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## Serbian Defence Budget and Priority Areas



In 2009 the total military expenditure of Serbia according to the Stockholm International Peace Research Institute (SIPRI), was 65843 million Dinars (approximately \$1059 m. US Dollars in constant 2011 prices), whereas in 2013, reached 78437 million Dinars (approximately \$919 m. US Dollars in constant 2011 prices). Given the limited funds allocated on defence, the Serbian authorities try to supply the armed forces with weapons and military equipment through research, development and acquisition of new assets and systems and modernization of existing, promising weapon systems. In this process the technological and industrial capacity of the country is primarily used. In procurement of assets from abroad, priority is given to joint projects with foreign partners, primarily those involving technology transfer and engagement of business capacities in the country.

Serbia	2009	2010	2011	2012	2013
Mil. Dinars	65843	67806	72377	75096	78437
In constant (2011) US\$ m	1059	1028	987	954	919
Share of GDP	1.4%	1.3%	1.3%	1.4%	1.3%

In order to fulfill its full potential with the amount of funds that is allocated for defence, a set of priorities has been set, the most important being:

- Supply with telecommunications and IT equipment for the integrated system of communications,
- Development and supply with equipment of the Centre for the Airspace Sovereignty Control,
- Providing radar stations with surveillance radars 3D and computer network for data processing and equipping the army units following M21 model,
- Equipping with multi-purpose combat aircraft and trainer aircraft for basic training,
- Modern reconnaissance means,
- Air defence medium-range missile system,
- Wheeled armed combat vehicles,
- Trainers and simulators of complex weapon systems,
- Procurement of unmanned aerial vehicles for reconnaissance units.

Regarding the modernization of defence equipment the following are the priorities of the Serbian authorities:

- Modernization of tanks,
- Combat vehicles and self-propelled artillery weapons,
- Helicopter and Air-craft, radars and,
- Missile systems and ships' weapons systems.

Kyriazis Vasileios,

Epicos Newsletter Head Editor

*Serbia: Bilateral Defence Cooperation*
**REPUBLIC OF SERBIA  
MINISTRY OF DEFENCE**

The defence doctrine of Serbia is based amongst others on cooperating with other states and actors of the international scene. Under this context the Serbian Minister of Defence Mr.

Nebojsa Rodic and the Italian Defence Minister Mrs. Roberta Pinotti discussed in Rome on April 14<sup>th</sup>, 2014 about the Serbian-Italian bilateral cooperation and ways to improve it in the spheres of Defence & Security. The two officials said that both countries have well-developed defence cooperation in many areas, such as education, air force, intelligence and reconnaissance activities, military medical cooperation, special unit training as well as removal of unexploded ordnance, where Italy has contributed funds totaling €200,000.

April is a busy month for the officials of the Serbian Ministry of Defence, as on April 8<sup>th</sup>, 2014 Colonel Milan Konjikovac, Acting Chief of the Department for International Military Cooperation, and Colonel Thomas Ahammer the Defence Attaché of the Republic of Austria in Belgrade, signed the Bilateral Military Cooperation Plan between the two defence ministries for 2014. The domains of cooperation covered by the Plan are: training, preparation for participation in multinational operations, military history, logistics, CBRN and military medicine.



Additionally, on April 11<sup>th</sup>, 2014 Colonel Milan Konjikovac, Acting Chief of the Department for International Military Cooperation of Serbia, met with Colonel Ivan Jusic the Defence Attaché of the Republic of Croatia and signed the Bilateral Military Cooperation Plan for 2014. The cooperation is principally carried out through the exchange of experiences in the transformation of the armed forces, current participation in multinational operations in the areas of CBRN and logistics, as well as in the area of budgeting.

Finally, on April 3<sup>rd</sup>, 2014, a delegation of the Serbian Armed Forces, led by General Ljubisa Dikovic the Chief of General Staff Czech Republic. General Ljubisa met with Lieutenant-General Petr Pavel the Chief of the General Staff of the Armed Forces in Czech Republic. Amongst others the two men discussed the issues related to the preparation for participation in multinational operations and combat groups of the European Union.

