

# ASSISTANCE TO NEIGHBOURING TRANSITIONAL COUNTRIES

## Economic Diplomacy and International Development Assistance

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### **New Pillars of Foreign Policy**

It is beyond doubt that the new environment of globalization has affected many people and Governments in various parts of the world. Day by day international relations are becoming more interdependent. Increasingly, more sovereign Governments decide to enter into larger state formations, accepting that their absolute sovereignty will be restrained, and this for the benefit of their citizens. This benefit is measured in terms of security and prosperity. These state formations (NATO, European Union, ASEAN, MERCOSUR, WTO and others) growingly dictate a different pace in Governments' foreign policy.

In such an evolving environment, Greece's foreign policy had to adjust to the demands of the new era, no longer centering itself exclusively on the traditional pillar of classical diplomacy. **Economic Diplomacy** and **International Development Cooperation and Aid** are the two new Greek foreign policy components that nowadays complement traditional diplomacy.

Greece's economic diplomacy is now being carried out by diplomats, of both political and economic orientation, while international development cooperation is performed by "Hellenic Aid", short for the "International Development Cooperation and Aid Department" of the Ministry of Foreign Affairs.

### OUR NEIGHBORHOOD

The startling success of the Olympic Games organized in Athens in 2004 triggered again Greece's self-confidence to further promote its role in the regional and international scene. At the same time, having improved its infrastructure and having further liberated its legal business framework, the country has become an attractive destination for foreign investment projects. Its new image is already attracting foreign companies wishing to expand their activities both in Greece and in the wider region around it.

At the same time, Greece is focusing on development assistance cooperation, which now corresponds to 0.22% of its GDP (and until 2010 it will have to correspond to 0.50% of the same, in compliance with the guidelines of the OECD's Development Assistance Commit-

tee) and is setting its own priorities as to which countries will benefit from its development assistance. The Greek Government is establishing development cooperation ties primarily with countries or markets in a transitory phase, with the view to improving not only their economies and markets but also to strengthening their path to democracy, their administration institutions and governance practices.

Greece's foreign policy is taking advantage of the country's unique geographical position, namely that it is the only EU state situated at the crossroads between three continents and three respective civilizations (Europe, Asia and the Arab world). Some of these regions have witnessed political and economic crises in the recent past, as ex-Yugoslavia or the Middle East. Notwithstanding this, these regions represent for Greece areas of major economic interest due to their great development perspectives.

### MEANS TO PROMOTE ECONOMIC DIPLOMACY AND INTERNATIONAL DEVELOPMENT ASSISTANCE

In the field of economic diplomacy, the way Greece promotes its bilateral economic and commercial ties with third countries follows a certain pattern: by prioritizing the countries in accordance with the political and economic interest they represent for Greece, thus by targeting those countries which are more interesting to Greece in both political and market terms, the Deputy Minister for Foreign Affairs responsible for economic diplomacy and development assistance or-

ganizes every two years meetings of the so-called “Joint Inter-Ministerial Commission”, a very useful remnant of the Cold War. The same countries are also selected to be recipients of the Greek Government’s development assistance.

Historically, Greece has been having trade and economic relations with all the countries of its immediate and remote neighborhood. As a consequence, all the countries of South East Europe, the Black Sea region and the Arab and Gulf countries have been selected as target countries and markets. Beyond these countries, the Foreign Ministry is focusing on the large emerging markets, as Russia, China and India.

In light of the above, it would not be an exaggeration to say that Greece’s economic diplomacy views the country as the centre of an imaginary circle, around which stretches Southeast Europe, the Black Sea region and the broader Middle Eastern region. The peripheral circles reach Russia, China and India, as with the advent of globalization more and more Greek companies find these markets increasingly attractive.

Concurrently with organizing the said Inter-Ministerial Commissions, the Foreign Ministry invites a Greek business delegation consisted of representatives of various economic sectors to participate. The participants are selected among those who have already established a business presence in the targeted country. Furthermore, both the Foreign Ministry and the Greek Embassy in the selected country are studying beforehand

the export sectors considered to be complementary to the economy of the targeted market and request the leading Chambers of Commerce or Industrial Federations of Greece to invite those among their members who wish to participate.

This practice has borne fruits. An increasing number of foreign companies have started doing business in Greece and take advantage of the added value Greece represents in its neighbouring countries. At the same time, quite a large number of non-Greek multinationals decide to establish a presence in Greece and form strategic alliances and joint-ventures with Greek companies.

