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**Hermes Institute of
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GREECE AT A GLANCE



HELLENIC FOREIGN POLICY, DEFENSE & SECURITY DIRECTORATE

PROVIDING KNOWLEDGE TO THOSE WHO SHAPE THE FUTURE

«GREECE AT A GLANCE» is a weekly review of the most significant current political, economic, defense, and security, diplomacy and energy news of Greece.

This ambitious newsletter aspires to become an informative «tool» for anyone who is interested in Greece and wishes to have knowledge of the non-stop current developments and challenges the country faces. Greece has a highly geostrategic and geopolitical position on the map, being together with Cyprus the southeast frontier of the European Union and the gate between the western world, the Middle East and North Africa.

Lately, Greece has been in the center of a financial crisis fighting to «stand at its feet» and to return back to economic normality. At the same time, the war in Syria made Greece the main gate towards Europe for large flows of refugees, posing another humanitarian and security challenge for the country in an already difficult and challenging international and regional environment.

«HERMES» Institute is not a news agency and it is not one of its ambitions to become one but it is strongly believed that today's events provide the necessary material to understand the future and to analyze situations that may affect in peace, stability, and growth of Greece.

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TABLE OF CONTENTS:

POLITICS	p. 4
ECONOMIC.....	p. 5
DEFENSE & SECURITY.....	p. 7
DIPLOMACY.....	p. 9
ENERGY.....	p. 11
ASSESSMENT.....	p. 12

POLITICS

Government vows to complete four-year term amid calls for snap polls

Faced with intensifying calls for snap polls from the main opposition parties, Greece's leftist-led government is sticking to the mantra that it will see through its four-year term. Despite government accusations that the opposition is jeopardizing the country's future amid ongoing talks regarding the nature of post-bailout supervision.

In the meantime, Tsipras's efforts to shift the agenda onto more positive territory have been upset after Finance Minister Euclid Tsakalotos contradicted the government's narrative of a clean exit from Greece's bailout program, which is set to expire in August. Sources attribute Tsakalotos's position to his certainty that Greece's post-bailout agreement with creditors will be a far cry from the expectations being cultivated by the Maximos Mansion.

Further damage to Tsipras's upbeat rhetoric has been inflicted by skepticism over the government's stance in a row with businessman Vangelis Marinakis, following the awkward handling of the Novartis bribery case. Critics claim that the government sought to preempt justice. Meanwhile, attempts to link the shipowner to New Democracy seem to have backfired after Marinakis admitted to having repeatedly met with leading SYRIZA officials.

Analysts say that conservative leader Kyriakos Mitsotakis's renewed call for early elections is only partly driven by efforts to galvanize conservative voters. More significantly, the party is keen to be in fighting mode, expecting that elections may be called after August.

Similar calls from Movement for Change leader Fofi Gennimata are seen as an effort to strengthen the new center-left party's leverage but also to accentuate the dividing lines with SYRIZA. This is not only in response to a recent overture from the ruling leftists, but also a means of potentially offsetting the migration of SYRIZA voters towards New Democracy, a trend reflected in recent opinion polls.

(www.ekathimerini.com)

ND chief pledges to digitally transform state

New Democracy leader, Kyriakos Mitsotakis has vowed to digitally reform and transform the Greek state when he comes to power.

Speaking on Monday at the Digital Economy Forum 2018 of the Federation of Hellenic Information Technology & Communications Enterprises (SEPE), Mitsotakis accused the government of reversing the progress of the country's digital technology sector, which includes 8,000 businesses that contribute 8 percent to Greece's GDP.

He also slammed the leftist-led government for not having a digital vision and for freezing digital projects that had begun before 2015.

"Projects are not being implemented," he said

(www.ekathimerini.com)

Parliament resumes debate on foster care bill

Greek parliament resumed a debate in its plenary session over a labor ministry draft bill that will extend the right of fostering a child to couples that have signed a cohabitation agreement, including same-sex couples.

The discussion started with the political party rapporteurs and will conclude with a vote on the bill.

In a parliamentary committee last week, the bill was supported by SYRIZA, To Potami and Independent Greeks MP Thanasis Papachristopoulos, as well as by two prominent lawmakers from New Democracy and PASOK who broke ranks with their party's official position.

