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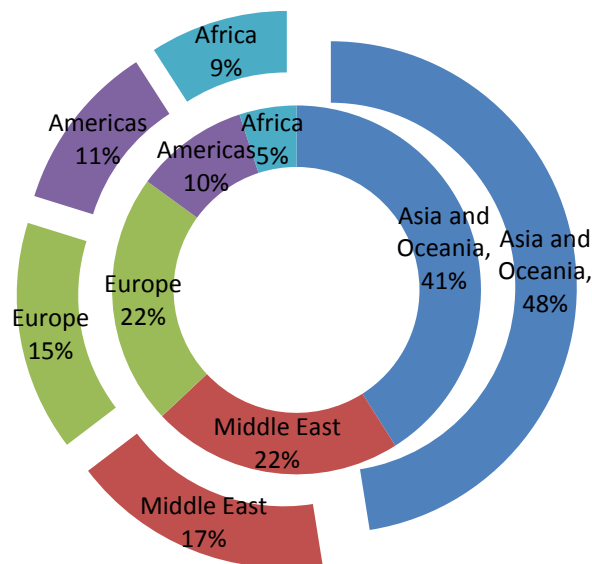
Global Defence Spending for 2012



According to the global international arm transfers report of the Stockholm International Peace Research Institute (SIPRI), the worldwide volume of arm transfers of major conventional weapons during the period 2008-2012 was (17%) higher than during the period 2003-

2007. This augmentation in arm transfers was mainly driven by the Asian demand as the five largest arm importers for the period 2008-2012 were Asian states, namely India, China, Pakistan, South Korea and Singapore. The rest of the regions followed. Middle East was second with a share of (17%) of the global imports, Europe third with (15%); America and Africa were the two last regions with (11%) and (9%) respectively. On the other hand the five biggest suppliers of major conventional weapons for the period 2008-2012 were the United States, Russia, Germany, France and China. USA and Russia remained by far the largest exporters. It is worth mentioning that for the first five-year period since 1950, the UK was not among the top (5) suppliers during the period 2008-2012, as the country was displaced by China. All five top suppliers accounted for the (75%) of total exports for the period 2008-2012, compared to the (78%) that they exported during the period 2003-2007.

The importers of major conventional weapons, by region, 2003-2007 and 2008-2012



As it is already mentioned the five biggest importers of conventional weapons were from Asia. In more details, India was the largest recipient of arms, accounting for the (12%) of global arm imports. The four next were China with (6%), Pakistan with (5%), South Korea with (5%) and Singapore with (4%). Russia dominates the markets of India and China, whereas Pakistan is mainly importing major conventional arms from China. South Korea and Singapore mainly import weapons from the USA.

Regarding the main exporters, USA is mainly exporting equipment to Asia and Oceania as the region received the (45%) of US deliveries. The Middle East accounted with the (27%) and Europe with the (18%). The Russian defence equipment is mainly exported to Asia and Oceania. It is indicative that the region received the (65%) of the Russian arm exports during the period 2008-2012, followed by Africa (17%) and the Middle East (9%). Germany's arm exports were mainly channeled to other European states (35%), followed by Asia and Oceania (31%) and the Americas (17%). The exports of the second European country - France, decreased by (18%) between the periods 2003-2007 and 2008-2012. States in Asia and Oceania received the (54%) of French arm exports during 2008-2012, followed by other states in Europe (14%) and Africa (13%). Finally, the volume of the Chinese exports of major conventional weapons rose by (162%) between 2003-2007 and 2008-2012. Asia and Oceania received the (74%) of the volume of the Chinese arm exports and Africa the (13%).

Kyriazis Vasileios,

Epicos Newsletter Head Editor

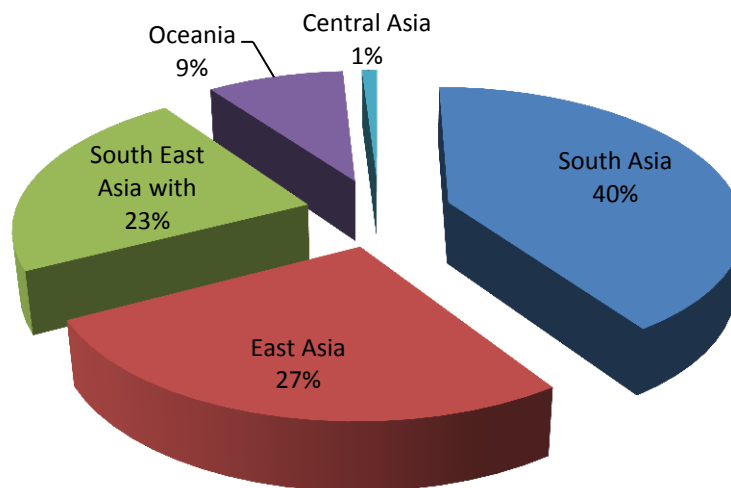
Defence Spending in Asia and Oceania: India on the Lead



