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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.

### **«HERMES» I.I.A.S.GE**

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## **POLITICS**

### **Minister quits after rent subsidy scandal**

A junior minister in the Greek government has quit after she applied for and received rent allowance for her Athens home, despite declaring an annual household income of almost half a million euros.

Greek Prime Minister, Alexis Tsipras, accepted the resignation of deputy labor minister, Rania Antonopoulou, following weekend reports revealing that she received aid worth 23,000 euros over two years, even though she had an extensive property portfolio.

Mrs. Antonopoulou is married to Economy and Development Minister Dimitri Papadimitriou, who didn't comment publicly on his wife's dismissal.

Opposition parties had called for her removal, arguing that the payments, while legal, were improper given the high level of poverty in Greece following eight years of severe financial crisis.

The government says it plans to abolish the housing subsidy for Cabinet members who are not members of parliament.

Her resignation was announced as inspectors for Greece's international bailout creditors began talks in Athens on the final stage of the country's economic rescue program.

(*www. ap.com*)

### **Greek coalition forced into cabinet reshuffle after benefits scandal**

The Greek prime minister, Alexis Tsipras, has been forced into an emergency cabinet reshuffle following the resignation of two ministers over a housing benefit claims scandal. The new lineup was announced as a new round of compliance talks between the debt-stricken country and bailout creditors got under way.

In a surprise move, the ruling party's leader also brought the former leader of the Democratic Left party, Fotis Kouvelis, into government, giving him the post of deputy defence minister.

The reshuffle was triggered by the resignation of the economy minister Dimitris Papadimitriou after his wife, the alternate labor minister, Rania Antonopoulou, had also quit earlier that day. The pair, both prominent academics in the US, where they have a permanent home, had been described as one of the wealthiest couples in politics, with combined multimillion-dollar assets.

In a contrite statement, Mrs. Antonopoulou said she would return the stipend to the state.

"It was never my intention to insult the Greek people," said the statement. "I understand that my financial standing, as reflected in my tax declaration, has increased public outrage."

Mr. Tsipras has sought to play down the row. He indirectly praised the couple, in a speech for the “sensitivity” they had exhibited in stepping down.

## **ECONOMIC**

### **Lenders start final review of reforms before bailout ends**

Greece and its foreign creditors resumed over a set of reforms the country needs to implement before its multi-billion bailout program expires in August.

Privatizations, electronic property auctions, an elimination of tax breaks in certain islands, labor and energy sector reforms, and measures to make Greek public administration more efficient are among 88 actions Athens needs to deliver on in the coming months.

The talks on Monday February 26<sup>th</sup> between Greek officials and inspectors from the European Union and the International Monetary Fund focused on energy issues and privatizations.

Finance Minister, Euclid Tsakalotos, said that a buffer should be enough, arguing that a precautionary credit line could be perceived erroneously as meaning Greece was not ready to leave its bailout program. “You can’t have both a safety cushion and a precautionary credit line. It’s meaningless,” he said.

But Greece’s central bank governor contested this view saying that a precautionary support program should be considered by the government. “The possibility of using a preventative support program ... should not be dramatized as European mechanisms were created to be used if there is need,” said the governor, Yannis Stournaras. He also urged the government to speed up privatizations.

Mr. Stournaras also said the stock of non-performing exposures (NPEs) came down to about 95 billion euros in last year’s final quarter from 100.4 billion in September, calling the target to shrink the stock by 37 percent by 2019 ambitious but feasible.

*(www.reuters.com, www.ft.com)*

### **Greece loosens capital controls, raises cash withdrawal limit**

Greece on Wednesday moved to ease capital restrictions imposed since the summer of 2015, raising the monthly limit of cash that can be withdrawn from bank accounts by 28 percent. Athens first imposed capital controls in July 2015 to stem a flight of cash from its banks at the height of a debt crisis that led to its third financial bailout since 2010.

The leftist-led government was then clashing with official lenders in a push against austerity and nearly crashed Greece out of the euro zone. Capital controls have since been gradually loosened.

Based on a finance ministry decree published in the government’s gazette, individuals will be allowed to withdraw lump sums of up to 2,300 euros in cash per month from bank accounts from

1,800 euros currently, effective from March 1. The decree also increased the amount of euros or other currency banknotes that individuals can take abroad per trip to 2,300 euros from 2,000.

It allows banks to accept client orders to transfer money abroad of up to 2,000 euros every two months.

“The decision is one more step in the framework of the roadmap for the gradual lifting of restrictions on cash withdrawals and the transfer of money,” the finance ministry said.

*(www.reuters.com)*

### **Elon Musk Establishes Tesla Hub in Greece**

Elon Musk’s Tesla, the US giant specializing in electric cars, energy storage and solar panel manufacturing has reportedly set up Tesla Greece, which would lead to the establishment of a R&D center in Athens.

