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Brazilian Defence Industry: Re-establishing Itself



Currently, the Brazilian defence industry is trying to recover the place that had in the 1980s. The state of Brazil has been a vital and strong ally in this effort. By adopting a strategy of constantly rising defense budgets has the opportunity of injecting funds into the industry, and therefore completing strategic projects, such as KC-390 that will potentially transform

the country into a key global player. Additionally, by adopting a policy, which considers the transfer of technology to local companies as a prerequisite for future defence procurements, the Brazilian state is trying to create the proper circumstances for the further development of the national defence industry. Embraer is in the forefront of this company in this effort.

The Brazilian defence industry experienced its so-called “golden years” in the 1980s, when exports reached a peak of almost US\$1 billion per year. Brazil became a global player in the production and export of arms and especially in the arms market of the third and developing world. It is indicative that it was the 11th biggest supplier in the world for the period 1984-88. Engesa was exporting a broad spectrum of armoured vehicles, such as Cascavel and Urutu in the Americas, whereas Embraer exported Tucano trainer aircraft, which was purchased, even by air forces in the so-called first world countries such as France and the United Kingdom.

Embraer is in the forefront of the efforts that the country is currently employs in order for the national defence industry to be re-established in the international market. As of September 2011, the company employed 17,204 people. Embraer was Brazil’s largest exporter from 1999 to 2001 and the second largest in 2002, 2003 and 2004; something that highlights the important place that it has both in the defence industry and in the economic life of the country.



/File:Ca

As it is already mentioned, the KC-390 could potentially transform the country to a technological and industrial hub for Latin America. The main aspect that attributes this potentiality to KC-390 is the possibility of involving foreign partners in its development, something that can bring together the countries of the region in a joint project executed in Brazilian soil.



KC-390 is the Brazilian first new military product in more than a decade. It can be fairly characterized as a key propellant that will elevate Brazil to a higher level of

importance and help it evolve into an ever more influential regional player and growing world power.

The aircraft design resulted from the Embraer's development project will belong to the Brazilian government, while Embraer will be the lead technical and industrial partner. This has as a direct consequence that future talks in order to join the program will be conducted at a government-to-government level, whereas the process of adding "risk sharing" partners will be a top-down process that results in directives handed down to Embraer. This is a rather complicated procedure for the reason that if the partners selected by the Brazilian government fail to perform on an industrial level, then they will be eliminated from the program. The aforementioned structure creates a relatively complicated decision-making mechanism, which is directed by two different entities (Brazilian Government - Embraer).

The Brazilian defence industry has a rather significant opportunity to re-establish itself in the international defence market. The authorities of the country are playing a vital role in this process. By injecting funds into the industry, they enable Brazilian companies to develop and complete strategic projects, such as KC-390 that will potentially transform the country into a key global player.

Kyriazis Vasileios,
Epicos Newsletter Head Editor

Summary of Embraer's Sales for 2011



Embraer is definitely the most important Aerospace and Defence Company in Brazil and one of the most important manufacturers of commercial jets worldwide. This is highlighted

by the fact that the company delivered one hundred and five (105) commercial and ninety nine (99) executive jets in 2011. In the last quarter of the year the company delivered (32) commercial and (50) business jets. Regarding new deliveries, one of the most important and noteworthy facts in 2011 was the sale of one hundred and twenty four (124) commercial jets from the E-Jets family, which indicates an increase of 28% over the results in 2010. The Embraer E-Jets are a series of narrow-body, twin-engine, medium-range, jet airliners, which has the following variants: E-170, E-175, E-190 and E-195. At the end of the year, the firm order backlog stood at USD 15.4 billion.

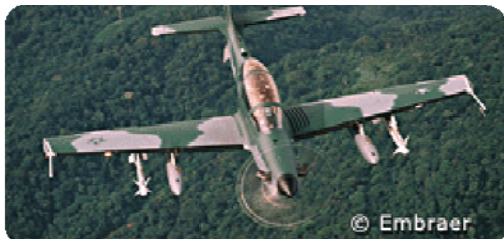
Deliveries by Segment	YEAR: 2011
Commercial Aviation	105
ERJ 145	2
EMBRAER 170	1
EMBRAER 175	10
EMBRAER 190	68
EMBRAER 195	24
Executive Aviation	99
Light jets	83
Large jets	16
TOTAL	204

