

**Part I**

**Special Focus: Philippines**

1. **Philippine Defence Procurements: Need for Enhancement and Lack of Political Will**
2. **Philippine Geostrategic Environment and the Operational Needs of Philippine Army. Which is the Role of the Local Industry?**
3. **Epicos “Industrial Cooperation and Offset Projects”**
4. **Intelligent Scintillation Detectors Turn Key solution**
5. **Training a mobile Unit for aircraft Non Destructive Testing**
6. **Epicos- Amazon**

**Part II**

**Epicos Newsroom**

1. **Utility executive urges diversity of energy sources. Portfolio of energy sources urged**
2. **Putin says Air Force upgrade a priority for armed forces**
3. **Defense budget funds should not go abroad - Putin**
4. **India puts three satellites into orbit**
5. **Putin outlines blueprint for stronger Russia (WRAPUP)**

## Philippine Defence Procurements: Need of Enhancement and Lack of Political Will



According to Jamestown Foundation, a prestigious Washington, D.C.-based think tank, the Armed Forces of the Philippines (AFP) were in desperate need for funding for years, being one of the weakest military forces in Southeast Asia. The Armed Forces of the Philippines (AFP) (Filipino: Sandatahang Lakas ng Pilipinas) are composed of the Philippine Army, Philippine Navy and Philippine Air Force. The AFP is a volunteer force and has a total active strength of 113,500 with 131,000 personnel in reserve.

The country's primary security threats are land-based—separatism, communist insurgent and terrorist groups. The locus of the problem is the southern Philippines, home to the terrorist organization named Abu Sayyaf Group (ASG) and the separatist group of the Moro Islamic Liberation Front (MILF).

The ASG has been based on the islands of Basilan and Jolo since its foundation, in the early 1990s, and it is very familiar with the surrounding maritime area. It was from these islands that the ASG launched raids against tourist resorts in Malaysia and Palawan Island in

2000 and 2001, receiving large ransoms in return. The ASG was also responsible for one of the world's deadliest acts of maritime terrorism, the sinking of the MV Superferry 14 in February 2004 in Manila Bay that killed 116 people and injured 300.

Philippine authorities have deliberately tried to create a new defence doctrine that will help the country overcome the aforementioned threats and re-establish government sovereignty. Therefore, a new Philippine Defense Reform Program was established with the goal of "creating an army capable of responding to current and emerging threats that will usher in a secure, stable and peaceful environment conducive to economic growth and national development".

### Military expenditure of Philippines

	2005	2006	2007	2008	2009
In constant ( 2008 ) US\$ m.	1,287	1,310	1,538	1,402	1,424
percentage of gross domestic product	0.9	0.9	0.9	0.8	-

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

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

\* '0' indicates that the value of deliveries is less than US\$0.5m

	2008	2009	Total
USA	10	0*	11
ITALY	-	2	2
SOUTH KOREA	-	1	1
TURKEY	-	1	1

Source: SIPRI Publications, Arms Transfers Database

However, despite the commitment deriving from the political manifestation, the Philippine armed forces remain underdeveloped. The funds allocated by the government are not sufficient. In 2009 the total military expenditure of Philippines reached (in constant 2008 US\$ m.) 1,424 million, while in 2007 reached 1,538 million. As a percentage of gross domestic product, military expenditure seems to remain unchanged (approximately 0.9%).

Additionally, the shortage of fund's allocation cannot be blamed on a "gloomy" economic situation, since the national economy of Philippines according to CIA fact book "weathered the 2008-09 global recession better than its regional peers due to minimal exposure to securities issued by troubled global financial institutions; lower dependence on exports; relatively resilient domestic consumption, supported by large remittances from four-to five-million overseas Filipino workers; and a growing business process outsourcing industry. Economic growth in the Philippines has averaged 4.5% per year since 2001, when former President MACAPAGAL-ARROYO took office".

Therefore, the limitation of national military budget is more attached to political decision and less to a "gloomy" economic situation.

Supplier/	Number Ordered	Weapon designation	Weapon description	Year of Order	Year of Deliveries	Number delivered Produced	Comments
USA	6	6V-53	Diesel engine (AV)	2007	2009	6	For 6 AIFV-APC (ACV-300) proc. From Turkey
Italy	18	SF-260	Trainer aircraft	2008	2009	9	\$14 m deal Deliveries are due to finish)
South Korea	15	Cessna-172/T-41	Trainer/light ac	2007	2009	15	Ex-South Korean, T-41D version
Turkey	6	AIFV-APC	APC	2007	2009	6	ACV-300 version

Philippine armed forces have to procure the biggest part of their armament from foreign countries, as the national defence industry is rather underdeveloped (It is indicative that for the year 2008 and 2009 there were no military exports from Philippines). USA is currently the main provider of arms for Philippines, receiving the largest share of the Philippine defence spending. Apart from USA, important countries that export arms to Philippines are Italy, South Korea and Turkey. As it is clearly illustrated, Philippine arms imports are rather diversified in its geographical structure as the supplying countries represent three (3) different continents, Europe (Italy and Turkey) North America (USA) and Asia (South Korea).

