

Part I

Special Focus: India

1. **Current Indian Defence Budget and Future Estimations**
2. **Indian Defence Procurements**
3. **Epicos “Industrial Cooperation and Offset Projects”**
4. **WiFi Wireless networks to support coverage of large campuses or mobile formations**
5. **Development of E-Band radio technology and associated infrastructure**
6. **Epicos - Amazon**

Part II

Epicos Newsroom

1. **Singapore to build new airport terminal to boost capacity**
2. **Lufthansa passenger numbers down in January**
3. **IAG says to cut 3,800 jobs at Iberia**
4. **American and US Airways near mega-merger**
5. **China defence ministry denies Japan radar incident**

Current Indian Defence Budget and Future Estimations

Due to the strained relations that India has with its neighboring countries and the growth of the uncertainty created by the international terrorism the Indian government has been investing heavily into its defence capabilities. According to the Stockholm International Peace Research Institute (SIPRI) India was the world's largest importer of major conventional weapons during the period 2007–11. It is indicative that the country imported defence equipment totaling \$12,650 million dollars at constant (1990) prices. For the period 2002-2006 India was the second biggest importer with \$9,184 million dollars at constant (1990) prices.

Russia has a leading role in the Indian armament imports. Apart from the Asian country, other important countries that export arms to India, for the last five years, are UK, Israel, USA and Italy.

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

	2007	2008	2009	2010	2011	Total
Russia	1716	1495	1839	2382	2631	10062
UK	164	224	112	120	140	760
Israel	114	49	90	101	137	491
USA	87	5	2	51	190	335

Source: SIPRI Publications, Arms Transfers Database

Aircraft were the predominant area of imports for the period 2007-2011 with a total amount of \$9,031 million at constant (1990) prices. The 2nd most important sector is that of armored vehicles with \$1,216 million at constant (1990) prices whereas other areas such as Missiles, Sensors, Ships, Air Defence Systems, Engines, Artillery, ASW weapons. The import of aircraft to the country covers more than 70% of the total imports for the period 2007-2011.

Service/Department	2009-10 Actuals (Rev+Cap)	2010-11 Actuals (Rev+Cap)	RE 2011-12 (Rev+Cap)	BE 2012-13 (Rev+Cap)
Army	75228.00	78239.69	86816.67	96564.83
Navy	22693.59	27119.20	29606.01	37314.44
Air Force	32790.86	38176.49	43872.16	48220.26
R&D	8475.38	10148.92	10014.31	10635.56

Service/Department-wise Break-up of Defence Expenditure

As it is clearly showed by the table above the majority of the defence budget is allocated to the army. Air force and the Navy follow. Finally it is important to state that a significant

amount of funds are allocated to R&D. This is primarily attached to the fact that India is deliberately trying to achieve self-reliance in defence production.

Kyriazis Vasileios,
Epicos Newsletter Head Editor

Indian Defence Procurements



India is in need of a broad variety of defence equipment. Owing the fact that the country has long borders encompassing different geographical and climatic conditions, such as desert terrain, snow-covered mountains and thick rain fed mountainous jungles, the army should be ready and efficiently equipped to adjust to these different climatologic and geographic conditions. The Indian authorities are planning to conduct a series of procurements in the years to come in order to tackle these difficulties. A series of these procurements are oriented towards modernizing the capabilities of the Indian tanks, equipping them with modern fire control systems and providing them with better power packs. Under this notion the procurement of Digital Control Harness and state of the art fire control systems (TIFCS) are in progress for T-72. Additionally, India is underway of equipping the BMPs with twin missile launchers, modern fire control systems and other offensive weapon systems. Additionally, the procurement of a modern, state of the art Anti-Tank Guided Missile is also under process.

Regarding the Army Aviation, the replacement of the existing reconnaissance and surveillance helicopters with modern ones and with better capabilities is currently in progress. Also the Indian army is in the process of equipping with weapons the indigenously manufactured Advanced Light Helicopter (ALH).

Regarding the navy, two new fleet tankers, INS Deepak and INS Shakti, constructed at M/s Fincantieri Shipyard in Genoa, Italy were inaugurated in the navy on January 21st, 2011 and October 1st, 2011 respectively. The second indigenously designed and built stealth frigate of the Shivalik class, INS Satpura was commissioned on August 20th, 2011. INS Kabra, Koswari and Karuva were also commissioned in 2011.



Mi-17 V5 Class, Medium lift Helicopter

The Indian Air Force today is on the path of becoming a credible aerospace force. In order to achieve this, a series of procurements and upgrades will be conducted, the most important of which are the following: New helicopter units are being raised with the induction of Mi-17 V5, medium lift helicopters, equipped with state of art avionics along with glass cockpit instrumentation. Additionally, a contract for upgrade of Mirage-2000 aircraft was signed with the French Original Equipment Manufacturers (OEMs) (M/s Thales and M/s Dassault Aviation) and M/s HAL on July 29th, 2011.

Most of the aircraft will be modified in India. Additionally, an upgrade contract with the Russians was signed regarding the MiG-29 including complete upgrade of radar and avionics along with structural upgrade of aircraft. Finally, the Indian Air Force upgraded the AN-32 aircraft.

