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NOTE

From: Presidency
To: Permanent Representatives Committee/Council

Subject: *Preparation of the Competitiveness Council on 25-26 November 2021*
Long-term sustainable development and financing of the "New Space"
Policy debate

Delegations will find in the [Annex](#) a background document in view of the policy debate in the Competitiveness Council - Space part on 26 November 2021.

**COMPETITIVENESS COUNCIL - INTERNAL MARKET, INDUSTRY, RESEARCH AND
SPACE - 26 November 2021**

Policy Debate

Long-term sustainable development and financing of the "New Space"

1. Context

“New Space” encompasses new innovations and business models of the space sector. While until recently the space sector was considerably driven by institutional markets, new actors, such as private companies including mid-caps, SMEs, scale-ups and start-ups and new users are now playing an increasingly important role.

These dynamics foster spin-in innovation, greater cross-fertilisation of non-space sectors to space technologies and the emergence of new applications and domains where space data are used.

Mid-caps, SMEs, scale-ups and start-ups will benefit of opportunities in many different sectors such as food security, greenhouse gas monitoring, utilities or access to renewable energy.

These changes do not only provide opportunities but also raise questions as to the potential impacts of:

- an increasing number of satellites launched into space by New Space actors; and
- public intervention in the New Space domain in terms of market conditions.

2. Sustainable Development of New Space

The Earth's orbital space environment is a limited resource used by more and more countries, international organisations and non-governmental entities. The proliferation of space debris, the increasing complexity of space operations and the formation of large constellations are increasing the risk of collisions and disruptions to space objects that affect the sustainability of space activities in the long run.

Space for future generations is of paramount importance. Therefore, we should pursue long-term sustainability of space activities and maintain equal access to the benefits of space and use for peaceful purposes, in order to meet the needs of current and future generations.

Long-term sustainability of outer space is not possible without the involvement of all stakeholders and a thorough discussion of priorities at EU level.

3. Financing of New Space

New Space includes the creation of new markets, which often requires support from institutional customers in order to create the right conditions for an emerging private market. There are known examples of successful private initiatives in the US that have been supported with public contracts of considerable size and this has then helped attract venture capital financing for their expansion plans.

While Europe has plenty of venture capital for e.g. ICT and internet investments, space companies are not yet a proven profitable investment target. The combined financial instruments of the Member States, InvestEU, the CASSINI Seed and Growth Funding Facility, and EIF will attract more private venture capital funds to create space-focused investment funds and become active investors.

In order to become investment-ready, start-up companies need to broaden their market traction and rely less on public sector customers. Since investments in fixed assets are considerable for many space-related companies, they can only become viable and internationally competitive by increasing their customer base, which will allow them better to cover their capital and operating expenditure. The commercial development of the New Space industry is one of the main priorities of the Union, and in response to this, the Commission has launched the CASSINI initiative.

Questions

Question 1: What are the Ministers views on the means to achieve the long-term sustainable development of "New Space"?

Question 2: To what extent and in what way is the financial support to "New Space" sensible or necessary, especially for SMEs and start-ups? How can MS contribute to improving access to capital for space-related companies?
