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## The Operational Needs of Philippine Army in connection with Defence Procurements



Philippines is an archipelago of 7,107 islands with a total land area including inland bodies of water, of approximately 300,000 square kilometres (116,000 square miles). The 36,289 kilometres (22,549 miles) of coastline makes Philippines the

country with the 5th longest coastline in the world. Therefore it is normal that the defence authorities of the country focus on procuring equipment that will help them to patrol this vast coastline. It is indicative that in the period 2008-2012, 108 US\$ m. at constant (1990) prices, from a total of 153 US\$ m. that the Philippine authorities spent in arm procurements, were spent at procuring ships. Aircraft and sensors followed with 36 and 6 S\$ m. at constant (1990) prices respectively.

Philippine armed forces have to procure the biggest part of their armament from foreign countries, as the national defence industry is rather underdeveloped. USA is currently the main provider of arms to the Philippines, receiving the largest share of the Philippine defence spending. Apart from USA, important countries that export arms to Philippines are Poland, Italy, Turkey and South Korea. As it is clearly illustrated, Philippine arm imports are rather diversified in its geographical structure as the supplying countries represent three (3) different continents, Europe (Italy, Turkey and Poland) North America (USA) and Asia (South Korea).

	2008	2009	2010	2011	2012	Total
Italy	-	-	1	3	-	4
Poland	-	-	-	-	15	15
S. Korea	-	1	-	-	-	1
Turkey	-	-	2	-	-	2
USA	10	0	5	54	60	131

A defence purchase Philippines materialized during 2009 was that of (5) Bell-205/UH-1H from USA. Deliveries of the helicopters completed during 2012. The Bell helicopters were in service with the US army before and they were modernized before being delivered to the armed forces of Philippines. Additionally, in 2012 the country purchased (12) Korean T/A-50. The amount of funds that will be spending in this procurement will possibly reach \$309 million dollars. The final contract has not yet been signed and deliveries are expected to start during the period 2015-2016.

Summarizing, it can be said that the authorities of the country have deliberately stated that they want to enhance the efficiency of their armed forces, and in order to achieve this they have to procure the biggest part of its armament from foreign countries, as the national

defence industry is rather underdeveloped. USA, Italy, South Korea and Turkey are currently the main exporter of arms in Philippines, based on the amount of funds allocated.

Kyriazis Vasileios,  
Epicos Newsletter Head Editor

## Philippine Defence Modernization Project and Defence Budget



Until 2011, the Philippine armed forces have undergone a rather ambitious project that run for (15) years. Nevertheless, the goals set were not fully accomplished. While the modernization project required a total of 332 Billion Philippine Pesos to fully realize the envisioned capabilities for naval, air, ground, and joint command and control communications and information systems, only 33.9 Billion PHP was provided up to the end of 2010. With these allocated funds

critical materiel and technology capability development acquisitions have been realized in the areas of mobility, firepower, communications, and sensors. In order to further modernize the armed forces, five (5) billion PHP each have also been allocated in 2011 and 2012 budgets and a stream of five (5) billion PHP annually is expected to be included in the annual budget up to 2016.

The core goals of the modernization program to be implemented till 2016 are to enhance the armed forces organizational and operational capability by improving internal security and counter-terrorism capabilities including command, control, communications and computers (C4); mobility; firepower; intelligence, surveillance and reconnaissance (ISR) and force protection/field medical support.

In order to achieve these goals the country's authorities can use amongst others, the Foreign Military Financing (FMF) from the USA. It is indicative that the US has extended FMF amounting to US\$61.21 Million spread across US Fiscal Years 2004 - 2010.

For 2012 the country has made the following expenses in supplies and materials:

Expenses	Approved Budget (Pesos)
AIRCON SPARE PARTS	400,000.00
COMPUTER SUPPLIES	6,416,889.84
CONSTRUCTION SUPPLIES	500,000.00
DRUGS AND MEDICINES	1,010,000.00
ICT SPARE PARTS	3,501,100.00
JANITORIAL SUPPLIES	871,459.22
MEDICAL/DENTAL/LABORATORY SUPPLIES	500,000.00
MILITARY SUPPLIES	823,000.00
OFFICE SUPPLIES	2,802,147.45
OTHER SUPPLIES	4,356,213.34
PETROLEUM, OIL & LUBRICANTS SUPPLIES	18,000,000.00
TEXTBOOKS	50,000.00
VEHICLE SPARE PARTS	2,707,000.00

The outmost goal of the modernization program of Philippines is to “create an army capable of responding to current and emerging threats that will usher in a secure, stable and

peaceful environment conducive to economic growth and national development". Despite the fact that the country's authorities are deliberately stating that this goal will be achieved the real commitment of them towards this direction, remains to be seen.

