

Recommendation 23

LIST OF RECOMMENDATIONS

The Committee recommends that Canada not rely too heavily on any one country for launch services but, instead, explore possibilities for cooperative projects with a number of countries, including European nations, Japan, the Soviet Union, China, and the United States.

Although not specifically confined to the issue of launch services, Canada's relationship with the European Space Agency (ESA) may usefully be discussed at this point. This country has had a long and fruitful relationship with ESA. We have, however, received testimony suggesting that the "overhead costs" of our formal ties with ESA are not justified by the return Canada receives on the investment. Both Canadian Astronautics Limited and Telesat Canada expressed this view, and we quote the former in this context:

In our view, the Canadian involvement in ESA has not been quite so successful, the main flavour difference there being that the way the ESA involvement works is that Canada contributes money to ESA, which is then spent back in Canada, except that not all of it gets spent in Canada. Canada has had kind of a dual mode approach to ESA. One is in the study area where basically roughly half of the money we put into ESA comes back into Canada. We think we can get far more bang for the buck, as it were, by spending that money right at home. If we want to participate in ESA programs we think there are better ways to do it than by being associate members of ESA.³²

The contrary view, essentially expressing present Canadian policy, was articulated by the Department of Energy, Mines and Resources:

...when the government enters into an agreement with the European Space Agency, the arrangement is such that all countries that partake in that agreement share in the industrial benefits in proportion to their investment in the project. But there is an overhead that is kept back by the agency itself. The result is that on many programs it would be typical that for a \$3 program, \$1 would be required for the agency and its organizational units to operate, and only \$2 would be shared back to participating countries in proportion to their investment. So some industrialists would argue that it would be better for the government to invest the Canadian dollars directly in these companies and avoid the loss of some of the overhead in Europe. Other companies would argue that, indeed, the overhead is worthwhile because it associates us, to our advantage, with larger projects that we cannot afford alone. Secondly, it opens the market up for Canadian products, and, thirdly, it opens up the possibility for some of our companies to cooperate in Europe.

I know many of the people who appear before your committee, and I am sure that some industrialists would take the same view as [Canadian Astronautics Limited]. Others would take a different view and say no, there is a net benefit in the Canadian government's participating in the European Space Agency. But the issue really is the fact that some money does go to the overhead.³³

The Committee acknowledges the various opinions expressed to us. We have considered the issue and, on balance, we believe that it is appropriate that Canada continue our formal relationship with ESA.

Recommendation 24

The Committee recommends that Canada continue our formal cooperative arrangement with the European Space Agency.

⁽³²⁾ Canadian Astronautics Limited, Issue No. 16, March 4, 1987, p. 16:7.

⁽³³⁾ Department of Energy, Mines and Resources, Issue No. 21, March 18, 1987, p. 21:29.