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Defence Spending in Europe



European States play an important role in the international market of defence equipment. According to Stockholm International Peace Research Institution (SIPRI), for the period 2007-2011 their share of international transfers of major conventional weapons was 19%, while 80% of transfers to European states originated in Western Europe. Additionally, the volume of deliveries of major conventional weapons to states in Europe increased by 13% between the period 2002-2006 and 2007-11. Greece was the largest importer of major conventional weapons in Europe. Greece is followed by UK and Norway being the only three European states among the (20) largest importers in the period 2007-2011. Nevertheless, several other European countries, such as Germany, France, and Italy are among the ones with the biggest military expenditure, however, these countries are significant arms' manufacturers and they import relatively small volumes of weapons.

Greece was the largest importer in the region in 2007-11. The main reason is that being in the Balkan Peninsula, an area that created more than a few political disorders in the last decade the country has to be prepared to tackle with a considerably complicated and potentially precarious environment. Additionally, Greece has to take into consideration the new type of threats that have been introduced globally and has to do with the new notion of uncertainty that the nations and the international community are called to confront and which we usually call "asymmetrical threats". Nevertheless, the economic crisis that has hit the country the last three years forced the Greek government to downgrade the defence budget. Imports have decreased by 18% between 2002-2006 and 2007-11 and no new orders for major conventional weapons were placed in 2011. Greece is now the 10th largest arms' importer, down from being the 4th largest in 2002-2006.



A worth noticing development in the European defence market is that Russia, the second biggest exporter of major conventional weapons, started importing defence equipment from other European countries. More specific in 2011 the country signed a contract with France to jointly produce (4) Mistral amphibious assault landing ships, as well as a deal with Italy to assemble (60) Lynx LMV light armored vehicles, which could increase to (2500) vehicles. Russia also took delivery of unmanned aerial vehicles from Israel.

Kyriazis Vasileios,
Epicos Newsletter Head Editor

French Arms' Exports



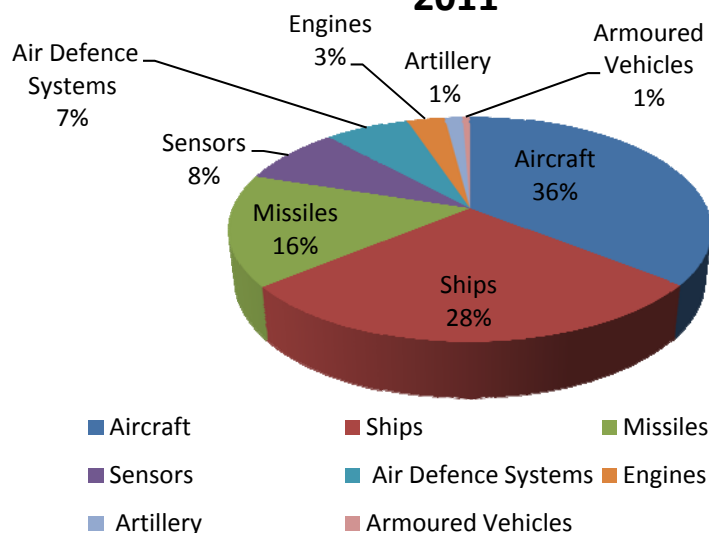
According to the Stockholm International Peace Research Institute (SIPRI) the volume of French arms' exports increased by more than 12% between the periods 2002-2006 and 2007-11. However, France fell from being the third largest exporter to the fourth place. Asia and Oceania were the largest recipient regions of

French arms' exports, accounting for the 51% and were followed by Europe with 22% and the Middle East with 12%. The French arms' exports were further boosted during January 2012 when India announced that the Rafale fighter built by Dassault Aviation has emerged the lowest bidder in the contest to sell the Indian Air Force (IAF) (126) medium multi-role combat aircraft.

France exported a variety of arms' equipment to almost fifty countries demonstrating a broad geographical spreading. The five first countries, based on the amount of funds allocated (Singapore, Greece, Morocco, China, Australia) represent four different continents, Europe (Greece) Asia (Singapore) Africa (Morocco) and Oceania (Australia).

Regarding the range of exported arms, France showcased an equal diversification. Aircraft were the predominant area of exports for the period 2007-2011 with a total amount of 3494 US\$ m. at constant (1990) prices. The 2nd most important sector is that of ships with 2765 US\$ m. at constant (1990) prices whereas other areas such as missiles and sensors follow. Ship vessels and armored vehicles accounted for 67% of the total volume of the German exports.

