

Part I**Special Focus: International Defence Environment**

1. Global Defence Spending
2. International Missions
3. Epicos “Industrial Cooperation and Offset Projects”
4. Development of a customized ISR / UAV training program
5. Development of an advanced Dynamic Noise Reduction (DNR) algorithm for hand free communication devices used in mixed noise environments
6. Epicos - Amazon

Part II**Epicos Newsroom**

1. EU misses deadline for cost-cutting 'Single European Sky'
2. Boeing Forecasts Sufficient Financing for Rising Global Aircraft Deliveries
3. Singapore Airlines in talks to sell Virgin stake
4. Sandy adds to global air traffic gloom: IATA
5. BA says seeking to axe 400 jobs



Global Defence Spending

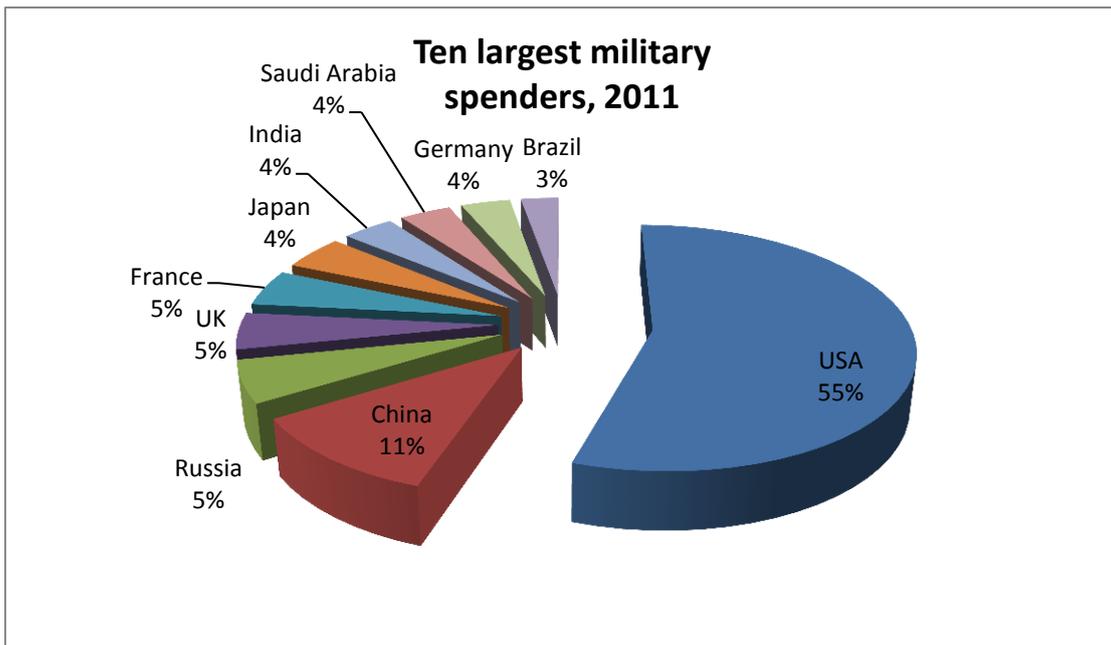


According to the Stockholm International Peace Research Institute (SIPRI) the world military expenditure did not increase in 2011, for the first time since 1998. It is estimated that the world total expenditure was \$1738 billion, representing 2.5% of global gross domestic product. The main reason why this happened was the halt in military spending in most Western countries due to the fierce economic crisis that started in 2008.

Significant differentiations have been observed between different continents and regions regarding military expenditure. Africa was the region with the largest increase in military spending in 2011 with an annual increase of 8.6%. This was largely attributed to the massive annual increase of 44% Algeria, the largest spender of the continent, showcased during the year.

