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Romania to Raise Defence Budget



Currently, Romania faces a rather serious geopolitical threat as tensions continue to rise in neighboring Ukraine. In order to tackle this new problem the country raised the 2014 budget of the defence ministry by some 700 million lei (\$216.6 million USD/€158 million Euro), equivalent to 0.2% of GDP, in order to upgrade the country's military capabilities.

According to the Romanian Prime Minister Mr. Victor Ponta, these funds will be mainly used to upgrade the technical equipment of Romanian troops, which according to data released by the European Defence Agency (EDA) are currently 69,000. Upgrades will be mostly done in Romanian defence plants.

According to Romanian media sources the country's defence ministry notified local manufacturers of military equipment that there is a possibility that orders from the country's armed forces may triple this year.

During the previous years, Romania faced a significant problem in creating effective defence capabilities, the economic crisis. The government was forced to cut the national defence budget in order to tackle fiscal problems. It is indicative that in 2010 the defence budget went down from 2.5% of GDP in 2009 to 1.3% of GDP, representing a 13% cut. The Balkan country aims to gradually increase defence spending so that it would reach 2.0% of gross domestic product (GDP) by 2017, in line with NATO standards.

Like Poland and other Baltic States, Romania has urged NATO to strengthen its forces in the region as the tension in neighboring Ukraine deepens.

Romania has deliberately tried to augment its defence capabilities and to enhance its place in the international scene. This has been diverted by the economic problems that the country is facing. Nevertheless, this is due to change according to official commitments. It remains to be seen if these commitments will be fulfilled.

Kyriazis Vasileios,
Epicos Newsletter Head Editor

Romania to Wipe out Debts of Companies in the Defence Industry



In light of the latest events in Ukraine, Romania announced its plans to cancel the 1 billion lei (€225 million Euros/\$309 million USD) debts of 15 companies in the defence sector. This development is most probably correlated with the announcement

that the defence budget will be raised by some 700 million lei (€158 million Euro /\$216.6 million USD), to upgrade military capabilities. Upgrades will be mostly done by Romanian defence companies.

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

	2009	2010	2011	2012	2013	Total
United States	32	61	42	3	6	144
Italy		32	32	16	32	112
Israel	18	7				25
Canada		5	5			10
Germany (FRG)	6					6
Switzerland				2	2	4
Spain			1			1
Total	56	105	80	21	40	301

It is worth mentioning that Romania is mainly procuring defence equipment from foreign countries. For the period 2009-2013, USA had a leading role in the Romanian armament imports. Apart from the North American country other important countries that export arms to Romania, was Italy, Israel, Canada, Germany, Switzerland and Spain.

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

	2009	2010	2011	2012	2013	Total
Aircraft		32	32	16	32	112
Sensors	30	41	41			112
Armored vehicles		19	1	2	2	24
Engines	2	6	6	3	6	23
Missiles	7	7				14
Other	11					11
Air defence systems	6					6
Total	56	105	80	21	40	301

Aircraft and Sensors were the predominant area of imports for the period 2009-2013. The 3rd most important sector is that of armored vehicles, while engines, missiles and air defence systems follow.

Among the procurements Romania concluded over the last years was that of (7) C-27J Spartan Transport aircraft from Italy. The total cost of the procurement reached 977 million RON, approximately €220 million Euros. Deliveries were concluded in 2013.

Additionally, the Balkan country procured (9) second-hand F-16C FGA aircraft from Portugal. Deliveries will be concluded in 2017.

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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AIS Monitoring & Control center implementation



A high technology company is proposing cooperation with Homeland Security Agencies for the enhancement of their national coastal waters surveillance capacity, through implementation of a National AIS (Automatic Identification System) Monitoring and Control Center and its integration with existing systems related to maritime safety. The project can be implemented either through the fulfillment of an offset obligation in a respective country, or through a direct cooperation with the corresponding Agencies.

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

Mail at: g-menexis@epicos.com

Development of a new generation ballistic protection vest, integrated with a lightweight Microclimate cooling and heating system in order to meet Future Soldier requirements 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 Soldiers’ heat stress, allowing them to operate safely and more effectively in all terrains and under extreme weather conditions.

