A definition: “. . . Offset is where an international seller is required to compensate for the perceived, or actual, loss to the economy of the purchasing country. . .”

Offset associations (GOCA, DIOA, DMA, etc.): “. . . Offset accounts for about 12% or $1 Trillion of world trade (based on world trade at $8T/year). . .”

Examples:

South Korea to buy 21 F-15 jets from Boeing to boost defense US$2.3 billion,

$11 billion

Boeing, Air India Celebrate Order Agreement for 68 Jets; Largest Commercial Airplane Order in India's Civil Aviation History

Order includes 777s, 787s and 737s for fleet renewal and expansion

Boeing commits to investing in maintenance, repair and overhaul base, and training facility in India

Malaysia: Paving the way for Malaysian scientists to be involved in scientific programs to space.

Kongsberg (of Norway) and Lockheed Martin formed a joint venture (KLM Space Data Systems) to develop the Svalbard ground station on Spitsbergen Island. The enterprise value (the value for offset credit for the F-16 contract) was approx. $50M. The enterprise has grown, as shown in the photo above.

The “Reality of Money” in the Aerospace Industry

- The “reality of money,” the “core,” the “focus of CEOs” for the aerospace industry is not space, and especially not NASA, JAXA nor ESA

- Offset deals directly with this “reality of money”

- Space related offset projects provide an opportunity to access/influence/take advantage of this “reality”

- Space, mostly military and comsats, is less than 19% of the aerospace business. NASA, JAXA and ESA are only a few percent.