According to the Stockholm International Peace Research Institute (SIPRI), Asia and Oceania was the region with the biggest volume of arm imports for the period 2008-2012, increased by (35%) between the periods 2003-2007 and 2008-2012. The main recipient sub-region was South Asia with the (41%) of transfers to the region, followed by East Asia with (27%), South East Asia with (23%), Oceania and Central Asia with (9%) and (1%) respectively. India was the world's largest importer of major conventional weapons during the period 2008-2012. The country's arm imports, accounting for (12%) of global imports, and they were (109%) higher than those of China, the second biggest arms importer.



Sub-regions' Imports



The Indian authorities are deliberately trying to change the aforementioned situation as one of their main objectives regarding defence equipment is the achievement of self-reliance in defence production. Currently the country is far from achieving this goal as according to estimations, nearly (70%) of the defence requirements are met through imports, with only (30%) being met through domestic production. India's stated aim is to reverse this trend and manufacture (70%) or more of its defence needs indigenously.

The second biggest importer of the region, China, during the period 2003-2007 was by far the largest importer of major weapons, though during the period 2008-2012 fell to the second place as its imports fell by (47%). This can be largely attributed to the fact that the country revealed several new domestically produced weapon systems. However, we must not fail to mention that new Chinese weapons continue to incorporate significant foreign components. The first Chinese aircraft carrier is a good example of this trend as it is based on a design and hull imported from Ukraine.

The region of South East Asia accounted for the (23%) of the total conventional arms imported to Asia, being the third bigger spender of the region. It is indicative that deliveries to South East Asian states during the period 2008-2012 increased by (169%) compared to 2003-2007 period. This is mainly due to the tension in the region over maritime borders, primarily between China and Vietnam or the Philippines. Thus, weapon systems with maritime role or a dual maritime and over-land role, accounted for the majority of imports.

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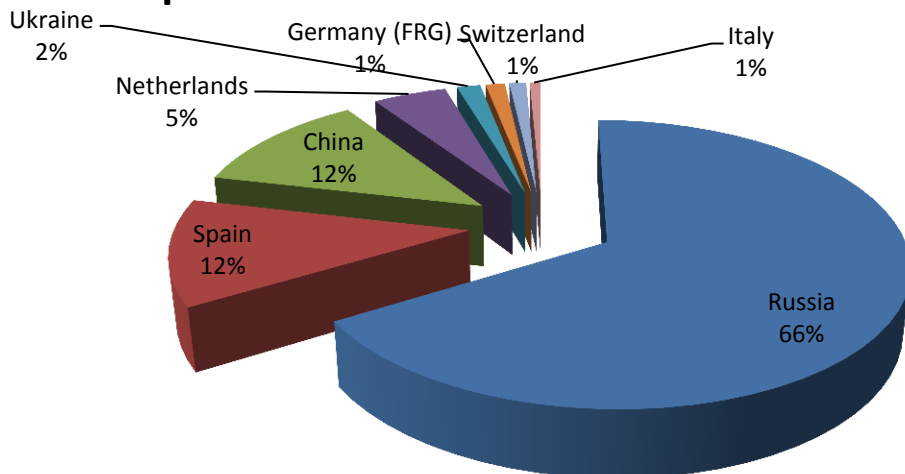
Defence Imports: The Americas



According to the Stockholm International Peace Research Institute (SIPRI) the region that mainly received defence equipment for the period 2008-2012 was Asia and Oceania which accounted for approximately 47% of the imports, followed by the Middle East accounting for the 17%, Europe accounting for the 15%, and the Americas the share of which raised from 10% that it was for the period 2003-2007 to the 11%. The volume of transfer of conventional weapons in the Americas, raised by 34% between the periods 2003-2007 and 2008-2012. USA was the largest importer in North America in the period 2008-2012 and the 8th largest in the world. On the other hand Venezuela was the largest importer of conventional weapons in South America and the 13th largest in the world.



