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**Bulgarian Defence Procurements**

According to the Bulgarian authorities the making of a single set of interoperable Armed Forces, capable of fulfilling the whole range of tasks, is the outmost goal of the national armed forces for 2014. In order to achieve this, the country's authorities have a limited budget. It is indicative that for the last five years the country's defence budget is

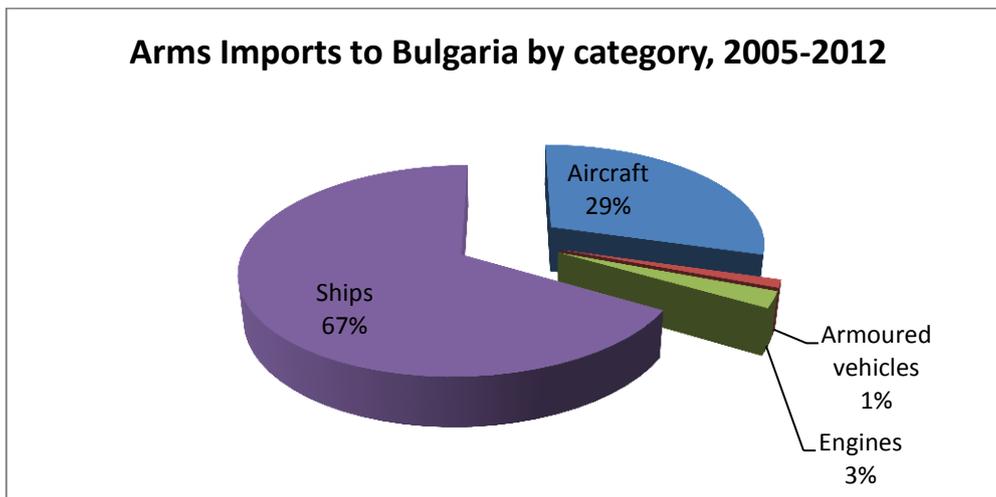
constantly dropping. In 2008 the Bulgarian defence budget was 1388 million Leva (1083 US \$m., at constant 2011 prices) whereas in 2012 it was 1132 million Leva (782 US \$m., at constant 2011 prices).

**Bulgarian Defence Budget**

Year	2005	2006	2007	2008	2009	2010	2011	2012
Million Leva	1101	1171	1475	1388	1355	1320	1166	1132
US \$m., at constant 2011 prices	1122	1113	1293	1083	1029	978	829	782
Percentage of GDP	2.4%	2.3%	2.5%	2.0%	2.0%	1.9%	1.5%	1.5%

Source: Stockholm International Peace Research Institute (SIPRI)

Regarding the imported equipment, for the period 2005-2012 ships were the predominant defence equipment imported. The 2<sup>nd</sup> most important equipment was that of aircraft whereas engines and armored vehicles followed. As it is clearly depicted in the pie-chart below the import of ships and aircraft covered almost the entire budget allocated for imports as represented 96% of the total money spend.



Regarding the country of origin of imported defence equipment, Belgium had a leading role in the Bulgarian armament imports. Apart from the European country, other important countries that exported arms to Bulgaria, for the period 2005-2012, were France, Italy, USA and Israel.

Kyriazis Vasileios,  
Epicos Newsletter Head Editor

**Bulgarian Armed Forces received communication-information equipment from the United States**

**MINISTRY OF DEFENCE**  
OF THE REPUBLIC OF BULGARIA

At the end of the previous week (January 22<sup>nd</sup>, 2014) the Bulgarian armed forces received communication-information equipment and other special equipment from the United States. This was part of the implementation of a program aiming at building the capacity of US allies to participate or support counter terrorist operations or operations for stability and reconstruction, including activities of the NATO Alliance. Deliveries included communication-information equipment and special equipment (thermal imaging weapon sights), video equipment, medical equipment and navigation systems.

With the use of the new equipment the Bulgarian contingent in Afghanistan will be able to exchange classified information in real time something that will contribute to its ability to operate more efficiently. Finally, it is worth mentioning that Bulgaria will also receive equipment which will improve the safety and mobility of the Bulgarian advisors who participate in the ISAF mission in Afghanistan during 2014.

Building the Bulgarian Armed Forces' capabilities is one of the forms of security partnership between Bulgaria and the United States; nevertheless, the Balkan state is deliberately trying to structure a reference framework with USA. Under this notion, on January 9<sup>th</sup> 2014, Angel Naydenov Bulgarian Defence Industry met with the Ambassador of the US to Bulgaria H. E. Marcie B. Ries. During the talks, both sides reaffirmed their commitments in regards to the strategic partnership between Bulgaria and the US in the field of defence and within NATO. Additionally, in the meeting were discussed the prospect of bilateral military cooperation between the two countries. The Bulgarian Deputy Defence Minister Ivan Ivanov, was also present in the meeting.

