

COUNCIL ON FOREIGN RELATIONS

New York, April 21, 1999

Ladies and gentlemen,

Thank you very much for the opportunity you have given me today to develop some thoughts as to the role of my country within our broader region, South-East Europe, and to do so before this distinguished body, the Council on Foreign Relations.

Of course, I would never have imagined that my speech would be so timely, unfortunately, for reasons which have to do with the continuing crisis in Yugoslavia. The recent developments there, I fear, have confirmed in the minds of many observers of events around the world, those stereotypes which have prevailed for more than a century in the Balkans, - that it still the powder keg of Europe. Of course, no one can deny that the history of the Balkans is one of turbulence. It is appropriate to remind you, that the history of other European regions is also full of wars and other atrocities. Unfortunately, in some cases, far greater than those which took place and are taking place in the Balkans. I would also

add, that the perturbed development of the Balkans has also been marked by long-term, economic and social under-development.

As is only natural, as a European, Mediterranean but also Balkan country, Greece has had its share of perturbed history in South-East Europe. It could not be otherwise, since it is the geography of a place that determines, to some extent, its course. At the close of the twentieth century Greece is however, in a much better position than all its neighbours, - economically, politically and socially. The fact that it is the only country in the region, which is a member of the European Union and in NATO and is expected as of 2001 to join the Economic and Monetary Union, underscores this favorable course. This has not happened accidentally, but is due to the intense struggle of the Greek people for national independence, freedom, democracy and social justice, and thanks to our traditions which always were open to new horizons.

For centuries, in whichever country in the Balkans the Greeks lived, they played a creative role promoting the ideas of the Enlightenment and freedom, of economic progress and were the connection between them and European civilization. After the collapse of the Communist regimes and the end of the Cold War, historical context assigns my country to a similar role. I am of the

firm conviction that we are already meeting up to the demands of such a challenge, which serves the interests of all the Balkan countries, including Greece, as well as the interests of the European Union and NATO.

In the Balkans today, apart from the tragedy of Kosovo to which I will be referring later on, we are again living through a crucial period. The process to stable social, economic and political conditions, the construction of a modern political system, of a new social-economic organization, is unavoidably going through the difficult phase of transition. It is a very difficult operation, with retrogression and uncertainties.

Developments are on different levels, and are determined decisively by the special characteristics and the internal problems of each country. Often this engenders the risk of nurturing crises on other fronts, and chain reactions, which destabilize any measure of progress made at great cost and endeavor over the past few years. Macro-economic stability is not a given. The institutions and mechanisms imperative for the smooth running of the country take time to plan and consolidate.

Political and economic problems have to be tackled along with serious social problems that arise at the same time and constitute a challenge to a world of human sensitivities and solidarity.

Will these problems be transitional? Will the Balkan economies be able to pick up? Will the area of the Balkans be a pole of development and prosperity or will it always be on the margin of the European economy?

We must look with sobriety at the present difficulties arising in the neighboring countries, cooperate with them on all levels, in order to be able to help in a constructive way. The Balkan policy of Greece is the tool which can contribute to Balkan stability, democracy, development and cooperation.

It was at our initiative, that for the first time in the history of the region, in November 1997, the heads of states and governments of all the Balkan countries convened in Greece. This institution was consolidated with a second meeting in Turkey in 1998, and this year the Summit will take place in Rumania. In the area of military cooperation, Greece works together with its neighbors within the framework of the "Partnership for Peace", in addition to individual bilateral agreements.

No policy, whether from Greece, or from any international organizations can fully develop fully those benefits aspired, if it is not consolidated with a minimum of political stability, a minimum of democratization, a minimum of social consensus as to the broader and longer-term objectives that the countries of the region wish to achieve.

The area of economic cooperation and economic relations has been decisive to a great extent for the considerable results to date in our countries. Within a few years, in fact, an extended network of relations has been created, which have given a new shape to bilateral and multi-lateral inter-Balkan relations.

Trade transactions between the Balkan countries increased from 1,7 billion dollars in 1988 to 4.2 billion dollars in 1995. The countries in the region are recipients of international investment, some of which comes from Greece, with multiple, positive effects for development. In the medium term, it must be the objective of all us to set the area of the Balkans on a path of convergence by promoting developmental processes, which will support the transition to a market economy -a transition in institutional, social and economic terms, which requires a systematic and long-term effort and support.

How is one to ensure such a convergence?

First of all, by setting plausible long-term goals for the economies of the area. This is only ensured by a common European future of all the countries in the region. The European Union, as a reality for Greece and as a developmental vision and objective of the remaining countries, already functions in the desired direction. Already countries in the area have signed agreements with the European Union and look toward a clear and structured accession procedure.

Secondly, business cooperation has always been a driving force for economic relations. Commercial, labor and capital flows created a wide framework with positive impact on stability and development of the Balkan countries.

Our government is implementing a clear concept, in order to create positive prospects for our country and the other countries of the South-East of Europe. In the north of Greece we promote a network of infra-structures and functions chiefly aimed at extending opportunities in inter-Balkan cooperation, a stronger productive link-up and the gradual creation of an integrated

economic area in the Balkans, which will improve the preliminary conditions for convergence.

