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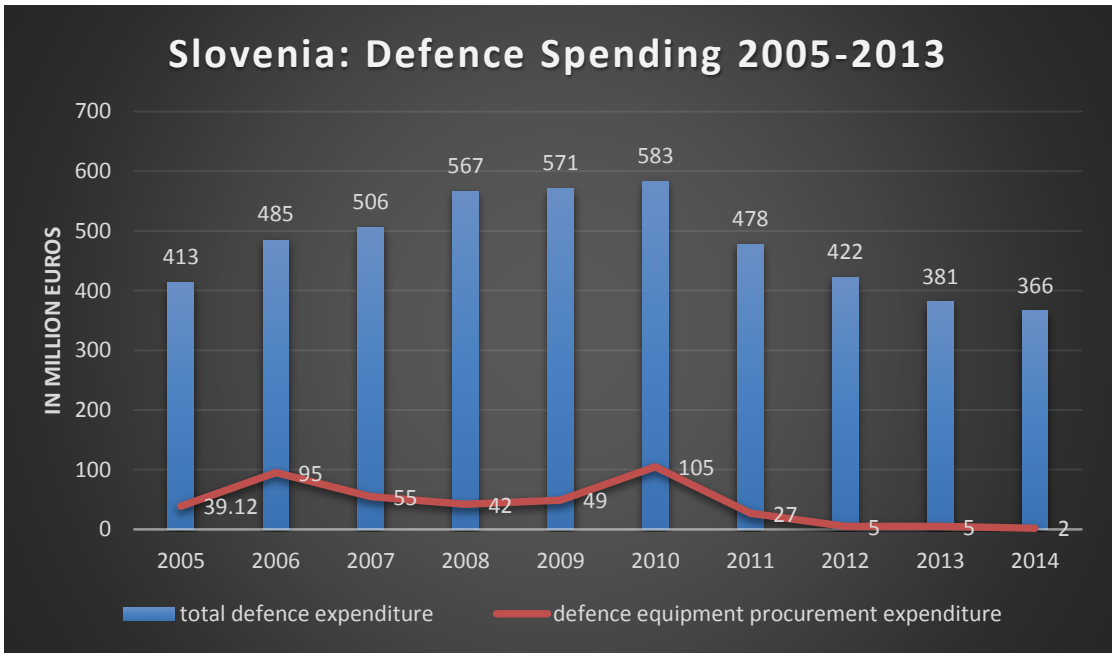
Part I: Slovenia

Part II: Epicos Newsroom

Future Defence Budget: Rationalisation and Restructuring

According to the White Paper published by the Slovenian Ministry of Defence the country's long-term defence expenditures will gradually reach 2% of its GDP. Due to the economic situation and the wider socioeconomic circumstances, the realization of this ambition is projected to be accomplished after 2025. Additionally, it is worth mentioning that MoD will try to change the structure of the defence spending so as to achieve 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 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 1.5%, while these numbers changed in 2014 allocating fewer funds in the modernisation of the armed forces (personnel expenditure 82% operation and maintenance 10%, investment in equipment 0.7%).

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 366 million (total defence expenditure) and 2 million (defence equipment procurement expenditure) in 2014.



Source: EDA

The decline in Slovenia's defence budget was somehow reaffirmed by latest data provided by NATO, as in 2016, Slovenia allocated 0.94% of its Gross Domestic Product (GDP) for defence, marginally decrease (the government spent an additional .04% of the GDP in 2014) compared to 2014, but significantly decreased compared to 2009, when the European country spend 1.59% of its GDP on defence. Slovenia is ranked 25th out of the 28 member states wedged between Canada (0.99%) and Spain (0.91%), lacking way back from the target of 2%, both declared by in county's White Paper and in NATO's guidelines. The 2017 federal budget reaffirms the country's reluctance to commit a largest amount of funds to defence, as the government is planning to redirect available funds to other areas, particularly health.

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 the country has developed with EU member states after 2004, when Slovenia entered the European organisation. 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 2012-2015.

