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## The Future of Norwegian Defence Imports



While Norway is a country of just 4.6 million people, its military forces is well armed with modern weaponry, communications and transportation designed to manage the nation's challenges which is to safeguard its territorial integrity and to strengthen international security, through its constructive participation in the UN and NATO. Therefore, Norway has allocated roughly 6,390 billion US

dollars for defence in 2010, in constant 2010 prices a figure that represents 1.5% of the country's GDP. The purchasing power create by the aforementioned budget, coupled with willing contractors and cutting-edge research, which is mainly contacted at the Norwegian Defence Research Establishment (FFI), enables the country to answer a call to aid – or arms – with well-trained, fully equipped soldiers, whose foremost goal is to protect Norway and support peace abroad.

### Military expenditure of Norway

|                                      | 2006  | 2007  | 2008  | 2009  | 2010  |
|--------------------------------------|-------|-------|-------|-------|-------|
| In constant ( 2010 prices ) US\$ m.  | 5,811 | 6,181 | 6,215 | 6,596 | 6,390 |
| percentage of gross domestic product | 1.5   | 1.5   | 1.4   | 1.7   | 1.5   |

Source: SIPRI Publications

In order to fulfill the aforementioned goals Norway imports defence equipment from several countries. For the period 2006-2011 Spain was the main exporter of arms in Norway and is followed by USA, France, Italy and Germany. Apart from USA all the other countries are European something that highlights the tight relations that Norway has with the rest of Europe.

Nevertheless, this will most probably alter in the years to come as Minister of Defence Espen Barth Eide authorized on 15 June, 2012 the order for the first F-35A Lightning II for the Norwegian Armed Forces. This procurement is the largest public procurement in Norwegian history and the overall cost of the procurement phase of the project is estimated at USD 10 billion (2012 value).



In order to cover the cost of this procurement Norway will over the coming years will make a budget increase of 7% by 2016 through redistribution of funds freed up by the withdrawal from Afghanistan and the addition of significant supplementary funds.

Additionally, on 14 June, 2012 Norwegian Parliament approved the plan to acquire new armored vehicles for the army. The project includes both new and upgraded vehicles and has an overall budget of 1.6 billion US dollars. The main supplier is BAE Systems Hägglunds.

This project is the largest acquisition project within the Norwegian Army since the end of the Cold War, and together with the acquisition of F-35, is considered a key priority by the Norwegian Ministry of Defence.

Kyriazis Vasileios,  
Epicos Newsletter Head Editor

**Norwegian Defence Exports for 2011**



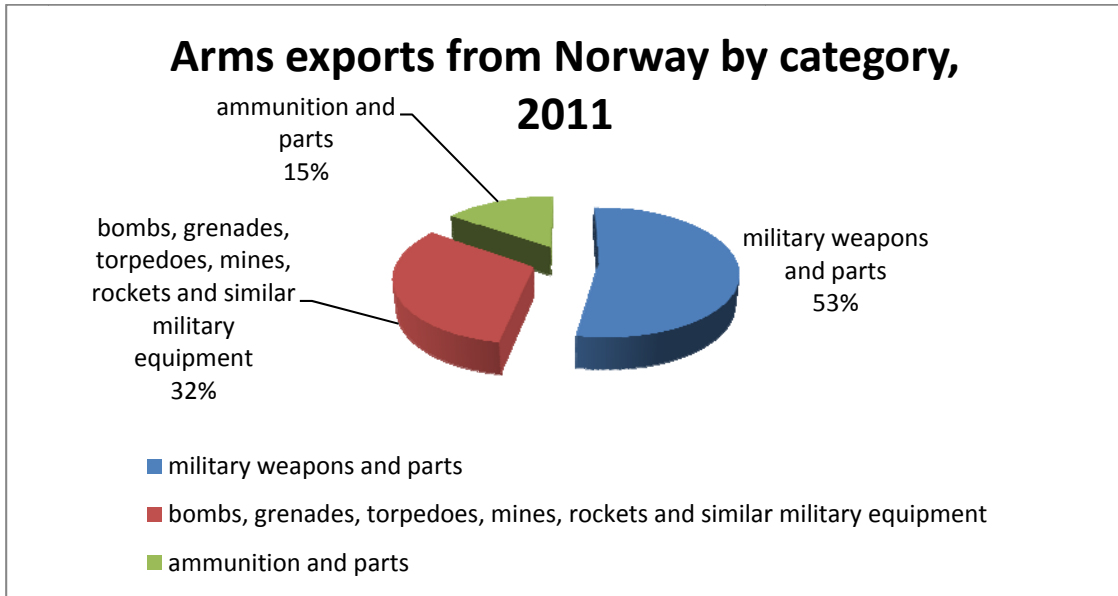
Norway has managed to establish a strong and viable defence industry. It is indicative that defence exports from Norway have grown steadily from 2000 till 2010 by more than 400%. In 2010 US was the largest recipient of Norwegian

