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**Spanish Defence Procurements**



One of the worst global economic crises in more than 80 years affected Spain and the rest of Europe and it is limiting the available funds that national authorities can allocate on defence. It is indicative that in 2007 total military expenditure of the country was, according to Stockholm International Peace Research Institute (SIPRI), 17,098 million US dollars in constant 2010 prices whereas in 2011, reached 13,984 million US dollars, delineating a sharp fall. Germany has a leading role in the Spanish armament imports. Apart from the European country, other important countries that export arms to Spain, for the five last years, are USA, France, Italy and Switzerland.

Spanish armament imports are rather limited in their geographical preference as four out of the five first countries that export arms to Spain, based on the amount of funds allocated, are European.

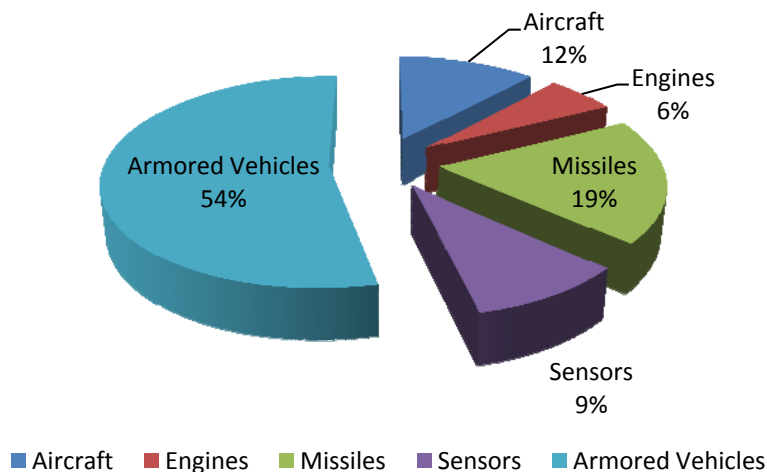
**Imports (expressed in US\$ m. at constant 1990 prices)**

	2007	2008	2009	2010	2011	Total
Germany	173	210	148	219	86	835
USA	29	46	87	25	30	218
France	37	26	1	33	99	196
Italy	54	38		10	2	103
Switzerland	44	44		1	2	91

Source: SIPRI Publications, Arms Transfers Database

Armored vehicles were the predominant area of imports for the period 2007-2011 with a total amount of 824 US\$ m. at constant (1990) prices. The 2<sup>nd</sup> most important sector is that of missiles with 293 US\$ m. at constant (1990) prices whereas other areas such as aircraft, sensors and engines follow. The import of armored vehicles to the country covers more than half of the total imports for the period 2007-2011.

**Arms Imports to Spain by category, 2007-2011**



Germany is in the first place of arm exports to Spain mainly due to the fact that the Spanish Army procured more than 200 Leopard-2A6 for a total amount of EUR1.9 billion. The procurement included an offset deal of 80% of the total funds spend.

The economic recession resulted in diminishing the defence budget of the country. In order to counterbalance that and to keep the armed forces adequately equipped Spanish authorities use the capabilities of the national defence industry, which is developed and is currently characterised by the dual nature of production (producing both for the civil market and for the Ministry of Defence), the participation in highly technological international programs and the adaption of the developments carried out for the civil market to Defence applications.

Kyriazis Vasileios,

Epicos Newsletter Head Editor

**Spanish Defence Exports**

Europe plays an important role in the international scene of arms transfer. During the period 2007–2011 six out of the ten first arms transfer countries were European. Spain is one of the countries

that constantly contribute to the augmentation of this. Actually, Spanish exports have been drastically increased throughout the years. As a result, the country is the 7<sup>th</sup> larger exporter of arms for the period 2007-2011, following USA, Russia, Germany, France, UK and China.

