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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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POLITICS

Poll shows ND widening lead, six in 10 against name deal

Conservative New Democracy has widened its lead over leftist SYRIZA to 12.5 percentage points, according to a new opinion poll which also showed that six in 10 Greeks oppose Greece's name deal with FYROM.

If general elections were to be held now, ND would gather 34 percent of the vote compared to 21.5 percent for SYRIZA, according to the findings of the poll, carried out by the firm Pulse for Skai television.

The centrist Movement for Change and neofascist Golden Dawn would follow with 8 percent each followed by 6 percent for the Communist Party (KKE).

The right-wing Independent Greeks (ANEL), which currently shares power with SYRIZA, would fail to hit the 3-percent threshold for entering Parliament, netting just 1.5 percent of the vote.

The polling firm also asked respondents their opinion about the recent name deal struck between Greece and FYROM, noting that 62 percent had a negative view of it.

(www.skai.gr)

Greek foreign minister seeks judicial intervention over death threats

Greek Foreign Minister Nikos Kotzias on Thursday June 28th claimed that he has received dozens of threats against himself and his family, and challenged judicial authorities for failing to take action.

“I have received 800 letters threatening my life and my family. I have received boxes of dirt soaked in blood and bullets. Where is the prosecutor? These are serious crimes and I don't see anyone reacting,” he told 24/7 Radio.

“I have tracked down the telephone numbers, addresses and names of people who have made threatening phone calls. Yet all the authorities have done is issue warnings,” he claimed.

Kotzias suggested that the majority of the threats concern his handling of the name deal with the Former Yugoslav Republic of Macedonia (FYROM) and said that while he respects the public's right to oppose the deal, protesters should refrain from incendiary slogans.

The foreign minister went on to suggest that the opposition New Democracy party has contributed to such “hate rhetoric.”

(www.ekathimerini.com)

ND leader slams government's economic policy, name deal

The coalition government's economic policies are threatening Greece with a fresh cycle of austerity, the leader of the country's main opposition party told Deutsche Welle on Wednesday June 27th.

Speaking to the German broadcaster during a visit to Berlin, New Democracy's Kyriakos Mitsotakis said that the measures voted by ruling SYRIZA and junior coalition partner Independent Greeks (ANEL) risk plunging the country back into crisis.

He also welcomed an agreement to lighten Greece's debt load reached last week with the finance ministers of the eurozone, but expressed some reservations about the terms of the deal.

"I can't help pointing out that this agreement, in contrast with the case of other countries exiting the memorandum cycle, is accompanied by extremely strict fiscal measures that have already been ratified by the Greek government, to the tune of 5.1 billion euros for 2019 and 2010," he said.

"These are measures that will further reduce pensions, will reduce the tax-free threshold and will impose a new cycle of austerity on the already beleaguered Greek people. These measures would have been completely unnecessary if the country hadn't been subjected to the adventures of misters [Alexis] Tsipras and [Panos] Kammenos," he said, referring to the Greek prime minister and his coalition partner.

Mitsotakis added that strict supervision of Greece's post-bailout progress imposed by international lenders is a sign that confidence in the country's commitment to reforms is still lacking. "This is the gap that we have to bridge," he said of his party, which has called on the government to accede to early elections.

The conservative leader was also critical of an agreement signed between Athens and Skopje settling a decades-old dispute over the name of FYROM as going against Greece's national interest.

The conservative leader also reiterated claims made earlier this week, when he said that if he is elected prime minister before the deal is ratified by Greece's Parliament, he would try to scrap it.

(www.ekathimerini.com)

New Democracy ejects EBFA chief Constantinos Michalos

New Democracy announced on Wednesday that it has terminated the party membership of Constantinos Michalos, the president of the Union of Hellenic Chambers and the Athens Chamber of Commerce and Industry (EBFA).

During a meeting of the conservative main opposition party's Ethics Committee it decided upon his removal from the party ranks, with a statement issued a little later saying, "There is no room in New Democracy for any Trojan horses."

Michalos was a member of New Democracy's Political Committee, but failed to toe the party line last week when he commended the agreement reached at the Eurogroup regarding Greece's bailout exit and debt relief.

