

# Market Place.

Marwah und Partner GmbH Elisabethstrasse 26, 1010 Wien, Austria

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## Marwah und Partner GmbH Advisory Board speak out on Regional Issues



### Sir Anthony Ainsworth, Bt

Sir Anthony has worked in Asia since 1993 in Hong Kong, Hanoi, and Phnom Penh and settled in Bangkok in 1999 joining RGC Executive Search, one of the oldest dedicated executive search firms in Thailand. Anthony has dual English and Irish nationality. He holds dual British and Irish citizenship and was educated at Harrow School and Sandhurst Royal Military Academy. He served as an officer with the British Army in Germany.

**Southeast Asia -- Crisis Coming? . . .** See article on Page 4

### Prince Gregor von und zu Liechtenstein

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### H.E. T.P. Sreenivasan (IFS 1967),

Former Ambassador of India and Governor for India of the IAEA Executive Vice-Chancellor, Kerala State Higher Education Council, Director General, Kerala International Centre.

The Council has the mandate to advise the Government of Kerala on all matters pertaining to the Universities and other institutions of higher learning in Kerala.

**India . . . and the beat goes on . . .** See article on Page 5

### Dr. Stefan Stoiber

Dr. Stoiber formed a Vienna law practice in 1989 working mainly in the field of civil law, representing small and medium sized enterprises, in particular Austrian branches and subsidiaries of foreign groups in all legal aspects. A large number of foreign clients are served primarily in English, but the law firm also works with Chinese companies and corresponds in Mandarin.

**Austria: Gateway to Central & Eastern Europe . . .** See article on Page 3



## MUP to expand Advisory Board to a new total of five.

With Prince Gregor von und zu Liechtenstein having already helped and advised us for over the two years, he will be leaving the Advisory Board in November. To reflect that CEO Raj Marwah has arrived back full time back in Austria, both new Advisory Board members will be Austrian citizens. Watch this spot!



**LIECHTENSTEIN: A Country .... and a Family**

**by Prince Gregor von und zu Liechtenstein**

Liechtenstein has come a long way since expanding its financial services offerings over the last 4 years. “We are a safe haven, not a tax haven” states Liechtenstein director of the Liechtenstein Financial Market Authority, Mario Gassner. With new regulations now more compatible with the European Union directives governed by Undertakings for Collective Investments (UCITs) Liechtenstein is targeting domestic fund management and alternative investment fund management to expand its traditional financial services base.

With its Trust business continuing under more transparent disclosure rules, Liechtenstein seeks to remind investors of its long term stability and financial management skills. Since the policy change in 2009, the new emphasis seems to be working. Liechtenstein reports \$125 billion in private wealth management (2011 report Liechtenstein Bankers Association), and an additional \$36 billion in fund management spread among 800 domestic funds and 550 local fund managers. Liechtenstein points to its historic stability, coupled with low tax rates (flat corporate tax rate of 12.5% and private income tax rates of 21% as the top marginal rate) to attract new capital.

With evidence of the first settlements in the Neolithic Period (10,000 to 4500 BC) the long long history of today’s Principality of Liechtenstein is one of stability, development and security. In 15 BC the Romans made it part of Rhaetia province. Later Liechtenstein was ruled by the Franks and Alemannic migrants settled there. In 1342 the County of Vaduz was formed, and was directly ruled by the Emperors by 1396.

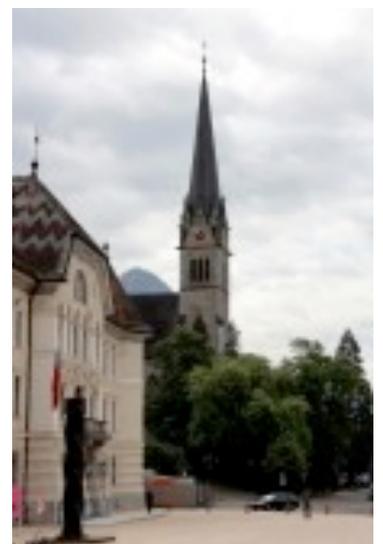
Today’s modern state dates back to the year 1719 when the Princes of Liechtenstein merged the County of Vaduz (bought in 1712) and the Schellenberg-area (bought in 1699) to form the independent Principality under the Holy Roman Empire.

In 1806, when Napoleon had crushed the Empire, it became an independent member of the Rhine Confederation and – after Napoleon had been finally defeated – a member of the German Confederation.

Being rather small, the country was torn between the Austrian Monarchy and the Suisse Federation. In 1919 after the Austro-Hungarian Empire had been destroyed, Liechtenstein abolished the customs treaty with Austria and – in 1924 - signed a new one with Switzerland, which is basically still in place. It was only in 1938, that the Princely Family took up residence in the Castle of Vaduz, moving from their ancestral home near Vienna.

