

50 years of European Space Agency (ESA)

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The ESA acts as a catalyst for the growth of the European space sector, in addition to coordinating research and development programmes in areas such as Earth observation, planetary exploration, telecommunications and space security, with emphasis on some of its flagship projects such as Copernicus, Galileo and Ariane.

Its structure allows countries with different technical and economic capabilities to participate in large-scale projects, benefiting from access to infrastructure, knowledge and the promotion of industrial capacity development in Member States through the principle of geographical return.

Portugal has been actively involved in ESA programmes since it joined in 2000 and has made sure that the investments made are paid back in the form of contracts and opportunities for its companies and institutions, helping the sector and national industry grow and get stronger.

ESA operates with two main types of complementary budgets: annual budgets and multi-annual budgets approved by the Ministerial Councils.

The annual budget is approved each year by the ESA Council and covers regular operating expenses such as infrastructure maintenance, salaries and the continuity of ongoing programmes. It ensures the agency's short-term financial and operational stability, enabling the efficient execution of previously agreed activities.

The budgets decided by the Interministerial Councils have a strategic function. In these councils, the ministers of the Member States decide on the financing of new programmes, missions and priorities for the coming years.

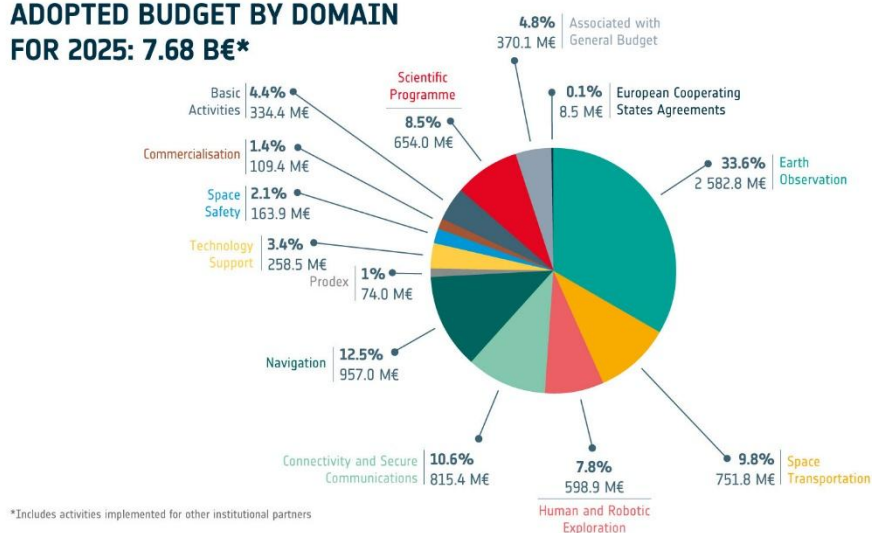
These multi-annual commitments are essential for launching large-scale initiatives, such as new satellites, navigation systems or space launchers. The annual budget, in turn, incorporates and operationalises these decisions, ensuring their phased implementation over time.

The two budget levels are thus linked to ensure both continuity and innovation in the European space sector.

The ESA budget for 2025 has been approved with an initial amount of €7.68 billion, reflecting a slight decrease from €7.79 billion in 2024. Although the reduction is proportionally modest — around €110 million — it has significant structural implications and signals a shift in the European ideological paradigm.



**ADOPTED BUDGET BY DOMAIN
FOR 2025: 7.68 B€***



Source: https://www.esa.int/About_Us/Corporate_news/Funding

The main drivers behind these substantial cuts are three of the agency's largest contributors: Germany, Italy and the United Kingdom, corresponding to a reduction of €430 million.

On the other hand, there is a positive note for some smaller Member States, such as Poland, which quadrupled its contribution from 47.7 million to 193.4 million, and Portugal, which increased its contribution from 19.4 million to 30.4 million, thus sending a clear signal of their commitment to the future of space in Europe. This financial boost reflects not only a strategic commitment but also a political will to assert Portugal as a relevant partner in the agency's decisions and programmes.



ADOPTED BUDGET 2025: 7.68 B€ TOTAL

ESA Activities and Programmes: 5.06 B€



Source: https://www.esa.int/About_Us/Corporate_news/Funding

It should be noted that this increase in investment by Portugal is not illogical but reveals a clear strategy to position itself in the European space ecosystem. Considering the principle of geographical return, this budgetary reinforcement by Portugal aims to create conditions for a tangible return in terms of skilled employment, technological innovation and business growth in the national space sector.

By substantially increasing its contribution, Portugal is not only affirming its ambition as an active partner in ESA's major decisions but also paving the way for Portuguese companies and research centers to join strategic European consortia, access new value chains and strengthen their presence in high-impact scientific and technological missions.

In any case, this budget reduction comes at a particularly delicate time for ESA. The announcement in Washington that the United States, through its proposed federal budget for 2025, has announced deep cuts in NASA funding has potential direct impacts on joint programmes with ESA. The cuts proposed by the US administration could affect around 19 transatlantic collaboration missions.

Scientific missions such as LISA (Laser Interferometer Space Antenna), NewAthena (advanced X-ray observatory) and EnVision (aimed at studying Venus) face a real risk of cancellation, postponement or restructuring.

The ambition is clear: to make Europe less dependent on US infrastructure and more resilient to geopolitical events or sudden changes in priorities by international partners. The internal distribution of the ESA budget reflects these priorities.

Earth observation is set to account for 33.6% of the 2025 budget, up from 30.5% in 2024, in a clear effort to consolidate European capabilities in this strategic area. On the other hand, funding for the space transport sector, traditionally a central pillar of ESA, has decreased from 13.3% to 9.8%, partly due to delays in the operationalisation of the Ariane 6 rocket and the next generation of the Vega-C launcher.

ESA is also preparing new programmes, such as LEO Cargo Return, dedicated to space logistics and cargo return from low orbit, as well as a new approach to geo-return policy to ensure that industrial return remains competitive with the North American and Asian markets.

In short, ESA's budget for 2025, although slightly lower than the previous year, marks a transition phase in which the agency faces severe external pressures, especially from the United States, and the need to strengthen its technological and geopolitical autonomy.

The European response to this challenge is still under construction, but it will inevitably involve closer coordination between the ESA, its member states and the interministerial committee.

The next ministerial meeting will take place this year and will therefore be decisive in defining not only the ESA's budgetary direction, but also Europe's own ambition in space.

The new European regulation¹ for the space sector is part of this context of transition and strategic reaffirmation of Europe in the face of global challenges and the growing instability of its traditional partners. The aim is to strengthen coordination between the ESA, the Member States and the European Commission, promoting greater technological autonomy, rationalisation of resources and alignment of strategic priorities.

In a scenario marked by budget cuts and the need for operational independence, the new legislation seeks to ensure a more cohesive, resilient and competitive European space sector on the international stage.

In November this year, Portugal will have a new opportunity to significantly increase its subscription to ESA's optional programmes in the context of the Interministerial Council, thereby providing vital opportunities for the development and consolidation of the national sector.

¹ Of particular note is the recent package announced with the proposal for the EU Space Act, accompanied by the Vision for the European Space Economy, which sets out a strategic roadmap with more than 40 concrete activities to leverage space as a key driver of EU competitiveness and sovereignty, with applications ranging from climate monitoring and agriculture to finance, defence and telecommunications.



Thinking about tomorrow? Let's talk today.

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