Volume 4 Number 01 – Wednesday, 04 January 2012

Part I

Special Focus: Synopsis of 2011

Part II

Epicos Newsroom

Synopsis of 2011

Throughout 2010 Epicos' Newsletter provided up-to-date information and market intelligence on selected countries from around the world that included industry news and opportunities as well as interviews of government officials and top executives from the industry. In this present issue of the Epicos' Newsletter, we republish a selection of interviews and articles that have been published throughout 2010.

Interview with Mr. Martin Sticha, Deputy Director , Department of Research, Development and Offset Programmes, Ministry of Industry and Trade, Czech Republic.

„Five years of experience since last updating of the Czech offset legislation with implementation of the principles of offset programs brought new knowledge and ideas and good occasion to simplify, clarify and improve certain procedures and rules within offset methodology and finally the need to update the terminology in the spirit of the valid legislation“, said Mr. Martin Sticha, Deputy Director , Department of Research, Development and Offset Programmes, Ministry of Industry and Trade, Czech Republic.

In 2011 the new Czech guidelines for offsets were approved. Can you describe the main reasons for changing the offset guidelines at this specific moment?

The government on 28 June 2010 has approved, as an annex to its resolution No 499 Principles of implementation of industrial cooperation programs. The reason for this revision was the fact that the CR as a member of the European Defence Agency (EDA) has become a signatory country of the Code of Conduct on Offsets. Principles and Recommendations for Practice offset enunciated in the Code of Conduct on Offsets the signatory countries committed themselves to implement from 1 July 2009. Five years of experience since last updating of the Czech offset legislation with implementation of the principles of offset programs brought new knowledge and ideas and good occasion to simplify, clarify and improve certain procedures and rules within offset methodology and finally the need to update the terminology in the spirit of the valid legislation were other reasons for the approved revision.

What are the main differentiations between the old and the new offset guidelines?

Firstly the 100% threshold for offset value cannot

be exceeded, cannot be asked for or accepted. And secondly pre-offset transactions have to be at least generally linked to potential future programs. Companies can not simply submit pre-offset applications without such a linkage.

Do the new offset guidelines integrate the philosophy of the EDA Code of Contact on Offsets?

Yes, absolutely.

What are the expected benefits from the implementation of this new offset policy?

There will be greater level of transparency in the application of offset practices in the Czech Republic, offset rules comparability with other Member States of EDA etc.

There is an ongoing debate about the new directive 2009 EC/81 of European Union on defense procurement. Are you currently considering integrating this directive in your legislation? How do you believe this will affect the Czech defence and security industry?

The transposition process is under way now in the Czech Republic. It is Ministry of the Regional Development together with Ministry of Defence which are in charge of the process. After this new legislation comes into force and will result in a need to amend the Czech offset rules, we are ready to work on the changes.

Interview with Mr. Guy Edelist, CEO of the Israeli company Deaway Inc.

" Currently we develop also in house some of the next- what we called- "gap jumpers" means solution that will close the gap in some crucial application as fuel saving, off road mobility and quick deployment of forces in hazardous areas and military zones. …" said Mr. Guy Edelist, CEO of the Israeli company Deaway Inc., in an exclusive interview given to Epicos.

- Can you please tell us about the place of Deaway in the national and international market?

Deaway inc. positioned as technology developer of new hi tech automotive projects to worldwide manufactures and contractors.

Our approach is to learn the subject and come up with a solution in very quick and agile attitude, far ahead of the conventional industry in term of quality, time and money.

- What are the next steps and priorities of the company?

We get ahead by creating partnerships with industry contractors, supplying them what they want and cannot develop alone. There is say of "Buy or Make"? Means to buy technology or do it yourself. Researches proves that in most cases companies failed to develop technology that is OUT of their main line of business, therefore its better to buy it from outside source. Currently we develop also in house some of the next- what we called- "gap jumpers" means solution that will close the gap in some crucial application as fuel saving, off road mobility and quick deployment of forces in hazardous areas and military zones.

