

37th IAA SYMPOSIUM ON SPACE POLICY, REGULATIONS AND ECONOMICS (E3)
Space Sector's Commercial Transformation: Procurement Opportunities and Financial Transparency (6)

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BRIDGING THE FRONTIER: THE PIVOTAL SHIFT IN SPACE ECONOMY DYNAMICS FROM
GOVERNMENT LEAD TO PRIVATIZATION AND COLLABORATIVE VENTURES

Abstract

The space economy, characterized by rapid evolution and immense economic potential, is transitioning from traditional defense-driven government initiatives to a more commercial and collaborative paradigm. This paper provides an in-depth analysis, utilizing the OECD Measuring the Space Economy's framework, to categorize and evaluate the multifaceted space economy encompassing 1) satellite communications, 2) Positioning, Navigation, and Timing (PNT), 3) Earth Observation (EO), 4) space transportation, 5) space exploration, 6) science, 7) space technologies, 8) generic technologies or components that may enable space capabilities, and 9) defense. Additionally, based on our literature review, we incorporate three emerging categories: Cooperation, Legal, and Satellite orbit/constellation/size, for a more comprehensive analysis.

Our research, guided by a systematic literature review and quantitative analysis, reveals the growing significance of private sector engagement and international cooperation in shaping the future space economy. The shift from government-led to privatized space endeavors reflects a broader trend towards commercialization, spurred by technological advancements and global competition. We discuss how private ventures such as SpaceX have revolutionized space transportation, making space more accessible and fostering new business models.

Furthermore, we delve into the OECD's categorization, highlighting the evolution from a purely government-driven phase to a commercial and cooperative era. This transition is underpinned by increased innovation, reduced costs, and the democratization of space access, contributing to the sector's exponential growth. The integration of space activities with traditional sectors is reshaping economic landscapes, particularly in developed nations, adding complexity to global economic dynamics.

The paper also explores the crucial role of governance and international legislation in providing stability and guiding the burgeoning commercial space activities. We address the ambiguities in space law and emphasize the need for a comprehensive regulatory framework to ensure sustainable and responsible space utilization. Our findings suggest that the future space economy will be significantly influenced by the dynamics of public-private partnerships, technological advancements, and the strategic positioning of countries and companies. The collaborative efforts between governments, private sectors, and international entities are pivotal in overcoming challenges such as orbital congestion, space debris management, and cyber security threats.

In conclusion, this paper posits that the evolving space economy, with its blend of technological, strategic, and cooperative elements, offers vast opportunities for economic growth, innovation, and global collaboration. The transition towards a more commercialized and collaborative space sector underscores the imperative for sustainable practices and international cooperation, shaping a promising future for global space activities.