(www.ekathimerini.com)

Lazaridis defends decision to leave Independent Greeks, denies ND involvement

Giorgos Lazaridis, the independent MP who stepped down from Independent Greeks (ANEL) on Tuesday, reducing the governing coalition's majority to 152 lawmakers in the 300-seat House, has denied accusations that he was bribed into leaving the small right-wing party.

Rumors suggesting that his resignation was part of a plan orchestrated by opposition New Democracy to destabilize the government "has no bearing on reality," Lazaridis said in a television interview on Wednesday morning.

Speaking on Antenna TV, Lazaridis said that he stepped down when he did knowing that his resignation would not jeopardize Athens's negotiations with international creditors for Greece's exit from the bailout program.

(www.ant1news.gr)

Spokesman says government majority not threatened by MP's resignation

The resignation of a lawmaker from the Greek government's junior partner, the Independent Greeks party, does not pose a threat to the ruling coalition, the government's spokesman said on Tuesday June 26th.

"The ruling majority is not threatened but is absolutely stable," Dimitris Tzanakopoulos said after the resignation of MP Giorgos Lazaridis from the right-wing party, which reduced the coalition's majority to 152 in the 300-seat parliament.

Independent Greeks (ANEL), meanwhile, issued a strongly worded statement in response to Lazaridis's resignation, calling on the MP for Thessaloniki's Second Constituency to give up his seat in Parliament rather than sit as an independent.

"Not everyone has the stamina for the path of responsibility and supporting the nation's interests. Mr Lazaridis did not," ANEL's spokesman, Theodoros Tosounidis, said on Tuesday June 26th.

"Since he is, by his own admission, unable to carry out his duties, then he must also cede his seat, which belongs to Independent Greeks," Tosounidis added.

(www.reuters.com)

Government majority shrinks further as coalition partner ANEL loses another MP

Greek coalition partner Independent Greeks (ANEL) on Tuesday June 26th lost another lawmaker from its tiny parliamentary group, after Giorgos Lazaridis announced his departure from the nationalist party.

Lazaridis's resignation comes days after ANEL chief and Defense Minister Panos Kammenos ousted Dimitris Kammenos (who is no relation) from the party for voting against the government in a no-confidence motion tabled by opposition New Democracy over Athens's name deal with the Former Yugoslav Republic of Macedonia (FYROM).

The development whittles ANEL's parliamentary group to just seven and the government's majority to a scant 152 MPs in the 300-seat House.

In a separate development, meanwhile, Dimitris Kammenos told Skai TV on Tuesday morning that the coalition intends to call early elections before the name deal with FYROM is put before lawmakers in Parliament.

(www.ekathimerini.com)

ND government to block name deal if not already ratified

Main opposition leader Kyriakos Mitsotakis said on Monday June 25th his party will not approve the deal struck between Athens and Skopje on the name of FYROM if the Greek parliament has not already ratified it when New Democracy is elected in government.

Mitsotakis said that even if FYROM has taken all the steps demanded by the deal, a conservative government will not vote for it if the current parliament has not done so.

"We will not ratify the deal. Neither now, nor if we find it when we become a government if it has not been approved. I did not negotiate this agreement, I do not agree with many aspects of this agreement, I will not vote for it, neither now, nor if I ever need to ratify it," he said.

He added however that if the deal has already been approved in Athens, then New Democracy will have "extremely limited room to maneuver."

(www.ekathimerini.com)

Mitsotakis submits request for parliamentary debate on Eurogroup debt deal

New Democracy leader Kyriakos Mitsotakis on Monday June 25th submitted a request to Parliament President Nikos Voutsis for a debate on the economy and the debt deal achieved in last week's Eurogroup.

In his request, announced last week, Mitsotakis accuses the ruling coalition of resorting to lies to remain in power for a few more months and hosting "highly provocative government fiestas for allegedly completing the unnecessary third bailout program."

“The so-called 'clean exit' is nothing more than a 'clean entry' into the fourth program, for which New Democracy has been warning about for some time,” he said.

Mitsotakis argues that Greece has essentially assumed the responsibility to implement new measures without receiving further funding.

(www.ekathimerini.com)

Tsipras marks agreement on Greek debt with red tie

Donning a red tie, Greek Prime Minister Alexis Tsipras on Friday June 22nd hailed the Eurogroup debt deal clinched on Thursday June 21st as “historic,” insisting that Greece is finally turning a page after eight years of bailouts.

