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Special Focus: Czech Republic

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Part II

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Special Focus: Czech Republic



During the communist era the former Czechoslovakia was one of the most important countries in the production and export of armaments, largely because of its heavy industrial base. This situation was altered since the fall of communism and the break-up of the former Czechoslovakia in 1993, as the majority of the defence companies in the Czech Republic

lost most of their power and fell close to bankruptcy. This was a result of the reduction of the national defence budget and the abolishment of the Warsaw Pact cooperation mechanisms. Consequently, the national defence had to be transformed and fit to the differentiated national and international scene.

The aforementioned situation was slightly improved in late 90's and the beginning of the 21st century when Czech Republic, increased their military expenditure in preparation for NATO membership. Additionally, after 1999, when the country became a full member of NATO, the

Military expenditure of Czech Republic

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|--------------------------------------|-------|-------|-------|-------|-------|
| In constant (2008) US\$ m. | 3,353 | 4,001 | 3,787 | 3,872 | 3,316 |
| percentage of gross domestic product | 2 | 1.7 | 1.5 | 1.3 | 1.4 |

Source: Defence Ministry of Czech Republic (www.army.cz/scripts/detail.php?id=5760)

national armed forces entered a process of transformation and modernisation, in order to fulfil the standards imposed by NATO standards. The drive for interoperability with NATO has provided both the impetus and the opportunities for the restructuring of the countries armed forces something that continues up to now. Nevertheless, Czech industry is still incapable of manufacturing conventional weapons systems and as a consequence the country has to procure advanced defence related equipment from overseas. Russia is currently the main exporter of arm in Czech Republic and is followed by Sweden, Italy and USA.

Military Imports of Czech Republic (expressed in US\$ m. at constant 1990 prices)

* '0' indicates that the value of deliveries is less than US\$0.5m

| | 2006 | 2007 | 2008 | 2009 | Total |
|--------|------|------|------|------|-------|
| Russia | 29 | - | - | - | 29 |
| Sweden | 10 | 15 | - | - | 25 |
| Italy | 13 | | 2 | - | 15 |
| USA | 0* | - | 14 | - | 15 |

Source: SIPRI Publications, Arms Transfers Database

One of the defence systems that Czech Republic procured in order to modernize the national armed forces, was (10) Mi-24V/Mi-35/Hind-E Combat helicopters from Russia. The total amount of funds allocated reached 250 million Euros. The final helicopter was delivered in 2006.

In 2007 the last ARTHUR Arty locating radar was delivered to Czech Republic from Sweden. The total amount of funds located for the procurement of the radar reached 78 million US Dollars.

In 2008 Czech Republic received (19) LMV APC/ISV in order to use them in Afghanistan. In 2009 the country ordered (90) more. The total amount of procurement reached 175 million US dollars and accompanied by an offset deal of an equivalent value. Finally, in 2008 Czech Republic purchased from USA (24) AIM-120C AMRAAMs for use in the JAS-39 combat aircrafts.

The impetus and the obligations that the NATO membership created to Czech Republic necessitated the procurement of new and sophisticated defence equipment that the country has to procure from foreign countries as the erstwhile mighty defence industry of Czechoslovakia does not exist anymore.

Kyriazis Vasileios,

Epicos Newsletter Head Editor

Poličské strojírný a.s. (Polička)

Poličské strojírný a.s. Polička



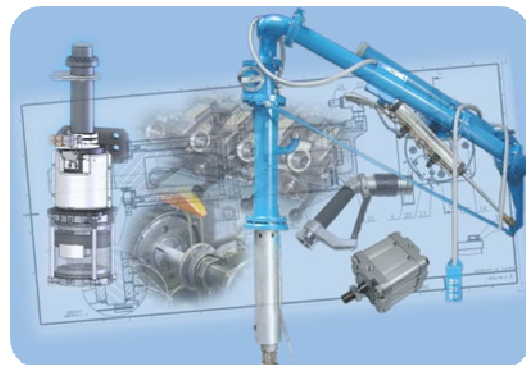
Polické strojírný a.s. (Polička) is a company that develops, manufactures, sells and maintains the products in the field of pneumatically controlled door systems for

transport means, pneumatic systems for control and automation applications and liquid measuring and pumping equipment. The company has a long-term and wide-ranging tradition. It was established under the name "První vojenská municií továrna" (The First Military Ammunition Factory) in 1920. This was a direct response to the need of stronger defence forces in the difficult period after World War. In that period, the production was mainly focused on hand grenades and artillery ammunition. On May 1992 Polické strojírný was transformed into a joint stock company.

