

MARCH 1 – MARCH 8, 2018 – ISSUE 04



**Hermes Institute of  
International Affairs,  
Security & Geoeconomy**

# 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.

### **«HERMES» I.I.A.S.GE**

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**TABLE OF CONTENTS:**

<b>POLITICS .....</b>	<b>p. 4</b>
<b>ECONOMIC.....</b>	<b>p. 4</b>
<b>DEFENSE &amp; SECURITY.....</b>	<b>p. 7</b>
<b>DIPLOMACY.....</b>	<b>p. 8</b>
<b>ENERGY.....</b>	<b>p. 9</b>
<b>ASSESSMENT.....</b>	<b>p. 10</b>

## **POLITICS**

### **Greek parliament set to probe politicians in alleged Novartis bribery case**

Greece's parliament set up a committee on Monday to investigate the role of 10 politicians in alleged bribes by Swiss drugmaker Novartis in a case that has struck a nerve in a country recovering from a debt crisis many blame on a corrupt elite.

The socialist and conservative politicians who served between 2006 and 2015 say the allegations are a fabrication and witch-hunt by the leftist-led government to discredit them head of elections in 2019.

The government of Prime Minister Alexis Tsipras denies.

Lawmakers last month voted in favor of the investigation, in addition to a separate investigation of the Basel-based company after a raid a year ago of its offices in Athens.

Prosecutors are investigating allegations by witnesses that doctors and public officials accepted kickbacks. Novartis has said that, if an investigation finds its managers acted unethically, it would take "fast and decisive action".

Under Greek law, parliament is the only institution that can investigate ministers and lawmakers and lift their immunity.

The committee made up of 21 lawmakers - a majority of them from Tsipras' Syriza party - has been given one month to look into the case and draw its conclusions. It was expected to elect a chairman on Monday and discuss procedural issues.

Since 2015, Novartis has paid out hundreds of millions in settlements and fines as a result of kickback allegations in South Korea, the United States and China.

*(www.reuters.com)*

## **ECONOMIC**

### **Greece's economy grows for 4th straight quarter**

Greece's economy expanded for a fourth straight quarter in the last three months of 2017, but at a slower pace than expected.

Gross domestic product increased by 0.1% in the October-to-December period, compared with an upwardly revised 0.4% growth in the third quarter, according to data from Greece's statistics service Elstat.

However, the first estimate of the seasonally adjusted data shows a 1.4% rise in the economy, compared with a 1.6% estimate by the European Commission and Greece's budget. On an annual basis, the Greek GDP expanded by 1.9% in the fourth quarter of the year.

The Commission sees the economy expanding further, by 2.5% in 2018 and 2019.

"Greece cannot continue in a program forever," said Declan Costello, head of the European Commission's mission in Greece, at an economic forum in Delphi.

Discussions on the country's fourth and final review began and the Greek government and its creditors will focus on final reforms the country needs to implement and the surveillance framework the country will need after the end of the bailout era.

Bank of Greece Governor Yannis Stournaras said the country would need a precautionary credit line from Europeans after August to maintain investor confidence, which the Greek government has been reluctant to request.

According to Klaus Regling, head of eurozone's bailout fund, it is "too early," do decide on a precautionary credit line, which "does not seem to be necessary" given current market conditions.

Greece would need to "formulate a request, and for the time being Greece has made it clear that it has no intention to do so," he said.

*(www.marketwatch.com)*

### **Greece has made progress but significant challenges remain, says Costello**

The European Commission's mission chief for Greece Declan Costello told the Delphi Economic Forum he is confident the final review of the country's bailout will be wrapped up by June at the latest, but new measures will be needed in order to make Greek debt sustainable.

The real question, Costello said, is whether Greece will be able to achieve a sustainable economic rebound in the middle to long term, given the multiple challenges of continued high rates of public debt, unemployment and nonperforming loans.

In terms of reforms, Costello said that while Greece has made significant progress in legislating structural reforms, it still has a long way to go in terms of implementation and may need continued supervision in this respect.

*(www.ekathimerini.com)*

### **Greece further loosens capital controls**

The Greek government further loosened capital controls, which was imposed in the country in the summer of 2015 in order to avert the collapse of the domestic banking system as the ailing economy was at the brink of financial meltdown.

All restrictions in opening new bank accounts are lifted, while the monthly withdrawal ceiling was raised to 2,300 euros from 1,800 euros, according to an emailed announcement from the Finance Ministry.

In addition, the transfer of euros or other foreign currencies abroad is allowed up to 2,300 euros per person, from 2,000 euros currently, and the transfer of capital abroad by credit institutions and payment institutions is further facilitated.

