

# Greece

## Gateway to the east



22.06.08 | **The Observer** | Enterprise, economy, politics and prospects of modern Greece

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## The phoenix rises

It will be tough for Greece to sustain the growth of the past decade. But, as the hub of one of the world's fastest growing economic regions, the prospects look good. **Fiona Walsh** reports

The first currency of the modern Greek state was the phoenix, introduced in 1828 and named after the mythical bird, symbolising the rebirth of the nation. Later replaced by the drachma, and now the euro, the phoenix nonetheless remains an appropriate metaphor for the transformation of the Greek economy.

Greece's entry into the eurozone in 2001 sparked a spending boom, as consumers took advantage of lower borrowing costs and unleashed their pent-up demand for credit. The country has benefited from EU aid to modernise its infrastructure, and growth has been sustained at around 4% a year over the past decade.

Now, however, there is a growing fear that Greece will have to pay the price for the feel-good years. Among the 15-country eurozone, the economy of Greece remains one of the most unbalanced. Despite recent progress, its current account deficit relative to gross domestic product – 14% in 2007 – remains alarmingly large. Unemployment, although down to a low of around 8%, also remains above the eurozone average.

Greece is under increasing pressure to tackle its deficit as a matter of urgency. The International Monetary Fund said recently that the country must push through further reforms in social insurance, privatisations and public finances if it is to ensure growth is maintained. Reforms are also urgently needed in the labour market, where rising costs have eroded the country's competitiveness.

While domestic demand should help sustain growth, the IMF warned that competitiveness must be improved

if the country is to avoid a prolonged slowdown. 'Persistent loss of cost competitiveness risks constraining Greece's growth in the medium term,' the IMF warned, although it predicted that growth would still reach 3.7% this year against 4% in 2007. However, in April, the Greek central bank cut its 2008 growth forecast from 3.7% to 3.5%, following three successive quarters of slowdown. But this is still above the eurozone average.

The IMF warned that the global slowdown has increased the risks for the Greek economy, although its banking system appears unaffected by the recent financial turmoil. It warned, however, that the banks face a series of risks following the credit boom, as well as from non-performing loans and exposure to the more unstable markets of south east Europe.

Greece's ruling conservative New Democracy party, which won re-election last September, is determined to modernise the economy and has pledged to weed out corruption and inefficiency in the public sector.

The €3 billion sale of a controlling stake in OTE, the former monopoly telecoms provider, is the centrepiece of the government's privatisation programme. The deal, with the German telecoms group Deutsche Telekom, has been hailed as 'a watershed' by finance minister George Alogoskoufis, who said

it would 'send a message and secure OTE's future development with one of the best possible strategic partners.'

The sale, which must still be approved by parliament, has proved controversial – Greek unions are worried that the new German owners would make heavy job cuts and impose tougher working conditions. However, its successful completion is an important test for the government to reiterate its commitment to attracting foreign investment.

Other international investors also have Greece in their sights. In May, the powerful private equity firm Carlyle Group clinched a €750m deal to take over the Greek chemical firm Neochimiki. It is the private equity firm's first investment in Greece and, according to Carlyle's managing director, Robert Eastern, 'reflects our confidence in the country's strong economic growth prospects as well as Greece's position as a gateway to investment in eastern Europe.'

Prime Minister Kostas Karamanlis secured only a narrow election victory last September. Although the government's economic record played well with voters, it lost support in the aftermath of the forest fires that left 65 dead last summer.

Karamanlis has promised to move faster on the economic reforms that are vital if Greece is to come back into line with the rest of the eurozone and move forward once again. He succeeded in

pushing through pension reforms earlier this year in an effort to tackle the country's ballooning pensions deficit, changes that sparked widespread strike action that left the transport system paralysed and saw rubbish pile up in the streets. With a majority of only two seats, the government is unlikely to be able to achieve a more radical transformation.

In 2004, the year Athens hosted the hugely over-budget Olympic Games, the general government deficit reached a peak of 7.8% of GDP. That fell to 2.9% last year and Karamanlis has pledged to eliminate it by 2010. According to the Economist Intelligence Unit, however, there will be 'only limited progress' towards this goal, given expenditure commitments made in the election campaign and a likely slowdown in revenue growth.

'Indeed, following public-sector wage increases, which are estimated to add 8.9% to payroll costs in 2008 alone, there is a danger that the deficit will even rise again,' says the EIU. It forecasts real GDP growth this year will fall from 2007's 4% to 2.6%, rising to 3.1% in 2009 and 3.3% the following year.'

