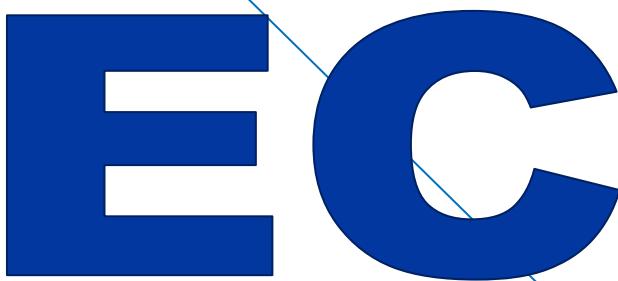




Since 1990



January 2014

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UKRAINE – DISTURBING TIMES!

Some 10 years after the Orange Revolution the country is at the break of Civil War. People have been killed in the streets and the Russian President seems to have little



Yulia Tymoschenko

understanding of what democracy means. Over the last years the economy has deteriorated and corruption flourishes leaving very little hope for the younger generations and Ukrainians longing for freedom, democracy and human rights to be put first. Obviously Russia will fight to the bitter end to keep its cold hand over Ukraine.



Viktor Yanukovych

With its Black Sea fleet still based at the Crimean Peninsula and with a pro Russian population on the peninsula and the Eastern part of the country, Putin still has a good grip. EU had the possibility to help out, but it was not exactly overstretching itself in the last negotiations. It is a pity that the EU leaders not see the enormous potential that Ukraine offers and the importunacy for peace and growth for the

whole of Europe. We can of course hope for a better future, but with the former President in jail on fabricated evidences - typically totalitarian behaviour and a President that seems both deaf and blind I think we will be heading for a very cold and bloody winter in Kiev!

THE NEW US AMBASSADOR TO NORWAY

As a reward for having collected more than 1M USD for Obama in the last campaign, plus a personal contribution, Mr. George James Tsunis has been offered the position as Ambassador to Norway. In the Congress



George J. Tsunis

hearing conducted by he said that Norway was a republic and that the population strongly rejected the Progress Party. Obviously knowing very little about the country he will be going to, since it still is a Kingdom and the Progress party, third biggest party in the country, is part of the government. Mr. McCain showed little mercy in his end remarks.



John Sidney McCain III

And we could have left it there, but now he has insulted the Progress Party which demands and excuse from Mr. Obama – so here we go. The Progress party in Norway can be placed somewhere in the middle of US Republicans, far more moderate than the Tea Party wing, so exposing them as close to a fascist party was not exactly a smart move!

THE SYRIAN CRISIS – NO CHANGES!

As I wrote in the last issue the Syrians must prepare for another tough year. And a month later nothing positive has happened, on the contrary – more women and children have been injured and killed. With Muslim extremists becoming more and more aggressive also attacking their own people those left in the middle really have hard times ahead of them. As long as we have populations in the Middle East with little or low education we will see Extremists being able to recruit people for suicide bombing and warfare. Religion has never brought any good to the common man. In Europe we had Religious wars going on for centuries killing thousands and we have seen the same in the Middle East just becoming worse and worse. Both sides fights with God on their side and kills in the name of the same God guided by sick extremists who have their own and only true interpretation of the wholly book – one word – tragic!

NEW PARTNER TO JOIN EC!

Gérard Forcinal est le fondateur et le Directeur Exécutif de “Sulpice Coach Investissement”, basé à Paris, France et “Finance Ingénierie Pacifique” base à Papeete, French Polynesia. Ces sociétés proposent des services financiers complets

pour l’investissement dans plusieurs domaines depuis 1999. Les principales activités concernées ont été le secteur maritime et les navires, l’immobilier et l’industriel.

Les montages financiers ont souvent été structurés avec une optimisation fiscale, au moyen de leasing fiscal ou d’outils spécifiques du droit français ou polynésien.

Gérard FORCINAL est né et a fait ses études en France, et il a également travaillé plusieurs années en Polynésie française (Pacifique sud). Il est Docteur en Sciences Physiques et Diplômé en Administration des Entreprises. Il a occupé plusieurs positions en Finance et Administration dans des grands groupes internationaux (Philips, Alstom et Alcatel) jusqu’en 1999, où il a commencé son activité individuelle.



Mr. Gerard Forcinal

Il est actuellement actif sur deux domaines : Financement de navires avec optimisation fiscale (sous conditions) : navires commerciaux à usage de transport de marchandise ou de personnes, navires de croisière, Yachts.

