AMERICAN FOREIGN POLICY COUNCIL

SPACE POLICY REVIEW

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HIGHLIGHTS

The race is for partners. China is recruiting nations to its Moon base. Whoever builds the bigger community will shape the rules for using the Moon.

A coalition without a market. 78 nations signed the Artemis Accords but have no clear way to buy a mission, and U.S. Lunar companies depend almost entirely on NASA.

A Lunar marketplace. The Office of Space Commerce (OSC) would buy commercial Lunar services in bulk and resell them to partners at posted prices, much like Foreign Military Sales.

A subsidy that ends itself. ~ $235–465 million starts the program. As prices fall, the U.S. share drops from 75% toward zero.

No new agency or treaty. Congress only needs to give the OSC authority to buy and resell capacity, plus a trust fund.

TURNING A COALITION INTO A MARKET

AARON OESTERLE and PETER A. GARRETSON

What makes China's planned Moon Base remarkable isn't the technology. It's the community China is building around it. Through its 555 Project,[i] China is recruiting dozens of nations and hundreds of research institutions to build a broad user base that can help support and eventually fund its Moon Base. China's International Lunar Research Station (ILRS) is the infrastructure; the 555 Project is the community that will use it. Together, they give China not just a Moon Base, but a network of partners invested in ensuring the base will reach its full potential.

Unlike the first space race that was built around prestige, the race to develop the Moon is about who shapes the rules for how it is used. The winner will gain both economic and strategic advantages and be able to dictate how nations operate on and around the Lunar surface. Partner nations will likely stay with the system where they invested, so the window is closing for the U.S. to build the economic community that will support its own base.

AN INVITATION IS NOT A MARKET

America's answer to the ILRS and 555 Project is its own Moon Base and the Artemis Accords. On paper, the U.S. coalition is far larger. Its 78 nations[1] have signed the Accords, and

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NASA has invited all of them to contribute "scientific payloads, technology demonstrations, CubeSats, and other capabilities."[2] *However, an invitation is not a market.* It's not clear how a signatory can compete for space on NASA's manifest and fit its mission into NASA's priorities. Moreover, Accords members without a robust space program may simply not have a way to buy a mission. China, by contrast, offers countries "an invitation to nations worldwide to participate in the program across different tiers, such as concept study-level, equipment-level, system-level and even mission-level."[3] The same gap holds back American industry. *Our commercial sector has almost no one to sell to since all demand comes from a single customer, NASA*. Without a broad customer base, the market stalls because the only major buyer is the U.S. government, which means it never matures into the vibrant commercial space market America needs.

A FLYWHEEL THE U.S. CAN START FIRST

By signing the Accords, these nations have endorsed America's vision for Lunar development. A program that would let the signatories purchase missions from the U.S. would:

- Give partners a real stake in the Lunar economy's success
- Provide the U.S. commercial space sector the demand it needs for a vibrant marketplace
- Grow the Lunar economy while bringing its value to nations and people it has never reached

FIGURE 1 · THE OPPORTUNITY

A Flywheel the U.S. Can Start First

A temporary subsidy gets it turning. Each turn makes the next one easier.



SOURCE: AMERICAN FOREIGN POLICY COUNCIL

i. China's "555 Project" is an outreach initiative announced in 2025 to expand international participation in the China–Russia International Lunar Research Station (ILRS), with stated targets of 50 countries, 500 scientific institutions, and 5,000 researchers by 2035.

- Blunt China's effort to recruit the same partners

At its core, such a program would be a flywheel that builds on its own successes. Giving partners a stake in the Lunar economy creates demand for U.S. providers, which lowers costs and grows the Lunar economy. Lower costs make participation more attractive, pulling in more partners, and every partner the U.S. wins is one fewer for China. A program that does this during the construction phase, before China's base is even operational, would put the U.S. flywheel in motion first, compounding its lead, rather than racing to catch up.

A MARKETPLACE FOR LUNAR MISSIONS

America should offer to fly missions for signatory nations using its commercial space sector, through a marketplace of certified U.S. services. *The foreign partner would bring the mission and payload, and America would provide the means*. The signatory nation would sponsor a company or non-governmental organization (NGO) [university, research institute] within its borders and fund that company or NGO's payload (sensor, probe, rover, etc.). The U.S. would supply the necessary infrastructure around that mission (transportation; positioning, navigation and timing (PNT); communications; etc.). *The U.S. would buy from industry and resell to the partner, the same way it does under Foreign Military Sales (FMS),*[ii] *and it would aggregate the partner demand into the U.S. commercial sector.* This can start with the NASA's Commercial Lunar Payload Services (CLPS)[iii] program and expand to other commercial space services as they mature. The payoff is a new source of demand the commercial space sector has been missing. By converting the Accords coalition into a market, America's flywheel will drive the Lunar economy forward. *Every signatory that participates strengthens the Lunar economy and America's place in it, and leaves China with one less partner to win*.

