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## Philippines: Future Defence Budget and Deliveries



According to the Philippine Defense Reform Program the goal of the country's authorities 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". In line with this the Department of National Defence announced that 14 big-ticket defense items, worth

Ph Pesos 6.2 billion (106 million Euros), will be completed before the end of 2014. Ten additional projects worth another Ph Pesos 17.3 billion (296 million Euros) are expected to be delivered in 2015. The major equipment to be delivered in 2015 include armored vehicles for the PA, attack helicopters, combat utility helicopters, light lift and medium lift aircrafts for the PAF, and naval helicopters for the Philippine Navy (PN).

Defence Secretary Voltaire T. Gazmin said regarding the upcoming deliveries that: "We are getting closer to our desired state in terms of capability and readiness with our recent acquisitions, and those we are expecting to be delivered in the next few months".

The deliveries to be concluded within 2014 include the following: *assault rifles* for the Philippine Army (PA) and Philippine Marines, *UH-1H helicopters* for the Philippine Air Force (PAF), *close combat optics*, and *Explosive Ordnance Disposal (EOD) equipment*.

The revised modernization program for 2013-2017 has a budget of Ph Pesos 85.3 billion (1.45 billion Euros) which will be spread out over a five-year period. From 2013-2017, Ph Pesos 8.6 billion (147 million Euros) will be allocated to the Army, PhP 43.3 billion (740 million Euros) to the Air Force, Ph Pesos 28.2 billion (482 million) to the Navy and Ph Pesos 5.2 billion (88 million Euros) to the AFP General headquarters.

Kyriazis Vasileios,  
Epicos Newsletter Head Editor

**Philippines: Past Defence Procurements**

The 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 its defence authorities focus on procuring equipment that will help patrolling this vast coastline. It is indicative that during 2008-2013, the vast majority of funds allocated to procurement of new equipment were spent on procuring ships. Aircraft and sensors followed.

The 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, receiving the largest share of the Philippine defence spending. Apart from USA, important countries that export arms to Philippines are Poland, Italy, Germany, Turkey and South Korea. As it is clearly illustrated, arm imports are rather diversified in its geographical structure as the supplying countries represent three (3) different continents, Europe (Italy, Turkey, Poland and Germany) North America (USA) and Asia (South Korea).

	2008	2009	2010	2011	2012	2013	Total
Germany (FRG)						4	4
Italy			1	3			4
Poland					10	10	20
South Korea (ROK)		1					1
Turkey			2				2
United States	10	≈ 1		60	6	55	132

Among the procurements Philippines concluded during the last years is that of 4 AN/TPS-79 MMSR air search radars. Additionally the country procured 8 W-3 Sokol helicopters for a Ph Pesos 2.8 b (\$64 m) deal. Deliveries were concluded within 2013.

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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**Acquisition of advanced airborne carriage and launcher systems technology**

A company with significant experience in rocket and bomb launchers, as well as in aeronautics products such as missile adaptors and air logistics containers, is willing to expand its activities in the field of advanced airborne carriage and launcher systems technology, including a broad range of rocket launchers, missile launchers, bomb launchers, pods, pylons, ejector release units, twin store carriage release units, among others, for military aircraft, as well as civil and military helicopters.

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

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

**Agricultural aircraft to fire extinguishing aircraft modification**

A company operating in the area of agricultural aviation, is proposing the modification of its agricultural aircraft to meet the requirements and operational needs of medium-extent fire extinguishing.

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

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**IAI Subsidiary EAT Acquired Minority Holding in Brazilian 'Avionics Services'**

European Advanced Technology (EAT), an Israel Aerospace Industries' (IAI) subsidiary, has acquired minority holding in the Brazilian Company Avionics Services, located in Sao Paulo. This acquisition is part of IAI's strategic expansion into the Brazilian defense market. A cooperation agreement was also signed between IAI and Avionics Services to conduct

the companies' joint activities in the Brazilian Defense market.

This includes the marketing and manufacture of aircraft systems, Unmanned Aerial Systems (UAS), sensors and upgrades of aerial platforms. The cooperation agreement's main target markets are defense and public security projects primarily for the Brazilian market, which may potentially be extended to international markets in the future.