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

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Embraer opens final assembly hangar for the KC-390, in Gavião Peixoto, SP, Brazil



Embraer held the opening ceremony of the final assembly line of the KC-390 military transport. The event occurred at Embraer's plant in Gavião

Peixoto, São Paulo, and was attended by Brazil's President, Dilma Rousseff, the Governor of the State of São Paulo, Geraldo Alckmin, and other dignitaries.

On the occasion, Embraer and the Brazilian Air Force signed the series production contract of the KC-390, thus marking the beginning of a new phase of the project, which began to be developed in 2009. The contract provides for the purchase of 28 aircraft over a period of ten years, with the first delivery scheduled for the end of 2016. Besides the aircraft, the contract provides for supplying a logistical support package, which includes spare parts and maintenance. At a total value of R\$ 7.2 billion, the contract still depends on complementary documentation in order to go into effect, which is expected to occur within 90 days. Only then, will Embraer formally include it in its order book.

The KC-390 is a joint project of the Brazilian Air Force with Embraer to develop and produce a tactical military transport and aerial refueling airplane that is a significant advance in terms of technology and innovation for the Brazilian aeronautics industry. This is an aircraft designed to establish new standards in its market category, with a lower operating cost and the flexibility to perform a variety of missions: cargo and troop transport, cargo deployment, aerial refueling, search and rescue, and combating forest fires. The airplane will be produced at the Gavião Peixoto industrial plant, in outstate São Paulo, in facilities including more than 30,000 square meters of hangars, where the first prototype is already in the structural assembly phase. Final assembly is planned to begin in June.

"This is a historic day for the Brazilian Air Force," said the Commander of Brazilian Air Force, Brigadier General Juniti Saito. "The KC-390 is a project that was carefully specified to serve our nation, in total alignment with the guidelines of the National Defense Strategy, and it will represent a great leap in the operating capacity of air transportation."

"We are very happy to achieve another great landmark in this challenging project," said Jackson Schneider, President and CEO of Embraer Defense & Security. "Few countries in the world can experience the pride of operating aircraft that were specified, developed and manufactured on their own soil, and once again, the partnership between the Brazilian Air Force and Embraer is generating a product that promises to be an outstanding worldwide success." The contract for developing the KC-390 was signed in 2009. Besides the order by the Brazilian Air Force, there are currently intentions to purchase 32 aircraft by other countries.

For Further Information [Click Here](#)

AAR Contract for Airlift Services in Africa Upheld



AAR (NYSE: AIR) announces U.S. Transportation Command (USTRANSCOM) has re-awarded a contract to its Airlift division to provide dedicated fixed-wing lift services to U.S. Africa Command (USAFRICOM) throughout four Central African countries. Through a competitive solicitation, USTRANSCOM initially awarded the contract to AAR Airlift Group in November 2013. Performance was delayed by multiple incumbent protests, ultimately resulting in USTRANSCOM re-evaluating proposals and selecting AAR Airlift once again.

USTRANSCOM is the Department of Defense's single entity for transportation, sustainment and distribution to the nation's warfighters. Its responsibilities include the procurement of commercial transportation services for U.S. military forces.

The total value of the contract is approximately \$23 million and is inclusive of all optional task orders. Under the contract, AAR will perform fixed-wing passenger and cargo transportation services, aerial delivery services, and logistics support for allied forces.

"We are pleased to expand our airlift services footprint in Africa," said Randy J. Martinez, President and CEO, AAR Airlift Group. "USTRANSCOM's issuance of this contract acknowledges our proven performance in remote and austere environments."

AAR Airlift provides expeditionary airlift services in support of contingency operations worldwide. The Company operates a fleet of fixed-wing and rotary-wing aircraft to transport personnel, supplies and mail for the U.S. Department of Defense in Afghanistan and the Western Pacific.

About AAR

AAR is a global aerospace and defense contractor that employs more than 6,000 people in 17 countries. Based in Wood Dale, Illinois, AAR supports commercial, government and defense customers through two operating segments: Aviation Services and Technology Products. AAR's services include inventory management and parts distribution; aircraft maintenance, repair and overhaul; and expeditionary airlift. AAR's products include cargo systems and containers; mobility systems and shelters; advanced aerostructures; and command and control systems. More information can be found at www.aarcorp.com.

