SPATIO | Space Professional Association for Technical and Institutional affairs in Orbit

2025 | ROUNDTABLE

NEW HORIZONS FOR EUROPE'S SPACE SECTOR

Cooperation and Partnership Strategies

Moderator:
Alban Guyomarc'h, SPATIO

Panellists:
François Spiero, Secrétariat général des affaires européennes, Bureau du Premier ministre
Catherine Doldirina, D-Orbit
Claes Hansen, European Space Agency - ESA
Caroline Ruiz Palmer, De Gaulle Fleurance
Rafael Harillo Gómez-Pastrana, Stardust Consulting

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EXECUTIVE SUMMARY

- **2025: a strategic turning point for Europe in outer space**

Europe is facing a redefinition of its governance between the EU and ESA, the growing importance of defence and dual use issues, and major budgetary, legal and economic decisions that will determine its sovereignty and competitiveness in the long term.

- **The essential role of the European Space Agency**

ESA, a civil technical development agency, works closely with the European Union but under separate intergovernmental governance. Today, ESA is currently operating in a constrained budgetary and industrial context and although it has modernised its contractual instruments, it needs to rethink its georeturn, as well as to clarify its role in a European space ecosystem undergoing major restructuring.

- **Rethinking the European Union's regulatory and strategic framework**

The introduction of the European draft regulation (EU Space Act) opens up a complex phase of negotiation between the EU and its Member States to provide Europe with a legal framework capable of protecting its competitiveness against global players, in a context where competition law is becoming a key lever for regulating the rapid and strategic consolidation of the space industry.

- **The private sector, a driving force behind the space sector**

Companies play an essential role in the sector's sovereignty and competitiveness. Their growing importance, driven by commercial innovation, dual use technologies and enhanced dialogue with institutions, is essential to building a genuine space economy and guaranteeing independent access to space.

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Summary Report, June 2025

Organised on 17 June 2025, coincidently with the Paris Air Show, this round-table discussion takes place in **a decisive year for Europe in space**, with several major deadlines converging:

- The Ministerial Conference of the European Space Agency, a key moment for defining the technical and industrial priorities of its Member States.
- The presentation of the European Commission's Multiannual Financial Framework 2028-2034 project, whose guidelines exert a major strategic influence.
- Presentation of future European legislation with a draft regulation (EU Space Act) on the safety, resilience and sustainability of space activities in the European Union.

However, these three factors alone would not be sufficient to describe the situation, because the international context, which is changing radically, is now forcing Europe **to rethink its strategy and assert its need for sovereignty in outer space**, both in terms of in-orbit activities and exploration ambitions. In this context, a number of cooperations have been undermined and, in some cases, even terminated. The sector is currently undergoing major upheaval.

To shed light on these issues and outline the new horizons for Europe in space, the panel of speakers, moderated by **Alban Guyomarc'h**, included:

- **François Spiero**, General Secretariat for European Affairs, Prime Minister's Office;
- **Catherine Doldirina**, D-Orbit;
- **Claes Hansen**, ESA - European Space Agency;
- **Rafael Harillo Gómez-Pastrana**, Stardust Consulting;
- **Caroline Ruiz-Palmer**, De Gaulle Fleurance.

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EUROPE IN SPACE: FACING A CHANGING WORLD

The year 2025 is one of the most **complex and decisive** for Europe in the space sector. To understand Europe's position today in a changing geopolitical and geo-economic context, it is important to remember that **the European institutional landscape for outer space is built on two major pillars: ESA and the European Union**.

This multi-layered architecture means there is ongoing debate over **the best way to allocate funding**. In addition to these two levels, there are national agencies such as CNES in France, DLR in Germany, and ASI in Italy, **bringing the total European investment to several billion euros a year**.

A number of ideas are emerging, notably from **the Draghi report on European competitiveness**, which calls for **clarification of the governance of space in Europe** and, in particular, the relationship between the European Union and ESA. France, for its part, is defending a structured vision: **political and budgetary leadership assumed by the EU**, combined with **ESA's central role as the technical agency of reference**.

Until recently, the European dynamic was largely **structured around civilian programmes**: **Copernicus** for Earth observation, **Galileo** for navigation, and several **telecommunications initiatives**.

