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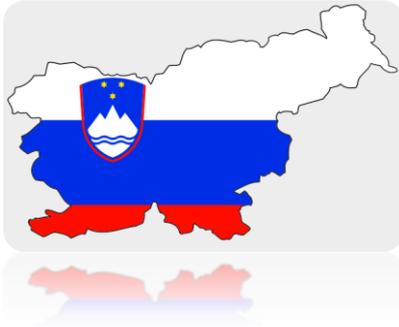
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Future Defence Budget and Modernisation Process



According to a report prepared by the Slovenian Ministry of Defence the country's long-term defence expenditures will be gradually reaching 2% of GDP. Due to the economic situation and the wider social circumstances, the realization of this ambition could be accomplished after 2025. Additionally, it is worth mentioning that the structure of defence spending will try to focus on achieving a more favourable ratio between personnel costs (50%), operational costs (30%) and the costs of procurement, construction, research and development (20%) allowing a more balanced development of the Slovenian Armed Forces.

Under this context infantry forces will acquire modern portable and mobile anti-armour missile systems. Additionally, 8x8 wheeled armoured vehicles will be procured in order to enable the formation of a medium infantry battalion group.

As part of air defence capabilities, the Slovenian Armed Forces will develop modern mobile (mobile and portable) short-range rocket systems enabling direct air defence of key infrastructure and deployment of elements of the Slovenian Armed Forces.



Furthermore, the Slovenian Armed Forces will develop capabilities for tactical airlift with transport helicopters and tactical transport aircraft. As part of the helicopter capabilities, the Slovenian Armed Forces will also support search and rescue operations, aerial medical evacuation and specific tasks in the system of protection against natural and other disasters. Part of rotary-and fixed-wing capabilities will also be used for Alliance's operations, and international operations and missions.

It is worth mentioning that Slovenian aircraft will be modernized with self-protection systems, and part of helicopter capabilities will be upgraded with medical evacuation equipment.

Finally, the country will procure and introduce modern sensor and other data-gathering systems, such as unmanned aerial vehicles, various land sensors, remotely controlled vehicles and equipment for data-gathering and integration.

Kyriazis Vasileios,
Epicos Newsletter Head Editor

Slovenian Armed Forces: Participation in International Missions



The first time the Slovenian armed forces participated in an international mission was on May 14th, 1997, when a Medical Unit and four liaison officers were deployed to the humanitarian operation Alba in Albania. In

February 2007, SAF deployed an entire battalion-level unit for the first time in its history and until then the number of Slovenian troops in multinational operations and the complexity of the missions that they carry out have been increased. Since March 29th, 2004, when Slovenia joined the North-Atlantic Alliance, the country's armed forces have taken an even more active role in international missions, reaffirming the country's commitment becoming a provider of security in the region.

The Slovenian troops are currently deployed in Kosovo. Their tasks include the maintaining of a secure and stable environment, the ensuring of conditions for the transfer of authority to civilian authorities, control of communications and check points, protection of facilities of special importance and conduct of CIMIC projects.



Additionally, the Slovenian armed forces participate in the EUFOR – Operation ALTHEA mission in Bosnia and Herzegovina. Main tasks of the officers and non-commissioned officers working at the EUFOR Command are to provide administrative and logistic support for the members of the Slovenian Armed Forces. An air squad of the Slovenian Armed Forces also participates in the operation.

On February 6th, 2013, the Government of the Republic of Slovenia decided to deploy up to four members of the Slovenian Armed Forces to the EU Training Mission in Mali (EUTM), with the possibility of rotation. The first Slovenian Armed Forces member was deployed on March 19th, 2013.

