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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**

### **Greek PM assumes political responsibility for deadly fires**

Prime Minister Alexis Tsipras said on Friday July 27<sup>th</sup> he took full political responsibility for the deadly blaze that has killed at least 87 people in a coastal town in east Athens this week.

“The dead cannot talk but the least we can do in their memory is to show respect for the truth. I want to take full political responsibility for the tragedy before the cabinet,” he said at the start of an emergency cabinet meeting at Maximos Mansion to discuss the fires.

“It is self-evident for the country's prime minister and I call on you too to take it,” he told his ministers.

During the press conference, Toskas claimed there had been 'no major operational mistakes' and that there was no time to evacuate people because the blaze spread very quickly.

*(www.ekathimerini.com)*

### **Opposition demands resignations of ministers in wake of deadly wildfire**

Speaking on Friday July 27<sup>th</sup> after a three-day mourning period expired, a main opposition New Democracy (ND) spokeswoman charged what she called “unlimited audacity” on the part of the leftist-rightist coalition government, while calling for the resignations of top ministers.

“Unfortunately, the government yesterday added unlimited audacity to its inability to protect human life and citizens' property. During the government show yesterday not one apology was heard,” spokeswoman Maria Spyraiki said, adding:

“Not one of the officials involved was fired ... they all declared themselves proud of how well they did their job, at the very moment when we're counting the dead.”

*(www.naftemporiki.gr)*

### **Greek government coalition parties boycott media outlet amid sharp criticism over wildfire**

The two parties comprising the current Tsipras coalition government, radical leftist SYRIZA and its small junior partner, the right-wing AN.EL party, on Thursday July 26<sup>th</sup> reacted to fiery press criticism in the wake of Monday's deadly wildfire by boycotting Athens broadcaster Skai - among its most vocal media critics.

The government and the two coalition parties took umbrage with the way the broadcaster is presenting coverage of the wildfires and the resulting catastrophe.

“After the vile attack against the heads of the fire brigade and police, which Skai executed upon demand, SYRIZA's cadres and MPs will not participate in TV and radio programs (by Skai),” a

party announcement said, citing a previous day's report that the government may cashier law enforcement's leadership. The latter media report was angrily denied by the government.

Defense Minister Panos Kammenos, the head of the small junior coalition partner and himself a “magnet” for sharp opposition and media criticism, also said his remaining party MPs will “boycott” the broadcaster.

In reply, Athens-based Skai, which boasts high television and radio ratings, dismissed the criticism leveled against it by the government and the two political parties.

“Skai performs its journalistic mission with professionalism and objectivity. It has responsibly stood up before the arrogance and conceit of many governments ... today's announcement by the Maximos Mansion (government headquarters) exceeds all boundaries and shows where insecurity and ineptitude in managing a major crisis leads to. We will not follow them. We'll continue to do our job, as we know how to do it. The citizens, in fact, know very well who is engaging in cheap propaganda and who is doing their job.”

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

### **Greek government announces financial aid for wildfire-ravaged areas**

The Greek government on Wednesday July 25<sup>th</sup> afternoon announced urgent relief measures for the survivors of Monday's deadly wildfire in eastern Attica prefecture.

A spokesman said residents whose property was damaged by the fire would receive a lump sum payment of 5,000 euros; 6,000 for families with three or more children, and 8,000 euros for businesses. Another measure, on top of foreseen relief measures in cases of natural disasters, is a suspension of actions of property in the ravaged sites.

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

### **Tsipras, Stylianides discuss EU aid for fire-stricken areas**

Prime Minister Alexis Tsipras held a meeting with European Commissioner for Humanitarian Aid and Crisis Management Christos Stylianides in Athens on Wednesday July 25<sup>th</sup> to discuss ways to coordinate EU aid to tackle the devastation caused by the fires in Attica, that have left at least 80 people dead.

Speaking to the state-run Athens-Macedonian News Agency before the meeting, Stylianides said the EU will support Greece financially to buy water-dropping aircraft and help recovery efforts, mainly in eastern Attica.

Rescue crews Wednesday continued to search the seaside areas northeast of Athens that were the worst affected by wildfires to locate any further victims.

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

### **Greek government forced to withdraw state company salary raise**

The efforts of the government and the privatizations hyperfund to streamline the salaries of heads of public sector companies (DEKO) failed.

The regulation proposed by Deputy Finance Minister Katerina Papanatsiou on Thursday July 25<sup>th</sup> concerning raises to the salaries of the directors of the major state enterprises, was withdrawn after just a few hours due to the stormy reaction against it during the period of national mourning for those who died in the eastern Attica fire.

