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*Interview with Mr. Martin Sticha, Deputy Director , Department of Research, Development and Offset Programmes, Ministry of Industry and Trade, Czech Republic.*



„Five years of experience since last updating of the Czech offset legislation with implementation of the principles of offset programs brought new knowledge and ideas and good occasion to simplify, clarify and improve certain procedures and rules within offset methodology and finally the need to update the terminology in the spirit of the valid legislation“, said Mr. Martin Sticha, Deputy Director , Department of Research, Development and Offset Programmes, Ministry of Industry and Trade, Czech Republic.

In 2011 the new Czech guidelines for offsets were approved. Can you describe the main reasons for changing the offset guidelines at this specific moment?

The government on 28 June 2010 has approved, as an annex to its resolution No 499 Principles of implementation of industrial cooperation programs. The reason for this revision was the fact that the CR as a member of the European Defence Agency (EDA) has become a signatory country of the Code of Conduct on Offsets. Principles and Recommendations for Practice offset enunciated in the Code of Conduct on Offsets the signatory countries committed themselves to implement from 1 July 2009. Five years of experience since last updating of the Czech offset legislation with implementation of the principles of offset programs brought new knowledge and ideas and good occasion to simplify, clarify and improve certain procedures and rules within offset methodology and finally the need to update the terminology in the spirit of the valid legislation were other reasons for the approved revision.

What are the main differentiations between the old and the new offset guidelines?

Firstly the 100% threshold for offset value cannot be exceeded, cannot be asked for or accepted. And secondly pre-offset transactions have to be at least generally linked to potential future programs. Companies can not simply submit pre-offset applications without such a linkage.

Do the new offset guidelines integrate the philosophy of the EDA Code of Contact on Offsets?

Yes, absolutely.

What are the expected benefits from the implementation of this new offset policy?

There will be greater level of transparency in the application of offset practices in the Czech Republic, offset rules comparability with other Member States of EDA etc.



There is an ongoing debate about the new directive 2009 EC/81 of European Union on defense procurement. Are you currently considering integrating this directive in your legislation? How do you believe this will affect the Czech defence and security industry?

The transposition process is under way now in the Czech Republic. It is Ministry of the Regional Development together with Ministry of Defence which are in charge of the process. After this new legislation comes into force and will result in a need to amend the Czech offset rules, we are ready to work on the changes.

## Epicos in Czech Republic



Epicos and the Association of the Defence Industry of the Czech Republic (AOP) are currently implementing a four year Offset project for the integration of more than 90 Czech Republic Aerospace, Defence, Dual-use and Advanced Technology companies into the two leading

international e-business platforms for the Aerospace and Defence industry, Epicos and Exostar. Through this project the Czech companies manage to further strengthen their competitive advantages within the global industry by utilizing the Epicos and Exostar services.

Through Epicos and Exostar Czech companies gain direct visibility and promotion to the international Aerospace & Defence international community and especially to some of its major procurement centers around the world, where Epicos is implementing similar projects. Additionally, they have access to critical business intelligence information concerning new business opportunities and procurement tenders. Each company gets customized on line and of line industrial cooperation and procurements services and the necessary training so as to be able to easily and smoothly adopt the new technologies of the Epicos and Exostar platforms.



Defence and security Industry Association of Czech Republic

Additionally, in the Epicos online portal there is a [global forum](#) where all Czech Aerospace, Defence & Security companies involved in the project are promoted. The sections of this



portal are the follow:


- Czech Republic's Industrial and Technology Capability Map
- Czech A&D Industry Business Opportunities
- Focused News, Tenders and A&D events
- Online R&D, Industrial Cooperation and technology development project proposals

-Geopolitical information about the country.

Currently, 17 countries have selected Epicos to provide their domestic Aerospace, Defence and High Technology Industries with a range of customised online and offline services as part of nationwide Industry Support Projects, something that clearly illustrates the maturity of the program.

Epicos is the only company in the world today, which carries out such a comprehensive Industry Development Programs and is continually expanding its network of member countries, with a target to reach at least 20 by the end of 2011.

### *New Czech Offset Regulation*



On 28 June 2010 the government of Czech Republic approved, as an annex to its resolution No 499 Principles of implementation of industrial cooperation programs. The main reason behind this development is that Czech Republic is a member of the European Defence Agency (EDA) and a signatory country of the Code of Conduct on Offsets. Thus, these new guidelines are trying to

integrate the philosophy and the suggestions of the Code of Conduct. Additionally, there has been five years since the last update of the Czech offset legislation and Czech authorities wanted to implement to the new legislation the experience gained throughout these years.

