

**Undersecretary of Scientific  
Research and Industrial Policy  
for Defense**

# Defense Offset Policy Guidelines

**Secretary of Research,  
Industrial Policy  
and Production for Defense**



**Ministerio de Defensa  
Argentina**

# Defense Offset Policy Guidelines

## Background

**Public procurement of the National Government of the Argentine Republic is regulated through the Decree N° 1023/2001 and its specific regulation through the Decree N° 1030/2016.**

**In 2018, Argentina updated its “Buy Local” policy for National Government procurement through the Law N° 27.437/2018. This Law introduced the so-called “Productive Cooperation Agreements”, or “offsets”.**

## Major provisions of this Law are the following:

- The Law applies to the National Government and the State Owned Companies, but only for acquisitions that are conducted through the Decree N° 1023/2001 the Decree N° 1030/2016.
- Procurements conducted as “Government-to-Government” contracts, including those financed by public institutions, are not covered by those Decrees, and therefore are excluded.
- Offsets are required in all foreign acquisitions with a contract price equivalent or higher than 240.000 modules. The value of the module is established by the Decree N° 1030/2016 and currently is 8.000 Argentine pesos (see link below).
- Therefore, the current threshold for demanding an offset agreement is equivalent to 1.920.000.000 Argentine pesos.
- The supplier of the foreign goods will have to subscribe to a “Productive Cooperation Agreements”, involving the local sub-contracting of goods and/or services for an amount of at least 20% of the contract price.
- In case this is not possible, the requirement can be fulfilled through a technology transfer, a foreign direct investment or an investment in local R&D.

## Defense Offset Policy Guidelines

### Statement of objectives

As it was stated previously, Government-to-Government acquisitions, including those financed by public institutions, are not conducted through the National Procurement regulations. Therefore, they are not compelled to demand an offset agreement.

Therefore, a specific offset policy guideline is established for G-to-G acquisitions of the Ministry of Defense, through Ministerial Resolution N° 1612/2022.

Defense offsets are expected to fulfill the following industrial policy objectives:

- Provide demand flow from foreign acquisitions to the local industry.
- Increase scientific, technological and industrial defense related capabilities.
- Integrate the local industry to defense global value chains.

### Conditions of Application

The Guidelines apply to all G-to-G acquisitions by the Ministry of Defense, the Armed Forces, the Joint Chiefs of Staff, and their decentralized organisms.

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### Definition

The supplier of the foreign goods or services shall have to subscribe to "Productive Cooperation Agreements" or "offset", for an equivalent to 100% of the contract price, expressed in offset credit value.

Possible defense offset agreements are the following:

- Local sub-contracting.
- Co-production.
- Production under license.
- Exports.
- Foreign investment.
- Technology transfers.

### Beneficiaries

Defense offset agreements shall have as possible beneficiaries one or more of the following entities belonging to the DEFENSE INDUSTRIAL AND TECHNOLOGICAL COMPLEX (DITC):

- The Defense Industrial Base (DIB): local public and private companies that supply defense related goods and services (excluding office equipment or supplies).
- The scientific research institutes of the Ministry of Defense: Institute of Scientific and Technical Research for Defense (CITEDEF), the National Meteorological Service, the National Hydrographical Service and the National Geographical Service.
- The Joint Chiefs of Staff, the Argentine Army, the Argentine Navy and the Argentine Air Force.

## Legal framework

### **National Government Procurement Regime**

Decree N° 1023/2001:

<http://servicios.infoleg.gob.ar/infolegInternet/anexos/65000-69999/68396/texact.htm>

### **Specific Regulation of the National Government Procurement Regime**

Decree N° 1030/2016:

<http://servicios.infoleg.gob.ar/infolegInternet/anexos/265000-269999/265506/texact.htm>

### **"Buy Local" National Policy**

Law N° 27.437/2018, of Argentine Buy and Suppliers Development:

<http://servicios.infoleg.gob.ar/infolegInternet/anexos/310000-314999/310020/norma.htm>

### **Specific Regulation of the Law N° 27.437/2018**

Decree N° 800/2018:

<http://servicios.infoleg.gob.ar/infolegInternet/anexos/310000-314999/314079/norma.htm>

### **National Defense Fund (FONDEF)**

Law N° 27.565/2020:

<http://servicios.infoleg.gob.ar/infolegInternet/anexos/340000-344999/342746/norma.htm>

### **Defense Offset Policy Guidelines**

Ministry of Defense Ministerial Resolution N° 1612/2022.