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The Future of Austrian Defence Procurements



European Union is currently facing one of the biggest economic challenges of its history. Several countries downsized their defence budget in order to sustain this crisis. Austria is one of them. In 2010 Austrian authorities started implementing a program with which a total amount of €530m until 2014 from defence-related expenditures will be saved. To

achieve this program Austrian armed forces will have to implement cuts of -€80m in 2011, -€129.5m in 2012, -€152m in 2013 and -€169m in 2014. Cuts include the decommissioning of 500 tanks and cuts in personnel and the force-structure.

In order to reduce defence expenditure Austria is planning to decommission more than 500 armoured vehicles, including all "Kurassier" light tanks, all "Saurer" armoured personnel carriers, parts of the "Leopard" 2A4 fleet and M-109 self-propelled howitzers. Additionally, the armed forces will also reduce their inventory of 20mm and 35mm anti-aircraft guns, "Mistral" anti-aircraft missiles, "Panzerabwehrlenkwaffe 2000" anti-tank missiles, and mortars. In total, about 1,000 items of equipment will be sold or scrapped. Minister Darados stated about this decision that "We will continue to operate heavy protected equipment for foreign missions to protect our soldiers. And in case of a long-term change in the security situation we must sustain our capabilities in the field of tanks. However, the current security situation and the missions of the armed forces allow a drastic reduction in the size of the armoured fleet".



Additionally, Austria will try to reduce the number of defence-related personnel by approximately 1,000 employees until 2014: 400 to 500 through pensioning, 400 employees will shift from the Defence Ministry to the Finance Ministry or the Ministry of the Interior.

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

	2006	2007	2008	2009	2010	Total
Germany	2	280	220	330	-	832
Italy		25			5	30

Source: SIPRI Publications, Arms Transfers Database

In order to further cut the national defence budget, Austria is currently debating the option of joint air policing with Germany, Slovenia, Slovakia or Switzerland. Though this is a highly debatable issue that is thwarted by Austria's neutrality. In other domains pooling and sharing options has been already established. For example, Joint training schemes are

already established with Germany, especially with regard to mountain infantry training, Eurofighter training (technicians and Pilots), flight control and aerial photo analysis.

For the period 2006-2010 Austria imported defence equipment from only two countries, Germany and Italy. Germany played an extremely important role in the defence imports of Austria that actually degrades the importance of Italian imports. It is indicative that for the period 2006-2010, Austria spent 862 million US dollars at constant (1990) prices, in procuring defence equipment from Italy and Germany. From this amount, 832 million were spent in Germany made equipment.

