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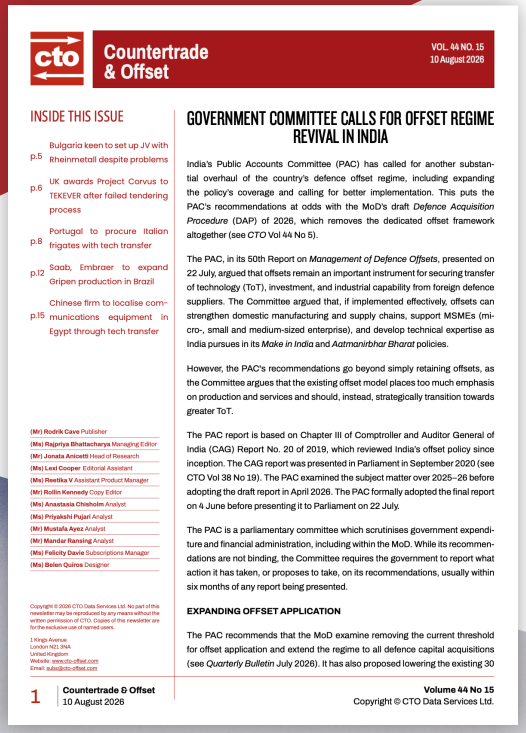
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Published twice a month, CTO is an essential resource for everyone active in the offset industry.

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p.15 Chinese firm to localise communications equipment in Egypt through tech transfer

GOVERNMENT COMMITTEE CALLS FOR OFFSET REGIME REVIVAL IN INDIA

India's Public Accounts Committee (PAC) has called for another substantial overhaul of the country's defence offset regime, including expanding the policy's coverage and calling for better implementation. This puts the PAC's recommendations at odds with the MoD's draft *Defence Acquisition Procedure* (DAP) of 2026, which removes the dedicated offset framework altogether (see *CTO* Vol 44 No 5).

The PAC, in its 50th Report on *Management of Defence Offsets*, presented on 22 July, argued that offsets remain an important instrument for securing transfer of technology (ToT), investment, and industrial capability from foreign defence suppliers. The Committee argued that, if implemented effectively, offsets can strengthen domestic manufacturing and supply chains, support MSMEs (micro-, small and medium-sized enterprise), and develop technical expertise as India pursues in its *Make in India* and *Aatmanirbhar Bharat* policies.

However, the PAC's recommendations go beyond simply retaining offsets, as the Committee argues that the existing offset model places too much emphasis on production and services and should, instead, strategically transition towards greater ToT.

The PAC report is based on Chapter III of Comptroller and Auditor General of India (CAG) Report No. 20 of 2019, which reviewed India's offset policy since inception. The CAG report was presented in Parliament in September 2020 (see CTO Vol 38 No 19). The PAC examined the subject matter over 2025–26 before adopting the draft report in April 2026. The PAC formally adopted the final report on 4 June before presenting it to Parliament on 22 July.

The PAC is a parliamentary committee which scrutinises government expenditure and financial administration, including within the MoD. While its recommendations are not binding, the Committee requires the government to report what action it has taken, or proposes to take, on its recommendations, usually within six months of any report being presented.

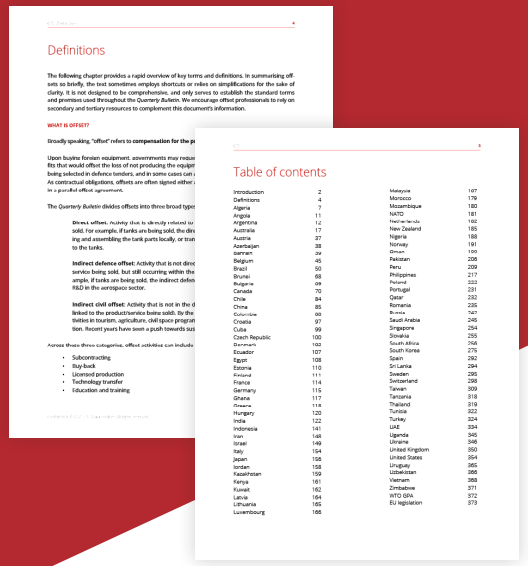
EXPANDING OFFSET APPLICATION

The PAC recommends that the MoD examine removing the current threshold for offset application and extend the regime to all defence capital acquisitions (see *Quarterly Bulletin* July 2026). It has also proposed lowering the existing 30

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Definitions

The following chapter provides a rapid overview of key terms and definitions. In summarising offsets so briefly, the text sometimes employs shortcuts or relies on simplifications 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 p**

Upon buying foreign equipment, governments may reque
fits that would offset the loss of not producing the equipr
being selected in defence tenders, and in some cases can
As contractual obligations, offsets are often signed either
in a parallel offset agreement.

The *Quarterly Bulletin* divides offsets into three broad types

Direct offset: Activity that is directly related to
sold. For example, if tanks are being sold, the dire
ing and assembling the tank parts locally, or tran
to the tanks.

Indirect defence offset: Activity that is not direc
service being sold, but still occurring within the
ample, if tanks are being sold, the indirect defen
R&D in the aerospace sector.

Indirect civil offset: Activity that is not in the d
linked to the product/service being sold. By the
tivities in tourism, agriculture, civil space progra
tion. Recent years have seen a push towards sus

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.

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



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