

FINANCIAL TIMES – 22 APRILE 2026

Europe is ceding sovereignty to SpaceX

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SpaceX's impending IPO, with a valuation that could exceed \$1.5tn, will be celebrated as a triumph of American innovation. But for Europe, it should be understood as something else entirely: the moment it surrendered space sovereignty.

SpaceX launched 170 rockets last year. Europe launched eight. That dramatic gap will only widen thanks to this IPO. SpaceX, now merged with xAI and poised to raise up to \$80bn in fresh capital, will need new customers and markets to justify its towering valuation. Europe, with the continent's largest institutional space market and an ageing constellation infrastructure desperate for a refresh, is the obvious target.

European leaders will want to say no. After all, sovereignty and "strategic autonomy" are all the rage right now. But in space, the real danger isn't that Europe will buy more launch or government communications services from SpaceX. It's that Europe's alternative is structurally designed to fail. ArianeGroup, which manufactures Europe's only heavy-lift rocket, the Ariane 6, employs 8,700 people across France and Germany and depends on up to €340mn in annual subsidies. ArianeGroup put roughly 16 tonnes of payload into orbit last year. SpaceX alone put up over 2,400 tonnes, a gap of more than 100 to one. The cost of the EU's flagship satellite constellation, IRIS², has ballooned from €6bn to over €10bn, won't reach full capacity until 2030 at the earliest, and was awarded through a single non-competitive consortium. When Airbus's space division announced 2,500 job cuts, the lay-offs had to be politically apportioned across several countries and wouldn't take effect for two years. This is not industrial policy. It is a jobs programme cosplaying as a space strategy. The core problem is Europe wants sovereignty, world-class capability, and protected jobs — but the three things are tension, and its procurement system prioritises the last at the expense of the first two. The European Space Agency's geographical return principle requires every euro a member state contributes to come back to its domestic industry. Contracts go to the right countries rather than the right companies.

Underneath this is a vicious cycle. Europe doesn't have reusable launch capability because it doesn't have enough satellites worth launching. It can't afford a large-scale satellite constellation because it doesn't have affordable launchers. Its launchers won't become affordable until they're reusable. Meanwhile, SpaceX's Starlink operates roughly 9,000 satellites and funds the reusable rockets that make the whole flywheel spin faster. Europe can't divest from SpaceX because too

many actors find its capabilities necessary. It can't stand up a sovereign replacement, because the procurement system is clunky at best, broken at worst. And it can't become SpaceX's biggest customer (and thus too important to mess around) because the sovereignty push suppresses too much of the market.

This may seem simply a scary scenario, but I have put it to the test. Earlier this year, with colleagues at Lux Capital, I built a scenario that puts players in the roles of European governments, ESA officials and aerospace companies, forcing real trade-offs between sovereignty, capability, and jobs — with an American provider always available at a better price. We ran it three times with over 150 participants. Every single group fell into the dependency trap. Each individual purchase from the American provider was perfectly rational. So was the desire to be sovereign. But the aggregate of those rational decisions produced a collective outcome nobody would have chosen deliberately.

This problem in the space economy is Europe's sovereignty challenge in miniature. The same structural logic is producing identical traps in AI, cloud computing and defence. Amazon, Microsoft and Google, fulfil more than two-thirds of Europe's cloud computing needs. And SpaceX launches the satellites that carry the connectivity that supports the data infrastructure that trains the AI models. When you are dependent on someone else's substrate, sovereignty is more slogan than strategy.

The SpaceX IPO didn't create this problem, but it cements it. Meanwhile, Europe's alternatives are still designed by committee, awarded by political formula and delivered years late.

Europe is not doomed. But the window to make a conscious choice to reform procurement and let some national champions fail narrows with every Falcon 9 launch from Cape Canaveral. In our simulations, players had 90 minutes to solve this problem and failed. Europe's leaders have a bit more time than that, but not much.