(www.ekathimerini.com)

ECONOMIC

NBG CEO Frangiadakis quits a day before stress test results

The chief executive of Greece's second-biggest lender, National Bank of Greece (NBG), Leonidas Frangiadakis, submitted his resignation, after a request by the bank's board, sources said.

According to information, the board blames Frangiadakis for a series of misguided decisions, such as the sale of the bank's insurance unit, Ethniki Insurance, the sale of NBG's subsidiary in Romania and his handling of the economic problems of the bank employees' auxiliary pension fund (LEPETE).

The board announced he will be replaced temporarily by Deputy CEO Paul Mylonas and next week the bank will start the procedures to hire a new CEO.

(www.ekathimerini.com)

Greek banks survive adverse scenario

The Bank of Greece announced the successful completion of the European Central Bank's exercise for domestic banks simulating an adverse economic scenario.

The results of the stress tests showed that in the event of negative developments in the Greek economy over the next three years – the 'adverse scenario' – the impact on the capital base of Alpha, National, Eurobank and Piraeus would amount to some 9 percentage points, which corresponds to 15.5 billion euros in total. Those hypothetical losses would be easily covered by the systemic lenders' capital base, which means there is no need for a capital increase – hence the successful completion of the test.

The central bank said that "in the extreme condition simulation exercise there is no issue of success or failure. Its results, along with other relevant monitoring data are used to form a complete assessment by the regulator about a bank's state."

Alpha Bank had the strongest performance among the four lenders, completing the exercise with a capital adequacy index of 20.37 percent according to the baseline scenario and of 9.69 percent according to the adverse one.

Eurobank showed a capital adequacy index reading of 16.56 percent in the baseline and 6.75 percent in the adverse scenario, while National scored 15.99 percent in the baseline and 6.92 percent in the adverse scenario, and Piraeus showed a 14.52 percent reading in the baseline scenario and 5.9 percent in the adverse one.

This forms a particularly positive picture for the local credit system, as even in the extremely adverse context the domestic lenders have shown capital adequacy indexes that are considerably higher than the level of 5.5 percent, which according to analysts was the threshold that had been unofficially set by the ECB.

According to the statement by the BoG, “the exercise was conducted based on the methodology and the approach utilized at the extreme condition simulation exercise of the European Banking Authority (EBA) across the European Union, but with a shortened timetable.”

(www.ekathimerini.com)

Greece to auction 875 mln euros of three-month T-bills on May 9

Greece will sell 875 million euros (\$1.23 billion) of three-month treasury bills on May 9 to refinance a maturing issue, debt agency PDMA said.

Athens rolled over three-month T-bills last month, with the paper priced to yield 0.79 percent. In a rollover, T-bill holders renew their positions instead of getting paid on the maturing paper they hold.

The settlement date of the new T-bills will be May 11. Only primary dealers will be allowed to participate and no commission is to be paid.

(www.reuters.com)

Greek industrial output rises 1.1 pct y/y in March

Greek industrial output increased 1.1 percent in March compared to the same month last year, after an upwardly revised 1.9 percent decline in February, statistics service ELSTAT said on.

Looking at index components, manufacturing production fell 1.1 percent from the same month last year, while mining output dropped 10.2 percent. Electricity production increased 15 percent.

(www.reuters.com)

DBRS upgrades Greece's credit rating to “B”

DBRS Ratings Limited (DBRS) announced late on Friday it has upgraded Greece’s main credit ratings from CCC (high) to B and maintained the Positive outlook. DBRS also upgraded the

country's Short-Term Foreign and Local Currency – Issuer Ratings from R-5 to R-4 and maintained the Stable trend.

DBRS stated that the upgrade is driven by the strong reform progress made by Greece since 2010 when it signed its first memorandum of understanding (MoU) with official institutions; good signs of economic recovery in 2017 and three consecutive years of fiscal over-performance.

Moreover, it noted that policy risks from a shift in political power are now lower. Since the previous DBRS rating review last November, the third review of the third bailout program was concluded and the fourth and final review is now underway, which DBRS qualified as “additional encouraging signs”. “Improvements in the ‘Fiscal Management’ and ‘Political Environment’ building blocks of our methodology underpin the upgrade,” it said.

