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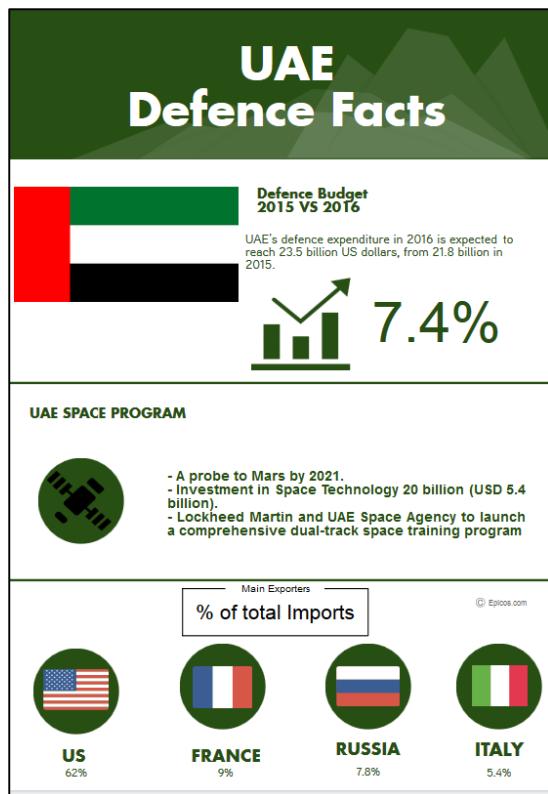
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UAE: Defence Budget and Future Procurements



UAE armed forces have grown significantly over the years and currently there are equipped with some of the most modern and sophisticated weapon systems. In order to succeed this, UAE has allocated significant amount of funds in defence and security. According to a report published by the US International Trade Administration, UAE’s defence expenditure in 2016 is expected to increase by 7.4% to reach approximately 23.5 billion US dollars, from 21.8 billion in 2015.

Despite the fact that UAE’s defence industry is devolving with fast pace, still the GCC country purchases defence equipment from a variety of foreign countries. The majority of defence equipment are purchased from US, as UAE is one of the largest export markets in the world for the US defence and security sector (62% of total defence imports of UAE), purchasing among others, F-16 aircraft as well as PATRIOT and Terminal High Altitude Air Defense (“THAAD”) systems. Other countries that export defence equipment to UAE are France (9% of total defence imports), Russia (7.8%) and Italy (5.4).



UAE army is mainly equipped with US (Oshkosh M-ATV mine resistant ambush protected vehicles), Russian (BMP-3 infantry fighting vehicle) and French (Leclerc main battle tank) equipment. In 2015, UAE army was deployed to Yemen, intervening in support fighters loyal to the ousted regime of Abd Rabbuh Mansur Hadi, demonstrating high combat effectiveness.

On the other hand UAE air force is mainly equipped with US, UK and French equipment. UAE air force is currently operating, what can be characterised as one of the most technologically advanced F-16s, the Block 60 version, which is based on the F-16C/D Block 50/52 and has been developed especially for the United Arab Emirates (UAE). Additionally, they operate a Mirage 2000 reconnaissance variant, British

Hawk aircraft and a fleet of French helicopters.

Finally, the UAE navy is primarily concerned with coastal defence, this is the reason why it mainly maintains coastal patrol boats.

UAE army is in a constant process of modernisation and a significant amount of money is projected to be allocated in the procurement of new equipment in the years to come. The

air force is expected to receive the lion's share of the future procurements' budget, with land forces second, followed by the Navy. UAE will mainly focus on border control and cyber-security systems, space and reconnaissance, as well as in the modernization of telecom and Command and Control centres. Additionally, the GCC country will most probably seek to buy sophisticated and high-tech naval defence equipment and missile products and systems.

More specifically, UAE is reported to be interested in being a partner in the future in the F-35 Joint Strike Fighter (JSF). Additionally, the country is investing in space. In July 2014, UAE founded the UAE Space Agency and announced that they are planning to send a probe to Mars by 2021. Under this context, on June 26, 2016, Lockheed Martin announced the signing of a Memorandum of Understanding (MoU) with the UAE Space Agency to launch a comprehensive dual-track space training program in space fundamentals. The program should be considered as part of Lockheed Martin's growing collaboration with the UAE Space Agency. The UAE's investments in space technologies have already exceeded AED 20 billion (5.4 billion US dollars).

