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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

K. Mitsotakis: ND ready for polls at any moment

New Democracy leader Kyriakos Mitsotakis said on Wednesday July 18th his party is ready to win elections whenever they take place and that this summer will be the last for the current government.

“The sooner elections are held, the better. And we will win whenever they take place,” the conservative chief told leading party officials Wednesday, expressing his belief that Tsipras will announce snap elections before the Thessaloniki International Fair in September.

“This is the last summer that the Tsipras-Kammenos duo will be in power,” he said, referring to coalition partners Alexis Tsipras of leftist SYRIZA and Panos Kammenos of nationalist Independent Greeks.

Mitsotakis pledged that one of the first pieces of legislation he would introduce if elected would be for Greeks living abroad being able to vote in Greek elections from their place of residence.

(www.ekathimerini.com)

Government lawmakers challenge delays in citizenship for migrants

Fifty-one lawmakers with the ruling SYRIZA party have requested explanations on Tuesday July 17th from the Interior Ministry over complaints of lengthy delays in the granting of citizenship to migrants.

The leftist MPs cited bureaucratic obstacles that are preventing thousands of people who are entitled to Greek citizenship being left in limbo for extended periods of time as their applications are processed.

One of the biggest obstacles, the lawmakers note, is the process of correcting mistakes made on birth certificates and other official identification documents, which needs to go through judicial channels and can take months to complete.

They also stress that delays in clearing a backlog of applications from nearly a decade ago are also stalling the application of a 2015 law granting citizenship to children born in Greece to migrant parents or migrants who have been in the Greek school system for a certain number of years.

(www.ekathimerini.com)

Tensions over loan by family of Greek PM

A loan settlement for a company belonging to the siblings of Prime Minister Alexis Tsipras has prompted an acrimonious war of words with New Democracy.

The claim was made by the right-leaning Parapolitika paper, which claimed that Dimitris Tsipras and Zanet Tsipra's Diodos Company received preferential treatment to settle a loan of 243,544 euros.

“How is it that a company which by chance belongs to [Tsipras's] siblings is paying just 300 euros a month?” ND said.

The government accused ND leader Kyriakos Mitsotakis of being behind the story in a bid to divert attention from his own family's affairs.

ND said the party is also demanding answers over a project Diodos was granted worth 1.1 million euros in 2012 on the basis of a fake social security clearance certificate.

(www.ekathimerini.com)

Conservatives maintain 8 pct lead over ruling SYRIZA

Greece's main opposition maintains an eight percent lead over the ruling leftist party, according to a new opinion poll published in Efimeritha ton Syntakton on Saturday July 14th

The survey by ProRata showed that New Democracy would get 35 percent of the vote if elections were held now, versus 27 for SYRIZA.

The center-left alliance Movement for Change got 14 percent, followed by the Communist Party with 9 percent and neo-Nazi Golden Dawn with 8 percent.

Potami and the Centrist Union receive 6 percent, while junior coalition partner Independent Greeks (ANEL) would only get 2 percent and not enter Parliament.

The survey was conducted in July 6-10.

(www.ekathimerini.com)

ND says local elections bill was not approved by majority

Main opposition New Democracy argued on Friday July 13th that the draft bill aimed at reforming Greece's local authorities was not ratified on Wednesday, citing two articles that received less than 151 votes.

“It is unprecedented for major decisions to be taken without at least 151 votes in Parliament,” the party said in a press release.

Article 28 on the establishment of proportional representation was ratified by 150 lawmakers and a separate one on holding local and European elections on the same day got 149 votes, versus 122 against and one MP voting “present.”

The draft bill, called Kleisthenis 1, was approved with 150 votes in favor, versus 123 against.

The amendment fragmenting the Attica Region and Athens B constituency – the largest in the country – received most votes, with 241 in favor, versus 31 against.

(www.ekathimerini.com)

Parliament abolishes payment to MPs for summer sessions

In a largely symbolic move, Parliament on Friday July 13th approved the abolition of an additional stipend paid to MPs who attend the House's restricted summer sessions.

The granting of the stipend was first legislated in 1991 and had since been added to the wages of MPs who sit in on summer sessions.

Over the years of Greece's economic crisis, the sum had been whittled down considerably but it was still paid out.

The total budget set aside for this year's summer session of Greece's Parliament is 1.32 million euros. It is unclear how the sum will be reassigned.

