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Special Focus: Brazil

Brazil can be fairly characterized as one of the world economies with a great potential. Throughout the first decade of the new century the country made important steps towards improving economic structures. It is indicative that since 2003, Brazil has steadily improved macroeconomic stability, building up foreign reserves, and reducing debt

profile by shifting debt burden towards real denominated and domestically held instruments. Furthermore, Brazil was one of the first countries to recover from the global economic crisis. Finally, large capital inflows over the past year have contributed to the rapid appreciation of the national currency and led the government to raise taxes on some foreign investments.

General Info

Official Name	Federative Republic of Brazil
Population	190.7 million (Census 2011)
Capital	Brasília
Other Cities	Rio de Janeiro, Salvador, Belo Horizonte, Recife
Area	3.3 million sq. miles
Currency	Real
GDP Per Capita (PPP, 2010)	US\$ 11,127
Main exports	transport equipment, iron ore, soybeans, footwear, coffee, autos

Source: World Bank

Brazil has one of the most advanced industrial sectors in Latin America. Almost, one-third of the country's GDP comes from diverse industries including automobiles and parts, machinery and equipment, textiles, shoes, cement, computers, aircraft, and consumer durables. Additionally, the country continues to be a major world supplier of commodities and natural resources, with significant operations in iron ore, manganese, bauxite, nickel, uranium, gemstones, oil, wood, and aluminium. It is also important to stress that Brazil has 14% of the world's renewable fresh water.

Brazil has a diverse and sophisticated services industry that accounts for 66% of the GDP, including developed telecommunications, banking, energy, commerce, and computing sectors.



Agriculture accounts for about 6% of GDP (25% when including agribusiness) and 36% of Brazilian exports. Brazil enjoyed a positive agricultural trade balance of \$55 billion in 2009. The main agricultural products of Brazil are: soybeans, coffee, sugarcane, cocoa, rice, livestock, corn, oranges, cotton, wheat, and tobacco.

Brazil had a surplus of \$20 billion in trade balance for 2011. Exports reached the total amount of \$202 billion, while imports accounted for \$182 billion. The major markets Brazil is exporting are China with 15% of total exports, United States with 10% and Argentina with 9%. On the other hand, the United States, China and Argentina are the major countries that export to Brazil with 15%, 14%, and 8% of the total amount respectively.

Brazil managed to overcome the global economic crisis, with “flying colours”. One of the important structural measures that helped the country overcome the crisis was the Growth Acceleration Plan that the Brazilian government adopted in 2007. Additionally, the intensification of growth in the Brazilian economy was mainly created by the growing dynamics of the domestic demand. This phenomenon is evident both in significant increases in investment levels and in expanding household consumption. This reinforced the national economy of Brazil against external pressure, as the driving force behind development is internal and not external.

In 2008 Brazil experienced a 5.1% Gross Domestic product (GDP) growth. In 2010, the country's GDP grew 7.5% and it is expected to grow approximately 4% in 2011, significantly reduced due mainly to the new global slowdown.

Kyriazis Vasileios,

Epicos Newsletter Head Editor

Brazil: Socioeconomic Inequalities



MDS.gov.br

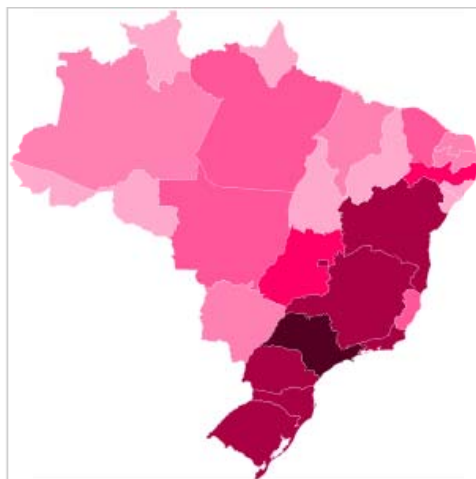
Ministério do Desenvolvimento Social e Combate à Fome

Ministério do Desenvolvimento Social e Combate à Fome

The immense economical development of Brazil has not eradicated completely the social problems and inequalities of the country as a wide gap between rich and poor still remains. It is indicative that the richest 10% of Brazilians receiving 42.7% of the nation's income, while the poorest 10% receive less than 1.2%. Nevertheless, Brazilian government is constantly trying to reach this gap. In 2002, Luiz Inácio Lula da Silva was elected president promising social reforms that intended to lift millions of Brazilians from poverty, create jobs and income. The aforementioned objective was partially reached as the innovative social programs taken by the government of President Luiz Inácio Lula da Silva are still gradually decreasing social inequality. One of the main actions taken towards this direction was the creation of the Ministry of Social Development and Fight against Hunger (MSD) in January 2004. The goal of the ministry is to promote social inclusion, food and nutrition security, full social assistance and a minimum citizen income to the families living in poverty.