A defence purchase of Philippines from USA during 2009 was the 6 6V-53 Diesel engines (AV). The engines were used for 6 AIFV-APC (ACV-300) that the country procured the same year from Turkey. Additionally, the country procured nine (9) SF-260 trainer aircrafts from Italy for a total amount of 14 million US dollars. Finally, Philippines acquired fifteen (15) Cessna-172/T-41Trainer/light ac aircrafts, previously in service with the South Korean Army.

Summarizing, it can be said that, despite the fact that the authorities of the country have deliberately stated that they want to enhance the efficiency of their armed forces, the low military budget maintains. This political decision can not be attached to a strenuous economic situation as Philippines weathered the global economic crisis relatively easily and

experience an economic growth that averages 4.5% per year since 2001. Furthermore, Philippine armed forces have to procure the biggest part of its armament from foreign countries, as the national defence industry is rather underdeveloped. USA, Italy, South Korea and Turkey are currently the main exporter of arms in Philippines, based on the amount of funds allocated.

Kyriazis Vasileios,  
Epicos Newsletter Head Editor

## Philippine Geostrategic Environment and the Operational Needs of Philippine Army. Which is the Role of the Local Industry?



Philippines is an archipelago of 7,107 islands with a total land area, including inland bodies of water, of approximately 300,000 square kilometres (116,000 square miles). The 36,289 kilometres (22,549 miles) of coastline makes Philippines the country with the 5th longest coastline in the world. Additionally, most of the mountainous islands are covered by tropical rainforests and are volcanic in origin. Therefore it is normal that the defence authorities of the country focus on procuring equipment that will help them to patrol this vast area. It is indicative that in the period 1999-2009, 103 US\$ m. at constant (1990) prices, from a total of 130 US\$ m. that the Philippine authorities spend in arms procurements, were spend at procuring aircrafts.

Additionally, it should be stated that the Philippine authorities are trying to introduce modern systems in their arsenal, considering always the particular operational and geographical needs of the country. In 2001 Philippines procured 2 Blue Horizon UAVs for use against Abu Sayyaf and other Muslim rebels. Thus, it should not a priory be assumed that the procurement policy of the country follows a concrete minimalistic pattern dictated by the lack of funds. New technologies that fit to the operational needs of the country could become a major area of interest in the future.

It can be said that the operational needs of the Philippine Armed Forces could easily be compared with those of the Colombian Armed Forces. Both have a vast area covered with tropical forests to protect while they have to encounter mainly (if not only) guerrilla armies and not regular armies. The only difference is that the operational landscape is different since Philippines stand on the archipelagos of islands from which the country is formed.



### Philippine Defence Industry

Philippine Defence Industry is rather small and limited. Nevertheless, there are some small companies that mainly create ammunition and small guns.

One of them is The Government Arsenal (GA). The main production lines of GA are the following: the GATLO or RIFLE line and the GAPAT-GABIN or PISTOL Line – which originally make possible the integrated production of three (3) caliber types – Cal .30M2, Cal .30M1 and Cal .45 M1911 cases, bullets, primers and propellant powders for final assembly into finished ammunition.



As part of its medium and long term plans, the Government Arsenal (GA) aims to supply the requirements of the AFP for 5.56mm M855 (SS109), hence, it embarked on an initial production of 5.56mm M855 in CY 2009 using in-house manufactured cases and primers, and procured bullets. Its existing Loading & Assembly machines for 5.56mm M193 were converted for the purpose, as well as the multi-slide press for the manufacture of links. GA commits to produce higher quantity of this ammunition in the coming years. This is GA's short-term plan to meet the immediate need of the AFP for M249/K3 weapon.

Another Philippine company that creates ammunition and small guns is the Philippine branch of [armscor](#).

An important development for the Philippine Defence Industry was the licence given by GKN Defence Ltd to a company in the Philippines for the production of Simba Armoured Personnel Carriers. A total of 150 vehicles were ordered, the vast majority will be assembled at the plant of the Filipino company. The company started with the assembly of kits, progressed to importing some parts and manufacturing others, and finished up producing the whole vehicle.

