

JULY 27 – AUGUST 5, 2018 – ISSUE 25



**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.

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TABLE OF CONTENTS:

POLITICSp. 4
ECONOMIC.....p. 7
DEFENSE & SECURITY.....p. 9
DIPLOMACY.....p. 10
ENERGY.....p. 10
ASSESSMENT.....p. 10

POLITICS

ND accuses government of postponing demolition of illegal buildings

Conservative New Democracy on Thursday August 2nd accused the government of consistently putting off the demolition of hundreds of illegally-built structures in Athens since it came to power in 2015, presenting Interior Ministry documents ordering “temporary” postponements.

“Under the watch of this government, the execution of irrevocable judicial decisions for the demolition of 1,639 buildings has been postponed for three-and-a-half years,” ND's shadow minister for the environment Costas Skrekas said, pointing to interior ministry documents.

One of the documents, dated February 17, 2015, and marked “extremely important” calls for the postponement of the planned demolition of an illegally-built property in Perivolakia, near Rafina.

Another, dated October 29 of the same year, calls for the postponement of planned demolitions in forestlands in Spata and Artemida.

“We have seen over the past few days yet another attempt by Mr [Alexis] Tsipras to disclaim all responsibility for the tragedy at Mati, trying to convince the Greek people that town planning violations and illegal construction in recent years are solely to blame,” Skrekas said, referring to the coastal settlement in eastern Attica that was ravaged in last week's blazes.

The submission to Parliament of a legislative amendment aimed at accelerating the demolition of hundreds of illegal buildings is part of a general “plan to mislead” the Greek public, he said.

“It is now clear that it is the officials of Mr Tsipras's government themselves that have been obstructing the demolition of [illegal] buildings for three-and-a-half years in spite of irrevocable judicial decisions ordering them,” Skrekas said.

(www.ekathimerini.com)

Greek government promises demolition of thousands of illegally built structures

The Greek government on Wednesday August 1st, still reeling from the fallout of more than 90 fatalities due to last week's wildfire in eastern Attica prefecture, promised to demolish at least 3,150 illegally built structures - mostly holiday homes - around the greater Athens area.

Of the number, a government spokesman said 650 have been built directly on the shoreline. The other structures, the spokesman said, have been officially been declared as illegal and needing demolition.

Spokesman Dimitris Tzanakopoulos, in fact, said a new draft bill will be presented on Thursday to accelerate and streamline bureaucratic procedures to demolish such structures. Asked when the demolitions will begin, he answered “immediately”.

(www.naftemporiki.gr)

President visits fire-stricken town in east Attica

Greek President Prokopis Pavlopoulos visited the fire-stricken east coast of Attica on Wednesday to inspect the damage caused by last week's deadly blaze and efforts to help those affected.

Pavlopoulos was not accompanied by cameras.

Earlier, New Democracy leader Kyriakos Mitsotakis visited the Air Base of the Canadair fire-fighting aircraft at Elefsina, west of Athens.

(www.ekathimerini.com)

ND slams Tsipras's early Monday visit to Mati as PR stunt

Greece's conservative opposition dismissed Prime Minister Alexis Tsipras's visit to a seaside resort that was ravaged by a deadly wildfire as a "publicity stunt" aimed at deflecting public attention from the government's failings during the tragedy.

In a statement, New Democracy said "an entire week passed since the national tragedy before Mr Tsipras could visit Mati like a thief, and in a totally protected environment."

"The people, however, are no longer convinced by publicity stunts. They want to know the whole truth as to how so many lives were lost for no reason," the party said.

"Mr Tsipras must realize that [people] must be held accountable for the mistakes and omissions made on July 23," it said.

(www.ekathimerini.com)

Greek PM visited seaside town hit by wildfires

Greek Prime Minister Alexis Tsipras on Monday July 30th visited the seaside town east of Athens that was a week ago hit by the deadly wildfires.

Tsipras, whose visit to Mati was not announced in advance, spoke with engineers and rescue workers.

In a tweet, Tsipras expressed his "indescribable grief" and "immense respect" for those who battled the blaze and are now involved in the post-fire restoration work.

(www.ekathimerini.com)

Two Marathon deputy mayors hand in resignations

Two deputy mayors resigned from the Marathon municipal authority on Saturday, in the wake of the deadly wildfires that struck eastern Attica.

Dimitra Lambarou, a deputy mayor for education and culture at Marathon Municipality, which has jurisdiction over the devastated coastal town on Mati, said she was resigning as a matter of “sensitivity.”

“Since no one else did it, I will,” she told broadcaster Skai on Saturday July 28th.

“I’m really ashamed for all those people who are in positions of responsibility,” she said and accused Marathon Mayor Ilias Psinakis of “not rising to the occasion.”

