ADDRESS by Pascal CAMPAGNE to the BELGIAN SENATE

Brussels, 12/03/02

After a brief overview of the OREGIN industrial organisation, I would like to remind you that one of the major advantages of Galileo is to **consolidate the presence of European industry in the satellite navigation applications market** which is already quite considerable.

I will then set out the interests and concerns of this industry with regard to development of the Galileo programme and the actions to be undertaken to ensure the programme is as successful as our Ministers hope when they launch the Galileo programme at the end of the month.

OREGIN

The OREGIN organisation, standing for **OR**ganisation **E**uropean **G**NSS **IN**dustry of Equipment and Services, assembles the European satellite navigation application segment industry.

It was set up in February 1999 with a two-fold purpose:

- meet the needs of European Institutions to address this industry,
- offer this industry the means of stating its opinion, giving advice and expressing its concerns to the European Institutions.

This organisation also encourages synergies between European industrialists having complementary competencies, proclaims their skills outside Europe, or even encourages international industrial cooperation thereby offering global opportunities to even the most local industries.

Today, OREGIN comprises more than 90 members and includes industrial organisations, thus involving over 150 industrialists from 14 European countries.

These members represent the entire Galileo application segment industry and are:

- chip manufacturers such as TChip,
- equipments manufacturers such as Thales or Septentrio,
- integrators such as Bosh,
- service providers or telecom operators such as Telespazio, Eutelsat,
- the motor industry such as BMW and FIAT,
- the cell phone industry such as NOKIA or ERICSSON.

to mention some of the best known.

Some 50% of members are SMEs many of whose business is 100% reliant on satellite navigation.

The applications

Satellite navigation applications are far-reaching. They impact and will continue to impact your professional life by making your business more efficient but also your personal life by improving your comfort and security.

They concern every means of transport as you already know, but also geodesy and numerous scientific applications such as measuring bridge or building deformation, weather forecasting, leisure (from sailing to looking for mushrooms), monitoring persons (to find out where your children are, prisoners on parole, or family pets, cats and dogs who have the unfortunate habit of running away from home).

Satellite navigation is, will be or could be thus used in your vital or critical infrastructures, such as electricity production, water and certain communications.

The Market

Therefore the satellite navigation and equipment and services applications market is quite considerable.

It should very rapidly amount to **several tens of billions of Euros** per year in Europe.

Studies by the European Commission in the Galileo definition phase drew up very conservative estimates of the GNSS market in 99 amounting to 1 billion Euros with some 3/4 of this for road navigation and this same market would be worth 6 billion Euros in 2005 some 3/4 of which would be given over to cell phone applications.

What is Galileo's input?

Galileo, a system that is compatible and can interoperate with existing GPS and GLONASS systems, is reliable and accurate, and offers in particular:

- a perfect level of integrity, therefore perfect in-built **reliability** and **security**, but also a new and **redundant** system, controlled by various interests, in particular civilian ones, the failure management means of which are totally different from those of GPS,
- the **service continuity** required for our critical applications in terms of life preservation and security of our vital infrastructures,
- enhanced **availability** enabling current GPS availability to be increased for example from around 50% in urban canyons to around 95%.

Its benefits will generate a **complementary market** to that estimated for current systems and have it grow by around **20%.**

What are European Industry expectations from the applications of this programme?

- European industry is very far from benefiting from market share as considerable as its American and Japanese counterparts who currently have the biggest share of the global market,
- Galileo, as a European initiative, has already motivated the European industry and heightened awareness of how far it is lagging behind in penetrating the market. It is in this context that OREGIN has come about,
- As we have just said, Galileo will generate new applications**. It is necessary therefore to ensure that the European Industry is the first on this new market**,
- If we are to believe certain cooperation agreements about to be signed between European and non European industrialists, the industry outside Europe already feels that the European Industry should be leader in this domain,
- As seen in OREGIN, the European industry has all the skills needed to be a major player in the GNSS applications market:
    - in particular we have chip and equipment manufacturers, integrators, service providers and industrialists among the most innovative in the world and who have time and time again demonstrated the highest levels of competitiveness.

Galileo must be the catalyser enabling the European industry to attain the level of growth, employment and competitiveness that can be logically expected given its renowned skills.

Galileo is necessary but not sufficient

Galileo is the most promising tool to enable the European Industry to earn the position it deserves in the satellite navigation market.

However, it must be noted that:

- the American and Japanese industries are current leaders on this market,
- **Galileo will be compatible and interoperable with GPS, so it could therefore enable them to easily capitalize on their advance**.

If we take a closer look at the reasons for the success of the American and Japanese industries, we see that:

- the initial budget of $12 billion from the American DoD in1990 set aside half for development of applications, and therefore provided financing of research and development activities reserved for the American industry,
- the Japanese already had a large captive market since in 1997 they already sold some 1 million road navigation units, corresponding to an annual market of around 2 billion Euros, whereas at the same time the Americans sold 6,000 and the Europeans 50,000 units.

It must be said the Japanese industrialists are looking forward to Galileo. They see a logical means of consolidating their leadership along with another market opening.

Financing from the institutions for the user segment is of course always welcome, in particular to develop ground-breaking and high-risk applications.

But it will never be sufficient nor reach the level of American financing. In any case, the Americans would not allow this and would complain to the **World Trade Organisation**.

Indeed, unlike other systems, Galileo is a civilian system!

The European industry is prepared to invest massively in developing Galileo applications.

A preliminary estimate from the Industry given to an OREGIN meeting at which we were happy to welcome Mrs. de PALACIO, indicates **that the Industry would have to invest some 85 Billion Euros if it were to be competitive**.

Other means must therefore be set up by the European Institutions to support the European Industry, in particular **if we wish to attain the levels of employment we are hoping for.**

These other means may be **regulation** to stimulate development of the market, **standardisation** and of course **promotion** of applications.

These means will enable the equipment and services industry to carry out its 'Business Plans' and reply case by case to the institutions as to the possibility of contributing to possible financing.

The equipment and services industry must also **play a full role in all phases of the programme**:

- the defining stage, as has already been the case,
- design,
- services development,
- and programme management.

These elements will also enable the industry to decide on a potential financial involvement in the programme.

In particular this will enable:

- European industry to **influence the system design** to ensure Galileo does not just boost the competitiveness of non-European industries,
- to ensure services developed match the needs of European **users**.

Finally, I would like to add that due to the renowned competence of our space industry, almost everyone accepts the technical feasibility of Galileo. And were any doubt to remain, studies fully financed by the European Institutions would be run to ensure the technological success of Galileo.

The success of Galileo now fully lies on the shoulders of the European Equipment and Services industry.

Were the dominance of non-European industries to be maintained, what would the results be in terms of:

- expected benefits,
- job creation already mentioned several times this morning,
- but also our own independence:

  can you imagine our critical infrastructures being synchronized to or using positioning information generated by American and Japanese equipment not controlled by us even if the satellite infrastructure used was Galileo?

To conclude

I would like to restate that:

- Galileo will generate considerable economic fallout, which will nonetheless be open to competition,
- the success of Galileo depends on the success of the equipment and services industry,
- this industry is ready to play its role and invest considerable sums in developing Galileo applications,
- this industry's investment in the infrastructure will depend on:
  - its role in the programme,
  - the return it could expect from its investments and in particular the edge it could gain over its competitors who do not invest, in particular its non-European competitors.

Finally, OREGIN was created to support the European institutions in achieving a common goal:

THAT GALILEO BE A SUCCESS

Therefore OREGIN is prepared to do everything in its power to reach this goal and is at the disposal of the European Institutions at all times to build this programme together.

Thank you for your attention.