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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

Mitsotakis rejects plan for new electoral system in local elections

Main opposition leader, Kyriakos Mitsotakis said his party will not allow local elections to be held with the system of simple proportional representation, because it would make municipalities ungovernable and harm the institution of local government.

“The only people who play with elections and electoral systems are those who are afraid of the people’s verdict,” he told the Central Union of Greek Municipalities (KEDE) conference. “We perceive local government as the first level of democracy that contributes in the aim for development.”

Earlier, Interior Minister, Panos Skourletis told the same conference that the polls would take place on the second Sunday of October 2019 with a system of simple proportional representation.

Mitsotakis said the government “will be crushed” in the European elections and will be led to national elections before the local ones are held. He also vowed to restore the previous system which gives the winning political coalition a majority in the local council.

(www.ekathimerini.com)

ND leader meets with Greek mayors

Main opposition leader Kyriakos Mitsotakis met with New Democracy and pro-ND mayors from around Greece to discuss the conservative party’s strategy in the runup to local elections.

The meeting came as Interior Minister Panos Skourletis told a Central Union of Greek Municipalities (KEDE) conference that the polls would take place on the second Sunday of October 2019, with a system of simple proportional representation.

The leftist-led government has said it is planning to implement the same system in national elections as part of its upcoming electoral reform.

Responding to the announcement, Mitsotakis, who will be addressing the KEDE conference on Thursday, accused the government of using local elections to “create chaos” and score points as it will be defeated in national polls – which ND believes will take place before October 2019.

(www.ekathimerini.com)

Greek parliament ends probe into bribery allegations

Greece's parliament has ended a probe into allegations that 10 senior politicians, including two former prime ministers, the governor of the central bank and the country's current EU commissioner, accepted millions of euros in bribes from the Swiss drug producer Novartis.

An all-party parliamentary committee decided that it was not competent to pursue the case.

The committee will hand back the case to a special prosecutor to investigate possible money-laundering by the 10 accused, a parliamentary spokesperson said.

An anti-corruption prosecutor has already ordered bank accounts belonging to the politicians to be opened as part of the probe.

All those accused have denied wrongdoing, claiming they were targeted by the leftwing Syriza government in a drive to undermine the credibility of its political opponents.

(www.ft.com)

ND solidifies 10-point lead over leftist SYRIZA in poll

Conservative New Democracy retains a 10 percentage point lead over leftist SYRIZA, according to the findings of a new opinion poll carried out the firm Pulse for Skai Television.

The survey found that if elections were held now 31.5 percent of respondents would vote for ND compared to 21.5 percent for leftist SYRIZA, which shares power with the right-wing Independent Greeks (ANEL).

The survey found that only five parties would enter Parliament if snap polls were held today compared to the current seven. Apart from SYRIZA and ND, the centrist Movement for Change would enter with 9 percent of the vote, followed by the extreme-right Golden Dawn with 8 percent, and the Communist Party with 6.5 percent.

Six in 10 respondents expressed a negative outlook on the country's prospects, saying they thought the situation had worsened over the past six months.

(www.ekathimerini.com)

ECONOMIC

Moscovici: Greece needs post-bailout arrangement to help reforms

Greece needs a new arrangement with its euro zone government creditors after it exits its bailout on Aug. 20 to make sure that reforms continue to be implemented and budget discipline is maintained, EU Economic Commissioner Pierre Moscovici said.

“We will need to agree a post-program arrangement that supports the continued implementation in the coming years of the adopted reforms, as well as the pursuit of sound fiscal policies – but which is not a new program in disguise,” Moscovici said in prepared remarks to be delivered in a speech at the Peterson Institute of International Affairs in Washington.

After Greece exits its bailout in August it will regain full sovereignty in fiscal policy-making, submitting only to less detailed annual creditor scrutiny in what is called post-program surveillance.

But many euro zone countries are concerned that this will not be enough, especially that throwing off the formal control of the euro zone would be a crucial political achievement for the left-wing government of Prime Minister Alexis Tsipras.

To make sure Greece does not veer off the reform track in the years to come, its creditors are considering additional debt relief, the size of which would probably be linked to the pace of its economic growth.

This could entail further conditions and keep the country under some form of euro zone economic control for years to come.

(www.reuters.com)

EU, IMF mull Greek debt relief; no talks on bailout extension

The euro zone and International Monetary Fund are discussing options for future debt relief for Greece at meetings this week in Washington, but are not considering any extensions of the Greek bailout, top euro zone officials said.

“There are no talks of such things as an extension of the Greek program. The Greek authorities are very much focused on the exit from the program and finalizing this by August,” said Mario Centeno, the chairman of euro zone finance ministers.

