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## Spain: Defence Budget and Procurements



One of the worst global economic crises in more than 80 years affected Spain and the rest of Europe limiting the available funds that national authorities can allocate on defence. It is indicative that in 2014 the Spanish defence budget was further cut showcasing a decrease of almost 68% since 2008. Taking this limitation into consideration, Spanish authorities have to secure that the armed forces of the country have the proper equipment for succeeding in their mission, to ensure the security of the country, its inhabitants and its citizens. The local defence industry helps towards this

direction as it supplies armed forces with reliable equipment. It is indicative that in 2013 Spain exported, in value, the double defence equipment than the country imported.

Nevertheless, the country imports a fair amount of equipment from foreign providers. Germany has a leading role in the Spanish armament imports. Apart from the European country, other important countries that export arms to Spain, for the period 2009-2013, were USA, Israel, France, South Africa, Italy, United Kingdom, Sweden and Switzerland. Spanish armament imports are rather limited in their geographical preference as the majority of countries that export arms to Spain, based on the amount of funds allocated, are European.

Year	GDP	Defence Budget	As part of GDP
<b>2004</b>	841.294.000	6.744.339	<b>0,80</b>
<b>2005</b>	909.298.000	6.988.186	<b>0,77</b>
<b>2006</b>	985.547.000	7.413.940	<b>0,75</b>
<b>2007</b>	1.053.161.000	8.049.986	<b>0,76</b>
<b>2008</b>	1.087.788.000	8.491.312	<b>0,78</b>
<b>2009</b>	1.046.894.000	8.252.932	<b>0,79</b>
<b>2010</b>	1.045.620.000	7.691.995	<b>0,74</b>
<b>2011</b>	1.046.327.000	7.153.546	<b>0,68</b>
<b>2012</b>	1.029.002.000	6.313.607	<b>0,61</b>
<b>2013</b>	1.026.200.000	5.934.166	<b>0,58</b>
<b>2014</b>	1.047.400.000	5.742.936	<b>0,55</b>

Source: <http://www.defensa.gob.es/en/Galerias/presupuestos/presupuesto-defensa-2014.pdf>

Armored vehicles were the predominant area of imports for the period 2009-2013 with a total amount of 484 US\$ m. at constant (1990) prices. The 2nd most important sector is that of missiles with 327 US\$ m. at constant (1990) prices whereas other areas such as engines, aircraft and sensors follow.

Kyriazis Vasileios,

Epicos Newsletter Head Editor

## Spanish Defence Industry: Exports and International Standing



Spanish companies have, eventually, managed to establish themselves in the international arms market. This is clearly illustrated by the fact that almost 70% of companies revenues came from exports. Integrated land, sea and air surveillance

systems, cyber-security technologies, satellite and radar communication systems, naval and air engineering or modern simulators are some of the technologies/solutions the Spanish defence industry exports.

Spanish arms exports are rather diversified in its geographical structure and range of exported items. More than (30) countries imported defence equipment from Spain, whereas, the four (5) first countries, based on the amount of funds allocated are: Norway, Australia, Venezuela, Malaysia, Saudi Arabia and UAE. This actually denotes that Spain is exporting in four (4) different continents, Europe (Norway) Oceania (Australia), Latin America (Venezuela), Asia (Malaysia) and Middle East (Saudi Arabia and UAE).

	2009	2010	2011	2012	2013	Total
Norway	427		427			853
Australia			392	98		490
Venezuela	32	32	196	55		314
Malaysia	299					299
Saudi Arabia			98	196		294
UAE					294	294

The diversification of the geographical allocation of Spanish exports is in inconsistency with the narrow spectrum of exported items. Aircraft are the predominant area of exports for the period 2009-2013 with a total amount of 2437 US\$ m. at constant (1990) prices. The 2<sup>nd</sup> most important sector is that of ships with 1501 US\$ m. at constant (1990) prices whereas other areas such as armored vehicles and artillery follow.

Spanish defence industry, apart from exporting products, is also increasing international standing through participation in international development programs within different international organizations. Spanish companies are present in NATO programs like SOSTAR, NAEW, ACCS and MIDS, European Union programs like EUCLID, Organization for Joint Armament Cooperation (OCCAR) programs, such as TIGER and A-400M and finally bilateral or multilateral collaboration initiatives, such as Eurofighter, Meteor, Helios, Pleiades and Vulcano.

