

MAY 18 – MAY 24, 2018 – ISSUE 15



**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.

«HERMES» I.I.A.S.GE

«HERMES» I.I.A.S.GE «HERMES» Institute of International Affairs, Security & Geoeconomy («HERMES» I.I.A.S.GE) is an independent, non – governmental, non – profit organization, consisting of scholars dedicated in the research and analysis of international affairs in regional and global level. The Institute aims at providing objective, scientific, and reliable research analysis through a variety of studies contributing effectively and constructively in the public dialogue and the evolution of scientific knowledge.

Copyright © 2018

«HERMES» Institute for Foreign Affairs, Security & Geoeconomy All rights reserved

TABLE OF CONTENTS:

POLITICS	p. 4
ECONOMIC.....	p. 7
DEFENSE & SECURITY.....	p. 9
DIPLOMACY.....	p. 10
ENERGY.....	p. 13
ASSESSMENT.....	p. 13

POLITICS

Greek government aims to get around looming pension cuts

Prime Minister Alexis Tsipras aims to avert or at least partially curb further planned reductions to pensions, due to come into effect on January 2019 in line with Greece's bailout commitments, amid fears that the new austerity will deal a heavy blow to his government in the countdown to elections, Kathimerini understands.

Tsipras is intent on softening the blow for hundreds of thousands of families that are to be affected by the planned changes – estimates range from 300,000 and 700,000 – as, sources say, the enforcement of the pension cuts is to come just months before scheduled general elections.

(www.ekathimerini.com)

Greek lawmakers drop Novartis probe against ex ministers

Greece's parliament has no jurisdiction to investigate the role of ten politicians in alleged bribes by Swiss drugmaker Novartis, lawmakers ruled, in a controversy which has further polarized a deeply divided political landscape.

Greek prosecutors were probing allegations from three individuals suggesting doctors and public officials had accepted kickbacks in a period spanning 2006 to 2015.

Ten public officials who served under socialist and conservative governments over that period say the allegations, which they denied, was a "sick" mud-slinging campaign fabricated by the leftist-led government.

The majority of the lawmakers that were present in the parliament, 168 out of 172, voted against the investigation. The main opposition party, the conservative New Democracy, abstained from the voting process.

"The dead-ends you led the country to are so nightmarish you needed made-up victims to slur, and divert attention of the public to them so it wouldn't see your own dismal failures," said former Prime Minister Antonis Samaras, among those investigated.

Novartis itself has said it would take "fast and decisive action" should evidence of unethical or illegal behavior emerge.

Greek Prime Minister Alexis Tsipras had urged parliament to investigate the case, but an investigating committee, dominated by lawmakers from his own SYRIZA party, subsequently decided it had no jurisdiction last month. That decision followed blanket media coverage of the alleged allegations.

Some of those politicians said the decision not to investigate was a cop-out to avoid a thorough probe which would have exonerated them, and that it was an attempt to throw enough mud to see if it would stick.

“These un-investigated slanders have created a sick environment for some to play cheap political games where no rules apply, at the expense of the honor and dignity of those who are being slandered, and, worse of all, to the detriment of justice and democracy,” said Yannis Stournaras, a former minister and present head of Greece’s central bank.

Novartis has in the past said it was cooperating with Greek and US authorities, but it said publicity around the case included ‘many sensational and unfounded claims’ in a politicized debate of which Novartis should not be a part of.

(www.reuters.com)

Tsipras: Greece will meet fiscal targets, no fiscal gap in 2018-9

Greece and its foreign creditors agreed that the country will meet its fiscal targets in the coming years and there will be no fiscal gap in 2018 and 2019, Prime Minister Alexis Tsipras told his cabinet.

Athens and representatives from its European and International Monetary Fund creditors reached an initial agreement on Saturday on the country’s reform progress under its final bailout review. Greece’s current bailout ends in August.

“All parties’ estimates coincide that Greece will meet its fiscal targets in the coming years,” Tsipras said before presenting a four-year strategy for the post-bailout period. “It was confirmed that there will be no fiscal gap in 2018 and 2019.”

Eurozone finance ministers are expected to discuss Greece’s progress in June.

Tsipras, whose term ends next year, reiterated that Athens is expected to increase social spending in 2019 and cut taxes in 2020, as agreed with its lenders. Athens and its lenders are still negotiating post-bailout debt relief measures, he said.

