



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

GREECE AT A GLANCE



HELLENIC FOREIGN POLICY, DEFENSE & SECURITY DIRECTORATE

«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

Greek opposition won't back deal on name unless Skopje changes constitution

Greece's conservative political opposition will not back a deal to settle a decades-old row with the Former Yugoslav Republic of Macedonia over its name unless the ex-Yugoslav republic changes its constitution, its leader said.

"We will express our strong disagreement in parliament if and when such an accord comes," New Democracy leader Kyriakos Mitsotakis, whose party leads the country's leftist-led government in opinion polls, said. "A constitutional review (by Skopje) is a necessary precondition for an accord," he added.

The changes New Democracy wants would affect passages in FYROM's constitution that refer to nationality, language and other articles.

FYROM has so far has refused to consider any such changes. And in any case the Greek government can pass any agreement without the help of New Democracy.

Hundreds of thousands of Greeks rallied in the northern city of Thessaloniki and in Athens earlier this year to protest against the use of the name "Macedonia" in any solution to the row.

Mitsotakis accused the government of conducting "secret diplomacy" and then briefing political parties in the opposition, saying its tactics are dividing Greeks.

(www.reuters.com)

Tsipras concerned defense minister's rhetoric hampering efforts for soldiers' release

With concerns growing in the government that the tough language used by Defense Minister Panos Kammenos about Turkey could hamper negotiations for the release of two Greek soldiers held in the neighboring country, Prime Minister Alexis Tsipras is reportedly planning a meeting with the leader of the junior coalition partner after Easter to ask him to tone down the rhetoric.

The government also sought to clarify that Kammenos's remarks referring to the imminent transfer of 7,000 troops to the Evros border region and the Aegean islands is not related to the recent spike in tension, but more to do with new organization of Greece's armed forces, saying that, in any case, this will not take place in the immediate future.

According to a senior government official, the incendiary rhetoric "is not needed" at a time when the government is trying to de-escalate tension between the countries. The government's concern over the stance of Kammenos, who is also the leader of the nationalist Independent Greeks party, was also shared by senior officials of ruling SYRIZA, as well as opposition parties, who say that he is causing unnecessary tension and is only playing into Ankara's hands.

(www.ekathimerini.gr)

ECONOMIC

Tsakalotos: Greece to undergo post-bailout surveillance

Greece will undergo post-bailout surveillance linked to reforms not completed by the Eurogroup meeting on June 21 or the end of its bailout program on August 28, Finance Minister Euclid Tsakalotos has said.

But no new conditions will be imposed, Tsakalotos said in an interview with Efimerida ton Syntakton newspaper published.

(www.ekathimerini.gr)

Tsakalotos to meet Scholz in Berlin for talks on debt

Finance Minister Euclid Tsakalotos is due in Berlin for talks with his German counterpart Olaf Scholz that are expected to focus on Greek reform efforts and the prospects for lightening the country's debt burden.

Debt relief for Greece is an issue that has provoked divisions in the new German government.

Last week, the financial council of Chancellor Angela Merkel's Christian Democrat Union (CDU) launched an attack against Scholz, who belongs to Germany's Social Democrat party, and against Greece's leftist Prime Minister Alexis Tsipras.

The council, effectively an association of 12,000 small and medium-sized enterprises, said Greece will only regain its competitiveness by devaluing its currency, which would require an exit from the eurozone.

(www.ekathimerini.gr)

European officials unimpressed by government growth plan

Greece's so-called "holistic" growth plan is too vague and is less ambitious when it comes to issues such as privatizations and labor reforms, European officials have said.

The 75-page plan that outlines the government's vision for the country in the post-bailout era after August will be submitted to the EWG by Deputy Economy Minister Giorgos Houliarakis. The report, titled "Growth Strategy for the Future of Greece" was sent to institutions for evaluation at a technical level.

The government's aim is for the report to get the thumbs up from the institutions so that it is approved by finance ministers at the next Eurogroup on April 27 in Sofia.

Apart from demanding more specifics, the institutions also want Greece to submit an analytical time frame listing when specific measures will be implemented and how these will be monitored.

The plan is based on five basic pillars: fiscal sustainability, sustainable growth, structural terms and prerequisites for growth, fair growth without exclusions and the financing of growth.

A European official also said that the Greek proposal puts more emphasis on measures that have already been implemented rather than on post-bailout commitments.

(www.ekathimerini.gr)

Greece expects an extra 2 million tourists in 2018

Greece is expecting an additional 2 million visitors this year, Tourism Minister, Elena Kountoura estimated, as the Greek Orthodox Easter sees the tourism season begin in earnest.