Over the past two years the Greek government has taken similar such steps to ease the capital controls.

Athens aims to fully lift all remaining restrictions the soonest possible to safeguard financial and macro-economic stability in the country, according to the ministry.

*(www.xinhuanet.com)*

### **Stournaras insists on credit line**

The governor of the Bank of Greece, Yannis Stournaras, stood by his proposal for a precautionary credit line for the country after it exits its bailout program in August, saying that the institution he heads is independent and doesn't "take instructions."

Speaking at the Delphi Economic Forum, Stournaras pushed back at government criticism of his insistence on a credit line, saying it will reduce the cost of borrowing and will maintain waivers for Greek banks.

His remarks came after Prime Minister, Alexis Tsipras, questioned the motives behind the calls for a precautionary credit line, saying that it contravenes the plans of the Greek government and international organizations.

Stournaras said Greece had in previous years willingly submitted part of its sovereignty to the eurozone and the European Central Bank, adding that the regulations mean the country has to remain under strong supervision until it repays 75 percent of its debt.

"I don't see this as a problem. We got our lesson in the past and we cannot afford to take a step back," he said. He also insisted that the Eurogroup must take clear-cut action as soon as possible in order to render Greece's debt sustainable.

"Without this we are heading nowhere," he said, noting that it would be more prudent for Greece to exchange the target of 3.5 percent primary surpluses until 2022 for lower targets and more privatizations.

Referring to his alleged involvement in the Novartis affair, he said the case is built on "lies of three unknown witnesses," adding, "I feel sorry for the country."

*(www.ekathimerini.gr)*

## **DEFENSE & SECURITY**

### **Turkish court detains Greek soldiers after crossing border**

A Turkish court remanded in custody two Greek soldiers who were detained after crossing the border into Turkey in bad weather in a heavily forested frontier region, Turkish media said, despite Greek calls for their swift return.

Greece said the soldiers had been on a border patrol when they strayed from their route because of the poor weather.

Turkey's state-owned Anadolu news agency said the soldiers were detained on grounds of attempted military espionage and entering a prohibited military zone. Another news agency, DHA said the court ruled that data on their phones be investigated.

The soldiers told the court that they ended up on the Turkish side after following footprints in the snow and that they meant to send the images they took on their phones to senior officers, Anadolu said.

"We are in consultation with Turkish authorities for a prompt resolution of the matter," Greek government spokesman Dimitris Tzanakopoulos told reporters. "Legal processes in Turkey will be put in motion swiftly and we expect the return of the two Greeks to our country".

The incident took place during a normal patrol in the forest area of Kastanies at Evros.

"The incident was the result of a mistake. The two Greek officers diverged from their route because of the bad weather in the area, and found themselves, I repeat, by mistake, in Turkish territory," Tzanakopoulos said.

Greece's army command said earlier that from the first moment, Greek authorities were in contact with their Turkish counterparts and that procedures for the soldiers' return to Greece were ongoing.

Turkish officials were not immediately available to comment.

The two Greeks, a second lieutenant and a soldier, were in good health and were being held in Edirne.

([www.reuters.com](http://www.reuters.com))

### **Deputy Secretary General commends Greece for contributions to NATO**

Deputy Secretary General Rose Gottemoeller began her first official visit to Greece, meeting with Greek officials and delivering a keynote address on the enduring importance of NATO. In remarks at the Delphi Economic Forum, Ms. Gottemoeller set out the Alliance's essential role in a more uncertain world, highlighting the value of Allies' collective efforts and outlining priorities in preparation for the NATO Summit in July. She also thanked Greece for its contributions to NATO activities, and for meeting the 2% defence investment pledge.

While in Delphi, the Deputy Secretary General also met Greek President Prokopios Pavlopoulos for an exchange of views on current security challenges, and priorities for the upcoming NATO Summit in July.

Earlier in the day, Ms. Gottemoeller met in Athens with Greek Defence Minister Panos Kammenos and with the Secretary General of the Greek Ministry of Foreign Affairs, Ambassador Dimitrios Paraskevopoulos. She also laid a wreath at the Unknown Soldier Monument.

The Deputy Secretary General also visited the Ministry of Digital Policy, Communications and Information, and participated in a townhall event with students, hosted by the Greek Association for Atlantic and European Cooperation.

*(www.nato.int)*

## **DIPLOMACY**

### **Albania continues talks on maritime border delimitation with Greece**

The Albanian authorities continued talks over the delimitation of the maritime border with the neighboring Greece, an issue which has sparked strong reactions among Albanian politics and public opinion.

The President of Albania Ilir Meta met a group of lawmakers from the majority and opposition parties, members of the parliamentary foreign committee, to discuss over the negotiations being held with Greece on the issue of the sea border delimitation, said a press release of president's cabinet.

