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Boeing: Estimations for the Global Aircraft Market



On July 3, 2012, Boeing made an estimation of a potential \$4.5 trillion market for 34,000 new airplanes over the next 20 years. Vice President of Marketing, Boeing Commercial Airplanes Mr. Randy Tinseth said that: "The world's aviation market is broader, deeper and more diverse than we've ever seen it. It has proven to be resilient even during some very challenging years and is driving production rate

increases across the board". According to Boeing's estimations, airline traffic is projected to grow at a 5% annual rate over the next two decades, with cargo traffic projected to grow at an annual rate of 5.2%. Single-aisle airplanes with 23,240 future deliveries accounting for almost \$2,030B dollars are the most predominant type of airplane that will be sold in the future.

New Airplane Deliveries: 2012-2031

Airplane Type	Total Deliveries	Dollar Value
Single-aisle	23,240	\$2,030B
Twin-aisle	7,950	\$2,080B
Large	790	\$280B
Regional jets	2,020	\$80B

Source: Boeing

Robust growth in China, India and other emerging markets is a major factor in the increased deliveries over the next 20 years. The main reason is that 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. In India this number is just 0.1. Increasing wealth in countries like China will automatically increase the need for more aircrafts in the area of Asia-Pacific as more people will have access to air travel.

Another reason in the increased deliveries is the strong demand to replace older, less fuel efficient airplanes. Soaring oil prices will force airlines to replace current airplanes in order to save on fuel. Boeing forecasts that replacement will account for 41% of new deliveries.

New Airplane Deliveries: 2012-2031

Region	Airplanes
Asia Pacific	12,030
Europe	7,760
North America	7,290
Latin America	2,510
Middle East	2,370
C.I.S.	1,140
Africa	900
World Total	34,000

Source: Boeing

The region of Asia-Pacific will lead the global demand with 12,030 new airplanes estimated to be bought in the next twenty years. Europe and North America will follow, with 7,760 and 7,290 airplanes.

Regarding the freighters market Boeing projections is that the world freighter fleet will nearly double from 1,740 aircraft today to 3,200 at the end of 2030. Additions to the fleet will include 940 new-production freighters (market value of \$250 billion) and 1,820 airplanes converted from passenger models. Large (more than 88.2 tons capacity/80 tonnes) freighters will account for 680 new-build airplanes. Medium (44.1 to 88.2 tons/40 to 80 tonnes) freighters will total 260 airplanes. No new standard-body freighters (49.6 tons/less than 45 tonnes) will be required, but there will be 1,120 standard-body conversions.

Kyriazis Vasileios,

Epicos Newsletter Head Editor

Global traffic results for May



On July 2, 2012, The International Air Transport Association (IATA) announced the global traffic results for May. The international associations' statistics show a downward trend. Passenger demand increased by 4.5% in comparison with May 2011, but was virtually flat compared to April 2012. Capacity increased by 4.0% and load factors stood at 77.6%



below the levels recorder in April. On the occasion of the release of the data Tony Tyler, IATA's Director General and CEO stated that: "The airline industry is fragile. Relief in oil prices provides some good news. Unfortunately, the softness in oil markets comes on the back of fears of deterioration in the European economy. Business and consumer confidence are falling. And we are seeing the first signs of that in slowing demand and softer load factors. This does not bode well for industry profitability. Airlines are expected to return a \$3 billion profit in 2012 on \$631 billion in revenues. That's a razor-thin 0.5% margin,"

Compared to May 2011 passenger demand showcased an increase of 5.6%, while it was well below the 7.1% growth recorded in April. Nevertheless, the capacity expansion of 4.1% resulted in the improvement of load factors from 75.9% in May 2011 to 77.0% for the current month.

Region	Demand Growth (May 2012)	Load Factors (May 2012)
Europe	4.1%	78.5%
North America	1.5%	82.1%
Asia-Pacific	5.5%	75.4%
Middle East	15.8%	74%
Latin America	7.4%	77.1%
Africa	9.7%	62.9%

Source: International Air Transport Association (IATA)

Apart from the Middle East carriers all the other carriers of the remaining regions showed a decline in passenger demand compared to April. Namely, European carriers posted 4.1% growth on international services when compared to the previous May, while this number was significantly below the 5.7% year-on-year growth recorded for April. Load factor was at 78.5%, 1.5% ahead of the global average.