Kyriazis Vasileios  
Epicos Newsletter Head Editor

## UAE: Defence Industry, Technological Level and International Cooperation



As part of its economic diversification strategy the UAE government is working towards the expansion of the local defence industrial base. The main goal is the progressive production of a greater amount of military equipment in a bid to reduce foreign dependence and help with national industrialisation. In order to achieve this, the indigenous defence industry rely on assistance from foreign companies to manufacture advanced and sophisticated defence equipment. Under this context, several joint ventures (JVs) between international companies and UAE-based entities have been created.

The main vehicle for the creation of such ventures, is offsets which are directed by the Tawazun Economic Program (UAE's industrial participation program), overseen by the Tawazun Economic Council. Tawazun was created in 2007 to develop ventures through industrial partnerships (offsets) and strategic investments that would add value to the UAE's industrial manufacturing sector across a number of areas: defence & aerospace, automotive, munitions, metals and technology.

Overall, up to February of 2015, through the UAE Offset Program, over 70 new local business ventures were successfully launched (4 of which have later become listed in the UAE Stock Markets), investing more than 10 Billion AED (USD 2.7 billion) in total. The range of activities of these companies varies from shipbuilding, to district cooling, to aircraft leasing, to fish farming, to healthcare, to agriculture, and even banking and education. Some of the most prominent such JVs created through the programme include:

Name of JV	Partners in the JV	Scope of Work
Advanced Military Maintenance Repair Overhaul Center (AMMROC)	Mubadala, Sikorsky and Lockheed Martin	Military aviation Maintenance, Repair and Overhaul (MRO)
Tawazun Dynamics	Tawazun Holding and Denel Dynamics	Designs, assembles, and manufactures guidance kits for airborne munitions
Etihad Ship Building	Al Fattan, Fincantieri and Melara Middle East	Military and civilian applications with a variety of vessels and boats
Surface Treatment	Tawazun Precision Industries (TPI) and The Boeing Company	Metal precision and sub-assembly work-packages

Another company created through offsets, is Caracal International. Caracal was founded in 2007 and is currently the region's leading manufacturer of firearms, sniper rifles and other light weapons for the civil, military, law enforcement and sports market. The company also offers a variety of arms accessories, full weapon repair, as well as maintenance & servicing work packages. Finally, it is worth mentioning that all of Caracal's products are designed,

developed and manufactured in Abu Dhabi. Caracal is a fine example of a company created through offsets that has managed to further enhance its national and international status. Among others Caracal signed a deal with the UAE armed forces to provide 80.000 modern assault rifles of the type CAR 816 covering local demand and providing to their country the capacity of being self-sufficient.

Offsets is one of the pillars of UAEs defence industry. A second pillar was created in 2014 when Emirates Defence Industries Company (EDIC) was founded. EDIC was established from the integration of assets owned by Mubadala Development Company, Tawazun Holding and Emirates Advanced Investments Group. The company brings together the combined capabilities of the UAE's defence industries into a single integrated platform. Once fully integrated, EDIC will comprise companies across the manufacturing, autonomous systems, mapping, maintenance, repair and overhaul, communications, logistics and technology development sectors.

Finally, it is worth mentioning that the space technologies industry of UAE has started to develop. The country's investment in the sector has exceeded AED 20 billion (USD 5.4 billion). The main companies activated to the sector are Thuraya, Al Yah Sat and Mohammed Bin Rashid Space Centre (MBRSC).

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](#)

### Provision of a primary training aircraft for acrobatics and military purposes



A company excelling in the area of primary training aircraft construction is willing to provide its primary training solution as an entry level training tool for small countries' air forces.

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

Mail at: [a-kintis@epicos.com](mailto:a-kintis@epicos.com)

### Development of a ballistic protection system for re-locatable modular buildings



A company providing innovative solutions and services for temporary and permanent needs in terms of modular buildings, flooring and infrastructure, is interested in developing a ballistic protection system for its modular buildings. Applied throughout the world, the company's proven products are fully re-locatable, environmentally friendly, time saving and cost effective. Based on its existing range of products, the company is seeking potential partners for the

development of a ballistic protection system which can be used/combined with its existing modular buildings.

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

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*News from our A&D Business Network***SAAB Receives First Order under Australian Warship Agreement**

Defence and security company Saab has received an order from the Australian Government regarding sustainment of the combat system on Australia's ANZAC class frigates. The order value amounts to AUD 37 million (approximately SEK 248 million) and covers services from July 2016 until December 2017. This is Saab Australia's first order under the recently signed Warship Asset Management Agreement (WAMA).

