

REGIONAL NEWS AND DEVELOPMENTS

AUSTRALIA ITAR WAIVER WITH US

In early September, Australia's Prime Minister John Howard signed a defence trade cooperation treaty with the US that will allow Canberra and Washington to ease export controls on defence equipment. According to officials the agreement is similar to one signed with the UK earlier in the year and will allow Australia to enter the US defence market on the same basis.

The treaty lifts the USA's International Traffic in Arms Regulations (ITAR) license requirements for Munitions List items to a trusted set of Australian companies and the Australian government, for trade related to government projects. Much of the detail of the agreement still remains to be ironed out and will be left to the implementing arrangements that are still to be negotiated.

The main benefit for Australia will be companies' ability to get far more access to US technology. This will be especially important in supporting some of the new equipment being fielded by the Australian Defence Force over the next few years. Australian exporters will no longer have to wait 12 months or more for US State Department approval to support projects under the US Foreign Military Sales system.

ARTILLERY REPLACEMENT

The Australian government has launched its much anticipated tenders to replace its field artillery, including its M-198 155mm gun/

howitzers. The Defence Material Organisation has released solicitation documents for the replacement of the army's artillery with new, more capable systems that will enhance its firepower.

According to the documents, the systems to be acquired will include self-propelled howitzers, lightweight towed air-portable howitzers and a digitised, networked battle management system. The latter includes the preselected Raytheon Advanced Field Artillery Tactical Data System for the command and control of joint fires and digital terminal control systems for target acquisition.

Officials say that the new artillery systems will provide improved firepower, extended range, greater mobility and accuracy to the combined arms groups being developed under the Hardened and Networked Army initiative.

The Request for Tender for the self-propelled howitzers and the Invitations to Register for the battle management system and lightweight towed air-portable howitzers were released in late September.

In another development, the US Defense Security Cooperation Agency notified Congress in September of the sale to Australia of up to \$40 million artillery equipment.

The proposed sale is for 2,400 General Dynamics Modular Artillery Charge Systems, 250 M982 Excalibur projectiles and 28 portable Excalibur fire control systems, built by Raytheon.

UH-1 IROQUOIS RETIRES

The Australian Defence Forces have retired their UH-1H Iroquois medium-lift helicopters after 45 years in service. In a ceremony to mark the occasion three of the helicopters performed a flyby over Brisbane.

The Royal Australian Air Force began flying the Iroquois in operations in 1962 and the aircraft were operated by the Royal Australian Navy from 1967 before the capability was handed over to the army in 1989. The UH-1Hs are being replaced by the MRH-90, a larger, more versatile aircraft.

'The Huey has been a part of the Australian Defense Force for 45 years and, in that time, it has been a part of life for so many people, both in the services and the general public,' Brigadier Nick Bartels, commander of the Army's 16th brigade, told local reporters.

CHINA RUSSIAN HOVERCRAFT

The People's Liberation Army Navy (PLAN) is in negotiations with Russian shipbuilder Almaz for the procurement of four Zubr (Project 1232.2) amphibious hovercraft according to Russian officials.

PLAN agents were in Russia to visit the dockyard and examine the vessels, which would further enhance the service's amphibious capabilities. The deal is being brokered by Rosboronexport and Russian officials say that talks are expected to be concluded in 2008.

The Zubr is the world's largest military hovercraft and serves

as a Landing Craft Air-Cushion. It is designed to sealift landing assault units and can carry three main battle tanks or ten armoured personnel carriers with 140 troops, or up to 500 troops.

BULGARIA STRENGTHENS MILITARY TIES

In an interesting development, China's defence minister Cao Gangchuan and his Bulgarian counterpart Veselin Bliznakov held talks in September and agreed to promote and strengthen bilateral military ties.

China is continuing its process of opening up military ties where it sees an advantage and Cao said that the People's Liberation Army was ready to develop friendly and cooperative ties with the Bulgarian armed forces and make contributions to promoting cooperation between the two countries.

