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Republic of Korea: Defence Industry



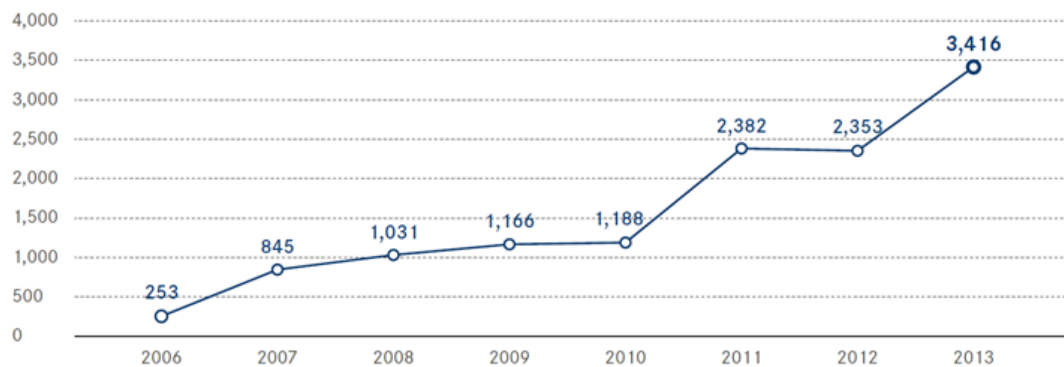
The Republic of Korea (ROK) has a rather diversified and developed defence industry. It is indicative that exports have been further diversified into Europe and South America. The number of countries to which the ROK makes defense industry

exports increased from 47 in 2006 to 80 in 2014. In the past, the main export of the ROK's defence industry were ammunition and small arms, however, these has been changed as recently the ROK's defence industry also exports aircraft, submarines and logistics support vessels. Finally, it is worth mentioning that defense industry exports reached \$3.4 billion dollars for the first time in 2013, recording an accumulated amount of \$12 billion dollars for the period 2006-2013.



Defence Industry Exports

Unit: Million dollars



ROK authorities are deliberately trying to further enhance the national defence industry. This is highlighted by the fact that defence R&D expenditure will be significantly raised in the following years. It is indicative that in 2014, defense R&D expenditures amounted to 6.5% of the defense budget and it will be increased to 8.5% of the defense budget by 2018, and to 15% of the defense budget in the long term.

An advanced defence industry will help the socioeconomic development of ROC. It will create quality jobs which will in turn provide a stable foundation for the growth of the defense industry; from an international point of view, defense industry development will promote diplomatic and economic cooperation.

Kyriazis Vasileios,
Epicos Newsletter Head Editor

Republic of Korea: Current & Future Defence Budget

Ministry of National Defense
Republic of Korea

The Republic of Korea (ROK) is deliberately trying to raise the efficiency of national defense organization and management in order to match the

standards of the changing security environment and future warfare requirements. Therefore, it is critical for the MoD to secure an adequate budget amount for national defence in order to ensure that the abovementioned goals will be reached. Nevertheless, the ratio of the defense budget to the ROK's Gross Domestic Product (GDP) as well as to the entire government budget, is decreasing. Since 2014, the defense budget accounted for 2.38% of GDP is declining by 1% and the government budget of 14.4% is declining by 0.3%.

This trend is going to change as it is showed in the table below. More specifically, the budget allocated during the 2015-2019 Mid-term Defense Program amounts to \$222.9 trillion WON (approximately \$196 million dollars), reflecting an increase of 5.6% for force operation, an increase of 10.6% for force improvement, and an increase of 7.2% for the total defense budget on average for the mid-term period.

Mid-term Defense Program Budget Breakdown

Unit: Trillion won, %

Category	2014	Projections for the Years					Total
		2015	2016	2017	2018	2019	
Defence Budget (Increase Rate)	35.7 (3.5)	38.5 (7.9)	41.5 (7.8)	44.6 (7.4)	47.6 (6.7)	50.6 (6.3)	222.9 (7.2)
Force Operating Costs (Increase Rate) (Share)	25.2 (3.6) (70.6)	26.8 (6.3) (69.5)	28.4 (6.1) (68.4)	30.1 (5.9) (67.4)	31.6 (5.1) (66.4)	33.2 (4.9) (65.6)	150.1 (5.6) (67.3)
Force Improvement Budget (Increase Rate) (Share)	10.5 (3.3) (29.4)	11.7 (11.8) (30.5)	13.1 (11.5) (31.6)	14.5 (10.9) (32.6)	16 (10) (33.6)	17.4 (9) (34.4)	72.8 (10.6) (32.7)

In order to enhance its capabilities the country is planning to procure during the 2015-2019 period the following: for the land forces, efforts will be made to enhance the ROK military's surveillance, reconnaissance, and command and control capabilities, and improve its maneuver and precision strike capabilities while acquiring the essential forces required to enhance the combat power of field units. Regarding the naval forces it is expected that efforts will be made to strengthen the capabilities for protecting sea lines of communication (SLOC). Additionally amphibious operations will be acquired.

