

GREECE AND SOUTHEASTERN EUROPE

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neighbourhood in cooperation



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At the dawn of a new century, Greek foreign policy has also entered a new era. Recent years have seen enormous changes within Greek society and domestic politics. In nearly every respect, the country is more deeply integrated in Europe and closer to the European mainstream than never before. Greece is a member of the European Monetary Union (EMU), confounding sceptics both inside and outside Greece. The country's relations with its northern neighbours have improved dramatically, and Athens has remained insulated from a series of devastating regional upheavals. Overall, Greek foreign policy horizons have expanded, and the country has developed a more active, confident and potential-conscious approach at a regional level. Indeed, Greece has all the potential to emerge as the leading stabilizer in the region of Southeastern Europe and, to a certain extent, is already playing this role in some fields.

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THE STRATEGIC ENVIRONMENT

Greece has been profoundly affected by powerful processes of change and transition in the global environment, on its borders, and within the country itself. Since the mid-1990s the country has undergone rapid modernisation, a continual process of development. It has become progressively more European, and its foreign policy has become more sophisticated. At the same time, the geopolitical scene has evolved in ways that present new challenges and opportunities for Greece in its relations with other regional actors and beyond. The geopolitical physiognomy of Greece is well defined. The country is located at the crossroads of three continents. It is in close proximity to the Black Sea and the oil-rich regions of the Middle East and the Caucasus. The Aegean Archipelago is a vital naval route, connecting the Black Sea with the Mediterranean, and an extremely important transit route for the transport of energy products, especially after the construction and operation of pipelines from Central Asia and the Transcaucasus.

The world on the country's borders has changed radically in the last decade. To the north, old and new states are trying to survive and make the transition to western democratic standards and market economies. To the south, the Middle East is no longer the stage on which Cold War rivalries are played out, but sadly it remains a source of global instability, a melange of religious fundamentalism, authoritarianism, and militarism. Most of these old and new challenges cross traditional boundaries and under-

score Greece's potential to play a transregional role, looking outward from Europe to the Mediterranean, Eurasia, and the Middle East. This is the area of strategic consequence for Greece, and it is obviously far wider than what immediate geography assumes.

Changes across this vast region easily affect Greek interests. Stability around the Black Sea will be shaped by the prospects for political and economic development in Russia, Ukraine, and the southern Caucasus. Black Sea developments can in turn influence the evolution of the Balkans and the eastern Mediterranean, where Greek interests are directly engaged. The evolution of the Middle East, including the Arab-Israeli conflict and the strategic equation in the Persian Gulf, can also have a direct impact on Greek security interests. The breakdown of the peace process can lead to regional spillovers of terrorism and political violence affecting a range of interests, from tourism to maritime industry. In the post-9/11 era the regional security stakes have become extremely high.

It is profound that the developments spanning Greece's abroad are indeed transregional. Transregional and transsovereign are the political, economic and security issues and risks for that matter. In this context, the country is exposed to the less positive aspects of an increasingly transregional environment. Nontraditional security concerns are characteristic of it. They include heightened environmental risks, refugee flows, contagious diseases, cross-border organized crime, drug trafficking, nuclear smuggling and prolifer-

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ation of weapons of mass destruction (WMD) – nuclear, chemical, biological, and radiological - and the means for their delivery at long ranges in the Middle East and around the Mediterranean, terrorism, and spillovers of political violence.

The costs of addressing these challenges on a national basis are high and perhaps unsupportable in the Greek case. In other areas, from terrorism to drug trafficking, to international criminal activities, the continued Europeanization of Greek policy is essential, driven on the one hand by the need to multilateralize policy problems and, on the other, by requirements emanating from Brussels in an era of increasing European integration.

