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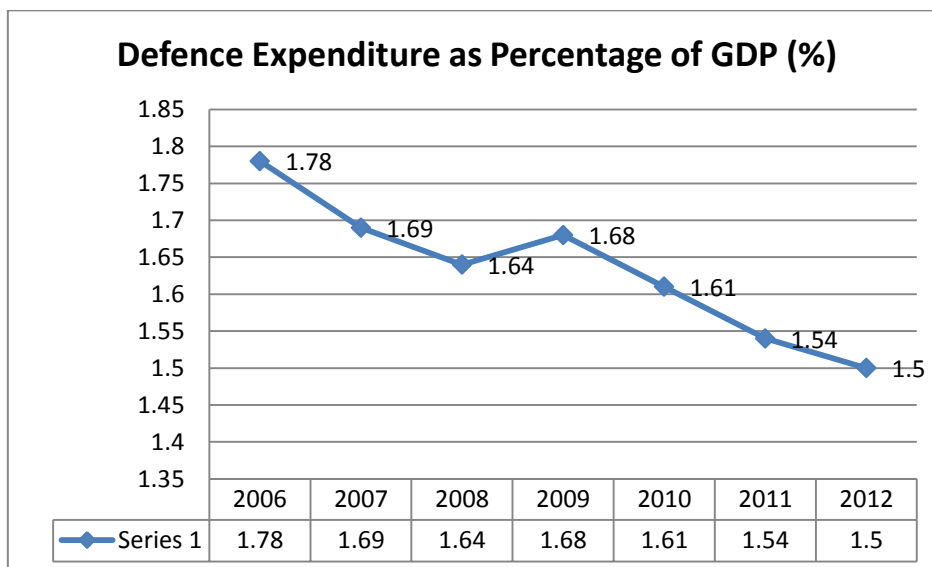
European Defence Industry: Future and Current Trends



With a turnover of €96 billion in 2012 alone the European defence industry, contributes to the growth of the European economy. Moreover it sustains thousands of highly skilled jobs, since it employs some 400,000 people directly, with another 960,000 jobs depending in a more indirect fashion, on the activities of this industry. Apart from the socioeconomic benefits it provides, it also performs a “duty” of outmost importance, this of delivering sophisticated and innovative defence equipment to the armed forces of Europe enabling and securing their efficiency. As of 2013, the sale of West

European arms producers was rather mixed as some companies showed growth while other declined.

For 2013, in the United Kingdom, half of the 10 British companies ranked in the Top 100 Arms Producing and Military Services Companies had minor drops in their arms sales, while the remaining five had an average arms sales increase of 7%. Two of the most important increases in total arms sales from 2012 in real terms were those of French companies: the naval shipbuilder DCNS, showcasing an 23% increase, and the combat aircraft manufacturer Dassault, showcasing an 21% increase. On the other hand, the Spanish naval shipbuilder, Navantia, continued its descent in the Top 100 ranking from 65 to 83.



Source: European Defence Agency (EDA)

The difficulties, Western European defence companies face must be largely attributed to the economic crisis Europe is facing. As a consequence the available funds national authorities can allocate on defence are limited. It is indicative that according to a research conducted by the European Defence Agency (EDA), in 2012 total defence expenditure of the 26 EDA

members amounted to € 189.6 billion reduced by € 1.1 billion or 0.6% compared to 2011. This amount represented approximately 1.5% of their total Gross Domestic Product (GDP) being the lowest since 2006. Additionally, they also underline the fragmented character of the European arms industry, which is still strongly associated with national markets.

Maintaining a strong defence industry should be of utmost important for Europe as such an industry is a prerequisite for sustaining combat ready armed forces. Actually this was highlighted to the declarations made by the alliance leaders at the 2012 Chicago Summit as it was stated that *“Maintaining a strong defence industry in Europe and making the fullest possible use of the potential of defence industrial cooperation across the Alliance remain an essential condition for delivering the capabilities needed for 2020 and beyond”*.

Europe must try to comply with this by sustaining a broad and diverse defence industrial base and thus retain the “operational sovereignty” to act in future world events as a power of deterrence and peace maintenance providing security for their citizens.

Kyriazis Vasileios,

Epicos Newsletter Head Editor

Norwegian Defence Industry: New Capabilities & Export Markets



Although the Norwegian defence 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, as it is consisted of approximately (140) heterogeneous companies. Additionally, it is worth mentioning that Norwegian defence companies export the majority of their production as they receive on average more than half (60%) of their revenues from foreign clients. It is indicative that in 2012, the Norwegian defence industry had a significant amount of exports reaching €570 million Euros (780 million USD).