(www.ekathimerini.com)

ECONOMIC

IMF recommends against backsliding on Greek labor sector reforms

The IMF continued to toe a strict line vis-a-vis the Greek program with the Fund on Thursday July 19th recommending that labor sector reforms in the country be maintained, including a more pro-business framework for collective bargaining agreements.

In a relevant report the Fund said liberalization in Greece's labor market should not be overturned - a nod against reinstating obligatory collective bargaining agreements between social partners, unions and employers, etc. The IMF said competitiveness in the country's recovering economy would suffer, otherwise.

The Fund also called for the implementation of European “best practices” in the regime governing mass layoffs, while also calling for accelerated efforts to open up so-called "closed professions", with priority given to the fields of engineers, attorneys and notary publics - a long-standing recommendation by the OECD.

(www.naftemporiki.gr)

M. Centeno: Greece now has tools to implement post-bailout reforms

Greece now has the tools with which to implement the reforms that will allow its economy to grow in a sustainable manner, Eurogroup President Mario Centeno said in an interview to France24 on Wednesday July 18th France24.

Moreover, he said the success of the post-memorandum period will be judged, as expected, after the bailout ends.

In continuing his jubilant remarks ahead of the third – and last – bailout’s concluding, Centeno cited “extremely good news” involving Greece and the Eurozone.

Asked about the Greek economy’s and state finances’ continued supervision, he emphasized that other bailed out EZ members were under the same regime, “it’s not a new program”.

(www.naftemporiki.gr)

Greece's rescue fund to back Mylonas as National Bank CEO

Greece's bank rescue fund will nominate National Bank's (NBGr.AT) deputy chief executive Paul Mylonas to become chief executive of the bank, a source close to the process said on Wednesday July 18th.

Mylonas, an economist, has been acting as CEO at National Bank, Greece's second largest lender by assets, since May, when former chief executive Leonidas Fragiadakis resigned after completing his three-year term in the post.

Greece's bank rescue fund, the Hellenic Financial Stability Fund, which holds a 40.4 percent stake in National Bank, will back Mylonas' nomination at a bank board meeting which is expected to take place in the coming days.

Shareholders will then need to approve the nomination at their annual meeting scheduled for July 26. The fund was not immediately available for comment.

Mylonas has been National Bank's deputy CEO since June 2014 and has held several posts at the bank since 2000. Earlier he was a senior economist at the Organization for Economic Co-operation and Development (OECD).

(www.euronews.com)

Sokratis Kokkalis, 34, dies on business trip to US

Sokratis Kokkalis Jr, the son of the Greek business tycoon, died at the age of 34 on Saturday July 14th while on a business trip in Cleveland in the United States.

The businessman is said to have died of a heart attack. His death was announced on Sunday by the Kokkalis Foundation.

(www.ekathimerini.com)

ESM confirms release of tranche to Greece in principle

The European Stability Mechanism's board of directors on Friday July 13th approved, in principle, the release of the final bailout tranche to Greece, worth 15 billion euros.

In a statement released on Friday July 13th, the ESM's board said that the sum would be disbursed to Greece “subject to the completion of national procedure.”

“Once the national procedure is concluded, the disbursement will follow swiftly well below the end of the ESM program,” the statement said.

ESM chief Klaus Regling said that the release of the money would be delayed until August, noting that Greece has been asked to find alternative measures to offset the 28 million euros in losses arising from the extension of a value added tax discount for the Aegean islands.

“Hopefully the reservation by Germany can be lifted in early August, so that we can make our final big disbursement of 15 billion euros,” Regling said.

(www.ekathimerini.gr)

P. Kammenos: Defense sector overhaul to cover island VAT shortfall

A few hours after Germany blocked the disbursement of a 15-billion-euro tranche of funding to Greece due to a decision to extend a value added tax discount to the Aegean islands, Defense Minister Panos Kammenos indicated that part of the funds to offset the 28-million-euro shortfall would come from an overhaul of the defense sector.

In a post on his Twitter account on Friday July 13th, Kammenos indicated that the difference would be partly made up from a restructuring of military units, the closure of some disused barracks and cutbacks to old defense procurement programs.

"Our islands are the defense of our nation," he said.

(www.ekathimerini.gr)

DEFENSE & SECURITY

Minister uncertain about release of the two Greek soldiers held in Turkey

Alternate Defense Minister Fotis Kouvelis expressed uncertainty Thursday July 19th about the release of the two Greek soldiers who have been detained after accidentally crossing into Turkey in early March.

