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## Special Focus: Colombia



Colombia is in the Northern South America, bordering the Caribbean Sea, between Panama and Venezuela, and the North Pacific Ocean, between Ecuador and Panama. Colombia covers a total area of 1,138,914 sq km, a fact that places her as the 26th largest nation in the world and 4th-largest country in South America

after Brazil, Argentina, and Peru. Colombia has a population of 43,677,372 (as of July 2009 est.). Despite the fact that the country has a large territory, the population of it is not evenly distributed as most Colombians live in the mountainous western portion of the country as well as the northern coastline. The majority of them lives in or very close to the capital city which is Bogota. The southern and eastern regions of Colombia are mainly sparsely inhabited by small farming communities and indigenous tribes.

Colombia has been generously enriched with non-renewable resources. It has one of the largest coal open mine pits in the world in the region of Cerrejon in the Guajira Peninsula. It also has oil rigs and natural gas extraction in the eastern plains. Furthermore, Colombia is the main producer of emeralds and an important participant in gold, silver, iron, salt, platinum and uranium extraction.

Economical Statistics	2006	2007	2008	2009
GDP (Growth %)	6,9	7,5	2,4	-0,3 (Jan- Sep 09)
Unemployment (%)	11,8	9,9	10,6	11,3 (Nov 09)
Foreign Direct Investment (% of GDP)	4,1	4,4	4,4	3,9 (2009-III Trimester)
Exports (USD MM)	24.391	29.991	37.626	32.853

Source: Colombian Ministry of Finance

The socio-economic situation in Colombia has drastically altered in the last decade. The country can be fairly characterized as a great example of the inherent link between prosperity and security. The four-decade long conflict between government forces and anti-

government insurgent groups, principally the Revolutionary Armed Forces of Colombia (FARC) has been deescalating. The peace negotiations with the paramilitaries have progressed and according to official figures, more than 40 thousand combatants have been demobilized in the last four years. This success can be largely contributed to the success of the Democratic Security Policy (DSP) created under the administration of President Uribe. This initiative aimed to regain territorial control of the country, establish a rule of law and provide state presence through health, education and an effective justice system.



The aforementioned situation has created the proper socio-economical environment in order for the country to experience an accelerating growth between 2002 and 2007. In 2007, the nation's economy grew by 7.52% a figure that was among the highest rates in Latin America. Colombia's sustained growth helped reduce poverty by 20% and cut unemployment by 25% since 2002. The economical development of the country was also fostered by the investor friendly reforms to Colombia's hydrocarbon sector and the US-Colombia Trade Promotion Agreement (CTPA) negotiations a fact that attracted record levels of foreign investment in the country.

The Colombian economy showed signs of demotion as in the last trimester of 2008, the GNP went down 0,7% in comparison to the same period the year before. Also, in February 2009 the unemployment rate was 12,5%, a figure which represents a growth of 0.5% in comparison to the rate registered during the same month in 2008. The reason for this negative development was the global financial crisis that led to the weakening demand for Colombia's exports and products.

Colombia is in the middle of a dramatic turnover. It is trying to showcase that it is different from the clichés that have unfairly distorted the image of the country in the international scene.

Kyriazis Vasileios,  
Epicos Newsletter Head Editor

## Colombian Defence Acquisitions



Colombia is trying to create the appropriate environment for further consolidation of its national defence infrastructures. As part of this procedure Colombian armed forces have gone through an important modernization plan over the last decade. The augmentation of the national defence budget is one of the main steps in a broaden spectrum of reforms. Under this concept the total sum of military spending rose to \$10,055 billion in 2009 from \$ 6,643 billion that it was in 1999. Additionally, the defence budget, as a percentage of the national Gross Domestic Product (GDP) increased by 2.8% of GDP that was in 1999 to 3.7% in 2009.

This increase in military spending created a raft of major arms acquisitions in recent years, in Colombia. USA is currently the main exporter of arm in Colombia. Apart from USA, important countries that export arms to Colombia are Spain, Israel, Russia and Brazil. Imports are rather diversified in their geographical structure. USA is the predominant importer but the next four (4) places are occupied by one (1) European country (Spain), a country from Middle East (Israel) one from Asia (Russia) and finally one

## Military expenditure of Colombia

	2005	2006	2007	2008	2009
In constant ( 2008 ) US\$ m.	6,643	7,533	7,742	9,076	10,055
percentage of gross domestic product	3.3%	3.4%	3.3%	3.7%	-

Source: SIPRI Publications (<http://milexdata.sipri.org/result.php4>)

from South America (Brazil).

