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South Africa: Future Defence Budget Allocation

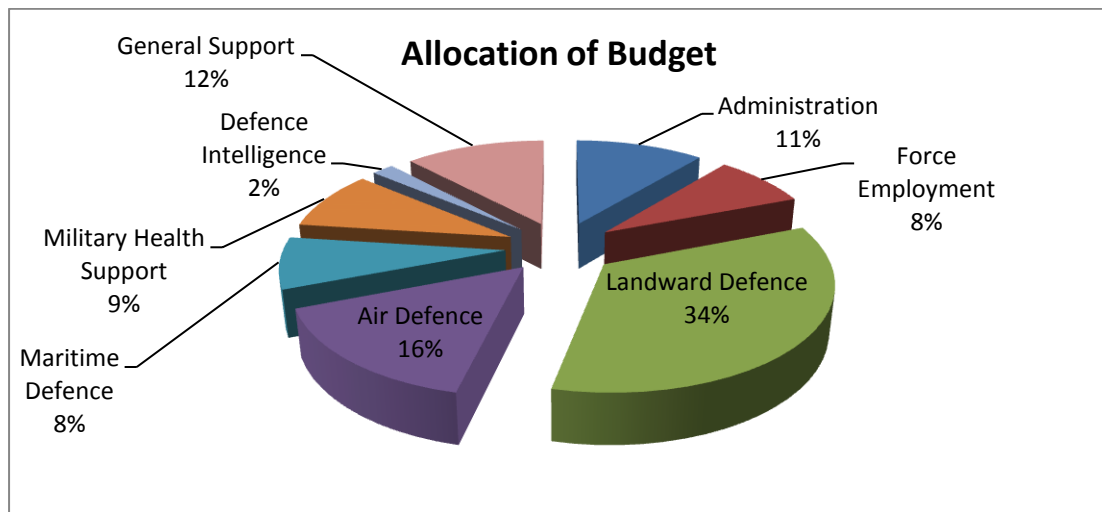


It is expected the defence budget of South Africa will be 40,243,343 Rands for the fiscal year 2013/14. During the period 2014/15 the total amount of funds allocated to defence will be 42,695,464 Rands. This increasing trend will also continue between 2015/16 reaching 45,121,509. In the table below you can view a thorough analysis of the defence budget of South Africa for the period 2013-2016.

Main Programme	Medium-Term Estimations		
	2013/14 R'000	2014/15 R'000	2015/16 R'000
Administration	4,434,602	4,778,369	5,096,303
Force Employment	3,283,875	3,423,185	3,647,456
Landward Defence	13,853,840	13,992,816	15,145,567
Air Defence	6,250,213	7,210,275	7,483,684
Maritime Defence	3,171,066	3,651,493	3,719,314
Military Health Support	3,642,498	3,791,342	3,904,539
Defence Intelligence	762,405	789,858	825,822
General Support	4,844,844	5,058,126	5,298,824
TOTAL	40,243,343	42,695,464	45,121,509

As it is clearly shown in the table above, for the fiscal year 2013/2014 the main amount of funds will be allocated to landward defence as it will receive 34% of the total funds. On the other hand defence intelligence will receive the smaller amount with 2% of the total funds.

The same trend will continue the next year as landward defence will be again the main receiver of funds. Nevertheless, this amount will be increased to 13,992 million Rands and to 15,145 million Rands in 2015/2016.



Air defence is the second category in terms of allocation of budget, following landward defence. South African authorities will allocate 6,250,213 for the fiscal year 2013/2014. This amount will be increased in the following years, reaching 7,483,684 Rands in the fiscal years 2015/16.

South African armed forces are trying to provide, manage, prepare and employ defence capabilities that will match the needs of the country. The above is been provided through the proper management, provision, preparedness and employment of defence capabilities that are in line with the domestic and global needs of South Africa. This is illustrated by the fact that the South African authorities are allocating a significant amount of money to defence and they will keep doing it.

