



Potential Synergies – Offsets, ICV and Localization Programs

AN OPPORTUNITY TO COOPERATE!



Long Term Sustainability in the International Marketplace

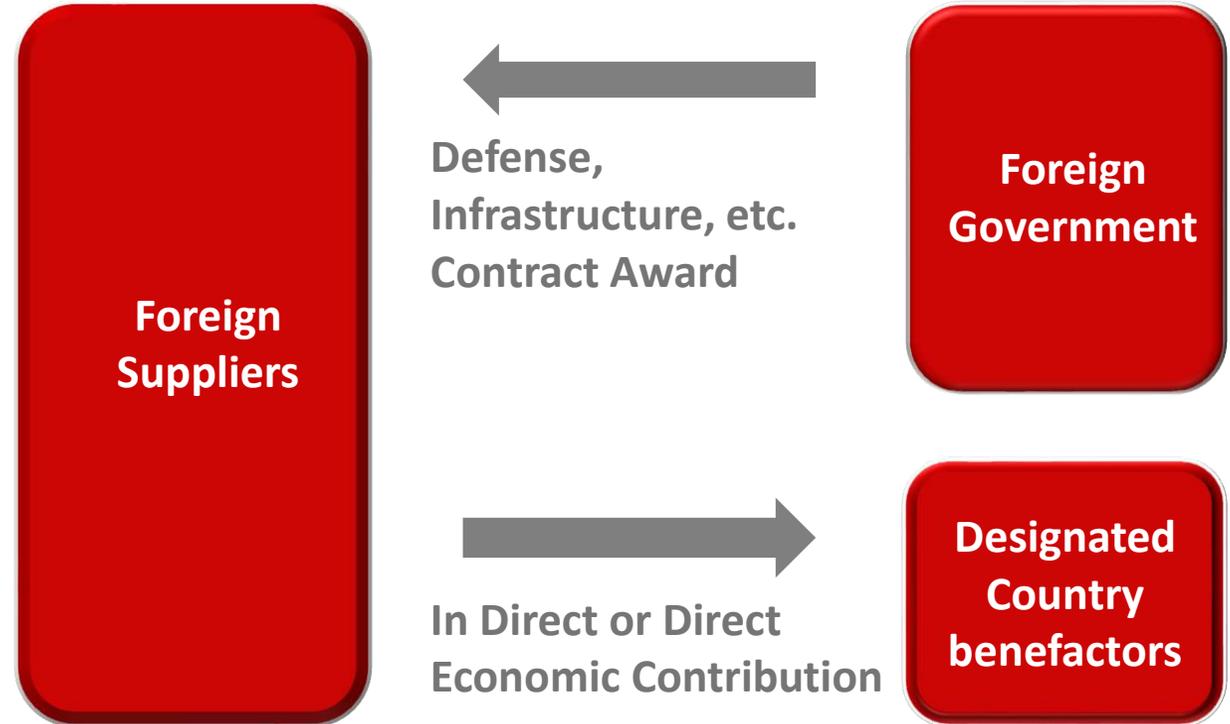
International companies must incorporate localization strategies: Offset, Industrial Participation, In Country Value, etc. into their business plans, strategies and capture planning to ensure long term sustainability in the global markets in which they operate.

- What is your company's 5+ year vision for sales in the UAE and Region?
 - Diversification and / or Market Growth?
 - Sustainability?
- How does your company participate in the local economy?
- How can your company add value to the local economy for mutual benefit?
- Horizontal vs. Vertical Thinking!



What is Offset?

- Offset is a type of 'Reciprocal Trade Obligation' associated with major international defense, infrastructure, O&G, etc. business.
- Offset is practised by over 60 countries and accounts for \$ Billions of trade and investment per year.
- Obligations are incurred when corporations enter into contracts with foreign governments to supply equipment, services, etc.





