

“Transforming South-East Europe: a Challenge for Smart Power”

Ladies and Gentlemen:

I would like to thank Dr. Hamre and Brent Scowcroft – two men I deeply respect- for their kind introduction; and I would certainly like to thank the Center for Strategic and International Studies for their invitation.

I have chosen to speak today of the transformation of South-East Europe and the necessary smart power. Why South Eastern Europe you will wonder and why smart power.

It may indeed appear odd to attend to South Eastern Europe at a time when the spotlight is shinning on Iraq, Afghanistan, Pakistan or the ever tumultuous Middle East. Why be concerned with a simmering South East Europe when other parts of the globe are in an outright blaze?

I must plead guilty to a certain geographical bias. Being ‘closer to home,’ as it were, South East Europe is a region of high concern and interest for Greece. It is more than that however. South East Europe -as the Balkans have lately come to be known- remains today a fragile post-conflict zone. Parts of the peninsula are stabilized and even members of NATO and the EU. If however we don’t use our intelligence and prove our determination we may see how, and I quote a recent New York Times opinion column, “the Balkans have a dismal way of living up to their stereotype as a region of ancient, intertwined and irreconcilable feuds.”

Ladies and Gentlemen,

(The facts are widely known. The region is of great geostrategic importance and a mosaic of cultures, languages and religions, including Orthodox Christianity, Catholicism, Islam, and Judaism. The First World War started in the region with the assassination of Archduke Franz Ferdinand in Sarajevo. And the Second World War ended with the borders of the Soviet bloc with the rest of the western world delineated by South Eastern European countries.

The former Yugoslavia was central to the equilibrium. Some of you may remember this phrase – it was quite catchy for a time: “Yugoslavia,” Tito once congratulated himself by proclaiming, “has six republics, five nations, four languages, three religions, two alphabets, but just one party.”

The tides of history certainly turned.

After the collapse of the Soviet Union, identity became the very reason for which to hate one’s next-door neighbor.)

Since 1989, the region has been witness to extraordinary change – both on the positive and on the negative sides. Despite the sufferings they have endured, the

peoples of the Balkans are now building the springboard from which to jump towards their dreams of a better life.

It is disquietingly clear, however, that peace in the region is far from assured and far from being guaranteed. Stability and economic development are far from sustained. The lack of rule of law in certain areas, organized crime, porous borders, failures of justice, and sluggish economic performance, ethnic tension, are some of the issues present in the area which are of particular international and European concern.

In short, to complete the transformation we still have a long way to go.

Plenty of unfinished business remains.

Ladies and Gentlemen:

Make no mistake only integrated strategies can carry the day.

We need a more comprehensive approach.

We need what your own Richard Armitage and Joseph Nye defined as smart power. That is a blend of "hard" and "soft" power. A combination of our ability to persuade with the intelligence use of our economic and military potential.

It is exactly this kind of power that is in demand in the Balkans. We need to build strategies from fields as different as trade and the environment or education and human rights.

A number of tools are necessary: from trade and the environment to education and human rights. And this is where smart power comes in.

Brains are not enough for smart power, though, if you will pardon the pun. Much of our success depends on our heart. Much of our success depends on the strength of our beliefs. These common values, espoused by the vast majority of EU, include the respect of human rights, social solidarity, free enterprise, a fair distribution of the fruits of economic growth, the right to a protected environment, respect for cultural, linguistic and religious diversity, and a harmonious blend of tradition and progress. These values are for us what constitutes our way of life.

Adhesion to common values is the very roadmap, which determines the course of accession of aspirant countries to the European family.

In 2003 the European Union, under the Greek Presidency, outlined our European perspective for the region: it fosters peace, it breeds security and it provides space for the viable and sustainable development of the area. The fruits of this policy are there for everyone to see. Slovenia, Bulgaria and Romania are already NATO and EU members. Croatia and Turkey have opened negotiations with the EU. In 2005, the European Council also granted the former Yugoslav Republic of Macedonia also the status of a candidate country, although accession negotiations have not yet started. All other Balkan countries are potential candidates: Albania, Bosnia and Herzegovina, Montenegro, and Serbia, even Kosovo under UN Security Council Resolution 1244.

