

World Report

Greece

05 JANUARY 2008

Meeting the challenges
of the future

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The new Greek cabinet convenes in Athens on Wednesday, September 19th 2007 to be sworn into office by President Karolos Papoulias

PHOTO: AP Photo/Raial Press/Greek Prime Minister's Office, Willy Antoniou, HO

Stepping up the pace of change

With his New Democracy party reelected in September for a second term, Prime Minister Costas Karamanlis has been given the opportunity to press ahead with the social and economic reforms needed to build a prosperous future. "The Greek people have chosen their course," he says. "They have given us a clear mandate to continue with reforms, whilst at the same time calling for us to up the pace."

Solid foundations were laid during the centre-right administration's first term and the income gap between Greece and other EU economies is gradually narrowing. Greece now ranks among the EU member-states enjoying the highest rate of economic growth. Some 200,000 new jobs have been created and unemployment has fallen to its lowest for a decade. Inward investment is at its highest-ever level. Meanwhile, state finances have been put back on track and the budget deficit is within the EU threshold of 3 per cent of GDP.

Having used its first term to tackle problems that were threatening to destabilise the economy, New Democracy needs to dedicate its second term to building on the progress that has been made. Further reforms are already being introduced to improve the investment climate and ensure continued high rates of growth. At the same time Greece,

Awarded a second term by Greek voters, the government has pledged to push ahead with further social and economic reforms as it seeks to boost growth, employment and prosperity

like other EU states, faces long-term challenges in areas such as education, energy, environment, globalisation, health care, social security and technology. While it promises to seek to achieve maximum social consensus, the government will face major political tests over the fundamental reforms it plans to make in the pensions and education systems.

Greece's integration into the Knowledge Society through investment in human and social capital is a priority if the economy is to become more competitive. The government is committed to widening access to ICT and encouraging innovation. More controversially, Mr Karamanlis has pledged to change the constitution to allow private universities to operate and to give universities greater autonomy.

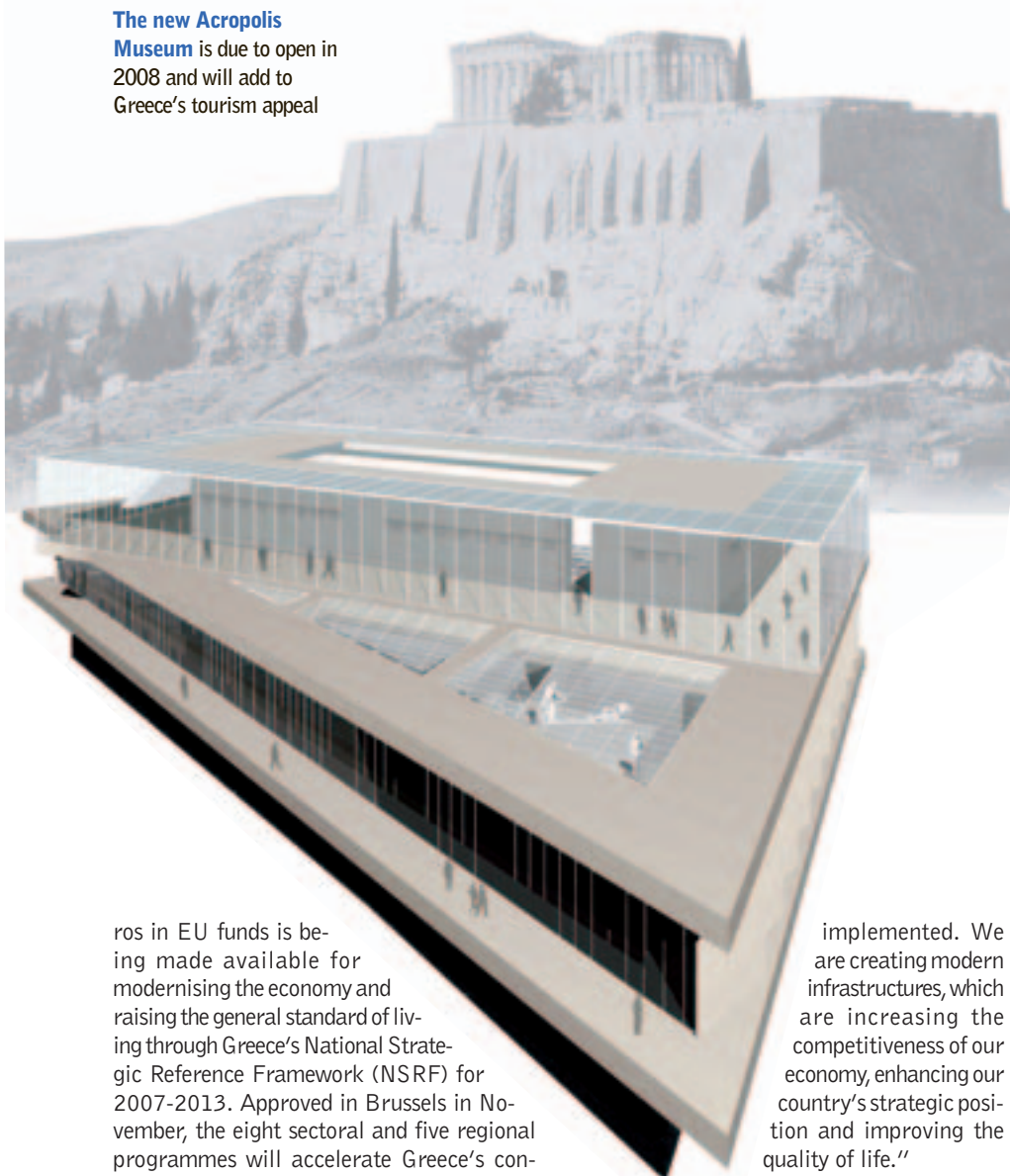
Also high on the agenda is the development and diversification of Greece's tourism sector, now pulling in a record 17 million vis-