“There are still decisions to take on the continuation of this process, but those are framed around the debt mechanisms ... for the medium and the longer term and around the typical surveillance that Portugal, Ireland and other program countries also had,” he told a seminar at the Atlantic Council on the sidelines of the International Monetary Fund and World Bank spring meetings.

Centeno was responding to media speculation that Greece could get a special credit line from the euro zone bailout fund after it exits the program on Aug. 20 to be less dependent on market sentiment, but which would also come with conditions.

(www.reuters.com)

DEFENSE & SECURITY

Greek-Turkish tension “not an issue for NATO,” alliance chief says

The leaders of Greece and Turkey need to address the issues that have been causing tension between the two countries in recent months and this is “not an issue for NATO,” the head of the alliance of which both countries are members said.

Speaking to Turkey’s Anadolu news agency ahead of a visit to Turkey, NATO Secretary-General Jens Stoltenberg said that Greece and Turkey are “two highly valued NATO allies” and “both contribute to our collective defense.”

“I expect that the differences we see on some issues are solved between Turkey and Greece in the spirit of good relations,” he added. “In this context, I welcome that the PMs of both countries have recently held a phone conversation and that they have agreed to resolve these differences through dialogue.”

Stoltenberg’s visit is planned in preparation for a crucial NATO summit in Brussels in July, “where we will address issues like how we continue to adapt NATO to a more demanding security environment,” he said.

Asked to respond to criticism that NATO is not doing enough to help Turkey in its fight against terrorism, Stoltenberg said “there’s a lot of NATO presence in Turkey but I call on the allies to provide even more support.”

“We also provide political support, because Turkey is the NATO ally that has suffered the most from terrorist attacks,” the alliance chief told Anadolu.

(www.ekathimerini.com)

Greece will not participate in Syria air strikes, says PM

The Greek armed forces will not participate in any operations in Syria, Greek Prime Minister Alexis Tsipras told French President Emmanuel Macron in a telephone call, government sources have said.

Tsipras called Macron to discuss an early-morning strike by American, British and French forces against multiple government targets in response to a suspected chemical attack on the Syrian town of Douma last week.

The Greek prime minister condemned the use of chemical weapons and said that the European Union needs to take decisive action towards a peaceful resolution, but stressed that Greece would not become involved in military operations in the war-torn country.

Tsipras and Macron also discussed the recent spike in tensions between Athens and Turkey, agreeing to strengthen Greek-French defense cooperation, government sources added.

(www.amna.gr)

Main opposition says targeted attack in Syria “necessary”

The targeted missile strikes by US, British and French forces against chemical weapons sites in Syria were "necessary" after the failure to achieve a consensus at the UN Security Council on any military action, New Democracy's shadow foreign secretary George Koumoutsakos said.

"Today's limited and targeted missile attack against specific targets in Syria became necessary after the failure of diplomacy within the UN framework, where a specific proposal was not eventually adopted, despite having the support of the overwhelming majority of the Security Council," Koumoutsakos said and condemned the use of chemical weapons in Ghouta.

"This makes it imperative to take preventive measures to avoid the recurrence of such inhuman acts," he added and called for "prudence and self-restraint" from all sides to avoid further escalation.

(www.ekathimerini.com)

DIPLOMACY

“Greece will not cede an inch of territory,” PM says in message to Turkey

Greece will defend its principles “in any way it can... and will not cede an inch of territory,” Prime Minister Alexis Tsipras said from the southeastern Aegean island of Kastellorizo in an apparent dig at recent provocations from Turkey.

“Our neighbors do not always behave in a manner befitting good neighbors,” Tsipras said at the inauguration of two desalination units on the island.

“I want to send a message of cooperation and peaceful coexistence, but also of determination,” the prime minister added. “Greece is not threatening anyone but is not afraid of anyone either. Greece can defend its sovereign rights, its borders are determined by international agreements and we will not cede an inch of territory.”

(www.ekathimerini.com)

Greece urges Turkey to demonstrate genuine commitment to EU course

Greece on Wednesday urged Turkey to demonstrate it is genuinely committed to advancing its prospects for membership of the European Union.

A statement released by the Foreign Ministry in the wake of the European Commission’s progress report on Turkey said that Greece has “repeatedly expressed its firm support” for Ankara’s European aspirations.

“However, recent developments have once again made it clear that it is up to Turkey itself to show in practice and to what extent it wants to move ahead on its European course,” it said.

(www.ekathimerini.com)

Turkish soldiers to be released in May, says justice minister

The eight Turkish servicemen who fled to Greece after the July 2016 coup attempt in Turkey will be released in May, as by then they will have completed the maximum detention period of 18 months, Justice Minister, Stavros Kontonis said.