- Why someone should choose Deaway to do business?

First- Time and money, we work in reduced timeline and budget that are far out of defence industry scales.

Second- we provide solutions that you don't get elsewhere; we look into clients needs by checking how to improve HIS bottom line of profit, not by how WE grab money from him. This business philosophy works very well.

- Is there a specific country that the company could potentially expand?

I Assume USA market is very good, also UN activities worldwide can use our solutions very well.

- What are the main technologies that Deaway is currently developing?

1) Under mobility we have AGP-D1 unmanned ground vehicle, and DAS, see below.

AGP-D1

This is revolutionary design for 5 ton class Unmanned Ground Vehicle, we solved the major problem of large UGV's once and for all. The problem was and still there comes from wrong attitude that attempts to guide the UGV precisely on pre-defined route. Guys, the problem is elsewhere, you cannot guide an unmanned vehicle in off road terrain in 10-cm plus minus guideline, it won't work, the terrain is changed frequently, than when UGV goes off the designed path at 50 km/h it become total loss. 50 km/h sounds slow, but hey- it's about 14 meter per second - very short time to computer controlled vehicle to take a new path or make emergency brake on unpaved surface. A man in the loop, means someone guides the UGV in remote control station will not solve the problem, as operator's vision is very limited, this is NOT UAV, you cannot just let it drift 2-3 meters sideways..

Sure you can limit the UGV to 20 km/h, but then it turn into a duck, not practice for any operational mission.

So- yes, there were attempts, the FCS MULE was nice to watch until it discontinued among other FCS vehicles. It can be assumes that IF the MULE was operational on time as planned in 2008 or 2010, the large UGV arena was looks different today. Basically it gives us great push to show that 5 ton UGV is achievable, now.

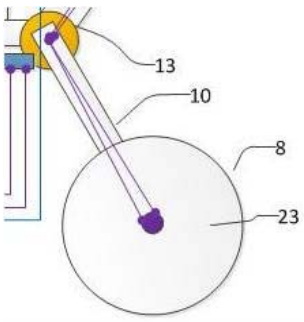
What we did to solve is UGV off road behaviour is simple-but-very creative solution. Nevertheless it still needs guiding system, communication and all JAUS stuff, we open to offers to join forces.

2) Quick deployment of relief systems

In military operations and hazardous zones such as earth quakes, floods, power station failure, new clear disasters and all places you want to use technology rather than people.

- What are the main technological advantages of the company?

People, not technology… Our great team comes up with the brilliant ideas that are turned into advantages. I must say our stuff are very creative and multi talented, this say of "multi talented" needs explanation as it buried under "talent" buzz word, "talent" describes people as expert in one field - dentist, welder, mathematician, this narrow minded attitude grows up mass crowds of "one trick pony". When we dig back in history we find Aristo, The Rambam, Archimedes and many more geniuses that knew a LOT of areas and had practice in many professions that did not had visual connection between them, but this wide perspective knowledge provides them skills to create inventions we use today. We take multi talented people to come up quick with best solution.



- Can you please tell us a few words about Deaway Active Suspension (DAS)?

DAS

This technology is a cut from the UGV AGP D1, we took the suspension unit and re- design it to use in trucks and other wheeled vehicles, I must say that DAS not limited to military and fits civilian market too. DAS Is independent suspension with in hub motor, it rotates to both directions in continuous motion, thus cancelled limits of odd conventional suspension, there is special embedded shock absorbing and energy banks that charged threw regenerative braking.

Benefits:

- ✓ Comport ride for driver and sensitive payload such as communication equipment, antennas etc.
- ✓ Improve mobility in hard terrain – climbing rocks, steps, crossing mud, sand and water obstacles.
- ✓ Saves fuel, potentially up to 30%, even army not always calculate costs of fuel it good to know you increase truck / combat vehicle mileage by 30%.

