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The monitoring and crediting of an offset benefit and industrial participation program is a rather difficult and turbulent task for the Greek authorities. Nevertheless, last year the Greek government made a clear decision to facilitate all necessary changes for the smooth implementation of all open offset contracts. Through this procedure, “fresh” funds of hundreds of millions of Euros could benefit the Greek market and rejuvenate the local aerospace and defence industries.

The new chapter of the “Greek offset Odyssey” was opened by the end of January 2010. A 2day conference in Athens, hosted by the Association of Hellenic Defence Manufacturers (SEKPY), was transformed into the site of a stormy confrontation between the Greek authorities and the foreign companies that have “open offset contracts” in Greece. As a result, the Minister of Defence Mr. Evangelos Venizelos and his Deputy Minister, Mr. Panos Beglitis declared that they would be making genuine efforts to reserve the negative environment created in the implementation of offset contracts. All the attendants were given the impression that the government had the political will to do some positive and indigenous steps at this time and they were not disappointed.

Number of active offset contracts	Total Credit Obligation (€)	Approved Credits (€)	Balance of Credit Obligation (€)
<b>32</b>	<b>16.279.709.431</b>	<b>8.556.532.868</b>	<b>7.723.176.563</b>

Number of active offset contracts	Total Credit Obligation (€)	Approved Credits (€)	Balance of Credit Obligation (€)
<b>85</b>	<b>6.743.720.177</b>	<b>3.835.471.388</b>	<b>2.908.248.788</b>

By the end of June 2010, the Greek MoD published a working paper regarding the implementation of reforms for the open offset programs and contracts. At this specific time, there were (32) active non expired contracts and (85) expired. In order to reverse this negative situation the MoD through the General Directorate of Defence Investments and Armaments started considering a new platform under which foreign companies that - according to Greek authorities- failed to fulfil their contractual obligations and therefore have to pay a penalty, can try to come to a compromise with the Greek State. According to the working paper these companies could start negotiating a new offset program that will replace the expired one and will equal their total backlog plus a 10% surcharge. As stated by the Ministry of Defence the purpose of this policy reversal is to benefit the local defence industry.

The final developments took place on September 1<sup>st</sup> when the Greek Defence Minister Mr. Evangelos Venizelos submitted for voting to the Greek Parliament a proposed legislation regarding expired offset contracts. Due to this, signed offset contracts between the MoD and the Defence Material suppliers which have expired or are fully or partially unfulfilled and consequently will result in the imposition of penalties against the contracting party, can be reprieved within a time-period of (6) months from the publishing of this legislation to the Government Gazette. The contracting party will notify in writing the MoD that they desire to be subjected to the present regulation instead of paying any penalties. The new programs to be negotiated shall include exclusively subcontracting work in order to benefit the local defence industry. The duration of implementation of these new contracts cannot run beyond December 31<sup>st</sup> 2014. Additionally, their nominal value will be evaluated on the basis of internationally accepted pricing and should be at least equal to one fourth (¼) of the unfulfilled credit obligation of the offset obligor.



Needless to say that offsets can be extremely beneficial for the Greek defence industry and the national economy. Thus, Greek authorities are trying to delineate a new legal framework that will facilitate the implementation of offset contracts and create a stable and long-term policy that will reflect the true needs of the Greek defence industry.

## Proposed Legislation Submitted to Greek Parliament for Voting Regarding Expired Offset Contracts



On 1<sup>st</sup> of September when the Greek Defence Minister Mr. Evangelos Venizelos submitted for voting a proposed legislation to Greek Parliament regarding expired offset contracts. Due to this, offset contracts signed between the MoD and Defense Material suppliers that have expired or are fully or partially unfulfilled and consequently will result in the imposition of penalties against the contracting party can be reprieved within a time-period of 6 months from the publishing of this legislation to the Government Gazette. The contracting party will notify in writing the MoD that they desire to be subjected to the present regulation instead of paying any penalties.

[Press Here to Read the English Translation of the Proposed Legislation](#)

## Epicos' "Offset Library"



Epicos provides a variety of offset related documents to its members in its "Industrial Cooperation and offset" sector. Additionally, Epicos members can find in the "Market Analysis" sector a variety of literature on armed forces structures, defence plans, procurements and other country data. If you are interested to read more Press [HERE](#) for the "Industrial Cooperation and offset" sector and [HERE](#) for the "Market Analysis" sector.





Epicos "Project Opportunities" 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](#)

### Technology transfer in the area of Aerospace & Defense (A&D) Engineering training



The project describes the steps required for a company to acquire all necessary technology, know-how and services in the area of customized training to Aerospace & Defense (A&D) Engineers. The outcome of the specific project will be the evolution of the company's capabilities to augment current products/services to address certain country's and region's Air Force requirements, as well as improve its services to international customers already included in its portfolio.

[For Further Information Contact our ICO Department](#)

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**Defence Procurement and Industry Policy: A small country perspective, Stefan Markowski, Peter Hall, Robert Wylie**



Arms purchases are among the most expensive, technologically challenging and politically controversial decisions made by modern-day governments. Superpower spending on weapons systems is widely analysed and discussed. But defence procurement in smaller industrial countries involves different issues which receive less attention. This volume presents a general framework for understanding smaller country defence procurement supported by country, industry and project studies. The book addresses the needs of public and private sector managers, military planners, procurement specialists, industry policy-makers, and defence procurement and industry educators. It presents general principles in an accessible manner and points to real-world experience to illustrate the principles at work.

