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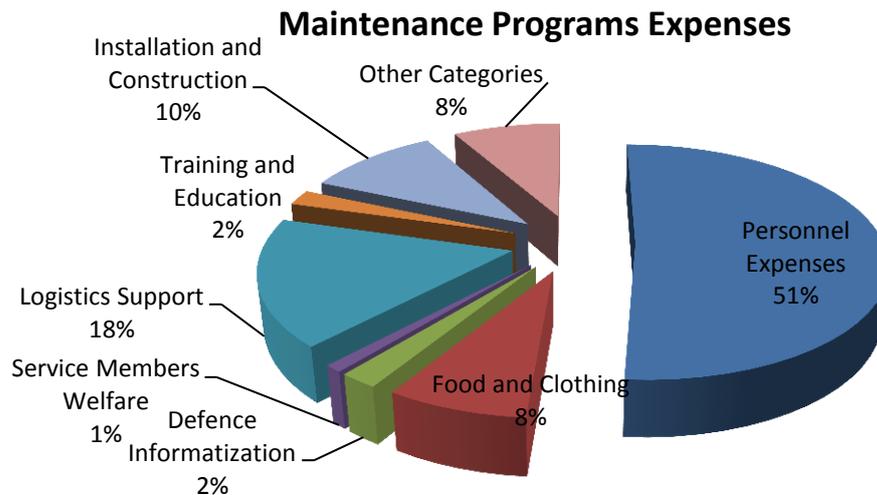
Republic of Korea: Defence Budget and Future Acquisitions



Republic of Korea is deliberately trying to raise the efficiency of national defense organization and management so as to match the standards of the changing security environment and future warfare requirements. In order to achieve this,

a significant amount of funds have been allocated. Under this concept the total sum of military spending rose to 34,345 billion KRW in 2013 from 32,958 billion that it was in 2012. Nevertheless, the defence budget, as a percentage of the national Gross Domestic Product (GDP) decreased by 2.52% which was in 2012 to 2.45% in 2013.

From this amount 70.5% is allocated to maintenance programs and the remaining 29.5% to improvement programs. More analytically 36.1% of the maintenance programs will be allocated to personnel expenses, 5.4% to food and clothing, 1.5% to defence informatization, 0.7% to service members welfare, 12.3% to logistics support, 1.5% to training and education, 7.2% to installation and construction and 5.8% to other categories.



South Korea has imported a vast spectrum of defence equipment. USA has a leading role in the Korean armament imports. Apart from the North American country, other important countries that export arms to Korea in the last six years are: Germany, France, Netherlands and Sweden.

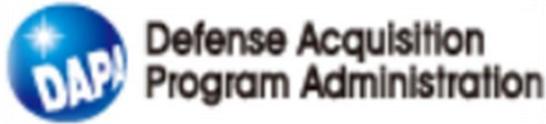
Imports (expressed in US\$ m. at constant 1990 prices)

	2007	2008	2009	2010	2011	2012	Total
USA	1250	1138	264	1223	1441	980	6296
Germany	294	392	436	43	63	42	1272
France	184	170	160				514
Netherlands	39	16		10	30	16	111
Sweden		3	15	15	13	3	48

Source: SIPRI Publications, Arms Transfers Database

Aircraft were the predominant area of imports for the same period with a total amount of 4610 US\$ m. at constant (1990) prices. The 2nd most important sector is ships with 853 US\$ m. at constant (1990) prices whereas other areas such as air defence systems, missiles, armored vehicles, engines, sensors and artillery follow.

Kyriazis Vasileios,
Epicos Newsletter Head Editor

DAPA: Objectives and New Orientation

One of the main objectives of the Defence Acquisition Program Administration (DAPA) is to continually expand national defense research and

development along with core technology development to ensure the national armed forces are highly developed. In order to achieve this, DAPA is mainly allocating the country's R&D investment for national defense towards the development of advanced weapon systems domestically. Through this process the country's authorities are planning to implement independent development capability at the same level of advanced countries.

Additionally, DAPA is trying to develop domestic technology in order to develop the country's national competitiveness. To achieve this DAPA will first adopt civil standards when there are two different standards between national defense and civil groups and find a way to use national defense and civil technologies in a cooperative way. By this way the synergetic effect of research and development will be maximized. The main promotional policies DAPA will use in order to succeed are the following:

- Promoting the integration of procurement process for low cost, high performance;
- Improvement of cost/contract system for cost reduction and defense industry protection development;
- Strengthening the connection between the procurement information system and program management for timely.



