

INDUSTRIAL PARTICIPATION & OFFSET POLICY: SHAPING THE FUTURE OF PARTNERSHIP



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1. Industrial Participation & Offset (IP&O) Policy

- Vision and Objectives**
- IP&O Status and Performance**
- New IP&O Rules: A Summary**

2. U.S. – TR Industrial Partnership Overview

- IP&O Status and Performance**
- Other Cooperative Programs**

3. Building for the Future



INDUSTRIAL PARTICIPATION & OFFSET POLICY



Build

win-win based

reliable, sustainable and competitive

industrial partnerships

that will continue even after

the IP&O obligation is fulfilled

OBJECTIVES OF IP&O

- ***Improve Turkish Industry's technology infrastructure***
- ***Develop new capabilities in country***
- ***Cooperate to enter new markets***
- ***Integrate Turkish Industry to the global supply chain***
- ***Facilitate collaboration in further areas***

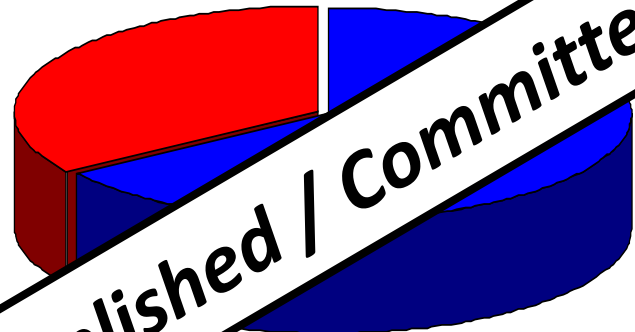


IP&O GENERAL OVERVIEW: COMMITMENT vs ACCOMPLISHMENT

Number of IP&O Agreements Signed : 136

Total IP&O Commitment : \$ 14 B

