Eurospace perspective on space economic diplomacy

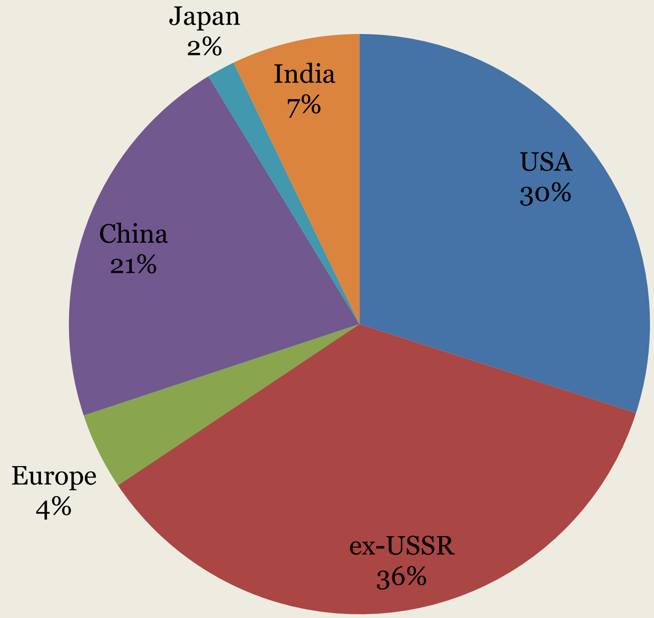
EXPLORATORY MEETING EC-EEAS-INDUSTRY

13 MARCH

Space industry facts & figures
Employment & industry output

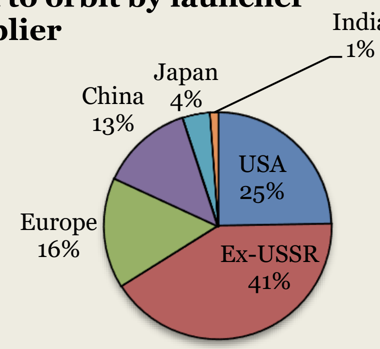
Space industry workforce worldwide: about 700.000 people

Employment in the space manufacturing sector worldwide (est.)

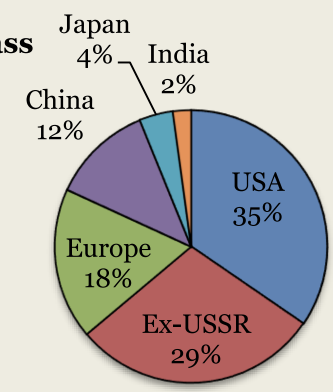


Space industry output (past 5 years)