While Greece faces a number of economic challenges, it also has a crucial advantage – it may have a population of only 11 million, but it is at the centre of one of the fastest developing economic regions in the world – south east Europe.

It has already invested heavily in the area, which the government believes will become the 'economic miracle' of the next decade – with Greece acting as the 'gateway' for foreign investors. With its population of 150 million, the booming region will be crucial to Greece's future growth.

### Introduction

'England and Greece are friends,' said Greek singer turned politician Melina Mercouri. And, true as that is, for many Britons, Greece is more likely to mean for them the history, nightspots and beaches of the Aegean than a rising economic star. And yet, as this report shows, Greece is a land of huge potential in the world markets, with booming consumer confidence – much of it based in Athens, the region's historic and modern trading base. From energy to banking to the lottery, this supplement is an introduction to that success and a guide to what to expect next.

### Contents

#### 02 Energy

The burgeoning market in renewables and new strategic energy links between east and west cement Greece's place at the heart of Europe

#### 03 Banking

They have escaped the credit crunch – so far. But how long can Greece's banks enjoy record growth?

#### 04 Designer getaway

Athens has become home to designer boutique hotels and historic elegance

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**Produced** for Guardian Plus, a commercial division of Guardian News and Media, to a brief agreed with SML Strategic Media Limited.

**Paid for** by SML Strategic Media Limited.

All editorial content commissioned by The Observer.

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# Plugged in

Greece is fast becoming a world energy hub, providing a vital artery for gas and oil between east and west and making strides in renewables, says **Fiona Walsh**

**T**ourists who flock to the Aegean islands each year have long been grateful for the soothing power of the *meltemi*, the strong northerly wind that takes the edge off the scorching summer temperatures.

Now Greece is harnessing the power of the *meltemi*, along with the country's other abundant natural resources, as it aims to turn itself into a major force in the renewable energy industry.

In traditional energy too, Greece is poised on the brink of a radical transformation. Although possessing only modest oil and gas reserves of its own, the country is positioning itself as an influential energy hub through a series of ambitious pipeline projects with its Balkan neighbours and alliances with major multinational energy companies.

As oil prices hurtle to new records, security of supply has taken on a new importance. Greece's geographical position in the emerging market of south east Europe, and the liberalisation of its energy industry, has given it a unique advantage as a bridge between east and west.

The most ambitious project – the 285km Burgas–Alexandroupolis pipeline – was agreed with Bulgaria and Russia in 1997. Delayed for years by technical, financial and political problems, when complete it will be capable of transporting 700,000 barrels of oil a day.

Running from the Bulgarian Black Sea port of Burgas to Alexandroupolis on the Aegean, the pipeline will enable oil from Russia and the Caspian to bypass Turkey's congested Bosphorus straits. Ownership is 51% Russian, with Bulgaria and Greece sharing the balance.

Late last year, another major pipeline project was sealed between Greek Prime Minister Costas Karamanlis and his Turkish counterpart Recep Tayyip Erdogan, inaugurating a 295km pipeline that will carry the first natural gas from Azerbaijan to Europe, providing an alternative to Russian supplies. It is the first joint infrastructure project between the two former enemies and will link western Anatolia with north east Greece. When its planned extension to southern Italy is completed in 2012, the pipeline will carry 11.5 billion cubic metres of gas a year.

Greece may also have a part in the €10bn South Stream project, which will transport natural gas beneath the Black Sea to Bulgaria and open up a southern route to European markets.

'Greece is joining the energy map, even though it does not produce energy,' declared Development Minister Christos Folias in April. Speaking at a conference organised by *The Economist* magazine at the seaside resort of Vouliagmeni, Folias said that the series of pipeline agreements would not only advance the country's aim to become a major energy hub but would also secure its own oil and gas supplies for the future.

The Development Minister also reaffirmed the government's commitment to further deregulation of the energy market, which he said would not only boost private investments in the industry but would also lead to lower prices and improved service for consumers.

The renewable energy sector in Greece has attracted significant interest from both domestic and overseas investors – prompted not only by the need to boost Greece's resources but also to meet the EU's mandate that 20% of electricity supplies must be provided by renewable sources by 2010.

