Opinion of the European Economic and Social Committee on the Proposal for a Directive of the European Parliament and of the Council on the dissemination of Earth observation satellite data for commercial purposes

COM(2014) 344 final — 2014/0176 (COD)

(2015/C 012/09)

Rapporteur: **Mr McDonogh**

On 17 July 2014 and 18 July 2014 respectively, the European Parliament and the Council of the European Union decided to consult the European Economic and Social Committee, under Article 114(1) of the Treaty on the Functioning of the European Union, on the

Proposal for a Directive of the European Parliament and of the Council on the dissemination of Earth observation satellite data for commercial purposes

COM(2014) 344 — 2014/0176 (COD).

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 23 September 2014.

At its 502nd plenary session, held on 15 and 16 October 2014 (meeting of 15 October), the European Economic and Social Committee adopted the following opinion by 151 votes to one with four abstentions.

1. **Conclusions and recommendations**

1.1 The subject of this proposed Directive is of critical importance to the European Union. The future of world affairs and the well-being of Europe's citizens will be substantially determined by control and exploitation of the data about the world we live in. Today that data is being created and controlled to a great extent by the United States and other countries outside the EU. It is vital that Europe leverages its space programme and the production and dissemination of earth observation data so that the EU can move from being a laggard to a leader in this enormously important industry.

1.2 The Committee strongly supports the putting in place of a clear regulatory framework to facilitate the development of the space industry in Europe and the exploitation of earth observation data to support sustainable growth and the well-being of European citizens. Therefore, we welcome the communication from the Commission on the proposed Directive on the dissemination of Earth observation satellite data for commercial purposes.

1.3 The Committee also welcomes this proposal in the broader context of European Space Policy, which is vitally important to the future prosperity and security of the EU and in achieving the vision of smart, sustainable and inclusive growth envisioned by the Europe 2020 strategy ([1]).

1.4 Furthermore, the Committee agrees with the Commission that a Directive is necessary to establish a transparent, fair and consistent legal framework to secure the proper functioning and development of the internal market for space products and services, especially to create a common framework for the distribution of high resolution satellite data (HRSD).

([1]) Europe 2020 — A strategy for smart, sustainable and inclusive growth, COM(2010) 2020.

1.5 The Committee is satisfied with the provisions of the Directive, which aim to create a European Union standard for the commercial proliferation of HRSD.

1.6 However, the EESC believes that development of a commercial space industry in Europe has been too slow and that more jobs and prosperity based on space technology and data could have been created sooner. The Committee calls on the Commission to accelerate the development of policies and a space legislative framework to promote the security, safety, sustainability and economic development of the space sector and to ensure the proper functioning of the internal market for space products and services.

1.7 The Committee feels strongly that policy must better support SMEs across the 28 Member States of the Union that are trying to compete and grow in the market for earth observation data. In particular, the Committee would like to see policies aimed at removing unreasonable barriers in the internal market relating to minimum financial scale which particularly impact SMEs adversely.

1.8 The EESC would like to see proposals for a European space procurement policy to support the development of the commercial space sector, which is highly dependent on institutional procurement.

1.9 The Committee would also like to see policies that promote the education of more engineers, ICT professionals and business graduates for the space industry, especially in the rapidly growing markets for data providers, data-resellers, value-adding service providers and geo-information service providers.

1.10 The Committee recognises that security is vitally important to the citizens of the Union. However, the EESC believes that, notwithstanding the provisions of the proposed Directive, a more comprehensive European common security policy would help deal inter alia with the overly restrictive control of high resolution satellite data (HRSD) by a few Member States.

1.11 The EESC also calls on the Council to work in harmony on the development and promotion of a European space policy which would advance peace, security and economic growth based on an open and collaborative approach to the development and exploitation of space technology and the data it creates.

1.12 The Committee directs the Commission's attention to the previous opinions of the EESC on space policy ([2]).

2. **Proposed Directive**

2.1 The proposed Directive deals with the dissemination of Earth observation satellite data within the Union for commercial purposes. It deals in particular with defining and controlling HRSD as a distinct category of data requiring a differentiated regulatory regime when it is disseminated for commercial purposes.

2.2 HRSD is used in the provision of geospatial products and services, for which there is a growing market. HRSD has become indispensable for environmental monitoring, urban planning, natural resources management as well as disaster and emergency management.

2.3 But HRSD is also important for the security and defence of Member States and therefore the production and dissemination of HRSD by commercial operators is subject to regulation by the States where the operators are registered. Therefore, today there is no common approach on the national regulatory level for the treatment of HRSD and for services and products deriving from this data. This leads to a fragmented regulatory framework across Europe, characterised by a lack of coherence, transparency and predictability, which therefore hinders the market from developing to its full potential.

([2]) OJ C 67, 6.3.2014, p. 88; OJ C 327, 12.11.2013, p. 38; OJ C 341, 21.11.2013, p. 29; OJ C 299, 4.10.2012, p. 72; OJ C 43, 15.2.2012, p. 20; OJ C 44, 11.2.2011, p. 44; OJ C 339, 14.12.2010, p. 14; OJ C 162, 25.6.2008, p. 24.