itors a year and with major resort schemes lining up for development. A youthful new minister has been charged with promoting quality and broadening the country's appeal beyond mass tourism.

In the energy sector, new pipeline projects are set to turn Greece into an important transit hub. A newly inaugurated Turkey-Greece link will eventually be extended to supply natural gas to Italy and the rest of western Europe. A deal has also been signed with Russia and Bulgaria for a Burgas-Alexandroupolis pipeline that will transport Russian oil to European markets, bypassing the Bosphorus Strait. Meanwhile, efforts are continuing to strengthen the electricity production and supply system in Greece itself.

Greece continues to be one of the main beneficiaries of EU structural funds, designed to help member states whose per capita GNP is less than 90 per cent of the Community average. A total of more than 24 billion eu-

The new Acropolis Museum is due to open in 2008 and will add to Greece's tourism appeal



ros in EU funds is being made available for modernising the economy and raising the general standard of living through Greece's National Strategic Reference Framework (NSRF) for 2007-2013. Approved in Brussels in November, the eight sectoral and five regional programmes will accelerate Greece's convergence with the economies of the other EU states.

A key objective is to improve the competitiveness of the Greek regions, towards which 80 per cent of total NSRF funds of 36 billion euros will be directed. Much of the investment will be in key areas for growth and the creation of jobs, such as innovation, support for small and medium-sized enterprises, information technologies, trans-European networks and the environment.

"The Greek regions have been at the heart of our policy from the very outset," says Mr Karamanlis. "We have prepared works, actions and policies, which are now being fully

implemented. We are creating modern infrastructures, which are increasing the competitiveness of our economy, enhancing our country's strategic position and improving the quality of life."

An unprecedented programme of public works has been launched. Construction is due to start soon on major new highways and the rail network is being modernised. Meanwhile, work continues on extending ports, airports and the Athens Metro, completion of the Egnatia motorway and its vertical axes, the construction of dams and water supply systems, and other major projects.

"The aim is for our country to acquire the infrastructure it needs and for our economy to further improve its new growth model and competitiveness and become more outward-looking," says Mr Karamanlis. ●

Regional development at the top of the agenda for EU's highest climber

With its own economy growing faster than the eurozone average, Greece is assuming an increasingly important role in the emerging economies of the New Europe

When Costas Karamanlis announced his new cabinet shortly after his election victory in September, few would have been surprised to find that George Alogoskoufis was kept in position as Minister of Economy and Finance.