Provided the requirements are met, full membership must be offered. This is tangibly demonstrated by Romania and Bulgaria's accession in January 2007. It was an historic event with a profound regional significance. It carried with it hope and optimism for the region. It also brought a clear message: that countries which fulfil requirements must, and do, become EU members. And this, must be remembered.

Nonetheless, the road to EU accession - or, lending from the eloquent words of one of the finest Greek poets Constantine Cavafy, towards our Ithaca - must be approached step by step.

In the framework of multilateral and EU initiatives, as well as on a bilateral level, Greece has contributed – and continues to contribute – decisively for the implementation of necessary reforms, institution-building, and the achievement of growth and development in the region.

Greece us the oldest member of the NATO and the European Union and in the region. As such we feel a heightened sense of responsibility for our neighborhood; an obligation to be constructive.

We want to see solid states, which foster economic development.

We want to see states that promote the rule of law and respect human rights.

We want to see states that build effective institutions in which all citizens – regardless of religion and ethnicity – can place their confidence.

There is no other way.

In socio-economic terms, the Balkans are largely defined by decades of centrally-planned economic systems. Their transition to market-based economy has been particularly difficult, especially given their conflict-ridden post-socialist reality. A snapshot of the region reveals high poverty, inequality, displacement, declining living standards, unemployment, inflation, corruption, and barriers to foreign investors to invest.

For Greece, economic development is a necessary instrument for political stability. This is why my country is so dynamically present in the region. In tandem with the overall excellent diplomatic relations we have cultivated with all countries of South Eastern Europe, we are at the forefront in terms of investment with nearly 20 billion dollars invested in the wider region. It has been calculated that over 200,000 new jobs have been thus created. Greece is the primary foreign investor in Albania, FYROM, and Serbia. It is second foreign investor in Romania and third in Bulgaria. In the Banking sector alone, nearly 1,300 branches of Greek banks operate in the region, already amounting to 20% of the market.

Ladies and Gentlemen:

Undoubtedly, the EU perspective is an important driving force for these countries. It provides them with the impetus to make the necessary changes and reforms. It don't know whether I would go as far as to call EU enlargement a paradigm of smart power but it is smart politics for sure. In any case the EU needs to honour its promises. Whatever internal turmoil we may be facing in the EU, we must ensure that our credibility remains unchallenged. This means that we must stick to our principle of full compliance equals to full membership.

Yet with regard to the region's road to Ithaca, serious political issues remain unsolved; they call for greater efforts and greater collaboration from us all. On both sides of the Atlantic. Whether in NATO or the EU. It remains clear that all of our efforts will be in vain unless we firmly entrench political stability in the region. We must settle pending issues, which do little towards fostering alliances and building partnerships.

Ladies and Gentlemen:

The Balkans have been synonymous with Kosovo in the international press as of late. Now, fans of a more traditional hard power approach will be happy to hear that of the total 17,000 NATO-led troops deployed in the Western Balkans today, 16,000 are stationed in Kosovo including a significant Greek commitment. As Kosovo redefines itself on the global map, it faces a series of complexities and uncertainties. It is one of Europe's poorest regions. More than half of its inhabitants live in poverty. Coupled with this, more than half of its population is under 30 years of age, unemployment is one of the highest in Europe, and opportunities offered are amongst the lowest. Moreover, it is a landlocked area with few competitive advantages and a long history of economic mismanagement. In addition, the tension between the region's ethnic Albanians and the roughly 100,000 Serbs which remain in the region after a post-war exodus of non-Albanians, make Kosovo - in the very least - volatile.

At the heart of the European continent, Kosovo's stability concerns us all. It is precisely for this reason, that Greece's primary concern regarding Kosovo's future status is that peace, stability, security, and the development of the entire South East European region are not jeopardised.

I understand that there is a sense of urgency about Kosovo's independence. I must admit however that we in Athens not unlike several other capitals in the region do not share this haste.

