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**Hermes Institute of  
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# **GREECE AT A GLANCE**



**HELLENIC FOREIGN POLICY, DEFENSE & SECURITY DIRECTORATE**

**PROVIDING KNOWLEDGE TO THOSE WHO SHAPE THE FUTURE**

«GREECE AT A GLANCE» is a weekly review of the most significant current political, economic, defense, and security, diplomacy and energy news of Greece.

This ambitious newsletter aspires to become an informative «tool» for anyone who is interested in Greece and wishes to have knowledge of the non-stop current developments and challenges the country faces. Greece has a highly geostrategic and geopolitical position on the map, being together with Cyprus the southeast frontier of the European Union and the gate between the western world, the Middle East and North Africa.

Lately, Greece has been in the center of a financial crisis fighting to «stand at its feet» and to return back to economic normality. At the same time, the war in Syria made Greece the main gate towards Europe for large flows of refugees, posing another humanitarian and security challenge for the country in an already difficult and challenging international and regional environment.

«HERMES» Institute is not a news agency and it is not one of its ambitions to become one but it is strongly believed that today's events provide the necessary material to understand the future and to analyze situations that may affect in peace, stability, and growth of Greece.

#### «HERMES» I.I.A.S.GE

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## **POLITICS**

### **Poll sees ND holding lead, 7 in 10 opposing name deal**

A new opinion poll conducted by MRB puts conservative New Democracy 9.8 percentage points ahead of leftist SYRIZA and finds that seven in 10 do not support the recent Macedonia name deal.

According to the nationwide survey made available on July 5<sup>th</sup>, which was conducted on a sample of 2,000 people, if elections were held now ND would garner 31 percent of the vote and SYRIZA 21.2 percent.

Next would be centrist Movement for Change with 8.9 percent, Golden Dawn with 7.1 percent, the Communist Party with 5.8 percent, Union of Centrists with 2.9 percent and Independent Greeks, which currently shares power with SYRIZA, at 1.8 percent, way below the 3 percent threshold for entering Parliament.

Asked about the recent name deal between Greece and the Former Yugoslav Republic of Macedonia, 68.3 percent said they opposed it compared to 12.8 percent which supported it and 12.9 percent who were neutral.

*(www.ekathimerini.com)*

### **ND leader submits proposal to halt planned pension cuts**

Main opposition leader Kyriakos Mitsotakis announced on Thursday July 5<sup>th</sup> New Democracy will table a proposed amendment calling for a freeze in the planned pension cuts that will take effect as of 2019.

The moves come as party leaders debate on post-bailout austerity in Greece.

“I am submitting an amendment to prevent pension cuts. We will vote for it because we are against their reduction. We voted against them when you were voting in favour of them. Let’s now vote [for the amendment] together. So we can finally see who is the hypocrite and who is telling the truth to the Greek people,” he said, addressing government lawmakers.

Mitsotakis was responding to government accusations that ND wants the pension cuts, saying they were “completely unnecessary” and are the result of Prime Minister Alexis Tsipras’ “personal unreliability.”

Earlier in the debate, Democratic Alliance leader Fofi Gennimata and the Communist Party also submitted a similar proposal during their speech.

According to Democratic Alliance, there is scope for the cuts to be revoked as Greece is forecast to produce primary budget surpluses.

The developments follow comments by European Economic and Monetary Affairs Commissioner Pierre Moscovici during his visit to Athens earlier this week which suggested some flexibility on agreed-to post-bailout austerity.

The Greek Parliament has already approved more pension cuts and tax increases for 2019-2020 after the end of the third bailout in August.

*(www.ekathimerini.com)*

### **Mitsotakis cautions Moscovici on statements about Greece**

New Democracy leader Kyriakos Mitsotakis called on Tuesday July 3<sup>rd</sup> on European Economic and Monetary Affairs Commissioner Pierre Moscovici to be “more careful” when he makes comments about Greece's economic prospects, claiming the government's narrative of a “clean exit” from the bailouts in August is a deception.

During their meeting in Athens, Mitsotakis told the EU official that no other country that implemented adjustment programs has had to agree to additional measures, commitments and an enhanced supervision after their program expired.

