As shown in the contributions to this issue of ISPI Studies, the current global economic crisis has been affecting the European Union’s external action in two ways. On the one hand, the crisis curtailed the amount of resources that governments and the European Institutions can devote to foreign policy, in areas ranging from defense to international cooperation. On the other, it affected some of the fundamental features of the European Union’s international identity – i.e. the self image underlying its relations with other actors, which help define the ultimate goals of its external action.

In this perspective, the concrete impact of the economic crisis can be examined first by looking at the consequences of public spending cuts and resource reallocations among policy areas, and secondly by examining how these constraints affect not only the means available to policy-makers, but also the perception of the very ends of European foreign policy.

International identity and agency always result from the interaction of tangible and ideational factors. This is true regardless of the actors’ pragmatic or idealistic orientation. Factors such as values, self perception, and principles play a crucial role in determining the European Union’s foreign policy, since the latter is specifically rule-based and devised – more or less consistently – in accordance with established moral standards.

As a result, beside the crucial problem of resources, emphasis should also be placed on the ‘software dimension' of European foreign policy, based on a widespread conception of the EU as a distinctive ‘normative great power'. This kind of power aspires to

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spread a set of core values and practical rules by influencing other international actors’ beliefs and conducts rather than acting through coercive means.

**Hitting the Parthenon**

This paper intends to assess the specific impact of the crisis on Greece, hit by the most severe economic downturn in the Eurozone, the effect of which on foreign policy still need to be gauged. The impact of the sovereign debt crisis on Greek foreign policy may seem a relatively marginal problem when compared with those affecting more prominent European countries in many policy areas. Indeed, despite the limited dimensions of its beleaguered economy, Greece retains notable geopolitical relevance, lying as it does at the political, cultural and religious crossroads of the Eastern Mediterranean. The country is an integral part of the Balkans, where it maintains a position of political and economic influence, notwithstanding its current predicament and the long-standing dispute with the Former Republic of Macedonia over use of the historical region’s name. Moreover, in the post-Cold War era, the Greek strategic area has been a crucial area of contact between the North and the South of the world. The responsibilities given to the Greek government by the Dublin II regulation to manage the problem of asylum seekers trying to enter the EU confirm this aspect³, just like the illegal immigration waves that flooded the country, and particularly Athens, last year, and that may pose an explosive security issue⁴. Clearly, Greece enjoys an advantage in the Aegean Sea, an area crossed by important shipping and energy transportation routes. Athens is already involved in the European Commission-sponsored pipeline projects in the so-called ‘Southern Gas Corridor’. The Greek government is pressing for the Trans Adriatic Pipeline route (together with Italy and Albania), which is according to many aspects a partial alternative solution to the Nabucco West project – also sponsored by the Commission and supported by Germany, Turkey, Bulgaria, Austria, Hungary and Romania⁵. In addition, regional balances may be affected by the discovery, in 2010, of huge natural gas and oil fields mostly off Israel’s Mediterranean shores, but also in the waters of Greece, Turkey, Cyprus and potentially Syria. According to preliminary estimates, total Greek offshore oil may exceed 4 billion barrels in the northern Aegean Sea – and 22 billion in the Ionian Sea, with the southern Aegean and Cretan Seas still to be explored⁶. The most geopolitically sensitive issues are centered, of course, in the area between Greece, Cyprus, Turkey and Israel. Enduring tensions with Turkey have prevented Athens from declaring its Exclusive Economic Zone, which would give the country special mineral rights – whereas Ankara made it clear that any mining activity in the Aegean will be considered an act of war⁷. Moreover, new tensions have arisen between the Greek and the Turkish parts of Cyprus over the exploitation rights for the Levantine Basin (3000 billion cubic meters). In particular, the exploitation of the Leviathan gas field, lying off the

