Volume 7 Number 38 – Wednesday, 23 September 2015

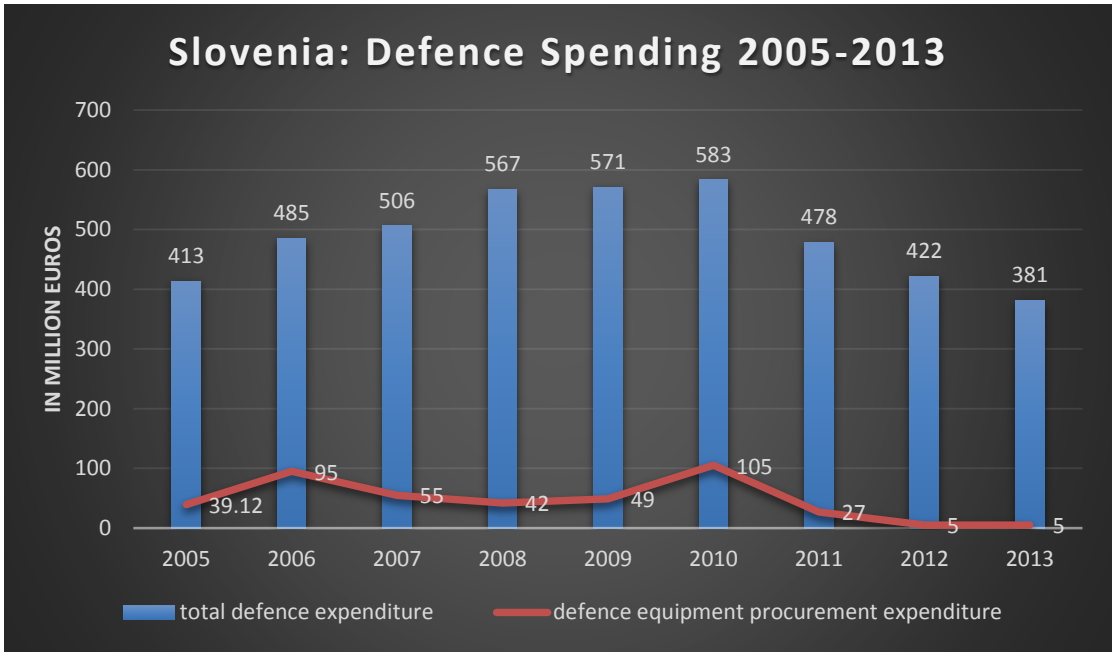
Part I: Slovenia

Part II: Epicos Newsroom

Future Defence Budget: Rationalisation and Restructuring

According to a White Paper 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. It is worth mentioning that the current breakdown of spending for 2013 according to data provided by the European Defence Agency (EDA) was as following: personnel expenditure 79% operation and maintenance 11%, investment in equipment 2%, other 8%.

Additionally it is worth mentioning that according to EDA's data, total defence expenditure and the funds allocated in defence equipment procurement in the country has been severely cut during the last decade. It is indicative that in 2006 defence expenditure was 485 million, whereas defence equipment procurement expenditure was 95 million. These numbers were cut to 381 million (total defence expenditure) and 5 million (defence equipment procurement expenditure).



Source: EDA

Finally, Slovenia does not participate in any EU collaborative project and spends a rather limited amount of funds towards R&D (0.8 million for 2013).

Regarding the arms imports of the country, Russia is currently the main exporter of arms in Slovenia for the period 2009-2014. Apart from Russia, important countries that export arms to Slovenia are France, Finland, Sweden, Turkey and Norway. Imports are rather limited in their geographical structure as four (4) of the six (6) first countries that export arms to Slovenia, based on the amount of funds allocated are European. This can be easily explained by the intense socioeconomic relations that the country has developed with European Union member states after 2004, when Slovenia entered EU. Finally it is worth mentioning that according to Stockholm International Peace Research Institute (SIPRI) there were no imports of major defence equipment to the country for the years 2012-2014.