LEADERSHIP IN CO-OPERATION

After a short period of adjustment to the new realities, Greece seemed to be discovering its role and unfolding its capabilities to respond successfully to the regional challenges. By formulating a comprehensive and cooperative approach to the region's problems, Greece opted for a multilateralist foreign policy (together with its EU, OSCE and NATO partners) designed to contribute to successful transition policies towards democracy and market economy in each of the states north of its borders. The Greek Balkan policy could be summarized as joining the coalitions of the willing that act collectively in the drive for the stabilization of the region through the conditional support of the Balkan countries' Euroatlantic perspective. The strategic goal of Athens is to

transform the Balkan region into a true European neighborhood.

At a micro-level, since the late 1990s, the endeavor to define and pursue an appropriate strategy continued, with considerable success, in the Kosovo and FYROM crises as well as in the Serbian domestic developments that paved the way for the democratisation of that country and its return to international legitimacy. In the cases of Kosovo and FYROM, Athens undertook a series of diplomatic and humanitarian initiatives to restore regional peace and stability. These initiatives demonstrated a combination of political responsibility, determination and level-headedness. They also established Greece as a trustworthy mediator during challenging and critical times.

FIGHTING ORGANIZED CRIME FOR REGIONAL SECURITY AND STABILITY

In the field of domestic security, one of the most serious threats in the Balkan peninsula is instability that can be triggered by organized crime. In this sense, being part of the region has not worked to the country's advantage in that it has placed it in jeopardy of the spillover. Indeed, crime had increased dramatically. And, while Greece still boasted the lowest levels of crime within Europe and had been quite successful in resolving crimes, reforms and modernization within Greece's law enforcement infrastructure were necessary and prudent and they have led to a significant reduction in overall crime, including large seizures of narcotics and weapons. Additionally, cooperation has been

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intensified with each of Greece's neighbours, as well as the larger international community. Greece is involved in a series of bilateral and trilateral meetings with states such as Albania, FYROM, and Italy, displaying collective political will and commitment to cooperate on issues of law and order. Efforts include education and training, and sharing know-how and technology.

Greece has been working closely with the Albanian government on various types of assistance. It has provided logistical support and equipment ranging from armored transport vehicles and patrol cars to computers and bulletproof vests. It has also offered successful forms of training and shared know-how on matters such as investigating economic crimes, detonating explosives safely and cracking down on police corruption. All these endeavors, in their diversity, proved to be valuable, constructive, and beneficial. For Athens, there is nothing more imperative for regional security in the Balkans.

GEOECONOMICS

Greece's upgraded role in South-eastern Europe is based on its strong economic performance. Solid progress has guaranteed Greece's participation in the European Monetary Union – the "hard core" of the European integration process – as well as a constructive and continuing presence on the regional scene. Extensive modernisation programmes and intensive institutional reforms have generated a new self-confidence. A stable and dynamic economy is broadening Greece's foreign policy perspectives and enhancing its capa-

bilities as a partner in stabilisation. Greece's role is enhanced in the Balkans, whereas its potential to promote stability in the region as well as to help Balkan states integrate into an international system of political democratization, economic liberalism and the corresponding comprising institutions which support it, is recognized by the international community. Cultural and economic ties to the peoples of this region, in conjunction with Greece's privileged location at the crossroads of three continents, has created the potential for Greece to become an efficient gateway to the emerging regional markets. Greece has started to realize this potential by promoting free-market principles and securing democratic institutions. Since the mid-1990's, the Greek policy can be summarized as involving three major strategic objectives: First, the rapid development of close economic ties with all the Balkan states and economic reconstruction of the region through trade transactions, investments and through the implementation of a development assistance programme. Second, the promotion of regional cooperation as a means of fostering stability and prosperity in the wider region. Third, the integration of the countries of the region into the Euroatlantic institutional structures.

On the business front, the number of Greek enterprises in the Balkan countries has increased considerably. The number of sectors within which they are active is already quite large and extends from the more traditional sectors, such as foods and drinks, clothing and construction to the more special-

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ized technological sectors, (such as telecommunications), where Greek enterprises hold a strong position among other foreign investments. Banks and companies are active especially in the financial sector, which facilitates and encourages Greek companies to establish themselves there. They also act as a guarantee as to their smooth functioning in the country of establishment. By way of illustration, the presence of Greek banks in FYROM, Romania, Bulgaria and Albania and of insurance companies in Romania and Serbia should be noted. The initiative of the Greek banking sector motivated the large Greek corporations to follow, since the latter could afford the necessary financial back-up. Large Greek companies swiftly elaborated extensive market research and business plans and developed numerous joint ventures with local companies in the process of undergoing their privatisation process.

