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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

Novartis scandal

The Novartis scandal has had the effect of an earthquake on the political scene in Greece and have rocked Greek society after coming to light since it involves two former Prime Ministers (Mr. Antonis Samaras and Takis Pikrammenos) the central bank governor (Giannis Stournaras) and a former health minister (Dimitris Avramopoulos) now serving as the EU's commissioner for home affairs.

Among those named in a report by a prosecutor on corruption in the state health service are six other former ministers and undersecretaries of health also accused of taking bribes from Novartis between 2001 and 2015 in return for illegally raising drug prices and giving the Swiss company privileged access to the Greek market. All those accused strongly denied wrongdoing.

Greece's conservative opposition rebuffed the allegations as a politically-inspired campaign to discredit opponents of the government.

The accusations came in a confidential report by Greece's anti-corruption prosecutor, Eleni Touloupaki, who received assistance from US authorities during a four-month investigation. While the report remains confidential, the names of the 10 politicians were read out in parliament last week.

Authorities searched the home and office of the former secretary of New Democracy vice president Adonis Georgiadis on Friday and Saturday. The search was ordered by anti-corruption prosecutor. Mr. Georgiadis has labeled the claims defamatory and says he intends to take legal action against his accusers.

Prime Minister, Alexis Tsipras, said it was imperative there could be no cover-up. «We will make use of every power afforded by national and international law to recover the money stolen from the Greek people down to the last euro. We will do everything we can to reveal the truth», the PM told MPs the Syriza party.

Former Prime Minister, Antonis Samaras, has filed a suit against current Greek Premier Alexis Tsipras, accusing him of being behind a plot to tarnish opposition politicians by implicating them in the Novartis bribery claims. «*I am filing a suit against the prime minister*», Samaras said in a statement on Thursday February 15th. «*He is responsible for the horrible conspiracy that is being put together. It has been so badly designed that it is falling apart on its own*», Mr. Samaras added.

The anti-corruption prosecutors who are dealing with the Novartis case are trying to find evidence of bribes being paid to politicians but so far, there are only statements from the three protected witnesses linking politicians to the alleged bribes paid by Novartis to secure preferential treatment.

According to media, anti-corruption prosecutors are focusing on the bank accounts of the politicians' advisers and associates moreover they are also searching for companies that may have been used as conduits for illegal payments.

Many websites citing judicial sources claim that based on the investigation so far, no evidence of politicians accepting bribes has been found and that Greek authorities do not have possession of any audio or video evidence that proves any politician accepted money from the pharmaceutical company.

MPs will vote on establishing a committee of inquiry later this month. Only parliament has the power to investigate politicians for alleged infractions during their term in office.

Switzerland's Federal Office of Justice has confirmed it has received two requests for legal assistance from Greece and the United States linked to probes into Novartis and alleged bribes involving the Swiss pharmaceutical giant and Greek doctors and public officials. The two requests for legal assistance linked to the Novartis scandal in Greece were received at the end of last year and in January 2018 and are being studied, a justice ministry official confirmed to Swiss public television, RTS, and the Swiss News Agency on Saturday.

The Greek branch of Novartis has issued a statement saying it was *«aware of the media reports about our business practices»* in Greece and that it was cooperating with the authorities, the Swiss News Agency said.

(<http://www.ekathimerini.com>; www.protothema.gr; www.expatica.com)

Assessment: Many analysts argue that the government rushed to bring forward allegations that politicians accepted bribes from Novartis, noting that the case file was sent by anti-corruption prosecutors to Parliament a day after a large protest in Athens over the Macedonia name issue. The second protest for the naming of FYROM made it clear that the majority of Greeks might have reached their breaking point after years of austerity and what they believe to be bad political decisions-making by the current government. It is debated if this could lead the current government to anticipated elections since it will seem that the Tsipras administration is facing perhaps one too many challenges. Scenarios are open and many believe that there might be elections anytime between Easter and September 2018. Others expect the elections in 2019 at the end of Mr. Tsipras term and it is speculated that until then the political scene will be filled with many more scandals.

Greek terrorist granted two-day leave from prison

A leading member of November 17, Greece's most deadly guerrilla group, has been granted another two-day leave from prison. Dimitris Koufodinas left the maximum security prison of Korydallos in Athens Friday 9th February morning and returned to his cell Sunday 11th February.

Koufodinas, who is serving several life terms for his role in the extreme left terrorist group that was dismantled by Greek authorities in 2002, was granted a furlough for the first time in November. The decision sparked strong reactions from the families of the victims, the political opposition, as well as US and British officials.

