

16TH EUROPEAN SPACE POLICY CONFERENCE 2024

“Fuelling the European space ambition, empowering a vision”

Keynote address – Mr Jean-Marc Nasr, president of Eurospace

Mister Secretary of State,

Mister Commissioner

Mister Director General,

Ladies and Gentlemen,

Dear colleagues,

It's an honour for me to intervene in this conference as president of Eurospace, the association of the European Space Industry.

For the past 15 years, this conference was usually the place where Industry explained to policy-makers that space is key to address a multitude of sectoral policies and to enable economic growth, and would therefore benefit from more political attention.

This year, I don't need to do this.

The importance of space has been acknowledged now officially at countless occasions and in terms that could not be clearer, by the Parliament, by the Council, by the Commission, and by ESA.

So, you might wonder, what is then Industry's message this year?

I have two: . **Lucidity and coherence.**

Let me quote the Conclusions of the Council of last November *“space technology, data and services have become indispensable for European societies and economies”* and that *“space is key for its freedom of action and autonomous decision-making”*

If we recognise that space-based capabilities are indispensable for our daily lives and for our security, we must be **lucid about** the challenges we are facing together

First, lucidity regarding our ambitions: It is factual that the European space budgets are currently lagging behind the US by a factor of six and that, in addition, European space budgets are still mostly uncoordinated. Here is a very concrete illustration: the US National Security Space Launch Acquisition provides for a bulk of 5-6B\$ in Research, Development, Test & Evaluation support to SpaceX and ULA and guaranteed **procurement for 200 launches at an average price of more than 250M\$/launch**. It's like giving our launch industry a guaranteed backlog for the next thirty years at least!

Second, lucidity regarding our sustainability: figures show that the global profitability of the space sector is at unprecedented lows, getting close to 0% sector wide (even if some players manage to keep their heads outside the water), at a time where crucial investment is needed for R&D and for attracting or retaining talents. Today, the low institutional demand, coupled

to low profitability – further exacerbated by inflation – is putting **an enormous pressure** on the space actors and especially on its supply chain. And this is happening at a moment where vertical integration of major competitors threatens the survival of both manufacturers AND operators! If nothing is done, public authorities should be ready to address the risks of sudden losses of capabilities.

Third, lucidity regarding the reality of the European space “ecosystem”. We must realise that, with geographical industrial return concerns driving most of the European space policy and procurements, space capabilities are still mostly appreciated from the very narrow angle of national policies, which are unable to address the European dimension of the grand challenges of space– and I am not only talking about the ESA formal georeturn rule here. The preservation at all cost of national business lines artificially increases duplication of capabilities and fragmentation in a very narrow market. It leads to lower volume production for all players, and higher unit costs for the customers; new critical capabilities such as cybersecurity or digitalisation or automation, suffer from under-investment due to insufficient prospects for a proper outlet.

Furthermore, if we are all very positive regarding the efforts done to facilitate the emergence of new companies and many have been created, we are still shy regarding sizeable measure to address the sustainability and relevance of the newly developed capabilities: while start-ups have created new jobs in the space sector (8000 people work in start-ups in 2023 out of 57,000 in the whole industry), most of these companies still pay their bills out of equity, rather than revenues. In order to sustain the ~450 new companies created in the past decade in Europe alone, it would require **at least 1.2 B€ of additional demand for space systems every year!** It is quite unclear today what market opportunity (accessible to European players) would provide such additional business. Going outside Europe is of course an option and must be encouraged but it carries the risk of losing competences in Europe for sovereign space applications.

Now that we are lucid, it is time to be coherent.

Already thirteen years ago, under the last Belgian presidency, the Council stated that “*space is an enabler for the delivery of EU policies*” and that “*it is of strategic importance and a key element for independent decision-making and action*”. It has been reaffirmed again two months ago under the Spanish presidency. Still, we do not have yet in Europe a policy to ensure that public authorities have unrestricted access to the capabilities they need. In particular, **we do not have a solid European space industrial policy**; which basically means that we accept that European space capabilities are subject to the industrial policies of other space powers (not unlike what is happening in the defence sector).

Key concerns such as affordability, stability of supply/demand, quality and guarantee of service should remain key drivers of European programmes. That being said, The industry can only be praising the Flagship European programmes such as Copernicus, Galileo, Iris², new capabilities for space surveillance, should be secured and reinforced; they are a major pillar supporting a future coherent space industrial policy. In this context, we welcome the intention of DG DEFIS to explore “new ways of doing space procurements” because, indeed, these large programmes cannot be managed under a simple “customer-supplier” relation scheme. The future “new ways of doing space procurement” should not only aim at reducing

the level of risk for one of the parties, but at creating more value for both – I am calling for a new deal between the industry and Europe when it comes to risk/reward balance.

In summary, the issue of the fragmentation, duplication and low volume of our core European institutional are threatening the industry sustainability and Europe sovereignty. This must be addressed at the highest political level possibly starting with the ESA EU council.

European industry has also to be lucid and coherent about itself. We are facing giant players outside Europe that are more and more verticalized allowing them to optimize their internal supply chains and be far more competitive. We need to reflect on this instead of complaining and discuss within Europe on the best way to address this challenge within the industry. It is possible as our competencies have nothing to envy to any country. It will need courage and ambition and the political support of the European institutions and its member states on the initiatives proposed by the industry.

I will retire from Airbus at the end of this year. When I see what has been accomplished since 1985 when I started to work as an engineer on the future ERS 1 program, I am full of hope for our continent and our societies. We have the best technologies, incredible entrepreneurs and a political ambition. We cannot fail. Let me wish to the European space sector lucidity and coherence, I thank you for your attention.

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