That clause exclusively concerned the heads of the DEKO companies that have entered the Hellenic Corporation of Assets and Participations (EESYP), also known as the hyperfund, in the context of the process to streamline those state corporations.

*(www.ekathimerini.com)*

### **Greek PM cuts Bosnia visit short due to wildfires back home**

Greek Prime Minister Alexis Tsipras was cutting short his visit to Bosnia on Monday July 23<sup>rd</sup>, in the wake of a bevy of wildfires that erupted almost simultaneous around the greater Athens area the same day.

Moreover, Tsipras expressed concern over the numerous blazes that emerged at the same time.

Although strong winds and arid conditions were present on Monday - despite a few scattered raindrops north of Athens - the sheer number and timing of the blazes raised concerns on the part of authorities.

The Greek PM traveled to Mostar on Monday July 23<sup>rd</sup>, where he was due to be honored with his counterpart from FYROM, Zoran Zaev.

*(www.naftemporiki.gr)*

### **K. Mitsotakis says he'll honor Prespes agreement if elected and pact is ratified**

Main opposition New Democracy (ND) leader is profiled with a lengthy interview by the German daily Süddeutsche Zeitung on Friday July 20<sup>th</sup> where, among others, he pledges to honor a recently concluded bilateral agreement resolving the FYROM “name issue”.

“I have clearly said that I do not like this agreement. But I always stress that I will honor it (agreement) as an obligation undertaken by the country, as long as it has been ratified by Greece's Parliament... ND will vote against,” he was quoted as saying.

The ND leader also repeated his demand for early elections in the country.

“The Tsipras government has nothing more to offer the country. On Aug. 20, the third and last European bailout program for Greece ends; we need a new government, one that will lead the country into the future. With the exception of tourism, the economy is not growing,” he said.

*(www.naftemporiki.gr)*

## **ECONOMIC**

### **Draghi rules out QE and waiver extension for Greece**

Greece's participation in the ECB's Quantitative Easing (QE) program is not possible without the waiver, Eurozone central banker Mario Draghi said on Thursday July 26<sup>th</sup>, speaking at a press conference on the ECB's monetary policy.

He also praised what he called the progress in Greece posted over the recent period, and said he awaits the successful conclusion of the current bailout, which ends on Aug. 20, 2018.

Nevertheless, he said Greek bonds are not eligible for the ECB's asset-buying program without the waiver, which he added, ends with the fiscal adjustment program.

*(www.naftemporiki.gr)*

### **Statistics authority: Greek households increasingly funding consumption with savings**

Greek households continue to dig deep into their savings in order to finance their consumption, with figures from the first quarter of the year showing a marginal increase in consumer spending but in tandem with a significant decrease in the deposits.

The figures were released on Wednesday July 25<sup>th</sup> by the Greek statistics service, EL.STAT.

In the wake of a "tax tsunami" passed in 2016 by the leftist-rightist coalition government, and implemented in 2017, households in Greece appear to be relying their savings in order to pay for all types of taxes, which relevant tax rates also increased this year compared to the last.

Consumer spending increased by 1 percent in Q1 2018, compared to the corresponding period of 2017, and reaching 29.8 billion euros, up by 300 million euros in absolute terms.

Consumer spending was also considered as having a negligible effect on GDP growth for the same quarter, which was measured at 2.3 percent (on an annual basis), with a rise in exports deemed as the most significant factor in the increase.

Households' spending in Greece usually accounts for roughly 70 percent of annual GDP, meaning that it is a "barometer" for judging the course of the economy.

The rate of households' savings - defined as the gross rate of savings compared to the gross disposable income - decreased by 11.2 percent in the first quarter of 2018 - only slightly better than the figure for Q1 2017, which dropped by 12.5 percent.

*(www.naftemporiki.gr)*

## **Debt relief measures to cost 34 bln euros according to the German Government**

The German government has calculated the cost of the measures easing Greece's debt over the next 10 years at 34 billion euros, though that depends on the course of interest rates, the Frankfurter Allgemeine Zeitung daily reported on Wednesday July 25<sup>th</sup> citing a German Finance Ministry document.

“The [cost] of the additional suspension of interest payments in the next 10 years will depend on the actual fluctuations of interest rates and is currently estimated by the [German] Finance Ministry at 34 billion euros,” the ministry is reported to have responded to a parliamentary question.

