it is integrated into the operation of Galileo.

Amendment 4
Recital 14

(14) Investment costs and the costs for operating the Galileo and EGNOS systems for the period 2007-13 are currently estimated at *EUR 3.4 billion* at current prices. 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***

(14) Investment costs and the costs for operating the Galileo and EGNOS systems for the period 2007-13 are currently estimated at *EUR 3 400 million* at current prices. ***The total available financial envelope is set at EUR 3 405 million for the European GNSS programmes for the period 2007 - 2013. 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 as decided by the budgetary authority through a review of the current financial framework (2007-13), and a further EUR 400 million, available from the Seventh Research and Development Framework Programme.***

that the Community budget for 2007-13 foresee 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.

Amendment 5
Recital 17 a (new)

(17a) The Supervisory Authority is a Community agency, set up by Regulation (EC) No 1321/2004. As a body within the meaning of Article 185 of the Financial Regulation, it is subject to the obligations foreseen for the Community agencies.

Amendment 6
Recital 18

(18) The main role of the Supervisory Authority will be to assist the Commission in all matters which arise during the programmes. It must also manage the funds specifically allocated to it under the programmes or entrusted to it by the Commission in accordance with Article 54(2) of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities, as amended by Council Regulation (EC, Euratom) No 1995/2006 of 13 December 2006.

(18) In the light of the new public governance principles applied to the management and execution of the European GNSS programmes, the role of the Supervisory Authority needs to be adapted. The Authority should accordingly provide direct assistance to the Commission in all matters related to the implementation of the programmes as well as continuing to perform specific tasks such as technical certification, security accreditation and market preparation. To this end, it must manage the funds specifically allocated to it under the programmes and entrusted to it by the Commission in accordance with Article 54(2) of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities, as amended by Council Regulation (EC, Euratom) No 1995/2006 of 13 December 2006.

Justification

Taking into account the failure of the PPP and the new public sector structure the mission of the GNSS Supervisory Authority shall be adjusted accordingly.

Amendment 7 Article 4

1. The development and validation phase shall be funded by the European Community and the European Space Agency ***and should end in 2010.***

2. The deployment phase ***shall*** be financed entirely by the European Community ***and should run from 2008 to 2013.***

3. The commercial operating phase is set to begin ***in 2013***. During this phase the operation of the system shall, where appropriate, be ensured through service concession contracts or public service contracts with the private sector. These contracts may be concluded before 2013. The financial contribution of the European Community to the commercial operating phase will depend on the level of contributions from the private sector resulting from any contracts concluded, ***following*** prior approval by the budgetary authority.

4. Agreements or conventions concluded by the European Community shall lay down the conditions and detailed rules ***for any third-country*** involvement ***in providing additional funding to the programme.***

1. The development and validation phase shall be funded by the European Community and the European Space Agency ***(hereinafter "ESA").***

2. The deployment phase ***will*** be financed entirely by the European Community ***without prejudice to paragraph 4.***

3. The commercial operating phase is set to begin ***upon conclusion of the deployment.*** During this phase the operation of the system shall, where appropriate, be ensured through service concession contracts or public service contracts with the private sector. These contracts may be concluded before 2013. The financial contribution of the European Community to the commercial operating phase will depend on the level of contributions from the private sector resulting from any contracts concluded, ***and is subject to*** prior approval by the budgetary authority.

4. ***Member States may provide additional funding to the programme in accordance with the provisions of the Financial Regulation applicable to the general budget of the European Communities. Third countries or international organisations may also be involved in providing additional funding to the programme.*** Agreements or conventions concluded by the European Community ***with such third countries or international organisations, pursuant to Article 300(3) of the Treaty,*** shall lay down the conditions and detailed rules ***of their*** involvement.

Amendment 8

Article 7, introductory part

The Community **contribution** allocated to the programmes under this Regulation shall be granted to finance:

The Community **budgetary appropriation** allocated to the programmes under this Regulation shall be granted to finance:

Amendment 9 Article 8

1. The amount **needed** to implement the activities specified in Article 7 of this Regulation, with the exception of those relating to the commercial operation of the system established under the Galileo programme, is **EUR 3 105 million** at current prices for the period from 1 January 2007 to 31 December 2013.

2. Appropriations shall be authorised annually by the budgetary authority within the limits laid down in the multiannual financial framework. They shall be implemented in accordance with the provisions of the Financial Regulation applicable to the general budget of the European Communities.

3. Budgetary commitments for the programmes shall be appropriated in annual instalments.

4. The sum specified in *the first paragraph of this Article* does not take account of unforeseen financial obligations which the European Community may be obliged to bear, in particular those relating to the public ownership of the systems. In this event the Commission shall present appropriate proposals to the European Parliament and to the Council.