Realized
\$ 5.5 B



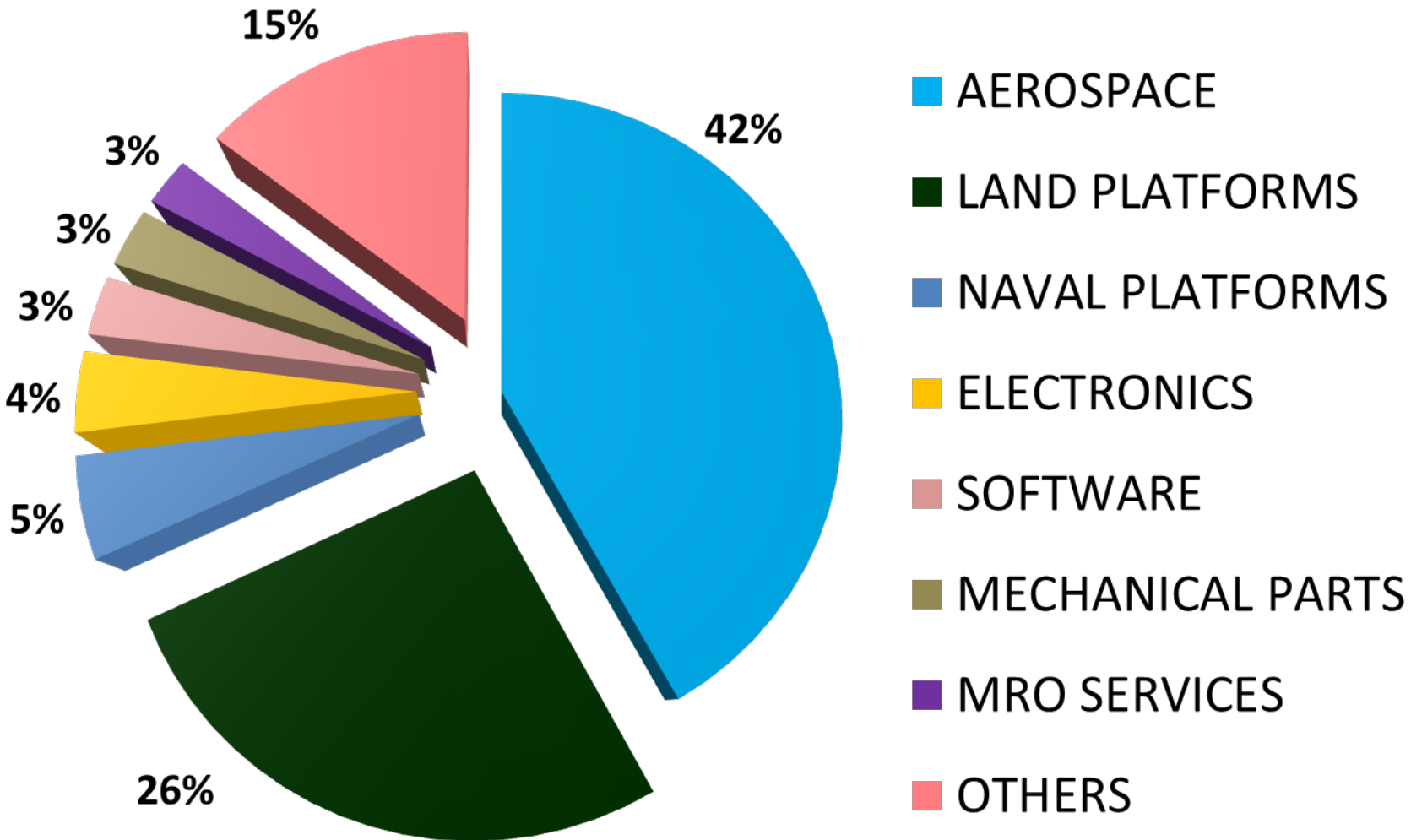
Pending (2012 - 2021)
\$ 8.8 B

Number of Completed IP&O Agreements: 42

Total Net Export (w/o multipliers): \$ 3 Billion



IP&O PERFORMANCE: EXPORT BY SECTORS



- ***Designed to meet strategic needs***
- ***More emphasis on the scope of the IP***
- ***New incentives for SME use***
- ***Better-defined rules and processes***

NEW IP&O RULES: COMMITMENTS

- ***IP&O commitment required for all DCS and FMS Programs, no threshold***
- ***Minimum 70 % of the Contract price***
- ***Recognized areas: defense, civilian aerospace and homeland security***
- ***Period of performance: Contract period + 2 years***



NEW IP&O RULES: CATEGORIES OF COOPERATION

CATEGORY	CONTENT
A	<i>Direct Industrial Participation</i>
B	<i>Export of products / services in the areas of defence, aerospace and homeland security</i>
C	<i>a) Gain of technology / capability b) New investment in the areas of defence, aerospace and homeland security</i>

NEW IP&O RULES: INDUSTRIAL PARTICIPATION (CATEGORY-A)