Kate Smith, the UK ambassador to Greece, tweeted: *«It is extremely disheartening to see an unrepentant convicted terrorist get out of jail like this. We respect the independence of Greek*

justice, but once again the memory of victims of terrorism and the feelings of their families are cruelly violated». U.S. State Department Spokesperson, Heather Nauert, said in a tweet: «We condemn the release of Dimitris Koufodinas, a convicted terrorist responsible for killing 11 civilians. We fundamentally believe that convicted terrorists do not deserve a vacation from prison. The US Embassy in Athens has conveyed our concerns to Greece's government».

The opposition's leader, Kyriakos Mitsotakis, whose brother-in-law Pavlos Bakoyiannis was assassinated by November 17, said that the law allowing such criminals to obtain furlough will be among the first ones to be abolished when his party returns to office.

(<http://www.ekathimerini.com>)

Assessment: This is the second time Koufodinas has obtain furlough and as back in November a loud chorus of people condemned Koufodinas' second temporary release in three months. The release prompt many protests from the US and Britain and among politicians in Greece. The law allowing criminals serving heavy sentences in jail to obtain furlough was not well received by the majority of the population especially since crime rates are on the rise and many Greeks believe have expressed worries concerning security issues.

ECONOMIC

Moscovici visit to Greece

European Economic and Monetary Affairs Commissioner, Pierre Moscovici, visit in Athens was one of the highlights of the past week regarding the economic agenda of Greece. Mr. Moscovici told during a conference on Friday February 9th that on exiting its third international bailout in August, Greece will be an *«absolutely sovereign country»* .

As he said, his wish is for Greece to return to normality adding that *«there cannot be a fourth memorandum for Greece»*. Mr. Moscovici expressed his strong desire that Greece should become a normal member-state like any other, with a prosperous democracy, so that Greeks stay and live in Greece, in a strong European country. *«There should be no precautionary credit line. There should be an end to the programs»*, the European Commissioner said. Mr. Moscovici added that Greece *«did what it had to do»* but that economic and structural reforms must continue also drawing attention to an *«issue of administrative competence»*.

Mr. Moscovici, also, expressed his confidence in Prime Minister Alexis Tsipras, who he described as *«smart and flexible»*, adding that their relationship was *«perfect»*. Tsipras and Finance Minister Euclid Tsakalotos decided to *«play ball»*, Mr. Moscovici said.

Athens is building a cash buffer in order to ensure financing if market conditions are not favorable at any given time in the post-bailout era. The Tsipras administration is striving for as little supervision as possible once the current bailout expires and has begun discussions over the arrangements that need to be put in place as of August 2018, as well as how these will tie in with possible debt relief.

Echoing Mr. Moscovici statements about Greece, German Chancellor, Angela Merkel, stated on Friday that the period of bailout programs is over in the eurozone after Greece's progress. Merkel told a press conference that the euro area is beyond the period of bailout programs, that began in 2010 with Greece's first rescue, as «*Greece has made major progress*», adding that the outlook is positive for the bloc as «*all economies are growing*».

(<http://en.capital.gr>; www.euroactiv.com)

Assessment: Despite public statements about a «clean exit», the supervision is expected to be, although according to the Greek government it does not constitute a new program. It is also said that if the International Monetary Fund returns to the Greek program it will also participate in the monitoring. The key question of which reforms will be monitored in the context of this increased supervision remains open and its answer will be crucial for the shaping of the political scene in Greece.

Greece launches new bond

Greece has completed the benchmark sale of a seven-year bond, sending markets the strongest signal yet that the country may have turned a new page after years of fiscal retrenchment and international bailouts.

Despite a 48-hour due to international market turbulence, officials said Greece raised about 3 billion euros from the new seven-year bond, which has a yield of roughly 3.5 percent. Investors bought strongly Thursday into a bond issue designed to help wean Greece off its international bailouts, in what officials see as an endorsement of efforts to right the country's worn out economy and restoring normal market access, which was brutally severed in 2010, necessitating three successive multi-billion euro international bailouts.

The rescue loans kept Greece «alive» but hinged on crippling austerity measures that wiped a quarter off its economy. With Greece no longer facing the prospect of a Grexit the government hopes to launch at least two other bond sales as soon as next month.

(<http://abcnews.go.com>; www.ft.com; www.thetimes.co.uk)

Assessment: The timing of the deal was hit by market turbulence last week but, after markets shifted on Tuesday, it waited until Thursday to price. Greek bonds are less frequently traded than those of other eurozone sovereigns, meaning price movements can be more pronounced.

