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## Defence Imports in the Americas: The Predominant Place of USA



According to the Stockholm International Peace Research Institution (SIPRI), the volume of deliveries of major conventional weapons to states in the Americas increased by 61% between 2002-2006 and 2007-11. More specifically, imports to Central America and the Caribbean decreased by 15%, imports to North America increased by 54%, and imports to South America increased by 77%. The USA was the largest importer of conventional weapons of the region whereas Chile and Venezuela jointly accounted for 61% of South American imports. USA was the eighth largest importer of conventional weapons in the world. It is worth noticing that the country during the period 2007-11 imported arms from (15) different countries, none of which accounted for more than 23% of US imports. UK played a leading role in the USA armament imports.

Apart from UK, other countries that exported arms to USA the same period were Canada, Germany and Norway. Three out of four first countries that export arms to USA, based on the amount of funds allocated are European, namely Germany, UK and Norway and one country from North America, Canada.

As it is already mentioned Venezuela played an important role in the imports of conventional arms in South America. This is highlighted by the fact that the country's arms imports increased by 555% between 2002-2006 and 2007-11 and it rose from being the 46th largest importer to the 15th largest.



Chile imported conventional arms for a total amount of 2246 US dollars expressed in US\$ m. at constant (1990) prices for the period 2007-2011. This amount was 1893 US dollars expressed in US\$ m. at constant (1990) prices for the period 2002-2006. Germany played a leading role in the country's armament imports. Apart from Germany, other important countries that exported arms to Chile were Netherlands, UK and USA.

Brazil is going to play an important role in importing conventional weapons in the years to come as the country for the period 2007-2011 has ordered a wide variety of equipment. The main reason is

that Brazil shares around 12,000km of border with seven other countries, over which the government has a weak hold over the rule of law. Furthermore, Brazil is an important regional power and if it is to sustain its international position then the improvement of its armoury should be considered as a necessity.



France has a long and strong presence in Brazil and is currently by far the biggest exporter of arms in the country. Most significantly, in

December 2008, Brazil signed an 8.6 billion EUROS agreement with France. Under this agreement Brazil purchased (4) “Scorpene” attack submarines. DCNS will act as a prime contractor for the construction of the aforementioned conventional-propulsion submarines to be built by the Joint Venture that will be set-up by DCNS and a Brazilian partner Odebrecht. The first submarine is scheduled to enter active service in 2015. The purchase of the submarines is the one part of the agreement. The second part covers the purchase and manufacture of (50) and (1) SNBR nuclear-powered submarine.

Kyriazis Vasileios,

Epicos Newsletter Head Editor

## Brazilian Defence Exports; Diversified in Geographical Terms Limited in the Range of Exported Items

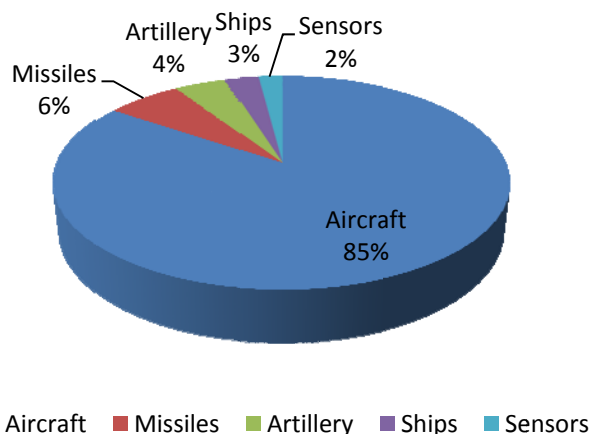


Brazil is undergoing a period of socioeconomic modernisation which is highlighted by the fact that its national economy was according to the World Economic Forum, the top country in upward evolution of competitiveness in 2009, gaining eight positions among other countries, overcoming Russia for the first time, and partially closing the competitiveness gap with India and China. Additionally, in 2010 GDP growth reached 7.5%, the highest growth rate in the past 25

years. Rising inflation led the authorities to take measures to cool the economy; these actions and the deteriorating international economic situation slowed growth to 2.7% for 2011 as a whole, though forecasts for 2012 growth are somewhat higher. These positive economic developments are in accordance with the growth of the country's defence industry. This growth is highlighted by the fact that for the period 2007-2012 the defence exports of the country has been tripled in comparison with the period 2002-2006. In 2002-2006 Brazil according to the Stockholm International Peace Research Institution (SIPRI) exported defence equipment of a total value of 115 million US dollars expressed at constant (1990) prices, whereas in the period 2007-2012 the country exported defence equipment with a total value of 115 million US dollars expressed at constant (1990) prices.

