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US-Russia: US warns of Russia's role in the EMED

greece.greekreporter.com

Geoffrey Pyatt, the US' ambassador to Athens, had some strong admonitions regarding Russian influence in the troubled EMED in his remarks during the online Thessaloniki Summit on Thursday [5/11/2020].

Apropos the recent Athens visit of Russian Foreign Affairs Minister Sergey Lavrov, the ambassador was asked if Russia could play a mediating role between Greece and Turkey. Pyatt expressed scepticism about this possibility, commenting that Russia was trying to "sow division" within NATO and between the US and Europe.

He added that "it's perfectly normal that Lavrov should come here and engage with Foreign Minister Dendias. Greece has a long-standing relationship with Russia."

However, he stated, Greece "has itself firmly planted in the West," and said that this country's commitments for energy security and stability in the region matched those of the US. Russia's delivery of the S-4000 missile system to Turkey is not helping the situation, he said, adding, "I see it as a huge threat to Greece and regional stability."

Finally, responding to a question about the unfolding US elections, he said that regardless of what the American people decide, "we will be in a very good point regarding Greek-American relations because there is a strong consensus on both sides to strengthen what we are doing here." This, he noted, is reflected in the EastMed Act as well as in the "fantastically warm reception" of PM Mitsotakis last January in Washington, by both Republicans and Democrats.

"I don't think there are any two NATO allies who are more strongly aligned than Greece and the United States on the principle that, no matter what, we have to keep Turkey anchored in the West," he noted, adding, "We have to find a way to reach out to the Turkish government and Turkish society to build opportunities for collaboration and to work together as NATO allies"

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Greece: Analysis: Crete at center of converging, conflicting interests for Turkey, Greece in EMED

www.al-monitor.com

Greek Minister of Defense Nikos Panagiotopoulos has announced plans to create a new Hellenic naval base on **Crete** as Greece leverages its southernmost island as a pillar of security policy in the Eastern Mediterranean amid ongoing tensions with Turkey.

Opinions:

Periklis Zorzovilis, **head of the Athens-based Institute for Security and Defense Analysis**, told Al-Monitor that from a geostrategic standpoint, the increasing militarization of Crete is well placed.

- "The most important island for Greek security in the EMED is Crete because it contains established military infrastructure and it is located in a very central geographic position," he said.

The move comes as Greece's Arab partners, who share the Hellenic country's concerns over Turkish aggression, are drawn to the island as well.

Last year, **Egypt** took part in the Medusa 9 naval, air and special forces exercises held on Crete with Greek and Cypriot counterparts. In August, the United Arab Emirates dispatched four F-16 fighter jets to the island for joint training with the Hellenic Air Force.

Stavros Drakoularakos, editor-in-chief at the Center for Mediterranean, Middle East and Islamic Studies at the University of Peloponnese, told Al-Monitor:

- "These public displays also have Turkey as their first recipient, emphasizing on Greece's part that they are neither alone in the region against Turkish expansionism and clout, nor dependent on the European Union's response to Turkey's actions."

As Greece's partnerships manifest themselves on the island, so do its tensions with Ankara. Part of Greece's objection to the 2019 maritime accord between the Libyan Government of National Accord (GNA) and Turkey was that it ignored Greece's claim to an exclusive economic zone via Crete, valid under international law.

Turkey:

In a recent interview with CNN Turk, Vice President Fuat Oktay stated, "Of course we can carry out exploration wherever we want, and we do so. We will continue our work. The deal signed with Libya, the region just south of Crete, is part of this." **Turkey has announced plans to extend the Oruc Reis research vessel's hydrocarbon exploration activities through Nov. 14.**

Greece-Cyprus-EU:

Both Greece and Cyprus have pushed for the EU to take a tougher line on Turkey's actions in the Eastern Mediterranean. However, EU leaders are divided on the issue. Germany in particular is taking a softer stance. At an EU summit this October, the possibility of any sanctions was delayed until December.

Greece has found strong support from its Mediterranean neighbor Egypt, a nation with which it has deep historic ties, and more recently the UAE.

Opinions:

Marwa Maziad, a **non-resident scholar at the Middle East Institute's Defense and Security program**, says that Ankara's actions have gone a long way in contributing to the type of cooperation occurring on Crete and in the broader Eastern Mediterranean.

- In an interview with Al-Monitor, she stated, "Egypt's security concern is Turkey as a pan-Islamist, ideologically expansionist regional menace that has so far destabilized the Middle East and extended this destabilization to the East Mediterranean. Those concerns are shared by Greece."

Constantinos Filis, **executive director at the Institute of International Relations at Athens Panteion University**, told Al-Monitor:

- "Greece is not seeking enemies of Turkey as allies of Greece. But it is concerned about Turkish revisionism."