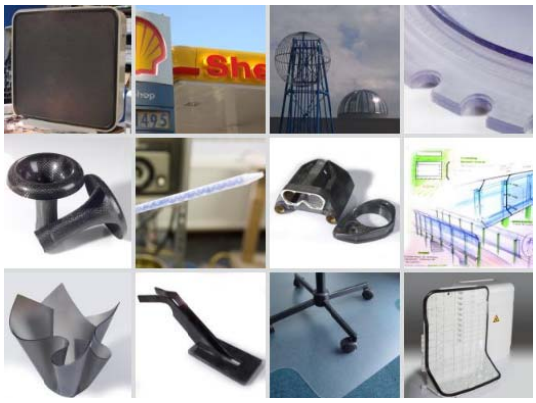
➢ Is Deaway currently investing in a new technology?

Local Wind power looks one of THE next things! We combine skills, knowledge and design we did in past to create mobile-modular wind power station, imagine 5-6 mobile units, 100 Kw each transported via C-130 or larger plane, than towed buy truck or hooked under CH47 to location, units connected to one generator provides 500 Kw local power station, it provided quick deployment in places you need the power most..

➢ What are the main distinct divisions and market segments that Deaway is activated?

Off road mobility, unnamed vehicles and new energy, while it looks like different fields, it's definitely not. There is a fine-line connects all of them and place our goods on the shelf in prime position. We are looking to expand activities, by various business models that attract and fit clients and business partners.

Interview with the Director and Owner of ALLPLAST BV, Mr. Mark Koudenburg



"Allplast is currently working on quality management according to ISO 9001 and is investing heavily in quality, capacity and new products. One of Allplast's priorities is to increase its sales in the civil and military defence market by introducing new safety products", said Mr. Mark Koudenburg, Director and Owner of ALLPLAST BV, in an exclusive interview given to Epicos.

1. Can you please tell us about the place of ALLPLAST BV in the national and international market?

Nationally, Allplast is one of the few companies active in the development and production of innovative transparent laminates and high-quality composite parts. Since Allplast is expanding its product portfolio in ballistic protection applications, attention from abroad is growing.

At this moment, Allplast hold a small market share both nationally and internationally. However, current investments and developments aim to increase these shares, especially in the defence and security markets.

2. What are the next steps and priorities of the company?

Allplast is currently working on quality management according to ISO 9001 and is investing heavily in quality, capacity and new products. One of Allplast's priorities is to increase its sales in the civil and military defence market by introducing new safety products.

3. Why someone should choose ALLPLAST BV to do business?

Allplast's holds knowledge and experience in various specialties, like composite manufacturing, transparent laminating, polymer converting, etc. This unique combination of expertise makes Allplast a versatile partner in development and production. Having an own product development department, Allplast is able to offer quick development lead time.

4. Is there a specific country that the company is going to expand?

Being currently active mainly in the Benelux, Allplast is working on expansion in other European countries, often together with partners. Some products, like ballistic shields and visors, will be developed for a larger international market.

5. What are the main technologies that ALLPLAST BV is currently developing?

Allplast is developing innovations in the field of transparent laminates, used in ballistic glazing and ballistic face shields. Working both independently and with partners, Allplast is applying new developments in materials and production technology to produce qualitatively better, thinner and lightweight products with higher protection levels.

6. What are the main technological advantages of the company?

Allplast has a big advantage in owning an autoclave for composites and transparent laminates production, soon to be expanded with a second, large-size autoclave. In addition, Allplast is rebuilding their low-dust processing room, which will allow the large scale production of optically clear, high quality transparent laminates and visors.

