



Hogan
Lovells

Aerospace & Defense Insights:

Charting new horizons in space
economy: Italy's progress towards
its first comprehensive Space Law





Through Aerospace & Defense Insights, we share with you the top legal and political issues affecting the aerospace and defense (A&D) industry. Our A&D industry team monitors the latest developments to help our clients stay in front of issues before they become problems, and seize opportunities in a timely manner.

The year 2024 will be a key year for aerospace companies operating in Italy. Positioned within the scope of the 2024-2026 Italian budget manoeuvre, a significant piece of legislation addressing space policies and supporting the space industry, is currently in draft form ("Space Law"). The draft bill approved by the Italian Government on 20 June 2024 is expected to be presented shortly to the Italian Parliament and hopefully to become law by October 2024, coinciding with the 2024 International Astronautical Congress (IAC) - a major global event in the space field - that is set to take place in Milan from 14 to 18 October 2024.

The new Space Law is designed to reorganise the existing legal framework and to cover relevant areas for players operating in a strategic sector for the growth of Italian economy, also in order to comply with the international obligations deriving from the Outer Space Treaty of 1967 ("1967 OST"), which obliges contracting states, including Italy, to authorise and continuously monitor the activities carried out by private entities in outer space. The new draft legislation also aims to stimulate the scientific research in the space industry and regulate the activities and investments of private parties, thus bridging the gap with other European countries (such as France) that already have comprehensive organic space laws. Space Law also aims to stimulate and support the Italian aerospace industry, by regulating the activities of more than 300 small, medium and large companies operating in the sector, employing more than seven thousand people. This effort should offer new opportunities for the development in the space economy (which generates a total annual turnover of € 13 billion in Italy and \$ 370 billion worldwide, and is expected to grow by 74% by 2030).

Main criticalities of the current Italian legal framework

The existing legislative system for the space sector consists essentially of the laws ratifying and implementing international treaties of the United Nations (with the exception of the 1979 Moon Treaty, which Italy has neither ratified nor signed), as well as Law no. 7/2018, which, however, only defines the governance of space activities, introducing measures to reorganise the Italian Space Agency and entrusting the President of the Council of Ministers with the leadership, general political responsibility and coordination of the policies of the Ministries relating to space and aerospace programmes.

The current legislative vacuum mainly concern the absence of a provision implementing Article VI of the 1967 OST concerning the authorisation and control of space activities carried out by private entities. This gap was not even been filled by Law no. 153/2005, which ratified the 1975 Convention on the Registration of Objects Launched into Outer Space. Indeed, this legislation, while providing for the possibility of launching space objects by non-governmental entities, leaves open the problem of the absence of general provisions defining the conditions and modalities to be followed by private entities in carrying out space activities. Similarly, with regard to the liability for damage caused by space objects governed by the 1972 Convention (ratified in Italy by Law no. 426/1976 and supplemented by the implementing provisions of Law no. 23/1983), many questions of interpretation remain unanswered, both with regard to the protection of persons who may be injured by space objects, and with regard to the civil liability of private entities for damages caused in the course of space activities (considering that the Convention leaves open the possibility for injured parties to bring legal actions before the judicial and administrative bodies of the launching State and in such cases the conventional rules do not apply).



New opportunities and challenges for space companies operating in Italy

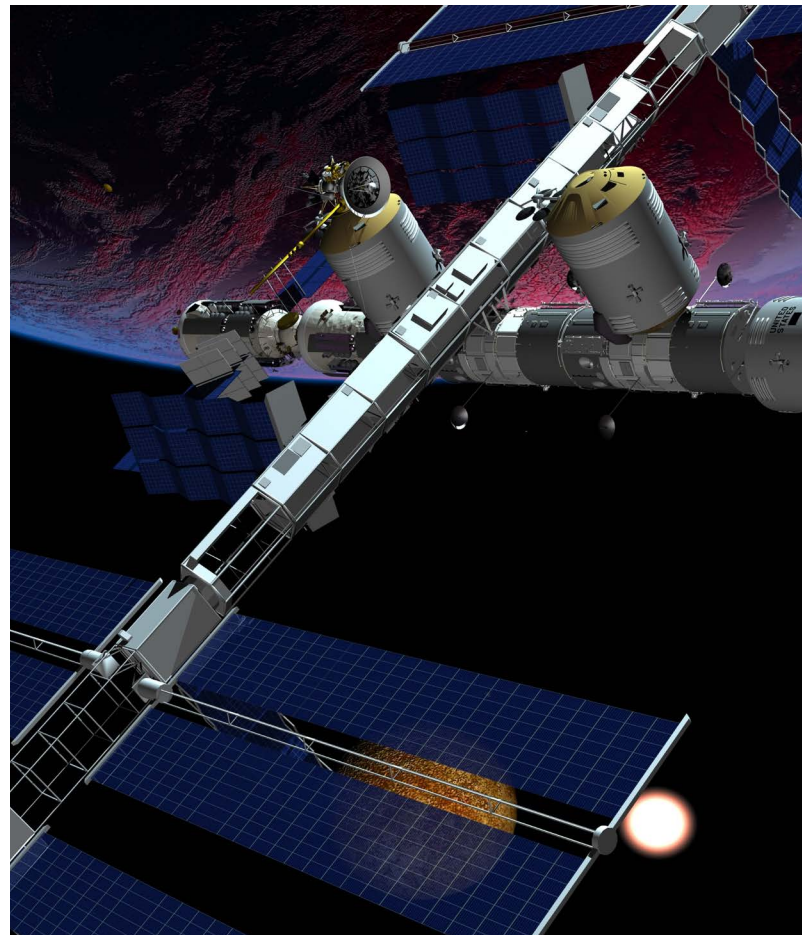
The rapid evolution of space activities and the increasing involvement of private companies have highlighted the need for restructuring space regulations and implementing the international obligations set forth by Article VI of the 1967 OST. This is essential to provide companies operating in the space sector with a clear and modern legal framework, capable of defining roles and responsibilities, while continuing to attract private investment and guaranteeing the international competitiveness of Italian companies.