In 2008 Slovenia procured a Svetlyak/Type-10412 Patrol craft from Russia. The total amount of the procurement was 28.4 million Euros. The deliveries were completed during 2010. With this procurement Russia is currently the main exporter of arms in Slovenia. Additionally, the country procured (2) C-295 Ground Master-400 Air search radars from France. In 2003 Slovenia procured (36) Pandur APC's. Deliveries finished in 2007. The hull was produced in Slovenia and the vehicle was assembled in the country too. Finally, Slovenia procured 30 Patria's AMV APCs for a total amount of EUR75 million deal. Initially the order was for 135 vehicles with a total cost of EUR278 million.

Kyriazis Vasileios,
Epicos Newsletter Head Editor

Slovenian Armed Forces (SAF): Structure and Participation in International Missions

After gaining its independence, the Slovenian government has deliberately tried to reorganise, and modernise the Slovenian Armed Forces (SAF) and to cultivate closer links with international defence partners such as NATO. Under this notion SAF have undergone a major reorganization program. The goal was the transformation of SAF from a conscription-based defence force with limited capabilities to a professional, deployable, and combat-capable military able to operate within NATO and international missions. Currently, SAF are manned with active and reserve component members. Active component is composed of career members, while the reserve component includes citizens who have signed a contract for service in the contract reserve. As of May 2015 Slovenian armed forces included 8,208 personnel of which 7,138 (87%) were career members, whereas 1,070 (13%) were contract reservists.

After gaining independence, Slovenia tried to become a member of NATO, as part of its overall strategy of integration into international economic and security organizations. Slovenia's efforts were accomplished on March 29, 2004, when it officially became a member of the alliance. Until then SAF have been participating in international missions reaffirming the country's commitment in becoming a provider of security in the region.

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

Currently SAF participates in several multinational operations and missions. In September 2015 there were 352 Slovenian troops participating in such missions.

International operations and missions - number of SAF participants	2015
Afghanistan - RSM, NATO	7
Bosnia and Herzegovina - JOINT ENTERPRISE, NATO	6
Kosovo - KFOR, NATO	305
Macedonia - JOINT ENTERPRISE, NATO	1
Serbia - JOINT ENTERPRISE, NATO	1
Bosnia and Herzegovina - ALTHEA, EU	9
MALI - EUTM, EU	3
Lebanon-UNIFIL, ZN	14
Syria - UNTSO, ZN	3
Italy - EUNVFOR	3
Total	352

Source: http://www.slovenskavojska.si/

After gaining its independence, the Slovenian government has deliberately tried to reorganise, and modernise SAF, additionally tried to cultivate closer links with international defence partners such as NATO. Both goals have been fulfilled as SAF is currently a professional, deployable, and combat-capable military capable on participating in NATO's missions.

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

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

Mail at: g-menexis@epicos.com

Ruggedized TFT displays capability development for vetronics applications

A company is proposing the collaboration with a Prime Contractor or a third company for the development of fully-ruggedized TFT displays line in order to be utilized in vetronic systems development and installation.

For Further Information Contact our ICO Department

Mail at: g-menexis@epicos.com

Norwegian Armed Forces Celebrate Rollout of Norway's First F-35A

Ceremonies were held today at the Lockheed Martin F-35 production facility celebrating the rollout of the first F-35A Lightning II for the Norwegian Armed Forces. The event marked an important production milestone for the future of Norway's national defense. "We all know that the F-35 is not simply another fighter. We know that it is much more," said Her Excellency Ine Eriksen Soreide, Norwegian Minister of Defence. "The F-35 provides us a capability we've never had before. It's by far the most advanced fighter ever made. Today we are indeed turning the future into the present. The F-35 represents a new way of thinking, a new way of operating, which will benefit the entire Norwegian Armed Forces."

The Honorable Frank Kendall, U.S. Under Secretary of Defense for Acquisition, Technology & Logistics, pointed to the Norway partnership as crucial to the F-35 program.

"We are here because of the persistence, not just of the design team and the military, but also of the political leaders who have been involved… and also, in this case, of the Norwegian people," said Kendall. "I want to thank the Norwegian people for their persistence and their consistent support for this program."