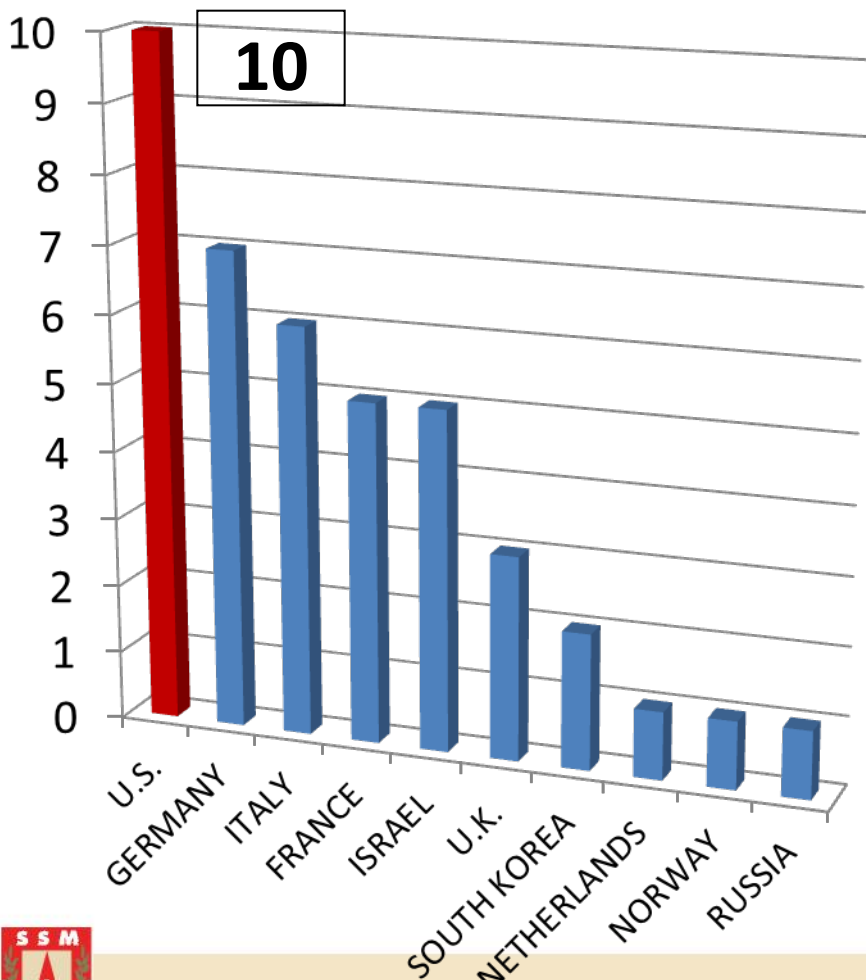
- ***30 % of the IP must be given to subcontractors / SMEs in Turkey***
- ***Detailed Industrial Participation Plan required as a firm commitment***
- ***Accomplishment calculated based on Domestic Net Added Value***

