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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**

### **Novartis affair**

The Novartis affair still is at the center of the political life in Greece since it still unfolds daily with new elements seeing the light.

Former socialist minister and ex PASOK leader, Evangelos Venizelos, on Tuesday February 20<sup>th</sup> resorted to legal action over a prosecutors' report alleging that he and another nine Greek politicians accepted bribes from Swiss drugs manufacturer Novartis. The witness, Mr. Venizelos said, “spluttered out my name in a way that is self-evidently mendacious”. “The blatant perjury and slander are the least of the matter”, he said, adding that “an abuse of power has been committed against me”.

Political tensions peaked as MPs prepared for a vote in Parliament on Wednesday February 21<sup>st</sup> on whether to establish a parliamentary committee to probe the alleged bribery of 10 Greek politicians by Swiss pharmaceutical giant Novartis.

Thursday February 22<sup>nd</sup> the Greek parliament has voted to investigate allegations that 10 senior politicians, including two former prime ministers, the country's EU commissioner and the governor of the central bank, accepted bribes from Novartis. Those accused strongly denied wrongdoing in formal speeches during a heated debate that lasted more than 20 hours. Several argued they had been targeted as political enemies of the ruling leftwing Syriza party, which brought the case to parliament. The Prime Minister, Alexis Tsipras, said the vote marked a break with the past system of arrogance, greed and no transparency.

The opposition's leader and head of New Democracy, Kyriakos Mitsotakis, accused the government of systematically attacking political opposition instead of reforming the health sector and cutting spending.

A special cross-party parliamentary committee will carry out the probe. It will have the power to decide whether accusations of bribery, breach of duty and money-laundering apply, under a strict statute of limitation, to each of the accused.

In the latest twist in the affair it would appear that Shipping Minister Panagiotis Kouroubilis admitted on Friday that his name is mentioned in the FBI document accompanying the Novartis case file though did not indicate that he has any involvement in alleged illicit practices. “I am the P.K. referred to in the FBI document”, he told ANT1 television channel, adding that the same document refers to other Greek politicians.

([www.ekathimerini.gr](http://www.ekathimerini.gr), [www.ft.com](http://www.ft.com),

## **ECONOMIC**

### **Tensions at the Eurogroup**

The EU's finance ministers concluded Monday February 19<sup>th</sup> that Greece has completed most of the required reforms set by its eurozone creditors and moved closer to receiving a new disbursement of loans, said Eurogroup President Mario Centeno.

He did clarify that the precise arrangement at the point of exit from the bailout program in August rests with the Greek government, echoing the view expressed by European Central Bank President Mario Draghi when asked about the possibility of another program for Greece.

Although the members offered their praise for Greece's progress they said that Athens still had not managed to implement reforms connected to electronic foreclosures which are seen as key in helping Greek lenders manage their massive stockpile of nonperforming loans, as well as new delays in the drawn-out privatisation of Athens' former international airport.

The inconclusive conclusion of the Eurogroup meeting caused tension to emerge between Greek Finance Minister, Euclid Tsakalotos and Mario Draghi of the ECB on e-auction procedures. According to an EU source, the tension between the two men appeared during a discussion about a recent Greek bond issuance, where the bond actually went up instead of dropping as expected.

Eurogroup President told the European Parliament on Wednesday February 21<sup>st</sup> that Greece ought to assess and utilize all the mechanisms and tools at its disposal, thereby retabling the precautionary line of credit, as this is one of the instruments available.

*(www.neweurope.eu, www.ekathimerini.com)*

### **Moody's ratings agency upgraded Greece's credit rating by two notches**

In a surprise move, Moody's has upgraded Greece's credit rating by two notches, from B3 to Caa2, while retaining the positive outlook.

Moody's said that Greece is expected to maintain over the coming years its improved fiscal and institutional performance, and that this will support the recovery of the economy and of the banking system.

The credit rating agency projected that Greece will successfully complete its fiscal adjustment programme and return to the markets for funding.

