

# Defense Update

## DEFENSE-UPDATE ASIA-PACIFIC

### IN THIS ISSUE

#### Page 2:

Taiwan Signs LOA for F-16 Upgrades

#### Page 3:

Philippines are Seeking Better Armed Frigates

China, Indonesia Expand Military Cooperation with C-705 Missile Production

#### Page 4:

Carter Urges Closer U.S.-India Defense Cooperation

#### Page 6:

India Relaxes Offset Rules

#### Page 7:

India's Private Industries Demand Increased Volume to Enter Avro HS748M Replacement

#### Page 8:

News Briefs

#### Page 9:

China Launches a New Class of 5,000 Ton Patrol Vessel

#### Page 10:

Regional Hotspots



## Indonesian Jets in Australian War Games

Indonesia has sent four of its front-line Sukhoi Su-30 and Su-27 jet fighters to take part in Australia's largest air combat exercise this month, signaling a new era of enhanced defense cooperation between the two countries. The Indonesian air force has not previously given the Australian Defense Force access to the Russian-made aircraft, which were built to compete with the fourth-generation jet fighters of the US.

The Sukhois deployed to Darwin, at the Northern Territory for Exercise [Pitch Black](#) 2012, participating in mock combat with Australian F/A-18s in Australian and Indonesian airspace. US jet fighters will participate in the exercise from July 27 to August 17, and will be commanded from Darwin and Tindal air bases.

Australia and Indonesia defense and security cooperation may be on the rebound following

a recent meeting between Indonesian President Susilo Bambang Yudhoyono and Australian Prime Minister Julia Gillard.

Canberra's military ties with Jakarta have been strained over many years. Relations hit their lowest point in 1999, when Australian troops were sent to East Timor to quell violence by pro-Indonesian military militia groups. In recent years the military-to-military relationship warmed as Australia provided expertise to Indonesia's security forces to counter terrorist groups.

The decision to send the Sukhois to Australia is believed to have been approved by Dr Yudhoyono.

Indonesia's air force has been on a buying spree recently. It already operates 10 Sukhoi-27s and four Sukhoi-30 MK2 jets, and recently announced a new order for six Sukhoi-30 MK2 fighters. [Jakarta Globe](#)



*Lockheed Martin and BAE  
Expect To Battle For  
South Korean And  
Taiwanese F-16 Upgrades*

[Defense Update, March 14, 2012](#)

*“With the Lockheed /  
AIDC MoU signed, it  
appears fairly certain that  
BAE Systems is no longer  
in the running to perform  
the upgrade.”*

[Defense-Update, July 21, 2012](#)

## Taiwan Signs LOA for F-16 Upgrades

On 13 July, Taiwan signed a Letter of Offer and Acceptance (LOA) valued at \$3.7 billion for an upgrade of its fleet of 146 F-16A/B Block 20 Fighting Falcons. The signed LOA now opens up competition for final selection of upgrade providers and will be handled through the US Foreign Military Sales (FMS) program under the administration of the Defense Security Cooperation Agency (DSCA).

While Lockheed Martin and BAE Systems have been in intense competition with each other for the past year over which company would secure the contract to provide the upgrade, it appears that BAE Systems has now lost that battle. Defense sources have reported that Lockheed Martin and Taiwan's state-run Aerospace Industrial Development Corporation (AIDC) finalized a Memorandum of Understanding (MOU) on 11 July calling for the

formation of a strategic partnership to carry out the upgrade. The reports say that Lockheed's Vice President of International Business Development, Ana Wugofski, and AIDC President, Butch Hsu, signed the MoU at the Farnborough International Airshow. Lockheed spokesperson Laura Siebert is quoted as saying that AIDC and Lockheed have a long history of working together in the development of F-16 upgrades and that Lockheed is “impressed with AIDC's capability” and the company is “looking forward to the opportunity to expand this relationship as we begin to implement the Taiwan F-16 upgrade program.” With the Lockheed/AIDC MoU signed, it appears fairly certain that BAE Systems is no longer in the running to perform the upgrade.

An intense battle remains to be fought over selection of the firm that will deliver the Active Electronically Scanned Array (AESA) portion of the upgrade. Both Raytheon and Northrop Grumman have been pursuing an aggressive strategy to lock-up the contract. Raytheon is promoting its Advanced Combat Radar (RACR) in competition against Northrop's Scalable Agile Beam Radar (SABR).