The minister told the Athens-Macedonian News Agency that the excellent course of the last three years, with historic highs in all tourism statistics as she claimed, continues into 2018, with the trend being for a greater growth than any other year.

“In the first quarter of the year there was a 20 percent increase in international arrivals. In many areas of Greece that had never had any winter tourism we have achieved an impressive increase,” the minister said, citing Crete as an example “where a huge rise of 800 percent has been recorded in the year to end-March, with more than 50,000 tourists visiting the island.”

Mrs. Kountoura said that more than 25,000 new beds were added to major four- and five-star units of over 300 beds each, according to the data of the ministry’s Special Agency for the Promotion and Licensing of Tourism Investments.

(www.amna.gr)

IMF sees rise in Athens property rates

International Monetary Fund data are showing an impressive annual growth rate of 5 percent in Athens property prices from 2013 to 2017, though rates in the rest of the country slid by 5 percent every year over that period.

The figures show that Greece is the only country monitored by the IMF to see such a disparity in rates between the capital and the rest of its regions. The same disparity, meanwhile, also appears in the latest report by the Hellenic Financial Stability Fund (HFSF) that also tracks these differences.

Athens ranked in 13th place in terms of rising property prices among 44 cities in 40 countries covered by the IMF survey, at a time when Greece was in a recessionary cycle, particularly in the period from 2015 to 2016.

The IMF data for Athens appear hard to explain, as they run counter to figures from the Bank of Greece and from a large number of surveys by international and domestic property service companies who often accuse the BoG of understating the price decline.

(www.ekathimerini.gr)

ECB lowers emergency funding cap for Greek banks to 14.7 bln euros

The European Central Bank lowered the ceiling on emergency liquidity assistance (ELA) Greek banks draw from the domestic central bank by 1.9 billion euros to 14.7 billion euros, the Bank of Greece said.

The move reflected improved liquidity conditions, taking into account private sector deposit flows and banks' access to financial markets, it said. The ELA ceiling is valid through May 16.

Greek banks have relied on emergency liquidity assistance (ELA) since February 2015 after being cut off from the ECB's funding window. Emergency funding is more costly than borrowing directly from the ECB.

In June 2016 the ECB reinstated Greek banks' access to its cheap funding operations, allowing lenders to reduce their dependence on the emergency liquidity lifeline.

(www.reuters.com)

Ryanair slashes unprofitable routes in Greece

Low-cost giant Ryanair announced that it is significantly curtailing its activity in Greece, removing two aircraft from local hubs to Germany. Besides the airplane flying from Athens International Airport, the other is being taken from Hania, leading to the closure of the Irish carrier's hub at the Cretan airport.

As a result of the decision, Ryanair will stop operating the flights from Hania to Katowice in Poland, Memmingen in Germany, Venice's Treviso and Vilnius as of June 1.

In an announcement, Ryanair officially blamed the decision on high airport charges in Greece but experts say the issue is more complicated, as airport charges have not changed recently.

Company officials told Kathimerini that the services slated to be stopped are not sustainable and explained that the yields of those two aircraft at Greek hubs have not been beneficial.

"Domestic network traffic is limited and the seasonal character of the Greek [tourism] product does not lead to the minimum performance we set as a company for our aircraft," Nikolaos Lardis, Ryanair's head of sales and marketing for the Eastern Mediterranean, said.

(www.ekathimerini.gr)

DEFENSE & SECURITY

Greece fighter jet crashes after engaging in dogfight with Turkish aircraft

A Greek Air Force jet crashed into the Aegean Sea, killing the pilot, as he returned from a mission to intercept Turkish aircraft that had violated the country's airspace, Greek officials said.

The Turkish government did not comment publicly about the accusations of an encounter. The state-run Anadolu news agency quoted unnamed military officials as disputing scattered reports that there had been a dogfight between jets from the two countries and denying that any Turkish Air Force jet had been in the area.

Greek officials said nothing about what might have caused the crash, or whether it was connected to a confrontation with Turkish jets, though they stressed that the crash occurred several kilometers from the site of the interception mission.

The Hellenic Air Force identified the pilot as Capt. Giorgos Baltadoros, 33, a father of two children.

An official at the Greek Defense Ministry said the jet was returning from a mission to intercept two Turkish F-16 jets farther east, near the Greek island of Lesbos. “The mission had finished and it had been on its way back with another Greek plane,” said the official, who was not authorized to speak publicly.

(www.nytimes.com)

Greece intercepts Turkish drone over Rhodes

The Greek air force has intercepted a Turkish military drone that violated Greece’s national airspace in the southeastern Aegean, according to Kathimerini.

