

## Greek foreign policy under the Damocles sword of the economic crisis

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- Even before the current crisis, Greece has consistently been punching below its weight on most foreign and security policy issues
- Greece's – temporarily – limited foreign policy capabilities and regional role should not be confused with the country's geostrategic value.
- Following the example of its European partners, Greece is exploring available opportunities for improving economic and political relations with current and emerging powers
- By necessity, the key concept for Greek foreign and security policy in the next few years will be the smart use of its resources
- A "new Greece" could certainly be a useful partner for the EU, but also for the US and NATO, in regions of critical importance for European and transatlantic security and interests

Europe's Southern and Eastern neighbourhoods have changed considerably during the past few years and the key words describing the regional security environment are fluidity, instability and unpredictability. In the Mediterranean and the Middle East, the impact of the Arab revolts is being added to other global and regional trends and drivers such as the emergence of non-Western powers and the shifting global balance of power, demographic changes, technological developments, globalization and climate change. In Europe's East, rather surprisingly, we find ourselves closer to a 20th century-style Cold War between the West and Russia than to a strategic relationship better suited in addressing the challenges of the 21st century, as the unfolding crisis in Ukraine is indeed Europe's most serious post-Cold War security challenge since the Yugoslav civil war.

Security concerns include civil conflicts, a number of arab states (many of them created by the Sykes-Picot agreement of 1916, such as Syria, Iraq and Lebanon) crumbling under strain, the possibility of border change (in Ukraine, Syria, Iraq and perhaps elsewhere), the role of political Islam, sectarian tensions, Jihadist terrorism, population flows, the proliferation of nuclear weapons, as well as small arms and light weapons, poverty and lack of democracy, existing regional conflicts, the ambitious agendas of regional powers, competition for energy resources and energy security concerns for Europe, and a deep, structural European crisis also affecting the EU's global and regional influence and policies.

Greek foreign policy makers will function for the foreseeable future under the Damocles sword of the country's economic crisis, which is imposing a number of constraints and limitations. As key organizations such as the EU and NATO are changing in an effort to adapt to new global and regional trends, Greece needs to find its own niche in the distribution of regional roles and influence and convince

its partners and allies of its own added value in managing common security challenges. A difficult task, indeed, for a country with limited resources but the alternative is strategic irrelevance and inability to protect its vital national interests.

Even before the current crisis, Greece has consistently been punching below its weight on most foreign and security policy issues, allowing itself to lose some of its regional role in South-eastern Europe and letting its active role inside the European Union atrophy. An inward-looking and passive foreign policy mentality led to very few foreign policy initiatives, no exploitation of opportunities for multilateral initiatives or the establishment of tactical and strategic alliances. Concerns about economic survival overshadowed the importance of foreign policy issues during the past five years. Now Greek foreign policy needs to re-adjust to a changing regional as well as global security and economic environment and make a contribution to the national effort to re-build the economy, and it has to achieve that goal with limited resources and under time pressure.

A preliminary assessment of the impact of the crisis on Greek foreign policy would conclude that the country's image, prestige and credibility have been dealt a serious blow and its influence both inside the EU as well as in its neighbourhood has been negatively affected. The economic means available for conducting foreign policy have been substantially curtailed. The decision has been taken to significantly reduce defence expenditures and, in this context, Greece's participation in international peacekeeping and other operations (ISAF/Afghanistan, KFOR/Kosovo, Active Endeavour and Operation Ocean Shield [the naval operation to combat piracy in the Red Sea]) have already been trimmed down. However, Greek facilities are still being offered for use in NATO (and U.S.) operations in the Eastern Mediterranean. Perhaps the only

positive foreign policy development in the last few years has been the cultivation of strategic ties with Israel and the realistic prospects for a more visible footprint for Greece in the regional energy map.

## A. Greece's geostrategic value

Greece's – temporarily – limited foreign policy capabilities and regional role should not be confused with the country's geostrategic value. On the contrary, it can be argued that Greece remains important for the West's geopolitical interests for five reasons:

### I. Stability in the Western Balkans

Either as a party to a dispute, or as balancing actor between Albanian and Slavic populations in the Western Balkans, Greece can still play an important stabilizing role in the region. Key issues include Greece's dispute with FYROM about the name issue, the recognition of Kosovo and the future role of the so-called "Albanian factor" (i.e. the existence of large ethnic Albanian communities in Kosovo and FYROM, and of smaller communities in Serbia and Montenegro) in South-eastern Europe.