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. 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 75 million Euro deal. Initially the order was for 135 vehicles with a total cost of 278 million Euros, but the number of vehicles received was reduced, as the Slovenian Ministry of Defence suffered from financial cuts.

Regarding future acquisitions the following actions are planned to be materialised by 2025. 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 and portable) short-range rocket systems enabling direct air defence of key infrastructure.

Furthermore, the Slovenian Armed Forces will develop capabilities for tactical airlift with the procurement of 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 related to the protection against natural and other disasters. Part of rotary-and fixed-wing capabilities will also be used for Alliance's operations, as well as for international operations and missions.

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

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 the NATO framework.

Kyriazis Vasileios,
Epicos Newsletter Head Editor

Slovenian Defence Industry

Taking into consideration the limited demand of the Slovenian forces, one can understand that it would be rather difficult and not economically viable for the country to form a defence industry in a full blown scale. Nevertheless, there are some companies that produce defence products ranging from soldier equipment, handguns and light arm parts, ammunition, explosives storage and manipulation systems, Chemical, Biological, Radiological and Nuclear (CBRN) equipment, battlefield management and border control systems to telecommunication equipment and unmanned systems.

In order to strengthen local defence industry Slovenian authorities have promoted the creation of cooperative schemes with foreign partners. This policy is starting to produce results, as international defence companies have started to seek partnerships with Slovenian defence equipment manufacturers. One such example is the purchase of a major stake in C-Astral by the Swiss company UMS AERO GROUP.

C-Astral is an aerospace solutions provider, which is specialised in the development and manufacturing of fixed wing small Unmanned Aircraft Systems (UAS) with a specific focus on high productivity, endurance, surveying and remote sensing. The company's clientele include commercial UAS operators, larger institutional networks, scientific users as well as government entities. Currently, there are six entities in the field of force protection, border protection, fire control and surveillance operations that use C-Astral products.

Towards this direction, and in order to further stimulate the development of the indigenous defence industry, local authorities collaborates with Slovenian scientific institutions and professional associations structuring research projects. Additionally, Slovenian universities and R&D institutions create strategic synergies through cooperation with foreign universities for promoting scientific research. One such cooperation was formalized with the signing of an agreement between the rectors of the Serbian University of Defence and the University of Maribor. The agreement provides a starting point for establishing a relationship between the two higher education institutions.

A special reference should be also made in the country's space sector, as in July 2016, the Slovenian Minister of Economic Development and Technology Mr. Zdravko Počivalšek and the Director General of European Space Agency (ESA) Mr. Johann-Dietrich Woerner signed an association agreement, allowing the country to become an ESA associate member. Mr. Počivalšek during the signing ceremony stated that currently there are approximately 40 companies in Slovenia that are involved in high technology projects and a few institutions that have already expressed a strong interest in Slovenia joining the ESA.

Kyriazis Vasileios,
Epicos Newsletter Head Editor

Epicos "Industrial Cooperation and Offset Projects"

Epicos "Industrial Cooperation and Offset Projects" provides a unique set of online tools enabling the structure, identification and implementation of comprehensive Offsets programs, through a searchable database. By introducing different offset projects and ideas proposed by local A&D industry it ensures the optimum cost for Prime Contractors and reassures that the priorities of local industry are fully met…

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Comprehensive military shooting training system based on optoelectronic technology

A company specializing in the design and manufacture of optoelectronic devices, for a wide range of applications, is proposing the implementation of a small arms shooting training system for armed forces. The system will comprise of training management facilities, training methods, related equipment and software, for indoor and outdoor facilities (basic, range and field shooting). The system design caters for a progressive method that provides further instruction for training personnel and covers the complete range of small arms.

For Further Information Contact our ICO Department

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Design and manufacturing of special purpose jigs and machines for the aerospace and defence industry

A company with long standing experience in the automotive industry, is proposing collaboration with a prime or lower tier company, for the design and manufacturing of jigs and/or machines that can be used for general or special purposes, in aerospace and defence equipment manufacturing and testing processes.