North American airlines experienced a 1.5% increase on international demand in May compared to the previous year. This is slightly below the 1.6% year-on-year growth recorded in April. North America's load factor was the highest among the other regions, reaching 82.1%.

The Asia-Pacific region carriers showcased a 5.5% increase on demand compared with the same period of the previous year, while it was considerably lowered compared with the 8.6% annual growth recorded in April 2012. Load factors reached 75.4%.

Middle East carriers were the only that recorded growth compared to April. In May they showed an annual growth of 15.8% while in April reported a 15.2% growth. Despite this fact, load factor was the second-weakest among regions at 74.0%.

Airlines of Latin America, recorded a growth of 7.4%, increased by 1.4% points compared to May 2011 levels. Capacity expansion was at 5.5% and load factors at 77.1%. Finally, African airlines showcased demand growth of 9.7% compared to May 2011. Capacity expansion was at 11.8% and Load factors at 62.9%.



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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Design, development and engineering services for the Aerospace and Defence industry



A company devoted to the development of structures for aeronautical, space and automotive areas is proposing the collaboration with a Prime Aeronautical Contractor for the design, development and engineering - through outsourcing - of specific parts and segments of its current and future development plans.

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

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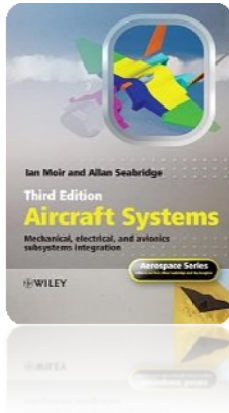
Parts and assemblies production for the Aerospace and Defence Industry



A company with extensive experience in machining and producing of aeronautical parts and assemblies is proposing the cooperation with an aerospace and defense Prime contractor or lower tier company for the subcontracting/sourcing of parts and assemblies manufacturing for specific A&D programs.

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

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Epicos- Amazon**Aircraft Systems: Mechanical, Electrical and Avionics Subsystems Integration, by Ian Moir, Allan Seabridge**

This third edition of Aircraft Systems represents a timely update of the Aerospace Series' successful and widely acclaimed flagship title. Moir and Seabridge present an in-depth study of the general systems of an aircraft – electronics, hydraulics, pneumatics, emergency systems and flight control to name but a few - that transform an aircraft shell into a living, functioning and communicating flying machine. Advances in systems technology continue to alloy systems and avionics, with aircraft support and flight systems increasingly controlled and monitored by electronics; the authors handle the complexities of these overlaps and interactions in a straightforward and accessible manner that also enhances synergy with the book's two sister volumes, Civil Avionics Systems and Military Avionics Systems.

Commercial Aircraft Projects, by Hans-Henrich Altfeld

Commercial aircrafts are by their nature extremely complex products and their development equally complex and challenging. This should require the highest level of project management sophistication but in reality it cannot be afforded. However, cost reductions can be achieved by concentrating on the essential elements of such disciplines, to maintain their principal strengths, and combining them in an intelligent and pragmatic way. This is why the management of commercial aircraft must be performed on the basis of affordable essentials taken from state-of-the-art management disciplines as well as through an integrated architecture. Where this book goes beyond management essentials found elsewhere is its treatment of architecture integration, necessary to interlink product, process and resources data.



Indonesia pulls out of Dutch tanks deal

Indonesia said Tuesday it had pulled out of a \$280 million deal to buy 100 Leopard battle tanks from the Netherlands after waiting several months for the Dutch parliament to approve the sale.

The Netherlands' minority government planned to sell the tanks to raise money for unmanned drones, but the majority of parties in parliament opposed the deal because of Jakarta's poor human rights record, Dutch media reported.

"We are disappointed because we were serious in wanting to buy the Dutch tanks," defence ministry spokesman Hartind Asrin told AFP.

"We had gone to the warehouse to look at them and they were good. The price was also right, at around \$280 million."

"The Dutch government was agreeable to the deal, but the Dutch parliament kept us waiting. There was still no approval after eight to nine months of waiting, so last week we called off the deal," he said.

Indonesia -- much of which was a Dutch colony until 1945 -- would now buy the 100 tanks from Germany for around the same price, he added. "Around 15 units are expected to arrive in Indonesia by October this year," Asrin said.