The two ministers said that bilateral ties were developing well, with frequent exchanges of high-level visits and hinted that cooperation in various fields would be further expanded. Cao briefed Bliznakov on the joint anti-terrorism drill held by Shanghai Cooperation Organisation members in August.

For his part, Bliznakov said that Sofia values China as a key partner in Asia, hoping the two armed forces could strengthen cooperation. Bulgaria is continuing to look for outlets for its ailing defence industry and has specialities in some areas, such as defence electronics, that may be of interest to China.

INDIA RUSSIAN MPAS

According to press reports the general director of Ilyushin, Viktor Livanov, has told reporters that India has halted the delivery of five upgraded Ilyushin 38SD maritime patrol aircraft (MPA) amid concerns about alleged technical flaws with

the upgraded aircraft.

Livanov said that New Delhi was refusing to accept the aircraft and that the Indian defence ministry was recommending additional tests to the MPAs. In particular, India is not satisfied with the Sea Dragon navigation and targeting system on the aircraft.

However, Ilyushin is disputing the claim and argues that India has moved the goal posts with demands not in the original contract, which is believed to be worth \$150 million. The dispute is likely to jeopardise a potential \$400 million sale of a further eight aircraft to the Indian Navy.

HAL HELICOPTER

According to local media reports, the Indian Air Force and Army have rejected a plan by state-owned Hindustan Aeronautics Limited (HAL) to develop a medium-lift helicopter in conjunction with Russia's Kazan. Officials say the aircraft would not meet their requirements and will now seek a foreign supplier instead.

Over the next seven years the two services want to acquire some 200 medium-lift helicopters that for a variety of missions such as combat search and rescue, tactical troop transport, battlefield support and airborne mine countermeasures.

In positioning itself for the contract HAL picked Kazan in June as its partner. The company had also investigated possible tie-ups with AgustaWestland, Bell Helicopter Textron, Eurocopter and Sikorsky in a competition that was launched in 2006.

Officials told reporters that HAL had not consulted the army before finalising the helicopter's technical specifications and that the service had asked the defence ministry to begin a global tender based on its requirements. That process is expected to begin straight away with a tender being issued

before the end of the year.

ARMY SAM TENDER

The Indian Army is believed to be on the verge of issuing a \$1.5 billion request for tender to supply 56 Quick Reaction Surface to Air Missile (QRSAM) mobile launcher systems. The deal is expected to include the licensed production in India of more than 4,000 missiles over the next 20 years.

The government granted permission for a tender in mid-September, after the state-owned Defence Research and Development Organisation (DRDO) said the Rafael Spyder surface-to-air missile (SAM) that it was evaluating did not meet the stated requirements.

The likely companies to bid on the project include Israel's Rafael, Canada's Oerlikon Contraves, the USA's Boeing and Raytheon, Russia's KPB Tula and the DRDO. Officials told reporters that tender would go ahead because DRDO's domestically developed Akash missile has been delayed by over a decade.

The DRDO is now working with European missile developer MBDA on a \$500 million effort to develop the 35km Maitri missile, a blend of the French Mica and DRDO Trishul.

The all-weather, tracked-chassis QRSAMs will be expected to defend army formations against air attack and will need to be able to engage a range of targets. The QRSAM's radar will need to track while scanning out to 28km and provide 3-D, 360-degree coverage.

SECOND-HAND LPD

The Indian Navy gained a new capability in September when INS Jalashwa, a landing platform dock (LPD) ship purchased from the USA joined its Eastern Fleet. The 16,900 ton vessel, originally commissioned in to US service in the 1970s, has become the IN's second largest ship after the aircraft carrier INS Viraat.

INS Jalashwa is an amphibious assault vessel that can embark, transport and land troops, artillery, armoured vehicles. The vessel has landing craft and helicopters and could also operate the IN's Sea Harrier aircraft for short spells if necessary.

Admiral Raman Suthan, commander of the Eastern Naval Command told local reporters that, 'it will increase our versatility and flexibility, enhance our capabilities and add punch to the Command'. The ship can accommodate some 1,000 fully equipped troops and 110 medium-sized vehicles and was purchased from the US for less than \$ 50 million.