Kyriazis Vasileios,
Epicos Newsletter Head Editor



The 7 Most Important Rules for Oil and Gas Cybersecurity Experts



Devastating cyber threats are causing companies across all sectors to reassess how secure their data and operations really are. This threat is being especially felt by the oil, gas and petrochemical

industry for a combination of reasons, including its critical reliance upon SCADA or DCS systems which are used to monitor and control physical processes. To give you the knowledge you need to better protect your company's data and operations, Oil & Gas IQ asked the industry's leading cybersecurity experts what advice they would give to their counterparts around the world. To find out what they said, download the following article: [The 7 Most Important Rules for Oil and Gas Cybersecurity Experts](#)

Threats and challenges facing the oil, gas and petrochemical sector will be discussed in-depth at [The Cybersecurity for Oil, Gas and Petrochemicals Summit](#) (11-14 August, Kuala Lumpur, Malaysia) among leading industry leaders and stakeholders.

Download the [programme agenda here](#) for more information or visit www.CyberOilandGas.com.

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](#)

Development and production of “under-pressure” patient transportation bag and “over-pressure” face-guard for protection against biological agents’ threat

A leading company in the design and manufacture of medical emergency products for Civil and Military use alike, proposes the design and development of an “under-pressure” transportation bag for the safe transportation of highly virulent patients contaminated from biological warfare agents and an “over-pressure” face-guard for the personnel working in biologically contaminated areas and in contact with contaminated persons. The two products will meet several related military and homeland security applications’ requirements.

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

Mail at: g-menexis@epicos.com

Introduction of vapour compression technology for the development of new generation Future Soldier ballistic protection vests

A company specializing in the manufacture of bullet proof vests, is proposing collaboration with another company for the investigation and potential development of vapour compression technology equipment to be used in the production of new generation Future Soldier ballistic protection vests. The new vests will provide ballistic protection, as well as cooling properties, to the soldiers.

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

Mail at: g-menexis@epicos.com



AAR's Nordisk Aviation Products Selected by China Postal Airlines



AAR's Nordisk Aviation Products announces it has received orders for 180 main deck air cargo containers from China Postal Airlines. The orders are in addition to the 988 Nordisk containers China Postal already has in service. The main

deck Unit Load Devices were specially designed to maximize air freight capacity by an additional 3 percent in the B737 freighter, while reducing fuel costs and the airline's carbon footprint.

"We are proud to say that Nordisk containers positively impact the bottom line. But they are also becoming the preferred ULDs for airlines that care about the environment," said Boon Yang Sim, Nordisk's Vice President of Sales and Business Development, Asia Pacific and People's Republic of China. "We are pleased to be able to deliver on our promise to China Postal Airlines and welcome this expansion of our partnership."

Nordisk also supplies ULDs to China Southern Airlines, receiving orders for more than 1,100 lightweight air cargo containers and pallets in May.

Nordisk is the leading supplier of air cargo containers and pallets in the industry. With close to 700,000 ULDs sold in the global aviation markets, Nordisk ULDs are used by virtually every airline operating wide-bodied aircraft, enabling vast amounts of cargo and baggage to be transported safely and securely.

AAR (NYSE: AIR), with its Telair and Nordisk subsidiaries, offers a full line of main-deck and lower-deck cargo systems and a variety of baggage handling and freight solutions that enable increased payload and fuel savings. From the Nordisk Ultralite®, the lightest-weight container in the industry, to the patented Sliding Carpet® baggage loading system to specialized pallets, containers and air mobile shelters, AAR offers products with excellent strength-to-weight performance, high reliability and low total cost of ownership, backed by a global aftermarket support network.

About Nordisk Aviation Products

A subsidiary of aviation industry leader AAR CORP., Nordisk Aviation Products designs, manufactures and sells air cargo containers and pallets, to the global commercial aviation industry. Nordisk, established in 1970, has production facilities in Norway, China and the United States and has spare parts warehousing and sales offices across Europe, Asia, and the

United States. For more information, visit www.nordisk-aviation.com or call +852-2107 6668.

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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or Visit:

http://www.aarcorp.com/AAR_Nordisk_Aviation_Products_Selected_by_China_Postal_Airlines/

Aeronamic sings F-35 agreement with Honeywell Aerospace



Aeronamic B.V. signed a contract with Honeywell Aerospace for the delivery of the Forward Module as part of the F-35 Power & Thermal Management System. Under this agreement, Aeronamic is responsible for the manufacturing, production, final assembly and testing of the Forward Module which will take place in the company's main facility in Almelo, The Netherlands. The contract term is 'life of the program' and it also facilitates Aeronamic's ambition to obtain the responsibility to maintain, repair and overhaul the Forward Module systems in the future.