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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WiFi Wireless networks to support coverage of large campuses or mobile formations



A leading company in the design, development and production of networking infrastructure equipment for carrier and service provider networks, is proposing the implementation of a WiFi solution introducing a completely new WLAN that eliminates the coverage and capacity limitations of traditional WLAN architectures and the need for cell planning and site surveys. This solution is ideal for rapid deployment of mobile formation HQ and other data-on-the-move formations.

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

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Development of E-Band radio technology and associated infrastructure



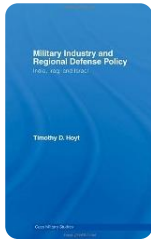
A company specializing in microwave transmission network planning, microwave link planning, administration of government licensing, turnkey project realization including equipment manufacturing, system integration, installation, training and documentation is proposing, in the frame of an offset program, the collaboration with a prime contractor or a third party company specializing in broadband wireless technology, in order to develop subcomponents for EHF point-to-point equipment (radios) to be integrated in full systems or sold as individual units.

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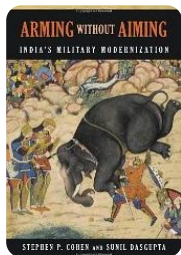


**Military Industry and Regional Defense Policy: India, Iraq and Israel (Cass Military Studies),
by Timothy D. Hoyt**



Military Industry and Regional Defense Policy re-examines three of the most important regional powers of the late twentieth century, assessing the relationship between changing security calculations and military experience on military- industrial policy. This study provides a security-based context for evaluating arms industries of Less- Developed Countries (LDCs). This perspective is often lacking in existing literature on military industries in the developing world which focus on issues of economic opportunity costs and dependency. These past studies have used primitive methodologies that focus on the production of complete weapons systems - a misleading gauge in a world of growing international defense cooperation. They have also ignored empirical evidence of the impact of local military industrial production on Cold War regional conflict, and of the defence planning and concerns that drove development of indigenous military industries in key regional powers. This new text delivers an incisive new perspective.

Arming without Aiming: India's Military Modernization, Stephen P. Cohen, Sunil Dasgupta



India has long been motivated to modernize its military, and it now has the resources. But so far, the drive to rebuild has lacked a critical component - strategic military planning. India's approach of arming without strategic purpose remains viable, however, as it seeks great-power accommodation of its rise and does not want to appear threatening. What should we anticipate from this effort in the future, and what are the likely ramifications? Stephen Cohen and Sunil Dasgupta answer those crucial questions in a book so timely that it reached number two on the nonfiction bestseller list in India.



Singapore to build new airport terminal to boost capacity

Singapore said Friday it will spend nearly Sg\$1.3 billion (\$1.05 billion) to build an additional airport terminal and other facilities to bolster its status as an international aviation hub.

Operator Changi Airport Group said Sg\$600 million will be spent to erect a fourth terminal building -- called T4 -- on the former site of a budget airline terminal which has been closed to make way for the project.

A further Sg\$680 million is earmarked for additional aircraft parking stands and other support infrastructure in the entire Changi airport complex.

The new terminal, designed to serve both full-service and budget airlines, will have a capacity of 16 million passengers a year, raising Changi Airport's annual capacity to 82 million passengers, it added.

Construction will start this year and the terminal is expected to be ready by 2017.

"These infrastructure investments will ensure that Changi Airport is well positioned to remain a major global aviation hub, ready to meet the challenges of growing passenger and aircraft traffic in the years ahead," the airport operator said in a statement.

Changi enjoyed its busiest year in 2012, handling a record 51.2 million passengers, up 10 percent over 2011, despite economic woes in Europe, whose airlines use the city-state to connect to Australia and other Asia-Pacific destinations.

The airport's previous record of 46.5 million passengers was recorded in 2011.

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

Lufthansa passenger numbers down in January

Lufthansa, Germany's number one airline, said Friday that its passenger numbers were down in January as the carrier cut back capacity.

Lufthansa said in a statement it carried 6.824 million passengers in January, 3.6 percent fewer than during the same month last year.

At the same time, the airline cut back capacity by 4.1 percent so that the so-called seat-load factor, which measures the number of seats filled on flights, increased by 0.9 percentage point to 74.6 percent, the statement said.

Lufthansa -- which also owns Austrian Airlines and SWISS -- said the number of passengers on Lufthansa-only flights fell by 4.8 percent to 4.854 million last month.

Austrian Airlines passengers decreased by 2.3 percent to 723,000, but the number of passengers flying with SWISS edged up by 0.2 percent to 1.246 million.

The volume of freight transported by its Lufthansa Cargo unit slid by 8.3 percent to 115,000 tonnes last month, the statement added.

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

IGAG says to cut 3,800 jobs at Iberia

International Airlines Group said on Tuesday it intends to cut more than 3,800 jobs at Iberia airline, about 700 fewer than it had planned in November.

IGAG, which also owns British Airways, said in a statement that Iberia informed Tuesday its employees, trade unions and the Spanish Employment Ministry that it has started the formal process of collective redundancy "3,807 jobs in the airline are affected," it said.