Mr Alogoskoufis has been the architect of Greece's economic reforms. On his watch, Greece has achieved a rate of growth well ahead of its co-states in the Eurozone, while at the same time putting its public finances in order. Greece, he says, has demonstrated that fiscal consolidation is compatible with sustained growth if it is accompanied by supply-side reforms that help redirect resources towards private investment.

The government is as determined as before to carry out its reform agenda. "We know very well what we have to do in order to create a competitive and

innovative economy," says Mr Alogoskoufis. He shares the Prime Minister's certainty that Greeks see the need for change. "On September 16, the Greek people acknowledged the success of our policies. They gave us the green light to move ahead."

The economy is forecast to maintain its growth rate of 4 per cent next year, with private investment and exports the main drivers. According to Mr Alogoskoufis, international uncertainties over the high oil prices and developments in capital markets are having no direct effect and he expects growth to remain strong, due to community funds from EU Community Support Framework programmes, private investments totalling 8 billion euros and joint ventures between the public and private sectors worth 3 billion euros.

The Economy and Finance minister pledges to be "relentless" in his pursuit of a balanced budget by 2010. Tightened spending and improved revenues from taxes have helped bring down the general government deficit to 2.7 per cent of GDP – despite relief expenditure following this year's devastating forest fires, towards which the EU is contributing 9 million euros. Next year's deficit target is 1.6 per cent of GDP.

"Healthy public finances do not only lead to a fair and business-friendly tax system, but they also allow the state to

FORECASTS FOR 2008

GDP growth rate	UP	4.0%
Productivity	UP	2.2%
Exports	UP	7.3%
Imports	UP	7.8%
Inflation	UP	2.8%
Investment	UP	10.5%
Domestic demand	UP	4.5%
Employment	UP	1.9%
Unemployment	DOWN	7.4%

Source: Ministry of Economy and Finance

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Source of Development, Supplier of Energy

From the depths of Asia and North Africa to the markets of Europe, natural gas constitutes the energy advancing development and quality of life for numerous countries and millions of people. The Hellenic Gas Transmission System Operator (DESFA) S.A. develops and manages an extensive infrastructure, transporting the 21st century fuel to every corner of Greece. At the same time, through the construction of international natural gas pipeline interconnectors, DESFA supplies European gas networks and establishes Greece as an international energy hub, connecting the East and West. With a focus on sustainable development and with respect for people and the environment, DESFA converts natural gas into a valuable asset for Greece and Europe. Today, DESFA is moving dynamically into the new energy era.



REVYTHOUSA
Liquefied Natural Gas (LNG) Receiving Terminal
DESFA S.A.

Hellenic Gas Transmission System Operator





Minister of Economy and Finance
George Alogoskoufis

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build infrastructure necessary for businesses to develop and expand their horizons," says Mr Alogoskoufis.

Tax reform is a priority, with the aims of cutting income tax to 25 per cent in 2009, from 30-40 per cent in 2006, and abolishing all property taxes. The government also aims to tackle Greece's high level of tax evasion. Despite a continuous reduction of the tax burden on companies and households, tax revenues are forecast to rise by 12.9 per cent, reaching 22.3 per cent of GDP, from 21.1 per cent of GDP in 2007.

Mr Alogoskoufis will also be looking to make savings by reducing the high cost of public administration and increasing efficiency in state-owned enterprises. The privatisation programme will continue, with state holdings in telecoms group OTE, Attica Bank, Postal Savings Bank, Olympic Airlines and Greece's main international airport all slated.

Controversy is guaranteed as the government tackles the highly sensitive issue of pensions reform. With the prospective increase in fiscal costs from an ageing population among the highest in Europe, the country's financial stability could buckle under the weight of its present system. Analysts say that if nothing is done, spending on pensions will account for more than 20 per cent of GDP. The government plans a fundamental overhaul.

A strong Greek economy is important not only to Greeks but also to the region. Greece plays a key role in the development of Southeast Europe through trade and investment. Mr Karamanlis noted recently that nearly 4,000 Greek businesses and more than 2,300 branches of Greek banks "utilise the opportunities given by the broader region of Southeast Europe and of the eastern Mediterranean."