Steffen de Vries, CEO of Aeronamic said, "It is stimulating to know that Aeronamic is being awarded a leading role in the realization of this critical system and to contribute to one of the largest and most technologically advanced aircraft programs in the world. With an estimated total production of over 3,000 F-35s, this is a great occasion for our company; especially with regard to the growth of Aeronamic in terms of employment, knowledge and innovation for decades to come."

Maxime Verhagen, the Netherlands' Special Envoy for industrial participation will host the ceremonial signature event, scheduled to be held at the Farnborough Airshow on Wednesday July 16, 2014 in the Aeronamic enclosure of the Netherlands Aerospace group: Hall 3 /enclosure 9.

Aeronamic is a 100% Dutch company, recognized for its innovative, high-technology driven designs, development and production of turbo machinery and motor driven systems and critical high-precision components in Aerospace. Aeronamic is also a member of the Green Systems for Aircraft Foundation GSAF – an associate in the Systems ITD of JTI Clean Sky.

For Further Information visit: <http://www.aeronamic.com/press/aeronamic-signs-f-35-agreement-honeywell-aerospace/>



Saab profits soar as cost-cutting advances

Swedish defence and security group Saab on Friday posted spectacular profit growth in the second quarter owing to successful cost-cutting measures.

Net profit between April and June soared to 232 million kronor (25 million euros, \$34 million) from 2.0 million kronor a year earlier, while revenue fell slightly to 5.692 billion kronor from 5.886 billion kronor in the same period of 2013.

"The security and defence market remains challenging and competition is fierce," chief executive Haakan Buskhe said in a statement.

The group celebrated continued global interest in its flagship product, the Gripen fighter jet. "The interest for Gripen remains strong internationally," Buskhe said.

"The development of Gripen E progresses according to time plan and budget and will be delivered to Sweden, starting 2018." Last December, when Saab secured a contract to supply the Gripen fighter jets to Brazil, its shares soared by more than 20 percent.

The group said that negotiations with Brazil continued and that "both parties' ambition is to reach an agreement in 2014".

Last year, the firm unveiled a cost-cutting plan to boost its profits.

So far, 850 staff and external consultants have been laid off, according to Saab.

In June, the group reached an agreement to buy a submarine shipyard in Sweden owned by the German group ThyssenKrupp.

The acquisition of the subsidiary, ThyssenKrupp Marine Systems, "makes Saab one of few companies in the world with the ability to develop, produce and deliver comprehensive defence solutions for air, land and sea", Buskhe said.

In 2014, Saab expects sales to remain at the same level as 2013, with an operating margin slightly superior to that of last year.

Its shares were down by 1.35 percent in the Stockholm stock exchange in early afternoon trading however, while the main index was 0.56 percent higher.

Why were commercial planes still flying over Ukraine?

The downing of a Malaysia Airlines jet over rebel-held eastern Ukraine has raised questions over why the company persisted in flying in conflict-zone airspace that many other Asian carriers had abandoned months ago.

The air corridor over Ukraine has always been a crowded one for flights between Europe and Asia -- particularly Southeast Asia -- and re-routing around the airspace would mean an increase in flight time and fuel costs.

Nevertheless, a number of major Asian airlines, including South Korea's Korean Air and Asiana, Australia's Qantas and Taiwan's China Airlines, said Friday that they had started avoiding the area as much as four months ago, when Russian troops moved into Crimea.

"We stopped flying over Ukraine because of safety concerns," Asiana spokeswoman Lee Hyo-Min said. Korean Air moved its flight paths 250 kilometres (160 miles) south of Ukraine from March 3 "due to the political unrest in the region", an official for the carrier told AFP.

A Qantas spokeswoman said its London to Dubai service used to fly over Ukraine, but the route was changed "several months ago", while Taiwan's China Airlines diverted its flights from April 3. Hong Kong's Cathay Pacific and Pakistan International Airlines said their flight paths had changed "some time" ago.