1. The amount **allocated** to implement the activities specified in Article 7 of this Regulation, with the exception of those relating to the commercial operation of the system established under the Galileo programme, is **EUR 3 405 million** at current prices for the period from 1 January 2007 to 31 December 2013, ***of which EUR 400 million was made available from the Seventh Research and Development Framework Programme.***

2. Appropriations shall be authorised annually by the budgetary authority within the limits laid down in the multiannual financial framework. They shall be implemented in accordance with the provisions of the Financial Regulation applicable to the general budget of the European Communities.

3. Budgetary commitments for the programmes shall be appropriated in annual instalments.

4. The sum specified in *paragraph 1* does not take account of unforeseen financial obligations which the European Community may be obliged to bear, in particular those relating to the public ownership of the systems. In this event the Commission shall present appropriate proposals to the European Parliament and to the Council, ***using all possibilities provided by the Interinstitutional Agreement of 17 May 2006.***

4a. The Commission shall, in 2010, together with its mid-term report, submit to the European Parliament and the Council the appropriate proposal for the financing programming period starting in 2014

concerning the public funds and commitments and the revenue-sharing mechanism needed for the commercial operating phase, deriving from its responsibility relating to the public ownership of the system.

Amendment 10
Article 9, paragraph 1

Income from the operation of the systems shall be collected by the European Community and shall be paid into the Community budget and be allocated to the European GNSS programmes. ***If the income allocated proves to be significantly more than expected, the principle of allocation shall be reviewed.***

Income from the operation of the systems shall be collected by the European Community and shall be paid into the Community budget and ***may*** be allocated to the European GNSS programmes, ***subject to approval by the budgetary authority.***

Justification

The Commission text foresees a system of earmarked revenue. This is not justified at this point in time, since the budgetary authority has foreseen all the necessary funding needed until 2013. Therefore any such decision on further funding of Galileo programmes should be taken by the budgetary authority when appropriate through the budgetary procedure.

Amendment 11
Article 11, paragraph 5

5. The measures financed under this Regulation shall be implemented in accordance with Regulation (EC, Euratom) No 1605/2002.

5. The measures financed under this Regulation shall be implemented in accordance with Regulation (EC, Euratom) No 1605/2002 ***as amended by Regulation (EC, Euratom) No 1995/2006.***

Amendment 12
Article 12, paragraph 1

Without prejudice to the tasks conferred upon it under Regulation (EC) No 1321/2004, ***the Supervisory Authority shall support the Commission in all matters concerning the programmes, wherever its assistance is requested by the Commission.*** It shall manage and ***inspect*** the use of the funds specifically ***granted*** to it by the ***European Community*** under the

The Supervisory Authority shall, whenever requested by the Commission, provide it with direct assistance in all matters concerning the programmes, notably supervision of the implementation of the complete Galileo infrastructure, preparations for the operation and commercialisation of the services provided by the European GNSS systems,

programmes. These funds shall be made available to the Supervisory Authority through a delegation decision in accordance with Article 54(2) of Regulation (EC, Euratom) No 1605/2002 and the provisions of Regulation (EC) No 1321/2004.

international promotion and cooperation activities, external communications and the preparation of regulatory and policy initiatives. In addition, the Supervisory Authority, as stipulated under Regulation (EC) No 1321/2004, shall continue to ensure that the components of the systems are duly certified by the European GNSS security accreditation authority and prepare the markets. It shall manage and *monitor* the use of the funds specifically *allocated* to it by the *Commission* under the programmes. These funds shall be made available to the Supervisory Authority through a delegation decision in accordance with Article 54(2) of Regulation (EC, Euratom) No 1605/2002 and the provisions of Regulation (EC) No 1321/2004.

Amendment 13
Article 16

The Commission shall ensure the implementation of this Regulation. Each year, when it presents the preliminary draft budget, it shall present a report to the European Parliament and to the Council on the implementation of the programmes. A mid-term **review** shall be carried out in 2010 to inform the European Parliament and the Council of the progress made on the programmes.

The Commission shall ensure the implementation of this Regulation. Each year, when it presents the preliminary draft budget, it shall present a report to the European Parliament and to the Council on the implementation of the programmes. A mid-term *evaluation* shall be carried out in 2010 to inform the European Parliament and the Council of the progress made on the programmes.

Given the complexity of the project and its full financing from the Community budget, the Commission will, once a year, report in a joint meeting to the competent committees of the European Parliament on the progress of the GNSS Programmes, in particular as regards the industrial, transport and financial aspects.

