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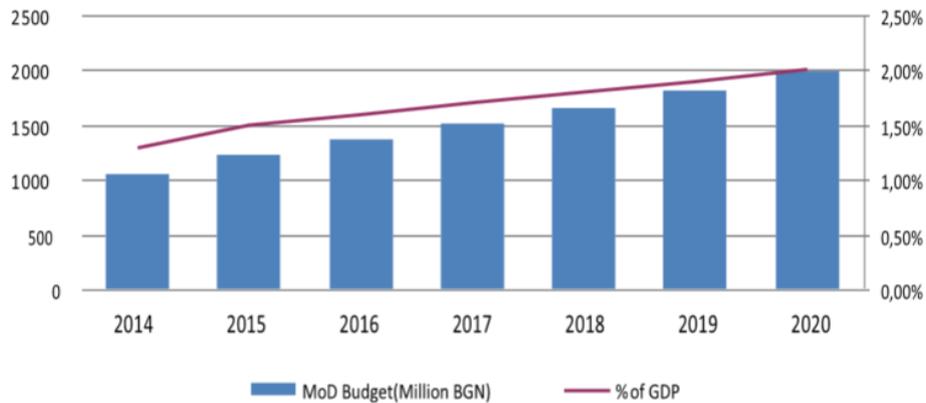
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**Bulgaria: Defence Budget for the Period 2015-2020**



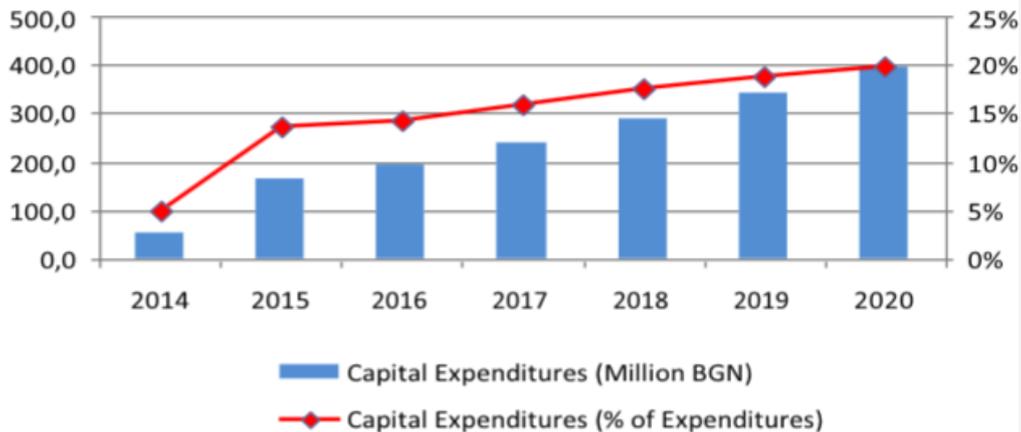
According to the Bulgarian authorities, the country's ambition is to maintain the defence expenditures at a level which is acceptable for the Bulgarian society and, parallel to this, sufficient to guarantee the security of its citizens. In order to achieve this, there is a taken decision that the defence expenditures have to reach the level of 1.5% of the GDP as early as in 2015, and after that to grow annually with 0.1% of the GDP so that they can reach 2.0% of the GDP in 2020.

**Defence Spending 2014-2020**



Additionally, the country's authorities are trying to optimize the funds spend on defence and allocate more funds in investing in modern technologies with the goal to develop a modern army capable to respond to the contemporary and future challenges. Therefore, they plan to reach until 2020 a ratio of 50:30:20 in the expenditures on (1) personnel (2) current upkeep, and (3) investments. Currently, the capital expenditures form a minimal part of the defence budget, between 4 and 5 %, which is characterized as insufficient by Bulgarian authorities.

**Capital Expenditures 2014-2020**



Furthermore, a 1.5% of the defence budget for defence investments and operating expenses until 2020 will be directed specifically to scientific research and development. This will result to the enhancement of the military educational system and to the improvement of the quality of the training through deepening the specialization in educational capabilities of critical importance for Bulgaria.

Kyriazis Vasileios,  
Epicos Newsletter Head Editor

## Bulgaria: Core rearmament Projects for the Period 2015-2020



One of the main objectives for the Bulgarian defence authorities is to achieve interoperability with NATO and EU allies. Additionally, there is a strong will for the creation of an army that will be modernised, extra-mobile, more capable, and interoperable with the armies of other NATO members. In order to achieve this, the country is going to implement a series of defence acquisitions. The following are the main acquisitions that Bulgaria is planning to complete during the period 2015-2020.