Two days after a Turkish court ruled to keep the two soldiers in custody, Kouvelis told Skai radio that he was not in a position to predict when the pair would be released.

In the same interview, the leftist minister said that similar incidents were in the past resolved “with a simple telephone call,” adding that the soldiers’ continued detention was a politically-motivated decision by Turkish President Recep Tayyip Erdogan.

“Erdogan is using [the incident] to sustain a certain level of tension with [Greece],” Kouvelis said.

The two soldiers have not yet been indicted.

(www.ekathimerini.com, www.skai.gr)

EU ambassador to Turkey visited Greek soldiers detained in Edirne

The European Union's ambassador to Turkey, Christian Berger, has paid a visit to the two Greek military officers held in the high-security prison of Edirne, Turkey, the Athens-Macedonian News Agency cited sources as saying on Tuesday July 17th.

During Monday’s visit, which lasted more than two hours, the head of the EU delegation spoke with second lieutenant Angelos Mitroudis and sergeant Dimitris Kouklatzis and expressed the support of the European Union.

The visit was arranged after a consultation with the European Commissioner for Immigration, Home Affairs and Citizenship Dimitris Avramopoulos, according to the Greek news agency ANA-MPA.

The two soldiers have been held without charge since early March after accidentally straying across the border while on patrol in northeastern Greece.

(www.ekathimerini.com, www.amna.gr)

DIPLOMACY

Lavrov visit to Greece postponed - Moscow expected to take countermeasures

The Tass news agency on Thursday July 19th reported that a scheduled visit to Greece by Russian Foreign Minister Sergey Lavrov has been postponed.

If confirmed, the development would be linked with the recent expulsion of two Russian diplomats in Greece and the ban on entering to another two. Widespread media reports in Greece and abroad claim Athens expelled the pair over their attempts to stir up opposition in northern Greece to a recently signed bilateral agreement resolving the FYROM "name issue" separating Greece and its northern neighbor.

In a later reaction conveyed over the state-run news agency, diplomatic sources in Athens merely noted that Lavrov is always welcome in Greece.

The Russian ambassador to Greece, Andrey Maslov, had previously confirmed the Tass report, saying that autumn was judged as inappropriate for a visit to the country by the Russian foreign minister.

Moreover, Maslov said Moscow will retaliate and expel Greek diplomats from Russia.

(www.naftemporiki.gr)

S. Lambrinidis nominated to head EU's delegation to US

Stavros Lambrinidis has been nominated to head the European Union delegation to the US.

The announcement of the nomination of Lambrinidis, who currently serves as EU Special Representative for Human Rights, was made on Thursday July 19th by Federica Mogherini, High Representative of the EU for Foreign Affairs and Security Policy.

Lambrinidis, 56, served as foreign minister in the government of George Papandreou in 2011.

In the past he also served as vice president of the European Parliament and director general of the International Olympic Truce Center.

(www.ekathimerini.com)

Lavrov welcome in Athens according to Greek diplomatic sources

Russian Foreign Minister Sergey Lavrov is welcome in Athens, Greek diplomatic sources said on Thursday July 19th after Russia's TASS news agency reported that he had canceled a planned visit to Athens in the fall.

In comments to the Athens-Macedonia news agency, responding to the reports, the Greek sources said that the planned visit had been proposed by the Russian side. They added that, in any case, Lavrov is welcome in Athens.

The Greek Foreign Ministry issued a response saying her statements “are a characteristic example of disrespect for a third country and a lack of understanding of today’s world, in which states, regardless of their size, are independent and can exercise an independent, multidimensional and democratic foreign policy.”

"Unsubstantiated claims to the effect that this decision was taken following pressure from third parties are unworthy of comment and indicate a mindset of people who do not understand the principles and values of Greek foreign policy," it said.

(www.amna.gr)

Greece accuses Ankara of playing with soldiers' lives

Greek government spokesman Dimitris Tzanakopoulos on Wednesday July 18th accused Turkish President Recep Tayyip Erdogan of using the detention of two Greek soldiers in Turkey as a bargaining chip, but added that the lifting of a state of emergency following the botched coup of 2016 may bring a change of attitude in Ankara.

