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Belgium: Defence Budget and Future Defence Procurements

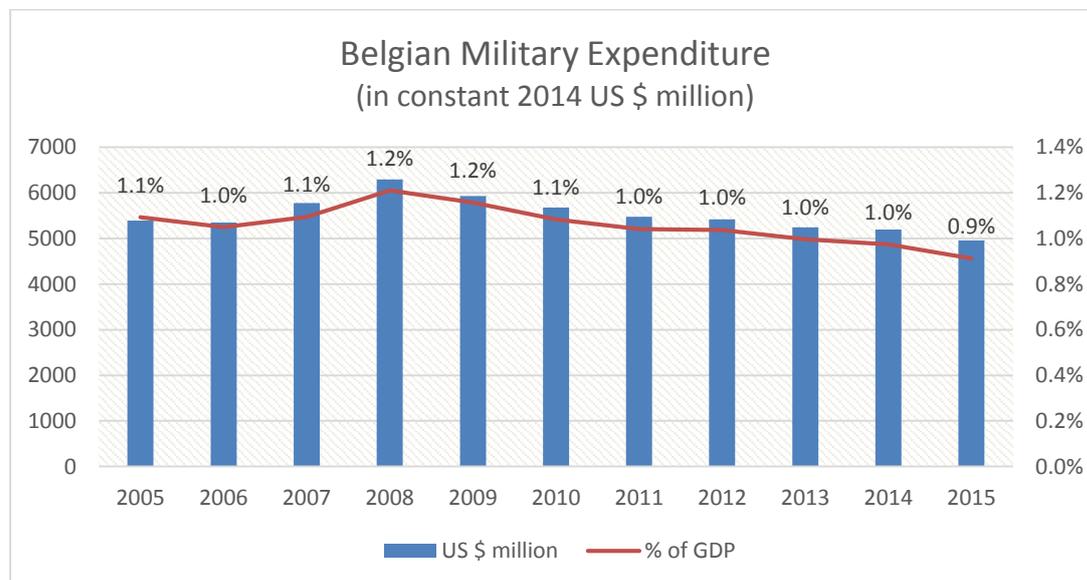


Despite the fact that Belgian Armed forces have fought in World Wars I, II and the War in Korea, participated in the wars of Kosovo, Somalia, Afghanistan and made several interventions in Central Africa, Belgian defence is characterised by a deep-rooted pacifism that has turned to be an inherent characteristic of the local society.

Nowadays, however, within a multipolar, complex global environment, states are facing many threats. Terrorism, international crime and cybersecurity are some of the issues that Belgium (and the world in its entirety for that matter) needs to confront. Having undergone many reforms, Belgian Armed Forces consist today, of four commands, of more about 30,000 people (2014) in total, divided into the Land, Naval, Air and Medical Forces.

While the land forces are involved in many international operations and ground troops offer support to the population of the country, the air command with its state-of-the-art aircraft, conducts effective missions around the world – such as interdiction flights, targeted bombing, air policing, transport of humanitarian aid, international training, etc. Additionally, the Navy crosses all seven seas, in various maritime operations such as minesweeping, logistic support, oceanographic research, protection against piracy (in Somalia and the Horn of Africa), as well as overall coordination of fleet activities. Finally, the Medical forces provide first-line support –medical care, medical logistics, hygiene and fitness services- to the personnel operating abroad.

It is worth mentioning that Belgium operates highly valued military training areas –covering over 17,600 hectares -, in terms of biodiversity, the absence of inhabitants and intense cultivation.