One of the main acquisitions is of a new multirole fighter aircraft that will practically replace the three types of aircraft currently in service, the MiG-21, MiG-29 and Su-25. This acquisition will put an end to the dependence of the Bulgarian Air Force on Russia, will lead to a decrease of the financial resources required for the maintenance of the fleet, increase the country's operational capabilities and will achieve information interoperability with the armed forces of NATO and EU members.

Regarding maritime operations the country will channel their basic efforts towards the modernisation and maintenance of the class E-71 frigates and the improvement of their armament. This will increase the Navy's capabilities for operations on surveillance and control of the maritime traffic, maritime interdiction, detection and identification of nuclear, chemical and biological means as well as real time exchange of information. Additionally, the country is planning to acquire 2 to 3 multifunctional modular offshore patrol vessels, while preserving the old ships' capabilities until the new ones become fully combat-ready.



The basic priority of the Land Forces is the acquisition and life cycle maintenance of a new combat armored vehicle for three battalion battle groups, complete with the respective armament, equipment and training aimed at building the declared battalion battle groups. The project includes the acquisition and maintenance of 100-120 new combat vehicles.

Bulgaria is currently trying to adapt their procurement program to contemporary realities and available resources. Therefore, the political will of the Bulgarian authorities is to enhance the efficiency of the national armed forces and to make it interoperable with the armies of other NATO members.

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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### Complete aerostat based (blimps) day and night surveillance system for military and homeland security applications

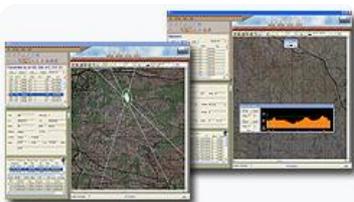


A company with many years of experience in providing innovative surveillance solutions, using various platforms, is proposing the utilization of aerostat technology in order to provide day and night high quality surveillance, using tactical aerostat systems. The architecture of the proposed system supports parallel direct communication to any C4I center, providing complete networking capabilities.

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

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

### Incorporating proprietary software in Electronic Warfare systems



A software company with extensive experience in the design and development of systems for the defense industry and complementary software solutions for Electronic Warfare (EW) systems, is offering collaboration in the frame of an offset program, for the enhancement of Electronic Warfare systems capabilities, as well as the thereafter cooperation in design and sales of new EW systems, by incorporation/integration of an off the shelf state of the art proprietary software application of the company, in/with associated products of the partnering company/organisation.

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



## Airbus and HAECO Group to establish Airbus maintenance training services collaboration in Hong Kong



Airbus and HAECO Group have entered into a long term strategic agreement to provide maintenance and engineering training in mainland China and Southeast Asia. Through this collaboration, HAECO, headquartered in Hong Kong and one of the world's

leading aircraft engineering and maintenance groups, will deploy the 'Training by Airbus' standards, dynamic tools and teaching techniques to provide Aircraft OEM backed maintenance training capabilities to its personnel and to third party personnel in the region.

The partnership will leverage high value competences thanks to the industry's best technology training media and optimized courseware: the Airbus Competence Training "ACT" for maintenance personnel, bringing virtual Airbus aircraft right into a 'digital' classroom within HAECO own facilities.

The "Training by Airbus" services for HAECO will also include: integration of HAECO's instructors within the part 147 Airbus Maintenance Training Organisation Exposition (MTOE); Airbus standard certifying (type-rating) and specialised training capabilities for Airbus' range of aircraft; and access to Airbus courseware, instruction media, virtual tools and real aircraft practice in HAECO's facilities.

Augustus Tang, Chief Executive Officer of the HAECO Group, said: "As one of the world's leading MRO service providers, with 65 years' experience in the industry, HAECO Group has a proud history of providing first-class technical training to numerous generations of aircraft engineering professionals.

We are delighted to embark on this strategic training collaboration with Airbus, further strengthening and extending our training services to benefit airlines worldwide.

Didier Lux, Executive Vice President of Airbus Customer Services said: "We are pleased to be partnering with HAECO Group in this new initiative and are confident that the experience and professionalism of its staff will foster the successful deployment of Training by Airbus in Asia."

### About Airbus

Airbus is the world's leading aircraft manufacturer of passenger airliners, ranging in capacity from 100 to more than 500 seats. Airbus has design and manufacturing facilities in France, Germany, the UK, and Spain, and subsidiaries in the US, China, India, Japan and in the

Middle East. In addition, it provides the highest standard of customer support and training through an expanding international network.

