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## Denmark: Defence Budget and Future Developments for the Period 2014-2017

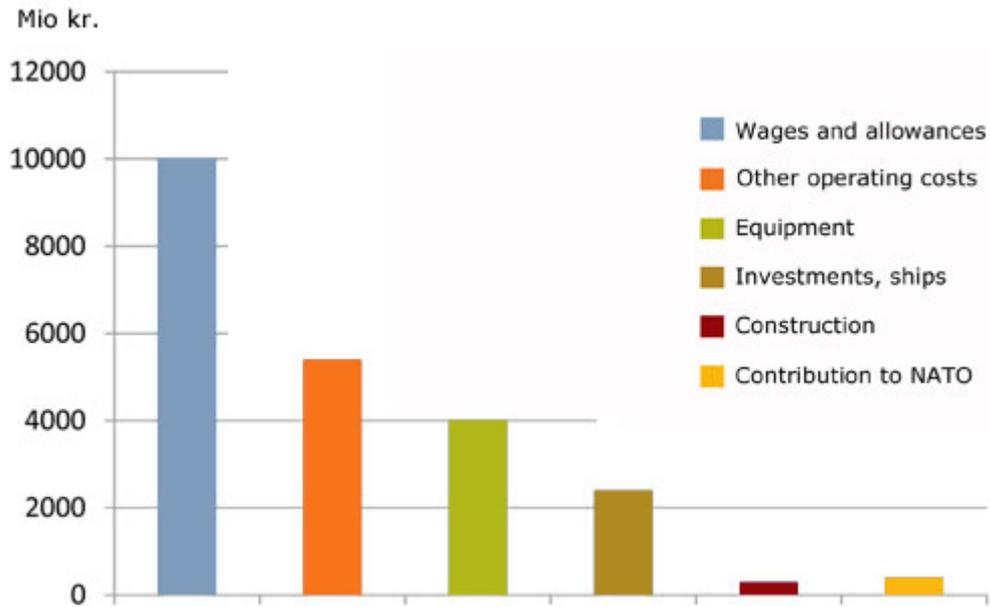


The total budget for the Ministry of Defence in the 2014 Finance Act is DKK 22.5 billion (approximately \$4.1 billion US dollars). The budget comprises a number of agencies besides the Ministry of Defence: Defence Command Denmark, Defence Internal Audit, Home Guard Command, Defence Intelligence Service and Emergency Management Agency. The budget is based on the Danish Defence Agreement 2013-2017 and the Danish Emergency Management Act 2013-2014. This amount will be progressively diminished and as of 2017 the defence budget would be approximately DKK 20.8 billion (\$3.7 billion US dollars). Thus, the Danish authorities will be able to save funds in order to contribute to the coherence of the public finances.

In the table below you can preview an overview of the Danish Defence expenditure for the period 2012-2017.

Year	2012	2013	2014	2015	2016	2017
<b>Ministry of Defence</b>	173,8	165,1	<b>187,1</b>	187,0	187,0	153,0
<b>Defence Internal Audit</b>	10,9	9,5	<b>9,8</b>	9,8	9,8	9,8
<b>Reserve of budget regulation</b>	-132,4	0,0	<b>-5,3</b>	-3,3	-1,4	-1,4
<b>Defence Command Denmark, including procurement and construction</b>	21.268,4	20.075,1	<b>20.261,1</b>	18.960,7	18.803,0	18.736,3
<b>Home Guard Command</b>	498,6	498,4	<b>497,2</b>	497,0	497,0	497,0
<b>Defence Intelligence Service</b>	574,2	620,5	<b>664,3</b>	668,9	618,0	613,1
<b>Emergency Management Agency</b>	507,3	490,6	<b>488,8</b>	489,1	489,1	479,2
<b>Other accounts: NATO Contributions etc.</b>	384,7	363,6	<b>381,7</b>	381,7	381,7	381,7
<b>Total (DKK mio *) net amount (1 USD is approximately 5.5 DKK)</b>	23.285,5	22.222,8	<b>22.484,7</b>	21.190,9	20.984,2	20.868,7

For the year 2014, the Ministry of defence budget will be divided into the following categories: wages and allowances, equipment, investment and ships, construction, contribution to NATO and other operating costs. As it is depicted in the diagram below the majority of the funds have been allocated to wages and allowances, whereas the category construction absorbed the smallest amount of funds.