Countries in Western and Central Europe prioritized the reduction of budget deficits as their main economic goal and thus decided to drastically decrease their defence spending. It is indicative that defence spending in Eastern Europe increased by 10.2% in 2011 whereas in Western and Central Europe decreased by 1.9%. Nevertheless, it is worth mentioning that the total amount of money allocated in defence in Western and Central Europe is by far more (\$326 billion US dollars) than the amount spent in Eastern Europe (\$80.5 billion US dollars).

USA was once again the biggest military spender in 2011. The North American country spent \$711 billion US dollars. China was second with \$143 billion US dollars, while Russia followed with \$71.9. The remaining (7) countries that comprise the ten biggest spenders are UK, France, Japan, India, Saudi Arabia, Germany and Brazil. USA predominant place is showcased by the fact that has spent more than all the other (9) biggest spenders.



Defence spending in 2011 has not increased from the first time since 1998. This fact delineates a clear intention of the governments worldwide to “trim” the funds they allocate to defence. Nevertheless, is still too early to say whether this means that world military expenditure has reached its peak.

Kyriazis Vasileios,
Epicos Newsletter Head Editor

International Missions

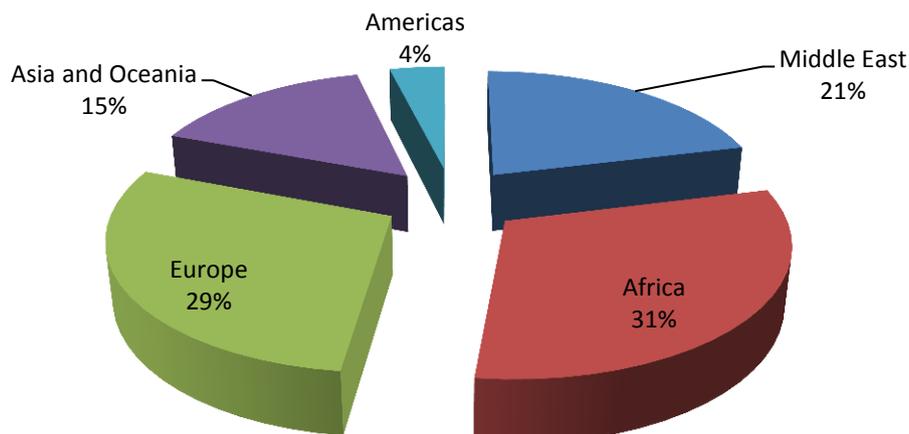


The international community has a major interest in creating a stable, democratic and prosper international scene, capable of maintaining peace and understanding. Therefore, is deliberately forming international missions that have as a major target the maintenance of peace. During the last decade there has been an expansion in the numbers of operations and personnel deployed. Nevertheless, in 2011

there is a strong indication that military-heavy, multidimensional peace operations have reached a plateau. It is indicative that a total of (52) peace operations were conducted in 2011, the second lowest in the period 2002–11, and the number of personnel deployed in this year was 262.129. Four new peace operations were deployed in 2011: two in South Sudan, one in Libya and one in Syria.

During 2011 the largest concentration of peace operations were in Africa, as 31% of total military mission were contacted in the specific continent. More specifically, there are (86.642) personnel in (16) missions currently operating in Africa. Nevertheless, in terms of the number of personnel participating in international missions, Asia and Oceania were first as there are (134.727) military personnel in (8) missions deployed in this continent. In Europe there are (15) peace-keeping operations on progress with a total amount of (11.932) deployed personnel. Finally, in the Middle East there are (11) missions on progress in which there are (16.627) personnel deployed, while in Americas there are (2) operations with (12.201) military personnel.

Personnel Deployed in International Missions by Location, 2011



Regarding the organizations that are currently conducting international missions, UN, with (20) operations, remained organization, with the most ongoing operations. Regarding the

deployed personnel, the North Atlantic Treaty Organization (NATO) was the largest conducting organization for the third consecutive year, with (137.463) personnel (52% of the total).

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...