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or

Contact

Martin Fendt  
(Airbus, Toulouse)  
+33 617 720 581

Sean Lee  
(Airbus Asia)  
+65 6325 0380

## Embraer KC-390 military transport makes successful first flight



Embraer today successfully performed the first flight of the new military transport and aerial refueling jet, the KC-390. Test pilots Mozart Louzada and Marcos Salgado de Oliveira Lima and flight test engineers Raphael Lima and Roberto Becker flew the aircraft for 1 hour and 25 minutes, conducting an evaluation of flying qualities and performance.

“This first flight is a fundamental step toward accomplishing the task with which we were entrusted. The KC-390 is the result of a close cooperation with the Brazilian Air Force and international partners, representing what is most likely the greatest technological challenge that the Company has ever encountered in its history. We are profoundly moved for having achieved this key milestone”, said Frederico Fleury Curado, President and CEO of Embraer.

“The program continues to move forward as planned and the KC-390 has drawn interest from several countries around the world”, said Jackson Schneider, President and CEO of Embraer Defense & Security. “We are proud to once again keep our commitments in the development of this aircraft, which will set a new standard in the category of tactical military transport.”

“The KC-390 will be the backbone of transport aviation for the Brazilian Air Force. From the Amazon to Antarctica, the fleet of 28 aircraft will play a key role in the diversity of projects of the Brazilian State, from scientific research to the maintenance of sovereignty”, said Aeronautics Commander, Lieutenant-Brigadier General Nivaldo Luiz Rossato.

On its maiden flight, the KC-390 crew performed maneuvers to evaluate its flight characteristics and conducted a variety of systems tests, having benefited from an advanced campaign of simulations and extensive ground tests. “The KC-390 behaved in a docile and predictable manner,” said Captain Louzada. “The advanced fly-by-wire flight control system and the latest-generation avionics make flying easy and render a smooth and precise flight.”

### About the KC-390

The KC-390 is a joint project of the Brazilian Air Force and Embraer to develop and produce a tactical military transport and air-to-air refueling plane that represents a significant advance in terms of technology and innovation for the Brazilian aeronautics industry. This is an aircraft designed to set new standards in its class, at a lower operational cost and with flexibility to perform a wide range of missions: transport and airdropping of cargo and troops, aerial refueling, search and rescue, and forest fire response, among others.

On May 20, 2014, Embraer and the Brazilian Air Force signed the serial production contract for the delivery of 28 KC-390 aircraft and initial logistic support. Besides the order from the Brazilian Air Force, there are current purchase intentions from other countries, for a total of 32 additional aircraft.

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### China building second aircraft carrier

A firm has won a contract to supply cabling for a second Chinese aircraft carrier, comments by local authorities suggested in the latest sign that Beijing is boosting its maritime power, although news of the development was swiftly deleted online.

Authorities in Changzhou said on a verified social media account that "in 2015, our city will focus on promoting some major programmes", including Jiangsu Shangshang Cable Group "winning the contract for China's second aircraft carrier".

The Changzhou Evening News carried a similar report at the weekend, although both the newspaper article and the post on Sina Weibo, a Twitter-like microblogging service, were deleted shortly after publication. Neither report gave details of the ship.

China's first aircraft carrier was purchased from Ukraine through an intermediary and was commissioned in 2012, while the country's defence spending has been increasing sharply in recent years. The deputy chief of staff of China's navy, Song Xue, said in April 2013 that the country "will have more than one aircraft carrier" but left the timing open.

In a subsequent leak, Wang Min -- the Communist Party secretary of Liaoning province, where China's first aircraft carrier is based -- said the country was already working on a second ship to be completed around 2020.

Propaganda authorities ordered that all reports of Wang's remarks be deleted, according to US-based China Digital Times, which monitors censorship in China.

Nevertheless, China's nationalist commentators quickly responded to the latest reports, calling Monday for more aircraft carriers to be built in the face of "Western-backed provocations". "China is now the world's second-largest economy, but its only flattop is a training ship rebuilt from an ex-Soviet aircraft carrier," said an op-ed by Sun Xiaobo in the Global Times, which is affiliated with the official Communist Party newspaper, the People's Daily.

"This is no match to the country's economic strength." Though China's defence spending is growing by double digits and it has acquired its first aircraft carrier, the country remains far behind the United States in military capacity and reach. The defence ministry said last week that China's military training this year will focus on "improving fighting capacity" to win "local wars", with Beijing embroiled in several territorial disputes.