Her resignation was soon followed by that of the seaside town’s deputy mayor for development, Vassilis Tsoupras.

“The thought that someone could’ve handled things better than me has prompted my decision to resign from my post as deputy mayor and as member of the town council and go home,” he said in a Facebook post on Saturday.

(www.ekathimerini.com)

Greek PM assumes political responsibility for deadly wildfire

Greek Prime Minister Alexis Tsipras offered a partial “mea culpa” on Friday July 27th, four days after a deadly wildfire swept through a pine-covered coastal resort east of Athens, saying “past distortions” led to the catastrophe.

Nevertheless, in the same statement, he said he assumes fully political responsibility. He added that his leftist-rightist coalition government, sagging in all approval ratings, has no intention of “fleeing from its responsibilities”.

At the same time, he did not mention resignations, while asking for respect for the victims, and also insinuated that the opposition is exploiting the deadly incident for political gain.

He spoke during an extraordinary Cabinet meeting, which was again broadcast live by the state television station.

(www.naftemporiki.gr)

Opposition demands resignations of ministers in wake of deadly wildfire

Speaking on Friday July 27th after a three-day mourning period expired, a main opposition New Democracy (ND) spokeswoman charged what she called “unlimited audacity” on the part of the leftist-rightist coalition government, while calling for the resignations of top ministers.

“Unfortunately, the government yesterday added unlimited audacity to its inability to protect human life and citizens' property. During the government show yesterday not one apology was heard,” spokeswoman Maria Spyraiki said, adding:

“Not one of the officials involved was fired ... they all declared themselves proud of how well they did their job, at the very moment when we're counting the dead.”

(www.naftemporiki.gr)

ECONOMIC

IMF: Greece still lags behind other EZ members in terms of competitiveness

Crisis-battered Greece continues to post a lower performance than other Eurozone partners in terms of competitiveness, the IMF warned on Thursday August 2nd, adding that, as a result, it misses out on opportunities to attract much needed investments.

The observation comes in the latest IMF report, which includes a yet another recommendation towards Athens to speed up relevant reforms - a continuing IMF leitmotif over the past decade or so. The IMF said Greece significantly lags behind its European partners in terms of opening up so-called “closed professions”.

At the same time, the IMF again calls on Athens to improve the business environment in the country and to promote increased competition in markets. As such the Fund stresses that a more flexible labor market, achieved under the “weight” of three successive memorandum bailout programs since 2010, should be maintained. It prescribes a “reasonable” policy in terms of setting the minimum monthly wage scales and keeping recent labor market reforms - i.e. not restoring obligatory collective bargaining agreements between unions and employers' groups.

(www.naftemporiki.gr)

ESM: Greek loan installment to be disbursed in coming days

Greece's fifth and final loan installment from its adjustment program will be disbursed “in the coming days,” the European Stability Mechanism (ESM) said in a press release on Thursday August 2nd.

The ESM said its board approved on Wednesday the supplemental memorandum of understanding with Greece, following the completion of national parliamentary procedures and the European Commission signed it on behalf of the ESM.

“This paved the way for the Board of Directors to approve the disbursement of the fifth tranche, which is planned to be executed in the coming days,” it said.

(www.ekathimerini.com)

German Parliament approves last loan installment to Greece

The German Parliament's budget committee rubber-stamped on Wednesday August 1st the disbursement of the last loan installment of Greece's adjustment program, totalling 15 billion euros.

Germany had blocked the release of the last tranche in July, after the Greek government announced it would postpone the increase of value-added tax on five islands of the Aegean hit by

the influx of migrants, a measure that had been agreed on with the country's creditors.

The European Stability Mechanism (ESM) had approved the disbursement in principle, while it awaited German lawmakers to sign-off the deal.

After Wednesday's vote, Germany can consent to the payment of the last instalment by the ESM.

(www.ekathimerini.com)

Stournaras says markets will punish Greece if it backtracks

The markets are waiting to see whether Greece remains committed to its promised reforms after the bailout program ends on August 20, and will punish the country if it backtracks on its pledges, central banker Yannis Stournaras warned in an interview with the Financial Times published on Tuesday July 31st.

The former finance minister stressed it would be wrong to assume that the debt relief agreement would suffice to assure investors that Greek bonds are a solid investment.

The Bank of Greece governor also expressed hope that Greek politicians have learned from their errors and will not repeat them.

(www.ekathimerini.com)

Moody's raises outlook on Greek banks to positive

Moody's Investors Service said on Monday it has shifted its outlook on the Greek banking system from stable to positive on expectations of an improvement in the banks' funding and asset risk over next 12 to 18 months.

In a report focusing on the local credit sector and its nonperforming loans, Moody's said it expects the Greek economy to maintain its positive momentum over the outlook period, provided that Athens remains focused on structural reforms to attract more foreign investment.