- 'Safe' flight path? -

Asked why Malaysia Airlines had not taken similar precautions, Transport Minister Liow Tiong Lai stressed that international air authorities had deemed the flight path secure.

"The flight path taken by MH17 was approved by the International Civil Aviation Organization, and by the countries whose airspace the route passed through," the minister told reporters in Kuala Lumpur. "In the hours before the incident, a number of other passenger aircraft from different carriers used the same route," he noted.

But ICAO spokesman Anthony Philbin said the UN agency, which is headquartered in Montreal, "does not establish routes" for airlines to follow. Tyler said an airline's choice of flight route was "very similar to driving a car -- if the road is open, you assume it is safe. If it's closed, you find an alternate route".

According to the European flight safety body Eurocontrol, the doomed plane was flying at a level known as "330", or approximately 10,000 metres or 33,000 feet.

The route had been closed to level "320" but was cleared for those flying at the Malaysian plane's altitude. In a statement late Friday, the airline said MH17 had filed a flight plan requesting to fly at 35,000 feet which was "close to the 'optimum' altitude".

"However, an aircraft's altitude in flight is determined by air traffic control on the ground. Upon entering Ukrainian airspace, MH17 was instructed by Ukrainian air traffic control to fly at 33,000ft," it said.

European and US airlines re-routed their flights as Kiev said flight MH17 was shot down in a "terrorist" attack, and a US official said intelligence analysts "strongly believe" it was downed by a surface-to-air missile. Analysts were divided on whether carriers like Malaysia Airlines had been negligent in opting to continue flying over Ukraine.

"I just find it astonishing. I am absolutely flabbergasted," said Geoff Dell, an air safety expert from the University of Central Queensland in Australia, told Sky News.

"If there's trouble spots on the globe, then you take a decision to avoid that area," Dell told Sky News. "You don't put your primary assets -- your passengers, your crew, your airplane -- at risk unnecessarily," he added.

- Assessing risk -

Malaysia Airlines was certainly not alone in persisting with the corridor over Ukraine. A host of Asian carriers, including Singapore Airlines, Air India, Thai Airways, Air China, China Eastern Airways and Vietnam Airlines, had used the same airspace up until Thursday's crash.

And European airlines such as Lufthansa and Air France, as well as US carrier Delta, said they were only now taking the decision to avoid Ukraine entirely.

Gerry Soejatman, a consultant with the Jakarta-based Whitesky Aviation chartered flight provider, said every airline had its own level of risk assessment.

Flying above 30,000 feet is generally considered secure given the level of training and sophisticated weaponry required to shoot down a plane at that height, Soejatman said.

"Ten years ago you'd be an idiot to fly over Iraq below 15,000 feet, but over 30,000 feet was very safe, so it's about the level of risk.

"I think this will send a message to airlines to have a closer look at conflict zones when they choose to fly over them and gain a better understanding of what equipment is on the ground," he said.

Oil prices slide further

Global oil prices fell further on Monday on concern about an escalation of the Ukraine crisis after the downing of a Malaysian airliner last week, analysts said.

Investors were also eyeing developments in the Middle East after Israel launched a ground offensive against Hamas militants in Gaza, fuelling worries about crude supplies from the oil-rich region.

Brent North Sea for delivery in September fell 30 cents to \$106.94 a barrel in London midday deals.

New York's benchmark West Texas Intermediate for August reversed 18 cents to \$102.95 per barrel from Friday's closing level.

"Investors ... remain engaged to the unfolding situation between Ukraine, Russia and the West, as well as the ongoing Israeli ground assault of Gaza," said Sucden analyst Kash Kamal.

Desmond Chua, an analyst with CMC Markets in Singapore, added that investors are awaiting further news on whether the shooting down of the plane over Ukraine's airspace last week was carried out by separatist rebels supported by Russia.

He said proof of involvement by the pro-Moscow separatists would likely trigger stronger US and European sanctions against President Vladimir Putin's government, threatening to widen the crisis.