US – TR INDUSTRIAL PARTNERSHIP OVERVIEW

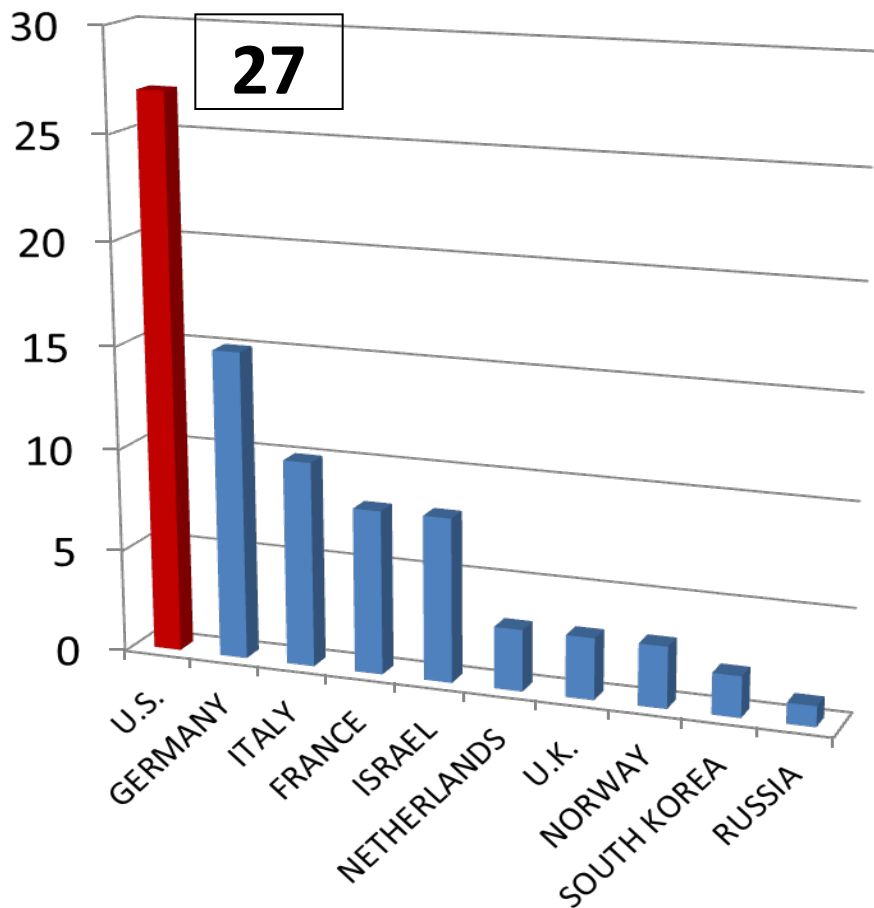


IP&O STATUS: U.S. COMPANIES

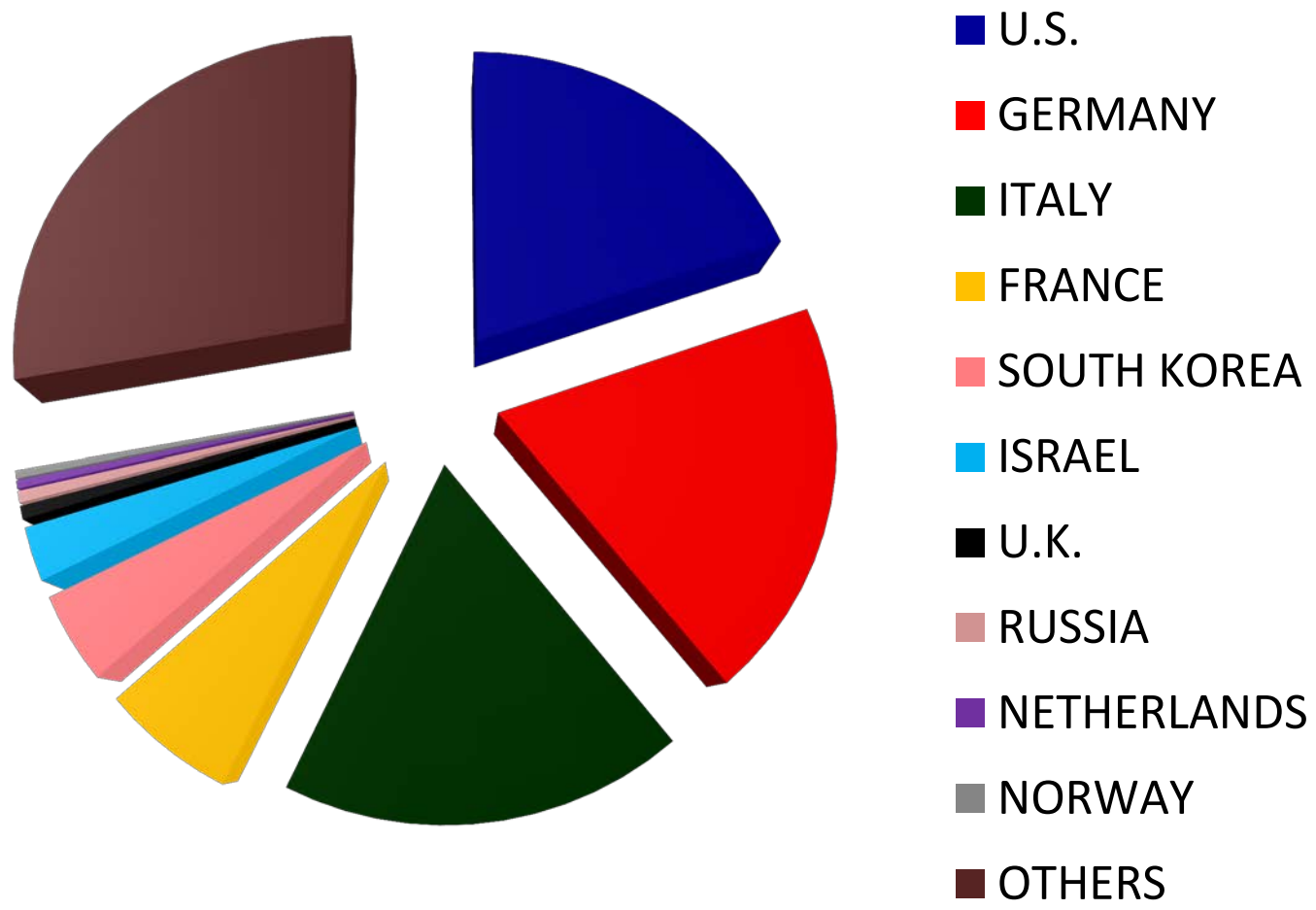