2.4 The proposed Directive seeks to ensure the proper functioning of the internal market for HRSD products and services by creating a coherent legal framework for HRSD distribution and a good and sufficient level of information on accessibility of HRSD for commercial purposes, and to facilitate competition at data provider level by creating a transparent, predictable and fair legal framework across Member States and by ensuring the free circulation of data throughout the EU.

2.5 It is intended that implementation of the proposed Directive will have positive economic impacts due to higher levels of transparency, legal certainty and business predictability concerning the dissemination of space data. Beneficial effects are foreseen for the establishment and growth of businesses, for sales of earth observation data and for international competitiveness. Besides direct job growth in the data reseller/value-adding-service businesses and data-providing businesses, additional job growth at other levels of the value chain is probable (i.e. HRSD user businesses, satellite manufacturers and operators), as a result of higher quality services and more competitive prices. Additional indirect job growth is also expected, because the creation of one new job in the space industry leads to up to five new jobs in other sectors.

2.6 The main provisions of the proposed Directive are:

a) a clear definition of HRSD based on the technical parameters essential to the production of such data;

b) a specification of the process to be followed by Member States for screening and approving the release of HRSD for commercial purposes;

c) the reporting regime to be followed by Member States so that the Commission may carry out sufficient oversight of the functioning of the Directive.

2.7 Member States will have to transpose the Directive into national law by 31 December 2017.

3. **General comments**

3.1 The development of space technology, products and services is critically important to the future of Europe. As previously stated by the Committee: 'The importance of space in increasing knowledge, prosperity, economic power and innovativeness cannot be over-estimated' ([3]). The economic, social and environmental benefits of a thriving market for European space applications would be very substantial.

3.2 Europe is uniquely able to develop and promote a space policy which would advance peace, security and economic growth based on an open and collaborative approach to the development and exploitation of space technology and the data it creates.

3.3 While recognising that security is vitally important to the Union, the EESC believes that, notwithstanding the provisions of the proposed directive, a more comprehensive European common security policy would help deal inter alia with the overly restrictive control of high resolution satellite data (HRSD) by a few Member States.

3.4 Europe needs a vibrant commercial space industry in all sectors of the value chain ([4]) to maintain its independent access to space technology and Earth observation satellite data, and to develop a strong independent space industry.

3.5 The EU has been too slow in developing the policies and legal frameworks to ensure the proper functioning of the internal market for space products and services and to nurture a vibrant industry in the creation and exploitation of space data. The slow development of business around space downstream applications in Europe means that innovation, wealth creation and global market position in various space sectors are being lost to the US, Russia, China and others.

([3]) CCMI/115 — CES2861-2013, pt. 3.1.

([4]) The value chain includes satellite operators, data providers, data-resellers (selling HRSD from EU and non-EU satellite operators and data providers), value-adding service providers, geo-information service providers, research institutes, governments and customers.

3.6 Europe needs a pro-active commercial strategy for the development of its space technology, products and services in a rapidly growing global market. This strategy needs to be agreed and coordinated at the European level to ensure that internal barriers to development are removed.

3.7 The commercial strategy must include a coherent and stable regulatory framework, a strong industrial base with a substantial base of SME firms, competitiveness and cost-efficiency, markets for application and services, and technological independent access to space, space technology, products and services. These requirements are explicitly endorsed in the EU Space Industrial Policy ([5]).

3.8 To ensure that there is a strong commercial European space industry, the EU needs to foster a critical mass of European enterprises, from SMEs to large global organisations, active in the development and exploitation of products and services based on satellite data.

3.9 Policies are also needed that promote the education of more engineers, ICT professionals and business graduates for the space industry, especially in the rapidly growing markets for data providers, data-resellers, value-adding service providers and geo-information service providers.

3.10 The development of the commercial space sector is highly dependent on institutional procurement. Industry would benefit from legislation that would put in place a space procurement policy, overseen at the EU level.

4. **Specific comments**

4.1 The Committee recognises that security policy is vitally important to the citizens of the Union. However, overly restrictive control of high resolution satellite data (HRSD) by a few Member States is greatly inhibiting the development of the European commercial market in earth observation data and allowing non-EU competitors to take advantage of this situation.

4.2 There is a lack of good information on the size and activity of the industry in Europe involved in the development of satellite data applications and services. A study should be carried-out into the various parts of the value chain involved in the development of downstream space applications. Good data on the potential for job growth and wealth creation in the various sectors would stimulate the market and provide more policy support.

4.3 The EU market for high resolution satellite data (HRSD) is underdeveloped compared to the US, where a single market exists. The strong position of US earth observation industries is based on technically advanced satellite systems, a clear regulatory framework and a large public demand for commercial HRSD and services. In addition, US competitors benefit from the very effective synergies between the civilian and the military/defence sector in terms of R&D. In addition to the strong competition from the US, there are serious competitors in India, China, Canada, Korea and Taiwan bringing HRSD to the European market via data resellers.

Brussels, 15 October 2014.

The President
of the European Economic and Social Committee
Henri MALOSSE

([5]) COM(2013) 108 final.