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 the 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.

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**Development of a fully networked autonomous, unattended trailer equipped with surveillance sensors for homeland security applications and military camps protection.**

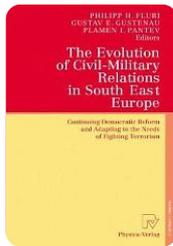
A company is willing to cooperate with a Prime Contractor and/or a third party for the development of a lightweight autonomous trailer, which when equipped with appropriate surveillance and detection sensors will be able to support several homeland security and peace keeping operations all over the world. The trailer will be equipped with an IP based communication radio link in order to transmit high quality video to the command centre located in different area. The trailer will be unattended and fully remote controlled and will act as a smart communication / surveillance / detection and reconnaissance node used for several applications.

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**The Evolution of Civil-Military Relations in South East Europe: Continuing Democratic Reform and Adapting to the Needs of Fighting Terrorism, by Philipp H. Fluri, Gustav E. Gustenau, Plamen I. Pantev**



As in the rest of the world, September 11<sup>th</sup> and its global consequences have triggered an intensive security- political debate in the European Union, the effects of which became noticeable in the field of the reform of the security sector. Although there was considerable awareness for the dangers of terrorisms even before the devastating attacks in the United States, after 9/11 the “war of terrorism” was rapidly turned into the central security-political issue and found entrance into all strategic documents and policy and military planning scenarios. This book, authored by a multi-national team, draws a complicated, yet logically evolving picture of the problems in the security sector reform field of South-East Europe, examining the post-totalitarian and post-conflict challenges to be faced.

**Successful Industry Building in Transition Countries: Foreign Direct Investment or Local Effort? Software Industries of Bulgaria, Estonia, and Romania, by Mancheva Svetla**



The work examines the grounds for successful industry development in transition economies, focusing on the two types of ownership: foreign and domestic. The distinction is thus made between industries that are predominantly based on foreign direct investment or on local entrepreneurship, with the aim of establishing which of these contributes more to the development of the local economy and human capital. The method of analysis focuses on case studies of the software industry in three transition countries - Bulgaria, Estonia and Romania, representing different variations of the types of industry ownership. For the purpose of establishing the most successfully developed industry, four factors /groups of factors are analyzed: industry size; production linkages and knowledge transfer; specialization, value-added and innovation; and employment conditions.



### **S. Korea to finalise F-35 jet fighter deal this year**

South Korea plans to finalise the purchase of 40 next-generation F-35 jet fighters from US aerospace giant Lockheed Martin later this year, Seoul's military procurement agency said.

"We will... push to sign the contract in the third quarter... after testing and further negotiations," Jung Kwang-Sun, the Defense Acquisition Program Administration's aircraft department director, told reporters in a briefing late Monday.

The South's air force has been looking to upgrade its ageing fleet of Boeing F-4 and F-5 fighters in the light of North Korea's growing nuclear threat.

Jung did not specifically name the F-35s, but they are the only jet fighters on offer that meet the requirement -- laid down by the South Korean joint chiefs of staff last month -- for a stealth-capable fighter.

The absence of a stealth capability was behind the military's decision in September to block a \$7.7 billion deal to buy 60 of Boeing's F-15 fighters.

The Boeing aircraft was the only one to come in under the \$7.7 billion budget approved by parliament.

The tender has since been adjusted, although Jung declined to give details on the cost of the 40 F-35s, saying it would require both finance ministry and parliamentary approval.

"If we choose to buy F-35s, we will choose to buy the F-35A that has been adopted by the US Air Force," he said, adding they would be delivered from 2018 onwards.

The F-35A takes off and lands conventionally. The F-35B variant can land vertically, like the obsolete Harrier plane, and its users will include the US Marines and Britain's armed forces.

**Source:** 2014 AFP, Agence France-Presse (AFP)

### **Korean Air makes 2013 loss with fewer Japanese travellers**

Korean Air, South Korea's largest air carrier, posted Tuesday an annual net loss of 384.8 billion won (\$356.7 million) due to one-off spending to settle price fixing suits and the prolonged decline of its Japan routes.

The flagship national carrier made a loss after a net profit of 256.4 billion won in 2012, and posted an operating loss of 17.6 billion won -- the first annual operating loss since 2008.

Sales also shrank four percent to 11.8 trillion won, the company said in a statement.

The airline spent 100.6 billion won in settlements in the fourth quarter for two separate lawsuits filed by US passengers and cargo transfer companies over alleged price fixing.

A weakening yen has discouraged Japanese travellers from visiting Korea, cutting demand for flights, and international passenger traffic fell 0.8 percent last year while passengers on its Japanese routes fell 14 percent.

International passenger flights account for more than a half of Korean Air's sales. The company said however that overall passenger business is expected to improve, boosted by more demand in the Asia region.

