

**Speech of the  
Greek Minister of Economy and Finance  
Mr. George Alogoskoufis**

*Melbourne, April 2, 2007*

Ladies and gentlemen,

Thank you for your warm welcome. Although thousands of miles away, I feel like I never left home. It is impressive the fact that in just 110 years, the number of Greeks in Melbourne has increased from 200 to three hundred thousands. It makes every Greek proud the fact that our brothers and sisters in Australia constitute prominent members of the society and contribute to its progress.

Ladies and gentlemen,

Despite the thousands of miles of ocean that separate our two countries, our economic and business relations are advancing. Trade and tourism are increasing. And there are many opportunities for investment. Australian companies can invest in Greece and thus gain access to a region that has tremendous potential for growth.

Greece can offer to Australian companies solid advantages, such as:

- A strategic geopolitical location in a region poised to achieve higher growth and more progress in the future.
- The most advanced infrastructure in the region, and a highly skilled work force.
- A thriving economy that serves as the gateway to Southeast Europe and the Middle East. The Greek economy over the run of the last three years has posted solid progress - it has made a remarkable turnaround.

Consequently, there is plenty of room for enhancing further our cooperation. We can work together to significantly increase trade and investment between our countries. We can work together even more closely in order to reap the benefits of global economic integration.

Today, more than ever before, Greece is the ideal business partner for companies that wish to establish a presence in the rapidly developing market of Southeast Europe. Southeast Europe is becoming a more homogeneous, more integrated market. After Bulgaria and Romania joined the European Union in January, there is only one direction for this region of 140 million people. And this direction is closer economic cooperation, higher living standards, rapid economic development, more efficient markets.

Greece plays a major role in the development of Southeast Europe. It thus offers concrete advantages to all companies wishing to participate in the opportunities the region has to offer:

- By investing in Greece or trading through Greece, an Australian company can achieve synergies with 3600 Greek companies operating in the Balkans and the East Mediterranean.
- By cooperating with Greek banks, a company avails itself to the wide network that Greek banks have established in Southeast Europe. A network that exceeds one thousand branches.
- By investing in Greece, an Australian company can make use of Greece's advanced infrastructure and improving productivity, which makes it a significant transfer and transit trade facility for the East Mediterranean and Southeast Europe.

Ladies and gentlemen,

After three years of consistent application, the reform policies we have been pursuing, have led to significant and identifiable results. The performance of the economy has considerably exceeded initial anticipations.

The Greek economy is being transformed into a more dynamic, more open and more competitive economy. The Greek economy is becoming even friendlier to investment and entrepreneurship, even more favorable to business activity. And as a direct result, there has been a tenfold increase of foreign investment in Greece over the last year.

Foreign direct investment in Greece has reached 4.3 billion euros in 2006 – that's 2% of GDP.

A milestone signifying the transformation of Greece into an investment friendly destination has been the entry of Credit Agricole, a banking institution with a global presence, into our banking system last August, through the privatization of the Commercial Bank of Greece. In addition, the entry of a big French insurance company through the purchase of Alpha Insurance Company was also an important event. Equally significant, is the continuously increasing interest of several foreign companies in fields ranging from mining to energy and from the service sector to the development of real estate. All of the above constitute concrete evidence that the Greek economy is moving forward in strides.

Since we took office in March 2004, we had to deal with:

- A prolonged period of deterioration of our economy's competitiveness,
- persistently high budget deficits and the associated escalating public debt,
- deeply rooted structural imbalances, and
- high unemployment rates.

Today, one is able to see that definite improvement is taking place. The economy is being transformed:

- We have put the public finances back in order. Budget deficits have been reduced. The budget deficit stood at 7.8% in 2004. It was reduced to 2.6% in 2006. We expect it to be at 2.4% of GDP this year.
- We have managed to stimulate investment through reductions of corporate tax rates and the simplification of tax related

procedures. The corporate tax rate stands at 25% today, compared to 35% in 2004. At the same time, we provided considerable investment incentives within the framework of the Investment Law that was put in effect in March 2005.

- We have managed to enhance the competitiveness of our country. As a result, our exports, as well as our tourism, are driving economic growth by rising much faster than nominal GDP.
- We have managed to stimulate competition through the implementation of a carefully designed program of privatizations and the liberalization of the economy.
- The business environment is improving significantly, as demonstrated by business sentiment indicators, which are on a constantly upward trend since July 2005.
- And as a direct consequence of all of the above, the rate of growth is accelerating and employment is rising. The rate of growth reached 4.3% in 2006 from 3.7% in 2005.
- The reforms we introduced have managed to help avoid a widely expected economic downturn after the Olympic Games. Unemployment during in 2006 has fallen below the 9% mark, to 8.8% for the first time since 1998. Albeit this decline is satisfactory, there is still a lot of room for improvement. And this is what we are pursuing with our policies.

Greece today looks ahead with optimism and self confidence. Within the framework of the significant efforts that are being made, Greece is able to deal better with the challenges it faces. Greece stands ready to contribute and participate in the opportunities arising in Southeast Europe. We are determined to achieve much more. We shall continue to pursue our policies, as we are aware that this is the only way to achieve more progress.

Ladies and gentlemen,

Greece serves as the financial and business center of Southeast Europe and the East Mediterranean - a region of almost 250 million inhabitants. The macroeconomic and business environment signal definite improvement. Our companies strengthen their position in the region. They become bigger and more competitive. By investing in Greece, one participates in the greater opportunities that are emerging in the greater region. By cooperating with Greek companies, you can expand your reach in a region that will achieve considerable progress in the next decade. And this is particularly true also for the energy sector. The recent agreement with Bulgaria and Russia to construct a pipeline connecting the Black Sea with the Mediterranean transforms Greece into the energy hub of Southeast Europe.

Ladies and gentlemen,

Australian companies can make use of the advantages Greece has to offer and expand their activities in a region with excellent prospects for the future. Greece is the ideal business partner for those who wish to be part of the economic progress that Southeast Europe will achieve in the coming years.

Thank you very much.