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Defence Spending in African States; Procurement of Small Amount of Arms



According to the Stockholm International Peace Research Institute (SIPRI) the volume of deliveries of major conventional weapons to states in Africa increased by 110% between 2002-2006 and 2007-11. Deliveries to sub-Saharan Africa increased by 20%, whereas deliveries to North Africa increased by 273%. Another worth mentioning fact is that the share of African imports going to North African states rose from 33% to 59%. Algeria, South Africa and Morocco were by far the largest arm importers in Africa in 2007-11, accounting for 43%, 17% and 16% of the region's imports, respectively. Africa is the region which received the smallest amount of major conventional arms, during the period 2007-11, accounting for only 9% of total imports. Despite this fact armed imports may have a great impact on the region as even small imports of arms have a

major impact on regional conflict dynamics.

As it is already mentioned Algeria was by far the most significant importer of major conventional arms in Africa for the period 2007-2011. During this period the country imported (36) Su-30MK combat aircraft, 185 T-90S tanks, 2 S-300PMU-2 surface-to-air missile (SAM) systems and 2 Project-636E submarines, all supplied by Russia.

On the other hand Morocco the second importer of major conventional weapons, imported (16) F-16C combat aircraft from the USA, (27) MF-2000 combat aircraft from France and (1) SIGMA-90 class frigate from the Netherlands. Morocco has procured (2) frigates in total. The second will be delivered within 2013. The total amount of the procurement was 510 million Euros. It is worth noticing that Morocco's imports of major weapons increased by 443% between 2002-2006 and 2007-11.

The third importer of major conventional arms in Africa and the largest importer of arms in sub-Saharan Africa in 2007-11 was South Africa. South Africa accounted for 41% of sub-Saharan African imports. This small market was dominated by Germany for the period 2007-11. The European country accounted for 55% of supplies of major arms to the African country, and is followed by another European country, Sweden accounting for 30% of the South Africa's imports.



Africa is the poorest region of the planet. Economies of African states are trying hard to enhance their Gross Domestic Product (GDP) and to create sustainable socioeconomic systems. Therefore, procurement of defence equipment is not one of their first priorities, thus most of the African countries spend a relatively small amount of money in defence. Despite this fact the region has experienced violent conflicts in recent years. This actually means that in several cases the supply of relatively small volumes of arms to African countries may have had a major impact and that conflicts has low intensity.

Kyriazis Vasileios,
Epicos Newsletter Head Editor

The New Dimension of South African Procurements



Throughout the last decades the South African Department of Defence (DoD) is playing an important role in helping the government political objectives. Under this aspect DoD seeks to promote the stability of the Republic, its constitutional order and its institutions; create an environment in which South Africans are secure; and contribute towards creating a stable African continent enabling peace and development. In order to achieve this the South African government allocates a significant amount of money to defence. For the year 2011 the total military expenditure of South Africa was

38,223 million Rands significantly increase in comparison with 2010 when the country's total military expenditure was 33,748.

This increasing trend can be traced back to the early 2000s and has been intensified after 2008, when the total Military expenditure of South Africa was according to SIPRI 30,644 million. In 2009, total military expenditure reached 34,376 million Rands. In 2010 defence budget was slightly reduced to 33,748 million Rands, but this shrink was overwhelmed by the increase that took place in 2009. This can be largely explained by the increased need, due to the fact that the country organized the FIFA World Cup. Defence forces had to work together with the police forces in cross border operations and other internal law enforcement operations, something that significantly increased their operational readiness and therefore their operating costs.

Military expenditure of South Africa

| YEAR | 2008 | 2009 | 2010 | 2011 |
|---|--------|--------|--------|--------|
| In local currency (million rand) | 30,644 | 34,376 | 33,748 | 38,223 |
| As percentage of gross domestic product | 1.3 | 1.4 | 1.3 | - |

Source: SIPRI

During the last years the country procured a variety of defence equipment. Germany has a leading role in the South African armament imports. Apart from Germany, other important countries that export arms to South Africa for the period 2007-2011 are Sweden, UK, USA and Italy.