For many years Liechtenstein has been a member of important international organizations such as the International Court of Justice in The Hague, the OSCE, the UN and EFTA as well as WTO.

Liechtenstein continues to provide a safe haven for capital.





## AUSTRIA -- GATEWAY TO CENTRAL & EASTERN EUROPE

By Dr. Stefan Stoiber

“If the US economy can grow by 2.0% after causing the financial and economic crisis, Austria must have ‘screwed up’ to only grow at a projected 0.4% for 2013” so said Dr. Christoph Leitl, Director of the Austrian Federal Economic Chamber (WKO) at the economic forum August 21, 2013 in Alpbach. Dr. Leitl is bullish about Austrian companies and Austrian capability and his expectations are high. The WKO campaigns hard for tax relief, cutting red tape and subsidies to continue to improve the investment and business climate in Austria. With 400,000 member companies the WKO is a powerful voice for Austria business.

Dr. Leitl’s comments aside, Austria has one of the lowest unemployment rates in the European Union at 6.7%. While Germany is touting its lowest unemployment in two decades at 6.8%, Austria has averaged 4.6% for the past thirty years. Unemployment across Europe is 12.1% with Spain and Portugal above 25%.

Austria has surpluses in both its balance of trade at 46 EUR Million, and its Current Account at 4,686 EUR Million, and has the second smallest ‘black economy’ in Europe at 8% of GDP (to Switzerland at 7%). As my friends at **Marwah und Partner GmbH** know very well, Austria continues to be an attractive location for investment have found as international companies see Austria as a gateway to Central, Eastern, and Southeastern Europe. In the logistics sector, multinationals maintain that managing logistics for Eastern Europe from Vienna is cheaper than from either Prague or Budapest. The Global Competitiveness Report in 2013 ranks Austrian infrastructure among the top 10 in the world.

The opportunity for growth in Austrian business is anchored in an economy geared for small and medium size businesses. Austria encourages its more than 300,000 SME’s and international investors with a moderate corporate tax rate of 25%, coupled with tax premiums for research and development (10%), a 20% tax allowance to reclaim expenses for education and training employees, and 1.4 EUR Billion available until 2019 in research and development funding for competence centers and other R&D programs.

Austria is a leader in automotive production and related manufacturing and services. Austria developed front wheel drive, the first Porsche, and the electric car. The quality of Austrian manufactured engines, parts, and after market goods is well known worldwide. With more than 370,000 employed in the automotive sector, Austria has an experienced and highly skilled workforce.

Other sectors such as chemical/plastics, electronics, tourism development, information technology all benefit from the base of education and training in Austrian universities and research and development centers.

Austria as a business location could be very profitable for international investors. Austria is a key regional center with ready access to the rapidly growing market opportunities in Central & Eastern Europe. With a motivated and highly educated workforce, state of the art infrastructure, and a high technology atmosphere, with long historical social and economic stability combined with the highest quality of life, Austria is a prime investment environment.



**SOUTHEAST ASIA: CRISIS COMING?**

by Sir Anthony Ainsworth, Bt



Image credit: <a href="http://www.123rf.com/photo\_17132376\_asean-organization.html">jonybigude / 123RF Stock Photo</a>

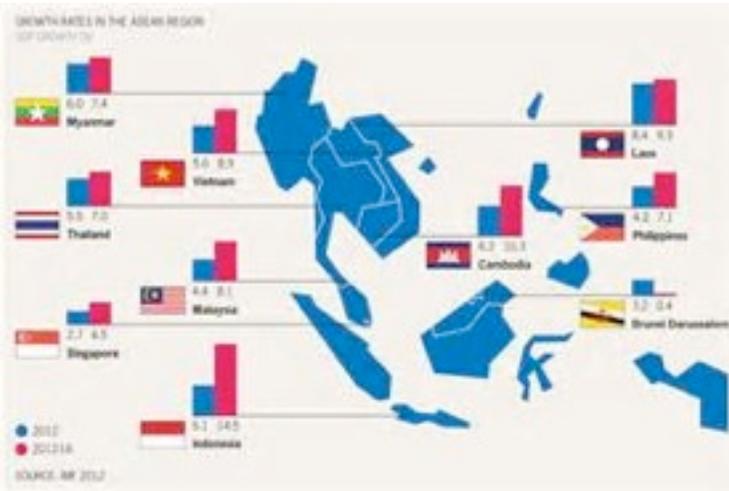
Is Asia, and Southeast Asia in particular, headed for another 1997-1998 style crash? Some analysts believe that the huge credit inflation overhang coupled with a withdrawal of foreign investment will trigger currency and credit crises across Asia. We are already seeing signs of capital shifting away from the Asian markets.

