AGM SPEECH 2025

Your Excellencies

Madam President of the House of Representatives Mrs. Annita Demetriou,

Minister of Energy, Commerce and Industry Mr. Giorgos Papanastasiou,

Mayor of Limassol Mr. Yiannis Armeftis,

Honourable and Distinguished Guests,

Dear Members of the Cyprus International Businesses Association,

Ladies and Gentlemen,

Good day to everyone and a very warm welcome to all of you from myself and my executive committee on the occasion of our Annual General Meeting of the International Businesses Association.

It is an honor to have you here with us today and we sincerely thank you for your presence. It is a recognition to the international business community of Cyprus, a recognition to our members who are significantly contributing to our country's economic growth and stability for several years.

I would like to start by thanking the Board for their support, hard work and confidence in trusting me to carry the role and duties of the President of the International Business Association.

For CIBA it has been a very busy year. We have participated in governmental and regulatory discussions, advocating initiatives at EU and Cyprus level with the strong support of our legal counsellor Mr. Pantelis Christophides of Papaphilippou LLC whom I sincerely thank for his valuable support and sincere dedication. Pantelis, your guidance, is instrumental in helping us navigate all the complex issues we are dealing with.

Focus areas were:

<u>Foreign Direct Investment Screening</u>

CIBA actively contributed, as a Stakeholder, in the ongoing discussions before the House of Representatives' Parliamentary Committee on Finance and Budget regarding the Foreign Direct Investment Screening Bill, repeatedly submitting our suggestions during the years 2022 until 2024, along with other Stakeholders, including the Cyprus Shipping Chamber, the Cyprus Bar Association, and the Institute of Certified Public Accountants of Cyprus (ICPAC), regarding provisions of the Bill so as to ensure effective operation of a Foreign Direct Investment Screening

Mechanism in compliance with the EU FDIS Regulation of 2019 which is effective as of October 2020.

We further organized in April of 2024 a whole day seminar, in Limassol, for our Members and other Stakeholders on the application of the EU FDIS Regulation and the provisions of the forthcoming new EU FDIS Regulation which will be significantly enhancing the screening powers of the EU Commission.
Along those lines, we compiled, with the assistance of our Legal Consultants L. PAPAPHILIPPOU & CO LLC, an Informative Presentation in January this year addressed to our CIBA Members.

Also, we have provided and will continue to provide regular updates to the Ministry of Finance and the Stakeholders regarding legal developments in the field of inbound and outbound foreign direct investment screening, especially since the EU intends to finalize by the end of this year. If achieved, then it will most certainly be one of the very first tasks of the Republic of Cyprus' Government to implement the new EU FDIS Regulation during the EU Council Presidency which will commence on 1st January 2026. Thus, the enactment of the FDIS Mechanism as soon as possible must be a priority. Otherwise, the good name of Cyprus as a Credible Investment Destination will be severely harmed.

The goal here is to create a screening system that is **proportionate, transparent, and predictable**, so that genuine investors are not discouraged.

Is Cyprus Ready for this? A question we have raised on several occasions.

<u>Pillar II Imposition of 15% Effective Tax Rate on Multinational and Domestic Group of Companies</u>

We have actively participated in the Pillar II Bill related discussions, held during the last quarter of 2024, before the Parliamentary Committee on Finance and Budget, along with the other Stakeholders. CIBA emphasized, amongst others, the lack of an Impact Assessment Report regarding the consequences of the imposition of such taxation not only on multinational but also on domestic groups of companies. and the absence of prior communication of the House of Representatives of the Republic of Cyprus with the USA Senate which had expressed strongly its views against the imposition of such taxation.

For **Cyprus**, a country that has long promoted its 12.5% corporate tax rate as a pillar of its competitive edge, the implications are significant. Incentives are urgently required for Cyprus to remain competitive and to continue to attract business. Many multinationals have structured operations in Cyprus to benefit from its corporate tax regime.

Cyprus can no longer compete on tax rates alone — but it **can continue to compete, provided we offer stable laws and most importantly smart incentives.** To retain multinationals, the government must build a full package to satisfy these needs.

