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The Norwegian Defence Budget for 2014

The Norwegian defence budget proposal for 2014, amounts to a total of 43,008 billion NOK. This actually constitutes the largest per capita defence budget among European NATO allies and is among the 10 largest defence budgets in Europe. The budget is considerably increased compared to the previous year, as there is an actual of 519 million NOK. This is mainly achieved through a redistribution of resources from a reduced presence in Afghanistan. Additionally, it is worth mentioning that the budget for defence procurements amounts to 10, 932 billion NOK, or about 25% of the total budget.

Regarding the operations and maintenance budgets of the Army, Navy, Air Force and Home Guard a real increase of 118 million NOK is predicted to take place in 2014. If we add to this amount the efficiency gains the “real” increase is predicted to reach 227 million NOK.

As it is already mentioned the budget for defence procurements is kept at a high level. Further analysing this we can highlight the fact that 8,874 billion NOK is proposed to be allocated to materiel investment in 2014, or about 21% of the total defence budget. The majority will be spent to already on-going projects and in continuing the modernization of the army by investing in new and modern equipment, including the F-35 fighter aircraft. Additionally, in the budget proposal for 2014, the Parliament is asked to approve the procurement of another (6) aircraft for planned delivery in 2018, in addition to the (10) aircraft already approved for procurement.

A domain which further funds will be allocated is this of the national cyber security, as the budget of the National Security Authority will further increase by 20,2 million NOK.

Finally, Norwegian authorities are estimating that the restructuring and reduction of the Norwegian military presence in Afghanistan, finalized within 2014, will free up another 338 million NOK. This amount will be redistributed to areas targeted in the long-term plan.

In the proposed defence budget for 2014, the government continues to give considerable priority to the Norwegian Armed Forces. The goal of the budget is primarily to maintain a sustainable balance between resources, assignments and future ambitions continues to be at the heart of the Norwegian defence transformation.

Kyriazis Vasileios,
Epicos Newsletter Head Editor

Norwegian Defence Industry: Capabilities and Future Developments

The Norwegian defence industry is consisted of approximately 120 heterogeneous companies. From these companies only a small amount is large and multi-competence and can be fairly characterized as systems integrators in sense that they deliver complete weapon systems or platforms. The remaining companies of the Norwegian defence industry are instead small/medium sized or they are part of larger civilian companies and which they have formed a military department as a spinoff of their main business line. These companies can be described as specialized suppliers, in the sense that they produce specialized components.

Although the indigenous industry is rather limited compared to the defence industries in other European countries, it has a wide span of technological competencies and a broad portfolio of products. The products are ranging from tactical communications and crypto solutions to ammunitions and military explosives, as well as tents and protective suits to components for aircrafts, vehicles, vessels and submarines.

Additionally, it is worth mentioning that Norwegian defence companies export the majority of their production as they receive on average about half of their revenues from foreign clients.

Norwegian authorities are deliberately trying to enhance the capabilities of the Norwegian companies through the realization of a wide variety of innovation and internationalization related support programs, directed primarily towards small and medium sized (specialized suppliers) companies. One of the “pillars” through which this is achieved is the implementation of the defence industrial policy. The Norwegian MOD, supports the defence industry primarily through acquisition - related R&D support programs and export stimulating offset agreements, which often benefit companies with a broad technological competency base.

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…

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Design and development of an Upgrade package for military Armoured 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 a prime contractor for the development of an upgrade package for military Armoured and/or Wheeled vehicles. The upgrade package will be based on a range of systems developed by the company and already deployed and operationally tested.

For Further Information Contact our ICO Department
Mail at: g-menexis@epicos.com

Development of a miniaturized robust data link to be used in mini UAV and smart guided weapons

A company with extensive experience in providing advanced wireless communication and data links solutions for various applications is proposing -within the frame of an offset program- the collaboration with a Prime Contractor or a local company for the development and deployment of a miniaturized robust data link to be used in mini UAVs and smart guided weapons. The new miniaturized robust data link system could be based on an existing mini data link system already developed and deployed by the company.

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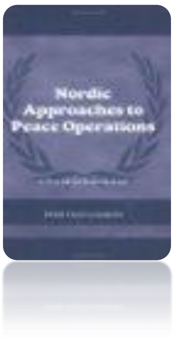
Nordic Approaches to Peace Operations: a New Model in the Making (Cass Series on Peacekeeping), by Peter Jakobsen



During the Cold War the four Nordic countries (Denmark, Finland, Norway and Sweden) made a name for themselves in United Nations peacekeeping operations. After the end of the Cold War the politico-economical situation of Europe has seriously altered. In this new environment the Nordic countries are trying to delineate their position in the international peacekeeping missions. This book is examining the Nordic approaches to peace operations after the Cold War and it shows how the Nordic countries remain relevant for the study and practice of post-Cold War peace operations, and that they continue to have much to offer to both academics and practitioners in this particular field.