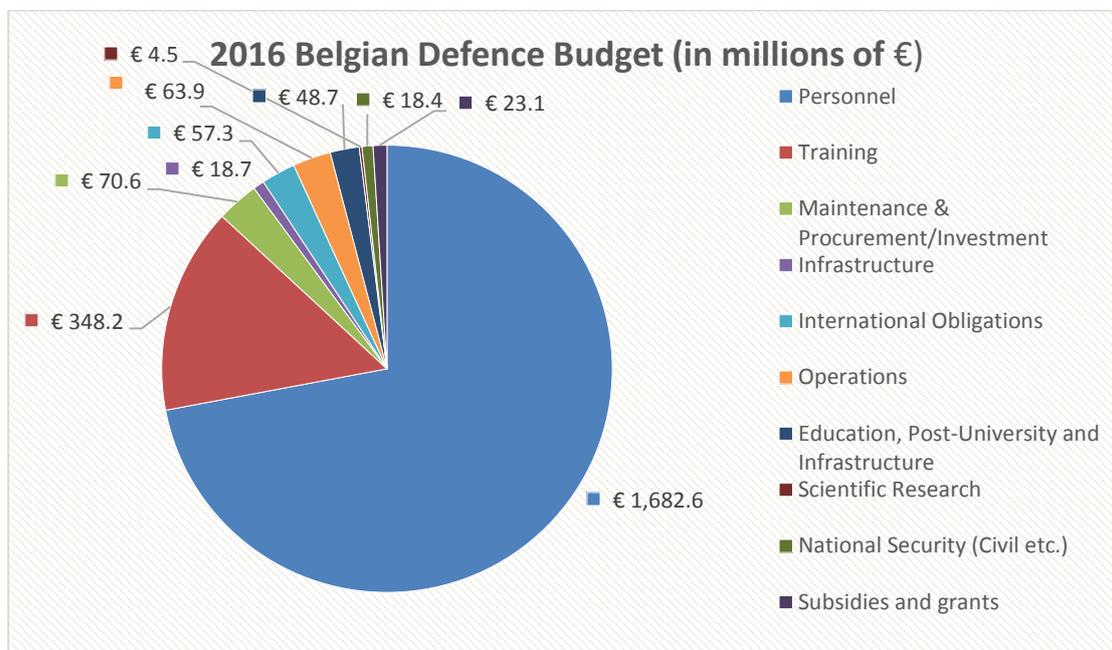
Source: <https://www.sipri.org/databases/milex>

Throughout the Belgian Defence policy, it is evident that Belgium realised early on that only through close cooperation with other states, within the multilateral frameworks of NATO, the EU and the UN, as well as through the promotion of the “Pool & Share” policy within the European Union, could it secure its sovereignty and contribute towards global peace, in today’s uncertain environment and restricted defence expenditures. Within this context, during the last decades, the Belgian government has invested significant efforts to decrease its defence budgets, in order to recuperate public finances.

Overall, initiatives were undertaken to stabilise the defence budget and military pensions in the short term; in fact, through significant measures, Belgium expected to decrease its defence expenses to about 0.81% of GDP by 2019. However, under current and future challenges (i.e. high risk of terrorist attacks, migration crisis, cybersecurity incidents, etc.), Brussels should strengthen their efforts, in order to achieve their 2030 Defence plan goals.

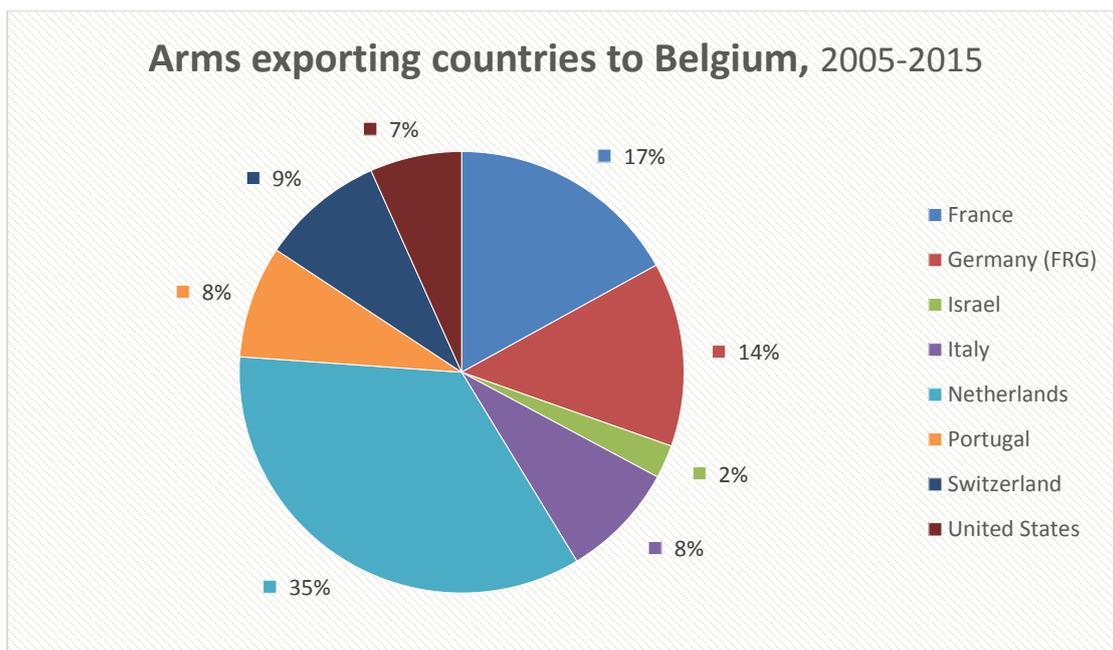
Considering the aforementioned, in the adjusted 2016 Defence Budget (of May 2016), expenditure for Operations has decreased, while the Personnel Allowances budget, was increased. Therefore, the overall Defence Budget for 2016, amounted to some €2.4 billion.