(www.ekathimerini.com)

DEFENSE & SECURITY

Greek gunboat captain replaced after nudging incident

The Hellenic Navy General Staff (HNKS) replaced the captain of a gunboat involved in an incident with a Turkish cargo vessel near the island of Lesbos, military sources said.

The gunboat "Armatolos" was on patrol as part of a NATO operation against migrant smuggling in the Aegean Sea when a Turkish boat approached and nudged it, the Greek navy said earlier in a statement.

According to the sources, the replacement was already planned for the near future, but was expedited as a result of the collision.

The HNKS leadership wants to send a message to all navy crews to be alert and operational, although, as the same sources point out, the navy is not responsible for the incident.

The Hellenic Navy has ordered an investigation into the collision.

(www.ekathimerini.com)

Seven new airspace violations by Turkish aircraft

Turkish aircraft violated Greek airspace seven times at the northeastern, central and southeastern Aegean, in incidents that resulted in one dogfight between Greek and Turkish fighter jets.

The six Turkish F-16 jets which flew in three formations and the two CN-235 also infringed air traffic regulations five times.

The foreign aircraft were identified and intercepted according to international rules.

(www.ekathimerini.com)

ND MEP Kefalogiannis to visit Greek officers in Edirne

New Democracy MEP, Manolis Kefalogiannis will visit the two Greek soldiers who have been detained in a prison in Edirne since early March after accidentally crossing the Turkish border in bad weather, according to information reported by Greek broadcaster Skai.

The report said the Turkish ambassador to Belgium called Kefalogiannis to tell him he would be granted permission to see Lieutenant Angelos Mitretodis, 25, and Sergeant Dimitris Kouklatzis, 27.

Kefalogiannis had headed a delegation of European parliamentarians to Turkey on March 23 and submitted the request for a visit to the Turkish authorities.

The exact date of the visit has not yet been specified.

(www.ekathimerini.com)

Turkish municipal worker arrested at Greek border deported

A 38-year-old Turkish man who was arrested last week at Greece's northeastern border was deported to Turkey.

The man, a municipal employee in the Turkish border town of Edirne, was carrying out construction work when he was apprehended last Wednesday on the Greek side of the border near the village of Kastanies and charged with illegal entry.

A Greek court gave the 38-year-old a five-month suspended sentence before he was deported back to Edirne, where a large crowd of people, including the town's mayor, reportedly awaited him.

(www.ekathimerini.com)

Second Turkish serviceman granted asylum

A Greek Asylum Committee has reportedly granted asylum to a second Turkish serviceman, among the eight, that fled Turkey following the July coup attempt in 2016.

A few months ago, the asylum committee had granted asylum to another one of the eight soldiers.

But the committee's decision was appealed and was discussed sooner by the Council of State, the country's highest administrative court.

(www.ekathimerini.com)

Ministry to block asylum for second Turkish officer

The ministry of migration policy will attempt to block a decision by an independent tribunal to grant asylum to a second Turkish officer of the eight who fled to the country after the failed coup in Turkey in 2016, state-run news agency ANA-MPA reported.

The officer was reportedly granted asylum earlier in the day and was expected to be released from police detention.

In December 2017, the ministry had followed the same procedure against the asylum granted to another Turkish serviceman, whose petition was discussed by the Council of State on May 4. The decision is expected soon.

Ankara has insisted on the extradition of the eight officers which it brands "traitors" but Greece's Supreme Court has ruled against returning them to Turkey.

(www.aman.gr)

DIPLOMACY

Efforts to resolve FYROM's name row are stepped up

Amid growing international pressure for a solution to the name dispute between Greece and FYROM, diplomats are to resume efforts to break the deadlock this week.

Greek Foreign Minister, Nikos Kotzias and FYROM's Nikola Dimitrov are expected to have an initial exchange on the sidelines of a summit of European Union and Balkan ministers in Sounio, east of Athens. Negotiations on the name dispute are to resume in earnest when United Nations mediator, Matthew Nimetz is due to visit Greece.

