

## DRAGHI REPORT: A MISSED OPPORTUNITY FOR INCLUSIVENESS AND ENGAGEMENT OF ALL EUROPEAN ACTORS IN SPACE

There is so much value in space and indeed there is enough room for all European actors to contribute – yet the Draghi Report falls short in leveraging the Europe’s multistakeholder set-up in space.

To start on a positive note, the Draghi report on European competitiveness correctly places disruptive innovation and its transition into commercialization at the forefront of Europe’s future. After the attention given to space recently by French President Macron, now also the former Prime Minister of Italy promotes space at the level of other transformative sectors of the economy, like energy, digital and semiconductors. Indeed, chapter 8 on space refers to ESPI’s “More than a Space Programme” report, This study, produced in 2023 in collaboration with BCG, underlines the transformative potential of space and its value to the wider economy. It demonstrates how the value of space extends far beyond its immediate economic footprint in the space sector, serving as a critical enabler of numerous essential sectors like agriculture, defence, energy, finance & insurance and telecommunications.

### Space application value potential across selected industries

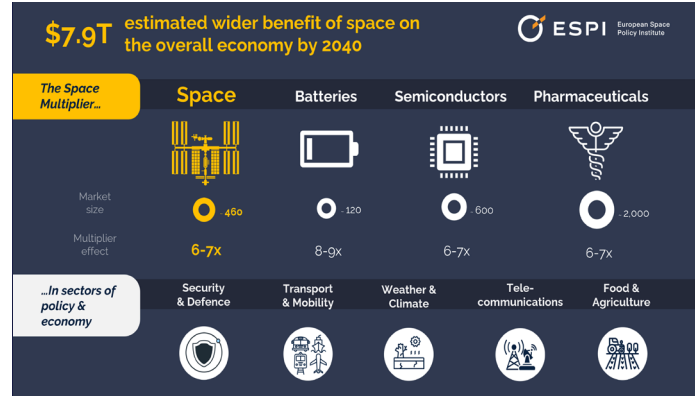
Industry	SatCom	PNT <sup>1</sup>	Earth Obs. <sup>2</sup>	Space Expl.	Exemplary business case
Agriculture	✓	✓	✓	✓	• Precision fertilization and planting through autonomous tractors
Aviation	✓	✓	✓	✓	• Over-ocean flight route optimization
Computer & other	✓	✓	✓	✓	• Navigation for smart devices and wearables
Construction	✓	✓	✓	✓	• Construction equipment mgmt. and predictive maintenance
Defense	✓	✓	✓	✓	• Secure satellite communications and coverage of remote areas
Energy	✓	✓	✓	✓	• Space weather monitoring to avoid power grid disruptions
Finance & insurance	✓	✓	✓	✓	• Evaluation of assets status
Land transport	✓	✓	✓	✓	• Management and deployment of connected fleet
Mining	✓	✓	✓	✓	• Autonomous haul truck fleet driving
Pharma	✓	✓	✓	✓	• In-space R&D and research for new product development
Science	✓	✓	✓	✓	• Space technology spinoffs unlocking new markets' potential
Maritime	✓	✓	✓	✓	• PNT for navigation and positioning in remote areas
Telco	✓	✓	✓	✓	• PNT Geostationary and NGSO satellites for communication purposes

✓ High value potential  
 ✓ Moderate value potential  
 ✓ Low value potential

1. PNT: Positioning, Navigation, Timing 2. Incl. (Space) weather forecasting  
Source: BCG analysis

The study, referenced in the Draghi report, estimates the value of space technologies to the broader economy at \$3.1 trillion. This impact stems from space-based technologies and services that drive new markets (e.g., human space exploration advancing pharmaceuticals), add value (e.g., precision farming enhancing agriculture), and enable key industries like transport and logistics.

Through these contributions, the space sector, like other highly innovative and transformative industries such as semiconductors, batteries, and pharmaceuticals, results in a notable multiplier effect, several times that of the space economy itself. Despite its immense potential, the space sector in Europe remains heavily underinvested.



Data Sources: ESPI & Boston Consulting Group, More than a Space Programme: The Value of Space Exploration to Empower the Future of Europe

This is where the Draghi report could provide a unique impulse but does not. The only “strategic priorities for research and innovation” proposed by Draghi identify three “new large space programmes”, i.e. launchers, Earth observation, and IOS, which hardly stand at the core of the space economy, representing well below 10% of it. At a time, when global Internet constellations drive the space economy, the report limits its discussion of IRIS2 to governmental applications (formerly known as GOVSATCOM) and fails to address the unique commercialization potential. While proposed for AI, there is no proposal for integrating space ‘vertically’ into European industry to effectively leverage the multiplier discussed above. There is no proposal for such market creation and aggregation of such demand. **There is no appeal for increased funding in Security & Defence**, except what is “already budgeted by Member States” nor a proposal of human space exploration, while it is precisely these two domains next to commercial and broadband constellations which are the engines of any global space power.

Part of the reason is that regrettably, Draghi falls short in leveraging Europe’s multi-stakeholder environment. Instead of embracing also national and multi-national priorities, the report appears unbalanced in simply proposing “better coordinating national policy action between Member States, including on funding priorities”, when more than 80% of public funding for space in Europe is national. In this, the report does not leverage the multitude of European public and commercial actors and does not appreciate the inherent resilience of a European approach to space. Instead, it appears rather simplistic in calling for the removal of today’s intergovernmental mechanism of European member states funding through ESA, the core of public action in space and through which more than 50% of European industrial activity is implemented. It does this without a plan for creating significant new EU funding. The mission letter for the new Commissioner-designate for Defence and Space already provides an opening to advance European space in a more constructive and joint effort.

**A dedicated ESPI Brief addresses the Draghi Report in more detail.**

Yours sincerely,

**Hermann Ludwig Moeller**  
Director of ESPI