At present, renewables only account for about 12%, and Greece remains reliant on heavily polluting lignite, or brown coal. There is little prospect that the 20% target will be met by 2010, despite the country's abundant natural renewable resources, from wind and wave power to the seemingly endless hours of sunshine enjoyed for much of the year.

The Centre for Renewable Energy Sources, created by the Greek government in 1987 to promote renewable energy, estimates that 15% of the country's electricity needs could be produced by wind farms. Solar power, although tripling in recent years, has also been slow to take off but could one day meet a third of Greece's energy requirements, according to the EU.

Steps already taken by Greece to revitalise its energy market are starting to take effect. Earlier this year, the country was ranked 80.2 on a scale of 100 on an index of environmental performance of 133 countries developed by Yale and Columbia universities. This was above Germany, the US, Italy, Spain, Cyprus, and not far behind France and Japan.

The government has cut down on regulations required for wind farms, although approval remains a lengthy process. It is also offering generous subsidies to encourage private sector involvement, sparking a rush of collaborations between Greek and overseas companies. International companies that have invested in wind farms in Greece include EDF of France, Spain's Iberdrola and the Italian companies Enel and Edison.

But the push to harness the power of the wind has created tensions within Greece. Many areas that rely heavily on tourism have opposed plans for the farms, fearing the giant turbines will ruin idyllic picture-postcard coastlines, blotting out the sunset and spoiling mountain views. And the bigger farms will simply take up too much space, say the critics.

A number of projects have stalled in the face of local opposition, but some others have become tourist attractions themselves, such as the imposing 41-turbine wind park on Panachaiko mountain, near the Peloponnesian city of Patras. Built by the Spanish firm Accione Energy, the Panachaiko turbines have become a favourite backdrop for holiday snaps.



## Energy in numbers

**6,500** the number of barrels of oil Greece produces a day

**450,000** the number of barrels of oil Greece consumes a day

**285** the length (km) of the Burgas–Alexandroupolis Pipeline that will run from the Bulgarian Black Sea port of Burgas to Alexandroupolis on the Aegean

**41** the number of wind turbines at the Panachaiko mountain wind park

**700,000** number of barrels of oil a day that will be transported by the Burgas – Alexandroupolis Pipeline

**85%** the amount of electricity generated by Greece's state-owned Public Power Corporation

**91%** Public Power Corporation's share of the Greek generation market

**12%** energy from renewable sources

**20%** Greece's target for renewable energy by 2010

**70%** the proportion of its energy needs imported by Greece **FW**

Panachaiko mountain wind farm towers over the gulf of Corinth. Greece gets 12% of its energy from renewable sources  
Photograph: Giorgios Makkias

## Work in progress

Political reform is still a work in progress, but Kostas Karamanlis' New Democracy party is making great strides

**Fiona Walsh**

Kostas Karamanlis secured a special place in his country's history four years ago when, at the age of 47, he became the youngest prime minister of the modern Greek era. A few months later, Athens leapt to international prominence as it hosted the first Olympic Games to be held in Greece for 100 years.

His right-of-centre Nea Demokratia (New Democracy) party took power in 2004 after a decade of socialist rule, and Karamanlis was re-elected last September. His second term is already proving tougher than the first, however.

A protest vote among the electorate over the botched handling of last summer's devastating forest fires, together with unrest at the reforms the government is attempting to push through, saw the Prime Minister's majority slashed second time round.

Born in Athens in 1956, Karamanlis studied at Athens School of Law and did his doctorate in the US at Tufts University. He married Natasa Pazaiti, a doctor, in 1998 and the couple have five-year-old twins, a boy and a girl. Karamanlis comes with a strong political pedigree – his uncle Constantine Karamanlis served several terms as Prime Minister between 1955 and 1980. There were accusations of nepotism when nephew Kostas became party leader,

but he is credited with modernising Nea Demokratia, widening its appeal by promising to weed out corruption and raise living standards.

Although the economy has been growing strongly in recent years, one in five Greeks still lives below the poverty line. Youth unemployment, at 25%, is among the highest in the EU.

Along with pensions, education is a key area targeted for reform. The state still has a monopoly over university education, and plans to allow private universities had to be shelved after widespread protests by thousands of students – and their professors.

The Prime Minister is aided in the push for reform by his well-respected Finance Minister, George Alogoskoufis, who got public finances back on track during the first term, enabling Greece to once again receive its full share of EU funding.