### II. Migration and refugee flows

The management of migration and refugee flows from the Middle East, Asia and Africa remains an issue with important external and internal dimensions for several EU countries. However much one tries to de-securitize the migration question, relations between Europe and the Middle East or the West and Islam will also affect domestic stability in European countries with a substantial Muslim community. Greece is located at the EU's most sensitive external border (in fact, playing the role of a "buffer country" or "first line of defence" for Europe) in the context of immigration. A substantial percentage of irregular migrants entering the EU area each year do so through Greece and are forced to remain there according to the provisions of the Dublin II Agreement (a trend that has been continuing for

several years bringing the total number of illegal immigrants in Greece to unbearably high levels). Greece is trying to deal with the problem with a package of measures including a more efficient asylum mechanism, more reception and detention facilities, employment of FRONTEX assets in the Aegean and its land border with Turkey, as well as the construction of a security fence in a 12.5 km-long section of that border. EU support for securing the cooperation of Turkey as well as countries of origin and therefore increasing the numbers of repatriated migrants would be instrumental. Although there is no proof yet of any links between irregular migration and Islamic terrorism, the radicalization of societies in the Muslim world may constitute reasons for future concern.

### III. European energy security

The question of European energy security has brought attention to the strategic significance of South-eastern Europe as a transport hub of natural gas and a key region for European energy security. To meet increasing natural gas demand and reduce high levels of energy dependency on Russia, European authorities need to promote the realization of projects contributing to the diversification of natural gas supply. In this context, the Southern Gas Corridor can play an important role. As the Trans-Adriatic Pipeline (TAP) – that will be crossing Greece and Albania on its way to Italy – was selected for the transportation of natural gas from Azerbaijan, it will provide a boost for Greece's economy and regional role, as well as for regional cooperation in the Balkans (through vertical interconnectors) and European energy security. In addition, Greece should be expected to try to enlarge its footprint in the energy map through the exploitation of potential hydrocarbons deposits in various parts of the country, notably in Western Greece and the maritime areas south of Crete. The East Med Gas Corridor, involving Greece, Cyprus, Israel and, perhaps, Lebanon is another interesting idea if additional depos-

its are being discovered. Even Turkey could be included in the future were it to adopt a more constructive approach on the Cyprus problem.

#### **IV. Relations with non-western powers**

Following the example of its European partners, Greece is exploring available opportunities for improving economic and political relations with current and emerging (non-western) powers, the so-called BRICS. Especially Russia and China are demonstrating a strong interest in Greece's energy and transport infrastructure sectors. In the latter case, Greece could become an economic gateway for China in South-eastern and Central Europe. It is hoped that Greek-Chinese political relations will continue to develop in a balanced way, without substantial divergence from European policies towards the emerging superpower.

Despite an obvious degree of hyperbole regarding Greece's relationship with Russia, it would be difficult for any Greek government to ignore the historical ties, but most importantly, the contemporary links between the two countries. Russia supplies 57 percent of Greece's natural gas, is an important trade partner and potential investor, and provides political support to Cyprus (in the context of the UN Security Council's involvement in the negotiations for a solution to the Cyprus problem). Ukraine is also a significant partner for Greece and a diplomatic solution to the crisis is a priority for the Greek government. Greece believes that Russia may be a difficult neighbour for Europe, but it is an essential – even indispensable – element of the European security architecture. Athens perceives sanctions as having a high cost for several European countries, Greece included, and as being ineffective in bringing about a change in Russian policies. A combined policy of deterrence and engagement, with an emphasis on the latter, should be the central element of Europe's policy vis-à-vis Moscow.

The Greek government appears intent on trying to improve bilateral relations with Russia, honouring of course its other commitments. Speculation that Russia might be an alternative source of funding appears groundless as Russia would be both unwilling and incapable of providing financial assistance at the necessary scale. Furthermore, the likelihood of Greece falling into Russia's orbit or any other fundamental shift in strategic orientation is virtually nil as long as Greece remains a full member of European and transatlantic institutions. However, a balanced evolution of Greek-Russian relations might allow Greece to become a complementary "bridge" between the West and Russia, contributing quietly to the normalization of relations and the development of a functional strategic partnership between Europe and Russia.