The main products of the Norwegian defence industry are ranging from tactical communications and crypto solutions to ammunitions and military explosives, as well as tents and protective suits to components for aircraft, vehicles, vessels and submarines. The main areas/sectors the indigenous industry is active are the following:

- Command, Control, Information, Decision support and Combat systems
- Systems integration
- Missile technology and related sensors and Fire Control systems
- Underwater sensors and autonomous underwater systems
- Ammunition, fire guidance systems, remotely operated weapon stations, missile propulsion and military explosives
- Advanced materials developed or adapted for military purposes
- Life Cycle support for military aircraft and naval vessels

The main areas where Norwegian defence companies export its products are Europe and North America. Nevertheless, throughout the last decade, new markets have been developed in Asia and South America.

Finally, the 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.

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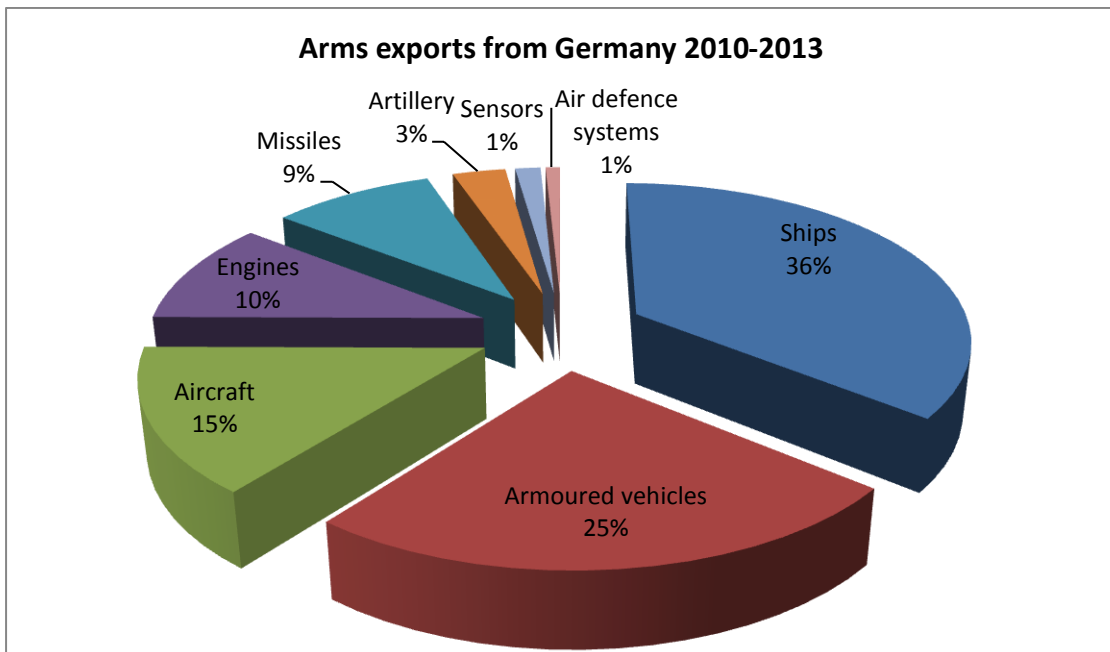
German Defence Industry; Exports and future developments



Europe plays an important role in the international scene of arms transfer. Germany is one of the countries that constantly contribute to the intensification of this, and its defence industry has managed to be established as one of the most important and trustworthy in the globe. The two main pillars of the industry are innovation and small

and medium-sized companies. It can be stated that the German Security & Defence industry is a driving force for innovation, particularly in technology, as it is a global leader in many technology fields. On the other hand small and medium-sized companies account for more than half of the value created by the German Security & Defence industry.

In order for the Security & Defence industry to ensure its capacity and further succeed must export. Of course with the exports, the German Security & Defense industry is in intense competition with suppliers with other European countries, USA, Russia and more. Nevertheless, the German industry has to demonstrate a wide spectrum of exports. It is indicative that according to the Stockholm International Peace Research Institute (SIPRI), for the period 2010-2013 more than fifty (50) countries imported defence equipment from Germany, whereas, the six (6) first countries, based on the amount of funds allocated are: United States, Israel, Portugal, Spain, Greece and Singapore. This actually denotes that Germany is exporting in four (4) different continents and/or sub-continent, North America (United States) Middle East (Israel), Europe (Portugal, Spain, Greece) and Asia (Singapore).



