Volume 8 Number 42 – Wednesday, 19 October 2016

Part I: Hungary

Part II: Epicos Newsroom

Hungary: Defence Budget and Procurements

According to the 2017 Budget, Hungary is going to increase defence budget by 51 billion forints to 350 billion forints, or 0.94% of GDP. In 2016 Hungary will spend 299 billion forints (approximately 1.049 billion US dollars) on defence, increasing defence expenditure by 22%, while in 2015 Hungarian defence budget increased by 8.2%**,** or by 20 billion forints (approximately 70.1 million US dollars). This upward trend is due to continue as Hungarian authorities are planning to increase defence spending to about 1.4% of Gross Domestic Product (GDP) by 2022. Additionally, Hungarian authorities will seek to ensure that a 40%-30%-30% proportion of personnel, operation and maintenance, and procurement costs will be realized in the mid-term within the defence budget. In 2009 the allocation of the personal-operation and maintenance-procurement costs were: 50.7% – 30.4% – 18.9%. Future procurement plans of Hungary includes among others, the potential increase of its Gripen fleet by up to a further four aircraft, the implementation of electronic projects, the development of basic cyber defence capabilities and finally the procurement of new multi-role helicopters and air defence systems.

This upward trend observed in the country's defence budget, the last three years was not the case throughout the 21st century as the international economic crisis created several problems to the Hungarian economy and significantly decreased the budgetary resources available to the Ministry of Defence. This negative trend constituted an even more significant challenge due to the fact that national defence had been also underfinanced in the previous period, undergoing a series of reductions in the 1980s and 1990s because of the country's worsening economic problems.

As a result since the 1990s, only few large military procurement programmes were carried out in the country. In 2011, Hungary purchased two second-hand Mi-8T transport helicopters from Finland and in 2014 the European country signed an agreement with MBDA France on developing the Mistral air-defence missile system the period 2016-2018.

Undoubtedly the most important procurement of Hungary completed in 2001 when the Swedish and Hungarian governments entered into a lease-purchase agreement, with a further modification in 2003, which included 14 Gripen C/D (12 single-seat plus two twin-seat) aircraft. In January 2012, the leasing agreement was extended until 2026.

Since it left the Warsaw Pact in 1990 Hungary is constantly trying to modernise and downsize its armed forces. Having inherited a legacy of a heavy, slow-moving Warsaw Pact force Hungary is trying to change it into a more versatile and modernised North Atlantic Treaty Organization (NATO) force. The Hungarian military has been downsized from 130000 in 1989 to approximately 24500 in 2005. This trend continued as in 2013 Hungarian armed forces numbered approximately 21800 personnel. The main goal of this reform is to improve Hungarian operational forces and to create a stable yet flexibly adjustable structure; the

right ratio of services and branches; effective command and control, the independent operational capability of units and sub-units and the modularity of structural elements.

Hungary's abovementioned attempts clearly illustrates the fact that there is a strong political will for the further integration of the country in the collective structures of NATO. Additionally, participating in NATO's missions has been an important "school" for Hungarian defence forces, as they gained practical experience, which has contributed to the improvement of their operational capability and readiness.

Furthermore, Hungarian armed forces undergo a structural adaptation, the main goal of which is to further enhance their organizational structure and to make the military chain of command more efficient. The ultimate objective of this process is the creation of an army that will fully meet NATO's interoperability standards and will fulfil Hungary's commitment to contribute to the NATO Force Structure, by participating in the full spectrum of Allied operations.

This was further reaffirmed in July 2016, when the Minister of Defence Mr István Simicskó stated that starting from 2017, the Visegrád Four (V4) countries are going to make a joint contribution to the security of the Baltic region, with Hungary deploying a company to the region in the third quarter of next year. Since the beginning of Visegrad Group initiative the efforts to develop and strengthen regional cooperation in the military and defence context has been one of the main goals. In the recently signed document Long Term Vision of the Visegrad Countries on Deepening their Defence Cooperation, the following areas have been identified as crucial: capability development, procurement and defence industry, establishment of multinational units and running cross border activities, education, training and exercises.

Kyriazis Vasileios,

Epicos Newsletter Head Editor

The Present Status of the Hungarian Defence Industry

Nowadays, Hungarian defence industry mainly develops and manufactures ammunition and pyrotechnical systems, handguns, military simulation devices, armoured vehicles and defence electronics systems, special clothing and protective equipment as well as radiation detectors. Hungary has also developed a sizeable aerospace industry able to develop and manufacture small aircraft for General Aviation; to provide aircraft maintenance and upgrades; to manufacture metal and composite components for large aircraft; and to develop and manufacture UAS systems for civil and military purposes. There are approximately 120 companies that are directly involved in the development and manufacture of defence products, employing approximately 1800 employees. Additionally, Hungary has an aerospace industry which employs more than 2600 people and incorporates more than 50 entities. Since 2008 more than 30 Hungarian entities have been certified under the AS9100 aerospace quality system.