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⁴ The extremely violent police reaction of August 2012 to the take-over of entire parts of Athens by groups of illegal immigrants and petty criminals offer a dramatic example of the contemporary security threats. In particular the events of Athens show how today’s global threats combine failures of the international order (which ‘produces’ illegal immigrants) combine with domestic security breakdown (which couple economic anxieties and xenophobic outburst). See V. MONASTIRIOTIS, The Greek government’s recent crackdown on illegal immigrants illustrates the risk that racism and xenophobia are becoming mainstream, LSE, EUROPP – European Politics and Policy, http://bit.ly/MONQlC.
coast of Israel (estimated 450 bcm), led to a local show-down in September 2011, when Turkey provided naval vessels and planes as escorts to a seemingly retaliatory oil exploration by the Turkish Republic of Cyprus in the sea north of the island. Replicating the same intransigent behavior characterizing its relations with the Greek government, Turkey has also recently threatened to retaliate against energy companies should they work with Nicosia on Aphrodite, a gas field west of the Leviathan that could contain 142 to 227 billion cubic meters of gas.

Although the prospect of energy independence is blatantly unrealistic, there are still great expectations within the Greek population, often fueled by politicians, about natural resources — many, for instance, look at future royalties on oil and gas transportation as an easy way out of the crisis. The foreseeable frustrations, opposed to the much more plausible sacrifices Greek citizens will still have to face, may eventually result in domestic social unrest. The gap between people’s expectations on the one hand, and constraints to the actual use of the new resources on the other, is made even worse by the IMF and EU’s requests to privatize some of Greece’s most valuable public companies — among them Greek state oil and gas companies — to reduce public debt. Although the privatizations might not be a downright sellout — which is how most Greeks and foreign observers perceive them — frustration is likely to spread among the population, thus prompting new domestic security threats.

These new security concerns contribute to the constantly tense relations with Ankara, which remain a top issue on the Greek foreign policy agenda, together with EU-related questions about the status of Cyprus and Turkey’s accession to the European Union. However, the stabilizing effect of the Western/European institutional system is most evident precisely in Greece-Turkey relations. The antagonistic attitude characterizing the conflicting nature of these bilateral relations has been considerably toned down by the common NATO partnership as well as participation in other international organizations such as the Council of Europe and the OSCE. The visit to Athens of Turkish Prime Minister Recep Tayyip Erdogan in May 2010 was key to shed light on these bilateral relations: although no progress was made on the numerous issues over which the two governments disagree, the European institutional system provided an effective framework to prevent potential tensions, for instance over energy issues.

One might have expected that without this common institutional framework, the AK Party’s so-called “neo-Ottoman” agenda – Turkey’s new activism in the Middle East, encouraging engagement and projection of influence, recalling the country’s multicultural, Muslim, and imperial past — would have impinged much more on the relations between the two countries. This is even more true as the financial austerity program requested by the EU has inevitably clashed with Greece’s

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8 Turkey and the Turkish Republic of Northern Cyprus objected the terms of use of the newly discovered field. They claimed that the Republic of Cyprus has no right to search for oil and gas as long as the island’s remains divided, since at the moment all the revenues would be secured by the Greek part of the island. See T.C. KARIOTIS, Eastern Mediterranean: Implication for Cyprus, Greece, and Turkey, «Mediterranean Quarterly», vol. 22, no. 2, Spring 2011, pp. 45-56.


security concerns – since 2008 Greece has cut its military expenses by 28% but is still the country that spends the most on its armed services as a percentage of GDP (3.2% against the EU average of 1.6%) as it is engaged in a constant, low intensity arms race with Turkey. However it is noteworthy that the tensions between the two conflicting priorities on Athens’s agenda (security and fiscal consolidation) have been effectively eased by the interaction of the overall European institutional structure in which Greece-Turkey relations are embedded. NATO and the whole European institutional framework have been able to provide Athens with security protection and political guarantees, even though the budgetary consolidation policies urged by the EU and other financial institutions prevented the country from pursuing its usual defense policy against the perceived threat from neighboring Turkey. Domestic and international tensions have also been mitigated by the enhanced international credibility Greece has gained through a rather successful Europeanization process.

