

Address by the Minister of Energy, Commerce and Industry
Mr George Papanastasiou at the Cyprus –
American Chamber of Commerce
Friday, 14/06/24

Your Excellency Ambassador of USA,

Distinguished guests,

Ladies and gentlemen,

I am delighted to join you today for this excellent occasion. Certainly, the main goal of the Cyprus- American Chamber of Commerce to enhance our countries' bilateral economic and trade relations, is one that we share and actively work to promote at the Ministry of Energy, Commerce and Industry.

Our ongoing efforts to further strengthen the traditionally cordial relations between Cyprus and the US, not only in terms of business collaborations but also in terms of the mutual feelings of affinity and respect amongst our people, are bearing fruit.

As expected, the trade balance in goods favours the US, with total trade between us rising to €270 million in 2023. Of these, around €134 million were imports of US products to Cyprus and €109 million were re-exports from Cyprus to the US (exports of foreign goods from Cyprus to the US), whereas the rest, around €28 million, were Cypriot exports of domestic goods to the US, mainly of cheese products including halloumi, electrical variable resistors, appliances for transmission or reception of voice images or data, spreads of cocoa, blow moulding machinery, salt, toys, dairy machinery, and seabass.

On the other hand, the trade balance is reversed when it comes to services, which totalled to €5,4 billion in 2023. Cyprus, in fact,

exported services worth around €3,7 billion to USA, mainly in Telecommunications, computer, and information services. American imports to our island rose to €1,7 billion million.

Moreover, Foreign Direct Investment from the US has been significant in 2023, with inward FDI stocks on the 31st of December 2023 being almost €22 billion. Outward FDI stocks on the 31st of December 2023 stood at almost €12 billion.

Dear friends,

Cyprus offers, globally, one of the most attractive jurisdictions for international businesses. As an EU Member State since 2004 and Eurozone Member since 2008, the country has been steadily improving its economic performance over the past years, evolving into a modern, cosmopolitan and transparent business center and offering opportunities for investment across a wide range of sectors.

The Cyprus Government strongly believes that the island can be an ideal business and trade hub for American companies, as well as a welcoming destination for those interested in headquartering and/or in expanding their regional operations. Cyprus, through its 67 double taxation agreements, including with the US, and enjoying the benefits afforded by more than 40 EU trade agreements with third countries, provides US multinationals a gateway to the European Union, as well as a portal for investment outside the EU, namely into the Middle East, India and North Africa. This holds especially true following Brexit, as Cyprus is now one of the very few common law jurisdictions left in the EU.

Cyprus is, also, fast becoming one of the top emerging investment fund centers in Europe, in part due to its continuous efforts to upgrade its legislative and regulatory framework, which is backed by an attractive tax regime and a strong network of financial and professional services providers. Notably, the country has developed into a key regional and cost-efficient domicile for investment funds, private equity firms and asset managers, with its many advantages beginning to attract notable interest from the US.

We have confidence in our country's existing dynamic investment portfolio and we are positive that there is great potential in investing in even more sectors of strategic importance for the Government, such as research and innovation, information and communication technology, hospitality and tourism, healthcare, education and renewable energy.

A case in point is Cyprus' energy sector, with the discovery of significant hydrocarbon deposits in the Exclusive Economic Zone of the Republic having driven major FDI by US multinationals in recent years. Cyprus' commitment to the green transition, combined with the development of the "Great Sea Interconnector" and the liberalization of the Electricity market, creates new opportunities for US investment in infrastructure, especially for power generation from Renewable Energy Sources and for energy storage.

Additionally, our growing ICT innovation and research sector, which can serve the entire Eastern Mediterranean region while bridging Europe, the Middle East, and North Africa, has transformed Cyprus into a promising location for high technology businesses. Well-known global technology companies such as Amdocs, NCR,

Wargaming, eToro and 3CX, have already established their presence on the island.

A number of Government initiatives have, in fact, paved the way for a vibrant technology ecosystem in Cyprus, where tech companies have the opportunity to grow and expand in today's ever changing global market. According to the European Innovation Scoreboard of 2023, Cyprus is a strong innovator, ranked 10th in the EU, performing above the Union's average and labelled as one of the most improved across Europe in the period since 2016.

The Government has also introduced a new strategy for attracting both high-skilled talent and international businesses that wish to set up, relocate or expand their activities in Cyprus. Furthermore, the existing investment policy has been radically reviewed, broadened and simplified to include a series of actions and reforms, which aim at enhancing Cyprus' position as an international high-growth business center.

A big part of our new Strategy has been the launch of the "Business Facilitation Unit, as of 1st January 2022, that operates under the auspices of the Ministry of Energy, Commerce and Industry, providing fast-track business setup to international companies. Part of the progress we have been making involves the digitisation of procedures related to company registration and obtaining the required licenses for Renewable Energy projects.

Ladies and gentlemen,

Our two countries, through synergies and coordination of our public and private sectors, can engage in common efforts such as the

organisation of targeted trade missions, seminars and business forums, in order to facilitate trade in goods and services, as well as opportunities for business collaboration.

Excellent initiatives such as today's event, can be key in this regard.

Our esteemed members of the Cyprus – American Chamber of Commerce business community can rest assured that Cyprus remains committed to our common goal for prosperity and sustainable economic growth. Actively supporting our entrepreneurs in their activities and working in unison to address their concerns, is therefore necessary to alleviate barriers to development and, most importantly, to improve the future outlook of trade relations between the US and Cyprus.

Congratulations again to everyone involved in organising today's event and best wishes to you all

Thank you.