



Hellenic Republic



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**SPEECH DELIVERED BY
THE DEPUTY MINISTER OF ENERGY, ENVIRONMENT & CLIMATE CHANGE OF GREECE
MR ASIMAKIS PAPAGEORGIOU
DURING THE 14TH INVESTMENT FORUM ORGANIZED BY "CAPITAL LINK"**

«BUILDING A NEW GREECE»

Let me first thank the organizers (Capital Link) for this invitation and the opportunity offered to address such a distinguished audience in New York. It is my pleasure and honor to participate in a fruitful and constructive initiative on our efforts to get Greece out of the crisis.

But first of all, I would like to take this opportunity to wish a rapid recovery to all citizens of New York, who were devastated last month by an unforeseeable disaster.

Such events keep reminding us the importance of consistency and decisiveness by the State, but also the value of solidarity in times of crisis...

And speaking of crises, Greece is in the middle of a multi-year, and a really severe one, with immeasurable consequences for most Greek people.

The financial crisis hurt us in so many ways. The private income of households has diminished substantially, in an unprecedented way in times of peace; the crisis stressed - and I would say even threatened - the country's social cohesion; it undermined Greece's credibility on an international level.

Right now we have neither the time, nor the intention of thinking about the past. We must provide solutions. We have to respond by introducing radical reforms necessary to adapt to

the ever changing market conditions in a globalized economy, where competitiveness, innovation and transnational partnerships are the keys for survival...

We can no longer live on debt creating long term deficits; we should exploit our comparative advantages; we should stand on our own feet and increase our productivity so that we may become competitive and efficient.

And that is exactly what we are doing in a very short period of time. Despite the hardships, the recessionary environment, the increased unemployment, conditions causing reactions by all levels of our society, we displayed commitment and consistency in the implementation of all the necessary structural reforms. Day by day, we are proving true of our desire to rationalize our structures and to develop our productive forces.

I would dare to say that there are already positive signs of change forming a solid base for recovery. We have to build on this momentum and fight recession by encouraging development.

Energy is one of the major sectors Greece should rely on, and a powerful tool for Reconstruction and return to Growth.

Within a short time, we proceeded to correct mistakes and failures of the past, through necessary reforms which will

- ensure the sustainability of the energy market and
- provide a stable investment environment

We undertook a series of actions to phase out the deficit of the Operator of the Electricity Market within a reasonable timeframe (end of 2014), mainly by adjusting the subsidies for electricity produced from Renewable Energy Sources - in the form of Feed-in-Tariffs. Those measures are in alignment to the current trends in the industry all over Europe; trends which reflect technological advancements, reduced cost of investments and higher solar and wind potential available in our country.

In these truly difficult times, it is absolutely necessary to strengthen the institutional framework for each market to ensure the adequate conditions for

- attracting investments
- encouraging growth and competitiveness
- creating job opportunities

Together with our Regulatory Authority for Energy (RAE) we have already initiated the dialogue - involving all stakeholders - for the reform of the regulatory framework concerning the electricity wholesale market. We intend to introduce the so called "Target Model" by

2015, having in-between a transition period with short term adjustments (e.g. release by auctions of lignite or hydro generated electricity production).

At the same time the electricity retail prices will have to be deregulated as of the second semester of 2013. This must be done with care so that vulnerable social groups should be protected. On the other hand the electricity production costs should be recovered.

Moreover, in the same context, we are modernising the operational framework for the fuel market implementing concrete measures in close cooperation with the other Ministries concerned and through meaningful dialogue with representatives from the market.

This updated framework achieves a dual purpose:

- On one hand, the smooth operation and close monitoring of the fuel market so that all duties, levies, taxes are paid as they are due
- On the other hand, by removing barriers, encouraging competition among all players, big and small, for the clear benefit of the final consumer.

Investments require adequate incentives and sufficient returns while market distortions require corrective actions. A stable and healthy energy market is a prerequisite for the privatization programme undertaken by our Government. We see the programme not as a means to balance deficits or for fiscal pressure relief. We seek increased interest by international players for the energy assets offered since capital investments and expertise

- will contribute to job creation
- will introduce know-how and
- will enhance competitiveness.

Mineral resources also fall within our area of responsibility. There is a substantial potential of high quality and diversity, which we intend to acknowledge and promote within a sustainable framework.

So, we are determined to implement an integrated Mining Policy, within an investor-friendly regulatory framework in accordance with national and EU Legislation.

This is actively demonstrated in our actions: in just a few months we regulated matters concerning the smooth operation of private lignite mines and we are currently completing all necessary procedures for awarding an exploitation license to one more.

It is implicit that the implementation of a comprehensive Mining Policy requires a trust-based relation between the State, the industry and the local communities, on the basis that exploitation of mineral resources, under conditions of environmental respect, can turn into a catalyst for job creation, and economic stimulation.

Objective data and unbiased information about the value the mining sector has for the economy as a whole combined with transparent relations with local communities and agents are the strongest and most effective tools for such a strategy.

Ladies and Gentlemen,

Nowadays, in these - apparently - turbulent times in our part of the world - the broader East Mediterranean region, Greece can become a contributing factor for stability.

Allow me to elaborate right away.

There have been important findings of hydrocarbons - namely natural gas- offshore Israel and Cyprus. We believe that the promising deposits may extend westwards, south of our island of Crete. We are conducting geophysical surveys to see whether our belief is true.

However, under all circumstances, we see those findings as an opportunity for collaboration and prosperity...

In this context, we support the active participation of Greece in the planned projects of natural gas transportation from new resources, in the Caspian region and East Mediterranean.

The potential of Greece as a point at crossroads isn't by any means limited to the field of natural gas. Greece also participates in major projects for electricity interconnections, aimed at completing the European internal energy market.

Ladies and gentlemen,

It takes determination to rebuild our credibility abroad, but also to give hope to the Greek people, who trusted our government at very critical times.

The road is not paved with roses; it requires painful measures with all the necessary structural reforms...

We strongly believe we will succeed, and prove worthy of our heritage..

Only then, sacrifices made by Greek people won't have been spent for nothing.

Thank you.

