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Czech Republic has constantly been one of the most stable and prosperous post-Communist states of Central and Eastern Europe. Even though the country has undergone an immense political and economical transition managed to copy with it and without significant political or economical

drawbacks. Except from the aforementioned socioeconomical transformation, the country had also to go through one more dramatic change, the dissolution of Czechoslovakia which took place on January 1st, 1993.

One significant factor that helped Czech Republic to overcome the rather strenuous situation of the aforementioned triple transformation without severe difficulties was undoubtedly the fact that during the political developments there were no actions of violence involved. The "Velvet Revolution", as it is frequently referred in the international bibliography took place during 1989 and had as a result the end of the rule of the Communist Party of Czechoslovakia and the formation of a new, non-communist government. The "Velvet Revolution" was succeeded by the "velvet divorce" which resulted in the division of the former Czechoslovakia into two separate state entities, the Czech Republic and Slovakia. Both the socioeconomical transformation from a communist to a non-communist regime and the separation to two different countries occurred without violence, through massive peaceful demonstrations and actions, a fact that created a significant political and social consensus that certainly smoothed the consequences of a relative strenuous social situation.

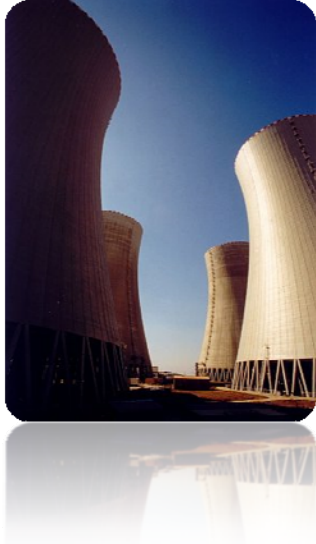


Of course the dissolution had some negative impact on the Czech economy. The main reason was that traditional links that have been created during the existence of Czechoslovakia needed to be transformed. One of the most important was to create a new structure for the bureaucracy involved with international trade as the one existed was severed. Though, the widespread hope that the separation of Czechoslovakia will start an

era of high economic growth in the Czech Republic as the country would not have the burden to sponsor the less developed Slovakia was confirmed.

Until then Czech Republic has reaffirmed the aforementioned potentiality as it presents itself as one of the richest post-communist countries and as one of the most promising in terms of integration and economical performances.

From the 19th century, when Bohemia and Moravia were the industrial heartland of the Austro-Hungarian Empire, Czech Republic has been a heavily industrialized country. Nowadays, the country is highly involved in heavy industry, in metallurgy and mechanical engineering, something that is related with the raw materials resources that exist in it. Furthermore, there are different domains of the industry that the country is heavily involved



such as the automobile, rubber making, and defence industry. Finally, energy and consumer goods industries are very important and of course traditional industries such as glass-making.

An additional positive aspect of the Czech economy is the amount of foreign investment that the country attracts. By maintaining an open investment climate Czech Republic became an attractive destination for foreign investors. As a member of the European Union, with an advantageous location in the center of Europe, a relatively low cost structure, and a well-qualified labor force, the country attracted the interest of important international companies. One of the largest industrial investments includes Volkswagen's investment in

Mladá Boleslav's Škoda.

The Czech Republic has a small economy and therefore has to be an export-oriented economy in order to be viable. That was the existed situation as the economical growth that the country experienced and has been led by exports to the European Union, especially Germany. In 2004, the country became the most dynamic exporter among EU countries.

So, exports had been a blessing for the Czech economy. Unfortunately, this blessing became a curse for the national economy as the small, export-oriented economy, experienced a significant decline during the recent economic recession. For Czech Republic, the problem was not the world financial crisis, as the confidence in the banking sector remained high, but the economic crisis. The effect came from abroad due to the drop in demand for Czech goods from the economies of its trading partners.

As a result the Czech economy found itself in a declining phase during 2008. The gross domestic product (GPD) has seriously deteriorated from 6% that was in 2007 to 3.2% in

GPD growth rates

(annual, %)	2003	2004	2005	2006	2007	2008
Czech Republic	3.6	4.5	6.3	6.8	6.0	3.2
EU-27	1.3	2.5	2.0	3.1	2.9	0.9
Euro zone	0.8	1.9	1.8	3.0	2.6	0.8
Japan	1.4	2.7	1.9	2.0	2.4	-0.6
USA	2.5	3.6	2.9	2.8	2.0	1.1

Source: Eurostat

2008. For 2009 the prediction is even worst. The [survey](#) that *the Ministry of Finance is organizing twice a year and has as a purpose the forecast of macroeconomic developments in the Czech Republic, has shown that* the GDP is expected to shrink somewhere between 2.7 % and 5 %. Nevertheless, a slight recovery is anticipated for 2010 while in 2011 and 2012 acceleration of growth should be expected.

