

**Speech at the Center for Strategic and International Studies
Washington D.C.**

26 September 2006, at 12:00 pm

***An integrated strategy for South Eastern Europe:
The role of Greece***

Distinguished scholars,
Colleagues and friends,
Ladies and Gentlemen

I would like to thank everyone at the Center for Strategic and International Studies for the kind invitation to address you today. I have to confess I hesitated a little because I had just finished a book of essays by the American critic John Jay Chapman and in one of them he wrote: "The world of politics is always 20 years behind the world of thought." And I thought, Is this how American intellectuals view politicians?

But then I saw that Mr. Chapman wrote these words 130 years ago, and I realized he was obviously talking about male politicians. So here I am, and very glad to be with you, too, because I have always believed that it is of mutual benefit for policy makers and policy analysts to exchange views as often as possible. Indeed all of us who practice politics are influenced directly or indirectly by the insights of those who study and analyze the issues we face.

I would like to take this opportunity to speak about a region that is not one of the danger zones preoccupying the world right now—South-Eastern Europe. My choice of topic may come as a surprise to some. The eyes of the world have turned to other flashpoints: the Middle East, Sudan, Iran, Afghanistan, and, always, Iraq. However, I think you will find that while "history's cauldron," as the Balkans have been called, may not be boiling, they are still simmering and will continue to require careful attention for some time to come.

Let me be very clear. Our job there is not done yet. Indeed, the area continues to constitute a central challenge for the EU's and I believe the US's external relations. Bismarck once said, "If there's ever another war in Europe, it will come out of some damn silly thing in the Balkans." None of us in Europe can forget how often he was proven right.

The task of building strong states, of fostering economic development, of establishing the rule of law, of building effective institutions in which all citizens – regardless of their religion or ethnicity - can place their confidence, is making headway. But it is far from complete.

The Balkans remain a work in progress as a quick survey of the region reveals.

A decade after having signed the Dayton Accords we are currently in the process of updating them, of making them more relevant to today's reality, and of agreeing on a new, more stable Bosnia-Herzegovina.

The newest entry in the world of states, Montenegro, is just beginning to dip its toe in the international arena while striving to establish itself internally as a functional state.

Serbia, a key country for the region's stability, is still sadly haunted by its past. It has yet to fully meet the obligations set by the ICTY to begin to move toward membership in the EU and NATO.

The international community still seeks clarity when it comes to the final status of Kosovo and until that is achieved and has the support of countries in the region no one really believes the stability of the Balkans has arrived.

Ladies and Gentlemen:

When we talk about South-Eastern Europe, we must first remember that the biggest and most successful post-war exercise in conflict prevention has been the progressive enlargement of the EU itself.

The European Union has successfully tied former enemies together with bonds of shared interests and benefits and has consolidated democracy in former dictatorships with remarkable success. The European Union has made the first half of the last century look even more distant than it is.

For most, if not all of the countries now lining up to join the EU, the prospect of membership has acted as a great stimulant for change. It has encouraged and supported governments in the long and difficult process toward a free-market democracy that values diversity, respects minorities, encourages differences of opinion and accepts criticism of government policies.

It is in this light that Greece has strongly supported the integration of the whole of South East Europe into one European family. Our overall political direction has been based on a very simple principle: if we are to have peace and prosperity on the Continent, European integration can not be fragmented. We believe the new Europe that is being born will be even richer, stronger, and more enduring if it includes South-Eastern Europe.

We made this policy a cornerstone of our European Council Presidency back in 2003. We supported the EU's so called "big-bang" enlargement to include ten new member states. We endorsed the admission of Romania and Bulgaria,

which will bring them to full EU membership, and encourage the candidacy of Croatia and Turkey.

Since the most recent expansion, the European Union, I am pleased to say has granted candidate status to the Former Yugoslav Republic of Macedonia, is nearing the conclusion of a Stabilization and Association Agreement (SAA) with Albania, and has opened SAA negotiations with Bosnia and Herzegovina. Sadly, negotiations with Serbia have been called off following Serbia's failure to locate, arrest, and transfer wanted war criminals to The Hague. We hope that these issues will soon be resolved, and that negotiations will resume.

Ladies and Gentlemen:

The road to Europe is rewarding, yet long, demanding, and oftentimes difficult.

The so-called "enlargement fatigue" that characterizes public opinion in many European countries today, the appearance of new states such as Montenegro, and the serious political problems that persist in the region, call for greater efforts particularly by the countries concerned. We must work hard to prepare for the incorporation of all Balkan countries into the European framework for only then will Europe be truly united.