Russia is the world's second-biggest crude producer, and there are concerns its standoff with the West over Ukraine could affect supplies. Ukraine is also a major conduit for Russian gas exports to Europe.

"If the Russians were found to have assisted the rebels by providing the weaponry, the situation may escalate," Chua said. All 298 people on board MH17 were killed after it was apparently blown out of the sky by a missile which the US said was fired from a system Russia provided to the separatists.

Tensions in the Middle East are also expected to put keep oil prices high. Washington and the United Nations demanded an "immediate ceasefire" in Gaza early Monday as Israel pressed an assault on the enclave, pushing the Palestinian death toll to 509.

At an urgent meeting on Gaza, the UN Security Council urged an "immediate cessation of hostilities" in a call echoed by US President Barack Obama in a telephone conversation with Israeli Prime Minister Benjamin Netanyahu.

Japan, Britain to launch joint missile research

Japan said Thursday it would join forces with Britain to jointly develop missile technology for fighter jets, while also moving to export Japanese-made parts for US surface-to-air missiles.

The decision comes several months after Japan lifted a self-imposed ban on weapons exports, as Prime Minister Shinzo Abe looks to expand Japan's diplomatic and military presence on the global stage.

The exports would be the first since Japan in April approved a new policy that replaces its 1967 blanket ban on shipping arms overseas.

The joint research with Britain was linked to a European missile project called Meteor, with an initial emphasis on how current Japanese technology could enhance British-developed missiles, according to a statement jointly issued by several ministries, including Japan's foreign and defence ministries.

The Meteor project, which is developing missiles for Eurofighter planes, is being led by Franco-British missile maker Matra BAe Dynamics (MBD) along with other European firms.

"We believe that we can create more sophisticated products by bringing together the finest technologies from both Britain and Japan," a Japanese defence official told a press briefing Thursday evening.

In a separate decision, Tokyo would also allow US-bound exports of parts for the Patriot Advanced Capability-2 (PAC-2) missile defence system developed by Washington.

The parts were originally supplied by a US defence contractor that no longer makes the product.

An earlier report this month by the leading Nikkei business daily said Mitsubishi Heavy Industries plans to export a high-performance sensor for the PAC-2 missile defence system.

The sensor is a key component of an infrared device at the tip of the missile that identifies and tracks targets, the Nikkei said.

Under Japan's new arms export rules, weapon sales are still banned to conflict-plagued countries or nations that could undermine international peace and security, and they must contribute to international peace and boost pacifist Japan's security.

China to join military exercise with US, Australia

China's military will take part in an infantry exercise for the first time with Australian and US forces in October, the Pentagon said on Thursday.

The joint exercise will take place in northern Australia and marks another step forward in efforts by Washington and Canberra to bolster relations with China's People's Liberation Army, officials said.

"This is a small-scale exercise," Pentagon spokesman Colonel Steven Warren told reporter.

The drill would involve "less than a 100 total personnel," including one or two squads of US Marines, Warren said.

"The goal of the exercise is learn how to survive and thrive in austere conditions," he said.

China broke new ground last month by taking part in a major US-led naval exercise in the Pacific. The Rim of the Pacific (RIMPAC) event is still underway, and Australia is also among the countries participating.

The US Marines involved in the October infantry exercise likely will come from a contingent now operating out of Darwin, which is due to increase from roughly 1,100 to up to 2,500 by 2017.

China has expressed concern over the US troop rotation in Australia and accused Washington of trying to stifle Beijing's growing influence in the region.

Both Australia and the United States have urged Beijing to resolve a series of territorial disputes in the South China Sea and the East China Sea through peaceful means and to agree a "code of conduct" for regional states.

The United States recently has accused China of "destabilizing" actions in the South China Sea, and Australia has endorsed Washington's criticism.

The Pentagon said the October drills would help strengthen defense ties and were designed -- like other exercises -- with the aim of defusing potential tensions or miscalculations.

"We believe that closer military-to-military bonds facilitate clear lines of communication, and fosters a spirit of cooperation to meet regional and global challenges for mutual benefit ...," spokesman Lieutenant Colonel Jeffrey Pool said.