[For Further Information Visit the Website of Ministry of Industry and Trade](#)

## Epicos "Industrial Cooperation and Offset Projects"



Epicos " Industrial Cooperation and Offset Projects " 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](#)

### Low cost battle vehicle information system



A company with long standing experience in the development and production of electromechanical instruments and avionics systems is proposing the adaptation of existing Battle Vehicle Information System (BVIS) technology used in MBTs in order to meet related requirements in light armored vehicles used in peace keeping and homeland security applications around the world.

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

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### Development of a compact NBC filtering unit to be installed on tactical Military vehicles



A company with long standing experience on the design, manufacturing and installation of specialized air-conditioning equipment and NBC filtering solutions is proposing the customization of a compact lightweight NBC filtration unit that will be integrated on the air-conditioning system of various tactical military trucks providing complete NBC protection to the cabin crew. The same system can be utilized to fulfill related civil vehicle protection requirements (e.g. VIP cars).

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

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**Rise and Decline of Industry in Central and Eastern Europe, by Bernhard Müller, Maros Finka, Gerd Lintz, Bernhard Müller**



With the fall of the iron curtain, the unprecedented transformation from socialism to western democracy and market economy in the post-socialist Central and Eastern European necessitated fundamental economic, social and environmental changes. Throughout this process of the tremendous political and economic upheavals many industrial cities and regions in Central and Eastern Europe had to tackle with significant socio-economic problems. The authors of this book are trying to present eleven detailed national reports about the situation in some of the aforementioned cities and regions.

Furthermore, the country reports are complemented by brief case studies of selected cities and regions.

**The New Security Environment: The Impact On Russia, Central And Eastern Europe (Global Interdisciplinary Studies Series), by Roger E. Kanet**



As important as the developments in relations among European states and the extension of membership on European security organs to the East European states will be for the future of security throughout the continent, the United States and the Russian Federation remain central players relevant to the security. This exceptional book tries to delineate the aforementioned ascertainment and to further analyze the impact that the expansion of NATO and the EU is likely to have on security issues. One of the unique features of the volume is the diversity of the contributors, complementing the geographical span of the regions studied. They therefore bring diverse perspectives to their analysis on the central issues of security in the post 9/11 period. Incorporating an excellent selection of case studies such as the impact of US policy, EU enlargement and Russia's regional security challenges, the volume will prove indispensable to those studying the area.





### Boeing announces giant 38 plane deal with HK Airlines

Boeing said Tuesday it had inked a preliminary deal to sell 38 planes, including 30 of the plane maker's new Dreamliners, to Hong Kong Airlines, in a deal worth as much as \$8.5 billion.

The US-based aircraft maker said the tentative sale under a memorandum of understanding would help the Asian airline, currently dwarfed by flag carrier Cathay Pacific, to develop its long-haul services.

The planes "will enhance Hong Kong Airlines' ability to match the demands of the different markets it serves, and connect its long-haul network to local sources of demand," Boeing said in a statement.

"Boeing is working with Hong Kong Airlines to finalise the agreement."

If completed, the deal would see Hong Kong Airlines buy six 777 Freighters, 30 Dreamliner 787-9s and two 787-8 VIP planes, which have a combined list price of \$8.5 billion, Boeing said.

Aircraft producers usually offer price concessions to customers, making the final sale price lower than the list price.

Hong Kong Airlines currently has just 18 aircraft and flies mainly on Asian routes.

The huge deal comes after Boeing also said Tuesday it had reached a \$1.54 billion deal with Air China for five of its wide-bodied 747-8 aircraft.

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

### China's defence budget to rise 12.7% in 2011

China's defence budget will rise 12.7 percent in 2011 to 601.1 billion yuan (\$91.7 billion), a government spokesman said on Friday, amid persistent concerns about Beijing's military build-up.

The figure was contained in a budgetary report submitted to the National People's Congress, the parliament's spokesman Li Zhaoxing told a press conference on the eve of the opening of the annual NPC session.

"China has always paid attention to controlling the size of defence spending," Li told reporters, describing spending as "relatively low" compared with the rest of the world.

Li, a former foreign minister, said the figure represented six percent of the total national budget, adding: "This will not pose a threat to any country."



The number however represents a return to double-digit increases, which have alarmed the United States and several of China's Asian neighbours. That trend had been broken last year when the defence budget rose 7.5 percent.

The People's Liberation Army -- the world's largest -- is hugely secretive about its defence programmes, but insists the modernisation of its army is purely defensive in nature. Tokyo, Washington and others have nevertheless remained wary of its intentions.

"We regard the modernisation of China's military power and its growing and intense activities as concerns," top Japanese government spokesman Yukio Edano said Thursday, after two Chinese planes approached a disputed island chain.

"Our country will continue to pay close attention to moves by China's military."