Furthermore DAPA will try to reinforce the local industry so to enable the exporting of its products. DAPA also plans to foster pan-governmental international cooperation along with a market expansion system and in order to achieve this, four main orientations/practices will be followed:

- Selection of strategic products for an export and establishment of support strategy for the defense industry;
- Joint marketing for an export with the government, military, development agencies, and companies;
- Reinforcement of task force organization to support export of the defense industry;
- Financial support to promote an export in the defense industry.

Main objective of this policy is to establish an export strategy and support system and to achieve the target amount of \$1 billion in exports within the defense industry.

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](#)

Military radio / Voice commands in noisy environment for extreme combat situation

A Research and Technology Development organization with long standing experience in the field of Electronics and Telecommunications providing turn-key solutions is proposing the development of a robust voice command recognition system for environments with high ambient noise. The system will be integrated into various Radio Communication Systems providing voice commands capability under stressed battle conditions.

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

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Development and production of “under-pressure” patient transportation bag and “over-pressure” face-guard for protection against biological agents’ threat

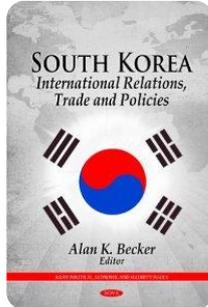
A leading company in the design and manufacture of medical emergency products for Civil and Military use alike proposes the design and development of an “under-pressure” transportation bag for the safe transportation of highly virulent patients contaminated from biological warfare agents and an “over-pressure” face-guard for the personnel working in biologically contaminated areas and in contact with contaminated persons. The two products will meet several related military as well as homeland security applications.

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

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South Korea: International Relations, Trade and Policies (Asian Political, Economic and Security Issues), Alan K. Becker



Since late 2008, relations between the United States and South Korea have been arguably at their best state in decades. By the middle of 2010, in the view of many in the Obama Administration, South Korea had emerged as the United States' closest ally in East Asia. This book examines U.S.-South Korea relations; the EU-South Korea Free Trade Agreement and its implications for the United States; the issues surrounding the U.S.-South Korea beef dispute; the Kaesong North-South Korean Industrial complex and major policy considerations for the U.S.; and, South Korean co-operation in the world nuclear energy market.

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



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.



Struggling Cyprus Airways in talks with Lebanon's MEA

Near-bankrupt national carrier Cyprus Airways said on Tuesday it was in preliminary talks with suitor Middle East Airlines as it undergoes drastic restructuring to stay afloat.

"Middle East Airlines and its representatives had preliminary contacts with company management and the ministry of finance," the carrier said in a statement to the stock exchange.

"Consultations are at an early stage and so far there is no specific agreement to announce."

"As previously announced, consultations were held with other companies that had shown an interest in buying Cyprus Airways. However, these consultations are also at a preliminary stage."

Earlier this month the state-owned carrier announced that there were "encouraging" signs that China's Beijing Yi Xiang Da Investment could buy it.

The government, which is hoping to keep the carrier operation through the key summer months, has made it clear that the cash-strapped airline must undergo a drastic transformation or it be shut down.

The government has described the airline's current plight as "very difficult and fragile," and the carrier said authorities had adopted its restructuring plan for the 11 Airbus fleet to be reduced to six with one in reserve.

Trade union estimates said the company has pre-sold 400,000 seats for the summer, and unions say an agreement has been reached to reduce the 1,030-strong workforce by 490.

The posted a net loss of 55.8 million euros for 2012, more than double the net loss of 23.88 million a year earlier.

Operating losses almost doubled to 49.7 million euros from 25.5 million.

The airline has also struggled to compete with no-frills competition on popular routes to Greece and Britain.

Last month, it said its future depended on it receiving rescue aid through a 31 million euro government share capital injection which would be subject to European Union approval.

But the European Commission has launched an investigation into whether the money that the state has pumped into Cyprus Airways breached competition law.

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

Brazil's Embraer eyes bigger defense role

Embraer, the world's third largest commercial aircraft maker, wants to boost its presence in the lucrative defense sector, with strong support from Brazil's government.

The company aims to increase its sales in the sector by 25 percent this year, Luiz Carlos Aguiar, president of Embraer's defense and security unit, said on the sidelines of this week's LAAD Defense and Security expo here.