Over the last two to three years, this landscape has changed profoundly. **Defence, resilience and dual-use issues now take a central place**, reflecting a rapidly changing geopolitical context.

Sovereign states must therefore arbitrate to answer important questions: what strategic control of space assets? Should they agree to transfer financial resources to the European Union, at the cost of sacrificing some of their decision-making sovereignty? This is a delicate balance that must be assessed on a case-by-case basis.

EUROPEAN UNION SPACE PROGRAMME

Copernicus: Earth Observation.
Galileo: Satellite Navigation.
EGNOS: Dissemination of positioning system correction data.
IIRIS^2: Secure satellite connectivity.
SSA: Space Situational Awareness.

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HOW ARE EUROPEAN INSTITUTIONS ENGAGED

IN OUTER SPACE?

Public action in the European space sector is currently based on two levels: the national level, on the one hand, and the European level, embodied by ESA and the European Union, on the other.

At ESA, an intergovernmental organisation, **Member States collectively decide on programmes and their funding**. This ensures that each Member State has a **direct influence** on strategic orientations.

The European Union has adopted a different model. Under the Multiannual Financial Framework (MFF), EU Member States pay a **global contribution**, after which the European Commission administers these resources in accordance with **predefined political priorities**. EU Member States retain some leverage, but largely delegate their budgetary decision-making powers.

This complementarity is reflected in the architecture of the agreements, which take a variety of forms: inter-institutional agreements, financial arrangements, technical agreements, or detailed protocols covering **budgetary aspects** and **development modalities**.

The role of companies is **an essential lever** for the development of space activities. In a European context where the importance of **strategic autonomy is increasingly asserted** for a range of applications, **strengthening the commercial space industry** appears crucial.

This requires both greater recognition of its role and the implementation of **concrete mechanisms** to improve its **competitiveness**, both in Europe and worldwide.

STRENGTHENING THE DEFENCE INDUSTRY

A **major turning point** has occurred since the early 2020s: the growing awareness in the commercial sector of the **increasing role of defence and security**.

In just a few months, space industry players have **focused their development on dual use technologies at the interface between civil and military applications, in close cooperation with national authorities**. Whether for secure communications or military observation, these activities require constant dialogue with national and European institutions.

In this context, closer collaboration between governments, the private sector, ESA and the European Union is essential to **consolidate the sector's sovereignty and competitiveness**.

This momentum raises a key issue: Europe's autonomy in accessing space. Without launch capabilities, no space strategy can be deployed.

To this end, **public investment** is an essential driver, **enabling private initiatives to scale up**.

ESA | EUROPEAN SPACE AGENCY

ESA is primarily **a technical development agency** that designs space systems, infrastructure and applications, **but does not operate them (with the notable exception of scientific satellites)**.

ESA can develop satellites before transferring them to an operator for commissioning and operation. This model naturally guides the structure of agreements, based on **a clear division of roles**: development by ESA, operation and management by operators or institutions.

At the technical and programmatic levels, the **ESA develops technologies and systems**, and **the European Union is the end user, manager, or institutional operator**.

This is also why the development of dual use systems does not pose a problem: **ESA does not conduct foreign or defence policy but provides technical capabilities**.

Historically, ESA was established as a space agency dedicated to peaceful uses, a notion that encompasses a broad spectrum of activities. ESA's founding Convention allows for the development of **dual use programmes**, both civil and military, a long-standing practice, illustrated in particular by **Galileo**, a European Union programme that the Agency has supported for nearly twenty years.

D-Orbit RISE mission: an example of cooperation with ESA and Eutelsat

D-Orbit is working on RISE, ESA's first **in-orbit servicing (IOS) mission**. For D-Orbit, winning a contract of this scale reflects **a significant development in the sector.**

New Space companies are now **demonstrating their ability to operate alongside institutional players and long-established companies**. D-Orbit is collaborating with Eutelsat, the leading satellite operator, which will play an active role in **shaping service development**, directly **representing customer interests** and offering critical, firsthand **insights into the complex, real-world demands of satellite operations**.
The mission addresses the complexity of in-orbit servicing operations, which involve working on **satellites that are already deployed** and initially not designed to be serviced.

