



Media Contact:

Nastassia Steavu (Montreal)

+1 (514) 750-9750

nsteavu@euroconsult-na.com

For immediate release

Leading Government Space Programs Under Strong Budget Pressure

World space expenditures reach ceiling of \$70 billion after decade of continuous growth

Paris & Montreal, March 27, 2010 – Euroconsult, the leading international research and analysis firm specialized in the space sector, today announced that global budgets for space programs have reached a plateau of roughly \$70 billion, confirming a slowdown in expansion experienced by the space industry for the last 10 years. According to Euroconsult’s new report “**Profiles of Government Space Programs: Analysis of 60 Countries & Agencies**,” Space programs received a short term boost in recent years from several governments to counter the economic crisis. However, they must now undergo even more stringent budget constraints exemplified by the European public debt crisis and the U.S. Budget Control Act of 2011. In addition, the decrease of global funding for space programs is also the consequence of the inherently cyclical nature of public investment in certain space applications and programs, particularly when related to the procurement of operational systems. New leading and emerging space programs in Asia, Latin America and Middle East/Africa will represent the first budget growth driver confirming a changing environment for the global space sector.

In the report, Euroconsult forecasts that world government expenditures for space programs will decline in the coming years as a larger number of governments will likely reduce their investments into space activities. Space expenditures should recover growth in the second half of the decade with the stabilization of public finances and the launch of new procurement / R&D for next generation defense and civil programs.

“As we anticipated in previous editions of our report, growth expenditures experienced in the past decades could not be maintained in the long term due to cycles of investments and the lasting effect of the economic crisis now impacting public finances globally,” said Steve Bochinger, President of Euroconsult North America. “This situation forces government and industry players to revise their strategy and give greater priority to international cooperation in order to share risks and costs. In the mid-term, budgets for space programs should recover with the normalization of public finances and the necessity to procure next-generation space systems, but governments will likely impose more conditions on long-term objectives associated with their investments.”

Government space expenditures reached nearly \$40 billion for civil programs. The upcoming three to five years shall be characterized by continued budget pressure in leading countries, including U.S., Europe, Japan, and Canada, along with the need to define a coherent long term strategy for their space programs;

more reasonable growth of expenditures in Russia; continuous expansion in new leading countries (China and India); and continuous dynamic programs in emerging countries.

Funding for defense space programs reached \$30 billion in 2011 and should experience a pronounced decrease in funding by 2015 before recovering in the second half of the decade. This will be largely influenced by the cycles of procurement from military agencies and in particular, the completion of most programs currently under development in the U.S. As a point of comparison, between 1989 and 1995, the DoD experienced the same cyclical downturn with a 40% cut in budget. Cuts should be less drastic this time but should still significantly impact U.S. industry that has relied heavily on the domestic military market during the last decade.

53 countries invested \$10 million or more in space applications and technologies, compared to 42 in 2006; there were 26 in 2001. The development of global space programs in an increasing number of countries has been an obvious trend during the past decade as space has become a worthwhile investment for governments willing to acquire independent assets to help their social, economic, and technological development, while at the same time contributing to their national defense and security programs.

- The U.S. invested \$43 billion in its space program (civil and defense) in 2011, experiencing the first decline in spending since the mid 1990s. The U.S. space program accounts for 61% of global space budgets, a record low pulled down by the recent decrease in funding, the emergence of new regional leaders and more generally by the multiplication of countries investing in space technologies. Despite this trend, the U.S. remains an unchallenged leader both in dollar value and in relation to its GDP.
- Eight countries/organizations invest over \$1 billion: Russia, Japan, France, China, Germany, India, the European Union and Italy; there were five in 2006 (Russia, Japan, France, Germany and China).
- 19 countries or agencies recorded over \$100 million: Canada, Brazil, Argentina, Mexico, Belgium, Norway, Spain, Sweden, Switzerland, The Netherlands, The United Kingdom, Kazakhstan, Iran, Israel, Turkey, The UAE, Pakistan, Australia, South Korea; 12 of them were part of that list in 2006.
- Five other countries invested between \$10 million and \$100 million in their national space programs; 20 of them were part of that list in 2006.

Throughout 2011, strong funding trends for specific applications became more pronounced. Civil and defense non-classified world expenditure trends included:

- Human spaceflight: \$10.9 billion (18% of global budget), -6% over 2010
- Earth observation & meteorology: \$9 billion (15% of global budget), +16% over 2010
- Satellite Communications (SatCom): \$8.4 billion, (14% of global budget), -10% over 2010
- Science and exploration: \$6 billion (10% of global budget), -7% over 2010
- Access to space: \$5.8 billion (10% of global budget), +37% over 2010
- SatNav: \$3.2 billion (5% of global budget), +5% over 2010
- Space security: \$2.4 billion (4% of global budget), +26% over 2010



Report Profile

Profiles of Government Space Programs: Analysis of 60 Countries & Agencies is the only complete assessment of public space programs. The report, published since 1994, is a comprehensive review of all 60+ active space programs around the world, including leading countries and organizations, emerging programs, defense and civil agencies. Each program is analyzed and assessed by the same criteria, including extensive qualitative and quantitative information and analysis.

About Euroconsult

Euroconsult is the leading international consulting and analysis firm specializing in space applications, communications, and digital broadcasting. Euroconsult provides strategic consulting and analysis, develops comprehensive research reports and forecasts, and organizes events including the annual World Satellite Business Week, the industry's leading executive-level gathering (www.satellite-business.com). With more than 25 years of experience Euroconsult has over 560 clients in 50 countries, including leaders throughout the satellite industry: satellite operators and service providers; government agencies; satellite manufacturers and launch service providers; equipment providers and integrators; media and broadcasting companies; and banks and investors. The company has completed over 500 satellite-related consulting projects. Euroconsult is based in Paris with offices in Montreal and Washington, DC. www.euroconsult-ec.com.

###