“What is really happening, is that in August the third unnecessary bailout which was imposed on Greece as a result of the disastrous first six months of the Tsipras-Kammenos rule will be completed and Greece will unfortunately have to deal with a disguised fourth bailout,” he said, adding Moscovici should “respect the sacrifices made by Greeks.”

*(www.ekathimerini.com)*

### **Tsipras praises debt deal in first cabinet meeting after Eurogroup**

Prime Minister Alexis Tsipras hailed on Monday July 2<sup>nd</sup> the deal achieved at the last Eurogroup meeting on Greece's fourth program review and the debt relief package, in the first cabinet meeting after the meeting of eurozone's finance ministers on June 21.

“It is our first meeting after the historic decision of the Eurogroup on June 21 which ended irrevocably the [vicious] circle of reviews and bailouts and provided a definitive solution to the sustainability of Greek debt,” Tsipras told his ministers in his opening speech.

He said international analysts, European institutions and ratings agencies are upgrading the country and recognise “the historic character” of the deal.

*(www.ekathimerini.com)*

### **Potami drops out of Movement for Change alliance**

A sweeping majority of lawmakers with centrist party To Potami voted on Sunday July 1<sup>st</sup> to drop out of the Movement for Change (KINAL) just a few months after the alliance spearheaded by socialist PASOK was founded.

With a vote of 97 in favor and 16 against the motion to leave KINAL, Potami's MPs adopted the position put forward by chief Stavros Theodorakis in his keynote speech to a meeting of party officials in Athens.

Theodorakis also dismissed rumors that his party is considering the possibility of joining forces with SYRIZA in the event that the ruling leftist party's coalition with the nationalist Independent Greeks collapses. He added that a coalition with conservative New Democracy is also not in the cards.

Rifts have appeared between PASOK and To Potami over a number of hot-button issues and most recently over Athens's name deal with Skopje.

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

## **ECONOMIC**

### **Centeno: Greece back on its feet, must continue reforms**

Eurogroup President Mario Centeno said on Wednesday July 4<sup>th</sup> that Greece is back on its feet but it must also remain on the path of reforms.

"Greece is ready to stand on its own feet again, with the sound foundations for sustainable, balanced and inclusive growth," he told European Parliament, adding that the agreement reached at the June Eurogroup is key for Greece to achieve that goal.

"Greece should continue implementing responsible fiscal policies and growth-enhancing reforms to improve the living conditions, the chances and prospects of its citizens. This is what Greece's post-programme framework will be about," he said.

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

### **Moscovici: Greece can go it alone without bailouts and the troika**

Greece has turned a page and can stand on its own without financial help, European Commissioner Pierre Moscovici said on Tuesday July 3<sup>rd</sup> on his first visit to Athens since European lenders agreed to grant the country further debt relief.

"Greece can now stand on its own two feet," Moscovici, who is economic and financial affairs commissioner, told the Greek parliament. "The time has come for Greece to be a normal country."

The "troika" of mission chiefs from the EU, European Central Bank and IMF will no longer visit Athens to review its bailout progress, a process which many Greeks saw as evidence that the country lost part of its sovereignty during the crisis.

"The troika will not return here," Moscovici said to lawmakers' applause. "We'll write a new chapter together," he said, adding that Europe would stand by Greece in the post-bailout period.

Moscovici, who earlier met Finance Minister Euclid Tsakalotos, said the debt relief measures agreed last month were the best the European lenders had to offer. He told reporters that Greece was finished with bailouts. "There is no more program for Greece. There won't be any more programs for Greece," he said.

Greece has agreed to implement more pension cuts and tax increases in 2019-2020 after the end of the bailout.

Asked if the legislated pension cuts could be reversed, Moscovici said: "Commitments must be respected."

*(www.reuters.com)*

### **Greece on track, but Varoufakis stint cost it "billions," says ESM chief**

Greece is on course to economic recovery after reaching the end of its third bailout in eight years next month, but SYRIZA's first term in power with then finance minister Yanis Varoufakis cost the country "billions," European Stability Mechanism (ESM) chief Klaus Regling said during an interview on July 4th.

Speaking to Germany's Handelsblatt, Regling said that the leftist party's victory in January 2015 was a setback at a time when an end to the recession appeared to be in sight. Greece, he said, "embarked on a wrong path for six months, costing the Greeks billions."

