

GREECE UPDATE

Football club wins special arrangement on debts!

The Prime Minister has signed a Legal Act which gives the right to a well known football club to pay off old debts without penalties. Even the previous government has stopped of doing such a provocative move in times of poverty. The owner of the club is a Greek businessman from Russia. The write off is estimated to cost 20 Mn.

The Pireas Port may not be sold after all!

The Minister responsible for ports and shipping Mr. Dritsas has repeatedly said that the privatisation of Pireas Port (OLP) is over. However, following a visit of the Deputy Prime Minister Mr. Dragasakis to China an announcement was made that the stalled tender for the sale of OLP will go ahead. But that was not the end of the story. Following public resentment from a number of prominent SYRIZA members the government had to backtrack again and Mr. Dragasakis has claimed that his views were misinterpreted!



A thunderstorm over a Greek Island leaves its mark on the beach.

Terminal cancer

Negotiations with the creditors continue in Brussels but the signs are not good. The WSJ has reported that: "The proposals were piecemeal, vague and the Greek colleagues could not explain technically what some of them actually implied," a eurozone official said. "So, let's hope that they present something more competent next week."

Is anyone surprised?

This government has spent two months negotiating with the creditors how they are going to call each other. Troika has become the institutions and later the "Brussels Group" as if problems were resolved and Greece did not require any further assistance.

Since the 20th of February the creditors have been hoping that at least Mr. Tsipras has seen the light and is gradually

moving away from his pre-electoral radical rhetoric towards a more moderate position.

Some foreign sources have also been generous with the new government believing that it may be a departure from the old political arrangements. They have taken at face value declarations that this government will start a war on the old business elites and attack tax evasion and corruption. They will be soon disappointed and very sorry for their naivety.

First, the level of ineptness is unprecedented. Their pre-electoral program has been hilarious and cannot be implemented under any circumstances in the foreseeable future. Every week a new proposal the creditors is produced and when made public the government retracts it. Furthermore, in important positions just below the minister level appointments are disappointing coming mainly from politicians not elected during the last elections.

Second, their proclaimed fight against business elites is degenerating into a farce as they have started to take sides on very serious issues. With a legislative decree they have reduced penalties by over 20Mn to the football club PAOK owned by a Greek Russian businessman.

Third, their own behaviour is far from impeccable. The Alternate Minister of Public Reform is increasingly coming under pressure to resign over some private contracts with redundant public servants. Mr. Varoufakis' wife has been renting property without the proper certification and without declaring the proceeds to the tax authorities. At least three other ministers are accused of serious crimes when they were in other positions.

Fourth, they have started to attack their political opponents as the Minister of Defence has filed a law suit asking a journalist for 1 million compensation for defamation because he wrote a critical article. The Minister is no stranger to controversy. In his youth he accused Mr. Papandreu the senior that he was the head of the terrorist group 17th of November!

Fifth, in the midst of a deep cash crisis the government has decided to go ahead with a defence contract involving the modernisation of navy surveillance aircraft with a price tag of \$500Mn. The government has already paid a downpayment of 40Mn at a time that most public works contractors remain unpaid. This is a government to government contract with USA. The decision was made during a Defence Council meeting on Sunday the 15th of March!

As most Greeks according to the polls refuse to accept reality the signs of a deepening crisis are becoming apparent. The private sector is experiencing a contraction as banks are unable to extend new credit and the state is unable to pay contractors. In the near future unemployment is likely to rise again as bankruptcies will occur in various sectors. The government is running out of time not only because it might default on a IMF payment but mainly because the economy will falter.

Business are desperate

The latest Economic Sentiment Survey shows again that Greece is decoupling from the rest of the Euroarea with a further decline in March. A breakdown of the index shows that even the consumers have now realised that there is not going to be an early recovery.