Throughout the post-communist economic and political history of Czech Republic, economic growth has always been the case. Social consensus and political stability helped the country to stand on its feet and created the proper environment for the economic stability and prosperity of it.

Kyriazis Vasileios,

Epicos Newsletter Head Editor



RayService is a Czech private company that was founded in 1994. Currently RayService is activated in the domain of design, production and maintenance of cable harnesses. The company products are used in a wide

spectrum of applications as in military, airborne, transportation systems and to other industrial and commercial applications. Additionally, RayService is a distributor of cable harness components manufactured by world producers like Tyco Electronics and ITT Cannon. RayService is a dynamically developing company continuously investing into its development with the aim to build up a strong and modern company which will be a reliable and sought-after partner.

As it is already mentioned, the company specializes in a variety of applications. Ground and Aerospace [military systems](#) presents an important segment of its activities. The company also participates in a majority of developments and upgrading projects of ground combat systems of the Czech Army. Some of the projects that have already been finished are as follows:

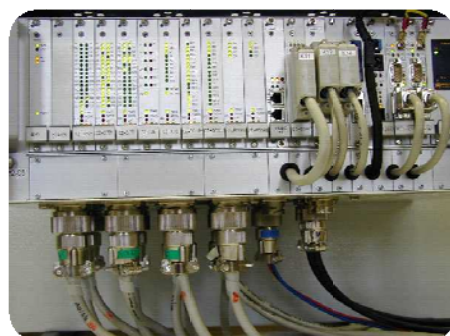


- Upgrade of the T-72M4 tank.
- Upgrade of the BRDM - the light armoured personnel carrier.
- Upgrade of the Pbv-501 (Sweden).
- MPP-40 special connecting equipment on the LANDROVER and APC chassis.
- SNĚŽKA, the reconnaissance and observation system.
- LOS, the integrated mobile reconnaissance armoured vehicle.
- VERA, the mobile tactical and strategic ELINT and passive surveillance system.
- Deliveries of components and subassemblies of cable harnesses for RF-13, R-150, BCC-600 communication systems.
- Deliveries of components for L-159 ALCA (Advanced Light Combat Aircraft).



Additionally, RayService is engaged, as a supplier of materials, in repairing and partial upgrading [of military, as well as civil aircraft designs](#). The most recent project that the company is involved is the upgrading of the helicopter Mi-24 and Mi-17. RayService is a solver and a supplier of cable harnesses and other wiring materials for the aforementioned projects. Thus, the

company's participation in the design of solutions and in the delivery of sets of materials for the wiring system of the multi-purpose light combat aircraft L-159, the most recent and outstanding project of the Czech aircraft industry, is most probably the company's greater achievement in the domain of aerospace.



[Transportation systems](#), is another domain in which the company is activated. In this specific domain the company won recognition in deliveries of ready-made cable harnesses, but also in deliveries of individual sorts of materials, especially for meeting safety requirements. RayService is participating in installing electrical equipment of modernized, as well as newly manufactured underground trains, trams and trolley busses. The experience that the company gained from civil transportation can be successfully used, to ground military systems.



Undoubtedly, [the automotive industry](#) is considered to be an important and prestigious matter for every contractor. RayService has many manufacturers of car subsystems amongst its customers to which it delivers an assortment of products. These products are highly stressed cable harnesses for both piece and small-lot production of cars. In the domain of automotive industry a separate and significant chapter for the company is the cooperation with the company team of ŠKODA MOTORSPORT in the area of fast modifications or in manufacture of new cable harnesses for racing cars of WRC category.

RayService is also involved in the production, upgrading and repair of machines, machine equipment and investment projects. The new environment of [industry](#) that is delineated by the rising specialization of final manufacturers, increases the demand of technical and production subcontracting for specialized subsystems, including cabling bundles and wiring materials. Therefore the company is ready to react on the required extensive range of wiring materials and connectors, as well as on various complexities of subcontracted cable harnesses.



Also, the company is active in the [Marine Industry](#). Cable applications that are used in this industry are characterized by the demanding requirements of sealing against moisture and their low fire-hazard properties. Some of the companies, such as Tyco Electronic and ITT Cannon, of which RayService is a distributor of products, have in their product portfolios many items meeting and even exceeding these strong requirements.

In addition some other application fields that the company is focusing are [energetics](#), [electronics](#) and [medical](#).

Quality is an important factor for the company. That is the reason why it has implemented and maintains a quality assurance system for planned systematic activities that are necessary in order to deliver to its customers, products and services. Based on this principle, RayService is a holder of [certificates](#) for various market segments.