The Turkish Anka unmanned aerial vehicle (UAV ANKA) twice entered Greek airspace above the Dodecanese island of Rhodes, at an altitude of 19,000-20,000 feet.

The drone was intercepted by Greek F-16 fighter jets that took off from Kasteli air base on Crete.

Also, Greek and Turkish fighter jets engaged in two dogfights over the Aegean, after the Turkish jets violated Greek airspace 16 times in the northeast, central and southeastern Aegean.

(www.ekathimerini.gr)

Turkish helicopter flies near islet of Ro, Greek troops fire warning shots

A Turkish helicopter flew around the perimeter of the eastern Greek islet of Ro, west of the Dodecanese island of Kastellorizo, at a low altitude, Kathimerini reported. The helicopter left the area after Greek troops reportedly responded by firing tracer rounds as a warning. It was not clear what type of helicopter was involved in the incident.

Sources within the Defense Ministry said that the rules of engagement were implemented. Sources said Defense Minister Panos Kammenos was in constant contact with the head of the General Army Command (GES) and the chief of Hellenic Armed Forces General Staff (GEETHA). Prime Minister Alexis Tsipras was also briefed about the incident.

Defense Ministry sources said that incidents of this sort are intended for the purpose of domestic consumption in Turkey. They added that Greece refrains from any provocation and will respond to similar actions in accordance with international rules of engagement.

In a tweet, the main opposition New Democracy's shadow defense minister Vassilis Kikilias criticized the ministry for failing to provide details about Monday's incident.

On Sunday, two Turkish fighter jets entered Athens's FIR, ignoring an informal moratorium on military activity that is customary between Greece and Turkey during major religious holidays.

All violations were carried out by two Turkish F-16 jets which flew over Oinousses, a cluster of small islands in the northeastern Aegean. The overflights came on the heels of a visit by Defense Minister Panos Kammenos to a military outpost on Oinousses earlier to exchange Easter wishes with the soldiers.

(www.ekathimerini.gr)

DIPLOMACY

Yildirim digs at Tsipras over 8 Turkish servicemen

Turkish Prime Minister, Binali Yildirim reproached his Greek counterpart Alexis Tsipras for not mentioning the issue of the eight Turkish servicemen whose extradition Ankara has sought and appeared to link the case to that of two Greek soldiers being detained in Turkey.

Yildirim claimed that Greece has become a "haven" for coup-plotters, Turkish newspaper Yeni Safak reported.

"Why doesn't he talk about this?" Yildirim was quoted as saying. "They carried out a coup in Turkey. They killed people and harmed the country."

"Now they are being tried," he said, referring to two Greek soldiers who strayed over the border last March, adding that Turkey's judicial system "will do what it must."

Earlier, Turkish government spokesman Bekir Bozdog stated outright that the cases of the eight Turks and two Greeks are unrelated. "There is no question of an exchange of the two Greek soldiers," he said. "We have said this many times. One issue is very different from the other."

(www.ekathimerini.gr)

Turkish minister calls Kammenos a "political comedian"

Turkish Minister for EU affairs, Omer Celik, blasted Defense Minister Panos Kammenos as an "impertinent political comedian" and called on the EU to condemn what he described as provocative statements by the Greek minister.

Celik said Europe cannot ignore Kammenos' statements about a proposed military buildup near the borders with Turkey and criticised the Greek government for putting up with the minister's

bravado.

“The EU cannot ignore Greek defence minister while reminding the whole world of political principles. It should condemn this person. It should warn the Greek government. Principles are for everyone,” Celik said in a series of strongly-worded tweets.

“This ‘political comedian’ who bears the title of Defence Minister of Greece is constantly making provocations. By remaining silent, Greek government approves this provocateur who talks about enhancing military build-up against Turkey.”

Celik said his government follows closely Greek Prime Minister Alexis Tsipras’ statements on political and legal principles on various issues.

“We remind him that lack of principles and provocations come from his own minister. The level of the statements of the impertinent political comedian who bears the title of Defence Minister of Greece is a matter of Greek government. They are statements that have to be condemned by the EU. Otherwise, EU solidarity will not be based on principles. It becomes a cold war kind of hollow solidarity,” he added.

(www.amna.gr)

Athens says no exchange of soldiers for justice verdicts

Alternate Defense Minister Fotis Kouvelis said Turkey’s holding in custody of two Greek soldiers since March 1 is “unacceptable”, adding that they cannot possibly be “traded” with Greek justice decisions.

