

## Trade & Export Credit Agencies, a Strategic Enabler in the Space Data Economy

Europe's space industry export market has been robust with about 20% of space industry sales originating from foreign buyers, generating around €20 billion in sales over the past decade and contributing to an average surplus of roughly €830 million annually, positively impacting the total EU trade balance surplus of €38 billion in 2023.<sup>1</sup>

Historically, export customers primarily purchased space systems, predominantly GEO satcom systems, even outstripping domestic demand. Export sales have however been falling since 2017. As a new generation of emerging spacefaring nations develops own space systems and data & information services, there exists an **opportunity for Europe to further diversifying its trade by building B2B alliances and diversifying its sales to include systems, sub-systems, and the downstream segment.**

### 1. Purpose and revived use of ECAs

Export Credit Agencies (ECAs) are quasi-governmental institutions facilitating trade in a globalised world. The first ECAs were set up by governments in the 1900s, against the backdrop of a private sector unwilling to accept political risks. The primary motivation of governments was **stimulating exports that would otherwise remain untapped.** By the 2010s, ECAs became "lenders of last resort" in response to the drying up of commercial bank credit, filling a void after the 2008 financial crisis.

ECAs were historically positioned as key financial partners to the commercial satellite industry of leading spacefaring nations. Notable players include France's **Bpifrance**, Italy's Trade Agency (**ITA**) and **SACE**, as well as the United States Export-Import bank, **EXIM**. The decade of 0% interest rates between 2012 and 2020 called into question the role of ECAs as financing partners to the point where, by 2015, the institutions functionally retreated from the sector all together.<sup>2</sup> However, the advent of interest rate hikes by all major central banks in the Western world since 2021 has resulted in capital markets once again retreating from high-risk investments, mirroring the dynamics of 2008. In parallel, **ECAs are increasingly expanding beyond their financial support role, evolving into broader facilitators of trade or teaming up with trade agencies.**

### 2. Boosting trade in the space industry

Equipped with the expertise to mitigate high risks, mobilise private capital, and enable the provision of long-term loans and credit facilities, ECAs facilitate the export of space systems globally, and can play various functions. In the **United States** alone, **EXIM's space-related funding requests have surged to an open pipeline of \$9.5 billion as of September 2024**, with \$800 million currently under active consideration for approval.<sup>3</sup>

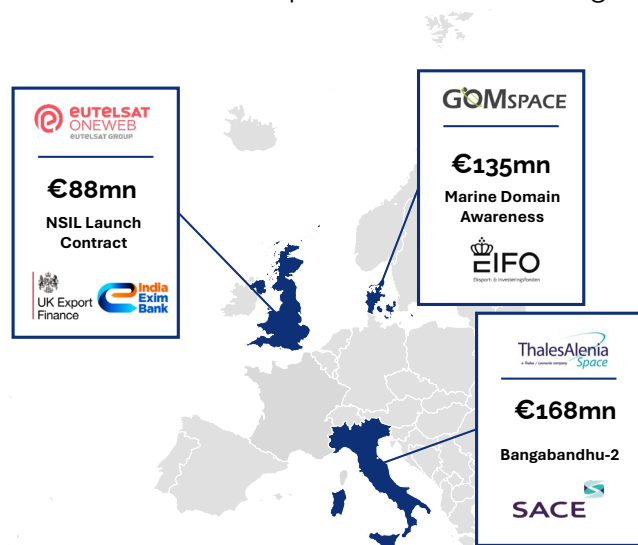


Figure 1: Selected Export Financing in the European Space Sector

<sup>1</sup> Eurospace, Three decades of spacecraft exports. July 2023 (Presentation)

<sup>2</sup> SpaceNews, Satellite industry shifts away from export credit financing. September 2019 (Link)

<sup>3</sup> SpaceNews, Ex-Im Bank's space project pipeline doubles to \$9.5 billion in one year. September 2024 (Link)