As Arab states look for partners against Ankara, Greece's value lies in part in its status as a linchpin in the Western security umbrella of the region. Crete is a centerpiece.

During Operation Unified Protector, the island was a launching pad for NATO forces in their campaign to oust dictator Moammar Gadhafi from Libya in 2011. Today, two key NATO facilities located there include the NATO Maritime Interdiction Operational Training Centre and the NATO Missile Firing Installation.

The latter is the only location in Europe where forces can test-fire ground, surface and air missiles. In addition, the island's deepwater Souda Bay port is the centerpiece of the United State's massive US Naval Support Activity Base.

- Drakoularakos said, "The better relations are between Greece, the UAE and Egypt, the better it is for all countries' policies regarding their role as a partner to the US," and the joint military exercises held on Crete "mean that Egypt and the UAE train with a NATO partner of the US, inching closer to the strategic partnership that they strive for with Washington."
- Mazaid said that while Arab countries are eager to draw on Greece's EU and NATO pedigree as a partner against Turkey, the relationship works both ways.
- "Greece needs countries like Egypt and its ally the UAE as it stands up to a pan-Islamist Turkey." She added that such cooperation as the high visibility exercises on Crete "sends strong signals that Egypt as a Muslim-majority country sides with Greece."

If the common threat of an aggressive Turkey has brought Greece closer to its neighbors on the eastern side of the Mediterranean, the relationship is proving itself more dynamic than one founded solely on defense.

Part of this complexity is due to Greece's economic condition. According to Zorzovilis, whatever desire Greece has to advance its military capabilities, including on Crete, is still constrained by a domestic economy that never fully recovered from the financial crisis. While the Greek defense minister called for the new naval base to match the size of Greece's largest facility on Salamis Island, he didn't provide a timeline for construction.

Drakoularakos told Al-Monitor, "What we see in the Eastern Mediterranean region are soft power initiatives and shows of good faith as the countries look toward future economic benefits from potential energy reserves."

Energy:

That does not mean Crete, laying about 200 miles (320 kilometers) from the shores of Libya, will lose its value as a crossroads in the Eastern Mediterranean. For Greece and its partners in the Eastern Mediterranean Gas Forum, the island is a crucial junction on the envisioned EastMed gas pipeline expected to be complete by 2025. Crete also has potential access to its own massive hydrocarbon deposits.

In this way, the island may take its place among a number of other positive economic developments in the region, as the continued efforts of the Eastern Mediterranean Gas Forum as a platform of cooperation and plans for electricity interconnection between Greece, Egypt and Cyprus via the EuroAfrica Power Interconnector attest.

Maziad says that this is the real future value for Arab states as they turn to work with Mediterranean countries like Greece.

Pointing to the military exercises on Crete, she said, "The UAE will be present during peacetime, not just in terms of the current important military leverage over Turkey."

An array of crises at home and abroad makes for an unstable outlook

Turkey faces a control-defying COVID-19 pandemic, currency collapse, an economic environment deteriorating sharply, unwinnable confrontations with neighbours and popular discontent with falling living standards. Fiscal and monetary stimuli and a policy-induced credit boom have combined with the broad normalisation of social life to contain COVID-19's impact on economic output. However, the authorities have been reining in these policies as external balances weaken and the lira crashes.

What next

Although President Erdogan faces no significant political opposition, instability and unpredictability will grow. His first priority will be, not rescuing the economy, but maintaining support through foreign policy gestures and stepped-up confrontations that deepen Turkey's isolation. Much still depends on COVID-19, but absent a balance-of-payments or financial crisis, growth could recover to 3-5% in 2021. Inflation may reach 15% in early 2021 and remain in double figures thereafter.

Strategic summary

- The strain that Turkey is under could provoke a sudden political shift in an unpredictable direction.
- Relations with Greece (over seabed rights) and the EU will remain tense, without worsening seriously.
- The economy is likely to register modest growth, but inflation and unemployment will remain high and the lira may not rally.
- There is a significant risk of a balance-of-payments and/or financial crisis disrupting economic activity.

Analysis

Turkey's international isolation due to Erdogan's foreign policies leaves the country few resources to cope with its many problems, not least a worsening COVID-19 pandemic, with new infections totalling around 2,400 a day.

COVID-19 pandemic is worsening

Shoring up support at home

Erdogan will prioritise policies to regain popular support over managing the economic and foreign policy crises facing Turkey. Most of his energies will be devoted to a three-pronged strategy to attract the voters.

European 'enemies'

Erdogan's fundamental tactic is to polarise opinion by demonising domestic and foreign adversaries. Europe will be an especial target, as he stresses alleged Islamophobia, and positions himself as leader and defender of Muslims in Europe. He calculates that this will give him leverage over European governments, fearful of migration.

This will not be very effective in regaining lost voters inside Turkey. Less than one-quarter of Turkish voters, about equalling the die-hard supporters for his Justice and Development Party, accept the president's claim that the country's problems are caused by hostile foreign powers.