Profits are up and prospects are bright in banking sector

Acquisitions, organic growth and increased efficiency are filling the coffers of the banks as loans and deposits increase at home and they widen and deepen their presence abroad



Greek banks continue to ring up big profits as they benefit from the economy's impressive rate of growth and expand their activities in Southeastern Europe and the eastern Mediterranean. While banks in other parts of the world have become nervous about the fallout from the collapse of the US subprime market, their Hellenic counterparts have been posting new records in profitability.

Greek banks have had very little exposure to the subprime crisis and, according to Nikos Garganas, Governor of the Bank of Greece (BoG), Greek banks will suffer only a limited and indirect effect. Meanwhile, most can be well satisfied with the gains registered in their most recent declared results as they surge ahead of businesses in all other sectors of the economy.

In the first nine months of 2007, total

profits posted by all listed banks increased by 62 per cent to 4.5 billion euros. The top four – National Bank of Greece, EFG Eurobank, Alpha Bank and Piraeus Bank – achieved total profits of 3 billion euros on the back of acquisitions, organic growth and improved efficiency. Assets, loans and deposits show steady growth as the economy carries on expanding at a rapid pace. Piraeus Bank Group, for example, expects to almost double its total assets to close to 80 billion euros by the end of 2010, compared to 40 billion euros today.

The successful penetration of neighbouring markets by the major banks is encouraging others to seek profits outside Greece. ATEbank, the fifth largest bank in the Greek market, has acquired Romanian Mindbank – renamed ATEbank Romania – and intends to develop it rapidly; its business plan foresees 50 to 60 branches by the end of 2009 and a more than doubling of market share. There are also plans to enter the insurance and the bancassurance markets in Romania. In Serbia, ATEbank is active through AIK Bank, in which it has a 20 per cent stake, and through its Hellenic Sugar Company affiliate, which owns two refineries in the country.

Dimitris Miliakos, Governor of ATEbank, says: "Overall, we aim to broaden our international presence and enter other promising markets in the Balkans and in the wider Mediterranean area by acquiring other institutions in banking, insurance and other financial services in Albania, the Ukraine and Egypt. Expansion in the region is seen as an important part of our growth strategy."

ATEbank was established in 1929 as a non-profit organisation providing credit to the agricultural sector and enhancing rural development. Today, it is a multi-purpose bank offering a wide range of banking and financial services.

The bank produced a "very satisfying and sustainable" performance during the first nine months of 2007. Consolidated profits after tax and minority interest increased by 94 per cent to reach 219 million euros, compared with 113 million in the corresponding period of 2006. Customer loans and customer deposits increased by 16 per cent and 9.5 per cent respectively, reflecting the bank's determination to expand its activities and increase its market share in the retail market. "I feel very positive that we will continue our organic growth and achieve even better results," states Mr Miliakos.

He highlights positive results from the bank's efforts to penetrate the small and medium-sized enterprises (SMEs) sector. "There is a lot of potential there. When I became the governor we had only 40 branches that were able to sell SME banking products. Now 90 of them can do that. We are doing much better now, and I expect our market share to increase starting from next year."

The government has a 77 per cent holding in ATEbank but plans to reduce it through privatisation – although it is committed not to go below 51 per cent. Mr Miliakos says: "Personally, I believe that it would be preferable for the state's share to fall below 50 per cent, something that would make a partnership with a strategic investor more feasible. Until then, we are doing our best to restructure and modernise the bank to make it more attractive, more productive and more efficient. Over the last three-and-a-half years we have managed to create a solid capital base and the conditions for sustainable profitability for the whole ATE Bank Group."

He says that Greece and Greek banks still present excellent investment opportunities not only due to the growth of the economy "but also because Greece is the gateway to the Southeast European and Mediterranean area."



Profits posted by the four major banks for the first nine months of 2007 totalled 3 billion euros



DIMITRIS MILIAKOS
Governor of
ATEbank

Pipeline deals bring in gas from the East

Greece took a step closer to becoming an international hub for the transportation of natural gas in November when the Greek and Turkish prime ministers inaugurated a new pipeline between their two countries.

The 285-mile link represents a critical first stage in the creation of a new East-West energy corridor that will eventually enable the transit of natural gas from the Caspian and the Middle East to European energy markets via the Greek system. Beginning in Karachabep in Turkey and running to Komotini in Greece, the pipeline has a diameter of 36 inches and the capacity to carry 11 billion cubic metres (bcm) of natural gas per annum.