Both Raytheon and Northrop are also expected to be offering the same radar systems in competition for a contract to upgrade South Korea's fleet of KF-16C/D Block 52 fighters and an anticipated Singapore F-16 AESA upgrade sometime in the future. The US Air Force is also planning to upgrade several hundred F-16C/D fighters for the Air National Guard, under a similar modernization plan.

[Defense-Update](#)



## SAFETY CONCERNS

Concerned with flight safety issues, the US delayed deployment of modern platforms for several months. Following the partial lifting of flight restrictions, the Air Force deployed eight F-22A Raptor stealth fighters to Kadena, Okinawa last week; earlier, the Marine Corps sent its MV-22B Osprey tilt-rotor aircraft to the island. Following an investigation into the cause of the loss of an F-16 over the northern Pacific Ocean enroute to Alaska, USAF F-16 fighters at Misawa, Japan have resumed flying. (Defense-Update)

### China, Indonesia Expand Military Cooperation with C-705 Missile Production

China and Indonesia have started talks on the local production of C-705 anti-ship missiles, as part of Indonesia's efforts to achieve independence in weapons production. The initial talks were conducted as part of the first China-Indonesia defense industry cooperation meeting held in Jakarta on Wednesday, July 25, 2012.

According to sources in Indonesia, a seaside site for the production plant and open sea testing has already been located. The Indonesian Navy already received C-705 missiles and has recently conducted a successful firing test in the Sunda Strait.

Indonesia is currently negotiating three levels of cooperation – local assembly of C-705 missiles from kit supplied from China, partial production of kit elements in Indonesia and collaborative research and development regarding future missile programs.

([Defense-Update](#))

### Philippines are Seeking Better Armed Frigates

Manila is seeking to add a third frigate to the Philippine Navy. According to Peter Paul Galvez, defense spokesman, Manila is planning to acquire new frigates that will be armed with more advanced weaponry than the current vessels provided by the US, including surface-to-air capability. Philippine Defense Secretary Voltaire Gazmin said earlier the military wants to acquire additional naval crafts from Italy. The only class of frigate available from Italian navy surplus that has air-defense capability is the Lupo Class patrol frigate 'Soldati'.

This 2,500 ton vessel is armed with eight Otomat Mk 2 anti-ship missiles, a launcher of Sea Sparrow or Aspid surface to air missiles, two Mk 32 torpedo tubes, two Oto Melara twin 40mm L70 DARDO compact guns (also designed for air defense) and a 127/54 gun turret. It is equipped with a comprehensive array of radars for air defense, surface search, fire control and navigation, sonar, electronic support measures, decoy launchers and acoustic countermeasures.

([Defense-Update](#))

### Thailand to Acquire Four UH-60M Black Hawk Assault Helicopters

Thailand is interested in buying additional four UH-60M Black Hawk helicopters under US Foreign Military Sales program, the US Defense Security Cooperation Agency (DSCA) has notified Congress. The four helicopters, along with the relevant logistics support could cost \$235 million. The helicopters will be delivered with two spare engines. The Royal Thai navy is already operating two naval versions of the Black Hawk – the MH-60S SeaHawk, designed for utility missions, such as logistics and troop transport.

([Defense-Update](#))

### 14 Mi17s for Sri Lanka

The Sri Lankan Air Force has ordered 14 Mi-17 helicopters from Russia's state run Rosoboronexport. The acquisition was covered by a US\$ 300 million, 10-year loan agreement entered between Russia and Sri Lanka.

([News360](#))



# Carter Urges Closer U.S.-India Defense Cooperation

U.S. Deputy Defense Secretary Ashton B. Carter's visit to India is part of a 10-day Asia-Pacific tour that has included stops in Hawaii, Guam, Japan and Thailand.

U.S. Deputy Defense Secretary Ashton B. Carter offered what he called "practical steps" to improve U.S.-India defense cooperation. Carter said partnership with India is a key part of the U.S. strategic emphasis on the Asia-Pacific region and its focus on broader security and prosperity.

"You are an economic power with an increasing military capability," the deputy secretary said. The United States and India have built their military-to-military engagement steadily through dialogues, exercises, defense trade and research cooperation, Carter noted. He added that U.S. defense leaders want to expand that linkage even further.

