

**Address by the President of the Republic
Mr. Nicos Anastasiades
Cyprus International Business Association (CIBA)
2017 Annual General Meeting
Friday, 01 December 2017**

**Distinguished guests,
Ladies and Gentlemen,**

It is my great pleasure to address the 24th Annual General Meeting of the Cyprus International Business Association which brings together the largest and most prestigious international businesses in Cyprus.

It is indeed an honor to address this distinguished audience that has demonstrated trust in Cyprus even at very difficult times, and that has significantly contributed to this country's economic stability and growth through their activities.

International business has played a key role in rebuilding economic recovery, not only through direct job creation, but also through the economic activity that it brings and of course the fact that it plays an important role in showcasing Cyprus abroad as a trustworthy international business centre.

The business services sector is one of the best-established sectors of our economy which demonstrated considerable resilience during the recent crisis, against expectations of a collapse and has contributed significantly to the stabilization of the economy.

Most importantly, this sector retains significant potential to further grow, as the trust towards Cyprus' economy is being restored.

Despite the economic difficulties that our country faced in the last few years, Cyprus continues to be a highly competitive center for international businesses, with strong regulation and supervision and a fully EU-harmonised tax and legal system, with a broad range and international quality of professional services provided by highly qualified human capital.

Ladies and Gentlemen,

Four years ago our country faced an unprecedented economic crisis that required a radical change of direction. In this respect, we have recognised the importance of maintaining sound public finances, of preserving a stable and competitive tax regime and providing incentives so as to reinforce Cyprus as a business and investment destination.

At the same time, we have implemented significant reforms in the welfare system, the pension system, the health care system, the management of public finances and state property, reforms in tax administration and, very importantly, in the banking sector.

Moreover, an important institutional reform is under way: the Deputy Ministry for Shipping will come into effect in 2018, while the creation of Deputy Ministries for Growth and Competitiveness, as well as for Tourism are currently being discussed by the Parliament.

Dear Friends,

I am pleased to say that our efforts have delivered concrete results:

- Cyprus is currently one of the fastest growing economies of the EU, with a GDP growth rate close to 4%. Most importantly, this growth rate is expected to remain at similar levels for the next coming years.**
- Employment levels are on the rise, recording a notable 3.1% increase compared to 2016.**

- **Our banking sector now stands on a much healthier footing, having undergone ambitious restructuring, while the restructuring of non-performing loans has gained momentum.**
- **We have adopted a balanced budget for a fourth consecutive year, while the primary surplus reached a sizable 3% in 2016.**
- **Following successive upgrades by rating agencies, the sovereign rating of the Cyprus Economy is just one notch below investment grade, which confirms in the best possible way that we are on the right path towards full re-establishment of confidence towards Cyprus in the international investor community. Allow me to recall at this point that the economy was 12 notches below investment grade at the peak of the crisis.**

Let me stress that we are by no means becoming complacent and fully realize that there is more to be done. Indeed, we are still facing challenges, such as the high percentage of non-performing loans or the fact that unemployment is still at a higher than desired rate -although in the last few months it has been considerably decreasing.

Ladies and Gentlemen,

One of the most important priorities of my Government was to enhance the Cyprus business environment. In this light we have put forward tax and urban planning incentives that led to significant investment from both Cyprus and abroad.

Indicatively allow me to mention a few of these:

- The elimination of the property tax,**
- The reduction of property transfer fees by half,**
- The provision of accelerating capital allowance for machinery and equipment for industrial and hotel buildings.**

- **A tax deduction has been given towards all newly invested capital in a Cypriot company used for the expansion of its activities,**
- **New tax incentives for investing in innovative companies and start-ups, as well as the start-up visa program have recently been introduced.**

Allow me to stress here, that we have, of course, maintained corporate tax at 12.5%, fully comprehending the significance of tax certainty.

At the same time, we are implementing the Citizenship-by-investment scheme for third-country nationals who invest in Cyprus. This program focuses on the speedier granting of residence permits to foreign investors and entrepreneurs on the basis of specific economic criteria.

As a result of the Government's targeted policies and measures, in 2016 Foreign Direct Investment witnessed a 9.1% rise compared to the previous year, which was the second largest increase at EU level. Investment has been channelled into various large-scale projects, ranging from sea-ports to Marinas, and to the largest integrated casino resort in Europe, which was licensed just a few months ago.

In addition, we are promoting a series of measures, aiming to further develop and establish a business-friendly environment, which include the simplification of procedures for the faster issuing of permits and licensing of investment projects and operation of businesses. Another example is the possibility to register a company within 24 hours.

Furthermore, the Government has recently submitted before the Parliament a new bill that considerably reduces the action required to approve a town planning permit and a building permit. This "one-stop shop", will simplify procedures for the faster issuing of permits and licensing of investment projects and is expected to boost growth in our country.

Concluding, I would like to also mention that in the last three years, the Government -in close cooperation with the European Investment Bank- has secured during financing programs of 750 million, with very favorable terms, targeted at small and medium enterprises.

More than 360 million has already been allocated to 220 businesses through commercial banks, financing 330 developmental investments. A further 230 million has also been invested by the European Bank for Reconstruction and Development with equity participation in the two largest banks and financing projects in the maritime and renewable energy sectors.

Ladies and Gentlemen,

Today, the majority of economic sectors demonstrate significant potential for growth: the Business and Financial services sector, which includes the development of the Funds Industry, the Tourism sector, Shipping and Logistics, Education and Health, and, of course, Energy.

From my side, what I feel I should emphasize is the strong commitment of my Government to continue working so that Cyprus remains firmly on a path of sustainable growth.

We shall continue to invest in our human capital, supporting higher education and research. And we shall continue to stand by the local and foreign business community, always striving to create a business-friendly economic environment.

We know that it is through the joint efforts of the Government and the Industry that we shall succeed in making Cyprus a world-class destination for business and investment. This is how we shall continue creating jobs, opportunities and prosperity for our people and this is exactly the ambition and commitment of our government.

Dear Friends,

I would like to congratulate the Cyprus International Businesses Association for organizing this event and especially for being a constructive partner with a vital role in promoting Cyprus as an international business centre.

Without this commitment, we would not have been able to achieve the notable recovery of our economy.

Therefore, I would like to extend my deepest appreciation to all of you for your positive and decisive contribution. I would also like to acknowledge the critical support of those friends, some from the Russian community in Cyprus, that continued to show their trust and who kept their business activities in Cyprus, even after the damages incurred as a result of Eurogroup's 2013 decision. Their choice to remain here was a vote of confidence in Cyprus and it was a crucial part of our country's road to recovery and its return to growth.

And let me assure you that my Government stands ready to offer you any assistance needed in order to facilitate your business plans and investment initiatives.

You can rest assured that Cyprus will remain a stable, safe and reliable partner.

Ladies and Gentlemen,

On a final note, allow me to also warmly congratulate Nest Investments Holdings, that will be honoured this evening.

Thank you for your attention.