Danish authorities have agreed that defence must also contribute to the rationalization of the public sector and thus budget reductions must be made. Nevertheless, it is deliberately stated by the leadership of armed forces that the budget reductions are made in such a way that Denmark still retains effective armed forces ready to fulfill their mission.

Kyriazis Vasileios,  
Epicos Newsletter Head Editor

## The future role of the Danish armed forces and Defence Procurements



FORSVARSMINISTERIET  
MINISTRY OF DEFENCE

By the end of 2014, the majority of the Danish armed forces will progressively pull out of Afghanistan and they will have to adapt to new challenges, such as the development in the Arctic and the challenges in the cyber security area. In order to achieve this task, new procurements will be carried out. Among others new ship-based helicopters and a new inspection vessel of the KNUD RASMUSSEN class will be procured. Additionally, Denmark will invest in the cyber security area by strengthening the Centre for Cyber Security. A military capacity also is established, which will be able to carry out defensive and offensive military operations in cyberspace.

By the end of the year, when the military commitment of Denmark to Afghanistan will be reduced the level of spending is expected to be lower. Thus, the funds that will be saved will be reprioritized. DKK 200 million (approximately \$36 million US dollars) annually of the previous additional costs of the Afghanistan effort will be used for improving the armed forces preparedness through military exercises.

Regarding the other branches of defence, the air force is expected to decide by mid-2015 for the acquisition of a new fighting aircraft and the Lynx helicopters of the air force will be replaced by (9) new type MH-60R SEAHA WK helicopters. The helicopters are expected to be delivered between 2016 and 2018 and are estimated to completely take over operational tasks by 2019.



As it is already mentioned cyber security is one of the domains that Danish authorities prioritize. Therefore it has been agreed to provide additional resources for this capability, so that the total earmarked amount is DKK 90 million (approximately \$16.3 million US dollars) in 2014 and 2015, and DKK 150 million (approximately \$27.1 million US dollars) annually in 2016 and 2017.

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](#)

### Titanium-based Powder Injection Molding Parts for Aircraft/Jet Engine Applications



A company with extensive experience in the development of advanced products and materials applications – complex shape metallic, cermets and ceramic parts – using Powder Injection Molding (PIM), is proposing the development of titanium alloy forming process based on PIM for applications that meet the most demanding standards of aerospace sector. The process development will ultimately lead in the production of complex shape airframe and jet engine parts; the capability for manufacturing of other structural parts (e.g. surgical implants) will also be established.

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

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

### Uninterrupted secure communication utilizing existing different wireless technologies for Military and Homeland Security applications



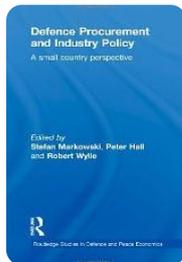
An independent, private, non-profit institution with extensive expertise in modern communications networks and services is proposing the development of a system that will take advantage of the availability and widespread use of multiple wireless networks in order to provide uninterrupted, wireless, secure and broadband communications in military, as well as homeland security applications.

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

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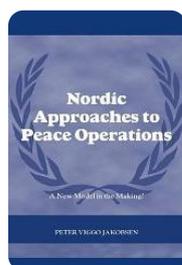


### Defence Procurement and Industry Policy: A small country perspective, by Stefan Markowski, Peter Hall, Robert Wylie



Arms purchases are among the most expensive, technologically challenging and politically controversial decisions made by modern-day governments. This volume presents a general framework for understanding smaller country defence procurement supported by country, industry and project studies. The second part of the book focuses on defence procurement in seven smaller industrial nations with widely varying historical and political settings (Australia, Canada, Israel, Singapore, Spain, Sweden and The Netherlands), whereas the third part consists of two Australian case studies of the procurement issues raised in, respectively, the naval shipbuilding industry and in a major, complex defence project. The book addresses the needs of public and private sector managers, military planners, procurement specialists, industry policy-makers, and defence procurement and industry educators.