"We want to develop a joint vision for U.S.-India defense cooperation," he said. U.S. defense leaders' goal is to strengthen the relationship, Carter said, "to get to a place where we discover new opportunities continuously, making new and innovative investments that benefit both countries for generations to come."

"We want to knock down any remaining bureaucratic barriers in our defense relationship, and strip away the impediments," he added. "And we want to set big goals to achieve."

The deputy secretary noted the United States has begun to prune back bureaucratic restrictions hindering defense trade and joint development between the two countries. The United States' export control system is designed to prevent high-end technology from getting to states that shouldn't have it, Carter noted.

"But our system can be confusing, rigid, and controls too many items for the wrong reasons," he added. "We know we need to improve it," and the president's 2010 Export Control Reform initiative is guiding those improvements, he said.

The Defense Department's internal procedures also can erect barriers, the deputy secretary acknowledged. He added that he and Panetta are committed to reforming those processes. For example, he said, the United States has moved India's Defense Research and Development Organization (DRDO) and the Indian Space Research Organization (ISRO) off the Commerce Department's entity list. The list sets restrictions on foreign end-user nations involved in proliferation activities.

*"If offsets are calibrated correctly, they work. But if offset requirements are too onerous or too narrow, they deter a company's interest, and you lose that alignment of economic interest and strategic intent."*

"We trust India and know that India is not a re-exporter or exploiter of our technologies," Carter said.

U.S. leaders consider India a top priority in the nation's export considerations, and want the United States to be India's "highest-quality and most trusted long-term supplier of technology -- not a simple seller of goods -- in such fields as maritime domain awareness, counterterrorism, and many others," the deputy secretary said. In addition, he said, the United States is committed to India's military modernization.

Even as they work to increase bureaucratic speed, Carter said, U.S. defense leaders also are taking a more strategic approach to export decisions.

"We're making decisions more anticipatory, looking at what partners are likely to want in the future, and beginning our thinking and processes earlier," he said. "In a terrific new initiative, we're building exportability into our systems from the start, so it doesn't consume time and money to do it later."

U.S. leaders also are fast-tracking priority sales, Carter said. "All these steps will be felt here in New Delhi. ... These and other efforts will help us respond more rapidly to India's requests for U.S. equipment and systems -- particularly for more advanced technologies," the deputy secretary told Indian defense industry representatives.

Defense Department leaders also are working to improve the Foreign Military Sales program, or FMS, he said. "India was our second-largest FMS customer in 2011, with \$4.5 in total FMS transactions," he noted. "Buying American, whether through direct commercial sales or Foreign Military Sales, will get India exceptionally high-quality technology, a high degree of transparency, and no corruption," Carter said.

Defense leaders also are working to make their acquisition process clearer and more export-friendly, he added. The department is working to make that system more export-friendly, and also has a new fund that allows the Pentagon to procure long-lead, high-demand items in anticipation of partner nations' requests, he said. Officials also have



*"There was a chart on my wall, outlining the 250 ... steps it takes to move a program from development to delivery. It read like hieroglyphics."*

The Defense Department is working to make that system more export-friendly

developed a cadre of acquisition experts to help other countries define their requests and to streamline DOD's response, he noted.

The deputy secretary said most importantly, DOD leaders want to move beyond defense trade, toward cooperative research, development and co-production with India.

He noted India's Tata Advanced Systems Limited and Lockheed soon will begin producing parts for the C-130J in Hyderabad. "From now on, every [C-130J] around the world will contain parts made in Hyderabad," he added. "That's an example of the kind of co-production that is the future. It highlights what can be achieved when we unleash the potential of our private industries.

Carter said such joint efforts can and should expand further. "The only question for us is: Where does India want to expand and grow?" he added.

India also is adapting its bureaucratic processes for the global marketplace, the deputy secretary said.

"We want to cooperate with you on high-value technologies," Carter said. "To get where we both want to be, India can make some changes too, to increase U.S. investment."

If India raises its foreign direct investment ceiling to international

standards, he said, commercial incentives to invest would be greater. India currently limits foreign investment in its defense sector to 25 percent. A Washington-based nonprofit research group, the Center for Strategic and International Studies, recommended in a report last week that India increase its defense FDI cap to above 50 percent.

"An arrangement where U.S. companies invest in [the] Indian defense industry could provide a win-win for both the United States and India by improving India's defense

*"To get where we both want to be, India can make some changes too, to increase U.S. investment."*

industry while providing U.S. companies a potential source of lower-cost manufacturing for defense products," the report's authors wrote.