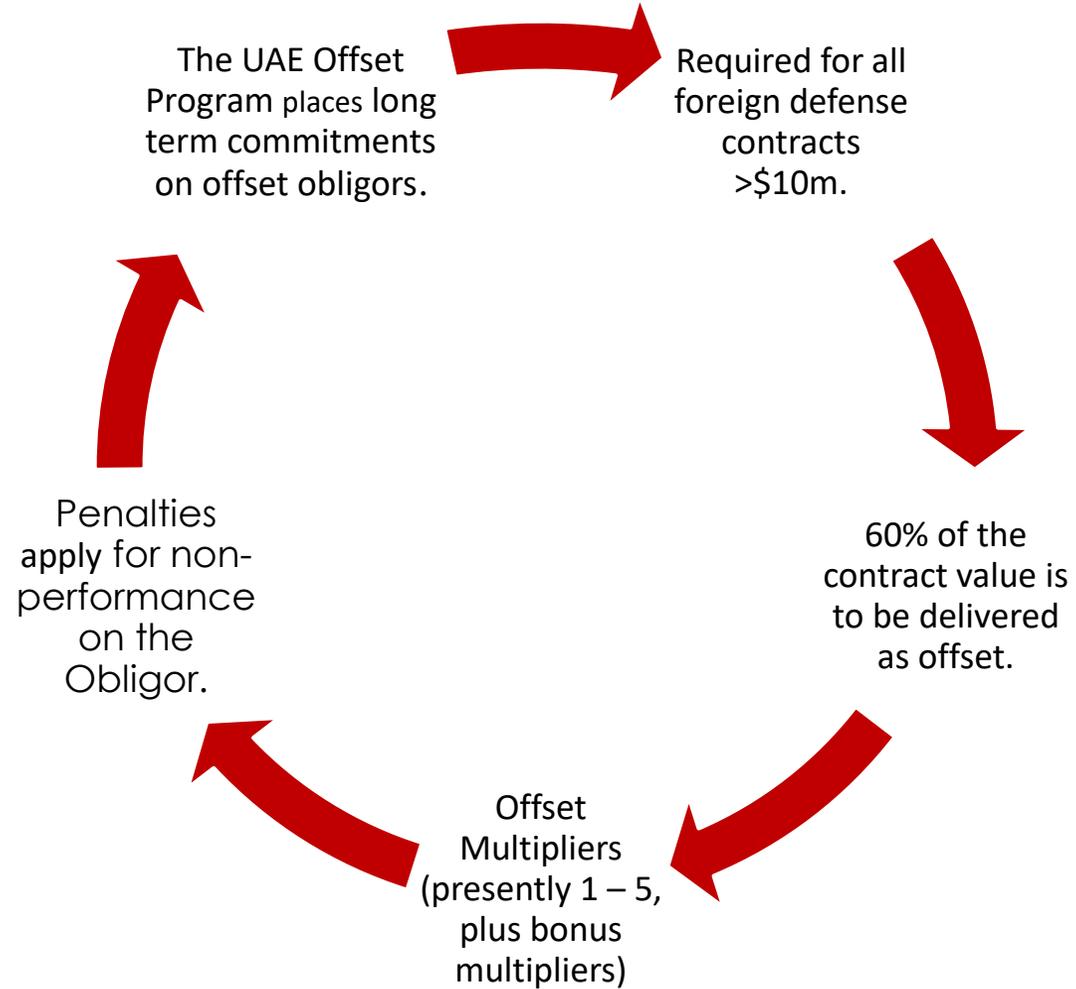
Tawazun Economic Program (TEP) Objectives

- Enabling the growth and development of the **Defense and Security** industry sector.
- Supporting the establishment of **projects that are sustainable**, financially independent and long term.
- **Economic Diversification** – new capability development, tech transfer and accelerated adoption of new tech in defense, security and the broader industrial sector.
- Support **innovation and R&D** in the UAE and enable companies to commercialize opportunities.
- Encouraging **SME's** participation as suppliers or local partners in major projects.
- Integration of UAE companies into the **global supply chain**.
- Knowledge based **employment opportunities and capability development** for UAE Nationals.

A successful Offset Program is a combination of “transactions” that creates economic value, according to an OEM’s outstanding obligation



TEP Policy Parameters





Areas of Focus

- Defense and Security
- Domestic Partnerships with SME's
- Core Manufacturing;
- Product Development;
- Technology Integration across air, land and naval systems;
- Integration of domestic manufacturing into the global supply chain via work packages;



Areas of Focus – Strategic NEEDS

- Aerospace – science, engineering, and business to fly in the atmosphere of Earth (aeronautics) and surrounding space (astronautics).
- Space Exploration
- Infrastructure & Transportation
- Communication Technology
- Education Technology
- Sustainability, Environment and Climate Change
- Food and Water Security
- **Other Strategic Sectors**

- AI and Big Data Analytics
- Blockchain
- Additive Manufacturing
- Virtual and augmented reality
- Advanced information technologies



- Quantum Computing and encryption
- Robotics
- IOT
- Advanced energy capture, storage and propulsion
- Smart materials & sensors



Measurement Criteria - Inputs, Outputs, Credits and Economic Value...

