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The New Dimension of Hungarian Procurements



Hungary was heavily hit by the global economic downturn. Declining exports, low domestic consumption and fixed asset accumulation, dampened by government austerity measures, resulted in an economic downsize which reached 6.3% in 2009. This situation was altered in 2010 when the new FIDESZ government implemented a number of socioeconomic measures that helped the country to rebound quickly. The main reason behind this was the big boost from exports, especially to Germany. Growth is expected to continue in 2011 and the first estimations are that it will reach 2.5%. Despite the aforementioned economic fluctuation Hungarian defence budget increased. In 2008 total Military expenditure of Hungary was according to SIPRI 1,868 million US dollars in constant 2008 prices whereas in 2009, reached 1,900 million US dollars.

Military expenditure of Hungary

	2005	2006	2007	2008	2009
In constant ( 2008 ) US\$ m.	2,201	1,973	2,010	1,868	1900
percentage of gross domestic product	1.4	1.2	1.3	1.2	-

Source: SIPRI Publications (<http://milexdata.sipri.org/result.php4>)

During the last years the country did not procure a variety of defence equipment. Sweden has a leading role in the Hungarian armament imports. Apart from Sweden, other important countries that export arms to Hungary the five last years are USA, Italy and Sweden. Imports are rather limited in their geographical structure as (3) of the (4) first countries that export arms to Hungary, 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 Hungary entered EU.

Imports (expressed in US\$ m. at constant 1990 prices)

	2006	2007	2008	2009	2010	Total
Sweden	220	165				385
USA	32	27		4	18	81
Italy	13	13				26
Israel			5			5

Source: SIPRI Publications, Arms Transfers Database

Sweden is in the first place of arm exports to Hungary mainly due to the fact that the Hungarian Air Force has (14) Gripens on a 10 year lease-and-by arrangement, including (2) two-seaters (C/D versions). The final (3) aircrafts were delivered in December 2007. The purchase included an offset package of a 110% value of the amount of the procurement.

As it is already mentioned USA is the second country that exports defence equipment to Hungary. The collaboration between these two countries in this domain has been intensified during 2009 and 2010 when Hungary purchased or loaned several types of armed vehicles

such as Cougar APC/ISV, HMMWV Up-Armoured APV 2010, MaxxPro APC in order to use them in Afghanistan.

In 2007 Hungary received the last of the (3) RAT-31DL Air search radars from Italy. The procurement was part of the "NATO ACCS" program. Finally, in 2008 Hungary received the last Litening Aircraft EO system from Israel.

Despite the problems that the economic recession created in the country in the last years of the first decade of the 21<sup>st</sup> century, the Hungarian defence budget increased. Nevertheless, the country has to make more steps in order to keep up with the other members of NATO.

Kyriazis Vasileios,

Epicos Newsletter Head Editor

*Hungarian Armed Forces*



Hungary inherited a legacy of a heavy, slow- moving Warsaw Pact force and since 1990 is constantly trying to modernise and downsize it. It is indicative that Hungarian military has been downsized from 130,000 in 1989

to approximately 24,000 in 2008. The main reason behind this political decision is that the defence philosophy of the country had been dramatically changed. It has become clear to Hungarian authorities that sustaining a credible military force is still inevitably necessary, however, the substance and functions of defence have changed and extended and under this notion the Hungarian Defence Forces (HDF) should also been restructured. The ultimate objective of this process is the creation of an army that will meet NATO’s interoperability standards and will fulfil Hungary's commitment to contribute to the NATO’s Force Structure, by participating in the full spectrum of Allied operations.

Hungary has been participating in NATO’s missions since the crisis in the Balkan Peninsula. During the implementation of the Dayton Peace Accords from 1995-2004 Hungary provided significant help to the allied forces. Its airbase at Tazsar was used by coalition forces transiting the region. Additionally, Hungary has a strong presence in Bosnia-Herzegovina and both in the KFOR and EUFOR missions. Apart from the Balkan Peninsula, Hungary has been continuous participating in Afghanistan since 2003 and in 2006 the Hungarian government decided to further expand its presence there by taking the lead of the Provincial Reconstruction Team in Baghlan Province.



Hungary’s presence in the abovementioned missions clearly illustrates the fact that there is a strong political will for the further integration of the country in the collective structures of NATO. Therefore, the HDF is constantly changing in line with the transformation of NATO capabilities, and its doctrines are revised along with it.



In order to be able to fulfil the aforementioned defence commitments and aspirations HDF has to create the proper infrastructures and enhance its armament.

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 are indispensable conditions for the

efficient operation of the HDF. The requirements for the HDF to conduct future warfare successfully are as follows:

- Capability of adjusting to changes of the strategic environment;
- Capability of responding to quickly changing tactical and operational situation;
- Maintaining forces in the appropriate readiness categories;
- Operating in a combined and joint environment, interoperability;
- Effective engagement, force protection;
- Capability of operating in a network-centric environment;
- Effective intelligence, reconnaissance, acquisition and exchange of information;
- Deployability, mobility;
- Long-term sustainability, multi-national logistic support;
- Capability of cooperation with the population and civil organisations.

