Insight

EU Space Act Seeks to Scrub Foreign Competition

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Executive Summary

- On June 25, 2025, the European Commission proposed the EU Space Act to harmonize the regulatory framework for space activities across the European Union (EU).
- As it stands, 13 EU member states have passed national space legislation, which has led to a fractured regulatory landscape that creates added complexity and costs for businesses.
- Yet as with other European Commission regulations – including the Digital Markets Act – the EU Space Act would create a different set of rules for non-EU actors by using arbitrary satellite constellation thresholds that disadvantage U.S. firms and hinder their ability to compete with EU-based operators.

Introduction

On June 25, 2025, the European Commission proposed the EU Space Act (EUSA), legislation that would seek to harmonize the regulatory framework for space activities across the European Union (EU).

As it stands, the regulatory regime governing space activities across the EU is fractured. Currently, 13 EU member states have adopted their own regulatory framework, adding complexity and raising compliance costs for businesses.

The EUSA, however, is fraught with regulations that put U.S. firms at a competitive disadvantage. Like the Digital Markets Act, which regulate "gatekeepers" in the digital economy based on factors directly tied to firm size, the EUSA would create a different set of rules for non-EU actors using similarly arbitrary satellite constellation thresholds that

would, as currently constructed, ensnare only U.S. firms. These diverging regulatory regimes would add a disproportionate burden on U.S. firms and limit their ability to compete with European rivals.

EU Space Act Overview

The cross-border nature of providing space services throughout the European Union requires a comprehensive regulatory approach that seamlessly allows multi-national cooperation. The proposed regulation notes that 13 EU member states have passed national space legislation, resulting in a "patchwork of regulatory approaches" that has led to "a fragmented internal market." The differing approaches often require space operators to "obtain multiple authorisations from several Member States." For example, the regulation lays out that a firm will need authorization in a state where operations take place and where a spacecraft is launched.

The EUSA would attempt to resolve disparities in member-state approaches to commercial space services by establishing a legal framework for space-based data and space services, track space objects and reduce space debris, create a risk assessment framework tailored to cybersecurity, and develop a method for calculating the environmental impact of space activities.

EU Regulations Target U.S. Firms

The EU, however, has a track record of using regulation that hinders competition from U.S. firms. The Digital Markets Act (DMA), for example, was designed to regulate large online platforms, called "gatekeepers," to ensure fair competition in the digital market. The original list of gatekeepers included Alphabet, Amazon, Apple, ByteDance, Meta, and Microsoft. The criteria to make this list are based on the level of annual turnover, market capitalization, and active users. Gatekeepers are subject to additional compliance burdens, a wide array of restrictions on behavior, and requirements targeting interoperability.

Five of the six original gatekeepers are U.S. firms, which put them at a distinct disadvantage when operating in Europe relative to their European rivals.

The EUSA Hinders Foreign Competition

The EUSA would apply "proportional requirements" that "will be scaled based on company size and risk profile." These proportional requirements create a different set of rules for EU and non-EU actors that put U.S. firms at a competitive disadvantage. The additional regulatory hurdles would stifle innovation and deny consumers many of the benefits of a competitive satellite industry that includes U.S. firms.

Constellation Size

As with the DMA's arbitrary gatekeeper criteria, the EUSA would create regulatory disparities based on the size of satellite constellations – that is, a group of at least 10 spacecraft that work together for a common space mission – managed in orbit by operators. Article 5, paragraphs 4 and 5 of the EUSA define mega-constellations and giga-constellations as consisting of 100–999 (mega) and 1,000 or more (giga) spacecraft, respectively.

Article 73 outlines the different regulatory regimes that govern constellations. The compliance burden becomes increasingly onerous as the size increases. Sections 1 and 2 outline the rules for both mega and giga constellations, but Section 3 places an additional rule on giga-constellation operators. The rule requires that giga-constellation operators provide a plan showing the "availability of propellant necessary to tackle the high number of manoeuvres related to the anticipated number of required collision avoidance." Yet the ability to perform such collision-avoidance maneuvers is not a function of the number of satellites in a constellation but is rather dependent on surrounding satellites and space debris.

Amazon, which is seeking to deploy a constellation that includes 3,232 satellites known as Project Kuiper, and SpaceX division Starlink, operator of the world's largest constellation consisting of over 6,750 satellites, would be the only two constellations governed by the more stringent giga-constellation rules. Both firms would be at a distinct disadvantage relative to smaller constellation operators.

China is also developing giga-constellations. Several projects are expected to have more than 1,000 satellites. The largest project, Qianfan, is expected to feature a 15,000-satellite constellation.

To compare, the EU's largest satellite constellation – Galileo – consists of 32 satellites. The EU's planned IRIS^2 satellite constellation will consist of just 290 satellites.

As with the DMA's original list of gatekeepers, no EU firms will be subjected to the EUSA's most stringent regulations.

Licensing Process and Fees

The EUSA would create a different set of rules for non-EU, or "third country," operators and European operators. Article 6 directs EU-based operators to obtain authorization from a single member state in accordance with the technical requirements of the EUSA.

Third-country operators, by contrast, are subject to a more convoluted and prolonged process. Third-country operators must first obtain approval from the EU Agency for the Space Programme (EUSPA), as described in Article 17. The decision requires a consensus vote – or a qualified majority vote if consensus cannot be reached (Article 45) – in the affirmative. Only upon this decision, which has a deadline of five months, will the registration go to the European Commission. These differing licensing requirements hamper non-EU space operators' ability to get to market to compete with their EU rivals.

In addition, the EUSA would require that the fees for registration "shall be proportionate to the turnover of the respective space services provider" (Article 41). As U.S. constellations are expected to be significantly larger than those of EU-based operators, U.S. firms will be subsidizing the program.

Futureproofing

The EUSA is expected to apply in January 2030, yet finalized rules may not become available until 2028 or 2029. Satellite operators already developing the next generation of technology would risk losing years of investment and incur additional costs to comply with finalized technical regulations. This risk will be primarily concentrated on larger U.S. firms, which are further along in developing giga constellations – and thus subject to an increased regulatory burden.

Conclusion

The European Commission's proposed EUSA seeks to harmonize a patchwork of member-state regulations governing space activities across the EU. But as with other European Commission regulations – including the Digital Markets Act – the EUSA would create a different set of rules for non-EU actors that disadvantage U.S. firms and hinder their ability to compete with EU-based operators.