

# Where Two Worlds Collide: The Impact of Sanctions in Space

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As we continue to find new ways to look at the implications of the **Ukraine-related sanctions** introduced by the United States over the past few months, we have shifted our perspective to the extra-terrestrial to focus on the **significant effects sanctions** may have in **space**. And from that vantage point, we note that the unintended beneficiary of the United States' crumbling relationship with Russia may be the U.S. space industry, since the Russians have signaled a desire to end **U.S.-Russia space collaboration**.

## Background

In March, the U.S. government announced targeted sanctions against Russian officials in Putin's inner circle, including Dmitry Rogozin, the Deputy Prime Minister who also heads Russia's space program. In April, the Department of State also announced that no new authorizations would be issued for exports of defense technologies and services that contribute to Russia's military capabilities, which includes space-related technology, and existing licenses *may* also be revoked. These two measures created two important questions: what are the implications for the International Space Station ("ISS") and space exploration; and how this will affect our reliance on Russian rocket engines?

## The ISS and Space Collaboration

The ISS has been exempted from the newly imposed U.S. sanctions, but the potential broad-reaching effects of sanctions on collaboration between the U.S. and Russia on space exploration became a subject of debate, especially as Rogozin delivered a sarcastic [comment](#) through his Twitter account: "After analyzing the sanctions against our space industry I suggest the US delivers its astronauts to the ISS with a trampoline."

The gravity of his comment was not lost on astronauts. Currently, the Russian Soyuz is the only ride into lower orbit, and acting on the threat of stranding U.S. astronauts in space was certainly within Russian control. But the ISS is a \$100 billion project and Russia profits from the project immensely, selling each Soyuz seat to the ISS for over \$70 million.

The founder of Space Exploration Technologies ("SpaceX"), Elon Musk, responded to Rogozin with his own [tweet](#): "Sounds like this might be a good time to unveil the new Dragon Mk 2 spaceship that

@SpaceX has been working on with @NASA. No trampoline needed.” In fact, Musk revealed the Dragon Mk 2 on May 29, but the spaceship will reportedly not be ready for manned flights for at least two more years. Without a domestic alternative, the U.S. must still rely on Russian shuttles to reach the ISS for the time being.

## Rockets with Russian Engines

The day before Musk’s tweet, SpaceX filed a lawsuit in the U.S. Court of Federal Claims related to a U.S. Air Force contract with United Launch Alliance (“ULA”), a joint venture between Lockheed Martin and Boeing. The contract involved a program to launch satellites with Atlas V rockets that use Russian engines, RD-180s. The lawsuit noted that RD-180s, for which there is no usable domestic alternative, are built by NPO Energomash, a state-owned entity for which Rogozin is responsible. Judge Susan Braden issued a temporary injunction, asking the U.S. government to weigh in on whether the use of RD-180s violates the sanctions regime. Judge Braden later lifted the injunction based on assurances from Departments of Commerce, State, and Treasury that the contract did not violate sanctions against Rogozin. (Many companies may be surprised to see an instance where the U.S. government is *not* really broadly interpreting its export and sanctions jurisdiction!)

## The Boomerang Effect?

Russia warned that sanctions could “backfire” and hit the United States like a “boomerang.”

Despite the economic incentives and benefit of collaborating on space exploration, in May, Rogozin impulsively announced that Russia would ban all exports of RD-180s and cease transportation for U.S. astronauts to the ISS in 2020. According to media reports, Russian officials have also advanced discussions with China and India about partnering on space-related projects.

This so-called backfiring may be the key to an enormous boost for U.S. space companies. In the wake of the Russian threat to cut off supply of RD-180s, the U.S. Congress proposed \$100 million in funding in 2015 to develop an American-made liquid rocket engine to replace our dependence on Russian engines. The proposed bill also directs the Pentagon to cease use of Russian-built engines once all missions are launched under an \$11 billion contract the U.S. government has with ULA, provided that a reasonably priced U.S. alternative is available. The proposed legislation, our deteriorating relationship with Russia, and the emergence of competitive and well-funded private space companies may ignite the U.S. space industry into a new era of growth and innovation.

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