SHORT JUSTIFICATION

Background

The Multiannual Financial Framework 2007-2013 foresaw an amount EUR of 1005 billion programmed under heading 1a for the financing of the deployment and operational phases of Galileo Programme during the period 2007/2013.

According to the Commission original proposal, the remaining funding for the operational and deployment phases of the Programme should have been provided by the private sector under a concession contract.

At the beginning of this year it appeared clear that public funding would have been the only source of credits for Galileo. The Transport Council of 6-8 June 2007 recognised that the implementation of a deployment of the Galileo system would need additional public funding. The European Parliament expressed its opposition to a mixed Community and intergovernmental funding of Galileo in its resolution of 20 June 2007.

Following the failure of the concession contract negotiations, and due to the political and economical impact of the Programme, on 19 September 2007 the Commission presented the present amended proposal on the continuation and implementation of the European Programmes of Satellite navigation (GNSS and Galileo) as well as a proposal for a Decision that foresees that the Galileo Programme will be exclusively funded through Community Budget, as requested by the EP.

The Interinstitutional Agreement of 17 May 2006 allows to modify the MFF in order to respond to unexpected situations. In its Decision of 19 September the Commission foresaw to review the MFF to provide additional 2.4 billion Euros needed for the deployment and operation phases of Galileo Programme.

During the budgetary procedure 2008, in its first reading, the Parliament welcomed the Commission proposal for a review of the MFF. During the Conciliation on the budgetary procedure held on 23 November 2007, the EP insisted on the need for a review of the MFF.

After long negotiations, the Council moved in the direction of the Parliament requests in line with the provisions of the Interinstitutional Agreement of 17 May 2006. The global agreement between the Parliament and the Council set to 1,6 billion the revision of the MFF, added EUR 200 million coming from redeployment of Community Programmes under 1a and EUR 400 million from reprioritisation under FPRD 7-Euratom and the mobilisation of the Flexibility instrument for an amount of 200 million Euros.

This agreement is in line with the EP priorities because it did not reduce financial envelopes of the multiannual programmes.

Draftsman's position

The Draftsman supports the Commission Regulation proposal. He nevertheless proposes some amendments related to the following areas.

Role of the Supervisory Authority

The Draftsman considers that some comments should be taken into account as for the role of the Supervisory Authority.

The draftsman underlines that the Authority is a Community agency, set up by Council Regulation No 1321/2004 on 12 July 2004; therefore it is a body in the sense of article 185 of the Financial Regulation and is subject to the obligations foreseen for the Community agencies.

For the sake of consistency with the status of the Authority, the Draftsman introduces certain amendments concerning the establishment plan and the discharge procedure in the Regulation proposal.

The position of the EP with respect to the Agency is that of a permanent monitoring of their activities, as foreseen in the conclusions of the conciliation held on 13 July 2007, where the two arms of the budgetary authority demanded "greater transparency in relation to the decentralised agencies, with a view to better monitoring their development."

The Draftsman also reminds that in their joint statement on Community agencies agreed at the Trialogue of 18 April 2007, the two arms of the budgetary authority *"invite the Commission to regularly evaluate the existing Community agencies, focussing particularly on their cost-benefit, and agree to assess the evaluation of the analysis prepared by the Commission for a selected number of agencies"*. The draftsman reiterates that externally conducted cost-benefit analyses, after a thorough evaluation by the budgetary authority, are an absolute necessity in order to be able to justify the added value of this decentralised form of governance to the European taxpayers.

Sound financial management

The Roles of the Supervisory Authority, on one hand, and of the European Space Agency, on the other, should be clearly defined, ensuring in this way a clear separation of tasks and competences and clarity concerning the allocation of the Community financial contribution. In both cases, since Community financial contribution is involved, Commission bares the responsibility of sound financial management.

The EU contribution managed by ESA shall also comply with the provisions of the financial Regulation, as foreseen in art. 13 of the proposal, via the reference to the Financial Regulation (art.54.2) and the related implementing rules (art.41).

Financing

Technical adjustments are needed after the conclusion of the Conciliation between the Parliament and the Council on 23 November mentioned in the introduction. Therefore the Draftsman proposes some technical amendments to the text to reflect the result of these negotiations.

Guaranties

The Draftsman stresses the complexity of the Galileo Programme, involving many sectors of EU policies.

He believes that, considering the importance of the EU financing of Galileo, a democratic monitoring of the impact of the programme in all the sectors involved is due. Therefore he proposes to organise once a year hearing involving all the committee interested in Galileo applications and the committee on Budgets in order to debate about it with the Commissioner responsible for the respective sectors, ESA representatives, as well as the Executive Director of the Supervisory Authority.

