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The space economy: what are the socio-economic impacts? (3)

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THE IMPACT OF JAXA'S PROCUREMENT SYSTEM TRANSITION ON NEW ENTRY

Abstract

Japanese government have aimed to increase new entrants to space industry in Japan to improve the technical capabilities and competitiveness of the space industry. This paper attempts to show how public procurement system, particularly space agency's, affected new entry in the space industry. The purpose of this paper is to make clear such mechanism and what to consider to achieve the policy and to amplify the return of the investment in the space industry.

The authors analyzed and aggregated the transition of data, associated with the transition of the procurement system of JAXA. In addition, the authors studied how the transition has stimulated new entrants to participate in the space industry.

First, the authors analyzed the decline in the non-competitive contracts and the increase in the number of JAXA's suppliers comparing with the transition of JAXA's procurement system. Before the merger of three aerospace agencies (National Space Development Agency of Japan, Institute of Space and Astronautical Science, and National Aerospace Laboratory of Japan) of Japan in 2003, which lead to inauguration of JAXA, three agencies depended mostly on non-competitive contracts and held only few bids. This means that only few new companies could participate in the space industry. Shortly after the inauguration, JAXA have introduced more "competition" in its procurement system with the government's indication for more transparency. Consequently, the percentage of non-competitive contracts at JAXA in fiscal year 2013 was fell. In addition, the number of JAXA's suppliers tends to increase until now.

Secondly, the authors analyzed the fluctuation of new entrants by sectors. Despite the fact that new entrants is growing in the general (non-aerospace) sector, the growth of new entrants in the aerospace equipment sector is rather dull.

Finally, by analyzing the above results, the authors studied what factor could (or will not) be involved to increase new entrants to join the space industry in the viewpoint of the public procurement system. This study suggests how to take into consider certain factors to increase new entrants.