defence equipment, followed by other NATO nations and EU non NATO nations, as more than 90% of Norwegian exports went to European and NATO nations. In 2011 the value of Norwegian exports of military equipment reached 2.6 billion NOKs and it was almost identical with the year 2010, as this was just 4 million NOKs lower than in 2010. Additionally, exports to the USA were halved, while sales to Switzerland, Turkey and Sweden increased the most.

Despite the fact that exports to USA halved, the North American country was still Norway's largest trade partner in military equipment and it is followed by Switzerland and Sweden. Exports to USA totaled 712 million NOKs decreasing by 50%. On the contrary, exports to Switzerland and Sweden in 2011 increased by NOK 173 million and NOK 132 million respectively.

France was the fourth largest recipient of Norwegian weapons, while Turkey became the fifth largest recipient increasing their defence imports from Norway by NOK 166 million. Exports to Germany were relatively stable, showing a slight decrease of about NOK 40 million.

Norwegian arms exports are rather targeted in its geographical structure as mostly European countries are the largest recipients of defence equipment from the country. USA is the only country outside Europe included in the first five largest importers of Norwegian defence equipment based on the amount of funds allocated.



Regarding the defence equipment exported, military weapons and parts is the largest of all commodity groups, amounting to NOK 1.4 billion in 2011. The second group is bombs, grenades, torpedoes, mines, rockets and similar military equipment including spare parts and amounted to NOK 845 million. Finally the third group is ammunition and parts, which doubled to a total of NOK 403 million compared to the previous year.

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, manufacture and repair of exceptionally precise mechanical components and assemblies for A&D applications**

applications (actuators, gearboxes, transducers etc)

A company with extensive experience in designing and manufacturing exceptionally precise mechanical components and assemblies (gearwheels and axles, spur and worm gears, manual and automatic actuators, precision gears and fine mechanical parts and assemblies) is willing to undertake the design, prototyping, testing, production and optionally repair and overhaul of components to be used in aerospace and defence

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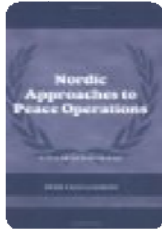
**Advanced fully digital optical flame detector for fire detection in hangars housing critical assets, such as aircraft, helicopters and various ammunitions**

flame detector tester to be used for continuous sensor performance evaluation.

A leading company in the design, manufacturing and installation of advanced automatic fire alarm & extinguishing systems used in diversified applications, is proposing the utilization of a new optical, fully digital flame detector to be integrated into fire detection and extinguishing systems used in military hangars providing improved fire detection sensitivity (almost all open flames), high false alarm immunity and wide area coverage. The program will include the development of a

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**Epicos- Amazon****Nordic Approaches to Peace Operations: a New Model in the Making (Cass Series on Peacekeeping), by Peter Jakobsen**

During the Cold War the four Nordic countries (Denmark, Finland, Norway and Sweden) made a name for themselves in United Nations peacekeeping operations. After the end of the Cold War the politico-economical situation of Europe has seriously altered. In this new environment the Nordic countries are trying to delineate their position in the international peacekeeping missions. This book is examining the Nordic approaches to peace operations after the Cold War and it shows how the Nordic countries remain relevant for the study and practice of post-Cold War peace operations, and that they continue to have much to offer to both academics and practitioners in this particular field.