The company's section "ORDERS" ensures the supply of engineering products, parts and assemblies, in particular for automotive industry.

The section "MTT" (Ammunition and Blasting Equipment) develops, manufactures, sells weapons, ammunition and explosives and provides demilitarization of excess, outdated and obsolete conventional ammunition. The processes encompass the highest standards of safety and environmental consideration. Another sector of the company is its Special Technology Institute (OIST) that ensures the training of persons involved in the manufacturing and processing of explosives, explosives experts, firework firers, blasters and fire protection personnel.

Quality is a prerequisite for the company, something that is highlighted by that fact that the company in all its activities implements the integrated management system according to ISO 9001, ISO 14001 and COS 051622 (AQAP 2110). Furthermore for automotive components, it applies the elements of ISO/TS 16949



The company develops a number of different manufacturing products. Two of them are:

➤ MPS™ - DOOR SYSTEMS

- Pneumatic elements and accessories for the control and drive of door systems of mass transport means - buses, trolleybuses and rail vehicles.
- wide assortment of pneumatic elements for the manufacturers of the above mentioned vehicles
- development and manufacture of new pneumatic elements according to the customer's requirements

- spare parts for transport operators and for the companies performing general overhauls
- guarantee and post-guarantee service of all products

➤ PneuS™ - Standard pneumatic elements

Pneumatic elements are products using compressed air for its function. They are used in almost all industrial segments, in particular in automation and robotization of manufacturing processes, in engineering, wood processing and food industry, transport, mining, agriculture etc. They are developed by the design department which utilizes latest knowledge combined with a forty-years experience in their manufacture.

For further Information about other manufacturing products [Press Here](#)

For further Information about the company [Press Here](#) or

Contact:

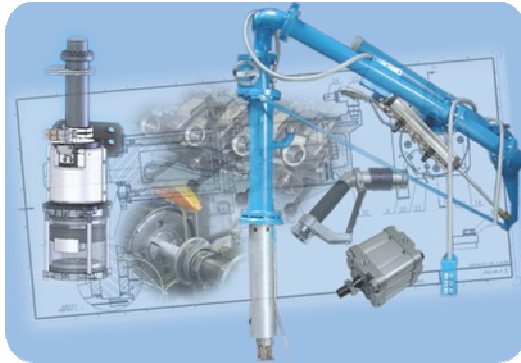
e-mail: pos@pos.cz

tel.: +420 461 751 111

fax: +420 461 751 205



Interview with the Chairman of the Board and the General Director of Polické strojírný a.s. Mr. Jaroslav Travnicek



“In the connection with the new products outcoming from company technical development program supported by government programs like TIP the company is currently investing into quality testing stands for PROM/Pneu and new production line for the production of the new unique electro-hydraulic wheelchair cassettelift ZDV-01-00 for buses outcoming from the technical development program of the company” said Mr. Jaroslav Travnicek, the Chairman of the Board and the General Director of Polické

strojírný a.s.

- Please tell us about the place of Polické strojírný a.s. in the national and international market?

Polické strojírný a.s. are taking very interesting place on the national market as the only traditional Czech producer of the technology for large scale storage, manipulation and distribution of fuels, mineral oils and LPG nozzles. The HEFA® products serve for filtration, measurement and accurate deliveries of the liquids as well as for vapour recovery: Rotary Volume –Flow Meters, Filters, Air Separators, Couplings, Quick Couplings, Loading Arms as the main representants PROM/HEFA department.

In the PROM/PNEU department products is the position on the czech national market similar Polické strojírný a.s. are also the only traditional Czech producers of the buses door pneumatic rotary components supplied to the main buses makers. For Your information nowadays we cover approx. 11% of the European demand in this branch.

Through the department MTT (Ammunition and Blasting Equipment), Polické strojírný a.s. is competitive provider of demilitarization of outdated and obsolete conventional ammunition in all central Europe. MTT also specializes in modernization, conversions, revisions of ammunition as a cost-effective alternative to procurement of new ammunition.



As regards international market POS are exporting about 40% of its turnover. Traditional export markets are the states of former Soviet Union, Poland, Slovakia, Romania, and Bulgaria.

➤ What are the next steps and the priorities of Policske strojirny a.s.?

In the process of demilitarization policy of the Czech Government and large savings in the Czech Army the firm is changing it's priorities from special MTT production to strengthening and increasing the machinery engineering production into three main divisions: PROM/Pneu, PROM/Hefa and PROM/Custom made engineering production.

