

Part I**Special Focus: East Asia**

1. Defence Procurements of East Asia
2. Philippines; New Procurements of Defence Equipment
3. Epicos “Industrial Cooperation and Offset Projects”
4. Insensitive Munitions plastic bonded explosive, FOXIT, warheads for smart underwater mines and torpedoes
5. Body and Chassis manufacturing using steel alloys technology for Light to Medium and Heavy (MRAP) Weight Armored Wheeled Vehicles
6. Epicos - Amazon

Part II**Epicos Newsroom**

1. Turkey pushes US for sale of drones: report
2. Qantas to split international, domestic businesses
3. Kuwait plans \$6 billion airport expansion
4. Swedish Skyways and City Airlines to file for bankruptcy
5. Elbit Systems Awarded Approximately \$160 Million Contract to Supply Unmanned Aircraft Systems (UAS) to a European Country

Defence Procurements of East Asia



According to the Stockholm

International Peace Research Institute (SIPRI)

Asia and Oceania was the region with the biggest volume of arm imports for the period 2007-2011.

One of the most eminent recipient sub-region was East Asia. According to the same Institute the military spending of some of the countries of the sub region was: Indonesia, 5,220 million US dollars in constant (2010) prices; Malaysia, 4,223 million US dollars in

constant (2010) prices; Philippines, 2,225 million US dollars in constant (2010) prices; Singapore, \$8,302 million dollars in constant (2010) prices; Thailand, \$5,114 million dollars in constant (2010) prices.

Singapore maintains a well-integrated force that is trim, balanced and potent. For this reason this Asian county allocates significant amounts of funds to defence. This is clearly illustrated by the fact that during the period 2007-2011 imports of arm equipment reached the amount of 40,843 million US dollars expressed in constant (2010) prices whereas for the period 2002-2006 this amount was 36,278 US dollars, hence significantly increased.

Military expenditure of East Asian Countries

In constant (2010) US\$ m.	2007	2008	2009	2010	2011
Indonesia	4,073	3,800	3,971	4,663	5,220
Malaysia	4,571	4,674	4,413	3,859	4,223
Philippines	2,414	2,391	2,322	2,438	2,225
Singapore	7,935	7,998	8,264	8,323	8,302
Thailand	3,908	4,600	5,485	4,846	5,114

Source: SIPRI Publications

USA has a leading role in the Singapore arm imports. For the period 2007-2011 Singapore imported defence equipment amounting 2184 US\$ m. at constant (1990) prices from this country. Apart from USA, other important countries that export arms to Singapore are France, Germany and Israel. Imports are diversified in their geographical structure. The four (4) first places are occupied by two (2) European counties (Germany and France), a country from Middle East (Israel) and one from North America (USA).



Regarding Indonesia, the Netherlands has the leading role in the country's defence imports. For the period 2007-2011 Indonesia imported defence equipment amounting 594 US\$ m. at constant (1990) prices from the European country. Other important countries that export

arms to Singapore are Russia, South Korea and France.

Almost the same countries play a prominent role in the Malaysian defence imports. Russia has a leading role in the Malaysian arm imports as for the period 2007-2011 the Asian country imported defence equipment amounting for 1311 US\$ m. at constant (1990) prices. Other important countries that export arms to Malaysia are, France, Germany and Spain.

Finally, Sweden has a leading role in the arm imports of Thailand, as for the period 2007-2011 the Asian country imported defence equipment amounting for 177 US\$ m. at constant (1990) prices. Other important countries that export arms to Thailand are Ukraine, USA and China.

Kyriazis Vasileios
Epicos Newsletter Head Editor

Philippines; New Procurements of Defence Equipment



The Department of National Defense (DND) of Philippines is planning to buy second-hand fighter jets and missile-firing gunboats. The selection according to Mr. Peter Paul Galvez, DND spokesman is ongoing and these air and sea fighting equipment will be most probably acquired from USA, France, Italy, United Kingdom and South Korea.

As Mr. Galvez explicitly stated, "...we now have these defense cooperative arrangements with these countries and through this scheme we will be able to acquire fighter jets and gunboats at a lower price from them". The aforementioned acquisitions are in accordance with the country's ongoing effort to build credible armed forces.