Next year, work will start on a 600-mile pipeline extending the corridor from Greece to Italy. Most of it will be built by Desfa, the owner and operator of the Greek Natural Gas Transmission System. The remainder, which will run beneath the sea, will be built by the Public Gas Corporation of Greece (Depa) and Edison. The pipeline is due to become operational in 2012, delivering 8 bcm of an expanded capacity of 11 bcm to Italy and the rest of Western Europe.

As new connections are made with neighbouring gas grids, Greece's own energy system is being extended to cater for growing demand

The EU is one of the world's largest and fastest growing markets for imported gas. Azerbaijan and the rest of Central Asia is poised to become Europe's newest main source of supply, alongside the North Sea region, Russia and North Africa.

Former Greek development minister Dimitris Sioufas says the pipeline and the interconnection of the electricity systems of Greece and Turkey are the two most important interstate projects between the two neighbouring countries, whose relationship has greatly improved in recent years.

As Greece seeks to utilise cheaper and cleaner sources of fuel, consumption of natural gas is rising, from 2.1 bcm in 2006 to around 3.8 bcm in 2007. Gas-fired power plants consume approximately 70 per cent of the total, with the rest

feeding the residential, commercial and industrial sectors.

Greece's main supplier of natural gas is Gazexport, a subsidiary of Russia's Gazprom, which transports the gas

via Bulgaria. The remainder has been coming from Algeria, from where it is supplied to the LNG terminal on the island of Revithousa in the gulf of Megara.

Unbundled from Depa last year and now operating independently, Desfa runs one of the most modern gas transmission systems in Europe, utilising state-of-the-art technology. One of Desfa's primary objectives is to expand the network and transport gas

to every region of Greece. Currently, it is planning new projects to extend the supply of natural gas to 12 new cities.



GEORGIOS STERGIU

Chief Executive Officer of Desfa

"Investors are welcome to contribute to these projects," says Georgios Stergiou, Desfa's CEO, pointing out that around 40 per cent of the budget for such projects can be financed by the EU structural funds. "We are expanding the network to new areas such as Evia and Peloponnese, and we have also implemented the construction of a pipeline connecting the aluminium plant in the area of Antikira with the main high pressure pipeline," he says.

Analysts say that Greece, which is opening up its electricity market and ending state-run Public Power Corp's monopoly, needs to invest around 8 billion euros on power generation to match growth. Energy companies are expected to invest more than 4.5 billion euros by 2010.

"There is enormous potential in the Greek market," says Mr Stergiou. "We regularly move very close to the maximum power level and we have to buy electricity from our neighbours. Electricity needs to be produced by more gas-fired plants, which are one of the most efficient electricity production processes and contribute at the same time to the protection of the environment." ●

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The bank for all

A new image to bring in visitors who spend more

Greece has a lot more to offer than sun, sea and cheap package holidays. Its new Minister of Tourism is determined to portray the country as a high quality destination to suit a variety of tastes



For the majority of visitors, the weather and the beaches are the main attractions. However, the government is keen to move Greece's international image on from just sun, sand, sea and cheap package holidays, and to attract people all year round instead of just in the summer months.

Aris Spiliotopoulos, the newly appointed Minister of Tourism, has been given the task of promoting Greece as a high quality destination with a wide variety of activities to offer. "In a global world, Greece must have a multi-faceted image to be-

come a global brand which can target any type of travellers," he says. "We have to break free of unidirectional notions of sand, sea and sun. We have to look towards a more open tourism model so that we can sell more months of the year. We have to act like a mega-brand."

Mr Spiliotopoulos is not the first to stress the importance of Greece upping its game by raising standards and diversifying its product in order to compete successfully in the highly competitive international tourism market. However, Prime Minister Costas Karamanlis is relying on

him to advance the agenda.

Away from the beaches, the focus will be on developing everything from archaeological, cultural and religious tourism to agritourism, gastronomic, marine and sports tourism – particularly golf – and the conference and exhibition market. Particular emphasis is being put on 'green tourism'; Mr Spiliotopoulos is keen to promote eco-friendly activities such as camping, mountain-hiking and walking tours, and to see 'green' investment with the natural environment strongly factored into new tourism villages and accommodation.