Brazilian arm exports are rather diversified in its geographical structure and limited in the range of exported items. The seven (7) first countries at importing arms from Brazil, based on the amount of funds allocated are Colombia, Ecuador, Chile, Greece, Dominican Republic, Malaysia and Pakistan. This actually denotes that Brazil is exporting in three (3) different continents, Europe (Greece) Americas (Chile, Colombia and Ecuador) and Asia (Malaysia and Pakistan). The diversification of the geographical allocation of Brazilian exports contrasts the constraint of exported items spectrum. Aircraft are the predominant area of exports for a total amount of 333 million US dollars for the period 2007-2011, whereas other areas such as missiles, artillery and ships lack significantly.

### Arms' Exports from Brazil 2007-2011



This is mainly due to the fact that Embraer dominates the Brazilian aerospace industry both in terms of the volume of arms produced and exported and in the institutional dominance that the company has managed to establish in the country. Embraer employs almost 23,860 people and 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 has both in the defence industry and in the economic life of the country.



The constitutional predominance is highlighted by the decision-making mechanism created for the addition of new partners in the KC-390 program and the dominant place that Embraer has in it. 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 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).

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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### Acquisition of advanced high speed, aerial target technology



A company with significant experience in air-to-air targets design, development and manufacturing is willing to expand its activities in the field of advanced high speed aerial targets technology, including target systems, ground control hardware and associated software for missile training. The acquisition of these technologies will be achieved through a Technology Transfer offset program.

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

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

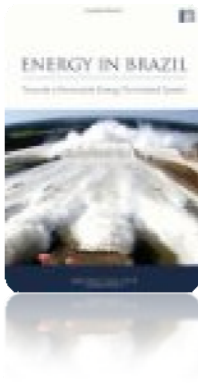
### Establishment of Chemical Laboratory capability



A company excelling in the area of Non-destructive Testing (NDT) is willing to expand its capabilities in special services (Special Processes -Chemical- Laboratory) that will complement the productivity chain, attending to the growing demand for the manufacturing of aeroparts and adding value to the machined parts.

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

**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.

**Economics of War and Peace: Economic, Legal, and Political Perspectives (Contributions to Conflict Management, Peace Economics and Development) ... Management Peace Economics and Development), by Benjamin E. Goldsmith, Jurgen Brauer**

"Economics of War and Peace: Economic, Legal, and Political Perspectives" brings together recent, cutting-edge research on economic factors affecting peace and war. This important area of continuing research was the focus of an international conference held at the University of Sydney in June 2009 and these chapters are partly drawn from among the best contributions to that meeting. The book weaves together threads from a number of themes in current research including new theoretical perspectives on the economic foundations of peace, violence and war within countries, connections between international trade and inter-state conflict, and the role of legal/institutional factors in international and internal conflict.





### Pentagon offers budget compromise to placate states

The Pentagon has offered to fund more C-130 aircraft for the Air National Guard to placate state governors complaining about proposed budget cuts that scale back fleet and personnel, officials said Monday.

Facing growing political pressure in an election year from governors and lawmakers in Congress, Defense Secretary Leon Panetta and Air Force leaders have come up with a compromise that would shift \$400 million to the Air National Guard to fund 24 C-130 transport planes, defense officials told AFP.

To pay for the change, money would have to be cut from the Air Force's budget for active duty airmen and aircraft, the officials said.