The leftist premier said that reinstating collective bargaining on wages, increasing the minimum wage and cracking down on unregistered work would be among his top priorities in the next three years.

“It’s not only the need to finish with the institution of underpaid work. Increasing wages will also help increase private consumption and expand economic activity,” he said adding that young Greeks were hurt the most during the crisis and need not only more but also better jobs.

(www.reuters.com)

Turkey “unable or unwilling” to understand Greek justice, says ND

Turkey seems “unable or unwilling” to understand that Greece’s judicial system is independent, New Democracy's shadow foreign minister Giorgos Koumoutsakos said, responding to Turkey’s foreign ministry which accused Greece of shielding “putschists.”

The ministry referred to a decision by Greece's Council of State which approved the asylum status granted to one of the eight Turkish servicemen who fled to the country after the foiled coup attempt in Turkey.

"Today's statement by the Turkish foreign ministry obliges us to remind Ankara, once again, the obvious: That Greece is a modern, European democracy, in which Justice operates independently," he said in a statement.

"It is something that the Turkish side either is unable, or unwilling to understand," he added.

(www.ekathimerini.com)

Greek parties clash over Boutaris attack

Prime Minister Alexis Tsipras sought on Monday to link the lynch mob attack by far-right extremists on Saturday against Thessaloniki's liberal centrist mayor Yiannis Boutaris to opposition New Democracy.

"Who were the ones who applauded the attack against Ioannis Boutaris? Who were the ones that prepared it with violent verbal attacks against him? Who are the ones who unleash, daily, extreme accusations about traitors and Greeks with a reduced national consciousness?" Tsipras told a meeting of his cabinet, referring to what he called a "dark and extreme part of the main opposition party."

New Democracy shot back, saying that the "political and moral legitimization of violence in Greece has the signature of Alexis Tsipras."

In a statement, ND said that Tsipras and SYRIZA supported the violent street riots that broke out in Athens in 2008 and that they always justified violence against members of other parties and journalists.

Tsipras and his party, the announcement said, came to power by investing in violence, slander, polarization and toxicity.

"[Tsipras] and his party are trying, even today, to convince citizens that there is good and bad violence," it said.

The 75-year-old mayor of Greece's second largest city was attacked by a group of around a dozen far-right extremists during a flag-lowering ceremony honoring Greeks who were killed by the Turks during World War I.

"It was an organized fascist attack," Boutaris said.

The trial of the three men who were arrested for their part in the attack was deferred from Monday to Tuesday. A fourth suspect who was arrested is 17 years old and was released pending trial before a court for minors.

The three men – two 20-year-olds and a 36-year-old – and the minor have been accused of grievous bodily harm and disturbing the peace.

Meanwhile, a prosecutor has launched an urgent preliminary investigation into the circumstances under which the attack took place and whether incitement was involved.

(www.ekathimerini.com)

Rouvikonas warns Greek opposition leader

A leading member of the anti-establishment group Rouvikonas (Greek for Rubicon) has warned New Democracy chief Kyriakos Mitsotakis that it plans to target him following comments by the conservative opposition leader after the attack against the Council of State.

“Whatever we have to say to Mitsotakis we will say to him up close and very soon,” the member of Rouvikonas wrote on Facebook, describing the conservative leader as a political “hybrid” of the far right and neoliberalism.

In an announcement issued a day after some 70 vandals smashed windows and threw black paint on the facade of the building which houses the country’s highest administrative court in a daylight attack that was also captured on video, Mitsotakis said, “Neither the country, justice nor citizens should be at the mercy of Rouvikonas and other groups, which the government, of course, knows too well.”

(www.ekathimerini.com)

ECONOMIC

“Still more work” needed by Greece to make economy resilient, says Regling

Greece has succeeded in consolidating fiscal deficits and implemented reforms, but it still needs to do “more work” to strengthen its economy, the head of the European Stability Mechanism (ESM), Klaus Regling, said in an interview with Spanish newspaper Cinco Dias.

“There is still more work to be done to make the economy resilient. We very much hope the Greek government will continue the reform agenda of the last years in order to strengthen growth and employment, taking down unemployment rates,” he said.

Commenting on Greece’s ongoing fourth program review, Regling said the Eurogroup meeting held on Thursday will discuss the status of the review and decide on further steps towards its completion.

“Our final disbursement to Greece will depend on that, the review will have to be concluded successfully. A long list of reforms will have to be implemented,” he said.