Main priority is technical products development aiming into the new sophisticated products competitive on the very demanded markets.

➤ What are the difficulties that Policske strojirny a.s. is currently facing?

Large investments crises in the Czech Republic and also leading markets are successfully broken in this year and the company aims up with it's yearly turnover in all divisions acc. to the plans for 2011-2014.

➤ Why someone should choose Policske strojirny a.s. to do business with?



It is difficult to say one reason only. We mean that our company has gone from 1920 the long way of the traditional production, in the last few years through strategical restructuralisation, costs, personal and production means optimatisation in order to be competitive with the new technical products development and the system of the quality certification and evaluation as the supplier for very demandable automobile industry and export customers. That is why we should be reliable company to do business with.

➤ If there is a specific country that Policske strojirny a.s. is going to expand?

In PROM/Hefa division it is necessary to orientate the marketing activities mainly for tenders in the oil producing countries together with the leading Czech engineering companies in the countries like Iraq, Kuwait, Afghanistan, Sudan, Algeria, Kazakhstan, Libya, etc. taking advantages of the Czech state support (Czech Trade, Czech Invest, Czech Exporting Bank, EGAP, etc.) in order to increase the turnover reasonably.

There are also some new productions of the machinery engineering prepared for realization to diversify the scale of the production of the company (New Separator with Filter, Package Pump Stations, Electro-hydraulic Wheelchair Cassettelift for Buses, New Door System for Buses, etc.).

➤ What are the main advantages of Policske strojirny a.s.?

The main advantages we see in the finalization of the company restructualisation aiming into the improvement of the services to our strategical customers.

➤ Is the company currently investing in a new technology.

In the connection with the new products outcoming from company technical development program supported by government programs like TIP the company is currently investing into quality testing stands for PROM/Pneu and new production line for the production of the new unique electro-hydraulic wheelchair cassettelift ZDV-01-00 for buses outcoming from the technical development program of the company.

Epicos Project Opportunities



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](#)

Semi-inertial navigation system to be installed on-board tactical military armored and utility vehicles



A company with long standing experience in the development and production of electromechanical instruments and avionic systems is proposing the installation of a semi-inertial navigation system on tactical armoured vehicles. The system will provide low cost and adequate accuracy to vehicles improving situation awareness and promote the integration of almost all vehicles in a common information network. The potential utilization of existing know-how in the field of land vehicle navigation in order to fulfil related navigation requirements of future soldier systems (in a

miniaturised version) is also proposed.

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

Mail at: a-dimou@epicos.com



The Process and Politics of Defense Acquisition: A Reference Handbook, by David S. Sorenson



Sorenson (international security studies, US Air War College) explains the complex system that supplies armaments and equipment to the US arms forces and foreign customers. He covers the evolution and current status of American defense acquisition process, the defense industrial base, the politics of weapons acquisitions, international arms sales, and reforming the process. Company profiles and primary documents are appended.

Sources of Weapon System Cost Growth: Analysis of 35 Major Defense Acquisition Programs, by Joseph G. Bolten



This analysis uses data from Selected Acquisition Reports to determine the causes of cost growth in 35 mature major defense acquisition programs. Four major sources of growth are identified: errors in estimation and scheduling, decisions by the government, financial matters, and miscellaneous. The analysis shows that more than two-thirds of cost growth (measured as simple averages) is caused by decisions, most of which involve quantity changes, requirements growth, and schedule changes.



Saab receives FMV Gripen order for Thailand

Defence and security company Saab has received an order from FMV (Swedish Defence Material Administration) for six Gripen aircraft intended for the Royal Thai Air Force. The order is worth approximately 2,2 billion SEK.

The six Gripen aircraft are of the single-seat C version and the project duration is between 2010 -2013. They are part of an intergovernmental business transaction where FMV, as representative of the Government of Sweden, sells an integrated air-defence system based on products manufactured by Saab, including Gripen.

Saab's role in this business transaction is to, as an FMV sub-supplier, deliver the ordered Gripen aircraft and to upgrade the Saab Erieye radar system equipped Saab 340 that FMV is selling to Thailand.

The order is a follow-up to an earlier order from 2008 when FMV ordered six Gripen intended for Thailand.

"The order strengthens the co-operation between Thailand and Sweden. It also serves as further proof of Saab's ability to deliver sophisticated integrated defence systems as well as strengthening international faith in the Gripen system," says Hakan Buskhe CEO of Saab.

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, adopts and improves new technology to meet customers' changing needs.

