

June 2014

UK Government responds to Space Innovation and Growth Strategy Action Plan

On 30 April, the UK government published its [response](#) to the [Space Innovation and Growth Strategy \(IGS\) Action Plan 2014 – 2030](#). The Action Plan was published in November 2013 and aims to support the objectives of the IGS, namely to grow the UK's share of the world's space economy from 6.5% to 8% by 2020 and to 10% by 2030.

Key parts of the government response include:

Liability of UK operators: The government has confirmed that it is pressing ahead with reforms to cap UK satellite operators' liability to the UK government. Currently the UK's Outer Space Act requires licensees to indemnify the UK Government against third party liabilities without limit. This potential unlimited liability has presented difficulties for satellite operators in securing finance. Other countries, such as the US and France, offer a less demanding licensing structure in allowing the operator's liability to be limited to the extent of insurance cover. The government intends to cap liability to €60m for the majority of missions, and the Secretary of State would have the power to vary the liability limit, for example for non-standard, high-risk missions. The UK Space Agency will separately review the regime for cubesats and other small satellites.

Insurance: The government intends to consult with industry on draft legislation that will exempt satellite insurance from Insurance Premium Tax ("IPT"). IPT is currently levied at a standard rate of 6% on premiums under satellite insurance contracts. The planned exemption was announced as part of the 2014 Budget. The government also intends to consult on transitional arrangements.

Faster licensing: The UK Space Agency and Ofcom will work together to see whether the licensing process under the Outer Space Act ("OSA") could be made faster. One option under consideration is to offer a commitment that OSA licence applications will be processed within a three-month time-limit.

Better information for licence applicants: The UK Space Agency acknowledges that the guidance it publishes for licence applicants could be improved, particularly with regards to SMEs and start-ups. For example, published guidance states that applicants must provide two years' of audited accounts, but start-ups unable to meet

This e-mail/publication is provided for information purposes only and is not a substitute for detailed advice on specific transactions and should not be taken as providing legal advice on any of the topics discussed, nor should it be taken as creating a solicitor-client relationship between the reader and Field Fisher Waterhouse LLP.

Please note that where this email/publication contains links to pages/items on third party websites, while such information may be available to be viewed and downloaded, this is subject always to the terms and conditions applicable to the particular website(s). Field Fisher Waterhouse LLP is not responsible for the content or operation of third party websites.

Copyright ©Field Fisher Waterhouse LLP 2014. All rights reserved.

Satellite and Space Projects News

this requirement can explore alternatives with the licensing authorities. The UK Space Agency will review the information for licence applicants on its website and will also review the costs of delivering the licensing regime and the fees charged to applicants.

Changes to OSA licence form: The government intends to use the OSA licence application process to gather more information about UK companies engaged in space activities. Licensees will be asked how their proposed activity will benefit the economy. This information will not influence the licensing decision. The government rejected proposals to make the grant of OSA licences conditional on the applicant meeting prescribed investment and jobs targets.

UK Space Port: A cross-departmental body - the National Space Flight Coordination Group (NSFCG) – will manage several workstreams aimed at facilitating space flight from the UK. These include investment, regulation and proposals to establish a space port in the UK by 2018. An initial report on regulatory issues is due to be published in July this year. The government has also commissioned a technology feasibility study for a UK Space Port as part of the National Space Technology Programme.

PPP: The government will support the European Space Agency to use Public Private Partnerships that create new commercial opportunities for space and exploit technology.

Launch investment scheme: The government is considering a launch investment scheme for the space sector, similar in principle to the "repayable launch investment" scheme for the civil aviation industry. The space scheme would cover large scale space investments that have a strong strategic fit to the UK space sector and economy and that have repayment potential. Applications for funding would be considered on a case-by-case basis by HM Treasury.

Contacts

To find out more about our expertise in the satellite and space sector, please contact:



John Worthy

Partner - London

E: john.worthy@fieldfisher.com

T: +44 (0)20 7861 4392

Find out more about our [Satellite and Space Projects](#) team.