“After the end of the 18-month period, which will be completed in May, there is no reason to extend their detention,” Kontonis told radio station 24/7, adding that Turkey has so far not requested that they be tried in Greece.

Greek courts have rejected three extradition requests by Turkish authorities – which are accusing the eight soldiers of having played a direct role in the coup – saying they wouldn't face a fair trial.

The court ruling has drawn sharp criticism from Ankara, which accused Greece of harboring terrorists, and soured relations between the two countries.

Kontonis also rejected concerns the servicemen might be abducted by Turkish intelligence services – following reports in foreign media about abductions of suspected Gulenists in third countries – saying “all those who are legally in Greece are in no danger.”

“Attempted abduction is a serious crime. The rights of all the citizens who are on Greek soil will be guaranteed,” he added.

(www.ekathimerini.com)

Kotzias: Too late for FYROM to join NATO in July

There is not enough time for the Former Yugoslav Republic of Macedonia to join NATO at the alliance's summit in July, Greek Foreign Minister Nikos Kotzias said during a lull in momentum in talks between Athens and Skopje on the “Macedonia” name issue.

“It is totally clear that FYROM will not join NATO [in July],” Kotzias told 24/7 radio station, noting that Skopje wants to hold a referendum on any deal reached, which would then have to go to the country's Parliament, which would also have to approve changes to the national constitution, as demanded by Athens.

“If we are to have an agreement, we must agree on constitutional changes. So it will go back to the fall,” he said.

Meanwhile the Greek Foreign Ministry hit back at the European enlargement commissioner for saying a solution to the “Macedonia” name dispute is within reach, noting that the decision was not one for Brussels to make.

“Regarding the Former Yugoslav Republic of Macedonia, there is still a long way to go in covering the gap created by the backsliding in recent years,” the ministry said, noting that FYROM's “stability and progress are of vital interest to Greece.”

“This is the seventh time the country has received a positive recommendation from the European Commission,” it said.

“Nevertheless, once again it must be made clear to all sides that the decisions are not made by the Commission but by the Council, where Greece has set out its positions clearly.”

Earlier, Enlargement Commissioner Johannes Hahn said he was optimistic a solution could be found in the coming weeks, adding that “the new government in Skopje is doing good work.”

Despite optimism earlier in the year that a deal on the name issue was within reach, the momentum in United Nations-mediated talks appears to have slowed down.

According to sources, the two sides have agreed on many peripheral matters but there is a major gap on core issues such as FYROM's constitution and the scope of use of its new name.

(www.ekathimerini.com)

Foreign Ministry slams critical FAZ commentary about Greece

The Greek Foreign Ministry issued a harsh response to a commentary in the Frankfurter Allgemeine Zeitung which painted a negative picture of the prospects for Greece's return to financial health.

"The closer Greece gets to economic recovery and exit from the memorandum, the more certain circles and news media endeavor to create negative and erroneous impressions, in order to keep Greece from emerging from the crisis and escaping their control," ministry spokesman Alexandros Yennimatas said.

He was responding to a reporter's question about the piece, written by Richard Fraunberger with the title "The misery of the Greeks."

"Nothing is good in Greece. Prime Minister Alexis Tsipras brags about his reforms. But in reality he is governing a system of corruption and bad financial management," the piece says.

(www.ekathimerini.com)

ENERGY

Greece submits bill on coal-fired plants sale

The Greek government submitted a bill to parliament opening the way for the country's dominant power utility PPC to begin selling coal-fired plants in May, a move strongly opposed by workers who have threatened strikes in protest.

Athens has agreed with its foreign creditors that Public Power Corp. (PPC), which is 51 percent state-owned, will sell plants equal to about 40 percent of its coal-fired capacity this year.

The draft legislation, which says PPC must launch an international tender by May 31, was submitted to parliament after EU antitrust regulators approved Greek measures to open up the coal market on Tuesday.

GENOP-DEH, PPC's main labor union, which calls the planned sale a "national crime", has threatened to start rolling 48-hour strikes once the bill is submitted to parliament.

The units to be sold are Meliti I and the yet-to-be-built Meliti II in northern Greece along with another two units in the southern Greek town of Megalopolis.

PPC will transfer the units to two subsidiaries which will then be spun off from the group.

PPC said last month that several Chinese firms were among the possible suitors and that it had hired PwC and HSBC as consultants on the sale.

According to the bill, workers at the units to be sold will not be laid off for six years.

The GENOP-DEH union, which said the planned sale was “the final straw hurting irreversibly the state’s interests”, sent a letter to parliament this week urging lawmakers to reject the bill.