Offset (Multipliers 2 – 5)	Localization (Percentages)
Obligation occurs after contract award	Certification required prior to bidding
Credit award based on multipliers of 2 – 5	Local investment - Business location and ownership
Specific Criteria as to suitable projects	Emiratization
Investment and Equipment / Facilities	Work Packages - 3 rd party contracts for local Supply and Service
Emiratization	Exports of goods from UAE
IP development and Commercialization	Expat employment
Work Packages	
Capability Development	
Exports of goods made in UAE	
R&D	
ECONOMIC VALUE	ECONOMIC VALUE



Present Needs **are** Opportunities for Cooperation

Oil and Gas Industry Technologies

- Smart Materials and Coatings
- Imagery and Mapping
 - Payloads Development - optics
 - AI and data analysis
 - Autonomous Systems
- Security – Pipelines and Facilities
 - Cybersecurity
 - Additive Manufacturing

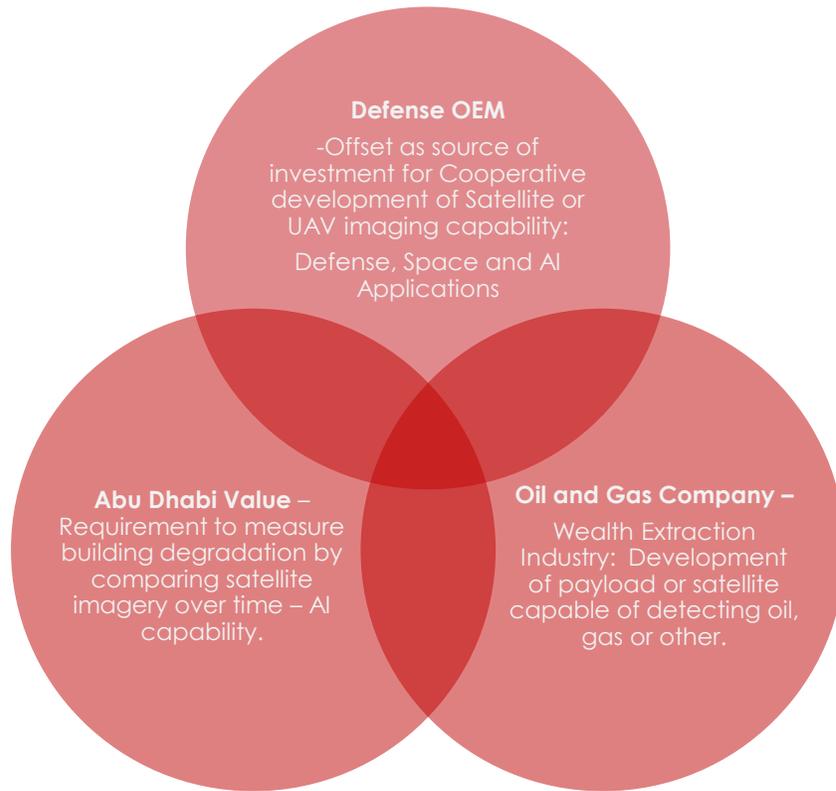


Defense Offsets Areas of Focus

- Smart Materials and Coatings
- Earth Observation, Mapping
 - Payloads for Mapping
- AI and data analysis
- Autonomous Systems
- Automotive Mfr
- Additive Manufacturing – I4R
- Cybersecurity
- Security