The social policies of MDS are integrated in a system of social protection and promotion that currently benefits about 65 million people on poverty status, through several programmes,

such as: the Bolsa Família Programme of conditional cash transfer; the Continuous Cash Benefit (BPC), the Programme of Acquisition of Food of the Small Landowner (PAA); the Cisterns Programme; the Programme of Integral Attention to the Family (PAIF); and the Programme of the Eradication of Child Labour (PETI).



Map of Brazilian states by GDP (nominal) in 2007.
Numbers in millions of Brazilian reais.



One of the first priorities that the new government of Mrs. Dilma Rousseff, announced when inaugurated on January 1, 2011, was the continuation of fight against extreme poverty. In accordance to this, President Rousseff has launched the *Brasil sem Miséria* (Brazil without Extreme Poverty) programme, a series of further measures aimed at helping Brazil's poorest people. The purpose of the programme, that was official announced on 02 June 2011, is to lift 16.2 million Brazilians out of extreme poverty through cash transfer initiatives, increased access to education, health, welfare, sanitation and electricity, and productive inclusion. This flagship program of the federal government will

create new programs and expand existing initiatives in partnership with states, municipalities, public and private companies and civil society organizations to extend the opportunities generated by Brazilian strong economic growth to the citizens in greater need.

Additionally, Brazilian authorities announced that Bolsa Familia will now be guided by a philosophy of *busca ativa* (active search), seeking out families who are entitled to the payments but do not receive it due to geographical isolation, lack of information, or administrative problems. As a consequence it is anticipated that an extra 800,000 families will receive assistance by the end of 2013.



Despite the sincere attempts of Brazilian authorities, there is still a lot of distance to cover in order to fully eradicate social inequalities as the country still experiences extreme regional differences, especially regarding health, infant mortality and nutrition indicators. The aforementioned inequalities are more intensive in the poorer North and Northeastern regions than in the richer South and Southeast areas. Additionally, socioeconomic inequality can be tracked in several domains of everyday living and entails subtle forms of residential, educational, and workplace discrimination. The discrimination is delineated in such ways that members of distinct socioeconomic strata tend to live, work, and circulate in a completely different socio-economic environment.

According to the Gini coefficient index the country scores 0.49. The Gini coefficient is measuring the inequality of distribution, with a value of 0 expressing total equality and a value of 1 maximal inequality. It is commonly used as a measure of inequality of income or wealth. Worldwide, Gini coefficients for income, range from approximately 0.23 (Sweden) to 0.70 (Namibia) although not every country has been assessed.

Economical growth and stability are the two main indicators of the Brazilian socio-economical status quo. Though, strong social inequalities still remain at relatively high levels and undoubtedly this is a problem that should be resolved by the Brazilian government.

Kyriazis Vasileios,

Epicos Newsletter Head Editor

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](#)

Provision of a primary training aircraft for acrobatics and military purposes



A company excelling in the area of primary training aircraft construction is willing to provide its primary training solution as an entry level training tool for small countries' air forces.

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

Mail at: g-menexis@epicos.com

Design and development of jigs and special tools for the Aerospace/Defense and automotive industry



A company specialized in tooling, engineering and measurement solutions for the aeronautical, aerospace and automotive segments is proposing, in the frame of an offset program, the partnership with Prime or lower tier company for the design and development of jigs and special tools for the Aerospace/Defense (A&D) and automotive industry.

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**Brazilian Economy: Growth and Development, 6th Edition, by Werner Baer**

organizations.

Brazil has undergone significant socio-economic changes since the 1930s and especially since World War II. This alternation in the economic status quo of the country played an important role in the region of Latin America. This book is trying to delineate the results of these changes by providing vast amounts of new statistical and institutional information. Additionally, issues such as privatization, income and regional inequalities, and the environmental impact of development are also extensively explored. The book will be valuable in a wide range of venues, from universities to the corporate world to the libraries of development

Investing in BRIC Countries: Evaluating Risk and Governance in Brazil, Russia, India, and China, by Svetlana Borodina, Oleg Shvyrkov

Investing in Brazil, Russia, India, and China is a whole new game. This book is trying to delineate the problems and opportunities that someone will face if he is going to invest in these countries. Written by two well respected editors the book provides a detailed roadmap to analyzing corporate governance in the world's top emerging markets. This book explains how to mitigate your exposure to risky deals and other problems that can arise when dealing with international companies.