Markets in Greece have been liberalised, but much still needs to be tackled. The government's anti-sleaze stance has also taken a knock after it was caught up in a scandal over purchases of government bonds at inflated prices by pension-fund managers – managers appointed by the Social Welfare Minister.

Karamanlis' second term will also see a continuation of the long-running dispute over the name of Greece's northern neighbour, known internationally as the Former Yugoslav Republic of Macedonia. Greece has blocked attempts for it to be known as 'Macedonia', which it believes imply territorial ambitions over Greece's own province of Macedonia. There had been hopes that an agreement between the two sides would be reached at a Nato summit in April, but the dispute drags on.

### ADVERTISEMENT PROMOTION

## A GLOBAL OUTLOOK

Success in the pharmaceutical sector burgeons from an international presence, says **Pete Sorel Cameron**

Over recent years the Greek economy has been growing. This is partly because of learning from its neighbours in the Middle East and central Europe, coupled with major investment from Russia.

An organisation tipped to benefit from this is the Alapis Group. Formed in May 2007, the group has seen astonishing growth ever since and is already one of the bigger caps on the Athens stock exchange, along with its stablemate Neochimiki.

President of both companies, Dr Laventis Lavrentiadis, is rightly proud of the group: 'Alapis is more than a Greek success story. It has the potential to be a global success.'

Offering a wide range of services, from the manufacture and distribution

of pharmaceuticals to the production of animal accessories, the group has become one of the big names in a growing national economy.

While many companies feel the effects of the credit crunch, Alapis is blossoming. Dr Lavrentiadis says: 'The healthcare sector is one of the safest in the world. This year we are expecting Alapis to reach a £900m turnover, of which about 70-75% will originate from our healthcare-related activities.'

Another key factor in the group's success is its self-sufficiency. 'It's important you control all parts of the chain, so it provides the highest possible profitability. That is exactly where Alapis's independence lies,' says Dr Lavrentiadis.



With this stable base, the group has its sights set on expansion. 'We have a few targets in Bulgaria, and Romania, are finalising distribution units in Serbia, have an eye out in Turkey, the Middle East and are looking at western Europe. We can make Alapis number one in Europe.'



66

**'We took a gamble, and it paid off'**  
**Boutique Athens hotels, page 4**

# Battle of the banks

Greek banks have largely escaped the world credit crunch, boasting record growth and ambitious expansion plans

Fiona Walsh

As some of the biggest names in the global banking industry continue to reel under the mounting cost of the credit crunch, the Greek banking industry has proved a welcome haven of stability.

Unlike many of their foreign rivals, Greek banks are largely retail banks and have resisted the urge to stuff their balance sheets full of exotic financial instruments that nobody understood and which have now turned out to be worthless.

Inevitably, banking in Greece has been indirectly affected by the credit crunch because of its impact on liquidity. But, says Lehman Brothers analyst Daragh Quinn, who specialises in the Greek banking sector, growth prospects remain good.

'The Greek economy has been outperforming OECD growth for a number of years, and that has been the base for lending growth,' he says. 'Loan growth has been running at around 20% and Greece has not had the same housing bubble as we have seen [elsewhere].'

Greece has a population of just 11 million and the 'big four' banks — National Bank of Greece, EFG Eurobank, Alpha Bank and Piraeus Bank — dominate the domestic market, with a total share of almost 75%. While there is still scope to expand at home, the key to future growth lies in the emerging markets across the Balkans and south east Europe.

Recently Greek banks have expanded rapidly in the fast-growing region, where demand for credit is booming on the back of strong economic growth.

Just over a third of the south east European population have bank accounts, compared with around 75% of those in central Europe. And while household debt in the eurozone is 100%-plus of GDP, in south east Europe the figure is nearer 40%.

Their expansion is set to continue, according to Quinn, despite any after-shocks from the global market turmoil: 'Over the last couple of years the Greek banks have expanded throughout eastern Europe. There are risks to investing in an emerging market, but as long as the economies have GDP growth, then prospects for investment look good. It doesn't really matter whether in the case of Romania, for example, growth is 6% or 4%, as long as there's growth.'

A recent report on the Greek banking sector by Deloitte showed the gap between Greek banking and the EU25 average. For example, branch network coverage in Greece, at 3.3 branches per 10,000 people compares with 5.7 in the EU25.

Alpha was the first foreign bank to establish a presence in Romania in 1993, and its expansion in the wider south east European region has been rapid. It opened more than 130 branches last year and now has more branches outside Greece than it has within its home country, where its network is also still expanding. Alpha intends to step up its expansion in south east Europe, opening branches at the rate of between 150 to 180 a year in the coming years.