Imports of Conventional Arms in Venezuela



Venezuela's rearmament program continued during the period 2008-2012. Russia was the main supplier of the country accounting for the 66% of the total imports. Spain and China followed. During 2012 Russia delivered to Venezuela BMP-3 and BTR-80 armored vehicles, S-125 Pechora-2M SAM systems, T-72 tanks and 2S19 MSTA-S and 2S23 Nona-SVK self-propelled guns.

Brazil for several years is trying to augment their industrial base by using defence procurements. Thus, the Latin American country adopted a policy, which considers the transfer of technology to local companies as a prerequisite for completing defence procurements. This policy seems to bear fruits, as Argentina announced that is intending to buy (12) Guarani armored vehicles, which Brazil is developing in cooperation with the Italian company, Iveco.

Defence Imports to Mexico

	2008	2009	2010	2011	2012	Total
Canada		4	4	12	4	24
Denmark	2			3	1	6
France			10	15	60	85
Israel		4				4
Italy				24	42	66
Netherlands					20	20
Russia			7		20	27
Spain		26	60	95	52	233
USA	20	27	28	77	69	220

Finally, In Central America, arm imports increased by 68% in period 2008-2013 compared with the period 2003-2007. Purchases of defence equipment were mainly conducted so as to assist countries in tackling internal security concerns. Mexico, one of the region's most important countries procured mainly defence equipment from Spain, which is followed by USA, France and Italy. The Central American country plans to import in the future at least (20) T-6C light combat aircraft.

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Defence Imports: The Gulf States



Almost all Gulf States (Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and the UAE) devote a larger share of their gross domestic product (GDP) to military spending than the global average. United Arab Emirates (UAE) and Saudi Arabia are the biggest spenders in the area. One of the reasons why Gulf States import such an amount of defence equipment is that the arms' production

capabilities in the area are rather limited. Abu Dhabi is trying to tackle this problem by launching several industrial initiatives, such as Tawazun, Abu Dhabi Ship Building and Caracal that will eventually reduce the country's dependency on imported equipment. USA is traditionally the main exporter of arm sales in the region. For the period 2008-2012 the Middle East was the second biggest receiver of US weapons accounting for the 27% of the total US exports.

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

	2008	2009	2010	2011	2012	Total
USA	677	394	151	909	801	2932
Russia		118	294	96	96	604
France	58	23	63	104	120	368
Switzerland				93	29	123
Sweden	0	1	40	47	8	95
Germany	4	6	32	8	8	58

Source: SIPRI Publications, Arms Transfers Database

USA has a leading role in the UAE's armament imports. Apart from the North American country, other important countries that export arms to UAE, for the five last years, are Russia, France, Switzerland, Sweden and Germany.

Aircraft were the predominant area of imports for the period 2008-2012 with a total amount of 2584 US\$ m. at constant (1990) prices. The 2nd most important sector is that of missiles with 650 US\$ m. at constant (1990) prices whereas other areas such as air defence systems, ships and sensors follow.

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

	2008	2009	2010	2011	2012	Total
USA	237	234	338	395	425	1629
UK	29	418	500	404	142	1493
Spain				98	196	294
France	25	31	95	91	5	247
Germany	3	3	10	71	71	157

Source: SIPRI Publications, Arms Transfers Database

Saudi Arabia has mainly imported defence equipment for USA for the period 2008-2012. More specifically USA exported defence equipment totalling 1629 US\$ m. at constant (1990) prices for the specific period. UK with 1493 US\$ m. at constant (1990) prices is second, whereas Spain, France and Germany follow.

Amongst others Saudi Arabia procured (12) AH-64D Apache Combat helicopter from USA. Deliveries finished in 2011. The deal included (11) Saudi AH-64A helicopters rebuilt to AH-64D version. Additionally, USA finished the delivery of (22) S-70/UH-60L helicopters to the Gulf State. The total amount of the procurement reached \$286 million dollars.

