

INCEPTION IMPACT ASSESSMENT			
TITLE OF THE INITIATIVE	Governmental Satellite Communications (GOVSATCOM)		
LEAD DG – RESPONSIBLE UNIT – AP NUMBER	GROW I.1	DATE OF ROADMAP	18/10/2016
LIKELY TYPE OF INITIATIVE	Legislative or non-legislative proposal		
INDICATIVE PLANNING	December 2017		
ADDITIONAL INFORMATION	-		
<p>This Inception Impact Assessment aims to inform stakeholders about the Commission's work in order to allow them to provide feedback on the intended initiative and to participate effectively in future consultation activities. Stakeholders are in particular invited to provide views on the Commission's understanding of the problem and possible solutions and to make available any relevant information that they may have, including on possible impacts of the different options. The Inception Impact Assessment is provided for information purposes only and its content may change. This Inception Impact Assessment does not prejudice the final decision of the Commission on whether this initiative will be pursued or on its final content.</p>			

A. Context, Problem definition and Subsidiarity Check
<p>Context</p> <p>This impact assessment addresses an initiative on EU Governmental Satellite Communications (GOVSATCOM) that would act at the interface of three EU policy areas: space, security, and defence. It will be part of the Space Strategy for Europe¹ and the European Defence Action Plan². Currently, an EU GOVSATCOM policy does not exist. However, several recent EU initiatives (e.g. defence and security³, Arctic⁴, Hybrid Threats⁵) refer to EU GOVSATCOM as a key asset for crisis management, disaster response, police, border and coastal surveillance, and protection of large-scale infrastructures at Member State or EU level. Several Council conclusions welcome EU GOVSATCOM initiatives to 'avoid fragmentation' and to 'seek civil-military synergies'⁶. The Global Strategy for the European Union's Foreign and Security Policy⁷ identifies satellite communications as an area where investments are needed to ensure the Union's credibility and capability as a security actor. The European Parliament calls for the Commission to make progress on the GOVSATCOM file⁸ by identifying user needs and evaluating different solutions. Finally, this initiative is referred to in the letter of intent accompanying the State of the Union 2016 by President Juncker⁹.</p>
<p>Problem the initiative aims to tackle</p> <p>EU and Member State governmental actors, especially those providing security to citizens, are increasingly reliant on satellite communications (SATCOM) for their missions and infrastructures. However, secure satellite communication needs of Member State governmental and EU institutional users are fragmented, and cannot be fully matched on the global open market of satellite communications services, which is driven by TV broadcast or multimedia services. Under the currently evolving threat environment, the mismatch between governmental SATCOM user needs, and timely and appropriate solutions, increasingly creates risks to key missions,</p>

¹ http://ec.europa.eu/smart-regulation/roadmaps/docs/2016_grow_007_cwp_european_space_strategy_en.pdf

² http://ec.europa.eu/smart-regulation/roadmaps/docs/2016_grow_006_cwp_european_defence_action_plan_en.pdf

³ <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52013DC0542&from=EN>

⁴ https://eeas.europa.eu/arctic_region/docs/160427_joint-communication-an-integrated-european-union-policy-for-the-arctic_en.pdf

⁵ <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52016JC0018&from=EN>

⁶ http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/140245.pdf
http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/intm/146072.pdf

www.consilium.europa.eu/en/meetings/fac/2015/05/st08971_en15_pdf/

⁷ https://europa.eu/globalstrategy/sites/globalstrategy/files/eugs_review_web.pdf

⁸ <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+REPORT+A8-2016-0151+0+DOC+PDF+V0//EN>

⁹ http://bookshop.europa.eu/is-bin/INTERSHOP.enfinity/WFS/EU-Bookshop-Site/en_GB/-/EUR/ViewPublication-Start?PublicationKey=NA0116205

security operations and infrastructures of the Union and its Member States. The consequences for our society may be destabilising if security actors cannot adequately respond to crisis situations or disasters, if border surveillance is not effective, or if large-scale infrastructures are vulnerable because of a lack of appropriate satellite communications means.

The most important drivers to the problem are:

1. **Fragmentation of the demand side** in terms of governmental level (regional, national and Union) and in civil and military domains.
2. **Guaranteed access** to satellite communications is **critical** to governmental users, but it is a **scarce resource** with very long investment cycles and lead times (10-20 years) for which EU governmental users currently compete with global mass media companies.
3. EU governmental satellite communications solutions, even in the civil domain, require increasingly robust **protection against ill-intentioned acts.**
4. Sensitive governmental communications is currently sometimes **dependent** on an entity or assets which are beyond the jurisdiction of the EU.
5. The risk associated with different levels of European Autonomy which is either not addressed or limited to national military solutions accessible only to a limited number of EU Member States.