Compared to other countries of the Warsaw Treaty Organisation (WTO), Hungary had a relatively small defence industry. After the dissolution of the Warsaw Pact in 1991, Hungary's defence industry lost all its customers and as a result it shrunk considerably. The industry had to adjust to a completely different environment. Therefore, throughout the last three decades the Hungarian defence industry is in a constant process of transformation and modernization.

There are two main parameters that help the development of the Hungarian defence industry. The first one is the dynamic and well trained personnel working in the sector. The second is that globally recognised defence related Research and Development (R&D) projects are carried out in several universities and research institutions in the country. Foreign universities are invited to establish departments and affiliated research programs in Hungarian Universities through which both the academic and industrial society are beneficiated. More on that direction local defence companies are seeking collaboration opportunities with companies from other countries in order to form strategic collaborative schemes that will further promote the indigenous defence capabilities.

Additionally, Hungarian defence industry is rather flexible in meeting new challenges and requirements and has the capacity and capabilities to fulfill special demands, even for small quantities at a high, reliable quality. Moreover, the industry is aware of the western regulations, standards, procedures, products as well as the Russian ones.

Regarding the Aerospace sector, Hungarian authorities established the Hungarian Aviation Industry Foundation (HAIF) in 2003. In 2006 HAIF initiated and oversaw the creation of the Hungarian Aerospace Cluster (HAC), which is a founding member of the European Aerospace Cluster Partnership (EACP) and has collaboration agreement with Hanse-Aerospace, Aviation Valley Poland, Pannon Automotive Cluster (PANAC) and with the Hungarian Ship Cluster. The cluster currently has 31 member-companies that are mainly involved in rapid prototyping,

software development, embedded systems, metal and composite part manufacturing, wire harness manufacturing, cable manufacturing, turbine part machining and testing.

Additionally, in 2007 HAIF founded the Hungarian Aerospace Technology Platform (HATP), designed to help research and development organisations and Hungarian SMEs to participate in programs financed by the 7th Framework Programme of European Union (EU) such as the Clean Sky project and programs financed by other EU bodies such as the Galileo.

Finally, in 2014, under the auspices of HAIF and the leadership of Óbuda University, an Unmanned Aerial System Cluster was established in Budapest, with the scope to become a leader and catalyst in new Unmanned Aerial Vehicle (UAV) and Unmanned Aerial System (UAS) research, development and innovations in Hungary.

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

Provision of surface treatment and painting services for small and medium-size metal parts

A company with significant experience in light sheet-iron works, surface treatment and painting is proposing to cooperate with a Prime contractor or lower tier company for the provision of surface treatment and painting services for small and medium-size metal parts that will be used in specific aerospace programs.

For Further Information Contact our ICO Department
Mail at: a-kintis@epicos.com

Parts and assemblies production for the Aerospace and Defence Industry

A company with extensive experience in machining and producing of aeronautical parts and assemblies is proposing the cooperation with an aerospace and defense Prime contractor or lower tier company for the subcontracting/sourcing of parts and assemblies manufacturing for specific A&D programs.

For Further Information Contact our ICO Department
Mail at: a-kintis@epicos.com

News from our A&D Business Network

Kenya Airways awards MTU Maintenance a CF34-10E6 engine maintenance contract

MTU Maintenance, one of the world's leading providers of services for commercial aero engines, and their new customer Kenya Airways have concluded negotiations on the contract for the maintenance of the CF34-10E engines used on the airline's Embraer 190 aircraft. MTU Maintenance has been chosen by Kenya Airways as one of its two contractors for the maintenance, repair and overhaul of the CF34-10E6 engines for a period of five years. Kenya Airways is the Republic of Kenya's national flag carrier and was founded in 1977. The airline is the third largest in sub-Saharan Africa. Kenya Airways operates a fleet of 15 Embraer190s – the largest CF34 fleet in Africa. It uses these aircraft to serve national and cross-border routes.

MTU Maintenance has been maintaining engines from the CF34 family since 2003. In total, MTU Maintenance has carried out nearly 900 shop visits for this family (CF34-1/-3, -8C/E, -10E). Services are performed at MTU Maintenance Berlin-Brandenburg. In 2015, MTU Maintenance had a 15% market share, making it the largest independent provider of CF34 services worldwide. It also is the number one provider for the African CF34 market, serving the top four airlines operating these engines in the region.