Over the last three (3) months of 2011 Embraer signed (45) agreements for the sale of E-Jets. The majority of them, namely (33) were for the E190 variant (15 to BOC Aviation, in Singapore; ten (10) to CIT Group, in the U.S.A.; and six (6) to GECAS, in the U.S.A. – leasing companies; and two (2) jets to Hebei Airlines, in China). The remaining twelve (12) was for the E195 variant (11 to Azul, in Brazil; and one (1) to Jetscape, in the U.S.A.). Hebei Airlines became the

Source: Embraer

newest E-Jets operator, when it received two (2) E190s, in December.

In the business aviation segment, Embraer announced the sale of (13) large Legacy 650 executive jets to Minsheng Financial Leasing, in China. Additionally, the company rolled out from the production line to begin ground testing its newest product, the midsize Legacy 500. Finally, Embraer delivered on December 2011 the first entry level Phenom 100 produced in the United States. The airplane was received by Executive AirShare, at the Melbourne plant, in the State of Florida. Phenom 100 is a very light jet. It has a capacity for (4) passengers in



its normal configuration, but it can carry up to (8) occupants.

Regarding the defence and security sector of the company, the biggest highlight was that at the end of 2011, the United States Air Force announced the selection of the Super Tucano for the light air support (LAS) program. The aircraft

will be used to conduct advanced flight training, aerial reconnaissance and light air support

operations and will be supplied in partnership with Sierra Nevada Corporation (SNC) as the prime contractor. The total amount of the contract reached USD 355 million for supplying (20) aircrafts, including ground support for pilot training, maintenance and other required services. The contract was temporarily suspended at the beginning of 2012 by the U.S. government. The reason was that a losing competitor protested the bid in Court.

Finally, there was a significant development regarding the KC-390 military transport and refueling jet. Embraer, announced the selection of AEL Sistemas, in Porto Alegre, State of Rio Grande do Sul, to supply three (3) more systems for the aircraft.

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...

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Introduction of vapour compression technology for the development of new generation Future Soldier ballistic protection vests

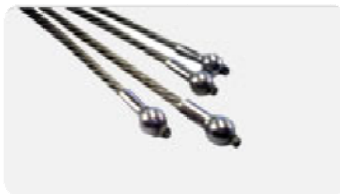


A company specializing in the manufacture of bullet proof vests is proposing the collaboration with another company for the investigation and potential development of vapour compression technology equipment for the development of new generation Future Soldier ballistic protection vests. The new vest will provide ballistic protection and parallel cooling to the soldiers.

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

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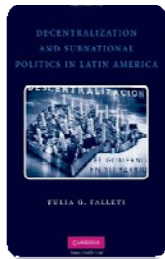
Development of Semi Rigid RF Coaxial Cables assembly line for Aerospace & Defence applications



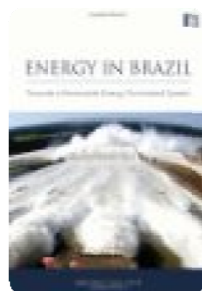
A company specialised in the production and commerce of hoses, control cables and rigid tubes for aircrafts is willing to expand its activities/capabilities in the area of Semi Rigid RF Coaxial Cables by establishing a respective assembly line to be used on various systems/projects for Aerospace & Defense applications.

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

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**Decentralization and Subnational Politics in Latin America, by Tulia G. Falletti**

One of the most prominent political philosophers of the 19th century Alexis de Tocqueville expressed the opinion that “Once administrative centralization has lasted for a while, the same power that founded it, were it later to want to destroy it, is always incapable of bringing about its ruin”. This political connotation underlines the most serious problem of decentralization. In Latin America the implied problem is even bigger as most of the times decentralization reforms put less power in the hands of governors and mayors. Tulia G. Falletti draws on extensive fieldwork, in-depth interviews, archival records, and quantitative data to explain the trajectories of decentralization processes and their markedly different outcomes in Argentina, Brazil, Colombia, and Mexico.

