

## Speech by the Greek Minister of Economy and Finance at the 9th Annual Capital Link Forum in New York

*New York, November 9, 2007*

Ladies and gentlemen,

At the 7th Capital Link Forum, two years ago, I had the honor to present the strategy for transforming the Greek economy.

I also had the opportunity to present in detail the advantages that Greece has to offer: a strategic location, a dynamic private sector that plays a significant role in the development of our neighboring countries, and an economy which benefits from the dynamic growth of Southeastern Europe and the region of the Eastern Mediterranean.

Developments so far suggest that our strategy is working. On the one hand, we have successfully challenged the problems we inherited - problems that were threatening to destabilize the Greek economy. And on the other, we have managed to give Greek businesses the opportunity to expand both in Greece and abroad.

After three and half years of consistent application, the reform policies of our administration have led to strong positive results. The Greek economy has entered a new era:

- Fiscal consolidation has progressed successfully. We have managed to reduce the budget deficit from 8% in 2004 to less than 3% in 2006 and 2007. As a result, the public debt is on a steadily declining path. It has fallen from 108.5% of GDP in 2004 to 101.9% of GDP this year.

- Growth is dynamic as a result of:

- lower corporate tax rates that have been reduced from 35% in 2004 to 25% as of this year,
- generous investment incentives that can reach up to 60% of an investment project,
- a well targeted policy for the promotion of exports,
- the reduction of bureaucratic procedures,

- the substantial acceleration of the projects funded by the European Union - these projects are essential to achieve convergence with the European Union, essential to modernize our infrastructure and improve the competitiveness of our economy,
- Also, growth is dynamic due to a wave of privatizations that has helped transform the Greek banking sector. With our privatizations agenda we aimed to stimulate competition in the banking sector, attract foreign investment and reduce the participation of the public sector in GDP formation. And we have succeeded in this. In 2006, foreign direct investment in Greece has reached 6 billion dollars - it was equivalent to 2% of GDP.

Ladies and gentlemen,

While in the past growth was a result of excessive public spending, now growth comes from higher exports and increased private investment. We have implemented a new approach to growth based on entrepreneurship, international orientation and value added investments. This approach delivers results - tangible results. Despite the adverse effects of the price of oil, growth shall exceed 4% this year and unemployment has fallen from 11.3% in the first quarter of 2004 to 7.8% last July.

Not only the Greek economy, but Greek businesses as well have entered into a new era:

- Today, by operating more than 2300 branches in Southeastern Europe, Greek banks play an essential role in the transformation of our neighbors' economies. With their investments and with the know-how they transfer, Greek banks contribute to the modernization of the banking systems of Southeastern Europe and benefit from the region's dynamic growth.
- Today, almost four thousand Greek companies operate in Southeastern Europe and the region of the Eastern Mediterranean Sea. They constitute a vast network that drives business developments in the region - a region of 140 million inhabitants that is being gradually transformed into an integrated economic area.

- Today, Greek exporters post solid performance and their products reach more markets.

The progress of the Greek economy over the last three and half years is undeniable. And in great part, it is a direct result of our reforms. It is a result of targeted reforms and careful application.

Ladies and gentlemen,

Greece is the uncontested center for doing business in the greater region. It is the springboard to the markets of Southeastern Europe, the Middle East and North Africa.

And the prospects of Greece's economy remain strong. Growth will be strong well into the future. It is secure for the next few years, as a result of:

- The reforms that have so far taken place,
- The efficient use of the 35 billion dollars that the European Union shall contribute to Greece until 2013,
- The ambitious program for public investments, which will exceed the amount of 13 billion dollars in 2008,
- The private investment projects that have exceeded 12.5 billion dollars, and have already started to materialize, supported by the Investment Incentives Law initiated in 2005.
- The Public Private Partnerships, which will begin materializing in 2008. Already, the value of the approved projects has reached 4.3 billion dollars. The introduction of this instrument has created new opportunities for the private sector, as well as for foreign investors, while at the same time it has ensured that the State can efficiently obtain new infrastructure necessary for economic growth and social cohesion.

Moreover, the dynamic growth of the greater region - its gradual convergence with Europe, and the entry of Bulgaria and Romania in the European Union- shall contribute to Greece's growth as well as to the expansion of Greek enterprises in several sectors (tourism, trade, services and industry).

Our administration is determined to continue following the successful course of action it has been following over the past three and half years. We shall continue promoting reforms in order to safeguard the future performance of our economy. It is our primary objective to achieve balanced budgets by 2010. Moreover, our immediate objectives include the reform of the pension system and to improve the efficiency of the public sector.

Ladies and gentlemen,

Greece offers many opportunities for profitable investment - in several sectors. In tourism, energy, real estate, services, and banking. Moreover, Greece boasts significant advantages that are of particular importance to the prospective investor. In brief:

1. A dynamic economy poised to perform even better in the future,
2. A strong presence of Greek businesses in neighboring markets,
3. Direct access to a market of 140 million people - a market with excellent future prospects.
4. A well trained and highly skilled work force.

Ladies and gentlemen,

Greece is today, as it was also when we first met two years ago, an investment opportunity.

Thank you very much for your attention.