Carter said the Indian government also could adjust offset agreements to increase U.S. investment opportunities.

"Offsets can be tremendously helpful to growing industry capabilities – if you have the right companies, and the right absorptive capacity," Carter said. "If offsets are calibrated correctly, they work. But if

offset requirements are too onerous or too narrow, they deter a company's interest, and you lose that alignment of economic interest and strategic intent. For companies to participate, our arrangements must make good economic sense as well as good strategic sense."

Third, he said, projects integrating technology development, production and acquisition require administrative structures that can accomplish that integration, he said.

Foreign direct investment limits, offset agreement restrictions and integrative administration structures are "just three points where change could be a real help in Indian-American cooperation," the deputy secretary said.

"The point is that on both sides we need to change, reform, and push ourselves to get to a place where U.S.-India defense relations are only limited by our thinking, not by our capacity to cooperate," Carter said.

Cooperation is the norm in technology and industry, he said.

"The leaders of industry globally, such as those in this room, know that," the deputy secretary added. "Sometimes, we in the security community lag behind them in our ability to cooperate and advance technology."

# India Relaxes Offset Guidelines, Sets 20% penalty on Failure to Fulfill Obligations

Addressing growing criticism of its unrealistic demands for buyback, India has relaxed its offset guidelines to enable foreign vendors to fulfill their obligations in timely manner. New Delhi also imposed a 20% penalty on vendors failing to fulfill their offset obligations within the prescribed timeframe, as set by the Defense Department procurement procedure.

Foreign contractors obliged to source billions in the Indian defense and aerospace market complained that India's defense industrial base is incapable of absorbing the huge offsets in pipeline. Moreover, companies required to transfer technology to the Indian market insisted such transfer will be recognized as offset or, will be controlled by subsidiaries owned by foreign companies. The Indians ruled out both demands. In 2011 MoD liberalized its offsets policy to include investments in the country's civil aerospace, homeland security and training sectors in addition to military industries. Now, the transfer of technology has also been included in the plan.

At a recent meeting India's Defense Acquisition Council has revised India's Defense offset Guidelines (DOG), which came into effect in August 1, 2012. The new guidelines better differentiate between co-production and co-development, to encourage foreign companies to transfer technology and manufacturing capabilities to Indian

companies (except for local subsidiaries). The new guidelines also encourage foreign companies to work with Indian small and medium enterprises, by offering an x1.5 factor on such contracts. The new guidelines also recognize foreign contracts for Research and Development (R&D) services as eligible for offset discharge. This new concession is likely to open the door for substantial outsourcing work related to aerospace defense programs, currently provided by many Indian enterprises. The new regulation will also recognize work with government owned enterprises as eligible offset deals.

*“Technology Transfer could amount to 10% of the total buyback value. Contracting SME or outsourcing R&D would add x1.5 - x3 multipliers”*

Overall, the Transfer of Technology (TOT) can now amount to 10% of the value of buyback by the OEM during the period of the offset contract, given it is provided without restrictions, without license fee, to a non-affiliated Indian company.

Transfer of equipment and technology to government institutions and establishments providing manufacturing and maintenance to the government will also be counted towards such TOT route. Moreover, the acquisition of certain technology by research institutions (such as the Defense

Research and Development Organization – DRDO) will be eligible an offset multiplier of x3.

The DOG now recognizes prime contractors to include offsets by its sub-vendors. The DAC has extended the timeframe for fulfilling offset obligations by the foreign vendor to up to two years beyond the project's timeframe.

Under India's Defense Offset Policy, vendors bagging deals worth over \$50 million (NIR 300 Crore) have to reinvest at least 30% of the worth of the contract back into Indian defense, civil aerospace and homeland security sector.

Offsets were first made mandatory in the Defense Procurement Policy of 2005 (DPP-2005) and then revised periodically, most recently in DPP-2011. With plans to spend over \$100 billion in next five years, Indian companies are expecting offset contracts worth over \$30 billion. Two weeks ago the government established the Defense Offsets Management Agency (DOMA), a new authority replacing the Defense Offset Facilitation Agency. DOMA is said to be better equipped to oversee policy formulations in the sector. DOMA will monitor and facilitate the offset processes and banking credits, in addition to the formulation of policy guidelines.