Spanish companies have, eventually, managed to establish themselves in the international arms market. This is clearly illustrated by the fact that during the period 2007-2011 Spanish exports reached the amount of 3408 US\$ m. expressed at constant (1990) prices whereas for the period 2002-2006 this amount was 1284 US\$ m. at constant (1990) prices, hence increased by more than 260%.

**Spanish Arm Exports (expressed in US\$ m. at constant 1990 prices)**

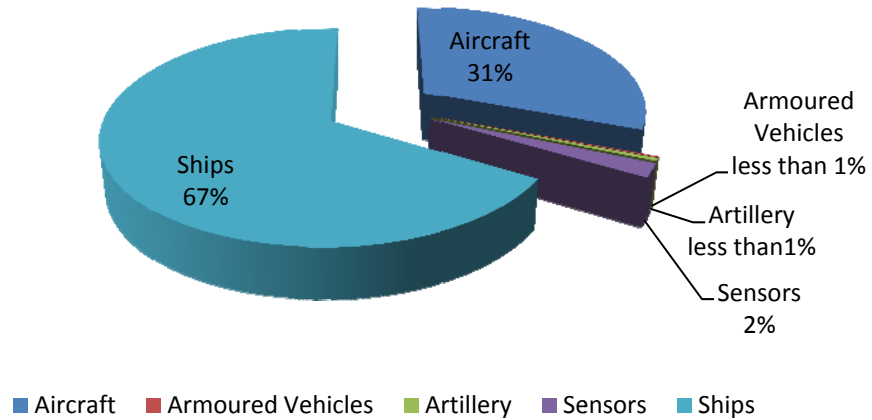
	2007	2008	2009	2010	2011	Total
Norway	427	427	427		427	1706
Malaysia			299			299
Venezuela			32	32	196	259
USA	34	52	52	34	34	206

**Source:** SIPRI Publications, Arms Transfers Database

Spanish arms exports are rather diversified in its geographical structure and range of exported items. More than (20) countries imported defence equipment from Spain, whereas, the four (4) first countries, based on the amount of funds allocated are: Norway, Malaysia, Venezuela and USA. This actually denotes that Spain is exporting in four (4) different continents, Europe (Norway) North America (USA), Asia (Malaysia) and Latin America (Venezuela).

The diversification of the geographical allocation of Spanish exports is in inconsistency with the narrow spectrum of exported items. Ship vessels are the predominant area of exports for the period 2007-2011 with a total amount of 2267 US\$ m. at constant (1990) prices. The 2<sup>nd</sup> most important sector is that of aircrafts with 1048 US\$ m. at constant (1990) prices whereas other areas such as sensors, armoured vehicles, and artillery follow.

### Arms exports from Spain by category 2007-2011



Spanish defence industry, apart from exporting products, is also increasing international appearance through participation in international development programs within different international organizations. Spanish companies are present in NATO programs like SOSTAR, NAEW, ACCS and MIDS, European Union programs like EUCLID, Organization for Joint Armament Cooperation (OCCAR) programs, such as TIGER and A-400M and finally bilateral or multilateral collaboration initiatives, such as Eurofighter, Meteor, Helios, Pleiades and Vulcano.

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 and set up of aircraft jet engine overhaul and test facilities



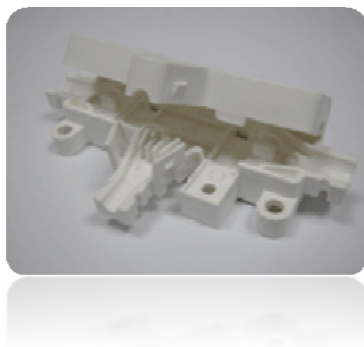
of aircraft jet engine maintenance and test facilities.

A company with extensive experience in Engineering Projects for the aerospace sector is proposing, in the frame of an offset program, the cooperation with depot level maintenance centers for the design and set up

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

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

### Design and manufacturing of customized injected parts for military application



A company with long standing experience in the design, development and manufacturing of injected parts is willing to expand its activities in the field of design and manufacturing of customized injected parts for military application.