**Foreign Investment and Political Regimes: The Oil Sector in Azerbaijan, Russia, and Norway, by Oksan Bayulgen**

Political democratization and economic globalization have been two of the most important global trends of the past few decades. But, how are they connected? Do the domestic political institutions affect a country's attractiveness to foreign investors? Can countries that democratize attract relatively more foreign investments? Drawing on three in-depth case studies of oil-rich countries and statistical analyses of 132 countries over three decades, Oksan Bayulgen demonstrates that the link between democratization and FDI is nonlinear.



### Japan Airlines dismisses budget airlines threat

Japan Airlines said Tuesday the country's booming budget carrier market would not pose a "tremendous" threat to the flag carrier, which went bust in one of the nation's biggest-ever bankruptcies.

JAL, which went bankrupt in January 2010 with debts totalling 2.32 trillion yen (\$29 billion), exited bankruptcy protection last year and has logged an annual net profit of about \$2.3 billion in the fiscal year to March 2012.

Its president Yoshiharu Ueki said its revitalisation plan was not threatened by the flourishing low-cost carrier (LCC) scene in Japan, where a third budget airline is due to start flying next month.

"We don't expect a tremendous impact from the emergence of these LCC," Ueki told reporters in Hong Kong, adding that budget airlines had yet to make a "very large" impact on JAL's revenue.

"The LCC represents a new mode of transportation and as a result they have created a new demand -- demand (that did) not exist in the past and demand that we had not expected.

"We are not taking a complacent attitude and we are watching the movement of the LCC market carefully," said Ueki, a former pilot and the son of Japan's traditional kabuki drama actor Kataoka Chiezo.

Japan's major airlines were behind global players in terms of entry into the low-cost sector, but JAL's main rival All Nippon Airways (ANA) last year set up budget airline Peach Aviation with a Hong Kong investment fund.

It was followed by JAL's tie-up with Australia's Qantas which launched Jetstar Japan earlier this month, while AirAsia Japan -- a joint venture between ANA and Malaysia's AirAsia -- will start flying next month.

The launch of these budget airlines was part of a bid to open up a market that has traditionally suffered from high prices because of the dominance of JAL and ANA, Japan's two major carriers.

Japanese media have reported that JAL, which was de-listed due to the bankruptcy, has formally applied to re-list its shares on Tokyo's main bourse by September. Ueki declined to comment on the progress of the plan Tuesday.

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



## Boeing Announces Historic 737 Order From United Airlines

CHICAGO, July 12, 2012 /PRNewswire/ -- Boeing (NYSE: BA) announced today an order by United Continental Holdings, Inc. (NYSE: UAL) and its wholly owned subsidiary, United Air Lines, Inc., for 150 737 airplanes, including 100 of the new 737 MAX 9. United, the world's largest airline by traffic, is the latest carrier to choose the newest member of the 737 family, which today eclipsed 10,000 orders overall.

The deal, worth \$14.7 billion at list prices, also includes 50 Next Generation 737-900ERs (Extended-Range).

"This order is a major step in building the world's leading airline, and we look forward to offering our customers the modern features and reliability of new Boeing airplanes, while also making our fleet more fuel efficient and environmentally friendly," said Jeff Smisek, United's President and CEO. "New aircraft deliveries support our flexible fleet plan, permitting us to tailor future capacity up or down, based on changes in demand or other market conditions."

United is the North American launch customer for the 737 MAX 9. The order continues the momentum for the 737 MAX, which now has more than 1,200 orders and commitments from 18 customers. Counting all variants, the 737 program now stands at 10,039 orders, further cementing the 737 as the undisputed best-selling jetliner in the world.

"United and Boeing share a rich history together and we are delighted United has chosen the 737 for its future fleet, renewing our partnership for decades to come," said Ray Conner, president and CEO of Boeing Commercial Airplanes. "We believe the 737 provides unsurpassed quality and value in the market and will provide efficiencies and other benefits to United's operations."

The Next-Generation 737 is the most fuel-efficient and reliable single-aisle airplane today with an eight percent per-seat operating cost over the nearest competitor. The 737 MAX builds on these strengths with big advances in fuel-efficiency and environmental performance. Equipped with new LEAP-1B engines from CFM International and improvements such as the Advanced Technology Winglet, the MAX reduces fuel burn and CO2 emissions by 13 percent while maintaining the eight percent operating cost advantage over future competition.

These continuous improvements have powered the program to the impressive order milestone.