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Airbus says will match Boeing in orders this year

European aircraft maker Airbus will finish the year neck-and-neck with arch-rival Boeing in terms of orders, Airbus' commercial chief John Leahy said on Tuesday.

"I think we'll end up this year even, maybe Airbus even slightly ahead," Leahy told a news conference at the ILA Berlin Air Show.

Airbus has already booked 236 orders since the beginning of the year, Leahy said.

"The market is moving towards bigger and bigger aircraft," he said.

Leahy also hinted at a possible slight slowdown in orders towards the middle of the year, but insisted that would be nothing to worry about.

Airbus and Boeing hold a virtual duopoly in the aeronautical sector and the orders of the two bitter rivals are closely watched.

Separately, Airbus' chief operating officer Guenter Butschek said the current tensions between the West and Russia was not having any impact on the company's supply of titanium.

Russia is a key supplier of titanium, which is an essential component in Airbus aircraft. "At this point we don't see any short-term impact," Butschek said.

At the end of April, the number two of the Airbus Group, Marwan Lahoud, had expressed concern about the supply of titanium if trade tensions with Russia increase as a result of the crisis in Ukraine.

At Airbus, a working group had been set up to examine the potential risks for the value chain, but its findings so far were reassuring, Butschek said.

If the situation deteriorated, notably with the imposition of trade sanctions against Russia, Airbus would have to find other suppliers. Overall, commercial chief Leahy said he was not particularly worried about the development of the market Russia.

According to a the group's outlook for the period from 2013-2032, Airbus estimates the Commonwealth of Independent States or CIS (Russia and the former Soviet republics) will need 1,095 new aircraft, or 4.0 percent of overall global demand, over the next 20 years.

Source: 2014 AFP, Agence France-Presse (AFP)

Boeing Business Jets Outpaces Competition in Widebody Market Share

Boeing [NYSE: BA] Business Jets has outperformed the competition in the widebody market segment for private business jets, with widebody airplane orders now accounting for more than one-third of Boeing's total VIP orders.

Boeing announced today at the European Business Aviation Conference & Exhibition (EBACE) that since the 787 and 747-8 became available for BBJ conversion in 2006, the response to Boeing's VIP widebody product line has been strong. Business leaders and heads of state customers overwhelmingly choose widebody Boeing VIP airplanes over the competition.

"Over the past eight years, Boeing Business Jets has distinguished itself in the VIP widebody market. We saw an opportunity in the business jet market for widebody airplanes and now we are seeing it pay off," said Steve Taylor, president, Boeing Business Jets. "Our airplanes have the biggest cabins, allowing our customers to customize the airplane to meet their specific needs and provide unmatched comfort on long-haul routes."

In 2014, even more Boeing VIP widebody airplanes will enter the market. One BBJ 787 delivered in 2013 has already entered into service. Additionally in 2014, the first BBJ 747-8 will enter into service and be operated by an undisclosed customer.

At EBACE, Taylor also announced the updated range of the BBJ MAX. The BBJ MAX will enable customers to have greater flexibility by allowing them to fly farther, carry more cargo and improve their overall flying experience with a larger cabin. The extended range for the BBJ MAX of 6,435 nautical miles will allow customers to connect to more cities worldwide.

The BBJ MAX launched in early 2014 and the first delivery will be in 2018.

Boeing Business Jets offers a wide variety of ultra-large-cabin, long-range airplanes perfectly suited for the private jet market. The product line includes the BBJ, BBJ 2 and BBJ 3 – high-performance derivatives of the commercially successful Next-Generation 737 and 737 MAX families – as well as Boeing twin-aisle airplanes including the 747-8, 767, 777 and 787 Dreamliner.

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Source: Boeing, Epicos

Malaysia, Inmarsat to release satellite data on MH370

Malaysia's aviation authority and British company Inmarsat said Tuesday they would release satellite data used to narrow the search for missing flight MH370 down to the southern Indian Ocean.