With the prospect of the Fed tapering just around the corner and with that higher bonds yields, the US and European markets have diverged from the emerging markets. Dr. Marc Faber, of the Gloom, Doom and Boom report is further predicting a major correction with the Dow which will ripple through the Asian markets as well. The effects have already been felt. Many of the emerging stock markets of Asia have fallen from their mid year highs. The Thai SET was up 16% in May and has now fallen back to below new year levels. Indonesia has followed in the same pattern.

Another key impact has been the way the markets have perceived countries with high current account and fiscal deficits, combined with rising household debt to GDP figures, which has caused both a currency value and stock market plunges. The currency pressure in Indonesia has so far not been severe where the central bank has been active in the market raising rates, but the current account deficit for Indonesia is the worst since 1996. A worrying trend is the level of household debt to GDP in these Southeast Asian economies. HSBC reports that in Thailand household debt to GDP is almost 80%, up from 55% in 2009, and Malaysian figures are comparable.

Nevertheless, throughout ASEAN we have a very mixed picture, and there does not appear to be any constant across the geography. There are two exceptions: Vietnam is up 12% year to-date and Laos is up 10%. But stock market performances do not always tell the full picture.

The expected economic pick up in the US and Europe has been very muted and certainly not inspired enough to ramp-up some of the major exporting economies. This is now coming through in the GDP numbers. Thailand is officially in recession with a -0.3% growth for the second quarter following on from -1.7% contraction in the first quarter. The government claims the country can grow by 4.3% in 2013, thought to be highly optimistic, and now there are renewed calls for interest rate cuts.



With exports flat at best, countries such as Thailand and Indonesia have been focusing on the impact of the consumer to grow the economy. However, reports from both countries indicate that because the household debt levels are not far off dangerous levels, the governments will need to develop novel ways of propelling the economies that are not reliant on a ballooning fiscal debt programme. While the region's institutions are far better prepared than the 1997-1998 crises, drastic actions will likely be required to weather the approaching storms.



## INDIA . . . AND THE BEAT GOES ON!

**By H.E. Ambassador T.P.Sreenivasan**

The economic news from India today must be perplexing for foreign investors and exporters alike. The unprecedented fall of the rupee makes investments go farther than before, but it makes exports to India more expensive. Only the foreign tourists are smiling all the way to their luxury resorts as the tourist season opens next month. With the general elections scheduled for early next year, the political picture is also far from clear. Those who used to cheer India's rise as a super power now warn of civil unrest

Economic crises, inflation and corruption are global phenomena today, but India had managed to insulate itself from an economic meltdown so far. India's economic growth had hovered around ten percent and it was next only to China for several years. India was considered an economic miracle till very recently. A mix of international pressure from the European crisis and pursuit of unwise policies has resulted in India's present plight, but the Government sounds hopeful of taking certain measures, which will restore reasonable growth in the economy. More economic liberalization measures are being prescribed by international experts. The new Government will face a hard task to introduce new reforms that deal with the economy's flaws and unleash its mighty potential.

As for the political climate, the ruling Congress Party led coalition seems to be in deep trouble because of the widespread impression that the leadership has been shielding corruption, if not benefitting from it. The emergence of Narendra Modi as the opposition BJP candidate poses a new challenge, but together with his image of efficiency, he carries the baggage of persecution of minorities. The opposition is also fractured and the possibility of a third front is slim. The new Government will inevitably be a coalition of diverse parties, with conflicting interests. In the meantime, the ruling party is taking populist measures to win votes. An expensive plan to subsidize food hints at the desperation of the ruling party.

The good news is that the economy is still vibrant and the general public, particularly the middle class, seems to have enough money to indulge in luxuries such as gold, expensive clothes and posh motor cars. The mood is cheerful despite news of an impending economic crisis and uncertain political future. Exciting things are happening in education with additional investments by the private sector. Construction is booming in every part of the country. Bollywood is flourishing. India has proved the old dictum once again that whatever you say about India, the opposite is also true. Figures and graphs are depressing, but the general spirit is one of hope and expectation.

In the corner of India where I live, we are being entertained by a first class scandal, involving a fraudster and two pretty women, who reached the highest levels of the Government to trick people into parting with money to set up nonexistent solar panels in a state, which is hungry for power. The ultimate demand is the resignation of the Chief Minister, who has so far maintained his teflon image. The gripping entertainment of the news channels is the opiate of the people.

India is very much at the cross roads, but no one has any doubt that it will find its path to progress in its own way. History has shown that India has the resilience to weather the storms and move forward.