**Understanding Contemporary International Arms Transfers, David Mussington**



This paper is concerned with the proliferation of conventional weapons. The very concept itself needs an explanation. Why be concerned with the spread of conventional arms and their means of manufacture? If states have a legitimate right to procure arms which contribute to their national security, surely there can be no objection to more or less unrestrained weapons sales? But such a laissez- faire attitude to arms transfers is increasingly anachronistic in a world characterized by the breakdown of Cold War barriers, the resurgence of ethnic and religious conflicts and the absence of legitimate means for resolving inter-state disputes. Thus, a new approach should be adopted and this book is trying to delineate it.



### Congress to be told of 60-billion US-Saudi arms deal

In the largest US arms deal ever, the administration of US President Barack Obama is ready to notify Congress of plans to offer advanced aircraft to Saudi Arabia worth up to 60 billion dollars, The Wall Street Journal reported Monday.

The newspaper said the administration was also in talks with the kingdom about potential naval and missile-defense upgrades that could be worth tens of billions of dollars more.

The administration sees the sale as part of a broader policy aimed at shoring up Arab allies against Iran, the report said.

The 60 billion dollars in fighter jets and helicopters is the top-line amount requested by the Saudis, even though the kingdom is likely to commit initially to buying only about half that amount, the paper said.

In its notification to Congress, expected to be submitted this week or next, the administration will authorize the Saudis to buy as many as 84 new F-15 fighters, upgrade 70 more, and purchase three types of helicopters -- 70 Apaches, 72 Black Hawks and 36 Little Birds, The Journal noted, citing unnamed officials.

The notification will set off a congressional review. Lawmakers could push for changes, try to impose conditions or block the deal altogether, though that is not expected, the paper said.

Earlier media reports said that to assuage Israel's concerns, the Obama administration has decided not to offer Saudi Arabia so-called standoff systems, which are advanced long-range weapons that can be attached to F-15s for use in offensive operations against land- and sea-based targets.

**Source:** 2009 AFP, Agence France-Presse (AFP)

### Airbus eyes 150-jet China contract

European jet maker Airbus is negotiating with China for the sale of 150 planes with a catalogue price of 16 billion dollars (12 billion euros), French business daily La Tribune reported on Monday.

Citing anonymous sources, La Tribune said talks between Airbus and China were for 120 medium-haul A320s and 30 long-haul A330s and A350s.

The deal is expected to be formally unveiled in November during a planned visit to France by Chinese President Hu Jintao, La Tribune said.

The newspaper reported some of the sources saying the total number of jets could be as high as 200 or more and could include A380 superjumbos.

"Discussions have just begun with Air China over five to 10 models" of the A380, the paper said.

France's junior transport minister, Dominique Bussereau, is set to meet his Chinese counterparts on Tuesday during a visit to China.

**Source:** 2009 AFP, Agence France-Presse (AFP)

### Russian oil output to hit over 500 mln tons this year says energy minister

Russian oil production will rise to over 500 million tons in 2010, up from 494 million tons in 2009, Energy Minister Sergei Shmatko said on Tuesday. "We will produce over 500 million tons in 2010," Shmatko said. "The Economic Development Ministry has adjusted its forecast for the ruble rate. We have said firmly before that we will see an investment decline and probably a fall in output due to the ruble strengthening and the growth of the mineral extraction tax on oil. Now there are no explicit assurances, we should weigh up everything," he said, adding that the previous Economic Development Ministry's forecast was that oil production would fall from 2012," Shmatko said.

**Source:** Ria Novosti

### China Eastern unveils expansion plans

China Eastern Airlines plans to boost capacity by up to 10 percent in the near term as the carrier looks to expand its international network to meet soaring demand, a report said Tuesday.

The Shanghai-based carrier aims to raise the proportion of its total revenue from international services to 50 percent in two years, from an expected 35 percent at year's end, Executive Director Luo Zhuping told Dow Jones Newswires.

"We are in an unprecedented period of expansion for the Chinese aviation industry, with the growth rate better than we originally expected," Luo said in an interview.

The official said the airline was considering new international and regional routes, as well as increased frequencies, but declined to elaborate. The company now operates 80 international and regional services.

China Eastern, the country's second-biggest airline by fleet size after China Southern Airlines, merged with smaller rival Shanghai Airlines early this year. It remains open to strategic investors, Luo said.

**Source:** 2009 AFP, Agence France-Presse (AFP)



## Ukrainian, Kazakh presidents set to discuss oil cooperation in Kiev

The president of Kazakhstan is expected to discuss with his Ukrainian counterpart on Tuesday the resumption of Kazakh oil transit via Ukraine to Europe. Kazakh President Nursultan Nazarbayev begins on Tuesday his two-day official visit to Kiev, the capital of Ukraine, and although the issue of oil transit was not included in the official agenda of the visit, this information was earlier confirmed by the Kazakh ambassador to Ukraine and later by Ukraine's Fuel and Energy Ministry. Last February Kazakh oil transport company KazTransOil announced that it would transit crude oil to Europe via Poland instead of Ukraine. The company said that the Ukrainian oil transport company Ukrtransnafta, which had pumped oil to Europe through the southern leg of the Druzhba pipeline network, broke an agreement with the Kazakh company starting from January 26. President Nazarbayev is also expected to discuss with his Ukrainian counterpart Viktor Yanukovych issues concerning cooperation in space, education, science, agriculture and nuclear energy. During a meeting in Kiev in March, Ukrainian Prime Minister Mykola Azarov told Kazakh Foreign Minister Kanat Saudabayev that his country was interested in buying natural gas from Kazakhstan. In April, Yanukovych said Ukraine was ready to take part in developing gas deposits in Kazakhstan.

**Source:** Ria Novosti