Subsidiarity check (and legal basis)

EU action would be based on Article 189 TFEU (Title V Research Technology Development and Space), which provides a legal base for the EU to act in space policy matters. This initiative will support both EU policies and policies which are the competence of the Member States, such as security and defence policies. While some EU Member States own communication satellites and are using them at national level, no satellite communication services at European level exist today for all EU security actors.

No EU Member State – including those owning relevant GOVSATCOM – has the means or the mandate to provide operational GOVSATCOM service at European level open to all Member States security actors and EU Institutions. In addition, the provision of governmental communication is sensitive and requires a level of trust among the stakeholders which cannot be achieved by an EU Member State acting alone.

Action at the EU level is necessary because part of the security policies and infrastructures to be supported by a possible GOVSATCOM initiative are already managed at EU level, including the Common Security and Defence Policy, and provides added value because action and coordination at EU level will avoid duplication of efforts across the Union and between civil and military actors.

The need for EU level action is confirmed by the December 2014 Competitiveness/Space Council Conclusions and more recently by the May 2015 Foreign Affairs Council Conclusions.

B. Objectives and Policy options

Objectives: The general policy objective of an EU GOVSATCOM initiative is to ensure reliable, secured and cost-effective satellite communications services for EU and national public authorities managing security critical missions and infrastructures.

Specific objectives are:

- (1) To overcome the fragmentation of GOVSATCOM users on European scale, seeking synergies between the civil and military domains.
- (2) To find solutions which ensure an appropriate guarantee of access for governmental users (EU and national) to satellite communications.
- (3) To ensure that solutions are sufficiently robust to ill-intentioned acts to be used by EU governmental security actors.
- (4) To ensure that the solutions provide an appropriate level of European non-dependence in terms of technologies, assets, operations and services. This requires a competitive and innovative European space sector to ensure renewal of systems in the mid-2020's.

In line with the user requirements, the IA will in particular look at the targeted user communities which can range from EU institutions to national security actors including other EU programmes and initiatives.

Options: [

(0) Baseline: Under the baseline scenario, no additional EU action would be taken. Member States having military SATCOM capabilities would continue to use them for their own security actors, and the EU would continue to procure SATCOM services on the global open market.

The notion of overcoming the fragmentation of the demand side is considered a pre-requisite in all Commission, EU Council, and European Parliament policy papers. Therefore all the options below foresee the pooling of user demand for GOVSATCOM of EU institutions and Member State public authorities. Since the objective is to ensure GOVSATCOM **services**, the options are designed around different governance schemes which might enable the provision of such services, and they do not directly identify technologies or infrastructure systems. Existing satellite systems could be used as a basis for EU GOVSATCOM. For all the solutions below various level of European Autonomy can be considered in line with the user needs.

(1) Market solutions, with standardisation: In this option GOVSATCOM services are procured in a coordinated or structured way on the global open market. To ensure that EU GOVSATCOM solutions are consistent with the (security) specifications of EU users, common standards would need to be developed and assessed.

(2) Member States Consortium / Public-Public Partnership: EU GOVSATCOM services are managed by a consortium of Member States of the EU. Different models exist and have been applied in the space sector (e.g. EU SST, NATO).

(3) Public-Private partnership: The provision of EU GOVSATCOM services is ensured by a Public-Private Partnership. Different models exist and have been applied in the space sector by the Union, and in the framework of European Space Agency programmes (e.g. 'Design and build', 'Design-Build-and-Operate', Concessions).

(4) EU owned space infrastructure: In this option a dedicated space (and ground) infrastructure is developed, operated and owned by the Union. GOVSATCOM services are provided in this framework by an EU agency or delegated entity. This option is similar to the Copernicus and Galileo programmes.

C. Preliminary Assessment of Expected Impacts

Likely economic impacts

Aggregating the demand of governmental users of SATCOM will have an impact both on the users and on the providers of GOVSATCOM services (private SATCOM providers or national military programmes). It will generate economies of scale by pooling the contracts leading to a decrease of the public costs per Mbit/s to the user. It will enhance the visibility of the needs of governmental entities in the long term, allowing SATCOM operators to develop appropriate solutions.

Structuring the GOVSATCOM market on a supply side (option 2 and 3) will have an impact on the Member States operating satellites: by a better use of their SATCOM capacity they can expect to recover part of their investment costs.

In the case of options 2 to 4 part of the SATCOM services which are currently provided by global open market satellite operators to EU governmental security users may be replaced by GOVSATCOM solutions. However, new business models may emerge for private satellite operators to which owners of GOVSATCOM satellites outsource the operations of their satellites whilst retaining control of security.

Supporting the development of a next generation of GOVSATCOM will have a positive economic impact on the Space industry including space craft manufacturers, operators, launch industry, and ground equipment manufacturers. SME's are very active in the SATCOM sector both as specialised subcontractors of the big manufacturers (system integrators) who design the SATCOM satellites, but also as producers and operators of SATCOM ground segments and service providers. This initiative is likely to have a positive impact on those SME's.

