

**4<sup>th</sup> Long Term Investors Club (LTIC) Annual Conference**

**8-9 October, 2012**

**Luxemburg**

**Welcome Speech by Mr. Vassos Shiarly**

**Minister of Finance**

**Distinguished guests, Ladies and Gentlemen**

**It is indeed with great pleasure that I have accepted your kind invitation to give the opening address on the occasion of this 4<sup>th</sup> Annual Conference of the Long Term Investors' Club (LTIC). It is an honour for me personally but also of the Cyprus Presidency of the European Union to address today such a distinguished audience. Let me first extend my appreciation to the management and staff of the European Investment Bank for hosting this event and for the warm hospitality extended to us.**

**Undoubtedly, this year's annual meeting comes at a very crucial time for the global economy as the world economic and sovereign debt crisis continues to impact adversely many countries and especially the Eurozone countries. I am very confident that this great event offers the ideal ambience and opportunity, for the carrying out of very open and interesting discussions on a number of very important issues which affect the lives of people.**

**It is greatly recognized and appreciated that from the time of its set up in early 2009, LTIC is continuously aiming at providing a forum for exchange of views, as well as dialogue with regulators, on matters of mutual interest and common concern. We note with great satisfaction that LTIC membership has since expanded to include, as of today, 10 other public or private long-term investors from Canada, China, India, Morocco, Poland, The Netherlands, Turkey, Russia and United Arab Emirates.**

**As Europeans, we note with great satisfaction and pride that over time, the LTIC has developed as an excellent platform for an exchange of ideas and the building of business relationships with other institutions with a long term view, resulting, in the setting up of two major equity investment funds. One fund is the “Marguerite Fund” which aims to support strategic European investments with resources coming from the European Commission, the EIB and the five major European public financial institutions. The second fund is the “InfraMed Infrastructure Fund”, dedicated to long-term investments in sustainable urban transportation and energy infrastructures in the countries of the southern and eastern shores of the Mediterranean Sea.**

**Please allow me to congratulate you and your people for the initiatives to create these investments funds.**

**We are also very pleased to notice that the activities of the LTIC appear to be almost directly linked to the Council objectives.**

**On the one hand, the thinking of the LTIC members can provide elements for reflection to the Council, helping define the most efficient approach to promoting investment in the EU and on the other hand, the joint activities carried out by the LTIC members could also become a potential catalyst for the delivery of long-term EU policies.**

**Ladies and Gentlemen,**

**Lets stand for a minute and reflect where we are today:**

**More than four years after the start of the global financial crisis, we all acknowledge that the world economy remains fragile, facing important challenges while the level of unemployment has reached very high and alarming levels. Growth is weakening in many countries which puts their social and economic fabric under stress, risks are mounting, public finances are on the edge and uncertainty has intensified, owing especially to events in Europe. People are exposed to poverty, people are suffering, people are worried about the future.**

**We need to create trust in people and faith in the future. Great courage and new initiatives are required. Europe at this point of time should take resolute action to break the negative feedback loop between sovereigns and banks. The current initiative towards a banking union is decisive in this direction. This initiative, in conjunction with the measures already taken or underway, to make the financial institutions and especially banks, more stable and responsible will create conditions conducive to economic growth.**

**However, it is equally essential that Europe takes up new initiatives to adopt a specific growth strategy that includes policies aimed at boosting investment, freeing up product and labor markets, deregulating business, promoting competition, and building skills. Sustaining rapid growth requires policies that will stimulate ongoing structural change and foster employment in new economic activities as well as devising incentives to encourage private-sector investment in new industries.**

**It is true that some of the structural reforms will be politically difficult to get through and their benefits will take time to become fully apparent but setting a clear pathway will underpin public confidence in Europe's long-term growth.**

**Towards this end, the Multiannual Financial Framework<sup>1</sup> for 2014-2020 which is pending for agreement at the EU level, constitutes a very important multiannual instrument for achieving economic growth in the EU in the coming years. We need to ensure that the Union's policy objectives are adequately promoted in a long term perspective and that there is continuity towards achieving the priorities set for the benefit of the Union as a whole. Concluding this hotly debated issue until the end of the year is one of the main goals of the Cyprus Presidency.**

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<sup>1</sup> The EU Multiannual Financial Framework is the central planning instrument for the use of European Union funds. It is intended to ensure that EU spending takes a well-ordered course within the limits of its resources. In the financial framework:

- the sum of total spending (the upper limit of the EU financial framework) is set for the entire term,
- funds are apportioned across specific years (to date, seven in total)
- and annual limits are set for each category of spending.

**Coming to the issue of employment, today, as you all know, the labor market is in dire straits. The crisis has left behind a vast number of unemployed people, and this situation threatens the livelihood, security, and dignity of millions of people across the world. We need to focus our efforts in investing in people.**

**We must acknowledge that the crisis will not be over until unemployment decreases significantly. We must not expect that growth alone will automatically create the jobs we need but we should rather set job creation as priority using all the available policy tools, turning the financial system into an effective support of the real economy. Within this framework we must strengthen social cohesion, so that the future generations will have the same opportunities that our generation enjoyed. Indeed, the social dimension is an indispensable element of prosperity.**

**My humble view is that focus on growth and employment creation is absolutely essential and a top priority in order to minimize the social effects of the crisis. Exploring options for growth and, therefore, creating employment opportunities, by investing in human resource development and fostering competitiveness is the way forward.**

**Four years after its establishment, L.T.I.C. which could easily stand for Love the people, Trust in People, Invest in People and Care about people, still plays a positive role in the global economy by supporting sustainable economic growth through a stable investor behavior that allows value creation over the long-term. I am confident that the LTIC is in a sound position to deliver results. I am convinced that these investment strategies combined with a reinforced cooperation among long-term investors from every region of the world, could contribute to higher stability on financial markets and a sustainable recovery.**



**Lastly, I would like to express the readiness and determination of the Cyprus Presidency to deal with all pending issues, in an immediate and effective way. I am very optimistic that, through our joint efforts, we will manage to deal with the very challenging times.**

**I will conclude my opening address by wishing you:**

**May you have fruitful deliberations.**

**Before I pass the floor to Dr. Schroder allow me the opportunity to congratulate, him, and the people of LTIC, for the excellent work they have accomplished and by wishing them continued success in fulfilling LTIC's ambitious objectives.**

**Thank you very much.**