
Reporting on Offsets Agreements in Sales of Weapon Systems or Defense-Related Items to Foreign Countries or Foreign Firms for Calendar Year 2007

[The following is a reprint of a notice from the Department of Commerce Bureau of Industry and Security originally published in the Federal Register / Vol. 73, No. 98 / Tuesday, May 20, 2008 / Notices 29109.]

Summary

This notice is to remind the public that U.S. firms are required to report annually to the Department of Commerce (Commerce) on contracts for the sale of defense-related items or defense-related services to foreign countries or foreign firms that are subject to offsets agreements exceeding \$5,000,000 in value. U.S. firms are also required to report annually to Commerce on offsets transactions completed in performance of existing offsets commitments for which offsets credit of \$250,000 or more has been claimed from the foreign representative. Such reports must be submitted to Commerce no later than June 15th each year.

Addresses

Reports should be addressed to:

Offsets Program Manager
U.S. Department of Commerce
Office of Strategic Industries and Economic Security
Bureau of Industry and Security, Room 3878
Washington, DC 20230

For Further Information Contact

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Supplementary Information

Background

In 1984, the Congress enacted amendments to the Defense Production Act (DPA), including the addition of Section 309, which addresses offsets in defense trade (See 50 U.S.C. [U.S. Code] app. § 2099). Offsets are compensation practices required as a condition of purchase in either government-to-government or commercial sales of defense articles and/or services, as defined by the Arms Export Control Act and the International Traffic in Arms Regulations. Section 309(a)(1) requires the President to submit an annual report to the Congress on the impact of offsets on the U.S. defense industrial base. In 1992, section 309 was amended to direct the Secretary of Commerce (Secretary) to function as the President's executive agent for carrying out the responsibilities set forth in that section.

Specifically, section 309 authorizes the Secretary to develop and administer the regulations necessary to collect offsets data from U.S. defense exporters.

The authorities of the Secretary regarding offsets have been re-delegated to the Under Secretary of the Bureau of Industry and Security (BIS). The regulations associated with offsets reporting are set forth in Part 701 of title 15 of the Code of Federal Regulations.

The offsets regulations of Part 701 set forth the obligations of U.S. industry to report to the Bureau of Industry and Security, no later than June 15 of each year, offsets agreement and transaction data for the previous calendar year. As described in section 701.1 of the regulations, U.S. firms are required to report on contracts for the sale of defense-related items or defense-related services to foreign countries or foreign firms that are subject to offsets agreements exceeding \$5,000,000 in value. U.S. firms are also required to report annually on offsets transactions completed in performance of existing offsets commitments for which offsets credit of \$250,000 or more has been claimed from the foreign representative. The required data elements and filing procedures for such reports are outlined in section 701.4 of title 15, Code of Federal Regulations.

The Department's annual report to Congress includes an aggregated summary of the data reported by industry in accordance with the offsets regulation and the DPA. As provided by section 309(c) of the DPA, BIS will not publicly disclose the information it receives through offsets reporting unless the firm furnishing the information specifically authorizes public disclosure. The information collected is sorted and organized into an aggregate report of national offsets data and therefore does not identify company specific information.