“We are now discussing additional debt relief. We are not at the end of that process. But I am confident that if Greece keeps up with the reforms, the finance ministers will come to some conclusions on additional debt relief either in June or July,” he said.

Greece aims to implement the required measures before the Eurogroup meeting on 21 June 2018. The program's formal expiry date is 20 August.

(www.ekathimerini.com)

EU Commission says lenders reach deal with Greece on reforms

The European Commission said Greece had reached a deal with its international lenders on a package of reforms.

The Commission said Greece would present the reforms at a meeting of eurozone finance ministers, known as Eurogroup, and would implement the reforms ahead of another meeting on June 21, without giving further details.

(www.reuters.com)

Greece's post-bailout program contains at least 20 milestones for 2018-2022

The sweeping agreement for the conclusion of the fourth bailout review, publicized by the European Commission, contains binding commitments for Greece until 2022.

It more or less constitutes an extension to the bailout agreement for another four years, but without the inflow of money, while rendering the coalition government's rhetoric regarding a "clean exit" and its so-called "holistic plan for growth" irrelevant.

The text uploaded by the Commission on its website leaves open the possibility for the income tax discount reduction to be brought forward by 12 months to January 2019, and provides for the monitoring of the deal's implementation in the context of the enhanced surveillance to be agreed in the next Eurogroup meeting on June 21.

Besides the almost 90 milestones that need to be implemented in the next three weeks for the completion of the program, the government is undertaking at least 20 post-program obligations to be applied by 2022.

The post-program milestones start from the fiscal side: Apart from the well-known primary budget surplus of 3.5 percent of gross domestic product, the adjusted bailout agreement calls for additional interventions should any court decisions annul any austerity measures in place.

The text also contains the reduction of pensions from 2019 to save 1 percent of GDP, the full abolition of the EKAS benefit for people on low pensions, the completion of the National Cadaster by June 2021, the implementation of privatizations such as the gas network operator (DESFA), the 17 percent stake in PPC, and the Elliniko development, among others, and ceilings on civil servant employment and salaries by 2022.

The document further refers to the need to improve labor mediation to avert recourse to arbitration, the completion of the process for hiring general and special secretaries for ministries,

and the immediate transfer of railway property company GAIPOSE and the company managing the Olympic Sports Center of Athens to the privatizations hyperfund.

(www.ekathimerini.com)

Greece to raise cash withdrawal limit

Greece may loosen further capital restrictions imposed since the summer of 2015, raising the monthly limit of cash that can be withdrawn from bank accounts by at least 74 percent, Greek newspaper Kathimerini reported.

A source close to the matter told Reuters there were deliberations on the issue, but a finance ministry official said there was no final decision yet.

Athens first imposed capital controls in the summer of 2015, to stem a flight of cash from its banks at the height of a debt crisis which led to its third financial bailout since 2010.

Individuals will be allowed to withdraw lump sums of 4,000-5,000 euros in cash per month from bank accounts, an increase from 2,300 euros at present, as of June, the paper said without citing any sources. It said the move had been agreed with the country's EU/IMF creditors.

In February, the finance ministry similarly eased capital controls by raising the monthly withdrawal limit by 28 percent.

(www.reuters.com)

DEFENSE & SECURITY

Turkish court rejects third appeal for release of Greek soldiers

A Turkish misdemeanors court rejected for the third time an appeal to release from pre-trial detention two Greek soldiers who were arrested after accidentally straying into Turkish territory in early March, during a regular border patrol.

According to Turkish media, the court based again its decision on two previous rulings which stated that the two men do not have a permanent residence in the country and may flee.

The decision means the servicemen will remain in custody until a trial date has been set by the judge.

Lieutenant Angelos Mitretodis and Sergeant Dimitris Kouklatzis have been detained for 83 days in a high security prison in Edirne. No charges have officially been brought against them.

(www.ekathimerini.com)

Trump Praises Greece on NATO Spending

Donald Trump has praised Greece and six other NATO nations for their financial contribution to the Alliance.

At a Cabinet meeting attended by NATO secretary general, Jens Stoltenberg, Trump listed countries he said had paid the amount “they’re supposed to be paying”.

“I want to thank the seven NATO nations, in addition to the United States, who will meet their two-percent NATO defense spending.

“Now, unfortunately, we pay much more than two percent, which is probably unfair, and unfair to the taxpayers of the United States.