ANNEX

Financing of Galileo and EIT

Budget item 2008	Heading	Total 2008-2013
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- GALILEO

Reprioritisation		
06 06 02	7th Research Framework Programme - Research related to transport (including aeronautics)	400
	Subtotal	400

Redeployment *		
26 02 01	Procedures for awarding and advertising public supply, works and service contracts (OJ/S)	46
02 03 04	Standardisation and approximation of legislation	28
31 02 01	Conference Interpreter Training for Europe "CITE"	10
26 03 01	Pan-European eGovernment services to public administrations, enterprises and citizens (IDABC programme)	16
08 20; 08 21	Euratom	50
	Decentralised Agencies - reprogramming	50
	Subtotal	200

Revision	
	1.600
Flexibility	
	200

TOTAL GALILEO 2400

* Concerns only non-COD programmes or COD programmes without financial envelopes

PROCEDURE

Title	Deployment and commercial operating phases of the European programme of satellite radionavigation
References	COM(2007)0535 – C6-0345/2007 – COM(2004)0477 – C6-0087/2004 – 2004/0156(COD)
Committee responsible	ITRE
Opinion by Date announced in plenary	BUDG 23.10.2007
Drafts(wo)man Date appointed	Margaritis Schinas 14.11.2007
Discussed in committee	18.12.2007 23.1.2008
Date adopted	23.1.2008
Result of final vote	+: 29 –: 0 0: 0
Members present for the final vote	Reimer Böge, Costas Botopoulos, Daniel Dăianu, Gérard Deprez, Brigitte Douay, Hynek Fajmon, Ingeborg Gräßle, Catherine Guy-Quint, Jutta Haug, Monica Maria Iacob-Ridzi, Anne E. Jensen, Wiesław Stefan Kuc, Janusz Lewandowski, Vladimír Maňka, Mario Mauro, Jan Mulder, Cătălin-Ioan Nechifor, Gérard Onesta, Margaritis Schinas, Esko Seppänen, Nina Škottová, Theodor Dumitru Stolojan, László Surján, Gary Titley, Kyösti Virrankoski, Ralf Walter
Substitute(s) present for the final vote	Thijs Berman, Esther De Lange, Peter Šťastný

28.1.2008

OPINION OF THE COMMITTEE ON TRANSPORT AND TOURISM

for the Committee on Industry, Research and Energy

on the amended proposal for a regulation of the European Parliament and of the Council on the further implementation of the European satellite radionavigation programmes (EGNOS and Galileo)
(COM(2007)0535 – C6-0345/2007 – 2004/0156(COD))

(Renewed referral)

Draftswoman: Anne E. Jensen

SHORT JUSTIFICATION

The proposal foresees Community funding for Galileo up to EUR 3,105 billion for the period 2007-2013. The EUR 1,005 billion is already foreseen in the existing financial framework 2007-2013 and additional amount is proposed to be provided by the unused margins in Headings 2 and 5 for 2007 and 2008. Further, EUR 300 million will be made available from the 7th Research Framework Programme (transport activities). The amount of EUR 2,1 billion is proposed to come throughout the revision of the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management (IIA).

The political agreement between PE and Council for financing Galileo

As regards to the funding, the political agreement which was reached between PE and Council under the budgetary procedure for the year 2008 (23/11/2007) reaffirms the political will of the EU for this strategic programme. It provides additional public (Community) funding covering the missing EUR 2,4 billion out of the total of EUR 3,4 billion (1 billion was already foreseen) which is necessary for the Full Operational Capability of Galileo for the period 2008-2013. This amount will be available by the margin of Heading 2 (Agriculture expenditure) of 2007, the redeployment of the Heading 1a (Sustainable growth - competitiveness) and the use of EUR 400 million from the transport related research activities under the 7th Research Framework Programmed.

The proposals of the draftsman

It is clear that political choice is required in order to decide how to complete the development of the Galileo radio navigation system, a strategic asset with a great public and economic value for the EU.

Full Operational Capability and focus on actions and market domains

The Full Operational Capability procurement of 30 satellites with Community funds will be followed by possible PPP for operation and exploitation activities with full deployment and service availability by the end of 2012.

The specific objectives of EGNOS and Galileo services should be pursued through targeting actions and market domains. The transport sector, both public and private, will be one of the main beneficiaries from the fastest growing technological applications and markets. The expected revenues, highly dependent on the time-to-market of Galileo, cover various sectors, such as road transport (30%), Public Regulated Service (29%), mobile telephony (17%), professional services (9%), aviation (5%).