Kyriazis Vasileios,
Epicos Newsletter Head Editor

South African Defence Procurements



South African authorities deliberately seek to promote the stability of the Republic, its constitutional order and its institutions and to create an environment in which South Africans are secure; and contribute towards creating a stable African

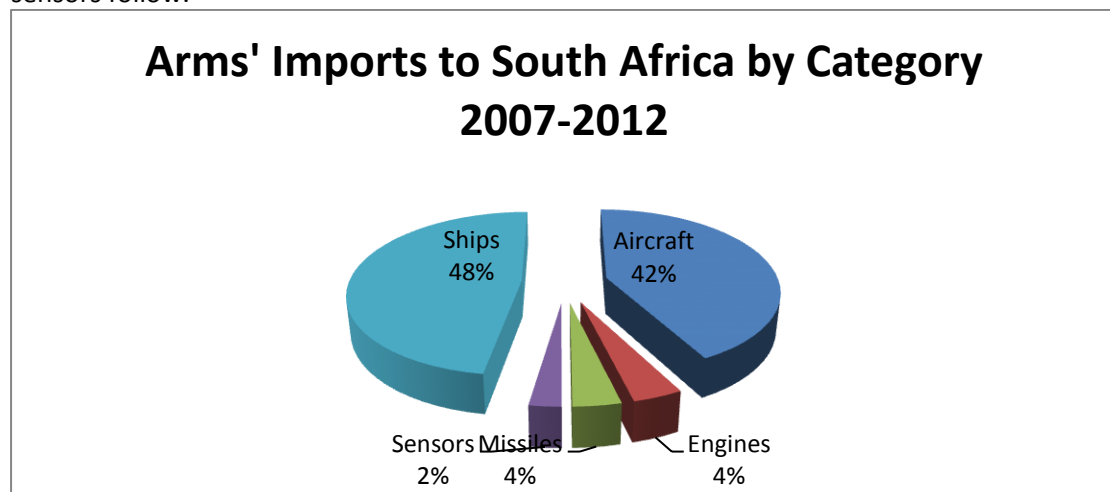
continent enabling peace and development. In order to achieve this during the last years the country procured a variety of defence equipment. Germany has a leading role in the South African armament imports. During the last five years apart from Germany, other important countries that exported arms to South Africa are Sweden, UK and USA.

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

	2007	2008	2009	2010	2011	2012	Total 2007 - 2012
France	30	1	1	1			33
Germany	758	253	5				1016
Israel				2	3	5	10
Italy	10	10	8				27
Sweden		132	105	158	158	132	684
United Kingdom	53	80		6			138
United States	30	11	9	13	14	12	89
Total	881	486	128	180	175	148	1997

Source: SIPRI Publications, Arms Transfers Database

Ships were the predominant area of imports for the period 2007-2012 with a total amount of 950 US\$ m. at constant (1990) prices. The 2nd most important sector is that of aircraft with 844 US\$ m. at constant (1990) prices whereas other areas such as engines, missiles and sensors follow.



As it is already mentioned Germany is the first country that exports defence equipment to South Africa. In 2008 South Africa procured (25) IRIS-T SRAAM missiles from Germany. In 2009 South Africa also procured (10) Aircraft EO systems from Israel in order to use them with the JAS-39 combat aircraft. Deliveries were completed in 2012.

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](#)

Design and development of jigs and special tools for the Aerospace/Defense and automotive industry



A company specialized in tooling, engineering and measurement solutions for the aeronautical, aerospace and automotive industries is proposing, in the frame of an offset program, the partnership with a Prime or lower tier company for the design and development of jigs and special tools for the Aerospace/Defence (A&D) and automotive industry.

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

Mail at: g-menexis@epicos.com

D38999 - Ethernet filtered connectors for high bandwidth secure military applications



A company specializing in the design and manufacturing of EMP/EMI/RFI filtered connectors and other filtered modules, made to meet specific customer requirements, is proposing the design, development and production of a unique high bandwidth Ethernet filtering solution targeted at military and homeland security applications. The Ethernet filter to be developed shall meet international protection standards.

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

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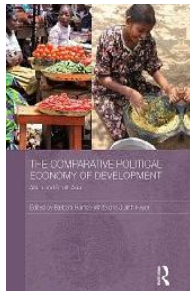
Globalisation and Emerging Economies: Brazil, Russia, India, Indonesia, China and South Africa , by OECD Organisation for Economic Co-operation and Development



OECD is an international organization that 30 democracies work together to address the economic, social and environmental challenges of globalization. OECD is also at the forefront of efforts to help governments respond to the new development and concerns, such as corporate governance, the information economy and the challenges of an ageing population. OECD countries still dominate the world economy, but their share of world trade dropped from 73% in 1992 to 64% in 2005, and some of the world's most important economies are not members of the OECD. Foremost among these are the so-called BRIICS: Brazil, Russia, India, Indonesia, China and South Africa. This book analyses key elements of the trade performance of the

BRIICS in relation to the rest of the world, focusing on trade and other policies influencing that performance.

