

Part I

Special Focus: Romanian Economy

1. **Special Focus: Romanian Economy**
2. **Romanian Trade**
3. **Epicos "Project Opportunities"**
4. **Development of a customized Howitzer crew training and simulation system**
5. **Omni directional, long range thermal beacon for IFF military and homeland security applications**
6. **Epicos- Amazon**

Part II

Epicos Newsroom

1. **Australia commits billions to national security crackdown**
2. **France wants to strip down NATO command**
3. **Russia, Turkey to sign number of oil, gas documents**
4. **EasyJet lowers earnings outlook after ash cloud**
5. **Russian companies show interest in energy projects in Syria**



The economic growth of Romania during the first decade of the 20th century has been impressive. After a moderate increase in 2000 (2.1%) an average annual rate of growth of 6.2% during the period between 2001 and 2008 created a rather affluent economic environment. It is indicative that Romania had

a real Gross Domestic Product (GDP) growth of 7.9% in 2006, one of the highest levels recorded in recent years in the European Union. Additionally, GDP per capita increased from EUR 2,022.3 in 2001 to EUR 6,363.6 in 2008. Domestic demand was the main growth factor behind the economic boom that Romania experienced between 2001 and 2008. The aforementioned economic enhancement was reversed during the economic recession as Romanian economy was stroke hard and according to official estimation signs of tangible recovery will not be able to appear before 2011.

Economic growth was the case for Romania during the first eight years of 2000. The key socio-economic aspect that created the national economic growth was domestic demand. The adoption of the 16% flat rate of tax on profits and income, on January 1st, 2005 led to a decrease in taxes on personal income and company profits. This stimulated the private investment and consequently the ratio between consumption and investment was improved. It is indicative that between 2001 and 2008 private consumption expenditure increased by 10.4%.

The positive economic development of Romania continued even during the first period of the global economic crisis. This positive development was, once again, driven by domestic demand for investment and required the attraction of external sources of investment. Though, the above-mentioned development increased the trade and current account deficits. These deficits made the country vulnerable to the global economic downturn and Romania was officially in the middle of a severe economic crisis. The capital flow to Romania was tightened and further stress was put on the banking system. Additionally, export demand was declined. Given the situation, Romanian authorities decided to seek external financial support. European Union, International Monetary Fund, World Bank, European Investment Bank and the European Bank for Reconstruction and Development responded and provided medium-term financial assistance of approximately EUR 20 billion.



As a prerequisite for the assistance, Romania had to proceed with the implementation of a comprehensive economic policy program which involved reform measurers in the area of fiscal governance, structural reforms and the implementation of a comprehensive economic



policy program. The external economic support and the new measures were perceived positively by the Romania society. Financial stress was declined, strains on the government securities market was eased something that had as a result the decline of government bonds from 14% at the end of 2008 to above

10% in August 2009, a fact that spread enthusiasm.

The recovery of the Romanian economy still has a long way to go. Nevertheless, in the second half of 2009 the first signs of economic recovery started to appear, initially driven by export demand. Additionally, the recovery of domestic demand is expected to follow. Of course, this will have to wait mainly due to the rising unemployment and decelerating wage growth (unemployment is expected to rise from 5.8% in 2008 to about 8.5 % in 2011. GDP growth is expected to turn positive during 2010 and gradually to accelerate to 2.5% in 2011.

Romanian economy experienced and is still experiencing in a smaller extend, a serious economic downturn that highlighted its structural socioeconomic deficiencies. Through a strenuous fiscal reformation program Romanian authorities managed to partially overcome it and obtain a new and better structure economic environment.