*(www.tovima.gr)*

### **Technical work has begun to determine if Greece needs debt relief**

Technical work has begun to determine if Greece requires debt relief after its expected exit from a bailout program later this year, the head of the European Stability Mechanism, Klaus Regling, said. The technical work, to be done by junior finance ministers and treasury officials from euro

zone countries, would link the size of potential debt relief to Greece's economic performance over time.

Requiring investors to take a haircut, or accept losses on the value of government debt, would not be part of any restructuring once Greece exits its bailout program, said Mr. Regling. He, also, expressed optimism about Greece, especially because it has been able to successfully sell government debt to investors before exiting its bailout program.

The IMF says that debt relief is necessary for the country to emerge from crisis. Germany has long insisted that Greece needs to focus on reforms instead. To accommodate the IMF and convince it to participate in the third bailout, euro zone governments said last year that in 2018 they would consider extending the maturities and grace periods of their loans to Greece by a range from zero to 15 years. The average maturity now is 30 years.

*(www.reuters.com)*

## **DEFENSE & SECURITY**

### **Greek opposition leader, Kyriakos Mitsotakis, meets Turkish PM in Munich**

Greek opposition leader Kyriakos Mitsotakis has met with Turkish Prime Minister, Binali Yildirim on the sidelines of the Munich Security Conference in Germany.

During the meeting, which was attended by Turkish Foreign Minister Mevlut Cavusoglu and New Democracy's shadow foreign minister Giorgos Koumoutsakos, Mitsotakis reportedly repeated Greece's established foreign policy positions.

*(www.kathimerini.com)*

### **Greece and Poland sign defense cooperation treaty**

Greek Defense Minister, Panos Kammenos, and his Polish counterpart, Mariusz Blaszczak, signed a bilateral security and defense treaty during a ceremony in Warsaw on Wednesday February 21st.

The two ministers also discussed developments in the European Union and NATO, while they agreed to bolster cooperation between state-owned and private industries in both countries.

*(www.kathimerini.com)*

### **EU summit: Merkel reassures Tsipras of support regarding Turkish aggression in Aegean**

As Turkey intensifies its aggressive policy in the Aegean towards Greece and Cyprus both countries have seek the support of their allies in NATO and the EU.

German Chancellor, Angela Merkel, told Greek Prime Minister, Alexis Tsipras, that Berlin's support is "clear and self-evident" when Mr. Tsipras raised the issue of Turkish aggressions in the Aegean on Friday February 23rd on the sidelines of the EU Summit in Brussels.

Mr. Tsipras and Cyprus President, Nicos Anastasiades, held the day before a phone conversation after Turkey renewed a Navtex reserving an area inside Block 3 of Cyprus's exclusive economic zone (EEZ) for a military exercise until March 10.

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

## **DIPLOMACY**

### **FYROM naming**

The negotiations are still in development as both countries try to take steps towards a solution. Authorities in the FYROM have taken down a street sign pointing to the capital's "Alexander the Great" airport. FYROM published the decision to rename the airport and highway in the government gazette. But, according to Reuters the sign was removed due to road construction, though authorities in FYROM have vowed to change the airport's name, as well as that of a highway named after the ancient Greek general, in a bid to break a deadlock in name talks with Greece.

### **Angela Merkel – Zoran Zaev meeting in Germany**

German Chancellor, Angela Merkel, on Wednesday February 21<sup>st</sup> hailed progress in talks between Greece and the FYROM, noting that a solution appeared "close".

"I am very pleased and relieved that... there is movement in the talks", Mrs. Merkel said and added that "in the last 10 years, the solution has not been as close as now and it would be wonderful if the remaining difficulties can be bridged".

Mrs. Merkel's reference to Mr. Zaev as "prime minister of Macedonia" caused displeasure among Greek officials who want the country's name to include a geographical qualifier and for the term "Macedonia," if used, to be the Slavic "Makedonija."

Mr. Zaev said his country was committed to entering Western alliances, saying there is "no alternative to NATO and EU membership".

([www.kathimerini.com](http://www.kathimerini.com), [www.reuters.com](http://www.reuters.com))

### **Panos Kammenos disagrees with the government handling of FYROM name talks**

Panos Kammenos, the leader of Greece's junior coalition partner Independent Greeks, said on Wednesday February 21<sup>st</sup> that he disagrees with the leftist-led government's handling of ongoing name talks with FYROM.