According to Greek media reports, Tesla Greece was officially registered this week and it is expected that in the next few months it would recruit up to 50 dedicated R&D staff.

Tesla will initially be operating from the National Center for Scientific Research “Demokritos” (NCSR “Demokritos”) in Athens which is the largest multidisciplinary research center in Greece.

Reports suggest that the Silicon Valley company, has been engaged in talks with Greek government officials over the past few months. It is also thought that Tesla’s Chief Motor Designer, Kostis Laskaris, a Greek national, has played a significant role. Analysts say, that if confirmed, the move by Elon Musk’s company will have enormous benefits for the Greek economy.

The Athens operation will be Tesla’s fourth R&D hub in Europe. The company has two hubs in the Netherlands and one in Germany.

*(www.greekreporter.com)*

## **DEFENSE & SECURITY**

### **“Greece is neither Iraq nor Syria”, Greek Foreign Minister tells Turkey**

“Turkey must think about what I have been saying for two years, that Greece is neither Syria nor Iraq,” Greek Foreign Minister Nikos Kotzias said referring to recent tension emanating from Turkey.

“I honor and respect these two states and do not say this in a derogatory manner,” he said in radio comments on Saturday, adding that Ankara cannot violate international law in the way it does in the Middle East.

“Greece is an organized country, it has all the means to defend its borders and its territory.”

Kotzias insisted that Turkey's behavior in Cyprus's exclusive economic zone (EEZ) will not block Nicosia's energy plans. "I don't think Turkey can do this. Ankara knows that Cyprus's energy plans are linked to France and the US," he said, adding that Turkey will not be able to display its recent bravado towards these two countries.

Kotzias also described a statement on Friday by the European Union backing Greece and Cyprus as "the most powerful one yet."

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

### **Greece determined to protect its national sovereignty, says Greek Minister of Defense**

Greece is determined to promote peace, but the armed forces will loyally defend the country's national sovereignty and territorial integrity if they have to, Defense Minister, Panos Kammenos, has said.

"Greece is a peaceful country. We want peace and we will do everything for peace, but we are not willing, should our national sovereignty and our territorial integrity come under threat, to surrender a single millimeter of land," Kammenos said during a ceremony to mark the 70th anniversary since the establishment of the country's special forces.

"We will fight like Greek soldiers fight, to the last drop of our blood," Kammenos said.

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

### **Europe lends support to Greece and Cyprus over Turkish violations**

The European Union threatened to cancel a summit with Turkey because of Turkish tensions with Cyprus over energy exploration.

EU President, Donald Tusk, lashed out at Turkey after its navy prevented drilling by Italy-based Eni SpA in waters that are part of Cyprus's exclusive economic zone, forcing the company to relocate its vessel.

"These actions contradict Turkey's commitment to good neighborly relations," Tusk told reporters in Brussels after an EU summit.

At the same time, Turkey's central roles in preventing a renewed flood of Middle Eastern refugees into the EU via Greece and in fighting terrorism have left European leaders seeking ways to bring about a detente.

"The time has come to send a very clear message to Turkey," Greek Prime Minister Alexis Tsipras told reporters in Brussels. "EU-Turkey relations cannot progress with constant violations of sovereign rights of EU member states."

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

## **DIPLOMACY**

### **Greece in ‘No Hurry’ to Solve FYROM Name Dispute, says Greek PM**

Greece “is in no hurry” to resolve the naming dispute with FYROM Prime Minister, Alexis Tsipras, said following the informal EU Summit meeting in Brussels.

Resolving the name issue is a lot more urgent for FYROM and its European future, Tsipras noted.

“For us it would be a positive development, but for FYROM (becoming an EU member) would be of vital importance,” and its European prospects “do not go through Ankara, they go through Athens; our neighbors must understand that,” he stressed.

Earlier, FYROM Prime Minister, Zoran Zaev, expressed the wish that the two countries could arrive to a solution as early as the end of March.

“My wish and ambition, the desire of the government and all involved in this process, is to have a solution by the end of March,” Zaev had said.

Analysts point out that the two countries seem to be following different timetables for solving the dispute.

FYROM is keen to wrap up talks soon in order to accede to the EU and NATO, whereas the Greek government which is facing Turkish aggression and strong internal opposition to a deal wants a more measured pace.

A viable solution must be found that is based on solid foundations, Tsipras said.

When a solution to the name issue nears, the government will decide how to brief Greek political leaders and “allow the expression of views,” he added.

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

### **Four options to resolve the name dispute**

FYROM is looking at four options to settle the dispute with Greece over its name, Prime Minister, Zoran Zaev, told Reuters in an interview.