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### International Crisis Management: The Approach of European States, by Marc Houben



This book presents an inquiry into the politics of international crisis management, viewed from a European perspective. It does not attempt a historical description of international crisis management in general or of any specific aspect of international crisis in particular. It is rather an effort to develop a way of looking at and thinking about international cooperation in crisis management operations- in short, a theoretical framework. If we take into consideration that over the past fifty years, crisis management has become essential to achieving and maintaining national security we can understand that it is important for someone to

read it so as to have a theoretical framework through which he can understand this complex decision- making process.

### The Global Arms Trade: A Handbook, by Andrew T. H. Tan



The Global Arms Trade is a timely, comprehensive and in-depth study of this topic, a phenomenon which has continued to flourish despite the end of the Cold War and has been revived till the middle of the first decade of the new millenium. It provides a clear description and analysis of the demand for, and supply of, modern weapons systems, and assesses key issues of concern. This book will be especially useful to scholars, policy analysts, those in the arms industry, defence professionals, students of international relations and security studies, media professionals, government officials, and those generally interested in the arms trade.



### **Boeing Projects High Demand for Aviation Personnel in Asia Pacific**

SINGAPORE, Aug. 27, 2012 /PRNewswire/ -- Boeing (NYSE: BA) predicts the Asia Pacific region will require hundreds of thousands of new commercial airline pilots and maintenance technicians over the next 20 years to support airline fleet modernization and the rapid growth of air travel.

The 2012 Boeing Pilot & Technician Outlook, a respected industry forecast of required aviation personnel, calls for 185,600 new pilots and 243,500 new technicians in the Asia Pacific region through 2030. China will have the largest demand in the region, needing 71,300 pilots and 99,400 technicians over the next 20 years.

"This great need for aviation personnel is a global issue, but it's hitting the Asia Pacific region particularly hard," said Bob Bellitto, global sales director, Boeing Flight Services. "Some airlines are already experiencing delays and operational interruptions because they don't have enough qualified pilots. Surging economies in the region are driving travel demand. Airlines and training providers need new and more engaging ways to fill the pipeline of pilots and technicians for the future."

Boeing is working globally to meet this anticipated demand. In June, the company signed a Memorandum of Understanding with the Indonesian Ministry of Transportation to jointly work to establish aviation training programs. Boeing is also expanding partnerships around the world to develop a global flight school network to better supply capable and well-qualified aviation personnel.

The Boeing outlook projects that North East Asia will need 18,800 pilots and 26,500 technicians over the next 20 years. South East Asia will require 51,500 pilots and 67,400 technicians. The Oceania region will need 12,900 pilots and 17,100 technicians and South West Asia will need 31,000 pilots and 33,100 technicians.

"As an industry, we have to get the next generation excited about working in the field of aviation," Bellitto said. "We are competing for talent with alluring hi-tech, software and mobile companies and start-ups. We're working hard to showcase our industry as a truly global, technological, multi-faceted environment where individuals from all backgrounds and disciplines can make a significant impact."

The Asia Pacific region also leads the demand for new commercial airplane deliveries over the next 20 years, with 12,030 new airplanes needed by 2031 according to Boeing's 2012 Current Market Outlook.

More information on the 2012 Pilot & Technician Outlook is available at [http://www.boeing.com/commercial/cmo/pilot\\_technician\\_outlook.html](http://www.boeing.com/commercial/cmo/pilot_technician_outlook.html)

#### About the Boeing Edge

Boeing offers a comprehensive portfolio of commercial aviation services, collectively known as the Boeing Edge, bringing value and advantages to customers and the industry. Boeing Flight Services provides integrated offerings to drive optimized performance, efficiency and safety through advanced flight and maintenance training as well as improved air traffic management and 24/7 flight operations support. Flight Services provides digital tools and



data to enhance overall operations, airport infrastructure, fuel efficiency, flight planning, navigation and scheduling.

