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Japan: Future defence Procurements

Japan is facing a rather severe security environment, thus the country is aiming at the solid implementation of effective and efficient defence programs which they will build a dynamic defence force that can possibly avert this environment. Emphasis will be placed on functions that can be used for various activities having asymmetric response capability, as well as non-substitutable functions. Under this notion Japan will further strengthen its defense

capabilities for early detection by gathering information and conducting warning and surveillance activities in a constant and continuous manner in the sea and air space surrounding the country. In order to achieve this Japan is planning to build a new class multi-purpose destroyer, which will enhance the navy's capabilities to detect submarines. The total amount allocated to the building of the destroyer is expected to reach 72.3 billion Yen. Furthermore, Japan will build the 9th Soryu-class submarine, the total amount of which will reach 53.6 billion Yen.

Japan is also planning to acquire (2) fixed-wing patrol aircraft (P1) for a total amount of 44.5 billion Yen. Also, the Japanese authorities are planning to perform studies on the operation, maintenance and development of high altitude long endurance unmanned aircraft. Japan is also planning to equip the armed forces with transport helicopters (CH-47JA), with attack helicopters (AH-64D) and with next-generation fighters (F-35A) as a successor of the existing F-4. Additionally, the country is planning to upgrade the existing capabilities of the F-15 by improving their self-defence as well as improving the F-2 air-to-air combat capabilities. Finally, Japan's authorities are planning to add JDAM (Joint Direct Attack Munition) to F-2.

Regarding land forces, Japan's government is planning to purchase (4) amphibious vehicles as a sample, for a total amount of 2.5 billion Yen. Japan will start discussions on the purchase of amphibious vehicles used for deployment of units from the sea in order to respond to illegal operations and invasions of islands, as well as for disaster relief activities in and out of Japan. Following the acquisition, confirmation of performance and verification studies for operations will be conducted in



Type-96 wheeled Armored Vehicle

order to judge whether installation of the equipment is feasible or not. Additionally, Japan is planning to acquire (2) NBC Reconnaissance vehicles for a total amount of 1.3 billion Yen, (16) Type-10 tanks for a total amount of 15.8 billion Yen and (14) Type-96 wheeled armored vehicles for an amount of 1.6 billion.

Kyriazis Vasileios,
Epicos Newsletter Head Editor

Japan: International Peace Cooperation Activities



One of the major priorities of Japan is to create a stable regional security environment through the promotion of bilateral and multilateral defense cooperation and exchanges, as well as joint training and exercises, in a multi-layered manner. Additionally, the country is deliberately trying to further deepen

the Japan-US alliance in an attempt to achieve stability in the Asia-Pacific region. Furthermore the country has promoted defence cooperation and exchanges with Australia, ROK, India, China and Russia as well as trilateral defence cooperation between Japan-U.S.-Australia and Japan-U.S.-ROK.

Additionally, the country took initiatives in the promotion of human resources development and capacity enhancement in the field of non-traditional security, such as humanitarian assistance and disaster relief for militaries or related organizations in concerned countries. In order to achieve this Japanese authorities have allocated approximately 0.3 billion Yen.

Japan, has also developed a multi-facet cooperation activity in the Asia-Pacific region. Japan,



amongst others is hosting the Tokyo Defense Forum (TDF) and the meeting of Senior Defense Officials on Common Security Challenges in the Asia-Pacific Region. The country is also participating in the Pacific Partnership (PP) 2013, under which Naval ships of the U.S. and other countries will visit countries in the Asia-Pacific region to provide medical services, hold intercultural events, etc. Through cooperation with governments, militaries, international organizations, and NGOs, the PP strengthens partnerships among participating countries and facilitates international

disaster relief operations.

Furthermore, Japan is proactively participating in the efforts of international community for promoting peace and security. The Japanese armed forces are participating in anti-piracy operations off the coast of Somalia and in the Gulf of Aden. Additionally, the country is participating in the PSI (Proliferation Security Initiative) interdiction exercises. Finally, is deliberately trying to maintain and increase the capability for a coordinated response among the MOD/SDF, relevant organizations, and concerned countries against the proliferation of weapons of mass destruction, etc.



Since 1996, Japan has participated in several international missions. Amongst others Japan dispatched a total of about 1,000 Self-Defense Force personnel to the Golan Heights to provide logistic support to the United Nations Disengagement Observer Force (UNDOF). The country is also participating in the United Nations political mission in Nepal, which was

established in January 2007. Japan dispatched (6) Self-Defense Forces personnel for monitoring and (5) including (2) officials for liaison, support, etc. in March 2007 for the United Nations Mission in Nepal (UNMIN). Finally, Japan participates in the United Nations Mission in the Sudan (UNMIS).

