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## Toward a 2026 Reform of Japan's Space Activities Act: Clarifying Legal Frontiers in Suborbital, Reusable, and Crewed Missions

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### I. Introduction: Legal Reform on the Horizon<sup>1</sup>

Japan is increasingly emerging as a serious contender in the global space economy. According to the Japanese Cabinet Office, the domestic space industry reached a market size of JPY 4 trillion (approx. USD 27 billion) in 2020 and is expected to expand to JPY 8 trillion by the early 2030s.<sup>2</sup> As part of this growth strategy, Japan established a Space Strategy Fund totaling JPY 1 trillion over 10 years<sup>3</sup> in 2024 to support private-sector innovation and commercial launch technologies.

However, this surge in innovation has increasingly outpaced the current legal framework. The Space Activities Act, which came into force in 2018, primarily governs orbital launches and satellite operations. It provides little to no regulatory clarity for several emerging activities such as suborbital flights, reusable launch systems, payload reentry, and human spaceflight.

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<sup>1</sup> This communication is provided as a service to our clients and friends and is for informational purposes only. It is not intended to create an attorney-client relationship or constitute an advertisement, a solicitation, or professional advice as to any particular situation.

<sup>2</sup> Cabinet Office of Japan, "Basic Space Policy Plan" (June 2023), p.10.

<sup>3</sup> Cabinet Office of Japan, "Overall Plan of Space Strategy Fund" (April 2025), p.1.

In response to these evolving situations, the Japanese government plans to revise the 2016 Space Activities Act by 2026. This article outlines Japan's current legal framework, recent policy developments, and key regulatory issues shaping the future of its space law landscape.

## **II. Current Legal Framework**

Japan's current regulatory regime for space activities is centered around the Space Activities Act, which was enacted in 2016 and came into effect in 2018.

The Act primarily governs:

- (i) Licensing of orbital launch operations
- (ii) Approval of satellite control and decommissioning plans
- (iii) Liability insurance and government indemnification for third-party damage

With respect to item (iii), importantly, the Act provides a mechanism for launch operators to obtain government-backed indemnification for damages exceeding insured amounts, subject to compliance with statutory requirements.

However, as discussed in Section III below, the Act excludes or leaves ambiguous several rapidly emerging domains, including (1) suborbital flights, (2) reentry operations, (3) reusable launch vehicles and (4) crewed spaceflight. As a result, there is no comprehensive legal framework governing the authorization, safety oversight, or liability for these activities. This regulatory gap presents uncertainty for operators seeking to engage in next-generation space technologies in Japan.

## **III. Recent Developments: Toward a New Legal Framework**

### **1. Key Domains of Concern**

In March 2025, the Japanese government, through the Subcommittee on the Review of the Space Activities Act under the Basic Policy Committee of the Space Policy Commission, released an Interim Report on the review of the Act. The report identified several key domains that currently fall outside the scope of the Space Activities Act:

- **Suborbital Flights**

High-altitude ballistic flights that do not achieve orbital velocity and return to Earth,

such as space tourism vehicles and experimental spaceplanes.

- **Reusable Launch Vehicles (RLVs)**

Launch systems capable of multiple launches and landings, such as vertical takeoff and landing rockets.

- **Human Spaceflight Missions**

Crewed missions involving astronauts or commercial passengers.

- **Reentry and Payload Recovery**

Activities involving the controlled descent and recovery of payloads (e.g., lunar samples, reusable capsules) to Earth's surface.