However, he added, efforts started once Prime Minister Alexis Tsipras agreed to a fresh austerity program in exchange for additional assistance are now bearing fruit, thanks to "profound and painful structural reforms."

"Since 2016, the country whose deficit stood at 15 percent of economic output in 2009, is consistently at a black zero," Regling said.

Greece, said the ESM chief, was a tougher challenge than other euro area countries that needed to be bailed out like Portugal and Cyprus, because in "no other program country were the problems so great and the administration as weak."

Despite some similarities between the five program countries, he said, all the structural weaknesses in Greece were "one size bigger."

Ireland, Portugal and Cyprus were able to complete their aid programs after three years and Spain only needed 18 months, Regling said. "By contrast, the Greek patient spent more than eight years in the intensive care unit."

*(www.esm.europa.eu)*

### **Bundestag approves aid package for Greece**

Germany's parliament on Friday June 29<sup>th</sup> approved a financial aid package for Greece that is designed to ensure Athens can stand on its own feet after it exits a third bailout program in August.

The Bundestag voted by a wide majority to approve the package of measures, which include extended maturities and deferred interest payments on many loans as well as a 15-billion-euro cash injection.

The package, which was agreed by the eurozone finance ministers' meeting in Luxembourg last week, must be approved by national parliaments in several countries.

Greece has been living primarily on money borrowed from eurozone governments in three bailouts since 2010, when it lost market access because of a ballooning budget deficit, huge public debt and an inefficient economy and welfare system.

*(www.reuters.com)*

### **DBRS upgrades Greece's credit rating one notch**

Canada-based DBRS Ratings upgraded Greece's main ratings one notch, from B to B (high), on Friday June 29<sup>th</sup> and maintained the positive trend, in an extraordinary review in the aftermath of last week's Eurogroup decision to ease the country's debt.

DBRS said it views the Eurogroup statement on Greece as warranting an extraordinary review of the sovereign rating. "The subsequent upgrade is underpinned by new medium-term debt relief measures and clarification on the size of the liquidity backstop included therein. DBRS views the debt relief as being supportive of public debt repayment capacity in the medium term. Following completion of the European Stability Mechanism (ESM) Third Economic Adjustment Program in August the liquidity backstop provides a precautionary funding buffer while Greece returns to bond issuance; and a portion of it is planned to be used to amortize debt," the ratings agency stated.

It added that "the expected unprecedented activation of the European Commission's quarterly reporting under the "Enhanced Surveillance" mechanism, in Greece's case, linking additional beneficial financial measures to post-program policy commitments, is another positive rating factor. This should provide an additional incentive to encourage Greece to stay on course with structural reforms, thereby supporting economic growth."

*(www.ekathimerini.com)*

### **Tsipras announces freeze in VAT hike for five Aegean islands**

Greek Prime Minister Alexis Tsipras announced on Friday June 29<sup>th</sup> the government is freezing a planned VAT hike in five islands of the northeastern Aegean that have borne the brunt of the refugee crisis, saying it is "a very positive development."



The freeze will affect the islands of Lesbos, Chios, Samos, Kos and Leros, which were due to adopt in July the higher tax rates implemented on the mainland.

The five islands had been exempt from the switch to higher rates that took effect on the other islands in January 2018.

Speaking after an EU summit in Brussels, Tsipras said the government will immediately issue a legislative act that will postpone the increase. He said decision came after talks with European Commission head Jean-Claude Juncker, who gave the green light.

Asked how long the lower VAT will be in place, he said “as long as the refugee crisis continues,” and as long as he is prime minister.

*(www.amna.gr)*

## **DEFENSE & SECURITY**

### **Greece grants asylum to one more ex-Turkish soldier**

Greece has granted asylum to another ex-Turkish soldier who fled justice, suspected of involvement in the 2016 defeated coup.

A Greek asylum committee Thursday decided to grant asylum to Ugur Ucan, one of the eight former Turkish servicemen who fled to Greece just after the July 15, 2016 defeated coup bid.

Ucan became the third ex-soldier to have been provided asylum after the Greek Council of State also granted this to former soldiers Suleyman Ozkaynakci and Ahmet Guzel in May.