Kyriazis Vasileios,

Epicos Newsletter Head Editor

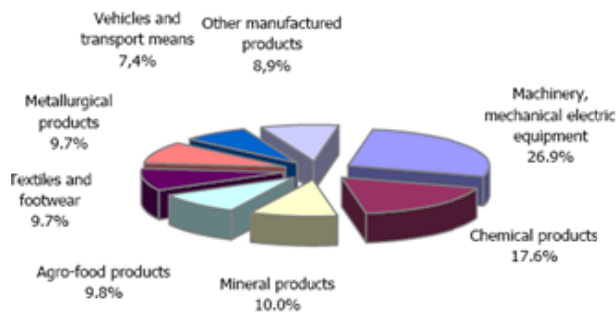


After the communist era, Romania deliberately tried to use foreign trade effectively as an instrument to enhance the development of the national economy and to pursue its goal of economic independence. The main products that Romania exports are agricultural products, chemicals, footwear, fuels, machinery, metal products and textiles. In 2008 the country had a trade deficit of EUR 19,109 million up 7.2% from the previous year. Additionally, the growth rate of exports outpaced that of imports by 2.6% and the share of trade deficit in Gross Domestic Product (GDP) narrowed by 0.3% to 14.0%.

In terms of geographical spread, intra- EU trade accounted for the largest share of trade deficit (68.1%) from which trade with Euro Area countries accounted for 45.5%. Over 90% of the trade deficit recorded in 2008 owned to the trade activity with Germany, Russian Federation, Kazakhstan, Hungary, China, Austria, Poland, the Netherlands, Italy and the Czech Republic.

In 2009 Romanian exports amounted to EUR 29,116.3 million and imports to EUR 38,896.9 million. Exports decreased by 13.7% and imports by 32% compared to last year. The trade deficit was EUR 9,780.6 million significantly reduced from the previous year.

Trade in goods by main groups of products - 2009 - Imports



Source: National Institution for Statistics

Trade in goods by main groups of products - 2009 - Exports



Source: National Institution for Statistics

The recovery of the global economy also affected positively the Romanian trade as the deficit that it showcased during 2008 and 2009 was slightly reversed. The main reason is that the economic recovery of major trade partners of the country had a positive impact on the foreign demand that Romanian products had throughout the first months of 2010.

The main markets for the Romanian goods in 2009 were as follows: Germany (18.8% of total exports),

Italy (15.3% of total exports), France (8.2% of total exports), Turkey (5%), Hungary (4.3%) and Bulgaria (3.8%). In the contrary the main countries from which Romania is importing goods are the follow: Germany (17.3% of total imports), Italy (11.7%), Hungary (8.4), France (6.2), China (4.9%) and Austria with (4.8%).

The main products that Romania is exporting and importing are the follow: machinery, mechanical electric devices and equipment (26.4% for exports and 26.9% for imports), vehicles and transport means (16.8% for exports and 7.4% for imports), textiles, ready-made clothes and footwear (14.2% for exports and 9.7% for imports) and finally metallurgical products (10% for exports and 9.7% imports).



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...

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Development of a customized Howitzer crew training and simulation system



A leading player in artillery simulation and training concepts is interested in expanding its Howitzer crew training and simulation system into new markets. The complete training system is a proven concept, which uses a complete turret with all equipment, dummy ammunition and monitoring systems for the instructors to make sure that artillery training can be performed as realistic as possible. The system simulates the whole firing process and is considered to be much more cost effective than training in the real environment. Having delivered more than 50 systems to 10 international customers worldwide, the company has established the market leadership in this field.

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

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Omni directional, long range thermal beacon for IFF military and homeland security applications



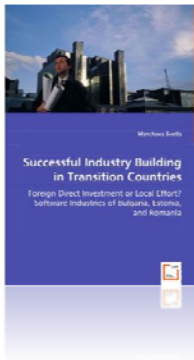
A leading company in developing and producing high-end innovative thermal IFF (Identification Friend or Foe) emitters and high power visible and infrared laser illuminators and designators, is proposing the use of a new omni-directional, long range identification device to armed forces personnel as well as military vehicles.

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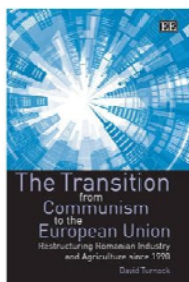
Successful Industry Building in Transition Countries: Foreign Direct Investment or Local Effort? Software Industries of Bulgaria, Estonia, and Romania, by Mancheva Svetla



conditions.