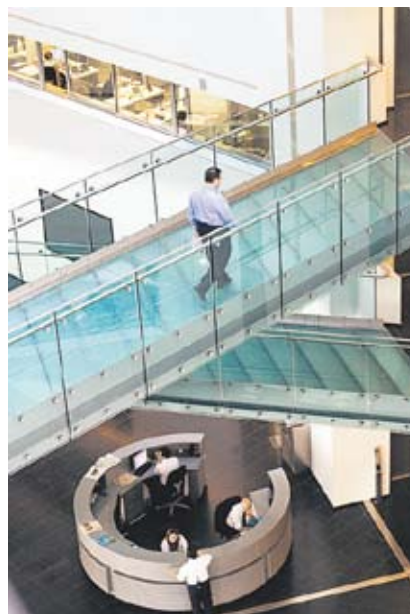
'We feel that we can grow much faster,' says Michael Massourakis, group chief economist at the bank. 'We believe we have done a good job in this area and we want to speed up the process.'

In its domestic market it is targeting growth in mortgages, consumer credit and small business lending.

Although the move into the Balkans and beyond has proved costly, the ben-



Heavyweights: Two of the 'big four' banks in Greece: National Bank of Greece (NBC) and Piraeus Bank (below). Right, inside the ultra-modern National Insurance Company, owned by NBG Giorgios Makkias



efits are now beginning to flow through into profits, says Massourakis.

The second largest lender in Greece, the bank has in the past been criticised as too conservative. But, says Massourakis: 'The smart thing is to grow, but maintain profitability in the long run ... we stick to this rule and apply strict criteria to our lending, unlike many of our competitors. In this context, I believe that "conservative" is a compliment to us.'

Alpha Bank has formed a partnership with the French insurance giant, Axa, with a 20-year deal agreement to sell Axa products through Alpha's branch network. The bank's asset management operations are also benefiting from the French company's expertise in the pensions business.

Rival Piraeus Bank has also looked to international financial companies for partnerships, joining forces with the Dutch bank ING. It is also among a number of Greek banks that have made acquisitions — last year it took a controlling stake in the Ukrainian lender International Commerce Bank.

Following the rapid expansion of banking in the region, consolidation is likely, believes Massouraki, who also cautions that the stellar growth rates cannot continue for ever.

'The prospects of consolidation in the entire south eastern region are there simply because we have a lot of banks, Greek, Italian, French, operating in the region. Some of those banks will be unsuccessful. The intense competition will force some type of consolidation.'

In Greece, the government will at some point give the green light for smaller banks under state control to be fully privatised, which, Massouraki says, could act as a catalyst and kick off consolidation involving larger banks: 'The privatisation process is under way and the environment for change is there.'

## Taking responsibility

As companies come under increased pressure to be socially responsible, OPAP leads the way with investment in local projects

When OPAP formed 50 years ago, it was part of the ministry of sport and its sole purpose was to raise money for cultural and sporting events. Today, OPAP is listed on the Athens stock exchange and is a very different company. It has a 20-year exclusive contract as the sole operator of betting activities in Greece, its profits are skyrocketing and it has come under increasing pressure to prove that it still plays an important role in Greek society.

The company argues that the tradition of giving money back to society is still in its blood. The Greek government has steadily reduced its stake in OPAP to 34% and many of the outside investors are large institutions. OPAP is not a conventional company. It pays an unusually generous dividend and, although the government owns a little more than one-third, it is taking its share of growing revenues as OPAP launches new games. The dividend still goes directly to the ministry of culture and sport to spend as it will.

But OPAP is keen to demonstrate that its commitment to corporate social responsibility does not end with the money it still raises for the state. It created a division for corporate social responsibility in 2006 and, this year, it expects to distribute €20m to projects throughout Greece, in sport, the environment, the arts, health and education. Last year, it spent €15m on corporate social responsibility projects, and in addition gave €50m to rebuild the areas devastated by the fires that swept through the country.

'OPAP has a long tradition of being supportive to Greek society,' says Nikos Polymenakos, investor relations officer. 'There is also a recognition that these revenues are coming from society so we need to return as much as possible.'

The company targets corporate social responsibility projects that will have a lasting impact. It will, for instance, prefer to give money to buy equipment for a children's hospital than for a film festival. 'We really try to focus more on actions that have a permanent result and the reason really is not to waste money,' says Polymenakos.