The rating agency was in line with most Greek and European authorities and observers in its projections for 2 percent economic growth this year and 2.2 percent in 2019, supported by strong increases in exports and services, particularly tourism.

Moody's expects bad loans to remain elevated, but banks will likely meet the targets agreed with the eurozone regulator to reduce their nonperforming exposures (NPEs) to around 35 percent of total loans by the end of 2019.

It argued that lenders are progressing "amid an improving but still challenging operating environment."

(www.xinhuanet.com)

Canadian mining giant again hints at legal action over obstacles placed before Skouries site

Canadian multinational Eldorado Gold, the parent company of Hellas Gold, is reportedly ready to again seek legal recourse in Greek courts in its effort to overcome administrative and bureaucratic hurdles in operating its Skouries gold mine in northern Greece.

In announcing its financial results for the second quarter of 2018, Vancouver-based Eldorado Gold issued a statement saying it “...continues to engage the Greek government in discussions concerning the outstanding permits required to advance the Skouries project. However, the Company (Eldorado Gold) is unable to provide guidance as to when the permits may be issued. The Company is evaluating its legal options in this regard.”

The statement continues: “...The Company remains committed to developing its Kassandra assets, including Skouries, in accordance with its contractual and other legal obligations, which Greek court rulings have consistently supported. Eldorado's compliance with its legal obligations was also confirmed by the recent positive arbitration decision in April 2018, which found that the Company was not in breach of the provisions of its Transfer Contract with the Greek State.

Skouries remains a compelling project, providing additional long-term growth, but requires collaborative government dialogue and a clear line of sight to free cash flow in order for us to allocate further capital for development.”

(www.naftemporiki.gr)

DEFENSE & SECURITY

Greek Defense Minister defends government's response to blaze

Defense Minister Panos Kammenos on Monday July 30th defended the government's response to the deadly wildfires east of Athens that have so far claimed at least 91 lives.

“I cannot think of any other crisis where the prime minister assumed the political responsibility [for the tragedy,], Kammenos, who is also coalition partner, told a press conference in Athens hours after Alexis Tsipras visited the seaside resort of Mati that was worst hit by the fires a week ago.

“The easiest thing during such a crisis would be for [Tsipras] to hide and not show up. The prime minister was there and his stance was consistent,” said Kammenos.

“Everyone of us, each from their own position and personal involvement in this huge tragedy, tries to examine what they could have done better. There is no doubt that all of us could have done better,” he said, adding that people will be held accountable for any mistakes or omissions.

(www.ekathimerini.com)

DIPLOMACY

Greece submits bill to push two muftis out of posts in Thrace

The government has submitted legislation to Parliament that will oblige the early retirement of two government-appointed muftis in the Greek border region of Western Thrace.

The move, which is partly a consequence of the government's move in January to limit the powers of Sharia law and partly a response to pressure from Ankara for more autonomy for the Muslim minority in Thrace, will mean the muftis of Komotini and Xanthi, aged 81 and 78 respectively, will have to leave their posts within two months.

The muftis – legal experts who are empowered to give rulings on religious matters – will be replaced by temporary “observers” to be appointed by the state for up to three years.

Turkey has in the past insisted that muftis should be elected from within their communities in Western Thrace and not appointed by the Greek state.

(www.ekathimerini.com)

ENERGY

Snam's plans for the future of DESFA

Greek gas grid operator DESFA is of major strategic importance for the broader natural gas market, as its network runs along the Southern Gas Corridor to the heart of the European Union, where most new routes bringing the commodity to central European markets will pass, Marco Alvera tells Kathimerini.

The chief executive of Italy's Snam, which along with Enagas and Fluxys are taking control of DESFA, says the three companies are key players in the Southern Corridor, building new interconnections that will make Europe's supply safer and more competitive. He stresses that the business of gas is a daily exercise in geography.

(www.ekathimerini.com)

ASSESSMENT

As Greece is planning a return to the markets in a bid to regain its status as a “normal” country the situation in the country is far from being agreeable.

The political cost for the government after the wildfires that claimed the lives of almost 100 people is very heavy and has brought an unprecedented crisis inside the ranks of the government. The Greek Prime Minister is criticized by his peers in the Party, many are questioning the choices he has made so far and many hold him accountable for the turn things have taken.

Recent opinion polls show a free fall of the government as people begun to bury their relatives and the country continues to grieve. Anger and disappointment are felt by most of the Greeks who are convinced that the government is incapable of doing efficiently its job.

It's very hard to imagine what ace Alexis Tsipras could hide in his sleeve to reverse the situation to his advantage. The recent resignation of the Minister of Public Order, Nikos Toskas doesn't seem to appease people in the least as almost all of the opposition Parties ask for elections.

The pressure on the government grows and it could lead to unforeseen events in the next months.

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