DEFENSE & SECURITY

Greece – Turkey tension spikes near Imia

Tension between Greece and Turkey has spiked once more in the eastern Aegean Sea after a Turkish Coast Guard frigate rammed a Greek Coast Guard vessel. The incident took place near the islet of Imia which has been in dispute for more than two decades, and is often the scene of cat-and-mouse encounters between the Greek and Turkish navies. According to the Greek Defence Ministry, the Turkish vessel deliberately rammed the stern of the Greek one. Ankara, on

the other hand, insists it was an accident making efforts to play it down. There were no reported injuries from the collision.

The de-escalation between the two countries came as Athens seeks to highlight Ankara's provocative stance in the Aegean and Cyprus as a threat not just to Greece, but to the borders of the European Union and the wider region as well.

To this end Athens sought to activate the EU's mutual defense clause that calls for solidarity between member-states in dealing with external threats. European Commission President Jean-Claude Juncker said on Wednesday February 14th he was *«strictly against the behavior of Turkey»*. The initial stance of the EU has been well received in Greece, which says the escalation by Turkey is intentional as, according to government spokesman, Dimitris Tzanakopoulos, Ankara finds itself in a difficult position on both the domestic and international fronts.

Meanwhile, Defense Minister, Panos Kammenos, told his NATO counterparts in Brussels on Wednesday that there is no doubt that Turkey is escalating tension intentionally presenting audiovisual material to back his claim. The secretary general of NATO, Jens Stoltenberg, on Thursday February 15th called on Turkey and Greece to ease tensions in the Aegean Sea. *«I welcome the fact the two prime ministers spoke on the phone and I urge for talks to continue in order to avoid such incidents in the future, reduce tensions and avoid new escalation»*, he said.

Statements by Turkish Premier, Binali Yildirim, on Wednesday suggested Ankara is also entering in a phase of de-escalation, but added that the Turkish government will remain on full alert. Mr. Yildirim said that the Aegean should be a sea of friendship and refrained from repeating the claim made by the Turkish Foreign Ministry that Imia belongs to Turkey.

But, despite the fact that the situation around the Imia islets was stable on Thursday after the agreement between Prime Minister Alexis Tsipras and his Turkish counterpart Binali Yildirim to de-escalate tension, Turkish forces remained in the vicinity. A Turkish gunboat and smaller Turkish Coast Guard vessels arrived in an area east of Imia Thursday February 15th morning, while the Hellenic Coast Guard was stationed nearby Kalolimnos.

The President of Greece's major opposition party New Democracy, Kyriakos Mitsotakis blasted the Greek government and PM Alexis Tsipras over the handling of the bilateral relations with Turkey, following the recent escalation in the Aegean Sea and the Imia incident on Monday. Mr. Mitsotakis sent a clear message to Turkey stressing that there were no grey zones or disputed areas in the Aegean Sea, saying that Imia were sovereign Greek territory, underlining that *«Greece's message must be clear. There are no grey zones in the Aegean. Imia is Greek. The sovereign rights of the country are non-negotiable»*.

US Ambassador to Greece, Geoffrey Pyatt, thanked Secretary of Defense, Jim Mattis, on Thursday in a tweet *«for your strong support for our alliance with Greece»*. Pyatt's comment came after the Brussels meeting of NATO defense ministers and talks between Mattis and Greek Defense Minister, Panos Kammenos, on Thursday morning.

Mr. Pyatt traveled to Turkey from 15 – 16 February to meet with the Secretary of State, Rex Tillerson, Assistant Secretary of State for European and Eurasian Affairs, Wess Mitchell, and other regional Ambassadors to discuss the US energy agenda, among other things. Mr. Pyatt did not meet with Turkish Foreign Affairs Minister, Mevlut Cavusoglu, as was reported in the press.

Lastly, according to a Turkish newspaper reported that Ankara is beefing up its military presence close to the Greek islets of Imia, building a jetty and an observation tower overlooking the contested zone.

(www.kathimerini.com; www.reuters.com; www.milliyet.com.tr; militaire.gr)

Assessment: Tensions between Greece and Turkey near Imia has escalate these past few months leading the government to seek assistance from their allies both in the EU and NATO. The situation remains instable very since Turkey is often very unpredictable saying one thing and doing the opposite. Many analysts believe that Turkey’s behavior is the result of internal turmoil and a less than successful operation in Syria.

DIPLOMACY

FYROM naming

Greece and FYROM have been at odds for a quarter-century over rights to the Macedonia name. The main sentiment in Greece is that by using the term «*Macedonia*», the neighboring country implies a claim on the Greek province of Macedonia and its ancient heritage. The current government assured adamantly that it will reach a solution putting an end to the bitter ongoing conflict. The new round of negotiations under Greece’s Foreign Minister, Nikos Kotzias, was welcomed by domestic turmoil with two massive protests in Thessaloniki and Athens against the use of the «*Macedonia*» in a name for FYROM.