This model aims to **serve as a benchmark for future IOS missions**, providing a better understanding of operational needs, technical constraints and servicing solutions.

These advances are part of **a long-term perspective**: the gradual emergence of a truly **circular space economy**, the foundations of which are being laid through this type of partnership.

What is georeturn?

When a country **finances ESA programmes**, the Agency ensures that its national space industry is awarded **contracts proportional to its participation**. This mechanism aims to ensure **a fair distribution of economic benefits**, encourage Member States to **contribute to the common budget**, and support the **harmonised development** of the European space industry.

ESA's georeturn is a principle under which the Agency reinvests, through **industrial contracts**, an amount close to the financial contribution paid by each of its Member States.

This principle dates back to the 1960s, following transatlantic cooperation projects where the **industrial spin-offs for Europe were deemed disproportionate to the investments made**. The mechanism was therefore designed to ensure a **fairer distribution of industrial benefits** between Member States.

Politically, **the challenge is to increase budgetary resources, but the context of the 2020s has become more complex**. A number of budget cuts imposed by external partners have undermined several cooperative ventures, particularly in the scientific field.

Human space exploration, which is an optional programme, is in a similar situation: the **realisation of planned cooperation projects remains uncertain** due to the lack of confirmed financial commitments from major partners.

Furthermore, the fact that a State wishes to contribute to a programme **is by no means sufficient to guarantee the award of a contract or a cooperation agreement**.

In the ESA system, **each award is based on a rigorous technical evaluation**. A company must demonstrate **a level of technological excellence in line with the programme's requirements**; otherwise, no contract can be awarded, regardless of the geographical return situation of its State of origin.
This framework, combining **institutional constraints, technical requirements and principles of industrial solidarity**, is shaping the current debates on the evolution of ESA's budget and cooperation mechanisms.

However, these difficulties **are not unprecedented in the history of ESA**, which has already gone through similar periods and whose institutional structure is capable of absorbing this type of fluctuation.

EUROPEAN SPACE AGENCY: RETHINKING GEORETURN?

The question of **ESA's geographical distribution or fair return**, long considered a founding principle, is **now being debated**. The mechanism tends to generate **additional costs and industrial complexity that are weighing on European competitiveness**, particularly in the face of integrated players from outside the EU who not only provide launch services but also build satellites and supply space applications. These factors need to be taken into account in order to **adapt European governance to the realities of the global market**. These factors provide a basis for future discussions. They provide a better understanding of the challenges - but also the opportunities - facing Europe at a time when several major foundations of its space ambitions are being redefined. In addition, **a report published in 2024 on 'The Future of European Competitiveness' (also known as the 'Draghi Report')** indicates that the geographical return rule "leads to an **inevitable fragmentation of supply chains**, the **unnecessary duplication of capacities** in relatively small markets and a **mismatch between the most competitive industrial actors and the actual allocation of resources**."

Some countries consider that the **excessive fragmentation of activities is detrimental to industrial efficiency and the vertical integration of value chains**. This reality has led to targeted flexibility, as **in the case of Ariane 6, to avoid excessive dispersion of industrial responsibilities**. The current challenge is to preserve the founding objectives of geographical return, while **modernising the arrangements** to **boost the competitiveness of European programmes**.

In addition to these changes, a new contractual instrument, the '**Cooperative Agreement**', has been introduced **to support the development of systems or applications in close partnership with companies**. While ESA has traditionally relied on public procurement, with specifications drawn up by the Agency followed by a contract awarded to the chosen company, the 'Cooperative Agreement is now changing the approach into a more genuine partnership with industry. This difference concerns, in particular, **the treatment of intellectual property rights**, a key issue for companies, as these provisions have a direct impact on their value to investors. Approved by the Member States during the last revision of the contractual regulations, this change represents a major step forward.

ESA traditionally organises its activities around two distinct categories:

MANDATORY PROGRAMMES

- Funded by the Member States in proportion to their gross domestic product, these include:
- The scientific programme,
- Basic technological development,
- Agency operations, including staffing.

OPTIONAL PROGRAMMES

States voluntarily choose to contribute. These cover in particular :

- Space launchers,
- Earth observation,
- Navigation,
- Telecommunications,
- Space exploration.