Nimetz is expected to push for some sort of progress ahead of a scheduled summit of EU and Balkan leaders in Sofia on May 16 and 17. The aim is for Prime Minister, Alexis Tsipras and his FYROM counterpart, Zoran Zaev, to meet on the sidelines of the summit and, if enough ground has been covered, announce a deal.

According to recent statements by Kotzias, Athens is prepared to discuss four out of five names that are currently on the table of UN-mediated talks. The only name that Greek diplomats refuse to negotiate is Republic of Macedonia.

Even if a deal is reached, it will face obstacles to pass into law. FYROM authorities intend to put it to a referendum, and any changes to FYROM's constitution must pass through its Parliament where Zaev's government does not have an absolute majority.

FYROM diplomats argue that a deal would be secure as the country's top courts have never deemed the constitution to override international agreements.

(www.ekathimerini.com)

Stoltenberg: FYROM will be invited to join NATO if name issue is solved

FYROM will be formally invited to join the NATO alliance if Athens and Skopje reach a settlement on the name dispute, Secretary-General Jens Stoltenberg has said.

“If the name issue is solved then NATO will invite FYROM to become a member,” Stoltenberg told the Athens-Macedonian News Agency in an interview in which he also hailed the “strong political support” for a solution to the row.

Asked about heightened tension between alliance members Greece and Turkey, the NATO chief voiced his concern over the recent incidents, while expressing the hope that differences “can be addressed in a spirit of dialogue and cooperation.”

“NATO is a forum for bringing Greece and Turkey together,” he said while also underlining the role of the alliance in helping implement the refugee deal between the European Union and Ankara.

(www.amna.com)

German official: Athens, Skopje should solve name spat soon

A senior German official has urged FYROM and Greece to resolve a decades-long name dispute that has kept FYROM out of NATO and hindered its efforts to join the European Union.

Speaking at a press conference with FYROM Prime Minister Zoran Zaev, Germany’s minister for Europe Michael Roth praised the “creativity and flexibility” of Skopje and Athens and urged them to reach an agreement this year.

(www.ap.com)

Leaders of Greece, Cyprus, and Israel hail geo-strategic cooperation

Prime Minister, Alexis Tsipras has described the construction of the East Med gas pipeline as a project reflecting the significance of the geo-strategic cooperation between Greece, Israel and Cyprus.

Speaking at a joint press conference in Nicosia with his Israeli counterpart Benjamin Netanyahu and Cyprus President Nicos Anastasiades, Tsipras said “this project is not just about energy...it is a project of utmost geostrategic cooperation” between the three countries.

A deal for the pipeline’s construction is expected to be signed in 2018.

For his part, Netanyahu lauded the strengthening of the ties binding the three countries, describing the East Med as a significant project.

It was the fourth trilateral summit between the three leaders and, according to Tsipras, it “has become an institution.”

(www.ekathimerini.com)

Prince Charles's visit a 'milestone' for Greek-UK relations, says Tsipras

The first official visit of a member of the British royal family to Greece constitutes a "milestone" in the relations between the two countries, Prime Minister Alexis Tsipras said. The first official visit of a member of the British royal family to Greece constitutes a "milestone" in the relations between the two countries, Prime Minister Alexis Tsipras said on Wednesday, as he welcomed the Prince of Wales at Maximos Mansion on Wednesday.

Tsipras announced he has accepted an invitation by Britain's counterpart Theresa May to visit London in June.

"It is a great pleasure to welcome you to Greece. It is the first time you visit the country officially and I think it is the first time a member of the British royal family makes an official visit to Greece," he said.

"This is a very important event and I believe that your visit could be a milestone in the bilateral relations of the two countries, especially today, when both countries are faced with many important challenges, and that is why I believe we need to further strengthen our cooperation," he added.

Prince Charles expressed his gratitude for the welcome and noted he has visited privately the country before with the Duchess of Cornwall.

"This visit underlines the ties between the two countries" which are long-lasting, Prince Charles said, adding he hoped the two countries will continue in the future to share all the things they are sharing now.

He also said he hoped Greece and the UK will be able to achieve a great deal in migration and security and other challenges the two countries are facing.

