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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

Greek Lawmakers to See Bailout Bill

A draft omnibus bill containing all the measures needed to conclude the fourth and final review of Greece's financial adjustment programme will be tabled in the Greek parliament.

According to the government's plan, the plenary vote on the bill will be held by the following Thursday, June 14. The draft bill will legislate for fiscal measures that have been agreed, taxation issues, energy issues, the timeline for privatizations and other public administration and labor-related matters.

Before the vote on the omnibus bill ending the review, parliament will also be called on to vote in another draft bill that contains measures regulating societe anonyme companies in Greece, which is to be voted on by Tuesday, June 12.

(www.amna.gr)

Greek opposition slams government over spike in violence

A few hours after self-styled anarchists claimed responsibility for a weekend firebomb attack against a riot police unit in northern Greece, the conservative opposition accused the left-led government for failing to curb an upsurge of violence and lawlessness in the country.

In a statement, New Democracy attacked the government for "downplaying – or, worse even, fomenting – the activity of [anarchist] groups in universities and all sorts of no-go areas." The party of Kyriakos Mitsotakis said leftist Prime Minister Alexis Tsipras was personally responsible for the situation.

Earlier, an anti-establishment group claimed responsibility for Saturday's firebomb attack in Thessaloniki against a riot unit van guarding the Turkish Consulate which put the lives of some 20 officers at risk.

A statement posted on an anarchist website, signed simply as "insurgents," said that "we choose to stare the real enemy in the eye, to stare its armed guards in the eye and burn them."

"Cops are a first obstacle, they are the armed guard of the establishment. And they are not indestructible," the statement said.

Officers holding banners protested against what they called "murderous attacks" against their colleagues and accused the state of "indifference."

They said that since 2010, riot police units guarding the Turkish Consulate in Thessaloniki have been attacked at least 17 times without anyone ever getting arrested.

The head of the local union of police officers, Theodoros Tsairidis, said that riot police units have become targets.

(www.ekathimerini.com)

ECONOMIC

Greece optimistic for June debt relief deal

Greece is optimistic about prospects for a debt relief deal in June that will help make its post-bailout return to bond markets credible, along with EU monitoring and a cash buffer, a Greek government official said.

Greece was in talks in Paris with its euro zone and IMF lenders about hammering out later this month a debt relief deal.

“We are weeks away from the completion of the bailout programme. There is no doubt that the programme will be completed successfully, that is, Greece will be able to regain sustainable and lasting market access beyond 2018 and 2019,” the official said, speaking on condition of anonymity.

The official said Athens was aware of the risk of contagion from jitters in the Italian bond market, where difficulties in forming a coalition government have driven yields higher.

“It’s important to design a strategy that will enable us to decouple Greek bonds from what is going on in the Italian bond market,” the official said.

Greece is therefore counting on a three-pronged strategy of a cash buffer, post-bailout surveillance by the European Commission and debt relief to plot a credible return to markets.

Greece will commit to sticking to existing fiscal and reform targets, though no new conditions would be imposed, the official said. The return of profits that euro zone central banks made on Greek government bonds to Athens would hinge on meeting those targets.

The official said he was optimistic loans will be extended under the debt relief deal euro zone finance ministers aim to agree at a June 21 meeting.

One of the objectives of that meeting is to secure IMF backing for the euro zone debt relief offer for Greece to boost its credibility with markets and bring investors back to Greece after it exits its bailout on Aug. 20.

Though the IMF would prefer debt relief measures going beyond the euro zone’s offer, the official said that in the government “in our own analysis we don’t need it”.

The official also said that a French proposal to link repayments to economic growth was “on the table” but depended on how long existing loans are extended in the debt relief package.

With growth strong and revenues coming in better than expected, the government now sees room to ease taxes and increase spending on things like child poverty, the official said.

The government sees room to cut taxes by about 700 million euros next year. In 2019, 1.2 billion euros is expected to be available with 75 percent going to tax cuts and 25 percent to higher

spending. By 2022, the extra money is seen reaching 3.5 billion euros with half going to taxes and half to spending.

(www.reuters.com)

IMF spokesman warns time is running very short for deal on Greece

Discussions continue on policies that could support the participation of the International Monetary Fund in the Greek program and the arrangement of the national debt, IMF spokesman Gerry Rice said in Washington, but stressed that “time is running very short” for a solution.

Rice cited a recent meeting of the Washington Group in Paris and noted the participation of senior IMF officials Poul Thomsen and Peter Dolman in it to illustrate that the Fund remains fully engaged in the process.

He described the following steps in the Greek case: efforts will continue for the possibility of financing the program and secure the easing of the debt which the IMF considers necessary.

Rice further noted that the IMF is planning for an Article IV report on Greece that will also include a debt sustainability analysis. He explained that Article IV could be the alternative to a proper program, if it applies in parallel to a program as has also been the case in the past.

