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*Taiwan (ROC): Defence Budget and new Procurement Dogma*

The Taiwan (ROC) Ministry of Defence has limited resources to be allocated to defence. Thus, the country's authorities are trying to maximize the benefits of "human," "financial" and "material" resources via scientific management and allocation. Nevertheless, Taiwan has allocated a significant amount of funds in the past

decade. It is indicative that from 2002 up to 2011 the country's defence budget was between NT\$250 billion and NT\$330 billion, representing between 15.52% and 19.51% of the overall central government budget. For 2011 the country's defence budget was NT\$294.58 billion, in which NT\$139.98 billion was allocated for personnel maintenance, NT\$68.45 billion was allocated for operational maintenance, NT\$81.67 billion was allocated for military investments, while other expenses accounted for the remaining NT\$4.46 billion.

The above-mentioned showcased that despite the fact that although the country's finance was impacted by the global financial crisis and adjustments were made to administration priority, the defense budget represented a substantial proportion of the overall central government budget, because national defense is regarded as the cornerstone of national security.



The armament acquisition principle is based on the philosophy of "prioritizing domestic production, and using foreign procurement for support". Under this philosophy in 2011 the major military investment projects included the "Patriot Missile System," "New Attack Helicopter," "P-3C Long Range Fixed Wing Anti-Submarine Aircraft," "E-2T Performance Enhancement," IDF Fighter Performance Enhancement" and "New Generation Missile Boat Mass Production."

As it is already mentioned, the new procurement philosophy of Taiwan is to "prioritize domestic production, and to use foreign procurement for support". This is highlighted by the fact that a total of over 10,100 procurements were carried out by the Armed Forces in 2010, total amount exceeding NT\$200 billion; in which over 10,000 procurements were domestic and over 100 purchases were foreign (including military sales). Up to May 2011 a total of over 4,600 procurements had been completed by the Armed Forces, total amount exceeding NT\$19 billion; in which over 4,600 purchases were domestic and 8 procurements were foreign (including military sales).

As it is obvious from the above, military investments will be based on the core objective of enhancing the overall joint operation capabilities of the armed forces taking into consideration the maximization of resources and the ROC's procurements dogma of "domestic procurement first, foreign procurement second". This means that armament procurements will have an additional criterion, the development of domestic industrial capabilities through the award of defence procurements in local companies or through industrial cooperation and technology transfer initiatives.

Kyriazis Vasileios,  
Epicos Newsletter Head Editor

Taiwan (ROC): Domestic Procurement First, Foreign Procurement Second



For the period 2011 up to 2014 the MND of Taiwan is going to implement the “Jingsui Program”, which gives consideration to future warfare, enemy situation and threats and the nation’s overall resource

distribution, as well as to “military strategy,” “national financial resources and policy guidance” and “voluntarism,” finding a balance between “combat requirements” and “financial capabilities”. The outmost goal of the program is to establish a “small but superb, strong and smart” defense force.

As it is delineated by the “Jingsui Program” a new factor should be taken into consideration when studying the country’s defence procurements. In the face of the global wave of reforms in military affairs and owing to the integration of a social dimension in the armed forces, procurements would be connected to societal changes. Under this notion, the utility of defence resources allocation should account for the nation’s overall economic development and benefit,



so that the defence establishment could boost the realisation of domestic economic profit. Under this notion and in coordination with the Executive Yuan’s

policy guidance to “revitalize the economy and expand domestic demand,” the Armed Forces will gradually outsource armaments development, manufacturing and maintenance to the private sector, and develop dual-use technologies.

Additionally, military investments will be based on the core objective of enhancing the overall joint operation capabilities of the armed forces taking into consideration the maximization of resources and the Taiwan’s procurements dogma of “domestic procurement first, foreign procurement second”. Besides effectively supporting domestic industries, this dogma will also achieve the win-win situation of self-reliant national defense and driving economic development.

In order to further augment their armed forces and international presence, Taiwan will also try to develop military cooperation with different countries jointly establishing mechanisms for maintaining peace and stability in the Taiwan Strait. The extend of military interactions will be increased via the invitation of high level officers, think tank cooperation, military procurements, educational training, military assistance and humanitarian aid.

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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### Development of mission critical rugged displays 8xs/10xs for military and tactical vehicles



A company that designs and produces industrial computers and displays for use in the most demanding environments and also designs industrial displays and produces neural network software and automation solutions is proposing the provision of CEF 8xs/10xs type military displays to be used in an offset project or in an upgrade program.

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

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

### Climbing training simulator for special operations forces



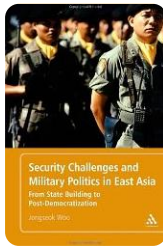
A company is proposing the development and installation of a complete climbing training simulator, to be used for simulating training in individual climbing skills and methods. The climbing training simulator will be used by Special Forces, as well as emergency rescue teams supporting reliable and secure simulation of several different operational scenarios.