Epicos Newsroom**Boeing 737 MAX Logs First Firm Order from Launch Customer Southwest Airlines**

DALLAS, Dec. 13, 2011 /PRNewswire/ -- Boeing (NYSE: BA) and Southwest Airlines today announced a firm order for 150 fuel-efficient 737 MAX airplanes. Southwest is the first customer to finalize an order for the 737 MAX and becomes the launch customer for the new-engine variant. The Dallas-based carrier also ordered 58 Next-Generation 737s.

The firm order is the largest in Boeing history both in dollar value, nearly \$19 billion at list prices, and the number of airplanes. It supports Southwest's initiative to modernize its all-Boeing fleet, the world's largest fleet of 737s. As the 737 MAX launch customer, Southwest will take delivery of the first airplane when it enters service in 2017.

"Southwest is a special Boeing customer and has been a true partner in the evolution of the 737," said Boeing Commercial Airplanes President and CEO Jim Albaugh. "Throughout our 40-year relationship, our two companies have collaborated to launch the 737-300, 737-500 and the Next-Generation 737-700 – affirming the 737 as the world's preferred single-aisle airplane. As launch customer for the 737 MAX, Southwest, Boeing and the 737 continue that legacy."

The 737 MAX is the new-engine variant of the world's best-selling airplane and builds on the strengths of today's Next-Generation 737. The new-engine variant, powered by CFM International LEAP-1B engines, reduces fuel burn and CO2 emissions by an additional 10-12 percent over today's most fuel-efficient single-aisle airplane. It will have the lowest operating costs in the single-aisle segment with a 7 percent advantage over tomorrow's competition.

"Today's environment demands that we become more fuel efficient and environmentally friendly, and as the launch Customer of the Boeing 737 MAX, we have accomplished both," said Gary Kelly, Southwest Airlines Chairman, President, and CEO. "We are teaming up with our friends from Boeing to lead the industry in a way that makes both our shareholders and our Customers proud to associate with Southwest Airlines. Today's announcement will allow us to maintain our position as a low-cost provider in the years ahead."

This order continues the growing momentum for the 737 MAX. With the Southwest order, the 737 MAX has orders and commitments for more than 900 airplanes from 13 customers, while the Next-Generation 737 family has won orders for more than 6,600 airplanes and Boeing has delivered more than 3,800.

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Photo and caption are available here: <http://boeing.mediaroom.com>

Source: Epicos, Boeing

Austria balks at selling 2nd hand tanks to Canada: report

Austria is in talks to sell 40 second-hand Leopard 2A4 tanks back to their German manufacturer after Vienna balked at the Canadian military buying them, a press report said Monday.

Austrian defence ministry spokesman Michael Bauer confirmed only that talks with the firm, Krauss-Maffei Wegmann, were "going well, although nothing has been signed yet."

The Austrian daily Kronen-Zeitung said that the Canadian military had also expressed interest in buying the 15-year-old tanks, which Krauss-Maffei will buy back for 400,000 euros (\$532,300, CAN\$545,280) each and then modernise.

"But that would have meant so much red tape, since the Canadians are fighting in Afghanistan, meaning that the sale would not have been approved," the paper cited an unnamed army insider as saying.

This created consternation among some partners in the NATO military alliance, although "as luck would have it" Canada decided it was no longer interested, the daily added.

The paper said Austria bought the tanks for 1.3 million euros each in 1996.

Source: 2011 AFP, Agence France-Presse (AFP)

General Dynamics Awarded \$47 Million to Maintain and Update Army Common Ground Stations Worldwide

SCOTTSDALE, Ariz., Dec. 9, 2011 /PRNewswire/ -- General Dynamics C4 Systems, a business unit of General Dynamics (NYSE: GD), has been awarded a five-year, \$47 million follow-on contract to update and maintain the operational readiness of all Common Ground Stations (CGS) for the U.S. Army. General Dynamics will provide the spare parts, assemblies, engineering support and other logistics needed to keep the CGS fleet technically current and fully operational worldwide.

In 1996, the Army awarded the original Common Ground Station system contract to General Dynamics, ordering 102 systems. The first Common Ground Station was delivered to the Army in 2000. In 2005, General Dynamics received the first contract to supply logistics and maintenance support for the fleet of Common Ground Stations.

Mark Showah, director of Integrated Systems for General Dynamics C4 Systems, said, "This award reflects the continuing confidence our customer has in the system and the relevant capabilities it provides in support of vital Army and joint missions around the world."

Common Ground Stations are deployed by the Army to assist commanders in the collection, analysis and distribution of intelligence, surveillance and reconnaissance information gathered by airborne radar aircraft, unmanned aerial vehicles and other sensors.

Work in support of the Common Ground Station logistics and maintenance contract will be performed by General Dynamics employees located in Scottsdale, Ariz.

For more information about General Dynamics C4 Systems, please visit www.gdc4s.com.

Information about General Dynamics is available at www.generaldynamics.com.