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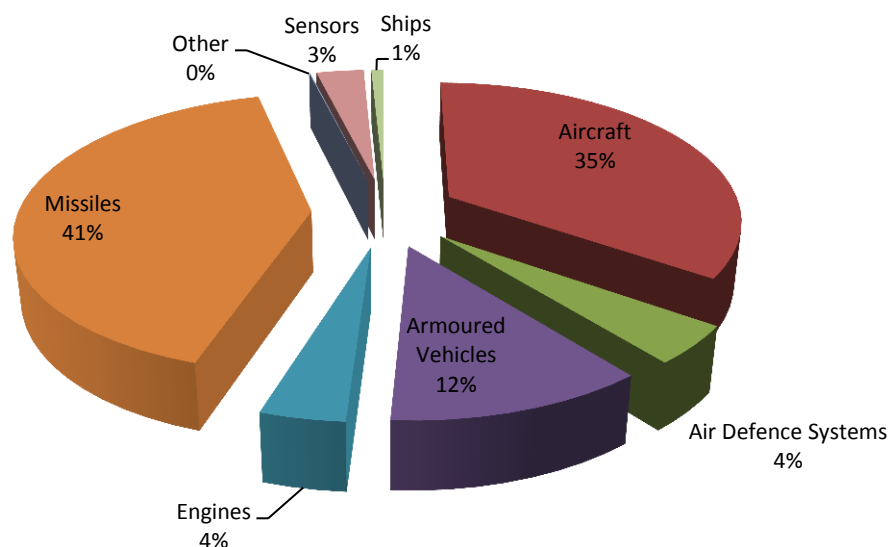
Defence Spending in Europe, The Impact of Economic Crisis



The role of the European states in the international market of defence equipment is diminishing. According to the Stockholm International Peace Research Institution (SIPRI), imports made by the European states decreased by 20% between 2008-2012 and 2003-2007. Additionally, it is worth mentioning that the European Union (EU) member states accounted for the 12% of international arms imports in 2008-2012. UK was the largest importer of major conventional weapons in the continent, followed by Greece and Norway. It is important to state that several other European countries, such as Germany, France, UK and Italy are among the one with the biggest military expenditure, however, they import relatively small volumes of weapons, as they are significant arms' manufacturers.

As it is already mentioned UK was the largest importer of major conventional arms in Europe. The European country was the 14th largest arms importer during both 2008-2012 and 2003-2007, but its volume of imports increased by 18% between these two periods. The USA supplied 70% of British arms imports and other EU member states 27%. Missiles were the predominant area of imports for the period 2008-2012 with a total amount of 1041 US\$ m. at constant (1990) prices. The 2nd most important sector is that of aircraft with 877 US\$ m. at constant (1990) prices whereas other areas such as armoured vehicles, air defence systems and sensors followed.

UK Imports by Category



Greece, one of the “big spenders” of Europe has currently declined to the 15th position for the period 2008-2012. The north European country was the fourth largest arms' importer in 2003-2007 and its volume of imports declined by 61% between the periods 2003-2007 and 2008-2012. Several new orders for major conventional weapons was delayed or cancelled

during 2012, including the acquisition of 6 FREMM frigates from France. USA has a leading role in the Greek armament imports. Apart from the North America country, other important countries that export arms to Greece, for the period 2008-2012, were Germany, Sweden, Netherlands France, UK, Brazil and Italy.

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

	2008	2009	2010	2011	2012
Brazil	48				
France	1		11	47	11
Germany (FRG)	294	285	417	10	10
Italy	15		3		3
Netherlands	28	20	28	5	
Sweden	120				
UK			50		
USA	15	922	150	18	11

Source: SIPRI Publications, Arms Transfers Database

The defence spending in Europe has drastically reduced, mainly due to the economic crisis that the continent is currently experiencing. According to a statement Mr. Van Rompuy, President of the European Council made on March 21st at the annual conference of the European Defence Agency (EDA), if this trend continues by 2017 EU is risking losing 17% of the total defence expenditures since the economic crisis started.

