IN BRIEF

Siemens said to be planning large Greek software plant

German engineering giant Siemens has let Economy and Finance Minister Giorgos Alogoskoufis know it plans to set up a large software production plant in Greece, projected to employ 400 workers, according to reports. The minister met the company's president, Heinrich von Pierer, and other officials on Monday. Siemens today operates a small software center in Greece with 20 staff. In another meeting, on the sidelines of business events coinciding with the Olympic Games, officials of investment bank Morgan Stanley's European operations informed Alogoskoufis they plan to open an office in Greece.

Government wants exploration for oil in western Greece to go deeper

The government is preparing to issue tenders for a second round of concessions for hydrocarbon exploration and production in western Greece, Deputy Development Minister Giorgos Salagoudis told executives of institutional investors and investment banks in a presentation yesterday. He said studies have estimated oil deposits in the region at 2 billion barrels. Previous drilling in areas of the Patraikos Gulf, Aitoloacarnania, Ioannina and the Peloponnese, starting in 1996, proved largely unsuccessful but have not exceeded a depth of 3,000 meters, and now the government is seeking to attract larger investments for exploration beyond that depth. The rights for issuing the previous tenders belonged to state-controlled Hellenic Petroleum but the government now plans to regain them.

Turkish trade deficit up. Turkey's trade deficit widened by 73.6 percent to $19.4 billion in the first seven months of the year from $11.1 billion in the same period last year, the state statistics institute said yesterday. Imports climbed by 45.1 percent to $53.8 billion while exports increased by 32.7 percent to $34.4 billion, the institute said. In July alone, imports went up 36.8 percent to $8.5 billion and exports increased by 27.6 percent to $5.4 billion. Last year, the embattled Turkish lira steadily regained ground against the dollar as the the economy began to emerge from a severe recession brought on by financial turmoil in 2001. But business leaders have complained that the currency's revival is undermining exports, seen as vital for the economy's recovery. (AFP)

Bulgarian energy. The Bulgarian energy sector is set to receive 6 billion euros ($7.25 billion) of investment by 2007, Energy Minister Milko Kovatchev said yesterday. The energy projects, which will represent 5.7 percent of the country's output by 2007, are aimed at improving energy efficiency and competitiveness as well as modernizing the sector. They would also involve Bulgaria's participation in the liberalization of the Balkan energy market, which is to begin in 2005. About 3 billion euros covered the financing of projects already begun, the modernization of a nuclear power plant and two fossil fuel-fired plants. Half of the $2 billion of foreign investments in Bulgaria this year are going into energy projects. (AFP)

Greek economic diplomacy to be bolstered with strategic role

Service to receive greater responsibilities, coordinating and overseeing powers

***Deputy Foreign** Minister Evripidis Stylianidis spoke at the closing event of ABC 2004 yesterday.*

The government plans to overhaul its economic diplomacy service and turn it into strategic planning department which will formulate policy, Deputy Foreign Minister Evripidis Stylianidis said yesterday. "It will coordinate activities, supervise their implementation and continuously assess the network of commercial and economic bureaus we have around the world, which we are also reorganizing on the basis of our national and economic strategy," he told the Athens Business Club 2004, the forum established to forge contacts with foreign investors during the Olympic Games, in its last event yesterday.

He said the government is ascribing great importance to the role of economic diplomacy in attracting foreign investment and boosting exports. According to the reorganization plan, the assessment criteria of even career diplomats will include their performance in economic diplomacy.

The operational plan being prepared includes measurable targets within timetables and allows for the use of new technologies. A pilot program, initially involving 15 countries but which will later be expanded throughout the network of Economic and Commercial Affair Bureaus, will be completed in cooperation with the Association of Exporters of Northern Greece in October and will include a database through which every Greek export business will be able to be fully and speedily updated on its target-markets, Stylianidis said.

He said that the 550-million-euro Greek Aid Plan for the Economic Reconstruction of the Balkans (ESOEAB), an investment subsidy program instigated by the previous government, was "a very good idea, but has lost its impetus due to institutional, organizational, technical and financial weaknesses which were accompanied by pointless grand words and much advertising devoid of content."

