



## Brexit – What's on the cards for the UK's space industry?

Its certainly been an interesting time for those residing in Europe these last few months. Following long campaigns from politicians on both sides of the argument, the UK population finally had their say on whether to stay in or leave the European Union (EU) in an historic referendum held on 23<sup>rd</sup> June. Of the 72.2 percent turn-out, 51.9 percent voted for Britain to exit (Brexit), while 48.1 percent voted to remain.

If the UK is to go ahead and leave the EU, which remains uncertain, the government will need to invoke Article 50 of the Treaty of the European Union. In a two-year process from being invoked, the departure will be negotiated with all EU members, and terms must be agreed upon by a majority. The current UK government appears to be in no rush to begin the process, and many believe that delaying will grant other EU countries time to see the value in negotiating good trade deals with the UK after its departure.

Following the announcement of the results, Prime Minister David Cameron announced his resignation, and was rapidly replaced by Theresa May. Labour Party leader, Jeremy Corbyn, faces revolt from within his own party after accusations that he did not do enough to convince the public to vote to remain in the EU. Meanwhile, the UK economy has plunged; at the close of trading on 24 June, the FTSE 100 Index of leading shares fell by 2.8 percent, while the British Pound fell by nine percent to its lowest exchange rate since 1985, at US\$1.36.

One of the big questions is, how will leaving the EU effect UK industry?

Ahead of the vote, Airbus Group UK President Paul Khan said that future investment and thousands of jobs would be at risk if the UK left the EU. "It's a hell of a lot more difficult, more bureaucratic and more costly to do (business) from outside the EU than it is from within it." Since the leave vote was announced, many major manufacturing and financial institutions in the UK have made rumblings of moving their sites and employees to EU-member countries like Germany. As well as Airbus Group, technology companies like BAE Systems, Cobham, Surrey Satellite Technology Ltd, Lockheed Martin, and Thales Group all have significant presence within the UK. Now, they will have to closely examine their options.

The UK's position in European space programmes is also uncertain. The European Space Agency (ESA) provides funding for space projects and start-ups within the EU, but nobody knows how this will change once the UK leaves. Several parties have highlighted the fact that non-EU members like Norway and Switzerland remain full members of the ESA, while Canada is an associate member. Major Tim Peake, recently returned from the ISS, commented: "From the point of view of the ESA, the UK's participation is not affected by this EU referendum. The ESA is a separate entity."

The European Commission's (EC) Galileo project, which will ultimately launch a new navigation, positioning and timing network, is one of the prime candidates for disruption following the referendum. Surrey Satellites Technology Ltd is the primary contractor for the payload electronics. While the first 22 satellites of the constellation are near completion, the next set will be commissioned after the UK has voted out of the EU, and it remains unclear whether a non-EU member will be permitted to have such a central role in the project.

Without the freedom of movement through EU countries that UK citizens have long been accustomed to, doing business abroad is likely to be hindered. If the UK leaves the EU, attendance of events such as the IBC in Amsterdam may become anywhere from slightly to significantly more complex. Visas for travel and permits to import certain materials may be required. Additionally, should freedom of movement become nullified, the UK's space sector may face a significant skills shortage. Several officials at UK technology companies have commented that, for some positions, it is routine to receive no applications from UK residents.

All this and more remains wildly uncertain, prompting widespread concern among much of the world, and the UK in particular. The referendum outcome was not as expected; even the bookmakers got it wrong. Ultimately, the UK's economy, industry and make-up will become far removed from what we've been used to in the next few years.



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