“But the two percent number that’s met is Poland, Romania, Estonia, Latvia, Lithuania, Greece, and the United Kingdom. And they are right up to snuff. They paid. They were on time. They paid the number that they’re supposed to be paying. We have some that don’t — and, well, they’ll be dealt with,” the U.S. leader said.

Greece has the second-highest rate in defense spending within NATO after the U.S. According to NATO estimates published last year, 2.32 percent of the country’s GDP is allocated to defense.

(usa.greekreporter.com)

DIPLOMACY

Greek PM to brief opposition parties over FYROM name dispute

Greek Prime Minister Alexis Tsipras wants to brief the country’s president and opposition leaders over the progress achieved with Skopje in negotiations to settle a decades-old dispute over Macedonia’s name, a government official said.

Tsipras and his FYROM counterpart Zoran Zaev, who discussed the issue during an EU-Western Balkans summit this week, said that significant progress had been achieved but more deliberations were needed.

Athens cautioned it was early to talk of a deal.

“The prime minister intends to brief the president and the opposition parties on Saturday and Sunday,” the official said.

Tsipras discussed the issue with the head of the conservative New Democracy party, the country’s main opposition, Kyriakos Mitsotakis. He was expected to speak to Socialist leader Fofi Gennimata on Saturday morning.

New Democracy said in a press release that Tsipras and Zaev were discussing the name ‘Ilinden Macedonia’, a proposal which it called “unacceptable”. The suggested name, it said, confirmed and strengthened any ‘irredentist’ claims by Skopje.

Tsipras told parliament that nothing was final.

“Any proposals submitted on the table (of the negotiation) either by the (UN) envoy or from our neighbors, are void of content if the Greek government’s conditions are not fulfilled,” he said, without disclosing any further details.

(www.reuters.com)

Opposition leaders reject as irredentist the proposed name “Ilinden Macedonia” for FYROM

Greek party leaders have rejected "Republic of Ilinden Macedonia" as a candidate name for the Former Yugoslav Republic of Macedonia, while opposition has also been expressed from within ruling SYRIZA.

In phone conversations with Prime Minister Alexis Tsipras, the leaders of the New Democracy, Movement For Change, To Potami and Greek communists KKE all rejected the proposal, which was reportedly made on Friday by FYROM Prime Minister Zoran Zaev to Tsipras during their Sofia talks.

However, for the Greek government this name is considered a basis for discussion that could lead to a viable solution.

New Democracy leader Kyriakos Mitsotakis reportedly told Tsipras that the Republic of Ilinden Macedonia is “unacceptable” as it smacked of irredentism.

Ilinden refers to an anti-Nazi uprising in the Balkans in 1944 which, however, sought to unify the geographic area of Macedonia, including parts of Greece. Its historical connotations are seen as a stumbling block for many Greeks.

According to ND, “any reference to Ilinden in the neighboring country’s name does not put an end to the irredentism of Skopje, but instead it confirms and strengthens it. “That’s why it is unacceptable to even discuss this,” it said.

For her part, Movement for Change leader Fofi Genimata also expressed her opposition to the Ilinden term calling it the “epitome” of irredentism and insisted that Greece sticks to the position that any name that is agreed must be used erga omnes- domestically as well as internationally – and for Skopje to rid its constitution of anything that can lead to irredentist claims to Greece’s northern province of Macedonia.

To Potami’s Stavros Theodorakis, the KKE’s Dimitris Koutsoumbas and the Union of Centrist Vasilis Leventis have all said they are not on board.

(www.ekathimerini.com)

ND official blasts Kammenos over FYROM name talks comment

New Democracy shadow foreign minister Giorgos Koumoutsakos accused Defense Minister Panos Kammenos of undermining the government's ongoing efforts to negotiate a solution between Greece and FYROM over the latter's name, after the minister said the two sides are unlikely to reach an agreement.

“If this is really the statement, the government has a big problem because the defense minister appears to be undermining the effort of the government, in the midst of the negotiations, and while [Foreign Minister Nikos] Kotzias is in Washington and New York for talks,” he said on the sidelines of an event organized by the Konrad-Adenauer-Stiftung Foundation on the outcome of the EU-Western Balkans Summit in Sofia.

“It is a big problem the government has before it and must be solved,” he added.

Speaking earlier on Alpha radio, Kammenos, head of the junior partner in Greece's coalition government said that United Nations-brokered talks will inevitably reach an impasse because Greece's insistence that FYROM amend its constitution to remove certain clauses seen as expressing irredentist ambitions would never pass through parliament in Skopje.