The company set its sales target for 2014 at 12.56 trillion won, up seven percent from 2013, with operating profits to top 640 billion won.

**Source:** 2014 AFP, Agence France-Presse (AFP)

### **Russian pilots raise alarm over safety at Aeroflot**

A union of Russian pilots at Moscow's Sheremetyevo International Airport on Tuesday accused the country's flagship carrier Aeroflot of endangering passengers' lives by overworking staff in search for profit.

The Sheremetyevo Cockpit Personnel Association said that Russia's main airline was employing "tired pilots who can fall asleep at any moment."

"Because of Aeroflot's greed, the safety of citizens is in grave doubt," the union said in a statement.

The company did not address the union's complaint directly when contacted by AFP. But its press service said by email that "our passengers' and flight safety are top priorities of Aeroflot".

Russia's small regional airlines are notorious for their poor flight safety record.

The country saw the world's worst crash of 2013 when 44 passengers and six crew died in a Tatarstan Airlines Boeing 737 that crashed and exploded on landing on November 17 in the central Russian city of Kazan, according to airlineratings.com, which tracks airline safety.

But Aeroflot has taken huge steps recently to improve its image while scooping up several awards for Eastern European service in the process.

Aeroflot's share of the Russian market has slipped to just 40 percent -- a far cry from the days in the Soviet era when it proclaimed itself as the world's largest airline.

But the company has been on an upswing of late thanks to new standards adopted once it became a member of the SkyTeam alliance in 2006.

SkyTeam now calls Aeroflot's fleet "one of the most modern, youngest and fastest-growing ... in Europe."

Aeroflot this year also burnished its image by becoming the official carrier of the Manchester United football club.

The carrier's statement noted that "Aeroflot was the first Russian carrier to enter the (International Air Transport Association's) Operational Safety Audit Registry, and has confirmed the certificate for the fifth time in 2013."

**Source:** 2014 AFP, Agence France-Presse (AFP)

### **German defence minister signals greater role in Africa**

Germany's new defence minister said Sunday her country should engage more strongly in Africa by sending additional military trainers to Mali and supporting the French intervention in Central African Republic.

Ursula von der Leyen said she foresaw boosting the training mission in Mali from its current mandate of 180 personnel, with 99 now on the ground, to up to 250, and deploying a medical services airbus to back up the French mission in CAR.

Asked by news weekly Der Spiegel whether Germany -- often criticised for its post-World War II reluctance to send troops abroad -- should boost its international military engagement, she said "within the framework of our alliances, yes."

In crisis-hit African countries, Germany "cannot look the other way when murder and rape are a daily occurrence, if only for humanitarian reasons," said Germany's first female defence minister, a powerful member of Chancellor Angela Merkel's cabinet.

"In Central Africa, a bloody war is unfolding between Christians and Muslims. We cannot allow this conflict to set the entire region ablaze," she added.

In the long term European national armies should be merged into a European military because "unified armed forces are a logical consequence of an ever-increasing military cooperation in Europe," said the minister who has been in her post for about one month.

Development Minister Gerd Mueller meanwhile said Germany also planned to expand its aid activities in Africa, especially in Mali, speaking to the Bild am Sonntag newspaper.

The chairman of the German Armed Forces Association, Andre Wuestner, told the same newspaper that the Mali mission would likely take more than a decade, citing the "disastrous" state of the armed forces there and the goal of "a stable and functioning state".

The West African nation of Mali was hit by a coup in 2012 when its northern half was occupied by Al-Qaeda-linked Islamists before being liberated by a French-led military intervention.

French forces also intervened last month in CAR to try to stem violence between mainly Muslim Seleka fighters who had staged the coup last year and militias from the country's Christian majority.

**Source:** 2014 AFP, Agence France-Presse (AFP)

#### **NATO concerned over new HQ cost overruns, delay**

The 28 members of the NATO military alliance are concerned by cost overruns and delays at its new high-tech headquarters in Brussels, NATO secretary general Anders Fogh Rasmussen said Monday.

Rasmussen said the builders, Belgian-Dutch consortium BAM-Alliance, had asked for more money and more time beyond the current 2016 target date.

The Belgian government, which is in charge of the project, was looking at the claim in "a hard commercial negotiation," he said.

"This claim is a matter of concern to all of us," he added at the HQ which it has occupied near Brussels international airport since 1967.

A recent report in German news weekly Der Spiegel, citing diplomatic documents, said BAM-Alliance had asked at the end of last year for another 245 million euros and an extra nine months to finish the work.

NATO and Belgian government officials said they could not confirm such figures for a project which was last estimated to cost 750 million euros.

When work began in 2010, the building was supposed to cost 500 million euros and be completed by 2015.

**Source:** 2014 AFP, Agence France-Presse (AFP)