An important question when it comes to transition economies is what type of ownership is better: foreign or domestic. The author of this book is trying to answer to this question. The method of analysis used focuses on case studies of the software industry in three transition countries - Bulgaria, Estonia and Romania, representing different variations of the types of industry ownership. For the purpose of establishing the most successfully developed industry, four factors /groups of factors are analyzed: industry size; production linkages and knowledge transfer; specialization, value-added and innovation; and employment

The Transition from Communism to the European Union: Restructuring Romanian Industry and Agriculture since 1990, by David Turnock



communism, as well as readers with a general interest in Romania, the Balkans or the EU.

After the fall of the communist regime new socio-economical structures were created in all Southeast European countries. This book demonstrates this transformation process that has been limited by challenging political, economic and social constraints. David Turnock traces the complex issues that have influenced Romania's reform and restructuring program since the end of 1989. This book provides an overview of economic change in Romania, and studies in detail the transformation in industry, energy and agriculture, drawing on fieldwork in all parts of the country. The book should be regarded as a must read for students and researchers in the fields of regional economics and post-



Australia commits billions to national security crackdown

Australia committed billions of dollars on Tuesday to tightening its borders and increasing safety for its troops in Afghanistan, in a sweeping security package in the national budget.

The funding, unveiled in the annual budget for 2010-2011, is the first time defence and immigration spending have been brought together under the auspices of national security.

It includes 1.2 billion dollars (1.08 billion US) for bolstering border security by purchasing eight new border patrol vessels, and additional funding for joint operations with Indonesia to counter people-smuggling -- the neighbouring country being a key transit route for Australia-bound refugees.

The package follows a hardening of Canberra's rhetoric on refugees, including a recent suspension of visa processing for asylum seekers from Afghanistan and Sri Lanka, and strengthening of people-smuggling laws.

"Protecting Australia's borders from threats of terrorism, people smuggling, organised crime, including the trafficking of illicit goods and illegal foreign fishing, is a top priority for investment by the Rudd government," said Home Affairs Minister Brendan O'Connor in a budget statement.

The border security measures include funding for extra police at Australia's airports and more advanced passenger screening technology.

Almost 150 million dollars was allocated for the construction of new immigration prisons, as current detention facilities are stretched to capacity by the influx of arrivals.

Australia would also invest almost 500 million dollars in a rocket, artillery and mortar alert system for troops in Afghanistan -- part of a 1.1 billion dollar boost to military safety, said Defence Minister John Faulkner.

"Australian forces in Afghanistan currently face a very high risk from both insurgent operations and improvised explosive devices, and a high risk from indirect fire," Faulkner said.

"It is the government's responsibility to provide the highest level of protection possible to our deployed forces on operations and that is what this investment is intended to do."

Funding for operations in Afghanistan totalled 915.6 million dollars, with an additional 19.6 million set aside for boosting Australia's civilian presence. Some 141 million over two years was set aside for development projects there in the national aid budget.

Improvements to security at military bases, following an alleged Islamist plot to bomb a Sydney barracks last year, would receive 329 million dollars in funds between 2010 and 2014, including 86 million in the 2010-11 financial year.

Peacekeeping operations in East Timor would be reduced as a result of improved security there, while a stabilisation presence would continue in the Solomon Islands, Faulkner said.

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

France wants to strip down NATO command

One year after rejoining NATO military command, France wants to see the alliance's headquarters cut down in size, officials in Defence Minister Herve Morin's office told AFP on Tuesday.

French officers feel the Atlantic alliance's 12,500-strong command staff is too large and its structures too unwieldy for 21st century combat.

Paris officials have contacted NATO Secretary General Anders Fogh Rasmussen and US Defence Secretary Robert Gates urging that plans be drawn up to abolish redundant and overlapping command structures, they said.

"This rationalisation could allow us to cut down manpower and command structures by a third and at the same time improve our effectiveness," a French official said, arguing that NATO needed more "deployable assets".

France hopes that proposals as to how this can be done should be agreed before the next full meeting of NATO defence ministers, which is to be held in Brussels on June 10 and 11.

While remaining a Western ally, France pulled out of NATO's integrated command structure in 1966.

It nevertheless contributed to several NATO missions notably in the Balkans and the current war in Afghanistan, and President Nicolas Sarkozy decided to rejoin the command last year.