Cession d’Hôtels, en coopération avec une structure dédiée localisée à Paris : mise en contact de vendeurs et d’acheteurs, pour les murs ou le fonds de commerce, pour des

hôtels situés dans des régions à fort potentiel touristique : Paris et Côte d'Azur.

Gérard FORCINAL is founder and Executive Director of "Sulpice Coach Investissement", based in Paris, France and "Finance Ingénierie Pacifique" located in Papeete, French Polynesia that have provided complete financial services for investment in several fields since 1999. Focus has been on maritime and vessels projects, real estate and industry.

The Funding packages were often structured with tax optimization, through Tax Lease, or specific French and Polynesian tools.

Gérard FORCINAL was born and raised in France, but worked several years in French Polynesia (South Pacific). He is Doctor in Physical Science and graduated in Business Administration. He held Finance and Administration positions in International Fields for big international Companies (Philips, Alstom and Alcatel) until 1999, when he started his own business.



He now specializes in two fields:

Financing of Vessels with Tax Optimization (under conditions): Commercial vessels used for Goods Transportation, Passengers Transportation, Cruise Ships and Yachts.

In cooperation with a dedicated structure located in Paris, hotel business: link between sellers and investors, for walls and business for sale, located in high touristic potential regions: Paris and French Riviera.

FRANCE – CAN THEY AVOID A CRASH?

Government and institutions announce growth for 2014 in France. - Is a decrease of the French economy still plausible?

The growth forecast 2014 for France (French government, international institutions) is slightly less than 1%, compared to a projected growth slightly positive in 2013. The improvement of the economic situation in France according to analysts derives from three factors:

- Recovery in exports, with a global growth rate anticipated above 3.5%,
- Recovery in business investments,
- Decline in the household savings rate.

But economic indicators and recent events tell a quite different story.

1 RECOVERY IN EXPORTS

In fact, a strong recovery in global trade is not fully reliable, and therefore also growth driven by exports. Countries where the economy recovers (United States, United Kingdom, Japan, China) have growth driven by services, by construction: they are models of very domestic growth, does not generate additional import, so recovery of world trade. But this applies to all countries, except for those who are rapidly gaining market share in export like Spain.

The very high level of tax burden on companies in France (which represents 17.5% of gross domestic product, against 15.5 % in Italy, 11.5 % in Spain, 10% in Germany) and especially the uncertainty on taxation and regulations are obviously a strong handicap for export recovery. The French Parliament multiplies changes in tax

rules, and the announcement by the Prime Minister of a reflection, probably during several years on the overhaul of the tax have further increased the uncertainty. The regulatory and tax uncertainty also helps to explain the significant decline in residential construction activity in France, with housing starts to 320,000 in a year, even lower (280,000 probably) the next year, against 450,000 before the crisis.

2 RECOVERY IN BUSINESS INVESTMENT

Specific to France is the extreme pessimism of companies, which leads to lower investment and employment. This can be related to many known reasons:

- ▢ Weak profitability and return on capital, with financial fragility and weak incentives to invest. The return on physical capital (equipment, buildings, not financial capital) is less than 7% in France, against 12% on average in OECD countries.
- ▢ The Company Indicator (PMI) in France is around 48, in the area of decline in activity, against 54 in Germany, 50 in Spain, 51 in Italy. The investigation on orders of goods is - 54 in France, against - 30 in Spain and Italy, - 12 in Germany.
- ▢ Export volumes are showing a slightly negative growth in France over a year in the third quarter of 2013, consumer confidence remains very low, etc.

3 DECLINE IN THE HOUSEHOLD SAVINGS RATE

The recent reaction against tax increase for individuals, associated with a continuous

increase in un-employment, will clearly not lead to any decline in household savings rate.

The French President has announced a decrease in un-employment at the end of 2013. If this is demonstrated in December 2013, this will need a minimum of 6 months figure for confirmation and integration by individual. If this is not reached, individual will be more prudent concerning their future and this will lead to higher savings rate.

In fact, all investigations and indicators in industry and services announce a negative growth rate in 2014 in France. What will happen if France is actually in recession and not close to 1% growth in 2014?

