

President's speech
24th Annual General Meeting CIBA
1st December 2017 – Amathus Hotel, Limassol

Your Excellency – President of Cyprus
Mr. Nicos Anastasiades
Good evening Sir!

Excellences Ambassadors
Ministers / Member of Parliament

Distinguished Guests,

Good Evening to everyone and a very warm
welcome to all of you from myself and my Executive
Committee on the occasion of the 24th Annual
General Meeting of the Cyprus International
Business Association.

Dear Mr. President,

It is indeed an honour to have with you with us tonight, as well as all the other dignitaries, to address our AGM and also to present the award of business excellence, at the end of tonight's ceremony.

For CIBA it has been another busy and interesting year. We had our members meetings over the course of the year with interesting speakers and very interesting topics, amongst others we had:

- Mr. George Pamporides, Minister of Health -
National Health Scheme
- Mr. Yiannis Tsangaris, Tax Commissioner –
Cyprus Tax issues and developments
- Lee Williamson, Softimpact - Cyber Security,
Hacking – the silent threat to your businesses

- Ms. Irene Loizidou Nikolaidou, Data Protection commissioner & Mr. Panicos Georgiou, Esafe Solutions Ltd – GDPR and Data Breach and Data Protection Regulation, coming into effect May 2018 .

We also organised, co-hosted or supported various events throughout the year, including Celebrating Women in business.

In addition CIBA took part in two trade delegations headed by the President of the Republic of Cyprus, in India and Lebanon. Both proven to be very successful visits, especially the visit in India.

Your presence here today Mr. President once again confirms the Government's interest and commitment to facilitate support and enhance

International Business and foreign investment in Cyprus. Foreign investment and International businesses are major contributors in any economy, but for us in Cyprus has been more than that .

In March 2013 when the banks were closed, capital controls were put in place, companies either lost their deposits or were haircutted. A number of these companies were International companies. Despite the difficulties and the losses they suffered they didn't leave. They stayed here with us in Cyprus. On the contrary a good number of them expanded their operations, increased their investments and enhanced their presence in Cyprus.

The recent announcement of the setting up of a fund to be used for compensation for lost deposits could be extended to cover International companies and their foreign employees. Although the EUR 25 million announced as the amount to set up the fund is not in any way adequate BUT is a good start.

The International Business sector played their part in keeping the economy alive then and supported the Government of Cyprus ever since to rebuild the economy, to restore confidence, to provide credibility and get things back to normal.

The International business sector continues to play a very important role being part of the process of recovery and getting the economy back on track by

being a major contributor to GDP, both as a tax payer and an employer.

We are now close to the end of the year 2017. About 4 ½ years since the terrible events of March 2013. Quite by chance the Minister of Finance has presented today the Government's budget for 2018, in Parliament. It is not only a balanced budget is a budget with surplus of about ½ billion.

I believe we have come a long way since 2013. I also believe that the Government thought proper and sensible management of the economy produced the goods and we can look forward to better results. I am a numbers person by profession and numbers don't lie, they can be misinterpreted, manipulated, misrepresented but they never lie.

Here are some numbers.

- Positive growth rate of close to 4%, probably the highest in Europe.
- Unemployment rate falling still on the high side but on a reducing curve.
- Foreign investment growing in size and in numbers
- Rating agencies have continued to upgrade Cyprus, we are one notch before investment grade.
- Registration of new companies are at the same level, slightly higher than last year.

These are all very positive and we can be optimistic that the economy is recovering well and we can plan our way forward.

Dear Mr. President,

We extend to you and your Government our warmest congratulations for these achievements and as I said before the numbers are there and they don't lie. But there are still challenges ahead, very important challenges and we at CIBA still have complaints.

Challenges

The Banking Sector

The Banks have been very active in dealing with NPL's, which still remain a major problem for the normalization of banking business, as we know it.

Although quite a number of NPL's have been dealt with, still the percentage is relatively high by European and International standards.

The Government is encouraging and supporting the process of restructuring through incentives, by not taxing Capital and other Gains in a debt to asset swap settlement, and various other tax and duty exceptions. This has supported the restructuring process but NPL'S still remain a major problem which impairs the reports of the rating agencies to say the least.

Banks' balance sheets are improving but very slowly . One of the major banks has reported recently a small profit for the last quarter's operations after a sequence of reporting losses. It is a good sign but profits can only be delivered from new business and good old fashioned banking operations. We still have to see this happening on a large scale, and of course it is evident that this is

the way forward for economic success, which will lead to a further reduction in unemployment levels.