Lastly, the Tax Reform Process

Within the ambit of an effort to uphold the Principles of Legality and Legitimate Expectations held by companies of foreign interests operating in the Republic of Cyprus, and to safeguard the Economy of the Republic of Cyprus, CIBA, submitted, with the assistance of our Legal Consultants on the 12th of March of this year, a Letter with a series of Queries before the Honorable Minister of Finance Mr. Makis Keravnos, and the Honorable Deputy Minister to the President of the Republic Mrs. Irene Piki, also copying the Honorable Chairwoman of the Parliamentary Committee on Finance and the appointed by the Republic of Cyprus Tax Reform Team.

The said Letter was sent by CIBA as a result of the presentation, in the Presidential Palace, in February this year entitled 'Cyprus Tax Reform: Recommendations for a Modern Tax System'. Unfortunately, CIBA has not received any response until the present date. A copy of the said Letter was published for transparency reasons and is also available to the participants of this AGM if requested.
While reform is undeniably necessary, it cannot come at the expense of Cyprus' international competitiveness. Unfortunately, the lack of approaches by the government risks just that—undermining investor confidence with a lack of strategic foresight. If Cyprus is to maintain its reputation as an attractive investment hub, reforms must be implemented with clarity, transparency, and a firm commitment to long-term economic stability."

Cyprus cannot afford to jeopardize its economic future by alienating those who contribute significantly to its growth.

Dear Guests

We are living in an era marked by uncertainty and rapid change. The recent elections in the USA have sent shockwaves and unpredictability across the global political landscape. At the same time, devastating conflicts between Russia, Ukraine and in the Middle East—continue to reshape global priorities and strain economies. These events are not distant; they have direct consequences for small, open economies like Cyprus, which depend on stability, credibility, and foreign investment to grow.

And yet, in the face of these challenges, we must reform in a manner that complies with the realities of the world around us. Reform is essential—yes. But a reform without direction, without consultation, and without safeguarding our country's competitive edge is reckless.

Foreign investors do not choose Cyprus because of sentiment; they choose Cyprus because of clarity, consistency, and opportunity. The government must stop treating economic reform as a political slogan and start treating it as a strategic responsibility. Otherwise, we risk becoming irrelevant at the very moment when the world is redrawing the map of influence and investment.

Now, more than ever, we must act with purpose.

The government, the boards, the regulators, and the policy makers need to remain guarded and alert of the changing environment around us. In other words, we need to concentrate on developments that will make our country better, and this is not by following the trends but by building our own.

Looking at actual figures, we see a positive growth in GDP. In the third quarter of 2024, Cyprus' economy grew by 3.9%.

The unemployment rate declined to 4.5%, marking the lowest point since the fourth quarter of 2008 whilst the inflation rate accelerated to 2.6% from 1.5%.

Government Debt shows a significant decrease and Cyprus is updated in Credit ratings by Moodys.

Ladies and Gentlemen

It has been one of the greatest honours of my professional life to serve as President of CIBA. Over the years, we have navigated challenges, seized opportunities, and worked tirelessly to uphold Cyprus' reputation as a reliable and competitive international business hub. I am immensely proud of what we have achieved together.

Today, I stand before you not to say goodbye, but to say thank you. Thank you for your trust, your collaboration, and your unwavering commitment to this Association and to Cyprus.

As I step down from this role I do so with full confidence in the future leadership of CIBA. It is my great pleasure to announce that Mr. Vassilios Demetriades will be taking on the role of President.

Vassilios brings with him a wealth of experience, a deep understanding of both the public and private sectors, and an unwavering dedication to promoting Cyprus as a centre of excellence in international business. I can think of no one more capable or better suited to lead this Association into its next chapter.

Please join me in welcoming him, and in continuing to support the work and values that define CIBA. I have no doubt that he will lead with vision, integrity, and energy.

In concluding my speech, I want to thank all of you for being here with us today. I especially want to thank our members for their continuous support to our Association and of course last but not least our sponsors.

And let me be clear—I may be stepping down, but I’m not stepping away. I will remain actively involved and fully committed to supporting Vassilios, the Board, and all of you. I’ll be here to contribute wherever I’m needed—though hopefully with a little less paperwork and a bit more time to enjoy the coffee breaks!

Thank you all for the privilege of serving as your President.