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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**

### **Novartis affair: Bank of Greece governor sues witnesses**

Greece's central bank governor filed a lawsuit against two witnesses who reportedly claimed he was among several senior politicians who received illicit perks from embattled Swiss pharma giant Novartis.

Yannis Stournaras' office said in a statement the two protected witnesses, known only under their aliases, should be punished for perjury and defamation. He also called on the Greek Supreme Court to examine whether a decision to withhold the witnesses' identities was lawful.

Stournaras is one of several senior politicians, including former Prime Minister, Antonis Samaras and EU Migration Commissioner, Dimitris Avramopoulos, who were allegedly involved in helping Novartis to build a commanding position in the Greek health market.

The Swiss giant is suspected of having bribed decision-makers and doctors between 2006 and 2015 to secure inflated prices for its products even though cheaper alternatives were available.

A Greek anti-corruption prosecutor requested bank and other asset information for bribery checks on the ten politicians. The case is also under examination by a parliamentary commission of inquiry, as well as by the US authorities.

Stournaras, a former finance minister under Samaras, was named because his wife's PR company organised congresses sponsored by Novartis. Stournaras has said he had also received payment from Novartis to give "two or three" presentations on the economy – but only before becoming minister.

Avramopoulos, who was Greek health minister in 2006-2009, has also sued the witnesses.

The alleged witness testimony, parts of which have been leaked to the press, faults Avramopoulos' handling of a blood screening contract and a large order of avian flu vaccine.

Novartis has said it is cooperating with US and Greek authorities whilst conducting an internal audit of its own.

The Swiss giant has already paid multi-million dollar fines in the United States, China and South Korea to settle corruption cases.

*(www.thelocal.ch)*

## **ECONOMIC**

### **Uber to suspend service in Greece after new legislation**

Ride-hailing service Uber said it would suspend its licensed service in Greece after the approval of local legislation which imposes stricter regulation on the sector.

Uber, which operates a licensed service in the Greek capital, has faced opposition from local taxi drivers who accuse it of taking their business.

“New local regulations were voted on recently with provisions that impact ride-sharing services,” Uber said in a blog post. “We have to assess if and how we can operate within this new framework and so will be suspending uberX in Athens from next Tuesday until we can find an appropriate solution.”

Uber operates two services in Athens: UberX, which uses professional licensed drivers, and UberTAXI, which uses taxi drivers.

The new regulations require each trip to start and end in the fleet partner’s designated headquarters or parking area, something Uber does not do. A digital registry of all ride-sharing platforms and their passengers will also be created.

The company launched in Europe in 2011, angering some local authorities and taxi drivers who said it did not abide by the same rules on insurance, licensing and safety.

Following widespread protests, court battles and bans, Uber has taken a more emollient stance under its new CEO Dara Khosrowshahi, suspending operations in various cities in order to comply with local regulations.

UberX launched in Athens in 2015 and more than 450,000 people have used its smartphone app to book a ride. News of the new regulation last year angered some Athenians and tens of thousands signed a petition launched by Beat - a local ride-sharing service - in favor of ride-hailing services.

UberX drivers have to be employed by fleet partners such as car rental companies or tourist agencies and their cars could not be more than seven years old.

The data registry and return-to-garage requirement will only apply to ride-hailing services like Uber and Beat, while taxi drivers will be able to use cars that are up to 22 years old.

*(www.reuters.com)*

### **Eldorado Gold wins arbitration ruling over Skouries mine in Greece**

Eldorado Gold Corp.’s plans to build a new gold and copper mine in Europe got a shot in the arm, after it received a favourable arbitration ruling in Greece. But questions remain over the timing of when the junior gold company might get the project into production and how it will fund the operation.

Last September, Eldorado’s ambitions to develop the Skouries high-grade gold and copper project was cast in doubt after the Greek government objected to its treatment plan for metal concentrates, as outlined in a prior technical report. The country’s ministry of environment and energy, and its ministry of finance, alleged the Vancouver-based company was in contract violation, kicking off an arbitration process.