Our policy is about co-operating with like-minded partners and international institutions to spread and consolidate freedom and democracy. After all, free societies make the best neighbors. They also offer the best places to invest and do business.

In pursuit of stability, peace, and prosperity throughout the continent, the EU is the largest donor to South-Eastern Europe. During the period 2000 – 2006, the EU has allocated 4.6 billion euros to the countries of the Western Balkans. Indeed, through such funding, we aim to achieve four main objectives. First, democratic stabilization, reconciliation and the return of refugees. Second, institutional and legislative development within EU norms, respect for the rule of law, human rights, democracy, principles, and a free market economy. Third, sustainable and economic development. Fourth, regional cooperation among Balkan countries, between them and the EU.

Greece, thanks to its advanced infrastructure, its geographical position and its know-how and experience, is a unique springboard for foreign companies wishing to expand their activities to the wider region.

Greece has invested approximately 14 billion euros in the wider region, including Turkey, creating over 200,000 new jobs in the process. We are the primary foreign investor in Albania, the former Yugoslav Republic of Macedonia, and Serbia; the second in Romania and the third in Bulgaria. In the banking sector, more than 1.000 branches of Greek banks operate in the region, amounting to

20% of the market. As a result of our growing economic involvement in the area, Greek exports have risen by approximately 10% during the 2004-2005 fiscal period. In Turkey, alone, our exports soared 36% in 2005.

Last but not least, in the field of security, we are contributing to UNMIK and KFOR in Kosovo, to the EU military operation "Althea," and the EU police mission in Bosnia and Herzegovina.

At the same time, we play an active role in promoting the creation of a *single economic space* in the area, which will act as a catalyst in the completion of the enlargement process.

What do we hope to achieve with all these activities? We have five major objectives:

Our first major goal is the creation of a Free Trade Zone that will include all of our neighbours and replace the complex bilateral agreements between countries in the region currently in force. We are hopeful that by the close of this year we will achieve a new agreement with European standards, harmonising all rules and regulations regarding settling of disputes, economic transactions and protection of intellectual property.

Our second objective is the promotion of major transport corridors linking the whole region. While European and international organizations are pulling most of the load in this enterprise, Greece is using its capabilities to support their efforts. To that end, we are financing sections of Corridor X which connects Thessaloniki, Skopje and Belgrade to Central and Eastern Europe, and Corridor IV which links Thessaloniki, Sofia, and Bucharest, and which will facilitate the movement of people and goods. We are also encouraging corresponding efforts in rail transport.

Our third objective is the creation of a single energy market. This past October, the Energy Charter was signed by the EU's 25 members and our nine neighbouring countries in the region. Based on this Charter, the national legislation on energy in these nine countries is being brought into line with the legislation in force within the European Union.

The fourth objective is the creation of major energy hubs transcending the Balkans and connecting the whole of South Eastern Europe. Indeed, Greece is rapidly becoming a hub for energy networks in the area. An agreement of strategic importance, signed by Russia, Bulgaria and Greece, whose leaders met in Athens just a few weeks ago, will pave the way for the construction of an oil-pipeline that will connect the Black seaport of Burgas in Bulgaria with the Greek port of Alexandroupolis on the Northern Aegean Sea. The pipeline will significantly reduce both the cost and the time required to transport oil to the West and decongest the tanker traffic flowing through the Bosphorus Straits. The

construction of the natural gas pipeline between Baku in Azerbaijan, Karacabey in Turkey, and Komotini in Greece will also expand energy flow in the region, as will its extension to Italy via an undersea link in the Adriatic. "Greek Petroleum" has acquired the only refinery in FYROM and in the summer of 2005 the construction of a pipeline connecting Skopje with Thessaloniki, was begun. Two new pipelines, will fan out from Skopje, to supply Kosovo, Serbia and Montenegro.

All these efforts are sorely needed to meet energy demands in the region, which are growing rapidly. Last winter Albania and Kosovo used load shedding to deal with a growing demand that overwhelmed supply, and this coming winter is likely to be even more difficult.

Our fifth objective is the promotion of policies for the unification of the Balkan economic space in multiple sectors through development assistance. Briefly, this will include the internet linking of Balkan research and educational institutions and will facilitate the development of high-speed internet in the wider region.

Ladies and Gentlemen:

All our efforts, however, whether on a European or on a regional level, will be in vain unless we firmly entrench political stability in the region.

The key challenge we face as an international community relates to the fate of Kosovo. Unfortunately, despite months of negotiations no concrete progress has been achieved so far. The Serbs appear ready to agree to everything but independence, and the Kosovo Albanians to nothing short of independence.