One of the defence systems that Colombia procured from USA during the last years was 15 UH-60L Blackhawk Helicopters. The total amount of the procurement was 225 million US dollars. Additionally, the country procured four (4) C-295 transport aircrafts from Spain and modernized 11 Israeli Kfir C-7 fighting aircrafts to Kfir C-10 for 162 million US dollars. Furthermore, Colombia acquired four (4) Mi-8/Mi-17/Hip-H Helicopters from Russia for a total amount of 24 million US dollars.

Finally Colombia ordered from Brazil 25 EMB-314 Super Tucano, an enhanced version, with faster speed and higher altitude, of the EMB-312 Tucano trainer aircraft. The total amount of the procurement was 235 million US dollars. The deliveries of the airplanes started in 2006 and completed in 2008. Colombian government is planning to use EMB-314 Super Tucano against FARC and ELN rebels. The funds for the



procurement were allocated from a loan approved by Brazilian Banks.

With these acquisitions the Colombian air forces seriously enhanced their operational readiness. The Super Tucano, has entered duty for counter-insurgency and counter-terrorism operations, while Israel's IAI K-Fir will be responsible for air superiority missions in

**Colombian Defence Imports (expressed in US\$ m. at constant 1990 prices)**

\* '0' indicates that the value of deliveries is less than US\$0.5m

	2006	2007	2008	2009	Total
USA	33	72	12	135	253
Spain	-	13	41	13	67
Israel	-	-	-	66	66
Russia	0*	29	-	34	63
Brazil	12	24	24	-	60

Source: SIPRI Publications, Arms Transfers Database

the operation theatre. Additionally, the acquisition of UH- 60 has significantly improved the capability of the army to perform assault operations together with the simultaneous upgrading of their logistic support output with the increased heavy transport ability of the Russian made helicopter MI-17 and the Spanish CN-295 military transport aircraft, especially in areas of particularly difficult access to other means.

Colombia is going through a period of modernisation. Under this inspiration the Colombian Armed Forces are undergoing a process of alternation that is parallel and in accordance with this procedure. Under this context Colombian procurement philosophy is trying to renew the national armament in accordance with the special requests of the armed forces and the particular geographical characteristics of Colombia.

Kyriazis Vasileios,  
Epicos Newsletter Head Editor

## Epicos Project Opportunities



Epicos "Project Opportunities" provides a unique set of online tools enabling the structure, identification and implementation of comprehensive Offsets programs, through a searchable database. By introducing different offset projects and ideas proposed by local A&D industry it ensures the optimum cost for Prime Contractors and reassures that the priorities of local industry are fully met...

[For Further Information Press Here](#)

### Provision of surface treatment and painting services for small and medium-size metal parts



A company with significant experience in light sheet-iron works, surface treatment and painting is proposing to cooperate with a Prime contractor or lower tier company for the provision of surface treatment and painting services for small and medium-size metal parts that will be used in specific aerospace programs.

[For Further Information Contact our ICO Department](#)

Mail at: [a-dimou@epicos.com](mailto:a-dimou@epicos.com)

### Provision of assembly services for components and subassemblies in the Aerospace and Defence industry



A company with significant experience in assembling parts and components for the aeronautical sector is proposing, in the frame of an offset program, the cooperation with prime or lower tier companies either locally or worldwide for the provision of assembly services for

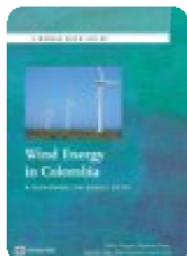
parts and assemblies to be used in the Aerospace and Defense (A&D) industry.

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**Wind Energy in Colombia: A Framework for Market Entry (World Bank Studies), by Walter Vergara , Alejandro Deeb, Natsuko Toba, Peter Cramton, Irene Leino**



The wind regime in Colombia has been rated among the best in South America. However, under the current circumstances, and on its own, the interconnected system would not likely promote wind power. This report is targeted to analysts, planners, operators, generators and decision makers in Colombia and other countries in the region and provides a set of policy options to promote the use of wind power. The potential instruments assessed in this study include financial instruments, government fiscal mechanisms, and adjustments to the regulatory system.

The single most effective policy instrument to promote wind power in Colombia consists on valuing the firm energy offered by wind, its potential complementarity to the hydrological regime and enabling wind power an access to reliability payments.