A natural objection is that the U.S. could simply use the tools it already has, with no new mechanism. For example, the United States Trade and Development Agency (USTDA) could lead trade missions promoting CLPS to Accords nations, and the Export-Import Bank of the United States (EXIM) could finance partner purchases. However, that approach leaves each sale as a one-off deal between one provider and one country. Under that approach the U.S. would not buy capacity in bulk, so providers would still lack predictable demand. Furthermore, there would be no posted price, so countries would not be able to budget for a mission. And NASA would still need to review each sale one at a time. Without those changes, the industry cannot grow at a desirable scale. USTDA and EXIM would help the program, but they cannot replace it.

The details are straightforward. Who can participate, who administers the program, how it is funded, how it fits within existing law, what it would cost and its timeframe, and how to measure success mostly build on pieces that already exist.

WHO CAN JOIN

Successful partnerships will require an accessible marketplace that creates demand for the U.S. commercial industry. Therefore, it is important not to overburden the signatory countries, but to ensure that they are committed to the goal of Lunar development. Partners must meet five requirements for eligibility:

- **Artemis Accords membership**—Partners must be signatories showing they share the U.S. vision of economically developing the Moon.

- **Co-investment**—The signatory nation funds its sponsored company or NGO's payload and pays its share of mission costs.

ii. Foreign Military Sales is a government-to-government program: the foreign government buys a system or service from the U.S. government, which in turn contracts with a U.S. company. The partner's funds are held in an interest-bearing U.S. Treasury trust account and disbursed as the work is performed, outside the annual appropriations cycle.

iii. Commercial Lunar Payload Services is NASA's indefinite-delivery/indefinite-quantity contract under which multiple U.S. companies compete to deliver payloads to the Lunar surface as a commercial service. Its cumulative ceiling is $2.6 billion through 2028; in 2026 NASA moved to raise it to $4.2 billion.

- **Mission-capable self-certification**—The signatory nation certifies that its sponsored company can complete the mission.

- **Outer Space Treaty compliance**—Missions must be for peaceful purposes and make no claims of sovereignty on the Moon. Within those bounds the signatory are free to propose whatever missions they can envision.

- **Applicable U.S. reviews**—Because these missions will utilize U.S. commercial systems, all will be subject to the standard American regulatory and safety review process, including the FAA payload review required for launch. No new regime is created. However, since this is a developing area, this marketplace will need to plug into whatever is developed for novel space activities.

WHO RUNS THE PROGRAM

The last thing a growing sector needs is more bureaucracy, and existing entities can administer the program.

- **Office of Space Commerce (OSC)**—OSC handles the commercial and financial program aspects. Specifically, it operates the online marketplace, manages the FMS-analog advance payment mechanisms, contracts for and resells capacity, and coordinates export control screening through the Commerce's Bureau of Industry and Security (BIS).

- **NASA**—The agency's role is limited to providing interfaces for various services that are still maturing. It would publish the foreign access interface specifications, similar to the CLPS Payload User's Guide, and this role would shrink as commercial services mature. *The goal is a commercial marketplace, not a government-run system like the International Space Station*. NASA should not act as a gatekeeper for individual transactions—a point the funding structure ensures. The only exception involves mission location. If a proposed mission would operate near NASA's Moon Base, then the agency would review whether it interferes with operations or supports them. The review is a deconfliction check, not a commercial veto, and most missions are nowhere near the base, so it should rarely be needed.

- **U.S. State Department (DOS)**—DOS should handle partner onboarding. Once a signatory nation meets the eligibility requirements the agency would admit them. However, if the Secretary of state issued a written notice that its participation would harm U.S. foreign-policy or national-security interests then State could reject a qualified applicant. DOS would also recruit new partners, working with USTDA to promote CLPS through trade missions and EXIM financing purchases. After notification of admission the partner decides what missions to fly.

The program uses existing agencies for work they are already undertaking, and no new agency is needed. *The program will require a new authority for OSC*. Today, OSC licenses remote sensing, runs space-traffic coordination, and is standing up mission authorization for novel activities. Unfortunately, OSC does not have the authority to buy and resell commercial capacity or the funding to pay for it. Congress would need to provide both. Housing them in OSC makes sense because it is an established and congressionally funded office. The recent elevation within the Department of Commerce gives it standing to run a program of this scale.