## Financial Support Mechanisms for Facilitating Exports

Financial				Non-Financial			
Loans (Un/Tied Financing)	Export Credit (Un/Tied Financing)	Guarantees (Indirect Financing)	Insurance	Networks and Contacts	Tradeshows and Events	Accelerators and Programmes	Advisory and Consultancy

ECAs employ several forms of financing support: providing loans directly in relation to the contract for goods or service exported from the home country, known typically as **'tied financing'**, or providing financing that is not conditional to the procurement of goods or services, **'untied financing'**. Loans and export credit facilities fall under these direct lending support mechanisms. Under **indirect financing**, ECAs can lend to financial intermediaries and offer guarantees on loans as well as **provide insurance**, especially to protect from political risks.<sup>4</sup>

**In the space sector, ECAs have mostly been providing tied low-interest loans** to spread CAPEX over several years and reduce the overall cost of projects. Such was the case for the Eutelsat OneWeb Gen-2 constellation, where the operator reportedly sought almost €1.85 billion in credit finance support, i.e.  $\frac{2}{3}$  of the total project cost, by British (UK Export Finance), French (Bpifrance), and Indian (ECGC Ltd.) ECAs.<sup>5</sup> Looking at the operator's 2024 financial statement, there's currently also an €88 million amortisable loan provided by EXIM India, related to a 2022 launch contract secured by NewSpace India (NSIL).<sup>6</sup>

EIFO, the Export & Investment Fund of Denmark, approved a government export loan of €135 million for 20 satellites built by Swedish-Danish GomSpace for Indonesia's Ministry of Marine Affairs & Fisheries. The project involves a €150 million satellite-based maritime surveillance system, with the remaining costs financed by the Indonesian government, on whose approval hinges the final G2G approval. GomSpace's financial situation was resolved with **EIFO's decision to support the contract, reportedly 'critical' for the future of GomSpace.**<sup>7</sup>

In July 2024, SACE, via its 'Push Strategy', offered to cover up to 80% of the \$290 million deal between Thales Alenia and Bangladesh's government for the Bangabandhu Satellite-2. SACE is **complemented by the Italian Trade Agency (ITA)**, which aids Italian companies abroad and promotes foreign investment in Italy through 79 offices across 65 countries.

### Balancing financial fundamentals and national strategic interest

In 2021, Telesat announced funding for its \$5 billion Lightspeed LEO constellation. With \$3.2 billion committed from Canadian sources, and \$1.8 billion expected from French and Canadian ECAs. Thales Alenia Space (TAS) was the initial manufacturer.

COVID-19 disrupted supply chains, causing Bpifrance to delay financing negotiations. Telesat pivoted to Canada's MDA as manufacturer, reducing project costs to \$3.5 billion. Following this change, the **Canadian government increased its investment**. Notably, the system's expected contribution to NORAD and NATO carried geopolitical factors that may have incentivised governmental support. The project is now funded by Telesat equity (\$1.6 billion) and the Canadian government (\$2 billion). Ultimately, neither ECA supported the deal, and TAS lost a significant export opportunity related to the supply chain disruptions and strategic realignment.

## Non-Financial Support Mechanisms for Facilitating Exports

Financial				Non-Financial			
Loans (Un/Tied Financing)	Export Credit (Un/Tied Financing)	Guarantees (Indirect Financing)	Insurance	Networks and Contacts	Tradeshows and Events	Accelerators and Programmes	Advisory and Consultancy

With the backdrop of evolving space industry dynamics, the **role of ECAs and their**

<sup>4</sup> PwC, Export Credit Agency financing, April 2024 ([Link](#))

<sup>5</sup> Space Intel Report, Eutelsat: OneWeb Gen 2 constellation capex cut by 30%; Indian, UK & French export-credit agencies eyed for financing, February 2024 ([Link](#))

<sup>6</sup> EXIM India, Significant opportunity of collaboration in emerging segments between India and UK, November 2023 ([Link](#))