Erdogan may fail to gain much domestic support

More desecularisation

The second prong will be to signal to devout Islamic groups that further dismantling of Turkey's secular Kemalist heritage lies ahead.

Regional development

The third prong conflicts directly with tight economic management: old fashioned 'pork barrel' political pledges to voters to award every province grand new infrastructure projects, such as high-speed railway lines and larger airports.

Foreign policy

If Joe Biden becomes US president, his first months in the White House will probably coincide with a deteriorating Turkish economy; US attitudes will be crucial. Although Biden has visited Turkey since the late 1970s, he was never very popular there and the prospect of his replacing Trump is unwelcome.

Compromise is possible on sanctions, if Turkey's Russian-acquired S-400 anti-missile batteries are not activated. However, the policy begun under the Obama administration of building up Cyprus and Greece as strategic partners to replace Turkey is likely to continue.

Erdogan's pragmatic but now essentially unfriendly personal partnership with Russian President Vladimir Putin will mark time, obstructed by differences in Libya, the situation in Syria's Idlib province and Turkey's military role in the Caucasus. Erdogan will seek closer ties with China but with limited success.

The confrontation with Greece and Cyprus will simmer without boiling over into war. Erdogan will try to apply pressure on Europe through its Muslim populations.

Turkey plans further development of drones to underpin its foreign military operations.

Sudden upset?

Erdogan's formidable control of security should mean that no matter how bad economic conditions become, his position will be secure. Yet when a society is under as much pressure as Turkey is now, a sudden upset in the power structure cannot be ruled out, though its form is impossible to predict.

Economic policy

The government will focus on sustaining economic activity, which in many respects has returned to pre-COVID-19 levels following the 9.9% year-on-year (11.0% quarter-on-quarter) GDP contraction in April-June.

The government is targeting 5.8% annual GDP growth. The budget currently in parliament foresees a substantial central government deficit of 4.3% of GDP following 4.9% projected for 2020.

Inflation (11.9% year-on-year in October) will be a secondary concern. The cost of Central Bank funding to the financial system is currently around 13.5% and rising, but further monetary policy tightening is likely to be limited; the government would probably insist on reversing it early.

Economic performance

Foreign and domestic investors' unease with these policies will limit capital inflows. With tourism revenues unlikely to recover fully, a current-account deficit of 2-4% of GDP could persist.

The lira, which has lurched from TRY5:USD1 to nearly TRY8.5:USD1 since end-2019, may therefore fail to rally significantly, even though it is weaker than ever in real terms.

Employment conditions could worsen as government incentives and dismissals ban expire

Turkey could achieve modest GDP growth following the likely contraction in 2020, at the expense of high inflation. Despite government efforts, the official unemployment rate could rise above the estimated 2020 average of 13.8% if COVID-19-related supports and a ban on dismissals are allowed to expire.

Major risks

There are very significant risks to this scenario. In particular, capital inflows could once again prove insufficient given Turkey's perennial current-account deficit and substantial private and public external debt-servicing obligations.

The Central Bank's gross foreign-exchange (FX) reserves declined precipitously in 2020 (albeit partly thanks to abortive government attempts to support the lira, which may not be repeated) and are negative when short-term swap deals with banks are excluded.

Turkey could enter a vortex of collapsing financial confidence, FX shortage, further depletion of FX reserves and currency depreciation, leading to external debt defaults and the possibility of drastic responses such as a debt moratorium, FX controls and/or restrictions on travel and personal liberties, in addition to recession and high inflation.

A simultaneous risk to growth and stability stems from high domestic corporate indebtedness, including FX-denominated debt. In addition, some recent low-cost government-dictated lending by state and private banks may have been unwise. Any need for government support for the banks could endanger the health of the public finances. The public debt/GDP ratio is likely to end 2020 at over 40%. It was 32.5% a year earlier.

Key factors

Whether these risks materialise in 2021 (or how far they weigh on economic performance) will depend considerably on COVID-19:

- Globally, the course of the pandemic will largely determine the level of financial appetite for lending to and investment in emerging markets and directly affect demand for Turkish holidays and exports.
- At home, a further rise in domestic cases, and any counter-measures taken, could disrupt business and damage consumer confidence.

Turkey's poor international relations threaten to deter capital flows and to curtail its FX earnings via boycotts, sanctions and negative publicity. In the event of a crisis, moreover, international isolation due to Erdogan's foreign policies could complicate solutions. The president has refused to apply for IMF support.

Conversely, progress towards overcoming COVID-19, a strengthening global economy and reduced international tensions could help stabilise the economy.

06/11/2020

Economy-Environment: The Mediterranean is a hotspot of climate change

euobserver.com

Even experts on European integration might be surprised by the amount of cooperation initiatives in Europe. Interreg Med is such an initiative.