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](#)

**Climbing training simulator for special operations forces**

A company is proposing the development and installation of a complete climbing training simulator, to be used for simulating training on individual climbing skills and methods. The climbing training simulator will be used by Special Forces, as well as emergency rescue teams, supporting reliable and secure simulation of several different operational scenarios.

[For Further Information Contact our ICO Department](#)  
Mail at: [g-menexis@epicos.com](mailto:g-menexis@epicos.com)

**Titanium-based Powder Injection Molding Parts for Aircraft/Jet Engine Applications**

A company with extensive experience in the development of advanced products and materials applications using Powder Injection Molding (PIM) (complex shape metallic, cermets and ceramic parts), is proposing the development of a titanium alloy forming process based on PIM, for applications that meet the most demanding standards of the aerospace sector. This process development will ultimately lead to the production of complex shape airframe and jet engine parts, while the capability for manufacturing other critical parts (e.g. surgical implants), will also be established.

[For Further Information Contact our ICO Department](#)  
Mail at: [g-menexis@epicos.com](mailto:g-menexis@epicos.com)



### BAE Systems Australia Assigned Joint Strike Fighter Airframe Regional Support



Image copyright Lockheed Martin

BAE Systems Australia has been assigned the role of Southern Pacific Regional Depot Airframe Maintenance, Repair, Overhaul and Upgrade provider - supporting the F-35 Lightning II Joint Strike Fighter (JSF) from early 2018. Work under the contract will be undertaken in Williamstown, NSW, where BAE Systems currently supports the total

sustainment of the Hawk MK 127 Lead-In Fighter fleet.

BAE Systems Australia will provide a heavy airframe maintenance and sustainment capability for the global JSF fleet in the Southern Pacific region.

As the regional prime contractor, BAE Systems is committed to maximising Australian industry involvement and will also actively engage with those small to medium sized enterprises who have worked with the Australian Government through the JSF Australian Industry Involvement Program.

BAE Systems will continue to work closely with Australia's Joint Strike Fighter Division, the F-35 Joint Program Office (based in the United States of America) and Lockheed Martin Aeronautics in the delivery of Regional Depot JSF Airframe Maintenance, Repair, Overhaul and Upgrade.

David Allott, Chief Executive, BAE Systems Australia said, "We are delighted to have been assigned this substantial scope of work.

Our proven fast jet aircraft maintenance capabilities in Williamstown, combined with our strong commitment to working collaboratively with Australian industry, ensures that the international JSF Partners and Foreign Military Sales (FMS) customers will have ready access to a strategically important, first-class Regional Depot."

For Further Information [Click Here](#)

**Embraer Executive Jets delivers first Legacy 500 in Australia**

Embraer Executive Jets today announced the delivery of the new Legacy 500 midsize jet to an undisclosed customer, based in North Queensland, Australia. The aircraft will be used primarily for business purposes, and the purchase was negotiated by Norris Aviation Services Australia, on behalf of the buyer. The Legacy 500 was awarded type certification from Australia's Civil Aviation Safety Authority (CASA), in January of this year.

"The Legacy 500 is proving itself to be a very capable executive jet and well suited to the Australia market. It offers excellent field performance and easy transcontinental range," said Marco Túlio Pellegrini, President and CEO, Embraer Executive Jets. "We are grateful for the confidence that this customer has placed in Embraer, and we are fully committed to supporting their operations."

"The owner is an astute businessman who carefully selected the Legacy 500 after reviewing all the aircraft in this class," said Peter Norris, Managing Director of Norris Aviation Services Australia Pty Ltd. "In the end, safety, the clean sheet design, advanced systems, excellent performance, quiet comfortable cabin and professional presentation and support by Embraer, made the Legacy 500 the only logical choice."

To support the operation of the Legacy 500 in the Australasia region, Embraer Executive Jets has authorized Execujet to provide maintenance for the Legacy 500 in Australia. This is in addition to the existing maintenance capability it has to support the Phenom 100, Legacy 600 and Legacy 650 customers. Hawker Pacific, in Singapore, is also authorized to provide full maintenance support to Legacy 500 customers. In addition, Embraer has a regional distribution centre in Singapore, which has ready stock of spare inventory, including parts for the Legacy 500.

**About the Legacy 500**

The Legacy 500 has the best-in-class six-foot flat-floor cabin, which is comparable to those of some aircraft in the super midsize category. Eight club seats may be berthed into four beds for complete rest in a cabin altitude of 6,000 feet. The in-flight entertainment system consists of a high definition video system, surround sound, multiple audio and video input options, a cabin management system, and three options for voice communications and connectivity.