In November, Vancouver-based Eldorado put development plans for Skouries on hold.

In a news release, Eldorado said a Greek arbitration panel had ruled in its favour, upholding the validity of the 2014 technical report.

“We believe this decision provides a foundation to allow us to advance dialogue with the Greek government,” George Burns, chief executive officer of Eldorado, said in a statement on Wednesday.

“We look to the Greek state to fulfil its obligations ... including issuing the outstanding permits for the Skouries project.”

Greece’s ministry of environment and energy did not respond to a request for comment.

“The positive ruling should reduce the level of perceived political risk related to the company’s Greek build-out, which has been a key headwind for Eldorado shares the last few years,” Dan Rollins, analyst with RBC Dominion Securities Inc., wrote in a note to clients.

Kerry Smith, analyst with Haywood Securities Inc., sounded a note of caution to investors in his report. “The Greek government has been overruled several times in the past by the Supreme Court, and now by this arbitration panel, and we doubt this decision will miraculously open the door to permit approvals,” he wrote.

“We expect the Greek government will continue to drag their feet in issuing permits, and a change in government is likely the key catalyst to get this project back into construction.”

Prior to the announcement, shares in Eldorado had lost about 75 per cent of their value over the past year, partly based on uncertainty in Greece, and worries over its high debt load. The company’s total debt stood at US\$594-million as of the end of last year. Shares in Eldorado rose 2.6 per cent on the Toronto Stock Exchange on Wednesday.

Eldorado plans to develop the Skouries project by using an open pit and an underground mine. The ore body is located in the Halkidiki Peninsula in northern Greece.

Total development costs for Skouries alone are projected at US\$689-million. Apart from its operations in Greece, Eldorado also has assets in a number of other jurisdictions including, Turkey, Romania, Brazil and Canada, some of which are also in need of capital.

“Financing risks remain,” Mr. Rollins said.

In an e-mail to The Globe and Mail, Eldorado spokesperson Louise Burgess said the company is “examining finance options,” but it is in no immediate rush, as its liquidity supports near-term requirements.

*(www.theglobeandmail.com)*

### **Greece’s non-performing loan crisis under control after fire-sale of foreclosed homes**

Greek systemic banks outperformed targets to reduce their “bad loans,” the Bank of Greece reported. The report was seen as critical for the credit-outlook of four systemic banks; Greece has the biggest share of Non-Performing Loans (NPLs) in Europe.

Greek banks offloaded €4,7bn since June 2016; that is a 7% drop. Since June 2016 the total bad debt portfolio fell from 107bn to €95,7bn or from 50,5% to 43% of their total assets. Greek NPLs weigh three times more on the banking portfolio than the second in the Eurozone, Italy.

The objective set by the ECB is to reduce the Greek NPLs portfolio to 35% by the end of 2019.

At the height of the Greek crisis, unemployment reached 28%; the biggest share of non-performing loans are consumer loans, small businesses loans and mortgages. In 2008, the Greek banking system had a bad loan portfolio of merely 5,5% of its total assets or €14,5bn.

Offloading NPLs requires a fire sale of houses in a country that has one of the biggest share of private home-ownership in Europe. In the latest European Home Ownership report in February 2018, Greek homeownership declined from 75,1% in 2015 to 73,9%. The average rate of home ownership in the Eurozone is 66,5%.

The fire sale has been facilitated by a new system of electronic auctions of foreclosed properties, which was a key term of the €86bn bailout agreement in 2015.

About 21% of Greek households live in rented accommodation. Over 2017 the drop was the sharpest in Greece than in any other EU member state. The banking sector has severely limited issuing new mortgages, becoming the last in the Eurozone with just 13,9% of new loans, second only to Italy with 15,9%. The Eurozone average is just under 28% of the loan portfolio.