Throughout the last two decades HDF are in a constant process of transformation and modernization. During this course of action NATO has been transformed into an important “school” for HDF. By participating in several missions HDF gained considerable practical experience, which has contributed to the improvement of their operational capability and readiness.

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 an advanced Fluxset type magnetic field sensor for Airborne Antisubmarine Warfare



A company with vast experience on customized hardware and software solutions, the development of avionics and other high-tech electronics systems and simulators is proposing -in the frame of an offset project- partnership with a prime contractor or a third party company in a targeted country specializing in sensing technologies, for the development of an advanced Fluxset type magnetic field sensor for Airborne Antisubmarine Warfare.

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

Mail at: [g-menexis@epicos.com](mailto:g-menexis@epicos.com)

### Military radio / Voice commands in noisy environment for extreme combat situation



A Research and Technology Development organization with long standing experience in the field of Electronics and Telecommunications providing turn-key solutions is proposing the development of a robust voice command recognition system for environments with high ambient noise. The system will be integrated into various Radio Communication Systems providing voice commands capability under stressed battle conditions

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

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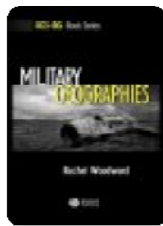


### Managing Defence in a Democracy, by R. Clearly and Teri McConville



The state is understood as a human community that claims, successfully, the monopoly of the legitimate use of physical force within a given territory. Taking into consideration this ascertainment a question that is unprompted created is how the state intends to control the means of violence which are used both for internal and external security. Although each state is unique it is possible to identify common issues, problems and answers to the above-mentioned question and this is exactly what the leading contributors that this volume brings together are trying to identify.

### Military Geographies (RGS-IBG Book Series), by Rachel Woodward



Geographies sets an interesting new agenda for research into militarism and its geographies. It delineates the ways with which military activities creates spaces, places, environments and landscapes. It examines the environmental, cultural, economic and political dimensions of militarism through the lens of geography. The book is covering an aspect of militarism that has not attracted the proper attention and that is the reason why it must be considered as a certain read for anyone interested in broadening his or her horizons in the aforementioned issue.



### STIM202 a breakthrough in MEMS gyro performance with new features

Sensoror Technologies AS offers STIM202 a multi axis high performance gyro module enabling safety critical applications in the Industrial, Aerospace and Defense markets, offering an immediate choice to system designers to displace large, expensive, fragile and prone to wear current FOG or mechanical gyro sensors.

[For Further Information Press Here](#)

### Australia's Qantas to offload ageing Boeing 737s

Australian carrier Qantas has decided to offload its ageing Boeing 737-400 planes, but the airline insisted Monday it was part of an overall fleet modernisation and not a "garage sale".

News that 21 of its Boeing 737-400s would be on the market from this year comes less than a week after the airline said capacity and jobs would be slashed as it grapples with natural disasters and rising fuel costs. "This has been part of our fleet strategy all along," a Qantas spokesman told AFP. "It's not like we are having a garage sale."

He said the sales, which would continue over the next few years, would allow Qantas to replace the 737-400s, known as the workhorse of the skies, with the more modern and efficient 737-800s.

Qantas would not speculate on how much the sales would earn, but reports said each plane could fetch as much as Aus\$20 million (\$20.8 million) thanks to interest from low-cost Indian and Southeast Asian carriers.

Sales would boost cash flow for Qantas, which last month said the combination of recent natural disasters and rocketing fuel prices had created the airline's "most serious challenge" since the global downturn.

Announcing the cuts, Qantas chief executive Alan Joyce said there had "never been a time when the world faced so many natural disasters", with earthquakes in Japan and New Zealand, and Australia devastated by floods and cyclones.

Record floods in Australia's tourism destination Queensland prompted \$82.5 million in cancellations and other costs while New Zealand's deadly earthquake wiped \$15 million from the bottom line.

Japan's massive 9.0 magnitude quake and tsunami brought another \$45 million in losses.

News of the Qantas sale comes two days after United States carrier Southwest Airlines cancelled hundreds of flights to inspect 79 of its Boeing 737 aircraft after a hole in a fuselage forced an emergency landing.

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



### Russia needs 1,300 domestically-built planes - official

MOSCOW, April 4 (RIA Novosti) - Russia needs to build 1,300 new aircraft by 2020 to make a comeback in civil aviation, the head of Russia's Security Council has said. Security Council chief Nikolai Patrushev said there had been a tenfold increase in the use of foreign-made planes in recent years, but added that Russia was looking to gain 15 percent of the global civil aviation market by 2020. "Our industry does have competitive planes - the Sukhoi Superjet 100 and Irkut MS-21," Patrushev said in an interview with the daily newspaper Izvestia. He said both planes are designed to replace the Soviet-era short- and mid-range planes that entered service between the 1960s and 1980s. "The demand is put at 1,300 aircraft." But he also spoke of the need to modernize technology, echoing President Dmitry Medvedev who chastised Russian plane-makers last week for lagging behind Western giants like Boeing and Airbus. "Large parts of the industry are outdated and also not certified by the International Civil Aviation Organization (ICAO)," Patrushev said. There is still a long way to go, he said, and investment is required before the struggling industry can begin to pick up.