Foreign Investment and Political Regimes: The Oil Sector in Azerbaijan, Russia, and Norway, by Oksan Bayulgen

Political democratization and economic globalization have been two of the most important global trends of the past few decades. But, how are they connected? Do the domestic political institutions affect a country's attractiveness to foreign investors? Can countries that democratize attract relatively more foreign investments? Drawing on three in-depth case studies of oil-rich countries and statistical analyses of 132 countries over three decades, Oksan Bayulgen demonstrates that the link between democratization and FDI is nonlinear.

Epicos Newsroom

Sri Lanka raises defence budget despite foreign pressure

Sri Lanka's government Monday raised defence spending to a record 253 billion rupees ($1.95 billion), despite international pressure to scale down the military after ending a decades-long separatist war.

Figures presented in parliament showed the defence ministry getting its highest ever allocation for spending in 2014, marginally higher than the 249 billion rupees budgeted for this year.

The latest figures were unveiled as the UN Human Rights Council and other rights groups asked the government to de-militarise the former war zones in the island's north after crushing Tamil rebels in May 2009.

There was no immediate comment from the government Monday to the latest defence spending figures, but the authorities in the past have insisted that they need to maintain high spending to ensure that the defeated rebels do not try to regroup.

Security forces in 2009 declared an end to 37 years of ethnic war which had claimed at least 100,000 lives, according to UN estimates.

Defence and police together account for nearly 12 percent of the government's total estimated spending of 2.54 trillion rupees in 2014, marginally lower than the 2.56 trillion this year.

Sri Lanka's economy recorded more than 8.0 percent growth in the first two full years after crushing the rebels, but slowed to 6.4 percent last year. This year's expansion is estimated at 7.5 percent by the central bank.

President Mahinda Rajapakse, who holds both the finance and defence portfolios, is due to unveil the full 2014 budget on November 21, when he is expected to announce how he will raise money to meet state expenses.

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

Mexico's low cost VivaAerobus orders 52 Airbus jets

Airbus signed Monday its biggest Latin American order from a single airline in its history, with a $5.2 billion purchase agreement for 52 aircraft with Mexican budget carrier VivaAerobus.

The deal will replace the airline's entire fleet of Boeing 737-300 planes to become an all-Airbus carrier by 2016, the European aircraft maker said in a statement.

The purchase agreement with VivaAerobus Group includes 52 Airbus A320 Family aircraft: 40 A320neo, a more fuel efficient version of the medium haul A320 and 12 A320ceo.

VivaAerobus is a partnership between Grupo IAMSA, one of Mexico's biggest transport companies, and Irelandia Aviation, whose Ryan family founded Irish low-cost carrier Ryanair.

The A320 deal was signed in Mexico City by Ryanair co-founder Declan Ryan, a vice chairman of VivaAerobus, and Airbus North America chief executive Barry Eccleston, Mexican officials said.

Mexican President Enrique Pena Nieto and visiting Irish counterpart Michael Higgins witnessed the ceremony at the National Palace along with the signing of other deals between universities and companies from both countries.

"After evaluating the latest aircraft technology with the objective of further reducing our costs, improving our reliability, punctuality and the overall passenger experience, today we are proud to announce that the Airbus A320 has been our final choice," Juan Carlos Zuazua, VivaAerobus chief executive said.

VivaAerobus would announce the engine selection at a later date, the statement said.

Zuazua said the deal would allow the airline to reduce fares and increase its domestic market, reinforcing its bases in the northern city of Monterrey, the western city of Guadalajara and the east coast resort of Cancun.

The carrier currently has one international route between Monterrey and Houston in the US state of Texas.

Six of the new aircraft are expected to arrive in Mexico in 2014, with the rest delivered gradually by 2021.

Airbus had purchase agreements for 2,392 A320neo from 43 clients by the end of September.

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

Boeing, Aerolineas Argentinas Complete Agreement for 20 Next-Generation 737s

Boeing [NYSE: BA] and Aerolineas Argentinas, the flag carrier of Argentina, have completed an agreement for 20 Next-Generation 737-800 airplanes. The agreement, valued at $1.8 billion at list prices, will play a key role in Aerolineas Argentinas' continued efforts to modernize its fleet and increase passenger satisfaction. When the order is finalized, it will be posted as a firm order to the Boeing Orders and Deliveries website.

At a signing ceremony in Buenos Aires today, Dr. Mariano Recalde, president of Aerolineas Argentinas and Austral Lineas Aereas, and Van Rex Gallard, vice president of Sales, Latin America, Africa and the Caribbean for Boeing Commercial Airplanes, formalized the agreement, which will help Aerolineas build on a fleet of 26 Next-Generation 737s currently operated by the Argentine carrier.

