15 January 2018

Space Industry Bill briefing

- **Limit the liability of satellite launch and operations licence holders** – government should implement a cap similar to current cap of €60m.
    - Deregulation Act 2015 introduced a cap to unlimited liability; however the unlimited indemnification concept has been reintroduced by the Space Industry Bill.
    - Concept of unlimited liability is likely to deter investment, growth and recruitment to the UK. A mandatory cap should be grandfathered into the new Bill to allow the government to have reasonable and proportionate discretion as to the liability gap while also encouraging commercial development and investment.
- **Ensure that the terminology in the Space Industry Bill is consistent** with the language used by Space industry – at present there is no consistency or clarity which risks terms in the Bill being ambiguous.
    - Example of confusion is that Space industry uses 'launch systems' or 'launch services' to refer to the launching of satellites, whereas the Bill appears to use the word 'spacecraft' to refer to the same thing. Industry, however, uses 'spacecraft' to refer to man-made objects that are delivered into space (aka the payload).
- **Space Industry Bill should not conflict with Outer Space Act (1986)** – it needs to be made clear for users whether any aspects of the current licencing regime would be modified or replaced by licencing mechanisms associated with the Space Industry Bill.
    - For the UK licencing regime to be competitive and attractive, it would be preferable that an applicant need only deal with one licence application form.
- **Increase focus on making UK commercially attractive** – while Bill is broadly welcomed it should not distract from other key issues facing the sector such as access to EU programmes, UK's leading role in the Space Agency, and other initiatives such as the Industrial Strategy.

Brexit and UK Space industry

- The UK space sector makes a significant contribution to the UK economy, turning over £14bn per annum and employing over 38,000 people – however, this is **increasingly underpinned by EU-led space programmes in which UK has invested significant resources and plays a leading role**. Examples of such programmes include the Galileo satellite navigation system and Copernicus, the Earth observation constellation.
    - The UK leaving the EU has created significant uncertainty which is already affecting the integrated supply chain, R&D collaboration and joint programmes with other EU countries.
- The UK needs a deal that secures the access to customers, suppliers, skills, R&D and influence critical to our sectors' global competitiveness:
    - **Early agreement on a stable one-step transition** – best solution is to retain our current relationship with the EU during a transition period, including on security matters, giving businesses certainty and time to plan.
    - Retain full access to EU-led space programmes– most space programmes are simply not possible at a national scale but **UK companies are already being marginalised in current EU procurements** and require government support to counteract this.
    - **Retain access to and influence in the collaborative R&D programmes** run by the EU such as Horizon 2020 – the ability for UK companies to participate in EU R&D projects gives them a significant advantage in the global marketplace.
    - **Ensure frictionless trade with the EU Single Market** – require flow not control at the border as sector needs tariff-free access to the Single Market without burdensome customs procedures or time-consuming customs checks.
- **Progression to the next phase of negotiations is welcome, but clarification is still needed on issues such as**:
    - Under current plans, will the UK remain in EU-led space programmes up to the Brexit date of March 2019, or up to the end of the current multi-year financial framework in 2020?
    - Will the UK Government make a clear signal, soon, that the UK wishes to continue participation in EU-led programmes beyond either of those dates?
    - Will the UK Government ensure the UK is not discriminated against by the EU on issues such as security, where the UK has traditionally been a leading partner?
    - What contingency plans are in place for the sector should the UK leave such programmes, e.g. introducing a fully funded UK national space programme?

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