### Nordic Approaches to Peace Operations: a New Model in the Making (Cass Series on Peacekeeping), by Peter Jakobsen



During the Cold War the four Nordic countries (Denmark, Finland, Norway and Sweden) made a name for themselves in United Nations peacekeeping operations. After the end of the Cold War the politico-economic situation of Europe has seriously altered. In this new environment the Nordic countries are trying to delineate their position in the international peacekeeping missions. This book is examining the Nordic approaches to peace operations after the Cold War and it shows how the Nordic countries remain relevant for the study and practice of post-Cold War peace operations, and that they continue to have much to offer to both academics and practitioners in this particular field.



### Asia fuels rise in world defence spending: study

World defence spending will rise in 2014 for the first time in five years, a key study found Tuesday, driven by arms races in Asia and the Middle East, as well as a resurgent Russia.

The closely watched IHS Jane's Annual Defence Budgets Review said military budgets this year would inch up by 0.6 percent, after years of falls brought on by lower spending in the West.

"We have seen substantial increases in defence spending from countries like Russia, China, India, Saudi Arabia, and Oman over the past two years," said Paul Burton, Director of IHS Jane's Aerospace, Defence & Security.

Military spending in Russia is on the advance, the study said, with President Vladimir Putin pushing through a 44 percent surge in defence expenditure over the next three years. Already, spending in Russia last year shot to \$68 billion, putting it ahead of Britain and Japan.

Spending by superpower China last year was \$139 billion dollars, with only the United States expending more defence. In 2015, the study said military spending in China will outweigh that of Britain, France and Germany combined.

Expenditure on weapons and armies throughout Asia, which rose steadily since 2009, is fueled by heightened tensions between regional powerhouses China and Japan over islands in the East China Sea.

The high-stakes rift has rattled nerves throughout the region and IHS Janes's now believes defence spending in Asia, excluding China, will exceed spending in Western Europe by 2015. Middle East rivalries, especially as regional players choose sides in the murderous Syria conflict, has increased military spending there.

"We have seen a rapid acceleration of defence spending in the Middle East since 2011 ... Oman and Saudi Arabia, in particular, have seen rapid growth of over 30 percent between 2011 and 2013," said Fenella McGerty, a senior analyst at IHS Jane's. Military expenditure by the United States still towers over the rest of the world's, but is expected to continue its steady fall.

Spending has drifted lower from \$664 billion in 2012, to \$582 billion in 2013 and is forecast at \$575 billion in 2014 and \$535 billion in 2015. Pentagon outlays have been cut due to the winding down of wars in Iraq and Afghanistan and political bickering in Congress over the government spending.

**Source:** 2014 AFP, Agence France-Presse (AFP)

## Boeing, flydubai Sign Agreement for Mobile Maintenance Solutions

Boeing [NYSE:BA] today announced at the MRO Middle East conference that flydubai has signed an agreement to implement Boeing's suite of mobile maintenance applications. The airline will deploy Maintenance Turn Time, Toolbox Mobile Library and Toolbox Mobile Parts – solutions that provide real-time access to the information technicians need to quickly resolve maintenance issues.

As a cooperative partner, flydubai worked closely with Boeing to finalize the functionality and operability of the mobile maintenance products, which will be integrated with the airline's maintenance planning systems.