About MTU Aero Engines

MTU Aero Engines AG is Germany's leading engine manufacturer. The company is a technological leader in low-pressure turbines, high-pressure compressors, turbine center frames as well as manufacturing processes and repair techniques. In the commercial OEM business, the company plays a key role in the development, manufacturing and marketing of high-tech components together with international partners. In the commercial maintenance sector, the company ranks among the top five service providers for commercial aircraft engines and industrial gas turbines. The activities are combined under the umbrella of MTU Maintenance. In the military field, MTU Aero Engines is Germany's industrial lead company for practically all engines operated by the country's military. MTU operates a network of locations around the globe; Munich is home to its corporate headquarters. In the fiscal year 2015, the company had a workforce of some 9,000 employees and posted consolidated sales of approximately 4.4 billion euros.

For Further Information Click Here

Rockwell Collins signs support contract for Airbus Beluga fleet

Rockwell Collins has signed a repair agreement with Airbus SAS to support its fleet of five A300-600ST (Super Transporter) Beluga aircraft. The Beluga fleet is responsible for transporting aircraft parts between Airbus facilities. “We are committed to the success of Airbus’ missions, whether it’s their commercial fleet or aircraft that support its operations,” said Thierry Tosi, vice president and general manager, Service Solutions for Rockwell Collins. “The Beluga fleet is a critical piece of the Airbus supply chain, so quality repairs, consistent, predictable maintenance costs, expeditious turnaround times and world class customer service are essential for successful operations.”

The agreement includes support for the following Rockwell Collins systems on board the Beluga: Communication systems, including Iridium SATCOM; HF Radio and Link 2000+ capable datalink with VDL Mode 2; radio navigation systems; surveillance systems including weather radar, traffic collision avoidance system (TCAS) and Mode S Transponder.

Earlier this year, Rockwell Collins was ranked No. 1 in Airbus’ supplier support survey. Rockwell Collins has been supporting Airbus for decades, leveraging its experience and new innovations to deliver and maintain best-in-class solutions.

About Rockwell Collins

Rockwell Collins is a pioneer in the development and deployment of innovative aviation and high-integrity solutions for both commercial and government applications. Our expertise in flight deck avionics, cabin electronics, mission communications, simulation and training, and information management is delivered by a global workforce, and a service and support network that crosses more than 150 countries. To find out more, please visit www.rockwellcollins.com.

Epicos NewsRoom

Saab Receives Order from SIMMAD for Giraffe AMB Spares and Support Contract

Defence and security company Saab has signed a contract with SIMMAD (integrated structure for the operational maintenance of the aeronautics equipment of the French Ministry of Defence) for spare parts and support contract for Giraffe AMB.

The contract is for an ordering period of 17 months and a performance period of 34 months, commencing on the 8 August 2016, and includes obsolescence management.

A Saab team has been participating in the Giraffe Air detachment committed in the CASEX 16 exercise in the military camp of Valdahon. The Saab team was invited to support and monitor how the French Air Force uses the Giraffe AMB radar and C2 shelter.

“The recently awarded spares and support contract, as well as participating in CASEX 16, is important for Saab in providing continued support and presence in France” says Henrik Vassallo, head of Saab country unit France & Benelux.

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 and has recently opened a local office in Paris, which will focus on partnerships and collaborations with French companies as well as continuing to provide an array of equipment to the French Government.

For further information, please contact:

Saab Press Centre,
+46 (0)734 180 018,
presscentre@saabgroup.com
Saab France & Benelux
Henrik Vassallo +33 1 47 64 50 11
www.saab.com
www.saabgroup.com/YouTube
Follow on twitter: @saab

Source: Epicos, SAAB

CAE wins defence contracts valued at more than C$100 million

CAE today announced that it has won defence contracts valued at more than C$100 million to provide a range of training and support services for global military customers.

Some of the key contracts include the United States Air Force exercising a contract option for CAE USA to continue providing KC-135 tanker aircrew training services; the United States Navy exercising a contract option for CAE USA to continue providing T-44C aircrew training services; Rotorsim to provide long-term maintenance and support services on a variety of helicopter simulators; and Insitu to provide ScanEagle remotely piloted aircraft system (RPAS) instructors.