(M)MRCA TRIAL SCHEDULE

According to officials, the Indian Air Force (IAF) will begin trials of the six competing aircraft for the Multi-Role Combat Aircraft (MRCA) tender in June 2008. The planned three-month field trials will follow four months of technical evaluation by the IAF after the companies submit their proposals in February next year.

The six companies competing for the contract are Boeing, Dassault, Eurofighter, Lockheed Martin, RSK MiG and Saab. All six are expected to respond to the MRCA tender issued in August

Industry sources told local reporters that each competitor would submit one aircraft with a limited array of weapons for evaluation in varied environments. The IAF is proposing to purchase 126 fighters for around \$10.2 billion to meet a longstanding requirement.

INDONESIA DEFENCE DEAL WITH RUSSIA

In September Russian president Vladimir Putin visited Jakarta to sign a \$1 billion defence deal with Indonesia in a move to reinvigorate the relationship between the two countries. Russia is intent on

boosting its diplomatic and military influence in Asia and sees Indonesia as potentially underpinning those ties.

The agreement signed by Putin extends a \$1 billion line of credit to Indonesia for the purchase of advanced Russian weapon systems including helicopters, armoured vehicles and submarines. The agreement is believed to have a 15 year shelf life.

Local officials believe that the defence cooperation agreement will help Indonesia modernise the equipment of its land, air and naval forces and follows Indonesia's signing of a deal to buy six Sukhoi fighters at the MAKS 2007 airshow in August.

With the money Jakarta says that it plans to buy ten Mil Mi-17 cargo helicopters, five Mil Mi-35 assault helicopters, 20 BMP-3F armored personnel carriers and two Kilo-class attack submarines. In comparison with purchasing defence technology from the West Indonesia will find it much easier to deal with Moscow when it comes to areas such as concerns over human rights, accountability and licensing.

PAKISTAN SPADA 2000

The Pakistan Air Force (PAF) has ordered a number of MBDA Spada 2000 air defence systems to meet the requirements of its low to medium air defences, according to local reports. The new systems will replace the aging Crotale air defence systems currently in service with the PAF.

The MBDA solution was under evaluation alongside a number of other systems. These included Raytheon's Surface Launched Advanced Medium Range Air-to-Air Missile (SLAMRAAM) and Diehl's BGT IRIS-t SL air defence systems.

The Spada 2000 is an all-

weather, day and night, highly automated, air defence system which has quick reaction time and requires few operators to man the system. The system can engage up to four targets simultaneously, and has the track range of 60km while it can intercept a target at 25km accurately.

PHILIPPINES

Beijing is offering to sell the Philippines armed forces eight Harbin Z-9 utility helicopters to help replace the country's ageing Bell UH-1H helicopters. Manila has acknowledged the need for new transport helicopters and is believed to be interested in purchasing the Z-9 or other Chinese developed utility helicopters.

The offer comes after a warming of relations between the two countries in recent years. In 2004, Beijing and Manila began a security dialogue and more recently China donated \$2.5 million in engineering equipment and an additional \$2 million in direct military aid to the Philippines.

Currently, the Philippines has some 38 UH-1Hs and a mix of other helicopters. Manila is looking to enhance the fleet as one of the measures to help in its fight against an insurgency in the south of the country against communist and radical Islamic rebel groups.

The Philippines is currently accepting bids for eight attack helicopters for an estimated \$25.8 million contract. McDonnell Douglas, AgustaWestland and an unnamed Polish company are competing for the contract.

SINGAPORE HIMARS

Under the USA's Foreign Military Sales programme Singapore is to receive Lockheed Martin's M142 High Mobility Artillery Rocket Systems (HIMARS) rocket launchers

and associated equipment and services. According to the US Defense Security Cooperation Agency, the total value, if all options are exercised, could be as much as \$330 million.

HIMARS is a more transportable counterpart to the tracked M270 Multiple Launch Rocket System that is air transportable aboard a C-130. The HIMARS artillery will complement Singapore's Pegasus semi-mobile 155mm howitzers.