Kyriazis Vasileios,
Epicos Newsletter Head Editor

Austrian Armed Forces in International Missions



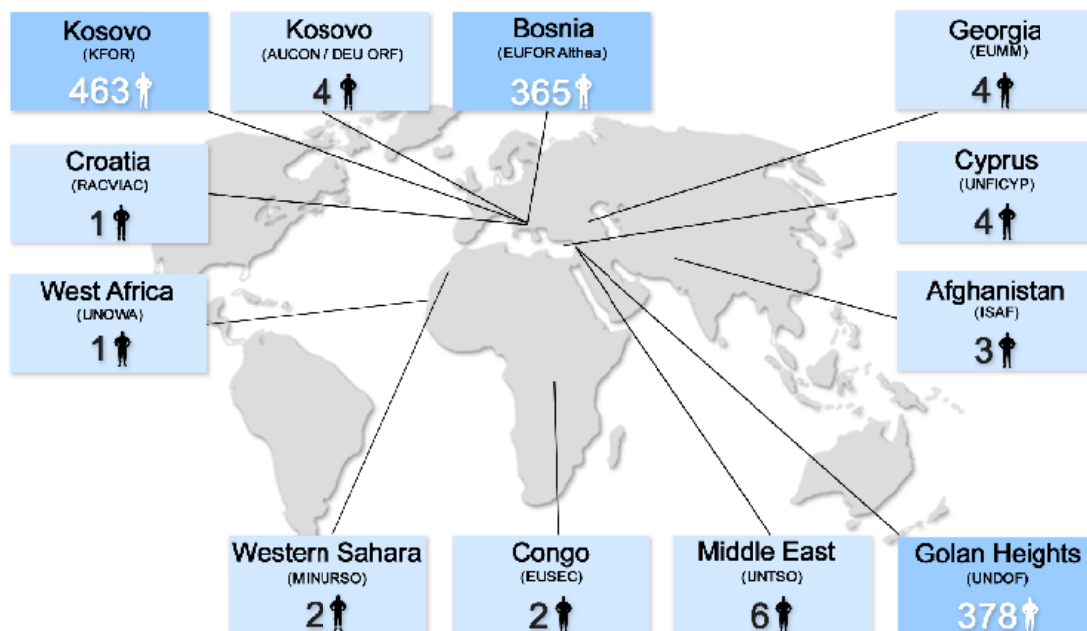
AUSTRIAN ARMED FORCES

On the "Security and Defence Doctrine" published on 12 December 2001, the significance of conventional threats has been down-graded, while asymmetric and transnational risks have been emphasized.

Therefore, Austria has prioritized the participation of armed forces in international missions in order to contribute to international stability and peace and to deter the aforementioned threats. Austria's membership in the United Nations, the European Union and the Partnership for Peace (PfP) Program, have notably increased the importance of this participation. Since 1960, more than 90,000 Austrian troops and civilian helpers have been participating in more than 50 international peace support and humanitarian missions. This number has been rapidly increased after the end of Cold War as Austria participated in several international missions. Currently, Austria contributes troops to KFOR EUFOR, European Union Force Althea and UNDOF Golan Heights.

The foreign development of Austrian troops highlights the geographic priorities of the country, regarding international missions and results from the country's security, political and economical considerations. At present, Austria's geographic priorities are: Western Balkans, East Europe and Middle East.

Foreign Deployment of the Austrian Armed Forces



Source: Austrian Armed Forces www.bmlv.gv.at

The maximum number of available Austrian troops for international missions lies at 1,000 soldiers. These soldiers will be composed of two battalions plus support forces for low- to medium- intensity missions, including rotation and unlimited deployment. Additionally, a brigade on 30-days readiness for one year for high-intensity operations will be created.

Currently Austrian troops are participating in international missions such as EUFOR "ALTHEA" in Bosnia and Herzegovina. The mission's scope is to stabilise the military aspects of the Dayton peace agreement and to provide a permanent military presence in order to prevent a renewed threat to peace. Austria had on May 2011 365 troops in this mission. Additionally, 472 (as of June 2011) Austrian troops participate in KFOR a NATO-led military mission in Kosovo. Austria is one of the 8 non NATO nations that participate in the mission.



Austria also has troops deployed outside Europe. The country participates in AUSBATT/UNDOF mission to the Golan Heights, Syria, since 1974. Currently in this mission there are 378 Austrian troops. Finally there are troops deployed in Georgia, Cyprus, Croatia, Afghanistan, Congo and Western Sahara.

Over the last years, international operations have become a priority task for the armed forces of all European countries. Austria could not be an exception. Austrian troops participate in several missions in Europe and Middle East enhancing the international presence of the country.

Kyriazis Vasileios,
Epicos Newsletter Head Editor

Epicos "Industrial Cooperation and Offset Projects"



Epicos "Industrial Cooperation and Offset Projects" 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 an advanced Thermal Imaging Camera with Zoom Lenses for Electro-Optical (EO) system manufacturer and integrators



A company specialized in the development and production of Electro-Optical and Precision Motion Control Systems for the aeronautical and military industry, is proposing to Aerospace and Defense (A&D) primes or lower tier companies an existing and fielded product of the company, a Thermal Imaging Camera (FLIR), with Zoom Lenses. The Thermal Imaging Camera can be used either as stand alone or integrated in advanced Electro-Optical (EO) Surveillance systems/suites, weapon post or sites under development.

