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## EU Establishes Galileo Joint Understanding; Funding Dispute Slows ESA Efforts

 July 23, 2002  
GPS World

European Council adoption of regulations for a Galileo Joint Undertaking (JU) and the European Commission (EC) search for a JU director are moving Europe's global navigation satellite system (GNSS) program ahead. But a dispute between Germany and Italy over leadership of the GalileoSat portion of the initiative has delayed release of funds by the European Space Agency (ESA) to continue work on building the space and ground infrastructure.

If all goes as planned, by 2008 Galileo will broadcast a series of open (for-free) and encrypted (for-fee) L-band signals providing positioning and timing capability similar to and compatible with GPS. Integrated receivers combining signals from both systems could effectively double the available signal-in-space resource, expanding GNSS applications and rendering them more robust against system failure or interference.

The Galileo JU approved by the Council on May 21 is reportedly the first time that the European Union (EU) has approved such an enterprise, authorized under Article 171 of the original treaty establishing the European Community. The accompanying regulations and statutes provide for a JU Administrative Board and associated bodies that will oversee financial control and development of the project, and management of major demonstration projects. The EU and ESA will comprise the founding members of the JU with the opportunity for other organizations to join later. These latter could include the European Investment Bank and private companies or consortia after the JU has let the primary contract to build the system.

The EU and ESA are contributing 550 million euros each to pay for initial development of Galileo, including launch of four satellites to enable on-orbit validation of the system in 2004-5. Deployment of the complete 30-satellite constellation is projected for January 2008 at a total cost of 2.1 billion euros. The JU regulations call for the JU to conclude an agreement with ESA to build the Galileo ground and space infrastructure.

The ESA dispute over the share of the project to be held by its member states amounts to an embarrassment of riches. ESA's 15 members signed up for a total of 730 million euros, or a third more that it needed. Italy, Germany, France, and the United Kingdom each subscribed to 25 percent of the ESA share, although the latter two nations have indicated a willingness to reduce their shares somewhat to accommodate participation by other members.

Aside from the political benefit of symbolic leadership of the GalileoSat program for making the largest investment, the issue of shares has tangible economic implications for European industry as well. An ESA

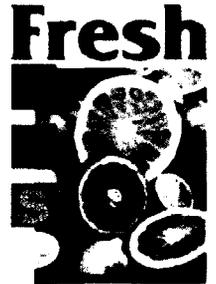
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rule ensures that contracts will go to companies in its various member states equal to at least 90 percent of the funds committed by each nation.

ESA had hoped to issue in early May invitations to tender (ITTs, effectively, requests for proposals) for contracts to design a Galileo navigation payload and for design, construction, and launch of four satellites and the related ground infrastructure. The navigation payload could be mounted on non-Galileo satellites of opportunity in order to preserve the EU's right to spectrum allocated by the World Radio Conference.

Efforts to resolve the dispute have moved outside ESA to bilateral conversations between successively higher levels of the German and Italian governments.

The constraint on ESA expenditures is putting pressure on the companies that banded together in the Galileo Industries consortium to promote and bid on the Galileo contracts, which must face the decision to fund their engineering teams out of company funds or disband them as public funds dry up.

At the European Navigation Conference GNSS 2002 held late in May in Copenhagen, Denmark, representatives of Galileo Industries expressed unhappiness at the situation and their wish for an early resolution of the standoff.

**Organizational Evolution.** The JU will supersede the Galileo Interim Support Structure (GISS), a joint EC/ESA entity established late last year to coordinate project activities that will be phased out by the end of the year. Probably 80 percent of the GISS staff will be incorporated into the JU organization — expected to number about 30, according to EC officials.

The JU Administrative Board would meet at least twice a year and have responsibility for appointing a director, approving the organizational chart, designating an Advisory Committee, and approving the annual budgets, including the plan for program development and cost estimates.

More frequent supervision of progress on the project would come from an executive committee composed of one representative each from the EC, ESA, and any industry participation in the JU. Its responsibilities would include approving the procedures for tendering and awarding project contracts, informing the administrative board on progress of the program, recommending program cost estimates and budget, and approving release of development funds under the JU agreement with ESA.

Still ahead is an EC proposal by the end of 2003 on how to finance and manage the full deployment of the system, including private sector participation, and negotiation with the United States over interoperability issues.



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