<sup>7</sup> Space Intel Report, Small satellite builder GomSpace: Back from the brink, with signs of a turnaround; 19-satellite Indonesian contract looks close, August 2024 ([Link](#))

**counterparts increasingly shifts towards a more active networking and partnership forming role in addition to their role as financing partner.** These non-financial support mechanisms have been shown to provide value, as identified by SME4Space in their 2022 survey, which highlighted that the most valued role to grow exports beyond lending is the facilitation of:<sup>8</sup>

- Contacts in target markets (distributors, buyers, agents, industry, institutions);
- Networking and peer-to-peer discussions;
- Trade shows in target markets.

A case in point is **ITA's Houston office, which launched together with the Italian Space Agency (ASI)** the first Aerospace Vertical Acceleration Programme SPACE IT UP, thus providing a comprehensive set of resources, mentorship, and networking opportunities to facilitate connections for the Italian space industry in the United States.

Exporting is an expensive and lengthy process, with 40% of companies requiring at least a year to develop the know-how and processes to successfully expand into new markets.<sup>9</sup> Expertise on these issues is often not available in startups and SMEs and diligence and compliance prove to be a costly effort. Trade agencies and ECAs can assist in navigating complicated dual-use export procedures, or in providing intelligence and insurance against geopolitical risks while also building confidence between importers and exporters.

### 3. Changing export dynamics: from systems to solutions

Globally, space sector export sales have been falling with **former export destinations becoming increasingly captive.** Sales to non-European public institutions stand at a mere 4% in 2023. European space firms thus face a challenge to expand into foreign markets to support their sustainable growth, especially given the pictured downward trend in global commercial export sales since 2017 (representing the other 16% within the 20% of total export sales).<sup>10</sup>

Communication satellite systems and subsystems remain by far the most valued export market segment, continuing a long-term risk concentration, while also noting that new challengers in the market are opting for **vertical integration and building systems in-house,** further limiting export opportunities for full systems and end-to-end solutions.

Emerging spacefaring nations like Singapore, the UAE, and nations in Africa exhibit similar tendencies, despite different levels of maturity and ambition in their domestic industry; these nations are making continuous efforts to further improve their level of capacity and autonomy and seek to attract capacity-building initiatives thereby. This provides opportunities for European industry to pivot beyond mere one-off exports of complete systems towards mutually beneficial **industry-to-industry collaboration.**<sup>11</sup> More established powers with rising ambitions, like India, actively seeking FDI, and South Korea seem like **ripe**

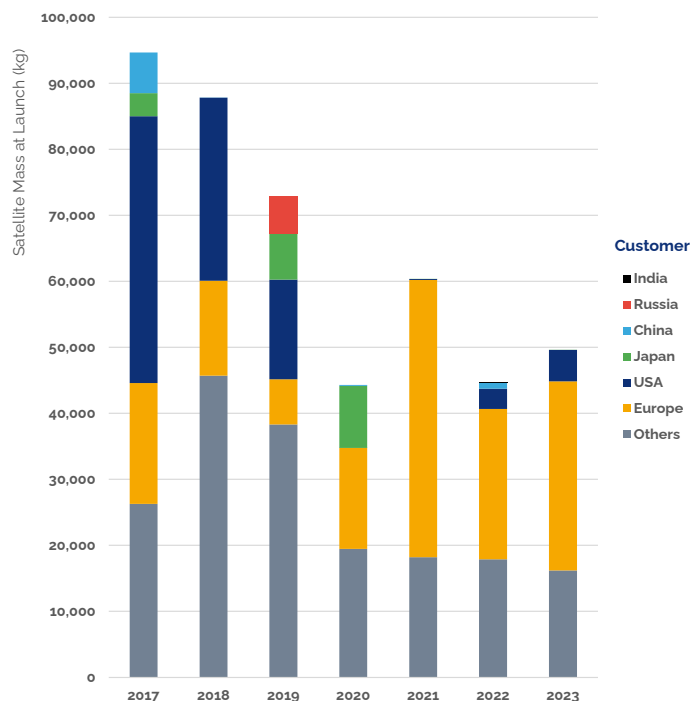


Figure 2: Mass launched for non-domestic customers (Source: ESPI Database)