"Of course I disagree with the government's handling of the name issue. I have said so publicly", he said and added that "not only will I never vote for such a thing, but I will do everything in my power to prevent [the government] ceding the term Macedonia".

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

## **Recep Tayyip Erdogan backs Macedonia in name row with Greece**

Turkish President, Recep Tayyip Erdogan has supported Macedonia's stance in its row with Greece about the country's name.

"We have made our stance clear by being the first country to recognize Macedonia with its constitutional name and national identity and by appointing an ambassador", Erdogan said during a joint press conference with his Macedonian counterpart Gjorge Ivanov in Ankara on Wednesday February 21<sup>st</sup>.

*(www.hurriyetdailynews.com)*

## **Zoran Zaev sees name solution as early as end of March**

All those involved in negotiations aimed at resolving a dispute between Greece and the YROM over the latter's name are keen to reach a solution by the end of March, FYROM's Prime Minister, Zoran Zaev, said in comments published by the Balkan Insight website on Friday February 23<sup>rd</sup>. Mr. Zaev expressed his belief that his Greek counterpart, Alexis Tsipras, "genuinely wants to find a solution," adding that Foreign Minister Nikos Kotzias "is also making an effort".

Asked about the possible need for a revision of FYROM's constitution, in line with Greek demands, Mr. Zaev said that, "both sides should not raise issues which make a solution impossible".

## **Russian President, Vladimir Putin, honored by the University of the Peloponnese**

Russian President, Vladimir Putin, was awarded an honorary doctorate by the University of the Peloponnese in a special ceremony on Friday February 23<sup>re</sup> at the Russian Embassy in Athens, which was attended by Alternate Foreign Minister, Giorgos Katrougalos.

The university honored Mr. Putin for his political career and for his contribution to strengthening Russian-Greek relations, education, art, society and democracy. The Russian ambassador to Greece, Andrei Maslov, represented Putin at the ceremony.

*(www.ekathimerini.com)*

## **ENERGY**

### **TAP Presents Project Update at the Athens Energy Forum**

The Trans Adriatic Pipeline (TAP) AG Country Manager for Greece, Katerina Papalexandri, presented the project's progress at the annual Athens Energy Forum organised on 15-16 February 2018, with the participation of select speakers, including the Minister of Energy and Environment George Stathakis.

All line-pipes to be used in the Greek section of the Trans Adriatic Pipeline have been delivered, TAP AG Country Manager for Greece, Katerina Papalexandri said on the sidelines of the Athens Energy Forum.



In Greece, she noted, construction is ongoing in all three Northern Regions the pipeline traverses.

([www.azertag.az](http://www.azertag.az))

### **ASSESSMENT:**

The political scene is in an uproar as the Novartis affair keeps unfolding in unexpected ways new names of senior politicians are made public. The main purpose of the Novartis scandal was according the government to shed light in the health sector and erratic corruption. A plan that seems to backfire the least few days as it is likely that politicians from the current government are also involved. What was strategically planned as mean for SYRIZA to gain more public approval might become a very difficult situation to handle.

As far the economy goes Greece is at a turning point. The upcoming months will prove crucial to how Greece will exit the program and finds a way to finance itself. Some analysts and policymakers argue that Greece should ask for a precautionary credit line to make a smooth transition to the markets after a decade of international financial aid. Still, Athens vehemently denied all calls to ask for such a safety net.

The tensions that arise almost on a daily basis between Greece and Turkey have become another issue that the government must handle very carefully as it could quickly escalate. The recent incidents involving Turkey's Navy and the Greek Coast Guard proved that the situation could get quickly out of hand leading to an incident such as the one involving Imia in 1996.

Finally, the negotiations with FYROM are progressing but the public opinion is against and inside the government's coalition cracks have appeared and may at any moment provoke a split between the two parties in power. It would seem that each of the are calculating the political call as many talk about possible election before the end of the term in 2019. Some analysts are even arguing that SYRIZA lost the opportunity to find another partner, closer to its views concerning FYROM, because of the Novartis affair and is therefore "stuck" with the Independent Greeks.

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