HOW IT IS FUNDED

Funding is split between the partner and the U.S. Under this new system, the signatory nation funds the payload of the company it sponsors, which helps grow that nation's own commercial space sector.

On the U.S. side, the structure would work much like FMS.[iv] OSC would pre-buy blocks of commercial capacity through competition, such as launch capacity, power, or communications capability, paying

iv. Foreign Military Sales (FMS) is a nation-to-nation contract, where the U.S. purchases capabilities from the U.S. private sector and then passes them on to the partner nation. Partners can pay in advance and their money is kept in an interest-bearing account with the U.S. treasury until it needs to be expended. FMS is contrasted with Direct Commercial Sales (DCS), where the partner nation purchases goods or services directly from U.S. companies without the U.S. as an intermediary.

from an advance-payment trust fund account. OSC would then sell these capabilities to signatory countries. This structure solves three issues simultaneously. *First, it aggregates demand*, giving the commercial sector a steady demand for its products and services and a more stable Lunar economy. *Second, it establishes a reference price* for various Lunar activities. A market can't exist unless countries know the costs, and OSC can easily post these on a dedicated market website. Third, because OSC buys blocks of commercial capacity, *NASA will not act as a gatekeeper for individual sales*. NASA has the ability to raise any concerns one time, during the block buy. This also means that when NASA has extra room on one of its own CLPS landers, it can sell that capacity to a partner through the marketplace. That way, space that would otherwise have gone unused is filled and all foreign payload are handled the same way.

It's easy to say "buy our infrastructure," but when that infrastructure costs more than what is affordable by member nations, especially for developing nations, customers are unlikely to follow. Something is needed to "prime the pump." The solution is a two-part subsidy, and both parts go away over time.

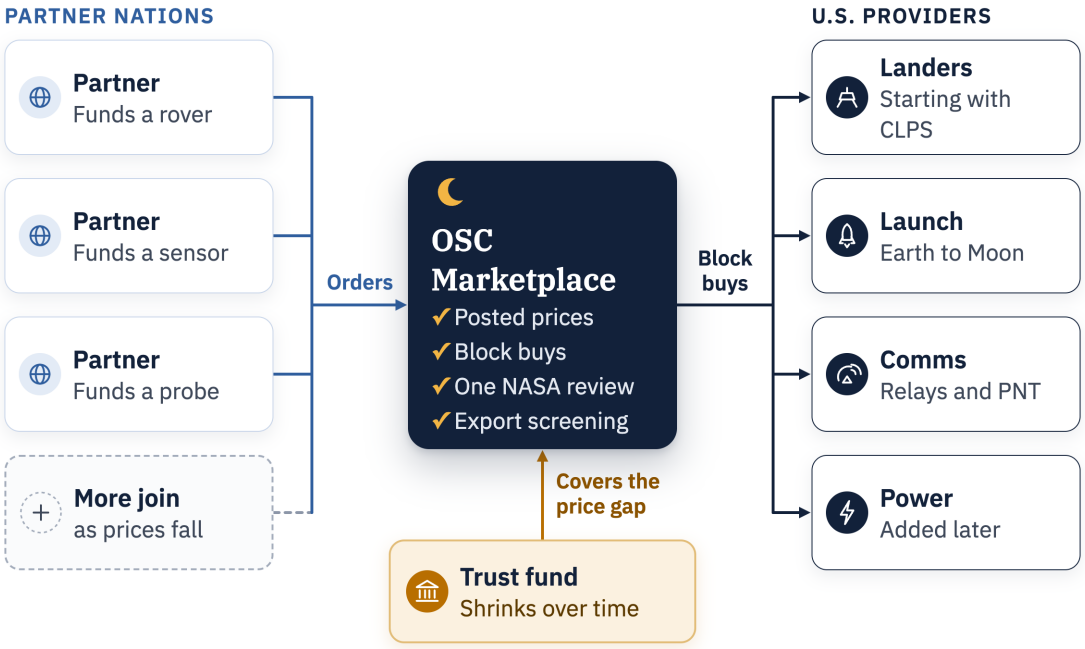
The first part is an entry subsidy. Every partner gets the same fixed amount to cover the one-time costs of getting started. Start-up costs include setting up its sponsored company, learning how to integrate and license a payload, and taking on the risk of being early. The partner also contributes its own funding and uses the subsidy over its first few missions. Once the subsidy is spent it ends (however many missions that takes).[v] Partners that join before the first block buy is awarded receive a larger amount because they take on more risk. These partners start the flywheel, so they get the most support. Once the program is established and flying, the new partners receive the standard amount.