It is for this reason that an action plan should focus on the specific objectives of the Galileo and EGNOS systems and articulate actions and market domains related to applications. Ethical and privacy issues, intellectual property rights, participation of SMEs, standards and certification and liability issues, to name a few, should be addressed.

Decisions related to the commercial use and market aspects

By setting concrete timetables for decisions necessary for the commercial use, market aspects and operational function of the European GNSS programmes and services it will enable us to advance this project in the interest of all Member States and citizens. Where necessary, references on the new comitology procedure with scrutiny are made.

Public governance

There is a need for strengthening and restructuring the public governance of the European GNSS, as well as to provide confidence to downstream investors. The role of European Space Agency, as design authority and its involvement on the procurement aspects should be ensured. The role of the GNSS Supervisory Authority (GSA) and the programme management with more transparent and efficient public sector governance should be adjusted accordingly.

Public Procurement criteria and principles - genuine competition

A genuine competition on the basis of dual-sourcing and regular competitive tendering, greater involvement of the SMEs shall contribute to the sound implementation of Galileo.

For the procurement aspects, it is proposed to apply Community rules and criteria ensuring fair competition with proper balance aiming at timing and efficient results. These criteria should include the limitation of receiving grants for no more than two lots (segment) of the Galileo and the obligation of subcontracting as minimum of the total volume of the work for which the concession contract is to be awarded to third parties and SMEs.

AMENDMENTS

The Committee on Transport and Tourism calls on the Committee on Industry, Research and Energy, as the committee responsible, to incorporate the following amendments in its report:

Text proposed by the Commission¹

Amendments by Parliament

Amendment 1 Recital 6

(6) Satellite radionavigation is a technology which can improve the daily lives of European citizens in a large number of areas. The development of this technology is fully in line with the Lisbon Strategy and other Community policies, such as transport policy as set out in the Commission's White Paper, ***particularly as regards freight management, charging for use of infrastructures and road safety.***

(6) Satellite radionavigation is a technology which can improve the daily lives of European citizens in a large number of areas ***such as location-based services and emergency calls, roads, rail, aviation, intermodal transport and mobility service, maritime matters, fisheries and inland waterways, civil protection, emergency management and humanitarian aid, dangerous goods, livestock transport, agriculture, parcel measurements, geodesy and cadastral surveying, energy, oil and gas, search and rescue, logistics, the environment, science, law enforcement, public regulated services and space.*** The development of this technology is fully in line with the Lisbon Strategy and other Community policies, such as transport policy as set out in the Commission's White Paper.

In the multi-annual work programme the Commission should accord special attention to the operational functions of the GNSS applications and their market sector.

Justification

As the range of satellite applications has not been introduced so far, it is necessary to name them in the relevant regulation.

It is essential that the Commission establishes a framework for the operational function of the applications of the Galileo services and the related market aspects of the GNSS programme.

¹ Not yet published in OJ

Amendment 2

Recital 18

(18) *The main role of the Supervisory Authority will be to assist the Commission in all matters which arise during the programmes. It must also manage the funds specifically allocated to it under the programmes or entrusted to it by the Commission in accordance with Article 54(2) of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities, as amended by Council Regulation (EC, Euratom) No 1995/2006 of 13 December 2006.*

(18) *In accordance with the new public governance principles applied to the management and execution of the European GNSS programmes it is mandatory to adapt the role of the GSA. To this end, the GSA should provide direct assistance to the Commission in all matters related to the implementation of the programmes as well as continue to perform specific tasks such as technical certification, security accreditation and market preparation. To this end, it must manage the funds specifically allocated to it under the programmes and/or entrusted to it by the Commission in accordance with Article 54(2) of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities, as amended by Council Regulation (EC, Euratom) No 1995/2006 of 13 December 2006.*

Justification

Taking into account the failure of the PPP and the new public sector structure the mission of the GNSS Supervisory Authority shall be adjusted accordingly.

Amendment 3
Article 2 a (new)

Article 2a

Specific objectives of the European GNSS programmes

1. The specific objectives of the Galileo programme are to ensure that the signals emitted by the system can be used to fulfil the following five functions:

- to offer an open service (OS), which is free to the user and provides positioning and synchronisation information intended for high-volume satellite radio navigation application;

- to offer a safety of life service (SoL) aimed at users for whom security is essential and which meets the requirements of the aeronautical, maritime, road and rail sectors. This service also fulfils the requirement for continuity and includes an integrity message alerting the user to any failure in the system;

- to offer a commercial service (CS) for the development of applications for professional or commercial use due to improved performance and data with greater added value than those obtained through the open service;

- to offer a public regulated service (PRS), restricted to government-authorised users, for sensitive applications which require a high level of service continuity. The public regulated service uses strong, encrypted signals; and

- to participate in the search and rescue support service (SAR) of the COSPAS-SARSAT system by detecting emergency signals given off by beacons and relaying messages to them.