Energy in Brazil: Past, Present and Future, by Antonio Dias Leite

Today, more than ever before, the future of energy is interconnected with the impact that it has to the climate changes. Rapidly developing countries such as China and India are the real main players in the climate debate, with the potential for massive increases in their carbon emissions in coming years. Brazil is often included in their number, yet this country is in fact notable for its exceptionally high reliance on energy from renewable sources -- approaching 50%. However, the fact that much of this energy comes from hydropower and biofuels, and recent discoveries of massive oil reserves off of the Brazilian coast, are a recipe for controversy. This book is a major contribution to the discussion around climate change mitigation and therefore must be regarded as a must read for decision- and policymakers in the energy business.



Iberia says low-cost carrier will start flying on March 25

Spanish airline Iberia's new low-cost carrier Iberia Express, whose creation has been stiffly opposed by unions, will operate its first flight on March 25, company president Antonio Vasquez said Monday.

Iberia argues the move is needed to help it compete with other low-cost carriers but employees of the airline fear it will lead to job losses and lower salaries.

Iberia pilots have already announced stoppages in protest for January 25, 27 and 30 following two earlier strikes in December and early January.

The airline, which merged with British Airways in 2011, struck a deal Friday aimed at stopping ground staff from going ahead with a threat to join pilots in striking to protest the creation of the new low-cost carrier.

"The first flight by Iberia Express will take place on March 25," said Vasquez, before adding that the opposition from the airline's pilots was "bearable but not reasonable" because the strikes were costing Iberia money.

"The door to negotiations is open," added Vasquez, who is also chairman of International Airlines Group, the parent company of Iberia and British Airways.

Iberia says the pilots' strikes later this month would cause 289 flight cancellations over the three days, mostly within Spain and Europe.

Source: 2012 AFP, Agence France-Presse (AFP)

Saudi Arabian Airlines acheteur de huit Boeing 777

Le constructeur aeronautique americain Boeing a revele que la compagnie saoudienne Saudi Airlines etait l'acheteur de huit appareils long-courriers 777 dont la commande a ete passee en 2011.

Boeing a fait cette annonce dans un communique diffuse dans la nuit de lundi a mardi a l'occasion de sa premiere livraison a la compagnie saoudienne de 777-300ER, un appareil capable de voler sans arret 14.700 kilometres.

"Lors de la ceremonie de livraison, Saudi Arabian Airlines a annonce une commande de huit 777-300ER valorisee a 2,4 milliards de dollars au prix catalogue. Cette commande etait deja comptabilisee parmi celles de 2011 sur le site internet des commandes et livraisons de Boeing", a precise le constructeur.

La compagnie saoudienne exploite vingt-trois Boeing 777-200ER, une version anterieure.

"Avec une croissance continue (du secteur) des affaires et de l'industrie en Arabie Saoudite, la demande domestique, regionale et internationale de voyage en avions s'accroit

egalement rapidement et les 777-300 joueront un role important dans notre strategie de croissance a long-terme pour etendre et moderniser notre flotte avec des avions plus economes en carburant", a commente Khaled Al-Mulhim, directeur general de la compagnie saoudienne.

Le Boeing B777-300ER est le plus gros bireacteur long-courrier de l'industrie aeronautique capable de transporter 365 passagers.

Il rencontre un grand succes en l'absence d'un veritable concurrent sur ce creneau de long-courrier bimoteurs et bi-couloirs. L'avionneur Airbus developpe actuellement l'A350 XWB cense concurrencer l'appareil de Boeing.

Le B777-300ER (extended range) a ete mis en service en mai 2004, pres de dix ans apres la livraison du premier appareil de la famille des 777.

Source: 2012 AFP, Agence France-Presse (AFP)

Russia to withdraw troops from South Sudan: Kremlin

Russian President Dmitry Medvedev on Tuesday recalled Russian peacekeepers and military helicopters from South Sudan following the conclusion of the UN mission, the Kremlin said.

In a decree, Medvedev requested that the withdrawal be completed by April 1 and include weapons and other military equipment.

The Kremlin said that the Russians had carried out their task "with honour" and were withdrawing because of the end of the UN mission, decided in a Security Council resolution in July.

Russia has deployed around 120 troops and numerous helicopters in the region as part of the UN mission. Some already left in December, the Kremlin said.

South Sudan proclaimed its independence from Khartoum in July 2011 after more than 50 years of conflict, splitting in two what had been Africa's largest country.