The Republic of Korea is deliberately trying to enhance the national armed forces and the ambitious acquisition program for the period 2011-2015 that was announced clearly illustrates it.

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](#)

Ruggedized TFT displays capability development for vetronics applications

A company is proposing the collaboration with a Prime Contractor or a third company, for the development of fully-ruggedized TFT displays production line, in order to be utilized in vetronic systems development and installation.

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

Mail at: g-menexis@epicos.com

Rigid tubes and hoses manufacturing for A&D applications

A company specialised in the production and distribution of hoses, control cables and rigid tubes for aircraft, is willing to act as a lower tier subcontractor in the development and manufacturing of rigid tubes and hoses for A&D applications worldwide.

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

Mail at: g-menexis@epicos.com

News from our A&D Business Network



Bell Boeing Announces Contract for First V-22 Ospreys to Japan



Bell Boeing, a strategic alliance between Bell Helicopter, a Textron company, and Boeing, was awarded a U.S. Navy contract today for five Bell Boeing V-22 Osprey tiltrotor aircraft to be delivered to Japan, marking the first sale of the aircraft through the U.S. government's foreign military sales program. The contract for the Block C aircraft includes support, training, and equipment. The versatile V-22 tiltrotor will allow Japan's Ground Self-Defense Force greatly enhanced capabilities, while providing an ideal platform for relief efforts in response to natural disasters.

"This is an important day for the Bell Boeing team in Japan and for the U.S.-Japan Alliance," said Shelley Lavender, president of Boeing Military Aircraft. "The V-22 redefines what's operationally possible for a country, and we're looking forward to delivering this capability to Japan as we continue our enduring partnership there."

The V-22 is currently in service with the United States Marine Corps and the Air Force Special Operations Command. This year, the United States Navy announced their decision to procure 44 V-22 aircraft.

"The Bell Boeing team is honored to have Japan as the first international customer for the V-22 tiltrotor," said Mitch Snyder, executive vice president of Military Business for Bell Helicopter. "The distinct performance envelope of the V-22 will provide Japan with an ideal solution when the need arises. When assets are required on-target in a location without an airstrip, the self-deployable Osprey provides customers with an unrivaled combination of speed, range, and payload to execute a variety of missions."

The Osprey's mission capabilities include troop transport, disaster relief, personnel recovery, medical evacuation, logistics support, and executive transport.

A unit of The Boeing Company, 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, Defense, Space & Security is a \$31 billion business with 53,000 employees worldwide. Follow us on Twitter: @BoeingDefense.

Bell Helicopter, a wholly owned subsidiary of Textron Inc., is an industry-leading producer of commercial and military, manned and unmanned vertical-lift aircraft and the pioneer of the revolutionary tiltrotor aircraft. Globally recognized for world-class customer service, innovation and superior quality, Bell's global workforce serves customers flying Bell aircraft in more than 120 countries.

Textron Inc. is a multi-industry company that leverages its global network of aircraft, defense, industrial and finance businesses to provide customers with innovative solutions and services. Textron is known around the world for its powerful brands such as Bell Helicopter, Cessna, Beechcraft, Hawker, Jacobsen, Kautex, Lycoming, E-Z-GO, Greenlee, and Textron Systems. For more information, visit www.textron.com.

Contact:

Stephanie Weiner

Boeing Military Aircraft

Office: +1 610-591-5046

Mobile: +1 425-698-3153

stephanie.j.weiner@boeing.com

Andy Woodward

Bell Helicopter

Office: +1 817-280-3100

mediarelations@bh.com

Source: Epicos, Boeing Company

Pakistan Expands Lockheed Martin Sniper Advanced Targeting Pod Fleet



Lockheed Martin received a follow-on foreign military sale contract to produce and upgrade Sniper® Advanced Targeting Pods (ATP) for the Pakistan Air Force's F-16

fleet. The contract includes the production of 15 Sniper ATPs and upgrades to the Pakistan Air Force's existing 22 Sniper ATPs. To meet the Pakistan Air Force's urgent operational need, pod deliveries will begin in late 2015. Upgrades, which will increase compatibility with the aircraft and enable enhanced features, will also begin in late 2015.

"Sniper ATP has supported the Pakistan Air Force's mission since 2010," said Rich Lovette, Sniper international program director at Lockheed Martin Missiles and Fire Control. "Additional Sniper ATPs and upgrades will give the Pakistan Air Force a more robust precision targeting capability to support the nation's security requirements."

Sniper ATP provides pilots high-resolution imagery for precision targeting, surveillance and reconnaissance missions. Sniper ATP detects, identifies, automatically tracks and laser designates small tactical targets at long ranges. It also supports employment of all laser and GPS-guided weapons against multiple fixed and moving targets.