“We cannot play with human lives in the game of diplomatic rivalry, because it takes us outside the bounds of what is permissible in international relations and into hostile territory,” Tzanakopoulos said in an interview of Antenna TV a day after a Turkish court rejected a fifth appeal for the release of the two soldiers who have been held without charge since early March for accidentally crossing into the Turkish border.

Athens will continue to exercise “all means of political leverage, all diplomatic and legal avenues” for the soldiers’ release, he said, adding that he does not rule out a “change of stance from the Turkish government, Turkish justice and also from Mr Erdogan.”

(www.ekathimerini.gr)

Council of State rejects appeal to cancel FYROM name deal

Greece’s highest administrative court on Tuesday July 17th rejected an appeal by a group of local and overseas Macedonian associations calling for the annulment of a deal signed last month between Athens and Skopje on FYROM’s name.

The Council of State’s judges dismissed claims by the group that the agreement violates Article 27 of the Greek Constitution, according to which any agreement affecting the country’s boundaries needs to be ratified by an absolute majority of lawmakers.

They also argued against the plaintiffs’ concerns that the agreement ties the hands of Greek lawmakers who will in future have to vote on whether FYROM should be allowed to join the European Union and NATO, as well as in regards with how history will be taught in the neighboring Balkan country.

Lastly, the Council of State argued against the group’s claims that the agreement, renaming FYROM to North Macedonia, would threaten Greek brands that are identified as Macedonia.

(www.ekathimerini.com)

Z. Zaev claims Greek businessmen paid FYROM citizens to incite violence

In an interview with Buzzfeed on Monday July 16th, the prime minister of FYROM, Zoran Zaev, claimed that his government has received multiple reports that “Greek businessmen” who are “sympathetic to the Russian cause” paid FYROM citizens to “commit acts of violence” ahead of a referendum scheduled for later this year on whether the Balkan country should change its name so it can join NATO.

Zaev made the claims during an interview in Skopje on his return from the NATO summit in Brussels last week where FYROM was officially invited to join NATO. According to Zaev, the alleged payments ranged from 13,000 to 21,000 dollars.

He declined to name who was behind the alleged payments, however, citing an ongoing investigation and the sensitivities of diplomatic relations surrounding the country's bid for NATO membership.

Buzzfeed cited him as saying that police learned of the payments after detaining several participants in violent protests outside FYROM's parliament in June.

“The Russian representatives who were here, and also others from Moscow, [don't] hide themselves that they are against our integration in NATO,” Zaev said. “Part of them are connected with media, part of them ... encourage the young people to protest in front of the parliament, to attack policemen ... It's very obvious.”

(www.buzzfeednews.com)

M. Macron stresses Greece's role as force of stability

French President Emmanuel Macron stressed Greece's role as a force of stability in the Mediterranean and the importance of Greek-French cooperation during a speech to his country's armed forces on Bastille Day on Saturday July 14th in the presence of Greek Defense Minister Panos Kammenos, who was an honorary guest.

Relations between the two countries were also lauded on Friday by French Ambassador to Greece Christophe Chantepy at an event at the French Archaeological school of Athens.

“A new period begins for Greece and France will always be by its side,” Chantepy said.

(www.ekathimerini.com)

Former foreign minister D. Bakoyannis: Greece should return DHKP-C terror suspects to Turkey

Former conservative foreign minister Dora Bakoyannis said on Friday July 13th that Greece should return to Turkey eight alleged members of the DHKP-C terrorist group who were arrested in Athens in November last year ahead of a visit by Turkish President Recep Tayyip Erdogan.

In comments on Skai television, Bakoyannis stressed that there should be no link drawn between the detention of two Greek soldiers in Turkey and the eight Turkish servicemen who fled to Greece after a failed Turkish coup in 2016 and are seeking asylum here.

Describing the affair of the eight Turkish servicemen as “a deep wound,” she said it was “absolutely certain” that they had been involved in a plot against Erdogan and their extradition is therefore a priority for Ankara.

As for the two Greek soldiers, they “did nothing except cross three meters over the border,” she said, noting that comparing the two cases was “a joke.”

However, the Greek authorities should have returned the alleged terrorists to Turkey, she said. “When a country has on its soil people who have declared their intention to murder the president of Turkey, and they have a proven history of murders, you send them back,” she said.