[For Further Information Press Here](#)

Development of a customized ISR / UAV training program



A company offering a complete range of high end training systems for Intelligence Surveillance & Reconnaissance (ISR) and Unmanned Aerial Vehicles (UAV) users offers to create a customized ISR/UAV training program. The training system can be used to train users of new or existing ISR/UAV equipment in a third country as part of a direct or indirect offset program.

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

Mail at: g-menexis@epicos.com

Development of an advanced Dynamic Noise Reduction (DNR) algorithm for hand free communication devices used in mixed noise environments



A leading technology provider, designer and manufacturer of hands-free communication solutions for demanding use, is proposing the development of a universal Dynamic Noise Reduction (DNR) algorithm to be used in several hand free communication devices applied in several military and homeland security applications.

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

Mail at: g-menexis@epicos.com

Epicos- Amazon**Small Arms Survey 2012: Moving Targets, by Small Arms Survey Geneva**

The Small Arms Survey 2012 seeks to increase our scrutiny of what is changing, and not changing, in relation to armed violence and small arms proliferation. The goal of curbing small arms proliferation, embodied in the UN Programme of Action, appears similarly elusive. Chapters on illicit small arms in war zones, trade transparency, Somali piracy and the 2011 UN Meeting of Governmental Experts highlight some of the successes, but also the continuing challenges, in this area. Country studies on Kazakhstan and Somaliland, along with the final installment of the authorized transfers project, round out the 2012 edition.

Economics of War and Peace: Economic, Legal, and Political Perspectives (Contributions to Conflict Management, Peace Economics and Development) ... Management Peace Economics and Development), by Benjamin E. Goldsmith, Jurgen Brauer

"Economics of War and Peace: Economic, Legal, and Political Perspectives" brings together recent, cutting-edge research on economic factors affecting peace and war. This important area of continuing research was the focus of an international conference held at the University of Sydney in June 2009 and these chapters are partly drawn from among the best contributions to that meeting. The book weaves together threads from a number of themes in current research including new theoretical perspectives on the economic foundations of peace, violence and war within countries, connections between international trade and inter-state conflict, and the role of legal/institutional factors in international and internal conflict.



EU misses deadline for cost-cutting 'Single European Sky'

On the day initially set for a safer, cheaper, more climate-friendly "Single European Sky", Brussels said the Tuesday deadline had been missed and threatened legal action against nations responsible.

"At a time of economic crisis we cannot afford to live with the status quo," said Europe's transport commissioner Slim Kallas.

At stake was a bid to redesign the bloc's 27 airspaces into nine blocs and to make these -- known as Functional Airspace Blocs (FABs) -- fully operational by Tuesday.

The redesign of Europe's skies is expected to triple European airspace capacity and halve air traffic costs.

It would also would improve safety tenfold and reduce the industry's impact on the environment by 10 percent.

"Right now the implementation of the reform of Europe's airspace is falling seriously behind," Kallas said. "A critical deadline has been missed. There is no other option but to strongly enforce EU law."

It was not his first threat of taking legal action against EU governments following a decade-long attempt to make a reality of a "single" European airspace.

But this time the European Commission pledged it would "proceed shortly by sending letters of formal notice to all parties concerned."

An EU source said the letters, the first step in infringement proceedings, would be sent in February or March.

No details were available on the names of the "many" member states slammed for "seriously lagging behind" in efforts to get the scheme going.

But last month the commission said that at the time only five nations -- Belgium, Denmark, Lithuania, Luxembourg and the Netherlands -- were on track to meet cost cutting targets and improving flight capacity.

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

Boeing Forecasts Sufficient Financing for Rising Global Aircraft Deliveries

LONDON, Dec. 4, 2012 /PRNewswire/ -- Boeing (NYSE: BA) projects the world's airlines should see reasonable liquidity and pricing for new-aircraft delivery financing in 2013 even as jet builders ramp up production to meet demand, the manufacturer announced here today in issuing its fifth annual finance market forecast.