Germany exports a broad spectrum of defence equipment. Ship vessels are the predominant area of exports for the period 2010-2013 with a total amount of 2231 US\$ m. at constant (1990) prices. The 2nd most important sector is that of armored vehicles with 1545 US\$ m. at constant (1990) prices whereas other areas such as Aircraft, Engines, Missiles, Artillery, Sensors and Air defence systems follow.

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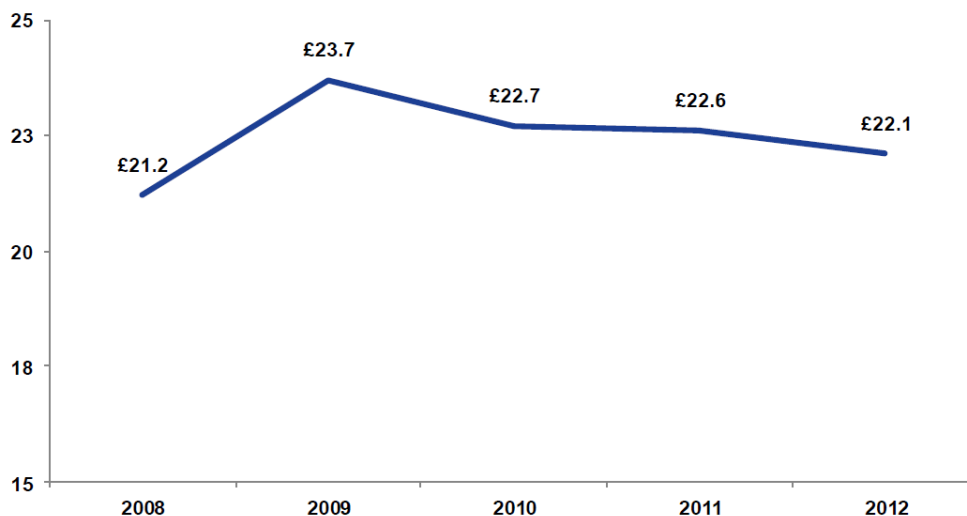
United Kingdom: Defence Industry, Overall Statistics



UK defence and security industries are an important part of the nation's advanced manufacturing base and among the most advanced globally. It is indicative that UK Defence Sector is the largest exporter of defence equipment and services in Europe and the second globally after US. UK defence sector generated exports of GBP 9.8bn (USD 15.3bn), last year, contributing GBP 7.3bn (USD 11.4bn) Gross Added Value to the UK economy. Additionally, the sector employs 162,400 people directly – and 114,200 indirectly.

Dutch arms exports are rather diversified in their geographical structure. In 2013, 67% of UK Defence exports were channeled to markets in the Middle East, 12% of exports were to North America, 12% to Europe and 9% to Asia-Pacific. The diversification of the geographical distribution of exported equipment is not however evenly distributed among the three types of armed forces. It is indicative that 83% of UK Defence export revenue for the period 2004-2013 generated through Aerospace sector; 10% from Land and 7% from Maritime.

UK Defence Industry turnover, £bn



Source: CEBR & ADS

UK Defence firms plan to invest in R&D within the next year. It is indicative that 74% of companies stated that they plan to increase investment levels over the next 12 months – primarily in production and innovation capacity. Additionally, it is worth mentioning that more than 50% of UK Defence Sector workforce is involved in R&D, engineering and production & assembly.

UK defence sector should continue to grow, so as to be in a position to fulfil its outmost mission, to efficiently equip the country's armed forces. Furthermore, a healthy defence and

security industry will potentially bring further economic benefits, in terms of providing jobs, maintaining skills and strengthening exports as the companies involved in the defence and security already sell significant volumes of goods and services overseas.

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...

[For Further Information Press Here](#)

Design and development of advanced Medium-Altitude, Long-Endurance (MALE) UAV systems for scientific applications using composite material technology



A company with extensive experience in providing state of the art technological services and products for the aeronautical sector, is proposing, in the frame of an offset program, collaboration with an Aerospace & Defense company, or technological institute, for the design, development and manufacturing of advanced Medium Altitude Long Endurance (MALE) Unmanned Aerial Vehicles (UAV) systems, using composite material technology and which will be used for scientific applications.

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

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Development of a Helicopter Custom Design & Modification capability



A company certified in carrying-out inspections and repairs on helicopters, as well in the helicopters' emergency floats, Life Rafts and various equipment used in aerial operations, is willing to expand its capabilities, in custom design and modification for helicopters, so as to address national military and civilian needs.

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

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Epicos Events



Mobile Deployable Communications Conference 2015, 5-6 February, Prague, Czech Republic

Deployable Communications Conference will address the key topics of CIS networks and tactical communications, C4ISR standardisation, interoperability across the global armed forces, operational experiences and future technologies.