2. The specific objectives of the EGNOS programme are to ensure that the EGNOS system fulfils the following three functions:

- to offer an open service, which is free to the user and provides positioning and synchronisation information intended for high-volume satellite radio navigation applications in the area covered by the system;

- to offer a service for the dissemination of commercial data to assist the development of applications for professional or commercial use due to improved performance and data with greater added value than those obtained through the open service; and

- to offer a safety of life service aimed at users for whom security is essential and which meets the requirements of the aeronautical, maritime, road and rail sectors. In particular, this service fulfils the

requirement for continuity and includes an integrity message alerting the user to any failure in the system.

(Adoption of this amendment will entail deletion of the Annex)

Justification

This amendment aims to transfer the specific objectives of EGNOS and Galileo into the enacting terms of the Regulation. This provides more legal certainty on the operations of these programmes.

Amendment 4
Article 5 a, paragraph 1 (new)

Article 5a

Implementation of EGNOS and Galileo programmes

1. Within a period of one year from the date on which this Regulation enters into force, the Commission shall adopt an action plan covering detailed technical, commercial, financial and programmatic aspects related to the implementation of the specific objectives and the action and market domains of the programmes. The action plan shall be revised, where necessary, according to developments in the relevant areas of the specific objectives and action and market domains.

Justification

The Commission should be called upon to prepare an action plan in order to address technical, commercial, financial and programmatic aspects of the EGNOS and Galileo programmes. This plan may include ethical and privacy issues, intellectual property rights, participation of SMEs, standards, and certification and liability issues.

Amendment 5
Article 5 a, paragraph 2 (new)

2. The Commission shall ensure the compatibility and interoperability of the systems, networks and services of EGNOS and Galileo, both between each other and

with other navigation systems and where possible with conventional navigation means.

Justification

It is essential for the development of the GNSS programmes and market applications to pursue the compatibility and interoperability of systems, networks and services of EGNOS and Galileo, both between each other and with other navigation systems. When a GNSS application change requirements, the new application shall ensure backward compatibility with the systems already placed in the market. Thus, the operators and consumers will be ready to support the development of the satellite navigations applications.

Amendment 6

Article 5 a, paragraph 3 (new)

3. The measures designed to amend non-essential elements of this Regulation by supplementing it with new elements and relating to measures referred to in paragraphs (1) and (2) or amendments thereto shall be adopted in accordance with the regulatory procedure with scrutiny referred to in Article 14(3).

Justification

Reference should be made to the new regulatory procedure with scrutiny laid down in Article 5a of Council Decision 1999/468/EC as amended by Decision 2006/512/EC.

Amendment 7

Article 8, paragraph 2

2. Appropriations shall be authorised annually by the budgetary authority within the limits laid down in the multiannual financial framework. They shall be implemented in accordance with the provisions of the Financial Regulation applicable to the general budget of the European Communities.

2. Appropriations shall be authorised annually by the budgetary authority within the limits laid down in the ***amended*** multiannual financial framework. They shall be implemented in accordance with the provisions of the Financial Regulation applicable to the general budget of the European Communities.

Justification

The aim is to ensure consistency with the Council agreement of November 2007.

Amendment 8
Article 8, paragraph 4

4. The sum specified in the first paragraph of this Article does not take account of unforeseen financial obligations which the European Community may be obliged to bear, in particular those relating to the public ownership of the systems. ***In this event*** the Commission shall present ***appropriate proposals*** to the European Parliament and to the Council.

4. The sum specified in the first paragraph of this Article does not take account of unforeseen financial obligations which the European Community may be obliged to bear, in particular those relating to the public ownership of the systems. The Commission shall ***therefore*** present ***a proposal*** to the European Parliament and to the Council ***in 2010, together with its mid-term review, in order to enable the budgetary authority to decide, for the financial programming period starting in 2014 and for the period up to the end of the programme, on the public funds and commitments, including any obligations, needed for the commercial operating phase, deriving from its responsibility relating to the public ownership of the system. Where applicable, the Commission shall also propose, together with its mid-term review, measures necessary for the commercial use and operational function of the applications of the GNSS services.***

Amendment 9
Article 9, subparagraph 1

Income from the operation of the systems shall be collected by the European Community and shall be paid into the Community budget and be allocated to the European GNSS programmes. If the income allocated proves to be significantly more than ***expected***, the principle of allocation shall be reviewed.

