

## Presidential Documents

Executive Order 13177 of December 4, 2000

### National Commission on the Use of Offsets in Defense Trade and President's Council on the Use of Offsets in Commercial Trade

By the authority vested in the President by the Constitution and the laws of the United States of America, including Public Law 106-113 and the Federal Advisory Committee Act, as amended (5 U.S.C. App. 2), and in order to implement section 1247 of Public Law 106-113 (113 Stat. 1501A-502) and to create a parallel "President's Council on the Use of Offsets in Commercial Trade," it is hereby ordered as follows:

**Section 1. *Membership.*** Pursuant to Public Law 106-113, the "National Commission on the Use of Offsets in Defense Trade" (Commission) comprises 11 members appointed by the President with the concurrence of the Majority and Minority Leaders of the Senate and the Speaker and the Minority Leader of the House of Representatives. The Commission membership includes: (a) representatives from the private sector, including one each from (i) a labor organization, (ii) a United States defense manufacturing company dependent on foreign sales, (iii) a United States company dependent on foreign sales that is not a defense manufacturer, and (iv) a United States company that specializes in international investment; (b) two members from academia with widely recognized expertise in international economics; and (c) five members from the executive branch, including a member from the: (i) Office of Management and Budget, (ii) Department of Commerce, (iii) Department of Defense, (iv) Department of State, and (v) Department of Labor. The member from the Office of Management and Budget will serve as Chairperson of the Commission and will appoint, and fix the compensation of, the Executive Director of the Commission.

**Sec. 2. *Duties.*** The Commission will be responsible for reviewing and reporting on: (a) current practices by foreign governments in requiring offsets in purchasing agreements and the extent and nature of offsets offered by United States and foreign defense industry contractors; (b) the impact of the use of offsets on defense subcontractors and nondefense industrial sectors affected by indirect offsets; and (c) the role of offsets, both direct and indirect, on domestic industry stability, United States trade competitiveness, and national security.

**Sec. 3. *Commission Report.*** Not later than 12 months after the Commission is established, it will report to the appropriate congressional committees. In addition to the items described in section 2 of this order, the report will include: (a) an analysis of (i) the collateral impact of offsets on industry sectors that may be different than those of the contractor paying offsets, including estimates of contracts and jobs lost as well as an assessment of damage to industrial sectors; (ii) the role of offsets with respect to competitiveness of the United States defense industry in international trade and the potential damage to the ability of United States contractors to compete if offsets were prohibited or limited; and (iii) the impact on United States national security, and upon United States nonproliferation objectives, of the use of co-production, subcontracting, and technology transfer with foreign governments or companies, that results from fulfilling offset requirements, with particular emphasis on the question of dependency upon foreign nations for the supply of critical components or technology; (b) proposals for unilateral, bilateral, or multilateral measures aimed at reducing any detrimental

effects of offsets; and (c) an identification of the appropriate executive branch agencies to be responsible for monitoring the use of offsets in international defense trade.

**Sec. 4. Administration, Compensation, and Termination.** (a) The Department of Defense will provide administrative support and funding for the Commission and Federal Government employees may be detailed to the Commission without reimbursement.

(b) Members of the Commission who are not officers or employees of the Federal Government will be compensated at a rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time) during which such member is engaged in performance of the duties of the Commission. Members of the Commission who are officers or employees of the Federal Government will serve without compensation in addition to that received for their services as officers or employees of the Federal Government.

(c) Members of the Commission will be allowed travel expenses, including per diem in lieu of subsistence, under subchapter 1 of chapter 57 of title 5, United States Code, while on business in the performance of services for the Commission.

(d) The Commission will terminate 30 days after transmitting the report required in section 1248(b) of Public Law 106-113 (113 Stat. 1501A-505).

**Sec. 5. Establishment and Membership.** (a) There is established, pursuant to the Federal Advisory Committee Act, as amended (5 U.S.C. App.), the "President's Council on the Use of Offsets in Commercial Trade" (Council).

(b) The Council shall be composed of the appointed members of the Commission or their designees.

**Sec. 6. Duties and Report of the Council.** The Council shall review and report to the President, through the Director of the Office of Management and Budget, on the use of offsets in commercial trade, including their impact on the United States defense and commercial industrial base. The Council shall consult with and, as appropriate, provide information to the Commission.

**Sec. 7. Administration.** (a) The Department of Defense shall provide administrative support and funding for the Council.

(b) The heads of executive departments and agencies shall, to the extent permitted by law, provide to the Council such information as it may require for the purpose of carrying out its duties.

(c) Members of the Council shall serve without compensation.

**Sec. 8. General.** (a) Notwithstanding any other Executive Order, the functions of the President under the Federal Advisory Committee Act, as amended, except that of reporting to the Congress, that are applicable to the Council, shall be performed by the Department of Defense in accordance with guidelines that have been issued by the Administrator of General Services.

(b) The Council shall terminate on the date of the transmission of the report required by section 1248(b) of Public Law 106-113 (113 Stat. 1501A-505).



THE WHITE HOUSE,  
December 4, 2000.