China has been involved in occasionally tense confrontations with Japan and the Philippines over maritime disputes in the East China Sea and South China Sea respectively, amid fears that the disputes could result in armed clashes.

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

### Ryanair raises profit forecast

Irish no-frills airline Ryanair on Monday raised its annual earnings forecast as it swung into a quarterly profit thanks to falling fuel costs and higher passenger growth.

The airline posted net profit of 49 million euros (\$55 million) in the three months to the end of December compared with a loss of 35 million euros during the equivalent period in 2013, the Dublin-based company said in a results statement.

Ryanair lifted its profit guidance for 2014/15 to between 840 and 850 million euros from a previous forecast of up to 830 million euros. It is the fifth time that the airline has raised its profits forecast for the current financial year that runs to the end of March.

It said that fuel costs dropped by 2.0 percent, with jet fuel prices declining as a result of tumbling crude, from where it is sourced. "As lower oil prices kick in over the next two years, Ryanair intends to pass on much, if not all, of these savings to our rapidly growing customer base in the form of lower fares," the company said.

The airline cautioned that its profit growth expectations were "modest" for next year as it expects rivals to cut fares because of cheaper oil prices. "It is important that analysts are mindful of this likely increased price competition when revising their forecasts," chief executive Michael O'Leary said in the statement. The airline meanwhile said it had yet to receive a formal offer for its stake in Aer Lingus, which last week backed a 1.35-billion-euro takeover bid from British Airways-parent IAG.

Ryanair is the largest share holder in Aer Lingus and has itself made three failed attempts to take over its Irish rival. Ryanair on Monday added that its passenger numbers grew by 14.0 percent to 20.8 million in the third quarter, with revenues up 17 percent to 1.13 billion euros.

It confirmed a plan to return 520 million euros to shareholders via payment of a special dividend, adding that it would buy back shares at a cost of 400 million euros.

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

## Pentagon asks for more funds for high-tech weapons

In a bid to keep the US military's technological edge, President Barack Obama's proposed budget for 2016 calls for an increase in defense spending to pay for high-tech weapons and training.

The \$585 billion request for the Pentagon would devote \$107.7 billion to big-ticket weapons -- an increase of \$14.1 billion over the previous budget.

And it would set aside \$50.9 billion for the US mission in Afghanistan and the fight against the Islamic State group in Iraq and Syria -- a 21 percent decrease in war funding, known as the "overseas contingency operations" fund. America's gargantuan military budget far surpasses that of any other country, and exceeds the combined defense spending of the next eight biggest militaries in the world.

Here are the highlights:

- Fighters, bombers and spy planes –

Obama is asking for \$11 billion for 57 new F-35 Joint Strike Fighter jets, a major expansion for the most expensive weapons project in Pentagon history. The previous budget called for buying 38 of the fighter jets. Apart from the radar-evading F-35s, the budget would invest \$2 billion in a new long-range bomber -- a project that remains shrouded in secrecy -- as well as \$3.4 billion for 16 P-8A Poseidon surveillance aircraft and \$3 billion for 12 new refueling tankers. The US Air Force also wants money to keep older aircraft in the air, including the B-52 bomber that dates back to the 1950s.

But the officials plan to retire the A-10 Warthog, a plane beloved by troops for its ability to pound tanks and other targets on the ground. Congress has previously blocked the air force's attempts to phase out the plane by 2019.

- Submarines and other warships –

For the US Navy, the budget would purchase two new destroyers for \$3.5 billion, two Virginia-class submarines for \$5.7 billion, a new amphibious ship for the Marine Corps for

\$600 million and three littoral combat ships for \$1.9 billion -- a vessel that is being revamped after a series of problems.

The budget also would invest \$2.8 billion in a sophisticated, new aircraft carrier, the Gerald Ford, and set aside \$1.4 billion for the new Ohio-class submarine, which is supposed to replace the current fleet of nuclear-powered subs.

But Navy officials have acknowledged the Ohio-class submarines, which will cost an estimated \$13 billion each, are so expensive that it will not be able to pay for its other warships without a major boost in funding.

- Missile defense and satellites –

The Pentagon is seeking \$9.6 billion for missile defense programs to counter the potential threat from North Korea and Iran. The funding would pay for new radar, anti-missile interceptors based on naval ships and for "enhancements" to the troubled ground-based interceptors.