In 2008 South Africa procured (170) MILAN anti-tank missiles from Germany. The total amount of the procurement was 11 million Euros. The deliveries of the missiles were completed in 2010.



The collaboration between Sweden and South Africa commenced in the beginning of the 21st century when the African country procured (25) Gripen fighting aircrafts. This collaboration intensified in 2008 when South Africa bought (264) DI-12 diesel engines in order to use them in Patria's AMV APC vehicles.

The South African armed forces are trying to provide, manage, prepare and employ defence capabilities that will match the needs of the country. The above is been provided through the proper management, provision, preparedness and employment of defence capabilities that are in line with the domestic and global needs of South Africa. Nevertheless, these objectives should be in accordance with the economic limitations that the national defence budget is imposing.

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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Titanium-based Powder Injection Molding Parts for Aircraft/Jet Engine Applications



A company with extensive experience in the development of advanced products and materials applications – complex shape metallic, cermets and ceramic parts – using Powder Injection Molding (PIM), is proposing the development of titanium alloy forming process based on PIM for applications that meet the most demanding standards of aerospace sector. The process development will ultimately lead in the production of complex shape airframe and jet engine parts; the capability for manufacturing of other structural parts (e.g. surgical implants) will also be established.

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Rugged mission data recording system for monitoring and debriefing applications in modern digital ground forces



A company with vast experience in industrial rugged computers development and production and video signal processing, is proposing the development of a new rugged mission data recording system to be used in several network centric battlefield applications providing continuous monitoring (multiple video and audio signals) and training (e.g. debriefing) applications. The recording system will interface with vehicle vectronics collecting and storing video and audio from crew members and various sensors providing advanced debriefing capabilities.

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Globalization and the National Security State, by Norrin M. Ripsman, T.V. Paul



Globalization
and the National Security State

NORRIN M. RIPSMAN and T.V. PAUL



Since its inception as a social institution, the primary purpose of the nation-state has been to provide security within a geographically defined territory against both external and internal threats. Throughout many political and socioeconomic changes that occurred the last decades nation-states lost some of their jurisdiction. Many have posited a correlation between the spread of globalization and the decline of the nation-state. In the realm of national security, advocates of the globalization thesis have argued that states' power has diminished relative to transnational governmental institutions, NGOs, and transnational capitalism. Initially, they pointed to declines in both global military spending (which has risen dramatically in recent years) and interstate war. But are these trends really indicative of the decline of nation-state's role as a guarantor of national security?

The Comparative Political Economy of Development: Africa and South Asia (Routledge Studies in Development Economics), by Barbara Harriss-White , Judith Heyer



This book illustrates the enduring relevance and vitality of the comparative political economy of development approach promoted among others by a group of social scientists in Oxford in the 1980s and 1990s. Contributors demonstrate the viability of this approach as researchers and academics become more convinced of the inadequacies of orthodox approaches to the understanding of development. Detailed case material obtained from comparative field research in Africa and South Asia informs analyses of exploitation in agriculture; the dynamics of rural poverty; seasonality; the non farm economy; class formation; labour and unfreedom; the gendering of the labour force; small scale production and contract farming; social networks in industrial clusters; stigma and discrimination in the rural and urban economy and its politics. Reasoned policy suggestions are made and an analysis of the comparative political economy of development approach is applied to the situation of Africa and South Asia.



US seeks to modernize NATO, deepen partnerships

The United States will push to modernize NATO, deepen alliance partnerships and hammer out details of the Afghanistan withdrawal at an upcoming summit, White House officials said Thursday.

"The alliance needs to be more deployable and more adaptable and we're taking those lessons learned from Afghanistan and integrating them into our planning going forward," said Elizabeth Sherwood-Randall, the National Security Council's director of European affairs.

NATO is pursuing a number of "smart defense" initiatives that will ensure that in an era of constrained military budgets, the transatlantic military alliance acts as a "force multiplier" that avoids "duplication or wasted expenditure," she said.

Baltic members are working to enhance their contributions and Sherwood-Randall said she anticipates that "substantial announcements" on air defense will be made as part of a "big package of capabilities" that will be presented at the summit.

