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Space Entrepreneurship and Investment: The Practitioners' Perspectives (1)

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JAXA'S NEW INITIATIVES FOR INVESTMENT

Abstract

In Japan, since the late 2010s, national policies have been implemented to promote the space industry business by the private sector. In particular, the Space Industry Vision 2030, announced in 2017, called for Japan's space industry to grow from 1.2 trillion yen at that time to 2.4 trillion yen by 2030. Against this backdrop of private sector support for space development and space business development, JAXA has been implementing various industry promotion programs with the aim of realizing space-driven economic growth and innovation. One example is J-SPARC (Space Innovation through Partnership and Co-creation), which conducts co-creation activities with private companies with the goal of commercialization by private companies and the creation of future JAXA missions. Under these circumstances, many start-ups and companies from other industries have entered the space industry, and the number of players in the space industry continues to increase. In 2021, the national law was amended to allow JAXA to make equity investments and provide related human and technical support. Since then, JAXA has been discussing and establishing a mechanism to effectively use this new investment function to promote the space industry business of the private sector through discussions with private investment firms, companies, and the government. JAXA is considering both direct investment in private companies and indirect investment through funds. In December 2022, JAXA made its first direct investment in a private company, Tenchijin, Inc. As for indirect investment, JAXA is also in the process of determining the fund in which it will invest and negotiating the terms of investment in that fund. This paper first describes how JAXA, a national research and development agency, has established its funding function and mechanism. JAXA's funding function is structured in accordance with the guidelines for funding operations of national research and development agencies established by the Ministry of Education, Culture, Sports, Science and Technology (MEXT). These guidelines are also explained. Next, we discuss what role the market (and especially the startups that receive the capital) expects JAXA to play in providing investment from a national public agency. Finally, we will conclude this paper by discussing what impact JAXA's investment may have on the private companies receiving the investment, and thus on the space ecosystem as a whole, and how JAXA aims to contribute to the development of the space ecosystem through its investment.