The most important factors being considered by the Asian country in these defense procurements are the capability, longevity and cost of maintenance of these air and naval assets.

The president of the Philippines, Mr. Benigno "Noy" Aquino III has deliberately tried to modernize the Armed Forces. It is indicative that the Department of National Defense (DND) spent \$395 million on modernization projects compared with the average of \$51 million annually during the previous 15 years. DND estimates that the modernization program for



the six-year's term of Mr. Aquino will cost almost \$1 billion.

Nevertheless, this modernization program should be regarded as necessary as the country is

in need of such a program. It is indicative that the US-based Center for a New American Security (CNAS) in a dedicated report has stated that the country's armed forces needs up to four squadrons (48) of upgraded Lockheed Martin F-16 fighter jets, well-armed frigates and corvette-size, fast to surface combatant vessels and minesweepers and four to six mini submarines in order to build a credible defense force in the face of China's increasing belligerence in the South China Sea.

USA is currently the main exporter of arms in Philippines. Apart from USA, important countries that export arms to are Italy, Turkey and South Korea. Imports are rather diversified in their geographical structure. USA is the predominant importer but the next three (4) places are occupied by (2) European countries (Italy and Turkey) and a country from Asia (South Korea).

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

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

	2008	2009	2010	2011	Total
USA	10	0*	5	65	81
Italy	-	-	1	3	4
Turkey	-	-	2	-	2
South Korea	-	1	-	-	1

Source: SIPRI Publications, Arms Transfers Database

The authorities of Philippines have deliberately tried to create a new defence doctrine that will help the country overcome deficiencies of the past. Therefore, the president of the Philippines, Mr. Benigno “Noynoy” Aquino III, has structured a costly Defense Reform Program with the goal of creating an army capable of responding to current and emerging threats that will usher in a secure, stable and peaceful environment conducive to economic growth and national development.

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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Insensitive Munitions plastic bonded explosive, FOXIT, warheads for smart underwater mines and torpedoes

A leading developer and manufacturer of explosives is proposing an implementation of his fully IM (Insensitive Munitions) compatible warhead subsystem to new generation, smart underwater mines and torpedoes.

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

Mail at: g-menexis@epicos.com

Body and Chassis manufacturing using steel alloys technology for Light to Medium and Heavy (MRAP) Weight Armored Wheeled Vehicles

A company with long standing experience in manufacturing of metallic (high strength and stainless steel) components and parts for the automobile industry is willing to expand its activities in the manufacturing of Body & Chassis using steel alloys technology for a wide range of military vehicles, from Light to Medium Weight Armored Wheeled Vehicles up to heavy Mine Resistant Ambush Protected (MRAP) vehicles.

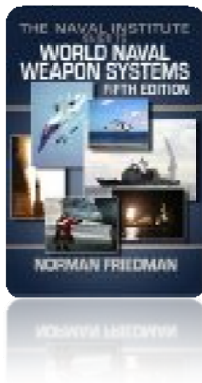
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Naval Institute Guide to World Naval Weapon Systems, by Norman Friedman



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

The Flexible Developmental State: "The Case of Singapore Electronics Industry", by Jayarethanam Pillai



Singapore economy has been an example of openness, flexibility and development. This book re-examines the conceptual framework of the Developmental State for application to the case of Singapore and especially the national Electronics industry. The study adds to the growing literature on the working of the Singapore public policy system and provides insights into the nature, dynamics and operation of the state and the functions and roles of the policy bureaucracies in particular towards industry development. Original evidence presented provides a distinctive holistic approach to checking results by contrasting research methods. Such approach leads us to a robust validation of the utility of conceptualizing Singapore as a Flexible Developmental State' as well as providing new specific findings, policy suggestions and conclusions on a range of related industry strategy activities and outcomes for Singapore.

**Turkey pushes US for sale of drones: report**

The Obama administration is trying to convince the US Congress to approve the sale of spy drones to Turkey for its campaign against Kurdish rebels, the Turkish president was quoted as saying Tuesday.

"Actually the administration has a positive stance (over the sale)," President Abdullah Gul was quoted as telling the Anatolia news agency in Chicago where he was attending a NATO summit.

"They (the administration) are trying to convince the Congress," he added.