Avionics Services provides solutions for projects involving equipment and avionics systems for civil and military fixed and rotary wing aircraft as well as simulators. The company is defined as a strategic defense company (EED-Empresa Estrategica de Defesa) - a unique status granted by the Brazilian Ministry of Defense, and is also active in the international market.

In recent years, IAI has expanded its activities in Brazil and established 'IAI do Brasil' and its marketing headquarters in Brasilia. IAI has also invested in IACIT, a Brazilian radar company based in San Jose dos Campos, and cooperates with other key companies in the Brazilian defense market.

Joseph Weiss, IAI's President and CEO said: "We view Brazil as one of our strategic markets and intend to expand our activities in this important region; our investment and cooperation with 'Avionics Services' are an expression of our ongoing commitment to support the Brazilian customers."

João B. Vernini, CEO of Avionics Services said: "We are very pleased and honored by IAI's faith in us and the investment in this cooperation. We believe that this agreement will allow us access to high-level technologies and to a broader defense market and that together we will enjoy an enhanced access to the Brazilian market."

**About European Advanced Technology (EAT)**

European Advanced Technology (EAT) is an IAI subsidiary and holding company established in 1989. EAT manages technological cooperation and also serves as IAI's marketing headquarters in Europe.

**About Israel Aerospace Industries (IAI)**

Israel Aerospace Industries, Ltd. (IAI) is Israel's largest defense industry and a globally recognized leader for the defense and commercial markets. IAI provides unique and cost-effective technological solutions for a broad spectrum of needs in space, air, land, sea and homeland defense, including: maintenance and conversion of commercial aircraft, unmanned air and ground vehicles, radars, secure communications, AEW, EW, ELINT/ESM, SIGINT and COMINT/COMJAM, air-to-air refueling, upgrading of military aircraft and helicopters, optronic payloads, navigation, commercial satellites and launchers, mine detection, clearing and breaching systems and many other core technologies, products and services.

**About Avionics Services**

Avionics Services is a leading Brazilian company with over 18 years of experience in the Civilian and Military Markets. Avionics has specialized in development, certification and integration of any Avionics and systems as well Defense equipment The Company provides solutions for projects involving equipment and avionics systems for civil and military fixed and rotary wing aircraft as well as simulators. Avionics' excellence stems from an established heritage of high quality and safety, with very high customer satisfaction. Avionics Services is certified by ANAC, Brazilian Army, Air force and Navy obtains ISO-9001, NBR 15100/ AS9100 and defined as a strategic defense company (EED-Empresa Estrategica de Defesa).

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or visit: [http://www.iai.co.il/2013/32981-46065-en/MediaRoom\\_News.aspx](http://www.iai.co.il/2013/32981-46065-en/MediaRoom_News.aspx)

### WhisperPower 'must haves' at the Hiswa In-Water Show



WhisperPower's Supreme Combi sine wave inverter / charger is the latest 'must have' for every boat owner. This Supreme Combi enables you to use 220 volt equipment, such as Nespresso™ machines, kettles, computers and TVs without the need for shore power connection or running the generator. It delivers 230 V sine wave voltage from the 12 V onboard battery.

The built-in 3-stage charger quickly and completely recharges the onboard battery when connected to shore power or a 230 V generator.

The competitively priced Supreme Combi has a contemporary and practical design and is easy to install yourself. The Supreme Combi is available in a choice of two models. The smallest model has an inverter output power of 1000 W (2000 W peak performance) and a 40 A battery charger. The larger model has an output power of 2000 W (peak output power of 4000 W) and a 55 A battery charger. The Supreme Combi is available through retailers and can also be ordered at the Hiswa in-Water Show, stand number T.07 where the entire range including the new Genverter Piccollo 4 (3.6 kVA) will be on display.

For Further Information Visit:

<http://www.whisperpower.com/uk/2/13/102/company/news/whisperpower-%E2%80%98must-haves%E2%80%99-at-the-hiswa-in-water-show.html>

**Ryanair, Aegean state interest in buying Cyprus Airways**

Ireland's Ryanair and Greece's Aegean Airlines are among more than 15 applicants who have made a non-binding expression of interest to buy loss-making Cypriot flag-carrier Cyprus Airways, officials said Thursday.

