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for Economic Affairs
and Climate Action

Mr
Commissioner for Internal Market
of the European Commission
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Dr. Robert Habeck MdB
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Dear Commissioner Breton,

Space is one of the key strategic technologies of the future, so we are encouraged by your outstanding engagement for the European space sector and your ambition to set up a third flagship programme with the IRIS² constellation. In addition to the existing infrastructures for navigation and earth observation, satellite communication is a key element with a wide range of applications. European cooperation is more important than ever to ensure the success of the programme.

With regard to the industry's "Best-and-Final-Offer" (BAFO) I see major challenges that need to be overcome before the programme can be moved forward with regards to cost and value for money, competitiveness and commercial attractiveness. The high price is one of the challenges, but by far not the only one.

The exorbitant price tag of almost twelve billion Euro offered by industry would exceed the European Commission's cost planning by at least 40 percent. For many Member States, including Germany, it is unclear how this financial offer could match with the provisions of the regulation establishing the Union Secure Connectivity Programme or fit into the EU budgetary framework. The seeming funding gap further pronounced by probable cost overruns would result in liabilities also beyond the current financial period, potentially prejudicing the next MFF and due to the current economic realities come at the expense of the existing space

programme components, such as Galileo and Copernicus. We fear that the balance of value for money for the public sector is not given.

The perspective of European commercial users, especially in view of upcoming important decisions on future business models such as the Internet of Things and autonomous mobility, is not taken into account in the current BAFO. This perspective is the only way to secure the private financing share of 25 - 35 percent and limit the cost to the public sector. De-scoping to meet a cost target of the European Commission could further deteriorate the commercial outlook and result in an even higher risk and cost share for the Member States. Our long-term goal must be to enable the European space industry to develop and operate space infrastructures for globally competitive services if they wish to remain in existence.

Moreover, the offerings of the "big five" hardly consider the interests of a European balance in the work shares in the programme. I am very concerned that the European Commission will lose trust in its role for the Member States if this impression is confirmed.

In summary, I am strongly concerned about the combination of the current, immature consortial offer and the attractiveness of a short-term political win. From my view, we do not win long-term by simply reducing the BAFOs claim for costs to meet a political timeline. I ask the European Commission, to stop the current BAFO process and implement a new and user-oriented approach for the program. The stakes are too high to take hasty decisions with high risk for severe negative consequences for a successful IRIS² and Union space programmes beyond IRIS².

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Robert Habermann', is written over a large, diagonal, semi-transparent orange watermark that says 'Draft'.