Arms' exports from France by category, 2007-2011



Among the latest exports France completed during the period 2007-2011 were (14) Damocles Aircraft EO systems, which was Part of EUR 350 million deal. The EO systems were to be used with the MF-2000 (rebuild Mirage F-1) combat aircraft.

Additionally in 2010 Malaysia procured (12) EC-225/EC-725 Helicopters. The total amount of the procurement is 500 million US dollars and deliveries will be made during the period 2012-2014.

Finally, in 2011 France completed the delivery of (10) NH-90 TTH Helicopters to Finland. The total funds allocated to the specific procurement reached 350 million dollars. The procurement included an offset deal of assembling (18) helicopters to Finland.

France is the fourth arms' exporter in the world, as the defence industry of the country exports a wide variety of equipment to several different countries throughout the world. That diversity, both in geographical terms and in terms of the range of equipment, is definitely the most important factor, safely leading to the ascertainment that this trend will continue.

Kyriazis Vasileios,
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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...

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Development of an automatic precision landing parachute supply system for military and humanitarian applications



A company which focuses on the development and manufacturing of aerospace instruments and onboard aircraft systems proposes the development of an Autonomously Guided Precision Airdrop System "AmPad" to be used by various tactical transportation aircraft and helicopters. This system ensures precision airdrops for Military and/or Humanitarian Missions.

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

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File and data security system for a large organization



The program involves the development of a file and data security system for a large organization, either the one of the contractor that shall purchase such system, or a public organization (i.e.: Ministry of Defence) that will be requiring such system. The program is structured to include purchase of IT products from the IT industry (a type of program that is preferable from the Ministry of Economy and Transport) but also it can include the installation of such system to a designated customer, preferable a Ministry of Defence from any country that a prime contractor can have Offset Obligation and that the guidelines will allow such program.

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Epicos- Amazon



The European Defence Market, by Johannes Kuschel



The ever-increasing number of international missions and the diverse tasks European Forces carry out does not match the decrease in defence budgets in most European countries. Since both, however, are unlikely to change, the transformation will have to come from new ways that armament are procured in the European Union. Therefore, in the European defence sector must change. This book examines the strategic options that they will have. It explores the players in the market, assesses their market position in their respective national industry and forecasts their potential position in a common European defence market. It explores duplication and absence of armaments and technological skills as well as the reasons for them. The paper suggests strategies to overcome the aforementioned market distortions and provides options for companies to deal with the situation favourably.

Explaining the EU's Common Security and Defence Policy: Theory in Action, by Xymena Kurowska, Fabian Breuer



This book provides an engaging assessment of the theoretical debates on the EU's Common Security and Defence Policy (CSDP). The contributions to this volume bring together sophisticated theoretical frameworks and extensive empirical research. Pluralistic in its approach, the volume emphasizes the role of conceptual diversity for better explaining the EU's CSDP.



S. African military overstretched, underfunded: ministry

South Africa's military is overstretched and underfunded as it adapts to new demands from peacekeeping to fighting piracy, the defence ministry said Thursday in launching a review of military policy.

"The defence policy we have is completely obsolete," Defence Minister Lindiwe Sisulu said as she released the more than 400-page review.

"The current operating budget has proven insufficient to cover higher than planned fuel costs, in-service training, maintenance, repair and support to modern defence systems," the document said.

"The South African military is consequently too poorly equipped and funded to execute the widening spectrum of tasks to the desired level."

The review is the first since 1998, when military policy was overhauled for the post-apartheid era with a focus on integrating white South Africa's formal military with guerrillas from the liberation movement.

"At the time South Africa wasn't as much part of the continent as far as the African Union was concerned. Now it's a different picture, now we have an important role to fulfill as member of the AU," said the Defence Review Committee chairman Roelf Meyer.

Since then South Africa has deployed peacekeepers to the Democratic Republic of Congo, Burundi and Sudan.

The navy has begun patrolling Mozambican waters for pirates, and soldiers have deployed along South Africa borders to beef up security, including in the fight against rhino poachers.

"We should not overestimate our leadership role but we should also not underestimate our role," said Meyer, an apartheid-era cabinet minister who helped script the country's democratic constitution.

The review will now go for public and parliamentary debate.

Its recommendations include improvements to modernise the country's military, one of Africa's largest with 75,000 uniformed soldiers, but often beset with faulty equipment because of budget constraints.

South Africa's annual defence budget currently stands at 38.4 billion rand (\$5.4 billion, 3.8 billion euros), and Sisulu has been vocal in calling for an increase. Spending on defence accounts for less than 1.2 percent of the gross domestic product.