"The interest has surpassed our expectations but we need to point out that, at the present stage, we are simply recording that interest, so it doesn't mean that the interest will be followed up by a bid," Communications Minister Marios Demetriades told state radio Thursday.

"Aegean and Ryanair have announced their interest and there are other smaller airlines which have expressed their interest as well, but most interested parties are not airlines," he said.

He said the applicants will be evaluated at a later stage and will be called to submit binding offers by the autumn.

Reportedly, other firms who expressed an interest in buying Cyprus Airways assets include Israel-based Arkia, Romania's no-frills Blue Air, Lebanon's Middle East Airlines, as well as Spanish Group Arevenca in collaboration with Fly Aruba.

The Cypriot government, which owns 93 percent of Cyprus Airways, set the deadline for non-binding expressions of interest in shares or assets at midnight (2100 GMT) Wednesday.

The national carrier has been selling assets to keep flying, including three time slots at London's Heathrow airport.

Cyprus Airways is struggling to survive against intense competition on its most popular routes to Greece and London.

It has undergone several cost-cutting plans - axing staff, scrapping routes and downsizing its fleet -- but failed to stem losses.

It is also under investigation by the European Commission to see if it violated state aid rules in a 31 million euro share capital increase and a 73 million euro bailout from the state in the past two years.

The airline posted a net loss of 55.8 million euros for 2012, more than double the net loss of 23.88 million the previous year. Operating losses almost doubled to 49.7 million euros from 25.5 million.

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

### **Canadian aviation giant Bombardier to cut 1,800 jobs**

Canada's Bombardier will cut 1,800 jobs, the troubled aviation giant announced Wednesday in a major reorganization.

"This marks another step in Bombardier's evolution," said Pierre Beaudoin, the company's president and chief executive officer, who said the overhaul, to be completed by January 1 of next year, would reduce costs and overhead.

A spokeswoman for the Montreal-based company, Isabelle Rondeau, confirmed for AFP the size of the cuts.

Beaudoin said in his press release that the reorganization -- in particular of the company's Aerospace branch -- "will enable us to be more agile and flexible in addressing customer needs, while increasing our focus on growth areas."

Among other recent woes, Bombardier had less than anticipated demand for its CSeries medium-range planes, which for a time were plagued by costly engine problems.

Company officials announced that as part of the overhaul, one of its senior officials, Aerospace President and Chief Operating Officer Guy Hachey, is stepping down.

"Guy led Bombardier Aerospace during an important period in its history. I wish to thank him for his contributions over the past six years," Beaudoin said.

Bombardier, one of the world's largest aircraft manufacturers, is the only company to build both planes and trains.

In the fiscal year ended December 31, 2013, the company had revenues of some \$18.2 billion.

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

### South Africa sets 5 years to stem military decline

Continental military power South Africa committed Wednesday to save its armed forces from meltdown within five years, amid budget constraints and increasing involvement in peacekeeping missions around Africa.

A review earlier this year found the South African Defence Force (SANDF) was in a "critical state of decline" after two decades of underfunding.

"We do not have a choice, but to respond with urgency to put plans to arrest the decline within the current five years, starting immediately during this financial year," said Defence Minister Nosiviwe Mapisa-Nqakula on Wednesday.

"Although the SANDF is still able to maintain operational presence, if we do not start now, the decline will get worse," she told parliament in her budget speech.

The ministry projects a \$4 billion (3 billion euro) budget for the year, or 1.3 percent of the 2013 GDP -- far below the 2.0 percent of GDP the minister said in April would be necessary to fix the military.

"Our mandate in the next five years is to act fast to restore the minimum capabilities required to safeguard South Africa, protect its maritime resources and trade routes, conduct peace missions and humanitarian interventions," said Mapisa-Nqakula.

South Africa's once feared and respected defence force has been hit by budget cuts and much of its equipment is no longer fit for purpose. The 100,000-strong force is also bleeding skilled personnel.

As one of Africa's military powerhouses, South Africa has deployed troops to peacekeeping operations in the Democratic Republic of Congo and Sudan's Darfur.

It previously sent troops to Burundi, Lesotho and the Central African Republic. Its navy has also recently begun patrolling the coast of neighbouring Mozambique to ward off pirates.