IGAG had initially announced in November that it would cut 4,500 jobs at the airline and impose salary cuts of between 25 and 35 percent as it sought to stem losses.

Iberia had sought to reduce the job cuts to 3,147 jobs -- or 16 percent of the workforce -- alongside salary reductions of between 11 and 23 percent, but the discussions failed.

Iberia staff plan to strike for 15 days in February and March to protest the plans to shed workers, according to union officials.

IGAG said it was still open to talks with unions during the formal 30 day consultation process.

Iberia executives said the airline accumulated 850 million euros in losses between 2008 and September 2012, forcing the need for drastic action.

The airline aims to cut its capacity by 15 percent this year, in particular cutting several loss-making routes to Latin American destinations.

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

American and US Airways near mega-merger

American Airlines and US Airways are close to striking a merger deal that would create the largest airline in the United States in the latest bout of consolidation in the US aviation industry.

Officials from the two companies declined to comment, but The Wall Street Journal reported that their boards are scheduled to meet separately on Wednesday, and a deal could be disclosed by Thursday.

"Discussions are still ongoing but no decision has been made," a person familiar with the talks told AFP.

A merger would assemble a powerful fleet of about 1,530 mainline and regional aircraft flying some 6,428 daily flights. Combined revenues of \$38.7 billion in 2012 would put them slightly ahead of United and Delta Airlines.

The deal would help complete American's expected emergence from bankruptcy restructuring.

It would also cap a round of big airline deals that has remade the US airline business into a handful of giant carriers like Delta and United, which acquired Northwest Airlines and Continental respectively.

The idea of an American-US Airways tieup has been floated since American went into bankruptcy protection in November 2011.

The carrier has continued to operate under court supervision even as it sought to slash costs by renegotiating wage and benefit deals with its unions.

The prospect of a merger strengthened when union leaders publicly endorsed it in April, and talks moved ahead when the two firms signed a non-disclosure agreement to exchange confidential information in August.

"It's probably beyond the point of no return" said John Thomas, head of the global aviation practice at L.E.K. Consulting.

The move would allow deeper savings than either firm could achieve on its own, Thomas said. The firms could, for example, route more customers onto larger planes, which is more efficient for carriers.

There is little overlap in the route networks of the two airlines. The combined company would increase American's offerings in the Northeast and in the southwestern city of Phoenix, where US Airways has hubs and is strongest.

News reports say the combination could bring some \$1.2 billion in cost savings.

Overall, the US industry is in better shape than a few years ago, with higher fares and fewer empty seats as the US economy rebounds.

Thomas said airlines have also picked up an additional \$8 billion a year from charges on bag checks, food and other items.

A deal would require not only the customary approval of regulators and shareholders, but also the support of the US Bankruptcy Court that has been overseeing American's Chapter 11 bankruptcy process.

Thomas said the combined firm might be required by antitrust regulators to divest some routes where there is overlap.

Outstanding issues include what role American chief executive Tom Horton would play in the new company. US Airways CEO Doug Parker is expected to lead the new company.

Tom Hoban, the communications chairman of the Allied Pilots Association union group, said American's labor groups support the merger because it offers "better terms" to workers than what would come from a free-standing American.

"It's got a momentum of its own," Hoban said of a deal. "Labor is strongly behind this merger. The investment banks are supportive. American's senior executives are reluctant latecomers."

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

China defence ministry denies Japan radar incident

Beijing's defence ministry on Friday denied Japanese allegations that a Chinese warship's radar system had locked onto one of Japan's vessels, and accused Tokyo of hyping the "China threat".

The incident, which Japan said happened last week, marked the first time the two nations' navies have locked horns in a territorial dispute that has some commentators warning about a possible armed conflict.

The neighbours -- also the world's second- and third-largest economies -- have seen ties sour over uninhabited Japanese-controlled islands in the East China Sea known as Senkaku in Tokyo and Diaoyu by Beijing, which claims them.

On both January 19 and January 30, China's defence ministry said in a statement faxed to AFP, the Chinese ship-board radar maintained normal operations and "fire-control radar was not used".

"The Japanese side's remarks were against the facts," it said.

"Japan unilaterally made public untrue information to the media and senior Japanese government officials made irresponsible remarks that hyped up the so-called 'China threat'," it added.

Tokyo had "recklessly created tension and misled international public opinion", it said.

On Thursday Japanese Defence Minister Itsunori Onodera told parliament that the Chinese radar lock amounted to a "threat of force", but also called for some mechanism to allow defence authorities to communicate with each other.

The long-running row over the islands intensified in September when Tokyo nationalised part of the chain, triggering fury in Beijing and huge anti-Japan demonstrations across China.

Beijing has repeatedly sent ships and aircraft near the islands and both sides have scrambled fighter jets, though there have been no clashes.

Japan's Prime Minister Shinzo Abe called the radar incident "extremely regrettable," "dangerous" and "provocative" but also said that dialogue must remain an option.

"We will not close the window of dialogue. This is most important," said Abe. "I would like China to return to a more open attitude towards our strategic partnership."

The island chain, which is also claimed by Taiwan, is believed to sit atop vast mineral reserves.

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