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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Introduction of vapour compression technology for the development of new generation Future Soldier ballistic protection vests

A company specializing in the manufacture of bullet proof vests is proposing the collaboration with another company for the investigation and potential development of vapour compression technology equipment for the development of new generation Future Soldier ballistic protection vests. The new vest will provide ballistic protection and parallel cooling to the soldiers.

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

Mail at: g-menexis@epicos.com

Customized design, modification and installation of an emergency braking system for tracked armored vehicles

A leading company in the design, development, manufacture and integration of turn-key systems and products, is proposing the development and installation of an EBS (Emergency Braking System) enabling the vehicle’s commander to stop the vehicle by a push of a button. The system can be used either on an existing platform (in the frame of an upgrade program) or in a new vehicle design, maximizing crew safety & survivability.

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

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Rethinking Japanese Public Opinion and Security: From Pacifism to Realism? By Paul Midford



While Japan has long demonstrated a commitment to militarily defending national territory, its refusal to become a “military power” that uses physical coercion overseas for foreign policy objectives has been a hallmark of Japan’s postwar military posture of defensive defence. In this book, Paul Midford engages claims that since 9/11 Japanese public opinion has turned sharply away from the aforementioned dogma of pacifism and has come closer towards supporting normalization of Japan's military power, in which Japanese troops would fight alongside their American counterparts in various conflicts worldwide. Midford argues that Japanese public opinion has never embraced pacifism. It has, instead, contained significant elements of realism, in that it has acknowledged the utility of military power for defending national territory and independence, but has seen offensive military power as ineffective for promoting other goals.

Globalisation and Defence in the Asia-Pacific: Arms across Asia, by Geoffrey Till, Emrys Chew, Joshua Ho



Globalization, once a rather nebulous concept, has become a buzzword and entered into mainstream dialogue and discourse. Globalization a phenomenon in itself has attracted its fair share of supporters and detractors and affected almost every facet of the socioeconomic life of states. This edited volume examines the impact of globalisation on the economies, security policies and military-industrial complexes of the Asia-Pacific region. The work is structured into three main parts. The first explores globalization and its general effects on the policy-making of the nation-state; the second section looks at how globalisation affects a country’s threat perception and defence posture within the specific context of the Asia-Pacific region; while the third explores how it impacts on a state’s allocation of resources to defence, and how economic globalization affects the defence industry, with specific reference to the procurement policies and practices of different states across the Asia-Pacific.



ALC leasing places giant order with Airbus

US group Air Leasing Corporation ALC has placed a giant order for airliners built by European manufacturer Airbus worth about \$9.0 billion (6.64 billion euros) at catalogue prices, Airbus said on Monday.

The order is for 20 A350-900 aircraft, five A350-1000, and also converts an option for 14 fuel-efficient A321neo aircraft into an order, Airbus said in a statement.

The chief executive of ALC Steven Udvar-Hazy said in a statement that the A350 XWB (Xtra wide body) airliner "is becoming the industry benchmark for efficiency in the long haul segment, and the A320neo family is ideal for airlines operating short to medium-haul missions."

He said: "These aircraft will help airlines grow their businesses while simultaneously reducing their operating costs and emissions." He added that his company aimed to offer its customers "the most modern, efficient aircraft on the market, and both the A350 XWB and the NEO fit right in that category."

The A350 is due to enter service in the second half of 2014. The aircraft is intended to compete with the Boeing 777 aircraft made by the US Boeing Corporation and with the Boeing Dreamliner 787.

Airbus hopes that the new aircraft will enable it to end Boeing's dominance of the market for long-range airliners. The A350 XWB family of aircraft is made mainly of composite materials based on carbon. It is being offered in three version capable of carrying 270-350 passengers.

The first version to be put into service will be the A350-900 with 314 seats. It will be followed in 2016 by the A350-800 with 270 seats and in 2017 by the A350-1000 with 350 seats. Airbus said that ALC had also taken an option on an extra five A350-1000 aircraft.

The Airbus statement said that the A320neo series of aircraft, due to enter in service in 2015, would deliver "up to 15 percent in fuel savings which is equivalent to 1.4 million litres of fuel - the consumption of 1,000 mid-size cars, saving 3,600 tons of CO2 per aircraft per year."

The manufacturer said that the A320 family of aircraft, with more than 9,000 aircraft ordered and more than 5,400 aircraft delivered to more than 380 customers, was the world's "best-selling single-aisle aircraft family".

Source: 2013 AFP, Agence France-Presse (AFP)

US economy hit brakes in fourth quarter

The US economy shrank in the fourth quarter last year as Washington slashed defense spending and businesses trimmed inventories ahead of the feared fiscal cliff, Commerce Department data showed Wednesday.

Weather -- especially the superstorm Sandy that battered the northeastern coast at the end of October -- was also a key factor in the economy's 0.1 contraction, the first since the Great Recession ended in mid-2009

But economists, though surprised at the sharpness of the slowdown, played down the reversal, noting strengths in consumer spending and business investment.