Sniper ATP is interoperable across multiple platforms, including U.S. Air Force and multi-national F-15, F-16, F-18, A-10, B-1 and B-52 aircraft.

For additional information, visit: www.lockheedmartin.com/sniper.

About Lockheed Martin

Headquartered in Bethesda, Maryland, Lockheed Martin is a global security and aerospace company that employs approximately 112,000 people worldwide and is principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services. The Corporation's net sales for 2014 were \$45.6 billion.

Source: Epicos, Lockheed Martin



Japan PM pushes bill to expand role of military

Prime Minister Shinzo Abe made another pitch Wednesday for security bills which would beef up Japan's military, as he pushed legislation through a key panel despite surging public and parliamentary opposition.

At the House of Representatives committee, which is dominated by Abe's Liberal Democratic Party (LDP), members of opposition parties surrounded the chairman, holding banners to protest the "forced" passage.

But the bills that would expand the remit of the country's armed forces were approved by the lawmakers of the ruling coalition, and are now set to move to a vote in the main chamber on Thursday.

They would then be debated in the upper house before they could become law.

The voting in the lower house committee came as hundreds of protestors shouted opposition to the bills outside the parliament building, while thousands also rallied against the Abe government on Tuesday.

The proposed legislation is something of a pet project for Abe, despite widespread public disquiet over what many Japanese say is an affront to the country's 70 years of pacifism.

"Unfortunately, the Japanese people still don't have a substantial understanding" of the bills, the prime minister told the panel on Wednesday.

"I will work harder so public understanding would deepen further."

Japanese politics abounds with the notion that those who disagree with a position do not understand it properly, and must have it explained to them more carefully.

Abe, a robust nationalist, has pushed for what he calls a normalisation of Japan's military posture. He has sought to loosen restrictions that have bound the so-called Self-Defense Forces to a narrowly defensive role for decades.

But unable to muster the public support to amend the pacifist constitution imposed by the United States after World War II, Abe opted instead to re-interpret it for the purpose of his bills.

Chief among the changes is the option for the military to go into battle to protect allies -- so called "collective defence" -- even if there is no direct threat to Japan or its people, something successive governments have ruled out.

It has proved highly unpopular among academics and Japan's public, who are deeply wedded to the commitment to pacifism.

Abe's support rate has fallen to 39 percent, lower than the 42 percent disapproval rating, according to the latest poll by the leading Asahi Shimbun daily newspaper.

The shift in military policy is supported by 26 percent of those polled, while 56 percent expressed opposition.

Source: 2015 AFP, Agence France-Presse (AFP)

Delta joins bid to rescue bankrupt Japan airline Skymark

US carrier Delta Air Lines will join a bid to rescue Japan's bankrupt carrier Skymark, the US firm leading the push said Wednesday, possibly giving it unprecedented access to the domestic market.

Intrepid Aviation's announcement followed a report that said the plan -- under which Delta would buy as much as 20 percent of Skymark-- would give the US airline access to domestic landing slots at Tokyo's Haneda airport.

The Intrepid-led plan is a rival offer to one submitted by Skymark earlier this year that would see it owned by its banks, All Nippon Airways (ANA) and a domestic investment fund. "Intrepid believes this plan offers the best opportunity to preserve Skymark as Japan's third-largest independent carrier and is in the best interests of the carrier's employees suppliers and creditors," the company said in a statement.

Intrepid's chief executive Franklin Pray, together with Masaru Morimoto, head of Delta's Japanese unit, are expected to give further details at a news briefing later Wednesday in Tokyo. Skymark's creditors vote on the competing proposals next month. If the Delta deal is successful, it would be the first foreign airline to get access to slots for domestic flights at the downtown airport. The coveted slots are currently limited to Japanese carriers, including ANA and Japan Airlines as well as Skymark

Skymark filed for bankruptcy protection in late January in the face of potentially massive penalties linked to a cancelled \$2.2 billion jet order with Airbus.

The still-operating airline's efforts to turn itself around failed as it struggled against tough competition in the sector, while its troubles deepened after the deal with Airbus collapsed last summer.

Source: 2015 AFP, Agence France-Presse (AFP)

European Commission okays acquisition of Aer Lingus by IAG, with conditions

The European Commission on Tuesday authorised the takeover of Irish airline Aer Lingus by the International Airlines Group (IAG), while setting conditions aimed at addressing concerns over competition, a statement said.

"The European Commission has cleared under the EU Merger Regulation the proposed acquisition of Irish airline Aer Lingus by International Consolidated Airlines Group (IAG)," it said.

The takeover is "conditional upon commitments offered by the parties" after the Commission expressed concerns over insufficient competition, it said.