DRAFT REGULATION
ON THE SAFETY, RESILIENCE AND SUSTAINABILITY OF SPACE ACTIVITIES IN THE UNION

« EU SPACE ACT » A EUROPEAN SPACE LEGISLATION

Following the publication of the draft EU Space Act regulation, **a phase of in-depth negotiations has begun**, involving the institutions of the European Union and its Member States, as well as, to a certain extent, ESA and various stakeholders.

This stage is made even more complex by the fact that **several national space laws already exist**. France is a forerunner in Europe with its Space Operations Act (LOS), adopted in 2008. The main purpose of this legislation was to **regulate launcher-related activities, the management of the Guiana Space Centre, space traffic and all launch operations**. These concerns remain central at both the national and European levels.

The European space ecosystem is not evolving in a vacuum. On the international stage, other space powers are also developing strong commercial ambitions, supported by public and private players. In this context, **the emergence of a European regulatory framework is essential to define clear rules that can be applied**. This framework also applies to operators outside the EU, to prevent them from operating on the European market under conditions that could undermine the competitiveness of European players.

However, the European negotiations have to **contend with a wide diversity of positions**, and sometimes, the visions involved diverge sharply.

These contrasting positions illustrate the **challenges to be addressed to achieve a common European framework** capable of ensuring both the **competitiveness of European industry and the coherence of public action** in a rapidly expanding sector.

EUROPEAN COMPETITION LAW

In recent years, the space sector has seen a significant increase in **mergers, acquisitions, shareholdings and joint ventures**.
European competition rules remain **a structuring framework as the space industry matures and attracts new investors**, in particular the Treaty on the Functioning of the European Union (TFEU), which are based on three essential pillars:

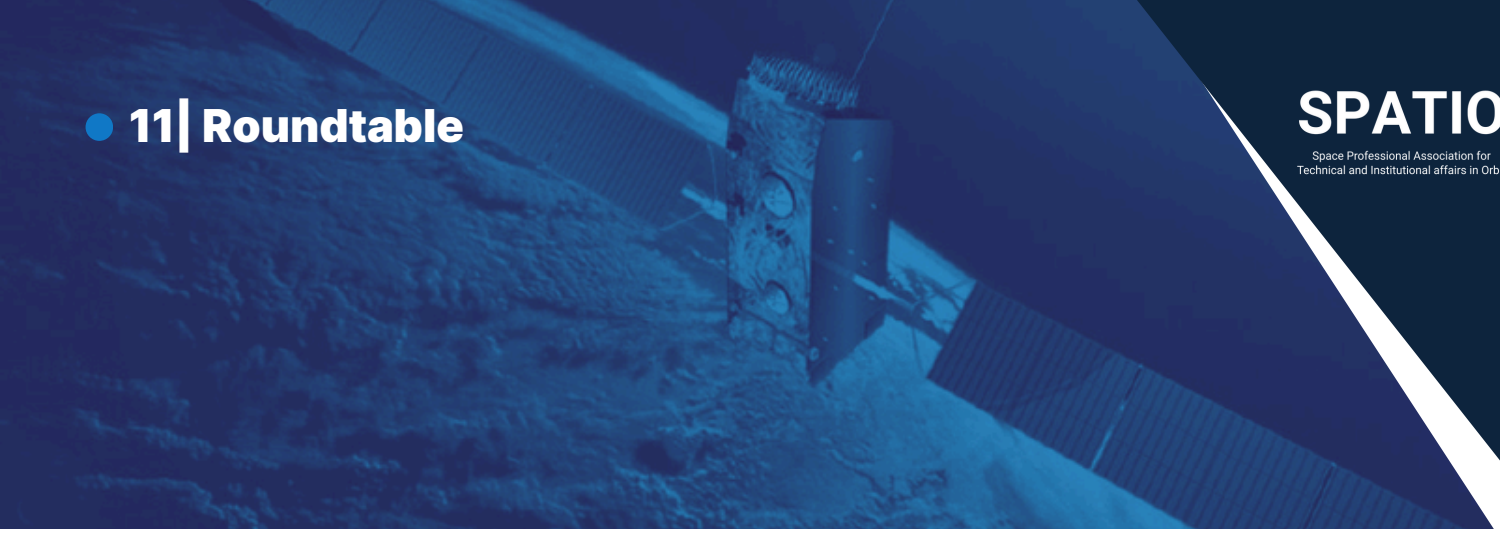
- **Control of concentrations**, governed by Regulation (EC) No 139/2004 of 2004;
- **Prohibited agreements between undertakings**, under the provisions of Article 101 TFEU;
- **Abuse of dominance**, governed by Article 102 TFEU.

