



Defence Industry Digest March 2021

*An overview of Janes reporting on Defence Industry, all stories derived from
Janes Defence: News Module*

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APAC in Focus

China prioritises defence reforms

22 Mar: The Communist Party of China (CPC) has outlined the requirement for deepened reforms in the country's defence sector. The CPC said on 21 March through its official mouthpiece – the People's Daily - that reforms during the 13th Five Year Plan (FYP), which ended in 2020, were successful in strengthening national defence but that such efforts needed to intensify during the new 14th FYP, which starts this year. Access the full report [here](#).

Thailand, China progress plan to establish joint MRO facility

18 Mar: Thailand and China are progressing plans to establish a maintenance, repair, and overhaul (MRO) facility that would support the Royal Thai Armed Forces' expanding inventories of Chinese-produced military equipment. The Thai government said in a statement that the plan was the subject of talks in Bangkok on 16 March between Thailand's permanent defence secretary General Nat Intaracharoen and China's military attache to Thailand Major General Wu Xiaoyi. It added that the proposed facility would be intended to provide "efficient and comprehensive maintenance support" for a range of military platforms in operation in Thailand. Access the full report [here](#).

Seoul reveals 'Buy Korea Defense' plan

12 Mar: South Korea's Defense Acquisition Program Administration (DAPA) has revealed plans to introduce a defence procurement policy that formally prioritises local sourcing over imports. DAPA said that the 'Buy Korea Defense' (BKD) scheme was consistent with the objectives of the recently introduced Defense Industry Development Act. Details of the BKD, it said, were presented at an 11 March meeting of a new DAPA council set up to push through reforms under the legislation. Access the full report [here](#).

Thailand, Pakistan sign defence MOU

09 Mar: Thailand and Pakistan have signed an agreement to support expanded collaboration on defence trade and related defence industrial activity. The memorandum of understanding (MOU) on defence co-operation was signed on 5 March in Bangkok by Gen Nat Intaracharoen, Thailand's permanent secretary of defence, and Asim Iftikhar Ahmad, Pakistan's ambassador to Thailand, who represented Pakistan's Ministry of Defence (MoD). Access the full report [here](#).

Australia launches enterprise initiative for OPV programme

08 Mar: Australia has launched initiatives to support enhanced industrial collaboration in the programme to build Arafura-class offshore patrol vessels (OPVs) for the Royal Australian Navy (RAN). The Department of Defence (DoD) in Canberra said on 5 March that it had established an OPV Enterprise initiative and a related systems programme office at the Henderson maritime precinct in Western Australia, where the majority of the vessels were being constructed. The DoD said that the OPV Enterprise "brings together Commonwealth and defence industry teams under one roof, to build and sustain the RAN's new Arafura-class OPVs". Access the full report [here](#).

Malaysia prepares new defence industry policy

04 Mar: Malaysia is preparing to launch a national defence industry policy to boost efforts towards self-reliance, the country's defence minister Ismail Sabri Yaakob has stated. The new 'National Defence and Security Industry Policy' is currently being drawn up, he said, to position Malaysia as producer of military platforms, with the aim to reduce reliance on imports and spur the national economy. However, the minister indicated that the plan is reliant on partnerships with foreign industry, who would be expected to transfer technologies and knowhow. Access the full report [here](#).

UK signals tilt towards Asia-Pacific

02 Mar: The United Kingdom is aiming to further expand its presence in the Asia-Pacific over the coming few years by deepening its relationships with regional countries. The commitment is a response to growing Asian security concerns and is intended to support increased efforts to expand defence and security trade links in the region and related industrial collaboration activity. Such expansion is also being targeted on the back of recent growth in UK defence sales to the Asia-Pacific. Access the full report [here](#).

Industry Strategy**UK releases Defence and Security Industrial Strategy**

23 Mar: The UK has published its Defence and Security Industrial Strategy DSIS, heralding the document as “an ambitious plan to re-energise defence and security sectors” by “establishing a more productive and strategic relationship between government and industry”. The review leading to the DSIS commenced in March 2020 and the document was published on 23 March. Access the full report [here](#).

Swedish defence exports remain robust in 2020

22 Mar: Swedish exports of military equipment totalled SEK16.3 billion (USD1.9 billion) in 2020, which was unchanged from the previous year but was still at a historically high level, according to Sweden’s Inspectorate for Strategic Products (ISP). The initial delivery of Saab GlobalEye surveillance planes to the United Arab Emirates (UAE) helped drive last year’s results, the ISP said on 18 March, according to a Google translation. Other major contributors included the sale of Saab Gripen fighters to Brazil, Saab’s collaboration with Boeing on the USAir Force’s new T-7A Red Hawk trainer jet, and the delivery of an airborne radar system to Pakistan. Access the full report [here](#).

UK Defence Command Paper: UK sheds light on industrial strategy objectives

22 Mar: The UK has cast more light on its future approach to defence and security procurement, industrial co-operation, exports and the defence of supply chains in the Defence Command Paper (Defence in a Competitive Age) of 22 March. The Ministry of Defence policy document outlined specific measures – ranging from programme decisions to force structures – following the publication of the UK government’s Integrated Review of Security, Defence, Development and Foreign Policy on 16 March. Access the full report [here](#).