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 a portable mission data acquisition Remote Terminal Unit (RTU) with advanced vehicle mission control and functions monitoring capability for UAVs



Unmanned Aerial Vehicles (UAVs) are systems for intelligence, surveillance & reconnaissance, as well as weapons' delivery. A company specialized in the design, development and manufacturing of UAVs, is proposing collaboration in the design and development and/or manufacturing of a portable mission data acquisition Remote Terminal Unit (RTU), with advanced vehicle mission control and functions monitoring capabilities that can be used in a wide range of Unmanned Aerial Vehicles (UAV) worldwide.

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

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

### Development of a new generation ballistic protection vest, integrated with a lightweight Microclimate cooling and heating system, in order to meet Future Soldier requirements and applications



A company with extensive experience in the development and production of ballistic protection equipment is proposing the development of a new technology ballistic vest, integrated with an advanced lightweight microclimate cooling and heating system, in order to mitigate Future Soldiers' heat stress, allowing them to operate safely and more effectively in all terrains and under extreme weather conditions.

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## Saab and ThyssenKrupp have signed a MoU on an acquisition of ThyssenKrupp Marine Systems AB



ThyssenKrupp Industrial Solutions AG, a subsidiary of ThyssenKrupp AG, and Saab AB today signed a non-binding Memorandum of Understanding concerning the sale of the Swedish shipyard ThyssenKrupp Marine Systems AB (formerly named Kockums) with operations in Malmö, Karlskrona and Muskö to Saab AB.

Both parties agree that during the negotiations phase, the integrity and the operating ability of ThyssenKrupp Marine Systems AB must be safeguarded. The transaction will be subject to regulatory approval. The negotiations between Saab AB and ThyssenKrupp Marine Systems AB are at an early stage and more information will follow.

The Memorandum of Understanding is in line with Saab's ambition to expand its activities in the naval area and meets the needs of Sweden for an industrial solution regarding design, production and maintenance of submarines and warships. An acquisition of ThyssenKrupp Marine Systems AB will enable Saab to meet this ambition.

Saab serves the global market with world-leading products, services and solutions ranging from military defence to civil security. Saab has operations and employees on all continents and constantly develops, adopts and improves new technology to meet customers' changing needs.

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## Successfull Launch of "Ofek 10" Observation Satellite



The research and development department (MAFAT) of Israel's Ministry of Defense in cooperation with Israel Aerospace Industries (IAI Ltd.) launched this evening Wednesday, April 9, 2014 at 22:15 hrs, "Ofek 10" satellite into space. The satellite was launched into orbit by a "Shavit" satellite launcher from an Israeli Air Force test range.

In the early hours of Thursday, April 10, 2014 according to plan, the satellite entered its orbit around the Earth, and underwent a series of tests to confirm its serviceability and accurate performance. The satellite then began transmitting data and visual material to Earth. Engineers from MAFAT - Ministry of Defense with engineers from Israel Aerospace Industries

are continuing to perform a series of planned tests until the satellite begins operational service.

"Ofek 10" is an observation remote-sensing satellite that employs synthetic aperture radar (SAR) technology with advanced "high-resolution" imagery, capable of operating day or night and in all weather conditions. "Ofek 10" was developed on previous experience accrued during the development and production of the "Ofek" series of advanced satellites, the first of which was launched in 1988.

The "Ofek 10" satellite was launched into orbit by the "Shavit" multi-stage satellite launcher. The satellite "Ofek 10" as well as the "Shavit" satellite launcher were developed and produced by Israel's Ministry of Defense, through its R&D Department (MAFAAT). The primary contractor is Israel Aerospace Industries (IAI Ltd). In addition, a number of other

Israeli companies cooperated in its development and production, including Rafael, Spectralink from Elbit Systems, Rokar, and Israel Military Industries. Branches of the Israel Defense Forces were also involved including the Intelligence Branch and the Air Force.

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### Australia approves second Sydney airport

The Australian government Tuesday gave the go-ahead for a second international airport for Sydney, ending decades of indecision with a move predicted to boost the national economy.

Prime Minister Tony Abbott confirmed that Badgerys Creek in western Sydney will be the site of the new airport, with planning to start immediately and construction from 2016.

"It's a long overdue decision which to be honest, has been shirked and squibbed (dodged) by successive governments for far too long," the prime minister told reporters.