WAMA is an asset management organisation which is responsible for the overall performance and delivery of seaworthy ANZAC class warships and support infrastructure to the Royal Australian Navy (RAN). Under the long-term asset management agreement, Saab Australia, which is part of Saab business area Surveillance, will provide on-going engineering support services in both Western Australia and South Australia.

"The agreement and this order reflect our highly successful and long term commitment to the ANZAC frigate and the Royal Australian Navy" says Dean Rosenfield, Managing Director for Saab Australia. "The ANZAC frigates are the trusted workhorse of the navy and Saab has played a major role in evolving the fighting capability of the ships over the last 20 years. We look forward to continue working with our local partners to ensure the ANZACs continue to fulfill Navy's needs," says Rosenfield.

Saab is part of the WAMA team charged with ensuring that the ANZAC Class ships remain at a high level of availability and capability for the Royal Australian Navy.

For three decades, Saab has successfully delivered naval combat systems to the Royal Australian Navy. Together with CEA Technologies, Saab's Anti-Ship Missile Defence (ASMD) system has delivered one of the most advanced naval frigate combat capabilities in the world. The next generation of Saab's Combat Management System is building on this pedigree. Commitment to innovation, continuous improvement, local production and support makes Saab the lead contender to provide the combat system for Australia's future frigate programme.

For further information, please contact:

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Saab serves the global market with world-leading products, services and solutions within military defence and civil security. Saab has operations and employees on all continents around the world. Through innovative, collaborative and pragmatic thinking, Saab develops, adopts and improves new technology to meet customers' changing needs.



## AUSTAL Awarded U.S. Navy Contract Modification for USS Jackson (LCS 6) Shock Trials Support



Austal Limited is pleased to announce it has been awarded a US\$11,239,032 cost-plus-fixed-fee contract modification from the U.S. Navy to provide emergent availability planning and full ship shock trials (FSST) support for tests to be conducted on Littoral Combat Ship USS JACKSON (LCS 6). Specifically, Austal USA will plan for and conduct any “in-between shot” repairs required during the FSST event(s), repair any damage sustained during the FSST period and coordinate the removal of FSST testing equipment and instrumentation following completion of the trials.

The FSST comprise a series of tests designed to demonstrate the ship’s ability to withstand the effects of nearby underwater explosions and retain required capability. USS JACKSON has successfully completed the first of three trials and is performing as expected.

Austal delivered USS JACKSON (LCS 6) to the U.S. Navy on 11th August 2015 and last week delivered the future USS MONTGOMERY (LCS 8).

Six additional Independent-variant LCS remain under construction at Austal USA in Mobile, Alabama as part of an 11-ship contract worth over US\$3.5 billion from the U.S. Navy. The future USS GABRIELLE GIFFORDS (LCS 10), OMAHA (LCS 12) and MANCHESTER (LCS 14) are all preparing for sea trials. Assembly is well underway on TULSA (LCS 16) and CHARLESTON (LCS 18) while modules for CINCINNATI (LCS 20) are under construction in Austal’s industry-leading module manufacturing facility (MMF).

### About Austal

Austal is a global defence prime contractor and a designer and manufacturer of defence and commercial ships. For more than 27 years Austal has been a leader in the design, construction and maintenance of revolutionary ships for governments, navies and ferry operators around the world. More than 255 vessels have been delivered in that time.

For Further Information [Click Here](#)



### SAAB Receives Order for Mortar Ammunition

Defence and security company Saab has received an order for explosive training mortar grenades. Deliveries will take place during the period 2016-2017.

Work on this order will be performed by Saab Bofors Dynamics Switzerland Ltd. (SBDS), which is part of Saab business area Dynamics, and the scope of work consists of the production and final assembly of 81mm explosive training mortar grenades. SBDS will perform the filling of the explosive components as well as final assembling and performing the Lot acceptance test.

Delivery is taking place throughout 2016 and 2017 as a result of a former development contract executed in full satisfaction for the customer during the period 2015-2016. "This order is completely in line with our strategy to strengthen and extend our product group of mortar rounds. Winning this contract underlines the market leading position we have in Switzerland as a house of mortar ammunition. This contract is the largest volume of mortar rounds ever produced at SBDS, says Stephan Kocher, head of Saab Bofors Dynamics Switzerland.