Total mass launched to orbit by launcher supplier



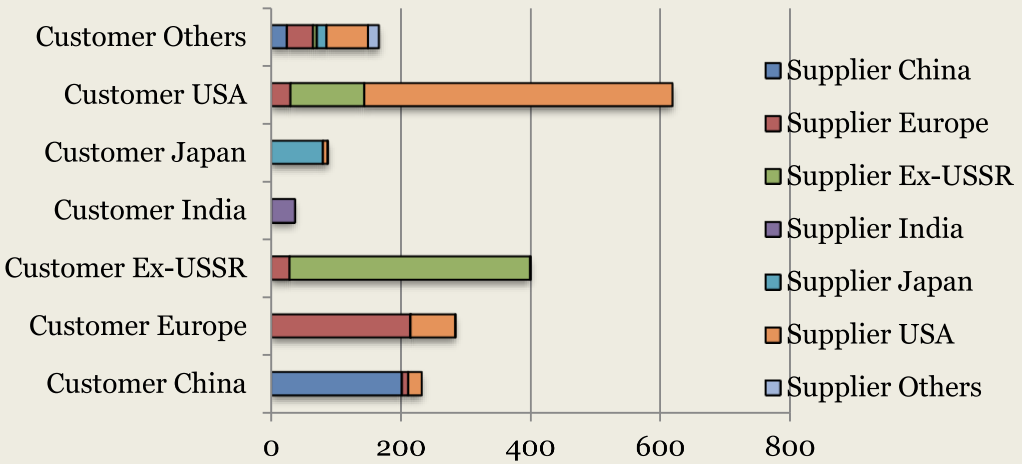
Total Spacecraft Mass

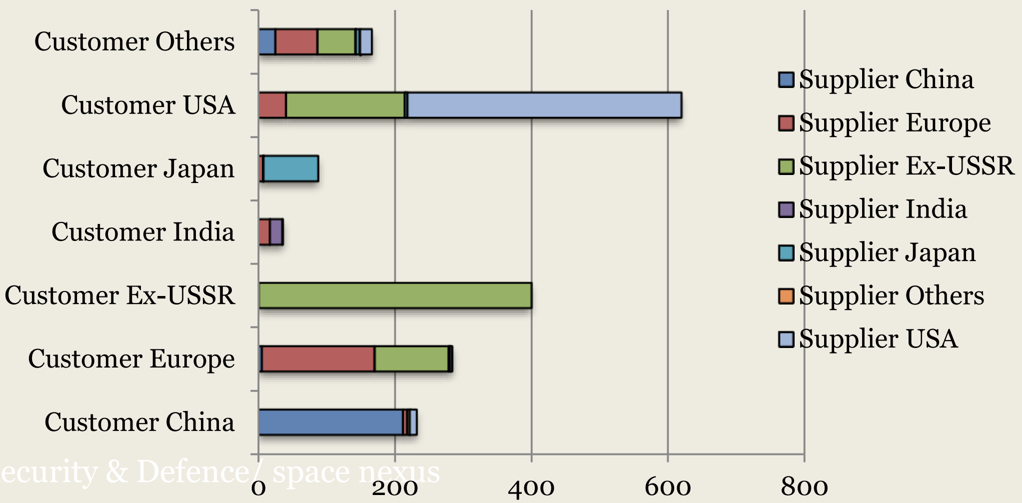


Market accessible to European companies

- Space markets are often not accessible to all suppliers on the same level
- Some markets are neither accessible to the European industry, nor to European launch services, and in particular:
  - All institutional customers from Russia, USA, China, India and Japan
- Accessible markets represent an average 36% of the total market in the past 2 decades
  - An average 17% share of the accessible market is captive for European suppliers (the European institutional demand)
  - The remaining 83% of the accessible market is addressed as the OPEN market
    - Most of the open market is composed of geostationary telecommunications systems procured in global competition (satellite development as well as launch services)
    - A smaller share of the open market concerns scientific and remote sensing systems.

Space industry facts & figures
Highlight on captive markets dynamics (1/2)





Global SC market*

- Institutional customers tend to favour local supply
- The extent of international competition in satellite markets seems limited….
- … And export markets are very limited in size
- Most markets (88% in mass) appear to be organised regionally