Speaking at Zappeion Hall in Athens to SYRIZA and the Independent Greeks (ANEL) lawmakers of the ruling coalition, Tsipras said the deal was a ticket for Greece’s future and a very significant development for the country.

After the Eurogroup’s decision on Greece’s debt, the debt is finally becoming sustainable, he said.

During his address on Friday evening, Tsipras said that wearing a tie – which he had promised to do only if Greece was granted debt relief – will be difficult but he will “get used to it” as promises must be honored. He went on to remove it.

Tsipras also touted the deal struck in Luxembourg with the country’s creditors as something that will ensure the smooth and stable refinancing of Greek debt, “minimizing or even eliminating the risks of potential turmoil.”

“Greece is again a normal country. It is regaining its political and economic sovereignty. It is back on the world map and is back on its feet again,” he said while stressing that “all this does not mean we are going to return to the Greece of the past.”

(www.ekathimerini.com)

ECONOMIC

ECB's Coeure: Greece will now be dependent on the markets, which will not be easier or more pleasant

Last Thursday’s Eurogroup agreement to help Greece manage its huge debt pile as it exits the bailout program is a “turning point,” European Central Bank board member Benoit Coeure told France’s Le Figaro on Monday June 25th.

“Greece can now free itself from European stewardship. The sacrifices made by Greek society, supported by European solidarity, have paid off,” he said.

“For those who have doubts about this solidarity, I would like to point out that Europe provided Greece with funding of 245 billion euros!” Coeure added, brushing off criticism that the deal reached in Luxembourg does not go far enough to make Greece’s debt sustainable in the long term.

“The measures decided upon by the Eurogroup go in the right direction, because in the medium term they will make Greece’s debt more sustainable and in the long term the ministers declared their willingness to take additional measures should the need arise,” Coeure said. “But let’s not be naive: Greece will move from a dialogue with the European institutions and the IMF to a dialogue with the financial markets, which will be neither easier nor more pleasant. To maximize its chances, the country must continue with its reforms and stick to a prudent budgetary policy.”

Asked whether the Greek crisis could have been dealt with in a different way from the onset, the ECB executive conceded that the reduction of public expenditure was perhaps too drastic at the start of the crisis, contributing to a worsening of the recession.

“We should have been more realistic about the sustainability of Greece’s debt and insisted on competitiveness and combatting rent-seeking from the start, instead of leaving taxpayers and workers to foot the bill for the adjustment,” Coeure told Le Figaro.

“I might add that Europe lacks a budgetary instrument to support social adjustment in crisis countries, which could have prevented dramatic situations – schools without heating and hospitals without medicine – such as we saw in Greece,” he said.

(www.ecb.europa.eu)

S&P raises Greece's rating after debt deal with Euro Zone

S&P Global Ratings raised long-term debt rating on Greece as it sees reduction in debt risks due to creation of cash buffers and extension of maturity on its debts.

The rating agency raised its long-term foreign and local currency sovereign credit ratings on Greece to ‘B+’ from ‘B’.

Euro zone finance ministers on Friday extended maturities and deferred interest of a major part of their loans to Greece along with a big cash injection ahead of its exit from its bailout in August.

"We believe this significantly reduces sovereign debt servicing risks over the next two years," S&P said.

Moody’s, which rates Greece at ‘B3+’, said on Monday June 25th the debt relief package offered by Greece’s creditors is credit positive for the overborrowed country.

The banking sector is making progress on reducing high levels of non-performing loans that will help boost growth, S&P said.

The rating agency lowered Greece's outlook to stable and said outlook reflects the balance of risks to its creditworthiness.

(www.reuters.com)

DEFENSE & SECURITY

Washington “cultivating Greece as anchor of stability,” says Mitchell

US Assistant Secretary of State for European and Eurasian Affairs Wess Mitchell told Congress's Foreign Affairs Committee on Tuesday that Washington is “constructing a long-term strategy to bolster the US presence in the Eastern Mediterranean.”

To this end, “we are cultivating Greece as an anchor of stability in the Mediterranean and Western Balkans and working to systematically strengthen security and energy cooperation with Cyprus,” he stressed.

Asked about Turkey, Mitchell said that “our immediate concerns are to... prevent Turkey's purchase of the Russian S-400 system; and to develop a modus vivendi for our respective forces and local partners in stabilizing Northern Syria and preventing ISIS's return.”