Income from the operation of the systems shall be collected by the European Community and shall be paid into the Community budget and be allocated to the European GNSS programmes. If the income allocated proves to be significantly more than ***that necessary for the GNSS*** programmes, the principle of allocation shall be reviewed.

Justification

The aim is to clarify the wording of the Commission's initial text.

Amendment 10
Article 12, paragraph 1

Without prejudice to the tasks conferred upon it under Regulation (EC) No 1321/2004, ***the Supervisory Authority shall support the Commission in all matters concerning the programmes, wherever its assistance is requested by the Commission.*** It shall manage and ***inspect*** the use of the funds specifically ***granted*** to it by the European Community under the programmes. These funds shall be made available to the ***Supervisory Authority*** through a delegation decision in accordance with Article 54(2) of Regulation (EC, Euratom) No 1605/2002 and the provisions of Regulation (EC) No 1321/2004.

The GSA shall, whenever requested by the Commission, provide it with direct assistance in all matters concerning the management of programmes, notably supervision of the implementation of the complete Galileo infrastructure, preparations for the operation and commercialisation of the services provided by the European GNSS systems, international promotion and cooperation activities, external communications and the preparation of regulatory and policy initiatives. In addition, the GSA, as stipulated under Regulation (EC) No 1321/2004, ***shall continue to ensure that the components of the systems are duly certified by the European GNSS security accreditation authority and prepare the markets.*** It shall manage and ***monitor*** the use of the funds specifically ***allocated*** to it by the ***European Community*** under the programmes. These funds shall be made available to the ***GSA*** through a delegation decision in accordance with Article 54(2) of Regulation (EC, Euratom) No 1605/2002 and the provisions of Regulation (EC) No 1321/2004.

Justification

The aim is to clarify the role of the Supervisory Authority and to make adjustments to the new public governance principles.

Amendment 11 Article 12, paragraph 2 a (new)

The Commission shall put forward a proposal on the revision of Regulation (EC) N°1321/2004, in order to adapt the structures and the management of the European satellite radio-navigation programmes to this regulation.

Justification

The role of the GNSS Supervisory Authority (GSA) and the programme management, aiming at a more transparent and efficient public sector governance, should be adjusted accordingly,

taking into account the failure of the PPP and the present proposal.

Amendment 12
Article 13 a (new)

Article 13a

Principles and rules governing public procurement during the deployment phase of Galileo

1. The Community rules on public procurement during the deployment phase of the Galileo programme shall include the following principles:

a) competitive tendering for all packages under a single procedure, whereby any independent legal body or group represented for this purpose by a legal body, or part of a group, may tender as the lead contractor for a maximum of two of the six main work packages;

b) at least 40% of the total value of the work must be subcontracted through competitive tendering at various levels to undertakings other than those belonging to the groups whose body is the lead contractor for any of the main work packages.

2. Without prejudice to the application of Community rules on public contracts, the following criteria shall be taken into account when deciding whether to grant Community funds for the implementation of the Galileo programme:

- the level of open and fair competition throughout the industrial supply chain;

- parallel, double-source procurement, aimed at reducing technological and industrial risks as well as dependencies, and better overall control of programme costs and schedules; and

- involvement of small and medium-sized enterprises (SMEs) across the Member States.

The ESA, in agreement with the Commission, may annul the tender

procedure if one of the abovementioned criteria has not been met or where no qualitatively and/or financially worthwhile tender has been received.

3. The measures designed to amend non-essential elements of this Regulation by supplementing it with new elements and relating to measures referred to in paragraphs (1) and (2) or amendments thereto shall be adopted in accordance with the regulatory procedure with scrutiny referred to in Article 14(3).

Justification

The regulation should cover and regulate the purchasing policy to be pursued. In addition the work packages into which the contract is to be divided and which are subject to the 40% subcontracting rule should be included in Annex I.

It is essential for the sound implementation of the Galileo programme across the EU to include principles and rules related to the public procurement rules and the necessary know-how to public contracts. These criteria shall guarantee a genuine competition while at the same time shall ensure the involvement of the SMEs. Reference should be made to the new regulatory procedure with scrutiny laid down in Article 5a of Council Decision 1999/468/EC as amended by Decision 2006/512/EC.

Amendment 13

Article 13 a, paragraph 4 (new)

4. Within a period of one month from the date on which this Regulation enters into force, the ESA shall carry out a preliminary activity identifying at segment and at components level all potential competitors.

Justification

In order to better prepare the public procurement phase of Galileo, the ESA shall launch a preliminary activity, such as a Request For Information (RFI), aiming at identifying the involvement of all potential competitors, at segment level as well as at components level. This activity will ensure a genuine competition at segment level and further down level of the industrial activity from a new request for tenders to industry, and it will contribute to the control costs, mitigate risks, improve efficiency and decrease dependencies.