The Legacy 500 is the first midsize business jet with digital flight controls, based on Fly-By-Wire technology, featuring side sticks. The state-of-the-art Rockwell Collins Pro Line Fusion avionics suite on four 15-inch high resolution LCD displays allows graphical flight planning, and has options like paperless operations capability, auto brakes, and the E2VS (Embraer

Enhanced Vision System), which includes a Head Up Display (HUD) with the Enhanced Vision System (EVS).

The Legacy 500 is capable of flying at 45,000 feet and is powered by two Honeywell HTF7500E engines, the greenest in their class. Taking off from airfields as short as 4,084 ft, the Legacy 500 has a range of 3,125 nautical miles (5,788 kilometers) with four passengers, including NBAA IFR fuel reserves, which enables it to fly nonstop from São Paulo to Caracas, Los Angeles to Honolulu, Teterboro to London, Moscow to New Delhi, Jakarta to Sydney, Dubai to Zurich, and Beijing to New Delhi.

### **About Embraer Executive Jets**

Embraer is one of the world's leading executive jet manufacturers, having entered the business aviation market in 2000 with the Legacy jet, which led to the launch of Embraer Executive Jets in 2005. Its portfolio, the broadest in the market, consists of the entry-level Phenom 100E and the Phenom 300 light jet, the Legacy 500 midsize and Legacy 450 mid-light, the super midsize Legacy 600 and large Legacy 650, and the ultra-large Lineage 1000E. Completing ten years in the market, Embraer Executive Jets' global fleet exceeds 850 aircraft, which are in operation in more than 50 countries and are supported by the Company's global Customer Support and Services network of close to 75 owned and authorized service centers, complemented by a 24/7 Contact Center, at its headquarters, in Brazil.

For more information, visit [www.embraerexecutivejets.com](http://www.embraerexecutivejets.com)

**S.Korea's Asiana to buy 25 Airbus A321-200 NEOs**

South Korea's second-largest carrier Asiana Airlines on Wednesday announced a \$2.8 billion order for 25 planes from European maker Airbus to meet rising regional demand, especially from China.

The airline said the A321neos, worth a total of 3.1 trillion won (\$2.8 billion), will be delivered between 2019 and 2025.

The fuel-efficient planes are capable of carrying 180 passengers and will be introduced into the global market in 2016.

Asiana said the order would complete the modernisation of its overall fleet, following plans to introduce six A380 superjumbo jets by 2016 and 30 midsize A350s between 2017 and 2025.

The new aircraft will replace the company's ageing A321-200s currently used on routes into China and Southeast Asia.

Compared with its bigger domestic rival, Korean Air, Asiana's operation has focused on short-haul routes.

The investment plan came as airline operators seek to capitalise on soaring demand from China's increasingly affluent population and attract more Asian passengers travelling to the US and Europe.

On Wednesday Asiana reported a net profit of 62.7 billion won in 2014, a turnaround from a loss of 114.7 billion won a year ago, helped by the weak yen and falling oil prices.

It posted an operating profit of 98 billion won, against a loss of 11.2 billion won a year earlier. Annual sales last year rose two percent year-on-year to 5.84 trillion won.

**Source:** 2015 AFP, Agence France-Presse (AFP)

### Spain to raise more than 4bn euros with airport operator sale

Spain will pocket more than four billion euros when it floats a minority stake in airport operator AENA on Wednesday in Europe's first major stock market listing of the year.

State-owned AENA, the world's biggest airport operator by passenger numbers, on Tuesday priced shares in its initial public offering at 58 euros per share, valuing the firm at 8.7 billion euros (\$9.8 billion).

The company said it will initially float 44.55 percent of its shares, raising 3.87 billion euros. The offer can be expanded to a maximum of 49 percent of its shares to meet high demand, which would raise 4.26 billion euros.

AENA said the offer was almost five times over-subscribed, which allowed it to set the price for the share listing at the very top of the 53-58 euros range it set last week.

Spain, which is privatising the company to help it lower a public debt load that is expected to surpass 100 percent of gross domestic product this year, plans to keep a 51 percent controlling stake in the firm.

"AENA will continue to be a public firm. We will not allow the network of airports to be broken up," Transport Minister Ana Pastor told journalists on the eve of the listing.

The two main unions at AENA, CCOO and USO, called off 27 strike days planned for between February and August in protest at the partial privatisation of the firm after getting guarantees that jobs would not be lost.

AENA runs 46 airports and two heliports in Spain and another 15 in Latin America, the United States and Europe, including London's Luton.