Efforts to promote city break tourism are being focused not only on Athens, where the long-awaited ultra-modern Acropolis Museum is due to open in stages next year, but also on Thessaloniki, Greece's second largest city.

Greece has long been a popular international holiday destination, particularly with the British, Germans and Scandinavians, and recently a marked increase in arrivals from eastern Europe has helped swell the number of visitors to more than 17 million per year.

Mr Spiliotopoulos will also be targeting new markets in Russia and in Asian countries, including China; Air China recently

Catering for the conventions market and VIP clientele

With its a unique combination of cosmopolitan cities and picturesque islands, Greece is an ideal conference and event destination. Recently, the infrastructure it has to offer for what is known as MICE (meetings, incentives, conferences and exhibitions) tourism has been enriched with the addition of 23 venues from the 2004 Olympic Games.

The largest convention destination in Greece is the island of Rhodes, where also to be found is the largest resort convention centre in the country, and

indeed one of the largest in Europe. With 100 meeting halls of various sizes, the Capsis Hotel Rhodes & Convention Centre Marika Capsis 2000 has total conference capacity for up to 8,000 people.

Capsis Hotels & Resorts has been specialising in the meetings industry for more than 30 years. Recently, it has also turned its attention to the growing VIP leisure segment of the tourism industry, transforming its resort on the island of Crete from a convention centre into an exclusive luxury resort hotel complex

which it has named Out of the Blue.

Irini Varda-Capsis, the company's Commercial Director, says: "Our aim was to create a unique resort complex in Greece different from anything else the country could offer until now. We are targeting the most demanding guests, who continuously seek new resort destinations with exclusive services and new types of facilities."

Even though the resort now focuses on individual luxury clientele, she adds, it would also be ideal for exclusive meetings and VIP incentives, as excellent

conference facilities are available.

Situated on a private peninsula, the resort features five separate hotel-neighbourhoods with different concepts and characters. These include the only all-suite hotel in Greece, offering a variety of individually-decorated luxury suites, pool-maisonettes and private pool villas. The others are a modern sports and well-being hotel, a quiet boutique hotel, a family-oriented neighbourhood with bungalows and bungalow-suites, and a unique amusement park for children.



Out of the Blue Capsis Elite Resort



Capsis Hotel Rhodes and Convention Centre "Marika Capsis 2000"

Changes in land laws will be a catalyst for tourism projects

launched twice-weekly flights from Beijing to Athens via Dubai. "Asia generates quality tourism, as travellers from the region do not come to Greece only for our sea-plus-sun product but also for our culture."

A specialised campaign will be launched both within and outside Greece, targeting the 10 per cent of tourists who are looking for new, genuine experiences, as reflected in the new marketing slogan "Greece, the New Experience".



ARIS SPILIOPOULOS
Minister of
Tourism

A critical part of the marketing drive will be the embracing of new media. "Buyers are on their computer screens and visitors and tourists alike are not just going to materialise. We must be able to win them over in order for them to become visitors," says Mr Spiliotopoulos.

Crucially, the government wants to close the gap between tourist arrivals and tourism revenue; tourist arrivals are increasing by around 6 per cent per year, but revenues are rising by just 3 per cent. It means getting tourists to spend more while they are in the country. "What matters is that they leave more currency behind," says the Minister. ●

Billions of dollars worth of investment are set to pour into Greece's tourism sector in the form of large-scale integrated resort projects, combining leisure activities such as golf and tennis with spas, 5-star hotels and luxury villas.

Changes in land zoning policies that have limited residential development outside urban areas will pave the way for alternative forms of tourism and open up the market for holiday and retirement homes. Stavros Andreadis, president of the Association of Greek Tourist Enterprises (SETE), says the move could be "a catalyst for tourism development".

A number of projects are in the pipeline, and two major developments are already under way. Both the Navarino resorts project, on the Messinian Peninsula in the Peloponnese and the resort being built on the island of Crete by the British Minoan Group will include 5-star hotels, golf courses, conference centres and luxury villas.

Golf tourism is seen as potentially a major earner for Greece; golfers, for ex-

New legislation will facilitate the development of large-scale resorts centred on alternative forms of tourism while preserving the environment

ample, are reckoned to spend 60 per cent more than the average tourist. However, accompanying hotel and residential development is needed to make new golf courses commercially viable.