We at CIBA like a lot of other people, have always been complaining about the process. The legal framework is in place, taxation and other incentives are in place, business environment is of the high quality. But we get stuck in the process. Bureaucracy, the monster that delays, frustrates and makes business life very difficult, seems impossible to deal with.

We must admit that the Government has put forward certain procedures in the past to try and reduce administrative burden and speed up the process. The idea of one stop shop and fast tracking of projects, helped but did not solve the problem.

During the course of the year the Government introduced new legislation through Parliament for the modernisation and upgrading of the procedures within the Civil service. Unfortunately this was not made possible but we know that the Government will try to re-introduce the legislation in the near future . It is a difficult and demanding task, but we believe that through hard work, negotiations, cooperation and especially compromise it is attainable, and it will at least in theory help to reduce bureaucracy and red tape.

We support this process and again we are at the Government's disposal for any ideas, assistance and support, to make this a reality. We expect to see major improvements in the process. We must

learn from our competitors and must apply modern tools and techniques to support further foreign investment. We hope to be able to see results soon and I promise I will stop complaining.

Recently we had the pleasure of having as a guest speaker, in one of our members meeting, the Minister of Health Mr. George Pamporides, who presented to our members the principles of the new National Health Scheme and how it will affect International companies and their foreign employees. Although in the past we have had some reservations about the treatment of foreign employees, I believe that the International business community and their foreign employees will support the scheme. It is a very revolutionary scheme for Cyprus, having a big impact on the Cyprus

economy. The successful implementation of the scheme, has as a prerequisite the privatization of our Government hospitals, not on the ownership side but on the management side. It is a very difficult task to implement. Terms like budgets and costs and profits do not exist in Government Hospital's language. Believe me I know I have had the experience. This is the biggest challenge. If this is not achieved then the successful implementation of the New National Health scheme will be extremely difficult, if not impossible.

This interaction of Government and private sector especially as regards foreign investment and International business, helps to create a good

opportunity to demonstrate in practical terms, that the Government of Cyprus believes, supports and values the contribution of International Business.

We have a good product, as I said before but we need to put the final touches to make it even better and improve the timing of final delivery.

We need to continue to show positive attitude towards International business people and their families and to show them that we want them to be here with us, in our beautiful island.

We appreciate their support and assistance in this effort to maintain and enhance our good reputation as an International Financial Centre and an International Investment destination.

We believe we are in a better shape than last year, and we can look ahead for better times.

Dear Mr. President,

Excellencies,

Dear Members,

Ladies and Gentlemen,

Our association is not political and we do not get involved in politics.

I would like however on behalf of our association to comment on the issue of the Cyprus problem and the recent negative developments in the Intercommunal talks.

To use business language, I feel that the breakdown of the talks in my opinion was due the lack of good faith, something that is necessary to be

on the table during negotiations. Unfortunately, the other side I believe came to the table without it.

It is very important Mr. President everything possible is done to find a way to restart the process.

A possible solution to the Cyprus problem besides solving political and social issues that have been outstanding since 1974 the economic impact from a solution will indeed be very positive.

The rebuilding of Famagusta, the speeding up of the process for the exploration of our oil & gas reserves without any interference, the lifting of the embargo of the Cyprus flag vessels just to mention a few of the possible economic consequences of a solution, will make a positive contribution to the recovery of our economy and will help facilitate further economic growth.

In our 2016 AGM our theme was “We are here to stay but we can do better”. I think this year we can adopt the same with a slight deviation: “We are here to stay But we expect better”.

A lot has been done during this year which confirms we are in the right track. There is still a lot to be done but I believe that if we can use our strengths strategically, and continue to have the positive economic results we will see a better Cyprus for our children.

Before I conclude my speech, I would like to wish you Mr. President on behalf of CIBA, Good Luck for the forthcoming Presidential Elections.

I want to thank all our guests and specially
His Excellency the President of Cyprus, the
Ambassadors, the members of Parliament and all of
you ladies and gentlemen for being here with us
tonight.

A special thanks to CIPA for the continued
cooperation on mutual matters regarding Foreign
Investment matters.

A very special thanks to CSC for their very close
working relationship and support at all times.

A warm thanks to my Executive Committee and the
general manager for their input and support
throughout the year.

I especially thank our members for their continuous loyalty and support to our Association. And of course our sponsor for tonight, Oxley Group!

Thank you PWC for providing the audit of our accounts and thank you to all our sponsors throughout the year for sponsoring our members meetings.

I thank you