Sydney's Kingsford Smith Airport is the main gateway into Australia but suffers from capacity limits, with a former transport minister describing it as "built in an age when planes were small and few".

Abbott said that without a second airport Sydney would be "grievously underserved", adding that the current airport would not be able to cope with forecast growth in passenger numbers in coming decades.

Badgerys Creek, about 45 kilometres (28 miles) west of Sydney's central business district, has long been proposed as a second airport site but had previously been shelved due to fears of a local voter backlash.

Abbott, who swept to power in elections last September vowing to be known as an "infrastructure prime minister", said the development would proceed on a "roads first, airport second" basis.

- Jobs boost -

The cost of the estimated Aus\$2.5 billion (US\$2.35 billion) airport will be met mainly by the private sector, and the first flight was realistically not likely until the mid-2020s, he said.

As a first step, the government will offer the owner of Kingsford Smith Airport, Southern Cross Airports Corporation, the right of first refusal in relation to an airport at Badgerys Creek.

Abbott said the project would be good for economic growth and jobs, and could drive an increase in national gross domestic product of almost Aus\$24 billion by 2060.

The government projects it will create about 4,000 jobs in the construction phase, and go on to produce 35,000 jobs by 2035, increasing to 60,000 over time.

Australia's biggest airline Qantas welcomed the government's announcement, with chief executive Alan Joyce saying a second airport was a vital piece of economic infrastructure for Australia.

"The role of second airports has been well-established in several of the world's major capitals," Joyce said.

"Sydney is the key gateway for air traffic in and out of Australia and the benefits of having two major airports will be felt nationwide."

Kingsford Smith Airport, which is only eight kilometres from the city centre, handled 36.9 million travellers in 2012 and passenger numbers are forecast to increase to 74.3 million by 2033.

It accounts for 40 percent of international arrivals into Australia each year and 50 percent of international air freight.

Kingsford Smith is subject to restrictions between 11pm-6am, but Abbott left the door open to the new airport being free of a curfew given that so many fewer people lived near Badgerys Creek.

Abbott said the decision recognised the growth of Sydney's western suburbs, an area which is expected to see its population rise from two million to three million people in the next 20 years.

"A dedicated Western Sydney airport will service local aviation needs and be a much-needed relief valve for Sydney Airport," he said.

"It will be a major catalyst for investment, jobs growth and tourism in the region for decades to come."

However, some are still expected to disagree with the plan. Stephen Bali from the No Badgerys Creek Airport Inc told the ABC that "large segments across western Sydney will be fighting against this".

Badgerys Creek has been a potential airport site since 1986 and the federal government has bought about 1,800 hectares (4,446 acres) in the area.

The New South Wales state government has kept the surrounds largely free of development since then.

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



### German government to cancel Saudi tank deal: report

The German government will not approve a reported deal to sell up to 800 battle tanks to Saudi Arabia, a German Sunday newspaper said, citing government sources.

The sale of the Leopard-2 tanks had been billed as one of the biggest deals for the German armaments industry, Bild reported.

But Economy Minister Sigmar Gabriel, a Social Democrat in the left-right "grand coalition", has "positioned himself against a tanks delivery to the autocratic royal house", it said, citing government sources.

"Without agreement from the economy minister the deal has no chance," Bild said.

The report said the deal had not been sent to the German national security council, which counts Chancellor Angela Merkel among its members, for approval.

In 2012 Bild am Sonntag had reported that Saudi Arabia wanted to buy 600-800 Leopard battle tanks from Germany, more than twice as many as originally envisaged.

Its latest report Sunday said that Saudi Arabia had been chasing the German tanks for years and had budgeted nearly 18 billion euros (\$25 billion) for them. The Leopard-2 tanks, Germany's main battle tank, is also produced under licence in Spain.

For decades Germany declined to sell heavy weapons to Saudi Arabia because of concerns over human rights and fears for Israel's security. Contacted by AFP, an economy ministry spokeswoman said the government did not give information about "individual procedural stages of possible approvals for export of munitions".