The Comparative Political Economy of Development: Africa and South Asia (Routledge Studies in Development Economics), by Barbara Harriss-White , Judith Heyer



This book illustrates the enduring relevance and vitality of the comparative political economy of development approach promoted among others by a group of social scientists in Oxford in the 1980s and 1990s. Contributors demonstrate the viability of this approach as researchers and academics become more convinced of the inadequacies of orthodox approaches to the understanding of development. Detailed case material obtained from comparative field research in Africa and South Asia informs analyses of exploitation in agriculture; the dynamics of rural poverty; seasonality; the

non-farm economy; class formation; labour and unfreedom; the gendering of the labour force; small scale production and contract farming; social networks in industrial clusters; stigma and discrimination in the rural and urban economy and its politics. Reasoned policy suggestions are made and an analysis of the comparative political economy of development approach is applied to the situation of Africa and South Asia.



Russian defence minister due in Brazil for talks

Russian Defense Minister Sergei Shoigu will meet with Brazilian officials Wednesday following Brasilia's decision to buy surface-to-air missile batteries from Moscow, the two sides said Tuesday.

The visit, a day after Shoigu was to hold top level meetings in nearby Peru, comes as Moscow has raised its profile throughout Latin America in recent years with strengthened military and trade ties.

Shoigu's stop in Brazil also comes as President Dilma Rousseff is pressing for the release of a Brazilian biologist detained in Russia along with 29 other Greenpeace activists after protesting Arctic oil drilling.

Last February, Brazil agreed to open talks with Moscow on buying surface-to-air missile batteries during a visit in the Latin American country by Russian Prime Minister Dmitry Medvedev.

Last December, Brasilia also bought 12 Russian helicopters.

Meanwhile Rousseff last week directed her foreign minister to make high-level contact with Moscow to find a solution for Brazilian Greenpeace activist Ana Paula Maciel.

Maciel was one of 30 activists from 18 countries arrested by Russia in late September and charged with piracy after authorities said they had found "narcotic substances" on the Dutch-flagged Arctic Sunrise, used in their protest. Greenpeace has denied the allegation as a "smear," and the arrests have raised international protests.

Putin has said that the activists "of course are not pirates," but his spokesman Dmitry Peskov later said the Kremlin strongman had expressed his personal opinion.

Brazil and Russia are both members of the BRICS group of emerging powers along with China, India and South Africa.

The BRICs five are to hold their next summit in Brazil next March.

In Peru Tuesday, Shoigu was to meet with President Ollanta Humala, as well as with his counterpart Pedro Cateriano, and to sign agreements on military and education cooperation at the army headquarters.

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

Alitalia to seek new partner if Air France holds back: minister

Endangered Italian airline Alitalia will search for a new partner if its main shareholder Air France-KLM does not participate on Friday in a capital increase, Transport Minister Maurizio Lupi said. Meanwhile, budget airline Ryanair said it was ready to operate Alitalia's routes in Italy.

Lupi said on public radio Rai: "We believe that Italy is an essential country for international air travel because we are a major industrial country and we have designated Air France as our principal partner."

He characterised as critical Alitalia's capital increase of 300 million euros (\$407 million) to be decided at a board meeting beginning at 1200 GMT on Friday.

"Let's see what Air France does, otherwise I believe Alitalia's task will be to find another big international partner," said Lupi.

Alitalia had been threatened with being grounded this weekend if the capital increase did not succeed, but late on Thursday the Italian government announced the postal service would step in and inject 75 million euros.

That investment should allow Alitalia to pay fuel suppliers, which had threatened to halt deliveries on Saturday, a move that would force regulators to ground the airline completely and likely push it into bankruptcy. But Poste Italiane's investment forces Air France-KLM to show its cards.

Air France-KLM's chief Alexandre de Juniac told Les Echos newspaper last week that the group, which is still losing money and going through a painful restructuring of its own, was willing to help out Alitalia only under strict conditions.

Air France-KLM is currently the leading shareholder with a 25-percent stake. To keep that level it must inject 75 million euros or see its holding fall to 11 percent. When announcing Poste Italiane's investment into Alitalia the government said there would have to be "a major overhaul of the industrial plan".

However the government has previously stymied attempts by Air France-KLM to take over Alitalia, which needs deep restructuring that would put the jobs of many of its 14,000 employees on the line. Alitalia reported net losses of 294 million euros in the first half of this year, compared to a 201-million-euro loss over the same period in 2012.

The outspoken head of Ryanair, Michael O'Leary, told Italy's Corriere della Sera newspaper on Friday that his budget airline was ready to step in to replace Alitalia on its domestic routes if the carrier went bankrupt. He said Alitalia had been ruined by politics and unions.