Number of Obligors



Number of Agreements

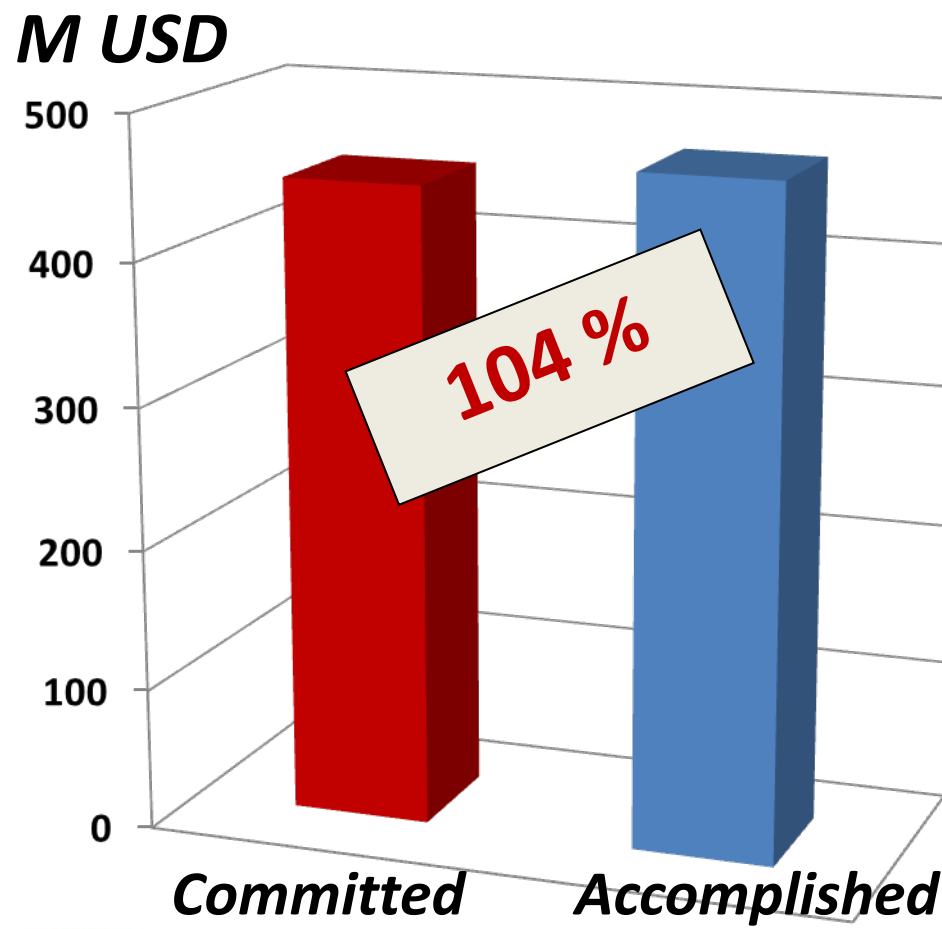


IP&O STATUS: COMMITMENT PER COUNTRY