And the Federal Reserve attributed it to "weather-related disruptions and other transitory factors" even as the central bank kept its easy-money policy in place to help the economy.

At the end of a two-day meeting, the Fed's policy board, the Federal Open Market Committee (FOMC), predicted that the economy would grow "at a moderate pace" in the months ahead.

As expected, it left in place its record-low 0-0.25 percent benchmark interest rate and its \$85 billion a month asset purchase program, aimed at holding long-term interest rates down to shore up growth.

US equity markets fell Wednesday in reaction to the fourth-quarter data; the S&P 500 lost 0.39 percent to end at 1,501.96.

The dollar also fell against the euro, which bought \$1.3564 compared with \$1.3493 late Tuesday.

But most of the greenback's loss came well before the US growth numbers, and was mainly driven by a jump in the European Commission's January eurozone confidence index, which rose to 89.2 points, a level last seen in June 2012.

The Commerce Department's first estimate of quarterly growth is often heavily revised later as the data becomes more complete, but economists were surprised that it had turned negative.

The data showed that authorities at all levels tightened the reins in the October-December period, forcing the slowdown.

The cuts were unexpectedly sharp at the federal level, with 15 percent overall contraction in spending.

Underlying that was a 22 percent reduction in defense outlays ahead of the programmed "sequester" -- a \$110 billion federal spending pullback originally set to hit from January 1.

The sequester, half of which must come from defense, still looms at the end of March if political leaders cannot craft a less austere program for deficit reduction.

But the avoidance of the sharp tax hikes of the fiscal cliff before the January 1 deadline could help with a rebound this quarter, especially from business investment, according to analysts.

The Commerce Department said that despite the dismal fourth quarter, the economy expanded 2.2 percent overall in 2012, a pickup from 1.8 percent in 2011.

The third quarter came in at a strong 3.1 percent, and economists said they expect a modest rebound during the current 2013 first quarter.

Economists said the data revealed encouraging strengths in the economy.

Despite the looming cliff -- which could have meant a sharp tax increase for all Americans -- consumer spending climbed from the third quarter, as did business investment in equipment and software, and investment in housing.

But businesses pulled back investment in inventories, and the employment record shows they were cautious about hiring during the period.

"The slight decline was the first since the recession in 2009, although it almost certainly overstates weakness significantly after what was exaggerated strength in Q3," said Jim O'Sullivan, chief US economist at High Frequency Economics.

"It would be a mistake to view this drop in GDP -- driven by temporary corrections in defense spending and inventories -- as a possible harbinger of recession," said economist Nigel Gault at IHS Global Insight. "The incoming data points to continued growth, and we expect GDP growth to rebound to around two percent in the first quarter."

The Federal Reserve's policy statement made brief reference to the poor growth, but the FOMC appeared confident that, with its ultra-low interest rate policy in place, growth would resume to the moderate pace of the past year, with some of the strains of the eurozone crisis easing.

But it warned that it "continues to see downside risks to the economic outlook."

Source: 2013 AFP, Agence France-Presse (AFP)

India's Jet Airways swings into quarterly profit

India's biggest private airline Jet Airways, which is in final talks for a stake sale to Abu Dhabi-based Etihad Airways, on Friday swung into a quarterly net profit from a net loss a year ago.

Jet reported a net profit of 850 million rupees (\$16.03 million) in the third quarter ended December, from a net loss of 1.01 billion rupees a year earlier, aided by rising fares and lowering costs.

The results beat expectations, with analysts forecasting a profit of 275 million rupees for the quarter.

"All our efforts on revenues, costs and networks has resulted in turning around operations," Jet chief executive Nikos Kardassis said, commenting on the first profit since the April-June quarter of 2012.

Sales grew 6.6 percent to 42.06 billion rupees.

Jet said it cut several of its loss-making flights and redeployed aircraft to profitable routes.

Etihad is likely to pick up a stake in Jet, which would be the first in India's aviation sector, after the government in September said it allowed overseas airlines to take up to a 49 percent stake in domestic operators.

Jet, owned by Indian tycoon Naresh Goyal -- a former travel agent -- is among the carriers that have gained passengers from the grounded Kingfisher Airlines.

Kingfisher, controlled by liquor baron Vijay Mallya, owes billions of dollars to banks, airports, employees and tax authorities. It lost its licence to fly this year and is desperate for fresh investment to restart operations.

Indian carriers need money to fund expansion and cut debt after several years of losses caused by fierce price battles and rising fuel costs.

Only one of India's six main scheduled carriers -- privately held low-cost carrier IndiGo -- was in profit last year, helped by a strict business plan and on-time performance.