Amendment 14

Article 14, paragraph 5 a (new)

5 a. Agreements concluded by the European Community in accordance with the regulatory procedure with scrutiny referred to in paragraph 3 of this article shall be referred to the European Parliament.

Justification

Given the importance of the Galileo Programme for the European Union, Parliament must be able to monitor agreements concluded under this programme.

Amendment 15
Article 14 a (new)

Article 14 a

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.

PROCEDURE

Title	Deployment and commercial operating phases of the European programme of satellite radionavigation
References	COM(2007)0535 – C6-0345/2007 – COM(2004)0477 – C6-0087/2004 – 2004/0156(COD)
Committee responsible	ITRE
Opinion by Date announced in plenary	TRAN 23.10.2007
Drafts(wo)man Date appointed	Anne E. Jensen 9.10.2007
Discussed in committee	17.12.2007 21.1.2008
Date adopted	22.1.2008
Result of final vote	+: 42 –: 3 0: 2
Members present for the final vote	Gabriele Albertini, Inés Ayala Sender, Etelka Barsi-Pataky, Paolo Costa, Michael Cramer, Luis de Grandes Pascual, Christine De Veyrac, Petr Duchoň, Saïd El Khadraoui, Robert Evans, Emanuel Jardim Fernandes, Francesco Ferrari, Mathieu Grosch, Georg Jarzembowski, Stanisław Jałowiecki, Timothy Kirkhope, Dieter-Lebrecht Koch, Jaromír Kohlíček, Rodi Kratsa-Tsagaropoulou, Sepp Kusstatscher, Jörg Leichtfried, Bogusław Liberadzki, Eva Lichtenberger, Marian-Jean Marinescu, Erik Meijer, Robert Navarro, Seán Ó Neachtain, Willi Piecyk, Reinhard Rack, Luca Romagnoli, Gilles Savary, Brian Simpson, Renate Sommer, Dirk Sterckx, Ulrich Stockmann, Georgios Toussas, Yannick Vaugrenard, Lars Wohlin, Roberts Zīle
Substitute(s) present for the final vote	Zsolt László Becsey, Johannes Blokland, Philip Bradbourn, Luigi Cocilovo, Markus Ferber, Jeanine Hennis-Plasschaert, Anne E. Jensen, Corien Wortmann-Kool

PROCEDURE

Title	Deployment and commercial operating phases of the European programme of satellite radionavigation		
References	COM(2007)0535 – C6-0345/2007 – COM(2004)0477 – C6-0087/2004 – 2004/0156(COD)		
Date submitted to Parliament	15.7.2004		
Committee responsible Date announced in plenary	ITRE 23.10.2007		
Committee(s) asked for opinion(s) Date announced in plenary	BUDG 23.10.2007	CONT 23.10.2007	TRAN 23.10.2007
Not delivering opinions Date of decision	CONT 12.11.2007		
Rapporteur(s) Date appointed	Etelka Barsi-Pataky 9.10.2007		
Discussed in committee	22.11.2007	19.12.2007	29.1.2008
Date adopted	8.4.2008		
Result of final vote	+: 49 -: 0 0: 1		
Members present for the final vote	Šarūnas Birutis, Jan Březina, Jerzy Buzek, Jorgo Chatzimarkakis, Giles Chichester, Dragoș Florin David, Pilar del Castillo Vera, Den Dover, Nicole Fontaine, Adam Gierek, András Gyürk, Fiona Hall, David Hammerstein, Rebecca Harms, Erna Hennicot-Schoepges, Mary Honeyball, Ján Hudacký, Romana Jordan Cizelj, Anne Laperrouze, Pia Elda Locatelli, Eugenijus Maldeikis, Angelika Niebler, Reino Paasilinna, Atanas Paparizov, Francisca Pleguezuelos Aguilar, Anni Podimata, Miloslav Ransdorf, Vladimír Remek, Herbert Reul, Teresa Riera Madurell, Mechtild Rothe, Paul Rübig, Andres Tarand, Britta Thomsen, Catherine Trautmann, Claude Turmes, Nikolaos Vakalis, Adina-Ioana Vălean, Alejo Vidal-Quadras		
Substitute(s) present for the final vote	Etelka Barsi-Pataky, Ivo Belet, Zdzisław Kazimierz Chmielewski, Robert Goebbels, Satu Hassi, Gunnar Hökmark, Pierre Pribetich, Vittorio Prodi, Esko Seppänen, Peter Skinner, Silvia-Adriana Țicău		
Date tabled	10.4.2008		