The European institutional system’s ability to compensate for Greece’s perceived exposure is even more significant vis-à-vis another aspect of Turkey’s new foreign policy orientation, i.e. the so called ‘zero problem’ policy – the opening up of relations with countries that had hitherto been seen as rivals to Turkey. This new orientation implies that compliance with NATO’s strategic guidelines is no longer the top priority of its foreign policy, and therefore that its allegiance to the Western alliance is comparatively less significant, being only one of many different options. Also, the lukewarm attitude to EU accession developed by the Turkish public and political elites can be regarded as an aspect of this re-orientation – thus aggravating Greece’s security perception. Nonetheless it seems to have been quite effectively managed within the EU framework.

Furthermore, some favorable external conditions have helped the European institutional framework to facilitate relations between Greece and Turkey, and the political reassurance of the former. The Arab Spring, for instance, has hindered Ankara’s attempt to redefine the regional leadership in the Middle East. The highly unpredictable domestic and international ramifications of these revolts have made Turkish ‘soft power’ less effective – Libya and Syria were presented as one of the most successful cases of the new Turkish “zero problems with the neighboring regimes” policy. As a consequence, the Western alliance has also regained importance for Turkey’s foreign policy, if only residually. At the same time, these factors have made it more tolerable for Greece to cope with the heavy cuts in the defense budget, and the virtual ‘suspension’ of its foreign policy, also preventing a retaliatory reaction, for instance in Turkey’s EU accession process.

Bailout and marginalization

Several observers argue that Greece’s strategic relevance is set to increase at a time when the whole Eastern Mediterranean region is in turmoil. However, it is quite striking that in several scenarios the emphasis is placed more on the risks deriving from Greece’s instability than on the potential for a more active role of the country. For instance, the prospect of an unstable Greece is

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13 http://www.sipri.org/.
14 R. MCMEEKEN, Less healthcare, but Greece is still buying guns, «The Independent», 6 November 2011.
15 Claudio Redaelli describes Europeanization as “a process involving, a) construction, b) diffusion and c) institutionalisation of formal and informal rules, procedures, policy paradigms, styles, ‘ways of doing things’ and shared beliefs and norms which are first defined and consolidated in the making of EU policy process and then incorporated in the logic of domestic discourse, identities, political structures and public policies”, in K. FEATHERSTONE, C.M. REDAELLI The Politics of Europeanization, p. 30.
16 See H.J. BARKEY, Turkish Foreign Policy and the Middle East, CERI Strategy papers, no. 10; http://www.ceri-science-po.org.
largely regarded as a factor that would seriously affect Southern Europe’s ability to assist the US in handling revolutions and conflicts in North Africa and the Middle East. Similar worries are being raised about Greece’s stabilizing role in the Balkan region.

If not managed wisely, Greece’s liminal identity – Greece as the threshold between the West and Asia – may raise new concerns for Europe, particularly when combined with down-to-earth solvency problems. As Kaplan puts it, while Greece’s loyalty to NATO and the EU is out of the question, its geographical position makes the country’s political orientation liable to change. These concerns are partly confirmed, for instance, by Athens’s willingness to accept economic support from ‘external powers’ such as Russia and China to compensate for the effects of the restrictive fiscal policies imposed by the EU. The fear is that the Greek government will one day reciprocate with political and logistic support to Chinese investments in the port of Piraeus and Russian investments in the Greek part of Cyprus. If relations with emerging Asian powers should exceed the economic realm, political and security dilemmas would arise, and could ultimately trouble Greece’s allegiance ties with its Western allies.