In detail, about €1.7 billion of this amount was allocated to Personnel, some €348 million for Training, €70.5 million for Maintenance and about €63.8 million for Operations (See chart below).



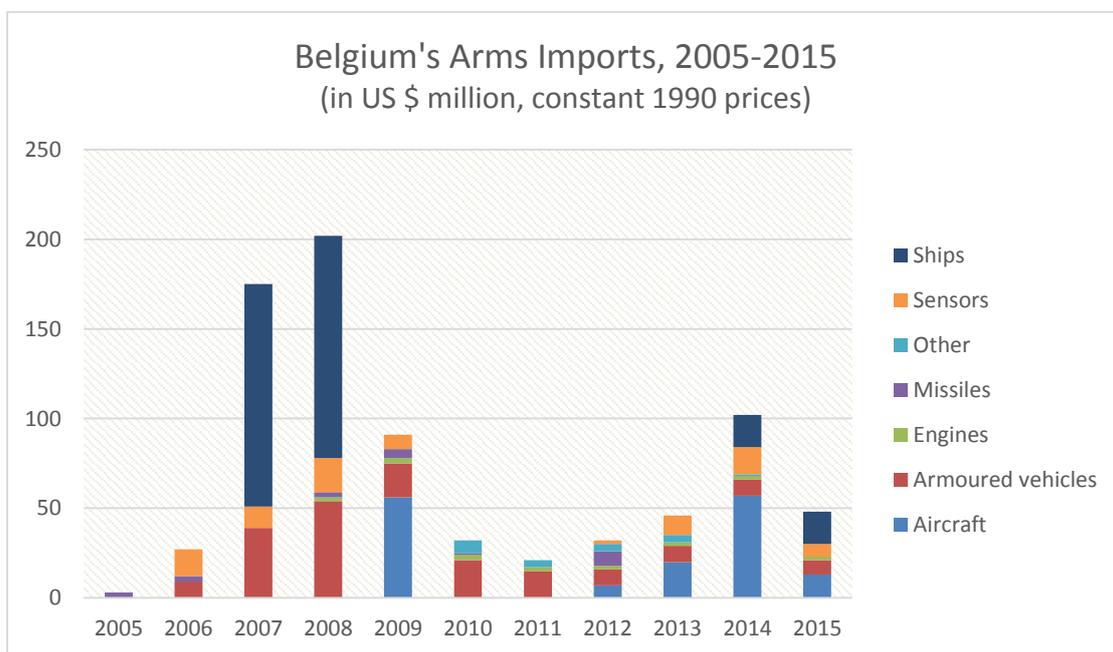
Source: <http://www.begroting.be/FR/Documents/Algemene%20Uitgavenbegroting%202016-publicatie%20Belgisch%20Staatsblad.pdf>

In terms of Procurements, during the period 2005-2015, the top 3 Arms exporters to Belgium, were the Netherlands, France and Germany (See chart below).



Source: <http://armstrade.sipri.org/armstrade/page/values.php>

These sales mainly included Ships (\$284 million), Armoured Vehicles (\$192 million) and Aircraft (\$153 million), with the majority of purchases realised during the years 2007 and 2008.