[Defense-Update](#)

## Mahindra and Telephonics Corp. form JV

Mahindra & Mahindra and Telephonics Corp have reached an agreement to form a joint venture to provide and support radar and Identification Friend Foe (IFF) systems operated by the Indian Ministry of defense and civil sector. The JV also targets future opportunities in air traffic management services, homeland security and other emerging surveillance requirements. In the coming months the team will incorporate company will be called Mahindra-Telephonics Integrated Systems, and establish a plant in Bangalore, which will initially manufacture and service airborne radar systems such as the APS-143C(V)3 installed on the new Boeing P-8I and RDR-1400 weather radars, operated on Indian Navy helicopters built by Hindustan Aeronautics Ltd. (HAL).





## Private Industries Demand Increased Volume to Enter Avro HS748M Replacement

In an effort to expand its domestic supplier base, India's Ministry of Defense is planning to open the tender for medium transport aircraft beyond the government owned Hindustan Aeronautics Ltd (HAL). The Defense Acquisition Council (DAC) last week opened the US\$2.6 billion (12,000 crore) global tender to foreign vendors that can partner with a domestic private company to manufacture 56 transport aircraft for the Indian Air Force, replacing the obsolete fleet of Avro planes. According to local defense sources the first 16 aircraft will be delivered four years after the contract award, to be manufactured abroad by the foreign vendor while they partner with a local private or public sector firm to transfer production to India. The next 16 aircraft will have to have 30 per cent indigenous component, while the remaining 24 planes will have 60 per cent locally-procured and produced items, DAC determined.

While the contract opens new opportunities for the private sector, leading companies are not too enthusiastic to come abroad, without a government commitment to quadruple their orders.

HAL produced 89 HS748M Avro aircraft since 1964. Part of the fleet has already been replaced with Russian Antonov An-12 and An-32,

which itself is due for replacement by the jointly developed Russia-Indian Medium Transport Aircraft (MTA). The Ilyushin IL-214 MTA is being developed under a collaborative \$771 million program between United Aircraft Corporation (UAC) of Russia and HAL in India. The Indian Air Force plans to buy 45 these 20-15 ton class tactical transport planes.

The logistical transport mission would be carried by a smaller plane, designed to replace the remaining fleet of 60 year old Avro HS748M. While Russian Ilyushin or Ukrainian Antonov are theoretically considered, but the more likely contenders are European EADS Casa C-295 and Italian Alenia C-27J Spartan, with Indian Government intentions to bring western technology to the country. The aircraft should be able to transport 6-8 tons of cargo over 2,500 – 2,700 km range, at a cruising speed of cruise speed of 800 km/h. The aircraft should have a rear ramp and short-field capability, which both C-295 and C-27J provide.

These aircraft are transporting personnel and cargo between airbases. Indian defense officials said the 56-aircraft project would help in developing a domestic aerospace industry and capability to undertake such projects, opening new offset opportunities for foreign contractors seeking to expand business with India.

The decision has opened doors for private sector players like Tata, Mahindra and Reliance, which can form a consortium with the foreign

vendors. Companies such as Boeing Company and EADS have signed defense contracts with Indian government and, are committed to source 30% of the deal value from Indian firms, according to India's offset law. Aerospace manufacturing however has been minimal in India, due to high taxation and lack of infrastructure. The development of private sector aerospace companies could change that, pouring billions of dollars into the Indian economy. Three of the leading private sector groups have already moved into this spot.

Tata Advanced Systems Ltd., the new aerospace and defense unit of Tata Sons is building its aerospace industrial complex in Hyderabad, the company has entered into a pact with Sikorsky Aircraft. The company also has JVs with AgustaWestland, IAI and a new cooperation with Lockheed Martin, supplying parts for the C-130J. Tata also owns Tata Technologies, which offers design and subcontracting of aerostructures, interiors, as well as various systems including electrical, mechanical, fuel and hydraulics.

Mahindra has embarked on an ambitious plan to import Australian aerospace technologies, by gradually establishing local production of the Australian Airvan and Nomad airplanes. The largest models, Airvan 18 and Nomad 24 are currently designed to carry loads below the 7-8 ton goal foreseen for the Avro replacement.

As for Reliance, last week the group applied for license to design and manufacture components and equipment for aircraft and helicopters. The group intends to invest over US\$1 billion in the new business and hire as many as 1500 new employees for the new operation. In February 2012 Reliance Industries entered into a pact with France's Dassault Aviation S.A. to work on defense projects in support of the multi-billion Indian procurement of French Rafale fighters, under the MMRCA program.