"The merged entity would have prevented Aer Lingus from continuing to provide traffic to the long-haul flights of competing airlines on several routes," the statement added.

The approval comes after Ireland's low-cost carrier Ryanair on Friday finally accepted the bid by IAG, parent of British Airways and Iberia, for a near 30-percent stake in rival Aer Lingus.

Source: 2015 AFP, Agence France-Presse (AFP)

U.S. Navy Awards \$26 Million Maintenance Contract for USS Iwo Jima

The U.S. Navy has awarded BAE Systems a \$26.8 million contract for the phased maintenance of the USS Iwo Jima (LHD 7), a Wasp-class amphibious assault ship.

The scope of work under the firm fixed price contract includes structural and tank repairs and preservation, repairs to ventilation and auxiliary systems, temporary services, habitability upgrades, ship alterations, and other repairs. The contract contains options which, if exercised, could bring its total value to \$32.6 million.

"We look forward to welcoming Iwo Jima back to Naval Station Mayport later this summer," said David Thomas, director of ship repair, Jacksonville and Mayport, at BAE Systems. "Our men and women are eager to leverage their expertise and get to work on the ship in support of the Navy and Marine Corps."

The phased maintenance availability is scheduled to begin on Aug. 31, 2015 and conclude by July 1, 2016.

BAE Systems is a leading provider of ship repair, maintenance, modernization, conversion, and overhaul for the Navy, other government agencies and commercial and private

customers. The company operates seven full-service shipyards in Alabama, Florida, California, Virginia, and Hawaii, and offers a highly skilled and experienced workforce of more than 5,000 employees, eight dry docks, and significant pier space and ship support services. The company also has commercial shipbuilding and module fabrication capabilities at its Mobile, Alabama, and Jacksonville, Florida, shipyards.

For Further Information [Click Here](#)

Source: Epicos, BAE Systems

CAE and Eurofighter Simulation Systems renew collaboration agreement on Eurofighter visual systems

CAE and Eurofighter Simulation Systems (ESS) today announced they have renewed their collaboration agreement related to the provision of visual systems on the Eurofighter Typhoon Aircrew Synthetic Training Aids (ASTA) programme.

Under the Eurofighter ASTA programme, ESS serves as the prime contractor and design authority for the comprehensive suite of Eurofighter training systems operated by the four Eurofighter partner nations (United Kingdom, Germany, Spain, and Italy) as well as Austria. CAE has provided the visual systems required as part of the Eurofighter ASTA programme, and under terms of the renewed collaboration agreement will continue to work exclusively through ESS on the provision of visual systems on Eurofighter ASTA devices.

"We are pleased to extend our relationship with Eurofighter Simulation Systems and look forward to offering our next-generation visual solutions to the existing Eurofighter partner nations as well as potential export customers," said Ian Bell, CAE's Vice President and General Manager, Europe/Middle East/Africa. "ESS delivers value to all Eurofighter customers by helping ensure the highest quality training systems are delivered in support of one of the world's most advanced and capable combat aircraft."

The comprehensive visual solution offered by CAE for the Eurofighter ASTA programme includes the next-generation CAE Medallion-6000 image generator as well as display systems and database development tools.

"It has been nearly 15 years since CAE was originally selected as the preferred supplier of Eurofighter ASTA visual systems, and CAE's high-fidelity visual solutions have been a critical part of the Eurofighter programme," said Francisco Munoz, Managing Director, Eurofighter Simulation Systems GmbH. "In the coming years there are opportunities to upgrade the visual systems on existing Eurofighter training devices operated by the partner nations, as

well as potentially provide additional systems as part of any Eurofighter export sale. We look forward to continued collaboration with CAE as we deliver and support the world-class Eurofighter training systems."

Eurofighter Simulation Systems (ESS) in partnership with the prime contractor Eurofighter GmbH plays a major role in the Eurofighter Aircrew Synthetic Training Aids (ASTA) project and is responsible for the design, development, production and support for all of the non-weapons systems work content. ESS is based in the Munich area of Germany and is a joint venture between the main national simulation industries in Europe. The ESS joint venture industry partners include Rheinmetall Defence Electronics and CAE GmbH in Germany; SELEX ES in Italy; INDRA Sistemas in Spain; and Thales Training & Simulation in the United Kingdom.

About CAE

CAE is a global leader in delivery of training for the civil aviation, defence and security, and healthcare markets. We design and integrate the industry's most comprehensive training solutions, anchored by the knowledge and expertise of our 8,000 employees, our world-leading simulation technologies and a track record of service and technology innovation spanning seven decades. Our global presence is the broadest in the industry, with 160 sites and training locations in 35 countries, including our joint venture operations, and the world's largest installed base of flight simulators. Each year, we train more than 120,000 civil and defence crewmembers, as well as thousands of healthcare professionals. www.cae.com

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Source: Epicos, CAE