It is the world's largest airport operator by passenger numbers, with nearly 195.9 million traveller arrivals or departures last year, a 4.5 percent increase over 2013.

- Return to profit –

In January 2012 Spain's new conservative government shelved plans to partially privatise AENA until November 2014 due to tepid investor interest.

It was then pulled at the last minute after government officials discovered that there had not been a public tender for the role of auditor.

While AENA's airports in Madrid and Barcelona, as well as in tourism hotspots like Ibiza and Gran Canaria, are profitable, many handle a small amount of passengers and lose money. Hit hard by Spain's economic downturn, the operator underwent a massive overhaul which included firing 20 percent of its workers and a rise in airport taxes that have helped restore it back to financial health.

The company reported a net profit of 596.7 million euros (\$689.1 million) for 2013, emerging from a net loss of 63.5 million euros the previous year.

Results for 2014 are not yet available, but AENA said its revenues rose 6.4 percent during the first nine months to 2.39 billion euros thanks to a rise in airport traffic as Spain's economy picked up and stronger sales from duty free shops.

The improved performance allowed the government to raise its price range for the company's listing.

It had initially set the range at 43-55 euros per share when it approved the new date for the listing at a cabinet meeting on February 3.

Initially 21 percent of the public offering had been earmarked for three private-sector anchor investors -- Spanish infrastructure group Ferrovial, British investment fund TCI and Spain's Corporacion Financiera Alba fund -- and 28 percent of the operator to be listed on the stock market.

But the three firms had offered to come in at a lower price and the increase in AENA's valuation had edged them out of the operation.

Nearly 95 percent of the offer is reserved for institutional investors, with the rest set aside for private investors.

**Source:** 2015 AFP, Agence France-Presse (AFP)

### Saab banks on increased defence spending as profits soar

Swedish defence and security group Saab Tuesday reported soaring annual profits in 2014 and forecast stronger arms sales in response to conflicts in the Middle East and Ukraine.

Saab's net profits were up 56 percent last year to 1.16 billion kronor (\$137.67 million, 122 million euros) compared with 741 million kronor the previous year, and the group said it was on course to increase revenue by five percent in 2015.

"Defence budgets, which have declined in the United States and Western Europe during the past couple of years, are expected to increase in the coming years," the group's chief executive Haakan Buskhe said in a statement.

Saab, which sells a wide range of weapons and radar systems -- including the Carl-Gustaf rocket launcher used by US armed forces -- closed a 39.3 billion kronor deal with Brazil in October for 36 Gripen NG fighter jets on top of an existing 60-jet order from the Swedish government.

Growing tensions with Russia over Ukraine during 2014 as well as ongoing conflicts in Syria and Iraq have led many governments to review their defence spending.

"One thing that drives all of this is of course the increase of defence spending in Russia," Buskhe told reporters, noting a 27-percent increase in Russian defence spending in 2014 in terms of rubles.

Buskhe added that turbulence in the Middle East due to the Islamic State group's campaigns would also result in growing demand in the region.

"That will continue for many years ahead," he said.

**Source:** 2015 AFP, Agence France-Presse (AFP)

## Raytheon Awarded Contract to Support V-22

Raytheon Company has been awarded an indefinite delivery, indefinite quantity contract with a potential value of \$270 million by the U.S. Navy's Air Systems Command to support V-22 Osprey systems, testing and software. The work will be performed by Raytheon Intelligence, Information and Services at its facility in Indianapolis, Ind.

Under the contract, Raytheon IIS employees will provide V-22 software support activity systems and software engineering, avionics integration, testing, and acquisition support. This work begins this month and is planned to conclude December 2019.

"We have been part of the V-22 program since its start. Our expertise in modernizing aircraft like V-22 will ensure its pilots have the best tools to be combat effective and return safely," said Todd Probert, vice president for Mission Support and Modernization. "We continue to focus on affordable solutions that help our customers sustain and modernize their existing fleets instead of bearing the enormous cost of procuring new platforms."

The V-22 is a joint-service, multi-mission combat aircraft that combines the mobility of a helicopter with the long-range, high-speed cruise performance of a turboprop aircraft.

### About Raytheon

Raytheon Company, with 2014 sales of \$23 billion and 61,000 employees worldwide, is a technology and innovation leader specializing in defense, security and civil markets throughout the world. With a history of innovation spanning 93 years, Raytheon provides state-of-the-art electronics, mission systems integration and other capabilities in the areas of sensing; effects; and command, control, communications and intelligence systems, as well as cyber security and a broad range of mission support services. Raytheon is headquartered in Waltham, Mass. For more about Raytheon, visit [www.raytheon.com](http://www.raytheon.com) and follow on Twitter @raytheon.