(Defense-Update)

# Briefs

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## ***The Indian MoD to decide on the fate of 197 Helicopter Tender***

The Indian Defence Ministry is expected to soon decide the fate of a deal to procure 197 light utility helicopters for the Army and Air Force after complaints were received about alleged deviations in tender norms during user trials of the participating companies. Two companies are participating in the tender - the European Eurocopter and Russian Kamov. The two are competing for supplying light helicopters to the two forces, for replacing the fleet of vintage Cheetah/ Chetak helicopters, locally produced versions of the French Alouette, designed and procured in the 1970s.

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## ***After Three decades, Tejas Still Misses Deadlines - Weapon Testing Delayed to July 2013, Final Operational Clearance - 'Not Before 2015'***

India's Tejas light fighter will not achieve full operational clearance before 2015 at the earliest. So far, Tejas has achieved only initial operational clearance-I (IOC-I) to certify its airworthiness. Although it has passed preliminary weapons qualification, testing of guns, rockets and Beyond Visual Range (BVR) missiles as well as performing aerial refueling has been delayed. The next milestone for the Tejas is IOC-II, which will include integration of some weapons like laser-guided bombs, this phase will require some 200 sorties. It is now scheduled for July 2013, pushed back over half year from the original December 2012 goal. The final operational clearance (FOC) is expected at least two years after IOC-II, by 2015 at the earliest.

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## ***Australia Resumes Tiger Helicopters Flights***

The Australian Army fleet of Tiger Armed Reconnaissance Helicopters resumed flight operations August 2nd, 2012 following a temporary suspension that began on June 26. The investigation determined that the source of the smoke detected in the cockpit was a faulty capacitor in a power supply of one of the cockpit multifunction displays.

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## ***Second Boeing P-8I Neptune for India Completes First Flight***

The second Boeing P-8I aircraft for the Indian Navy completed its initial flight on July 12. The P-8I, a derivative of the Boeing Next-Generation 737-800 commercial airplane, is the second of eight long-range maritime reconnaissance and anti-submarine warfare aircraft Boeing is building for India. During the flight, Boeing test pilots performed airborne systems checks and took the P-8I to a maximum altitude of 41,000 feet prior to landing. Boeing will begin mission systems installation and checkout work on the aircraft in the coming weeks. (Boeing)

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## ***Philippines Plan to buy 10 attack helicopters, 21 assault helicopters from Italy***

The Philippines are discussing a major helicopter buy from Italy as part of the Armed Forces of the Philippines (AFP) modernization program, funded at US\$1.8 billion (75-billion Philippine Peso). Air Force chief Lt. Gen. Lauro Catalino de la Cruz was recently quoted as preferring the Italian helicopters as they proved to be more affordable than their US counterparts. He is hoping to receive some of these helicopters this year, which means they would be refurbished military surplus, possibly from the Italian military inventory. The Philippines plan to procure ten attack helicopters (possibly A-129), and 21 Huey type assault helicopters (AgustaWestland produced the Bell 212 copy designated AB212, 33 of these are still operating with the Italian Air Force), and three medium-lift fixed-wing aircraft of which type is yet to be specified. The Philippines announced they plan to buy 12 Korean TA-50 lead-in jet trainers. (Defense-Update)



# Asia-Pacific Briefs

## Raytheon Awarded \$925 to Develop, Manufacture SM-3 Block IIA Interceptors

The Missile Defense Agency has awarded a \$925 million contract to Raytheon for continued development of the Standard Missile-3 Block IIA missile, which is a co-development effort between the U.S. and Japan. The company said in a statement the SM-3 IIA is on track for deployment in 2018. This advanced missile is one of several variants of the Standard Missile SM-3 ballistic missile interceptor and SM-6 naval air defense missile, to be assembled at Raytheon's Missile Integration Facility at the Redstone Arsenal industrial mix in Alabama later this year.

(Defense-Update)

## Vietnam's Cam Ranh to Support Foreign Navies

President Truong Tan Sang said Hanoi is planning to develop the capacity to provide maintenance services to any foreign ship docking at Cam Ranh, a former Soviet naval base. He added Vietnam will allow Russia to set up a ship maintenance base at Cam Ranh but stressed that the port would not be a Russian military base.