(www.ekathimerini.com)

Greek air force bolsters NATO mission in Afghanistan

The Hellenic Air Force has sent a team of technical advisers to Afghanistan in what is seen as tangible proof of Greece's commitment to supporting NATO in all of its operational fronts.

The initiative, which was hailed by US Ambassador to Athens Geoffrey Pyatt as a “strong and welcome signal” from the Greek Defense Ministry, was publicized via a video posted on the official account of NATO's Resolute Support Mission to Afghanistan.

(www.ekathimerini.com)

Turkish fighter jets violate Greek air space

Turkish jets violated Greek air space in the northeastern Aegean on three occasions on Tuesday June 26th.

The 10 F-16s, which had been flying in two formations, violated the Athens Flights Information Region three times before they were intercepted by Greek aircraft in line with international rules of engagements.

Turkish transgressions of Greek air space have peaked in recent months as bilateral relations have deteriorated amid Ankara's insistence that Athens extradite eight Turkish servicemen who fled to Greece after a failed coup in 2016.

Tuesday's violations were the first since Turkish President Recep Tayyip Erdogan was re-elected on Sunday.

(www.ekathimerini.com)

DIPLOMACY

Britain to provide Greece with more support over refugee crisis

Britain has pledged additional support for Greece in its effort to manage the inflow of refugees and migrants from Turkey, the Home Office said in an announcement on Tuesday June 26th.

During a meeting in London with Greek Prime Minister Alexis Tsipras, British premier Theresa May announced the deployment of an additional Border Force cutter "to assist with vital search and rescue operations that have already saved more than 13,000 lives," as well as additional interpreters to ease pressures on the Greek islands.

The leaders also discussed ways to enhance efforts to implement the EU-Turkey agreement in the face of continuing migratory pressures.

"Today's announcement is a strong symbol of the will of both governments to work together to tackle the challenges posed by illegal migration and maintain the momentum of the EU-Turkey agreement," British Immigration Minister Caroline Nokes said. "It builds on the vital humanitarian work already carried out by Border Force cutters in both the Mediterranean and the Aegean, often done in extremely challenging circumstances."

"The meeting between the two prime ministers today is just the start of a process which will develop specific areas of cooperation, supported by an action plan which I will be taking forward," Nokes added.

The additional Border Force cutter will work alongside HMC Valiant, which was deployed in May 2015 as part of an agreement with the Hellenic Coast Guard.

(www.ekathimerini.com)

FYROM president vetoes name deal with Greece

The president of FYROM, Gjorge Ivanov, said on Tuesday June 26th that he will not sign an accord settling a decades-old name dispute Greece and paving the way for the Balkan nation's accession to the European Union and NATO.

According to FYROM's MIA news agency, the opposition-backed Ivanov said in an announcement issued by his office that the agreement with Greece, renaming the former Yugoslav republic to North Macedonia, has "no constitutional grounds and is not ratified in compliance with the constitution."

“The agreement puts ‘Macedonia’ in a subordinate position to another country, namely the Republic of Greece,” the statement added.

Ivanov’s veto is expected to be overturned by parliament, which ratified the name deal on June 20, before it goes back to the president.

(www.ekathimerini.com)

Tsipras congratulates Erdogan, calls for release of Greek soldiers

Prime Minister Alexis Tsipras on Monday June 25th congratulated Turkish President Recep Tayyip Erdogan for his victory in his country's general elections on Sunday June 25th, while also calling for the “immediate release” of the two Greek soldiers who have been detained since early March.

During the phone call, Tsipras stressed “the importance such a move would have for bilateral relations,” according to a press release by the prime minister's office.

They also discussed Greece and Turkey's cooperation on migration and agreed to meet on the sidelines of the next NATO summit in Brussels in July.

The two Greek servicemen have been held in a high-security prison in Edirne since March 3, when they were arrested after accidentally crossing the Turkish border during a patrol.

A fourth appeal for their release from pre-trial detention was rejected by a Turkish court on June 19.

(www.amna.gr)

Kotzias: FYROM name deal “best news in Europe in 5 years”

In comments on Monday June 25th, Foreign Minister Nikos Kotzias referred to the name deal agreed between Greece and the FYROM earlier this month as "the best news in Europe in five years."

Speaking ahead of Tuesday's EU foreign affairs meeting in Luxembourg about the bloc's enlargement, Kotzias appealed to other member states to realize that the accession candidates FYROM and Albania both have problems but that those can be overcome through "monitoring and screening."

