

Annotation of the Conference

Offsets in Slovakia - Future of Defence and Security Industry Cooperation

(Conference with international participation)

Draft As of April 4, 2008.

CONFERENCE ABOUT:

The "**Offsets in Slovakia – Defence and Security Industry Cooperation**" is a one day conference which will be convened on occasion of the **International Defence Exposition, Bratislava (IDEB) on April 28th 2008** in premises of the Incheba Exposition Building in Bratislava. This event is the first conference in Slovakia dedicated to issues of offsets. The event is organized by the **Slovak Atlantic Commission** in cooperation with the **Ministry of Defence of the Slovak Republic** and **Incheba Expo** and under the auspices of **Mr. Jaroslav Baška**, Minister of Defence of the Slovak Republic.

LOGISTICS OF THE CONFERENCE:

- Date:** 28th April 2008, in the eve of the IDEB International Defence Exhibition Bratislava
- Venue:** **Incheba** Exposition Building, **Hall C**
- Organizers:** **Slovak Atlantic Commission**
- Auspices:** **Mr. Jaroslav Baška**, Minister of Defence of the Slovak Republic
- Institutional Partners:** Ministry of Defence of the Slovak Republic
- Participants:** Est. 100–150 participants: security and defence experts, Slovak security community, representatives of defence industry, representatives of the Ministry of Defence, General Staff and Armed Forces of the Slovak Republic, Ministry of Interior, Ministry of Economy, experts.
- Languages:** English (simultaneous interpretation into Slovak will be provided)

CONFERENCE AIMS:

The main goals of the conference is to bring to the fore the **issue of offsets in Slovakia** and to **discuss the future of the Slovak defence and security industry cooperation**. Slovakia has recently adopted new rules on offsets and first offset projects are about to be implemented. The conference will create a regional forum for interaction for all key players in the offset programs: Slovak and foreign companies, experts and officials from the Ministry of Defense, Ministry of Interior and Ministry of Economy in order to shape the discussion on offsets in Slovakia, share experiences from foreign offset projects and exchange ideas on the future of defence industry cooperation in Slovakia. The conference will also open the issues of possible future offset acquisitions and projects, as well as the expectations from new offset rules and their impact on Slovak defence industry. The event will open all three dimensions of offsets: 1. direct offsets: the capacities of Slovak defence industry to absorb offsets, 2. semi-direct offsets: penetrating to new markets, upgrading production capacities, 3. indirect offsets and the support of knowledge-based society.

1ST PANEL: SLOVAKIA'S NEW OFFSET RULES

The first panel entitled **Slovakia's New Offset Rules** will be attended by representatives of those Slovak ministries which are directly involved in the coordination and evaluation of offset projects, namely the Ministry of Economy, the Ministry of Defence and the Ministry of Interior. The first panel will give a more general introduction to the new offset rules in Slovakia from the perspective of the above-mentioned Ministries involved. It will explore the expectations of the Ministries with offset programmes, and their possible impact on the future of the Slovak defence and security industry, economy and knowledge-based society. The officials will also open the topic of possible future offset acquisitions in the Ministry of Defense and the Ministry of Interior.

SPECIAL PANEL: MOKYS: PIONEERING OFFSET PROJECT IN SLOVAKIA

Special panel will analyze the state of the only offset programme, which is already under way within the Slovak security sector – the mobile communication system MOKYS. It will bring to the fore the only experiences with offsets in the Slovak market, it will analyze the problems and the positives of the Slovakia's approach to offset. The contractor (BAE Systems) will share its experience and views with cooperation with Slovak subjects and companies involved in the offset programme related to the MOKYS.

2ND PANEL: OFFSETS IN CENTRAL EUROPE: EXPERIENCES FOR SLOVAKIA

The second panel will offer a broader view on the issue of offsets and industrial cooperation in the Central European region. Speakers from departments and companies involved in offset programmes from different countries will share their experience with concrete offset projects. The main topic of the discussion will be the exchange of views on approaches of Central European countries and the European Defence Agency's to offsets and defence and security industry cooperation. It will analyze also concrete experiences from relevant offset projects in Central Europe from the perspective of corporations - offsetors. The speakers will draw implications to Slovakia's new rules and approach to defence and security industry cooperation.

3RD PANEL: ABSORBING OFFSETS: CURRENT AND FUTURE CAPACITIES OF THE SLOVAK DEFENCE AND SECURITY INDUSTRY

The third panel will focus more on direct and indirect offsets and the possibilities of future cooperation of the Slovak defence and security industry with foreign companies. Discussion will strive to find answers to the following questions: How to respond to new military requirements in the Central Europe: the state of local defence industries? Involvement of Slovak defence producers in armed forces modernization: successes and failures? What is the capacity of the Slovak defence industry to respond to the direct offset challenge? How can Slovakia use the advantage of the semi-direct offsets to penetrate to new markets and/or upgrade production capacities? What needs to be done and how to manage expectations on all sides? And last but not least, what future offset-related acquisitions will take place and what should be their approach?

4TH PANEL: USING OFFSETS TO SUPPORT A KNOWLEDGE-BASED SOCIETY

The fourth panel will go deeper to the issue of the indirect offsets and how they affect the economy of the target country. The indirect offsets are supposed to represent the largest part of the offset programme offered by a contractor in Slovakia. Therefore, it is crucial to identify and set the most optimal receivers of these programmes. Within the fourth panel following

issues will be discussed: The indirect offsets challenge: How to support Research and Development (R & D), IT innovation and use of sophisticated & Dual-Use Technologies: nano- and biotechnologies etc. through offsets? The panelist from private sector will try to answer, whether there are any possible projects in the pipeline which could be involved in future offsets?

ORGANIZER

Slovak Atlantic Commission (SAC) is an independent, non-governmental organization founded in 1993 in Slovakia with the aim of raising public awareness on international affairs, security issues and Slovak foreign and security policy. SAC supports public diplomacy and fosters qualified discussion and research related with Slovakia's role within the Euro-Atlantic security environment. SAC is a member of the international Atlantic Treaty Association and represents Slovakia on this forum.

BACKGROUND INFORMATION ON OFFSETS IN SLOVAKIA

According to the new Slovak legislation, realizations of offset operations are expected to assist the development of the economy of the Slovak Republic in following fields:

1. **Production of components and spare-parts**, testing, maintaining, service and logistic support related to a subject of the offset. As well as exchange of required knowledge related to the subject of the offset.
2. **Transfer of technologies, know-how** or support of research and development to the profit of the Slovak Republic. Support the involvement of the domestic companies in the international programmes of research and development, strengthening of the Slovak scientific and technical capacities or improving the level of human resources in field of research and development.
3. **Direct foreign investments** including establishment of the joint trade companies in Slovakia.
4. **Support of export** in terms of realization of new export purchase orders for goods or services from a domestic subject. For example export of before non-exported goods or services of the Slovak origin to foreign markets, acquiring of new foreign purchasers for exported goods or services, or significant raise in already existing export of concrete goods or services.

Direct offsets include, according to the new Slovak offset legislation, production, assembly, service, maintaining, research and development, transfer of know-how and direct investments directly related to the subject of an offset project, mainly in the field of security and defence industry.

Semi-direct offsets mean support of defence and security related export of Slovak products.

Indirect offsets are those oriented on the civil sector such as the support of the civil export, research and development, direct investments, support of the knowledge-based economy, innovations, science and research, transfer of know-how in priority areas such as: communication and information technologies, telecommunications, optoelectronics and microelectronics, biotechnology, nanotechnology and sensorics.