"Coordinating maintenance information across the airline is essential for our current and future operations as we continue to expand our 737 fleet," said Dave Lewis, flydubai head of engineering. "To do this effectively, our engineers require instant access to information to support faster aircraft maintenance turn times, providing a greater level of confidence that we will continue to meet our quick-turn schedules."

flydubai is positioning itself for significant fleet growth. In January, Boeing and flydubai finalized an order first announced at the Dubai Airshow for 75 737 MAX 8s, 11 additional Next-Generation 737-800s and purchase rights for 25 more MAXs, representing the largest single-aisle airplane order in the Middle East for Boeing.

"Our team worked closely with flydubai to identify their specific maintenance operations challenges and discovered that the transit time involved with engineers going back and forth between the airplane and the maintenance base to retrieve information could be optimized," said John Maggiore, director of Fleet and Maintenance Solutions, Boeing Digital Aviation. "This integrated and streamlined mobile access to information at the airplane via mobile devices will enable the maintenance and engineering teams at flydubai to accommodate the high utilization rates and tight operations schedules for the fleet."

The mobile maintenance applications provide technicians with real-time, mobile access to technical manuals, part numbers and parts inventory availability, maintenance history and other information needed to support time-critical maintenance tasks. Two-way collaboration capabilities enable technicians to rapidly share documents, photos and other information needed to troubleshoot issues, support operations decisions and improve maintenance turn times.

"We are pleased to have the opportunity to collaborate directly with Boeing to develop these solutions to support our needs in a fast-paced and rapidly changing maintenance environment," said Ken Gile, flydubai chief operating officer. "By making these maintenance efficiency improvements, we will be better positioned to effectively manage our operations to scale more easily and accommodate our planned fleet growth."

Boeing representatives will be available to provide demonstrations of the mobile maintenance applications suite at the MRO Middle East event in Dubai.

#### 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 Digital Aviation is the business unit that delivers the Boeing Edge through integrated offerings in software, applications, information solutions and advanced training to drive optimized performance, efficiency and safety across customer operations. Boeing provides a competitive edge by solving real operational problems, enabling better decisions, maximizing efficiency and improving environmental performance – creating intelligent information solutions across the aviation ecosystem.

#### About flydubai

Dubai-based flydubai strives to remove barriers to travel and enhance connectivity between different cultures across its ever-expanding network. Since launching its operations in 2009, flydubai has:

- Created a network of more than 65 destinations, with 16 new routes announced in 2013.
- Opened up 47 new routes that did not previously have direct air links to Dubai or were not served by a UAE national carrier from Dubai.
- Built up a fleet of 35 aircraft, from its initial order of 50; due to be fulfilled by 2015.

In addition, flydubai's agility and flexibility as a young airline has enhanced Dubai's economic development, in line with the Government of Dubai's vision, by creating trade and tourism flows in previously underserved markets.

For more information about flydubai services, please visit [flydubai.com](http://flydubai.com).

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**Source:** Epicos, Boeing

## South African Airways turns again to state for survival

Hapless and helpless, South Africa's struggling national carrier awaits news on a state cash injection vital to stay in the skies, but which shows up its inability to make money.

Eighty years after its creation, loss-making South African Airways (SAA) battles with an ageing fleet and a weak national currency.

"It's not a secret that our balance sheet is very weak," chief financial officer Wolf Meyer admitted.

"There are currently discussions with the national Treasury, we hope that we get good news soon on the capitalisation," he said.

State intervention is key to SAA's survival and Finance Minister Pravin Gordhan is expected to shed more light on saving the airline during his annual budget speech in parliament this month.

In the meantime, the government has extended a two-year guarantee of five million rands (\$444 million, 329 million euros) issued in 2012 in exchange for a vast restructuring.

When that guarantee was first approved, irate opposition parties accused the government of wasting taxpayer money, while some companies said it was distorting the market.

A year and a half later the turn-around strategy still has not been implemented and main opposition party the Democratic Alliance (DA) has renewed its call to privatise the carrier.

"Government needs to stop throwing good money at a bad problem," the party said last week. "We simply cannot continue with 'business as usual' any longer."

Last Wednesday, SAA reported improved results for the financial year that ended in 2013, but the situation remains bleak.