Japan has said it plans to send more forces to its scattered southern islands and away from Cold War-era locations in the north near Russia, citing Beijing's increased assertiveness in the East and South China Seas.

The two Asian powers had their worst diplomatic spat in years following collisions in disputed waters in the East China Sea in September between two Japanese coastguard patrol boats and a Chinese fishing vessel.

India's defence minister last month expressed "serious concern" over China's growing military might, pledging that New Delhi would boost its own forces. The two countries have long-standing border disputes in the Himalayas.

On Monday, India announced a nearly 12 percent jump in defence spending to 36 billion dollars in its annual budget -- up from a four percent hike last year.

In January, US Defense Secretary Robert Gates visited Beijing to patch up frayed military ties with China -- and was instead greeted with the maiden flight of China's first next-generation stealth fighter.

Last month, the Pentagon proposed a record "base" defence budget -- excluding the cost of the wars in Iraq and Afghanistan -- of \$553 billion for fiscal year 2012.

"Advances by the Chinese military in cyber and anti-satellite warfare pose a potential challenge to the ability of our forces to operate and communicate in this part of the Pacific," Gates said after his visit to China.

But he added that Washington and Tokyo were well-placed to counter the threat with high-tech hardware and that it was not a foregone conclusion that China would turn into a military rival.

"I disagree with those who portray China as an inevitable strategic adversary of the United States," he said.

"We welcome a China that plays a constructive role on the world stage."

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

### Turkish Airlines orders 13 Airbus aircraft

Turkish Airlines has ordered 10 medium-haul A321 passenger jets plus three long-haul A330-200F cargo planes, European aircraft manufacturer Airbus said on Tuesday.

The deal is worth around 1.6 billion euros (\$2.2 billion) at list prices.

"To achieve our ambitious expansion plans in a sustainable and profitable manner, we require a reliable and efficient fleet," Turkish Airlines chief executive Temel Kotil said in a statement.

"Our positive experience with our in-service A320 fleet and the outstanding flexibility and efficiency demonstrated by our A330-200F since it entered service last year made these repeat orders the logical choice for our growth."

The new aircraft will join Turkish Airlines' existing fleet of 75 Airbus planes, including 50 of the A320 family to which the A321 belongs, and one A330-200F.

The airline placed orders for 27 aircraft with Airbus in 2009 and 2010.

On Monday, International Airlines Group, formed from the merger of British Airways and Iberia, ordered eight A330-300 long-haul aircraft from Airbus.

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

### Bombardier gets jumbo credit deal from China

Canada's Bombardier, the third-largest aircraft maker in the world behind Airbus and Boeing, says it has secured a financing deal worth up to \$8 billion from a Chinese leasing firm.

Under a memorandum of understanding signed by the two firms, ICBC Leasing will provide customers of Bombardier with advance payment financing, delivery financing and leasing solutions for some commercial and business jets.

"This MOU provides mutual benefits to Bombardier and ICBC Leasing since it addresses both parties' objectives of providing optimised aircraft solutions to operators in China and elsewhere," Bombardier Aerospace President Guy Hachey said in a statement dated Thursday.

ICBC Leasing is a subsidiary of banking giant Industrial and Commercial Bank of China.

The deal also covers financing for Bombardier Aerospace and its affiliates in the areas of service and production, the statement said.

ICBC Leasing will provide Bombardier Aerospace with credit facilities, hedging and settlement services through affiliates of ICBC as well, it added.

Officials at ICBC Leasing were not immediately available to comment when contacted by AFP on Friday.

Last year, Bombardier agreed a \$3.85 billion customer financing deal with China Development Bank's leasing unit, as it seeks to boost sales in the Asian nation's fast-growing market, the Wall Street Journal said Friday.

With big US and European banks tight-fisted after the global credit crisis, Chinese lenders have been seen as an important source of potential capital financing for airlines looking to restock their ageing fleets, it said.

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

### Saab signs Gripen agreement with FMV

Defence and security company Saab has received an order from FMV (the Swedish Defence Material Administration) regarding the Gripen system for the continuous upkeep of its operative capability. The order is worth MSEK 120.

The order includes technical support, product maintenance, flight test and simulators to ensure the operative capability of the Gripen system. The work will be done during the second quarter of 2011, mainly at Saab facilities in Linköping, Arboga, Gothenburg and Järfalla.

Saab serves the global market with world-leading products, services and solutions ranging from military defence to civil security. Saab has operations and employees on all continents and constantly develops, adapts and improves new technology to meet customers' changing needs.

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The information is that which Saab AB is required to declare by the Securities Business Act and/or the Financial Instruments Trading Act. The information was submitted for publication on March 3 at 17.00.

**Source:** Epicos, Saab AB