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Financing space: Procurement, competition and regulatory approach (2)

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PUBLIC PROCUREMENT RULES, FORMS OF FINANCING AND THEIR IMPACT ON
COMPETITION IN THE SPACE FIELD: A GENERAL OVERVIEW WITH A FOCUS ON THE
ITALIAN LEGISLATIVE FRAMEWORK AND ITS PRACTICAL IMPLEMENTATION.

Abstract

In the field of space activities, public entities have always played a crucial role considering the huge development costs and the high financial and technological risks. Therefore, space activities have traditionally been undertaken by public entities which initially were the main actors and the only clients for space products and services, while industries and private companies were involved mainly in the manufacture of space products. When the privatization and commercialization of space activities started, private operators entered the space market and the space programs were used to generate goods and services of commercial value, leading to an increase of competition on the downstream sector. More recently, however, research institutions, universities and private companies have started to be involved directly in space activities, in particular by developing small satellites devoted not only to educational purposes but also to in-orbit-tests as well as telecommunications and Earth observation services. Despite the increasing number of private operators in the space sector, States remain the major players in financing and promoting space activities and projects, with the result of fostering the technical development of private companies and encouraging the competition among them. To this end, the procurement rules and various forms of funding in the field of research, development and innovation are fundamental. With reference to the procurement rules, the main legal instruments concerned are public contracts awarded under different procedures, in compliance with the principles of competition and non-discrimination between economic operators. Among those procedures, we may list, for example, research and development contracts and the pre-commercial procurement. In addition, public entities can support the competitiveness of private companies through public financing, including for instance, State aid for research and development, pursuant to EU Regulation No. 651/2014. In view of the above, this paper aims to present the Italian legislative framework and the practical implementation of the procurement rules and financing procedures in the space field. In particular, the work will focus on the procedures for the award of public contracts and the different instruments for funding space projects which the Italian Space Agency has adopted and applies in the pursuit of its specific mission. Finally, consideration will be presented on if and how the structure of financing space activities may support the growth of competition and technical development of private companies taking into account also the connected potential issues.