Major risks on interest rates and on public finance

- ▢ The first risk is that it will attract the attention of non-resident investors. If France is the only country in the Euro zone which does not achieve economic recovery in 2014, it is unlikely that these investors continue to lend to the French State to a higher interest rate only 45 basis points (0,45%) interest rate paid by the German government.
- ▢ The second risk is that the tax income could be significantly lower than expected. This effect could be enhanced from the effect seen on French tax income in 2013: 11 Billion € are missing, without any explanation. This is clearly the consequence of the excess in Tax pressure.
- ▢ The third risk is that a recession in 2014 would prevent any improvement in public finances. A deficit slightly below

4% of gross domestic product in 2014 with close to 1 % growth is expected, if the real growth is in the range of -0,5 %, the deficit goes back to 4.5% of Gross Product. The worst risk is finally of course that if growth was for example – 0,5%, with productivity gains of around 0.7 % over the year, employment in firms decline by 12%, the number of unemployed increase by more than 200,000 in 2014, and the political and social situation would obviously be very complicated.



President Hollande

The worst case is not necessarily the most probable. With a very high tax rate, with public expenses left without a strong reduction plan, there is no more room for action in case of a decrease in the economy. So, year 2014 will be extremely sensitive and will need a continuous attention to keep the public “car” on the “road”.

CURRENCY & INTEREST RATES

FTSE100 has started climbing again after a quick dip and is well above what we saw one year ago. However with the current situation in all of the Middle East, Thailand and Ukraine we will be seeing nervous markets for quite a while still.

The Norwegian Stock Exchange (25) has gone from a level above 520 to 620 over the last 12 months. Although a dip a few days ago the trend is clear. Listed Norwegian blue chip companies are still very cheap and will be a good investment.

EUR/USD had a peak at around 1.37 and now on its way down again. According to Mark Zandi, chief economist of Moody's Analytics, a GDP growth of 3% this year is what he is forecasting. That is quite optimistic and if so I guess in spite of all of Mr. Obama's ideas.

As for **Interest Rates** it is not very much to say. They will stay low with no changes in the EU region, UK and Norway and very little points to an increase in the US for the next 6 months either, so most likely they will remain as is for the next 12 months.

SPI: SECURITY – PROTECTION – INTERCEPTION!

Mr. Forcinal is also heading a highly interesting project in the Anti Piracy Business. The venture is a fleet of up to 21 Rapid Interception Vessels, based in Djibouti, Gulf of Guinea and other countries, with armed people on board, for protection of commercial vessels against maritime piracy.



SCI's Interception Vessels

- **Investment:** Total Investment of 100 M US\$ Equity/Loan.
- **Results :** From – 4.8 M US\$ in year 1 to 31.8 M US\$ in year 5
- **Profitability :** 26,4 % per year

For more information on this great investment opportunity, please contact us.

US AND EU PROTECTIONISM

The cold ghosts of yesterday are starting to pop up again in the Air Travel Industry. Highly successful **Norwegian** (Norwegian Air Shuttle ASA) lead by clever and charismatic Mr. Bjorn Kjos, pilot and lawyer, is seeing Unions on both sides trying to stop them from flying to the US.



Mr. Bjorn Kjos

With connections to a number of major cities all over the world and prices competitors only can dream of, no wonder they are trying with all kinds of dirty tricks to stop them with Accusations on dumping wages and other unsubstantiated claims.

It reminds me of back in the old days (read 60's) when SAS (Scandinavian Airlines) challenged companies like BA, KLM, Lufthansa and Air France in Europe. For quite some time the French managed to block SAS from landing in France. They had to

take their passengers to Switzerland and send them by bus to Paris.

There is nothing more conservative than Trade Unions – If they had their ways we would have been stuck with technologies from the 17th century!



And this is what scares competitors on both sides of the Atlantic – no noise from the Far East.

Norwegian Air Shuttle plans to buy 222 new aircraft worth \$21.1bn from Boeing and Airbus. Norwegian has agreed to purchase 100 A320 narrow-body aircraft from Airbus, worth \$9.7bn at list prices.

As all other protectionist ways trying to stop the world from moving forward for the benefit of good for all of us, this will also be going to fail. Obviously something we could have expected from other countries unwilling to compete on equal terms and perhaps worst when coming from the US – land of the free!!

FUNDING

If you want to apply for equity or loan, please contact one of our Partners or go to our website for more information – and request for the EC CIS, - to get started!

LJ Myrtroen
Senior Partner & Founder