Joining the Minister and Secretary Kendall at the ceremony were His Excellency Kåre R. Aas, Norway Ambassador; Admiral Haakon Bruun-Hanssen, Chief of Defence, Norwegian Armed Forces; Lt. Gen. Chris Bogdan, F-35 Program Executive Officer, and Ms. Marillyn Hewson, Chairman, President and Chief Executive Officer, Lockheed Martin Corporation.

The 5th Generation F-35As will transition the Norwegian Armed Forces into a next generation net-centric fighter force capable of assuring the nation's territorial integrity and national security.

"I'm confident the F-35 will provide the strength that is needed, and is a unique solution for Norway's high north threats," said Hewson. "It is the only aircraft with adequate range, persistence, sensors and advanced communications to guarantee surveillance and defense of the high north against surface and airborne threats. This capability would not be possible without the unwavering support of the Norwegian government and the innovative and dependable contributions of Norwegian industry."

The F-35 Lightning II aircraft provides the Norwegian industry with high technology work, ensuring the future health, competitiveness and viability of the defense industry in Norway. Work on the F-35 program has provided Norwegian industry with more than $450 million in contracts to date, along with opportunities for additional work over the life of the program.

AM-1 and Norway's second jet, known as AM-2, are scheduled to be delivered to the Royal Norwegian Air Force later this year, and will be based at Luke Air Force Base, Arizona, where they will be used for Norwegian and partner country pilot training.

The F-35 Lightning II is a 5th Generation fighter, combining advanced stealth with fighter speed and agility, fully fused sensor information, network-enabled operations and advanced sustainment. Three distinct variants of the F-35 will replace the A-10 and F-16 for the U.S. Air Force, the F/A-18 for the U.S. Navy, the F/A-18 and AV8-B Harrier for the U.S. Marine Corps, and a variety of fighters for at least 10 other countries.
For additional information, visit www.f35.com.

About Lockheed Martin

Headquartered in Bethesda, Maryland, Lockheed Martin is a global security and aerospace company that employs approximately 112,000 people worldwide and is principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services. The Corporation's net sales for 2014 were $45.6 billion.

Pratt & Whitney, Netherlands Ministry of Defence Sign F135 Depot Activation Contract

Pratt & Whitney, a United Technologies Corp. company, has signed a depot activation contract with the Netherlands Ministry of Defense (MOD) to establish a Maintenance, Repair, Overhaul, & Upgrade (MRO&U) capability for the F135 engine which powers the F-35 Lightning II fighter aircraft. This initial contract will include planning and management activities required for MRO&U activation in 2019. Follow-on contracts with P&W and the F-35 Joint Program Office are expected in support of the establishment of F135 depot capabilities, including, but not limited to, assembly, disassembly, cleaning, inspection and testing at the Logistics Center Woensdrecht. This past December, the U.S. Department of Defense (DoD) assigned the Netherlands as one of the European countries where the maintenance of the F135 engines will be carried out.

"We are pleased to have reached an agreement with the Netherlands MOD for depot activation support for the F135 engine," said Bennett Croswell, president, Pratt & Whitney Military Engines. "As we prepare for an increase in F135 engine production, we need partners who demonstrate the high levels of technical capabilities that are required to support the F135 internationally. The Netherlands MOD's participation in MRO&U will ensure we have robust sustainment capability in the European region."

Air Commodore Mario Verbeek, Commander of the Logistics Center Woensdrecht, welcomes the contract and looks forward to seeing the depot taking form in the years to come.

"After the Netherlands engine MRO&U assigned by the US DoD, the MRO&U standup contract is the next important step towards the Netherlands' goal to provide Pratt & Whitney and the F-35 operators with world class F135 MRO&U services by the end of 2019."

As one of the original nine partner nations for the F-35, the Netherlands is a key contributor to the development, production, and sustainment of the F-35 program. The current program of record for the Netherlands is for the procurement of at least 37 F-35A aircraft. The Dutch Parliament approved an order for eight Lockheed Martin F-35As in March 2015, confirming the aircraft as the official replacement for the F-16s currently in use by the Royal Netherlands Air Force. This lot of eight F-35s is scheduled for delivery in 2019.