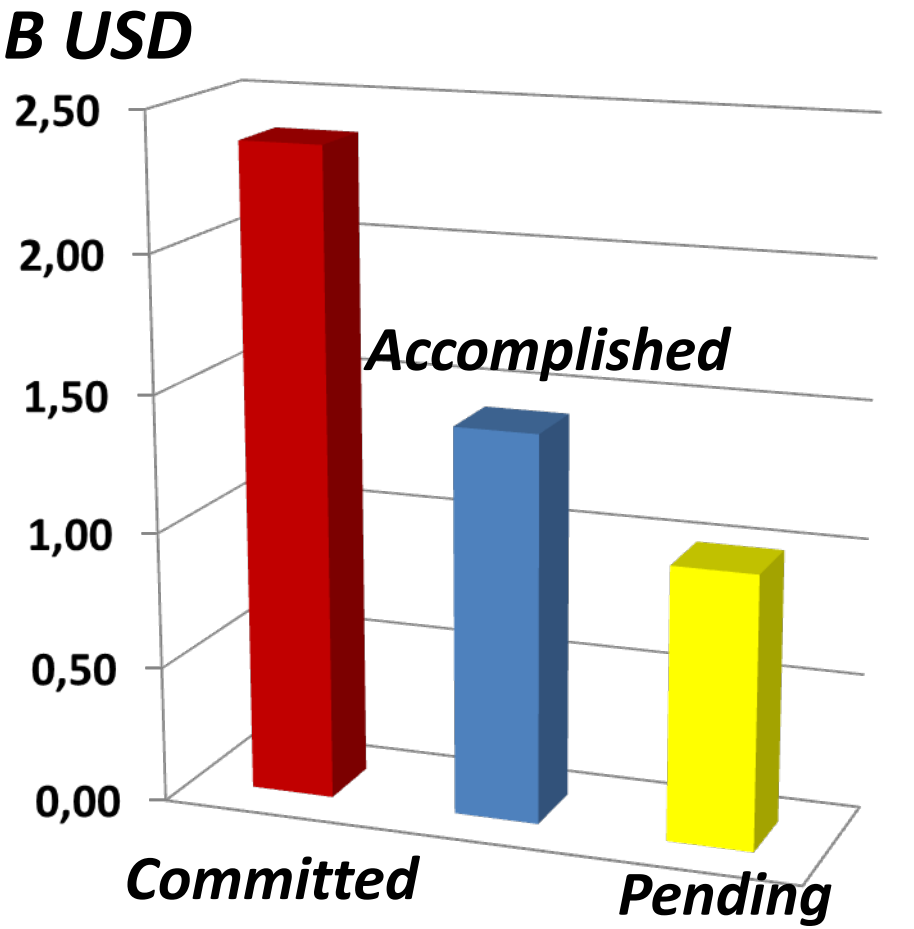


IP&O PERFORMANCE: U.S. COMPANIES

Completed Agreements



Active Agreements

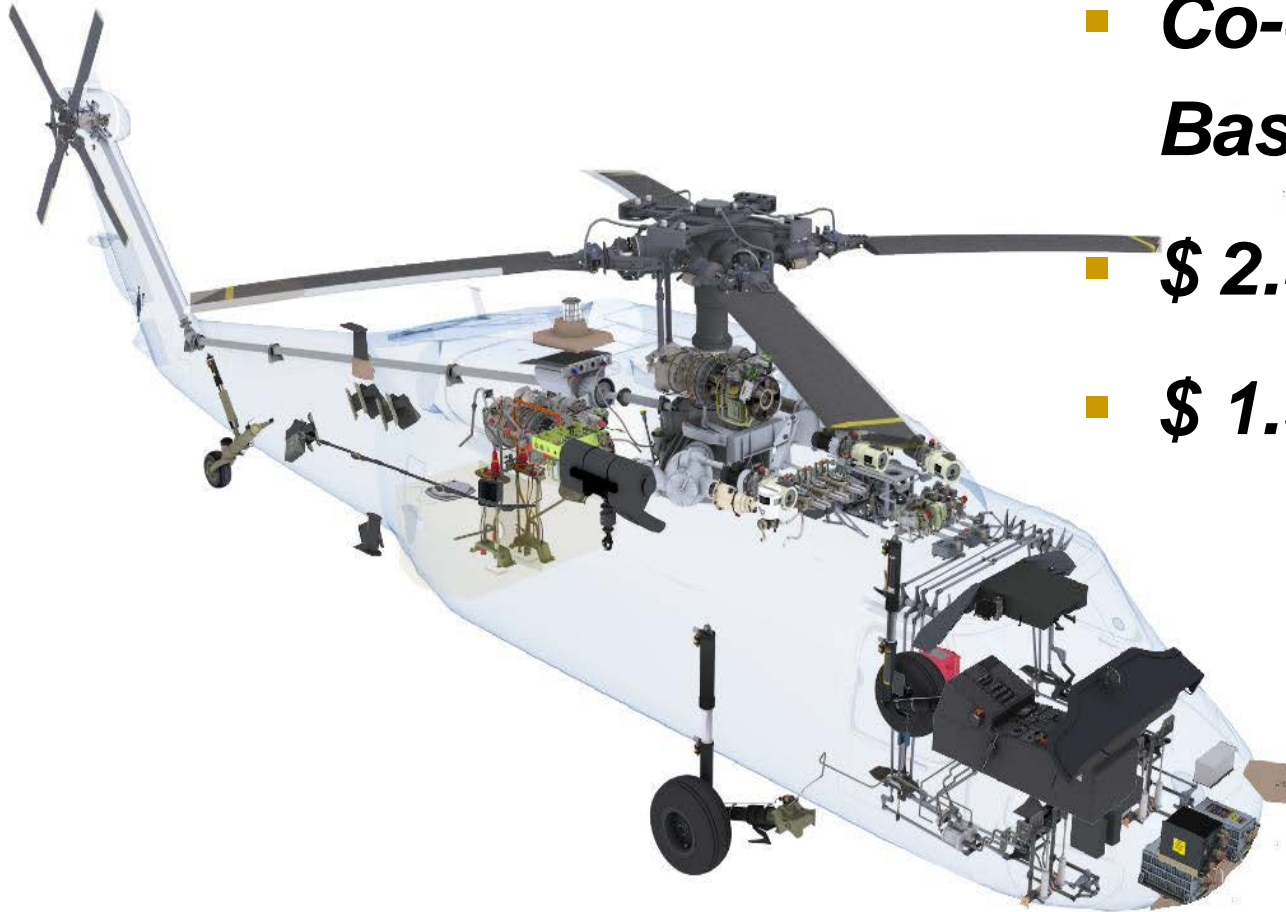


OTHER COOPERATIVE PROGRAMS: F-35 LIGHTNING II



- ***7 TR Companies***
- ***\$ 7 Billion IP***
- ***2nd Source for Center Fuselage***