Extra-European actors’ ambitions in the Eastern Mediterranean area call to mind the great powers’ game of the nineteenth century. This semblance might indeed offer some useful insight into the reasons why Greece’s bailout is so important to the European Union. The European efforts rest on a largely agreed-upon opinion – no matter whether grounded or not – according to which Greece’s default would lead the country to exit the Union, eventually followed by other member states. Therefore, Europe’s endeavors are not only aimed at securing embedded economic interests, or at defending a cultural legacy. The point is rather for the EU to prove to its members and the rest of world that, as a major international actor, it is willing to actively defend the European integration project from any major setback caused by the current crisis. In particular, the EU is faced with a new threat typical of the globalization era, mainly related to the lack of effective supervision of global financial markets. In order to deal with this new threat, the main strategy adopted by the EU (and particularly by its current German leadership) has been focused on fiscal austerity, especially in those countries where unsound fiscal policies were considered the weak-spot exposing the EU as a whole to international speculation. When using this strategy, the EU confirms its specific international identity, and exerts a powerful influence in those issue areas where hard power is not key, while a normative approach – the generation of rules, standards and best practices – is more appropriate. Nevertheless, this approach has its downsides. In its effort to act ‘normatively’, the EU appears to be largely overlooking the political/diplomatic dimension of the strategy adopted to keep Greece afloat. As long as the diffusion of sound economic governance is the only major criterion of the EU’s action vis-à-vis the security threat posed by the global economic crisis, Greece will not only remain an economically unreliable but also an increasingly marginal member, losing much of the foreign policy potential granted by its geopolitical position.

Admittedly, the EU’s efforts to secure Greece from financial collapse have been motivated only in part by a rigorous reconstruction of the sequence of events that led to the country’s economic and political breakdown. On the one hand, the measures adopted by the EU in response to the sovereign debt crisis and its ramifications – e.g. the establishment of the European Stability Mechanism and the Fiscal Compact, together with the ECB’s multifaceted action – can surely be regarded as rational attempts to address the severe problems affecting Greece and other member states. On
the other hand, strong objections to Europe's rescue plans have been raised by experts and politicians who maintained that Greece's possible sovereign default and its exclusion from the eurozone would not necessarily lead to any disastrous scenarios – like those predicting that Greece's economic breakdown would trigger a chain reaction that would eventually jeopardize the entire EU integration process.\(^{19}\)

Eventually, the former understanding of the crisis took hold, and significantly influenced EU policymakers' decisions. Therefore, the efforts to keep Greece in the eurozone amounted to a statement of the EU's identity as an international actor – one able to 'take care of its own', defend the accomplishments of the integration process, and spread its own compelling vision about how to deal with major issues such as global financial threats. However, the consequences of Greece's heightened significance for the European integration project were to some extent paradoxical. The great concern about Greek financial conditions led to the adoption/imposition of a strict policy agenda, focused almost exclusively on economic aspects, that has severely impinged on the country's (already weakened) geopolitical capacities – and that will also reverberate on the EU's external action capacities. Attention has been afforded to the social unrest and discomfort generated by the austerity measures, but the external implications of domestic instability and international marginalization are not given much consideration by European decision-makers or the public. In sticking rigidly to an agenda that reflects a predominantly economic understanding of the crisis, the EU is deliberately giving up the useful edge that Greece's geopolitical position could otherwise provide, and adding complaints to its ineffective foreign policy.

This approach also ends up reinforcing Greek citizens' feelings of irrelevance and exclusion, and substantially removing foreign policy from public debate. This was clear in the campaign preceding the legislative election of 2009, when foreign policy issues were hardly dealt with by any political party. The attention paid to foreign affairs further decreased when the caretaker government headed by Lucas Papademos took office in November 2011, and remained low during the campaign leading to the election of May 2012. Political instability was only barely mitigated in the following month's election.\(^{20}\) The low public attention on foreign policy compared to domestic top economic priorities suggests that Greece has been strongly affected by what Youngs calls the 'ultra-pragmatic' approach to foreign policy, that since the beginning of the crisis has spread at every level of Europe's policy-making.\(^{21}\) In fact, the primary goal of EU foreign policy is not to coordinate the members' policies toward an agreed-upon goal, but simply to make them consistent with – or subordinated to – strict financial discipline. This lack of economic authority entails a significant suspension of the country's political authority, which also affects its foreign policy realm – and therefore the strategic contribution it could otherwise provide to EU external action, as in the case of Greece in the Eastern Mediterranean. Hence, the policies prompted by the EU to counter global economic threats ultimately overshadow the political and strategic dimensions of international affairs, and tend to marginalize the international position of peripheral European states – those more severely hit by the crisis – such as Greece.