The report stated that the Space Activities Act should be amended to address the diverse range of space activities that cannot necessarily be accommodated under the current framework, with the aims of strengthening the international competitiveness of Japan's space industry and ensuring the safety and reliability of Japan's space activities.<sup>4</sup>

## **2. Emerging Regulatory Issues: Addressing New Operational Realities**

As to the above key domains, the government's 2025 Interim Report confirms that at least the following issues exist, and it is anticipated that the 2026 amendments will address them:

### **(1) Insurance and Liability Mechanisms**

The existing indemnity and government compensation schemes do not adequately address reentry risks, third-party liability from suborbital activities, or damages arising from human missions. Private-sector companies have requested that the existing government indemnification scheme for damage arising from rocket debris be extended to cover rocket recovery operations and the launch of rockets carrying non-satellite payloads into orbit.<sup>5</sup> In addition, they have called for the introduction of a government-backed indemnification scheme for third-party damage occurring on the ground as a result of (i) the fall of certain large or non-combustible satellites, and (ii) the fall, collision, or explosion of reentry equipment associated with reentry operations.<sup>6</sup>

### **(2) Establishing Clear Reporting Mechanisms**

There is a recognized need for comprehensive safety protocols, including emergency

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<sup>4</sup> Cabinet Office of Japan, "Summary of the Interim Report of the Subcommittee on the Review of the Space Activities Act," p. 1.

<sup>5</sup> Interim Report on the Review of the Space Activities Act, p.12.

<sup>6</sup> *Id.*

response frameworks tailored to non-traditional spaceflight types. Under the current Space Activities Act, a launch operator is required to notify the Prime Minister within 30 days after completing the launch of a satellite or other space object. However, the Act contains no provisions regarding the reporting of damage caused by incidents such as falling rockets.<sup>7</sup> Going forward, it will be necessary to consider the definition and scope of accidents and serious incidents subject to reporting, as well as the government's procedures for responding to such reports.<sup>8</sup>

### **(3) Licensing Efficiency and Transparency**

Under the current Space Activities Act, a party seeking to launch a satellite or other space object must obtain a launch license for each individual launch. Likewise, a party intending to operate a satellite must obtain a separate satellite control license for each satellite. As such, there have been requests for the establishment of a comprehensive licensing framework that would cover multiple launches or related activities under a single authorization.<sup>9</sup> Industry stakeholders have also called for faster and more predictable licensing procedures.<sup>10</sup>

### **(4) International Alignment**

Under the current Space Activities Act, launches conducted outside Japanese territory do not require Japanese government authorization, unless they use a facility mounted on a Japanese-flagged vessel or aircraft. However, some Japanese companies are considering launching rockets carrying satellites from outside Japan. From the perspective of fulfilling Japan's international obligations and responsibilities under the Outer Space Treaty, it has been suggested that the scope of the Space Activities Act should be extended to regulate such launches conducted outside Japanese territory.<sup>11</sup>

## **IV. Conclusion**

Building on the findings of the interim report, Prime Minister Shigeru Ishiba announced on 30 May 2025 that the government would submit a bill to revise the Space Activities Act during the 2026 ordinary session of the Diet.<sup>12</sup> Prime Minister emphasized that the revised law

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<sup>7</sup> Interim Report on the Review of the Space Activities Act, p.13.

<sup>8</sup> *Id.*

<sup>9</sup> Interim Report on the Review of the Space Activities Act, p.10.

<sup>10</sup> *Id.*

<sup>11</sup> Interim Report on the Review of the Space Activities Act, p.8.

<sup>12</sup> *Nihon Keizai Shimbun*, "Prime Minister Shigeru Ishiba Announces Plan to Submit Bill to Amend the Space Activities Act to the Ordinary Diet Session in 2026," available at: <https://www.nikkei.com/article/DGXZQOUA290QI0Z20C25A5000000/>

would create a system to regulate suborbital (ballistic) flights—a category previously excluded from the licensing regime.<sup>13</sup> This announcement reflects a broader governmental awareness that technological innovation is outpacing the current legal infrastructure.

Japan's plan to revise the Space Activities Act reflects a growing recognition that legal systems must keep pace with rapid advances in space technology and private-sector innovation. For industry players, this reform hopefully opens the door to greater legal clarity, improved licensing procedures, and stronger alignment with international standards. The coming years may well define Japan's role in the next phase of commercial space development.

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<sup>13</sup> *Id.*