*(www.aa.com.tr)*

### **Amendment aims to secure release of two Greek soldiers**

A legislative amendment approved in Parliament on Wednesday July 4<sup>th</sup> is aimed at facilitating the release of two Greek soldiers who have been in prison in Edirne since early March after accidentally crossing the border into Turkey in bad weather.

The amendment, which was submitted by Defense Minister Panos Kammenos, approves the disbursement of a stipend for the soldiers of the type given to members of the armed forces posted abroad.

As recipients of the stipend, the soldiers are regarded as having a permanent address in Turkey, a fact which Greek authorities hope will overcome Turkish objections to releasing the men.

Following their arrest, Turkish judicial authorities declared that the Greek soldiers cannot be released because they have no permanent residence in Turkey and could try to leave the country before their trial.

They have yet to be formally charged with anything.

*(www.ekathimerini.com)*

## **DIplomacy**

### **ND slams government “propaganda” after Zaev comments on army**

New Democracy said on Thursday July 5<sup>th</sup> that the government’s “propaganda” about the name deal with FYROM has been “demolished” after the Balkan nation’s Prime Minister Zoran Zaev referred on Wednesday to a “Macedonian army” that will join NATO.

“With just one statement, Zaev has provoked Greece and demolished the arguments and propaganda of Tsipras-Kotzias and humiliates Panos Kammenos,” said ND spokesperson Giorgos Koumoutsakos, adding that ND is right to oppose the name deal.

The Greek foreign ministry had earlier dismissed Zaev’s comments saying the agreement explicitly states that the new name of the country under the deal will be also be used for official bodies and other public entities.

“In this case the ‘army of North Macedonia,’” the foreign ministry said in a statement.

Zaev made his remarks during a swearing in ceremony of troops.

*(www.ekathimerini.com)*

### **Leaders of Greece, Bulgaria, Romania, Serbia meeting in Thessaloniki**

The leaders of Greece, Bulgaria, Romania and Serbia gathered in Thessaloniki, on Wednesday July 4<sup>th</sup> for the fourth Quadrilateral Summit.

The prospects of the Western Balkans joining the European Union and other regional issues are expected to top the agenda, after the EU decided last month to start accession talks with FYROM and Albania.

Prime ministers Alexis Tsipras of Greece, Boyko Borissov of Bulgaria, and Viorica Dancila of Romania, and Serbia's President Aleksandar Vucic, will also be discussing closer cooperation in energy, transport, infrastructure and security. The refugee crisis is also expected to be a topic of discussion following last week’s EU summit on the issue.

The Thessaloniki meeting is seen as an effort to coordinate the four countries’ positions on a number of key issues ahead of a meeting of the leaders of China and the countries of Eastern Europe and the Balkans in Sofia on Saturday and the Western Balkans Summit of the Berlin Process, which will be held in London next week.

*(www.ekathimerini.com)*

## **Greece wants to talk security before Cyprus conference**

Greek Foreign Minister Nikos Kotzias said on Wednesday July 4<sup>th</sup> that Greece and Turkey should first come to an agreement on the aspects of security and guarantees, before a new Conference on Cyprus is convened.

Speaking on radio station Sto Kokkino in Greece, the minister said Athens had previously underlined the need for such an agreement before the parties met in Geneva and subsequently in Crans Montana last year.

The foreign minister pointed fingers at the former UN special advisor, Espen Barth Eide, saying the Norwegian diplomat was the reason that preparatory work on Greece's proposal had been left incomplete.

As a result, security and guarantees were discussed inter-connectedly with all other issues but the parties could not agree on a way forward.

This is not the first time the Greek government has put forth such a proposal.

*(www.ekathimerini.com)*

## **Kotzias: name deal does not require enhanced majority**

In comments on Tuesday July 3<sup>rd</sup> responding to criticism by Defense Minister Panos Kammenos over the recent Macedonia name deal, Foreign Minister Nikos Kotzias said the accord was "very good" and does not require an enhanced majority in Parliament as it does not compromise national sovereignty.

Earlier in the day, Kammenos, who leads the junior coalition partner Independent Greeks (ANEL) had described the deal as "bad" and called for either an enhanced majority of 180 votes in the 300-seat House or the accord's approval through a referendum or elections.