7. Is ALLPLAST BV currently investing in a new technology?

Allplast is investing in higher quality and a capacity increase in all fields of its activities:

a. A robotized 2-component glueing installation will improve the consistent quality of plastic assemblies and will increase production rates.
b. A second, large-sized autoclave will increase the production capacity for composite products and transparent laminates. It will also allow Allplast to produce larger parts like architectural glazing and large composite parts (e.g. radar domes)
c. Allplast is investing in an expansion of buildings and facilities to accommodate new machinery and an improved low-dust processing facility.

Allplast is also investing in material-, simulation- and process innovations in the development of thinner, more lightweight transparent laminates for ballistic protection.

8. What are the main distinct divisions and market segments that ALLPLAST BV is activated?

a. **Plastics converting and assembly**: mainly routing and glueing to produce products like translucent covers and electronics housings
   Market segments: electronics, industry, signage
b. **Composites**: various products like system housings, sandwich profiles, etc.
   Market segments: Defence, electronics, consumer products
c. **Transparent laminates**: bullet proof glazing, EMI-shielded laminates, etc.
   Market segments: Military v vehicles, civil defence, industry
d. **Personal safety products**: ballistic visors, bullet resistant shields, etc.
   Market segments: Military, police, Special Forces

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 an advanced Ground Power Unit (GPU) for A&D applications

A company providing services and products for the Aerospace & Aviation Industry is proposing the provision of its advanced Ground Power Unit (GPU) to address domestic and international market. The provision may potentially occur through a representation or a Joint Venture with a local organization to a targeted country.

For Further Information Contact our ICO Department

Mail at: g-menexis@epicos.com

Low power data acquisition system for UAVs

A company designing, developing and supplying embedded computer hardware and software for civil and defence use is looking to expand its activities in the aerospace and defence sector and in particular in the field of UAVs. Next to standard COTS products, the company's offers a product line of customised equipment which covers a wide variety of devices and applications, also for avionic and military applications. The company has got long standing experience in developing advanced HW and SW products and equipment according to international A&D standards. In particular, the company has developed a low power data acquisition system for use in e.g. UAV. This small, embedded control system can perform several tasks in the area of health monitoring, data storage and auto pilot. It can destroy recorded data by itself (independent from software) in case of an aircraft crash, thus preventing the enemy from gathering sensitive information. In the context of this, the company would be interested in expanding the use of its data acquisition system to new UAV platforms. The system could be adapted for a specific UAV upgrade program or the development of a new UAV.

For Further Information Contact our ICO Department

Mail at: g-menexis@epicos.com

Aircraft Market: Regional and Global Estimations

Despite the recent economic standstill the aircraft market is on the rise. This positive trend is expected to continue. According to the forecasts made by Boeing there will be a $4 trillion market for new aircraft over the next 20 years. The company's annual commercial aviation market analysis foresees a market for (33,500) new passenger airplanes and freighters between 2011 and 2030. The main reason is that traffic will be more than double in the next twenty years as aviation becomes more accessible to those in emerging markets. It is indicative that people in China take just 0.2 trips per person per year, whereas in the USA they take on average nearly (2) trips per person per year. Increasing wealth in countries like China will automatically increase the need for more aircrafts as more people will have access to air travel.

According to the Airbus Global Market Forecast (GMF), the U.S. and Canada will require (5,901) new passenger aircrafts of more than (100) seats between today and 2030. In that same time period, there will be a need for (414) new freighter aircrafts. This total of (6,315) new aircrafts deliveries has an estimated value of $648 billion. According to Boeing's estimations air carriers in North America will take delivery of (7,530) new airplanes over the next (20) years at a market value of $760 billion. Taking retirements of airplanes into account, the North America fleet will grow from (6,610) airplanes today to about (9,330) airplanes by 2030.