Between 2006 and 2012, Embraer's defense activities expanded by an average of 29 percent annually to represent 17 percent of total sales, up from six percent.

Aguiar said the company hoped to grow 12 percent a year between now and 2020.

Last year, sales of its defense and security products exceeded \$1 billion for the first time.

"The government wants to make Embraer a major defense player, and not just in the aerospace sector," said Nelson During, a respected Brazilian defense expert who runs the DefesaNet website.

"Embraer wants to expand and diversify its products so as not to depend only on its commercial aircraft which are susceptible to the (economic) crisis, as happened in 2008."

The company is banking on the development of surveillance systems (radar, electronic systems) and will be a key competitor in all future tenders, During said.

BNDES, the government's development bank and investment arm, extended a line of credit to help Embraer finance the purchase of six Super Tucano A-29 light attack aircraft by Guatemala and three by Senegal, announced this week.

"The line of credit is part of the defense strategy," Aguiar told reporters. "It is not very different from what we see in the rest of the world."

For Embraer and the Brazilian defense sector in general, this government support is fundamental, according to During.

For years, BNDES and the government have been supporting sales of Embraer commercial aircraft, enabling it to offer financing terms comparable to those of competitors.

Brasilia is committed to developing a major domestic defense industry.

And implementing the government's Border Surveillance Integrated System SISFRON will mean million-dollar contracts for Embraer.

Currently, SISFRON -- a web of drones, radars, sensors and communication systems -- is in the experimental stage. It is deployed 650 kilometers (400 miles) along the border of Mato Grosso do Sul state with Paraguay and Bolivia.

Later, it will be extended along the country's 16,000 kilometers of borders with nine neighboring countries and French Guiana, an overseas territory of France, at an estimated cost of \$6 billion.

"It is a \$350 million program in its initial phase, which gives a major boost to Embraer contracts. It could mean billions of dollars," said Daring.

This week, Embraer also launched the sale of its new military transport aircraft KC-390, the biggest built by Brazil, in partnership with Argentina, Chile, Colombia, the Czech Republic and Portugal.

The goal is to sell 728 such planes to 77 countries for a total value of more \$50 billion.

Aguiar said his company was ready to enter a market dominated by US firm Lockheed Martin's C-130 Hercules.

He added that the KC-390 would be sold at lower prices than those offered by competitors, without going into details.

Such planes are sold at between \$90 and 125 million but Embraer will offer "much more competitive prices," he noted.

Meanwhile, Embraer's Super Tucano contract with Guatemala this week to help protect the Maya Biosphere also includes a command and control system, three primary three-dimensional radars as well as logistical support for air operations and training for pilots and mechanics.

The contract with Senegal also provides for logistical support for air operations and a training center for pilots and mechanics.

This week, Embraer further announced a \$127 million contract with the Brazilian Air Force to provide logistical support and services to its fleet of 92 Super Tucanos.

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

Lagardere books 1.8 bn euros from EADS share sale

French media group Lagardere said Monday it made a capital gain of 1.8 billion euros (\$2.35 bn) for the sale of a 7.4 percent stake in the European defence and aerospace company EADS.

The company said the sale last week had been completed with the transfer of the shares and that it had received 2.28 billion euros, which following taxes and transaction costs, resulted in a capital gain of 1.8 billion euros.

"As previously indicated, the Lagardere group plans to divide the proceeds from the disposal between, firstly, a one-time premium for all Group employees, secondly a reduction of the Group's debt, and finally a one-time exceptional dividend for shareholders," the company said in a statement.

Lagardere is in the midst of a restructuring process to reduce debt and improve the market value of its main media assets.

The media company holds magazine titles including Elle and Paris Match, but sold off its foreign magazine stable to US media company Hearst in 2011 to 651 million euros.

Earlier this month it announced the sale of its 25 percent stake in Amaury, the publisher of the Le Parisien newspaper and sports daily L'Equipe, for 91.4 million euros.

Lagardere is also looking for a solution for its 20 percent in pay-TV operator Canal+ France and a 42 percent stake in women's magazine Marie-Claire.

Lagardere group said it is also "reasserting its growth strategy, aiming to increase its exposure to developing activities (specifically travel retail, digital, and rights management), which could result in targeted acquisitions when opportunities will arise."

The company suffered a 700 million euro loss in 2011 due to the poor performance of its sports assets, but rebounded in 2012 with a profit of 89 million euros.