The role of the communications systems has evolved hugely in the past 15 years and the issue of delivering the right capability not simply delivering capability right is essential.

Military units are now relying on communication networks to relay information with sound, images, video. All of the military communication networks have to be secure, meaning that no interception is possible thus militating against reduced operational integrity.

Contemporary military operations, peacekeeping and stabilization missions require from the armed forces to take actions in unknown and very often distant areas. This year the conference will address the communication equipment used by global armed forces when deployed, illustrating that the practical elements are just as significant as the technology which supports deployed soldiers.

[For more information please press here](#)

Integrated Air and Missile Defence 2015, 17-19 March, Sevilla, Spain

In Partnership with the Spanish Army Air Defence Command, Sevilla

IAMD is essential to the territorial integrity of many states in the modern world. New requirements are driving states to upgrade the capability or operation of their Air Defence units. However such modernisation raises concerns and challenges with regards to the integration of new and old assets within an effective shield against airborne threats. The growing variety of such threats, from slow and low UAVS, to Rockets and Artillery, to ballistic missiles, increases the need to ensure effective integration of protective assets.

In official partnership with the Spanish Air Defence Regiment, Integrated Air and Missile Defence 2015 will take place at the Air Defence HQ in Sevilla, where you will also experience a site tour and live fire demonstration as part of the pre-conference day. The tour of the base will enable all attendees to gain a first-hand insight into the daily operation

2014 saw many top-level military speakers from across Europe: Spain, Poland, the UK, Germany, Lithuania and many more attend and give briefings at the conference, introducing

key operational and systemic analyses on the challenges they face in Air and Missile Defence.

[For more information please press here](#)

SETAF 2015 - Soldier Equipment & Technology Advancement Forum, Oslo, Norway

The dismounted soldier and marine are still the greatest asset of any defence force and time and time again have proven vital for mission effectiveness in a variety of complex operational environments. As the global political and economic landscape has shifted and many soldier modernisation programme managers are evaluating changes in national defence strategies, it has never been more important to gather the community and share information on how dismounted operations can be improved with new equipment and technology advances.

Unlike other events, SETAF is a meeting for the soldier modernisation community that is designed around a series of focused discussion groups run by co-chairs who are selected experts on vital subject matter.

With no PowerPoint presentations, the SETAF meeting will dedicate the precious time of its participants to in-depth learning, networking and discussions, making it a complementary part of the soldier modernisation communities' annual training and development programme.

SETAF Event Highlights

1. No Attendees only participants: SETAF's unique discussion based format means we deliver only technical discussions lead by experts in their field
2. Participation confirmed from soldier system experts from Norway, Sweden, Finland, UK, US, Canada, Austria, Germany, Poland, Romania and the Netherlands
3. Soldier Winter Warfare Equipment Briefing Day: hear from local and international programmes and how they design and optimise their soldier systems for sub-zero environments
4. Real solutions uncovered in the SETAF exhibition zone: the very latest technologies will be showcased to help advance the next generation

[For more information please press here](#)

OPVs & Corvettes Asia Pacific 2015, 20-21 April, Singapore

After 4 years of providing a premier platform for military officials from navies and coast guards to discuss critical issues surrounding OPV procurement, maintenance and operational requirements, we are back with a far more comprehensive, quality-led and value-driven programme.

This year, we have re-named this 5th annual event to reflect the alignment of the program with the procurement trends in APAC. The OPVs & Corvettes Asia Pacific 2015 will bring you the latest discussion topics surrounding the roles of OPVs and corvettes, and how navies and coast guards are enhancing the versatility of their fleets for diverse maritime operations from SAR to counter-piracy.

Featuring senior and key military officials from the region and beyond, OPVs & Corvettes Asia Pacific 2015 is not only the only conference in Asia dedicated to the planning of requirements and procurement of YOUR naval capabilities, gaining operational perspectives and best practices on the use of OPVs and corvettes in maritime operations, but also the ideal platform for industry stakeholders to discuss and learn the latest strategies in enhancing naval fleet capabilities.

[For more information please press here](#)

Mexico's Aerospace Fair 2015, April 22-25, Santa Lucía, Mexico

The Fair will take place at the main Military Airbase, which is the largest military platform and runway in Mexico. There will be a kilometer long area for the permanent display of aircrafts, and stands where several companies will have the chance to display their products, get to know the latest aeronautical technologies and services, position their brand and consolidate their image among national and international attendees, as well as professionals in the industry.

[For more information please press here](#)