In an effort to flex its reach across oceans, the Russian Navy is seeking access to bases in Cuba, Africa and Asia. Russia currently has only one foreign military base outside the former Soviet Union – in Tartus, Syria. But officials say the base is little more than a re-fuelling stop for Russian warships. Russia's naval chief, Vice Admiral Viktor Chirkov, confirmed that Russia was in talks on obtaining naval bases in Cuba, Vietnam and in the Seychelles. "We are indeed continuing work to ensure the stationing of Russian Navy forces outside the Russian Federation," he said in an interview with RIA Novosti. "As part of this work at the international level, we are discussing issues related to the creation of [ship] maintenance stations in Cuba, in the Seychelles and in Vietnam." Chirkov said Russia will acquire additional 10 to 15 naval ships this year, including frigates and nuclear-powered submarines, but new large deck aircraft carriers are expected to join the Russian Navy only in the next decade.

The Russian Navy saw that it badly needed foreign bases after 2008, when Russian warships joined international anti-piracy efforts in the Gulf of Aden. Russia has also discussed the possibility of using ports in Djibouti for its warships in the past.

## China Launches a New Class of 5,000 Ton Patrol Vessel

China launched its largest and most advanced patrol vessel Haixun01 on Saturday in Wuhan, a city in the Hubei province. The 5,000 ton class Haixun01 is the first Chinese patrol vessel to simultaneously incorporate marine inspection and rescue functions. It will be assigned maritime inspection, safety monitoring, rescue, oil spill detection and handling, said Xu Guoyi, head of the Shanghai Maritime Bureau, which will manage the ship. The vessel is expected to enter service by year's end. China currently operates two 3,000-ton patrol vessels, Haixun 11 and Haixun 31, and the 1,500-ton patrol vessel Haixun 21, all handling maritime inspection, salvage and maritime traffic management in the country's coastal waters.

The 5,418 ton ship is 128.6 meters in length. Its sailing speed is 20 knots and the unrefueled mission range is 10,000 nautical miles (18,520 km). The vessel was built by the Wuchang Shipbuilding Industry Company Ltd.

The ship has accommodations for 200 people rescued at sea and will be equipped with devices to offer basic medical treatment and surgeries. The vessel also has a helipad to support airborne search and rescue missions. In addition, the ship is able to tow other vessels or assist in firefighting on other boats.

(Defense-Update)

## Embraer to Deliver first A29 to Indonesia in August. Second batch expected in 2014

In August 2012, Indonesia will receive the first four airplanes from the initial batch of eight aircraft ordered in November 2010. The Indonesian Air Force has signed a commercial contract for a second batch of eight light attack and tactical training A-29 Super Tucano. The order also includes a flight simulator that will be used for instructing and training Indonesian pilots. Deliveries of the second batch are scheduled for 2014.

The A-29 Super Tucano was selected by Indonesia to carry out a broad range of missions, including light attack, surveillance, aerial intercepts, and counter-insurgency. This acquisition is part of the modernization of the Indonesian Defence Force's equipment for years 2009-2014.

(Embraer)



### Regional Hotspot:

## Power Shakeup in North Korea

After relieving Vice Marshal Ri Yong-ho from Chief of the General Staff and other leadership positions, North Korean leader Kim Jong-un and his uncle Jang Song-taek are said to be in control of the military, and are in a position to initiate economic changes without fear of military opposition. ([Defense-Update](#))

## China-Japan Pacific Isle Dispute Continue Unabated

Last week, three Chinese naval vessels were sighted patrolling the waters around the Senkaku islands on two separate occasions, provocative events that

drew two strongly-worded complaints from Tokyo. The three Chinese patrol ships were met by a Japanese Coast Guard vessel mirroring a Chinese/Philippine standoff over the Scarborough Shoals in the South China Sea.

(Full Report: [Defense-Update](#))

## China-Philippines Isle Disputes Continue Unabated

China and the Philippines have engaged in several face-to-face encounters in the South China Sea, most recently in the Scarborough Shoals some 500 nautical miles north of Half Moon Shoal. The Chinese frigate grounded at the shoal since last Friday has been linked to previous attempts to use intimidation to prevent Filipino fishing boats from entering the fishing grounds in the area. (Full Report: [Defense-](#)

## DEFENSE UPDATE EXECUTIVE EDITION

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