Source: 2012 AFP, Agence France-Presse (AFP)

NATO allies debate Afghan war as summit looms

NATO foreign and defence ministers will huddle Wednesday to fine-tune their troop withdrawal from Afghanistan as a Taliban onslaught underscores the task remaining in ending the decade-old war.

The ministers will gather for two days of talks to lay the groundwork for a summit hosted by US President Barack Obama in Chicago on May 20-21 that will map out the troop pullout over the next two years and debate how to fund Afghan forces.

NATO officials insist that the number of attacks has come down in Afghanistan but a wave of coordinated attacks on Sunday, which left 51 people dead including 36 insurgents, highlighted the resiliency of Taliban militants.

"Clearly we still face security challenges," said NATO spokeswoman Oana Lungescu. "This was not the first such attack and I do not expect it to be the last."

"But such attacks don't change the transition strategy, they don't change the goal and they don't change the timeline that we all agreed to at the Lisbon summit in November 2010," she said.

NATO leaders agreed in the Portuguese capital to gradually hand over security responsibility to Afghan security forces, with the aim of completing the transition by the end of 2014.

Two years later, the alliance is in the process of withdrawing 130,000 troops from the increasingly unpopular war while debating how to pay for the Afghan security forces which will carry on the fight.

Training Afghans into a formidable force that can take on the Taliban on their own is key to a successful transition, and NATO officials say the fact they fought the Taliban alone on Sunday was proof of "impressive" progress.

Following the attacks, however, Afghan President Hamid Karzai, who has criticised some of the US tactics in the war, blamed intelligence failures on the part of Afghan forces "and especially" NATO.

NATO expects Afghan security forces to grow to 352,000 soldiers and police officers this year but the future size is under discussion.

A US plan foresees a reduction of the Afghan forces to 228,500 in 2017.

Allies are debating the price tag for the force, which is estimated to cost \$4.1 billion per year. The United States is expected to pay \$2.3 billion while its partners and the Afghan government would foot the rest of the bill.

The ministers will debate other thorny issues including a US-led missile shield being deployed across Europe that is irking Russia.

US Secretary of State Hillary Clinton and her 27 NATO allies will hold talks with Russian Foreign Minister Sergei Lavrov on Thursday but no progress is expected on negotiations to ease Moscow's concerns about the system.

NATO had hoped to invite Russia to its Chicago summit but Russian president-elect Vladimir Putin is not expected to attend. Alliance officials say a scheduling conflict prevents him from showing up.

Despite the standoff, NATO diplomats hold out hope for progress, noting that Russians are cooperating on other projects and are still willing to talk about playing a role in the missile shield.

"Moscow's rethoric towards NATO is more pragmatic and open to cooperation," a diplomat said.

Source: 2012 AFP, Agence France-Presse (AFP)

India to test new long-range missile this week

India hopes this week to join a select group of countries with intercontinental missiles by holding the first test flight of a new long-range nuclear-capable rocket, officials said Monday.

The Defence Research and Development Organisation (DRDO) said it plans the maiden launch of the Agni-V missile, which has a range of more than 5,000 kilometres (3,100 miles), between Wednesday and Friday.

The exact launch date has not yet been set "because this is our longest-range missile and there are many logistics issues and hence we don't plan for one (particular) day," DRDO spokesman Ravi Gupta told AFP.

In the latest display of India's growing military might, the test of the indigenously developed Agni-V will be carried out from a coastal range in the eastern state of Orissa.

"Agni-V is a 5,000-plus kilometre range missile and it is to meet our present-day threat perceptions, which are determined by our defence forces and other agencies," Gupta said from the test site.

The Agni-V would in theory be able to strike targets across Asia and some parts of Europe. Only China, Russia, France, the United States, Great Britain and Israel are thought to have such long-distance missiles.

The weapons system was not developed to threaten any particular country, said DRDO spokesman Gupta.

"This is a deterrent to avoid wars and it is not country-specific," he said. "Besides, India has a no-first-use policy," he said, calling the country's missile development programme "purely defensive."

The planned test flight comes after India launched last November the Agni-IV missile that can travel 3,500 kilometres and is capable of carrying a one-tonne nuclear warhead deep inside China.

India is among the world's top 10 military spenders, with Jane's Defence Weekly forecasting its total purchases between 2011 and 2015 will top \$100 billion.

India has fought three wars with arch-rival Pakistan since independence in 1947, but China is now viewed as the main focus of India's military concerns.