Finally, the Bilateral Economic Agreements signed at the end of the Inter-Ministerial Commissions may include an array of business issues or problems that both Governments undertake to explore or to resolve, while at the same time giving the Greek Foreign Ministry the possibility to acquire a precise and comprehensive idea about the overall relations and possibilities of both countries.

### SOUTHEAST EUROPE

In the political field, Greece has always been in favor of the European perspective of the countries of Southeast Europe, not least as a strong incentive for their stability. This was one of the country’s priorities during its EU Chairmanship, in 2003, mainly expressed through the adoption of the “Thessaloniki Agenda” at the EU Thessaloniki Summit.

Regarding Turkey, Greece has been



supportive of the country's European perspective, it being understood, as in every case, that all relevant commitments and obligations should be strictly observed and fully implemented.

Greek Direct Foreign Investments (DFI) in the Balkan region has already reached €14 billion, including Turkey, which has resulted in the creation of over 200,000 jobs. Greek FDI's classify Greece as first in Albania, FYROM and Serbia, second in Bulgaria and third in Romania.

As a result, Greek exports in the region have risen considerably in the period 2004-2005. In Turkey, alone, the increase of Greek exports reached 24.7% in the first nine months of 2006. In the banking sector, more than 1,200 Greek branches now operate in the region, having increased their market share to 20% of the total.

Greece's overall exports to the countries of S.E. Europe have in-

creased by 27.4% during the first 10 months of 2006. In Bulgaria, they reached 31.6%, in Romania 46.8%, in Croatia 145.1%, in Turkey 24.7% etc.

In 2006, and in the field of development assistance, Greece has implemented in the countries of SE Europe programs in health education, infrastructure, environment and other relevant projects of an approximate height of €26 million.

Additionally, and beyond the development assistance Greece has been providing for the wider region, the present Government has given new impetus to the "Hellenic Plan for the Economic Reconstruction of the Balkans" (*HIPERB*). This Plan aims at reconstructing and promoting further development in SE Europe (Albania, Bulgaria, Romania, Serbia and Bosnia-Herzegovina), by providing financial support to these countries' public sector, to private or public enterprises, their public institu-

tions and Non-Governmental Organizations. The Plan's objective is to finance public works and investments, projects aiming at modernizing infrastructures, public administration and self-government, productive investments, democratic institutions, vocational training etc.

During the last three years the Greek Foreign Ministry either participates in or has pledged or earmarked the sum of €270 million, equaling to 51.7% of the total amount of the Plan (total amount is €550 m.), for both public and private projects undertaken in the five recipient countries.

### THE BLACK SEA REGION

The huge potential that the markets of S.E. Europe possess is linked directly to the wider Black Sea area and the rising economies of these countries. According to the Black Sea Trade and Development Bank data, the average GDP growth in the region reached 6.1% in 2005.

In this context, Greece has been actively supportive of the Organization of the *Black Sea Economic Cooperation (BSEC)*. The Greek Foreign Ministry considers this Organization as the most credible and comprehensive institutional expression of multilateral cooperation in the area in important fields, such as transport, energy, good governance, science and technology, combating organised crime and human trafficking. During Greece's Chairmanship-in-Office in the BSEC, which took place between November 2004 and April 2005, the Greek Foreign Ministry managed to reinvigorate

this Organization by holding in Greece six Ministerial Conferences in respective areas of responsibility, a success which was later capitalized with the unanimous election of a Greek Ambassador as the new Secretary-General of this Organization.

At this point, it would be useful to mention two of the most significant regional projects undertaken by BSEC, namely the extension of the "*EU Motorways of the Sea*" to the regions of the Black and Caspian Seas and the construction of the "*Black Sea Ring Highway*", proposed by Greece to be named "*Argonauts Road*", according to the ancient Greek legend.

These are large-scale construction projects, from which almost all sectors of the economies of the respective countries will benefit. The idea is to link all the Black Sea countries with a road corridor, starting from Alexandroupolis, circling all the Black Sea countries and coming back again in Alexandroupolis.

Greece's trade volume with the countries of the region has been increasing during the last years three years. More specifically, since 2004 Greek exports to Georgia have increased by 49.5%, to Ukraine by 36.8%, to Moldova by 104.3%, to Armenia by 37.5%, to Azerbaijan by 15.4% etc.