Regarding Middle East Airbus estimation is that the region will require (1,921) new passenger and freighter aircrafts (above 100 seats) between 2011 and 2030 valued at US$347.4 billion. Of these, 1,882 are passenger aircrafts (US$336.3 billion) and (39) are freighter aircrafts (US$11.1billion). According to Boeing airlines in the Middle East will need estimated of (2,520) airplanes worth $450 billion by 2030. The forecast comes as the region's carriers continue to surpass global air traffic and capacity growth rates. Boeing estimates that the Middle East's fleet of passenger airplanes will grow from a current fleet of (1,040) airplanes to a projected (2,710) airplanes, an increase of 160%, 34% of the projected demand will be for airplanes to replace current aircrafts, while 66% will be part of fleet expansion plans. The main reasons for the continued strong demand for new aircrafts are fleet expansion and replacement, an increasing number of mega cities and the ongoing expansion of the region as a geographical hub and tourist destination.

Latin America's GDP is growing faster than the world at an average annual rate of 5%, while the region's middle class is expected to surge 75% in the next 20 years. These have as a result that the area will need more aircrafts in the forthcoming years. According to Airbus Latin America will require 2,028 new passenger aircrafts of more than (100) seats between today and 2030, including (1,653) single-aisle, (334) twin-aisle and (41) very large aircrafts and estimated at $197 billion. Boeing's estimation for the area is that air carriers in Latin America will require (2,180) new airplanes worth approximately $210 billion over the next 20 years.

The growing wealth of people around the globe gives them the opportunity to afford aviation travel. This effective and continuing democratization of aviation has as a result the increase of demands for new aircraft.

Kyriazis Vasileios,

Epicos Newsletter Head Editor

The Market of Fighter Aircraft

Fighter aircraft are the most advanced weapon in the modern battlefield. Thus, production and development requires an extended know-how that only few countries have. Currently, only eleven countries produce fighter aircraft: China, France, India, Japan, Russia, Sweden and the United States, while Germany, Italy, Spain and the United Kingdom have formed a consortium for the production of the Eurofighter Typhoon. Furthermore, fighter aircraft dominate international arms transfers, as they accounted for 27% of the volume of transfers of major weapons over the period 2005–2009. If we take into consideration the weapons and components that are procured for use with fighter aircraft—missiles, bombs, sensors and engines- the dominant position of aircraft is even more apparent as they accounted for around 33% of the volume of transfers.

Russia and USA are the two largest suppliers of fighter aircraft. For the period 2005- 2009 USA exported 331 new F-16C, F/A-18E and F-15E aircraft and produced a similar number of F/A-18E and F-22 aircraft for their own forces. Russia's exported 215 Su-25, Su-27, Su-30 and MiG-29 aircraft. The fighter aircraft of the other countries have export potentiality; nevertheless the countries mainly produce them for their own armed forces.

Apart from the fighter aircraft there are several other types of aircraft with great export potentiality. For example transport aircraft, UAVs and training aircraft. Some of the procurements of aircraft from the aforementioned categories are the following. On 2008 Italy sold (18) G-222 Transport aircraft to Afghanistan. The order was made and financed via USA and the total amount of the procurement was 287 million dollar. The aircraft were previously in service with the Italian air force and before delivered to Afghanistan they will be modernized. Deliveries will be concluded within 2011.

The UAV's market is another important market with great potentiality. UAV design and production is a global activity, with manufacturers all across the world. The United States and Israel were the initial pioneers in this technology and are still two of the biggest developers. This is highlighted by the recent developments in the aforementioned domain. On 2010 Australia procured (18) RQ-7 Shadow-200 UAVs from USA. The total amount of the procurement was 157 million dollar (including 4 control systems). The UAVs were acquired in order to be used in Afghanistan.

Israel exports UAVs even to the so- called first world countries such as France and Germany. On 2009, France procured 1 Heron UAV for 34 million dollar. The procurement included one control station. Deliveries were concluded on 2010 and the UAV was equipped with French surveillance system. Additionally, Israel leased on 2010 (3) Heron UAVs to Germany.