Cutting the share of NPLs would free up capital to allow lending in the economy, which is only slowly recovering despite a positive economic climate in the Eurozone.

*(www.neweurope.eu)*

### **Greece says 2018 privatizations target “high but feasible”**

Greece’s target of 2 billion euros in privatization revenues this year is high but can be met, the chairman of the country’s privatizations agency said. Greece’s third bailout ends in August and it has agreed with its international lenders to raise 3 billion euros (\$3.7 billion) by 2019 from state asset sales.

“Undoubtedly it’s a very high target. It’s a challenge, I would say, for the agency,” Aris Xenofos told Greece’s Alpha 989 radio, according to a transcript of the interview. “But I think it’s a feasible target.”

While privatizations have been a pillar of Greece’s bailouts since 2010, they have raised proceeds of just 5 billion euros, rather than a targeted 50 billion euros, mainly due to the crisis, political and union resistance and bureaucracy.

By June, Greece needs to conclude the lease of a vast seaside property, the sale of gas grid DESFA and launch the sale or the securitization of a stake in electricity utility Public Power Corp. (PPC). It will later sell minority stakes in water utilities EYDAP and EYATH.

*(www.reuters.com)*

## **DEFENSE & SECURITY**

### **Turkish jet flies low over Greece's Farmakonisi Island**

A Turkish Air Force F-16 descended to 3,200 feet while passing over the southeastern Aegean island of Farmakonisi on Tuesday after entering the Athens Flight Information Region at 10.55 a.m.

On Monday, seven Turkish aircraft, four of which were armed, violated the Athens FIR on four separate occasions, the Greek military said, adding that they were chased off by Greek fighter jets.

Such violations are not uncommon but they have been growing in frequency in recent months amid a spike in tension between Athens and Ankara.

([www.ekathimerini.gr](http://www.ekathimerini.gr))

### **Greek army set to get 1-billion-euro upgrade**

The fast-tracking of procedures to implement a 1-billion-euro defense program was agreed during a meeting of the Parliament's Arms Committee. The decision was taken after a confidential briefing of the committee regarding the immediate needs of the country's land, naval and air forces.

The discussions were attended by Defense Minister Panos Kammenos, the chief of Hellenic Armed Forces General Staff (GEETHA), Admiral Evangelos Apostolakis, and the heads of the General Army Command (GES), the Air Force General Staff (GEA) and the Hellenic Navy (GEN).

Among the significant priorities for Greece's air force is the upgrade by the US of 85 of its F-16 fighter jets. The government is scrambling to finalize the deal by April 30 so the cost will not exceed the 1.1-billion-euro ceiling set by the government. Another top priority for the air force is the maintenance of its fleet of French-made Mirage-200s jets. The navy's priorities include, among others, the immediate upgrade of its fleet of MEKO frigates.

The move to upgrade the country's armed forces comes amid renewed tension with Turkey which flared at the weekend after leading politicians in the neighboring country again challenged Greece's sovereignty in the Aegean, where air space violations have spiked in recent months.

Meanwhile, deteriorating Greek-Turkish relations and the hardening of Athens's stance is expected to dominate Tuesday's cabinet meeting chaired by Prime Minister Alexis Tsipras.

The PM's office described Turkish President Recep Tayyip Erdogan as a "sultan" who "makes promises on behalf of the country's justice system" as opposed to Greece which has a prime minister who respects the rule of law.

In remarks earlier, Erdogan had linked the fate of the two Greek soldiers who are being held in Turkey with that of the eight Turkish servicemen who fled to Greece in 2016 after the coup



attempt and which Ankara wants extradited. He also slammed Tsipras for allegedly going back on his promise to extradite the servicemen.

Government spokesman, Dimitris Tzanakopoulos said that Turkey is using the two soldiers, who crossed the border early last month during a routine patrol, for political reasons. He said that the fact they have been held without charge for more than a month is “is beginning to go beyond the limits.”

