In recent years, few countries have seen as much change, and as much turbulence in neighboring regions, as Greece. Greece’s international perceptions and external policies have changed in important ways that reflect developments in the geopolitical environment, on Greece’s borders and further afield. These changes also reflect trends in Greek society and the economic and political imperatives of an increasingly European policy outlook. The foreign and security policy demands on the country have increased, but overall, Greece has far greater strategic weight and freedom of action today than it did a decade ago. This study assesses some of the leading areas of change in the environment Greece now faces and the implications for Greece’s new geopolitical role.

THE NEW STRATEGIC ENVIRONMENT

The Greek strategic environment is increasingly complex and is characterized by a range of hard and soft security issues, many of which cut across traditional regional lines and underscore Greece’s position as a “transregional” actor. A key trend in this environment has been the end of southern European and Mediterranean marginalization, which had been the condition prevalent for much of the Cold War. Successive crises in the Balkans and the Middle East have made this clear. Evolving European Union (EU) and North Atlantic Treaty Organization (NATO) strategies reflect the primacy of concerns about stability and development on the European periphery. Greece, integrated into key Western institutions, looks toward the Balkans and across the Black Sea and the Mediterranean to areas
where institutions are weak or nonexistent and where there are few functioning security arrangements. Many of the most pressing issues, from the proliferation of longer-range weapons to transnational crime and refugee flows, cannot be addressed effectively on a purely national basis.

Against this background, the progressive “Europeanization” of Greece and Greek policy is a transforming development. Virtually all of Greece’s external policy challenges, including the strategic relationship with Turkey, have now been placed in a multilateral, European frame. Greek-Turkish détente, the strategic choice for all sides, remains fragile. That said, the fact that confrontation with Turkey can no longer be considered a permanently operating factor in the Greek environment is a critical change. The prospects for this détente will depend in large measure on the evolution of wider EU-Turkish relations in the post-Helsinki summit environment. Overall, the European orientation confers great advantages. The renationalization of Greek policy in most areas would be costly, damaging, and perhaps impossible. Greek entry into the European Monetary Union strongly reinforces this reality.

Just as Greece looks to Europe, Europe is set to develop a more active and independent role in foreign and security policy and in defense. The effects of this will be felt first and foremost in Europe’s south—that is, in the Greek neighborhood. Continued turmoil in the Middle East could fuel this trend and increase the European and Greek stake in the evolution of Arab-Israeli relations. The emerging environment is likely to be more balanced in Euro-Atlantic terms. This should also help further normalize Greek-U.S. relations. A more European frame for cooperation with Washington will lend stability to the bilateral relationship and will increase the Greek stake in the smooth evolution of transatlantic relations.

BALKAN SECURITY AND GREECE

Creating a stable order in the Balkans will remain a major challenge for Greece and its Western partners in the coming decades. There have been a number of positive developments since the end of the conflict in Kosovo, above all the change of regimes in Croatia and Serbia. But the potential for upheaval and conflict remains. Beyond the proximate problem of building a stable order in Kosovo and
containing instability in the Former Yugoslav Republic of Macedonia (FYROM), structural problems—economic underdevelopment, lack of strong democratic institutions, weak civil societies, resentful and restless minorities, widespread corruption, and growing criminalization—pose serious threats to stability in the region.

Renewed unrest in the Balkans would have a direct effect on Greek security and prosperity, disrupting regional trade and increasing refugee pressures. Relations with Greece’s Balkan neighbors, and with Western allies, could come under strain. Despite the generally cooperative approach Athens and Ankara have taken in the region, the promising rapprochement with Ankara could also be placed in jeopardy.

Over the last decades, Greece has played an active role in promoting stability in the Balkans. The disintegration of Yugoslavia interrupted this process, but since the mid-1990s, Greece has again been at the center of cooperative efforts in the region. Greek relations with FYROM and Albania, in particular, have improved markedly. Milosevic’s defeat has changed the dynamics of Balkan politics and has opened new prospects for regional stability. Greece has the political credibility and commercial ties to play a key role in the reconstruction and reintegration of Serbia. Other priorities for Greek policy toward the region include the preservation of an independent and democratic FYROM, economic and political reform in Albania, and cooperation with Europe and the United States in promoting a satisfactory resolution of the Kosovo issue. Autonomy is unlikely to prove a viable long-term solution for Kosovo, but self-determination should be contingent on absolute commitments with regard to the territorial integrity of neighbors.