Philippine defence industry is rather underdeveloped. It is indicative that for the year 2008 and 2009 there were no military exports from Philippines. Nevertheless, a small industry that mainly creates ammunition and small guns exists, but it is not important and able to be proactive.

Kyriazis Vasileios,  
Epicos Newsletter Head Editor

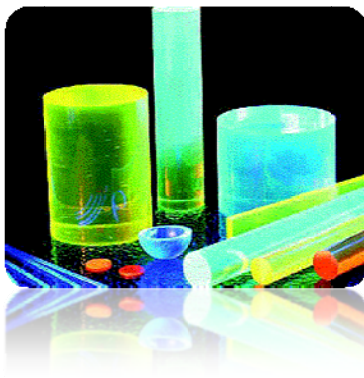
## Epicos "Industrial Cooperation and Offset Projects"



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](#)

### Intelligent Scintillation Detectors Turn Key solution



A major company with leading experience in the development and production of chemical defense instruments and nuclear reconnaissance systems, in the frame of an offset program, is proposing the representation of its Turn Key Solution Intelligent Scintillation Detectors systems (based on "scintillators", i.e. materials which exhibit the property of luminescence when excited by ionizing radiation), to foreign companies specializing on NBC systems in order to gain access to new markets.

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

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

### Training a mobile Unit for aircraft Non Destructive Testing

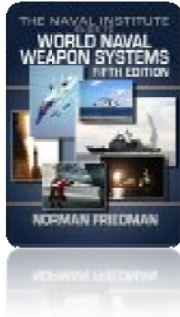


A company specializing on the sales and servicing of non-destructive testing (NDT) apparatuses, equipment and materials as well as training in material testing, in the frame of an offset program, is proposing collaboration to a prime contractor or a third party company active within the NDT market, in order to receive Transfer of Technology in the form of training for the establishment of an emergency mobile NDT unit serving commercial and/or general aviation aircraft at the surrounding airports.

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

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



**Naval Institute Guide to World Naval Weapon Systems, by Norman Friedman**

Written by one of the world's leading naval analysts, World Naval Weapon Systems is recognised as one of the most comprehensive references on the domain of naval weapon systems. It describes the weapons currently in service in ships, submarines, and naval aircraft around the world and examines the crucial relationship between them. Additionally, it provides a thorough analysis of the development that the naval weapons have undergone in order to tackle with the strategic challenges that international naval forces are facing today. World Naval Weapon Systems is probably the most complete and up-to-date source about weapons in every navy in the world and it is an essential work that, in effect, can serve as a textbook of modern naval technology.

**Radar Handbook, by Merrill Skolnik**

This book provides state-of-the-art coverage of the entire field of radar technology; from fundamentals to the newest applications. With contributions by 30 world experts, Radar Handbook examines methods for predicting radar range and explores radar subsystems such as receivers, transmitters, antennas, data processing, ECCM, and pulse compression. Undoubtedly, Radar Handbook will be welcomed by radar engineers, designers, and technicians all over the world.



**Utility executive urges diversity of energy sources. Portfolio of energy sources urged**

America needs to put money into developing new energy technologies and making them more affordable, the chief executive of one of the country's largest electric utilities said. And the U.S. will need a portfolio of different energy sources, said James...

**Source:** Newspaper Direct, Epicos

[To read the full article press here](#)

**Putin says Air Force upgrade a priority for armed forces**

MOSCOW, April 20 (RIA Novosti) - Upgrading the Air Force and air defense systems will be a priority in the development of the Russian armed forces in the near future, Russian Prime Minister Vladimir Putin said in his annual address to parliament on Wednesday. "Anti-aircraft missile brigades are already receiving new S-400 [SA-21 Growler] systems," Putin said. "In the future, the production of S-500 systems will be started. They are capable of meeting air defense and missile defense tasks and destroying targets in near space," he said.

**Source:** Ria Novosti

**Defense budget funds should not go abroad - Putin**

MOSCOW, April 20 (RIA Novosti) - The funds of Russia's defense budget should not be spent abroad, Prime Minister Vladimir Putin said in his annual address to parliament on his government's performance on Wednesday. "Certain technology and samples may probably be bought abroad, and even should be. But we have to realize that no one will sell us promising latest-generation armaments," Putin said. "And we ourselves do not sell everything we have to the world market," he said. "The defense budget funds should certainly not go abroad. They should mainly work in Russia, and nourish our industry and science, and create new, high-tech jobs," the premier said.

