

Economic Opportunity in a Risk Adverse Climate

Turn on the television, open a newspaper, surf the web, and one will see story after story of economic crisis, political gridlock, and signs of discontent. Europe is treading water as the debt crisis spreads to larger and larger economies. Greece, Iceland, Ireland, and Portugal are all small; the effects are limited to unwise investors in the UK, the Netherlands, and Germany. Or so we're told. The debt crisis is spreading like a contagion to Spain and Italy. How long can Germany absorb these losses? How long before speculators target the Euro like they did the Thai Baht or the Korean Won in 1997?

The US seems intent on doing nothing to stop its head long rush into disaster. The political classes can barely acknowledge that the current course of half measures is inadequate; that the political process is broken. Listening to either of the two main political parties one would think they are keeping score in some childish game rather than trying to steer the global economy away from the edge of the economic abyss. The US is hemorrhaging jobs, failing to maintain critical infrastructure, and failing to adequately educate its labor force. The fact that there has been no leadership from Washington in more than a decade makes one wonder why anyone still looks to Washington for answers. It seems that Beijing, Brasilia, or Canberra would be better options for growth in the 21st century.

One would think the sky is falling and the economy is bent on imminent collapse. This is patently not the case. There are many things wrong with economic distribution, social, and political programs, however, the fundamentals of the global economy are intact. The status quo is shifting away from North America and Western Europe and more in favor of previously middle income nations. Nothing about the economy is static. The US and Europe have been rigid and unresponsive to global changes. They have settled for short term gains over long term investments and are now suffering because of it. But even in the advanced industrials opportunities abound, if you are willing to look beyond the media and political rhetoric. Tax regimes are at their lowest point in more than 50 years in most advanced industrials. There is a huge pool of skilled available labor creating wage deflation; companies, individuals, and the financial sector are sitting on a vast surplus of cash, as well as historically low interest rates. With the right incentives, companies can flourish under these conditions.

Private companies and banks are influenced by political posturing and potential short term gains to hold off investing their available cash. They are forgoing potential profits today to influence political changes more to their liking. This adversely affects the entire business climate. Large companies have also failed to invest in their human capital. The substantial labor pool only encourages them further to degrade their training programs as employees become easier to replace. This only damages the workforce fostering low morale and lack of loyalty. Without solid infrastructure, in good working order, national economies cannot compete and watch migration of their respective talent pools to other markets while at the same time less skilled workers tend to be left behind with reduced purchasing power.

The current economic path being pursued in the US, UK, France, Italy, Japan, among others results in a zero sum game similar to the cold war: if A wins, B loses. Unfortunately, economic policies affect real-life decisions and if citizens have reduced purchasing power, then there will be reduced demand. With reduced demand, there is reduced supply and therefore a reduced need for labor. This is a vicious downward spiral. Japan, for example, has had two full decades of effectively zero growth while its population ages and its social liabilities increase.

This can be reversed through leadership, drive, and vision. There are plenty of opportunities available. The global economy should not depend on one or two key economies to start and/or sustain growth. Vital, vibrant domestic markets are robust and help insulate economies from external shocks and downturns in trading. With sound planning one can seize the advantage in a risk adverse economy.

Many of the banks and other forms of Funding Institutions, are sitting on large sums of money at this time, too timid to lend due to the security they have taken in the past, being inadequate to cover their loans when their borrowers have defaulted. These Institutions are now seeking major Bank Guarantees

(or similar) as security for the loans they are willing to grant. Readers are encouraged to refer to Euroasian's BGMC Program where if you have a lending institution that will lend secured by a major Western European Bank Guarantee, Euroasian is able to put in place that Guarantee. Under this Program, Euroasian has been approved to carry out "in-house" due diligence into the financial viability of your Project and thus the cost of receiving the Bank Guarantee Approval, is very reasonable with quick closings available.

Take this opportunity to move your Project ahead NOW whilst this Facility is in a position to arrange the Bank Guarantee.