It brings together 57 regions, from 13 countries, around the Mediterranean Sea. Ten of these countries are EU member states. The three others are Albania, Montenegro and Bosnia-Herzegovina.

This kind of cooperation is paid for by the European Commission's cohesion policy, and consists of no less than 900 partners: national, regional and local authorities, but also private partners.

[...]

Today, Friday 6 November 2020 an event called GOV for MED is organised online by the Interreg MED and governance for the Mediterranean.

Some 300 institutional partners will discuss how each one of the national, regional and local authorities have been dealing with the enormous challenges - and how they can cooperate better in the future.

06/11/2020

Highlights from Turkish press commentaries 6 Nov 20

Commentaire de l'auteur

The following is a selection of highlights from Turkish commentaries published in the 6 November 2020 edition of Turkish newspapers and news websites available to BBC Monitoring

US election results

Star (pro-government): "There is nothing more natural than the [US] being split into two in a race between the Republicans and the Democrats. However, politically defining such a split as 'polarisation' or 'separation' is [part of] a perception operation... In the end, it can be understood that things in the US won't easily calm down whatever the result. For us, there are a number of difficult issues [in Turkey-US relations] independent of who the president is. Regardless of these difficulties, our relations will continue on a certain axis." (Commentary by Yalcin Akdogan)

Aksam (pro-government): "Even if the Supreme Court rules for a recount, it is hard to clear the ball. That is why you better get ready for a US president who has made disgusting statements such as 'we thought it was a computer game', referring to 15 July [attempted military coup in 2016], and 'Turkey supports ISIS' [Islamic State group]... Just like the media and politics here try to demonise President [Recep Tayyip] Erdogan around the clock, the same thing was done in all sectors at the highest pitch [against Trump]." (Commentary by Hilal Kaplan)

Economic management

Yenicag (nationalist opposition): "If the Central Bank had increased interest rates... Turkey would not have been pulled into today's tsunami. The question to be posed here is: Who is managing the economy? The free market economy is surely not about a lack of order. The state should directly or indirectly intervene in the market in order to pave the way for competition conditions... The first rule for saving tomorrow is to change the exchange rate policy." (Commentary by Esfender Korkmaz)

Turkiye (pro-government): "If the country is in a bad shape in terms of the economy, the government is not supported by the majority of the people and the people consider the opposition as their hope, then you [the opposition] would surely wish for an early election. Is this truly the climate in Turkey? If the problem is about economic hardships, then we are experiencing the same hardships as the [rest of the] world. We may even be a tiny bit worse than the world. But despite all this, even today the majority of people think the government continuing [in power] is the correct thing." (Commentary by Suleyman Ozisik)

06/11/2020

Turkey: fines social media platforms for flouting new law

cyprus-mail.com

Turkey has fined global companies including Facebook, Twitter and YouTube 10 million lira (\$1.18 million) for not complying with a new social media law, Deputy Transport and Infrastructure Minister Omer Fatih Sayan said on Wednesday.

Critics have said the law, approved in July, will muzzle dissent from people who resorted online platforms after the government tightened its grip on mainstream media.

The law allows Turkish authorities to remove content from platforms, rather than blocking access as they have done in the past, and requires social media platforms to appoint a local representative to address authorities' concerns.

[...]

05/11/2020

EU Delegation: EASTERN MEDITERRANEAN REPORT – NOVEMBER 5, 2020

- GMAIL_DELEGATION_SUBSCRIPTIONS_ECA_ASIA_AFRICA_MENA_EN

HIGHLIGHTS

The European Union condemned an announcement by Turkey that it was extending the mission of a gas exploration ship in the Eastern Mediterranean.

European diplomats told AFP the European Commission has drawn up a list of potential targets for economic sanctions which could deal a blow to Turkey's tourism and transport sectors.

French Foreign Minister Jean-Yves Le Drian condemned what he said were declarations of violence by President Erdogan, and raised the possibility of new sanctions against Ankara.

Greek Foreign Minister Nikos Dendias reiterated his country's request for an embargo on German arms sales to Turkey during his visit to Berlin. Dendias raised the issue of German-designed Type 214 submarines, which are currently being built on behalf of Turkey and will no doubt be used to upset the balance of power in the eastern Mediterranean.

Turkey's first drillship, Fatih, began drilling in the Turkali-1 well in the Sakarya gas field in the Black Sea, Energy and Natural Resources Minister Fatih Donmez said.

FM Mevlut Cavusoglu held a phone conversation with TRNC President Ersin Tatar. They discussed Tatar's recent contacts on the Cyprus issue.

Turkish soldiers will stay in Libya and provide education, health, humanitarian aid and consultancy support to the country as long as the Government of National Accord (GNA) continues to maintain its request, Anadolu Agency quoted anonymous Turkish security sources as saying.

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