Source: 2012 AFP, Agence France-Presse (AFP)

NATO gives itself upbeat report card in Afghanistan

NATO-led forces in Afghanistan on Tuesday gave themselves an upbeat report card for 2011, claiming successes on the battlefield, in the classroom and in preparing to hand over to Afghan forces.

In a "remarkably successful" year, Taliban insurgents had been forced onto the back foot in their southern stronghold, said International Security Assistance Force (ISAF) spokesman Brigadier General Carsten Jacobson.

"The success has been so great that insurgents have largely lost control of the area and now rely on IEDs (improvised-explosive devices) as their primary method of attack," he said.

And in the east, troops "significantly disrupted the Haqqani network through Operations Shamshir and Knife Edge, where coalition forces captured or eliminated over 500 insurgent leaders and fighters last fall".

The Taliban faction has been blamed for a series of high-profile attacks in Kabul, including a 19-hour siege on the US embassy on September 13.

The network is based in the Afghan-Pakistan border region, which Jacobson said would remain a key focus for operations.

Kabul itself had "become a thriving commercial capital, able to absorb and respond to spectacular attempts to disrupt security with resolute response to insurgent attacks, leaving the insurgents largely in a state of failure."

Jacobson said Afghan forces were clearly in control of the city, as part of a phased transition ahead of a pullout of NATO combat troops in 2014.

His remarks came in stark contrast to perceptions that security has worsened in the Afghan capital over the last 12 months with a series of spectacular attacks on Western targets, such as the US embassy siege.

The United Nations has also disagreed with NATO assessments, saying in September that the number of security incidents was up 39 percent on the first eight months of 2010, while ISAF said they were down two percent.

But Jacobson said the Afghan army was now almost 180,000 strong, the police had nearly 144,000 men and women in uniform, and by spring 2012 more than 50 percent of Afghanistan would be under Afghan control.

Turning to social developments, he said that in 2011 there were more than 175,000 teachers in Afghanistan compared to 20,000 in 2002, with more than eight million children in school compared to less than one million in 2002.

Last year was also "outstanding" in anti-narcotics operations, with more than 97,975 kilograms of opium, 8,823 kilograms of heroin, 61,168 of marijuana, and 148,875 of hashish seized.

In contrast to the successes of the foreign forces and the Afghan government of President Hamid Karzai, the insurgents had "a tough year", Jacobson said.

"They lost key ground and resources in 2011. They were not able to accomplish any of their stated goals for Afghanistan, whilst their leadership continues to hide across the border in Pakistan."

But in the propaganda war, the Taliban made their own assessment of the past year some 10 days ago with what they called a "formal proclamation of victory".

"Militarily successful resistance against a gigantic international alliance, full presence on the whole soil and overall perseverance" had forced "invading countries" to review their policies, the insurgents said in a statement.

This was a reference to Washington's moves towards peace talks and plans for a Taliban political office in Qatar to facilitate negotiations, as well as the decision by the US-led coalition to withdraw combat forces by 2014.

The coalition countries were "fed up militarily and logistically with this war and are planning for retreat," the Taliban said.

Source: 2012 AFP, Agence France-Presse (AFP)

Australian regulator files lawsuit against AirAsia

AirAsia was Tuesday slapped with a lawsuit by Australian regulators accusing the Asian budget carrier of failing to disclose the full price of fares on its website.

The Malaysia-based airline, which flies international services out of Australia from the Gold Coast, Melbourne and Perth, with Sydney to be added from April, was named in documents lodged at the Federal Court in Melbourne.

The Australian Competition and Consumer Commission, the country's consumer watchdog, claims some fares sold on AirAsia's website do not display prices inclusive of all taxes, duties, fees and other charges.

"Businesses that choose to advertise a part of the price of a particular product or service must also prominently specify a single total price," it said in a media release.

The regulator alleged the fares relate to flights from Melbourne to cities including London, New Delhi, and Hangzhou in China, from the Gold Coast to Ho Chi Minh City and from Perth to places such as Taipei and Phuket in Thailand.

The matter is listed to be heard on March 2 with the watchdog seeking an injunction "to restrain AirAsia from engaging in misleading conduct in the future".

It also wants a court order "that AirAsia publish corrective notices on its websites regarding the conduct".

AirAsia could not immediately be reached for comment.

Source: 2012 AFP, Agence France-Presse (AFP)