*(www.ekathimerini.gr)*

## **DIPLOMACY**

### **J. Pyatt: Greece, US to go through 'turbulence' in run-up to Turkish elections**

Greece and the United States should expect some “turbulence” over the next few months as Turkey gears up for the next presidential election in 2019, US Ambassador to Greece, Geoffrey Pyatt told Vice Greece in an on-camera interview.

Asked about the rising tension between the two countries Pyatt attributed it partly to the election period in Turkey but said he had confidence in the way the government is handling the issue.

“We have a high degree of confidence in the Greek leaders who have been working on these issues. I think we both – Greece and the US – are going to have to get through some turbulence over the next couple of months as President Erdogan gets himself reelected. I think that's where it's so importance to have confidence in the US-Greek relations,” he said.

“A lot of it I think its politics but I don't want to dismiss it,” he added.

He also rejected Greek media reports stoking fears over a possible repeat of the 1996 incident at the islets of Imia in the Aegean, which brought the two countries close to war.

“I have a lot of people who have expressed to me this anxiety of some kind of an incident. There's been some crazy stuff in the press. This stuff in [newspaper] 'Parapolitika' that was running about Imia 2 and the Americans planning...That's completely manufactured, it's not true,” he said.

Commenting about the two Greek soldiers who have been detained in Turkey after straying into its territory, he reaffirmed his country's commitment in bringing them back.

“What I can tell you is the United States are going to remain engaged and we believe these two soldiers need to come back to their families. We also believe it is in Turkey's interest as it is in Greece's interest is to see a stable, cooperative, normal relationship between the two countries,” he said. Pyatt also expressed hope Greece and FYROM will reach a solution on the long-running name dispute, saying it would be a breakthrough, if achieved.

“We've had some senior US visitors who have been here recently and have heard a very clear message from the government in terms of how the Prime Minister, the Foreign Minister [Nikos] Kotzias and his team are working on this. Ultimately any durable solution is the one that is going to be agreed between the two prime ministers. There's not a lot of external influence that is going to change that, one way of another,” he said.

“What's very clear to me is that if you can get this breakthrough, and it would be a real breakthrough, it would be very good for Greece. Just as it would be very good for Skopje. So we are going to continue to be friends of the process we're supporting Matthew Nimetz. I think we're going to continue to follow it very closely [...] with a real sense that the two sides have come further over the past few months than they have even come before.”

*(www.ekathimerini.gr)*

### **Turkish PM takes dig at Greece**

A few days after accusing Athens of challenging Turkey's sovereignty, Turkish Prime Minister Binali Yildirim was quoted as making a derogatory comment about Greece.

“Don't take Greece into account. It's a country the size of one of our cities. It is smaller than Istanbul,” Yildirim said according to reports.

He reportedly made the remark during a speech on Turkish universities, as data showed Turkey lagging behind Greece in terms of higher education accessibility.

“However, we are neighbors,” Yildirim reportedly added, “and as long as they stay quiet we have nothing to say.”

*(www.ekathimerini.gr)*

### **Thorny issues remain in Greece-FYROM name dispute**

Thorny issues remain between FYROM and Greece in their efforts to resolve a decades-old dispute over the former Yugoslav republic's name, officials said after talks on the issue.

The two countries have been at odds for a quarter-century over the term "Macedonia," which Greece argues implies territorial aspirations on its own northern province of the same name.

FYROM Foreign Minister Nikola Dimitrov and Greek counterpart Nikos Kotzias met in Vienna with U.N. mediator Matthew Nimetz in the latest round of negotiations over the spat, which has been lingering since FYROM gained independence from Yugoslavia in 1991.

"We still have difficult issues to resolve in this difficult time," Nimetz said. "But I still have a positive feeling."

Nimetz said that both ministers were focused on stability in the region, and "I'm hopeful that we can continue to work in a very positive way."

