

**Address by the President of the Republic
Mr. Nicos Anastasiades
Cyprus International Business Association (CIBA)
2016 Annual General Meeting
Friday, 02 December 2016**

**Distinguished guests,
Ladies and Gentlemen,**

It is my great pleasure to be present here to address the 2016 Annual General Meeting of the Cyprus International Business Association which comprises of the largest and most prestigious international businesses in Cyprus.

International business plays a key role in rebuilding economic recovery, especially at this juncture.

The Association's members have a significant contribution to the country's economic stability and growth, through both direct job creation and also through activities established to meet the sector's needs. Your presence in Cyprus, even through difficult times, acts as the best token of your trust in the country's potential and showcases Cyprus abroad as a trustworthy and attractive business center.

Cyprus' economic model still relies largely on the services sector. We remain a Business Services Centre with strong regulation and supervision, with a well-balanced portfolio of high quality services provided by high-calibre professionals.

Even after the financial turmoil in 2013, the business services sector exhibited considerable resilience against expectations of a collapse and contributed significantly to the stabilization of the economy.

The sector's future looks promising, as is evidenced by the gradual restoration of confidence towards Cyprus, stemming mainly from our country's comparative advantages. These advantages not only remain intact, but have been further enhanced and developed, following the successful completion of an ambitious economic adjustment programme last spring.

Ladies and Gentlemen,

After a deep crisis, the Cypriot economy is emerging stronger now and stands ready to face current challenges, utilizing its full potential.

It is through the implementation of bold reforms, with hard work, patience and diligence that we have achieved to restore the state's credibility and that of the financial sector.

The Cypriot people have had to make important sacrifices and these have already begun to yield results. Benefits from measures taken will only be multiplying from now on.

Already in 2015 the Cyprus economy recorded a positive growth rate of Gross Domestic Product amounting to 1.7%, the highest growth in the last seven years. For 2016 growth is expected to be between 2.7% and 3%, which is estimated to be one of the highest growth rates in Europe.

As a result of fiscal consolidation and savings, we have since 2014 accomplished for the state to function effectively with a balanced budget and a satisfactory primary surplus of 2.5%, without imposing additional taxation nor salary, pension or benefits reductions.

The banking sector has now been restructured and recapitalized (mostly through private funds of 1.4 billion euros), becoming smaller with more effective management and supervision.

However the banking sector has further challenges to meet, the most serious one, being the restructuring of a substantial part of the NPL's. Addressing this issue will also improve banks' ability to provide new credit to the economy.

It is at the same time encouraging that the upward trend of non-performing loans has begun to reverse after two years, and borrowers' ability to repay their loans will keep improving while the economy grows.

In parallel with fiscal consolidation efforts and the restoration of our financial sector's credibility, we began implementing a bold structural reform agenda with the aim of strengthening our economic fundamentals and addressing structural weaknesses that the crisis exposed.

A significant number of structural reforms have been completed, but we still have much to do and are in constant vigilance.

Scheduled reforms include the upgrading and modernization of our public service, a new investment law to facilitate licensing procedures for big investments, simplification of processes for setting up a new business in Cyprus, lifting barriers to entry in the tourism industry, as well as an institutional reform, including the establishment of three Deputy Ministries for Tourism, for Shipping, and for Growth and Investments.

Dear Friends,

Attracting investors in the productive sectors of the economy is my Government's most important priority, after the restoration of the state's and the financial system's credibility.

In this framework, improving the business environment still remains our top priority because we strongly believe that attracting foreign investments is one of the key drivers of economic growth during a period of intense international competition and amidst the great challenges facing our country.

Through the introduction of decisive and effective structural changes and the significant reductions achieved in costs and operating expenses, the already attractive investment destination that Cyprus is, has now become considerably more competitive and efficient.

The Government is currently implementing a series of measures, which include the simplification of procedures for the faster issuing of permits and licensing of investment projects and operation of businesses, as well as the speedier granting of residence permits to foreign investors and entrepreneurs on the basis of specific economic criteria.

Furthermore, a package of tax incentives towards businesses has been brought forward, in order to encourage investments. A tax deduction has been given towards all newly invested capital in businesses used for the expansion of their activities, while an increased capital allowance for machinery and equipment for industrial and hotel buildings has been provided.

Following an agreement with the European Investment Bank, the Government has secured financing programs of 805 million, with very favorable terms, targeted at small and medium enterprises. An amount of more than 300 million has already been allocated to businesses through commercial banks. A further amount of more than 120 million has also been approved through the European Bank for Reconstruction and Development.

Ladies and Gentlemen,

For Cyprus to continue in the growth path it is now on, we need to remain steadily focused on the necessary structural reforms and the implementation of prudent fiscal management.

At the same time we strive to reinforce the sectors that form our country's comparative advantage: tourism, shipping and services. Indicatively, I note the ongoing process for the licensing of an integrated Casino Resort, which is at an advanced stage, and also the process for the Larnaca Port and the decisions for the development of Marinas.

Our goal is to create a sustainable economy: a more productive, more competitive and more open economy.

Dear Friends,

Concluding, I would like to congratulate the organizers for this event and thank again all of you present for your positive contribution and support, but mostly for your ongoing trust in Cyprus.

On behalf of my government, I would like to remind you that we are here to offer you all the assistance needed to facilitate and accommodate any feasible business plans you put forward.

Thank you for your attention.