**Job Creation in Latin America and the Caribbean: Recent Trends and the Policy Challenges (Latin American Development Forum), by Carmen Pages, Gaelle Pierre, Stefano Scarpetta**



More than a decade has passed since the introduction of comprehensive macroeconomic stabilization packages and trade, fiscal, and financial market reforms in Latin America and the Caribbean. However, growth prospects remain disappointing; labor markets show lackluster performance, with low participation rates, high and persistent informality, and, in some cases, open unemployment. Creating viable and lasting employment is vital to reduce poverty and spread prosperity in the region. The failure to create more and more productive and rewarding jobs carries substantial political, social, and economic costs. Job Creation in Latin America and the Caribbean: Recent Trends and Policy Challenges provides

a thorough examination of the labor market trends in the region in recent decades and assesses the role that labor demand and labor supply factors have played in shaping these outcomes.





### Japan's Skymark to buy up to six Airbus A380s

Japan's low-fare Skymark Airlines said Monday it would buy four Airbus A380 superjumbos, with an option to buy two more, as it plans to launch international routes in a deal worth 2.8 billion dollars.

The deal gives the European firm a foothold in a market where US rival Boeing has long had a near-monopoly and is welcome news as it comes under pressure after Qantas grounded its A380 fleet following an engine blow-out last week.

"Skymark Airlines signed a basic agreement with Airbus on the introduction of Airbus A380," Skymark Airlines said in a statement, announcing its order for the world's largest passenger aircraft.

"The company plans to sign the contract on purchasing six aircraft, including an option on two aircraft, in the spring of next year."

The deal is a rare win in Japan for the European aircraft maker over US rival Boeing, which has a 95 percent market share there and dominates the fleets of Japan Airlines (JAL) and All Nippon Airways (ANA).

It was announced after a mid-air emergency Thursday involving an A380 operated by Australia's Qantas in which one of its Rolls-Royce engines exploded minutes after take-off, prompting an emergency landing.

Qantas said Monday it would keep all six of its A380s grounded for at least three more days after finding oil leaks in the engines on three separate aircraft.

Skymark, based at Tokyo's Haneda International Airport, currently operates only domestic flights but said it plans to introduce international flights in fiscal year 2014 to destinations it has not yet announced.

"Skymark Airlines will continue pursuing efficient operations and make efforts to improve customers' convenience by introducing A380 and offering low-cost flights through long-haul mass transportation."

The company did not provide cost details but the catalogue price for the aircraft puts it at a total of about two billion euros (2.8 billion dollars).

Skymark said last week it currently has a fleet of 16 aircraft, all Boeing 737-800s.

"This is very surprising," said Geoffrey Tudor, an analyst at Japan Aviation Management Research, in reaction to the announcement.

"It is known that they have an ambition to start international services, but to leap into the market with this enormous airplane is really, really quite a surprise."

Tudor added that, as Haneda has daytime restrictions on the massive A380, Skymark may be planning to fly the jets out of another airport such as Narita.



The airline was founded in 1996 and started service two years later. It has just under 1,400 employees, according to its website, and now serves about three million passengers a year on routes to Sapporo, Fukuoka, Kobe and Okinawa.

Haneda airport last month opened a fourth runway and passenger terminal to make it the city's second international hub after Narita and boost the Japanese capital as an Asian gateway.

Over the next few months, the new-look Haneda will begin direct services to 17 cities overseas including London, Paris, New York, Los Angeles, Honolulu, Vancouver, Beijing, Shanghai, Singapore and Bangkok.

Airbus last month for the first time landed its A380 at Haneda as part of an attempt to market the double-decker for the country's inland flights, including the world's two busiest domestic routes.

Air France, Lufthansa and Singapore Airlines already use the A380 to fly to Tokyo's main international airport at Narita. Airbus says 37 of its A380s are now flying commercially worldwide, and airlines had ordered another 234 as of last week. Boeing will launch the smaller 787 Dreamliner next year.

**Source:** 2009 AFP, Agence France-Presse (AFP)

### France wants jet fighter talks with Brazil on G20 sidelines

France has asked to have bilateral talks with Brazil on the sidelines of next week's G20 summit in South Korea over Brasilia's long-running multi-billion-dollar tender to buy 36 new fighter jets, Brazilian officials told AFP Friday.