For Further Information Contact our ICO Department

Mail at: a-kintis@epicos.com

News from our A&D Business Network

Boeing T-X Completes First Flight, Validates Design for Air Force Requirements

Boeing and partner Saab today completed the first flight of their all-new T-X aircraft, which is designed specifically for the U.S. Air Force's training requirements. During the 55-minute flight, lead T-X Test Pilot Steven Schmidt and Chief Pilot for Air Force Programs Dan Draeger, who was in the seat behind Schmidt, validated key aspects of the single-engine jet and demonstrated the performance of the low-risk design.

"I've been a part of this team since the beginning, and it was really exciting to be the first to train and fly," Schmidt said. "The aircraft met all expectations. It's well designed and offers superior handling characteristics. The cockpit is intuitive, spacious and adjustable, so everything is within easy reach."

"It was a smooth flight and a successful test mission," Draeger added. "I had a great all-around view throughout the flight from the instructor's seat, which is critical during training."

Both pilots trained for the flight using the complete Boeing T-X system, which includes ground-based training and simulation.

With one engine, twin tails, stadium seating and an advanced cockpit with embedded training, the Boeing T-X is more affordable and flexible than older, existing aircraft.

Boeing and Saab revealed their first two T-X aircraft in September. The second is currently in ground testing and expected to fly in early 2017.

T-X will replace the Air Force's aging T-38 aircraft. Initial operating capability is planned for 2024.

For Further Information Click Here

Founding Ceremony of DCNS Australia's Adelaide Future Submarine Facility

DCNS Australia today celebrated the founding of their Australian headquarters in Keswick, Adelaide, which will be dedicated to delivering the Future Submarine Program. The ceremony was attended by the Minister for Defence Industries, the Hon Christopher Pyne MP, Mr Jean-Yves Le Drian, French Minister for Defence and a number of parliamentarians and defence sector figures. "This is an important initial milestone in DCNS' decades long commitment to the design and contruction of 12 regionally superior submarines in Adelaide," said Sean Costello, Chief Executive Officer, DCNS Australia.

"The facility will become operational in early 2017 to support our activities around Australia. This will include transferring technology from France to Australia, the development of the Australian supply chain and the design of a new shipyard in Adelaide.

"We are planning from the beginning to maximize the participation of Australian business in this $50 billion project. As an indication of local enthusiasm, just two weeks ago over 450 Australian companies, R&D institutions and educational organisations attended a Future Submarine Program briefing event in Adelaide.

"This facility, and our local Adelaide workforce starting with 50 people in 2017, marks the beginning of our relationship as part of the community."

The DCNS Australia Adelaide Future Submarine Facility is located at 1 Richmond Road, Keswick.

For Further Information Click Here

Epicos NewsRoom

General Dynamics Bath Iron Works to Continue Providing Modernization Services for DDG 51 Ships

The U.S. Navy has awarded General Dynamics Bath Iron Works, a subsidiary of General Dynamics, a $126 million contract extension to manage ongoing post-delivery modernization activities for Arleigh Burke-class (DDG 51) destroyers. The contract extension runs through December, 2017, with options for an additional six months.

Bath Iron Works provides Planning Yard services for all Littoral Combat Ships and Arleigh Burke-class destroyers including engineering, design, material kitting, logistics, planning and execution. The company is currently supporting 68 ships, representing about 75 percent of the nation's surface combatants.

DDG 51 Planning Yard services are provided in Brunswick, Maine, as well as the following DDG 51 homeports: Norfolk, Virginia; Mayport, Florida; San Diego; Everett, Washington; Pearl Harbor, Hawaii; Rota, Spain; and Yokosuka, Japan.

More information about General Dynamics Bath Iron Works can be found at www.gdbiw.com.

Source: Epicos, General Dynamics

SAAB Receives Order from FMV for Technical Support for Gripen

Defence and security company Saab has received an order from the Swedish Defence Material Administration, FMV, for continued technical support for Gripen C/D. The order value amounts to SEK 129 million.