The principal contractors for the contract are Lockheed Martin Missile and Fire Control and BAE subsidiary Stewart & Stevenson. Under the agreement Singapore will receive 18 HIMARS Launchers and 32 XM31 Unitary High Explosive GMLRS. The systems will be mounted on nine M1084A1 Family of Medium Truck Vehicles. The package also includes a M1089A1 Wrecker recovery vehicle.

The sale also includes a variety of support equipment, communications equipment, spare and repair parts, test sets, batteries, laptop computers, publications and technical data, personnel training and equipment, and systems integration support.

NEW SURVEILLANCE PLANE

Flying under the radar the Republic of Singapore Air Force (RSAF) has received the first of four Gulfstream G550 Conformal Airborne Early Warning aircraft according to international press reports. No formal announcement of the purchase has been made but the first aircraft is believed to have been handed over earlier in the year.

The RSAF order of the aircraft with advanced Israeli electronics was made alongside the purchase by the Israel Air Force of a similar four aircraft and allowed the RSAF to hide its order. The new aircraft will provide the RSAF with a powerful new capability and increase its ability to conduct surveillance in

nearby airspace.

The aircraft are reported to be able to detect fighter-sized targets up to ranges of some 370km given the RSAF the ability to look deeply in to Malaysian and Indonesian territory. The Gulfstreams are replacing the RSAF's aging fleet of four Northrop Grumman E-2C Hawkeyes introduced in the late 1980s.

SOUTH KOREA INCREASED DEFENCE BUDGET

The Republic of Korea announced in September that it would increase its 2008 defence budget by 9 percent to \$28.9 billion. As a result the defence budget will account for 15.2 percent of overall government budget.

The breakdown of the rise in spending includes an additional 6.2 percent for the operating expenditure raising it to \$20.5 billion, but more significantly it also included 16.5 percent rise in expenditure for the improvement of defence capabilities amounting to some \$8.4 billion.

The Defence Ministry received an extra \$129.9 for a number of projects, including the purchase or development of unmanned air vehicles (UAV), infantry fighting vehicles and amphibious tank landing ships.

The money also includes ground work for the controversial goal of acquiring four Global Hawk UAVs by 2012. However, the US is yet to reach a final decision on whether to allow the purchase of the advanced technology to go ahead.

TAIWAN MORE US EQUIPMENT

In mid-September the US Defense Security Cooperation Agency (DSCA) notified Congress of a possible Foreign Military Sale to the Taipei Economic and Cultural Representative Office in the US of SM-2 Block IIIA STANDARD

missiles as well as associated equipment and services. The total value of the contract, if all options are exercised, is expected to be around \$272 million.

Under the sale the US will supply Taiwan with 144 SM-2 Block IIIA Standard missiles, 16 Telemetry missiles, canisters, containers, spare and repair parts, supply support, personnel training and training equipment. According to the DSCA, the proposed sale will provide Taiwan with continued anti-aircraft defence capabilities for its navy.

Taiwan intends to use the SM-2 missiles on its destroyer class surface ships for self-defence against air and cruise missile threats and already has SM-2 Standard missiles in its inventory.

In a separate proposal Taiwan also stated its interest in purchasing 12 surplus P-3C maritime patrol aircraft with T-56 turboprop engines, data terminals and a mobile operation command center in a deal that could be worth \$1.96 billion. The People's Republic of China was quick to voice its opposition to the proposed sale.

THAILAND MILITARY CHIEF STEPS DOWN

Thailand's top officer General Sonthi Boonyaratglin, who was a major figure in the removal of former prime minister Thaksin Shinawatra last year, resigned as head of the Council for National Security in September. According to government officials the general has agreed to take up the post of deputy prime minister, and his portfolio will include overseeing internal security.

The general is said to be close to the country's monarch, King Bhumibol Adulyadej. His place on the security council will be taken by the head of Thailand's air force, Air Chief Marshal Chalit Pukbhasuk, who will become the head of the armed forces as a result.