

Industrial Matters

Procurement Activities

749 Invitations to Tender (ITTs) were sent out to Industry (not including delegated procurement or purchase orders):

- 268 in open competition
- 21 in restricted competition
- 460 in direct negotiation.

ESA also placed:

- 1068 contracts
- 150 riders
- 1571 contract change notices, and
- 250 work orders

with total released funding of 2078 MEuro.

Among the most significant contracts prepared or placed were those for:

CSG 2002	411 600 MEuro
VEGA Development	221 000 MEuro
GOCE Phase-D/E1	129 000 MEuro
Venus Express spacecraft	82 400 MEuro
CryoSat Phases-C/D/E1	69 800 MEuro

The ESA Adjudication Committee (AC) and Industrial Policy Committee (IPC) were involved as follows:

- 464 procurement proposals were submitted to the AC, of which 241 were presented to the IPC
- 66 contract proposals were submitted to AC, of which 23 were submitted to the IPC.

The value of the proposals submitted to the AC only was 56 MEuro, while those submitted to the IPC totalled 845 MEuro.

Developments in Industrial Activity and Evolution in Industrial Return

Industrial activity was maintained at a sound level, with about 1830 MEuro of financial commitments placed with European and Canadian space industry during the year. The accompanying pie charts show the distribution of activities per Programme and per State.

Applications Programmes (Telecommunications, Navigation and Earth Observation) accounted for about 21% of the total contracted value, 42% was related to the Launchers Programme, 17% to the Human Spaceflight and Microgravity Programme, and 8% to the Scientific Programme, with the remaining 12% split between the General Budget and Technology.

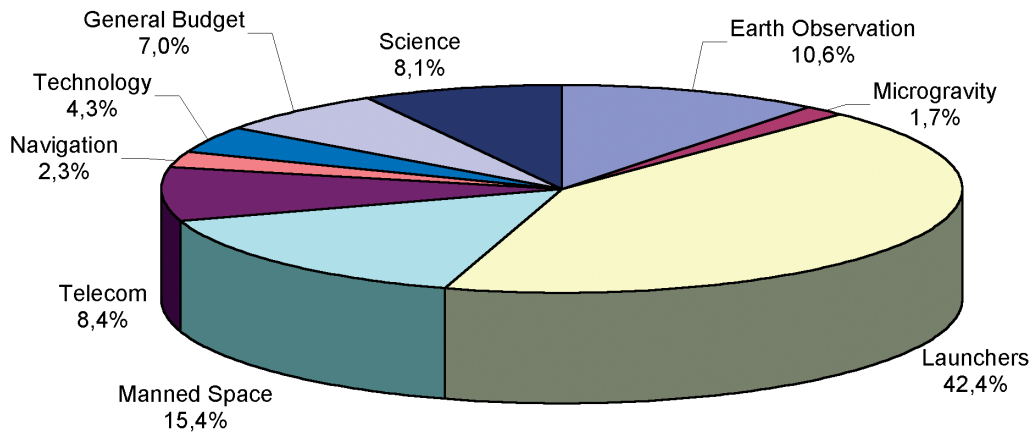
Following the decision to discontinue the old geographical-return statistics at the end of 1999, the new cumulated series, starting with the year 2000, still shows imbalances for some States, which will be corrected to achieve the minimum return coefficient of 0.90 for all States by the end of the formal review period in 2004.

Third-Party Activities

ESA's capabilities are still very much in demand by a variety of third-party customers as the following summary shows.

ESA (ESOC) submitted a total of 25 formal proposals in 2002, six of which were to other space agencies - CNES, Eumetsat and NASA - and 19 to European industrial entities - INDRA (E), Vitrociset (I), SES Astra (Lux), SSTL (UK), Astrium (F), Technical University of Darmstadt (D), Galileo Industries (I), Eutelsat (F), Callisto Space (E), Inmarsat (UK), NewSkies (NL), and Fugro (N). They related to services in the areas of technical support, studies, stations and network provision, precise orbits and clocks of GPS satellites, LEOP and routine operations. As a result of these proposals, 8 contracts were received by ESA (worth 7 MEuro) and 11 proposals (worth 15.3 MEuro) were still under negotiation at the end of the year.

ESA (ESTEC) also signed about 60 contracts for services to be performed by the Directorate of Technical and Operational Support in the various test centres and laboratories, as well as



Total MEuro: 1830

Value of commitments made to industry per Programme in 2002

for technical support, etc. for customers such as Eurocontrol (B), CNES (F) and Alcatel (F). Comparable activities were performed on a smaller scale by other Directorates for customers who included the European Commission (e.g. in the field of telemedicine).

Co-operation agreements are still in place with the Swedish Space Corporation (S), the Norwegian Space Centre (N), Astrium GmbH (Dornier Space Systems) (D), Telespazio (I) and Merlin Communications International (UK). A frame contract for the mutual exchange of TT&C services to be rendered by ESOC was concluded with CNES (F).

These agreements were complemented by the on-going consultancy contracts between various countries and the Agency. In addition, a new contract for assistance and consultancy for a period of 3 years in the context of the General Support Technology Programme (GSTP) was agreed with Belgium.