Germany is for now blocking the disbursement of the last bailout tranche to Greece, amounting to 15 billion euros, due to the arbitrary decision by the Greek government to extend the value-added tax discount on the five Aegean islands suffering the most from the migrant influx.

*(www.ekathimerini.com)*

### **K. Regling warns Greece to stick to reforms**

European Stability Mechanism chief, Klaus Regling issued a new clear warning to the Greek government that if it deviates from the course of reforms, the debt-easing measures decided last month will be suspended.

Speaking in Munich on Monday July 23<sup>rd</sup>, the German official argued that there are three reasons it took Greece more time to emerge from the programs: the deep crisis in Greece from the outset, the weaker administration in Greece than in other eurozone states, and the fact that the country reversed some very significant reforms in the first half of 2015.

*(www.ekathimerini.com)*

### **A. Merkel defends Greek primary surplus targets**

German Chancellor Angela Merkel on Friday July 20<sup>th</sup> defended the long period of primary surplus targets for Greece, saying they were not a sign of lacking trust in the crisis-hit country but a necessary condition to reduce the level of debt.

“It's a good compromise,” Merkel was quoted as saying during a press conference.

The German leader also rejected speculation that Berlin had struck a deal with Athens to accept migrant returns in exchange for a delay to a VAT-rate increase on five eastern Aegean islands hit by the refugee crisis.

*(www.ekathimerini.com)*



### **S&P raises outlook on Greece, affirms rating**

S&P Global Ratings said on Friday July 20<sup>th</sup> it raised its outlook on Greece to positive from stable while affirming its B-plus/B ratings.

The outlook reflects a potential upgrade if Greek authorities were to boost competition in product markets, strengthen property rights, ease bankruptcy procedures and improve the enforcement of contracts, S&P said.

The ratings agency said it sees an enhanced policy stability supporting Greek banks and the economy, adding that the country's growth projections will improve, driven by private investment in tourism and logistics due to large public infrastructure projects.

Real growth in gross domestic product is projected at 2 percent to 2.5 percent over the next three years, S&P said.

*(www.reuters.com)*

### **DEFENSE & SECURITY**

#### **Greek president urges release of soldiers detained in Turkey**

Greek President Prokopis Pavlopoulos has once more urged Turkey to release the two Greek soldiers.

Speaking during a visit to Monemvasia, in the southern Peloponnese, on Monday July 23<sup>rd</sup> on the anniversary of the area's liberation from Ottoman rule, Pavlopoulos said that the ongoing detention of the two soldiers, who have been held since early March without official charges brought against them, is a violation of democratic values and fundamental human rights.

The Greek president said that Turkey's European Union membership ambitions and good neighborly relations depend on respect for international law and the EU's *acquis communautaire*.

He stressed that Greece wants to build a "sincere friendship" and "good neighborly ties" with Turkey.

*(www.ekathimerini.com)*

### **DIPLOMACY**

#### **Offers for help and condolences pour in as fire ravages Attica**

Cyprus, Israel, Spain, Bulgaria, Italy, Germany, Poland and France have extended a helping hand to Greece as a fire that started on Monday in eastern Attica claimed 50 lives by Tuesday morning and injured more than 150 residents and visitors in the holiday resorts of Mati, Rafina, Neos Voutzas and Penteli.

"Israeli teams on are on alert and at the disposal of Greece if necessary," the country's embassy in Athens said in an announcement on Tuesday July 24<sup>th</sup>.

Bulgarian Prime Minister Boiko Borissov spoke with his Greek counterpart Alexis Tsipras by telephone and offered to send 50 firefighters and two fire engines, while Cyprus and Spain also sent equipment and personnel on Monday evening.

Planes, vehicles and firefighters have also been sent in by Greece's European Union partners.

Condolences also poured in as news of casualties started to break late on Monday, while in Athens, the Greek flag flew at half-mast on top of Parliament on Syntagma Square.

“Our thoughts are with Greece and with the victims of the terrible fires,” French President Emmanuel Macron wrote on Twitter.

“Very saddened by the tragic forest fires in Greece. Europe will stand by our Greek friends in these difficult times. Help is on its way from several EU countries,” European Council President Donald Tusk tweeted.

Tsipras also spoke on the telephone with European Commission President Jean-Claude Juncker, who offered resources as well as condolences, the ANA-MPA news agency reported.