In an interview published at Ethnos newspaper, Kouvelis said that “having a firm position that the unacceptable holding of our two military officials is neither offset or traded with the decisions of the independent Greek justice, we seek their return to Greece.”

He went on to add that “Greece is a country of peace and this is what it wants to be promoted in the region,” but also “at the same time it can with sufficiency and preventive force protect its sovereign national rights.”

In another interview in the same newspaper, government spokesman Dimitris Tzanakopoulos said that “the Greek government is applying political and diplomatic pressure for the quickest possible settlement of the issue” of the two military officers held in Edirne.

(www.ekathimerini.gr)

On eve of FYROM talks, Kotzias stresses need for compromise

Ahead of the resumption of talks between Greece and the Former Yugoslav Republic of Macedonia (FYROM), Greek Foreign Minister Nikos Kotzias said on Wednesday that compromises and “realism” are prerequisites for a deal.

“The key to solving the name issue is realism, pragmatism and the idea that we must make compromises, not fake [compromises], but compromises that will benefit both sides,” Kotzias

said during a joint press briefing with his Serbian counterpart, and first deputy prime minister, Ivica Dacic, in Belgrade.

“Compromise means that both sides have to realize that they cannot have it all and that both sides must have gains. I hope that this has been understood by all sides in this negotiation and that we will see positive developments,” he added before Thursday’s talks in Ohrid with his counterpart Nikola Dimitrov.

According to reports, United Nations mediator Matthew Nimetz has sent Kotzias and Dimitrov a letter outlining the parameters of a solution.

(www.amna.gr)

ENERGY

Greece launches tender for Crete power link project

Greece’s power grid operator has launched an international open tender for a project linking the island of Crete to the mainland grid via undersea cables, the Energy Ministry said on Wednesday.

The project linking Crete to the Peloponnese peninsula is part of a 2-billion-euro, 10-year investment plan to connect some of Greece’s islands to the mainland.

The tender, via an e-auction, will be awarded to “the most economically advantageous offer, based solely on the lowest price,” the ministry said.

The Crete link is expected to be completed by 2020 and is budgeted to cost 324 million euros, the ministry said. Crete will also be connected to Athens in a later phase. Power production on Crete, the largest of the Greek islands, is currently provided by three oil-fired plants that must be shut down to comply with a European Union directive.

Energy Minister Giorgos Stathakis said the project would contribute to the “drastic reduction” of electricity costs, improve Crete’s ecological footprint and lead to 215 million euros in annual savings, mainly through lower service charges.

(www.reuters.com)

Israel, Cyprus, Greece to push EastMed gas pipeline to Europe

Israeli Prime Minister Benjamin Netanyahu spoke with Greek Prime Minister Alexis Tsipras and Cyprus President Nicos Anastasiades and “among the issues discussed were advancing the feasibility study for laying a gas pipeline from Israel to Cyprus and from there to Greece and Western Europe,” the office of the Israeli prime minister said.

“The leaders noted that they are looking forward to the trilateral summit next month,” Netanyahu’s office said in a press release. The summit will be held in Nicosia.

Cyprus Natural Hydrocarbons Company CEO Charles Ellinas told New Europe that Netanyahu, Anastasiades and Tsipras were planning to meet early January but the meeting was postponed without clear explanations, other than perhaps the UN votes on the issue of Jerusalem.

Ellinas noted that nevertheless the meeting is important in terms of contributing to maintaining close relationships between Israel, Cyprus and Greece. However, he said, the meeting has to be seen what it actually is, as a political meeting to facilitate and eventually sign an inter-governmental agreement on the EastMed gas pipeline.

(www.neweurope.eu)

ASSESSMENT

The unrest is slowly growing in Greece as the Government is seen as not keeping its promises and at the same time creating new difficult issues at a time where many Greeks start to feel the negative effects of the harsh austerity reforms. The public opinion seems to have become unhappy with the way things are going in the country. The negotiations with FYROM are seen as failure and the government is viewed as dragging its feet over the foreclosure programme, making implementation a test of its commitment to reforms.

The Government's rhetoric that by August the country will be free from the chains of the EU is slowly fading as officials from Brussels are implying that even after a bailout exit, Greece will remain under EU surveillance to ensure that fiscal targets are met and reforms completed. Officials worry about possible backsliding ahead of a general election due in 2019.

But the most important is that despite the reassuring speeches of ministers and officials people fail to see the progress the Government claims to have made in term of growth. For Greeks it is becoming more and more difficult to make ends meet and many households are making drastic cuts in their expanses in order to be able to pay for the necessary amenities such rent or electricity.

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