The concerns over Indonesia's rights record stem from the rule of then-dictator Suharto in the 1990s, when special forces were accused of committing abuses in East Timor and Aceh.

Indonesian troops have also been accused of rights violations as they seek to snuff out support for a low-level separatist insurgency in the country's far-flung Papua province.

Indonesia has earmarked 99 trillion rupiah (\$10.6 billion) from 2010 to 2014 to modernise its defense systems, according to local media reports quoting National Development Planning Minister Armida Alisjahbana.

One third of the budget has been set aside for maintenance with the remaining two thirds for purchasing defense systems and weapons, she was quoted as saying.

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

Japan airline ANA to issue \$2.5 bn in new shares

Japan's All Nippon Airways (ANA) said Tuesday it would issue new shares worth over 200 billion yen (\$2.5 billion) this month, in a move that sent its stock into a nosedive, tumbling 14 percent by the close.

The company, which said the sale's offering price will be set between July 18 and 20, added that much of the capital raised will be earmarked to buy Boeing 787s Dreamliners mainly for expanding its international routes.

ANA expects to receive 55 of the aircraft which have been lauded as the future of aviation for their use of lightweight, fuel-saving materials.

The carrier credited a pickup in global travel and cost cuts for its record operating profit of about \$1.2 billion in the year ended March, with once-bankrupt rival Japan Airlines also booking a strong profit in the period.

But investors dumped ANA shares on reports of the sale Tuesday, with the stock plunging 14 percent to 193 yen in Tokyo, as they worried that the issue of about 914 million new shares would dilute the value of their investment.

The move, which ANA confirmed after markets closed, would boost ANA's outstanding shares by about 40 percent, and mark the biggest share sale in Japan this year for a non-financial company, the Nikkei business daily said.

"Through this offering of new shares... the company is seeking to promote investment in strategic aircraft that have high economic efficiency, chiefly the state of the art Boeing 787s," ANA said in a statement.

It said the public offering was intended to help it in "establishing a financial base that is able to respond in a timely and flexible manner to future growth opportunities, aiming to establish a multi-brand strategy based in Asia".

Earlier this year, ANA said it would aim to boost its international capacity by about 22 percent within two years and begin fresh routes as part of a new business strategy.

The carrier, the first to fly Boeing's new 787 Dreamliner late last year, said the plan for fiscal 2012 was meant to be a buffer against uncertainty in the global economy, high oil prices and a currency rate fluctuations.

In its operating results released in April, ANA also said group revenue rose to 1.41 trillion yen with a higher net profit of 28.18 billion yen.

It projected 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.

Flag-carrier Japan Airlines, which went bust in one of the nation's biggest-ever bankruptcies in 2010, applied last month to re-list its shares in Tokyo by mid-September, according to local media.

The airline continued operating while it underwent an overhaul that included huge job and route cuts.

"With Japan Airlines' re-listing, rumoured to be coming in the fall, ANA may be seeking to pre-empt JAL by raising cash now rather than risking it later," said CLSA equity strategist Nicholas Smith.

Jetstar Japan, a low-cost carrier part-owned by JAL and Australia's Qantas, made its maiden flight on Tuesday, traveling from Tokyo to Sapporo city on the northern island of Hokkaido.

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

P1.5B to Modernize Philippines Coast Guard

MANILA, Philippines - Apart from repairing their air and sea assets, a Philippine Coast Guard (PCG) official yesterday said a portion of the P1.5-billion fund allocated by the government for the maritime agency would be used to construct a support base at the Western Philippine Sea to immediately respond to sea emergencies in the area.

Coast Guard vice commandant for operations Rear Admiral Luis Tuason Jr. yesterday said they were grateful for the full support being given by President Aquino and Transportation Secretary Manuel Roxas II to the Coast Guard.

"We are thankful to Secretary Roxas for his full-blast support to the PCG. Improving the capability of the PCG would help us fully implement the projects and programs of the Aquino administration," Tuason said.

He said a portion of the P1.5 billion to be released to the Coast Guard would be used to set up a support base in Ulugan Bay in Palawan. At the moment, the Coast Guard has a district in Palawan, but it is facing the eastern side of the province. It is also supported by five stations and 17 detachments.

