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Slovakia has made significant economic reforms since its separation from the Czech Republic in 1993 and currently can be fairly characterized as a developed country. With the highest sustained Gross Domestic Product (GDP) growth (10.4%) in the European Union during 2007, the Slovak economy was considered to be a tiger economy known as the Tatra Tiger. In 2009 global

economic recession impacted many segments of the national economy and as a result GDP fell nearly 5%.

After the fall of the communist regime and the “velvet divorce” with Czech Republic, Slovakia was obliged to go through some complicated and painful reforms. The country had to carry out a demanding transformation from the system of ineffective centralised planning economy to a market economy. As a result the economic relations that were formed during the “communist era” were demolished and the country confronted with the consequences of this fact. It lost comfortable and traditional markets and politically guaranteed exports and imports. Moreover, the structure of production and its main orientation on heavy industry was completely unsuitable for the new socio-economical environment. Nevertheless, Slovakia steadily proceeded with the necessary economic reforms.

As a result the socio-economical structure of the country altered after the mid 1990's. Favourable geographical location, its qualified workforce and its relatively low wages made the country a very attractive destination for foreign investors. Furthermore, the introduction of a flat 19% tax, in 2004 created a new wave of interest by foreign investors. Apart from the internal economic structure the country also changed its international economic profile. In 2000 became the 30th member of the Organization for Economic Co-operation and Development OECD; in 2004 joined the European Union and in January 2009 adopted the Euro currency.



All these developments helped the country's economy to grow beyond expectations between 2000-8. It is indicative that Slovakia had a GDP growth of 10.4% in 2007 which was the highest sustained Gross Domestic Product (GDP) growth in the European Union.

Nevertheless, throughout these years the authorities of Slovakia faced a stubborn problem, unemployment. In 2003-2004 unemployment was at the unacceptable 18% it dropped to 7.7% in 2008 and climbed again at 12% a fact indicating that it remains the economy's Achilles heel.

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|-----------------------|------|------|------|------|------|
| GDP real growth (%) | 6.7 | 8.5 | 10.6 | 6.2 | -4,9 |
| Unemployment rate (%) | 16.2 | 13.3 | 11.0 | 9.6 | 11.9 |

Source: Financial Policy Institute (FPI)

Another socio-economical problem that Slovakia faces is the inequality in economic productivity and standards of living in individual regions of the country. The vast amount of foreign investments and economic growth has gone to Bratislava and western Slovakia, whereas some parts of south central Slovakia are underdeveloped. In the long term, Slovakian authorities should resolve this problem and try to create the proper conditions for a more homogenized economical growth.

Kyriazis Vasileios,
Epicos Newsletter Head Editor



After 1998 Slovak authorities implemented significant economic reforms. They reformed banks, changed the tax system and introduced tax relief and support for investors. The

result of these reforms was that the country became an attractive destination for foreign investment. This was further reinforced by the country's favorable geographical location in the centre of Europe and its qualified workforce. Another important economical development that helped the country attract the interest of foreign investments was the introduction of a 19% flat tax.

The two main sectors that were favored by the boom of foreign investment were the automobile and electro-technical industries. In 1992 the establishment of a Volkswagen automobile factory in the suburbs of Bratislava was the first significant foreign investment. Until then a significant amount of progress have been done. The Volkswagen automobile factories of Slovakia produce automobiles such as Touareg and Audi Q7 and some parts of Porsche Cayenne and Skoda Octavia models.

Another European car manufacturer that established a factory in Slovakia was Peugeot. In 2006 Peugeot, began to produce small passenger automobiles in Trnava, western Slovakia. A year later Kia, the South Korean automobile company, began to produce the Ceed model in a new plant near Žilina. Currently, Slovakia has become the largest per capita car producer in the world. It is indicative that almost 1/3 of the total products that the country exported in 2009 were associated with the car industry.

Electro-technical industries are the second industrial sector that was rapidly developed the last two decades in Slovakia. In the city Galanta, the Korean company Samsung opened its largest European enterprise. In the beginning of 2008, the company opened a new enterprise in Voderany near Trnava.

The positive socio-economical developments that occurred in the country helped the development of Slovak export. It is indicative that in 2004 they totaled 29,573 billion Euros and by 2008 increased to 49,566 billion Euros. This figure was decrease during the crisis year 2009, when exports fell down to 39,683 billion Euros. The vast amount of these exports (86,7%) were directed to the countries of the European Union. In the contrary imports has increased from 31,218 billion Euros in 2004 to 50,222 billion in 2008. In 2009 the import fell down to 38,426 billion Euros.



The aforementioned economic developments helped the country to flourish. However, there are still huge differences in economic productivity and standards of living in individual regions of the country. The vast amount of foreign investments has gone to Bratislava and western Slovakia, two regions that are interconnected with the European transportation networks and additionally have an adequate amount of qualified man force. In the contrary some parts of south central Slovakia are not developed.