"We expect that despite economic and political challenges, global air travel will again demonstrate its remarkable resilience in 2013. The industry's global growth and airlines' fleet replacements, accelerated by higher fuel prices, should keep demand stable and attract sufficient financing," said Kostya Zolotusky, managing director of capital markets development and leasing at Boeing Capital Corp., the plane maker's financing and leasing unit which develops the forecast.

The encouraging report comes amid lingering economic uncertainties and as higher costs for eligible airline borrowing using government export credit financing go into effect in 2013.

The manufacturer forecasts total industry jetliner deliveries at \$104 billion in 2013, with 95 percent of that expected to be split between Boeing and Airbus.

Boeing foresees 2013 financing conditions on par with 2012, and predicts the largest funding source – commercial banks – should strengthen their investment. Among other major players, capital markets are expected to grow as a funding source for U.S. airlines and expand to also serve non-U.S. airlines and leasing companies. Meanwhile, leasing firms are expected to grow in their delivery share and gain access to more diverse sources of equity and leverage.

This year began amid concerns that Europe's commercial banks, a primary aircraft financing source, would pull out of the market due to the continent's economic crisis. However, Zolotusky said those fears did not materialize, and in 2013 the company expects that Europe's banks will remain active because the aircraft space is one of the most attractive and high-performing sectors for bank investments.

Boeing said regional commercial banks – in places like China, Japan, Australia, the Middle East and North America – stepped back into or entered aircraft financing in 2012 and expect to remain in 2013.

In announcing the need for increased financing for rising industry deliveries, the company said market data clearly supports the higher production pace.

"Aircraft utilization is at record highs as are global load factors. Growth in people traveling is happening faster now that new capacity is being introduced. These are fundamental indicators that show that the aviation market is healthy and perhaps even a little underserved," said Boeing's Zolotusky. The company expects the higher costs and stricter terms for export credit borrowing next year to drive down reliance on government-backed loan guarantees, as their use gradually returns to lower historic rates.

Boeing's complete 2013 aircraft finance market outlook can be found at www.boeingcapital.com/cafmo.

Contact:

John Kvasnosky
Boeing Capital Corporation
+1 206-898-9528
john.kvasnosky@boeing.com

Source: Boeing, Epicos

Singapore Airlines in talks to sell Virgin stake

Singapore Airlines said Monday it was in talks with "interested parties" on a possible sale of its 49 percent stake in Virgin Atlantic as media reports listed US carrier Delta as a possible buyer.

"Singapore Airlines wishes to announce that it is in discussions with interested parties concerning the possible divestment of its 49 percent shareholding in Virgin Atlantic Limited," the carrier said in a statement.

"These discussions may or may not result in a transaction," it added without naming any of the parties involved in the talks.

Virgin Atlantic was founded by British transport mogul Richard Branson in 1984, with the flamboyant entrepreneur owning a majority 51 percent stake in the airline.

Britain's Sunday Times newspaper identified Delta as one of the interested parties and reported that it had approached SIA directly over the stake, which SIA bought for 600 million pounds (\$962 million) in 1999.

If the sale goes through, Delta's European partner, Air France-KLM, may also buy part of Branson's 51 percent stake which would see him losing control of the airline he founded for the first time, the report added.

Delta was not immediately available for comment.

Virgin Atlantic has over the years offered fewer benefits to SIA, said Timothy Ross, the head of Asia-Pacific transport research at Credit Suisse.

"Virgin contributes very little to Singapore Airlines, they have been unable to generate any real synergies and there's essentially been no marriage of the brands, no leverage of network opportunities," he told AFP.

"The contributions to (SIA's) earnings or to cash flows... has been negligible," he added.

Justin Harper, analyst with IG Markets Singapore, said any offer from Delta or any other rival carrier would have to be "compelling enough" for SIA to sell.

"Looking at the loss-making Virgin now it would be hard to see it (SIA) making much profit on that investment if it were to sell up now," Harper said in a market commentary.