The order is a call-up of an option as part of a previous agreement with FMV for technical support and maintenance of Gripen's existing weapons and external stores, which was signed in March 2015. Today's order secures continued technical support for Gripen C/D regarding weapons and external stores, including for example support, configuration management, technical documentation, technical maintenance and modification.

"This order will ensure continued efficient operations of technical support for Gripen C/D, ensuring that the customer's availability requirements are met in the best possible way," says Ellen Molin, head of business unit Gripen Support, within Saab business area Support and Services.

The order concerns Saab's operations in Linköping, Järfälla and Arboga.

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Saab serves the global market with world-leading products, services and solutions within military defence and civil security. Saab has operations and employees on all continents around the world. Through innovative, collaborative and pragmatic thinking, Saab develops, adopts and improves new technology to meet customers' changing needs.

Source: Epicos, SAAB

Upgraded CAE GESI constructive simulation system now ready-for-training for Austrian Army

CAE today announced that an upgraded version of its CAE GESI constructive simulation system for command and staff training has been installed and is now ready-for-training for the Austrian Army.

The latest generation CAE GESI command and staff training system, known as FűSim within the Austrian Army, is now installed at Landesverteidigungsakademie (LVAk) in Weitra, Austria. In addition, CAE provided a third-party communications system to the Austrian Army's Theresian Military Academy (TherMilAk) in Wiener Neustadt, Austria, to be integrated with GESI. The Austrian Army can now conduct civil-military cooperation exercises at the two locations in Austria as well as traditional command and staff training exercises for brigade and battalion commanders.

"For almost 20 years we have been using the CAE GESI constructive simulation software that allows us to train our commanders for complex scenarios in a realistic and efficient simulation environment," said Colonel Wolfgang Kralicek, head of section training equipment and simulation for the Austrian Ministry of Defense. "With the next-generation GESI system, we will be able to simulate more complex scenarios in urban terrain with more entities connected with our command and control system."

Enhancements to the next-generation CAE GESI constructive simulation software include an easy-to-use exercise editor, comprehensive after-action-review capability, and interoperability with a range of command and control (C2) systems. CAE will deliver additional upgrades to the Austrian Army for the Theresian Military Academy in 2017.

"We are pleased to have delivered the next-generation CAE GESI system to the Austrian Army less than four months after contract award and ahead of schedule," said Ian Bell, CAE's Vice President and General Manager, Europe/Middle East/Africa. "Austria along with other European armies trusts in CAE GESI for high-quality command and staff training, and we continue to make significant investments to GESI to bring additional features and capabilities."

CAE GESI is the primary constructive simulation training tool used for command and staff training in Europe. In addition to Austria, the armies of Germany, Italy, Ireland, Finland, Poland and Norway are all using the CAE GESI system for a range of command and staff training requirements, including classroom training at schools and academies.

About CAE

CAE's Defence & Security business unit focuses on helping prepare our customers to develop and maintain the highest levels of mission readiness. We are a world-class training systems integrator offering a comprehensive portfolio of training centres, training services and simulation products across the air, land, sea and public safety market segments. We serve our global defence and security customers through regional operations in Canada; the United States/Latin America; Europe/Middle East/Africa; and Asia/Pacific, all of which leverage the full breadth of CAE's capabilities, technologies and solutions.

CAE is a global leader in training for the civil aviation, defence and security, and healthcare markets. Backed by a 70-year record of industry firsts, we continue to help define global training standards with our innovative virtual-to-live training solutions to make flying safer, maintain defence force readiness and enhance patient safety. We have the broadest global presence in the industry, with 8,000 employees, 160 sites and training locations in over 35 countries. Each year, we train more than 120,000 civil and defence crewmembers and thousands of healthcare professionals worldwide. www.cae.com

Source: Epicos, CAE

ST Engineering's Marine Arm Secures New Orders

Singapore Technologies Engineering Ltd (ST Engineering) announced today that its Singapore shipyard, Singapore Technologies Marine Ltd (ST Marine) and its US shipyard, VT Halter Marine Inc (VT Halter Marine) have secured new contracts worth $138m in 4Q2016 in Shipbuilding and Shiprepair.