Source: Epicos, General Dynamics C4 Systems

Boeing, Etihad Airways Announce Order for 10 787-9 Dreamliners

ABU DHABI, United Arab Emirates, Dec. 12, 2011 /PRNewswire/ -- Boeing (NYSE: BA) and Etihad Airways, the national airline of the United Arab Emirates, today announced an order for 10 Boeing 787-9 Dreamliners and two Boeing 777 Freighters.

Valued at a combined \$2.8 billion at current list prices, this order will make Etihad the world's largest airline customer of the 787-9. Etihad has a total of 41 787s on order.

The order also increases Etihad's current Boeing 777 backlog to 12 airplanes, which includes 10 previously ordered 777-300ERs (extended range). The Abu Dhabi-based airline's fleet currently includes eight Boeing 777-300ERs and one 777 Freighter.

"Our decision to expand our Dreamliner fleet is testimony to Etihad's commitment to operating one of the youngest and most fuel efficient fleets in the skies," said Etihad Airways Chief Executive Officer, Mr. James Hogan. "It also reflects our confidence in the 787's ability to have a significant impact on our operating efficiencies and the passenger experience we can offer onboard this revolutionary aircraft. Both the Boeing 787 Dreamliner and the 777 Freighter offer highly attractive operating economics and will facilitate our global expansion plans by allowing us to transport passengers and cargo into new global markets from our hub in Abu Dhabi."

Founded in 2003, Etihad Airways is one of the fastest growing airlines in the world and currently operates scheduled flights to 84 passenger and cargo destinations across Europe, the Middle East, Africa, Asia Pacific and North America.

"In less than 10 years Etihad Airways has established an enviable track record and has earned global recognition for its focus on providing its customers with a quality product," said Jim Albaugh, president and CEO of Boeing Commercial Airplanes. "We are extremely proud of our partnership with Etihad Airways and are confident the 787 Dreamliner and the

777 Freighter will make valuable contributions to Etihad's growth plans and service for its passenger and freight customers."

The Boeing 787 Dreamliner is an all-new commercial jetliner that brings new efficiencies to airlines and delivers superior comfort to passengers. The Dreamliner is the fastest-selling twin-aisle airplane in aviation history, with more than 800 orders from 58 customers around the world.

The 777 freighter is the world's longest-range, twin-engine freighter and features the lowest trip cost of any large freighter, with high-cargo density and 10-foot (3.1-meter) interior height capability that complements the popular 747 freighter family.

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Photo and caption will be available here: <http://boeing.mediaroom.com>

Source: Epicos, Boeing

Raytheon Awarded \$241 Million Contract for SM-3 Block IIA

TUCSON, Ariz., Dec. 12, 2011 /PRNewswire/ -- The Missile Defense Agency awarded Raytheon Company (NYSE: RTN) a \$241 million contract modification for continued engineering design and development work on the Standard Missile-3 Block IIA.

The SM-3 Block IIA is a co-development effort between the U.S. and Japan and the cornerstone of phase three of the administration's Phased Adaptive Approach. The SM-3 Block IIA's larger rocket motors and advanced kinetic warhead will allow for a greater defended area, protecting both the U.S. and its allies from ballistic missiles.

"The co-development of the SM-3 Block IIA with our Japanese allies continues to be an industry-leading example of global partnership," said Wes Kremer, vice president of Raytheon Missile Systems' Air and Missile Defense Systems product line. "The SM-3 Block IIA is on track for a 2018 deployment."

SM-3 is being developed as part of the Missile Defense Agency's sea-based Aegis Ballistic Missile Defense System. The missiles are deployed on Aegis cruisers and destroyers to defend against short- to intermediate-range ballistic missile threats in the midcourse phase of flight. Raytheon has delivered more than 130 SM-3s to U.S. and Japanese navies ahead of schedule and under cost.

About Raytheon

Raytheon Company, with 2010 sales of \$25 billion, is a technology and innovation leader specializing in defense, homeland security and other government markets throughout the

world. With a history of innovation spanning 89 years, Raytheon provides state-of-the-art electronics, mission systems integration and other capabilities in the areas of sensing; effects; and command, control, communications and intelligence systems, as well as a broad range of mission support services. With headquarters in Waltham, Mass., Raytheon employs 72,000 people worldwide. For more about Raytheon, visit us at www.raytheon.com and follow us on Twitter at @raytheon.

Note

In November, Raytheon Company selected Aerojet for the development of a new, more advanced Throttleable Divert and Attitude Control System for the SM-3 Block IIA. Aerojet was selected after a challenging series of engineering tests demonstrated the feasibility of the system's design. Essentially a rocket motor with 10 nozzles, the TDACS's precision propulsion enables the kinetic warhead to intercept an incoming ballistic missile.

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Source: Epicos, Raytheon Company