This meeting was held a week after President Meta refused the government's request to authorize continuation of negotiations with Greece over the two countries' Ionian Sea maritime border.

Meta justified his decision by saying that he needed more transparency and information on what and how the Albanian government would negotiate in order to authorize Albanian Foreign Ministry to continue talks with the Greek party.

The Foreign Ministry reacted by saying that it would send the president a letter with all clarifications required while it also invited Meta to be part of this process.

The delimitation of sea border is deemed by both sides as an unresolved issue. During the last year, the two countries have intensified their efforts to reach a deal.

*(www.ekathimerini.com)*

### **Ankara jabs at Greek President Pavlopoulos as tensions rise**



Turkey's stance regarding the fate of the two Greek soldiers who were arrested after straying into Turkey and a war of words that erupted with President, Prokopis Pavlopoulos, is seen in Greece as indicative of Ankara's intention to raise the stakes with Athens.

The deterioration of Greek-Turkish relations also appears to have raised concerns in Washington.

Speaking to reporters on Wednesday, Turkish Prime Minister, Binali Yildirim, gave no sign that Ankara is seeking a swift resolution to the matter regarding the two servicemen, limiting himself to saying that the Turkish justice system will "do what it must." Yildirim also expressed dismay that Greece has asked for the mediation of the EU.

"It has become a habit [for Greece] to take any issue it has with Turkey to the EU to ask for its support," he said. "Our relationship with the EU will neither advance nor deteriorate because of such actions," he added.

He also reiterated calls for the arrest of two people seen burning a Turkish flag at a rally organized by far-right party Golden Dawn in protest at the detention of the two Greek soldiers.

Earlier, Turkish Foreign Ministry spokesperson Hami Aksoy derided comments made on Monday by the Greek president that "Greece may not have the territory that we would be entitled to historically."

Aksoy called on Pavlopoulos to respect international law and to refrain from "rhetoric not befitting his position." Pavlopoulos retorted that he will do what he can to defend Greece's borders and territorial integrity.

Greece, he said, desires friendship and good-neighborly relations with Turkey but the relationship must be built upon respect for international law and treaties.

Yildirim also renewed warnings to Cyprus not to proceed unilaterally with hydrocarbon drilling in the island's exclusive economic zone. "Provocative activities will be met with the appropriate response," he said, amid reports that an ExxonMobil vessel was heading to the Eastern Mediterranean, coinciding with exercises in the area involving the US Navy.

*(www.ekathimerini.com)*

## **ENERGY**

### **Exxon, Total, Repsol among bidders for oil exploration off Greece**

Oil majors Exxon Mobil, Total and Repsol are among members of two consortia that have submitted bids to explore for oil and gas off Greece.

Greece's oil and gas resources management company (HHRM) said that Exxon and Total, each with 40 percent stakes, and Hellenic Petroleum had jointly bid to explore off Crete, while Spain's Repsol and Hellenic Petroleum had submitted a joint bid for a block in the Ionian Sea.

Greece launched the tenders last year after expressions of interest by the Exxon-led consortium for the two sites off Crete and by Greece's Energean for the Ionian block, although Energean has since withdrawn.

HHRM said it would quickly evaluate the offers, while the final approval lies with the Energy Ministry.

Encouraged by large gas finds in the eastern Mediterranean, Greece is eager to attract investment in its energy sector as it tries to emerge from years of economic crisis.

Energy Minister George Stathakis said the interest shown by major oil exploration companies in the tenders was "a vote of confidence in the prospects of the Greek economy and the country's role as a stabilizing factor in the southeast Mediterranean region."

Exxon and Total are also interested in Cyprus.

Hellenic plans the first test drilling in the Patraikos Gulf off the Peloponnese peninsula in 2019. It has also been awarded licenses for another two onshore blocks in western Greece.

*(www.reuters.com)*

## **ASSESSMENT**

In recent months, Greece has largely stayed out of the headlines mainly because the country prepares to withdraw from its third bailout as the economy is growing again and international market jitters have eased, still the situation remains very frail as the growth rate remains the lowest in Europe.

However, Greece's politics are telling a different story, the government has mounted an unprecedented attack on independent institutions and the rule of law. A turn of events that have left many citizens stunned while others are increasingly displeased with the turn of Greece's political life.

Novartis scandal was not as successful as hoped for SYRIZA as many people see it as a way to distract the public opinion away from more important matters such as the negotiations for FYROM's naming and the decline of the level of the quality of life for many Greeks.

*www.hermesresearch.eu*

*Email: info@hermesresearch.eu*