



SPACE2CONNECT CONFERENCE

SHAPING THE FUTURE
TOGETHER



AMBITIONS

SESSION 3

**How can we deliver sovereign
and secure space
communication systems to
Europe?**

DAY 1

WEDNESDAY 7th JUNE 2023

AMBITIONS

SESSION 3

HOW SATCOM CAN ADDRESS THE SECURITY AND GEOPOLITICAL ENVIRONMENT CHALLENGES



Autonomy objectives and commercial ambition



SPEAKER

Ludwig Moeller

Director, ESPI



ESA Space2Connect Conference 2023
Autonomy objectives & commercial ambition

ESPI Keynote

7 June 2023

Matera

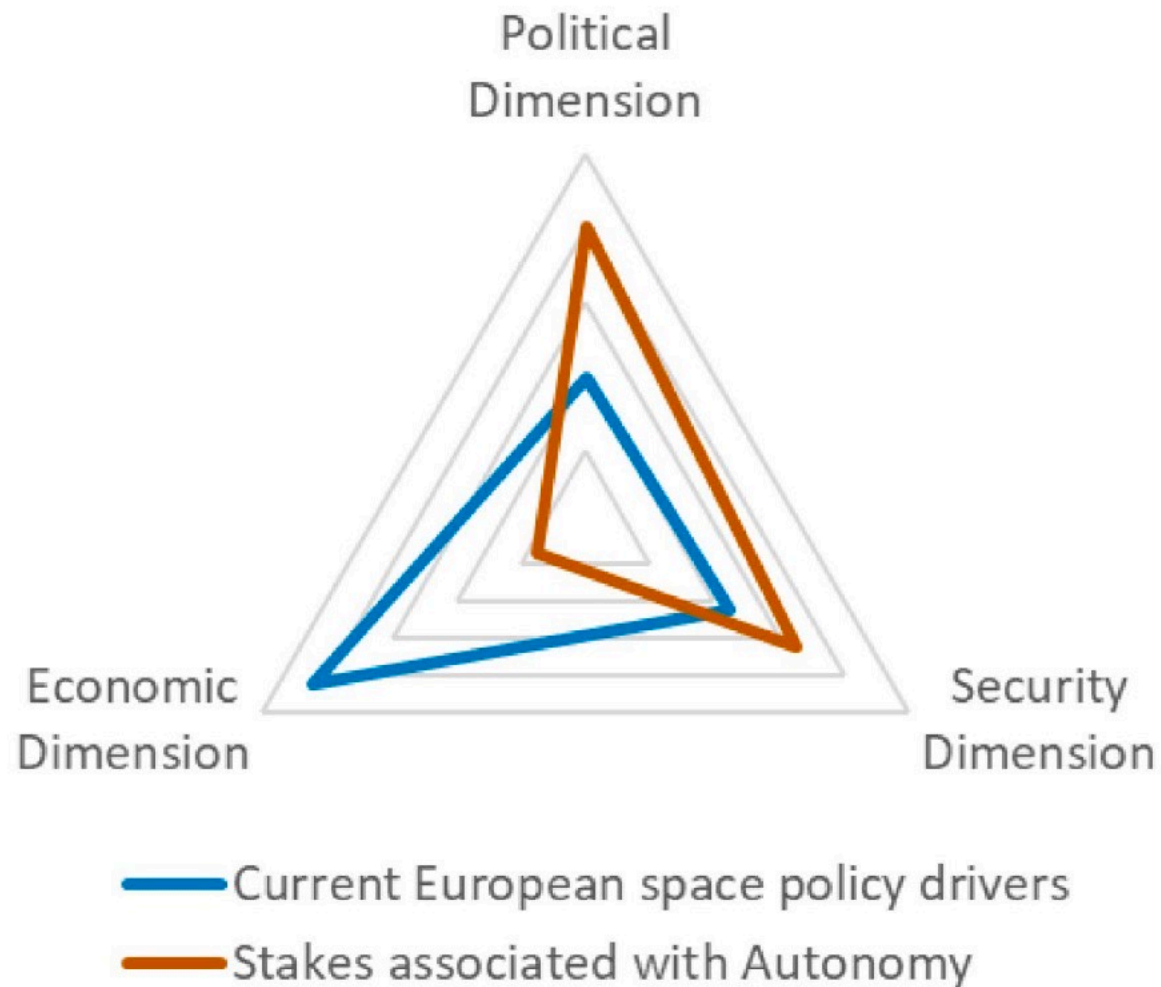
hermann.ludwig.moeller@espi.or.at

Space
space economy
meets
policy & security



ESPI

European Space
Policy Institute

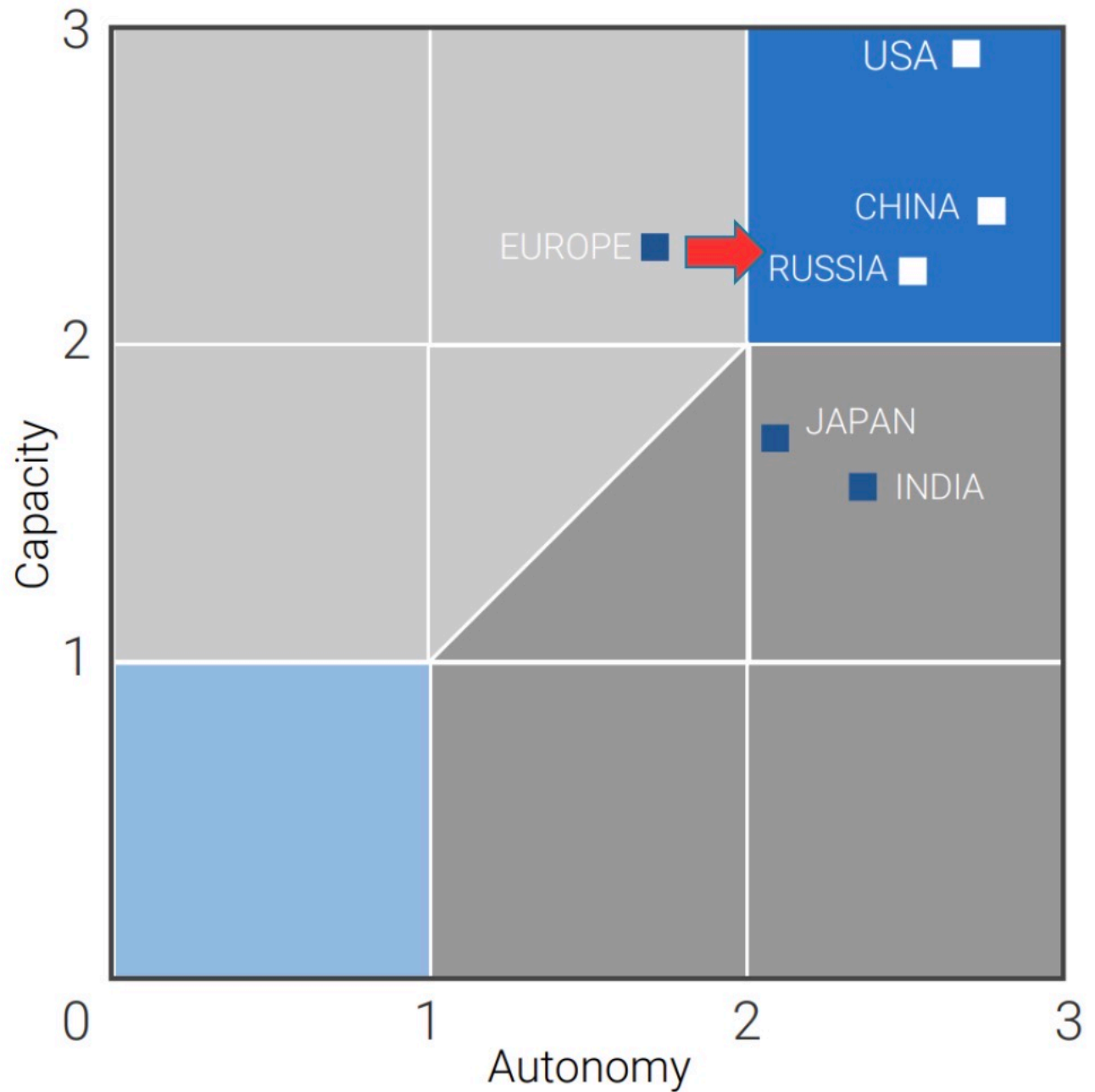


Commercial Capacity & Strategic Autonomy



ESPI

European Space
Policy Institute



B2B Mergers

&

Public-Private

Partnerships



ESPI

European Space
Policy Institute

ESPI European Space Policy Institute Brief No. 60

Rising opportunities in the Satellite Connectivity market: Eutelsat and OneWeb combination