The IMF spokesman added that even if the Fund does not get involved through financing, it will continue to be engaged with Greece through the post-program surveillance and Article IV. He conceded that the IMF has not given Greece any money for some years, but it is still trying to help one of its member-states.

Rice confirmed the participation of IMF Managing Director Christine Lagarde in the June 21 Eurogroup meeting of eurozone finance ministers; her participation is related to the presentation of the Article IV report on the eurozone.

(www.ekathimerini.com)

Capital controls eased further

Capital controls were eased further with depositors now permitted to withdraw a monthly maximum of 5,000 euros from bank accounts, up from 2,300 euros.

The measures were heralded last week as part of measures to further lift the capital controls imposed three years ago when Greece was in political and financial upheaval.

Business transactions will also be facilitated with the limit for cash transfers abroad being doubled to 40,000 euros per client per day.

Further, international travelers can take larger cash amounts abroad, 3,000 euros per trip compared to 2,300 euros.

Another change approved by the Greek Finance Ministry affects bank customers who will be allowed to make money transfers overseas of up to 4,000 euros every two months.

(www.ekathimerini.com)

DEFENSE & SECURITY

Turkish jets violate Greek air space amid spike in aggressive rhetoric from Ankara

Greek defense authorities recorded seven violations of national air space in the space of under half an hour by a formation of four Turkish fighter jets.

The formation of F-16s entered Athens's Flight Information Region (FIR) in the morning and split off into two pairs, conducting seven unauthorized overflights in the southeastern Aegean area.

The violations come in the wake of aggressive rhetoric emanating from Ankara in response to the release by Greek judicial authorities of the last four of eight Turkish servicemen wanted in that country over an attempted coup in the summer of 2016.

Following the announcement of the officers' release into protective police custody following the expiry of their maximum pretrial detention period on Monday night, Turkey's Deputy Prime Minister Bekir Bozdag accused Greek Prime Minister Alexis Tsipras of going back on a pledge to ensure that the eight servicemen were extradited.

“From statements made in Greece by its prime minister right after the coup, we were of the positive opinion that they would be extradited to Turkey. Admittedly we had hope,” Bozdag was quoted by Greek media as saying of the eight soldiers who flew to Greece in a helicopter right after the failed overthrow on July 15, 2016. “We thought that Mr Tsipras would keep his word. With time, though, we saw that the judicial authorities were mobilized and these ‘putschists’ were not extradited.”

Bozdag reportedly went on to say that whatever Greek authorities do, “it is our duty to find those ‘putschist’ soldiers... pack them up and bring them to Turkey.”

(www.ekathimerini.com)

Frontex director ready to offer Greece more help

As Greece continues to struggle with overcrowded migrant reception centers on the Aegean islands and greater pressure at the land border with Turkey, Fabrice Leggeri, the executive director of the European Union's border agency Frontex, has pledged more support if necessary.

Hailing Greece's “great progress” in responding to the refugee crisis in comments to German magazine Der Spiegel, Leggeri conceded that migrant flows are “huge” but said “Frontex wants to help.”

Noting that the number of migrants crossing via Evros dipped in May, Leggeri said Frontex would send more border guards if required.

(www.ekathimerini.com)

DIPLOMACY

Thousands protest in northern Greece over FYROM's name issue

Tens of thousands rallied in northern Greece to protest against a possible compromise solution to a long-running row between Athens and Skopje over the ex-Yugoslav republic's name.

Protesters staged separate rallies in about 23 northern Greek cities. They held banners reading "Macedonia is Greek", "Respect our history" and waved Greek flags.

"Macedonia is our soul! There is only one Macedonia and it is in Greece, where King Phillip and Alexander the Great were born," said one of the rally speakers in Pella city, adding Greeks would never accept another country was called Macedonia.

(www.reuters.com)

More rallies planned in Greece over FYROM name dispute

Activists wanting the Greek government to take a tough stance with FYROM over the latter country's name said they are planning rallies in the birthplace of Alexander the Great and a dozen more towns in northern Greece.

The gatherings in Pella and elsewhere are meant to show that residents of Greece's Macedonia province are "in a state of alert" over the negotiations between the Greek and FYROM governments, organizers said.

They said they enjoy the backing of local church and municipal officials.

(www.ap.com)

Turkey halts migrant re-admission deal with Greece

Turkey suspended its migrant re-admission deal with Greece days after Athens released from prison eight Turkish soldiers who fled their country after a 2016 attempted coup.

The troops were released after an order extending their custody expired. A decision on their asylum applications is still pending.

"We have a bilateral re-admission agreement, we have suspended that re-admission agreement," Foreign Minister Mevlut Cavusoglu was quoted as saying by state-run Anadolu news agency on Thursday.

He said a separate migrant deal between the European Union and Turkey would continue.

Cavusoglu said he believed the Greek government wanted to resolve the issue with the Turkish soldiers, but Greek judges were under pressure from the West.