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**Source:** Raytheon, Epicos

## **Bombardier Announces GMR Aero Technic Limited as First Authorized Service Facility for Commercial Aircraft in India**

Bombardier Commercial Aircraft announced today that it has further strengthened its global presence by appointing GMR Aero Technic Limited (“GMR Aero Technic”) of Hyderabad, India as an Authorized Service Facility (ASF) for its Q400 turboprop.

Under the ASF agreement, which takes effect immediately, GMR Aero Technic will offer Bombardier customers the full range of line and heavy maintenance services from its facilities located at the Rajiv Gandhi International Airport, Hyderabad, India. The 27,300 square-metre (294,000 square-foot) state-of-the-art Maintenance, Repair and Overhaul (MRO) facility is certified by the European Aviation Safety Agency (EASA) for line maintenance, and by both EASA and the Directorate General of Civil Aviation (DGCA, India) for heavy maintenance.

“We’re very pleased to welcome GMR Aero Technic onboard as one of our trusted Authorized Service Facilities - the first in India to provide local Q400 aircraft operators, as well as those in the surrounding regions with maintenance expertise and first-class customer service close to their bases of operations,” said Todd Young, Vice President, Customer Services, Bombardier Commercial Aircraft. “GMR Aero Technic has a great reputation and is well positioned to meet the needs of our customers. I am very confident about the level of service our newly minted ASF will provide.”

“Over the last four years, we have been assisting our airline customers with exceptional customer care and expertise, providing them with aircraft maintenance needs and solutions in a timely, cost-effective manner,” said Uday Naidu, Chief Executive Officer, GMR Aero Technics Limited. “We are excited to be working side-by-side with Bombardier to extend our services to its Q400 aircraft customers in the region.”

Currently, there are more than 340 Bombardier commercial aircraft in service with, or ordered by, customers and operators in Asia.

Bombardier has recorded firm orders for a total of 534 Q400 and Q400\* NextGen\* aircraft. Worldwide, Q400 and Q400\* NextGen\* aircraft have transported more than 355 million passengers and have logged over 5.7 million flight hours and more than 6.1 million take-offs and landings. The Q400 aircraft program (including the NextGen version) includes over 50 owners and operators in close to 40 countries on six continents. Long recognized as a high-value asset by operators, the Q400 aircraft is now also attracting growing interest from the leasing community.

### **About GMR Aero Technic Limited**

GMR Aero Technic Limited employs over 260 technicians and administrative staff and is a 100% wholly owned subsidiary of “GMR AEROSPACE ENGINEERING LTD.” which is a part of GMR Hyderabad International Airport Ltd. (GHIAL). GMR Aero Technic Limited operates an integrated, world class third party airframe Maintenance, Repair & Overhaul (MRO) facility located within the GMR Aerospace Park at the Rajiv Gandhi International Airport (RGIA) in Hyderabad, India. GMR Aero Technic Limited provides airframe heavy maintenance services in its MRO facility and line maintenance at the Hyderabad Airport. The parent company GHIAL is a public-private joint venture between GMR Group (63 per cent), Malaysia Airports Holdings Berhad (MAHB) (11 per cent), the State Government of Telangana (13 per cent) and

the Airports Authority of India (13 per cent), incorporated to develop, operate and maintain the Rajiv Gandhi International Airport (RGIA).GMR Group, an infrastructure conglomerate, has developed two prestigious international airports in Delhi and Hyderabad, as well as an overseas airport in Istanbul; and is currently developing an airport in Cebu, Philippines.

#### About Bombardier

Bombardier is the world's only manufacturer of both planes and trains. Looking far ahead while delivering today, Bombardier is evolving mobility worldwide by answering the call for more efficient, sustainable and enjoyable transportation everywhere. Our vehicles, services and, most of all, our employees are what make us a global leader in transportation.

Bombardier is headquartered in Montréal, Canada. Our shares are traded on the Toronto Stock Exchange (BBD) and we are listed on the Dow Jones Sustainability World and North America Indexes. In the fiscal year ended December 31, 2013, we posted revenues of \$18.2 billion. News and information are available at [www.bombardier.com](http://www.bombardier.com) or follow on Twitter @Bombardier.

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**Source:** Bombardier, Epicos