

Letter to the European governments

drafted by the Infrastructures Commission (Frankfurt - 9 February 2001)

In view of the forthcoming meetings of the EU Summit in March and the Council of Ministers of Transport in April on the Galileo initiative, the European League for Economic Co-operation (ELEC) wants to express its support to this outstanding European project.

On several occasions the EU Heads of States have underlined the strategic importance of Galileo for our continent. Substantial assistance had been allocated from the EU and national budgets during the so-called "definition phase" that allows the transition to the next programme phases.

Decisions have yet to be taken to unblock important additional sums for the next stage of Galileo, the "development phase". It is now that the crucial questions of the future involvement of public funds, of its size and of the allocation of risks between the public and the private sector have to find a plausible answer.

In view of the enormous costs involved new models of Public Private Partnership (PPP) are under consideration. ELEC, which can rely on the expertise of its members from the financial and industrial world as well as from outside resources, has studied the main proposals and has drawn its first, still preliminary conclusions:

Although under the various PPP models the private banks and industries are in principle prepared to share in part of the risks, essential conditions for their decision making have still to be clarified by the EU authorities, such as:

- ◇ the definition of the Public Sector service requirements
- ◇ the aspect of Galileo providing in part also services of general interest
- ◇ the role of the public financial institutions on national and European level as well as the organisation of the next stages of Galileo (including decisions on the industrial leadership).

In view of the necessary lead time to develop a sustainable Public Private Partnership for the development start up and operation of Galileo, the next EU Summit is invited to emphasize its political support and stipulate the essential criteria for the further work of the various interested parties together with a mandate for the Council of Ministers to unblock the budget funds already provided for in the multi-annual programme. Such a decision would allow the industrial and financial partners to select the appropriate methods of PPP - if possible in cooperation with the telecom sector - according to the framework given by the EU authorities.

As an alternative to the proposed EU initiative it has been considered to advance Galileo by the way of "enhanced cooperation" of the most interested member states. To change at the present stage in this direction would, however, lead to a political setback for the project inside and outside the European Union, and certainly to a loss of time in view of the necessary rearrangements on the economic and financial side. ELEC considers the Galileo program as an essential asset for the implementation of the Trans-European Network policy and also beneficial for the implementation of the EU enlargement policy.

ELEC will follow the developments with great interest and is prepared to contribute with its experience and expertise to the future work for the Galileo initiative.