The industry's nature is such that due to circumstances concerning the product and customer, further information about the customer will not be announced. SBDS is an industry leader in the design, development and production of mortar rounds, warheads, less-lethal applications and other energetic products. The company is a specialist in total munitions life cycle management and provides servicing of different ammunition types, mainly for large-calibre products. SBDS operates as a subsidiary of Saab, within business area Dynamics, and is based in Thun, Switzerland where it maintains a state-of-the-art development and production site with advanced test and simulation facilities.

For further information, please contact:

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Saab serves the global market with world-leading products, services and solutions within military defence and civil security. Saab has operations and employees on all continents around the world. Through innovative, collaborative and pragmatic thinking, Saab develops, adopts and improves new technology to meet customers' changing needs.

**Source:** Epicos, SAAB

## Rockwell Collins' advanced avionics and IFE selected for 44 Shenzhen Airlines Boeing 737s

Rockwell Collins has been selected by China-based Shenzhen Airlines to provide its full suite of advanced avionics and PAVES™ Broadcast overhead In-Flight Entertainment (IFE) on 44 new airplanes, including 37 Boeing 737 MAX and seven Next-Generation Boeing 737 aircraft. Deliveries are expected to begin in July 2017.

Avionics highlights of Shenzhen's selection include Rockwell Collins' MultiScan™ ThreatTrack weather radar, GLU-2100 Multi-Mode Receiver and TTR-2100 next-generation Traffic Alert and Collision Avoidance (TCAS II) traffic computer.

Shenzhen also selected Rockwell Collins' Head-up Guidance System (HGS™), which will give the airline greater access to airports in China. Currently there are 14 airports throughout China approved for lower landing minima by the Civil Aviation Administration of China (CAAC) for aircraft equipped with authorized head-up displays (HUDs) such as Rockwell Collins' HGS.

"Commercial air traffic will continue to increase in the Asia Pacific region and having advanced systems that Shenzhen can count on for more efficient flight, weather threat detection, precision navigation and aircraft avoidance will be essential," said Jim Walker, vice president and managing director, Asia Pacific for Rockwell Collins. "In the cabin, passengers will be pleased with the crisp, high-definition IFE video and audio, and flight attendants will be impressed with the ease of IFE control and reliable automation."

Rockwell Collins' PAVES Broadcast overhead IFE system significantly reduces size, weight, and power consumption compared to previous overhead system offerings. The system's High Definition Media Server (HDMS) offers solid-state digital audio and video storage capability, integrated pre-recorded announcements, and music functionality with embedded Airshow® 3D Moving Map.

Additionally, with PAVES Broadcast, airlines have the option to handle updates of non-encrypted content themselves or through the Rockwell Collins Content Services Group. This choice gives airlines flexibility in responding to commercial opportunities as they arise, since time-sensitive content can be replaced at a moment's notice, anywhere in the world.

### About Rockwell Collins

Rockwell Collins is a pioneer in the development and deployment of innovative aviation and high-integrity solutions for both commercial and government applications. Our expertise in flight deck avionics, cabin electronics, mission communications, simulation and training, and information management is delivered by a global workforce, and a service and support network that crosses more than 150 countries. To find out more, please visit [www.rockwellcollins.com](http://www.rockwellcollins.com).

**Source:** Epicos, Rockwell Collins

### Meggitt wins \$18 million ADF weapons simulator contract

Meggitt PLC, a leading international company specialising in high performance components and sub-systems for the aerospace, defence and energy markets announces that Meggitt Training Systems has been awarded an \$18 million USD contract from the Australian Defence Force's Capability Acquisition and Sustainment Group. Meggitt will develop, manufacture and install 460 EF88 Steyr assault rifle simulators and 115 SL40 40mm simulated grenade launchers.

"We have supplied, operated and maintained the ADF's Weapon Training Simulation System since 1999 and this latest weapons simulator award further validates Meggitt's long-standing strategic partnership with the Australian Defence Force," said Chris Jordan, Managing Director, Meggitt Training Systems, Australia.

Contract deliveries will take place at 18 locations throughout Australia to support Army, Navy and Air Force training requirements and are expected to begin in the fourth quarter of 2017 and continue through May 2018.