The move is unusual as the Pentagon usually makes no major changes to the gargantuan defense budget once it is submitted to Congress, and tends to hammer out compromises with lawmakers in Washington instead of state governors.

But the proposal came after Panetta and top officers held a series of meetings with governors on the issue in recent months, said defense officials, who spoke on condition of anonymity.

A bi-partisan "council of governors" from various states had proposed a much more dramatic revision of the Air Force budget, moving more money and planes from active duty forces to the Air National Guard, including F-16 fighters, aerial refueling KC-135 tankers and unmanned drone aircraft.

Top defense and Air Force officials rejected the governor's proposed changes, saying they would pose a threat to combat readiness and place a strain on active duty airmen who they say have had insufficient time back home between frequent deployments, defense officials said.

The compromise offered by the Pentagon was partly based on the idea that C-130 cargo planes are in keeping with the mission of the Air National Guard in US states, where governors turn to the Guard and the reserves to respond to natural disasters.

"We believe this proposal is very much in keeping with the national defense requirements laid out in our strategy and the public safety concerns expressed by the Council of Governors," Pentagon spokesman Captain John Kirby said in an email.

"These aircraft play a vital role in our support to civil authorities, particularly in the event of natural disasters. It's the right thing to do."

The Defense Department has requested \$613 billion for fiscal year 2013, essentially holding spending steady after a decade of massive budgets.

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



### All Nippon Airways boosts profit, sales forecast

Japan's All Nippon Airways (ANA) on Monday hiked its full-year profit forecast by some 40.0 percent, thanks to strong travel demand, cost cutting and gains on plane sales.

The carrier, which operated the maiden commercial flight of Boeing's 787 Dreamliner late last year, said it now expects a 28.0 billion yen (\$345.0 million) net profit for the fiscal year to March, up from an earlier 20.0 billion yen forecast.

ANA said its operating profit would also be higher at 97.0 billion yen, up from an earlier forecast of 90.0 billion yen, while sales would come in at 1.41 trillion yen, slightly higher than the 1.40 trillion yen previously announced.

Strong tourism demand helped boost the forecast, although ANA said its domestic business remained sluggish in the year following Japan's quake-tsunami disaster.

Its operating profits improved amid cost-cutting and better-than-expected earnings from the sale of aircraft, the carrier said without elaborating.

In February, the Japanese airline said it would aim to boost its international capacity by 22.0 percent within two years and begin fresh routes as part of a new business strategy.

Japan's aviation market has long been dominated by ANA and Japan Airlines, but this year will see the launch of a number of new low cost carriers that are expected to provide competition to the established airlines.

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

### Boeing Delivers P-8A Training Devices to Naval Air Station Jacksonville

ST. LOUIS, April 24, 2012 -- The Boeing Company [NYSE: BA] delivered a second set of P-8A Poseidon training devices to the U.S. Navy on March 29 at Naval Air Station Jacksonville, Fla. The devices consist of an Operational Flight Trainer (OFT), a Weapons Tactics Trainer (WTT) and four Electronic Classrooms.

"The P-8A Weapons Tactics Trainer is a new innovation for Boeing," said Mark McGraw, Boeing vice president for Training Systems and Government Services. "Unlike previously delivered tactics trainers, it can be used to train multiple mission operators at the same time."

The WTT has five mission-crew workstations and five instructor-operator stations. It will be used to train mission crew members to operate the P-8A Poseidon maritime surveillance aircraft's sensor and communications systems, as well as to control and deploy its weapons.

The full-motion, full-visual OFT is derived from the commercial Next-Generation 737 full-flight simulator. It can be used as a stand-alone trainer or be paired with the WTT to comprise a full P-8A Weapons Systems Trainer.

"These trainers offer improved concurrency with the aircraft configuration," McGraw added. "This will help the Navy provide comprehensive instruction to its air and mission crews in preparation for operational capability in mid-2013."

By the end of 2013, Boeing will deliver seven more OFTs and four more WTTs (for a total of nine and six), plus two Part-Task Trainers and more than two dozen classrooms and attendant courseware, to the Navy's 165,000-square-foot training facility in Jacksonville. Boeing officially delivered the first of 13 low-rate initial production P-8A Poseidon aircraft to the U.S. Navy on March 4. The Navy plans to purchase 117 P-8A aircraft to replace its P-3 fleet.