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

**EU says Ryanair must repay 9.6 mn euros in illegal state aid**

The European Commission said on Wednesday that low-fare airline Ryanair must repay about 9.6 million euros in illegal state aid it received for its operations in several French regional airports.

The Commission, the European Union's executive arm, said Ryanair would have to repay 868,000 euros (\$1.16 billion) related to rebates and marketing arrangements negotiated at Angouleme airport in central France.

Ryanair had enjoyed "an undue advantage" and should repay the money so as to "remove the distortion of competition," the Commission said in a statement.

Similar findings at Pau Pyrenees airport required a repayment of 2.4 million euros with 6.4 million euros repayable at Nimes airport, both in southern France, it said.

The Commission said it was continuing an investigation into Austria's Klagenfurt airport where airport service and market agreements "appeared to be excessively favourable to Ryanair and therefore could involve incompatible state aid."

Probes into three German regional airports -- Dortmund, Leipzig/Halle and Niederrhein-Weeze, where Ryanair is the largest client -- found no problems with state-aid payments, it added.

In response, Ryanair said it welcomed the Commission's rulings on the three German airports but would appeal against the other findings.

"All of Ryanair's airport arrangements comply with EU state aid rules and Ryanair has therefore instructed its lawyers to appeal these rulings to the extent they erroneously allege otherwise," it said in a statement.

The company, which pioneered low-cost, no-frills air travel in Europe, said it currently ran four routes out of Nimes but had ceased operations at Pau Pyrenees in 2011 and at Angouleme in 2009.

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

## Naval ships from US, India and Japan to start war games

The United States, India and Japan are set to kick off week-long war games in the Pacific, beefing up naval ties as they warily eye an increasingly assertive China and its military buildup.

Warships from the three countries are to begin the joint exercises on Friday, after an official opening ceremony at the Sasebo Naval Base in southern Japan on Thursday.

Known as the Malabar Exercise, the annual event usually involves India and the US, but Japan's Maritime Self-Defence Force (MSDF) will take part this year, the third time since 2007.

The exercises off Japan's southern coast come on the back of rising regional tensions as Delhi and Tokyo remain embroiled in territorial spats with Beijing.

China is also at loggerheads with some Southeast Asian nations over its claim to large swathes of the South China Sea.

Washington has been increasingly turning its focus to Asia as it looks to counter Beijing's growing influence and a military buildup that has unnerved some of its regional neighbours.

"India, Japan and the United States have a shared strategic interest," said international relations expert Takehiko Yamamoto, professor emeritus at Tokyo's Waseda University.

"The aim of this naval exercise is for (the three countries) to manage a vast sea area stretching from the western Pacific to the Indian Ocean.

"They need to make sure the lines of communication stay robust -- this exercise has China in mind," he added.

India is nervous about the so-called "string of pearls", the concept of a network of ports around the Indian Ocean to which China's navy would have access, Yamamoto said.

"For India, this is a great threat," he said.

- Growing ties -

The manoeuvres also reflect growing ties between India and Japan, on both the military and economic fronts, with Japanese Prime Minister making an official visit to Delhi in January -- when the two nations agreed to "further strengthen" their defence cooperation and conduct regular naval exercises.

The July 25-30 exercises will include three Indian ships, a frigate, a destroyer and a supply ship, along with 700-800 personnel, Indian navy spokesman DK Sharma told AFP.

Sharma said the exercises would include anti-piracy, anti-terrorism, humanitarian assistance and helicopter drills.

"We just concluded... our naval drills with Russia, and since we have already travelled thousands of miles to that side, it's only natural that Japan will participate in the Malabar Exercise," he said.

The US Seventh Fleet, which covers the western Pacific and Indian Ocean, will take part in the war games while Japan is dispatching two escort ships, one US-2 search-and-rescue amphibious plane and one P3C patrol plane, said an MSDF spokesman.

He said several hundred Japanese personnel would take part.

"The purpose of Japan's participation is to improve the strategic capabilities of the MSDF and to strengthen the cooperation among the three militaries," he added.

China has lashed out at Abe after his cabinet formally endorsed a reinterpretation of Japan's pacifist constitution banning the use of armed force except in very narrowly-defined circumstances.

Beijing argued that it could open the door to remilitarisation of a country it considers insufficiently penitent for its actions in World War II.

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