Source: <http://armstrade.sipri.org/armstrade/page/values.php>

The future plan for Defence focuses on managing an appropriate balance between investments (25%), personnel (50%) and operational costs (25%), while targeting the fundamental modernisation and rationalisation of the forces, not only in terms of structures, but also in terms of processes. Within this context, Defence staff will maintain a total of

25,000 people (including military and civilian staff), with focus being on employing young and technically qualified professionals.

According to the Governmental plans (announced in December 2015), up to 2030, €9.2 billion will be allocated for investments in the Armed Forces, and an additional amount of €200 million will be allocated for associated equipment –necessary in order to ensure the operational readiness of the Belgian forces and the development and acquirement of new assets. Moreover, several investment projects will be realised by 2030, including the acquisition of 34 fighter aircraft, 2 frigates, 6 minesweepers, 6 drones, as well as an unspecified number of combat vehicles.

Currently, 20 Belgian soldiers still operate (on general posts) in the capital of Afghanistan, Kaboul, while 54 soldiers are stationed in the Mazar-e-Shariff area (involved in training and coaching of the Afghan military forces).

In Lebanon, after eight years of support to the UN mission UNIFIL ((United Nations Interim Forces in Lebanon), the demarcation line between Israel and Lebanon was cleaned of mines and ammunition. Today, few Belgians soldiers/officers remain at the headquarters of UNIFIL at An Naqurah.

In Iraq, under the Falcon Desert Operation, Belgian F-16 take part in the international coalition against the Islamic State of Iraq; this operation will be extended up to July of 2017. Moreover, 30 soldiers work as advisors and assistants to maintain security in the area.



Source: www.mil.be/fr/page/apercu

Having a military partnership with the Democratic Republic of Congo, in the area of Kinshasa, Belgium participates to the EUSEC RD Congo (European Union Security Sector Reform Mission - Democratic Republic of Congo) for the restoration of safety in the area, through the control of financial, military status, training, accounting and public contracts. Moreover, in the city of Kindu, since 2009, the Belgian army has been training, advising and mentoring Congolese recruitments, in an attempt to restore stability in the country, helping at the same time towards the construction of housing for military and their families.

In Mali, as part of the EUTM (European Union Training Mission), about 80 Belgian soldiers, in the training camp of Koulikoro, work in collaboration with the Malian Armed Forces, towards the protection of facilities, instructors and EUTM staff.

In terms of maritime operations, within the Belgian territory, 14 ships participate in operations for the rescue of people or ships in distress, detection of pollution, destroying of sea mines, as well as the control of territorial waters. In addition, Belgian vessels operate in NATO, UN and EU exercises, as well in the hunt of pirates in the Horn of Africa and the fight against sea mines in the Baltic Sea.

Belgian troops also participate to US missions in the Middle East (having Florida (US), as the organisational base), while they support French operations with aerial means in the CAR (Republic of Central Africa).

In addition, Belgium has been participating in the Unmanned Maritime Systems (UMS) research project, for future naval applications, as well as various analogous helicopter initiatives, as part of EDA's activities, both running since 2009. Moreover, Belgium along with other EU countries, work together for the development of EU's air-to-air refuelling capabilities.