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

### Etihad Airways' Q1 income climbs 27% to \$1.4 bn

Abu Dhabi's Etihad Airways reported Tuesday a 27-percent annual rise in revenues to \$1.4 billion for the first quarter of 2014 on the back of surging passenger and cargo figures.

Etihad, which is in advanced talks to buy a stake in Italy's struggling Alitalia, said income from equity partners and codesharing deals increased 23 percent to \$223 million in the first three months of 2014, compared with the same period last year.

The fast-growing Gulf airline declined to say whether it registered any profits or losses in the quarter.

Passenger volumes increased 14 percent over the same period to 3.2 million, while cargo volumes grew 26 percent to 127,821 tonnes, said Etihad.

"Organic growth was supported by the development of codeshare and equity partnerships, which delivered 678,000 passengers onto Etihad Airways flights in the first quarter of 2014, 25 percent higher than the same period last year," it said in a statement.

Etihad carried 11.5 million passengers last year, earning \$6.1 billion in revenues, of which it kept \$62 million as profit.

Launched in 2003, 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.

It also owns a 24-percent stake in India's Jet Airways.

Italy's Transport Minister Maurizio Lupi last week said an assessment of Alitalia's accounts had been completed and hinted an offer from Etihad could be imminent.

The two companies have been in contact since December and in February they said they had entered a "final phase" in the process but Alitalia is laden with debts and negotiations have been hugely complicated.

Etihad is reportedly planning to take a stake of between 40 and 49 percent in the Italian carrier -- below the 49.9 percent limit for non-European airlines.

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

### **Gulfstream announces 60-plane deal for China**

Business jet maker Gulfstream Aerospace Corp. on Tuesday announced a deal to sell 60 aircraft to a Chinese leasing company, one of the largest orders in the US company's history.

The agreement, signed with Minsheng Financial Leasing Co. in the fourth quarter last year, includes firm orders for 40 Gulfstream aircraft and options for 20 more, the company said in a statement. Financial details were not disclosed.

Private jet use in China is small but rapidly growing, backed by demand from wealthy individuals and Chinese companies operating overseas, industry officials say.

The order includes planes from across Gulfstream's product line, including the G280, G450, G550 and G650. Deliveries to Minsheng will start in 2015, a Gulfstream spokesman said.

"It's a significant order. We think it's a commentary on the China market and on Gulfstream," Scott Neal, Gulfstream's senior vice president for sales and marketing, told AFP on the sidelines of an industry show in Shanghai.

He added the event was "appropriate" to make a public announcement, even though the deal was closed last year.

The Gulfstream fleet in greater China stands at more than 130 aircraft, according to the company. Gulfstream is a subsidiary of aerospace and defence firm General Dynamics.

Minsheng Financial Leasing, owned by China Minsheng Banking Corp., said the Gulfstream order was the largest in the company's history. Founded in 2008, Minsheng has purchased more than 200 aircraft to date, an official said.

The number of business jets in greater China -- which includes Hong Kong, Macau and Taiwan -- rose from 203 in 2011 to 371 at the end of last year, including 248 in mainland China alone, according to Hong Kong-based aviation consultancy Asian Sky Group.

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

### **Russia tests new ballistic missile: Pentagon**

Russia test-fired a new intercontinental ballistic missile (ICBM) as tensions over Ukraine escalated, the Pentagon confirmed on Tuesday.

Russia informed US authorities of the test prior to the launch on Monday, in keeping with an existing weapons treaty, Pentagon spokesman colonel Steven Warren said.

"I can confirm that the Russians test-fired an ICBM yesterday," Warren said.

"The launch was a previously notified and routine test launch of an ICBM. Notifications were conducted as required under the new START treaty," Warren added.

"The United States and Russia both routinely test their ICBMs and SLBMs."

The Pentagon spokesman did not specify the exact type of missile launched.

On March 4, Russia fired a Topol ICBM, capable of carrying a nuclear warhead, from the Astrakhan region in the south of the country.

US authorities were also notified in advance of that test.

Despite soaring tensions between the United States and Russia over Moscow's annexation of Crimea and subsequent sanctions imposed by Washington, the two former Cold War foes continue to cooperate in certain areas of the military and space exploration.

Russia has also continued to allow US convoys to pass through Russian territory to resupply forces in Afghanistan.

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