He said he believed that the process for the launch of EU accession talks for those two countries should be launched this summer.

"I tell my colleagues they can be as strict as they want but we must not cut off those prospects," he said, expressing his fear that failure to give FYROM a date for accession talks could mean that "all the efforts we made with major sacrifices and compromises will be put at risk."

Further, he said, approving the launch of talks for one of the two countries and excluding the other could fuel instability in the region.

(www.euractiv.com)

ENERGY

Greece's Energean to drill Karish North exploration well in Israel

Greece's Energean Oil and Gas announced on Monday June 25th that the Board has made the decision to drill an exploration well in the Karish North prospect, offshore Israel, with a planned spud date before end-March 2019, subject to necessary approvals. This will exercise the first of seven optional wells included in the Stena Drilling contract.

According to Energean, the Karish North prospect is located within Energean's Karish lease and will be drilled immediately prior to the three well development of the adjacent Karish Main field, the company's flagship gas development project.

"We view Karish North as an attractive near-field exploration opportunity offshore Israel that could deliver significant upside alongside our existing Karish development, for which we have already signed 12 gas contracts and secured 4.2 BCMA of supply over an average period of 16 years," Energean Oil & Gas CEO Mathios Rigas said, whose independent oil and gas exploration and production company focuses on the Eastern Mediterranean. The goal of the exploration work is to identify further easy-to-commercialise resources in the region," he added.

The decision to drill the Karish North well is consistent with Energean's exploration strategy to target near field prospects where potential discoveries can be quickly and economically monetized, Energean said.

The Karish FPSO is being built with gas production and processing capacity of 8 BCMA. Energean Israel has forward sold 4.2 BCMA of currently discovered gas volumes, leaving circa 4 BCMA of excess FPSO capacity available for the potential tieback of future discoveries.

The option to drill additional exploration wells at the end of the development well campaign remains open. Options for a second well include the Karish East prospect in the Karish lease and Prospect 4 in the Block 12 exploration licence, which Energean secured at the end of 2017, following the First Israeli Offshore Bid Round.

(www.neweurope.eu)

ASSESSMENT

Although the Greek Prime Minister is painting a very positive image of his administration especially abroad the situation in the country is far from being idyllic.

Since Greece and FYROM signed an agreement settling the naming dispute more cracks are threatening to destabilize the coalition government, after another lawmaker from junior partner Independent Greeks left its parliamentary group in protest for the deal.

The deal has fuelled a storm of protest on both sides of the border put both governments under a lot of pressure.

In Greece things are very precarious of the government. It is the slimmest majority for Tsipras since he won the elections in 2015. He is trailing opinion polls, suffering the brunt of voter discontent with economic reforms under international bailouts and with the way he deals with delicate issues such as the deal with FYROM but also Turkey.

To complicate matters even more any sign of political instability is likely to be closely watched by markets and while Greece is doing better, it's certainly not doing well.

Despite the festive mood of the government after what is perceived as a victory at the Eurogroup, the truth of the matter is somewhat more complicated. In reality, this hard-fought agreement is unlikely to restore Greece's debt to sustainable levels in the long term. Even worse it does not demonstrate anything like a meaningful commitment to European solidarity.

In fact, the creditors' rejection of a formal debt write-down means that Greece's total debt load remains stuck at an overwhelming 180 percent of GDP, with the agreed extension of loan maturities merely kicking the can down the road. As a result, Greeks feel that rather than ending the crisis once and for all by cancelling part of the debt this deal simply shifts the burden of adjustment onto future generations of Greek workers and taxpayers.

It would seem that while Tsipras is eager to portray the deal as constituting a clean break with eight years of unbearable austerity, the fact remains that his government has already agreed to introduce further tax increases, pension cuts and privatisation later this year. Many of these far-reaching measures will come into effect after the third bailout programme formally expires on August 20, meaning Greeks are unlikely to experience any improvement in their living standards anytime soon. Nor are these fiscal pressures likely to ease in the long run. In fact, the terms of the latest agreement require the Greek government to continue running a primary budget surplus of 3.5 percent until 2022, followed by an average of 2.2 percent until 2060, effectively committing the country to 42 more years of austerity. A very ominous future is dawning for the majority of Greeks...

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