1. Eutelsat in position to combine with OneWeb

On November 14th, 2022, Eutelsat and the main OneWeb shareholders signed the Final Agreement related to the combination of the two companies. The deal is the result of an increasing involvement of Eutelsat in OneWeb in the past few years. In March 2021, Eutelsat announced a \$500 million equity investment in OneWeb, while the company increased its share in OneWeb in October 2021, becoming its second-largest shareholder, with a 22.9% stake.¹ On March 22nd, 2022, Eutelsat announced a global multi-year Distribution Partnership Agreement (DPA) with OneWeb, which paved the way for the commercialisation of OneWeb services across key connectivity verticals including maritime, enterprise communications, aviation, consumer broadband, and Government business segments.² On July 26th, 2022, Eutelsat and OneWeb signed an MoU to combine in an all-share transaction OneWeb's LEO satellite constellation with Eutelsat's orbital fleet in GEO.³

Figure 1: Eutelsat/OneWeb Investment and Partnership

The British government owns approximately 18% of OneWeb after investing \$500 million in 2020 to rescue the company from bankruptcy, alongside OneWeb's largest shareholder, Indian Bharti Global, which also invested around \$500 million and owns 30% of the company. On the other hand, Eutelsat's largest shareholder is France's state-owned investment bank Epifrance, with a 20% stake. Other Eutelsat's shareholders include FSP, Lazard Asset Management Pacific Co. and CMA-CGM.

The deal is branded as a merger of equals with shareholders of both companies owning 50% of the combined entity. The two firms will keep their respective headquarters in the UK and in France, while the merged group, listed in France, will also apply for being listed in the UK. The combined entity will have balanced governance.

The transaction is expected to be completed indicatively in the next six-to-nine months pending antitrust and regulatory authorizations, in particular the approval by the competition watchdogs and an extraordinary general meeting of companies shareholders.⁴ In January 2022, the new UK National Security Review came into force in the framework of the UK National Security and Investment Act 2021 (NSI Act). As part of the recently introduced procedure, the British government was requested by the House of Commons Defence Committee to conduct strict scrutiny of the combination to ensure it poses no risk to the UK's national security.⁵

The combined entity would be a multi-orbital satellite operator to provide integrated GEO and LEO solutions and services, with the goal of capturing the fast-growing Satellite Connectivity market. The deal highlights the ambition of the two companies to leverage the complementarity of Eutelsat's 36 GEO satellites with OneWeb's 648 LEO assets in tackling the booming demand for connectivity across verticals

Figure 2: Eutelsat Pro Forma Shareholding (Credit: Eutelsat)

Shareholder	Percentage
Epifrance	20%
Bharti	19%
UK Government	18%
Free float	18%
SubBank	11%
Haruhua	9%
OneWeb shareholders	6%

1. Eutelsat, Eutelsat/OneWeb Agreement, Eutelsat and OneWeb, November 2022. URL: <https://www.eutelsat.com/press-releases/eutelsat-oneweb-agreement>
2. Eutelsat, Eutelsat and OneWeb, A global distribution partnership, 14th November 2022. URL: <https://www.eutelsat.com/press-releases/eutelsat-oneweb-distribution-partnership>
3. Eutelsat, Eutelsat and OneWeb, MoU to combine in an all-share transaction, 26th July 2022. URL: <https://www.eutelsat.com/press-releases/eutelsat-oneweb-mou>
4. Eutelsat, Eutelsat and OneWeb, Final Agreement, 14th November 2022. URL: <https://www.eutelsat.com/press-releases/eutelsat-oneweb-final-agreement>
5. UK National Security and Investment Act 2021, UK Government, 2021. URL: <https://www.legislation.gov.uk/ukpga/2021/59/section/1>

Brief No. 60, December 2022 – European Space Policy Institute (ESPI)

ESPI European Space Policy Institute Brief No. 61

IRIS²: The new (material) girl on the block

1. European political agreements to launch the EU's Secure Connectivity Programme

On November 17th, 2022, the Council and the European Parliament reached a provisional agreement on the Regulation establishing the EU's space-based Secure Connectivity Programme for the period 2023-2027, aimed at deploying the Infrastructure for Resilience, Interconnectivity and Security by Satellite (IRIS²).¹ On November 22nd-23rd, 2022, ESA established a new optional Programme related to EU Secure Connectivity under its Telecommunications and Integrated Applications Directorate (TIA), during the ESA Council at the Ministerial Level (CM22).²