"The KC-135 and T-44C aircrew training services contracts are prime examples of long-term contracts that provide sources of recurring revenue for CAE, while the contract to provide ScanEagle Remotely Piloted Aircraft System (RPAS) instructors for Insitu's training center is another win in the growing RPAS training market where CAE is already a leader," said Gene Colabatistto, CAE's Group President, Defence & Security. "We are proud to continue to be the training partner of choice of defence customers globally."

For Further Information Click Here

Source: Epicos, CAE

General Dynamics Awarded Contracts Totalling $170 Million for Hydra-70 Rocket Program

General Dynamics Ordnance and Tactical Systems, a business unit of General Dynamics (NYSE: GD), was recently awarded two contract modifications by the U.S. Army Contracting Command in Redstone Arsenal, Ala., for production of the 2.75”/70mm Hydra-70 air-to-ground rocket system for U.S. military services and Foreign Military Sales customers. The option exercised is part of a supplies contract originally awarded to General Dynamics in 2014.

General Dynamics has been in continuous production of the Hydra-70 rockets since 1996.

More information on General Dynamics Ordnance and Tactical Systems is available at www.gd-ots.com.

Source: Epicos, General Dynamics

Saab Acquires Nordic Defence Industries

Defence and security company Saab has acquired the Danish naval company Nordic Defence Industries (NDI). NDI, designs and manufactures mine disposal charge systems for the naval defence industry.

The acquisition of NDI, develops Saab's market leadership in the unmanned underwater domain when it comes to regional reach, technology and innovative solutions. This means customers can come to Saab for an end-to-end solution to meet their Mine Counter Measures (MCM) needs to detect, classify, identify and dispose maritime mines.

"With the acquisition we are strengthening our position in the Mine Counter Measures market, building a foundation for continued profitable growth. Our regional footprint will be strengthened as well as our role as a global supplier of Mine Counter Measure solutions," says Görgen Johansson, head of business area Dynamics. "With the high tech solutions for mine disposal provided by NDI we will have a product portfolio that covers the total need among our Mine Counter Measure customers."

One of NDI's products is DAMDIC, a mine disposal charge, carried to the mine by a remotely operated vehicle such as Saab's Double Eagle - the first choice for many navies when it comes to Mine Counter Measures. The company will be integrated into Saab's business area Dynamics within its Underwater Systems business unit. The combination of Saab's experience and knowledge from the AUV/ROV (Autonomous Underwater Vehicle/Remotely Operated Vehicle) market and NDI's innovative mine disposal solutions will create a unique MCM house within Saab.

"After more than 20 successful years in the defence industry, with the challenges inherent from being a small stand-alone defence company, I am pleased to see new and exciting possibilities arise for NDI from the upcoming integration with Saab," says Jess Otzen, owner and Managing Director of NDI.

Under new management, NDI's main office and workshops, along with its experienced and dedicated staff, will remain in Aalborg Denmark, to ensure the continued supply of quality products and services to customers worldwide.

Saab offers world leading solutions such as underwater weapon systems, anti-submarine warfare training, mine counter measures, surveillance and underwater operations for both civil and military sub-surface operations as well as state of the art solutions for the off-shore industry. Within mine warfare, Saab offers a range of advanced, unmanned solutions that provide naval forces with the ability to secure and sustain their freedom of movement.

For further information, please contact:
Saab Press Centre,
+46 (0)734 180 018
presscentre@saabgroup.com

www.saabgroup.com
www.saabgroup.com/YouTube
Follow us on twitter: @saab

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

BAE Systems lands $52 million contract to sustain and support U.S. Navy air traffic control and landing systems

The U.S. Navy has awarded BAE Systems a five-year contract worth as much as $52 million to provide essential maintenance and testing support for various air traffic control and landing systems.

These systems provide Navy pilots with electronic guidance to help them land safely on the ground and at sea, in all weather conditions.

Under the new contract, which is a continuation of work that BAE Systems has been performing for decades, the company will test, evaluate, and certify Navy aircraft landing systems and subsystems. The company will also provide the engineering and technical expertise to overhaul and restore the Navy's systems and equipment.

"For more than 40 years, our team of engineering professionals have ensured the reliability of the Navy's flight systems to enhance the safety of its pilots," said DeEtte Gray, president of BAE Systems' Intelligence & Security sector.

The contract work will continue to be performed primarily at Navy facilities in St. Inigoes, Maryland.

BAE Systems provides a broad range of solutions and services, including intelligence analysis, cyber operations, IT, systems development, systems integration, and operations and maintenance to enable the U.S. military and government to recognize, manage, and defeat threats. The company takes pride in supporting critical national security missions that protect the nation and those who serve.

For Further Information Click Here

Source: Epicos, BAE Systems