"So any offer from Delta or a rival carrier would need to be compelling enough for SIA to consider. The big attraction lies in the Heathrow landing slots that Virgin owns."

SIA said last month its financial first-half net profit fell 30 percent from last year, and warned the outlook was bleak as the eurozone debt crisis dents global business confidence.

The carrier has been strengthening its presence in Asia's robust budget travel market as earnings from its premium service is hit by a weak global economy.

SIA's long-haul budget subsidiary Scoot started operations in June, flying to several Asian destinations. Scoot in October said it would acquire 20 Boeing 787 Dreamliners with a total list price of more than \$4.0 billion.

SIA also partly owns Singapore-based budget carrier Tiger Airways and has a regional wing called SilkAir.

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

Sandy adds to global air traffic gloom: IATA

The effects of Superstorm Sandy which devastated parts of the Northeastern US and the Caribbean last month are deepening an already dire situation for the global airline industry, the International Air Transport Association (IATA) said on Thursday.

The massive hurricane "dealt the airline industry a \$500-million (385-million-euro) blow at a time when it can least afford it," IATA chief Tony Tyler said in a statement.

The organisation calculated that nearly 17,000 flights were cancelled to the five US airports most affected by the storm, John F. Kennedy, Newark and LaGuardia in New York, as well as the Washington-Dulles and Philadelphia airports.

"At the peak of the storm on Monday, October 29, 8.0-9.0 percent of global capacity was grounded," IATA said, stressing that this was equivalent to 1.6 billion available seat kilometres.

"Hurricane Sandy delivered a concentrated punch to US domestic and North Atlantic travel. And its impact was felt globally," the organisation said.

It pointed out that the storm had exacerbated already weak air travel demand due to "slowing world trade and weak business confidence."

All in all, passenger demand had risen 2.8 percent last month compared to October 2011, but had fallen 0.5 percent compared to September, IATA said.

At the same time, though, freight demand slipped 3.5 percent year-on-year and 2.2 percent compared to September.

"Airlines are managing the softer passenger demand environment by limiting capacity growth to keep load factors high," it said, pointing out though that "the rapid decline in freight traffic is outrunning the industry's ability to respond."

Hurricane Sandy had hit the US domestic market the hardest, IATA said, pointing out that around two thirds of all air passengers impacted by Sandy were traveling internally in the United States.

US domestic traffic thus slipped 0.7 percent year-on-year in October, while capacity fell 1.1 percent. This in turn pushed the load factor up to 84 percent -- the highest among all domestic markets, IATA said.

Demand in that market fell 1.1 percent compared to September, it said.

North American airlines' international traffic numbers had meanwhile inched up 0.2 percent from October a year ago, but Sandy has sent seat capacity down 2.2 percent year-on-year, with demand declining 0.9 percent compared to September, it said.

European carriers were also hit by the hurricane, showing a 1.6-percent drop in international traffic compared to September as "Sandy negatively impacted transatlantic travel."

Compared to October a year ago, however, European airlines saw their international services grow 2.6 percent.

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

BA says seeking to axe 400 jobs

International Airlines Group on Tuesday announced plans to cut 400 cabin crew jobs at its British Airways division.

"We are offering voluntary redundancy to some members of our senior cabin crew to help address an imbalance in our crew numbers," an IAG spokesman said, adding that 400 jobs would be affected.

"Based on the feedback from our senior cabin crew in the past few months, we believe that there will be good demand for this opportunity. We have now begun a 90 day consultation with Unite about the issues."

The spokesman stressed that it was a purely voluntary scheme and there were no plans to make any compulsory redundancies. In total, BA has around 14,000 cabin crew.

The news comes almost one month after BA's loss-making sister group, Iberia, revealed it was seeking to axe 4,500 jobs to save it from collapse.

British Airways and Spanish carrier Iberia merged in January 2011 in a tie-up aimed at slashing one another's costs, as a sharp economic downturn and rise of low-cost competitors sparked steep losses for traditional carriers.

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