"This is a landmark order for our company, both in the number of aircraft and in what they signify for our fleet," said Dr. Recalde. "This agreement is a key part of a greater plan to renew our fleet and prepare our operations to accommodate growing demand. The Boeing Next-Generation 737-800, which has more seats than our current single-aisle fleet, will give us more flexibility to operate both domestic and regional routes."

Gallard noted that the agreement extends a long legacy of partnership between Boeing and Aerolineas Argentinas. "Our partnership with Aerolineas extends back to the days of the Douglas DC-3," he said. "We have worked side by side with Aerolineas to help provide world-class aviation to the people of Argentina."

"Aviation is a key element in economic growth and development, and the success of Aerolineas Argentinas' transformation strategy, helped by the addition of the most efficient single-aisle airplanes flying, will help drive Argentina further ahead in the 21st century," Gallard said.

The Argentine government's investment in the Next-Generation 737 helps build the foundation for industrial development in Argentina, providing capacity to fuel its economic objectives. At the heart of Argentina's domestic and intra-South American network, the 737 fleet will unlock demand for air transport there and shape its infrastructure modernization.

Aerolineas Argentinas accomplished another key milestone in its strategy by joining Sky Team alliance in 2012. Aerolineas Argentinas provides Sky Team with a major opportunity for growth in South America offering a rapidly growing menu of destinations across the continent.

The Boeing 737-800 is one of the best-selling versions of the highly successful Next-Generation 737 family, the most technologically advanced airplanes in the single-aisle market. The Next-Generation 737's market success has been confirmed by investors who consistently rank it as the most preferred single-aisle airplane due to its wide market base, superior performance efficiency and lowest operating costs in its class.

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Source: Epicos, Boeing

ANA undecided after Airbus unveils Japan ambitions

All Nippon Airways (ANA) said Tuesday the composition of its fleet was under discussion after plane-maker Airbus announced its intent to scoop up half the Japanese market.

The European manufacturer is riding high after bagging a landmark $9.5 billion order from Japan Airlines (JAL) earlier this month, and wasted no time in setting out its aims in a country that has traditionally been a Boeing stronghold.

Airbus has a 13 percent share of the Japanese market and that figure will almost double to 25 percent by 2020, thanks to orders already in hand. Further down the road it wants to be the maker of one of every two planes in operation in Japan.

"We are going to raise our market share in Japan," Airbus chief Fabrice Bregier told a business forum in Tokyo on Monday, adding that he wanted to boost that figure to "as close to 50 percent as possible".

JAL's announcement two weeks ago that it had agreed to buy 31 airplanes from Airbus set the aviation industry buzzing with speculation that its competitor may follow suit. Bregier has said he would welcome business with ANA.

An industry source told AFP earlier this month that ANA, which is known to be looking at aircraft to replace part of its fleet of Boeing 777, was expected to order around 30 new planes within six months.

The source said Airbus and Boeing were going head-to-head to win this order.

On Tuesday, a spokesman for ANA, whose hangars are filled with Boeing-made planes, said there had been no decision as yet.

"As we are currently studying planes for our fleet, we have no firm plan at the moment," he said. Bregier has acknowledged the lofty goal to grab a big part of Boeing's business -- in place since Japan's post-WWII reconstruction -- would take time.

"For many years we asked why our market share in Japan was so low," he said, adding that "people thought we would never sell aircraft to JAL and in fact we had always failed until now".

Japan's two big carriers have been badly hit by the well-publicised problems with Boeing's troubled Dreamliner.

The lightweight plane -- hailed for its fuel-efficiency but marred by years of production delays -- was grounded globally in January after lithium-ion batteries overheated on two different planes, with one of them catching fire while parked.

The Japanese airlines, which are the single biggest operators of the Dreamliner, have put their fleets back into service. But they are seeking compensation from Boeing for a string of problems which forced them to cancel hundreds of flights and dented their bottom line.

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

Lufthansa forecasts strong profit boost

Germany's biggest airline Lufthansa said on Tuesday it expected a sharp rise in operating profit this year despite falling earnings in the first three quarters amid restructuring.

The airline said that operating profit would reach between 600 million and 700 million euros ($820 and $957 million) this year while turnover would remain flat, rather than increasing as initially forecast.

If the new targets are reached, it would mark a 14 to 33 percent boost in operating profit over the 524 million euros posted last year.

From January to September, Lufthansa tallied an operating profit of 660 million euros, down by 27 percent in a year-on-year comparison.

The company blamed the decline on "one-off restructuring and project costs of around 200 million euros".

Lufthansa is to publish detailed company results for the first three quarters on October 31.

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