For further information contact:

Meggitt PLC  
Richard Cashin, Investor Relations – Tel: 01202 597597  
Fiona Greig, Corporate Communications

For Further Information [Click Here](#)

**Source:** Epicos, Meggitt PLC

### Chile – Evolved Seasparrow Missiles (ESSMs)

The State Department has made a determination approving a possible Foreign Military Sale to Chile for Evolved Seasparrow Missiles (ESSMs), equipment, training, and support. The estimated cost is \$140.1 million. The Defense Security Cooperation Agency delivered the required certification notifying Congress of this possible sale on July 1, 2016.

The Government of Chile has requested a possible sale of:

Major Defense Equipment (MDE):

- Thirty-three (33) Evolved Seasparrow Missiles (ESSMs)
- Six (6) Evolved Seasparrow Telemetry Missiles
- Three (3) MK 41 Vertical Launching Systems (VLS), tactical version, baseline VII

Non-MDE:

This request also includes the following Non-MDE: Ten (10) MK25 Quad Pack Canisters; Five (5) ESSM Shipping Containers; Five (5) MK-73 Continuous Wave Illumination Transmitters, One (1) Inertial Missile Initializer Power Supply (IMIPS); spare and repair parts, support and test equipment, publications and technical documentation, personnel training, U.S. Government and contractor engineering, technical and logistics support services, technical assistance, installation and integration oversight support, logistics, program management, packaging and transportation.

The total estimated value of MDE is \$73.2 million. The total overall estimated value is \$140.1 million.

This proposed sale will contribute to the foreign policy and national security of the United States by increasing Chile's ability to contribute to regional security and promoting interoperability with the U.S. forces. The sale will provide upgraded air defense capabilities on Chile's type 23 frigates. The proposed sale improves Chile's capability to deter regional threats and strengthen its homeland defense. Chile will have no difficulty absorbing this equipment into its armed forces.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

The prime contractors will be Raytheon Missile Systems, Tucson, Arizona, BAE Systems, Aberdeen, South Dakota, and Lockheed Martin, Bethesda, MD. There are no known offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will not require the assignment of any additional U.S. Government or contractor representatives to Chile.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

This notice of a potential sale is required by law and does not mean the sale has been concluded.

All questions regarding this proposed Foreign Military Sale should be directed to the State Department's Bureau of Political Military Affairs, Office of Congressional and Public Affairs, pm-cpa@state.gov.

For Further Information [Click Here](#)

**Source:** Defense Security Cooperation Agency

## Republic of Korea-SM-2 Block IIB Standard Missiles and Containers

The State Department has made a determination approving a possible Foreign Military Sale to the Republic of Korea for SM-2 Block IIB Standard missiles, containers and support. The estimated cost is \$65 million. The Defense Security Cooperation Agency delivered the required certification notifying Congress of this possible sale on July 1, 2016.

The Republic of Korea has requested a possible sale of:

### Major Defense Equipment (MDE):

- Seventeen (17) SM-2 Block IIB Standard Missiles
- Seventeen (17) SM-2 Missile Containers

### Non-MDE:

This request also includes the following Non-MDE: personnel training and training equipment, publications and technical data, U.S. Government and contractor technical assistance, and other related logistics support.

The total estimated value of MDE is \$60 million. The total overall estimated value is \$65 million.

The Republic of Korea (ROK) is one of the major political and economic powers in East Asia and the Western Pacific and a key partner of the United States in ensuring peace and stability in that region. It is vital to U.S. national interests to assist our Korean ally in developing and maintain a strong and ready self-defense capability.

The ROK Navy (ROKN) intends to use the SM-2 Block IIB Standard missiles to supplement its existing SM-2 Block IIIA/IIB inventory. The proposed sale will provide a defensive capability while enhancing interoperability with U.S. and other allied forces. The Republic of Korea will have no difficulty absorbing these additional missiles into its armed forces.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

The principal contractor will be the Raytheon Electronic Systems Company in Tucson, Arizona.

There are no known offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will not require the assignment of any additional U.S. Government or contractor representatives to the Republic of Korea. However, U.S. Government or contractor personnel in-country visits will be required on a temporary basis in conjunction with program technical oversight and support requirements.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

This notice of a potential sale is required by law and does not mean the sale has been concluded.

All questions regarding this proposed Foreign Military Sale should be directed to the State Department's Bureau of Political Military Affairs, Office of Congressional and Public Affairs, [pm-cpa@state.gov](mailto:pm-cpa@state.gov).

For Further Information [Click Here](#)

**Source:** Defense Security Cooperation Agency