By using its accumulated experience RayService can provide complete solutions for cable harnesses needs in a broad spectrum of applications. But the company is not only aiming in just supplying the raw materials but also to keep extending the range of its value added services and by this way to become an important, reliable and sought-after partner.



Epicos "Project Opportunities" 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](#)

Climbing training simulator for special operations forces



A company is proposing the development and installation of a complete climbing training simulator, to be used for simulating training in individual climbing skills and methods. The climbing training simulator will be used by Special Forces, as well as emergency rescue teams supporting reliable and secure simulation of several different operational scenarios.

For Further Information Contact our ICO Department

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Installation of special protection equipment against virulent diseases to ambulance car used in several homeland security applications



A leading Czech company in the design, manufacture and distribution of medical emergency products for Civil and Military use proposes a project which aims to the installation of virulent protection equipment into special made ambulance car. The proposed equipment will support ensure safe transfer of the patient and the assisting personnel to the hospital eliminating transferring of the virulent disease to any other person.

For Further Information Contact our ICO Department

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A Successful Transformation? Restructuring of the Czech Automobile Industry, by Petr Pavlínek



All the economic structure of Czech Republic has been changed after the fall of the communist regime. The automotive industry has not being an exception. This book is trying to delineate these changes and investigate the complex processes of the post-1990 transformation in the Czech automotive industry and its selective integration in the West European automobile manufacturing system. Specifically, the book examines the development and post-1990 restructuring of the Czech passenger car industry, the components industry and truck manufacturing. Some of the most important topics that are covered

include the development of the Czech automotive industry before 1990, the detailed case study of Škoda Auto and the effects of the post-1990 privatization in the Czech automotive industry.

The Czech Republic and the Varieties of Capitalism Approach: Is the Czech Market Economy Liberal or Coordinated? , by Lenka Klimplová



Modern capitalism is not of a singular form. In the contrary several varieties exist. This book aims to apply the Varieties of Capitalism approach developed by Hall and Soskice (2001) to the case of the Czech Republic and ascertain whether the Czech market economy is approaching a liberal or a coordinated ideal type defined by these authors. The book is trying to delineate a complicated process of economic and institutional transformation that the country had undergone. It must be regarded as a must read for all readers that are interested in reading a theoretical approach of the capitalistic system

that has been established in the Czech Republic after 1990.



Gazprom may agree to increase gas supplies to Poland from 2010

MOSCOW, October 26 (RIA Novosti) - Gazprom may agree with Poland to increase natural gas supplies to 11 billion cubic meters from the current 8 bcm annually from 2010, a deputy board chairman at the Russian energy giant said on Monday. "A meeting between Gazprom and PGNiG has been arranged for Wednesday. I expect... we will be able to settle unresolved issues on Wednesday," Alexander Medvedev said, referring to a potential increase in Russian gas supplies and the extension of the transit contract.

Source: RIA Novosti

Japan views Russia as Pacific partner, seeks end to dispute

TOKYO, October 26 (RIA Novosti) - Enhancing economic and political relations with Russia, settling the territorial dispute and signing a peace treaty are priorities of the new Japanese government, Japan's prime minister said on Monday. Tokyo's continued claim over four South Kuril islands (Iturup, Kunashir, Shikotan, and Habomai) has so far prevented Russia and Japan from signing a formal peace treaty to end World War II hostilities. "We will develop economic and political relations with Russia ... to finally settle the territorial dispute and sign a peace treaty," Yukio Hatoyama said in a policy speech to the parliament. Japan's parliament, the Diet, opened an extraordinary session on Monday, nearly six weeks after Hatoyama took office, the country's NHK television channel reported. "In regard to Russia, we view it as Japan's partner in the Pacific region and will develop cooperation with it," the Japanese prime minister said. Hatoyama told Russian President Dmitry Medvedev last month he wants to resolve the dispute with Russia, and sign a peace agreement. Hatoyama said that the issue must be resolved "in our generation in order to form new relations between Japan and Russia." In speaking about other foreign policy priorities, the Japanese premier said Tokyo would seek to strengthen its role globally in order to become "attractive for other countries," primarily Asian nations and the United States. Hatoyama said Japan would also make further efforts to denuclearize the Korean Peninsula and solve the problem of Japanese citizens abducted in the 1970-1980s by North Korean secret services. NHK said opposition legislators will debate Hatoyama's policy speech from Wednesday through Friday.

Source: RIA Novosti

EC warns three airlines over tie-up plans

The European Commission told British Airways, American Airlines and Iberia that they may have to give up take-off and landing slots to press ahead with a transatlantic tie-up, the FT reported on Monday.