Finally, in the field of development assistance, Greece has allocated only in 2006 the amount of €6 million to Georgia, Armenia, Ukraine, Azerbaijan, aiming to sectors such as environment, training, good governance etc.



### **MIDDLE EAST AND THE MEDITERRANEAN REGION**

Greece, as a Mediterranean country with long historical and cultural ties with the countries of the Mediterranean region and the Middle East, including the Gulf countries, has put special emphasis in this region during the last three years. It was not by chance that the new Prime Minister of Greece chose Egypt as the first country to visit after his election, thus giving the signal to both the domestic market and to the Arab world that this region would become again top priority in Greece's political and economic foreign policy agenda.

Since November 2004, high – level official visits took place in the Arab countries. The President of the Hellenic Republic, as well as numerous Cabinet Ministers visited Egypt, Libya, Lebanon, Saudi

Arabia, Syria, Jordan and all the Gulf States (Oman, Qatar, United Arab Emirates, Bahrain and Kuwait), whereas the 1<sup>st</sup> Arab –Hellenic Business Meeting took place in Athens, in September 2006, with remarkable results.

Again, this policy has borne fruits. According to statistics, the overall exports of Greece to the Arab world quadrupled during 2004-2006 (first 10 months) i.e. Tunisia 75.3%, Egypt 12.4% etc. In the mean time, many business agreements have been initiated during these three years.

In an effort to promote stability in the region as well as enhancement of administration institutions and professional training, Greece has granted the sum of €5.2 million in 2006 for various development programmes in Egypt, Tunisia, Morocco and Tunisia.



*Official visit of the President of the Hellenic Republic to Saudi Arabia (April 2006)*

It is worth mentioning, at this point, that Greece was the first country to respond to Lebanon crisis by dispatching humanitarian aid as well as the first country to evacuate citizens fleeing the war zone. The total amount of the humanitarian aid reached €2.5 million, while Greece has pledged €5 million for the reconstruction of Lebanon.

Referring to the broader neighborhood, one should turn also to human trafficking. The Greek Government is making coordinated efforts to combat this phenomenon and to provide leadership in the fight against **Trafficking in Human Beings (THB)**. Working closely with civil society, Greece has gradually created a solid legal, administrative and material basis necessary for tackling and eliminating what may be said to constitute a modern form of slavery.

These efforts are inscribed within a comprehensive *National Action Plan (NAP)* to combat trafficking, addressing all levels of counter-trafficking action (from prevention, to protection of victims and prosecution of those responsible).

A very important sector for Greece linked directly to its neighbourhood is **energy**. Greece has developed strong cooperation with the countries of SE Europe and the Black Sea in this sector. In terms of concrete projects, the Government will be completing in the coming months the “Inter-Connector” natural gas pipeline project, which will bring natural gas from the Azeri natural gas fields of Shah-Deniz to the Italian markets, through Turkey and Greece. Last February, the Greek Minister for Development signed with his Italian counterpart an Agreement on the construction of the gas pipeline

linking Greece and Italy under the Adriatic Sea. At the same time, and in order to minimize the only-supplier risk, the Government is importing Liquefied Natural Gas (LNG) from Algeria and Egypt, storing it in special LNG storage tanks outside Piraeus.

Another important project already agreed between Greece, Russia and Bulgaria is the Burgas-Alexandroupolis oil pipeline. On February 7, 2007 the relevant agreement was initialled in Burgas between the Greek, Bulgarian and Russian Government representatives. This pipeline, an environmentally-friendly project which is designed to bypass the already overstretched Straits, thus lowering the environmental risks the Straits are now facing, will bring 35-50 million tons of Russian and Caspian Sea crude oil to the international markets, putting Greece at the oil map of the world.

### THE WAY FORWARD

Today, we live in an increasingly complex world, where problems can be tackled only through enhanced bilateral and multilateral cooperation. We live in a world where traditional definition of diplomacy is not relevant any longer. It is beyond doubt that economy, trade and development assistance cooperation are important components of modern international relations. This realization is necessary, especially in our broader region, where, in the course of the last 15 years, historic changes have taken place, leading to a new political and economic environment.

Within this context, modern Greece is called to play a leading role in promoting stability, development and prosperity in the region and this is precisely the target of Greece's foreign political and economic diplomacy.

### USEFUL LINKS

Ministry of Foreign Affairs  
[www.ypex.gov.gr](http://www.ypex.gov.gr)