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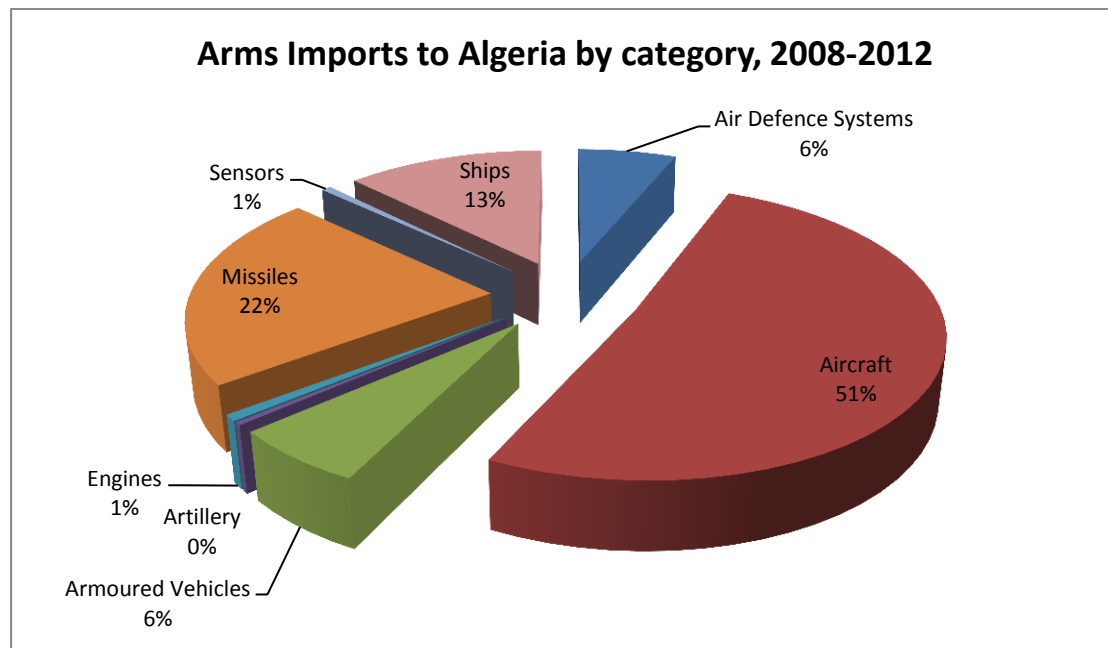
Defence Spending in the African Continent



According to the Stockholm International Peace Research Institute (SIPRI) the volume of deliveries of major conventional weapons to states in Africa increased by 104% between 2003-2007 and 2008-2012. Algeria, Morocco and South Africa were by far the largest arms importers in the continent for the period 2008-2012. It is indicative that the volume of deliveries to Algeria increased by 277% between 2003-2007 and 2008-2012 as the country rose from being the 22nd to 6th largest recipient. On the other hand the volume of deliveries to Morocco increased by 1460% between 2003-2007 and 2008-2012 and Morocco rose from being 69th to 12th largest recipient. Finally, South Africa accounted for the 24% of imports by sub-Saharan African states in the period 2008-2012. However, having completed a substantial modernization of its forces, the country's imports were 40% lower than during the period 2003-2007.

Russia holds the lion's share in the Algerian armament imports. Other important countries that export arms to Algeria, for the five last years, were France, UK, Ukraine, Italy, USA, China and South Africa. Additionally, aircraft were the predominant area of imports for the period 2008-2012 with a total amount of 2682 US\$ m. at constant (1990) prices. The 2nd most important sector is that of missiles with 1162 US\$ m. at constant (1990) prices whereas other areas such as ships, armored vehicle and air defence systems followed.

Arms Imports to Algeria by category, 2008-2012



For the period 2008-2012, Morocco mainly imported defence equipment from USA and France. Amongst others the African country, imported (24) F-16C combat aircraft from the USA, (27) MF-2000 combat aircraft from France, (3) SIGMA frigates from the Netherlands and (54) Type-90-2 tanks from China.

On the other hand South Africa procured (170) MILAN anti-tank missiles from Germany in 2008. Deliveries were completed in 2010 and the total amount of the procurement was 11

million Euros. Additionally, the country procured (10) Litening Aircraft EO systems from Israel in 2009. The JAS-39 combat aircraft will be equipped with this system. Deliveries were completed in 2011. Furthermore, in 2008 the country procured (264) DI-12 diesel engines from Sweden in order to equip with them the (264) AMV APC/IFV procured from Finland. Finally, South Africa procured (100) Paveway guided bombs from USA. This is an interim solution until South African Umbani is available.

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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...

[For Further Information Press Here](#)

Training services to Governmental Authorities and Homeland Security Forces for Explosives and Improvised Explosive Devices (IED) and associated Detection and Security Technologies

A company with long standing experience in the testing and evaluation of Explosives Detection Systems and the associated operators training is proposing, in the frame of an offset program, collaboration with interested Governmental Authorities and/or Homeland Security (HLS) forces for the provision of training services in these directions. Specifically, training will be offered as far as Explosives and Improvised Explosive Devices (IED) and corresponding Detection and Security Technologies with direct relevance to airport and border security, including Homeland Security (HLS) systems, check points for carry-on luggage and security procedures.