At the EU level, the provisional trilogue agreement (European Parliament, Council and European Commission)³ has been consequently validated in the European Parliament Committee on Industry, Research and Energy (ITRE) on November 29th, 2022, and it is currently going through the formal steps of the adoption procedure.⁴ The implementation of the programme will be based on an incremental approach, including the objective to deliver initial services in 2024 and reach full operational capability by 2027.⁵ Implementing acts and tender specifications are being prepared by the European Commission.

Unlike Galileo and Copernicus, it is the first time that an operational EU space programme element is established within the context of an already existing and mature commercial market, with European operators already developing and serving a connectivity market that is forecasted to double between 2020 and 2030 to \$20.6 billion.⁶

IRIS² can benefit from the expertise and world-renowned excellence of the European space industry in the telecommunications sector, integrating the know-how of commercially well-established industrial players, including manufacturers, technology providers and operators with the dynamism of an emerging new space ecosystem and new entrants. For the first time, such an operational programme has the ambition to ensure a minimum of 30% of the EU-funded component for start-ups and SMEs.⁷ ESA ARTES is also already operating in that market since more than a decade, with an accumulated 2.2 billion industrial co-funding in public-private partnerships with European space industry.

The new element is conceived as a multi-orbital satellite constellation covering the full spectrum of needs for secure communication services to European governments by 2027. While the IRIS² should prioritise the delivery of governmental services, it allows "for the

Figure 1: Regulation Adoption Process (Credit: European Parliament, ESPI)

- Commission Proposal
- National parliament's opinions
- EEESC and/or CoR opinions(s)
- Draft Report
- Committee vote
- Trilogue
- Submitted to plenary
- Voted in plenary
- Adoption

1. Council and European Parliament, Provisional Agreement on the Regulation Establishing the EU's Space-based Secure Connectivity Programme for the Period 2023-2027, 17 November 2022. URL: <https://www.consilium.europa.eu/media/146644/main>
2. ESA Council at the Ministerial Level, ESA Council at the Ministerial Level (CM22), 22-23 November 2022. URL: https://www.esa.int/ESA_Media/Press_Releases/2022/cm22
3. European Parliament, IRIS², an incremental approach to the EU's Space-based Secure Connectivity Programme for the Period 2023-2027, 29 November 2022. URL: <https://www.europarl.europa.eu/press-room/en/answer-key-questions/2022/11/29-2022-ir2>
4. European Parliament, IRIS², an incremental approach to the EU's Space-based Secure Connectivity Programme for the Period 2023-2027, 29 November 2022. URL: <https://www.europarl.europa.eu/press-room/en/answer-key-questions/2022/11/29-2022-ir2>
5. European Parliament, IRIS², an incremental approach to the EU's Space-based Secure Connectivity Programme for the Period 2023-2027, 29 November 2022. URL: <https://www.europarl.europa.eu/press-room/en/answer-key-questions/2022/11/29-2022-ir2>
6. Statista, Satellite Connectivity, 2022. URL: <https://www.statista.com/statistics/1108882/satellite-connectivity-market-size/>
7. ESA, ESA ARTES, 2022. URL: https://www.esa.int/ESA_Media/Press_Releases/2022/artes

Brief No. 61, December 2022 – European Space Policy Institute (ESPI)

"...significant growth for Satellite Connectivity market with a triplication from \$4.3 billion to \$16 billion by 2030"

"...be mindful of establishing requirements that would disincentivise a true catalysation of the commercial market or which could discourage commercial actors and new entrepreneurs to engage and invest."