A unit of The Boeing Company, Boeing Defense, Space & Security is one of the world's largest defense, space and security businesses specializing in innovative and capabilities-driven customer solutions, and the world's largest and most versatile manufacturer of military aircraft. Headquartered in St. Louis, Boeing Defense, Space & Security is a \$32 billion business with 62,000 employees worldwide.

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Contact:

Alison Sheridan

Training Systems and Government Services

Office: +1 314-232-8187

Mobile: +1 314-614-4823

[alison.sheridan@boeing.com](mailto:alison.sheridan@boeing.com)

**Source:** Boeing Defense, Space & Security, Epicos

### India's new missile 'operational in two years'

India's new long range missile, capable of delivering a nuclear warhead anywhere in China, will be operational within two years, its developers said Friday, a day after the weapon's maiden test.

The state-run Defence Research and Development Organisation (DRDO), which built the Agni V, also rejected the prospect of India "capping" its missile programme just because it had now had a weapon with an intercontinental reach.

"We will carry out two more tests of Agni V which will take about one-and-a-half years, and after that the production of the missile will commence and we will start handing it over to the military," DRDO chief V.K. Saraswat said.

"When it reaches the military they will start training and so a maximum time of two years is needed to operationalise Agni V," he told reporters.

India successfully tested the Agni V, which has a range of 5,000 kilometres (3,100 miles) and could potentially hit targets in Europe, on Thursday, triggering an outpouring of national pride.

With its ability to strike across the Chinese mainland, the missile is seen as marking a significant upgrade of India's nuclear deterrent.

India and China, each with a population of more than one billion, have prickly relations and a legacy of mistrust that stems from a brief but bloody border war in 1962.

Saraswat, who described Thursday's test as "textbook perfect," rejected suggestions that the Agni V meant India had achieved its regional strategic objectives and so had no need of more powerful, even longer-range missiles.

"Our development needs are based upon today's threats and also evolving threats," he said.

"And so there is no question of capping any programme because we will always have an evolving threat which will require different classes of systems."

Agni, which means "fire" in Sanskrit, is the name given to a series of rockets India developed as part of its ambitious integrated guided missile development project launched in 1983.

India's shorter-range Agni I and II were developed with traditional rival Pakistan in mind, while the later versions reflect a shift in India's focus towards China.

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

### Shares in India's Kingfisher Airlines hit record low

Shares of India's troubled Kingfisher Airlines plunged to a record low Tuesday on fears that a government move to allow foreign airlines to pick up stakes in domestic carriers may be delayed.

Kingfisher shares tumbled as much as 17.15 percent to a low of 14 rupees, while budget airline SpiceJet lost 2.35 percent to 29.15. Rival Jet Airways also was down 0.67 percent to 342.8 rupees.

Kingfisher had climbed from a previous low of 14.95 on April 2, on hopes the aviation proposal would soon be cleared.

The cabinet was expected to decide on allowing foreign direct investment (FDI) in aviation, but media reports say the government is now more likely to discuss the matter first with all its allies before giving a nod.

The government last year suffered a humiliating climbdown when it was forced to backtrack on a proposal allowing foreign supermarket chains into India, amid parliamentary opposition and protests from shopkeepers and unions.

FDI in aviation is seen as a lifeline to companies such as cash-squeezed Kingfisher Airlines, controlled by billionaire liquor baron Vijay Mallya, which is in desperate need of funds to implement a turnaround plan.

Foreign airlines are barred from holding stakes in Indian airlines though other overseas investors can hold up to 49 percent.

Mallya, known as the "King of Good Times" for his flamboyant lifestyle, has been lobbying hard in support of proposals to allow foreign carriers to buy stakes in Indian airlines.

Kingfisher has scaled down its operations dramatically in recent months -- stopping international operations completely -- and now has the smallest market share among Indian airlines at just 6.4 percent.

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