Kyriazis Vasileios,

Epicos Newsletter Head Editor

USA Arms Sales for 2011

The volume of international transfers of major conventional weapons in 2006–10 was 24% higher than in 2001–2005, continuing the upward trend. The United States and Russia were the largest exporters of major conventional weapons. This trend continued throughout 2011 and on December 3, the U.S. Defense Security Cooperation Agency (DSCA) announced that foreign military sales overseen by them passed the $30 billion mark for the fourth consecutive year, with the fiscal year 2011 total reaching $34.8 billion. Sales under the government-to-government Foreign Military Sales (FMS) Program were $28.3 billion, while sales executed by non-FMS cases managed under various security cooperation authorities were $6.5 billion.

The top ten FMS customers for fiscal year 2011 were the Afghan Security Forces ($5.4 billion); the Taipei Economic and Cultural Representative Office in the United States ($4.9 billion); India ($4.5 billion); Australia ($3.9 billion); Saudi Arabia ($3.5 billion); Iraq ($2.0 billion); the United Arab Emirates ($1.5 billion); Israel ($1.4 billion); Japan ($0.5 billion); and Sweden ($0.5 billion). DSCA forecasts FMS sales will continue to be around $30 billion for fiscal year 2012, but official projections are still being calculated.

One of the latest notifications- thus potential sales of defence equipment- DSCA passed to the Congress was that of a possible sale to the Government of Australia of 10 C-27J aircraft and associated equipment, parts, training and logistical support for an estimated cost of $950 million.

The Government of Australia requested a possible sale of 10 C-27J aircraft; 23 AE2100D2 Rolls Royce engines; 12 Electronic Warfare Self Protection Suites; 12 AAR-47A(V)2 Missile Warning Systems; 12 ALE-47(V) Threat Adaptive Countermeasures Dispensing Systems; 12 APR-39B(V)2 Radar Warning Receivers; 13 AN/APN-241 Radar Systems; 44 AN/ARC-210 Warrior Very High Frequency/Ultra High Frequency Communication Systems; 12 KY-100 Units; 12 HF 9550 Radios; 12 APX-119 Identification Friend or Foe (Mode 4); 14 Blue Force Trackers; 12 Portable Flight Mission Planning Systems; support and test equipment; repair and return; spare and repair parts; aircraft ferry and tanker support; personnel training and training equipment; publications and technical data; Operational Flight Simulator, Fuselage, and Maintenance trainers. The prime contractor will be L3 Integrated Systems Group in Waco, Texas.

Australian Defence Forces retired their fleet of 14 DHC-4 Caribou aircraft in 2009 and will soon retire the 12 C-130H aircraft. The proposed sale of C-27J's will fill the gap created by the decommissioning of these aircrafts.

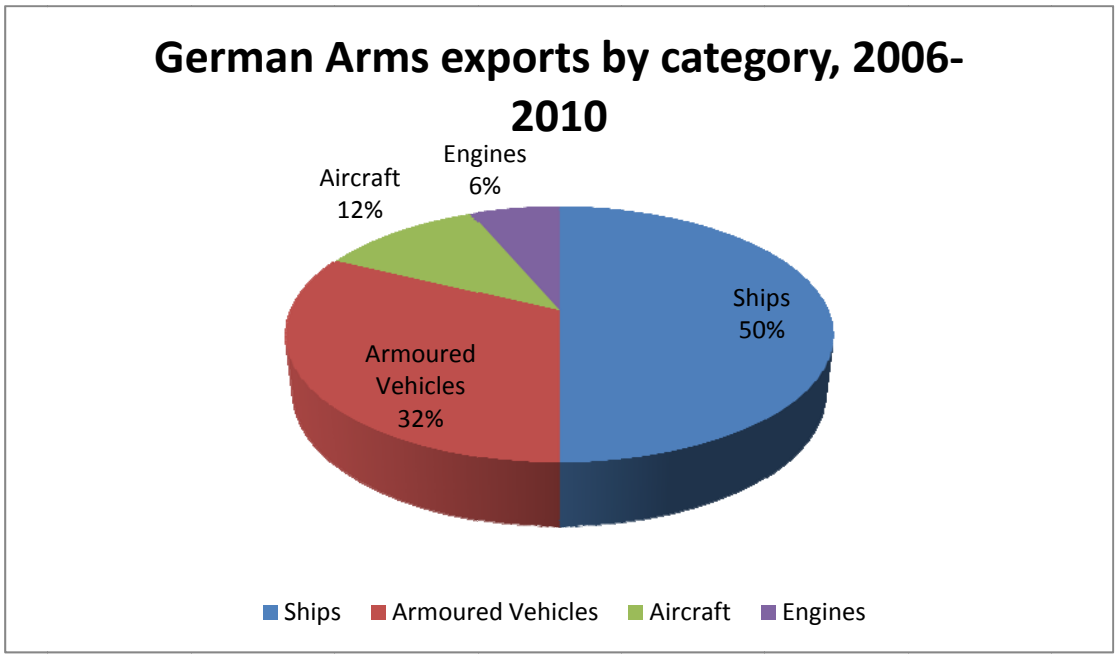
Kyriazis Vasileios,
Epicos Newsletter Head Editor

