34th IAA SYMPOSIUM ON SPACE POLICY, REGULATIONS AND ECONOMICS (E3)
Economics of Procurement in Space Contracting (6)

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PROMOTING NEW SPACE COMPANIES AND INNOVATION THROUGH REGULATORY MECHANISMS: EXPERIMENTATION, PROCUREMENT AND LEGAL OBLIGATIONS

Abstract

The role of the private sector in space has been undergoing a transformation characterised by the growing importance of start-ups and scale-ups together with long-established space companies. Regulatory incentives, including new approaches by agencies and regulators – both in the space sector and in other sectors resorting to space technology and data – play a central role in promoting the success of new space companies. This paper analyses the different models and approaches that can be adopted to promote innovation in the space sector and the uptake of space services and products. In this scope, the paper examines the implementation of testing and experimentation frameworks such as regulatory sandboxes, innovation hubs and public-led accelerators, as well as legal approaches such as experimentation and exemption clauses, including restricted and testing licenses. Setting as a baseline the EU experience on 'space hubs' (and their contribution to fostering integrated supply chains, as well as funding and promoting space activities – e.g., the ESA Business Incubation Centres or the non-sector specific Digital Innovation Hubs initiative), this paper also looks at lessons learnt in sectors where these initiatives are more mature (such as Fintech, Energy and Mobility) and how they can contribute to increase the role and contributions of 'space hubs' to the success of start-ups in the space sector. In addition, and on the market side, the paper also looks at the EU experience for fostering the market uptake of space technologies and space products (e.g., the Copernicus Start-up Programme), as well as of approaches for encouraging or requiring procurement of space products and services in public agencies, or imposing the use of space technology by the private sector (e.g., the EU regulatory provisions which expressly require compatibility with Galileo / EGNOS for eCall purposes), as such measures also contribute to fostering space start-ups. The role of these innovation approaches in the development of "RegTech" is also assessed, while reference to "smart regulation" is also made given its relevance in ensuring the deployment of data-, risk-based, adaptive and collaborative regulatory approaches – which is essential for promoting the development of new products and services at lower costs and responsive to market needs. The paper concludes with recommendations aimed at incentivizing new space ventures, products and services.