Likely social impacts

The most important social impact will be on civil security. All the options except for the baseline scenario, would improve the satellite communications for a range of security providers at regional, national and EU level. This should result in more effective operations of those security providers, with eventually a positive effect on the security environment of all EU citizens.

If the long term visibility of the demand for EU GOVSATCOM leads to additional SATCOM system being developed, the social impacts in terms of jobs would affect positively the SATCOM manufacturing industry which is the most labour intensive SATCOM subsector (the operators' weight in terms of jobs is very small).

Likely environmental impacts

<p>No major impacts are expected from the different options. However, GOVSATCOM may play an important role as an enabler for monitoring of the environment, for example by COPERNICUS or by Remotely Piloted Aircraft Systems (RPAS), in the sense that it would facilitate the transfer of large quantities of imaging data. This is particularly relevant for remote and fragile environments such as the Arctic, which have no terrestrial communication infrastructure, and where the economic activity is expected to increase as a result of the reduction of the polar ice cap. EU GOVSATCOM could play a role in monitoring and if needed in operations during potential environmental crises such as oil spills.</p>
<p>Likely impacts on fundamental rights</p>
<p>No major direct impacts are expected on fundamental rights. However, since EU GOVSATCOM is a communication tool for EU governmental organisations, it will contribute in a general sense to good administration practices, will allow for better security and protection of citizens, and on the longer term may help to set higher standards for personal data protection.</p>
<p>Likely impacts on simplification and/or administrative burden</p>
<p>The aggregation of the demand for GOVSATCOM would facilitate the procurement for all security providers across the EU and for EU institutions. This would result in a decrease of the administrative burden at the level of public entities.</p>
<p style="text-align: center;">D. Data Collection and Better Regulation Instruments</p>
<p>Impact assessment</p>
<p>An impact assessment accompanies the work on the Commission proposal for this EU GOVSATCOM initiative. The adoption of a Commission proposal for EU GOVSATCOM is foreseen at the end of 2017.</p>
<p>Data collection</p>
<p>Studies on the topic of GOVSATCOM by the Commission, the European Defence Agency (EDA), and the European Space Agency (ESA) are complementary and all serve as a basis for the impact assessment.</p> <p>A range of information is needed to further develop the best option for a GOVSATCOM initiative. An important part of this information is available in a study commissioned by DG GROW to analyse user needs of "Satellite Communications to support EU Security Policies and infrastructures". This study by PWC was published in April 2016, see http://ec.europa.eu/DocsRoom/documents/16147.</p> <p>Concurrent with the abovementioned study a SATCOM user group has been set up comprised of Commission Services EEAS, EDA and ESA, which acted as a steering board for the study.</p> <p>The ministers of defence, during the EDA Steering Board meeting of 8 October 2014, endorsed a high-level military user requirement document for GOVSATCOM titled 'Common Staff Target Governmental satellite communication (2020-2025)'.</p> <p>The Commission, supported by an expert group consisting of national experts, is preparing a high-level civil user needs document for EU GOVSATCOM.</p> <p>It is envisaged that the civil and military high-level user needs will be merged into one single document.</p> <p>EDA is currently conducting a GOVSATCOM Feasibility Study, analysing technical requirements for military and the effects of different pooling and sharing architectures. Two technology studies on secure satellite communications are currently undertaken by European industrial consortia under ESA contracts.</p> <p>To cover any remaining elements needed for the Commission Impact Assessment Report a 'GOVSATCOM Impact Assessment study' will be commissioned in September 2016.</p>
<p>Consultation strategy</p>
<p>As part of the PWC SATCOM study several consultations have taken place both with representative of the various user communities.</p> <p>In this framework the Commission has organized two workshops.</p> <p>On 5 March 2015 a user workshop gathering EU Member States SATCOM security users, EU agencies involved and observers from the SATCOM Industry</p> <p>On 25 June 2015 a second workshop was organized gathering institutional actors (space agencies, procurement</p>

agencies, etc.) and industrial actors (manufactures operators) involved in the design and procurement of SATCOM.

In April 2016 an Expert Group of Member State representatives has been set up which will support the establishment of high level civil user needs for EU GOVSATCOM . Since governmental users are the main users and therefore main stake-holders this will cover a large part of the stake-holder consultation.

The launch of additional stakeholder consultations targeting specific stakeholder groups related to this initiative may be done as part of the Impact Assessment study, or in some cases may require restricted, security classified interactions.

The open public consultation on the Space Strategy conducted in the first half of 2016 has already addressed some issues related to GOVSATCOM. A self-standing open public consultation for this initiative will not be conducted since the subject is security sensitive and deserves a level of understanding of security needs and related risks which cannot be shared with the general public.

Will an Implementation plan be established?

None of the options would entail the adoption of a Directive, so no implementation plan is foreseen.