For further information, please contact:

Saab Press Centre, +46 (0)734 180 018

www.saabgroup.com

For streaming and broadcast-standard video, please visit www.thenewsmarket.com/saab . If you are a first-time user, please take a moment to register. In case you have any questions, please e-mail journalisthelp@thenewsmarket.com.

Source: Epicos, SAAB

Russia's second 5G-fighter to be flown before yearend

KHANTY-MANSIISK, November 22 (RIA Novosti) - Flight trials of the second prototype of Sukhoi's fifth-generation fighter aircraft are due before the end of the year, Sukhoi holding CEO Mikhail Pogosyan said on Monday. The first prototype, codenamed T-50, made a maiden flight in late January and has conducted 40 in total, Pogosyan told journalists in Russia's Far East. "The flight trial program is moving ahead faster than we expected," Pogosyan said. He said talks with India's Hindustan Aeronautics Limited (HAL) on the joint

development of the fifth-generation fighter aircraft are due to conclude before the end of the year. Earlier reports said an agreement would be signed in December. The new warplane is expected to enter service with the Russian Air Force in 2015.

Source: Ria Novosti

NATO forces will stay with Afghans after 2014 handover

President Barack Obama pledged Friday that US forces would stand by Afghanistan even after NATO-led troops hand control of the fight against Taliban insurgents to Afghan forces in 2014.

Far from the dusty battlefields of Afghanistan, where more than 2,200 Allied troops have fallen in a vicious nine-year-old war, Obama and NATO leaders flew in to Lisbon for a two-day summit to set a handover date.

"We'll announce that the transition to Afghan responsibility is about to start, in 2011. We hope this process will be completed by 2014," NATO Secretary General Anders Fogh Rasmussen told reporters as the leaders arrived.

It was Afghan President Hamid Karzai who asked his Western allies to allow Afghanistan's fledgling forces to take charge of the campaign by 2014, allowing the bulk of the 150,000-strong US-led force to return home.

Even as presidents, prime ministers and generals gathered in the white steel conference centre on the banks of the Tagus, the force in Afghanistan said another of its soldiers had been killed by a roadside bomb.

And, in a sign that even fiercer fighting still lies ahead, the Washington Post reported that the US Marine Corps is preparing to deploy the powerful M1 Abrams main battle tank to the Afghan front for the first time.

"We finally have the strategy and resources to break the Taliban's momentum, deprive insurgents of their strongholds, train more Afghan security forces, and assist the Afghan people," Obama wrote in a widely published op-ed.

"Even as America's transition and troop reductions will begin this July, NATO can forge a lasting partnership with Afghanistan to make it clear that, as Afghans stand up and take the lead, they will not stand alone," Obama wrote.

"We cannot turn our backs on the Afghan people as before," he added, in a separate interview with Spain's El Pais daily.

The Alliance's summit has been billed as one of the most important in its history, with meetings planned with the beleaguered Afghan leader Karzai and former Cold War foe Russia's President Dmitry Medvedev.

Karzai is in open disagreement with his NATO sponsors over combat tactics, and Medvedev's Russia has in the recent past been fiercely critical of US missile plans, but the leaders hope both can be won over.

Alongside this, they hope to unveil the 28-nation alliance's new "strategic concept", a planning framework to govern how it orders security priorities in a world of multiple new threats and ever tighter defence budgets.

They will unveil plans for a network of radars and interceptors to form an anti-ballistic missile shield in the skies of Europe to protect NATO members, and overcoming Russian concerns by inviting them to take part.

Before leaving Moscow, Medvedev's top foreign policy aide Sergei Prikhodko said Russia is keen to share ideas about missile defence, but played down the chances of a major decision realigning the continent's security.

Moscow, however, does not expect too much too early. "We are realists, we will not ask for the impossible," Prikhodko said.

Germany's Chancellor Angela Merkel dubbed Medvedev's participation in a NATO-Russia Council meeting at the summit "a milestone in NATO's development and in its relations with Russia" and "a good sign".

NATO leaders will also agree to reform the alliance by slashing the number of command headquarters and making them easily deployable to foreign conflicts.

Alliance officials insist the transition to Afghan control is not a rush to the exit, but the war is deeply unpopular in Europe and cash-strapped governments are under pressure from voters to bring soldiers home.

Nevertheless, Obama hopes to convince his European allies to send more troops to train their Afghan comrades, and summit host Portugal said Friday that it would like to send more.

Karzai surprised many of his allies this week by urging the United States to scale down military operations and by sharply criticising special forces night raids on Afghan homes.