Projects over the past year have included buying new musical instruments for the Patras School of Music and the reconstruction of a facility for children with special needs destroyed in the fires of last year. In health, its donations included the purchase of equipment for a cancer hospital

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The Patras School of Music benefited from OPAP

and support of a non-profit group that looks after abused children. In education, OPAP supported the digitisation of the archive for the Centre of Asia Minor Studies.

OPAP also distributes funds to social projects through sponsorship. The company is the main sponsor of the Greek Super League. When it did the deal with the league, OPAP ensured that part of the money was used to fund projects for children to play the game.

The company is also keen to underline its responsible attitude to gaming. OPAP focuses advertising on areas such as sports betting, where there is an element of knowledge involved, instead of games of chance. It also doesn't allow people to play online; the only way to play is through licensed agencies. 'Somebody would physically have to go to an agency in order to place a bet and we think this is important,' says Polymenakos.

There has been criticism of the Greek government's decision to award a 20-year monopoly license to OPAP. Polymenakos says that the situation helps to maintain a responsible approach to gaming. 'There is strong lobbying to open up the market, but do we want every corner of Europe to look like Macau?' asks Polymenakos. 'I think the Greek government would rather things stay as they are.'



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# City of dreams

Far from the package tours, Athens has become home to sophisticated boutique hotels and designer extravagance

Rachel Howard

When the reclusive Greek hotelier Dakis Ioannou commissioned the flamboyant US designer Karim Rashid to create his first hotel in Athens, eyebrows were raised. The residents of the sedate northern suburbs were particularly alarmed as the Day-Glo structure took shape. Four years on, the Semiramis has won plaudits for its audacious design and a loyal clientele seduced by its playful style.

'We took a gamble, and it paid off,' says George Orphanides, director of development of Yes! Hotels, the mini-chain owned by Ioannou. 'The Semiramis broke new ground, and not only for Athens. In the last two years, even well-known global hotel chains are investing in more design-driven hotels.'

Hot on the heels of the Semiramis, Ioannou opened two more boutique boltholes, Periscope and 21. Ioannou fills all his hotels — including the more conventional Athenaeum Intercontinental — with provocative pieces from his contemporary art collection, which is so extensive that he has his own museum, the DesteFoundation. Now, Ioannou has recruited Brazilian design superstars Fernando and Humberto Campana to refit the Olympic Palace, a 1960s relic near Syntagma Square. This steady expansion reflects a general confidence in the tourism industry in Athens.

'Price hikes during the Olympics had a bad effect on business for about a year, but since then we have seen a steady increase in arrivals for meetings, conferences and incentives, as well as weekend stopovers on the way to the islands,' says Orphanides.

Ultimately, the success of the 2004 Olympics has been a decisive factor in Athens' renaissance as a city break destination. Compared with the ballooning budget for the 2012 London Olympics, the £4.4bn bill Athens picked up seems almost trifling. Locals have benefited from extensive infrastructure improvements, including new ring roads, a suburban railway and a tram network linking the city centre with the coastal suburbs. Gleaming new metro stations double up as museums, showcasing ancient artefacts unearthed during their construction.



Designer delight: the Periscope sums up the style revolution in Athens' hotels Giorgios Makkias

Another triumphant legacy of the Games is the Archaeological Park, a ten-mile promenade linking all the ancient landmarks around the Acropolis. With a ruin, museum or church on almost every corner, a walk through the park is like a journey through Athenian history.

Despite its determination to show the world a modern face, Athens revels in its glorious past — and with good reason. Ruins are big business: half a million tourists scramble up the Acropolis each year to the Parthenon, the city's 5th century BC showpiece. It's still a showstopper — especially at dusk, when the crowds disperse and the concrete sprawl at its feet acquires a glossy sheen.

The temple's symmetrical silhouette is reflected in the glass gallery that crowns the €130m New Acropolis Museum. Suspended on giant concrete pillars, this colossal building hovers above an ancient settlement, visible beneath the glass-bottomed ground floor. Partially open to visitors between 10am-noon daily, the museum is due for completion in late 2008.