Dimitrov described the meeting as having made "conditional progress, because as we move forward, we are coming to the tough issues." He said it was unsurprising that the further the talks progressed, the more issues of contention would come to light.

Kotzias said the two sides had now "identified in detail what we agree on and what we disagree on," and expressed the hope they would be "ready to make a big step" in their next meeting. No specific date has been set for further talks.

None of the three gave details about what the difficulties were.

*(www.ap.com)*

## **ENERGY**

### **Greece wraps up first round of bidding for 66% of DESFA**

The first round of bidding for 66% of Hellenic Gas Transmission System Operator (DESFA) has been completed, Greece's Environment and Energy Minister Giorgos Stathakis said.

"The price offered exceeds €400 million, which occurred during the previous tender. Bids submitted ranged between the limits set by the two independent evaluators. Then the second round of improved bids will begin and will be completed within a few weeks," Stathakis said.

The board of directors of Hellenic Republic Asset Development Fund (HRADF) in co-operation with Hellenic Petroleum (HELPE), unsealed on March 29 the binding financial offers for the acquisition of 66% (31% stake owned by HRADF and 35% stake owned by HELPE) of the share capital of DESFA, submitted by the following two investment schemes: The Consortium composed of Italy's Snam, Spain's Enagás Internacional and Belgium's Fluxys; The Consortium composed of Spain's Regasificadora del Noroeste, Reganosa Asset Investments, Romania's Transgaz, and European Bank for Reconstruction and Development (EBRD), HRADF said in a press release.

According to the terms of the above tender process, the Fund requested the submission of improved financial offers, which will be assessed at a subsequent meeting of the Board of the Fund, HRADF said.

*(www.neweurope.eu)*

### **Juwi commissions 8.6MW of solar projects in Greece**

juwi Hellas, a subsidiary of juwi, has commissioned three PV plants in Greece for Hellenic Petroleum Renewable Energy Sources totalling 8.6MW.

One 4MW plant is located at the industrial area of Thessaloniki, with a 1MW plant, located at the industrial area of Kavala, and a third 36MW plant, located at the industrial area of Aspropyrgos, Athens.

juwi Hellas will offer O&M services for two years with a possibility of extension for another three.

The portfolio of EPC projects of juwi Hellas is now close to 100MW, while its current O&M volume is 55MW.

"juwi Hellas continues to play a leading role in the Greek solar market" said Takis Sarris MD of juwi Hellas. "In 2016 the total tender awarded volume for solar projects was 36MW. juwi participated successfully with a 5MW own developed project and was awarded an additional 17,6MW as an EPC contractor. This corresponds to more than 60% of the tender volume, which is a great success."

*(www.pv-tech.org)*

## **ASSESSMENT**

The interest in public life in Greece has shifted from the economic issues to the field of diplomacy and politics. The Novartis affair is taking a turn that fails to convince people that the outcome would be the cleansing of the health system.

On the diplomatic side the mounting tension between Greece and Turkey seems to weaken the government as many Greeks believe that the Tsipras administration isn't standing its ground as it should. Although it is clear that Erdogan's intentions is to please his audience in Turkey people in Greece are convinced that he poses a very really threat why many believing that the escalation of the situation could lead to an "accident".

FYROM's naming is becoming another thorn for the government at it must deal with the public opinion but also their counterpart in the coalition, ANEL. The political talk in Athens remains focused on the potential for a split between key leaders in the SYRIZA-ANEL coalition if the word Macedonia is part of the agreed compound name, potentially triggering elections. An additional complication the SYRIA-ANEL government faces is an idea being discussed in Greek parliamentary circles of requiring a supermajority of 180 (out of 300) for any potential agreement to be ratified, essentially guaranteeing non-ratification.

Numerous Greek commentators see the talks as heading to a very difficult road and believe the issue now is how to escape blame for the failure, with a particular focus on the difficulty the Skopje government faces in delivering constitutional changes that remove irredentist implications, as the Greek side expects.

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