Defining Kosovo's future status is a very complicated and difficult task and there is no easy solution, no easy way out. Many see independence 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. Prime Minister Thaci made a similar point from Pristina in an opinion piece that was published in the International Herald Tribune a few days ago and I quote: "We need more than independence. We need economic, social and political development.... The way we live from here on will depend on how well we manage development."

One thing is clear: Europe has a central role to play both now and in the future and it is imperative that the EU speaks in a single voice. Any solution reached must be in line with the values and principles of the EU. This provides the necessary safeguards for the region's stability. Kosovo must be democratic, multi-ethnic and multi-cultural. It must tolerate and protect the rights of all its inhabitants, regardless of religion and ethnic origin. For a solution to be viable, it must breed stability and security.

One must admit that it is difficult to manage and control developments. Even a well-organised and orchestrated UDI/CDI can get out of hand at some point. Whatever the

outcome of 'the day after,' the international community in general and Europe in particular will need to remain committed to Kosovo. Hence, the launching of the ESDP mission the soonest possible presents fewer legal and political hurdles than any other alternative. Needless to say that the ESDP mission will allow the EU to play a balancing and constructive role in Kosovo, to the benefit of all parties involved. Resolution 1244 offers the basis for such a move.

Of course no discussion about Kosovo can be complete without Serbia - one of the key states in the region. Indeed, no Balkan equilibrium can ignore Serbia.

It is perhaps less known, that Serbia's structural reform progress has been impressive, making it even more unfortunate that EU-Serbian relations have been at a stalemate for so long.

This particular unravelling of EU-Serbian relations is a setback for both Serbia itself and the region. Serbia forms an integral part of our vision of South East Europe as a European neighbourhood. It is a country which has a great deal to offer the EU and likewise, the EU has a great deal to offer Serbia. It must cease to be haunted by its past and must move forward in order to develop to its full potential. It is our fervent wish that the issues holding the EU-Serbian relations at an impasse will soon be resolved and that negotiations will resume. Europe recently demonstrated its flexibility by inviting Serbia to sign a political agreement of co-operation. This was a strong and unequivocal political message: a message that Serbia belongs to the Union and that its people are an integral part of the European family. The reelection of President Tadić is a good omen for that. He has a clear Euro-Atlantic perspective that must be supported and promoted by the international community.

Ladies and gentlemen,

Although good news does not travel as fast as bad, I am convinced that South East Europe will also find its way into the world media in the weeks and the months to come for a different reason: NATO enlargement.

In the first NATO summit held in the region – in Bucharest – the alliance is expected to decide on whether to extend invitations to three aspiring partner countries: Croatia, Albania and the Former Yugoslav Republic of Macedonia. Having patiently heard we speak for so long I am sure you can surmise that Greece wholeheartedly supports NATO's extension on principle.

We strongly believe that NATO enlargement can significantly contribute to enhanced stability and security for all countries in the Euro-Atlantic Area. As the study carried out by the Alliance back in 1995 concluded, enlargement would reinforce the overall tendency toward closer integration and cooperation in Europe and strengthen the Alliance's ability to contribute to European and international security and strengthen and broaden the transatlantic partnership. Indeed, enlargement would contribute and I quote, "by encouraging and supporting democratic reforms, including the establishment of civilian and democratic control over military forces; fostering patterns and habits of cooperation, consultation and consensus-building characteristic of relations among members of the Alliance; and promoting good-neighborly relations."

Croatia and Albania, I am happy to say, have made considerable headway over the past few years proving that there are in a position to further the principles of the North Atlantic Treaty. I am sorry that I can not say the same of our neighbour the Former Yugoslav Republic of Macedonia.

As many of you may know our two countries are involved for more than fifteen years in a negotiation under UN auspices regarding FYROM's name. Greece has real and concrete concerns over our neighbors' name. What is in a name you will wonder? Geographically, Macedonia is a wider region, more than 50% of which belongs to Greece. There are today more than two point five million Greeks who consider themselves proud Macedonians. Two point five million Greek Macedonians who feel that their very core identity is under siege. This is so because of Skopje's provocative, anachronistic, policy of attempting to monopolize Macedonian identity.