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

Mail at: g-menexis@epicos.com

Design and development of an Upgrade package for military Armored and/or Wheeled vehicles



A company, leading supplier of technologically advanced systems and components for the international Aerospace, Defense, Automotive and other industries, is proposing, in the frame of an offset program the cooperation with defence prime contractor for the development of an upgrade package for military Armored and/or Wheeled vehicles. The upgrade package will be based on a range of systems developed

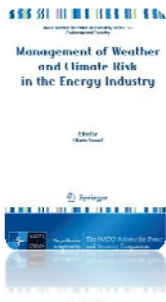
by the company and already deployed and operational tested.

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Management of Weather and Climate Risk in the Energy Industry (NATO Science for Peace and Security Series C: Environmental Security), by Alberto Troccoli



On of the most important factors in the process of policy and decision making in the energy industry is undoubtedly weather and climate. For instance, weather forecasts are routinely employed in the energy sector – from energy producers to suppliers, and from financial analysts to national regulators – to assist in decision-making. Given the diversity of the energy sector, this information is used for several purposes such as for pricing the cost of energy or that of financial instruments. Other climate information, such as that from seasonal and decadal forecasts, is also starting to be included. In addition, weather and climate information is naturally a key element in the development and use of renewable energy resources such as wind, solar and hydropower. This book is trying to highlight the correlation between weather and the energy industry.

The Global Arms Trade: A Handbook, by Andrew T. H. Tan



The Global Arms Trade is a timely, comprehensive and in-depth study of this topic, a phenomenon which has continued to flourish despite the end of the Cold War and has been revived till the middle of the first decade of the new millenium. It provides a clear description and analysis of the demand for, and supply of, modern weapons systems, and assesses key issues of concern. This book will be especially useful to scholars, policy analysts, those in the arms industry, defence professionals, students of international relations and security studies, media professionals, government officials, and those generally interested in the arms trade.



Canada heads for Afghan exit after 9 years at war

After nine years, 157 troop deaths and more than \$11 billion spent, Canada's combat mission in Afghanistan finally comes to an end this week.

With popular support for the war sapped at home, some of the nearly 3,000 Canadian troops, based mainly in the dangerous battleground of Kandahar, have already started returning from Afghanistan, and the rest will follow soon.

In recent days and weeks, they have been completing their final patrols, packing up dusty outposts and gathering at the giant Kandahar airfield military base to debrief before starting to catch their flights home.

The official end of Canada's hard-fought mission, which began in early 2002 a few months after the US-led invasion of the country, comes Thursday, and as other countries also announce partial troop withdrawals from the Afghan theatre as Western voters tire of nearly a decade of war.

Last month US President Barack Obama announced that he would withdraw 33,000 US troops from Afghanistan by the end of 2012, while France, Belgium and Britain have also said they will soon bring some troops home.

All foreign combat forces are due to hand security to Afghan forces by the end of 2014.

While many Canadian troops say they feel elated to be going home to their families, commanders insist they will stay focused on the job right up until the end.

"It's not finished until it's finished. The image that we are using is a relay race. When you pass the baton on a relay race, you're not slowing down," deputy taskforce commander Colonel Richard Giguere said.

"That's what the Canadians are doing right now."

Canada will hand its battleground over to US control, and the military insists it has made worthwhile progress during its time in Kandahar, the birthplace of the Taliban and one of the fiercest fighting hotspots of the war.

Giguere cited major steps forward on both security and governance in the districts of Panjwayi and Dand where the Canadians have been in charge.

"There's a lot of pride in what the Canadians achieved," he said. "We're there to provide the security space that will permit the district governors to go ahead with their governance and development business."

Canadian Prime Minister Stephen Harper first pledged in 2008 that troops would leave this year amid trenchant political debate.

And public opposition earlier this year seemed to be growing, with an opinion poll by Vision Critical/Angus Reid indicating that 63 percent of Canadians opposed the war, compared to 47 percent in 2010.

After the US killing of Osama bin Laden in Pakistan in May, Harper visited troops in Afghanistan and said he believed the war-torn country was "no longer a source of global terrorism."

The Canadians are the first major foreign troop contributor in Afghanistan to start sending forces home this year, although Dutch forces ended their combat mission last year.

A separate Canadian training mission involving 950 troops will work in Kabul with Afghan security forces as they take an increasing role in protecting their own country, despite lingering questions about their capabilities.