“PPC’s assets constitute national wealth,” said GENOP, which fears job losses. “We call on you, with a sense of duty ... to prevent PPC’s breakup.”

(www.reuters.com)

Greece accepts Snam-led consortium's offer for gas grid DESFA

Greece has accepted a 535 million euro offer from a consortium led by Italy’s Snam for a majority stake in gas grid operator DESFA, naming it the “preferred investor”, its privatisation agency said.

It anticipated the transaction would be finalised in the second half of 2018 after securing approvals, including antitrust clearance.

“With our partners Enagas and Fluxys we have built a strong European industrial consortium with the aim of further developing DESFA, the Greek market, the Energy Union and the entire energy system of Mediterranean Europe,” Snam’s Chief Executive Marco Alvera said in a statement.

The sale of a majority stake in DESFA is mandated under Greece’s latest international financial bailout, worth up to 86 billion euros.

It was forced to re-launch the sale process for 66 percent stake in DESFA last year after a previous 400 million euro deal with Azerbaijan’s SOCAR fell through in 2016.

A consortium of Snam, Spain’s Enagas Internacional and Belgium’s Fluxys and another consortium of Spain’s Regasificadora del Noroeste, Romania’s Transgaz and the European Bank for Reconstruction and Development (EBRD) bid for DESFA in February.

Athens had requested both suitors to improve their bids and after unsealing their new offers on Monday, it asked the Snam-led consortium, the highest bidder, to further improve its offer.

Discussions have started with Greek and international banks to secure financing for the acquisition, the consortium said.

Greece welcomed the consortium’s offer, saying it exceeded Socar’s bid in the previous tender.

(www.reuters.com)

Greece launches tender for Hellenic Petroleum privatisation

Greece launched an international tender to sell a majority stake in its biggest oil refiner, Hellenic Petroleum, as agreed under its third international bailout.

The Greek privatisation agency said at least 50.1% of Hellenic will be sold, in one of the biggest asset sales under Athens' privatisation scheme launched in 2010, and interested investors must submit expressions of interest by 18 May.

In the tender document published on its website, the privatisation agency said the sale will be an all-cash transaction.

Major shareholders Paneuropean Oil and Industrial Holding and the Greek government agreed this month to divest at least 50.1% of Hellenic, which is Europe's third biggest oil refiner based on its market value of €2.6 billion.

The exact size of the stakes to be sold will not be disclosed until short-listed investors are invited to submit binding offers, the agency said.

Paneuropean Oil owns 45.5% of Hellenic and the Greek government holds a 35.5% stake.

Suitors need to have at least three years of experience in the oil and gas industry, while in the case of a consortium, at least one member must meet this requirement.

Asset sales have been a pillar of Greece's three international bailouts since 2010 and progress in key privatisations, including Hellenic Petroleum, will determine whether Athens can meet its bailout target to raise €2 billion from the scheme this year.

(www.euractiv.com)

Energiean steps up drilling at Prinos offshore Greece

Oil production from the Prinos complex offshore western Greece averaged 2,803 b/d last year, according to operator Energiean Oil & Gas.

However, remedial action helped restore levels to around 3,405 b/d during 4Q. This included start-up of Prinos infill wells PA-38 and PA-33, a workover of well PA-40, and completion of the PA-37 well in December.

A \$350-million development program is also under way designed to significantly increase production from the Prinos basin by 2021, including:

- Drilling of up to 24 new wells (eight wells already drilled since December 2015, with five more to be drilled this year)
- Construction of an unmanned platform to develop the Epsilon field adjacent to Prinos.

In addition, Energiean has received approval for the development plan for the Kataloko field offshore western Greece from Hellenic Hydrocarbons Resources Management.

(www.offshore-mag.com)

ASSESSMENT

The Greek government is facing an uphill battle in the coming period as it seeks to limit damage concerning its foreign policy and at the same time deal with renewed pressure from Greece's partners for strict supervision of the country in the post-bailout era.

Greece has borrowed more than 200 billion euros from euro zone governments in three consecutive bailouts since 2010 and some lenders are concerned if Athens will repay the loans over the next decades or reverse already implemented reforms and get itself into economic trouble again.

The coalition between SYRIZA and ANEL seems to be strained as the relations between Tsipras and Kammenos are reportedly on the brink over the latter's stance on Turkey and on name talks with FYROM. Many analysts believe that Kammenos, who has repeatedly said his party will never back a deal on the name dispute that will allow FYROM to use the term "Macedonia," is banking on the collapse of talks between Athens and Skopje.

With regard to relations with Turkey, government officials have reportedly expressed concern in private that Kammenos's approach is having a negative impact, especially since Turkish President Recep Tayyip Erdogan is seen as becoming increasingly unpredictable.

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