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# Rethinking Europe's Space Strategy for the 21st Century: From Legacy Champions to the New Space Economy

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**Brussels, 16 April 2026** - Europe stands at a pivotal moment in the evolution of the global space economy. Once a leader across the space value chain, the continent now faces a growing risk of falling behind as the sector shifts towards a commercially driven, innovation-intensive "New Space" model.

The transformation of the global space industry is being driven by declining launch costs, large-scale satellite constellations, and the integration of space infrastructure with advanced digital technologies. In this new environment, competitiveness increasingly depends on access to capital, the ability to scale rapidly, and policy frameworks that enable innovation rather than protect legacy structures.

***"The question is not whether Europe cares about space competitiveness – it does – but whether its current institutional arrangements, financing structures, and policy frameworks are adequate to the scale of the challenge it faces"***, says Andrea Dugo, co-author of the study.

Despite maintaining strong industrial capabilities and a rich history of technological leadership, Europe's performance across key indicators, including launch activity, satellite deployment, and innovation capacity, reveals a widening gap with global competitors like the US and China.

This divergence is not accidental. The study identifies three mutually reinforcing structural challenges shaping Europe's position in the global space economy.

First, a persistent capital markets gap continues to limit the ability of European space startups to scale. While the EU hosts a comparable number of startups to the US and more than twice as many as China, these firms receive significantly less funding, particularly at later stages of development. As a result, many European companies remain technologically capable but lack the financial scale required to compete globally.

Second, public investment in the European space sector remains both insufficient and fragmented. Compared to the coordinated, large-scale spending observed in the US and China, Europe's funding is lower and dispersed across multiple national and EU-level programmes, weakening its ability to generate strong demand signals for the private sector.

Third, Europe's industrial policy model remains anchored in an earlier era of state-led space activity. Procurement systems and regulatory frameworks such as the Space Act and the Digital Networks Act continue to include provisions that prioritise established incumbents, limiting the growth of emerging firms capable of driving innovation in the New Space economy.

Taken together, these factors have produced an increasingly unbalanced ecosystem. Europe continues to generate substantial revenues through its legacy space industry, but lacks the financial and entrepreneurial dynamism needed to renew this industrial base and compete in rapidly evolving market segments.

The implications extend far beyond the space sector. Space infrastructure is becoming a foundational layer of modern economies, underpinning communications, navigation, defence, and data systems. Falling behind in this domain carries economic and strategic consequences.

The study concludes that addressing Europe's space competitiveness challenge will require a fundamental rethinking of the relationship between public policy, private capital, and industrial strategy. Without such reforms, Europe risks remaining a capable but increasingly peripheral player in one of the most strategically important industries of the 21st century.

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