(www.aljazeera.com)

State Department: Greece anchor of stability in East Med and Western Balkans

Washington is cultivating Greece as “an anchor of stability in the Eastern Mediterranean and the Western Balkans,” said Assistant Secretary of State for European and Eurasian Affairs, Wess Mitchell, in a speech at the Heritage Foundation in Washington, in which he outlined the Trump administration’s strategy in Europe.

Mitchell also expressed Washington's opposition to Turkey's rhetoric and policies towards its neighbors that are close friends and allies of the US.

Speaking about Turkey he noted that “[the US cannot be silent when Turkey’s leaders curb democratic freedoms and the rule of law, harangue Israel, and wield rhetoric or pursue policies that unnerve Ankara’s neighbors and [America's] close friends and allies.”

In that context he explained that if Turkey proceeds with the purchase of Russian S-400s, that move will influence its participation in the programs of military cooperation with the US, including the production and sale of the F-35 fighter planes.

(www.ekathimerini.com)

Corbyn vows to return Elgin Marbles to Greece if he becomes prime minister

Jeremy Corbyn has pledged to give the Elgin Marbles back to Greece if he became prime minister.

The Labour leader said the marbles – also known as the Parthenon sculptures – belonged to Greece and that if elected, he would open talks on returning them.

When asked whether he would consider returning the long-disputed carved figures, Mr Corbyn stressed that they were “made in Greece, and that is where they were for thousands of years until they were taken”, the country’s “Ta Nea” newspaper reported.

“It is very clear to me that the Parthenon sculptures belong to Greece,” he was quoted as saying.

Mr Corbyn reportedly said: “They were made in Greece and have been there for many centuries until Lord Elgin took them.

“As with anything stolen or taken from occupied or colonial possession – including artefacts looted from other countries in the past – we should be engaged in constructive talks with the Greek government about returning the sculptures.”

Mr Corbyn has long been a supporter of the marbles' repatriation but this is the first time as party leader that he has made his intent so clear.

(www.independent.co.uk)

ENERGY

Greek utility refinances debt ahead of new business plan

Greek utility Public Power Corp (PPC), hit by unpaid bills during years of austerity, said it has reached a deal to refinance a 1.3 billion euro syndicated loan and is close to finalising a five-year business plan.

The terms of the refinancing agreement with Greek banks were "satisfactory and absolutely reasonable," PPC's Chief Executive Manolis Panagiotakis told shareholders at the company's annual general meeting on Thursday. The loan is due in May 2019.

Shareholders at the meeting voted overwhelmingly to renew Panagiotakis's tenure as CEO for three years after his term expired in April.

The CEO said PPC, which is 51 percent state-owned, had also agreed a new 175 million euro credit facility with banks, to tap if it needs help to repay outstanding notes of 350 million euros due next year.

PPC's share price was hit last month after media reported that adviser McKinsey had drafted a five-year business plan that indicated it needed to take immediate action to reduce arrears, boost its profit and cut its workforce.

Panagiotakis said that PPC was in the final stage of drawing up the plan, which will include specific measures to boost the utility's finances by 2022, upgrade its operations and develop new activities in the next 10 years.

"Specific actions will take place in June to make sure it (the plan) will be implemented," he said.

Greece's dominant utility is also selling units equal to about 40 percent of its coal-fired capacity, a condition of Greece's international bailout, to help open up the sector.

PPC has been hard hit by bad debt provisions for bills left unpaid by Greeks hit by years of austerity and a protracted recession in recent years.

(www.reuters.com)

ASSESSMENT

The main focus in domestic issues is on FYROM's naming and this is mainly to Greeks, their Balkan neighbor's fight for the right to use the name looks suspiciously like territorial aspirations over the northern Greek region. The "Macedonia" dispute touches in Greece on issues of identity, culture and history. Greeks have protested again and again.

Greek fears about a renewed territorial threat resurfaced with the negotiations undertaken by the Tsipras administration and have resurged amid hints of a compromise in the name talks.

Greeks are frustrated and lost because of the duality that exists inside the coalition since Tsipras' partner, Panos Kammenos, has said his party would not support a solution that allowed the Balkan nation to continue using the name Macedonia, and he declared, "The Skopjans are living with the myth of Macedonia." But some question whether Mr. Kammenos would risk political turmoil at a critical moment for Greece, which is set to exit its third international bailout in August remain along with whispers that he loves power too much to leave it.

Greece's political classes, like society as a whole, give the impression of being pulled in two directions at once.

People also realizing that the economy is not as the government says it is. A walk in Athens will make wonder where growth hides since there are more closed shops than open. The sacrifices appear to have been made in vain for Greece will not put itself on the road to sustainable recovery unless it attracts foreign investors. And at the moment attracting investors looks to be the last think on the mind of the administration.

The domestic savings base is not big enough to supply the required levels of investment. But foreign investors will not bet on Greece unless they can rely on the efficiency and fairness of the judicial system. The danger is that the efforts will count for much less than they should if Greece falls below the standards that its people have a right to expect on the rule of law.

Complications from all sides come to light and the tale Tsipras was telling all these months could collapse because of bad timing.

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