#### **V. The Eastern Mediterranean conundrum**

The Eastern Mediterranean and its adjoining regions remain an extremely turbulent and unstable neighbourhood. In addition to the brutal civil war in Syria, with potentially destructive consequences for the whole region, there is considerable uncertainty about future developments regarding, among other, the emergence of the Islamic State, the conflicts in Syria, Iraq, Libya and Yemen, the political situation in Egypt, the Palestinian problem, the regional implications of a change in the relationship between Iran and the West, the Cyprus problem, Turkey's often unpredictable foreign policy and the discovery of potentially substantial hydrocarbon deposits in the Eastern Mediterranean.

The understandable reluctance of the U.S. and EU to participate in a military intervention in Syria and the more general trend for an increased U.S. presence ('pivot') in the Asia-Pacific region make the need of active regional partners and allies in the Eastern Mediterranean even more crucial. In view of

the inherent limitations in the Turkish-Israeli rapprochement, also as a result of Turkish own regional ambitions, the U.S. needs additional partners that would also be acceptable interlocutors to the parties involved in various regional conflicts. In addition to its geostrategic location and the offered facilities (especially Souda Bay, arguably the most important – and dependable – Allied military facility in the Eastern Mediterranean), Greece, a traditional U.S. ally, has what could be described as a privileged relationship – of various degrees – with Israel, the Arab world, Iran and, as already mentioned, Russia and China, and could play, under specific circumstances, the role of a complementary bridge, in addition to being a reliable regional partner for the West. But, of course, this presupposes that Greece would be willing and able to successfully implement a more active and effective foreign policy.

## **B. The challenges and the possible “tools” for Greek foreign policy**

By necessity, the key concept for Greek foreign and security policy in the next few years will be the smart use of its resources with a focus on becoming more active inside the EU (and NATO), enlarging its footprint in the energy map, strengthening relations with emerging powers, enhancing regional partnerships, and regaining its role and influence in South-eastern Europe.

The best option – as it could have a multiplier effect – would be Greece’s active participation to the shaping of the new EU and transatlantic regional policies, without, however, ignoring the need for national initiatives and the further multilateralization of Greece’s foreign policy. Furthermore, to facilitate the achievement of those priority tasks, a number of structural reforms of the Ministry of Foreign Affairs and the wider foreign policy mechanism will be necessary (with a greater emphasis on economic diplomacy); in addition, a number of important changes in the

sphere of national security policy (security sector reform and “smart defence” to maintain its deterrent capability at lower levels of defence expenditures) will be required.

Energy-related projects can be instrumental in Greece’s effort to repair its image, re-acquire a leading regional role, increase its influence, accumulate ‘diplomatic capital’ and in the medium- to long-term ‘fuel’ its economy. In this context, the Southern Gas Corridor can play an important role. To facilitate the exploitation of potential hydrocarbons deposits in Western Greece and southeast of Crete, Greece should intensify diplomatic efforts for the delimitation of its exclusive economic zone (EEZ) and other maritime zones with neighbouring countries, according to the provisions of UNCLOS, and, at the same time, proceed at full speed for exploration and exploitation in non-disputed areas.

In the context of the evolving strategic rapprochement between Greece, Cyprus and Israel (but also Egypt), the common link is concern about regional stability. The relationship should be nurtured by all sides involved, who should try to build upon common interests, not perceived common adversaries, as the latter would be a rather shaky ground for a strategic relationship. Those four countries are faced with a complex security equation, with a number of known variables but also multiple unknown ones. The regional security matrix involves a number of influential regional and extra-regional actors, with bilateral and multilateral relationships changing, shifting and evolving on an almost continuous basis, hence the need for sound planning, readiness, flexibility, caution and pragmatism.

Regarding regional initiatives, Greece has maintained good relations with the Palestinians and could offer its services in the context of future Palestinian-Israeli peace negotiations. Perhaps a contact group consisting of France, Egypt and Greece could work together

with the US and the EU to revive the talks. If successful, at the next stage, Russia, Turkey and Saudi Arabia should be included in the process. Greece is also trying to raise awareness and interest in the protection of Christian communities in the Eastern Mediterranean and the Middle East in general and will try to mobilize the EU to that effect.