The border between India and China has been the subject of inconclusive diplomatic talks since the 1980s after the two nations fought a brief, bloody war in 1962.

Indian military analyst Afsir Karim said since the country already has potential to strike China with the Agni-IV, the utility of the latest missile was unclear.

"I do not see any strategic value in developing this system except for upgrading India's military prestige," Karim, a retired army lieutenant-general, told AFP.

India staged a string of atomic detonations in 1998 and declared itself a nuclear-weapons state but it refuses to sign the Nuclear Non-Proliferation Treaty.

The country's test plan has not attracted the international criticism aimed at reclusive North Korea, which last week carried out a rocket test that ended in failure.

Source: 2012 AFP, Agence France-Presse (AFP)

Lufthansa says passenger numbers up in first quarter

Lufthansa, Germany's number one airline, said Thursday it transported a total 21.9 million passengers in the first three months of this year, 4.8 percent more than in the same period a year earlier.

All of the group's airlines -- Lufthansa itself, low-cost carrier Germanwings, Swiss and Austrian Airlines -- contributed to growth, it said in a statement.

The so-called seat-load factor, which measures the number of seats filled on flights, rose to 74.2 percent in the period from January to March from 72.9 percent a year earlier.

The cargo division, Lufthansa Cargo, saw the volume of freight transported fall by 9.3 percent to 426,000 tonnes in the wake of the global economic slowdown.

Source: 2012 AFP, Agence France-Presse (AFP)

Raytheon Awarded \$106 Million for Aegis Radar Work

NATIONAL HARBOR, Md., April 17, 2012 /PRNewswire/ -- The U.S. Navy awarded Raytheon Company (NYSE: RTN) a \$106.4 million modification to a previously awarded contract for the production of Aegis-related equipment, including the AN/SPY-1(D)V radar transmitter and MK99 Mod 14 Fire Control System. With this modification, Raytheon will continue its long history of reliable manufacturing of these two essential components, which are critical to Aegis' air and missile defense capabilities.

The work will support DDG 116, the next planned ship of the Arleigh Burke-class of destroyers, as well as the Aegis Ashore missile defense system. Raytheon's AN/SPY-1 radar transmitters and MK99 Fire Control System, both key elements of the Aegis system, have been in production for more than 30 years as part of the U.S. Navy's Aegis shipbuilding program.

"Raytheon has partnered with the Navy for more than three decades on Aegis, and we look forward to supporting the next stage of the program," said Denis Donohue, director of Above Water Sensors for Raytheon's Integrated Defense Systems business. "As the world's preeminent leader in naval radar technology, we are uniquely positioned to advance the legacy of Aegis and build upon its proven capabilities."

Raytheon's Work on Aegis

Raytheon also provides performance-based logistics support, including spares and repairs, for Aegis weapons systems. In addition, the company manages system repairs in support of foreign military sales. The AN/SPY-1 and the MK99 are currently aboard the U.S. Navy's fleet of cruisers and destroyers, as well as Japanese Kongo-class destroyers, Spanish F-100-class frigates, and South Korean KDX-111 King Sejong the Great-class destroyers. The AN/SPY-1 radar will also be deployed by the Royal Australian Navy's future Air Warfare Destroyer. Raytheon Australia serves as the combat systems integrator for AWD.

Work on this contract will be performed at Raytheon IDS' Surveillance and Sensors Center, Sudbury, Mass.; Seapower Capability Center, Portsmouth, R.I.; and Integrated Air Defense Center, Andover, Mass.

Radar Expertise and Heritage

Raytheon's radar expertise spans the spectrum from UHF to X/Ku-band for both land-based and naval radar solutions. The company's program management, manufacturing maturity and infrastructure, and technology expertise continue to evolve to support both legacy and next-generation radars, such as the U.S. Navy's Dual Band Radar, Cobra Judy Replacement, and Air and Missile Defense Radar. To learn more about Raytheon's radar capabilities, visit <http://www.raytheon.com/capabilities/radar/>.

About Raytheon

Raytheon Company, with 2011 sales of \$25 billion, is a technology and innovation leader specializing in defense, homeland security and other government markets throughout the world. With a history of innovation spanning 90 years, Raytheon provides state-of-the-art electronics, mission systems integration and other capabilities in the areas of sensing;

effects; and command, control, communications and intelligence systems, as well as a broad range of mission support services. With headquarters in Waltham, Mass., Raytheon employs 71,000 people worldwide. For more about Raytheon, visit us at www.raytheon.com and follow us on Twitter at @raytheon.

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