



Investment Environment: Innovation, Energy & Tourism in Cyprus

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Cyprus: A World Class Business Center

- Strategic geographical location
- EU and Eurozone Member State
- Stable business environment
- Simple, low taxation
- Double taxation treaties with 60+ countries
- Simple administrative procedures
- Broad range and international quality of professional services: legal, tax, accounting, banking
- Highly educated, qualified and multilingual human talent
- Enviably high quality of life
- Well developed infrastructure (telco, sea & air connectivity, road network, ancillary services)



Positive Outlook for the Cyprus Economy

- Cypriot economy grew by 2.7% in H1 of 2016
- On October 4th - IMF forecast that Cyprus GDP is expected to grow 2.8% by the end of 2016
- The Cyprus economy expanded faster than the Eurozone average in the first three months of the year according to the latest figures from Eurostat
- Continuous upgrades by international credit rating agencies (Moody's, S&P, Fitch)
- Inflow of deposits at Cypriot Banking System amounting to €873m – record figure since April 2012

Key Sectors for Investment

- Innovation & Entrepreneurship
- Tourism
- Energy
- Oil and Gas



New Growth Strategy

Main Pillars

- Investment friendly environment
- Entrepreneurship
- Innovation



Promoting Investments

- Investment friendly environment
- **Investments Law**
 - ◇ Facilitate large scale strategic investments
 - ◇ Dedicated Gov Officer appointed for each project
 - ◇ Provides for speedy procedures to obtain permits



Innovation & Entrepreneurship

▶ National Policy Statement

- ◇ To improve entrepreneurial ecosystem of Cyprus
- ◇ To create a sustainable ecosystem

▶ First invest in human infrastructure

- ◇ Introduce courses on entrepreneurship in educational system
- ◇ Thru counseling → direct more students in STEM fields

▶ Access to finance

- ◇ 2007 – 2013 → €4 mln
- ◇ 2014 – 2020 → €30 mln
- ◇ Use this money to trigger private investments from business angels, VCs, incubators, etc
- ◇ Draft a relevant law → Gov funds will go to approved ventures



Tax Incentives for investing in innovative SMEs – Start-ups

Who qualifies?

- ❖ **Existing innovative Enterprises:** research and development costs represent at least 10% of its total operating costs in at least one of the three previous years
- ❖ **New innovative Enterprises (Start-ups):** Assessment based on business plan

Incentives

- ❖ Income tax relief of up to 50% of taxable income for natural persons investing in qualifying innovative SMEs
 - ❖ Upper limit of deduction €150 000/year
 - ❖ Right to claim the tax relief within a 5-year time period
 - **Pending Parliament approval**

Science and Technology Park (STP)

- To bring together
 - ◇ entrepreneurship, research and innovation
 - ◇ foreign and national organizations
- **Tender Procedure for a Strategic Investor**
- STP Tenants - Research Centres, Hi-tech companies, Start-ups
- Incentives – Financial, Tax, Town Planning, Work Permits



Tourism Strategy

- Make Cyprus a “Premium” destination
 - ◆ 2016: over 3 million Tourist Arrivals
 - Upgrade the current product
 - Attract higher value-added tourists
 - Lengthening the tourist season
 - Introduce infrastructure projects
 - Integrated casino resort
 - Marina developments
 - Golf developments
 - Diversify tourism product
 - ◆ Sports, medical, local and cultural heritage
 - Sustain mature markets and attract new emerging markets
 - Extend seasonality and improve connectivity
- 
- The background of the slide features a serene sunset scene over a body of water. In the foreground, the silhouettes of a man and a young child are visible, walking away from the viewer along the shoreline. The man is on the right, and the child is on the left, holding the man's hand. The sky is a mix of orange, yellow, and blue, reflecting on the water's surface.

Energy Sector – State of Affairs

- So far monopoly
- Only one supplier – state owned EAC
- Production – 91% EAC & 9% RES
- Liquid fuels for conventional production
- Isolated system
- No NG – 3 failed attempts → turn-key solutions for fixed # of yrs



Energy Sector – Market Liberalization

Change trade and settlement rules

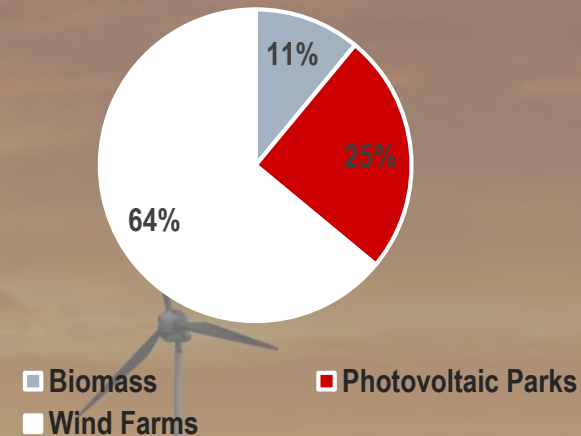
- investments in conventional electricity production
- storage
- smart grids & meters
 - ◇ NER 300 Funding - Smart Grid Project (€11.1 mln)