<sup>8</sup> ECSECO, Exports: An imperative for the European space industry? September 2024 ([Link](#))

<sup>9</sup> ECSECO, Exports: An imperative for the European space industry? September 2024 ([Link](#))

<sup>10</sup> Eurospace Facts & Figures -28<sup>th</sup> Edition. July 2024. ([Report](#))

<sup>11</sup> ESPI, Emerging Spacefaring Nations. June 2021 ([Report](#))

**destinations to build joint ventures for systems and services**, also given their larger B2G and notably **B2C markets**. Traditional direct exports could then consist of specialised, cutting-edge subsystems, falling within the capacities of European industry where it retains a technological advantage.<sup>12</sup> In parallel to manufacturing, **strategically supporting the export of services and downstream solutions provides a potential diversification that could buck the downward trend** in manufacturing for the whole European ecosystem, including operators and service providers. Notably, strategic support is the domain in which trade agencies and ECAs best operate and thus could **prove to become valuable partners for networking and cooperation on top of financing facilities**.

Solutions can take the shape of B2B alliances, following the examples of **joint ventures** between Loft Orbital and Marlan Space (**UAE**) and Berlin Space Technologies and Azista (**India**).

#### **4. Export and partnership opportunities for Europe**

The demand for industrial capacity building, advanced technologies, and space-derived data solutions is expected to grow substantially in emerging economies with increasingly ambitious space agendas. Each of these regions and countries show opportunities for Europe's space industry to utilise the networking functions of export support bodies to begin cooperation with foreign industry partners, utilising substantial pools of government-backed capital. Perhaps even more importantly, Europe should also **leverage its image of a trusted trade partner. As a commercial block, it is the first trading partner of 80 countries, and imports more from developing countries than the United States, Canada, Japan, and China combined**.<sup>13</sup>

The next **Enterprise Europe Network international space meeting** is scheduled 2–6 of December 2024, between the EEN EBTC (India), EU Japan Centre (Japan), ARAKE (Australia), and ITRI (Taiwan).

Moreover, **European exports come with less strings attached** than U.S. counterparts. Until 2014, stringent International Traffic in Arms Regulations (ITAR) prevented manufacturers from re-exporting systems using regulated U.S. components. European companies adapted and developed a subset of valuable ITAR-free technology, and most of the dual-use items covered by the 2021 EU dual-use regulations do not apply when used on-board satellites.<sup>14</sup> Despite pending changes in the United States, Europe still sits in pole position to capture and substantiate the ambitions of foreign markets.<sup>15</sup>

The combination of enabling policies, favourable regulatory changes, and a well-established reputation as a trusted partner makes Europe a preferred choice for emerging and established space markets alike. By capitalising on these trends, Europe has the potential not only to expand its own space industry but also to reinforce its position as a cornerstone of the global space economy through excellence in cutting-edge technology exports and increase its foothold through its operators and solutions providers. To this end, **embracing ECAs and trade agencies as an integral part in developing the upstream and downstream space ecosystem** is a crucial element of future policy direction in line with ESPI's adage "**For a Strong Europe as a Partner to the World**".

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<sup>12</sup> ECSECO, Exports: An Imperative for the European Space Industry? September 2024 ([Link](#))

<sup>13</sup> European Commission, EU position in world trade. ([Link](#))

<sup>14</sup> European Parliament and Council of the EU, Regulation (EU) 2021/821. May 2021 ([Link](#))

<sup>15</sup> ViaSatellite, Commerce Dept. Seeks Input on Changes to Space Export Controls, November 2024 ([Link](#))