Belgian Security and Defence Industry

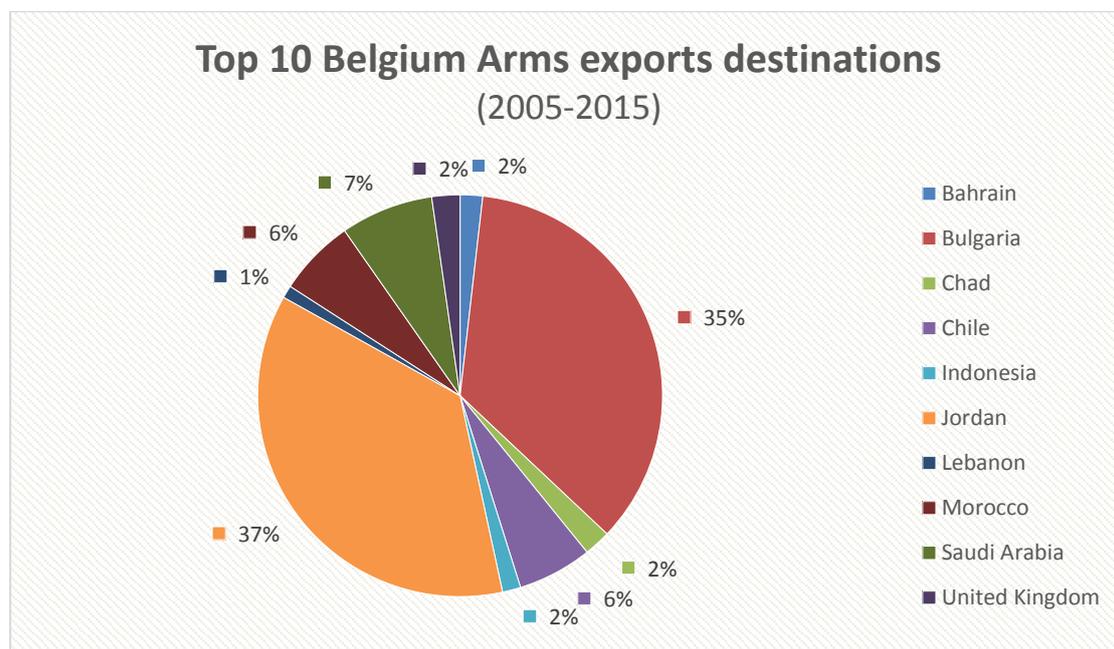


DEFENSIE

The acquisition of the F16s in 1975, has a significant impact even today, to the country's Defence Sector. Under this collaborative-purchase (of Belgium, Denmark, Norway and the Netherlands) – which can be seen as one of the first “Pool & Share” initiatives, as well as offset programs worldwide-, technical and organisational skills were acquired, new markets were opened for the country's industrial sector, enabling Belgian companies to develop long-lasting relationships with European and American firms. In light of this, Belgian companies were selected for the development, manufacturing and after-sales services of spare parts and equipment for Airbus aircraft and Ariane (rocket family) projects. Since then, a series of projects, within the context of “Pool & Share”, have been realised by the Belgian Defence industrial sector, such as the A400M transport aircraft, where Belgian companies contribute as far as the landing gear doors, leading edges, flap supports and skins, resulting in a work-share in excess of €500 million for Belgium.

Under such initiatives, the Aerospace, Defence & Security sector of the country has evolved significantly in recent years, overriding other sectors of the Belgian Industry.

During the 2005-2015 decade, major Arms exports by the country included Ships, Aircraft and armoured vehicles, with the top exports' destinations being Jordan (37%), Bulgaria (35%), Chad (7%), Chile (6%) and Morocco (6%) .



Source: <http://armstrade.sipri.org/armstrade/page/values.php>

Moreover, it should not be omitted, that between only 2010 and 2012, the Belgian Defence sector signed contracts with national firms, of more than €950 million. Further, in 2015, turnover by the sector increased by 10.5%, while the ICT (Information Communication Technologies) sector followed, with only a 6.5% increase.

With the main objectives being the safeguarding and promotion of the member companies and their products, domestically and internationally, the Belgian Security and Defence Industry (BSDI) association, part of the AGORIA organisation, was created as per the request of Belgian authorities, the National Armaments Director (NAD) and all the Belgian Industries. Having a €1.5 billion turnover and with 90% of its production being exported, the BSDI companies employ today some 15,000 people.

Source: <http://www.agoria.be/en/bsdi>

The member companies' activities, consist in the development of telecommunication systems, aeronautical and space systems (such as metallic and composite structures, wiring assemblies and optical fibres, propulsion systems, avionics, satellite payloads and ground systems), protective equipment, weapons and ammunition, night vision systems, composite materials, armoured vehicles, flexible containers and software solutions. The high level of technology of its members -including Esterline, Sonaca, Safran, Thales, Simtech, FN Herstal and Asco- is favoured many times in international cooperation programs within Europe, as well as internationally.

It should be noted that the derived value of the Belgian Security & Defence Industry, can be measured also at the communal level (through employment and products manufacturing), as well as in indirect effects, resulting from the acquisition of cutting-edge technology, expertise and research. Considering the latter, local Defence Industry has always contributed to the progress in the fields of geology, environmental monitoring, fishing and education.

