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**RECH 35
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TRANS 24
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PROGRESS REPORT

from: the Presidency

to : Competitiveness Council

No. prev. doc.: 6045/10 RECH 29 COMPET 32 IND 17 TRANS 23 POLARM 2 ECOFIN 63
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No. Cion prop.: 10285/09 RECH 172 COMPET 294 IND 68 TRANS 215 POLARM 13
ECOFIN 399 TELECOM 119 ENER 194

Subject: Proposal for a Regulation of the European Parliament and of the Council on the
European Earth observation programme (GMES) and its initial operations (2011–
2013)

Introduction

On 20 May 2009, the Commission submitted to the European Parliament and the Council the above mentioned proposal for a Regulation on the initial operations of the GMES earth observation programme.

Its objective is to establish GMES as an operational programme and provide additional funds for GMES initial operations (GIO) enabling a gradual build-up of capabilities up to the end of the present Financial Framework in 2013, and putting in to place the necessary structures for the governance of the programme.

The European Parliament has conferred responsibility for the procedure to the ITRE Committee, which has nominated Mr. Norbert GLANTE (S&D-DE) as rapporteur. The budget (rapporteur: Mr. Damien ABAD (EPP-FR), environment (rapporteur: Mr. Vittorio PRODI (S&D, IT) and Civil Liberties (rapporteur N.N.) committees will provide opinions.

Within the Council, the draft Regulation is negotiated within the Research Working Party, which held first discussions under the Swedish Presidency, with initial oral and written comments by delegations. The Spanish Presidency has continued these efforts.

On 15 January 2010, the Presidency presented a first compromise text (doc. 5233/10) covering the articles of the Regulation to delegations for comments.

Main outstanding issues

Informal contacts with the ITRE Committee rapporteur have revealed a high level of common understanding, with few and relatively well-defined open issues. There is support in all three institutions for exploring the opportunity for a first- reading agreement. The open issues, however, concern important questions of the programme content, in particular the budgetary envelope, governance, and data policy.

Budget

The ITRE Committee's draft report raised the issue that the proposed amount of € 107 million of the financial envelope allocated to the implementation of this Regulation (Article 7) would be insufficient for ensuring adequate financing of initial operations in the period 2011-2013. The ITRE Committee has been discussing on a possible increase of the amount of funding. According to an ESA analysis, early commitments for the space component would permit net savings of some 400M € (in addition to the savings that this would imply in planned operations costs). Those savings would be mostly due to the non-interruption of the production lines for the C units and the avoidance of storage costs for the Sentinel 1-3 A and B units in a scenario involving their earlier launch.

Delegations have requested more detailed information on both the cost savings and the available options for increasing the budget for GMES initial operations, within the limits of the present Financial Framework. This issue requires close cooperation with the Budgetary Authority.

Governance - Comitology

The issue of Governance is another important concern among delegations. In Article 11 of the draft Regulation, a GMES Committee is proposed. In addition, because of the funding of part of the GMES Initial Operations from the budget of the Seventh Research Framework Programme, the work of the GMES Programme Committee will have to be coordinated with the work of the competent programme committee for the "space" thematic priority of the Specific Programme "Cooperation". In addition, several Member States have requested the creation of a Partners Board, a Users Forum, a Security Forum and a Space Infrastructure Owners board. While there is no doubt that all these requests address key functions of GMES governance, a balanced and clear governance compatible with the effective management of the programme will have to be defined.

Data and information policy

Article 8 of the proposal entrusts the Commission with implementing the objectives of the GMES data and information policy for the service component, the space component and the in situ component. Delegations have raised three main issues with this approach: the condition of access to data for users, the need for effective competition and preventing the emergence of monopolies in the future distribution of GMES services and on effective procedures for preventing security risks from the possible misuse of GMES data.

Conclusion

The Competitiveness Council at its meeting on 1 and 2 March 2010 is thus invited to take note of this progress report.