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

Mail at: g-menexis@epicos.com

Develop a new generation ballistic protection vest integrated with a lightweight Microclimate cooling and Heating system in order to meet Future Soldier requirement and applications

A company with extensive experience in the development and production of ballistic protection equipment is proposing the development of a new technology ballistic vest integrated with an advanced lightweight microclimate cooling and heating system in order to mitigate Future Soldier's heat stress, allowing them to operate safely and more effectively in all terrains and under extreme weather conditions. The new vest will thus provide ballistic protection and temperature regulation allowing for the comfort and safety of its potential users (armed forces, SWAT,

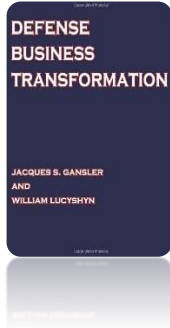
police).

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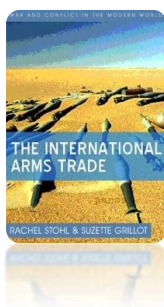
Defense Business Transformation, Jacques S. Gansler, William Lucyshyn, National Defense University



The Department of Defense (DoD) is the largest organization in the world, with operations that span a broad range of agencies, activities, and commands. With an annual budget over \$500 billion, DoD employs millions of people that operate worldwide and maintains an inventory system that is an order of magnitude larger than any other in the world. Transformation of business systems and process will not only reduce costs and improve performance, it is critical for improving warfighter support. Recognizing this, former Defense Secretary Donald Rumsfeld began a business transformation initiative in July 2001. This report is divided into two parts.

Part I evaluates DoD's business systems transformation effort, identifies lessons learned, and make recommendations to improve the prospects for success of the current business transformation effort. Part II includes several cases studies of business systems transformation in the federal public sector, at the Business Transformation Agency (BTA), and in the Military Services. Each case describes a specific transformation initiative and identifies lessons learned from the experience.

The International Arms Trade (WCMW - War and Conflict in the Modern World), by Rachel Stohl , Suzette Grillot



International arms trade is a multi-billion dollar business in which virtually every country in the world is involved. The book is trying to delineate the complexities and realities of this global trade. The authors trace the history of the arms trade and examine how it has evolved since the end of the Cold War. In particular, they assess the role of the largest arms exporters and importers, the business of selling conventional arms around the world, and shed new light on the illicit arms trade and the shadowy dealers who profit from their deadly commerce. The International Arms Trade should be considered a must will be invaluable for students and scholars of international relations and security studies, and for policymakers and anyone interested in understanding more about the conventional arms trade.



Airbus sales help cut official French trade deficit

France showed a sharply reduced trade deficit of 4.69 billion euros (\$6.1 billion) in March from 6.01 billion euros in February, owing mainly to the sale of Airbus aircraft while imports continued to fall, the customs service said on Tuesday.

The customs service said that exports were rising after sliding for two months.

The export figures had been boosted by a record delivery of Airbus airliners and of a cruise liner.

Sales of Airbus airliners totalled 34 aircraft in March worth 2.88 billion euros.

The customs service also revised its figure for the trade balance for the whole of 2012 to show a deficit of 67.67 billion euros.

Trade with other countries in the European Union fell, but imports fell by more than exports.

In March the deficit with other European countries fell to 3.7 billion euros in March from 4.0 billion euros in February.

And in the same month, owing to the delivery of aircraft equipment to China, the trade deficit with China and Hong Kong fell sharply to 1.4 billion euros, the lowest level for nearly five years.

France has developed a big structural trade deficit over several years, and correcting this by improving the competitive position of French industry is a priority for the Socialist government as part of a strategy to reverse a rise in unemployment.

There is deep public concern about a perceived "delocalisation" of industrial activity from France to low-cost countries such as China, and about perceived high levels of imports from emerging economies and notably China.

A trade surplus is one of the factors of growth in an economy, together with consumption, investment and some government expenditure.

In March, exports of transportation equipment rallied, boosted by the sale of a cruise liner for 509 million euros, and by a slight improvement in sales of vehicles.

But some other sectors, notably for pharmaceutical products and refined oil products, had done less well.

In March, exports amounted to 36.2 billion euros and imports to 40.9 billion euros.

In the first quarter, and on a 12-month basis, exports fell by 1.6 percent and imports fell by 2.9 percent.

Source: 2013 AFP, Agence France-Presse (AFP)

Pentagon plans to cut civilian workforce

The Pentagon plans to cut its vast civilian workforce by 5-6 percent over the next five years to match similar reductions in the number of US troops, Deputy Defense Secretary Ash Carter said Tuesday.