The policy of Greece on this issue is clear. We believe we must not risk achieving a long-lasting and viable solution for the sake of meeting a pre-set arbitrary deadline. The EU has often been criticised for not making the EU perspective more credible in the Balkans, thereby highlighting a growing impatience on both sides to meet commitments and conditions. Yet we all know that international relations are dynamic rather than static. Adaptability is of the essence. Hence, if the need arises for more time for the parties to achieve the best possible results, I believe it should be given to them. In this respect, we should not underestimate the domestic politics on each side, and should provide the opportunity for everyone involved to have a voice.

We also believe that both sides should be strongly encouraged to maintain democratic and human rights' standards, especially when it comes to the protection of minorities. History in the Balkans has not been kind to minorities and their rights. It is time to change that, once and for all.

Most important, we must start preparing both in Kosovo and Serbia for the day after. In Kosovo today, the general mood 'on the street' is that independence is

the solution to all problems. Independence is seen as a magic wand which, once waved, will provide employment, running water, stable electricity, education, health, prosperity. Yet, we all know that independence is no panacea. We have to work very hard in order that Kosovo, a landlocked area with few competitive advantages and a long history of economic mismanagement, does not become a state that fails to deliver on its promises to people. More than half of the population of Kosovo is under 30. Unemployment is the highest in Europe and opportunities are the lowest. Until such problems are dealt with in Kosovo it will remain a volatile area. So, whatever the outcome of the current talks, the international community must retain its presence in Kosovo for some time.

When it comes to Serbia, we must remember the lessons of history that teach us that neither a country's humiliation, nor one's absolute victory guarantees peace and stability in the long term. This is even more pertinent in the case of Serbia, one of the most significant states in South Eastern Europe. Indeed, no Balkan equilibrium can ignore Serbia, and we must do our best to discourage the rise of extremist nationalist voices. The lessons of the Weimar Republic remain as potent as ever.

Allow me now to focus briefly on Turkey -- a state of great geopolitical importance in the region. As I previously noted, our commitment to the European perspective of the whole region remains unwavering, provided of course that candidates for admission fulfil EU criteria and requirements; and that, naturally, includes our eastern neighbor, Turkey.

Greece supports the bid of Turkey to become a full member of the EU. As you know Turkey must fulfill certain concrete political, economic, and institutional criteria for joining the EU. I want to be very clear here. The EU is built on a shared legal and civic culture. It is important for Turkey, like all candidate countries before her, to proceed with the necessary reforms it has pledged to enact. Once Turkey makes the necessary adjustments, she should be granted full entry to the European Union.

Ladies and Gentleman,

In the past few years, Greece and Turkey have made considerable progress, particularly in the economic domain. Trade between the two countries is booming, as is tourism. Scientific cooperation and exchanges of experts are also extensive. Furthermore, Greece and Turkey have, as I have already mentioned, jointly undertaken major infrastructure projects.

Unfortunately, major issues remain unresolved. Most of these pertain to the obligations Turkey assumed as a candidate country for EU accession including human and minority rights. One such example is that the free functioning of the Ecumenical Patriarchate is, at present, not guaranteed. It is a pity that Turkish

officials fail to realise the tremendous asset the Patriarchite can be for Turkey in its pursuit of EU membership

Turkey has made efforts recently to comply better with European values, norms and practices. Yet she still has a long road to travel. Consider the Cyprus problem. Cyprus is a story of invasion and occupation, and the UN Security Council has repeatedly called for the Turkish troops to withdraw from the island. Today, 37% of all Cypriot territory is still occupied by Turkey, a country which maintains nearly 40,000 troops there. Greeks Cypriots constitute more than 80% of the total population and they have accepted, since 1974, the creation of a federated bi-communal state in which they will share power with Turkish Cypriots. Greece, and the whole of the EU, supports the creation of such a state.

The latest UN plan was rejected by the Greek Cypriots, as it was deemed unworkable and unfair. A new solution is now sought which, in our view, must take into consideration not only the work done by the UN, but also the plain fact that Cyprus is a member of the European Union and, hence, that European principles and norms must be applied in dealing with it.

I remain optimistic and believe that the situation will improve in the future as long as the political will is present on both sides.

Ladies and gentlemen,

Aeschylus one of Ancient Greece's playwrights, wrote: "It is through suffering that learning comes."

Well, the people of the Balkans have suffered long enough and, by extension, we have all suffered enough. We have all learnt that hard work, co-operation, mutual respect, and common goals provide the very foundations for progress, peace, and prosperity.

That is the new Europe that we are building and we are determined that the Balkans will be an integral part of it.

Thank you for your attention.