

ABOUT US

CTO helps defence professionals make better and wiser decisions in the offset world. Sourcing offset intelligence amid supply chain disruptions and a changing security environment has never been more important, nor more difficult. Our customers rely on CTO for timely, verified, and relevant information.

Over the past few years, CTO has made strides to enhance our customers' experience. We have expanded our team, increased our conference presence, redesigned our website and products, and invested in new products and partnerships.



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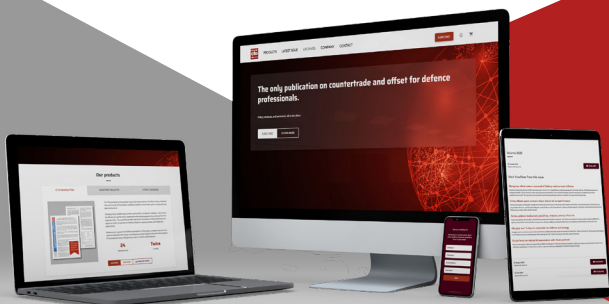
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CTO NEWSLETTER

The CTO Newsletter (CTO) provides a complete overview of recent offset deals, policy changes, and new legal mechanisms.

CTO includes exclusive commentary and offers year round summaries of offset conferences.

Published twice a month, CTO is an essential resource for everyone active in the offset industry.

24 ISSUES PER YEAR ANNUAL SUBSCRIPTION



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CANADIAN DEFENCE POLICY UPDATE RELEASED, ITB TO APPLY TO NEWLY FUNDED CAPABILITIES

The Canadian government released its Defence Policy Update (DPU), Our North, Strong and Free, on 8 April. The DPU builds on the 2017 document, Strong, Secure, Engaged (SSE), which outlined plans for projects and new investments amounting to CAD184bn (USD118bn) over 20 years. The Canadian government intends to update the DPU every four years.

The DPU also includes a commitment to publishing a National Security Strategy every four years. Canada has not revised their strategy document since the release of the 2004 National Security Policy. The DPU allocates CAD8.1bn (USD5.8bn) in defence spending over the next five years, including CAD157m (USD113.8m) in funds reallocated from SSE.

"Canada's defence industry has been eagerly awaiting and anticipating the release of a long-delayed update to Canadian defence policy that has been in the making for almost two years," Clem Smur, managing director at Tridus Strategies and an associate with Tactix Government Relations and Public Affairs, tells CTO. "As such, the DPU is intended to build on SSE by putting in place a series of measures that would foreseeably address changing global circumstances."

Dr. Craig Stone, emeritus associate professor of defence studies at the Canadian Forces College, also told CTO that the new update adds to funding levels articulated in 2017 and highlights other investments that have been announced since then.

The policy update outlines CAD73bn (USD52.93bn) worth of investments over the next 20 years, which is less than what was proposed in the SSE. Investment projects include allocations of CAD9.5bn (USD6.89bn) to accelerate the establishment of local ammunition production capacity and CAD5.5bn (USD3.99bn) for the joint development of satellite communication capabilities. Compared to the SSE update, the DPU focuses more on technology areas such as cyber and space and Canada's military preparedness in the Arctic.

An anonymous source close to the Canadian government told CTO that Canada's Industrial and Technological Benefits (ITB) policy "will likely apply to most of the newly funded capabilities" outlined in the DPU. The ITB policy obligates companies who have won defence procurement contracts to produce local economic benefits equal to the contract value.

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Definitions

The following chapter provides a rapid overview of key terms and definitions, to summarising what is briefly, the text sometimes employs brackets or notes on simplification for the sake of clarity. It is not designed to be comprehensive, and only serves to establish the standard terms and premises used throughout the Quarterly Bulletin. We encourage offset professionals to rely on secondary and tertiary resources to complement this document's information.

WHAT IS OFFSET?

Broadly speaking, "offset" refers to **compensation for the purchase of goods or services**. Upon buying foreign equipment, governments may require the that would offset the loss of not producing the equipment being sold on defence tenders, and in some cases can be a parallel offset agreement.

The Quarterly Bulletin divides offsets into three broad types:

- Direct offset:** Activity that is directly related to sale. For example, funds are being sold, the design and assembling the tank parts locally, or train to the tanks.
- Indirect defence offset:** Activity that is not direct service being sold, but still occurring within the scope. Funds are being sold, the indirect defence offset to the aerospace sector.
- Indirect civil offset:** Activity that is not in the direct to the production being sold. By the time to tourism, agriculture, civil space program etc. Recent years have seen a push towards civil offset.

Across these three categories, offset activities can include:

- Subcontracting
- Buy back
- Licensed production
- Technology transfer
- Education and training

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QUARTERLY BULLETIN (QB)

QB is a unique compendium of offset guidelines for more than 80 countries. Country by country, we explain the thresholds, quotas, eligible products, multipliers, and penalties – even if they are not officially published – and provide exclusive insights straight from government officials and industry executives.

QB is updated every quarter. Our July 2026 edition includes updates on the offset policies of Australia, Brazil, Canada, Estonia, Japan, the UK, and the US, among others.

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NOW AVAILABLE

CENTRAL AND EASTERN EUROPE (CEE) OFFSET REPORT

The CEE Offset Report examines offset trends and opportunities in 10 countries across Central and Eastern Europe. Since Russia's invasion of Ukraine, CEE nations are turning to offsets to improve self-sufficiency, strengthen partnerships, and support local industry. Our team has combed through over 10 years of CTO archives, government papers, and private interviews to answer your questions.

The May 2026 edition includes our exclusive CEE Offset Database, a unique record of offset deals in the CEE region over the past 10 years, as well as country-based infographics on defence spending, offset timelines, and industry partners.

2 ISSUES PER YEAR ANNUAL SUBSCRIPTION