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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### Producing and installation wind measuring tower systems for calculating energy amounts to develop wind turbines and wind farms



A company specializing in services connected with the production and construction of steel structures, from project plan to turn key projects is proposing collaboration with a foreign company active in developing wind farms, and wind measuring technology. The company has developed a wind measuring tower system, which is currently regulated and protected under international patent rights. The use of this tower system provides, prior to the installation of a wind turbine or a wind farm, an easy, low cost, and comfortable way of wind measuring. The collection of data such as the wind speed and the wind location can be achieved very easily at the specific location for a specific period of time.

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

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

### Radiological Field Food Tester Turk Key solution



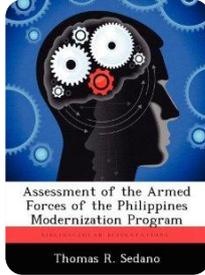
A company with significant experience in the development and production of chemical defense instruments and nuclear reconnaissance systems is proposing the representation of its Turn Key Solution Radiological Field Food Tester, to other foreign companies specializing on NBC systems in order to gain access to new markets.

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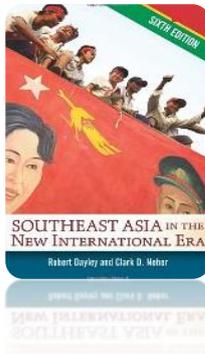


### Assessment of the Armed Forces of the Philippines Modernization Program, Thomas R. Sedano



Republic Act (RA) 7898 signed in 1995 provided the legal basis for the implementation of the AFP Modernization Program. It approved the fifteen-year program in the amount of 331 billion pesos. This study aimed to determine the current state of the AFP Modernization Program by assessing the implementation of the Capability, Materiel, and Technology Development (CMTD) of the program from 2000 to 2006. Using the descriptive-evaluative research method, several factors were identified to have influenced in the implementation of the program, namely: funding, lengthy acquisition process, changes in acquisition policies, shifting of priorities and programs, and assignment of key personnel. The successful implementation of the AFP Modernization Program will need the commitment of the AFP, the Philippine Congress, and the government leadership.

### Southeast Asia in the New International Era, Robert A. Dayley, Clark D. Neher



Southeast Asia in the New International Era highlights the dramatic political events sweeping a dynamic region populated by more than 500 million people. Where economic boom and crisis dominated events in the late twentieth century, economic recovery and policy dilemmas define much of the region today. Amidst domestic developments, ASEAN's global profile continues to rise as the region's governments address a growing array of transnational concerns. This newly revised edition examines these developments and many others affecting the region and international political economy.



### Britain's IAG gains 90% control of Spain's Vueling

British airline group IAG now controls more than 90 percent of Spanish carrier Vueling after buying up 44.7 percent of its shares, it said Tuesday.

IAG, which owns British Airways and Spanish flag-carrier Iberia, had to raise its bid from seven to 9.25 euros per share after Vueling's board rejected an earlier offer.

In a statement to the Spanish stock market regulator, IAG said that after buying the shares in a public offering it now controlled 90.51 percent of Vueling, in which it previously held 45.85 percent through a stake held by Iberia.

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

### Watchdog allows Virgin Australia's 60% stake in Tiger

Australia's competition regulator on Tuesday approved Virgin Australia buying a 60 percent stake in low-cost rival Tiger Airways Australia, despite concerns about the market becoming a duopoly.

Virgin is Australia's second largest carrier after Qantas and the Australian Competition and Consumer Commission (ACCC) had previously said it was worried about the impact on consumers with two main airlines controlling the market.

But it ruled on Tuesday that "this acquisition is unlikely to lead to a substantial lessening of competition in the Australian market for domestic air passenger transport services."