Stylianidis said the present government will persist with its implementation. "In recent months, we have been carrying out an unprecedented effort to overcome the problems and weaknesses we have inherited. We have managed to bolster investment interest in the western Balkans, which concerns about 20 percent of ESOEAB's private investment budget. We are now beginning to inaugurate the first small projects and have already begun to assess the studies and promote the implementation of some large infrastructure projects, which represent 79 percent of the package," he said.

Stylianidis noted Greece's recent and current progress in modernizing its infrastructure and key sectors, such as energy and telecommunications, and planned reforms in taxation, investment incentives and public administration, can turn Greece into an investment center.

"Greece has to turn the problem of past years into a current and future advantage. Greek businesses that moved to cheaper neighboring countries in recent years now form a ready and reliable network that, along with our good political relations, can provide a good basis for partnerships," he said.

Greece ponders future of Olympic sites

By Harry Papachristou
Agence France-Presse

The world sighed with relief when Greeks kept their promise to deliver some of the world's finest sport venues in time for the Athens Olympics.

But with the Games nearing their end, it is not clear what the future holds in store.

"Large sums have been spent on the venues' construction, but no economic viability studies were drawn up for them," Greece's Alternate Culture Minister Fanni Palli-Petralia, who is in charge of the Games, told a gathering of real estate agents, sport federation officials and journalists in Athens last week.

The Games' 7-billion-euro (US$8.5 billion) bill has stretched Greek finances to their limit.

"Greek taxpayers have paid enough. The time for dividends has come," said Christos Hadziemmanouil, president of Hellenic Olympic Properties. The newly set-up, state-owned holding company is to look into ways to make around 15 Olympic venues profitable after the Games.

But the company is still far from signing any deals, Hadziemmanouil admits.

"We have to create demand first," he said on the sidelines of the same meeting.

The stables of the equestrian center at Markopoulo, east of Athens are "coveted," Hadziemmanouil said in an optimistic tone.

Various television stations are said to be interested in the International Broadcasting Centre (IBC), the hub for the Games' television and radio transmissions. And there were "advanced" talks with Ergotelis, a provincial football club to take over the new Pankrition football stadium on the Greek island of Crete.

Elsewhere the story is different. The sumptuous wrestling and judo stadium located in a downmarket suburb of Athens suffers from poor public transport access and no subsequent use for it is in sight.

The 150-million-euro rowing center of Schinias lies in a nature reserve and Hadziemmanouil has warned investors that environmental standards in the area will be respected.

The Olympic football stadium in the provincial city of Volos is "probably too big" for the city, he admitted.

Even if all the venues manage to find leasers, Hadziemmanouil has given up hope of recovering their construction costs. "The realistic target for most venues is a good management to cover maintenance and operation," he said.

To make matters worse, nobody knows yet how high operational costs will be.

"We don't know the extent of maintenance and operation costs," he said. Related estimates vary wildly, ranging from 25 to 100 million euros a year.

The 40-year-old academic has to walk a tightrope in his quest for investors.

"If we confine the venues to their Olympic (sporting) use, they would bleed financially... if we turn them into supermarkets, they would lose their immaterial (brand) value," said the assistant professor at the London School of Economics, who took a two-year leave from his teaching job to solve Greece's post-Olympic conundrum.

Real estate agents are excited by the new business prospects, but also fear that an oversupply of office space as well as conference and concert halls could lead the Athens property market to collapse.

Greece has notched up a poor performance in running its sports venues profitably. The Games' main Olympics stadium, built 20 years ago, recouped only 25 percent of its overall costs, said an informed source.

The main Olympics stadium is excluded from Hadziemmanouil's remit. Taxpayers are most likely to pick up the bill for its operation. According to press reports, it will be leased to AEK Athens, Greece's third-biggest and most indebted football club.

And the State also stands ready to serve as a lessee of last resort.