The United States also hopes to advance progress already made on a missile defense system despite Russian concerns, said Deputy National Security Adviser Ben Rhodes.

"Even as we'd like to cooperate with the Russians on the issue of missile defense we're not going to stop moving forward on our system just because of the concerns that they've raised," he added.

"We believe it's important to our security, we believe that it's important to European security and we frankly don't believe that it does threaten the strategic balance that is in the world's interest in terms of having global security."

While Russian President Vladimir Putin will not attend the summit, discussions continue at the ministerial level, Rhodes added.

The United States also hopes to use the summit -- set to be held in President Barack Obama's hometown of Chicago -- to highlight and deepen NATO's global partnerships, Rhodes said.

"We want to make sure that NATO can project beyond its borders," he said, adding that in order to meet the challenges of global threats, NATO must be not only be an alliance but also a "hub of relationships around the world."

The summit will include members of NATO's International Security Assistance Force who will work to update plans for the transition to "full Afghan responsibility for their country," Rhodes added.

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

Brazil to get tech transfer if it buys US jets: Panetta

Brazil will get US advanced technology transfers if it buys Boeing's F/A-18 Super Hornet fighter jet to upgrade its air force, US Defense Secretary Leon Panetta said here Wednesday.

The F/A-18 Super Hornet is competing against the Rafale fighter, made by French firm Dassault Aviation, and Swedish manufacturer Saab's Gripen for Brazil's contract for 36 next-generation fighter jets valued at between \$4 billion and \$7 billion.

Brazil, Latin America's dominant power and the world's sixth largest economy, is now insisting on technology transfer in all its defense agreements.

In a clear sign of Washington's desire to win the lucrative contract, Panetta said: "This offer, which has the strong support of the US Congress, contains an unprecedented advanced technology sharing that is reserved for only our closest allies and partners."

"This offer is about much more than providing Brazil with the best fighter available," he added in an address to a military academy. "With the Super Hornet, Brazil's defense and aviation industries would be able to transform their partnerships with US companies, and they would have the best opportunity to plug into worldwide markets."

On its first visit to Brazil since he was appointed in June last year, Panetta held talks with his Brazilian counterpart Celso Amorim in Brasilia Tuesday.

The two inaugurated the new Defense Cooperation Dialogue agreed during President Dilma Rousseff's recent visit to Washington.

Amorim made clear after meeting Panetta that Brasilia's main interest was securing technology transfer from the new alliance proposed by Washington.

In addition to technology transfers, Brasilia also wants some of the jet fighters to be assembled in this country, which according to analysts might favor the Rafale.

In a related development, France's Rafale International consortium signed three agreements with southern Brazilian firms to broaden its technological cooperation if Brasilia picks the Rafale, Jean-Marc Merialdo, head of Dassault's Brazilian unit, said.

"We are taking another step to broaden our cooperation," he told AFP from Porto Alegre.

Since late 2010, the consortium has already organized four seminars in several Brazilian cities to widen its range of partners should the Rafale be selected for Brazil's air force upgrade.

France is offering full technology transfers in its bid to win the contract.

Meanwhile, Brasilia was irked by the US cancelation of a \$380 million contract with Embraer to buy 20 AT-29 Super Tucano aircraft from Embraer for the Afghan army.

Embraer and its US partner Sierra Nevada were awarded the contract in December but the US Air Force called off the deal in February after a legal challenge from rival Hawker Beechcraft Corp.

The Pentagon has called for a new round of bidding for the contract, but in any case, the equipment will not be delivered before 2014.

Panetta also said Washington welcomed Brazil's rise as a global power.

"This is a relationship between two global powers, and we welcome Brazil's growing strength. We support Brazil as a global leader and seek closer defense cooperation," he noted.

"We won't agree on every matter -- no two countries, not even the closest allies, ever do. But I do believe that our common interests are so great, and the possibilities that come from our cooperation are so tangible, that we must seize this opportunity to build a stronger defense partnership for the future," Panetta said here.

The Brazilian-US dialogue is also meant to resolve other issues such as the US decision in 2008 to reactivate its Fourth Fleet in the South Atlantic, a strategic and resource-rich area where regional countries do not want any external military presence.