Following the example of Nordic or Baltic cooperation inside the EU, Greece should lead an effort for enhanced Balkan cooperation and the creation of a Balkan sub-group with EU and NATO fellow members Bulgaria and Romania, Serbia – an important regional player and traditional ally –, with Albania and FYROM to be added to the group at a later stage. Greece will also need to complete the adaptation process that has begun some time ago on the issue of Kosovo, taking, of course, into account the sensitivities of Serbia, and energetically contributing to their efforts for EU membership at the earliest possible time. On two other issues of high priority for Greek foreign policy:

**I.** Greek-Turkish relations remain, of course, at the top of the Greek foreign policy agenda. Overall, the two countries are better off today in terms of bilateral relations (including trade and people-to-people contacts) than they were a few years ago [before 1999 to be more precise]. Having said that, neither country has moved from their firm positions regarding ‘high politics’ issues and Greece and Turkey continue to perceive each other through a Hobbesian prism. Although the majority of Greek policy-makers have been moving away from “zero-sum game” perceptions regarding Greek-Turkish relations, scepticism and distrust continue to linger. For different reasons neither side appears prepared to make any meaningful concessions in order to resolve their differences, and that will remain the case for the immediate future. Both sides should focus on improving economic relations and

avoiding conflict on energy resources in the Eastern Mediterranean through respect for the relevant provisions of international law. They could also explore ideas for confidence-building measures regarding overflights, violations and dogfights in the Aegean. Such agreements would greatly help in keeping tensions low, thus preparing the ground for an eventual full normalization of bilateral relations between Greece and Turkey;

**II.** FYROM and Albania are part of Greece’s immediate economic and political zones of interest, and their political stability and economic development, as well as their eventual membership in the EU, are issues of high importance for Athens. Greece may have failed to effectively communicate its position on the name issue with FYROM and has certainly missed its share of opportunities in the past, but its negotiating position since 2007, on a name that would combine the term Macedonia with a geographic connotation, would prevent all three sides involved (Greece, FYROM and Bulgaria) from monopolizing the Macedonian identity, while at the same time satisfying Skopje’s core objective and allowing them to normalize relations with their two neighbours. Despite domestic constraints, Greece is probably ready to take the last step towards full normalization, but, as always, it ‘takes two to tango’.

### C. Greece and the EU

Although Greece bears substantial (albeit not exclusive) responsibility for the shape of its economy, completely ignoring the geopolitical consequences of the Greek crisis has been yet another symptom of the European foreign policy malaise. As many analysts rightly argue, Europe is sliding into strategic insignificance, losing its global role and influence as it is becoming more and more introvert as a result of its own economic and political crisis.

Although a “Grexit” or “Graccident” remains the least likely scenario, Greece retains some of the characteristics of a fragile country and the risk of a social explosion (or some kind of sub-conscious social paralysis that would prevent the timely implementation of the necessary reforms) cannot be completely discounted. Given the extremely unstable and fluid situation in Europe’s periphery, one would be justified to ask whether Europe and the U.S. could afford the creation of a security vacuum and a “black hole” in this critical region by allowing Greece to become another unstable factor and a consumer rather than a producer of security. Even if the EU could live with Greece’s economic collapse (a hypothesis challenged by many experts, due to the highly symbolic, but also quite tangible damage to the Eurozone and the EU’s credibility), one should ask whether the ‘loss’ of Greece would constitute an acceptable outcome for an EU with any ambitions to play a meaningful global and regional role?<sup>1</sup>

Therefore, the Union should be looking for a highly pragmatic policy which would be reasonably effective in achieving Europe’s geopo-

litical and geo-economic objectives and promoting its interests. What is needed is a policy that goes beyond ‘bean-counting’ and tackles the Greek problem in the context of the EU’s regional and global role, not merely its economic policies (however important these may be). In this context, a “new Greece” could certainly be a useful partner for the EU, but also for the US and NATO, in regions of critical importance for European and transatlantic security and interests. Of course, Greece’s political leadership should step up to the challenge and take advantage of opportunities through a foreign policy whose key features will be credibility and reliability at the strategic level and flexibility at the tactical level.

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1. For a more detailed discussion, see Thanos Dokos, Who Lost Greece: the Geopolitical Consequences of the Greek Crisis, ELIAMEP Policy Papers no 18, February 2012 (<http://www.eliamep.gr/wp-content/uploads/2012/02/dokos.pdf>)



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