UK Integrated Review: UK abandons ‘competition by default’ stance

16 Mar: The United Kingdom will move away from a long-standing position of “open competition by default” when procuring defence and security materiel and will instead prioritise local solutions, the UK government announced in the long-awaited Integrated Review of Security, Defence, Development and Foreign Policy published on 16 March. The strategy document – which aims to chart the course the UK intends to take in the world following its departure from the European Union at the start of 2020 and the completion of an exit transition period at the start of 2021 – states that the country will shift its approach to defence and security collaboration with foreign partners as well as its approach to acquisition and export. Access the full report [here](#).

US lawmakers to scrutinise threats to defence supply chain

11 Mar: The US House Armed Services Committee (HASC) has formed a special panel to identify threats to the US defence industry’s supply chain and recommend legislation to minimise those vulnerabilities. The creation of the bipartisan Defense Critical Supply Chain Task Force comes in response to congressional concerns that the US defence industry is too dependent on foreign countries, especially China, for key parts and materials. Those worries intensified early in the coronavirus pandemic last year, when the United States had trouble obtaining urgently needed

Chinese-made medical supplies. Lawmakers fear another pandemic-like emergency, or a heated conflict with China could cut off vital supplies to the US defence industry. Access the full report [here](#).

Industry Movements

Saab revamps business structure

19 Mar: Saab is eliminating its two service-oriented business areas and moving their activities into its four remaining business areas as part of a reorganisation that takes effect on 1 July, the Swedish defence and aerospace company announced on 18 March. The Industrial Products & Services (IPS) and Support & Services (S&S) business areas will be integrated into the Aeronautics, Dynamics, Kockums, and Surveillance business areas. Saab said the consolidation will simplify interaction with customers and remove barriers to internal collaboration. Access the full report [here](#).

Rolls-Royce advances one potential divestiture, pauses another

15 Mar: Rolls-Royce is making progress on the potential sale of Spanish subsidiary Industria de Turbo Propulsores (ITP Aero), but has hit a snag with its proposed divestiture of Norway-based Bergen Engines, according to the British engine manufacturer. Rolls-Royce, which announced the Bergen sale in early February, said on 11 March that it has “temporarily paused” the transaction at the request of the Norwegian government, which is considering blocking the proposed EUR150 million (USD179.7 million) deal due to national security concerns. Access the full report [here](#).

Lumibird to buy Saab laser rangefinder unit

05 Mar: Power management company Eaton has agreed to acquire Cobham Group’s Cobham Mission Systems (CMS) business for USD2.8 billion, expanding its defence portfolio, Eaton announced on 1 February 2021. CMS makes air-to-air refuelling systems and has delivered more than 2,000 of them to defence customers for fixed-wing and rotary-wing aircraft. Its other military products include actuation devices and environmental control systems. Access the full report [here](#).

BAE buys electronics firm PPM

05 Mar: BAE Systems has acquired electronics developer Pulse Power and Measurement Limited (PPM), whose technology could benefit military and security customers by increasing the speed and ease of sharing large volumes of data over networks, the two British companies said on 4 March. According to a joint BAE-PPM news release, PPM’s radio frequency technology converts data-carrying radio waves into light so they can be sent over fibre optics. This makes data immune to magnetic or radio interference and delivers stronger signals than transmissions over traditional cables, the release says. Access the full report [here](#).

Tethered drone firm Sky Sapience gets new owner

03 Mar: US-based communications technology business COMSovereign has acquired Israel’s Sky Sapience, which makes tethered unmanned rotorcraft for intelligence, surveillance, and reconnaissance (ISR) missions, COMSovereign announced on 1 March. COMSovereign said that combining its 4G and 5G wireless communications technology with Sky Sapience’s HoverMast family of quadcopters will create a dual-purpose platform that can enable high-capacity, wireless communications networks in addition to performing ISR. Access the full report [here](#).

L3Harris to sell businesses to CAE, RENK for USD1.45 billion

02 Mar: US-based L3Harris Technologies has agreed to sell its Military Training business to Canadian simulation and training company CAE for USD1.05 billion, and its Combat Propulsion Systems (CPS) business and related entities to German transmission manufacturer RENK for USD400 million, L3Harris announced on 1 March. The divestitures are part of an effort to unload businesses that L3Harris does not deem a good fit for the company, which was formed through the merger of L3 Technologies and Harris Corporation in 2019. Access the full report [here](#).

Kratos explores 'larger' acquisitions

01 Mar: Kratos Defense & Security Solutions, whose acquisitions have tended to involve small businesses, is considering a "larger" purchase because of newly available opportunities, according to the US-based company's president and CEO Eric DeMarco. In recent months, "a number of interesting potential acquisition opportunities have arisen that we believe could uniquely and significantly benefit us, which we're going to be investigating", said DeMarco on 25 February. "I'm not sure if anything will come out of them, but we're going to be looking at them." Access the full report [here](#).

Ends.