Approximately one hundred miles to the north of Athens, a location has been chosen for one of the largest luxury residential and integrated resort developments in Europe. Developers Lokros Real Estate say the Atalanti resort will combine world-class golf and tennis facilities with luxury villas and townhouses in an unspoiled natural environment.

According to Managing Principal George Savvides, the resort will be a unique place to visit, holiday and to live, "the best of all worlds – international standard luxury, service and infrastructure, combined

with genuine Greek community experiences, tastes and hospitality."

He says the development will include three of the best championship golf courses in the world, extensive tennis facilities, including 'centre court' stadiums, and golf and tennis academies. "The facilities will be world-class as it is our intention that the resort should host major international golf and tennis tournaments." At the same time, the intention is to provide for players of all levels, from novices to professionals.

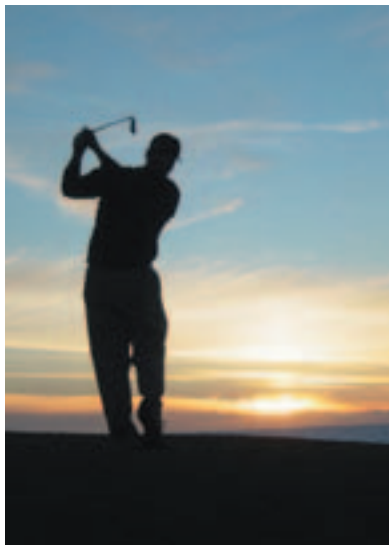
The residential element of the project will comprise approximately 5,000 luxury residential units, ranging from large detached villas with extensive grounds to

[continued on page 8](#)

WHERE AN ANCIENT LAND
MEETS A GREEN NEW WORLD

World-class golf, five star living, breathtaking scenery and environmental responsibility – a chance to invest in an epic development.

Atalanti by Lokros



Greece boasts five international standard golf courses and the perfect climate for the sport

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GEORGE SAVVIDES
Managing
Principal of Lokros
Real Estate



NICHOLAS MAMAKOS
Managing
Principal of Lokros
Real Estate

townhouses clustered around village squares. Both freehold properties and time-share units will be available. In addition, there will be three 5-star hotels, an open amphitheatre seating 700, three spas and cultural centres.

The resort will extend over more than 3,000 acres, but infringement on the natural landscape will be "minimal", according to Mr Savvides's partner Nicholas Mamakos. The objective is to combine a low-density resort and luxury residential village environment with the natural beauty of the area.

"The residential and tourist communities will not only be surrounded by the existing rich natural environment, but will also be laced with vineyards, olive groves, herbs and spice gardens," says Mr Mamakos. "In many ways agriculture and nature will define the development as it does the agricultural community in which it is located,"

Mr Savvides says that Greece is ideal for projects of this kind. "We believe that developments like the Minoan project, the Navarino project and ours set a new quality standard in the Greek market," he says. "They attract a wider variety of visitors, they extend the tourism period, they promote Greek culture and tradition, and they preserve the natural environment." ●

For further inquiries please contact the development company directly. email: info@lokros.gr

Technology and innovation are the keys to the future

Greece is embracing the digital age as it seeks to become more competitive in the global marketplace and to improve life for its citizens

Rapid progress towards a knowledge-based society is at the heart of the government's strategy for a prosperous Greece. Mr Karmanlis's vision is of a Greece where citizens have ready access to digital services and the production of innovative hi-tech products and services has made the country's status a more competitive player in the global economy.