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

Iberia unveils new logo as part of restructuring

Spanish flag carrier Iberia unveiled Tuesday its new corporate logo and brand image as part of a major restructuring which it hopes will return the airline to profit.

"Iberia changes or she dies," Iberia director general Luis Gallego said at the presentation of the new logo which alters the lettering but keeps the red and yellow colours of the Spanish flag.

"The brand is just a link in the chain of everything that we are doing to improve the company's revenues," he added.

Loss-making Iberia, part of the International Airlines Group (IAG) along with British Airways, has also redesigned the interior of its cabins, introduced new uniforms and revamped its website.

The airline has also cancelled dozens of routes and shed thousands of staff to reduce operating costs and return to profitability.

Iberia's losses widened to 351 million euros (\$476 million) last year from 98 million euros in 2012.

As well as being hit by the Spanish recession, Iberia is struggling to compete with low-cost carriers led by Ryanair and new Latin American rivals such as Latam Airline Group.

The company and unions announced a deal in March to cut 3,100 jobs following months of strikes and protests.

The president of Iberia and IAG, Antonio Vazquez, said the new logo and brand "was part of an extremely ambitious transformation which we have been carrying out over the last three years."

The restructuring plan will lead to an improvement in the airline's financial situation "which we will see very shortly", he added.

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

Alitalia shareholders back 300m-euro capital increase

Shareholders in troubled Italian airline Alitalia have given unanimous approval to a capital increase boost of up to 300 million euros (\$407 million), the company said on Tuesday.

Shareholders, including Air France-KLM which currently owns a 25-percent stake, now have 30 days starting on October 16 to decide whether or not they will subscribe to the new shares.

The shareholders meeting also approved a controversial plan for public Poste Italiane to contribute up to 75 million euros, which has triggered accusations of protectionism.

They also said banks Unicredit and Intesa Sanpaolo could take part for up to 100 million euros.

Alitalia also said its top executives intend to resign once the operation is completed.

The capital increase plan was put together in a hurry under pressure from the government, as energy major ENI threatened to ground the fleet by stopping fuel supplies because of unpaid debts.

Italy has denied that the plan constitutes protectionism and says it will better position Alitalia for an alliance with a foreign partner.

The European Commission has said it is waiting to be formally notified by Italian authorities over the plan to check whether it is state aid.

British Airways' parent company IAG on Monday called on the Commission "to take interim measures to suspend this manifestly illegal aid".

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

New Airbus A350 on track for 2014: EADS chief

The head of European aerospace giant EADS Monday said its aircraft unit Airbus is on track to deliver the first A350 XWB by the end of next year.

The wide-bodied aircraft is the latest passenger jet from Airbus as the Toulouse-based manufacturer ramps up production in a bid to overtake US rival Boeing and become the world's biggest plane producer within four or five years.

"We are on track to deliver the first aircraft at the end of 2014. It's going to be a great aircraft," said Tom Enders, chief executive of the European Aeronautic Defence and Space Company (EADS).

The new fuel-efficient airliner is set to compete with Boeing's troubled 787 Dreamliner.

"The 350 is a bit behind the 787 in terms of schedule," Enders admitted during a trip to Sydney, but noted that 750 of the latest model have already been sold.

"I was quite pleased that we were trailing the 787 because by taking our time we could learn some of the lessons from that project," he said.

Airbus last week unveiled a \$9.5 billion deal with Japan Airlines (JAL), challenging Boeing's dominance in the Japanese market as it struggles with the Dreamliner.

Enders, who was Airbus chief executive from 2007 to 2012, said he hoped the company's first order from Japan's flagship carrier would lead to more sales in Tokyo.

"We hope that other actors in Japan see that it's worldwide, we have the same competition, and look seriously at Airbus products in the near future, he said, referring to the company's success in competing against Boeing across the globe.

JAL has ordered 18 long-haul A350-900s and 13 A350-1000s with an option to buy another 25 aircraft.

The German admitted he was disappointed by sales of the double-decker A380, of which 111 have been delivered so far with 150 more on order.

"It's very obvious we cannot be content with the level of sales that we have on the A380... (it) was impacted by the economic crisis but also by the problems we had... we had to refurbish the entire fleet," he told Australia's National Aviation Press Club.

But he was optimistic about its future.

"I believe that the time of this plane is still to come. After all... we don't develop aircraft for five or 10 years, we develop aircraft for 20, 30 years."

Boeing's 787 Dreamliner -- hailed for its fuel-efficiency but marred by years of production delays -- was grounded globally in January after lithium-ion batteries overheated on two different planes, with one of them catching fire while parked.

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