"To witness the first commercial airplane to surpass 10,000 orders is monumental," said Beverly Wyse, vice president and general manager of the 737 program. "The 737 has continuously evolved and provides improved performance, reliability and exceptional value for our customers."

The 737-900ER and 737 MAX 9 ordered by United can seat up to 180 passengers and feature the new Boeing Sky Interior. The sleek interior boasts modern lines, a spacious cabin with more headroom and LED lighting that offers vibrant color options.

United Airlines and United Express operate an average of 5,605 flights a day to 375 airports on six continents. In 2011, United flew more than two million flights that carried 142 million passengers, more than any other airline.

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Photos and captions are available here: <http://boeing.mediaroom.com>

**Source:** Boeing

### **Taiwan aircraft maker looks to F-16 upgrade deal**

Taiwan's only aircraft maker AIDC said Thursday that it had forged an agreement with US aerospace firm Lockheed Martin to get a piece of the island's \$5.85 billion fighter upgrade deal.

Aerospace Industrial Development Corp and Lockheed Martin signed a memorandum of understanding at Britain's Farnborough International Airshow Wednesday, according to a statement released by AIDC.

AIDC attaches great importance to the biggest ever F-16 upgrade project to be obtained by Lockheed Martin, it said.

Details of the proposed subcontracts from Lockheed Martin have not been finalised, an AIDC official said.

Taiwan's defence ministry has said that the upgrade, which will take 12 years to complete, would give its 146 US-made F-16 A/Bs a significant boost.

The jets will be equipped with radar capable of detecting Chinese stealth aircraft and may also be armed with precision munitions, according to the ministry.

Ties with Beijing have improved since Ma Ying-jeou of the China-friendly Kuomintang party came to power in 2008 on promises of ramping up trade links and allowing in more Chinese tourists.

But Beijing still refuses to renounce the use of force against Taiwan should it declare formal independence, even though the island has governed itself since the end of a civil war in 1949.

**Source:** Epicos

### Boeing says Kuwait lessor to buy 20 of its 737 MAX planes

Boeing on Tuesday said Kuwaiti aircraft leasing company ALAFCO had committed to buy 20 of the US planemaker's future single-aisle 737 MAX planes worth a combined \$1.9 billion.

"Boeing and Kuwait airplane leasing company ALAFCO today announced a commitment at the 2012 Farnborough Airshow for 20 Boeing 737 MAX 8s valued at \$1.9 billion at current list prices," the pair said.

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

### Exercise Hamel 2012 concludes

Exercise Hamel, the Australian Army's annual foundation war fighting exercise concluded yesterday, with Darwin's 1st Brigade and their assigned force elements certified to deploy on future contingency operations.

The three week certification exercise concluded with a live fire training activity, which forms the final component of the Brigade's certification requirement.

Director of Practice and Commandant of the Combined Arms Training Centre in Victoria, Colonel Sean Ryan, said a Brigade level live fire activity only occurs during this annual exercise.

"This is a pretty spectacular activity which tests the firepower of a manoeuvre brigade," Colonel Ryan said.

"For the 1st Brigade this includes tanks, armoured vehicles, engineering support, dismounted infantry and artillery fire."

Exercise Director, Brigadier Shane Caughey said he was pleased with the training outcomes.

"The live fire activity added complexity to the battlefield and required the training audience to react and adapt their plans to the changing tactical situation," Brigadier Caughey said.

"We have seen some excellent training conducted in some very trying conditions.

“Modern warfare is not simple and the Army must train and prepare for operations in a complex environment.

1st Brigade Commander, Brigadier Gus McLachlan praised the Brigade for their results during the training exercise.

“The 1st Brigade has spent several months training and preparing for Exercise Hamel and I am proud of what my soldiers have achieved in a complex and demanding scenario,” Brigadier McLachlan said.

"This means the 1st Brigade will be ready to take over the responsibilities as the online Brigade later this year. We will return to Darwin and continue to maintain our foundation skills that have been tested during Exercise Hamel," he said.

Exercise Hamel is focused on the mastery of foundation skills, to enable a combined response against any threat. It is a pivotal activity in ensuring the Australian Army provides the Australian Government with a ready, relevant and agile land force.

**Source:** Australian Government, Ministry of Defence