The United States has deployed Predator drones to Turkey from neighbouring Iraq for surveillance flights in support of Ankara's fight against Kurdish rebels, Pentagon announced in November.

After US forces withdrew from Iraq in December, the four American unmanned aircraft were shifted from an air field in northern Iraq to the Incirlik air base in Turkey.

But Turkey wants to buy armed drones whose sale depends on an approval from Congress amid concerns that pro-Israeli lobbies may hinder such a sale due to Ankara's tense relations with the Jewish state.

A botched air raid launched by the Turkish military that killed 34 civilians in December may also complicate further sales.

Gul met with US President Barack Obama on the sidelines of the NATO summit late Monday.

"I've repeated our demands," said Gul. "It is necessary to trust, not envy such a country, which is an important ally. As you know, President Obama, Secretary of State Clinton and her assistants are doing their best."

Gul declined to say how many drones Turkey wants to buy from the United States.

The Kurdistan Workers' Party (PKK), listed as a terrorist organisation by Turkey and much of the international community, took up arms for Kurdish independence in southeastern Turkey in 1984.

It sparked a conflict that has claimed about 45,000 lives.

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

Qantas to split international, domestic businesses

Embattled Australian flag carrier Qantas said Tuesday it will split its loss-making international arm from its domestic operations as part of a drive to turn around its fortunes.

Each of the two entities, currently combined as Qantas Airways, will run as separate businesses from July with their own chief executives and reporting of financial results.

The move follows an 83 percent slump in first-half net profit in the six months to December and a day after it announced the loss of 500 maintenance and engineering jobs.

The airline said the restructure would "enable a greater focus on the priorities of turning around the Qantas international business and enhancing the strong Qantas domestic business".

It was welcomed by the markets, with Qantas shares gaining 2.8 percent to Aus\$1.47.

Group chief Alan Joyce remains in overall charge and said the transformation would strengthen the airline and help it deliver its strategic goals.

"Formally separating the management of Qantas international and Qantas domestic will ensure that we can independently run each business according to its specific priorities and market conditions," he said.

"These measures give us the right structure to address the challenges and opportunities we face -- and the right people."

He added he was determined to stem the decline in the international business, which recorded losses of Aus\$200 million (US\$200 million) in the 2010/11 financial year, hit hard by weak demand and soaring fuel costs.

"We are committed to turning it around ... based on flying to global gateways, deeper alliances, smart investment in product and disciplined capital management."

A series of executive changes were also announced with Bruce Buchanan -- the long-time head of Qantas's successful budget offshoot Jetstar, who had been seen as a potential successor to Joyce -- leaving after a six-month transition period.

He plans to work "with other Australian companies seeking to expand into growth markets within Asia".

Simon Hickey, who is currently in charge of the Qantas Frequent Flyer programme, was appointed chief executive of the international business while Qantas operations boss Lyell Strambi will run the domestic arm.

The Australian and International Pilots Association cautiously welcomed the move.

"Hopefully this signals a renewed intent to get on with the important mission of repairing the Qantas brand," said treasurer Adam Susz.

The latest development in Joyce's plan to turn around Qantas's fortunes comes a day after he announced 500 jobs will be axed in its heavy maintenance and engineering operations.

In the reorganisation, Qantas will cease heavy maintenance at Tullamarine airport in Melbourne by August, with work being consolidated in Avalon, another facility near the Victorian state capital, and the eastern city of Brisbane.

Qantas has been forced to act after its disastrous profit figures, caused by high fuel costs and a bitter battle with unions over wages and conditions that saw Joyce ground the entire fleet for 48 hours in October.

Unions remain worried that jobs could be sent abroad to keep costs down, but Centre for Asia-Pacific Aviation chief Peter Harmison said the hiving off of the international arm was more about efficiency.

"Essentially, I see this as trying to make the operations more efficient and transparent," he said.

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

Kuwait plans \$6 billion airport expansion

The oil-rich Gulf state of Kuwait will spend \$6 billion to expand its international airport to handle 13 million passengers by 2016, the head of the civil aviation directorate said on Tuesday.

"The cost of the projects amounts to \$6 billion," Fawaz al-Farah told reporters at an airport show in Dubai, adding that work is expected to begin this year.

