

## **Stavros Pantzaris EY, Opening Remarks**

### **The Emergence of Cyprus as a Regional Business Hub**

Καλημέρα σας, Εκλεκτοί προσκεκλημένοι, Honourable Ministers, Ladies and Gentlemen,

First of all, I would like to say what a great pleasure it is to be in New York, one of the most dynamic cities in the world. On behalf of EY, I would like to welcome and thank you, some of the best people in your industries, for being here today.

I would also like to thank the organisers Capital Link, and Nicolas and Olga Bornozis in particular, for putting together this auspicious event and bringing us all together here at the Metropolitan Club.

2017 is certainly a year of the US grabbing news headlines around the world, and trust me, we know how that feels. In 2013, Cyprus was dominating global news due to a financial crisis of epic proportions. But if there was ever a silver lining to a crisis, it was that everybody finally knew that Cyprus was a European country and not a city in California. As famous writer Oscar Wilde once put it, the only thing worse than being talked about, is not being talked about. But four years on, the narrative has changed drastically.

What I would like to share with you today is the success story that is Cyprus, and the remarkable economic turnaround our country achieved in just three years, beating all odds and exceeding the expectations of our European partners.

Today, Cyprus is in fact one of the fastest growing economies within the European Union and we have not only maintained our comparative advantages for international business, but also sharpened our competitive edge.

Rather than describing it as an emergence of Cyprus as a regional business hub, it would perhaps be more accurate to say that we are seeing a re-emergence and a strong come-back.

For decades, Cyprus has been a leading European provider of corporate structuring, international tax planning and professional services. But with today's demanding requirements for businesses to establish substance and physical presence, Cyprus' importance as an international management centre and a business operations base has grown.

Our country is increasingly ranked on the shortlist of decision makers and blue-chip companies when it comes to choosing the right location to establish international and regional headquarters. And here's why.

Our EU membership and our strategic geographical position in the Eastern Mediterranean, provide secure access to both the EU market of 500 million people, as well as the evolving markets of the Middle East, Asia and Africa.

Cyprus is a neutral and stable country, with excellent relations with both Israel and other Middle Eastern countries, thus offering companies the perfect climate to successfully compete in the region.

Doing business in Cyprus is easy and straightforward thanks to its highly educated English-speaking labour force, many of which are US and UK-trained, its relatively low set-up and operating costs compared to mainland Europe, its favourable tax regime and, of course, its comprehensive and transparent legal and regulatory framework, which is based on English Common Law.

In addition to the cosmopolitan Mediterranean lifestyle, we also offer various incentives for companies and investors coming to our shores, such as significant tax incentives for high-earning expat executives. New tax incentives for intellectual property and innovative SMEs were also introduced recently,

which have further improved our international competitiveness as a location of choice for multinationals seeking to do business in the EMEA region.

\*\*\*

Ladies & Gentlemen, Cyprus has proven itself as a resilient and pro-business economy. Consecutive upgrades by international credit rating agencies and numerous large-scale projects, have all contributed to the resurgence of Cyprus as an enticing foreign direct investment location in Europe.

Our financial services sector stands on firm foundations thanks to a robust regulatory framework, prudent supervision, and consumer protection. The resilience of the sector is reflected in the healthy capital and liquidity levels held by local banks today and the continued registration of new companies, funds and investment vehicles.

During the last few years we have seen significant US investment in our banking institutions. The island's two biggest lenders, Bank of Cyprus and Hellenic Bank, have garnered significant international investment, including from US giant venture capitalist and recently appointed US Secretary of Commerce, Wilbur Ross, and the New York-based hedge fund Third Point.

The recent complete redesign of Cyprus' investment funds framework has enhanced our profile as another competitive and well-regulated European funds and asset management domicile. We have worked diligently to bring the country on par with other top fund hubs, and have already seen increasing interest and appetite from investors and fund service providers looking for new EU-regulated jurisdictions. This relatively new sector in Cyprus has the potential to develop into a multi-billion-euro industry, with a strong focus on the Middle East and CIS countries.

Our burgeoning oil and gas sector has also firmly placed Cyprus on the map as a hotspot for investment from the US, Europe, Asia, and the Middle East –

thanks to US company Noble Energy, for discovering our first natural gas deposits in 2011. Since then, Cyprus has attracted global energy giants such as ENI, Total, ExxonMobil and Shell to explore our waters for more discoveries.

These developments as well as our regional partnerships with Greece, Israel, Egypt, Jordan and Lebanon are supporting our aims of establishing Cyprus as a key regional energy hub in the Eastern Mediterranean.

The maritime industry has long been one of our most successful export services, and the Cyprus flag has become synonymous with quality. Ranked as the 11<sup>th</sup> largest fleet worldwide, Cyprus is considered today as one of the top global hubs for shipmanagement services and the largest third party shipmanagement centre in Europe. We are determined to stay ahead of the game and keep upgrading our services and incentives for international shipping companies, further strengthening our maritime cluster.

The restructuring of the port sector, through the commercialisation of Limassol – the largest commercial port on the island – is expected to improve the efficiency of running port operations. Attracting investors such as German giant Eurogate and Dubai’s DP World in 2016 was a significant coup for Cyprus.

The redevelopment of the Larnaca Port and Marina also poses excellent investment opportunities, combining port commercial and passenger activities, with leisure, tourism and real estate development.

An important marina development venture, causing an investment boost in real estate, is the multi-million-euro luxury marina project in Ayia Napa by Egyptian business magnate Naguib Sawiris, which broke ground in 2016.

Another key investor into Cyprus, is US café and casino chain Hard Rock International, who in partnership with Hong Kong-based Melco International Development won the tender to develop Cyprus’ first and only luxury casino

resort. This project is set to exceed five-star status and will be a unique integrated casino resort in Europe, which will undoubtedly further boost our tourism numbers.

Speaking of tourism, the last two years have been record-breaking years for Cyprus both in tourist arrivals and revenue. This has only made us more determined to make further upgrades to our hotel stock and tourism product. Cyprus has already seen much foreign investment into luxury hotels and we expect this trend to continue.

The real estate sector – both in commercial and residential real estate – has seen a renaissance following the crisis, with the number of sales to foreign buyers increasing. Transaction volume rose by just over 30% in 2016, and with around 20% of sales driven by foreign buyers, has proved Cyprus continues to be on the list for investors, holiday-home seekers, expats and retirees.

In addition to the above, Cyprus is witnessing phenomenal growth in the intertwined sectors of education, medical tourism, start-ups and R&D, thus offering newly identified investment opportunities and high growth potential to become a regional hub for innovation, medicine, education and research.

\*\*\*

Ladies & Gentlemen, The examples I have given served only as a taster of the success stories and further opportunities that you will hear about in more detail during today's forum, but I do hope I have managed to whet your appetite about what Cyprus can offer you and your business.

A key characteristic that the US and Cyprus have in common is a strong entrepreneurial spirit. As the Country Leader of EY in Cyprus, I am especially proud that our company, with our specialised services and industry experience,

has been standing by the side of Cypriot and international business for decades and have had the pleasure to see the country develop and grow.

In concluding, it is important to note that we do appreciate your mandate for keeping America First, but hopefully by the end of the forum we will have convinced you that Cyprus can be a strong second.

I would like once again to congratulate the organisers on this great initiative and wish every success in the first Capital Link “Invest in Cyprus” Forum.

Thank you.