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

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



### Security Challenges and Military Politics in East Asia: From State Building to Post-Democratization, by Jongseok Woo



This comparative work examines the political role played by armed forces in South Korea, Indonesia, the Philippines, and Taiwan. The work brings together theory and empirical study, analyzing how security threats have shaped the military's organization, doctrine, and domestic political role at various stages of political development, from the state-building period to today's post-democratization era. Using four representative case studies, Woo sets to answer: What determines the armed forces' political influence? How does it affect political development? How do democratically elected leaders establish civilian control over them?

### Innovation and the State: Political Choice and Strategies for Growth in Israel, Taiwan, and Ireland, by Dan Breznitz



The 1990s brought surprising industrial development in emerging economies around the globe: firms in countries not previously known for their high-technology industries moved to the forefront in new Information Technologies (IT) by using different business models and carving out unique positions in the global IT production networks. In this book Dan Breznitz asks why economies of different countries develop in different ways, and his answer relies on his exhaustive research into the comparative experiences of Israel, Taiwan, and Ireland—states that made different choices to nurture the growth of their IT industries.



### Ryanair to buy up to 200 Boeing planes: report

Irish no-frills airline Ryanair has placed an order for up to 200 Boeing planes worth \$18 billion (13.8 billion euros) at list prices, the Irish Independent said on Tuesday.

The order, set to be confirmed by US President Barack Obama and Irish Prime Minister Enda Kenny at the White House next week, is the single-biggest aircraft purchase ever agreed by Ryanair, the newspaper said.

Asked about the report, a Ryanair spokesman told AFP that the airline "does not comment upon, or engage in, rumour or speculation."

The order would be used to replace some existing 737 aircraft, while allowing the carrier to possibly extend its footprint beyond Europe, the paper said.

The report comes as Ryanair appeals a recent decision by the European Commission to block a third attempt by the airline to take over its Irish rival Aer Lingus over competition concerns.

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

### India aborts testing of new cruise missile: defence body

The maiden flight of India's first domestically developed long-range cruise missile was aborted midway on Tuesday after it veered off course, defence scientists said.

The two-stage Nirbhay missile blasted off from the eastern state of Orissa but the test flight was halted prematurely to "ensure coastal safety", the state-run Defence Research and Development Organisation (DRDO) said.

"After travelling approximately midway, deviations were observed from its intended course," spokesman Ravi Gupta said in a statement, which claimed the basic mission objectives from the test firing had been met.

With a range of 1,000 kilometres (620 miles), the subsonic Nirbhay missile is intended to cruise like an aircraft and can be launched from land, sea and air, defence officials said.



The surface-to-surface missile is fitted with a turbojet engine and is capable of flying at low altitudes to avoid detection.

India already has in its arsenal the supersonic BrahMos missile which it developed jointly with Russia.

Tuesday's test comes less than a year after India successfully launched its nuclear-capable Agni V ballistic missile with a range of more than 5,000 kilometres.

The Indian military views the Agni V missile as a key boost to its regional power aspirations and one that narrows -- albeit slightly -- its huge gap with China's technologically advanced missile systems.

While the shorter-range Agni I and II were mainly developed with India's traditional rival Pakistan in mind, later versions with longer range reflect the shift in India's focus towards China.

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

### Spanish airline Vueling spurns British takeover bid

Shares in Spanish budget carrier Vueling surged Friday after its board unanimously rejected a full takeover bid by Britain's International Airlines Group as being too cheap.

"The Vueling board has a negative assessment of the takeover bid made by the bidder because of the compensation offered, and recommends that shareholders do not accept it," the airline said.

"This report was unanimously approved by members present," Vueling, which is Spain's second carrier after IAG's Iberia, said in a statement issued late Thursday to the Spanish stock market regulator, the CNMV.

IAG, which already holds 46 percent of Vueling, lodged a bid December 11 to take over all the stock.

The group, born from a merger between British Airways and Iberia, offered to pay seven euros (\$9.20) a share, valuing Vueling as a whole at 209 million euros (\$274 million).

Shareholders welcomed Vueling's decision to spurn the offer sending its shares up 38 cents, or 4.84 percent, to 8.23 euros in morning trade.



Vueling's board said a greater integration with IAG would "bring advantages and opportunities" to the airline but stressed that the bid offered no premium to the current stock market price.

Industry analysts generally agreed that the airline's share value was "clearly higher" than the IAG offer, Vueling said.

Vueling shareholders are to give their verdict at an annual general meeting in March or April.