In Singapore, the Ministry of Home Affairs (MHA) has awarded a contract to a consortium formed by ST Marine and Penguin International Limited (PIL) for the design, construct and the system maintenance programme for three vessels - Heavy Marine Fire Vessel (HMFV), Heavy Marine Rescue Vessel (HMRV) and Marine Rescue Vessel (MRV). The consortium allows both ST Marine and PIL to leverage on each other's capabilities to provide a total package solution to MHA. Construction of the vessels is anticipated to commence in mid-2017 with delivery expected in 2H2019. ST Marine also won several Shiprepair contracts for vessels such as passenger ferry, trailing suction hopper dredger, chemical and oil tankers.

"We are very pleased to be given this opportunity to expand our total services concept to MHA. Given our track record of 50 years, we are confident that we will be able to deliver the products and services on time, within budget and meet the expectations of MHA and the Singapore Civil Defence Force," said Mr Ng Sing Chan, President for ST Marine. "Working with other industry partners such as Penguin International Limited, this project will also ensure that the local marine eco-system is sustained to provide the best services to our valued customers."

In the United States, the Commonwealth of Virginia, Department of Transportation (VDOT) has awarded a contract to VT Halter Marine to design and construct a 499-passenger / 70-vehicle Jamestown Ferry to replace the current ferry, The Virginian. The ferry will be operated by the Jamestown-Scotland Ferry Operations Service which provides a critical transportation link between Virginia and North Carolina operating at the James City County at Glasshouse Point and Surry County at Scotland Wharf. Construction of the ferry is expected to be completed in April 2018. The Jamestown-Scotland Ferry System currently operates four ferry boats, including the Pocahontas Ferry, which was also designed and constructed by VT Halter Marine in 1995. VT Halter Marine's shipyards have designed and constructed more car and passenger ferries than almost any other U.S. shipyard, for the states of Virginia, New York, Texas, Louisiana, North Carolina, Alaska, California, Washington, and the territory of Puerto Rico. VT Halter Marine has also won several multi-million dollar Shiprepair contracts involving fisheries survey vessels, a towboat and a crane barge.

"VT Halter Marine is honored to be selected by the Virginia Department of Transportation to design, construct and deliver our second quality built vessel." said Paul Albert, Chief Executive Officer, VT Halter Marine. "We value the trust that the VDOT has invested in our shipbuilding capabilities, and this new contract is an indication of our continuing strong relationship."

These contracts are not expected to have any material impact on the consolidated net tangible assets per share and earnings per share of ST Engineering for the current financial year.

For Further Information Click Here

Source: Epicos, ST Engineering

Atlantic Airways takes delivery of its first Airbus A320

Atlantic Airways, the national carrier of the Faroe Islands, has taken delivery of its first Airbus A320 as part of its plan to increase capacity, becoming Airbus' newest operator of the type.

Atlantic Airways passengers will benefit from the newest cabin comfort throughout the cabin in a single class layout with 168 seats and 18 inch wide seats as standard. The aircraft which is equipped with CFM engines will be deployed on routes from the Faroe Islands to Copenhagen.

The A320 was chosen by Atlantic Airways for its unrivalled economics, performance and operability in challenging environmental and geographical conditions. The aircraft has Required Navigation Performance (RNP 0.1) capability built-in, which enables the aircraft to fly precisely along predefined routes using state-of-the-art on-board navigation systems. Atlantic Airways were the first airline in Europe to use the Required Navigation Performance approach.

The A320 Family is the world's best-selling single aisle product line with over 12,800 orders since launch and more than 7,300 aircraft delivered to some 400 operators worldwide. Thanks to their widest cabin, all members of the A320 Family offer unmatched comfort in all classes and Airbus' 18" wide seats in economy as standard. With one aircraft in four sizes (A318, A319, A320 & A321), the A320 Family, seating from 100 to 240 passengers, seamlessly covers the entire single-aisle segment from low to high-density domestic to longer range routes.

For Further Information Click Here

Source: Epicos, Airbus