(www.ekathimerini.com)

ENERGY

US backing Greece's energy agenda, Ambassador Pyatt says

The US will be a reliable supplier and ally for Greece as it deregulates its energy market, US Ambassador in Athens Geoffrey Pyatt said, adding that Greece is a very important partner in Washington's energy agenda.

Speaking at an energy conference, the US ambassador stressed that energy security makes countries less vulnerable to external pressure. He accused Russia of using the "weapon" of the interrupting energy supply 55 times in the past, as a tool for establishing its policies. In this context, Pyatt said the US opposed the North and South Stream pipelines, stressing that they are another tool in the hands of Moscow.

The ambassador stressed that importing liquefied gas from the United States could play an important role in diversifying supplies to Greece and Europe and recalled Prime Minister Alexis Tsipras's statement during his visit to the United States and his meeting with President Trump that Greece will become the third US gas importer in Europe.

He pointed out that the US supports Greece's emerging role as an energy hub and has described our country as a pillar of stability and a strong partner of the West in a difficult environment.

(www.amna.gr)

PPC postpones board meeting on sale of units

Greece's dominant power utility Public Power Corporation (PPC) postponed a board meeting on the sale of power stations after workers occupied its headquarters to protest against the plan.

Greek lawmakers last month approved legislation which allowed PPC to start selling 40 percent of its coal-fired capacity, a requirement of a multi-billion-euro bailout accord between Athens and its international lenders.

PPC's board was due to convene in Athens to pave the way for the sale of three units and a license for another one but the meeting was put off after workers occupied the building, the head of PPC's biggest trade union GENOP said.

"We had occupied the offices since last evening. The workers got in, aiming specifically for the firm's board meeting on such a serious issue not to take place," GENOP's head Giorgos Adamidis told Reuters.

PPC said in a statement that the board will convene via a teleconference on Monday to decide on the advisers and other issues of the sale.

PPC needs to take a series of actions to set off the sale process, including securing shareholders' approval to launch an international tender for the divestment.

The utility said last wanted to invite investors to express initial interest for the units by May this year, aiming aim to conclude the sale by January 17, 2019.

(www.reuters.com)

ASSESSMENT

The vicious and personal level of political debate seen in the Greek political arena confirms a desire for confrontation, a rejection of any possibility of consensus and cooperation with rivals.

This tendency according many analysts the government has unofficially kick-started a pre-election period even if government officials repeat that elections will take place at the end of the four years term in 2019. This assumption is signified by two symbolic moves by the Prime Minister.

The first was his interview with *Efimerida ton Syntakton* newspaper, in which he appeared open to suggestions from opposition parties on the post-bailout era.

The second appears to be Tsipras' reported intention to split up the large Athens B constituency into smaller electoral districts. This will reportedly serve as means to indirectly introduce a system of simple proportionality in the next election. The government also reportedly hopes to cause an upheaval to opposition parties New Democracy and Movement for Change, since the two have been proponents of this measure in the past and several MPs could now be tempted to support its introduction.

Analysts agree that Prime Minister Alexis Tsipras wants to maintain an element of surprise concerning the timing of possible early elections. They also add that he will not be able to drag it out past the spring of 2019 when European Parliament elections are held, however.

According to analysts, upcoming developments in the economy may be key in terms of influencing the decision to call an election in 2018 or not.

Regarding FYROM's naming many Greeks are convinced that by using the right balance of carrots and sticks, the US and the EU could convince the political parties, and especially the government to accept concessions that are not widely accepted by the majority of the public opinion which is adamantly opposed to the use of the term "Macedonia". Skopje appears to be willing to make the necessary changes in its Constitution as this would prove the key to FYROM's prosperity and security.

Greece appears ready to go the distance by making significant concessions of its own, even if they do spark reactions at home. Insisting on a single name for all uses – at home, in bilateral relations and in international organizations is the self-evident, decisive step in the direction of a final and sustainable solution. But, doubt remains and as the negotiations are progressing it will be interesting to see how the Greek politicians will handle the issue since it appears that the personal political cost is growing putting on MPs a lot of pressure.

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