German Defence Exports, Efficiency in Diversity

According to the Stockholm International Peace Research Institute (SIPRI) the volume of Germany's arms exports increased by over 96% between the periods 2001–2005 and 2006–10, and the German share of the global market rose from 7% to 11%. In 2010, German arms manufacturers exported weapons worth 2.1 billion Euros, a record turnover for the country. Ships are at the top of armament manufacturers' export lists, accounting for 44% of exports in the period 2006–10. For example, German deliveries in 2006–10 included four MEKO-A200 frigates to South Africa, six MEKO-A100 frigates to Malaysia, three Type-214 submarines to South Korea, two Type-209 submarines to Turkey and a Type-209/1200 submarine to Greece.

German arms exports are rather diversified in their geographical structure and range of exported items. More than (40) countries imported defence equipment from Germany, whereas, the four (4) first countries, based on the amount of funds allocated are: Greece, Malaysia, Portugal and South Korea. This actually denotes that Germany is exporting in two (2) different continents, Europe (Greece and Portugal) and Asia (Malaysia and South Korea).

The diversification of the geographical allocation of German exports is in accordance with the broad spectrum of exported items. As it is already mentioned, ship vessels are the predominant area of exports for the period 2006-2010 with a total amount of 5703 US$ m. at constant (1990) prices. The 2nd most important sector is that of armoured vehicles with 3680 US$ m. at constant (1990) prices whereas other areas such as aircraft and engines follow.



As it is already mentioned, Malaysia procured six MEKO-A100 frigates from Germany. The total amount of the procurement was 2 billion dollars. The final contract included an offset obligation for the production of at least 30% of components and assembly of 4 frigates in Malaysia.

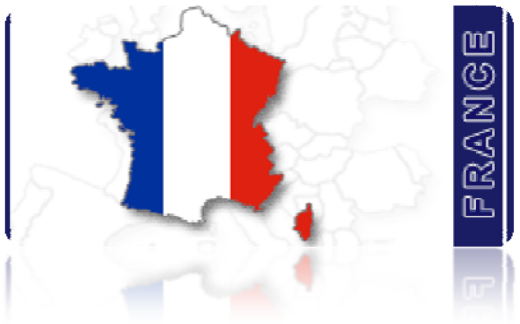
Furthermore on 1998, Spain procured 219 Leopard-2A6 Tanks from Germany. Deliveries were concluded on 2012. The total amount of the procurement was 1.9 billion Euros. The contract included an offset obligation for the production of 189 Leopards in Spain.

Finally, Taiwan procured 90 MTU-4000 Diesel engine in order to use them in the KH-6 FAC guided-missile patrol boats. The total amount of the procurement reached 149 million dollars.

