

## **Global strategies in aerospace offsets: impacts and forecasts**

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### **Abstract**

The potential impact of offsets on offshoring defence and aerospace operations to third countries is well argued. In theory, the loss of skills from one country through offset should approximate to the acquired skills in the new location. However, with so little data available on offsets at the operational level it is not easy to prove this assertion; and some studies have even suggested that the impact of offset on the purchasing and receiving countries, in several cases, could actually be quite limited (Martin & Hartley, 1995).

Given this lack of data there is a need to establish the overall trends in the way offsets are really being met. What are the types of aerospace operations currently being offshored? How are offsets affecting global manufacturing strategies and how far can offsets transform aerospace offshoring now and in the future?

Our research provides answers to these questions by providing new case study data from a sector level study of the International Aerospace sector during the period 1999 – 2002. Four cases were selected that covered almost all the main aerospace market segments; large commercial aircraft, helicopters, fighters and military transport. In total around 260 people were interviewed from 96 organizations based across North America, Europe, and Asia.

Analysis of the new data suggest that prime contractors will increasingly dovetail their market accessing strategies with service aspects of manufacturing such as product, process, supply chain and lifecycle design. As a result, aerospace operations will be transferred to new low-cost locations and there are few limiting factors. The paper concludes with some forecasts for future global offshoring in aerospace and other industries.