The Financial Times, which cited documents relating to the matter, reported that the EC said an agreement between the three groups was "likely to result in appreciable competitive harm" on seven Europe-US transatlantic routes.

The EU's competition regulator "envisages issuing a decision finding that the series of agreements signed have been in breach" of competition laws and would order that the "infringements" are ended, the financial daily added.

"Remedies may include ... the transfer of airport slots" to rival airlines, the EC added, according to the documents obtained by the FT.

The three airlines revealed on August 14 last year that they had signed an agreement to cooperate on flights between North America and Europe to help them to overcome soaring fuel costs and falling demand.

A British Airways spokesman said on Monday that the group did not believe that it needed to give up valuable take-off or landing slots.

"We don't believe that this is necessary given the number of airlines flying between the EU and US, the number of new entrants flying to the US from Heathrow post (the US-UK) Open Skies and the growing capacity of Madrid airport," he said.

At the start of October, the European Commission had warned BA, AA and Iberia over the deal which it said could breach anti-trust rules.

The regulator sent a "statement of objections" to the three companies, which are all members of the Oneworld airline alliance.

The BA spokesman added that the group would respond to the EU's statement of objections in early November.

Source: 2009 AFP, Agence France-Presse (AFP)

Australia, Indonesia ministers seek closer ties

Australian Defence Minister John Faulkner met his newly appointed Indonesian counterpart here Monday for talks on boosting cooperation to fight people smuggling.

Indonesian Defence Minister Purnomo Yusgiantoro said the meeting covered closer defence ties and joint efforts to stem the growing number of asylum-seekers using Indonesia as a springboard to reach Australia by boat.

"Australia wants to increase co-operation on defence matters with us," said Yusgiantoro, who was appointed by President Susilo Bambang Yudhoyono only last week.

He said a draft accord on closer cooperation would be "followed up by the foreign ministry", but he provided no further details of the agreement.

Australia and Indonesia announced last week they had agreed to work on a new "framework" for dealing with asylum-seekers.

The visit is a "good opportunity... to follow up on issues discussed between Prime Minister (Kevin) Rudd and President Yudhoyono last week," Faulkner's office said in a statement.

"Ministers will discuss the ongoing strength of the bilateral defence relationship and opportunities for further cooperation."

An Australian customs vessel carrying 78 Sri Lankan migrants who were intercepted off the southern coast of Indonesia's Sumatra island last week is expected to dock in an Indonesian port this week.

Yusgiantoro said most of the migrants were "seeking a better life".

"Their destinations include New Zealand and Australia. Indonesia is a transit (point)," he said.

"On one hand, they want to improve their lives. On the other, there is a problem of humanity which we have to consider. This is our dilemma."

Rudd's centre-left government has said the spike in the number of asylum seekers arriving by sea is due to "push" factors such as unrest in countries like Sri Lanka and Afghanistan.

But the conservative opposition has said the government's softening of the previous administration's rules on unlawful boat arrivals has opened the way for the increase.

Source: 2009 AFP, Agence France-Presse (AFP)

JAL to restructure under new state-backed agency

Ailing Japan Airlines will restructure itself under a state-backed corporate turnaround firm while the government mulls a special law to cut the carrier's high pension payouts, reports said Sunday.

The Japanese government, which will announce a turnaround plan for JAL by the end of this week, will also consider an injection of public funds after the plan is finalised, the Nikkei business daily reported without citing sources.

Local media reported that the state-backed Enterprise Turnaround Initiative Corp. of Japan will be in charge of breathing life back into the carrier.

The government launched the quasi-public agency earlier this month to help debt-laden companies that are seen as having the potential to recover, designed to ensure transparency in negotiating debt-relief measures among creditors.

The agency may guarantee loans extended by the Development Bank of Japan and other JAL creditors, or it may lend to the company directly, the Nikkei said.

The carrier needs a bridge loan of about 200 billion yen (2.17 billion dollars) by the end of this year, it said.

JAL's shortfall of pension reserves has reached about 330 billion yen, placing pressure on its management, reports said.

The government also considers creating a new law to enable the carrier to lower its pension payouts to retirees, the Yomiuri daily reported, citing unnamed government sources.

If the law is enacted, debt write-offs by financial institutions and the injection of public funds are to proceed more smoothly, which could accelerate the airline's rehabilitation, the daily said.

JAL, which is expected to plunge 5.5 billion dollars into the red this financial year, has also decided to reduce its group workforce by 13,000 by the end of March 2015, 4,000 more than its initial plan, Kyodo News said.

The company, which lost more than one billion dollars in the April-June quarter, is seeking another public bailout to keep operating. JAL has already received three government bailouts since 2001.

Source: 2009 AFP, Agence France-Presse (AFP)