

Cyprus: A Prestigious International Financial Centre*

**Speech by Mr Phidias Pilides
Chief Executive Officer**

7 February 2006

Your Excellency, Mr. Minister,
Members of the House of Representatives,
Your Excellencies, Ambassadors,
Honorable Mayor,
Members of the Diplomatic Corps,
Ladies and Gentlemen,

The 1st of January 2006 marks the beginning of a new era in the role of Cyprus as an international financial centre. The transitional period granted to international business companies upon our accession to the EU expired at the end of 2005. This brings us face to face with a great challenge: The public and the private sector must join forces and efforts to promote Cyprus as a financial centre.

We live at a time of pragmatism. Efficiency is what is needed first and foremost. Dogmas and doctrines of the past have no place today. At times of pragmatism, the need to adapt to an ever-changing environment becomes of paramount importance. The private and State sector must therefore join forces. By doing so, it is their duty to strengthen the position of Cyprus as a dynamic and developing financial centre, well adapted to the challenges of our times. This goal presents a challenge for all of us, and one we do not have the right to fail in.

At this point I would like to welcome you to today's event, organized by PricewaterhouseCoopers. I welcome you to an initiative which, hopefully, with your participation, will be the starting point toward our common goal: For our island to become a Prestigious International Financial Centre; a point of reference and imitation in international economic competition. Nothing more and nothing less.

I would like to thank distinguished members of the Government, of the political and business world, the media, our clients, associates and competitors who are here with us today. With your presence, not only you honour today's event but also give proof of your unfailing and true interest in our country's effort to achieve its ambitious and realistic goals.

Since 1977, when the provisions for international business companies were first adopted and implemented, Cyprus has managed to become an attractive international financial centre. As an organization, we are proud of our pioneering role with a series of initiatives, services, seminars, documents and conferences to promote Cyprus as a financial centre, both on the domestic and the foreign front.

As you know, according to Community law, discrimination between local and foreign investors is prohibited. This led to the imperative need to change our tax system. The tax reform, which took effect on the 1st of January 2003, was a step toward this direction. We are therefore now counting three years from its introduction.

As PricewaterhouseCoopers we were greatly involved, with specific suggestions (some of which were adopted while others were not) in the shaping of the tax reform, which, to a large extent, is considered successful.

The three years which have elapsed since the entry into force of the tax reform give us the opportunity to make additional suggestions, from a purely technocratic point of view, aimed at improving Cyprus' competitiveness as a financial centre, within the operational context of a demanding European environment. As I stressed at the beginning of my speech, what is required of all of us is to adapt. Adaptation does not merely mean keeping up. It essentially means being one step ahead. This must be the philosophy of every dynamic business. This must be the aim of every dynamic society.

At PricewaterhouseCoopers we have carried out a specialized survey to compare Cyprus with other financial centres of the European Union, i.e. Luxembourg, Ireland, Holland, England and the Channel Islands.

A month ago we handed over the results of our survey and our detailed recommendations to the Minister of Finance. We would like to thank him warmly for being with us today and we look forward to a substantive and creative cooperation both with him and the competent departments.

The findings of the Survey and our recommendations will be presented to you today by our Firm's Leader of Tax and Legal Services, Mr. Panikos Tsiallis.

Dear friends,

We are living at a time of rapid changes we cannot possibly remain indifferent to. Our active involvement is necessary, through immediate and pioneering responses.

The demands of our times set the bar higher. The limits of today are overcome by the limits of tomorrow. Every objective we achieve hides within it the next challenge we have to face. We must therefore constantly challenge ourselves. In our times, this is the only recipe for success.

Ladies and Gentlemen,

We at PwC, believe that collective efforts must be deployed by all stakeholders and especially the Government sector. In some cases, we need to change our mentality and culture. We need a vision, audacity and organizational skills to win the battle of new challenges in the new environment. No sector of the economy can stay behind. It is not the response of the few but the response of all to the new challenges that is needed. The bet of adaptation, which we won in much harder times, will be won again if we act, not separately, but as a social whole. It is collective and not solitary effort which leads to success.

People are Cyprus' greatest chapter. We must tap the potential of these human resources, by winning the crucial battle of adaptation.

I would like to thank you all warmly for your presence here today.

Ladies and gentlemen,

Our official guest speaker today has a long and successful career in international finances. I would like to give the floor to the honourable Minister of Finance, Mr. Michael Sarris, for his address.