"We solved the problem because we believe that it is nationally beneficial for Greece to solve the problems that keep us trapped in history," he said, noting that it is important "to be able to look to the future together with other countries."

Now that Greece is emerging from the crisis, he said, it must "sweep the Balkan region along with it in a course of growth," he said, noting that the agreement with FYROM contributes to this.

He drew a distinction between a vote of confidence in the government and the approval of the Macedonia name deal, noting that the latter would secure backing from a majority in the House.

"The point is that, until the deal comes to Parliament, we should do some serious work, explain it, and because we believe certain fundamental issues are not known or have been systematically distorted by the opposition."

*(www.ekathimerini.com)*

### **Kammenos: Macedonia name deal can only be approved through referendum or elections**

Marking a potential crisis in the government, the junior coalition partner in the Greek government, Independent Greeks (ANEL) leader, Panos Kammenos said early on Tuesday July 3<sup>rd</sup> that the Macedonia name deal is "bad" and can only be approved through a referendum or via elections.

"We will not allow the deal to move forward without the approval of the Greek people," Kammenos said during a press conference at the Defense Ministry which he leads as well as ANEL which is trailing badly in opinion polls.

"There can be no procedures with NATO if the referendum is not completed in FYROM and if the deal does not pass through the Greek Parliament," Kammenos said, referring to the Former Yugoslav Republic of Macedonia.

He suggested that the deal could pass through Greece's Parliament with an enhanced majority of 180 in the 300-seat House.

Otherwise it should be put to the Greek people.

"When I say the people should be asked, that happens via a referendum or elections," he said.

As regards his widely-discussed absence from Monday's cabinet meeting, Kammenos claimed that he had a meeting at that time.

He added that he will attend an upcoming NATO summit.

*(www.ekathimerini.com)*

### **US will help Greece in its recovery, says Ambassador Pyatt**

The United States will help Greece in its efforts for economic recovery, the US Ambassador to Greece Geoffrey Pyatt said on Tuesday July 3<sup>rd</sup>, during the annual celebrations for Independence Day (July 4) in Athens.

"We are celebrating how our founding fathers declared independence, taking the first step toward the creation of a nation defined not by language, geography, or religion - but by our democratic values," he said, noting the influence of the values of Ancient Greece.

*(www.ekathimerini.com)*

### **German Ambassador: Greece on track, must continue reforms**

German Ambassador to Greece Jens Ploetner is not ruling out bilateral and multilateral deals between countries that share a common European vision and are impacted by the migration crisis.

In an interview with Kathimerini, Ploetner also vehemently denied speculation that the name deal signed between Greece and FYROM, the agreement on migrant returns and the economy were the result of an exchange between Athens and Berlin, describing it as “baseless.”

He said that the Eurogroup agreement was good for Greece and Europe and showed that European solidarity works.

Greece, he said, will be able to finance its needs without outside help. That was the aim of the bailout program and that is what was achieved, he said, adding the deal is a “strong package.”

However, he insisted that Greeks will only reap the benefits of the efforts if the country stays the course on reforms.

He also noted that there is a sense that the coalition government has increasingly been taking ownership of the bailout program in recent years and lauded the conservative opposition for backing crucial reforms instead of playing the populist card.

As for the debt, he said that its sustainability alone is not enough to attract investments to Greece and that an investment-friendly environment must be cultivated. He also noted that disputing the results of everything Greece has achieved so far will only take it backward.

*(www.ekathimerini.com)*

### **Migrant deal struck as Greece, Germany, Spain agree on returns**

Prime Minister Alexis Tsipras said the trilateral agreement on Friday June 29<sup>th</sup> for the return of migrants and refugees from Germany to Greece and Spain will not burden the country and will also expedite the reunification of split families.

The deal’s main aim, he said, is to minimize the flow of the so-called secondary movement of migrants and refugees from point-of-entry countries – like Greece and Spain – to Germany.

He said, moreover, that the deal was not linked to the acceptance – on the sidelines of the summit of European Union leaders in Brussels – of the Greek request for a suspension of the planned VAT hikes on five islands of the eastern Aegean which have borne the brunt of the crisis.