Source: 2013 AFP, Agence France-Presse (AFP)

Singapore airport handles record 51 mn passengers

Singapore's Changi Airport said Thursday it had enjoyed its busiest year in 2012, handling a record 51.2 million passengers, underscoring its position as a regional aviation hub.

"Passenger traffic for the year totalled 51.2 million, increasing by 10.0 percent over the whole of 2011," Changi Airport Group (CAG) said in a statement.

It was the first time in the airport's 31-year history that the number of people passing through had crossed 50 million, CAG said, adding that the rise came despite economic woes in Europe. Its previous record of 46.5 million passengers was seen in 2011.

"Despite weak market conditions in the eurozone, there was encouraging improvement in demand for travel to and from Europe. In 2012, passenger traffic between Singapore and Europe grew 7.5 percent," it said.

Changi was voted the second-best airport in the world by Airports Council International in 2012, behind Seoul's Incheon.

"Changi continued to experience strong growth in the South Asia, Northeast Asia, Southeast Asia and Southwest Pacific regions, accentuating its position as a key air hub in Asia-Pacific," the operator said.

The busiest route the airport served last year by passenger traffic was to and from Jakarta, followed by Hong Kong, Bangkok, Kuala Lumpur and Manila.

CAG chief executive Lee Seow Hiang said "2012 was indeed a good year for us". He added: "In spite of the economic challenges faced by the aviation industry, we stayed nimble and worked extremely closely with our partners.

"In the near term, Changi Airport's performance will depend largely on how quickly markets recover from the (global economic) slowdown."

As at 1 January 2013, Changi Airport handles more than 6,500 weekly scheduled flights with 110 airlines connecting Singapore to 240 cities in 60 countries.

Source: 2013 AFP, Agence France-Presse (AFP)

Etihad Airways posts 200% rise in 2012 net profit

Etihad Airways, the fast-growing carrier of Abu Dhabi, posted a 200 percent rise in net profit in 2012 and a 17 percent increase in revenues, the airline said in a statement on Monday.

Etihad posted a net income of \$42 million last year compared to \$14 million in 2011 when it made its first-ever profit, said the statement, which attributed the rise to strong improvements in revenues, passengers and cost control.

The Gulf carrier also said it was not considering cancelling any of its orders for 41 Boeing 787 Dreamliners, despite a worldwide grounding of the aircraft after a number of incidents.

The government-owned airline said it was discussing buying a stake in India's loss-making Jet Airways.

The flag carrier of the UAE capital said revenues increased to \$4.8 billion in 2012 compared to \$4.1 billion the previous year.

The number of passengers grew a healthy 23 percent to 10.3 million compared to 8.4 million in 2011, significantly boosted by Etihad's partnerships which delivered more than \$600 million in total revenue.

"This has been a game-changing year for Etihad Airways," James Hogan, the airline's president and chief executive officer said in the statement.

"We have delivered improved net profit, the second consecutive year we have been in the black, a remarkable achievement given the youth, ambitious growth and ongoing investment made by this airline in a challenging global economic environment."

Etihad said it succeeded in building the first "equity alliance" with investments of 40 percent in Air Seychelles, 29.2 percent in airberlin, 9 percent in Virgin Australia and about 3 percent in Aer Lingus.

"We have taken great strides in building the industry's first equity alliance ... which (is) contributing significant value to our business," Hogan said.

Earnings before interest and tax (EBIT) rose 24 percent to \$170 million, while EBITDAR (earnings before interest, tax, depreciation, amortisation and rentals) rose to \$753 million, up 16 percent, Etihad said.

Hogan said more than 50 institutions have provided around \$6.8 billion in cumulative funding for the airline's ongoing expansion.

Planned fleet additions for 2013 include 14 aircraft -- 11 passenger aircraft and three freighters.

Hogan told reporters that Etihad was not planning to cancel any of its Dreamliner orders.

The Dreamliner faces a global no-fly order imposed by US regulators over incidents including a fire on a Japan Airlines plane in Boston and an emergency landing on an ANA flight in Japan.

"We have strong relationship with Boeing.

"The 787 is a great aircraft, and it is not unusual for a new aircraft to have technical issues. We have no doubts that these issues will be resolved," Hogan said.

Hogan also said Etihad was discussing a stake purchase of India's private carrier Jet Airways, a day after a similar announcement by Jet.

"We are undertaking due diligence. We met (different ministers) to understand the new rule of investment" in India, Hogan said.

At the end of 2012, Etihad had 10,656 employees, 18 percent more than in 2011, representing more than 125 nationalities.

Etihad Airways, which began operations in 2003, serves 86 passenger and cargo destinations in the Middle East, Africa, Europe, Asia, Australia and the Americas.

It operates a fleet of 70 Airbus and Boeing aircraft, and more than 90 aircraft on firm order, including 10 Airbus A380s, the world's largest passenger aircraft.

Source: 2013 AFP, Agence France-Presse (AFP)