**Source:** Ria Novosti

**India puts three satellites into orbit**

MOSCOW, April 20 (RIA Novosti) - The Indian space agency ISRO on Wednesday successfully launched three satellites, including Resourcesat-2, an advanced remote sensing satellite to study natural resources. ISRO's satellite launch vehicle was also carrying the joint Indian-Russian satellite Yuthsat for stellar and atmospheric studies and Singapore's first satellite,

X-Sat, a mini satellite for imaging applications. The Polar Satellite Launch Vehicle (PSLV) took off from the Sriharikota launch site in eastern India in a dramatic success for the Indian Space Research Organization after a series of failed launches. Resourcesat-2, the mission's biggest satellite, will replace Resourcesat-1, which was launched in 2003. India is looking to emerge as a global player in the lucrative satellite launch market.

**Source:** Ria Novosti

#### **Putin outlines blueprint for stronger Russia (WRAPUP)**

MOSCOW, April 20 (RIA Novosti) - Russia needs to be strong and avoid experiments with "unjustified liberalism" in order to safeguard its sovereignty and prevent outsiders from dictating the country's development, Prime Minister Vladimir Putin said on Wednesday. In an annual address to parliament -- his last as prime minister before legislative elections later this year and presidential elections early next year - Putin painted a glowing picture of his government's performance in 2010, stressing achievements ranging from economic growth to new infrastructure and social development. Ambitious goals Putin set out an array of far-reaching goals that he said should see Russia emerge as one of the "top five global economies" within the next 10 years. "In the modern world - if you are weak - there will always be someone who wants to come and advise you on what direction you must move in, what policies to pursue and the path you should choose for your own country," Putin said. "We must be independent and strong." The powerful Russian prime minister, who some analysts believe will bid to return to the Kremlin in 2012 and succeed his hand-picked successor, President Dmitry Medvedev, outlined a bullish agenda for Russia's future political and economic development. Putin did not directly criticize Medvedev, who is generally regarded as the more liberal figure in Russia's governing tandem. But in his wide-ranging address, the prime minister made clear he had a clear vision about how Russia's government should be run in the future and peppered his arguments with words often associated with his successor. "The country needs a decade of stable, calm development, without going to extremes one way or the other, without ill-conceived experiments, confusion over sometimes unjustified liberalism or social demagoguery," the 58-year-old prime minister said, his comments frequently applauded by the lawmakers. Referring to a policy centerpiece of Medvedev's administration -- innovation -- Putin said that acquisition of modern technology and know-how from abroad was useful up to a point but stressed investment at home would be decisive in achieving Russia's development goals. "That is the source of innovation," Putin said. Russia will have to at least double labor productivity in the next decade, something that has lagged behind since the Soviet era. The level of foreign direct investment in Russia should increase to \$60-70 billion "in the foreseeable future," Putin said. Success stories Russia has emerged from the global financial crisis in far better shape than most countries and will completely offset economic crisis-related losses by the start of 2012, before moving on to new achievements, Putin said. "In 2010, Russia's GDP grew 4% -- the highest rate in the G8. This year's forecast is around 4.2%," he said. This year's inflation will stay within 6.5%-7.5%, compared to 8.8% percent last year, he said. The capitalization of Russia's stock

market has exceeded \$1.1 trillion, which is "the best result among BRICS countries," Putin said. Russia will double its Reserve Fund to 1.43 trillion rubles (\$50 billion) this year while the National Wealth Fund has more than tripled in the past two and a half years to 2.6 trillion rubles (\$90 billion), the premier said. "It is the main source for covering the Pension Fund deficit," he said. "This policy will leave us room for maneuver, give us financial independence and ensure us against possible risks, which are plentiful," he said. Social peace It is essential to secure peace inside the country and prevent any attempts to split Russian society, Putin said in the wake of protests and coups that have swept the Middle East and North Africa in the past few months. Putin promised increases in pensions and other social payments, as well as higher spending on education and science. He also pledged to stop Russia's population decline, provide greater support to young families and better healthcare. GDP per capita must be \$35,000, as it is now in France or Italy, he said. Defense Putin emphasized the need to strengthen Russia's defense capability, modernize and upgrade weapons, including in the Navy and the Air Force, saying missile production will double from 2013. Upgrading the Air Force and air defense systems will be a priority in the development of the Russian Armed Forces in the near future, he said. "Anti-aircraft missile brigades are already receiving new S-400 [SA-21 Growler] systems," Putin said. "In the future, the production of S-500 systems will be started. They are capable of meeting air defense and missile defense tasks and destroying targets in near space," he said.

**Source:** Ria Novosti