The passenger terminal, which was built in 1980, currently has the capacity to handle around seven million passengers a year but this will increase to 13 million by 2016, the year the expansion plan should be completed, Farah said.

The capacity could be increased to 25 million by 2025, he added.

The plan to expand the passenger terminal to occupy 710,000 square metres (7.6 million square feet) is expected to cost \$3 billion. The other \$3 billion will be spent on other projects, including widening the runways, a new control tower and a new cargo town, he said. Kuwait airport handled 8.5 million passengers in 2011, he said, expecting the number to exceed nine million passengers this year.

The emirate's Kuwait Airways and the privately-owned low-cost Jazeera Airways operate from the airport.

The privatisation-bound national carrier has been a loss maker in all but one of the past 21 years, accumulating losses of more than \$2.7 billion.

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

Swedish Skyways and City Airlines to file for bankruptcy

Swedish regional airline Skyways and its subsidiary City Airline said Tuesday they had been forced to stop all payments and would file for bankruptcy later in the day.

"Therefore there will be no use for passengers to go to the airport," Skyways said in a statement.

The airlines flew to around 20 destinations mainly in Sweden, but also serviced a number of European cities, including Helsinki, Copenhagen, Prague, Riga, Tallinn, Kiev, Birmingham, Manchester, Lyon and Zurich.

Sweden's main airport Arlanda alone had 31 cancelled flights Tuesday due to the bankruptcy, and Swedish public radio reported that some 12,000 people held tickets for scrapped flights.

Around 350 pilots, flight attendants and ground personnel were at risk of losing their jobs, it reported.

"I was supposed to fly to Stockholm with Skyways but was told at the check-in at around 6:00 am (0400 GMT) that Skyways had gone bankrupt and that our plane would not be going to Stockholm," Sven-Aake Svensson told the radio at the airport in central southern town of Joenkoeping.

Skyways explained that "the owners of the company have decided not to fund the company any longer and therefore the Board of Directors was forced to decide to stop all payments and to stop all flights."

"It feels very sad for the company and for our passengers that will be immediately affected. It is also very sad for the personnel also at risk to lose their jobs," Skyways and City Airlines chief executive Mikael Waangdahl said in the statement.

In neighbouring Denmark the Cimber Sterling airline filed for bankruptcy at the beginning of the month, and according to Swedish public radio, higher fuel prices were likely the main reason the small airlines in the region were going belly-up.

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

Elbit Systems Awarded Approximately \$160 Million Contract to Supply Unmanned Aircraft Systems (UAS) to a European Country

Haifa, Israel, May 22, 2012 – Elbit Systems Ltd. (NASDAQ and TASE: ESLT) ("Elbit Systems") announced today that it was awarded an approximately \$160 million contract by a European customer, to supply Unmanned Aircraft Systems (UAS). The systems will be supplied over the next two years.

Joseph Ackerman, President and CEO of Elbit Systems, noted: "More and more customers worldwide have come to the conclusion that Elbit Systems' UAS are the ultimate solution for their operational needs, following years of extensive operational experience accumulated in

service with the Israeli Defense Forces (IDF), as well as additional world leading armed forces for their Air, Land and Special Forces. Technological advancement, a deep understanding of the customer's needs, ongoing development processes that adapt our UAS to the changing requirements of the modern battlefield as well as logistic support, all strengthen Elbit Systems' position as a world leader in this field. We are very proud of this new award, which marks a significant milestone in the chain of our UAS contract awards and we hope that additional customers will follow in selecting our UAS."

About Elbit Systems

Elbit Systems Ltd. is an international defense electronics company engaged in a wide range of programs throughout the world. The Company, which includes Elbit Systems and its subsidiaries, operates in the areas of aerospace, land and naval systems, command, control, communications, computers, intelligence surveillance and reconnaissance ("C4ISR"), unmanned aircraft systems ("UAS"), advanced electro-optics, electro-optic space systems, EW suites, airborne warning systems, ELINT systems, data links and military communications systems and radios. The Company also focuses on the upgrading of existing military platforms, developing new technologies for defense, homeland security and commercial aviation applications and providing a range of support services.

For additional information, visit: www.elbitsystems.com.

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