Greece has repeatedly showed its goodwill and eagerness to support FYROM both politically and economically. We have spared no effort to respond to the country's quest for economic growth and stability. Suffice it to say that Greek investments have reached 1 billion Euros.

Under the UN auspices Greece has come to the table, with a clear objective: a long-overdue mutually acceptable –composite- solution that makes the mark. This reflects the letter and the spirit of the UN Security Council and General Assembly resolutions and of the 1995 Interim Accord. We have engaged in this process constructively and with an open mind. We have shown considerable flexibility in our quest for a win-win solution.

Our friends in Skopje must also cover some ground however. Skopje has but one route to NATO and the European Union: The route, of a mutually acceptable solution. No military alliance or intimate partnership can be formed between countries if it is not based on mutual trust and good neighborly relations. It is a question of good neighborly relations. It is a question of regional stability.

Ladies and Gentlemen:

Last but not least, Turkey. Turkey's journey to Ithaca is ongoing. We continue to tirelessly express our support for Turkey's EU perspective. This is on condition, of course, that EU commitments and obligations are fulfilled. We support its long and difficult path of reforms. Turkey has undertaken a series of commitments and obligations towards the 27 member-states. The protection of religious freedoms and the Ecumenical Patriarchate's, the spiritual head of more than 300 million Christians in the US and around the world and a Turkish citizen, right to survive in Istanbul holds an important position among them.

Then there is also the Cyprus issue which is no simple paradox. No less that 40,000 Turkish soldiers are currently stationed in Cyprus. This plainly translates into the simple fact that a part of Europe is, at present, occupied by a candidate country. To move on, we believe that 2008 provides a window of opportunity for the reunification of Cyprus. The wall of shame in Nicosia must fall for both communities, Greek- and Turkish-Cypriots, to reap the benefits of membership in the European Union. In this

light, the July 8 agreement presents a strong and solid basis for negotiation. The so-called Gambari process, which has the accord of all parties, is the best road for a fair, viable and lasting solution in line with UN resolutions and the European Acquis.

If and when Turkey complies to the *acquis communautaire*, the EU must in turn honour its commitments and grant Turkey full EU membership. Turkey's EU membership will be for Greece a moment of great satisfaction. It will mean that years of negotiations and of laborious endeavours have borne fruit. It will carry with it a new European neighbour; something which is of great value not only for us, but also for the stability of the whole region.

Bilaterally, since 1999 we have engaged in a process of rapprochement between our two countries which has borne fruit. A few weeks ago, we returned from a historic visit to Turkey, the first of a Greek Prime Minister in almost half a century. We had a lengthy agenda. To the importance of the visit, one must add the decision to intensify the exploratory contacts in order to speed up the process and see if it can produce tangible results within a reasonable time frame. We continue to be steadily engaged in confidence building measures which aim to both diffuse tension, mainly in the Aegean, and strengthen our bilateral relations. Greece and Turkey have made considerable progress in the economic domain. Trade between the two countries is booming, as is tourism. We continue to promote co-operation in the energy, banking, and the infrastructure sectors. Problems remain, yet our vision of Greek-Turkish relations is one based on future co-operation and mutual respect, rather than one held hostage by its past.

Ladies and gentlemen,

We must not fall into the risk of focusing purely on the rubble which, unavoidably, is part of every 'work in progress.' We must not overlook the resilience and commitment of the peoples, who with courage and optimism are looking towards the future – better said – towards their European future. We must also not overlook the involvement – mostly at the technical, institutional building, and economic levels – of the EU and its member states, towards the countries of South East Europe. We must not overlook the commitment of NATO whose troops are securing the area.

In this spirit, Greece is aware of its responsibility and is prepared to rise to the challenge. The prominent French-Romanian playwright and dramatist Eugene Ionesco once wrote that "ideologies separate us. Dreams and anguish bring us together." In an unstable world, common dreams are a palliative for the unforeseeable and unpredictable tomorrow. We believe that our common dream rests in creating strong partnerships. We must be partners of the global community and for the global community. This is, for us, our ultimate Ithaca.