Panetta on Monday began his first Latin America tour in Colombia and was also to visit Chile after Brazil in a bid to boost military cooperation and regional security ties.

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

Japan's ANA posts record operating profit for 2011

Japan's All Nippon Airways (ANA) on Friday posted a record operating profit of \$1.2 billion in the year ended in March, boosted by cost cuts and a recovery in international travel demand.

ANA's group profit reached 97.02 billion yen, soaring 43.1 percent from the year before and eclipsing the previous record of 92.1 billion yen in fiscal 2006.

Group revenue rose 4.0 percent to 1.41 trillion yen with net profit rising 20.9 percent to 28.18 billion yen.

The strong results reflected "measures taken by the group to stimulate demand and cut costs in the face of a challenging economic environment," the company said in a statement.

"Despite a number of potential headwinds in the coming 12 months, ANA expects to make further progress in the current fiscal year ending March 2013, using its strength as a network carrier and the launch of low-cost airline operations to improve overall group performance."

ANA projects operating profit will rise 13.4 percent to 110 billion yen year-on-year in fiscal 2012 and net profit by 42.0 percent to 40 billion yen on a 6.3 percent rise in revenue to 1.5 trillion yen.

Japan's aviation market has long been dominated by ANA and Japan Airlines, but this year sees 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)

US durable-goods orders plunge in March

New orders for US durable goods plunged in March amid a sharp drop in commercial aircraft orders, said government data released Wednesday.

New orders of durable goods, defined as products designed to last at least three years, tumbled 4.2 percent from February, the Commerce Department reported. The decline was much bigger than analysts' average forecast of a 1.7 percent drop.

A massive 47.6 percent drop in civilian aircraft orders, a highly volatile segment month-to-month, drove the weak performance.

"This looks horrible" but the headline number was dragged down by aircraft orders in March, said Ian Shepherdson, chief US economist at High Frequency Economics, noting that aircraft orders "are trending strongly upwards but were unsustainably strong in February."

Excluding transportation orders, durable goods orders fell 1.1 percent in March, instead of the 0.5 percent increase predicted by most analysts.

The fall-off in orders in March was broad-based. Apart from transportation orders, which fell 12.5 percent, their steepest plunge since November 2010, the worst-performing segment was machinery orders, down 2.6 percent.

The disappointing March reading capped a wobbly first quarter for the manufacturing sector, a key pillar of the US economic recovery from a deep recession.

Durable goods orders fell sharply in January, by 3.5 percent, but rose a revised 1.9 percent in February.

The first quarter, however, marked an improvement from a year ago, with durable-goods orders up 9.1 percent.

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

Boeing earnings jump 58% in first quarter

Earnings at US aircraft giant Boeing surged a strong 58 percent in the first quarter, the company reported Wednesday, as sales of commercial planes continued to grow despite the weak global economy.

Net income rose to \$923 million, up from \$586 million a year earlier, while earnings per share hit \$1.23, up from 79 cents, easily beating analyst forecasts.

Revenues rose 30 percent to \$19.4 billion, with commercial aircraft sales at \$10.9 billion, up 54 percent from a year earlier.

The aerospace and defense company delivered 137 commercial aircraft in the quarter, compared with 104 a year ago.

Helped by orders for the new 737 MAX and a contract to supply 84 F-15 fighter jets to Saudi Arabia, Boeing's backlog of aircraft orders hit \$380 billion.

The company racked up \$42 billion in new orders during the January-March 2012 period.

Despite a slowdown in US defense and space spending, the company's defense, space and security divisions saw revenues rise 8.1 percent to \$8.2 billion.

Earnings also got a boost from a reduction of the company's reserves for anticipated legal costs, which added 11 cents to earnings per share, Boeing said.

"Strong core operating performance from our production programs and services businesses continues to drive expanded earnings, revenue and cash flow for Boeing," said chairman and chief executive Jim McNerney.

He called the outlook for the coming year "positive" and Boeing boosted its profits forecast to \$4.15-\$4.35 a share, helped both by an improved sales outlook and the benefits from the drop in the litigation reserves.

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