**Source:** Ria Novosti

### Boeing Delivers 2 F-15K Slam Eagles to the Republic of Korea

DAEGU AIR BASE, Republic of Korea, April 5, 2011 -- The Boeing Company [NYSE: BA] today announced that it delivered F-15K 47 and F-15K 48 to the Republic of Korea Air Force (ROKAF) at Daegu Air Base on March 15. The two F-15K Slam Eagles departed St. Louis on March 8 and made stops in Palmdale, Calif., Hickam Air Force Base, Hawaii, and Anderson Air Force Base, Guam.

"Boeing continues to work closely with its ROKAF customers to ensure we deliver quality aircraft on schedule and on budget," said Roger Besancenez, Boeing F-15 Program vice president. "We are committed to providing the ROKAF with the most capable combat-ready multirole aircraft in the world."

Six of the new F-15K Slam Eagles are scheduled to participate in an advanced aerial combat training exercise at Nellis Air Force Base, Nev., in early 2012.

Boeing delivered the first six of 21 F-15Ks it is producing under the Next Fighter II contract in 2010. The remaining 13 aircraft will be delivered through April 2012.

The F-15K is an advanced variant of the combat-proven F-15E. Equipped with the latest technological upgrades, it is extremely capable, survivable and maintainable. The aircraft's service life is planned through 2040, with technology insertions and upgrades throughout its life cycle. Boeing completed delivery of 40 Next Fighter I fighter aircraft to the ROKAF in October 2008.

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Photo credit: Boeing photo

Neg. #: MSF11-0028-089

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**Source:** Epicos, Boeing

### France stakes reputation on conflicts in Libya, I.Coast

With its troops fighting on new fronts in Ivory Coast and Libya as well as in Afghanistan, France has put its international reputation on the line in conflicts whose outcome is far from certain.

Weakened at home where his personal popularity is at an all-time low, President Nicolas Sarkozy was the driving force behind foreign intervention in Libya, although he has not yet addressed the French people to explain why.

"Avoiding a bloodbath in Benghazi", "Defending civilian populations": Paris has justified its role with humanitarian arguments, and got the United Nations to tag along in the form of Security Council resolutions targeting Libyan leader Moamer Kadhafi and Ivory Coast strongman Laurent Gbagbo.

Experts say that despite involvement in Afghanistan, France has the military means to cope with multiple fronts, at least in the short term thanks to targeted air strikes in Libya and the use of pre-positioned troops in Ivory Coast.

"Afghanistan is logically the most difficult terrain, with the mobilisation of both land and air forces," said Francois Heisbourg of the Foundation for Strategic Research.

In both new conflicts, France is also not alone. Several countries are contributing to the bid in Libya to prevent Kadhafi's forces killing civilians or rebels, while 10,000 UN peacekeepers are deployed in Ivory Coast.

Also in both conflicts, France is at the vanguard: in Libya its air force is the most involved, in Ivory Coast its well-equipped troops are spearheading an offensive that could finally propel Gbagbo rival Alassane Ouattara to power.

And unlike the Afghan conflict, which in France as in other countries has become unpopular, military involvement in Libya appears to have almost unanimous public support.

But that support remains fragile, said one French diplomat: "Democracies don't like wars."

In Ivory Coast, "the balance of power is clearly in favour of Alassane Ouattara," said a French official who requested anonymity, suggesting the fighting will not last long.

"More than getting Alassane Ouattara in place, the most urgent thing in Ivory Coast will be Ivorian reconciliation," warned Pascal Boniface of the Institute for International and Strategic Relations (IRIS).

However, barring a surprise fall of the Kadhafi regime, the possibility of getting bogged down in the Libyan conflict is real after two weeks of air strikes failed to decisively alter the balance of power.

The potential pitfalls for France in both conflicts are many.

Paris must launch simultaneous diplomatic initiatives to ensure at least the semblance of a united international front, while on the operational front taking great care to avoid potentially disastrous collateral damage.

Sarkozy holds regular telephone conversations with Ouattara, whose forces have recently been accused of involvement in massacres, and has also dispatched a former ambassador to Benghazi, the stronghold of Libya's relatively untrained and ill-equipped rebels.

France has undeniably taken back the initiative after its slow reaction to revolts in Tunisia and Egypt earlier this year, and radically changed its image after former president Jacques Chirac's virulent opposition to the 2003 US-led invasion of Iraq.

"France has scored some points," admitted IRIS's Boniface.

It remains to be seen what the consequences will be for France's position in the world. Once you become involved in a war "you get judged by the result," said Heisbourg.

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