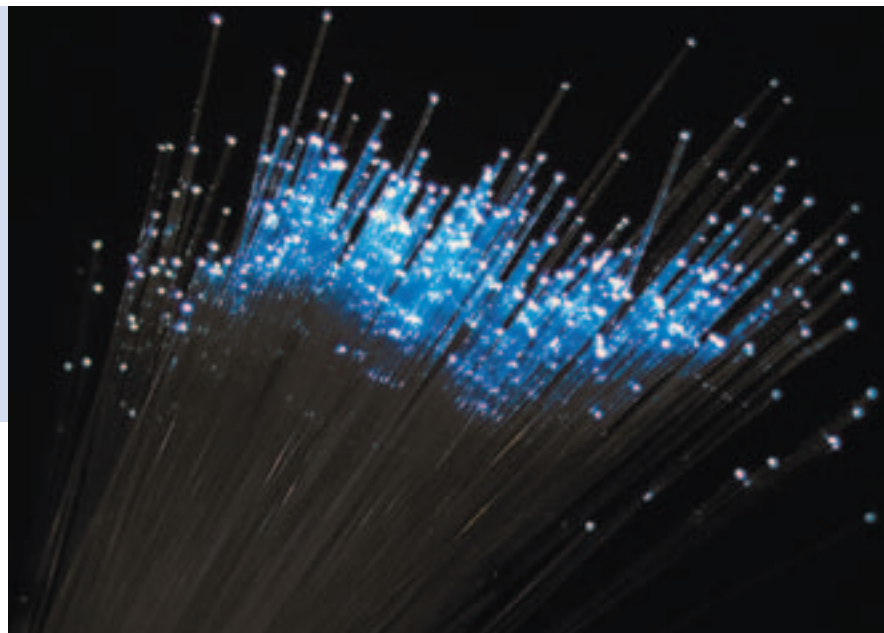
Moves are under way to raise the quality of the Greek education system, promote investment in research and development (R&D), advance the digital revolution and enhance the links between the research and business communities.

The government's digital strategy up to 2013 aims to increase productivity via the use of ICT and improve the quality of life for Greek citizens through ICT and the internet. This includes a broadband action plan, costed at 450 million euros and already under way, for developing broadband infrastructure and stimulating broadband demand in the Greek regions.

Fibre optic networks are being developed in 75 cities across Greece and wireless networks created in 120 smaller cities. Sixty million euros are being channelled into a digital strategy to help local authorities to develop digital services and harness the benefits of ICT for regional development.

R&D infrastructure is being expanded, financial incentives provided for private investment and encouragement given to the creation of new innovative enterprises. Although Greece continues to export primarily labour-intensive goods, the level of specialisation in research-intensive products has increased significantly.

A good example of private-public collaboration is the Hellenic Technology Clusters Initiative (HTCI). Founded last year to promote the establishment of clusters of companies specialising in areas such as microelectronics, biotechnology and renewable energy, it was inspired by a group of private companies and has received funding from the government and the EU.



Its first fruit, the Innovation Centre in Microelectronics, was recently inaugurated in cooperation with the Hellenic Semiconductors Industry Association. Greece's first technology cluster, it hosts around 25 enterprises specialising in semiconductors - which are the core of IT - telecommunications and consumer electronics products.

Another cluster is being developed in the area of culture and language technologies. Future plans include the establishment of clusters in free trade areas at the International Airports of Athens and Thessaloniki.

The kind of firms being targeted are mostly small and medium-sized enterprises, including start-ups and spin-off companies that have the potential to become pioneers in their fields. Vassilios Makios, HTCI General Manager, says the

common ground shared by the companies should be that they are knowledge intensive, focused on research and development of products and export-oriented. The idea is that bringing such enterprises together will create an "ecosystem" in which innovation will flourish.

"We strongly believe technology will take off soon in Greece," says Professor Makios. The focus is on "the ability to find pockets where there is a deficit of innovation in other countries and to develop that, to complement the US and other major countries in pockets of innovation."

He adds that Greeks have proved throughout their history that they are highly versatile people. "Versatility is something which innovation needs.

An innovator is someone who can think outside the box." ●



VASSILIOS MAKIOS
Director General
of HTCI

Innovation in the land of Ulysses

In today's competitive world, cross-industry synergies and collaborations have become a necessary core competency, making clusters of enterprises increasingly important. The **Hellenic Technology Clusters Initiative (HTCI)** facilitates the formation of Innovation Clusters capable of competing at a global level. Through tailor-made clustering programs, HTCI brings together people, companies and technologies in order to create an innovation ecosystem. It implements an ambitious plan to boost Greece's capacity

in technology sectors driven by knowledge-intensive R&D and well-targeted direct investments. HTCI constitutes a reference initiative of bottom-up industrial policy that is co-financed by the EU Third Community Support Framework, under the Operational Program "Competitiveness". The initiative is hosted in the Research Center "Athena" under the auspices of the Hellenic Ministry of Development and its General Secretariat for Research and Technology. For more information, visit us at www.htci.gr.