Prime Minister, Alexis Tsipras, told SYRIZA MPs that his government continues to be focused on reaching a compromise with Skopje and denied that his administration has snubbed the recent protests in Greece against the neighboring country being allowed to use the term «*Macedonia*» in a name.

Greece’s Foreign Minister, Nikos Kotzias, his counterpart from FYROM, Nikola Dimitrov, and United Nations envoy Matthew Nimetz met in Vienna on Tuesday February 13th as talks aimed at resolving the longstanding name dispute gather pace. FYROM authorities have prepared a draft international agreement with Greece according to FYROM Prime Minister, Zoran Zaev. Dignity and identity are indispensable parts of the negotiations with Greece, MIA news agency quoted Zaev as saying on Wednesday February 14th. The agreement «*hopefully in the end will be ratified by the parliament*», the PM said. The issue is preventing FYROM from joining NATO and the EU. Athens is demanding that the neighboring republic change its name to avoid confusion with the Greek region of Macedonia and make some changes in its Constitution as a guarantee to tackle irredentism.

Greek Foreign Minister, Nikos Kotzias, had identified the seven topics that need to be addressed as: the name, its general use and use in trade, FYROM's language, the identity of its citizens, the acronym that will apply and any abbreviation that will be used.

The FYROM premier did not clarify on which issues Skopje and Athens have reached an understanding but confirmed the two countries are working on an international treaty that will then have to be approved by their respective parliaments.

In a goodwill gesture the decision taken by Mr. Zaev and his cabinet to rename the country's main airport and a main highway has been made official. The name of the airport in FYROM's capital, Skopje, will be changed from Alexander the Great Airport, which it has been called since 2006, to Skopje International Airport after the Zaev administration's decision was published in the Government Gazette. The road, also named after the legendary conqueror, in 2008, will be called «*Friendship Highway*». The decision foresees all 19 signs along the road being changed.

Mr. Kotzias arrived in Sofia, Bulgaria, on Thursday February 15th for the informal meeting of European Union foreign ministers where he may meet his counterpart from FYROM, Nikola Dimitrov, on the sidelines of the gathering to hold further talks after their earlier meeting in Vienna.

The European Union is «*convinced*» that the differences between Athens and Skopje on the name of the Former Yugoslav Republic of Macedonia can be settled by July, said the European Commissioner for Enlargement, Johannes Hahn on Friday.

Questioned in Sofia over the possibility of the issue getting resolved by the end of Bulgaria's rotating presidency of the European Union on June 30, Hahn said he is «*convinced*» to that effect.

FYROM foreign minister, Nikola Dimitrov, said on the name issue that «*there is still work to be done*» before a compromise can be achieved.

(www.kathimerini.gr; protothema.gr)

Assessment: Greece and FYROM are embroiled in a longstanding and bitter dispute about the official name the latter will eventually adopt formally. In this conflict naming, politics, possible territorial claims, History and identity are all intertwined in an intricate web almost impossible to untangle. Yet again, the entire name issue is getting into circles after the two massive protests that clearly showed that the Greek nation in its majority isn't willing to agree with the use of the term «*Macedonia*» in a name for FYROM. As oftentimes in international conflicts domestic reaction shape their outcome. There are solutions to be explored but both sides need creative approach. The conflict between Greece and FYROM could spillover to the greater region and disturb a very frail balance among countries with a dark past with each other and territorial claims still lingering.

ENERGY

TAP pipes welded along 80% of route in Greece and Albania

Greece and Albania reached agreement in meetings at Tirana February 9 to redefine and delineate the boundaries of their exclusive economic zones. Pipes for construction of the Trans Adriatic Pipeline have been welded along more than 80 percent of the pipeline's route in Greece and Albania, according to a message from TAP AG consortium. The pipeline will connect to the TANAP on the Turkish-Greek border, run through Greece, Albania and the Adriatic Sea, before coming ashore in Italy's south.

«TAP pipes are welded above ground. All welds are subject to automatic testing, to ensure they meet national and international standards. Pipes along more than 80 percent of our route in Greece and Albania (over 615km out of 765km) are now welded», said the message.

TAP, worth 4.5 billion euros, is a part of the Southern Gas Corridor, which is one of the priority energy projects for the European Union. The project envisages transportation of gas from Azerbaijan's Shah Deniz Stage 2 to the EU countries.

(www.azernews.com)

Assessment: EU dependency on natural gas is expected to increase further by 2040 and to reach 83% from 70% today therefore TAP is a major component of the EU's energy policy. TAP's key role in implementing this vision is not only confined to providing significant economic benefits but also ensures the viability of one of the most important energy transport routes in Europe.

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Email: info@hermesresearch.eu