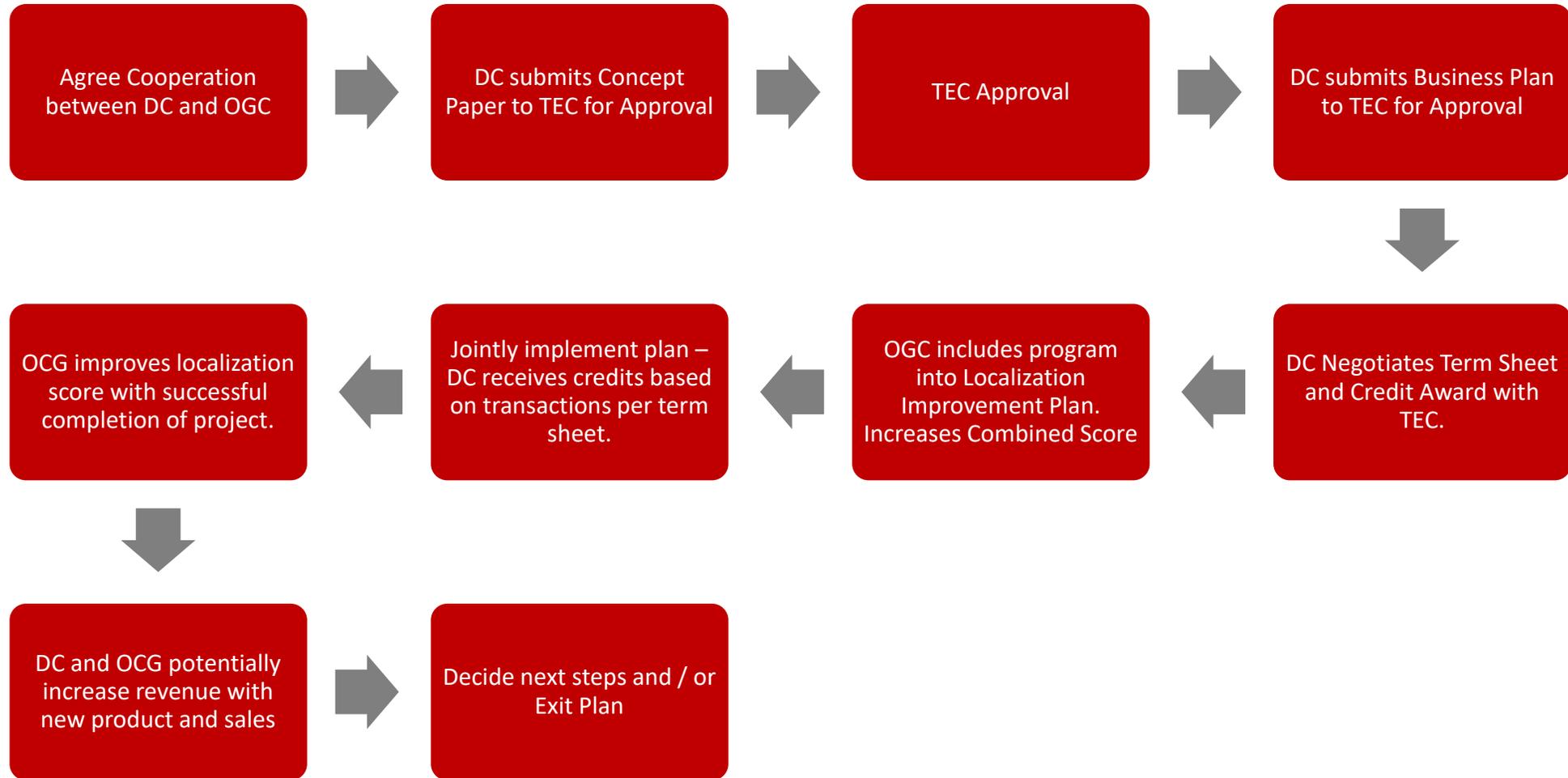
What might a DC / O&G Collaboration Look Like?



- Define the capability requirement – problem to be solved;
- Engage local company(ies) and university stakeholders
- Develop IP
- Commercialize Technology – keep, sell or gift IP to local company
- Manufacture locally
- Export
- Offset credit based upon investment and technology development / IP
- Localization based upon participation in enterprise to develop or build payload for resource detection purposes.



Potential Process





How can we engage – possible next steps?

- Leverage Business Group Activities
- Begin a working group for DC / OGC
 - Meet 2 – 4 times per year
- Engage UAE Govt Stakeholders
- Participation in major UAE industry events – ADIPEC, IDEX and other
- Think Horizontally!



Localization is here to stay...

International companies must incorporate localization strategies into their business and strategic plans, and capture planning to ensure long term sustainability in the markets in which they operate.



Thank you!

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