About Logistics Center Woensdrecht

Logistics Center Woensdrecht is responsible for the maintenance, logistics and program management of (weapon) systems for the Dutch Armed Forces. Systems include F-16 fighters, PC-7 training aircraft, Chinook, Apache, Cougar and NH90 helicopters, parts of aircraft (engines and electronics), communications systems (radio, satellite connections and

radar equipment) as well as air traffic control equipment. For more information about the Netherlands MOD, visit https://www.defensie.nl/English.

About Pratt & Whitney

Pratt & Whitney is a world leader in the design, manufacture and service of aircraft engines and auxiliary power units. United Technologies Corp., based in Farmington, Connecticut, provides high-technology systems and services to the building and aerospace industries. To learn more about UTC, visit its website at www.utc.com, or follow the company on Twitter: @UTC.

This press release contains forward-looking statements concerning future business opportunities. Actual results may differ materially from those projected as a result of certain risks and uncertainties, including but not limited to changes in government procurement priorities and practices, budget plans and availability of funding, and in the number of aircraft to be built; challenges in the design, development, production and support of advanced technologies; as well as other risks and uncertainties, including but not limited to those detailed from time to time in United Technologies Corp.'s Securities and Exchange Commission filings.

Epicos NewsRoom

India clears $2.5 billion Boeing military chopper deal

India cleared on Tuesday a $2.5 billion deal to buy 37 military helicopters from aviation giant Boeing, on the eve of Prime Minister Narendra Modi's visit to the United States.

Modi's government is in the middle of a multi-billion dollar upgrade of its Soviet-era military hardware, partly to keep up with neighbouring rival Pakistan and big-spending China.

The cabinet cleared the purchase of 22 Apache helicopters and 15 heavy-lifting Chinook choppers, a long-pending deal that was discussed during US Defense Secretary Chuck Hagel's visit to India last August.

"The cabinet committee on security has given the green signal for the helicopters. The deal is worth $2.5 billion," a government source told AFP.

Since his sweeping election victory last May, Modi's government has approved a string of military projects that had stalled under the previous left-leaning Congress government, in part over corruption scandals.

Modi has also worked to shore up regional alliances since he came to power in India, which has a longstanding territorial dispute with China over a remote Himalayan region.

Modi, a hardline nationalist premier, wants to end India's status as the world's number one defence importer by instead manufacturing defence equipment locally.

His government has lifted the cap on foreign investment in the defence industry to 49 percent and pushed tie ups between foreign and local companies.

The deal comes as Modi heads this week to New York, where he hopes to meet US President Barack Obama ahead of the United Nations General Assembly.

He also travels to Silicon Valley on the West Coast, seeking to promote his country as open for business to help revive the Indian economy.

The deal for the Apaches was "hybrid", with one contract to be signed with Boeing for the helicopters and the other with the US government for its weapons and radars, according to the Press Trust of India news agency.

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

Boeing 'planning China factory'

Plans for a Boeing factory in China have been submitted to the government in Beijing, state-run media reported Tuesday ahead of President Xi Jinping's US visit, where he will tour one of its plants.

A Boeing factory in China would represent an about-turn in the US giant's strategy in the crucial market, where European rival Airbus has a final assembly operation for medium-range Airbus 320 aircraft in the northern port of Tianjin and plans to open a new completion and delivery centre for long-haul A-330s.

A plan for the Boeing plant in Zhoushan, in the eastern province of Zhejiang, has been submitted to the State Council, China's cabinet, the Shanghai Securities News reported.

The newspaper, which is run by the official news agency Xinhua, gave few details -- including who had put the proposal forward -- but said an update could be expected as early as this week.

Xi is due to visit Boeing's main airplane factory in Washington state on Wednesday, before travelling in Washington DC the following day to meet President Barack Obama at the White House.

The factory would be the centrepiece of a new aerospace industrial zone in Zhoushan, it added.

China is expected to add 6,330 new aircraft worth $950 billion to its commercial fleet by 2034, Boeing said last month in its annual China Current Market Outlook.