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Photo and caption are available here: <http://boeing.mediaroom.com>

**Source:** Boeing

<http://www.epicos.com/Portal/Main/IndustryNews/Pages/ItemDetails.aspx?wloopCxX2Y8oIdmg2vEq7%2f36%2fgZm%2bCnj8FNYFep%2bfe%2b0PqDfj2GR7JR3ypbGBO0Q>

### **Philippine Airlines orders Airbus aircraft worth \$7 bn**

Philippine Airlines announced Tuesday it had ordered 54 Airbus aircraft with a list price of \$7 billion, and planned to buy dozens more planes in a spectacular move to rejuvenate Asia's oldest carrier.

The initial orders would more than double PAL's current fleet of 39 planes, and allow it to serve more long-haul international routes while meeting the challenges of intense low-cost competition at home.

"The orders we are placing with Airbus will play a key role in revitalising PAL and growing trade and tourism in the country," PAL chairman Lucio Tan and president Ramon Ang said in a joint statement.

In a separate statement Airbus said the "firm orders" were for 44 single-aisle A321 planes and 10 long-haul A330-300s. Delivery would start next year with the final planes of the batch ready to start flying in 2015.

PAL said the orders had a list price of \$7 billion. But airlines typically negotiate big discounts on such deals and PAL officials refused to say exactly how much the airline would pay.

Ang told reporters PAL was looking to buy 100 new planes in total, and that discussions were under way with Boeing as well as Airbus to secure the extra aircraft.

"Our intention is to buy up to 100 aircraft, 26 of that will be long range, wide body," Ang said.

The PAL announcement comes after San Miguel, one of the Philippines' biggest conglomerates, bought a 49-percent stake in the loss-making carrier for \$500 million in April, and took over management.

Ang is president of San Miguel while billionaire Tan, an ethnic Chinese tycoon who is the country's second-wealthiest man, remains PAL's controlling shareholder.

Ang said raising the money to finance the fleet expansion would not be a problem, with PAL to initially use the \$500 million injection from San Miguel, and loans potentially also to be taken out.

He said San Miguel, famous for its beer but which has embarked on an aggressive and successful diversification programme over the past decade, was prepared to put more money into PAL if needed, as was Tan.

Ang also emphasised that the carrier had returned to profit following some major restructuring that included the outsourcing of 2,600 jobs, although he said balance sheet specifics would not be released for a couple of months.

PAL, which began flying in 1941, reported a net loss of \$33.5 million in the three months to December, reversing a profit of \$15.1 million from the same period the previous year.

It had said the losses were mainly due to soaring fuel costs.

However the airline's reputation had also declined, with passengers complaining of old planes, limited flight options and poor service.

PAL also lost its status as the nation's top carrier, with low-cost airline Cebu Pacific establishing itself in recent years as the biggest in terms of ticket sales and number of routes.

Cebu Pacific last year ordered 23 Airbus 320 and 30 Airbus A321 neo aircraft to add to its fleet of 25 A320s, and in January leased eight A330s for long-haul flights.

With Tuesday's deal, PAL has set itself on a course to regain its status as the biggest player in the Philippine aviation industry.

"This is the right strategy for the PAL Group," Brendan Sobie, chief analyst for Australia-based Centre for Aviation, told AFP in an e-mail.

"But it still faces many challenges and PAL has to overcome many obstacles in order to achieve sustained profitability."

He said PAL was adopting strategies employed by other Asian airlines of building a budget brand -- Airphil Express -- to take on low-cost rivals while also building its premium and long-haul products.

Manila-based Security Bank economist Patrick Elia said PAL would be able to access extra capital, with lenders taking into account San Miguel's strong financial position and track record in successfully entering new industries.

Shares in PAL's locally listed parent firm, PAL Holdings Inc., closed 0.70 percent higher on Tuesday at 7.15 pesos (16.90 US cents).

