Opinion **Markets Insight**

# China's 'swarm' strategy for the space race

Beijing has fostered a new national champion in LandSpace

## EDWARD WHITE



One of LandSpace's Zhuque rockets launches from Gansu in 2023 © CNS Photo via Reuters

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In the bright blue morning sky, high above the desert dunes in China's north-western Gansu, a small white dot emerged, drawing shrieks of delight from the small group of people gathered below. Moments later, the stainless-steel rocket came into view, its landing gear splayed out as it approached the recovery site. "My heart skipped a beat," said one of the onlookers.

The August launch and return to land of the Zhuque-3 Y2 signified that Beijing-based LandSpace had joined the likes of Elon Musk's SpaceX and Jeff Bezos-owned Blue Origin as private companies to have successfully recovered a rocket booster after an orbital launch.

Early next year, LandSpace is on track to reach another milestone when it is expected to list shares on Shanghai's Star Market, China's Nasdaq alternative for domestic tech champions.

The story of LandSpace and its founder Zhang Changwu, highlights how the ruling Chinese Communist Party is able to leverage the private sector — and the brilliant minds of the country's scientists, engineers and entrepreneurs — to achieve national strategic aims at a speed most countries would envy.

In the early 2010s, Beijing grew increasingly frustrated over slow progress by state-owned enterprises in their ability to compete with American groups in the commercial space sector. It needed the industry to develop and deploy satellites for modern data and communication services.

In 2014, Xi Jinping's administration signalled it would open the space industry to private investment, spurring the creation of hundreds of start-ups and prompting provinces across the country to roll out state support.

Zhang, a bespectacled graduate of the elite Tsinghua University who had also worked at HSBC and Banco Santander, was among those who seized the moment, founding LandSpace in June in 2015. Investors were immediately attracted by not just the broader opportunity of China's space sector, but also the eager Zhang's conviction to look beyond established technologies of solid-fuelled rockets to those powered by newer fuels like liquid oxygen methane.

Blaine Curcio, a veteran consultant and analyst covering China's space sector, said equally important was Beijing allowing the flow of talent from the state to the private sector. "That was a very important, watershed moment for commercial space: this idea that top people from SOEs are allowed to be hired by commercial companies," he said.

Now looking back at LandSpace's journey so far, Curcio says the trajectory from founding to regular successful launches is comparable with that of SpaceX. "In 11 years, they've made a lot more progress than European firms and most American firms," he said.

A July report by the Center for Strategic and International Studies, a US think-tank, found that since being opened to private investment, China's commercial space industry has grown to 600 companies across launch services and satellite communications, up from a few dozen in 2014. At it stands, LandSpace and SpaceX are not in immediate competition as neither is allowed in the other's home market. However, they are important proxies in the high-stakes US-China battle to dominate space technology.

Experts caution that China's state-led approach can create economic issues including excessive investments and supply chain duplications.

But Dan Wang, a China director at Eurasia, a consultancy, said Beijing's industrial strategy in sectors like commercial space is better understood as "state co-ordination" rather than "state direction". The state will maintain a close watch on the groups via companies' internal party committees, board seats and shareholdings by large state-linked groups.

"It is not that the state wants to manage the company. But there are additional roles that the state imposes on them," Wang added. It is also common for company executives to take up state advisory roles, as Zhang did in 2025, joining Beijing's Chinese People's Political Consultative Conference.

Mark Greeven, a Shenzhen-based professor of innovation and strategy at the International Institute for Management Development, points out LandSpace "fits" the Chinese model where Beijing tries to set the conditions for strategic industries by allowing space for "entrepreneurs to swarm around opportunities" and build out the ecosystem and supply chain for new companies to prosper.

"Entrepreneurial freedom and hyper-competition is essential for the model to work," he says.

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