IAG is slashing 3,800 jobs at loss-making Iberia in an attempt to cut costs. Iberia workers are striking this week in the second of three five-day strikes, with many of them accusing the British firm of ruining a key Spanish asset.

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

### Frankfurt Airport partially re-opens after heavy snow

Frankfurt Airport, Europe's third-busiest hub, was able to re-open one runway for takeoffs only on Tuesday afternoon, a spokesman said, after being forced to close completely due to heavy snow.

"Since 13:30 pm (1230 GMT), we have one runway available. A few flights have been able to take off. Landings are still not possible," an airport spokesman told AFP.

He said that 355 flights had been cancelled, out of a scheduled daily total of 1,250. Like much of Europe, Germany has been battered by unseasonably cold weather. Public transport in Berlin has also been affected, with several regional trains cancelled or severely delayed.

There was also a spate of crashes on icy roads with several people seriously hurt and one death, according to police.

A mass pile-up in the western German state of Hesse involving at least 100 vehicles injured several dozen. The crash was apparently caused by heavy snowfall and icy roads.

The freezing conditions were set to continue, with the German weather service (DWD) forecasting temperatures as low as minus 10 Celsius (14 degrees Fahrenheit) on Tuesday, with more heavy snowfall in parts of the country.

Across Europe, thousands have been without power and others left stranded in their cars as they were caught flat-footed by a late-winter snowstorm.

France was the worst affected but Britain, Germany, Belgium and the Netherlands also reported major disruptions.

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

#### **ATK Awarded \$12 Million Contract to Deliver 30mm MK266 Ammunition to the U.S. Navy**

ARLINGTON, Va., March 8, 2013 /PRNewswire/ -- ATK (NYSE: ATK) announced today the award of a first-year, \$12 million contract to deliver 30mm MK266 ammunition to the U.S. Navy. This is a single award, firm-fixed-price, five-year indefinite delivery indefinite quantity (IDIQ) contract for 30mm x 173mm, MK266 High Explosive Incendiary with Trace Cartridges in MK15 Linked Belts. This multi-year contract has a potential value of \$41 million should all possible follow on contracts be awarded through 2018.

The ammunition is used with the MK46 Mod 2 Gun Weapon System, which is composed of ATK's MK44, 30mm Bushmaster automatic cannon. This weapon system arms the U.S. Navy's San Antonio class Landing Platform Dock (LPD) ships and Littoral Combat Ships (LCS).

"We take great pride in developing and producing ammunition that provides superior performance and reliability," said Bruce DeWitt, Vice President and General Manager for ATK's Armament Systems division. "Our medium-caliber expertise includes a full spectrum of highly effective and accurate tactical ammunition for air, ground and sea platforms as well as cost-effective training ammunition that provides a realistic experience for the warfighter."

The MK266 is a modification to the PGU-13 High Explosive Incendiary 30mm round, accomplished by adding a tracer and ATK's Low Drag Fuze. The non-self-destruct, Low Drag Fuze, produced exclusively by ATK, provides superior performance at extended range. The MK266 rounds may also be used for any cannon that fires 30mm x 173mm ammunition.

Program management for the MK266 is headquartered at ATK's Defense Group facility located in Plymouth, Minn., while ammunition production activities take place at Allegany Ballistics Laboratory in Rocket Center, W. Va. and New River Energetics in Radford, Va. First-year production deliveries are scheduled to begin in 2014.

The contract was awarded through the Project Manager Maneuver Ammunition Systems (PM MAS) under its role as the Single Manager for Conventional Ammunition (SMCA), which is responsible for the procurement of ammunition for all the Armed Services.

ATK is an aerospace, defense, and commercial products company with operations in 21 states, Puerto Rico, and internationally. News and information can be found on the Internet at [www.atk.com](http://www.atk.com).

Certain information discussed in this press release constitutes forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Although ATK believes that

the expectations reflected in such forward-looking statements are based on reasonable assumptions, it can give no assurance that its expectations will be achieved. Forward-looking information is subject to certain risks, trends and uncertainties that could cause actual results to differ materially from those projected. Among those factors are: changes in governmental spending, budgetary policies and product sourcing strategies; the company's competitive environment; the terms and timing of awards and contracts; and economic conditions. ATK undertakes no obligation to update any forward-looking statements. For further information on factors that could impact ATK, and statements contained herein, please refer to ATK's most recent Annual Report on Form 10-K and any subsequent quarterly reports on Form 10-Q and current reports on Form 8-K filed with the U.S. Securities and Exchange Commission.

Media Contact:

Investor Contact:

Bryan Kidder

Steve Wold

Phone: 410-864-4932

Phone: 952-351-3056

E-mail: [bryan.kidder@atk.com](mailto:bryan.kidder@atk.com)

E-mail: [steve.wold@atk.com](mailto:steve.wold@atk.com)

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