"The only one who has asked for a bilateral is the president of France (Nicolas Sarkozy) to talk about this issue and bilateral cooperation," one official in the Brazilian president's office said on condition of anonymity.

"The issue of the planes is central," the official said, adding the meeting would likely take place on the second day of the summit, Friday November 12.

Both Brazilian President Luiz Inacio Lula da Silva and his successor as of next year, president-elect Dilma Rousseff, will be attending the G20 summit.

Lula has been putting off for months his decision to announce the winner of the fighter jet tender, but said this week that now Rousseff had been elected to take over from him, an announcement would be made soon.

France's Rafale by Dassault, Sweden's Gripen NG by Saab, and the US-made F/A-18 Super Hornet by Boeing are all vying for the tender, which is worth an estimate four billion to seven billion dollars.

Brazil has insisted on full transfer of technology in the deal so it can build its own advanced military aircraft in the future.

Lula initially said a year ago that negotiations were underway to buy the sophisticated Rafale, but then stepped back from that position to see through the contest.

Brazil's air force has leaked to the media that it prefers the Gripen, which is cheaper and, because it has not yet reached prototype stage, promises more opportunities for Brazilian industry input.

**Source:** 2009 AFP, Agence France-Presse (AFP)

#### Putin to sign energy deals in Bulgaria Saturday

MOSCOW, November 8 (RIA Novosti) - Russian Prime Minister Vladimir Putin will meet with his Bulgarian counterpart in Sofia on Saturday to sign bilateral energy deals, the Russian government's press service said on Monday. "The status of and prospects for bilateral cooperation, including the implementation of major joint energy projects, will be discussed," the press service said in a statement, adding that Russian-Bulgarian energy deals may also be signed. In a phone conversation on October 21, Putin and Bulgarian Prime Minister Boyko Borisov agreed to establish a joint venture to carry out a feasibility study of the Bulgarian part of the South Stream gas pipeline by November 15. The South Stream project, in which Russia, Bulgaria and Greece are partners, stipulates the construction of a 300-kilometer pipeline from Bulgaria's Black Sea coast to Greece. The pipeline, which is considered a rival to the EU-backed Nabucco pipeline, is scheduled to be launched in December 2015.

**Source:** Ria Novosti

#### Russia, Japan to talk political, business cooperation during APEC summit

MOSCOW, November 8 (RIA Novosti) - Russian President Dmitry Medvedev and Japanese Prime Minister Naoto Kan will discuss bilateral political cooperation and joint business projects during their meeting at the forthcoming APEC summit in Yokohama, Russian presidential aide Arkady Dvorkovich said on Monday. "During talks with [our] Japanese colleagues, political and economic issues are always touched upon," Dvorkovich told journalists in Moscow. The presidential aide said economic cooperation between Russia and Japan had yielded good results and praised the activities of a Russian-Japanese working group responsible for investments in Siberia and the Far East. Japanese companies have "concrete proposals and plans" concerning the development of the regions, he said. Meeting with about ten leading Japanese business representatives are also planned to be held on the sidelines of the APEC summit November 13-14. They have already handed over to Russia their concrete proposals in the spheres that the Russian government considers priorities, such as energy sufficiency, nuclear energy, information, telecommunication and medical technologies, Dvorkovich said. "This is a new level of cooperation, not just talks about what should be activated, widened and deepened, but absolutely concrete projects, which are beneficial both for us and Japanese companies. This is what the Russian president and the Japanese prime minister will talk about," he said.

**Source:** Ria Novosti

### NATO officials say Russia poses no threat to West

BRUSSELS, November 8 (RIA Novosti) - NATO's top military and political officials assured Russia the alliance saw no threat from the country for the West, Russia's envoy to NATO Dmitry Rogozin said on Monday. Rogozin's comment followed a statement by Lithuanian President Dalia Grybauskaite, who said that "in terms of politics" NATO has finished its preparation of its plan of the Baltic states' defense. European Voice weekly earlier said NATO's defense plans implicitly singled Russia out as a military threat. Despite the NATO officials' pro-Russian statements, several alliance members continue to criticize NATO Secretary General Anders Fogh Rasmussen's policy of establishing a strategic relationship with Russia, the envoy said. Rogozin said he was very pleased "for the residents of the ex-Soviet Baltic states who could at last sleep peacefully facing the somewhat lurid menace threatening the young sickly democracies of Latvia, Lithuania and Estonia."

**Source:** Ria Novosti