Though better than the 1.3 billion rand loss a year before, the 991-million-rand operating loss was still a glaring indicator of existing problems.

The results were released months behind schedule because talks between the treasury and the actual shareholder, the ministry of public enterprises, dragged on, said Meyer.

Air traffic on the continent is soaring

Despite the losses, the 13.5 percent increase in revenues indicates market potential even in the face of aggressive competition from companies based in the Gulf.

But the company warned of rising fuel costs and the rand's slide against the dollar, which ate into earnings.

In the domestic market, low-cost subsidiary Mango cashed in on two competitors going out of business.

On the international front, SAA, which is member of the Star Alliance group, is building a name for itself, Meyer said.

"We are very proud of our Africa growth strategy, it's really working well," he said.

Air traffic across the continent is soaring and SAA has toiled to build from its traditional European routes, though with mixed success.

"Buenos Aires route was loss-making, and the Cape Town-London, and the Beijing route, and the (Burundi capital) Bujumbura route were also loss-making routes," said Meyer.

Accordingly, some flights will be axed, like the Argentina route in March.

But others, especially when diplomatic interests are at stake, will survive.

Ever anxious about relations with its main trading partner China, the government has insisted to keep the Beijing route open.

SAA has halted plans to buy around 20 new aircraft, but will still acquire 20 Airbus A320s which will be delivered by 2017.

"There is an urgent need for SAA to replace its long haul fleet," said Meyer, adding that the public enterprises minister wanted the acquisitions to benefit more local companies.

**Source:** 2014 AFP, Agence France-Presse (AFP)

### **Etihad in 'final' assessment for Alitalia buy**

Abu Dhabi-based Etihad Airways said Sunday it has entered the final stage of an assessment whether to purchase a stake in Italy's debt-laden airline Alitalia.

The two carriers "have entered the final phase of a due diligence process about a possible investment by Etihad Airways in Alitalia," confirmed James Hogan, chief executive of Etihad Airways, and Gabriele Del Torchio, his Alitalia counterpart, according to a statement by Etihad.

The two companies and their advisors will determine during the next 30 days "how a common strategy can be developed which meets the objectives of both parties," said the statement.

"Any issues that may prevent the establishment of an appropriate business plan will have to be resolved to ensure the plan can be implemented to move Alitalia to sustainable profitability," it added.

Reports have suggested that Etihad is preparing a big investment in Alitalia, which is in debt to the tune of 1.2 billion euros (\$1.6 billion).

In October, shareholders gave unanimous approval for a capital increase of up to 300 million euros to save Alitalia from bankruptcy

The carrier is looking for a foreign partner to rescue it.

Etihad is expanding rapidly and has bought minor shares in several smaller carriers around the world as it competes with larger Gulf rivals Emirates and Qatar Airways.

Etihad owns 29 percent of Air Berlin, 40 percent of Air Seychelles, 19.9 percent of Virgin Australia and three percent of Aer Lingus.

In November, India's Jet Airways said it had completed the sale of a 24-percent stake to Etihad after obtaining regulatory approvals.

Etihad also announced in mid-November that it was acquiring 33.3 percent of Swiss carrier Darwin Airline, which it plans to rebrand as Etihad Regional.

That acquisition is awaiting regulatory approval.

**Source:** 2014 AFP, Agence France-Presse (AFP)

### Ryanair slides into loss in third quarter

Irish no-frills airline Ryanair said Monday that it sank into a net loss in the third quarter of its financial year, and blamed falling fares and the weaker British pound.

Losses after taxation stood at 35.2 million euros (\$47.5 million) in the three months to the end of December, Ryanair said in a results statement.

That contrasted with a net profit of 18.1 million euros in the same period a year earlier.

"Our third-quarter loss of 35 million euros is in line with previous guidance and is entirely due to a 9.0-percent fall in average fares and weaker sterling," said chief executive Michael O'Leary.

**Source:** 2014 AFP, Agence France-Presse (AFP)