The museum is a short stroll from the spectacular Herodes Atticus amphitheatre, centrepiece of the annual Athens

Festival in June and July. This summer, Sylvie Guillem, the Bolshoi Orchestra and Paolo Conte are among those who will perform under a canopy of stars. This eclectic line-up bears the hallmark of Yorgos Loukos, who took over as artistic director of the Athens Festival in 2006. Loukos has transformed a stuffy showcase for ancient Greek drama into a celebration of contemporary global arts. As well as slashing ticket prices, Loukos introduced unusual venues in converted factories and warehouses.

The flourishing Athenian arts scene is due for another major boost: Renzo Piano is to design a new €300m Athens Opera House and National Library on the waterfront at Faliron. Luxury resorts are also cropping up along the city's 50-kilometre coastline. With their own beaches, marinas and spas, these hotels are setting new standards in Athenian accommodation. The Astir Palace has done its best to outstrip the competition this year, with a snazzy makeover of its 55 beach bungalows and a branch of Nobu, Matsuhisa Athens, opening in mid-July. Rival hotels are sure to follow suit with equally ambitious new facilities. Clearly, the revival of the Athenian Riviera is in full swing.

**With a ruin, museum or church on almost every corner, a walk through the park is like a journey through Athenian history**

## Game on for the lottery

Greece's gaming market has gone from traditional pools to a mass market with huge profits at stake

Fiona Walsh

'Greece entrusts us with its dreams' runs the advertising tag-line of Opap, Europe's biggest gaming company. Dreams are one thing, though, and Opap's monopoly of the Greek gaming market is clearly another, as the group awaits its turn to be fully privatised by the government.

Opap is seeking expansion abroad to boost profits ahead of the potential loss of its monopoly over one of the biggest gaming markets in Europe.

And while it enjoys a monopoly position in the industry, Opap is up against equally powerful competition in the form of the huge illegal gaming industry in Greece. This is estimated to be worth more than €3.8bn (£3 billion) a year — as much as the legitimate gaming industry.

Founded in 1958, the Greek Organisation of Football Prognostics started out as a traditional football pools operator. It sold coupons listing soccer fixtures to members of the public, who took part in a pool bet by predicting the results of 13 matches. Profit that was left over after winnings were paid out was used to subsidise sporting events.

Today it has a network of more than



5,000 agencies — the largest online retail network in Greece — and serves some three million customers, carrying out more than a million transactions a day. The company is expanding its online operations and also interactive television, as well as casting an eye further afield into foreign markets. With sales and profits more than doubling in recent years, Opap has become one of the most profitable companies in Greece.

Last year, Opap relaunched its flagship betting games. Its Pame Stihima (Let's Bet) game, which traditionally allowed punters to place fixed-odds bets on football matches, now allows wagers on a wide range of events, from the Oscars to

**In it to win it: Greece's gaming industry is worth some €3.8bn a year** Giorgios Makkias

the Eurovision Song Contest and other major international events. This has helped bring in new customers, particularly women. Higher payouts have also helped attract more customers.

Opap's top numerical game remains Kino, a fast-moving fixed-odds contest in which players select up to a dozen numbers from a total of 80. Those 80 numbers reduce to 20 and to win, a punter's numbers must be included in the final 20 numbers. There is a draw every 10 minutes and some 70% of the total stake is returned to players in winnings. Let's Bet and Kino account for as much as 90% of the company's turnover.

In recent years, state ownership of Opap has been cut to 34% in a series of share sales that have proved popular with overseas investors, including the sale of a 10% stake to help finance Olympics-related projects.

It was floated in 2001 and is one of the biggest companies trading on the Athens Stock Exchange. Group profits last year rose 12% to €571.4m — a figure that exceeded analysts' expectations. Revenue for the first quarter of 2008 also increased, by a further 19.8%, reaching €1,379.6bn. Kino was the driving force behind the results, the company said.

Chief executive Christos Hadjiemanuil has indicated that the growth of Kino will not be as strong this year but says the group plans to introduce 'flex-bet' and 'live-bet' options on its fixed-odds betting game Stihima. It also plans to install about 600 self-service terminals for customers.

Every society deserves to show its true colours

Ever since the ancient days of Homer and Plato, culture has been the cornerstone of society. From its inception in 1958 by the Hellenic Government, OPAP has committed itself to sponsor sport, cultural and social events. Today, with half a century of experience in its stride, OPAP's contemporary and intergraded business plan constitutes a leading force in sports and culture development in Greece. But in a rapidly changing world, the needs of our society also change. For this reason OPAP has expanded its social responsibility and sponsorship programs to include education, health, and the environment.

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