At the launch, Randy Tinseth, vice president of marketing at Boeing Commercial Airplanes, said that "Airbus has its way to address the Chinese market, we have our way... we have a different path".

But he added that neither strategy was "right or wrong... we always keep our options open for the future".

Bloomberg News reported earlier this month that Boeing was exploring whether to open a factory in China to perform tasks such as painting its top-selling 737 jetliners, which would be its first such facility outside the US.

Boeing could not be reached immediately for comment.

Zhoushan sits in the Yangtze river delta on the East China Sea and borders the commercial hub of Shanghai.

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

Chinese firms sign deal to buy 300 Boeing planes

US giant Boeing has signed deals with Chinese firms to sell 300 aircraft and open a completion centre in the Asian giant, China's official Xinhua news agency reported, as President Xi Jinping began his first state visit to the United States.

The Xinhua report, which was datelined from Seattle, where Xi's trip started on Tuesday, gave no immediate details of the models of the planes bought by a group of Chinese companies or the value of the sale.

But it is likely to be one of the biggest of recent times.

State-owned Commercial Aircraft Corporation of China (COMAC) also signed an agreement with Boeing Tuesday to set up a "completion centre" in China for its 737 airliners, Xinhua said.

Xi is due to visit Boeing's main plane factory in Washington state on Wednesday, as he looks to highlight the importance of China to US firms.

Later in his trip he will travel to Washington DC to meet US President Barack Obama at the White House.

China is expected to add 6,330 new aircraft worth $950 billion to its commercial fleet by 2034, Boeing said last month in its annual China Current Market Outlook.

A report by the Shanghai Securities News on Tuesday said plans for a Boeing factory in the eastern Chinese province of Zhejiang have been submitted to the central government in Beijing for approval.

A Boeing factory in China would represent a shift in the US giant's strategy in the crucial market, where European rival Airbus has a final assembly operation for medium-range Airbus 320 aircraft in the northern port of Tianjin and plans to open a new completion and delivery centre for long-haul A-330s.

Boeing declined to comment on the Shanghai newspaper report.

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

Bell Helicopter Prague receives Russian Civil Aviation Authority Certification

Bell Helicopter, a Textron Inc. company, announces today that the Bell Helicopter Prague, Customization and Delivery Center, has received Russian Civil Aviation Authority (CAA) certification to perform maintenance on Russian registered aircraft.

“This is an important milestone for Bell Helicopter Prague,” said Michael Reagan, director, global services at Bell Helicopter. “We are committed to enhance our customer offerings for our Russian customers. This new certification will provide them with easy access to Bell support and service in the region.”Bell Helicopter Prague is the company’s regional customization, delivery and aftermarket service center, and addresses the needs of Bell Helicopter’s European and Russian customer base. Bell Helicopter Prague continues to invest in its team and the facility to provide the most advanced and world-class service offerings to its customers.

The Bell Helicopter facility in Prague compliments the company's extensive support and service network located throughout Europe. Bell Helicopter has supported its customers in more than 50 countries in Europe, Russia, the Middle East and Africa from its Amsterdam Supply Center, which recently celebrated its 40th anniversary. The company also serves its regional customers at Rotor Blades, Ltd., in Warminster, England, a blade repair center, and has 15 Bell Helicopter Authorized Customer Service Facilities (CSFs) located in Europe and Russia to perform maintenance, repair and overhaul on Bell Helicopter aircraft.

Bell Helicopter has the largest support network in the industry with over one hundred authorized customer service facilities in thirty four countries. Ranked number one by customers for 21 consecutive years in the Helicopter Product Support Survey from Professional Pilot Magazine, Bell Helicopter has also earned top honors in Vertical Magazine’s first-ever comprehensive helicopter manufacturer’s survey. Bell Helicopter is committed to having resources where customers operate to speed up delivery of service and support, and give customers access to resources who are easy to reach, know the operating environment and understand their needs.