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](#)

Uninterrupted secure communication, utilizing various existing wireless technologies for Military and Homeland Security applications



An independent, private, non-profit institution, with extensive expertise in modern communications networks and services, is proposing the development of a system that will take advantage of the availability and widespread use of multiple wireless networks, in order to provide uninterrupted, wireless, secure and broadband communications for military, as well as homeland security applications.

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

Mail at: a-kintis@epicos.com

Provision of an advanced Ground Power Unit (GPU) for A&D applications



A company providing services and products for the Aerospace & Aviation Industry is proposing the provision of its advanced Ground Power Unit (GPU) to address domestic and international markets. This provision may potentially occur through a representation or a Joint Venture with a local organization in a targeted country.

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

Mail at: a-kintis@epicos.com



News from our A&D Business Network

Harris Corporation Awarded \$403 Million IDIQ Contract to Continue Communications Support to the US Army



Harris Corporation has been awarded a five-year, \$403 million, single-award IDIQ contract by the Defense Logistics Agency (DLA) for tactical radio spares and components for DLA Land and Maritime and the U.S. Army Communications-Electronics Command. The contract was awarded during the third quarter of Harris' fiscal 2017.

The contract is a continuation and expansion of previous contracts with the DLA and will provide support to additional Harris radio families. It allows the Army to secure spare and replacement parts necessary to support Harris' AN/PRC-117G, AN/PRC-150C, AN/VRC-104, AN/PRC-152, and AN/VRC-114 radios.

"This continuation contract allows the U.S. Army to sustain superior tactical communications technology and extends Harris' legacy of providing the most advanced solutions to meet our customers' mission critical communications needs," said Brendan O'Connell, president, Tactical Communications, Harris Communication Systems.

For Further Information [Click Here](#)

CAE awarded contract by Airbus for comprehensive C295W training solution for Canada's Fixed-Wing Search and Rescue program



CAE today announced that Airbus Defence and Space has awarded CAE a contract for a comprehensive C295W aircrew and maintenance training solution to support the Royal Canadian Air Force's (RCAF) Fixed-Wing Search and Rescue (FWSAR) program. The contract is worth approximately C\$200 million over the next 11 years and

includes options to extend an additional 15 years that would take the value to more than C\$300 million.

The Airbus C295W was selected by the Government of Canada as its new FWSAR platform in December 2016. As part of the FWSAR program, the RCAF will receive 16 C295W aircraft specifically modified for search and rescue.

"We are honoured to serve as the training systems integrator to lead the overall design and development of a comprehensive C295W training solution for aircrews and maintainers," said Joe Armstrong, Vice President and General Manager, CAE Canada. "The search and rescue mission in Canada is both critical and challenging, and we are proud that we will play a role in helping train and prepare the RCAF for this mission."

The contract related to the C295W training systems and services is divided into three phases. First, during the acquisition and development phase over the next three years, CAE will lead the design and building of a new training centre facility at 19 Wing in Comox, British Columbia. Housed in the training centre will be a suite of CAE-built training devices, including:

- One C295W full-flight simulator (FFS);
- One C295W cockpit procedures trainer (CPT);
- One C295W sensor station simulator used for rear-crew training;
- One C295W operational mission simulator to support networking of the sensor station - simulator with FFS or CPT to provide full-crew mission training;
- Eight C295W mission procedures trainers;
- One C295W aircraft maintenance trainer;
- One C295W cockpit systems part-task trainer; and
- Ten classrooms featuring CAE Simfinity C295W virtual maintenance trainer (VMT) stations.

Following delivery of the training centre facility and C295W training suite in late 2019, phase two of the contract will commence with CAE leading a three-year in-service support (ISS) transition period for the C295W aircrew and maintenance training program.

Following the transition period, phase three will begin with the 20-year in-service support phase, which is divided into a base five-year ISS contract with three additional five-year options. During the in-service support phases, CAE will be responsible for providing a range of training services, including training device upgrades and maintenance, hardware and software engineering, courseware updates, technology insertion and obsolescence management, and other in-service support services. CAE will also be responsible for providing academic and simulator instructors to deliver aircrew and maintenance training.