"These reductions are largely proportional to military end strength reductions that we proposed," Carter said at the National Press Club in Washington.

The US Army already is scaling back from about 565,000 troops to 490,000 troops by 2017, while the Marine Corps is due to drop to 182,000 from about 201,000 service members. Even with the cuts, the military will still be larger than it was before the attacks of September 11, 2001.

The Pentagon has about 780,000 civilian employees and has already frozen hiring additional workers.

Carter said reducing the number of civilian workers will be achieved partly by closing some US bases, a plan that is expected to meet strong resistance in Congress.

The Pentagon's proposed budget sets aside \$2.4 billion to cover the up-front costs associated with closing bases, Carter said.

But in the long-term, base closures "have consistently generated significant savings," with the previous rounds saving \$12 billion annually, he said.

The Pentagon is in a belt-tightening mode with automatic budget cuts enacted by Congress forcing the department to cut about \$41 billion in spending this fiscal year.

Even if lawmakers manage to agree on a deal that would halt the automatic cuts, fiscal pressures are putting the military's budget under increasing scrutiny, and the Pentagon is anxious to find savings wherever it can.

Carter said the department needed to trim its gargantuan bureaucracy, what the Pentagon calls "the fourth estate."

"The fourth estate represents a fifth of the department's budget and it merits at least as much scrutiny as the military services budgets. There are real savings to be realized there," he said.

The savings would focus on the defense secretary's office, the military's joint staff offices, various defense agencies covering everything from logistics to missiles, as well as staffs for the top regional commanders.

The Pentagon's budget request for fiscal year 2014 came to \$526.6 billion, not counting the cost of the war in Afghanistan. The current budget estimates the cost of the war at \$87 billion.

Source: 2013 AFP, Agence France-Presse (AFP)

South African Airways fights to keep flag flying

South African Airlines is one of the continent's leading carriers, but financial battles and seemingly endless changes of leadership have put its future at risk.

The loss-making state-owned airline has been stumbling from one crisis to another in recent years, with calls for privatisation routinely rejected by its sole shareholder, the South African government.

On Monday the company announced it would borrow about \$170 million under a state guarantee to cover operating costs.

This month, the beleaguered carrier welcomed its fourth chief executive in six months, after a string of walkouts and interim replacements.

The government insists the airline is a strategic national asset, not a liability, and should not into fall private hands.

But that policy comes at an increasingly steep price.

Over the years, the South African treasury has dug deep to keep the airline afloat, and there is little sign the bleeding will stop soon.

In its latest phase of financial turbulence, SAA reported operating losses of \$147 million for the financial year 2011-2012, due to souring fuel prices and reduced passenger volumes.

The ministry of public enterprises, which is handling the affairs of the flag carrier, has admitted that "further government support to SAA cannot continue."

Still privatisation, partial or whole, may not be a panacea.

According to aviation analyst, Joachim Vermooten, privatisation is not "a quick fix for SAA."

"It is doubtful whether there would be investors that would be willing to risk substantial amounts of money in the short term when a reasonable return on investment is so uncertain and probabilities are against it," Vermooten told AFP.

The airline recently submitted a 20-year turnaround plan to government, its tenth in 13 years, detailing ways to steer it into profitability.

Vermooten says 20 years is too long a period from a normal investment perspective.

"In the meanwhile SAA continues to incur losses and expand its activities utilising loans backed by government guarantees... to achieve profitability of the nature taken by its peers in similar circumstances."

Independent analyst Linden Birns also dismissed privatisation as a "red herring", arguing that all the airline needs is the right leadership.

"The issue here is not about being privately owned or state owned. It's about having the right mandate, solid strategy and being adequately financed," Birns told AFP.

"If you don't have all of those, you are never not going to succeed," he said adding that there was nothing unusual about a business going back to shareholders for cash.

Birns mentioned Singapore Airlines and Ethiopian as proof that state-owned carriers can achieve profitability.

Despite its woes, SAA is head and shoulders above many airlines on the continent, which are grounded by debt and poor safety records.

Its African network, boasting 28 destinations makes it one of the few airlines offering direct links within a continent notorious for limited air travel.

In recent years direct links between Johannesburg and economic centres like the coal mining town of Ndola in Zambia, the Rwandan capital Kigali, and Bujumbura, the capital of Burundi, have been established.

Other links with major economic partners like China, India and Brazil have been launched.

