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SPACE SECTOR AS A CATALYST PORT TO ECONOMIC DEVELOPMENT ON LATIN AMERICA

Abstract

Space economy is the full range of activities and the use of resources that create value and benefits to human beings in the course of exploring, researching, understanding, managing, and utilizing space. The space sector has distinguishing features such as the use of cutting edge technologies and longer terms for both project development and return on investments. It is a government dominated sector, as access to space is costly, involves technical risks and the viability of space enabled services requires large users markets. Linkage to defense is deeply rooted since the very beginning of the Space Age, as during the Cold War space activities were also a tool of political and military confrontation between USA and USSR. Nowadays, despite the growing importance of commercial space sector, the use of space for defense purpose remains prominent thanks also to space technologies that have both civil and military applications like weather forecast, which can also be used for early warning, remote sensing, with its applications in intelligence, and global navigation, a precision targeting system. Main customers of space-related products and services are still Governments, investing in a wide range of activities due to the value of space for strategic, economic goals and national prestige. Therefore Latin America has to convert in the main source of financing for technological development related to major space projects, supporting expenses over the whole value chain. The traditional massive involvement of public actors in space can be explained with the particular features of this sector, whose complexity and economic parameters might sometimes discourage the private sector. In fact, a profit-maximizing firm shall likely invest and establish an efficient, cost-effective business model targeting a lucrative segment of the market, while a Government might address to other results that don't depend on profitability. However, the increasing number of private entities currently engaged in space activities is gradually operating a shift in the traditional roles of public and private sector and Latin American can host all of this entities.