"CAE and Airbus' partnership has a long history across many platforms, including the C295, said Simon Jacques, Head of Airbus Defence and Space in Canada. "CAE already provides C295 training systems to Airbus and other global operators of the C295, including at our International Training Centre in Seville, Spain. This relationship has continually expanded, including Airbus' announcement of the purchase of two other C295 simulators from CAE in November, and we are pleased to extend this relationship with CAE to Canada for the Fixed-Wing Search and Rescue program."

The C295W training program will maintain and create approximately 300 jobs in Canada over the three-year development phase and approximately 50 jobs, primarily in Comox, BC, over the in-service support phases. As part of the overall training program, CAE will sub-contract with a pan-Canadian team of small-to-medium-sized businesses.

For Further Information [Click Here](#)



Lockheed Martin Delivers 200th F-35 Center Wing Assembly from Marietta Facility

The 200th F-35 Center Wing Assembly (CWA) built in the Lockheed Martin facility here was delivered to the Fort Worth, Texas, F-35 production line in January, marking a major milestone.

The CWA is a major structural component and represents approximately one quarter of the aircraft's fuselage. The aircraft's wings are attached to the CWA during final assembly, which takes place at the Lockheed Martin facility in Fort Worth.

Since the Marietta F-35 team delivered its first CWA in September 2011, all 200 assemblies have been delivered to Fort Worth on or ahead of the final production line need dates, including 51 in 2016. The current Marietta production rate calls for one completed CWA to be delivered approximately every 3.5 manufacturing days.

Approximately 350 people are assigned to the F-35 program in Marietta. In addition to assembling the CWAs on a state-of-the-art production line, technicians also apply specialized coatings to the aircraft's horizontal and vertical tail assemblies and to spare and repaired doors, panels and covers.

For Further Information [Click Here](#)

Source: Epicos, Lockheed Martin

U.S., Allies Invest \$202 Million in Patriot Integrated Air and Missile Defense System

Raytheon Company has begun work on enhancements to the combat-proven Patriot Air and Missile Defense System that will make the system more capable, and improve Patriot's already high readiness.

The U.S. Army Contracting Command issued the contract, which was funded by the 13 nations that rely on Patriot for their defense. It was announced by the Department of Defense on Feb 1, and will sustain more than 500 highly skilled jobs across four U.S. states.

"This contract will deliver critical capability to the warfighter while also employing highly skilled Americans," said Ralph Acaba, vice president of Integrated Air and Missile Defense at Raytheon's Integrated Defense Systems business. "The members of the Patriot partnership share the cost of engineering services, which could be prohibitively expensive for a single nation."

Contract work will be performed at locations in Alabama, Massachusetts, New Hampshire and Texas. Raytheon will conduct software development, systems analysis, testing and logistics support, as well as support requirements defined by individual Patriot partner nations.

For Further Information [Click Here](#)

Source: Epicos, Raytheon Company

Comtech Telecommunications Corp. Awarded \$5.5 Million Follow-on Contract for High-Power SATCOM TWTAs

Comtech Telecommunications Corp. announced today that during its second quarter of fiscal 2017, its Santa Clara, California-based subsidiary, Comtech Xicom Technology Inc., which is part of Comtech's Commercial Solutions segment, has received a follow-on contract for more than \$5.5 million from a U.S. military integrator for high-power satellite communication (SATCOM) traveling wave tube amplifiers (TWTAs). This is the second installment of a multi-year program for these power amplifiers used in tactical transportable SATCOM terminals.

"Comtech is a key supplier on this highly advanced multi-band SATCOM system. Our outdoor TWTAs are proven to be robust and reliable," said Fred Kornberg, President and Chief Executive Officer of Comtech Telecommunications Corp. "This order demonstrates our customer's full confidence in our high-power SATCOM products. We look forward to continued product performance and customer satisfaction."

Comtech Xicom Technology, Inc., a world leader in high-power amplifiers, manufactures a wide variety of tube-based and solid-state power amplifiers for military and commercial satellite uplink applications. The product range encompasses power levels from 8 W to 3 kW, with frequency coverage in sub-bands within the 2 GHz to 45 GHz spectrum. Amplifiers are available for fixed and ground-based, ship-board, and airborne mobile applications. Please visit www.xicomtech.com for more information.

Comtech Telecommunications Corp. designs, develops, produces and markets innovative products, systems and services for advanced communications solutions. The Company sells products to a diverse customer base in the global commercial and government communications markets.