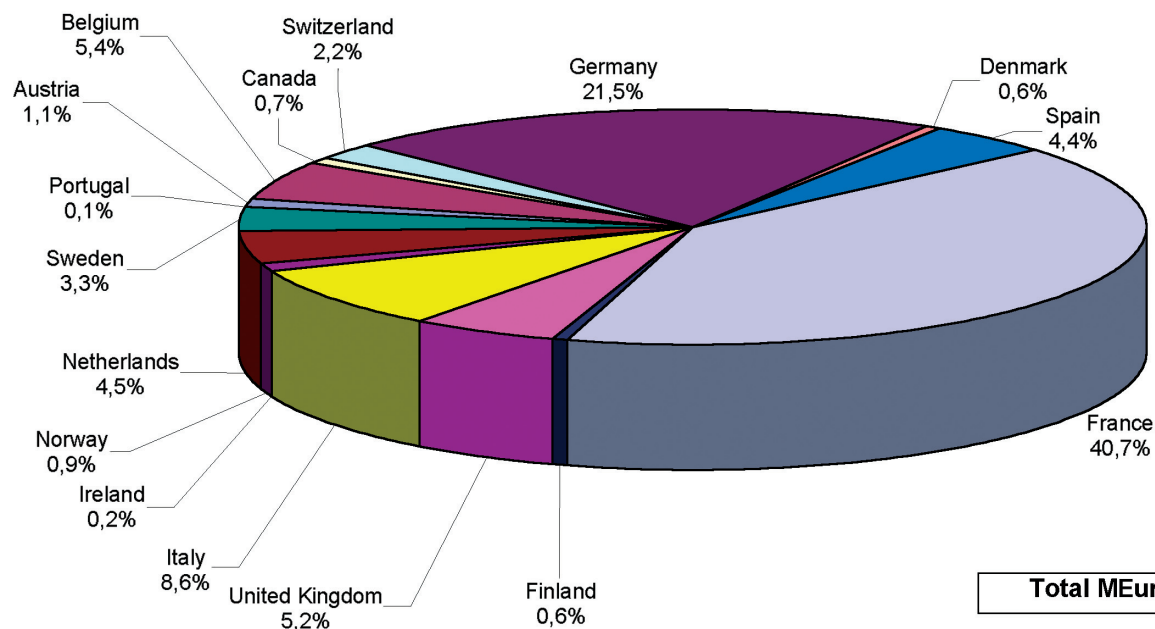
The considerable interest on the part of institutional and industrial entities in having ESA perform work for them is demonstrated by the steep increase in the total number of proposals made by ESA to the various customers, namely ca. 55 in 2002 compared with 45 in 2001. This upward trend has been noticeable over recent years and there is no indication that it will not continue in the years to come.

Industrial Relations

An analysis of European space industry's situation was made based on a very comprehensive set of industry studies of satellite equipment, launcher equipment, ground-segment equipment and space software suppliers, in order to gain a better understanding of the reasons for their deteriorating position. This analysis was presented both to the IPC and the Council and a tour of Member States was initiated to distribute the findings and exchange views with national Delegations and industry representatives. This dialogue, which will be completed early in 2003, will form the basis for proposing measures to support industry in the present difficult situation. Additional studies to complete the survey addressed small satellite integrators and the performance of co-funded programmes from Industry's perspective, and also reviewed potential measures to support Member and Cooperating State competitiveness in the space sector.

A Workshop held in conjunction with the ILA 2002 Exhibition in Berlin in May proved to be a fruitful forum for representatives of European industry and the German space sector to debate the structure of the European space industry.

Throughout 2002, the Small and Medium-sized Enterprise (SME) Initiative continued to



support the organisation of training courses, provided guidance in the ESA environment, issued Invitations to Tender restricted to SMEs, and finalised the LOSTEC programme aimed at helping SMEs to spin-off their space know-how or products into other sectors by supporting them in negotiating EC 5th Framework Programme R&D contracts. Assessment of the outcome of 2001 Industry Space Days was completed in order to prepare for the 2003 event, and a new European space SME database was developed. A study of the involvement of SMEs in the space business made significant progress, and the final results will be available early in 2003. An assessment of current industrial-policy measures in favour of non-prime contractors, research organisations and SMEs was also undertaken.

A user survey of ESA's Industry Website provided very positive feedback and was used to define coming updates. In 2002, EMITS was used by external entities such as Alcatel, Alenia, Astrium and CNES-CSG to publish their Calls for Tender, and the necessary training and functional improvements were made to support this very positive extension of its use.

Cost Analysis

It was a year of consolidation of capacities and tools in the Cost Analysis Division.

For Cost Engineering, the key activities were participation in the Concurrent Design Facility's (CDF) core team, including team leadership for the ExoMars study. There was also significant involvement in all major tender actions during the year. Generally, the tendency was for earlier involvement of the service in programmes and for it to play a much more pro-active role, including the promotion of the design-to-cost and value-engineering approaches.

For Industrial Cost Auditing, apart from the routine auditing activities and involvement in procurement actions, there was heavy involvement in an assessment of the launcher sector. There was also a major drive to modernise the section's infrastructure in terms of defining objectives and policies and preparing guidelines and interpretations, procedures and the standardisation of documentation. In addition, there was the on-going development of an Audit Information Management System (AIMS), which will consolidate various databases to facilitate the analysis and development of benchmarks for company hourly rates.

Value of commitments made to industry per State in 2002