(www.ekathimerini.com)

Turkey Dominates Kotzias, Pompeo Meeting in Washington

Greek Foreign Minister Nikos Kotzias met in Washington with State Department Secretary Michael Pompeo, as part of a five-day visit to the United States.

Pompeo expressed continued support for Greece's economic recovery, underscoring the importance the US places on its role as honored country at the International Thessaloniki Fair in September, State Department Spokesperson Heather Nauert said.

Pompeo “commended Greece for its leadership role in the region, including efforts to address challenges in the Balkans and the Eastern Mediterranean,” Nauert's statement said.

The two men “agreed to remain in close communication on these and other bilateral, regional, and global issues of mutual interest, and to work closely together in coming days to ensure stability of the Eastern Mediterranean.” They also agreed to establish a US-Greek strategic dialogue on key areas of cooperation, it said.

Kotzias voiced the need to maintain security and stability in the area, and detailed Turkey's violations of international law, especially in terms of the Cyprus Republic's sovereign rights. “Cyprus must not be seen as a so-called UN problem, but as a sovereign state with specific roles and prospects in the area,” the Greek FM said. Pompeo asked Kotzias for an update on the issue of the two Greek servicemen held in the jail in Edirne since March. “We said it was unacceptable for a NATO member-state to detain two officers of the Greek army, but as you know Turkey has detained a series of US citizens also.”

(www.amna.gr)

ENERGY

Eldorado to soon obtain permit for processing plant in Greece, minister hints

Greece aims to resolve a long-standing standoff with Canada's Eldorado Gold Corp. over its development plans in the coming weeks, the energy ministry said.

The differences between Eldorado and the government over the miner's plans to produce gold and other metals in the northern Greek region of Halkidiki have dragged on for years, mainly over environmental regulations.

Eldorado blames Greece for long delays in issuing necessary permits, while Athens says the company has submitted a deficient plan to build a metallurgical plant that will process ores mined in Skouries and Olympias.

The Vancouver-based miner last month received a positive ruling from arbitrators on its planned metallurgy plant in Greece but said it was still awaiting some permits for the project.

Greek Energy minister George Stathakis discussed the ruling with workers from Eldorado's Greek unit.

"The main aim is to reach an agreement in the coming weeks within the spirit of the arbitration ruling," the energy ministry quoted Stathakis as saying without elaborating.

The ministry did not specify what such an agreement will entail but said that the ruling meant that Greece had to make sure that Eldorado will produce pure gold, silver and zinc in the country.

An energy ministry official said the arbitration panel ruled that Eldorado has not violated its contractual obligations so far, however, the government wanted the miner to undertake specific commitments, including a timetable for when it will submit pending reports on the metallurgy plant.

Eldorado froze investment and suspended operations at its Skouries project last November, citing years of permit delays.

(www.reuters.com)

ASSESSMENT

The recent changes in strategy comes as Tsipras and his advisors are increasingly focusing on the possibility of early elections, despite strongly denying the possibility. Although leftist SYRIZA is trailing conservative New Democracy by about 10 percentage points in opinion polls, there is a chance that Tsipras will call snap poll when Greece emerges from its third international bailout in August, using the narrative that his government extricated the country from years of painful "memorandums" and austerity, and brought it firmly into a new era of recovery and growth.

The reality, however, is that measures agreed during the last bailout will remain pending after Greece's scheduled exit in August. It is those measures – chiefly pension cuts – that Tsipras is said to want to avert or at least soften.

Tsipras has now also opted to go where all his predecessors have failed, by personally reviving efforts to resolve the name dispute with FYROM. This could prove too much for Tsipras's administration as the public opinion seems to draw a line concerning the issue as it would alter 4000 years of historical heritage. Something that Greeks never took well throughout their long History. Many are already labeling the government as traitors.

It would seem that things are heating up quickly if we take into account the last parliamentary sessions. For many analysts the sessions resemble more and more to an election campaign dress rehearsal as party leaders clashed over a wide range of issues, including the conclusion of Greece's final bailout review, lawlessness and the name dispute with FYROM.

Party leaders took turns lambasting the government and Prime Minister Alexis Tsipras over what they said was a below par performance in handling a series of pressing national issues, and that elections are a way out of the impasse.

www.hermesresearch.eu

Email: info@hermesresearch.eu