New Democracy welcomed the VAT hike suspension, saying however that this had always been a conservative proposal. When the government follows ND’s cue, it said, positive things happen for the country.

Furthermore, the text of the trilateral deal said that “Germany will gradually accept and conclude the family reunification cases in Greece and Spain with a view to guaranteeing family unity.”

Tsipras said that Germany will unblock 2,900 family reunifications from Greece.

Under the specifics of the deal, Tsipras noted that Germany and Spain are committed to backing the review of the Dublin Agreement within 2018, and promoting EU initiatives to help Greece in the event of a new migration crisis and to assist the five eastern Aegean islands financially.

Referring to the sharp divisions at the EU summit, Tsipras said the bloc is split between countries with a chauvinistic approach on the matter and those, like Greece, with a more humane attitude.

*(www.ekathimerini.com)*

## **ENERGY**

### **Energean asks Cyprus for pipeline approval**

Energean is seeking approval from Cyprus for the Greek oil and gas firm to build a pipeline from its Israeli offshore gas fields and import 0.5 to 1 billion cubic meters of gas a year to the island, Energean's chief executive said on Thursday July 5<sup>th</sup>.

Energean, which listed on London's main stock exchange this year, has committed \$1.6 billion to the Karish and Tanin fields, which have potential reserves of 2.4 trillion cubic feet of natural gas and 32.8 million barrels of light oil and condensate.

It estimates the five blocks it owns around Karish and Tanin contain an additional 5 trillion cubic feet of gas. It expects an external assessment over the coming weeks.

"We submitted a proposal to sell gas from the FPSO [floating production storage and offloading facility] to Cyprus. We sent it last week," CEO Mathios Rigas told Reuters.

The company has signed gas supply agreements in Israel for about 4.2 billion cubic meters of gas a year.

Energean is positioning itself in the Eastern Mediterranean with a newly built FPSO facility with capacity of 800 million cubic feet a day and liquids capacity of 800,000 barrels. It wants to build a 200-kilometer pipeline from the FPSO to Cyprus.

*(www.reuters.com)*

### **Copelouzos to cooperate with China Energy Investment**

The Copelouzos Group announced on Thursday July 5<sup>th</sup> that it has reached an agreement with China Energy Investment Corporation, the largest energy producer in the world, for its entrance into the equity of the wind farms constructed by the Greek group, as well as for the joint expression of interest in PPC lignite units.

Dimitris Copelouzos, the group's president and chief executive, said, "We are confident that this cooperation will act as a catalyst for the completion of major investment and promote the energy industry of Greece, in addition to the development of cooperation between Greek and Chinese companies in many sectors of the economy."

*(www.ekathimerini.com)*

## ASSESSMENT

In the last few months Syriza has taken some risky (and sometimes contradictory) decisions that triggered a chain reaction in the domestic affairs of Greece. In an ironic twist of events the end of the economic crisis for Greece seems to be the beginning of a political crisis that threatens to destroy the results which were achieved after almost a decade of austerity and sacrifices.

The approach taken by the government in the negotiations for the very sensitive issue of the name of FYROM was detrimental to national unity and continues to negatively affect the country.

With disagreements within the coalition over the “Macedonia” name deal intensifying, the leftist-led government is struggling to strike a delicate balance between upholding the agreement and containing the opposition from its junior partner, the nationalist populist Independent Greeks (ANEL). On Tuesday July 3<sup>rd</sup> at the press conference ANEL leader Panos Kammenos rejected the name deal as “bad,” saying he will try to block it. Some analysts speculate that this is just a trick in a desperate attempt of Panos Kammenos to salvage what is left of his electoral base. These cracks in the coalition spark the rumors about anticipated elections even during the summer.

This internal discord might also hurt Greece’s image next week at the NATO summit, where the country’s prime minister and foreign minister will promote the name deal as an achievement, while the defense minister will criticize it, describe it as “bad,” and reject it.

To complicate matters further the decision by centrist To Potami lawmakers to break away from the Movement for Change (KINAL) alliance and go it alone has changed the Greek political landscape during a very crucial turning point for the Country. Even though it is a small party, the decision will trigger a wave of realignments.

As far as the economy is concerned the situation remains frail despite the victorious wind that blew over the country after the Eurogroup.

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