By mid-2000s, there were more than 1,200 Foreign Direct Investments of Greek interest in Central and Eastern Europe. Eighty-two per cent of these are in three countries: Bulgaria (41%), Albania (20.5%) and Romania (20.5%). In Albania, the Greek invested capital exceeds 200 million euro with more than 10,000 new jobs created, while in FYROM the amount of Greek FDI exceeds the 300 million euro, with more than 5,000 new jobs. These investments principally focus on trade (47%), and to a lesser extent on industry (36%), while the clothing sector accounts for 48%, and food and drink for 26%. Greek foreign investments show the importance of geography in the

sense that they are centered on neighbouring countries (Albania, FYROM, Bulgaria and Romania) and especially in terms of their distribution within each country (i.e. in the south, close to Greece). On a bilateral basis, Greece is the second largest investor in foreign capital in Albania, and the third largest foreign investor in Bulgaria. Greece is the most important trading partner of the Former Yugoslav Republic of Macedonia. It ranks first among foreign investors in terms of invested capital and in the number of investing groups. In Romania, Greece ranked eighth in terms of invested capital and fourth in terms of established enterprises.

At the same time, the Balkans is an area where Greek trade has shown a remarkable increase. The following examples testify for the exceptionally high Greek export penetration. In 2005, Greek exports to Albania amounted to more than \$300 million, more than a third of the country's overall import value. Greece is also FYROM's second largest trading partner, with the Greek exports exceeding \$500 million in 2004. Although suffered severely from political and economic crises, Greek exports to Serbia have gradually been increasing. Bilateral economic relations between Greece and Romania have also followed an upward trend since the early 1990's, especially in terms of trade. Greece accounts for more than 5% of the country's overall external trade in terms of value. Trade with Bosnia Herzegovina has also enjoyed significant growth in the post-Dayton era, leading to a further boosting of bilateral joint business activity.

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A GRAND STRATEGIC CHOICE

In recent years, few countries have seen as much change, and as much turbulence in their borders, as Greece. Despite being a member of the EU and NATO, Greece is geographically situated in and near conflict-prone regions where the use of force in inter-state relations has been an option in the not too distant past. Greece's role has evolved in that of a stabilizer, promoting peace, security and development. Athens credibly remains steadfast to its position concerning internationally-agreed upon and legally defined borders and the exercise of sovereign rights. It relies both on internal and external balancing for national security and defense, and actively promotes the peaceful settlement of disputes.

In the Balkans, the current period is crucial. The process of transition to stable social, economic and political conditions, the construction of a modern political system, of a new social-economic organization, has been a very difficult project, with retrogression and uncertainties. Greece's main policy towards the countries of the Balkan region is to provide with help for the reconstruction and stabilisation of their democratic institutions. It aims at assisting these countries' efforts to achieve convergence with the EU and at promoting a policy for South-eastern Europe within the frame-

work of the Union. The political contribution to such processes is made in a flexible manner. Greece's financial contribution to reconstruction does not limit itself only to the governmental level but does seek to improve cooperation at non-governmental levels. The stabilization and improvement of the situation in the Balkans enriches the European spirit. Based on this, Greece supports all efforts in the Balkans that strengthen democracy and all initiatives that boost civic society.

In the 21st century, Greek foreign policy debate has become broader in terms of interests, actors, and preferences. The strategic choice to integrate political, economic, and security objectives has meant a sharper view of Greek national interests, based on the tremendous advantage that membership in all European and Euro-Atlantic institutions confers. Overall, as a committed member of the European avant garde, Greece has been able to project considerable capabilities in addressing demanding political, economic, and security challenges.

USEFUL LINKS

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