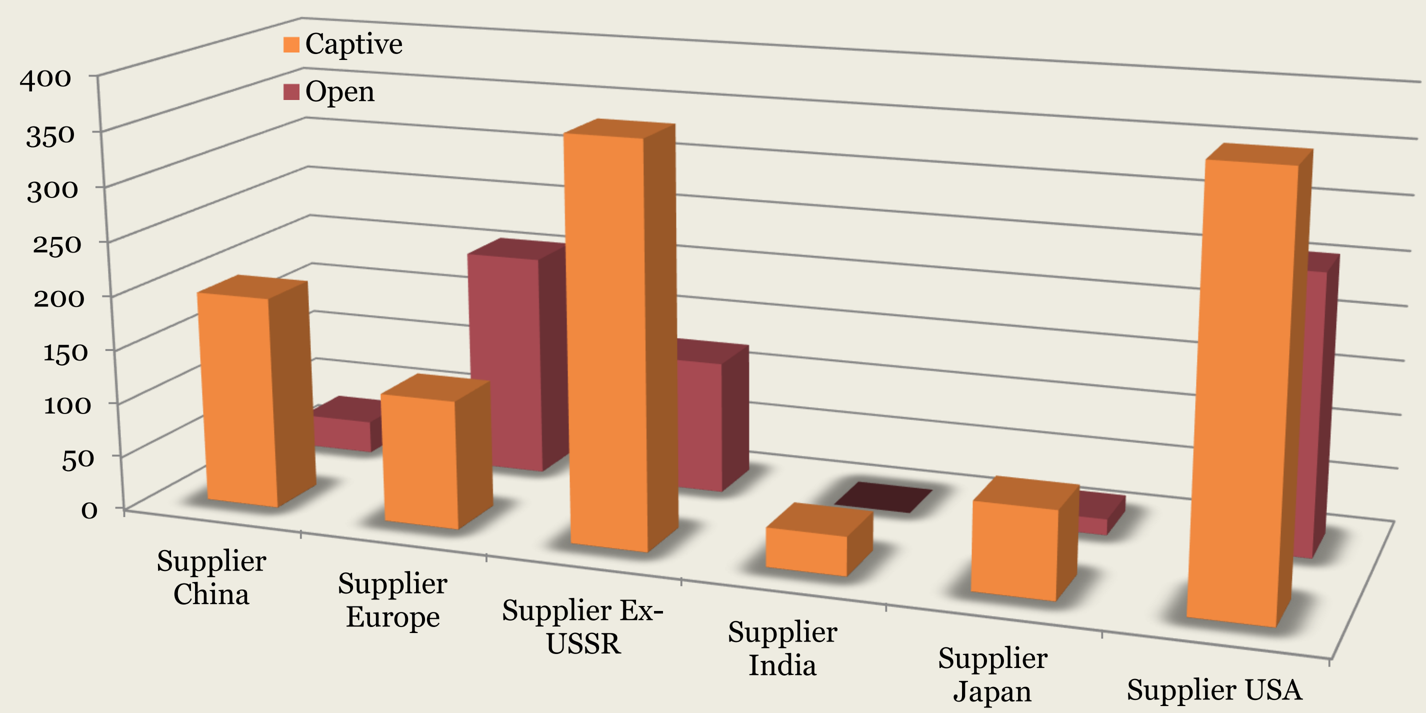
Global launch market*

- With the exception of the ISS servicing activities, US demand has a marked preference for US launchers
- Russian demand is consistently served exclusively by Russian launchers
- 40% of Europe's launch needs are satisfied by Russian launchers
- Few countries have autonomous launch capacity…And even less own a range of launchers able to support all their needs

*(mass/tons) 2011-2015

Space industry facts & figures
Highlight on captive markets dynamics (2/2)

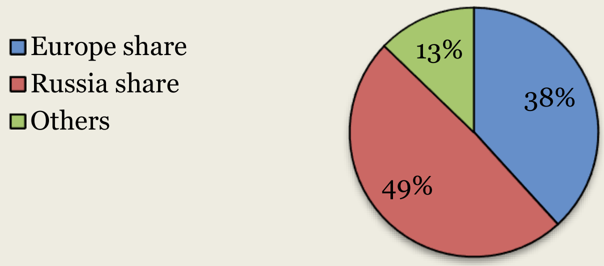
Suppliers exposure to captive/open markets
International comparison (2011-2015) mass (tons)



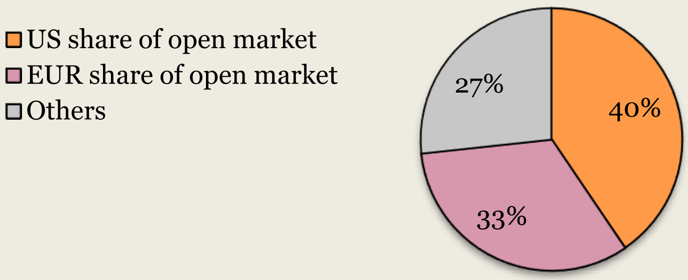
Space markets outlook

- China, Russia and the USA have high volumes of production driven by their local captive markets…
  - The US industry benefits from the largest captive market of all
  - The Russian industry benefits from the largest following captive demand
  - The European captive demand is comparably smaller
- Public demand is the first guaranteed basis to stabilize the sectoral production bulk and foster the competitiveness of any domestic industry, space included
  - Europe lacks a continuous and significant level of public demand in space infrastructure and/or services

GEO commercial launch market (in mass) 2011-2015



Open satellite market (in mass) 2011-2015



The way forward
Eurospace high-level views

- European space industry much more exposed than its competitors to the hazards of commercial/export markets
  - Makes it all the more challenging to sustain the current industry level of excellence

- Political nature of space commercial contracts, since often at the crossroads of strategic and national interests
  - Even in the case of “commercial markets” ➔ very few “free & open” pure competition situations
  - Satellite export is a foreign policy tool (often part of larger negotiation packages)

- Industry welcomes a structured EU economic diplomacy effort that would support its market share increase, including easing access to new markets
  - The EU diplomatic network worldwide would be an asset in:
    - Including space in negotiations of agreements and/or partnerships with third countries (industry being available to support as appropriate)
    - Promoting sustainable and reciprocated agreements on space topics (e.g. market access, debris code of conduct, environmental regulations, export control regulations)
    - Setting-up trade missions (on an opportunistic basis)
    - Supporting the identification of key trade fairs
    - Promoting B2B meetings between European space manufacturers and prospective customers, ensuring a follow-up in commercial relations