

**A COMPARISON OF THEORETICAL RESULTS OF ALTERNATIVE
STRUCTURES FOR THE EUROPEAN AND THE US SPACE INDUSTRIES :
THE IMPACT OF RIVALRY ON INDUSTRIAL COMPETITIVENESS**

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Abstract: This paper examines the results of alternative structures for the European and the US space industries with regards to the impact of different procurement policies on industrial competitiveness, taking into account the presence of economies of scale and scope in the production of goods and services by the respective space integrators. The paper examines the impact of the presence of rivalry, due to security and strategic trade considerations, between the respective public sectors in military and civil space markets on the industrial performance in all markets. The results show that the level of rivalry and the demand characteristics have a substantial impact and can even reverse the ‘traditional’ view that symmetrically closed to overseas competition home markets in the presence of economies of scale and scope result in lower equilibrium quantities supplied to all markets when compared to the respective results with open to overseas competition public markets. The implications of the results for policy are discussed, given that market and rivalry conditions must be taken into account when formulating protective policies within a strategic trade framework.