The new comprehensive Space Law's primary objective will therefore be to address legislative gaps and regulate crucial aspects such as:

- the requirements and procedures for private entities to obtain authorization to carry out space operations and activities, the identification of the competent authority responsible for issuing such authorization and overseeing the activities carried out by the relevant operators;
- the civil liability of private parties for damages caused in the performance of space activities and mandatory insurance coverage;
- the security and processing of space data;
- the introduction of a system of administrative and criminal sanctions in the event of violations of the new regulation;
- the introduction of rules to ensure the environmental sustainability of space activities throughout their life cycle.

For companies, the main challenge will be to face and comply with the new regulatory framework and to make the necessary changes to their governance and compliance systems in order to carry out their activities in a way that limits the risk of sanctions, without neglecting the effective management of risks related to the liability for the space activities carried out.

With the new Space Law, Italy is primed to become a leading player in a field that is set to bring forth innovative technologies and new services, such as space tourism, dedicated spaceports for orbital and suborbital flights, the collection and recycling of space waste, the use of solar energy in outer space, the use of satellite systems to monitor and combat climate change. Looking ahead to the near future and the realm of non-orbital flights, initiatives like the air taxi services under consideration for connecting Rome city center to Fiumicino Airport and for the 2026 Milan-Cortina Winter Olympic Games, further underscore that Italy is well positioned to pioneer advancements in aerospace technologies and services.





Francesca Rolla

Partner | Milan

T: +39 02 720 2521

E: francesca.rolla@hoganlovells.com



Alessandro Borrello

Counsel | Milan

T: +39 02 720 2521

E: alessandro.borrello@hoganlovells.com



Vincenzo Donadio

Associate | Milan

T: +39 02 720 2521

E: vincenzo.donadio@hoganlovells.com



Alicante
Amsterdam
Baltimore
Beijing
Berlin
Birmingham
Boston
Brussels
Budapest*
Colorado Springs
Denver
Dubai
Dublin
Dusseldorf
Frankfurt
Hamburg
Hanoi
Ho Chi Minh City
Hong Kong
Houston
Jakarta*
Johannesburg
London
Los Angeles
Louisville
Luxembourg
Madrid
Mexico City
Miami
Milan
Minneapolis
Monterrey
Munich
New York
Northern Virginia
Paris
Philadelphia
Riyadh
Rome
San Francisco
São Paulo
Shanghai
Shanghai FTZ*
Silicon Valley
Singapore
Sydney
Tokyo
Warsaw
Washington, D.C.

*Our associated offices

www.hoganlovells.com

"Hogan Lovells" or the "firm" is an international legal practice that includes Hogan Lovells International LLP, Hogan Lovells US LLP and their affiliated businesses.

The word "partner" is used to describe a partner or member of Hogan Lovells International LLP, Hogan Lovells US LLP or any of their affiliated entities or any employee or consultant with equivalent standing. Certain individuals, who are designated as partners, but who are not members of Hogan Lovells International LLP, do not hold qualifications equivalent to members.

For more information about Hogan Lovells, the partners and their qualifications, see www.hoganlovells.com.

Where case studies are included, results achieved do not guarantee similar outcomes for other clients. Attorney advertising. Images of people may feature current or former lawyers and employees at Hogan Lovells or models not connected with the firm.

© Hogan Lovells 2024. All rights reserved. BT-REQ-2479