Control of concentrations In the case of transactions such as **mergers, acquisitions of sole or joint control and 'fully functional'** joint ventures, this control applies as soon as there is a **change in effective control** and the **turnover thresholds defined at the European level are reached**.
The first issue for any company **involved in a merger** is **whether to notify the European Commission**. The Commission then examines whether the merger **is likely to impede competition significantly**.
Following this analysis, the Commission may authorise the merger unconditionally or approve it with commitments, relating to the disposal of assets or the commercial conduct of the undertakings concerned. In rarer cases, the Commission may decide to reject the transaction.
If there are serious doubts, an in-depth investigation (phase 2) may extend the investigation beyond the standard 25 working days.
If the European thresholds are not met, companies must **check whether the transaction triggers national notification obligations** on a country-by-country basis.

Prohibited agreements between undertakings **Cooperation between undertakings** (strategic alliances, R&D agreements, co-marketing partnerships, or vertical relationships) must be subject to a **self-assessment to verify that the agreements comply with Article 101 of the TFEU**.

Abuse of dominance A situation in which a company or player **with significant economic power** uses this position to **distort competition** by, for example, excessive pricing, exclusionary practices (refusal to sell, limiting access to infrastructure or essential data), or discriminatory contractual conditions that **prevent the emergence of competitors**.

Killer acquisitions While many start-ups **develop high-potential technologies without significant initial turnover**, their **acquisition by a dominant player may**, in some cases, be aimed at **eliminating a competitive threat** rather than integrating the innovation. A decision of the Court of Justice of the European Union in 2023, *Towercast v Autorité de la concurrence and Ministère de l'Économie (case C-449/21)*, confirmed that **such behaviour may in itself constitute an abuse of a dominant position, even in the absence of a formal notification obligation**.



DEVELOPMENTS IN MERGER REGULATION AND CONTROL OF CONCENTRATIONS IN THE SPACE SECTOR

THE VIASAT / INMARSAT CASE

The **recent merger between Viasat and Inmarsat** is a prime example of the evolution of merger control in the space sector. **The deal was cleared by the European Commission** in 2023, following a **phase 1 investigation**, a few days after the UK Competition Authority (CMA) gave its approval.

This merger concerns **two major satellite network providers** whose activities mainly overlap in two segments:

- The **provision of unidirectional satellite capacity**, in particular for content broadcasters;
- The **provision of bidirectional satellite** capacity, intended for satellite service providers operating across various sectors, such as maritime, defence, or government.

In this case, the Commission examined the **competitive effects** at the European and global levels, **including the vertical interactions between the provision of satellite capacity and the provision of services**.

Despite the size of the transaction, the analysis concluded that a sufficient level of competition would be maintained, thanks in particular to the **presence of credible competitors**, **available capacity deemed adequate**, and the **existence of robust alternatives for end users**, whether fibre or low-earth-orbit (LEO) constellations.

Another part of the merger was addressed in a **phase 2 investigation**, which concluded in 2024.

This case stands out for the Commission's very detailed analysis of **market definition**, with the entire value chain treated as a structured, segmented competitive area.

Several scenarios have been explored, without a definitive perimeter having been agreed, including:

- The **distinction between broadband and narrowband satellite capacity**;
- **Segmentations according to areas of use**;
- **Differentiation between orbits**;
- **High-throughput satellite** (HTS) versus standard capacity;
- Or **segmentation by frequency band**.

This merger illustrates **how merger control is adapting to a rapidly evolving space sector**.

Europe's space sector is undergoing a transformation, with a redefinition of its institutions (EU-ESA-Member States), an increase in defence and dual use issues, the modernisation of contractual instruments, the emergence of an ambitious European regulatory framework (EU Space Act), and industrial consolidation under the impact of competition law.

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