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\(^{20}\) See M. SKOUROLIAKOU, *Greek Politicians have forgotten about Greek foreign policy. And this will not change in the near future*, «Hellenic Observatory», 10 May 2012, http://blogs.lse.ac.uk/europppblog/2012/05/10/greek-foreign-policy/#Author; and K. FEATHERSTONE, *Europe's future rests on a Greek election that has only one certain outcome: greater uncertainty*, 15 June 2012, http://blogs.lse.ac.uk/europppblog/2012/06/15/greece-election-preview/.

Greek bottom line

The austerity measures dictated by the EU as a condition for Greece’s bailout have evidently put strict constraints on the resources the country has been able to dedicate to foreign policy. The European institutional framework – the EU together with NATO and other international organizations – has proved effective enough to compensate for Athens's loss of policy autonomy, providing a certain degree of stability to the South East European region. However, the austerity measures prompted by the European Union have also deeply affected the ends of Greece's policy-making. Greece’s economic – and ultimately political – authority has been to a certain extent “suspended” by the strict conduct imposed by the EU. The constraints on Greek policy autonomy – both domestic and international – rest on specific beliefs (advocated especially by the EU’s German leadership) about what should be done to defend Europe and the single currency. The side effect of this strategy on the foreign policies of Greece and the EU has been a dangerously inward-looking political attitude, and a lack of attention to the political and strategic dimension of international affairs, which is still essential despite the economic nature of the threats posed by the crisis. Moreover, the peripheral position of the EU members most severely hit by the economic crisis raises fears of increasingly widespread marginalization of European border states. This is indicative of a political attitude increasingly less interested in the international dimension of the integration process. Instead, in order to ensure its recognition as a relevant international actor, the EU should develop a border policy able to commit its frontier provinces, building on the experience of the enlargement process, but also involving them in genuine relations with foreign countries.

Therefore, the EU should avoid a crisis-driven escalation toward an ever more introverted image of itself. On the contrary, it should try to use its members’ geopolitical positions wisely to operate as a relevant actor in their respective regional contexts. Greece should therefore put pressure on the EU from within in order to achieve this goal, by asking for instance for:

1) a more co-ordinated European energy policy, motivated by political in addition to economic considerations. The larger members’ interests (and Germany’s in particular) should be balanced against the geopolitical importance of southern routes. More active support, for instance, for the Trans Adriatic pipeline – identified as a Southern Corridor Project – may prevent Greece from being marginalized in a region that is once again becoming high in EU priorities due to the new discoveries. If given the proper policy autonomy, a responsible Greek government may use its well-established relations within the area to provide the EU with the political leverage necessary for having a say in the new energy balances of the region.

2) Greece is likely to be at the center of increasing migration flows, given the ongoing political unrest in the Eastern Mediterranean region. A more efficient common immigration policy is a security and humanitarian priority that the EU can only deal with efficiently if its border countries are given proper means. A marginalized Greece is per se a risk that the EU cannot afford. In fact, worries about new global challenges should be balanced with the threat posed by a member state unable to provide for its own social stability and the security of European borders.

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3) Greece should emphasize its specific significance in the long-lasting issue of Turkey’s admission to the EU. If, as is predictable, this target is not to be accomplished in the near future, or if the eventual solution is only a sort of a ‘special partnership’ instead of full membership, there is a risk that Turkey may simply loosen its political ties with Europe, opting for a more independent role in the Middle East area. Athens should therefore be even more active in keeping the EU’s attention focused on EU-Turkey relations. While trying to find a solution to its own foreign policy priorities, the Greek government would thus also help keep high on the EU’s agenda the role of the latter in the Eastern Mediterranean region.

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Le pubblicazioni online dell’ISPI sono realizzate anche grazie al sostegno della Fondazione Cariplo.

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Palazzo Clerici
Via Clerici, 5
I - 20121 Milano
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