Image credit: 123RF Stock Photo

**TOP PERFORMING MARKETS as of August 29, 2013 (YTD)**

Index	Value (in Local)	YTD Percentage
Venezuela (IBC)	1,346,258.00	185.56%
Ghana	1,199.72	65.75%
Argentina	14,459.89	47.89%
Pakistan	15,989.41	33.64%
Nigeria	36,400.82	29.64%
Japan	13,459.70	29.48%

**SELECTED MARKETS as of August 29, 2013**

INDEX	Year end 2012	Aug 29, 2013	YTD
*** Argentina	9,777.50	14,459.89	47.89%
Austria	2,401.21	2,461.82	2.52%
*** Brazil (BOVESPA)	60,952.08	49,866.92	22.23%
China CSI 300	2,522.95	2,318.31	8.83%
Egypt EGX 30	5,462.42	5,267.72	3.70%
Finland (HEXL3)	5,801.29	6,313.55	8.83%
* Germany (DAX)	7,612.39	8,185.32	7.53%
Ghana	1,199.72	1,988.49	65.75%
Hong Kong (HSI)	22,656.92	21,704.80	4.39%
Hungary (BUX)	18,173.20	18,079.70	0.52%
India (NSE) Nifty	5,905.00	5,409.05	9.17%
Indonesia JCI	4,316.69	4,103.59	5.19%
Japan NIKKEI	10,395.18	13,459.70	29.48%
Kenya	94.86	121.24	27.81%
Laos	1,215.79	1,341.78	10.36%
Malaysia (KLIND)	1,688.95	1,703.78	0.88%
*** Mexico (IPC)	43,705.83	39,248.07	11.36%
Nigeria	28,078.81	36,400.82	29.64%
Pakistan (KSE All)	11,964.24	15,989.41	33.64%
Philippines (all Shares)	3,698.98	3,629.08	1.93%
Poland (WIG)	47,460.59	48,780.56	2.78%
Saudi Arabia	6,801.22	7,766.52	14.19%
Serbia (Belgrade SE)	1005.56	1,014.87	0.93%
South Africa	39,250.24	42,388.59	8.00%
Sri Lanka (Colombo All)	5,643.00	5,825.06	3.23%
Thailand (SET)	1,391.93	1,292.53	7.69%
Turkey (All Shares)	78,208.44	66,834.56	17.02%
UK (FTSE)	5,897.81	6,488.86	10.02%
*** US (DJIA)	13,104.14	14,824.51	13.13%
*** US (NASDAQ)	3,019.51	3,593.35	19.00%
*** Venezuela (IBC)	471,437.00	1,346,258.00	185.56%
Vietnam	418.35	468.55	12.00%
*** MARKETS CLOSE AS OF 28 AUGUST, 2013			
* DAX as of 17.30 hrs 29 August, 2013			

**MARWAHUND PARTNER GMBH  
ADVISORY BOARD**

SIR ANTHONY AINSWORTH, BT

PRINCE GREGOR VON UND ZU  
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EXECUTIVE VICE-CHANCELLOR, KERALA  
STATE HIGHER EDUCATION COUNCIL

DR. STEFAN STOIBER

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Marwah und Partner GmbH (MUP) is a boutique private equity firm pursuing unique investment opportunities worldwide. The principals, Raj Marwah and Michael Klinger fund Marwah und Partner GmbH (MUP) participation, then seek like-minded investors to co-invest in ventures. Marwah und Partner GmbH (MUP) takes an active role in each investment, providing world class international marketing and management expertise to develop companies seeking global expansion possibilities. Marwah und Partner GmbH (MUP) has several European investments and is currently exploring opportunities in Asia seeking key unlisted private and state owned companies that are looking for capital and know-how to expand into international markets.

Deputy Chairman Mag. Michael Klinger, MBA, is an experienced senior manager having served as CFO for several US corporations, most recently was the Financial Officer on the Management Board of a large Gas Distribution Company in Central Europe, and has been the Regional (Europe) Vice President for Western Union International. Michael brings his hands on corporate experience enhancing the MUP capability to deliver the highest quality corporate services to clients and companies in which Marwah und Partner GmbH (MUP) invests.

Chairman/ceo Raj Marwah has more than 21 years of worldwide advertising and marketing experience, working globally for multinational accounts in Sydney, Hong Kong, Toronto, Auckland, Dubai, Vienna, Bangkok, and New York. Raj was Chairman/ceo in New Zealand and Canada producing outstanding results. For the last 12 years Raj has executed major mergers and acquisitions in Russia, Europe and Asia on behalf of multinational clients based out of Hong Kong, Germany, and the USA.

Marwah und Partner GmbH (MUP) brings a truly international perspective to its local investments.



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