SME4SPACE

THE REPRESENTATIVE ORGANISATION OF SMES IN EUROPE'S SPACE INDUSTRY

September 12th, 2025

Contribution of SME4SPACE to the public consultation on EU Space Law

SME4SPACE welcomes the proposal for the EU Space Act but asks for concrete policies and actions.

SME4SPACE, the representative grouping of SMEs in Europe's space industry, welcomes the proposal as published. If implemented, the European Commission's Space Law will bring a harmonised approach to some of the most pressing issues the space industry in Europe - and worldwide - must deal with.
However, SME4SPACE wants to underline some of the concerns that remain in this first draft, which need to be addressed to ensure that SMEs do not become victims of some of the foreseen consequences of the Space Act.

We welcome the particular attention given to SMEs in this proposal. We shared our concerns during its preparation, and they were acknowledged. The effective resolution lies in ensuring that the measures to be implemented are proportionate and accompanied by suitable mitigating actions.

SMEs are a major source of innovation in Europe's space sector. From satellite manufacturing and launch services to downstream applications, SMEs contribute agility, creativity, and specialized expertise. Yet, they often face disproportionate regulatory and financial burdens. The EU Space Act rightly acknowledges this imbalance and proposes corrective measures. We believe these measures must be strengthened and operationalized to ensure SMEs can thrive - not just survive - in the new regulatory landscape.

Nonetheless these matters still remain open, and their effectiveness will ultimately be determined by their practical implementation.

1. Proportionality and protection of subcontractors

Clarification is needed on **how proportionality will be defined**. This principle cannot be detailed at this stage, but will need to be monitored closely, and we hope to be further involved during the implementation process. To ensure fairness, it is crucial that the rules outlined in the Space Act are not simply passed down within a consortium in a way that would undermine the principle of proportionality. SMEs that participate as subcontractors in a consortium should have the ability to challenge the transfer of prime contractor obligations onto them, so that the proportionality principle is genuinely respected rather than diluted by contractual flow-downs.

2. Implementation of support measures

The way in which the support measures will be implemented likewise remains an open question. The least that can be said is that those included in the Space Act (such as capacity building and guidance for authorisation applications) are indirect, and **a clear policy to support SMEs will have to go far beyond those indirect measures** if they are to be effective.

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3. Rising costs

SME4SPACE is surprised to read that it is accepted that costs will rise considerably. Some figures are given for the direct impact on production costs, but none for the indirect costs related to the implementation of the rules within a company. We expect the latter to be just as high. We can only underline that the profitability of SMEs in the European space industry, based on our yearly study of all the SMEs active in our industry[1], is around 3%, which is already extremely low. **Any further decrease in that profitability endangers directly not only the competitiveness, but even the sustainability of the SMEs** and could further impact the interest of financial institutions and investors.
This consequence of the implementation of the Space Act as is would be detrimental to the EU space economy in general, and the SMEs in particular.

4. Impact on Europe's competitiveness

The creation of a single market for space activities will unlock new opportunities for SMEs to expand across Member States. We encourage harmonization of national licensing regimes and mutual recognition of certifications. However, the impact on global competitiveness of having the Space Act implemented is given as an axiom here, but **greater clarity is needed regarding the clear policies behind the statement that implementing the Space Act will increase Europe's competitiveness** globally. We hope that this will convince us that the proposed Space Act will help our SMEs to be more competitive when offering their own products and services on the world market, which currently seems more like a hindrance due to rising costs, complexity and responsibilities.

5. Conclusion

In conclusion, while the EU Space Act holds promise, it is imperative that the concerns of SMEs are addressed comprehensively in line with the principles contained in the proposal. Moreover, we need to see **concrete policies** and **how they will be enacted**. Only then can we ensure a thriving and competitive space industry in Europe that benefits all stakeholders.

[1] Yearly study **"Economic importance and financial health of the SMEs in the European space industry in 2022"** by SME4SPACE (link).

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