The second part of the subsidy applies broadly to the block buys. Specifically, OSC, in conjunction with industry and foreign nations, would develop a target price list for each service, such as launch, or

FIGURE 2 · THE MECHANISM

From a Coalition to a Market

OSC combines many partners' orders into large, predictable purchases from U.S. industry.



SOURCE: AMERICAN FOREIGN POLICY COUNCIL

v. The capped, self-terminating structure mirrors NASA's Commercial Orbital Transportation Services (COTS) program, which paid partners a fixed, milestone-based government share against required private co-investment and is widely credited with helping establish the U.S. commercial launch industry.

communications, and charge signatories that price. OSC would absorb any difference between what it pays commercial companies and what signatory countries pay. *As the flywheel brings in more users and providers, prices fall, and the amount of money OSC spends falls as well*. This occurs because the subsidy is simply the difference between the two prices. Eventually, the two prices will converge, OSC will pay nothing, and it will simply act as a broker.

To prevent companies from registering shell entities in signatory nations solely to collect subsidies, a sponsored company must be genuinely owned and operated in the sponsoring country. Commerce already makes similar determinations about where a company is based for trade and export-control purposes.

NO NEW TREATY REQUIRED

This program does not require any new international treaties, because it is structured as commercial service provision rather than shared government infrastructure. The main legal issue is Article VI of the Outer Space Treaty (OST). The OST holds each country responsible for the activities of its non-governmental entities and requires it to provide "authorization and continuing supervision."[4] Fortunately, the program already meets this requirement. Every participating company is sponsored by a government responsible for it under Article VI. Each sponsoring government would authorize and oversee its company's mission. Many nations are still developing rules for novel areas of Lunar activity, so the program would help partners that need to put an appropriate framework in place.

Beyond Article VI, the program relies on three existing tools to cover the rest, which includes commercial contracts, the Artemis Accords, and the 1972 Liability Convention.

First, no new agreement is needed because contracts govern the commercial relationship under existing law. In the early phase, similar to FMS, OSC buys capacity and resells it, so the relationship is government-to-government. The partner nation contracts directly with OSC, and OSC holds the commercial contract with the provider. As the market matures and OSC moves toward simply brokering sales, partners would contract directly with providers. At this point the sale is the same as in any ordinary commercial purchase. Either way, the terms of service define what each customer is owed and the consequence of failure. *Disputes are settled under contract law and not by treaty*. This distinction applies even for shared services, such as a commercial power grid or communications relay.

Second, the Artemis Accords provide a framework for coordinating activity on the Lunar surface. This framework applies to both deconfliction and safety zones, so that operations do not interfere with each other. The Accords set shared expectations but do not enforce them or settle disputes.

Third, if one nation's space activity causes damage, then claims between countries are handled under the 1972 Liability Convention.

Additionally, operations that continue to use U.S. systems remain under the same export-control rules that apply to the original sale. These are handled through the licensing already built into the program. Finally, in the near term, some foreign payloads may need to connect to infrastructure NASA operates. In those cases, the partner would be a licensed user following NASA's published interface guide. Those arrangements are covered by contract rather than a treaty, but as commercial providers take over those services they will become less common.

COST AND PHASING

The initial startup would cost approximately $235-465 million. This estimate uses CLPS and similar services as the starting point, with 3-5 signatory nations flying a mix of three smaller payloads ($60–$120 million total), one or two large payload missions (about $150-$300 million total), and standup costs ($25-45 million), all based on current CLPS pricing. This is the U.S. share, covering 75% of the total infrastructure costs, and the foreign signatory nation would cover the remaining 25% plus its own payload/mission. This is a market-activation investment. As the subsidy declines, the split is projected to shift to 20% U.S. and 80% foreign. At that point, each federal dollar unlocks an estimated $3-4 of foreign purchases of U.S. commercial Lunar services, and foreign demand would increasingly sustain the market with minimal federal subsidy. These steady-state figures are illustrative projections based on assumed cost-share targets and market growth, not forecasts. Once costs have fallen and foreign demand carries the market, no more subsidy is needed.

In Year 1, Congress would establish the program and give OSC two things it does not have today: FMS-like authority to contract for and resell U.S. commercial Lunar services, and a trust fund to hold partner payments and capacity purchases outside the annual budget cycle. Congress would also direct OSC to maximize the foreign purchase of U.S. commercial Lunar services, starting with CLPS, and appropriate the fund's opening balance. This builds on the mission-authorization reform already underway. That work makes novel activities legal; this program gives them foreign customers. OSC would then hold the first block buy competition and begin building the online marketplace. In Year 2, OSC would award the first block buy, State would begin onboarding partners, and the marketplace and User's Guide would go live concurrent with ongoing surface activity and construction of the Moon Base. In Years 3-5, the first signatory missions would fly and the program would be evaluated. After that, the full program would come online, adding more services, including human access. By then the subsidy should have run its course, with foreign demand carrying the market on its own.