Greece will have a strong stake in assuring that its EU partners do not fall prey to “Balkan fatigue” and needs to work closely with members, such as Italy and Austria, that have a similarly strong stake in Balkan stability to help forge a more coherent EU policy toward the region. Athens will also need to contend with likely pressures for a reduced American role in the Balkans. Such a development would be corrosive of European security and transatlantic relations and would have a negative effect on Greek security interests.
INFRASTRUCTURE DEVELOPMENT IN AND AROUND SOUTHEASTERN EUROPE

Southeastern Europe has been the focus of extensive international efforts to rebuild and upgrade infrastructure. In the wake of the Kosovo conflict, the scope and pace of these plans have increased under the umbrella of the Stability Pact; numerous transportation, energy, and telecommunications projects are under examination or under way. Looking further afield, energy and nonenergy projects from the Adriatic to the Caspian and the Middle East will also have implications for the Greek environment. The implementation of even a limited range of the schemes now under consideration is likely to have a substantial influence on the political economy of the region, as well as important implications for Western policy and for Greek interests in southeastern Europe and the eastern Mediterranean.

Greece and the region will benefit from the net increase in complexity, capacity, and redundancy in regional infrastructure. It will reduce the political risk exposure of trade links and energy flows within the region and between the region and European markets. It will also facilitate economic reconstruction and the normalization of Balkan societies after a decade of crisis and disruption. In general, the integrative and stabilizing effects of new infrastructure projects are likely to be more significant than the competitive, “Great Game” dimensions of these schemes. The risks of duplication are limited and are largely confined to specific projects. Moreover, energy and nonenergy projects can help consolidate and extend Greece’s improved relations with Turkey, Albania, and FYROM. Given its geographic location and traditionally central place in regional transport, a reintegrating Serbia will properly have a prominent place in regional reconstruction efforts. That said, some of the region’s most pressing long-term infrastructure needs are elsewhere, as in the case of transportation routes in Albania, Bulgaria, Romania, and FYROM—and Serbia’s participation in regional projects will not greatly diminish their economic rationale.

The role of the private sector and markets will be central. Infrastructure discussions are often framed in state and interstate terms. But the role of states in setting regional infrastructure policy is likely to change—and in many ways be weakened—over time, with the pro-
gressive liberalization and deregulation of energy, telecommunications, and other sectors. Similarly, the resources for regional projects, whether in southeastern Europe, the Black Sea, or the Caspian, will come largely from commercial sources. In this setting, economic return will be the key determinant of infrastructure choices.

**CONCLUSIONS AND POLICY IMPLICATIONS**

In sum, four factors heavily influence the Greek role: (1) the new centrality of areas adjacent to Greece in the Western security calculus; (2) the transformation of key relationships—with Europe, Turkey, and the United States; (3) new regional dynamics in the Balkans, the Middle East, and Eurasia; and (4) the phenomenon of globalisation and the rise of transregional issues. In terms of “grand strategy,” Greece has made some firm choices over the past few years that have altered the tone of its foreign policy debate and strategic culture.

This analysis suggests some policy priorities and directions for Greece and its partners:

- Consolidate and deepen Greece’s European integration—a key enabling element for Greek policy across a range of issues.
- Give priority to the reconstruction and stabilization of southeastern Europe—an area with the most direct consequences for Greek prosperity and security over the next decade.
- Reinforce the critical but fragile Greek-Turkish détente—and support the processes of Turkish economic recovery and Turkish-EU convergence on which the longer-term prospects for détente depend.
- Strengthen the national bases for Greek-Turkish rapprochement, and implement confidence-building and risk-reduction measures—as a hedge against the vagaries of Turkish-EU relations and to prevent a return to brinkmanship.
- Fashion a more active role for Greece in the eastern Mediterranean and the Middle East—areas where the Greek stakes are pronounced but engagement has been relatively limited.
- Refocus the bilateral relationship with the United States to address regional and transregional issues of shared concern.
Beyond traditional bilateral issues, a central question for Athens will be the degree and character of American engagement in Europe and on its periphery and how Greece, with its growing political and economic ties, can work with Washington to modernize and stabilize societies in the Balkans, around the Black Sea, and in the Middle East.