Germany is the third arms exporter in the world. A wide variety of defence equipment is exported to several different countries throughout the world. That diversity is definitely the most important factor, safely leading to the ascertainment that this trend will continue.

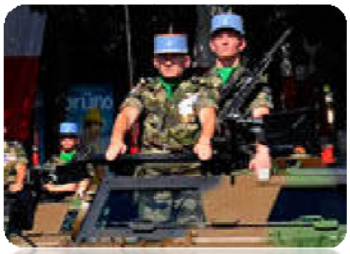
Kyriazis Vasileios,
Epicos Newsletter Head Editor

France; Cutting the Defence Budget



France unveiled a revised defence triennial spending law for the period 2011-2013 in late September 2010. According to this, total defence spending for the related period will amount to €91.6bn, instead of €95.3bn—as initially planned in the 2009-2014 Military Programming Law (MPL). Between 2011 and 2013, the French armed forces will thus need to save €3.5bn. This initial proposal from the Defence Ministry was validated by the adoption of the budget on 29 December 2010. Regarding the number of defence personnel, no cuts are planned. This is mainly attributed to the fact that significant cuts were already made as part of the implementation of the White Paper's guidance on Defence and National Security from 2008.

It is natural that the France French MOD would have to reexamine some of its future procurement projects in the light of defence cuts. However, there are some specific sectors that are excluded from cuts, such as deterrence and intelligence surveillance and reconnaissance (ISR). Additionally, the MOD is planning to maintain R&D funding at around €700m per year until 2013. Despite a real cut of about €1.7bn in comparison to the previous programmatic law, the procurement budget is also planned to slowly increase from €16bn in 2011 to €16.8bn in 2012 and to €17.3bn in 2013. Additionally, the MOD added an order for 11 Rafale per year between 2011 and 2013. This was mainly done in order to keep Dassault's line of production alive as the French company showcased a difficulty in finding new markets for its fighter. This could be averted if France that is in now in the final stage of negotiations with the United Arab Emirates for the sale of Rafale fighter jets could finally close this deal. However, the governmental effort to keep the aforementioned production lines open will be compensated by postponing the modernisation of the Mirage 2000D fighter and the Scorpion modernisation programme as well as the Multi-Role Transport Tanker.



As it is already mentioned no cuts are planned in the Forces structure as a consequence of the revised defence triennial spending law. The White Paper's guidance on Defence and National Security from 2008 already initiated a transformation of French military forces, including a total personnel reduction of 54,000 to an end-strength of about 225,000 troops by 2015. During the period 2011-13, the total number of personnel is expected to decrease from 314,000 to 276,000. In order to achieve this objective the French MOD is planning to pool logistic and support functions together. In order to do so, a

rationalisation of military bases is foreseen (leading to aggregating all the military forces in 75 major military bases). By the end of the process in 2015, the objective is to have achieved savings of €1.6bn per year.

Also, defence cuttings are not going to affect the commitment of the country to participate in international missions. It is indicative that funding for the mission in Afghanistan will see an overall increase by €60m to €630m in 2011.

In order to further reduce military spending, France also resorts to the option of cooperating with other countries and currently is actively searching for cooperation opportunities. On the 2nd of November 2010 during the Franco-British Summit France reaffirmed this by singing a framework agreement on defence cooperation with the UK. Apart from the co-operation in nuclear testing, 17 topics for further collaboration were identified. London and Paris agreed to pool logistics and training for the A400M. France will use spare UK air-tanker capabilities and research and technology co-operation will be continued with a joint annual budget of €100m. Nevertheless, one essential limitation that France always put in the negotiations about pooling and sharing, is that it will secure its own political capacity to act.

The global economic crisis hit hard the defence budget of France. Procurements were cut and several modernization programs were postponed. Nevertheless, this economic crisis also created opportunities for cooperation with countries that are sharing the same vision with France.

Kyriazis Vasileios
Epicos Newsletter Head Editor