"Essential to reaching this view was the ACCC's assessment ... that Tiger Australia would be highly unlikely to remain in the local market if the proposed acquisition didn't proceed," ACCC chairman Rod Sims said.

"Absent this conclusion the acquisition raised considerable competition concerns."

Tiger Airways Australia is the loss-making local subsidiary of Singapore's Tiger Airways and Sims said it had a history of poor financial and operational performance.

He added that the ACCC saw little chance that any other shareholders or partners would be able to turn around the airline, potentially leading to Tiger redeploying aircraft into its Singapore-based parent's global operations.

"We concluded that it was highly likely that Tiger Australia would leave the market if this acquisition didn't go ahead, and accordingly blocking the acquisition would not serve to protect competition," Sims said.

Tiger Australia launched in November 2007 and services 16 domestic routes with 11 aircraft.

The takeover still needs the approval of the Foreign Investment Review Board.

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

### Philippine Nears Deal on Purchase of Korean Fighter Jets

MANILA - The Department of National Defense (DND) is in the last stages of procuring 12 fighter jets from South Korea worth P18 billion.

Some of the hitches that authorities saw in the transaction can be ironed out by May.

DND spokesman Peter Paul Galvez said the terms of reference could be finished by next month. The terms of reference contains provisions on the delivery, technical specifications, payment scheme, among others.

"It's in the final stages of crafting, in preparation for the procurement of the jets...After that (crafting of TOR), the contract follows, the negotiations for the contract (starts)," he said.

DND undersecretary for finance, munitions, installations and materiel Fernando Manalo said issues will need to be clarified before a contract is pursued.

"Within the month of May, the issues may be resolved...(We're hoping) that the issues will be settled within the month of May," said Manalo.

Asked when the contract will finally be signed, he said: "We are following a process."

The purchase of the fighter jets is part of the military's modernization program.

It is also a signal that the country will finally have a "credible external defense."

The Air Force decommissioned its F-5s in 2005, leaving the country without a legitimate fighter aircraft to address external threats, such as in the West Philippine Sea.

**Source:** Epicos

### Japan airlines start replacing Dreamliner batteries

Japan's two biggest airlines said Monday they had begun replacing the powerpacks on their troubled Dreamliner aircraft after US aviation authorities' approved Boeing's battery fix proposal.

All Nippon Airways, the next-generation aircraft's biggest operator, started installing the new battery system into five of its 17 Dreamliner planes at a handful of Japanese airports, a company spokesman said.

The replacement could take as long as two months, with the carrier eyeing a resumption of flights in June, he added.

Japan Airlines also began replacement procedures for two of its seven Dreamliners at Haneda and Narita airports in Tokyo on Monday.

"We began the work as we have received instructions from Boeing following the FAA's approval," a company spokesman said.

"But we have not decided on the timing of 787 flight resumption," with final approval to come from Japanese regulators, he added.

On Friday, the US Federal Aviation Administration approved Boeing's proposed battery fix for its 787 Dreamliner aircraft, a key step toward getting the grounded jetliner back in the skies.

Airlines will receive instructions on how to implement the fix of the problematic lithium-ion batteries that overheated, prompting the worldwide grounding of the 787 in mid-January, the FAA said.

Last week, a Japanese newspaper reported that Tokyo planned to impose additional safety requirements on its airlines before they are allowed to resume flying the Dreamliner.

The grounding of the 50 Dreamliners in service came after a battery fire on a parked JAL 787 at Boston's Logan International Airport and an incident in which fumes from a battery forced the emergency landing of an ANA-operated plane in Japan.

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

### China Airlines in landmark Taiwan-Russia tie-up

Taiwan's leading air carrier China Airlines said Tuesday it is launching a codesharing agreement with Russia's Transaero Airlines, in the first such pact between the island and Russia.

Beginning from May 1, the airlines will jointly provide two flights a week on the Taipei-Bangkok-Moscow route, flying Boeing 747-400s.

"This will be a milestone in the history of air transportation between Taiwan and Russia," China Airlines spokesman Yang Tzu-pao told AFP.

The agreement will be signed at the Taiwanese airline's headquarters in Taoyuan, northern Taiwan, on Thursday.

Russia does not recognise Taiwan, which Beijing has regarded as part of its territory since the end of a civil war in 1949. Instead, ties between China and Russia have been close since the Soviet Union era.

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