Apart from being the largest province in the country, Palawan also hosts the Malampaya natural gas project.

"It would be quicker for quick response and law enforcement activities in the West coast of Palawan... especially if there is a problem in the Malampaya project or other projects of national government, we would have a faster response time," Tuason said

He said the support base would also provide immediate shelter for ships during bad weather in the area.

The Coast Guard might also build a hangar for their helicopter and a pier for their ships.

Tuason said the support base would also be useful during inspections and there might also be instances when the growing oil and gas exploration in Palawan would create problems and the maritime agency should be quick to deploy its assets to address situations such as maritime pollution.

"We can easily do that if we are near the western side (of Palawan)," he said.

The government is expected to give the P1.5 billion from its share of the Malampaya fund to upgrade the Coast Guard assets within the year or next year.

Part of the money would be used to repair two of their 56-meter vessel and one 35-meter vessel. They could also have one helicopter and one islander fixed.

It is also part of their plan to purchase M35 trucks that are necessarily during heavy flooding in Metro Manila.

"This would be useful for land rescue, when we need to go to flooded areas. We could use this to transport our divers," Tuason said.

Should there be more available funds, Tuason said the Coast Guard would hire additional personnel.

Apart from the funds from Malampaya, the Coast Guard under the leadership of its commandant Vice Admiral Edmund Tan is also coordinating with the National Economic and Development Authority (NEDA) for the purchase of brand new vessels.

"There is already an ongoing deliberation for 10 units of 40-meter vessels for the PCG. In due time, this would be referred to Japan wherein five vessels might be constructed in Japan while the other five units in Cebu. These vessels would be brand new," he said.

This is part of the agreement between the government of the Philippines and Japan.

"We are also hoping that we would be able to get a grant. We are requesting them to construct two bigger vessels, measuring 80 to 100 meters, to be constructed in Japan...We would be grateful because they know that we are also in need of those ships," he said.

Tuason added the 10-meter ship would better ensure the safety of the Coast Guard's search and rescue personnel during operation.

Source: Epicos

British Army cuts slammed

A senior British army officer has warned that the government's plan to axe some of the country's most celebrated battalions is not a "sensible military option", the Daily Telegraph reported on Tuesday.

In a letter seen by the paper, Brigadier David Paterson, the honorary Colonel of the Royal Regiment of Fusiliers (RRF), told General Peter Wall, the Chief of the General Staff (CGS), he was "bitterly disappointed" by government proposals.

The Defence Ministry is set to announce on Thursday plans to abolish the 2nd Battalion of the RRF as part of a programme of cuts to the defence forces, the paper reported.

"I, as Colonel, have the duty to tell my men why it is their battalion, which at the time of the announcement will be the best manned battalion in the Army, with recruits waiting in the wings, was chosen by CGS," Paterson wrote.

"I will then also have to explain to my Fusiliers in a fully manned battalion why they are likely to be posted to battalions that cannot recruit. This will not be an easy sell.

"If challenged or scrutinised by, for example the media, it cannot be presented as the best or most sensible military option," he added.

Five infantry battalions are due to be scrapped, resulting in the Army losing 12,000 personnel, according to the Telegraph.

A Ministry of Defence spokeswoman later said it was not departmental policy to comment on leaked documents.

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

Air India pilots decide to end two-month strike

Hundreds of state-run Air India pilots agreed Tuesday to call off their nearly two-month strike after the airline management said it would consider their grievances "sympathetically".

More than 400 pilots went on strike in May to protest at former Indian Airlines pilots, who moved to Air India when the carriers merged in 2007, being trained for new Boeing 787 Dreamliner planes. The strikers said their career prospects were under threat.

On Tuesday, the pilots told the High Court in New Delhi, which had earlier ruled their action illegal, that they would resume work in the next 48 hours.

Air India, meanwhile, said it would "sympathetically consider" their grievances, including the reinstatement of those pilots who were sacked as a consequence of the strike.

"We are very happy with the proceedings in the court," Rohit Kapahi, spokesman for the Indian Pilots Guild, told AFP. "The process of calling off our strike has started."

The stoppage disrupted the airline's international operations, although domestic routes were largely unaffected.

In April, the government had cleared a \$5.75 billion bailout package to help the cash-strapped carrier which has debts of \$8.3 billion.

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