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# FAIR SPACE COMMERCE: A KEY COMPONENT OF SUSTAINABLE GLOBAL SPACE GOVERNANCE

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Space governance discussions are increasingly centered around the intersection of new technology developments, the growth of space commerce, and curbing the deployment of counterspace weapons. The dual-use nature of space technology makes the context of its use crucial for understanding the potential knock-on effects. It is also important to grasp the security dimensions at play in this rapidly evolving dynamic. In short, because solutions elude a “stove piping” approach, such discussions now require the engagement a broader range of stakeholders – from not only government, but also industry – to protect the space domain and set achievable governance principles.

When it comes to space commerce, however, there seem to be two different models of economic and financial development and outreach in the space sector. One is a state-led, non-market model aimed at creating sole-source contractual arrangements, dependencies, indebtedness, and even loss of sovereignty of the recipient countries. The other is a free market-based model that complies with internationally accepted rules underpinning the modern global financial and trading systems. With regard to the former, especially troubling is the role of state-owned or controlled space companies (SOEs) of authoritarian space powers (notably China and Russia).

There is no doubt that Chinese and Russian SOEs have become increasingly prominent in space power projection strategies, especially through the offer of seemingly unbeatable “turn-key” space programs for fledgling foreign partners (often targeted to advance strategic purposes). This “anti-competitive” approach generally entails the offer of vertically integrated packages of on-orbit systems, launch services, the construction of ground stations, the provision of operating personnel and training of local ones, space-related equipment, products, and services, and oftentimes 100% subsidized financing, the net effect of which is to create a sole-source supplier relationships and a perilous level of dependency for the foreign partner.

These companies are deployed by their respective governments to expand their space infrastructure and footprint in foreign countries. They are likewise seeking to build market share for their technology, equipment, and services, with the added benefit of gaining political standing and influence in these countries. Such political influence can then be used to pressure these governments into adopting supportive positions with regard to the agendas of the Chinese Communist Party and the Kremlin on setting standards and norms within various multilateral institutions (e.g., UNCOPUOS, the Conference on Disarmament, ITU, etc.).

Heavily subsidized sales of satellites and launch services have been made, for example, by China’s Great Wall Industry Corporation to Belarus, Algeria, Nigeria, Argentina, Nicaragua, Venezuela, Bolivia, Pakistan, Indonesia, Thailand, Laos, Cambodia, or Sri Lanka. Beijing has also surpassed its former partner, the European Union, on the deployment of a global navigation satellite system (GNSS), persuading foreign countries in Southeast Asia, the Middle East and North Africa, to buy into their GNSS network (BeiDou)

on highly favorable terms. Russia has done similar outreach vis a vis its GLONASS network (e.g., Algeria, Angola, South Africa, etc.). Altogether, our research shows that there have been at least 255 Chinese and Russian commercial transactions in some 81 countries.<sup>1</sup>

To compound this troubling trend with respect to space sector partnerships and, in many cases partial or complete “space sector capture”, the large Chinese and Russian space companies are often operating under official sanctions of the U.S. and other allied government for various national security and human rights abuses. Chinese space companies, for example, are presently grappling with a number of U.S. and Japanese sanctions regimes, including the U.S. Treasury Department’s new capital markets sanctions list (instituted via Presidential Executive Order 14032 of June 3, 2021), the Pentagon’s Chinese Military Companies List, the U.S. Commerce Department’s Entity List and the Japan Ministry of Economy, Trade, and Industry’s End User List. This fact alone raises several questions that have not been included to date in the lengthy multilateral debates on space norms.

For example, what are the implications of these allied sanctions regimes on the development of space commerce governance? How should prospective recipient countries account for them in their risk calculus when considering space-related cooperation or partnering arrangements? The communique of the 2021 G-7 Leaders’ Summit stated that, “Guided by...enduring ideals as free, open societies and democracies, ... we have agreed to a shared G7 agenda for global action to...secure our future prosperity by championing freer, fairer trade” and to “collaborate to ensure future frontiers of the global economy and society, from cyber space to outer space, increase the prosperity and wellbeing of all people while upholding our values as open societies.”

Should the closed, non-transparent, and strategically motivated approach of China and Russia in the space sector continue to go unmonitored and uncommented? G7 and other like-minded nations have an obligation to educate, or even intervene, against this non-market, predatory model of space partnerships and, instead, promote more sustainable, principled space sector development. It is past time to adopt a new way of viewing the national security and human rights dimensions of the highly competitive global space commerce environment. Rather than concentrate on just emerging technologies, the focus needs to include fundamental principles, such as the protection of sovereignty, free and fair trade, and the independence of fledgling and other space faring nations.

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<sup>1</sup> The statistics are based on open-source research of the Prague Security Studies Institute.