(www.ekathimerini.com, www.skai.gr)

EU Commissioner regrets misinterpretation of comment regarding border “restructuring”

EU Commissioner for enlargement Johannes Hahn on Friday July 13th engaged in "damage control", days after a peculiar statement regarding Albania's pending EU accession process and borders between Greece and the former, in which he used the word “restructuring”.

In a press briefing on Friday in Brussels with Albanian Prime Minister Edi Rama at his side, the Austrian Commissioner expressed regret, as he said, over the fact that his words were misinterpreted.

The two men met at the EU Commission's headquarters to signal the official commencement of preparatory talks for EU-Albania accession negotiations until June 2019.

Hahn merely reiterated that the resolution of bilateral differences between neighbors - one an EU member and the other a candidate state, in this case - is a condition for the latter's accession prospects to proceed. He also reminded that the EU will not accept any new member-state that has pending differences with neighbors.

As such, he pointed out that the FYROM has resolved differences with Bulgaria and Greece.

(www.naftemporiki.gr)

ENERGY

EIB lends support to windfarms in Greece

The European Investment Bank on Thursday July 19th announced the signing of a 24-million-euro financing agreement with Greece’s Terna Energy Group to help fund the development, construction and operation of two windfarms on Mount Vermio in northern Greece.

Alpha Bank acted as co-lender, providing an equivalent amount of long-term debt next to a medium-term VAT facility.

The EIB loan is backed under the European Union budget guarantee of the European Fund for Strategic Investments (EFSI), the financial instrument of the Investment Plan for Europe.

This is the second such agreement with Terna following one in July 2017 to finance windfarms in Viotia.

Combined the two windfarms will host 22 wind turbines installed on complex high-altitude terrain (exceeding 1,400 meters).

(www.ekathimerini.com)

Deal to sell 66% of Greek natgas system operator for 535 mln € signed

A contract to sell-off 66 percent of Greece's state-run Gas Transmission System Operator S.A. (DESFA) was signed on Friday between the country's privatization fund (HRADF) and Hellenic Petroleum (Hel.Pe) group, on the one hand, and the consortium that had submitted the highest offer for the majority stake, Senfluga Energy Infrastructure Holdings S.A.

The deal is worth 535 million euros, and is the result of a memorandum-mandate privatization process that the Greek government agreed to implement, with energy sector liberalization and sell-offs comprising one of the most significant portions of the bailout agreement.

The consortium is comprised of Snam S.p.A., Enagás Internacional S.L.U. and Fluxys S.A.

The 66-percent stake that will be sold off is comprised of 31 percent owned by the Hellenic Republic Asset Development Fund (HRADF) and Hel.Pe group, with 35 percent.

The transaction and handover of the utility is expected to be completed by the end of the year.

Greek and EU regulatory authorities have already approved the sale, with the contract also clearing an obligatory Court of Audit review.

(www.naftemporiki.gr)

ASSESSMENT

The popular saying raining on your parade comes in mind as far as Greece is concerned these past few days. The Tsipras administration can't catch a break as it seems it's under fire from numerous angles.

The discontent from the deal with FYROM over the name doesn't appear to have lost its momentum as people remain unconvinced about its success despite all the efforts from the government to prove it was an historical victory.

With pressure mounting for snap polls after the summer Prime Minister Alexis Tsipras tries to gain time to reduce the gap between ruling SYRIZA and New Democracy. In addition, Tsipras would reportedly like to hold elections after the Macedonia name deal is ratified so as to avoid it becoming a campaign issue, which could have a political cost for SYRIZA.

With this in mind, Tsipras will seek to make the most of the country's primary surplus to implement a series of countermeasures to ease the burden of austerity and proceed with tax cuts for the middle classes. He is expected to make announcements on the countermeasures at the Thessaloniki International Fair in September.

But when the government thought it had all figured it out the diplomatic episode with Russia puts a new train on the administration. Such tensions between Greece and Russia are rare since the two countries have historically been friendly, despite Greece's membership in the NATO alliance and the European Union, thanks partly to their shared Orthodox Christianity. This is seen by Greeks as another failure isolating Greece even more. It is commonly believed by a lot of people that Tsipras sacrifices too much and takes nothing in return thinking more about his own prestige and less about what benefits the country.

Now the Greek Prime Minister has no other option but to put all the weight on the economy as the country will exit from its final international bailout within weeks but, even there clouds start to gather as worries remain as nobody believes the country can successfully pay back its debt.

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