Call for Action



ESPI

European Space
Policy Institute

ESPI

2ND ESA SECURITY CONFERENCE

16-17 MAY 2023
PALAIS D'EGMONT
BRUSSELS

With the kind support of 

"... consider a competitive space industry as a tool and integral part of a European security policy"

"Implementation action is urgently required to create the building block precursors and demonstration missions to prepare full-fledged operational programmes"

esa

ESPI European Space Policy Institute

PERSPECTIVES

May 23

TIME TO ACT TO BREAK SILOS IN SPACE AND BETTER SUPPORT SECURITY AND DEFENCE



The traditional lines between civilian security and defence in Europe are vanishing. People affected by crises and security actors in the field are facing challenges increasingly induced by climate change as well as crises resulting from war. They need help and support. European policy-makers are reacting to the situation: more than €50 billion have been made available to Ukraine by the EU and its Member States for humanitarian assistance, emergency budget and military support; Germany unblocked €30 billion for reconstruction after the floods in 2021. European governments are increasingly addressing security and defence through a whole-of-government approach, beyond the perimeter of the Ministries of Interior and Defence. The European and foreign policy dimension of the challenges, and their duality, are being understood.

At the same time, the strategic importance of space starts to be recognised, as can be seen with the creation of military space organisations in several countries and the higher prominence of the topic on the political agenda. A prime example is the EU Space Strategy for Security and Defence, which acknowledges the dual-use nature of many space solutions, and advocates for greater interconnection between space and security and defence.

With the invasion of Ukraine by Russia, the general public has directly witnessed for the first time the actual value of space, as Earth observation, communications and navigation satellites provide help to both civil society and military actors. Yet, this support from space primarily originates from U.S. entities. U.S. commercial companies are supplying Earth observation information (e.g. Maxar) and connectivity (e.g. Starlink), and have been very responsive and instrumental in providing critical help to Ukrainian authorities and people. In comparison, European support through space solutions has been rather reduced in scale, thus not being fully in line with the intentions expected from a €50 billion aid package.

Europe has no clear framework for programmes that would link security policy priorities with space policy decisions to secure fresh funding and generate concrete actions delivering the urgently needed space solutions in the field. In parallel, other space powers have since long defined their industrial capacity and capability to innovate as part of their security and defence strategy. They also increasingly leverage commercial dynamics. Therefore, like in the United States, a European framework should fully include support to industry competitiveness and commercial efforts, in order to safeguard Europe's ability to develop and implement the required technologies, systems and services.

Implementation mechanisms exist in Europe in the civilian space domain, in particular with ESA, and many of the developments entrusted to ESA by its Member States already concern technologies and systems that can later be used for dual-use applications. European space industry, in cooperation with ESA and other public stakeholders, also contribute to the development of these capabilities. It has since long used them to operate in global markets and respond to commercial needs as much as to military ones.

In this context, the 2nd ESA Security Conference, co-organised by ESA and ESPI on 16-17 May 2023, provided further insights. More than 250 participants and 40 speakers took part in the event, about twice as many as during the first conference in 2021. Contributions from national, European and international institutions, industry, think tanks as well as security users defined the debate. The Conference reflected on the European response that space can provide to current and upcoming security challenges, in particular through better integration of security aspects into space programmes. Two points received increased attention: the relevance of better involving users and solution providers in the development of space programmes; and the need to consider a competitive space industry as a tool and integral part of a European security policy.

Space endeavours in Europe need to ensure that all relevant stakeholders work together and join their efforts to reach common objectives in support of security and defence actors. Implementation action is urgently required to create the building block precursors and demonstration missions to prepare full-fledged operational programmes. Synergies between the initiatives and investments at national and European levels should be leveraged. The Civil Security from Space Programme of ESA is one small but important example in this direction. Similar approaches are also urgently required from other actors, including national military space organisations, in a federated European effort.

Yours sincerely,



Hermann Ludwig Moeller
Director of ESPI

Thank you



Together for a strong Europe as partner to the world

DAY 1

WEDNESDAY 7th JUNE 2023

AMBITIONS

SESSION 3

HOW SATCOM CAN ADDRESS THE SECURITY AND GEOPOLITICAL ENVIRONMENT CHALLENGES



New paradigm on security from space



MODERATOR

Pacome Revillon

CEO, Euroconsult



Stefano Iannitti

Head of Security Authority,
EUSPA



Sophie Morel

Head of Institutional
Law Division, ESA



Elena Grifoni Winters

DG of the Space Office
of the Italian Prime Minister,
Italian Government



Christoph Kautz

Deputy Director and
Head of Unit, DEFIS B1



Uwe Kippnich

President, Public Safety
Communication Europe PSCE



Clemence Poirier

Research Fellow, ESPI



SPACE2CONNECT CONFERENCE

SHAPING THE FUTURE
TOGETHER