OTHER COOPERATIVE PROGRAMS: TURKISH UTILITY HELICOPTER

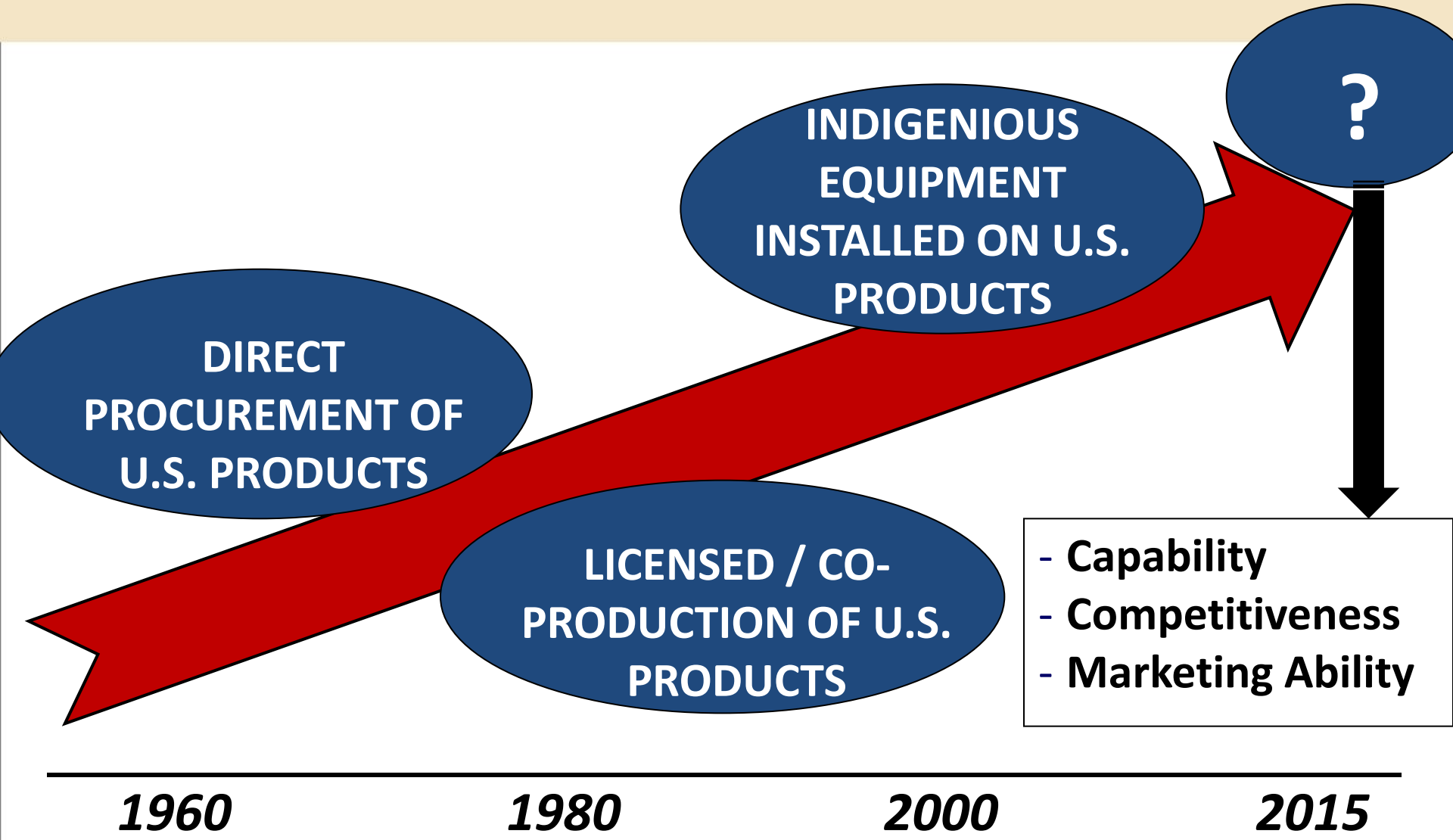


- ***Co-development of Basic Avionics***
- ***\$ 2.4 Billion IP***
- ***\$ 1.3 Billion Export***

BUILDING FOR THE FUTURE



PATTTERN OF U.S. – TR INDUSTRIAL PARTNERSHIP



HOW CAN OUR PARTNERSHIP WORK FOR AFFORDABILITY?...

➤ ***Buy Turkish products for the U.S. Services***

- ✓ ***Armored Vehicles***
- ✓ ***Naval Platforms***
- ✓ ***UAVs***
- ✓ ***Missiles***
- ✓ ***C4ISR Systems***
- ✓ ***Simulators***

HOW CAN OUR PARTNERSHIP WORK FOR AFFORDABILITY?...

➤ ***Co-develop new systems for new markets***

- ✓ ***UCAV***
- ✓ ***Light Utility Helicopter***
- ✓ ***New Generation Frigate***
- ✓ ***Precision Weapons & Ammunition***
- ✓ ***Military Information Systems***
- ✓ ***Avionics***

THANK YOU