Hundreds of police closed off and secured streets surrounding the complex, part of a team of 7,000 deployed for the meeting. A frigate patrolled the river and a helicopter patrolled overhead.

But there was no sign of the street fighting by anarchist militants that marred last year's NATO summit in Strasbourg, and police were able to contain scattered pacifist protesters.

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

India approves new airport for Mumbai

India gave the green light on Monday for the construction of a second international airport in the commercial capital Mumbai, a two billion dollar project that was ten years in the making.

"Today, formally the environmental clearance has been given to the Navi Mumbai Project," Environment Minister Jairam Ramesh told a press conference in New Delhi.

The massive new 90 billion rupee airport will be situated in Navi Mumbai or New Mumbai, a booming suburb 50 kilometres (30 miles) southeast of the centre of the city of 18 million people.

Environmentalists had opposed the project on the grounds that it would upset the delicate ecological balance of nearby protected tidal wetland areas.

Under the initial plans, thousands of hectares of mangrove trees and shrubs, which act as a natural buffer against the sea and coastal erosion, would have been removed and waterways re-routed .

"If they want, they can start construction of the airport from today," Ramesh said. "From an environmental point of view, this has been a very major compromise that has been reached."

Ramesh said the compromise would save part of the mangroves and avoid moving one of the rivers. A hill in the area will still be flattened, however, he said.

An official in the environment ministry told AFP that the project might still face a court challenge from activists and it is also likely to run into opposition from local villagers who fear being moved without adequate compensation.

The facility is expected to handle up to 40 million passengers a year by the time it is fully operational in 2030.

Its approval marks a victory for business leaders, who have long campaigned for the new airport, the first phase of which is scheduled to open in 2012.

They had warned that investment in India's wider economy could be hit if there were further delays to an airport that would service Mumbai, the country's financial capital and home to the Bollywood film industry.

The development of major infrastructure projects in India is slow due to complicated administrative procedures, labyrinthine legal processes and strict environmental and land rights regulations.

The government has also promised to amend the existing law for the forced acquisition of land for public purposes, passed in 1994, which is seen as critical to speed up large public infrastructure projects.

Environmentalists in Mumbai termed the new airport proposal "a destructive project" and said they will continue their fight to save the mangroves.

"By giving the permission for the airport, the government has now opened the entire coastline for development projects. This will be disastrous," said Stalin Dayanand from Vanashakti (Forest Power), a non-government organisation in Mumbai.

"Mangroves protect Mumbai. We cannot remove them," he said.

Appearing at the press conference with Ramesh, Aviation Minister Praful Patel said the ministries would look into the environmental issues.

"It is our concern and joint responsibility to address issues of the environment," Patel said, adding that in reducing the damage to the ecosystem, aviation safety had not been compromised.

Passenger numbers at the existing Mumbai International Airport have increased three-fold since 2005, reflecting an overall increase in demand for air travel among the country's emerging middle classes.

The airport is nearing capacity and can not expand further as it is hemmed in on three sides by slums.

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

Russia, China sign oil, gas, nuke agreements

ST. PETERSBURG, November 23 (RIA Novosti) - Russia and China sealed a number of deals on oil, gas, coal and nuclear cooperation on Tuesday, as trade volumes between the two countries increase. A Chinese delegation is meeting with the Russian leadership this week for talks on deepening technology, financial and energy cooperation. Russian Prime Minister Vladimir Putin will meet with his Chinese counterpart Wen Jiabao in St. Petersburg later today, with a row over gas prices likely to dominate the agenda. The row has stalled the construction of a crucial gas pipeline between the countries. Russia and China have been wrangling over the price of Russia's gas deliveries since 2004. Russia wants China to pay the same price as its European customers but Beijing is angling for a discount. The gap in pricing expectations is about \$100 per 1,000 cubic meters, Gu Jun, deputy director-general of the international department at China's National Energy Administration, said last week. Deputy Prime Minister Igor Sechin said earlier on Tuesday the issue would be resolved by next summer. Russia, the world's biggest energy producer, is eager to increase gas supplies to the world's fastest growing major economy whose consumption is expected to soar in the next few decades. In September, Russia and China signed a document outlining the general terms of Russia's gas supplies to China. The export contract is expected to be signed in the middle of next year and is supposed to cover 30 years. The volume of supplies is set at 30 billion cubic meters. A statement on the Chinese Foreign Ministry's website said Russia would start crude supplies to China through the pipeline on January 1, 2011.

Source: Ria Novosti