Canada will also continue to give aid to Afghanistan, and its overall involvement between now and the end of 2014, the deadline for all foreign combat troops to withdraw, is expected to cost around \$700 million a year.

Meanwhile, question marks remain over controversial claims that Canada transferred Afghan prisoners to Afghan custody knowing they could face torture.

The Canadian government insists that top secret files released last month show the allegations are not credible.

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

Transneft to review expediency of trans-Balkan oil pipe cooperation with Bulgaria

ATYRAU, Kazakhstan, July 1 (RIA Novosti) - Russian oil pipeline operator Transneft will soon discuss the expediency of further cooperation with Bulgaria under the trans-Balkan Burgas-Alexandroupolis oil pipeline project, Transneft President Nikolai Tokarev said on Friday. "I consider this as an insult to our position (on the part of Bulgaria) and partners do not act like this. We can't indefinitely finance this project and will soon discuss the expediency of cooperation with the Bulgarian side," Tokarev said. The 300-kilometer pipeline, planned to link the Black Sea port of Burgas to Alexandroupolis on the Aegean Sea, is designed to transport 35 million tons of oil a year, with a possible expansion to 50 million tons, to ease the tanker traffic burden in the Bosphorus and the Dardanelles straits. Around half of the pipeline was planned to run through Bulgarian territory. But Bulgaria has threatened to abandon the project over environmental risks and has not made its financial contribution to the project. Transneft also does not rule out finding a route bypassing Bulgaria to deliver Russian oil through Greece to the Mediterranean, Tokarev said.

Source: Ria Novosti

Embattled Malaysia Airlines in \$8 bn fightback

Under siege at both the budget and high end of the air travel market, Malaysia Airlines is fighting back with a multi-billion-dollar fleet renewal plan in an effort to secure its future.

Analysts say that in recent years the company has been overshadowed by its aggressive upstart rival, Malaysian budget carrier AirAsia, while Singapore Airlines and others remain formidable competitors in the business sector.

A few years ago Malaysia Airlines was on life support, forced to sell off its headquarters, slash unprofitable routes and fire thousands of staff to avoid bankruptcy.

In 2005 it racked up losses of 1.3 billion ringgit (\$386 million) over nine months, a dismal performance that forced the introduction of sweeping reforms which saw the airline swing into the black in 2007.

Now the state-owned carrier is looking to build on the recovery with orders for six long-haul Airbus A380 superjumbos, plus 25 Airbus A330-300s and 45 Boeing 737-800s for regional use, with an option to buy 10 more of the US model.

In all, the bill comes to \$8.4 billion.

"By 2015, we will have one of the youngest fleets in the world," the flag-carrier's managing director, Tengku Azmil Zahrudin Raja Abdul Aziz told AFP in an interview.

The firm has already received five Boeing 737-800s and three Airbus A330s, while the first A380 will arrive in the second quarter of next year, he said.

The double-decker superjumbos, the world's biggest commercial passenger plane, will be used to serve cities such as London, the airline's most lucrative destination in Europe.

"What we need to do is to be the best airline serving out of Kuala Lumpur," said Tengku Azmil. "That is what we want to do."

The purchases were part of an ambitious "multi initiative strategy" that also includes reducing fuel and maintenance costs and seeking more market share, he said.

"It is a major refueling programme. The new aircraft will have better fuel efficiency, low maintenance, higher reliability, so we actually will be able to further reduce our unit cost. The aim is to increase the margins."

But aviation experts said Malaysia Airlines faces strong headwinds.

AirAsia, launched less than 10 years ago, now already flies to 78 destinations, with its long-haul arm AirAsia X covering another 11, while 64-year-old Malaysia Airlines has more than 110 airports on its route map.

Other prominent low-cost carriers including Jetstar Asia also serve the region, and Singapore Airlines said in May it plans to launch a new medium- to long-haul budget subsidiary within a year.

At the other end of the market, the city-state's flag-carrier and Hong Kong-based Cathay Pacific are major global operators favoured by business travellers.

"In the business segment, they (Malaysia Airlines) are not in the position to compete with Singapore Airlines" because of the size of its network, Shukor Yusof, an aviation analyst with Standard & Poor's Equities Research told AFP.