Macedonia hopes the issue can be resolved in time for an EU meeting in June and a NATO summit in July, and is proposing a geographical ‘qualifier’ to ensure there is clear differentiation in the two names.

“The suggestions are Republic of North Macedonia, Republic of Upper Macedonia, Republic of Vardar Macedonia and Republic of Macedonia (Skopje),” Zaev said.



Asked whether Greece would be happy with one of these options he added: “Yes ... They have more preferred options and some not so preferred options (in terms of the name).”

He said the question that remained was whether there was “a real need” to change Macedonia’s constitution, something Greece had also asked for in recent months.

(www.reuters.com)

### **FYROM starts work on changing names, signs, monuments contested by Greece**

FYROM authorities started Saturday removing the letters "Alexander the Great" from the sign of the recently-renamed "Skopje Airport" while they also removed signs on the national highway referred to it as highway "Alexander the Great".

The changes were made following a recent decision by the FYROM government.

FYROM decided on February 6 to rename the country's motorway, from "Alexandros the Macedon" to friendship motorway and Skopje's airport from "Alexander the Great International Airport" to "Skopje International Airport".

Skopje Airport was named "Alexander the Great Airport" in 2006, after a decision by the then government of Nikola Gruevski but such move has been contested by Greece which considered the placement of this name as a sign of FYROM's irredentism plans.

The Greek authorities also considered the placement of Alexander the Great monument and Philip II in Skopje as inappropriate too.

FYROM Prime Minister, Zoran Zaev, said after a meeting with his Greek counterpart Alexis Tsipras held in Switzerland that his government would remove the name of Alexander the Great from its airport and highway to show its neighbor that Skopje had no irredentist plans.

FYROM also decided to remove Alexander's monument from the capital city's main square, saying that the monuments have caused great damage for the country and the citizens in terms of the relations with the neighboring countries.

But opposition VMRO-DPMNE party has condemned the removal of the monuments.

### **Putin honored by the University of the Peloponnese**

Russian President Vladimir Putin was awarded an honorary doctorate by the University of the Peloponnese in a special ceremony on Friday at the Russian Embassy in Athens, which was attended by Alternate Foreign Minister, Giorgos Katrougalos.

The university said that it was honoring Putin for his political career and for his contribution to strengthening Russian-Greek relations, education, art, society and democracy.

The doctorate was awarded by the Department of History, Archaeology and Cultural Resources Management, which is based in Kalamata.

The Russian ambassador to Greece, Andrei Maslov, represented Putin at the ceremony.

Several university officials had proposed the postponement of the ceremony because Putin could not attend.

A senior university official told last week that the aim of the gesture was to highlight the historic ties between Greece and Russia.

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

## **ENERGY**

### **Total, Edison get Greek go-ahead for oil and gas exploration**

Greece's parliament gave the go-ahead on Wednesday for companies including France's Total and Italy's Edison to explore for oil and gas in the west of the country.

Licenses for four blocks - one offshore and three on land - were awarded in 2016 but had to be ratified by parliament for exploration work to begin.

A Total-led consortium with Edison and Greece's biggest oil refiner Hellenic Petroleum was awarded Block 2 in the Ionian Sea; Hellenic Petroleum was also awarded the Arta-Preveza and northwestern Peloponnese onshore blocks and Energean, Greece's only oil producer, the Aitolokarnania onshore block.

Hellenic Petroleum holds an exploration license in the Patraikos Gulf off the Peloponnese peninsula and plans the first test drilling there in 2019. Energean also plans to start drilling in another field off the peninsula in 2019.

"We are turning a new page in the chapter of tapping into hydrocarbons," Energy Minister George Stathakis told parliament before the vote.

He said the country was slowly catching up with Cyprus, Israel and Egypt.

Total has shown interest in the eastern Mediterranean following major gas discoveries off Israel and Egypt. It is currently drilling for oil off Cyprus.

Together with Hellenic Petroleum and U.S. oil major Exxon Mobil, it has also expressed interest in exploration at two sites off Crete, prompting Greece to launch a tender.

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

## ASSESSMENT

Most Greeks believe that the country's major problems derive from its chronic political illness and yet the political system not only fails to improve but instead manages to reproduce the same weaknesses repeatedly.

Greeks become slowly aware that in the country politics has become trapped in a system where politicians enjoy privileges unheard of in the rest of society. The repeated scandals have left many Greeks with a bitter sentiment and a rising anger that slowly becomes a problem for the government of Mr. Tsipras. Things are far worse for SYRIZA partner ANEL which for many people is responsible for maintaining the leftist party in power.

The citizens are now hoping that one day Greece's political system will stop reproducing its weaknesses and start concerning itself with finding solutions for a country that is deep in debt, exhausted and divided.

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