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

Boeing Increases Global Support for Flight Training

Boeing (NYSE: BA) today announced it is greatly enhancing its flight training support for customer airlines in Asia Pacific, Europe and the Americas by adding and repositioning a number of flight training devices within its global network. The announcement, at the World Aviation Training Symposium (WATS), includes new capabilities for training on Next-Generation 737, 777 and 787 Dreamliners.

"Boeing is focused on delivering to our customers the highest quality, best value training around the world," said Sherry Carbary, vice president, Boeing Flight Services. "That means giving our airline customers every competitive advantage including the training expertise only Boeing can provide and a network of facilities and devices close to their bases of operation and their route structures. We are always looking for ways to better serve our customers and meet the increased demand for our products, services and support in the marketplace."

Boeing Flight Services, a business unit of Commercial Aviation Services, will install two new full-flight simulators—a 777 and Next-Generation 737—at its Singapore training campus. The simulators are expected to be ready for training in early to mid-2014 to support growing pilot training needs and increasing airplane deliveries in the Asia Pacific region. Singapore-based SilkAir recently signed a five-year training agreement with Boeing to support the airline's transition to an all-Boeing fleet of 737s. The added 737 training capability will also help meet demand as customers in Indonesia, Japan, Korea and China take delivery of new airplanes. Airlines in China and Indonesia as well as in the Middle East and Africa will benefit from the increased 777 training capacity.

To better support customer training needs in Europe, Boeing this year installed a new 787 full-flight simulator at its London Gatwick campus, the second 787 simulator at that site. Additionally, as part of a consolidation of North America training, Boeing has located two 787 simulators at the Flight Services campus in Miami. Those simulators are expected to be ready for training customers in the summer of 2013.

"Continued development of a robust global training network is vital, not just for Boeing, but for the industry," said Bob Bellitto, global Sales director, Boeing Flight Services. "The urgent need for competent aviation personnel is a global issue, but it's hitting the Asia Pacific region particularly hard. These new and strategically redeployed flight training devices are part of Boeing's ongoing commitment to meet the growing needs of the industry and our customers around the world."

The 2012 Boeing Pilot & Technician Outlook, a respected industry forecast of required aviation personnel, cites a demand for 460,000 new commercial airline pilots and 601,000 new maintenance technicians over the next 20 years.

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, maintenance and cabin safety training as well as simulator support and services through a global network of campuses on six continents.

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

FAA launches tail inspections on Boeing 737s

US air-safety regulators on Monday said they would inspect more than 1,000 Boeing 737s for a faulty tail part that could cause a pilot to lose control of the jetliner.

In a new safety headache for Boeing three months after its 787 Dreamliner was grounded worldwide, the Federal Aviation Administration said it would inspect the single-aisle 737s for improperly mounted pins on the tail and replace those found faulty.

The FAA said the airworthiness directive (AD) would take effect on May 20 and "affects 1,050 airplanes of US registry."

"We are issuing this AD to prevent premature failure of the attach pins, which could cause reduced structural integrity of the horizontal stabilizer to fuselage attachment, resulting in loss of control of the airplane," the FAA said.

The agency notice did not mention any incident so far resulting from the faulty parts.

The affected planes include the -600, -700, -700C, -800, -900, and -900ER models of the 737.

The single-aisle 737 is Boeing's most popular model, with more than 10,000 planes sold.

The FAA estimated the operation could cost as much as \$10 million to US airlines, but a part of the cost may be covered by the manufacturer's warranty.

Boeing said the action had been planned "for some time" after the company issued its first notice of the problem in April 2012.

"This AD is not linked to any in-service event but rather a finding of a surface finish degradation on recently installed attachment pins," Bret Jensen, a Boeing Commercial Airplanes engineering spokesman, said in an email to AFP.

Jensen noted that the directive "does not require immediate action for any currently-flying 737s" because it requires inspection and possible replacement of the pins by 56,000 flight cycles.

Among the currently flying 737s, the aircraft with the most cycles is at 40,000 flight cycles, he said.

The safety development came as Boeing works with the FAA to get its 787 Dreamliner back in the skies after overheating batteries grounded the new high-tech plane worldwide in mid-January.

The US aerospace giant conducted a second and final 787 Dreamliner test flight on April 5 to assess its proposed battery fix.

Boeing shares were down 2.1 percent in afternoon New York trade.

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