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SUMMER OLYMPICS

F.T 14.02.04

Italy and Greece in stand-off over cable

By Tony Barber in Rome

With six months to go before the opening ceremony of the 2004 summer Olympic games in Athens, a wrestling match between Greece and Italy is threatening to spoil the Olympic spirit of friendship among nations.

The dispute concerns an underwater cable that is being built at the request of OTE, the Greek telecommunications company. The cable is intended to transmit

high-speed data, voice and video traffic from the Olympics to Italy, the rest of western Europe and the US.

Construction by Alcatel, the French telecoms services provider, began last September, and most of the cable has already been laid between the Greek island of Corfu and the southern Italian port of Bari.

But a ship carrying equipment to complete OTE's project has been idle for several weeks, because Italy's

environment ministry has declined to give approval for the final part of the cable to be laid inside the 12 nautical miles of Italian territorial waters off the coast of Bari.

According to those involved in the project, it would take only two weeks to finish the job. But the longer the delay, the greater the risk for broadcasting companies that have made plans to use OTE's cable to receive traffic from the Olympics.

If the project cannot be

completed, an alternative cable is available. It is operated by MedNautilus, a broadband network services provider whose main shareholder is Telecom Italia.

The issue boils down to whether it is to be a Greek cable or an Italian cable – or even both, though no one has yet suggested such a compromise – that will transmit data from the Olympics to the world.

"The fact that the [OTE] cable is not yet fully in place

means that, at the moment, traffic from the Olympics has nowhere to go except on the MedNautilus network," said one person familiar with the problem.

Costas Simitis, Greece's outgoing prime minister, raised the matter last December with Silvio Berlusconi, his Italian counterpart, according to people involved in the dispute. One said there were "political polemics" swirling around the affair.

Neither the Italian environment ministry nor Telecom Italia would comment. But ministry officials have blamed the delay in approving the last stretch of OTE's project on what they call an incorrect application from the Greek company.

People close to OTE say the company experienced no difficulty in securing approval from lower-level authorities in Bari and the Italian region of Puglia, of which Bari is the capital.