Non-sporting venues such as the headquarters of Games' organizers ATHOC could simply be turned into government buildings as ministries increasingly move out of the Greek capital's center to the suburbs.

Buying interest continues for blue chips for fifth consecutive session

The Athens Stock Exchange (ASE) continued moving in positive territory for a fifth consecutive session yesterday, although turnover remained at low levels and decliners slightly outnumbered gainers.

The general index advanced 16.94 points, or 0.74 percent, to 2,321.19.

Buying interest shifted from banks to companies that reported satisfactory first half results, such as the Public Power Corporation and electronics retailer Germanos, which gained 2.78 percent and 4.55 percent respectively. Separately, Germanos announced a $1.5 million investment plan in a chain in Ukraine.

Still, banks made further gains led by Emporiki (1.19 percent) and with Alpha advancing 0.92 percent. Thursday's outperformer, OTE Telecom, remained stable at 10.44 euros.

The blue chips FTSE/ASE 20 index ended 0.81 percent higher, mid-caps gained 0.22 percent, while small-caps lost 0.47 percent. Holdings led sectoral indices with gains of 1.69 percent, followed by non-metallic minerals & cement with 0.98 percent.

Among individual shares, gainers were led by Domus (7.32 percent) and Interfish (5.98 percent). The biggest losers were Empedos (-10.26 percent) and Texapret (-9.16 percent).

Turnover reached 86.21 million euros. Analysts take the view the bourse cannot make any significant gains as long as daily turnover remains below 100 million euros. Decliners outnumbered advancers 138 to 115, while 97 share prices remained unchanged.

Citibank targets SMEs

By Evgenia Tzortzi
Kathimerini

***Citibank's** corporate credit manager in Greece, D. Anagnostopoulos, believes the bank can triple its business with SMEs.*

Despite representing an important customer group for banks, small and medium-size enterprises (SMEs) are not free of credit risks, with their funding demanding careful analysis. Lending to them usually carries high profit margins for banks, which must take care to monitor timely repayment of loans to avoid facing a rising tide of bad loans.

Citibank's general director of business credit in Greece, Dimosthenis Anagnostopoulos, says the SME sector is becoming an extremely important market for bank loans, representing a "strategic choice" for further expansion in retail banking. He added that such expansion must be based on criteria and procedures, comparable with those deployed in other sectors of retail banking. Bankers are now reported to have a specific sense of the importance of the use of information systems to avoid experiences of the past with regard to bad loans.

Anagnostopoulos noted such criteria as the income record applied to private customers is not a reliable indicator of the likely performance of businesses, which is often dependent not only upon medium-term developments. but upon general circumstances. At the same time, the Teiresias database for bank customers remains inadequate.

The specific, high-risk features, characteristic of loans extended to SMEs, are managed by the application of alternative repayment monitoring methods, including credit products offered by banks.

"The granting of working capital by allowing the borrower to use checks can amount to a kind of scoring table, giving us greater possibilities of monitoring business behavior, while in the case of open credit lines, Citibank views the customer's consistency in repaying a part of the initial borrowed capital at regular time periods as a necessary condition," says Anagnostopoulos.

"The obligation of recycling at least 30 percent of the capital every six months, for instance, allows the bank to see how good the customer's access to liquidity is. Another monitoring system is the direct connection of working capital loans with its intended use."

In the framework of Citibank's turn to retail banking in recent years, card credit is a prime means for its penetration into the SME sector, notes Anagnostopoulos. Its expansion strategy is based upon the further development of its broad customer base, consisting currently of more than 25,000 retailers.

"The prospect of success of this policy is enhanced by Citibank's large market share in card credit, which is currently around 18 percent. The recent conversion of Diners to a credit card creates new possibilities," says Anagnostopoulos.

He projects the bank will easily achieve its goal of increasing market share in the Greek business credit market to 3 percent from the current 1 percent.

The number of SMEs in Greece is estimated at between 700,000 and 800,000. Those with an annual turnover lower than 2 million euros make up a total of 12 -14 billion euros and those with annual turnover between 2 and 30 billion euros make up a total of 25-27 billion euros.