HOW SUCCESS IS MEASURED

This program's results are easy to measure. The primary metric is the total dollar value of U.S. commercial services purchased through the marketplace, which directly measures the demand the program creates for U.S. industry. Supporting metrics include the number of nations onboarded, the number of sponsored companies buying through the marketplace, the number of U.S. providers supplying it, and the number of missions flown. The subsidies are inherently performance-based: they shrink as costs fall and disappear once the market stands on its own. In short, this is exactly the kind of market-building program that pays for itself.

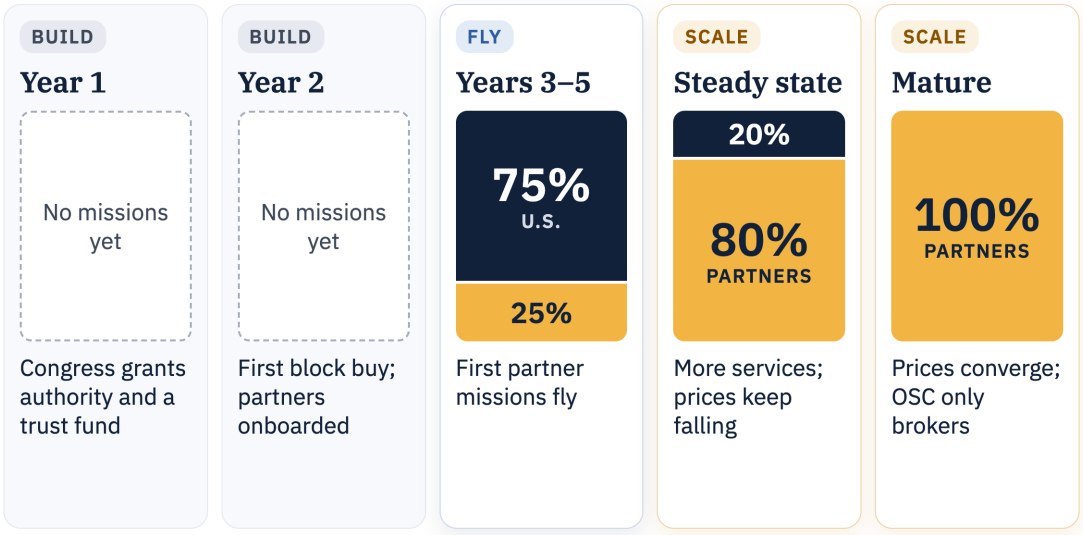
CONCLUSION

China's ILRS and 555 Project pose a real threat. Together, they could position China as the de facto leader on the Lunar surface. However, that outcome is not inevitable. The U.S. has already invested years of diplomatic effort in building the Artemis Accords coalition. This program converts that coalition into steady demand for U.S. commercial Lunar services. That demand is what drives the U.S. industrial base to the scale and cost-maturity a real Lunar economy requires.

FIGURE 3 · COST AND PHASING

From Startup to Self-Sustaining

How the federal share of mission infrastructure costs falls over time.



Shares cover mission infrastructure only; partners also fund their own payloads. Later splits are projections, not forecasts.

SOURCE: AMERICAN FOREIGN POLICY COUNCIL

The program builds on existing agencies and international agreements, needing only new authority and a trust fund for OSC. If implemented, it would give the U.S. a lasting edge over China's state-directed model, and ensure America remains the preeminent spacefaring nation.

ENDNOTES

1. Joshua Faleti, Vietnam Joins Artemis Accords as the Country Seeks to Expand its Space Capabilities, Space Watch Global, Oct 29, 2026, https://spacewatch.global/2026/10/vietnam-joins-artemis-accords-as-the-country-seeks-to-expand-its-space-capabilities/.
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4. Treaty on Principles Governing the Activities of States in the Exploration and Use of Outer Space, Including the Moon and Other Celestial Bodies, U.S. Department of State, 1967, https://2009-2017.state.gov/t/isn/5181.htm.

SPACE POLICY REVIEW

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For America, space represents the next great strategic frontier. Yet the United States now faces growing competition in that domain from countries like Russia and China, each of which are developing technologies capable of targeting U.S. space assets. As such, defining a strategy for ensuring space security, sustainability, and commerce needs to be a strategic priority for the U.S. AFPC's top-notch array of experts form a robust team that make a major contribution to crafting space policy by providing policymakers with the ideas and tools they need to chart a course in this emerging domain.

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