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

Russia, Turkey to sign number of oil, gas documents

MOSCOW, May 10 (RIA Novosti) - Russia and Turkey are preparing a number of documents in the energy sphere for Russian President Dmitry Medvedev's official visit to Ankara May 11-12, Presidential aide Sergei Prikhodko said on Monday. "The sides will sign a memorandum on cooperation in oil transportation security through the Black Sea, as well as a number of other documents between Russian companies and their partners," Prikhodko said at a briefing, adding that "the most important commercial contracts" would be with Rosneft and Gazprom. He called cooperation between the two countries on such large projects as the South Stream gas pipeline, the Blue Stream-2 gas pipeline, as well as the Samsun-Ceyhan oil pipeline "extremely perspective." Russian Energy Minister Sergei Shmatko said in an interview with the Turkish Cihan news agency that both countries were

"developing the topic" of constructing the Samsun-Ceyhan oil pipeline and expressed his hope that the joint project on building the oil pipeline would be agreed on at the ministerial level. Turkey has repeatedly invited Russia to join the project launched in 2007 and due to be completed in 2011 but has not received a positive response. The \$1.5-billion pipeline, which is being built by the Turkish holding Calik Energy and Italy's ENI, will extend 700 kilometers (435 miles) through Turkey from the Black Sea port of Samsun to the port of Ceyhan on the Mediterranean. The pipeline's projected capacity will be 60-70 million tons of oil a year (1.2-1.4 million bbl/d). The project is designed to reduce the oil transportation load on the Black Sea's Strait of Bosphorus and the Dardanelles on the Marmara Sea, which handles some 150 million tons (1.1 billion bbl) annually. The South Stream project is designed to annually pump 31 billion cubic meters of Central Asian and Russian gas to the Balkans and onto other European countries along the bed of the Black Sea, with the pipeline's capacity expected to be eventually increased to 63 billion cubic meters.

Source: Ria Novosti

EasyJet lowers earnings outlook after ash cloud

British no-frills airline easyJet on Tuesday lowered its full-year profits forecast after announcing that travel disruption caused by the volcanic ash cloud had cost it between 50 and 75 million pounds.

News that the cloud had cost it the equivalent of 58-87 million euros or 74-111 million dollars came as the carrier also said that its net losses had narrowed during the first six months of its financial year.

An easyJet statement said it expected annual pre-tax profit of 100-150 million pounds instead of 175-200 million pounds because of the ash cloud fallout, which continues to force the closure of airports.

The company's outgoing chief executive Andy Harrison said nevertheless the airline was on course to "deliver substantial profit growth in 2010".

It said that losses after tax narrowed to 58.9 million pounds in the six months to March 31 from 85.9 million pounds during the same period in 2009.

Harrison is set to leave the company at the end of June, easyJet announced last year.

In March it appointed Carolyn McCall, chief executive of the Guardian Media Group, to replace Harrison, who is leaving after a period of boardroom turmoil over the carrier's growth strategy.

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

Russian companies show interest in energy projects in Syria

MOSCOW, May 10 (RIA Novosti) - Russian companies show interest in a number of energy projects in Syria, Russian President Dmitry Medvedev said shortly before his visit to the country on May 10-11. In an article published in Syrian newspaper Al Watan, Medvedev said: "Russian companies work on issues of participating in such promising projects as the construction of oil refineries in the city of Deir ez-Zor, the Zenobia oil pipeline and a central trunk gas pipeline." The Russian leader said a great amount of work lies ahead the two states for their relations to be taken to a qualitatively new level. Medvedev is set to discuss with his counterpart Bashar Assad economic, energy and military cooperation as well as international problems. Russian presidential aide Sergei Prikhodko told journalists that the visit would be the Russian head of state's first one to Syria, whereas Assad has visited Russia three times, the last time being in August 2008. Bilateral trade in 2005-2008 grew more than fourfold to reach some \$2 billion, but went down some 30% in 2009 during the global financial crisis. Moscow and Damascus have had a good experience of cooperation in the fuel and energy sector.

Source: Ria Novosti