But in the meantime cost cutting is likely to be felt by passengers. The fiercely competitive route from Cape Town to London was discontinued last year.

For now, therefore, South African Airways' future is up in the air.

Source: 2013 AFP, Agence France-Presse (AFP)

Libya defence minister 'resigns' amid siege crisis

Libya's Defence Minister Mohammed al-Barghathi resigned on Tuesday due to a crisis caused by gunmen who have besieged two ministries for more than a week, a ministry official said.

"The minister has resigned citing the siege imposed on the state institutions in Libya," the official told AFP on condition of anonymity.

The militiamen have surrounded the ministries of justice and foreign affairs to demand the removal from public posts of former officials of the regime of slain dictator Moamer Kadhafi.

Barghathi's resignation appears to have been motivated by a law passed Sunday that excludes former regime officials from public posts.

He served as an air force commander in the Kadhafi regime.

The controversial law passed by Libya's General National Congress is expected to take effect within a month.

Source: 2013 AFP, Agence France-Presse (AFP)

N. Korea removes missiles from launch site: US officials

North Korea has taken a major step back from a planned missile test, US officials said, even as Pyongyang and Seoul exchanged fresh threats Tuesday of swift military retaliation to any provocation.

A US defence official said two North Korean missiles -- primed for imminent test firing -- had been moved from their launch site, signalling a possible easing of North Asia tensions ahead of a US-South Korea summit in Washington.

US and South Korean officials had been worried that any test of the medium-range Musudan missiles would trigger a fresh surge in military tensions that have included threats of nuclear war from Pyongyang.

But the US defence official told AFP on condition of anonymity: "They moved them," and added that there was no longer an imminent threat of a test.

Pyongyang, which rattled the world with its third nuclear test in February, would have to make detectable preparations to return to a launch-ready status, two US officials said.

The move was revealed in Washington on the eve of a first summit between President Barack Obama and new South Korean President Park Geun-Hye at the White House on Tuesday, intended as a strong signal of unity to Pyongyang.

Tensions on the Korean peninsula have been on the brink of boiling over for months, with the North issuing a series of apocalyptic threats over what it sees as intensely provocative US-South Korean military exercises.

Although large-scale, annual joint drills were wrapped up at the end of last month, Pyongyang issued a fresh warning Tuesday over a smaller, joint anti-submarine exercise.

North Korean troops near the disputed Yellow Sea border with the South sector have been ordered to strike back if "even a single shell drops" in their territorial waters, the North's army command said in a statement.

Any subsequent counterstrike would trigger an escalated military reaction that would see South Korea's border islands engulfed in a "sea of flames," the statement added.

North Korea shelled one of the islands, Yeonpyeong, in November 2010, killing four South Koreans and sparking brief fears of a full-scale conflict.

In an interview with US broadcaster CBS ahead of her summit with Obama, President Park said any similar attack by the North would be met with a harsh military response.

"Yes, we will make them pay," Park said, adding that Seoul would no longer engage in a "vicious cycle" of automatically meeting the North's provocations and threats with negotiations and assistance.

"It is time for us to put an end to that cycle," she said.

Earlier, a senior White House official warned that it was too early to say whether North Korea's spate of bellicose behaviour, which prompted Washington to send nuclear-capable stealth B-2 bombers over South Korea, was ending.

"It's premature to make a judgment about whether the North Korean provocation cycle is going up, down or zigzagging," said Danny Russel, senior director for East Asia on Obama's National Security Council.

South Korea's defence ministry would not comment on whether the North had moved its Musudan missiles from their launch pads, saying only that it was closely "tracking" all activity in the area.

It also declined to confirm a Yonhap news agency report, citing a senior government source in Seoul, that North Korea had ordered missile and rocket units to stand down from combat-ready status.

Washington is making strenuous efforts to cement Obama's relationship with Park who was sworn into office less than three months ago.

Obama will host South Korea's first woman leader in the Oval Office, hold an expanded luncheon meeting for both delegations, then appear with Park at a joint White House press conference.

Park will address a joint session of the US Congress on Wednesday.

Park has taken a firm stand against any concessions to North Korea but has also been careful not to close the door to future talks -- which US officials say is ultimately the sole, albeit not ideal, way to deal with Pyongyang.

Russel said the theatrics of the White House summit were intended to send a clear signal to Pyongyang.

"The unity of message between the two governments and the two presidents signals to North Korea that it has no hope of gaining benefits from provocation," he said.

Source: 2013 AFP, Agence France-Presse (AFP)