*(www.ekathimerini.gr, www.amna.gr)*

### **Greece expresses condolences, solidarity over Toronto shooting**

Greece has expressed its condolences and solidarity with the people of Toronto following the late Sunday shooting which left two people dead and 12 injured.

In a tweet Monday July 23rd, the Foreign Ministry said Greece was “profoundly shocked by [the] abhorrent,” shooting in the city’s Greektown neighborhood.

“We stand in full solidarity with the people and government of Canada. We extend our sincere condolences to the victims’ families and loved ones and we wish a speedy recovery to all injured,” it said.

*(www.ekathimerini.com)*

### **N. Kotzias: Russia cannot “disrespect” other countries**

In an interview with Efimerida ton Syntakton published on Saturday July 21<sup>st</sup>, Greek Foreign Minister Nikos Kotzias was questioned about Moscow’s discontent over NATO’s accession invitation to FYROM.

“Russia must realize that it cannot disrespect the national interests of another state because it feels it is stronger,” he told the newspaper.

“We will not tolerate such a stance from the West or from the East, and we have proven this,” he said.

*(www.efsyn.gr)*

## **Russian Foreign Ministry summons Greek ambassador amid diplomatic row**

The Russian Foreign Ministry has summoned Greece's ambassador to Moscow, Andreas Friganas, after Athens's strong-worded reaction to remarks by ministry spokesperson Maria Sakharova, according to the Greek newspaper "Kathimerini".

Sources told the newspaper that the meeting was held in a cordial atmosphere. Russian officials allegedly told the Greek ambassador that Zakharova's comments were not disrespectful, attributing the incident to a misunderstanding.

Speaking on Greece's decision to expel two Russian diplomats, Zakharova warned Athens on Wednesday July 18<sup>th</sup> that "such things do not remain without consequences" and claimed that third countries were behind Greece's decision.

The Greek Foreign Ministry responded by urging Russia to stop interfering in domestic affairs and treating Greece with disrespect.

*(www.ekathimerini.com)*

## **ENERGY**

### **Majority stake of Thessaloniki area natgas provider purchased by Eni**

The transfer of 51 percent of the Thessaloniki area's natural gas provider, Zenith, was completed last week, with the Public Gas Corp. of Greece (DE.PA) stake passing to Eni gas e luce SpA (EGL) for 57 million euros, a figure that includes the dividend for 2017.

*(www.naftemporiki.gr)*

### **Natural gas set to expand to all regions of Greece by 2022**

The Greek natural gas network is seen expanding to another 43 cities and towns across the country, including some of its main islands, so as to offer this cheaper form of fuel to over 32,000 new consumers, most of them households.

That is the main provision of the five-year (2018-22) development plan of the Public Natural Gas Distribution Networks Corporation, that the Regulatory Authority for Energy has just put up for public consultation. The commodity is already available in Attica, Thessaloniki and Thessaly.

The total amount of the plan's investments comes to 190.8 million euros. This will be 50 percent financed by the Partnership Agreement for the Development Framework (ESPA), 40 percent by loans and the rest by the corporation's own funds. In total, the new networks to be created are expected to benefit 27,869 new household customers, 4,833 commercial clients and 82 industrial units.

*(www.ekathimerini.com)*

## ASSESSMENT

Greece is mourning its victims after what appears to be the deadliest wildfire in postwar Europe. As the days go by one major problem emerges: there is a very dangerous lack of infrastructures. In a country that has to deal with wildfires every summer the tragedy that cost the lives of 88 people brought to light an issue that has its roots deep in the political scene of Greece.

The current blame game has reached new levels and the people are left to face the catastrophe alone. From the many press conferences officials gave one can retain that no one is to blame, that in theory, on paper, everything was perfectly planned. It just happened. An excuse that doesn't sit well with the many people that have seen their lives dramatically altered. Instead of keeping a low profile many officials made comments that increased the anger that has become a constant companion of many Greeks.

It was clear that Prime Minister Tsipras wasn't fully aware of the situation and its consequences. For many he has lost contact with reality as the country seems to slip through his fingers. His great victory, the end of bailouts is tainted by the tragedy and the incapacity of his administration to do its job.

It is clear that September will be an extremely challenging month for Alexis Tsipras who runs out of miracles to convince Greeks that his 3,5 years in power have brought significant improvement in the everyday life of the average Greek.

Many analysts are afraid that once the cushion is spent or diminished, Greece will have an even harder time tapping the financial markets. They believe that after the cash cushion is exhausted, Greece will be asking for a new bailout.

The so sought after normality seems to still remain very far...

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