



THE DEPUTY SECRETARY OF DEFENSE  
WASHINGTON, D. C. 20301

AUG 25 1976

Mr. Charles Grossenbacher  
Armament Technology and  
Procurement Group  
3000 Bern 25  
Kasernenstrasse 19  
Switzerland

Dear Mr. Grossenbacher:

I was pleased to meet with you on 17 June 1976 and discuss matters of mutual interest relating to the implementation of the U. S. /Swiss offset Memorandum of Understanding (MOU). I feel that our discussions were productive and of value to both sides. For my part, I obtained a better understanding of the problems which the Swiss Government encounters in dealing with the offset in Switzerland.

The aide memoire which you provided has been carefully reviewed by my staff and their comments are attached hereto for your information.

You proposed adding an explanatory document to the basic Memorandum of Understanding. I believe the MOU is adequate. I do not believe the clarifying notes are necessary because, in my view, accomplishment under the MOU will depend upon improved industry performance in both countries.

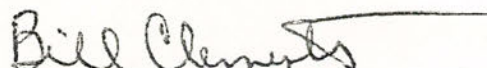
We continue to look to the contractors involved to be responsible for carrying the primary burden for the offset implementation. I have directed my staff and the Air Force to ensure that the contractors carry out this responsibility in accordance with the MOU. You may be assured the contractors and Department of Defense staff responsible for offset implementation are well aware of the political climate in Switzerland concerning the offset. We will continue to deal aggressively with individual problem areas as they arise, and will work closely with your representatives.



While this Department is sensitive to the political environment in Switzerland, I must reiterate my previous statements to you that we must be realistic in terms of the speed with which goals under the offset are attained. From our experience, the extent and rate of success is directly related to the interaction between buyers and sellers in the two countries. In this connection, our perception is that Swiss industry marketing efforts under the provisions of Paragraph 6 of the MOU must become more aggressive. This is especially true in making Swiss products and capabilities known, particularly those that are price competitive, to the contractors and the Department of Defense. These efforts should include following up on initial purchasing office contacts and on individual requests for solicitations, including pressing for an understanding of provisions with which Swiss industry is unfamiliar.

Please be assured that the DoD intends to carry out the fundamental commitment set forth in the memorandum of understanding. However, our ability to do so depends on Swiss industries' commitment to market and bid competitively. I appreciate your making the long trip to Washington so that we could discuss these important matters face to face.

Sincerely,

A handwritten signature in dark ink, appearing to read "Bill Clements", with a long horizontal line extending to the right from the end of the name.

Attachment  
a/s