

OFFSET IN SWITZERLAND

What is offset?

When Switzerland procures armaments abroad, the foreign supplier is obliged to settle the contract by industrial participation in the security-relevant technology and industry base (STIB). A distinction is made between direct and indirect offset:



Direct offset

Direct offset denotes the industrial cooperation between a foreign armament supplier and the STIB within the framework of an offset obligation which flows into the defence equipment to be procured. Direct offset takes place, for example, in the form of full or partial licence production, sub-supplier relationships and joint ventures.



Indirect offset

Indirect offset denotes the industrial cooperation between a foreign armament supplier and the STIB within the framework of an offset obligation which does **not** flow into the defence equipment to be procured. Indirect offset takes place, for example, in the form of industrial and research orders, technology and expertise transfer as well as marketing support.

Requirements

According to the revised Agreement on Government Procurement, offset is permitted to protect essential security interests with regard to the procurement of defence equipment abroad.



Defence equipment



Procurement abroad



Minimum volume of CHF 20 million

Business types

The following business types can basically be recognised by armasuisse as offset.



Co/licence production and subcontracts + same orders for third parties ("buy back")



Technology and expertise transfer



Acquisition of security-relevant goods and services



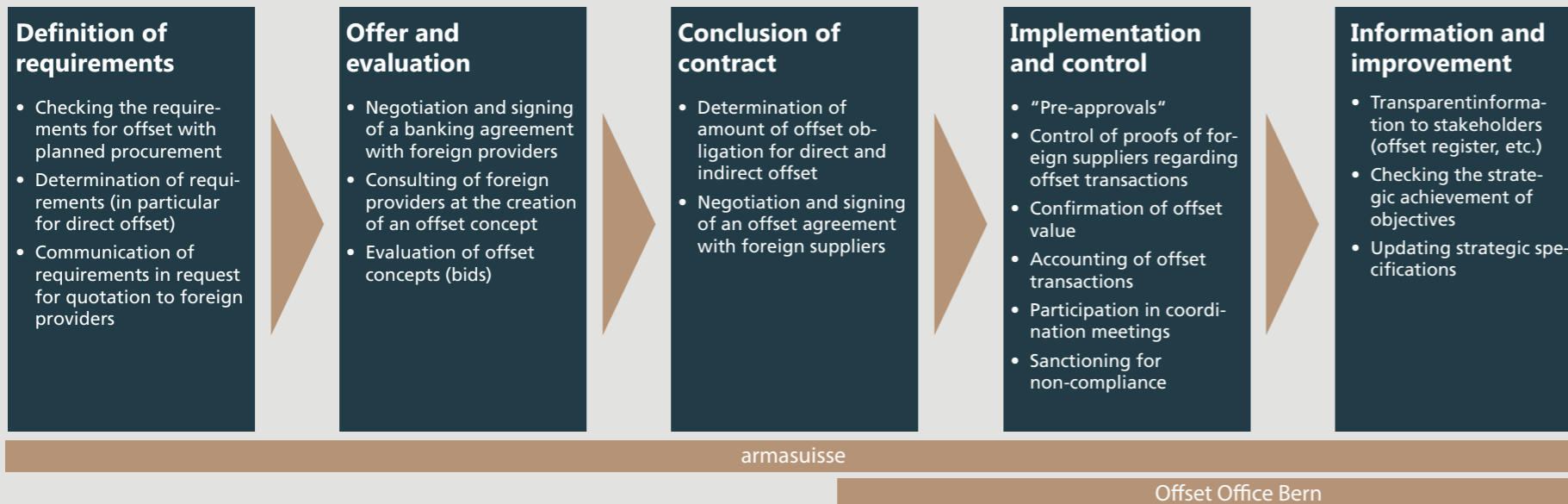
Marketing support



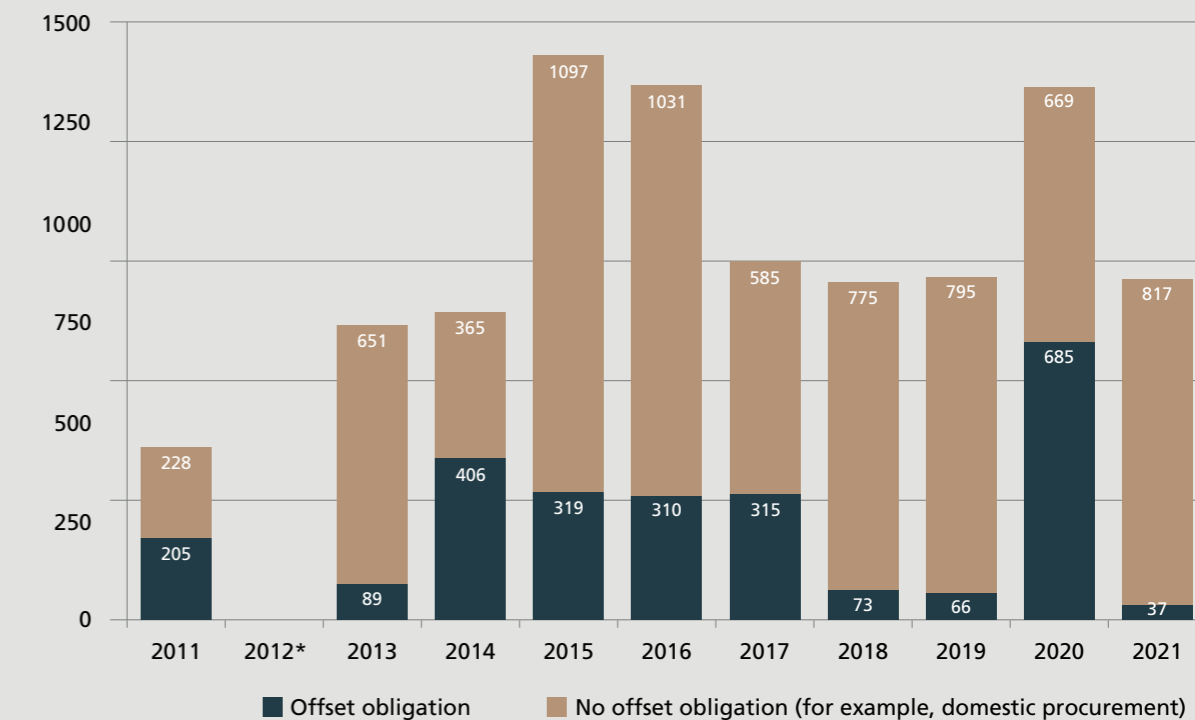
Project financing

Process

Offset handling as part of the procurement process is divided into five phases:

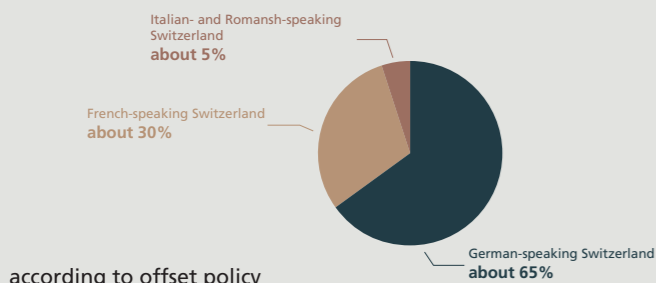


Share in armament programme in million CHF



* 2012 armament programme message: Referendum of 18 May 2014: Rejection of funding to procure Gripen combat aircraft (total CHF 2.5 billion)

Envisaged regional distribution



Multipliers

If an offset transaction particularly supports the security-relevant technologies and the autonomy of Switzerland, the transaction value can be multiplied by a

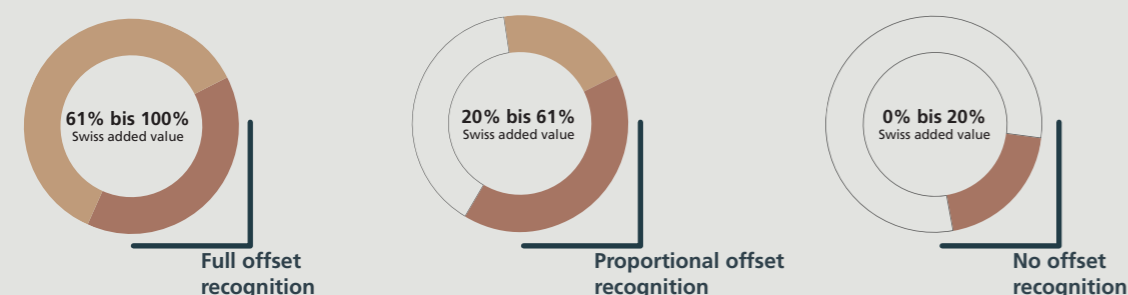
factor of **1 to 3**

Industry sectors of the STIB

Security-relevant goods and services in the following industry sectors are relevant for offset:



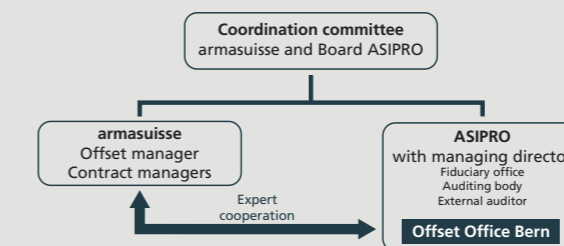
Swiss added value



Offset Office Bern (OBB)

Tasks

- Checking the creditability and assessment of indirect offset transactions
- Accounting for all offset transactions as well as the current compliance statuses
- Commissioning of audits by an independent external auditing body at the Swiss beneficiaries
- Encouraging maintenance of network between Swiss and foreign industry partners



Basic principles

- Revised Agreement on Public Procurement of 15 April 1994
- Federal Council's principles for the DDPS' Armaments Policy of October 24, 2018
- Armament Strategy of 1 January 2020
- Offset Policy of 1 July 2021
- Agreement between armasuisse and ASIPRO of 22 April 2021

More information