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 Helicopter Custom Design & Modification capability

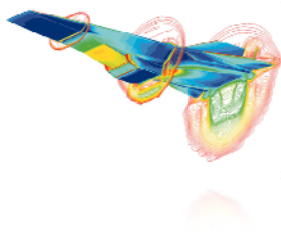


A company certified to carry out inspections and repairs on helicopters as well in the helicopters' emergency floats, Life Rafts and several equipments used in aerial activity, is willing to expand its capabilities in custom design and modification for helicopters, to address country's military and civilian needs.

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Testing, Modeling and Simulation Engineering Services provision for aerospace applications



An institute with significant experience in providing Research and Development services is proposing, in the frame of an offset project, the collaboration with Aerospace and Defense (A&D) prime contractor to undertake engineering services tasks in the area of testing, modeling and simulation for specific aerospace programs and/or applications.

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OECD Economic Surveys: Slovak Republic 2009, by OECD Organisation for Economic Co-operation and Development



OECD is an international organization in which 30 democracies work together to address the economic, social and environmental challenges of globalization. OECD is also at the forefront of efforts to help governments respond to the new development and concerns, such as corporate governance, the information economy and the challenges of an ageing population. This is the organization's survey of Slovakia's economy. It includes a variety of socio- economical subjects such as the problems that the Slovak economy faces and the challenges that the country faces because of the Euro Area entry.

European Financial Markets: The Effects of European Union Membership on Central and Eastern European Equity Markets, by Tony Southall



European Union (EU) accession involves both political and economic reforms which suggest changes with regard to financial market. This study is trying to delineate the economical effects that EU accession has in a new member state. Based on empirical tests using weekly data over ten years, this study concludes that EU membership results in a significant decline in equity market volatility and a significant increase in risk-adjusted, but not absolute, equity returns. Furthermore, the study suggests that equity markets in new EU member states become increasingly influenced by global rather than local macroeconomic factors after the EU accession and that the level of integration with global markets increases.



First Lockheed Martin F-35 With Mission Systems Arrives at Navy Test Site

NAVAL AIR STATION PATUXENT RIVER, Md., June 7 /PRNewswire-FirstCall/ -- The first mission systems-equipped Lockheed Martin (NYSE: LMT) F-35 Lightning II test jet joined the fleet at Naval Air Station Patuxent River, Md., today.

Piloted by F-35 Test Pilot Dave "Doc" Nelson, the short takeoff/vertical landing (STOVL) F-35B known as BF-4 became the fourth F-35 to arrive and begin testing at the Naval Air Systems Command site. The STOVL variant will be employed by the U.S. Marine Corps, the U.K. Royal Air Force and Royal Navy, and the Italian Air Force and Navy.

"This mission systems aircraft adds a new dimension to the F-35 flight testing under way at PAX River," said Tom Burbage, Lockheed Martin executive vice president and general manager of F-35 Program Integration. "Now, in addition to validating the aerodynamic capabilities and flying qualities of these jets, we will have the opportunity to confirm the performance of what we expect to be a transcendent avionics capability - the most capable ever in a fighter." A fifth F-35B, along with the first Navy carrier variant, is expected to join the fleet later this year at Patuxent River.

The F-35's avionics, or mission systems, enable the jet to perform a wide variety of missions by providing the pilot with unprecedented situational awareness - through the processing and fusion of data from both on-board and off-board sources. The F-35's next-generation sensor suite makes it possible to collect vast amounts of information, and present the data on state-of-the-art cockpit and helmet displays. This allows the pilot to make faster and more effective tactical decisions and transfer information to other aircraft and to maritime and ground forces.

The F-35 Lightning II is a 5th generation fighter, combining advanced stealth with fighter speed and agility, fully fused sensor information, network-enabled operations, advanced sustainment, and lower operational and support costs. Lockheed Martin is developing the F-35 with its principal industrial partners, Northrop Grumman and BAE Systems. Two separate, interchangeable F-35 engines are under development: the Pratt & Whitney F135 and the GE Rolls-Royce Fighter Engine Team F136.

Headquartered in Bethesda, Md., Lockheed Martin is a global security company that employs about 136,000 people worldwide and is principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services. The Corporation reported 2009 sales of \$45.2 billion.

For additional information, visit our website:

<http://www.lockheedmartin.com>

For F-35 photos and videos, visit:

<http://multivu.prnewswire.com/player/42215-lockheed-martin-f-35/>

Source: Epicos, Lockheed Martin Aeronautics Company

Over 3,000 personnel take part in NATO naval drills in Baltic Sea

RIGA, June 6 (RIA Novosti) - Over 3,000 servicemen from different countries are taking part in the international Baltops-2010 naval exercises, which began on Sunday in the Baltic Sea, Latvian Defense Minister Imants Liegis said. The Baltops exercise has been held annually since 1994 within the framework of the NATO Partnership for Peace Program. It is aimed to promote a mutual understanding of maritime interoperability between U.S. Navy, NATO, and non-NATO participants. This year, the exercise is being held in Latvia and Estonia and involves servicemen from the U.S., Belgium, Estonia, Denmark, France, Latvia, the U.K., Lithuania, Poland, Finland, Germany and Sweden. A total of 36 vessels, two submarines and other military vehicles are taking part in the drills. Russia is participating in the drills as an observer.

