

Brussels, 26 June 2025
(OR. en)

Interinstitutional File:
2025/0335 (COD)

10935/25
ADD 5

ESPACE 51
MI 485
ENV 603
CODEC 915
EU-GNSS 12
CSCGNSS 3
CSCGMES 2
IND 234
CYBER 193
COMPET 634
HYBRID 83
PROCIV 81
IA 76

PROPOSAL

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| From: | Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director |
| date of receipt: | 26 June 2025 |
| To: | Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union |
| No. Cion doc.: | SWD(2025) 336 final |
| Subject: | COMMISSION STAFF WORKING DOCUMENT EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT REPORT Accompanying the document Proposal for a Regulation of the European Parliament and of the Council on the safety, resilience and sustainability of space activities in the Union |

Delegations will find attached document SWD(2025) 336 final.

Encl.: SWD(2025) 336 final



EUROPEAN
COMMISSION

Brussels, 25.6.2025
SWD(2025) 336 final

COMMISSION STAFF WORKING DOCUMENT
EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT REPORT

Accompanying the document

**Proposal for a Regulation of the European Parliament and of the Council
on the safety, resilience and sustainability of space activities in the Union**

{COM(2025) 335 final} - {SEC(2025) 335 final} - {SWD(2025) 335 final}

A. Need for action

What is the problem and why is it a problem at EU level?

The growth of space activities in the EU has been spurred by an increasing demand for space data and services in support of the economy and society and by lower costs of manufacturing and launching satellites. This has given rise to an expanding network of private companies engaging in cross-border activities, including the rapid emergence of commercial companies ('New Space' industry) in all Member States.

To support the space industry's rapid growth, individual Member States have developed a regulatory environment at national level.

The patchwork of national regulatory approaches is leading to a fragmentation of the single market and is likely to increase as more Member States have announced the intention to set up their own legal framework for space activities. This fragmentation can: (i) impede the EU space industry's competitiveness and cross-border value chains for EU space activities; (ii) hinder the protection of space infrastructure, jeopardising the long-term sustainability of space assets and the use of space services for EU users; and (iii) compromise the ability of the EU space industry to tackle the environmental impact of space activities.

Three main problems have been identified:

- a) a fragmented single market hindering cross-border space activities;
- b) risk for the resilience and long-term sustainability of space activities carried out by commercial and governmental bodies across the EU;
- c) environmental challenges amid supply chain pressure for the EU space sector.

Objectives: What should be achieved?

The general objective of this initiative is to support the development and functioning of an EU single market for the space sector.

Specifically, the initiative aims to:

- lay down an EU framework guiding the conduct of space operators in a way that provides a stable, predictable and competitive business environment that fosters innovation;
- ensure space objects can be tracked and reduce the amount of space debris generated by EU space operators and space operators providing their services in the EU;
- create a risk assessment framework tailored to the cybersecurity needs for space infrastructure in the EU and Member States;
- create a common method to assess and measure the environmental impact of EU space activities.

What is the added value of action at EU level (subsidiarity)?

Member States have taken their own approaches to the safety, resilience and sustainability of space activities. Action at EU level is essential to bring targeted harmonisation on these three key aspects, currently covered in different ways under national licencing requirements.

Setting out a framework at EU level would increase the level of safety, resilience, and sustainability across all space activities, bringing significant added value compared to individual action at Member State level. In particular, it would help: (i) create a level-playing field across the EU by harmonising licencing requirements for safety, resilience and sustainability; (ii) avoid overlap, duplication and conflicts between national legislation, improving the single market; (iii) transfer or recognise licences to provide EU-wide services or goods; (iv) improve and harmonise the protection of space infrastructure in the EU, strengthening the capacity of these systems to deliver data and services in support of the single market; and (v) ensure consistency when evaluating the environmental impact of space activities. A common approach at EU level would also position the EU as a global leader in setting standards in a sector that is urgently calling for solutions.

B. Solutions

What are the various options to achieve the objectives? Is there a preferred option?

To achieve the objectives of this initiative, four policy options have been considered: (i) co-regulation (option 1); (ii) a binding framework at EU level (option 2); (iii) a binding framework at EU level, combined with non-binding measures (option 2+); (iv) bilateral agreements (option 2++).

Based on the results of an assessment and comparison of the options, option 2+, ‘a binding framework at EU level, paired with non-binding measures’, scored the highest marks and is therefore ranked as the preferred option. This result is also in line with the preferred option of stakeholders (including SMEs) who responded to the targeted consultation.

What are different stakeholders’ views? Who supports which option?

The preferred option is broadly supported by the stakeholders consulted. Overall, 46% of the respondents to the targeted consultation ranked policy option 2+ as the option most likely to achieve the objective.

C. Impact of the preferred option

What are the benefits of the preferred option (if any, otherwise the main ones)?

The preferred option would contribute to: (i) reducing space debris generation and cybersecurity risks to the EU space industry; (ii) ensuring business continuity and mitigating the cost of disruptions; (iii) improving the space industry's environmental performance and sustainability; (iv) making the industry more competitive, including ensuring a favourable environment for the further growth of new commercial entrants; (v) increasing the public's trust in and reliance on space systems and services; and (vi) strengthening the governance of the space sector by harmonising the key requirements that national authorities should consider when granting licences.

What are the costs of the preferred option (if any, otherwise the main ones)?

Compliance costs would depend on the extent to which each company has implemented current measures. However, the binding measures included in the preferred option would increase manufacturing costs by 3-10% compared to the baseline.

What are the impacts on SMEs and competitiveness?

A common regulatory framework would boost the competitiveness of the EU space industry by: (i) reducing the administrative burden and costs for companies that would no longer have to comply with

many uncoordinated requirements across the EU; and (ii) increasing a company's level of reliability through better resilience and safety, giving them a global competitive advantage.

An improved integration of the single market would also open the door to new markets for SMEs, expanding the size of the EU market and fostering innovation. This would also attract private investment, contributing to the scaling-up and growth of New Space industry in the EU (mostly start-ups and SMEs in need of larger fundraising).

The costs for industry, particularly SMEs, would include meeting technical and operational requirements, coupled with additional costs for administrative checks and enforcement. These costs could be mitigated by: (i) support measures; and (ii) making the rules proportionate (taking into account, for example, a company's size, how critical the mission is, or how high the satellite would orbit the Earth). The initiative would have operational benefits for SMEs, particularly higher revenues from extending the life of satellites.

Will there be significant impacts on national budgets and administrations?

The preferred option would have an impact on the relevant national authorities (i.e. those responsible for issuing licences to conduct space activities). For example, it could affect setting up national security monitoring centres and processing incident reporting and assessment data. The burden on national administrations would depend on what they have already in place. Member States may choose to rely on support from other bodies, including the EU Agency for the Space Programme (EUSPA) to check compliance with EU licencing requirements.

Will there be other significant impacts?

No other significant negative impacts are expected. The preferred policy option would also contribute to achieving several of the UN Sustainable Development Goals and create jobs.

Proportionality?

The preferred option would not go beyond what is needed to achieve the objectives of this initiative and would not impose disproportionate costs that could harm the EU space industry's competitiveness. EU action would: (i) create a common baseline for the safety, resilience, and environmental sustainability aspects of EU space activities; (ii) be proportionate to the specific risks of different orbits and altitudes and the specific characteristics of non-critical missions; (iii) remain technology neutral; and (iv) respect Member States' prerogatives on national security.

D. Follow-up

When will the policy be reviewed?

The specific objectives of the initiative would be monitored on an annual basis. The initiative would be evaluated three years after it has entered into force to assess the impact on – and reaction of – the market, in particular SMEs.