Certain information in this press release contains statements that are forward-looking in nature and involve certain significant risks and uncertainties. Actual results could differ materially from such forward-looking information. The Company's Securities and Exchange Commission filings identify many such risks and uncertainties. Any forward-looking

information in this press release is qualified in its entirety by the risks and uncertainties described in such Securities and Exchange Commission filings.

For Further Information [Click Here](#)

Source: Epicos, Comtech Telecommunications Corp.

Orbital ATK Middle East LLC Expands Operations in the United Arab Emirates

Orbital ATK, a global leader in aerospace and defense technologies, is planning for future growth in its Middle-East business along with its Emirates partner, Al Tuff International, part of the Remah International Group LLC. Orbital ATK's joint venture, Orbital ATK Middle East LLC is co-locating with Al Tuff International in the Addax Commercial Tower on Al Reem Island, Abu Dhabi, United Arab Emirates, to support the company's growing regional defense business. Jay Huston has been recently named as General Manager of Orbital ATK Middle East LLC and joins the organization with many years of experience in the United Arab Emirates and the greater Middle East.

Orbital ATK and Al Tuff International first joined in opening a branch office in Abu Dhabi in March 2010. Orbital ATK Middle East LLC is an extension of Orbital ATK's commitment to provide defense product sales and services to customers in the UAE related to its core competencies in small-, medium- and large-caliber ammunition production; precision and strike munitions; special mission aircraft; and Bushmaster® cannons.

"Orbital ATK has supported our Emirati ally for many years," said Mike Kahn, President of Orbital ATK's Defense Systems Group. "Our commitment to the Emirates is further enhanced through our local partnership in Orbital ATK Middle East LLC as we demonstrate our commitment to being a strong regional partner."

"We will continually strive to add value in the Emirates by the introduction of innovative products, services and technologies," said Nigel Sutton, Vice President International for Orbital ATK's Defense Systems Group and Chairman of the Board of Orbital ATK Middle East LLC. "Our company shares the national goal of Emiratization and supports key partner organizations like the Emirates Defence Industries Companies, Tawazun and Mubadala in achieving their objectives. Orbital ATK Middle East LLC will continue to enhance the defense capability of UAE by expanding its key industrial partnerships." Orbital ATK's Defense Systems Group is an industry leader in providing innovative and affordable precision and strike weapons, advanced propulsion and hypersonics, missile components across air-, sea- and land-based systems, ammunition and related energetic products.

For Further Information [Click Here](#)

Source: Epicos, Orbital ATK

Russian Helicopters developing new after-sales service format in India

Russian Helicopters, part of State Corporation Rostec, is working to improve services and create a “single-window system” - a new form of cooperation with foreign customers based on a new after-sales service strategy. A pilot project is currently being implemented in India.

The new format focuses on centralization of all processes related to after-sales services, and is the first step in providing integrated support and transitioning to helicopter service contracts covering their entire life cycle. Russian Helicopters, which designs and manufactures rotorcraft, intends to utilize existing cooperation with other Russian companies taking part in helicopter building to ensure operability throughout the full lifespan of the machines.

“For us, it is important to provide timely and quality service for Russian helicopters in India. As part of the single-window system, the holding company and parts suppliers for Russian-made helicopters will develop a complete structure of services for such helicopters for foreign operators. We will implement these acquired best practices into the global after-sales system of Russian Helicopters,” said Igor Chechikov, Russian Helicopters’ Deputy CEO for Aftersales Service, during Aero India 2017 exhibition.

Per Russian Helicopters specialists, the single-window system will increase quality of service to beat foreign competitors. With the implementation of this system, operators will avoid negotiating with hundreds of parts manufacturers as they will have “the single window” to obtain the entire range of after-sales services for the Russian made helicopters.

The system will not only significantly ease the process of setting up maintenance and repair for operators but will also reduce time to provide such services. In addition, operators will get spare parts and services certified by Russian Helicopters.

Russian Helicopters is currently involved in the process of approving long-term contracts on supply of spare parts and provision of services with operators. The holding company is also testing a method and conditions for cooperation with parts suppliers for the Russian helicopters operated by foreign customers through the “integrated center for after-sales services”.

For Further Information [Click Here](#)

Source: Epicos, Russian Helicopters