SWISS OFFSET-POLICY BY 2018 AND FOLLOW-UP ON SWISS OFFSETS

GOCA Spring Conference 2018

Paris, France

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Senior Legal Advisor & Offset Manager
Agenda

• General Basis
• Offset Office Bern
• Swiss Offset Policy News
• Major Swiss Offset Programs
General Basis
armasuisse within Defence Organization

armasuisse
General Secretariat
Office of the Armed Forces Attorney General
FIS
Federal Intelligence Service
Armastisse
Federal Office of Defence Procurement
FOSPO
Federal Office of Sport
FOCP
Federal Office for Civil Protection
Defence
Swiss Armed Forces
swisstopo
Federal Office of Topography

Head of DDPS
General Basis
Competence in Procurement and Technology

armasuisse is the federal competence center for:

• Procurement of technologically complex systems and materials
• Defense technology and quality assurance
• Real Estate DDPS

With its services, armasuisse aims at optimum customer satisfaction, both within the federal administration and externally. armasuisse provides its services on time, independently, efficiently and based on economic principles.
General Basis
Offset Organization within armasuisse

armasuisse is a group within the Federal Department of Defence, Civil Protection and Sport (DDPS) of the Swiss federal Administration and as such reporting directly to the Head of Department (Minister of the MoD):

- armasuisse
  - Federal Office of Defence Procurement
    - Resources & Support
      - Legal Affairs, Transport and Customs
    - Legal Affairs and Offsets
  - Offset Office Bern
General Basis
Armament and Offset Policy

Armament procurements in Switzerland are governed by the following basic decrees:

• Principles of the Federal Council regarding the Armament Policy of the DDPS (30 June 2010, in revision)
  • Procurement strategy of the Federal Council for the DDPS (31 March 2010, in revision)
  • Industrial Participations Strategy (31 March 2010, in revision)
  • **Offset Policy** of the National Armament Director (15 December 2009, updated 1 April 2018)
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Offset Office Bern (OOB)
Organization

Board

armasuisse
GRPM
Swissmem

Responsible for Offset armasuisse (OVAR)

Association ASIPRO with General Manager
- Trust company
- Audit company
- Bank account
- VAT-number

OOB

technical collaboration

GRPM Swissmem ev. third parties
Offset Office Bern
Point of Contact

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Association for Swiss Industry
Participation in Security & Defence Procurement Programs
Offset Office Bern

Tasks

Role & Responsibilities:

• Assist armasuisse in the operational management of offset transactions
• Evaluation of the submitted offset declarations and determination of the offset values
• Provide contacts between the foreign suppliers and the Swiss industry to facilitate offset transactions
• Monitor and control the offset activities of the foreign suppliers
• Periodic reports to all stakeholders
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Swiss Offset Policy News
Transparency (1/6)

“In the interests of transparency, on the declaration form the Swiss company consents to its name being added to a publicly accessible offset register in connection with the project entailing offset obligations.”

Offset Declaration Form (ODF):
“… The Swiss Company fully accepts that this transaction be used as an offset against a commitment the foreign Company has with armasuisse, that its name is entered in a public accessible offset-register and the Swiss Company accepts paying 0,1 % of the offset value under B.7.b) above to the Offset Office Berne upon receipt of the corresponding invoice.”
“… In particular, the aim is for at least 60 percent of the total offset obligation to be realised with companies of the security-relevant technology and industrial base Switzerland (STIB). This also includes the direct offset. The extent of the compensation should already be specified during the competition phase and, if possible content-related requirements agreed. Along with their offer, tenderers must submit detailed documentation in the form of an offset implementation concept, which should wherever possible already include concrete projects, contracts and work packages for the fulfilment of the offset obligation. Deviations are permissible only if suitable reasons are stated and will be submitted to the offset supervisory authority for review.”
Swiss Offset Policy News
Direct offset (3/6)

"In particular, the aim is for 20 percent or more of the total offset obligation to be realised as a direct offset, unless non-governmental restrictions of the supply country make this impossible. Deviations are permissible only if suitable reasons are stated and will be submitted to the offset supervisory authority for review."
Swiss Offset Policy News
Contractual Penalties (4/6)

“If the offset agreement is not fulfilled, contractual penalties may be incurred. These will be contractually negotiated, but will amount to at least 5 percent of the non-fulfilled portion and will not release the party in question from complete fulfilment of the offset. …”
Swiss Offset Policy News
Banking (5/6)

“… The eligibility of such banking credits may not exceed 20 percent of the relevant new offset obligation. At the same time, an exhaustive list of the offset transactions to be used for this purpose must be prepared by the applicant. Banking offset transactions are valid for a maximum of 5 years from the order date (P.O. date). The same limits (maximum of 20 percent and 5 years) apply to offset transactions arising from an over-fulfilment of an ongoing offset programme.”
Swiss Offset Policy News
Transfer of Offset Credits (6/6)

“The transfer of accumulated offset credits (approved offset transactions) require a specific causality between transferor and recipient. Either the recipient must already have supported the transferor as a strategic partner in the relevant procurement project at the time when this offset credit came into being, or the transferor must be a strategic partner (e.g. sub-supplier) of the recipient in the latter's offset programme with Switzerland. In addition, an exhaustive list of the offset credits to be used for this purpose must be prepared by the applicant.”
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Major Swiss Offset Programs

Program Air2030

- **NKF:** Replacement F/A-18 C/D Fleet
- **Bodluv:** Ground-to-Air Defence
Information and Questions

For further information on the Swiss Armament and Offset Policy please consult:


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Thank you for your interest!

Any questions?