

Orrery Update February 2021

UK Parliament Debates the Future of the UK Space Industry

The UK Parliament made time to debate the future of the UK space industry on 4 February 2021. More than twenty MPs participated in the debate which highlighted the achievements and importance of space industry activities across the UK. The debate also raised concerns about the risk of failing to capitalise on the UK's potential and falling behind other competing countries' programmes due to continued uncertainty over the scope and implementation of long-awaited enabling regulations, Government policy alignment and the need for a focussed national strategy for the sector backed by enhanced funding commitments.

The national picture

MPs highlighted the success and importance of the many companies and projects local to their constituencies which together contribute to the UK space economy and the wider technology and cross-sector supply chain. The fact that the sector provides 42,000 jobs throughout the UK and represented almost £15 billion in turnover in 2016-2017 along with many other positive national, regional and local statistics were highlighted. The debate stressed the importance of the sector to the local as well as national economy, to attracting investment and supporting economic growth, skilled employment, enhancing core national infrastructure and supporting the UK's international standing and capabilities.

Specific issues identified

Against the widely accepted positive backdrop, the Government was called to task on a wide range of issues which were identified as hindering or preventing the sector from achieving its potential.

Whilst we cannot do justice to every point raised by participant speakers, we welcome the focus of the debate on three main themes which we have summarised in bullet point form below covering the need for a national strategic space strategy, the importance of a world class regulatory framework within which the sector can operate and for a transparent and consultative approach to policy and regulatory implementation.

1. National strategic space strategy

- Ensure consistent Government policy and cross-departmental alignment.
- Map out suitable Government investment backing for infrastructure and innovation.
- Attract inward foreign direct investment in UK businesses, employment and skills.
- Achieve national goals related to climate change, bridging the digital divide, levelling-up.
- Foster and direct the UK's launch and satellite capabilities as a sovereign state.
- The need to establish a national space programme at scale.

2. World class enabling regulatory framework

- Acceleration of the implementation of the secondary regulations to the Space Industry Act 2018 (SIA).
- Ensure that industry concerns expressed during the public consultation are addressed.
- Minimise delays, costs and administrative burden, and ensure transparency, in relation to the licensing process.

- Clearly address the issues of liability scope and indemnity limits for launch and satellite operators under SIA which adversely affects the ability of UK companies to obtain the insurance required and raise investment.
- Ensure that transfer of responsibility for regulation and licensing from the UK Space Agency to the CAA under SIA does not lead to delays to licensing, is properly supported within the CAA by the personnel and skills investment required for a sector with different needs and issues compared with aviation.
- Devise and implement a long overdue Earth observation policy to provide the framework for investment and growth of this important sector.

3. Transparency and consultation

- The industry's and commercial companies' concerns need to be considered diligently and should inform Government implementation of 1 and 2 above.
- The Technology Safeguard Agreement (TSA) agreed between the UK and US in June 2020 (the contents of which were disclosed 4 months later) raises concerns about clarity of scope and effects and the potential for companies from, or using component parts from, countries outside of the Mission Technology Control Regime from using UK spaceports.
- There was no consultation on whether regulation under SIA should be moved from the UKSA to the CAA or if so which aspects would be suitable for CAA governance.
- Identifying support and guidance to offer greater "customer service" across Government to foreign companies looking to come to the UK. This is, primarily, a point for Government departments other than DIT and UKEF.

Other issues

Debating time in the UK Parliament is always pressured and, if time had been available, there are a number of other issues important for the promotion of UK space sector which could have been expanded on or raised. These include the importance of being first to market in Europe for launch operations, specific licensing issues for satellite constellations, implementing an in-orbit servicing policy to capitalise on operational life enhancement and debris mitigation and removal capabilities, transparency in ARTES applications and other grant funding applications and the productive use of international fora to promote the UK space industry internationally as well as in relation to international and regulatory diplomacy.

What is the way forward?

In response to the debate, the Minister for Space, Amanda Solloway MP, agreed with the positive statements MPs had each made and commended the strengths from which the UK's space sector can develop. The specifics summarised above were not, however, addressed in any way other than to make a commitment to delivering the UK's first comprehensive space strategy within six months. The Minister instead pointed to the role of the new National Space Council in co-ordinating space policy, the benefits under the UK's free trade agreement with the EU for continued participation in the Copernicus programme, continued investment in ESA and made general comments about the promotion of national and regional hubs for space innovation and investment opportunities across launch, manufacturing and data activities. The fact that the debate happened at all is, of course, welcome. The debate was, in our view, right to focus on the key issues described above. The additional points we have highlighted also play an important role in making the UK's space industry more successful. The UK space industry needs the matters of concern raised in the debate and described above to be achieved in partnership with the Government as quickly as possible to allow it to

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develop fully and to do so successfully in the face of competition from other countries who also recognise the benefits the sector can bring and have been quicker to provide attractive regulation and customer service to private companies.



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