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

### **Navy Studying if Philippines Needs to Buy Submarine**

MANILA, Philippines -- President Benigno Aquino III said the Philippine Navy is now conducting a study on whether or not it would be practical for the country to acquire its first submarine.

"That is being studied by our Navy – whether or not it is practical and whether or not it meets our needs," Aquino said in an interview after touring the Navy's latest and fastest surface combat-ready vessel, BRP Gregorio del Pilar.

Aquino noted that in 1998, a regional neighbor bought submarines from the Eastern bloc only to find out the vessels were not fit for tropical weather.

Submarines are equipped with sensors and radars that can monitor movement on the surface, and even identify nearby ships using propeller signatures.

The Philippine Navy is reportedly planning to acquire its first submarine, which can cost billions of dollars, not later than 2020.

**Source:** Epicos

### **US Navy to Supply Australia with Refurbished Jammers for EA-18Gs**

The US Navy (USN) will dip into its own inventory to supply Australia with the ALQ-99 jammer pods it needs for its future Boeing EA-18G fleet. The southwest Pacific nation is converting 12 of its 24 Boeing F/A-18F Super Hornets into the electronic attack Growler configuration.

While the low-band transmitter for the ALQ-99 suite is relatively new and in production, the mid-band jammers are not in production.

"We will be teaming with Cobham, Lansdale, Pennsylvania, to deliver low band transmitters to the RAAF [Royal Australian Air Force]," says the Naval Air Systems Command (NAVAIR). "The remainder of the transmitters and ancillary equipment--radomes, hardbacks, ram air turbines and universal exciters--will be provided as refurbished out of USN/USMC [United States Marine Corps] excess inventory."

The USN says that it expects to transition its forces to the Next Generation Jammer that is currently being developed.

"With the Next Generation Jammer IOC [initial operational capability] scheduled for 2018, we expect that the RAAF, USN and USMC will be using the ALQ-99 pods for one to two years until the USMC retires its ICAP [Improved Capability] III EA-6Bs in 2019," NAVAIR says. That will leave "just the RAAF and the USN as ALQ-99 users until the Next Generation Jammer comes online in adequate numbers for the USN to retire the ALQ-99."

**Source:** Epicos

### AirAsia logs best-ever profit with Thai unit listing

Low cost carrier AirAsia Tuesday said its second-quarter net profit surged more than 10 times from a year earlier due to a one-time gain with the listing of Asia Aviation PCL.

Net profit for Asia's largest budget carrier for the quarter ending June 30 was 1.19 billion ringgit (\$381.1 million) compared with 104.3 million a year earlier, the company said in a filing to the Kuala Lumpur stock exchange.

It posted revenue of 1.18 billion ringgit, up 9.3 percent, from 1.08 billion.

AirAsia said it recorded a 120.1 million ringgit gain after reducing its stake in Thai AirAsia to 45 percent from 49 percent prior to the listing of Asia Aviation PCL in Thailand in May. Asia Aviation is the major shareholder of Thai AirAsia.

AirAsia also posted an additional gain of 1.04 billion ringgit on the 45 percent stake in Thai AirAsia.

"Despite the majority of airlines losing money or severely behind in their earnings, AirAsia has continued to outperform each quarter," Aireen Omar, AirAsia's new CEO said.

The outlook for the rest of the year remained bright, she said.

The discount carrier which is one of the biggest customers of European aircraft manufacturer Airbus has a fleet of 58 new A320s.

It had recorded a net profit of 167.97 million ringgit for the previous quarter ending March 31.

AirAsia last month announced that it would buy Indonesia's Batavia Air for \$80 million, as the carrier spreads its wings in Southeast Asia's largest economy.

AirAsia has set up subsidiary budget carriers in Indonesia, the Philippines, Thailand and in Japan.

Meanwhile rival carrier Malaysia Airlines last month reported its sixth straight quarterly loss on forex losses and declining revenue, losing 348.7 million ringgit (\$111.7 million).

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