Source: RIA Novosti

Russia, UAE hold talks on modernizing BMP-3 infantry vehicles

ABU DHABI, June 2 (RIA Novosti) - Russia and the United Arab Emirates are holding negotiations on the modernization of a large number of BMP-3 infantry fighting vehicles, a defense industry official said on Wednesday. Vyacheslav Dzirkaln, deputy head of Russia's Federal Service for Military and Technical Cooperation, is heading the Russian delegation at a meeting of a Russia-UAE intergovernmental committee. The talks in Abu Dhabi are to focus on the "full modernization of a large number of BMP-3s in an effort to seriously increase their combat capability," the Russian official said. "We have succeeded in this direction," Dzirkaln said. The infantry fighting vehicles were earlier supplied to the UAE by Kurganmashzavod, a Russian machine building company based in Kurgan, western Siberia. Dzirkaln also confirmed that Russia will finish delivering Pantsir-S1 short-range air defense systems to the United Arab Emirates by late 2010. "This year the delivery will be completed. Two more shipments of these vehicles will be delivered and the contract on the delivery will be fulfilled," he said. Russian media reports said Moscow had signed a \$734-million contract with the United Arab Emirates in 2000 on purchasing 50 Pantsir-S1s. Pantsir-S1 is a short-to-medium range combined surface-to-air missile and antiaircraft artillery system manufactured by the Tula-based Instrument Making Design Bureau (KPB). It is designed to protect point and area targets and carries up to 12 two-stage solid-fuel surface-to-air missiles in sealed ready-to-launch containers. The system also has two dual 30 mm automatic cannons that can engage targets at a range of up to 4 km. The Russian official said it was too early to speak about the prospects for the further delivery of Pantsir-S1s to the UAE. "Further development will consist of providing service maintenance and continuing training UAE specialists in the aspects of operation, repair and service maintenance," he said.

Source: RIA Novosti

French official trade deficit falls slightly in April

The French trade balance showed a slightly reduced deficit in April, partly owing to big exports of aircraft that month, official data showed on Tuesday.

The deficit was 4.248 billion euros (5.0 billion dollars) from 4.413 billion euros in March, on an adjusted basis, data from the customs service showed.

Over 12 months, the trade balance showed a cumulative deficit of 42.721 billion euros, data on the website of the finance ministry showed.

The ministry said: "The size of very big aero contracts fulfilled for export was higher than in March, with an increase of 450 million euros."

This helped to increase exports by 1.0 percent despite the beginning of an easing of sales of autos, pharmaceutical products and food-industry output, the ministry said.

Exports in April amounted to 31.708 billion euros, a rise of 4.8 percent in three months from the level for the previous three months. Imports rose by 3.5 percent to 35.956 billion euros.

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

IATA meets as airline industry shows signs of recovery

The commercial aviation industry, battered by plunging sales and fallout from the Icelandic ash cloud, is at last emerging from a steep downturn, the International Air Transport Association (IATA) says.

"We are meeting as the industry continues its recovery from the global financial meltdown," IATA general director Giovanni Bisignani said ahead of its general assembly starting Monday.

The organisation represents 230 airlines that account for 93 percent of commercial air traffic.

The pace of the sector's recovery has been slowed by the eruption in April of an Icelandic volcano, which spread an ash cloud over Europe that brought commercial air travel to a standstill for a week.

International passenger traffic, after rising 10.3 percent in March, showed only a 2.4 percent gain in April.

Bisignani said however that the strong growth recorded prior to the volcano eruption presages a sustained recovery.

"It is finally time for some cautious optimism," he said.

IATA estimates that the global civil aviation industry lost 9.4 billion dollars (7.8 billion euros) last year, with Europe accounting for 3.8 billion dollars.

The Franco-Dutch airline Air France-KLM last week reported a 4.3 percent gain in traffic in May.

"If this year we see no growth, it is possible that we will be able to regain momentum in 2011," company chief executive Pierre-Henri Gourageon said.

"In 2012, the air transport industry will be at a level that will exceed that reached before the (2008 global financial) crisis."

Industry analyst Christophe Menard of Bryan, Garnier and Co. said that "overall, the trend has been positive over the last months.

"We will incorporate signs of recovery starting in the second half of the year and ... should be at the top of the cycle in two years."

Airlines have taken account of recovery prospects and have told manufacturers they planned to take delivery of aircraft as scheduled in 2011.

Results in the first quarter of the year improved, notably in Asia and North America, according to IATA. The first quarter is traditionally the weakest of the year.

"Airlines typically make 80 percent of their earnings in the second and third quarters," IATA noted.

Menard said recent airline mergers in the United States should help absorb excess capacity.

At research group Oliver Wyman, analyst Olivier Fainsilber stressed that the economic recovery could prompt an increase in business travel and sales of flexible tickets at higher prices.

"This should be a fillip to generalist companies that have continued to offer a wide range of flight schedules during the crisis but without getting the benefit of sales of flexible tickets," he said.

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