Those ground-based weapons have encountered repeated problems in testing and the budget proposal would fund "modifications to address the root causes of recent flight test failures," the Pentagon said. The budget request also calls for more than \$5 billion for a range of satellites to bolster communications and intelligence gathering.

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

## Boeing, DLA Exercise \$223 Million Combat Logistics Support Agreement

Boeing and the U.S. Defense Logistics Agency (DLA) signed the second phase of a performance-based contract that reduces combat logistics support costs while enhancing warfighter readiness.

Under terms of the contract Boeing will provide support for 11 different aircraft including the F/A-18 Super Hornet; AH-64 Apache; AV-8B Harrier; B-52 Stratofortress; C-17 Globemaster III and associated ground support equipment. Work will be administered from St. Louis.

"Warfighters executing their missions rely on their systems being ready when they need them," said Julie Praiss, Boeing vice president, Tactical Aircraft & Weapons Support. "In addition, our customers have said they need greater value in their logistics support. Providing improved performance at lower cost is what Boeing is all about."

The contract, worth \$223 million, is the second of two awards under a five-year agreement signed in Sept. 2014. The total contract value is \$516 million. DLA has a follow-on option for an additional five years.

This long-term partnership resulted from a 2012 DLA industry challenge to reduce costs by 20 percent and improve overall supply performance. Boeing and the DLA continue collaborating on new ways to streamline processes, enhance performance and improve affordability.

A unit of The Boeing Company, Boeing Defense, Space & Security is one of the world's largest defense, space and security businesses specializing in innovative and capabilities-driven customer solutions, and the world's largest and most versatile manufacturer of military aircraft. Headquartered in St. Louis, Boeing Defense, Space & Security is a \$31 billion business with 53,000 employees worldwide.

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**Contact:**

Malley Hislop

Boeing Defense, Space & Security

Office: +1 314-232-6643

Mobile: +1 480-334-4031

[malley.t.hislop@boeing.com](mailto:malley.t.hislop@boeing.com)

Paul Guse

Boeing Defense, Space & Security

Office: +1 314-232-1520

Mobile: +1 314-705-6530

[paul.m.guse@boeing.com](mailto:paul.m.guse@boeing.com)

**Source:** Epicos, Boeing

## Boeing Delivers Okay Airways' First Next-Generation 737-900ER

Boeing (NYSE: BA) and Okay Airways today celebrated the delivery of the carrier's first Next-Generation 737-900ER (Extended Range). The delivery marks the first 737-900ER to be delivered to a Chinese customer and is the first of eight 737-900ERs that Okay Airways has on order.

"The 737-800 has been the backbone of our fleet and has fueled our growth with its proven reliability and efficiency," said Liu Weining, President of Okay Airways. "The addition of the 737-900ER airplanes will fit seamlessly into our existing fleet of 737-800 airplanes, allowing us to efficiently match capacity to market demand with industry leading economics."

Okay Airways' new 737-900ER is configured with 200 seats in a one-class layout. It will feature Boeing's innovative Sky Interior with modern sculpted sidewalls and window reveals, larger pivoting overhead stowage bins, as well as LED lighting that enhances the sense of spaciousness. "It is an honor to join our partner Okay Airways to introduce the first 737-900ER to China," said Ihssane Mounir, senior vice president of Sales for Northeast Asia, Boeing Commercial Airplanes. "The 737-900ER will further strengthen Okay Airways' fleet of existing 737s by adding more range and capability, while maintaining leadership in efficiency and reliability. I am confident that the 737-900ERs will continue to contribute to their long-term success for many years to come."

Okay Airways, the first privately owned airline in China, is headquartered in Beijing with its main hub at Tianjin Binhai International Airport (TSN). Its jetliner fleet includes 13 Boeing 737-800s and one Boeing 737-300 Freighter, which serves more than 100 domestic and international routes.

The Boeing 737-900ER is the newest member of the Next-Generation 737 airplane family. It has the highest capacity and lowest seat-mile cost of Boeing's single-aisle family. Compared with the 737-800, the 737-900ER provides 31 more seats for more incremental revenue opportunity to complement the 737-800 that many Next-Generation customers already have in their fleet.

### Contacts:

Yukui Wang  
Communications  
Boeing China  
+86 10 5925 5505  
[yukui.wang@boeing.com](mailto:yukui.wang@boeing.com)  
Kevin Yoo

International Communications  
Boeing Commercial Airplanes  
+1 206-249-6372  
[kevin.k.yoo@boeing.com](mailto:kevin.k.yoo@boeing.com)

**Source:** Epicos, Boeing