"In the economy section, they are losing out to AirAsia."

"Absolutely, AirAsia has overshadowed Malaysia Airlines. AirAsia has been eating away their business from day one."

Shukor, who is based in Singapore, pointed out that despite a staff of 19,000 people, Malaysia Airlines was not as productive as AirAsia, which has around 4,500 employees.

"In a nutshell they have been slow to ride the market. Asia was performing better two to three years ago and they did not do much to take advantage of it," he added.

But Chris Eng, head of research with Malaysian brokerage OSK Research, welcomed the aircraft orders and said the carrier should focus on preventing its loyal customers from leaving.

"Malaysia Airlines' efforts should be to contain any bleeding of full-fare passengers to other full-service carriers operating via Singapore or Bangkok," he said.

As it happens, Tengku Azmil agrees. "In terms of business traffic Singapore has naturally more business traffic than Malaysia. We do not have that many business class seats like Singapore Airlines," he said.

"It will be a mistake for us to become like Singapore Airlines. Singapore Airlines serves a different market."

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

Third Skjold FPB delivered to Norwegian Navy

On the 30th of June 2011, DCNS delivered the third-of-class fast patrol boat P963-Steil, to the Royal Norwegian Navy. The six-boat Skjold programme is led by a consortium comprising DCNS and two Norwegian contractors with DCNS acting as the combat system design authority and co-supplier.

The Norwegian authorities entrusted the Skjold programme to a consortium of three contractors with DCNS as the combat system design authority and co-supplier. DCNS is working with Norwegian contractors Umoe Mandal and Kongsberg Defence & Aerospace.

Skjold FPBs are designed specifically for maritime security & safety missions in Norway's littoral waters. The combat system is tailored to demanding environments and reduced crewing. The state-of-the-art communications and sensor suites are fully compatible with active participation in international and NATO-led operations. With a length of around 50

metres, Skjold-class FPBs are heavily armed for their size. The combat system features eight anti-ship missiles and a 76 mm gun that can engage several targets at once at ranges exceeding 12 kilometres.

P963-Steil's combat system was accepted following a final campaign main gun firing tests off Bergen and sea trials in Stavanger in June 2011.

First-of-class P961-Storm was handed over on 9 September 2010 and second-of-class P962-Skudd on 28 October 2010.

The success of the Skjold programme is the fruit of a long-term partnership between DCNS and its Norwegian partners. Between 1997 and 2004, DCNS demonstrated its expertise in combat system design and development as prime contractor for the modernisation of 14 Hauk-class FPBs for the Royal Norwegian Navy.

About DCNS

DCNS is a world leader in naval defence and an innovative player in energy. The Group's success as an advanced technology company with global reach is built on meeting customer needs by deploying exceptional know-how and unique industrial resources. DCNS designs, builds and supports surface combatants, submarines and mission-critical systems and equipment incorporating the most advanced technologies. It also proposes services for naval shipyards and bases. Last but not least, DCNS offers a range of solutions in civil nuclear engineering and marine renewable energy. DCNS is committed to sustainable development and was one of the first defence contractors to achieve Group-wide certification to ISO 14001. In recognition of the success achieved by its Filieres du Talent knowledge sharing programme, DCNS was awarded the Trophee National de l'Entreprise Citoyenne (national award for corporate citizenship) under the patronage of the French Senate. The Group employs 12,500 people and generates annual revenues of around €2.5 billion. www.dcnsgroup.com

Press contacts:

Virginie Lemiere
+33 (0)1 40 59 53 57
virginie.lemiere@dcnsgroup.com
Damien Bonnet
+65 94 52 40 07
dbonnet@dcns-fe.com

For photos, go to www.dcnsgroup.com

Source: Epicos, DCNS

Airbus says Garuda airline orders four aircraft

Garuda Indonesia airline has signed a firm order for four Airbus A330-300 aircraft, the European manufacturer Airbus said on Friday.

At list prices the order would be worth \$890 million dollars (613.5 million euros), although negotiations often result in lower prices than those in the catalogue.

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