Family members of the 239 people on board the Malaysia Airlines plane, which vanished on March 8, had demanded that raw satellite data be made public for independent analysis after an initial undersea search found no wreckage.

"All parties are working for the release of the data communication logs and the technical description of the analysis for public consumption," Malaysia's Department of Civil Aviation and Inmarsat said in a joint statement.

The statement did not say when the data would be made available.

It stressed that satellite data was just one of several elements being examined by investigators.

Malaysian authorities have been tight-lipped on details, saying they can only divulge information once it has been verified and when its release will not affect the ongoing investigation into the plane's disappearance.

Malaysia has said calculations using Inmarsat data showed the Boeing 777 met its fate in the remote southern Indian Ocean after mysteriously diverting from its Kuala Lumpur-Beijing route.

But no sign of the plane has been found there despite a massive and costly search.

Australia, which is leading the hunt in the Indian Ocean, has committed up to Aus\$89.9 million (US\$84 million) towards the search operation over two years.

Source: 2014 AFP, Agence France-Presse (AFP)

NATO still sees no sign of Russian Ukraine troop pullback

NATO said Tuesday there was still no sign that Russian forces were being withdrawn from the Ukraine border after President Vladimir Putin announced a return to their bases.

"We have not seen a change at the border," a NATO official said when asked if there had been any developments subsequent to Putin's announcement Monday.

NATO head Anders Fogh Rasmussen said Monday that after what he believed to be the Russian president's third such statement, "unfortunately, we have not seen any evidence at all that Russia has started withdrawal."

NATO has estimated there are some 40,000 Russian troops on the border, whose presence has raised fears they may intervene in troubled eastern Ukraine after Moscow's annexation of Crimea in March.

A pullback could ease spiralling tensions five days ahead of a key presidential poll on Sunday.

Ukrainian Foreign Minister Andriy Deshchychytsia said earlier Tuesday that his government could not yet confirm Russia's claim it had pulled its troops back from his country's border.

"We hope that the declarations by Russian politicians that the troops are to be withdrawn from Ukraine's borders don't just remain declarations," he said in Berlin.

Ukraine border guards said earlier that Russian forces had left an area within 10 kilometres (six miles) of the frontier following Putin's statement in which he also called on Kiev to halt military operations against pro-Kremlin rebels in the country's east.

Russia's defence ministry said Tuesday troops were still preparing their departure.

"The men have started dismantling their tent camps, loading equipment and forming columns of vehicles and armour," the ministry told Interfax news agency.

Source: 2014 AFP, Agence France-Presse (AFP)

Malaysia's AirAsia sees profit climb despite flat revenue

AirAsia saw its net profit soar by a third in the first quarter after accounting for currency gains and tax credits despite flat revenue from ticket sales, it reported Tuesday.

Net profit for the three months ended March rose 33 percent from a year earlier to 139.7 million ringgit (\$43.4 million), in large part due to forex gains on borrowings and deferred taxation despite net operating profit sliding by 23 percent to 126.6 million.

Revenue was flat at 1.3 billion ringgit as average fares paid by customers dropped by nine percent although passenger volume was up four percent.

But the budget airline giant's boss Tony Fernandes insisted its average fare was on an upward trend.

"What we see is that the consumers now prefer short-haul travels as compared to long-haul which is beneficial for our business," he said in a statement.

Looking forward, he added that AirAsia had decided to defer aircraft deliveries to 2016 onwards to take advantage of new Airbus A320neos that are 16 percent more fuel efficient.

The airline, which now has more than 120 A320s and is one of the biggest customers for the European aircraft maker Airbus, is expecting nearly 360 new aircraft to be delivered by 2026.

For 2013, profit fell 55 percent to 364 million ringgit compared to a year earlier.

Fierce rival Malaysia Airlines announced last week its fifth straight quarterly loss in the first three months of 2013, reeling from the March 8 disappearance of one of its Boeing 777s.

AirAsia has expanded aggressively in recent years, setting up subsidiary budget carriers in Indonesia, the Philippines and Thailand and plans to launch a no-frills joint venture in India.

Source: 2014 AFP, Agence France-Presse (AFP)