About Bell Helicopter

Bell Helicopter, a wholly owned subsidiary of Textron Inc., is an industry-leading producer of commercial and military, manned and unmanned vertical-lift aircraft and the pioneer of the revolutionary tiltrotor aircraft. Globally recognized for world-class customer service, innovation and superior quality, Bell's global workforce serves customers flying Bell aircraft in more than 120 countries.

About Textron Inc.

Textron Inc. is a multi-industry company that leverages its global network of aircraft, defense, industrial and finance businesses to provide customers with innovative solutions and services. Textron is known around the world for its powerful brands such as Bell

Helicopter, Cessna, Beechcraft, Hawker, Jacobsen, Kautex, Lycoming, E-Z-GO, Greenlee, Textron Systems, and TRU Simulation + Training. For more information, visit www.textron.com.

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Source: Epicos, Bell Helicopter

Northrop Grumman Expands F-35 Global Supply Chain in Europe; Signs Long-Term Agreement with Norway's Kitron AS

Northrop Grumman Corporation (NYSE:NOC) has signed a long-term agreement with Norway-based Kitron AS to supply subassembly electronic modules for F-35 Lightning II aircraft avionics. The agreement is effective through June 30, 2036, and includes rights for future extensions.

Northrop Grumman developed the Communication, Navigation and Identification (CNI) avionics for the F-35, a fifth-generation, international, multirole fighter and the world's most advanced military aircraft.

The first F-35A Lightning II for Norway is scheduled for delivery September 22.

"Northrop Grumman is committed to developing a cost-effective and technically superior source that would provide the best value for the F-35 CNI program," said Jeannie Hilger, vice president, network communication systems, Northrop Grumman Information Systems. "We established a cooperative, supportive relationship with Kitron and forged this agreement to formalize our partnership."

Northrop Grumman's integrated CNI suite provides F-35 pilots with the capability of more than 27 avionics functions including voice and data communication. The CNI design uses advanced software-defined radio technology that allows the simultaneous operation of multiple critical functions while greatly reducing size, weight and power demands on the advanced fighter aircraft.

"The CNI system is critically important to the F-35 and provides the aircraft with its ability to be integrated into the wider battlespace," said Andrew Tyler, chief executive, Europe, Northrop Grumman. "This agreement will further strengthen the deep partnership with Norway that we have built up over the years and which dates back to 1940."

For more than a decade, the United States, Norway and seven other partner nations have invested in developing the F-35. In addition to the nine partners, three countries have agreed to procure F-35 aircraft through the Foreign Military Sales process.

Northrop Grumman also recently awarded Kitron a four-year, $2.5 million contract to develop a test program set (TPS) for evaluating and troubleshooting F-35 avionics. The TPS equipment consists of complex Interface Test Assemblies that work with the LM-STAR test system developed by Lockheed Martin, the F-35 prime contractor.

"This agreement affirms Kitron's position with Northrop Grumman as an important partner and supplier of complex electronic modules and technical services including test development, as well as a source for repair of avionics for the Joint Strike Fighter," said Hans Petter Thomassen, managing director of Kitron AS.

As a principal member of the Lockheed Martin-led F-35 industry team, Northrop Grumman performs a significant share of the work required to develop and produce the aircraft. In addition to developing and producing the CNI system, Northrop Grumman produces the center fuselage; designed and produces the AN/AAQ-37 Distributed Aperture System sensor and the aircraft's radar and electro-optical subsystem; develops mission systems and mission planning software; leads the team's development of pilot and maintenance training system courseware; and manages the team's use, support and maintenance of low-observable technologies.

Kitron AS, a subsidiary of Kitron ASA, is one of Scandinavia's leading electronic manufacturing services companies. The company provides electronic manufacturing services to the data/telecoms, defense, energy, industry, medical equipment and offshore/marine industries. The company is located in Norway, Sweden, Lithuania, Germany, China and the United States. Kitron had revenue of about NOK 1.6 billion in 2013 and has about 1,200 employees. www.kitron.com.

Northrop Grumman is a leading global security company providing innovative systems, products and solutions in unmanned systems, cyber, C4ISR, and logistics and modernization to government and commercial customers worldwide. Please visit www.northropgrumman.com for more information.

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Source: Epicos, Northrop Grumman