

JLD-EADS/Astrium on US market barriers for satellites, - launchers and services

Summary

Fruitful exchange with representatives of **EADS/Astrium** [one of the three EU producers of **satellites, satellite launchers and provider of services** such as navigation, observation, communication with a total annual turn-over of €5 billion] raising for the first time market access barriers in the world largest market, the US, restricting EU exports of satellites, launchers and services, the latter currently the highest growth market for this company. The US uses national security interest for its "space item embargo list" including the mandatory use of US satellite launchers by the US and its local content provisions in Public Procurement guidelines.

JLD thanked the company for the provided information and considered that the issues at stake were raised timely in view of upcoming trade discussions with the US and Japan. **Astrium will soon provide a full written account of the issues raised** to G.3 for appropriate follow-up by the relevant trade services (Public Procurement, Services).

Details

1. Astrium, with an annual sales of about €5 billion (about 10% of EADS total)) employs about 15.000 persons, which is about 12% of EADS' workforce, mostly in France, UK, Spain, Germany and the Netherlands. Astrium is divided in three business units: satellites (i.e. the device itself - 13 satellites built by Astrium were launched in 2011, including the first two Galileo satellites), transportation (launchers – Astrium is the prime industrial contractor for the Ariane 5 European launch vehicle) and services. Main satellites manufacturers are European (Astrium, Thales Alenia Space, OHB), American (Boeing, Lockheed Martin, Northrop Grumman) or Russian (JSC). Some recent entrants from emerging countries (India, China, Brazil, Pakistan...) are also active, but merely on their national markets.
2. This is the first representatives of this company raise their market access concern, but cited the general concern of the other two EU companies.
3. US barrier: the US institutional market currently represents about USD 60 billion annually (several times the EU market) but access to foreign operators is heavily restricted based on national security and possibly competition grounds. First, the "space item embargo list" reduces the "non-US share" in the production of satellites, second Public Procurement of goods/parts and for instance data services, is reported to include local content requirements. Reference was also made to the mandatory use of US launchers by the US.
4. The US applies a list of articles, services, and related technology designated as defence- and space-related by the US. This designation is pursuant to sections 38 and 47(7) of the Arms Export Control Act (22 U.S.C. 2778 and 2794(7)). These articles fall under the export and temporary import jurisdiction of the Department of State. Any article, service, or related data found to be on the list requires an export license issued by the United States State Department to be exported.
5. Astrium also reported that US satellites build outside the US are subject to restrictions and that US rules include a full embargo on dealing with China.
6. The EU launches 7 Ariane satellites annually: 1 for official use and 6 on international markets. In China there are 19 official launches annually, substantially reducing the launching cost. China was furthermore raised in view of subsidies provided to the space and defense industry, creating a competitive disadvantage for the EU industry on third market where China is also active.
7. JDL asked Astrium to fully brief DG TRADE services (Market Access/Industry, Public Procurement, Services) in relation to the trade barriers and the potential solutions, as the input is timely in term of preparations for trade discussions with Japan and the US.