

## SPACE INDUSTRY, SECURITY & DEFENCE NEED FOR INSTITUTIONAL REFORM: PROJECTS AND FUNDING

It has been two years since the start of the Russian war on Ukraine, demonstrating the value of space for security & defence. It has been one year since the publication of the EU Space Strategy for Security and Defence. It has been a few days since the EU issued its European Defence Industry Strategy (EDIS), and EC President van der Leyen proposed a dedicated Commissioner for Defence at the 2024 Munich Security Conference (MSC).

The different EU strategies represent a much-needed political will to raise the EU's profile as a credible security and defence player, but so far have not resulted in transformative action, due to lack of funding. The European Defence Investment Programme (EDIP) until 2027 anticipates only 1.5B Euro, i.e. 1.5% of its 100B Euro ambition. EC's ambitions face scepticism from some member states and NATO and EDIS does not consider the UK, although a strong defence (and space) industrial player.

Nevertheless, for the first time in decades there might be an opportunity in Europe for an ambitious rethink of defence industrial policy, including space policy. At a time when peace is no longer considered a given, when the EU Green Deal may be paused, priorities may shift towards adapting Europe to the realities of war. To be effective, this will require a reorientation of EU and European priorities and a new scale of institutional reforms.

The incoming European Commission can be expected to prioritise geopolitical objectives, including the development of its statecraft in ensuring economic security and defence. Clearly, the industrial dimension of defence – as addressed by DG DEFIS since 2019 – is critical, but it is only one element in the multifaceted, geopolitical and foreign policy component, today under the responsibility of the High Representative of the Union for Foreign Affairs and Security Policy. A new defence Commissioner – possibly from an Eastern European member state – will need to demonstrate both competences, and a reshuffling of responsibilities will be required, within the constraints set by the EU Treaties and national sovereignty.

The EDIS aims to contribute to EU's defence readiness, including R&D actions and procurements. It represents an evolution, **beyond the role of a buyer to the role of an enabler**. It aims to minimise European technological dependence, establish European supply chains' reliability, and secure intellectual property, skills, and

knowledge. EDIS explicitly mentions Space Domain Awareness as a potential area for the implementation of a Project of Common Interest, but many of EDIS goals are entirely applicable to space at large, such as the development of Rapid Deployment Capacity (RDC) or the repurposing of civilian production lines. While focusing on defence, the EDIS aims to address economic security as well, in that it shall allow to respond to shocks, whether man-made or natural disasters. In particular, the R&D and commercial aspects of space for security and defence are clearly of dual-use nature, and all actors on national and European level, including national space agencies, ESA, EDA should bring in their competencies and joint funding. Recent ideas by the European Investment Bank to finance projects that can be of use to both civilian and the military confirm that trend. National projects, implemented in a national framework or via ESA at the next ministerial conference in 2025, e.g. for civil security and rapid crisis response, could provide funding for urgently needed solutions and innovation, including for food and water security, and disaster management. This will provide opportunities at an earlier stage than the next EU MFF.



It cannot be assumed that EU funding alone will be able any time soon to elevate Europe's investment in space for security and defence to a level comparable to the corresponding investments in the United States and China, with related global public investment estimated at 50B USD per year. In the past 6 months only, the

U.S. Space Development Agency spent at least 6B USD in contracts, with additional 26B USD projected for 2025-2028. Only the combination of EU, national, ESA and private funding can contribute to an overall European budget for space reaching 0.15% of its GDP by 2040 (i.e. a doubling of the current funding), as stipulated by **ESPI2040**. Only this increase can truly secure the future of European space industry in a global space race, the resilience of its supply chains, the required innovation and the future of its workforce and talents.

ESPI will further strengthen its agenda for security and defence, reinforce its research team and competencies in its Advisory Council, conduct studies, e.g. on R&D in military space in Europe, and dedicate its 2024 Autumn Conference on 1-2 October 2024 under the theme **"Scaling European Space Capabilities for Security & Defence: From Ambition to Implementation."**

Yours sincerely,

**Hermann Ludwig Moeller**  
Director of ESPI