Energy - Renewable Energy Sources

- Meet tough EU targets for CO2 reduction 2020 and tougher for 2030
- Achieve thru introducing more RES and
- Energy saving measures
- Use alternative fuels in transport
 - Investment opportunities in building RES production plants
 - ESCOs
 - Infrastructure for electric vehicles – charging stations – especially using RES

Existing RES Projects - 2015



Projects with NER 300 Funding

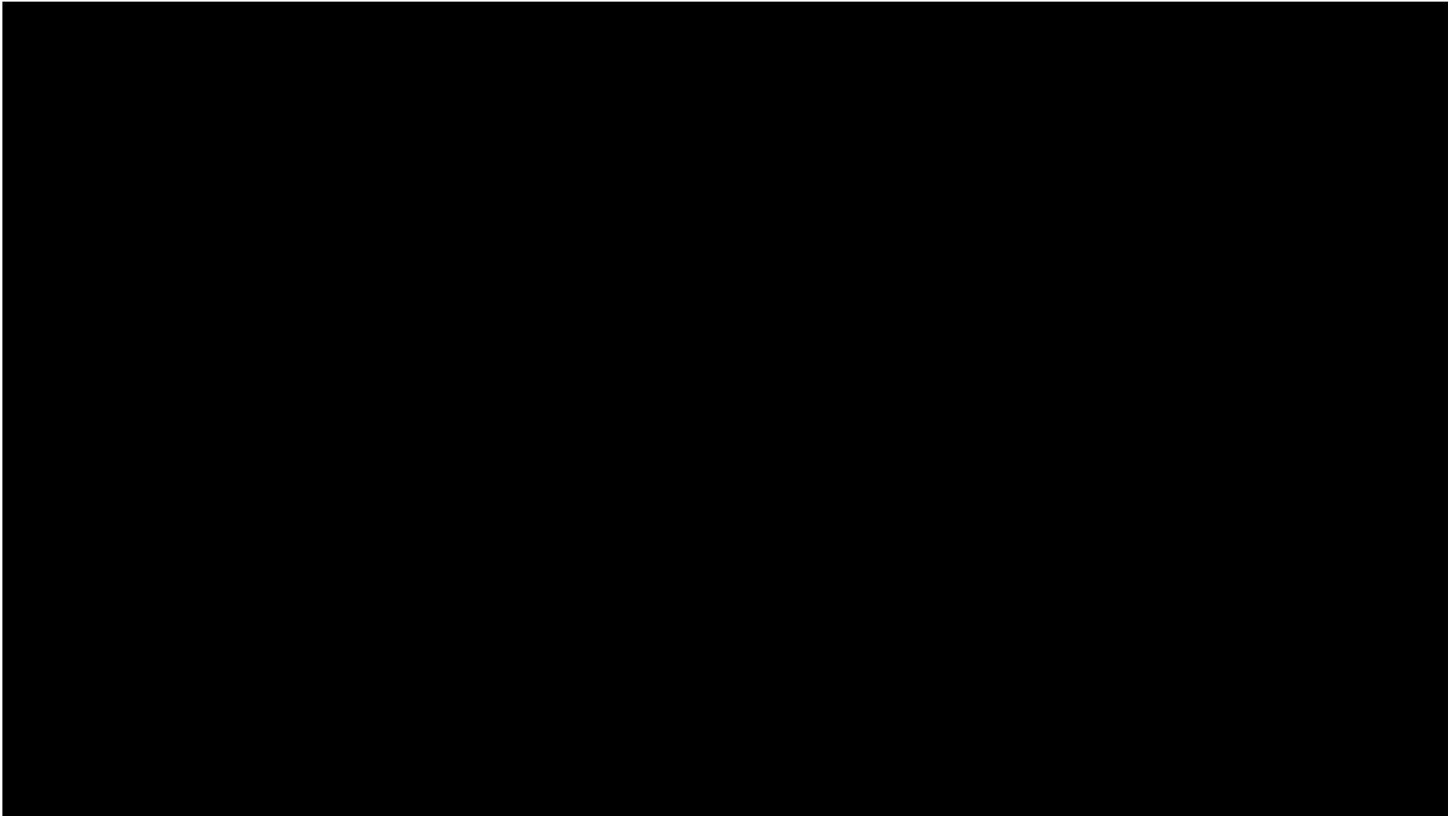
- Helios Power Project – 50,76MW Concentrated Solar Power (€46.5 million)
- EOS Green Energy Project - 50MW Concentrated Solar Power (€60.2 million)

Energy - Oil and Gas Opportunities

- **Introduce NG – permanent solution**
 - ◇ Import LNG
 - ◇ Create national pipeline network
 - ◇ Create regasification facilities
 - ◇ Investment opportunities here
 - Create SPV that will own this infrastructure
 - ◇ Could be combined with LNG bunkering
- **Oil and LPG Storage Terminals**
 - ◇ Cyprus as a Hub



Video





Thank you for your attention

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