Progress which has been achieved in this region over the past few years is impressive. The number of Greek enterprises in the Balkan countries has increased considerably. The number of sectors within which they are active is already quite large and extends from the more traditional sectors, such as food and drinks, clothing and construction to the more specialized technological sectors, (such as telecommunications), where Greek enterprises hold a strong position among other foreign investments.

Banks and companies are active especially in the financial sector, which facilitates and encourages new Greek companies to establish themselves there. They also act as a guarantee as to their smooth functioning in the country of establishment. By way of illustration, I would like to mention the presence of Greek private and state banks in FYROM, Romania, Bulgaria and Albania and of insurance companies in Romania and Yugoslavia.

Total trade of Greece with the Balkan neighbors, a market of over 50 million people, exceeded in 1997 2.3 billion dollars, indicating a substantial increase. Greek investments total 1.5 billion dollars,

and our companies have created thousands of jobs in countries facing an acute unemployment problem. The result of this is that Greece is constantly at the top of the list of capital investment in South-East Europe.

The Greek economy today is in the privileged position of supporting the process of adaptation, reconstruction and stabilization of the other Balkan countries and of deriving benefit from a closer long-term interdependence with them.

Ladies and Gentlemen,

Over the past few weeks Kosovo has been the topical issue. I would like to share with you some thoughts on this, so as to give you a more complete view of this issue which concerns us all.

We have shaped the principles of our foreign policy and it is upon these principles that our Balkan policy is based. These are the principles of territorial integrity of states, inviolability of frontiers, respect of human and minority rights, peaceful resolution of disputes, in accordance with the Founding Charter of the United Nations.

From the beginning, in the Kosovo issue, we maintained, within the framework of the European Union, the cession of a broad autonomy within the borders of Yugoslavia. We also supported the respect of human rights for all the communities living there, as well as the territorial integrity of Yugoslavia.

We are staunchly against any action which might lead to a change of borders in the Balkans. We believe that this would be a very negative development. The continuing crisis creates concerns and dangers for a possible spillover to the broader area. The first result of the crisis is the creation of a large wave of refugees. Already we have the serious consequences of such a wave and the accompanying problems in countries neighboring with Yugoslavia. As long as the attacks continue, the wave of refugees will increase, with the risk of extending beyond the bordering countries. The crisis in Kosovo has a human cost. This is something we witness every day. We express our sorrow for the victims on both sides and the misery caused to all parties involved.

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We have expressed our willingness to undertake diplomatic efforts in collaboration with other countries in the region and the European Union, in order to find a peaceful and viable solution to the Kosovo problem, on the basis of the framework shaped in

Rambouillet and by the Contact Group. There is a framework. Solutions can, should, and must be sought within this framework. Diplomacy must once again take centre stage of our efforts. We are in constant contact with the countries in the Inter-Balkan Cooperation (Bulgaria, Romania, FYROM, Turkey, Albania), in order to activate the management mechanism for the refugee problem and humanitarian aid.

In the first few days of the crisis there was talk or rumor of the invasion of Yugoslavia also taking place because there is supposedly a danger of war between Greece and Turkey. No such danger exists. We must be clear because any lack of clarity, or the cultivation of a climate of conflict may lead to negative results. In this case there is no problem that could create a conflict between Greece and Turkey.

The continuing military involvement also creates serious economic consequences for the broader area. It is not only a matter of the refugees. One only needs to consider that in Greece communication has been cut off on our northern border with Yugoslavia and with central Europe.

Greece, in connection with the other countries of NATO and the E.U. is in a very special position. Greece has a double identity. It is a European country, which participates in the E.U. and NATO. It is also a Balkan country, which ^{means} can and must act as a factor of peace.

This double identity demands credibility on both levels. Credibility ^{vis-a-vis} vis-a-vis the Balkan countries, especially those directly involved, such as Yugoslavia, Albania, and FYROM. That means that within our alliances, we act according to the decisions of our alliances. On the other hand, ~~that means that we underline~~ our special position and we aim at being a factor of peace, cooperation and stability. Our position gives us a special role. We should respond to this special role in the framework of a broader role, which derives from our participation in NATO and the E.U.

We declared right from the start, that we will not participate in military operations. Greece is a neighboring country and in no way can there be involvement in the conflict which would make us a part of the problem.

On the other hand, I would like to reaffirm our position as concerns the continuing Serbian operations in Kosovo. These operations must stop at once. Within the broader framework of a cease-fire in Yugoslavia, Serbian forces must withdraw and only the police

forces agreed to in October 1998 should remain. We condemn the policy of ethnic cleansing that Serbia is pursuing.

The Greek Government has acted within the framework of NATO and of the European Union towards dealing effectively with the refugee problem. Decisions taken there are the result of our initiatives also. As we see it, the aim should be to keep the refugees close to their country of origin. All the E.U. and NATO countries must contribute according to their forces and capabilities.

We are paying special attention to the issue of the Greek minority in Albania, the protection of property of our fellow Greek countrymen. The leadership in Albania has reassured us that their rights will not be impinged on.

The dramatic developments in Yugoslavia with the military intervention of NATO have underlined, among other things, that the E.U. must develop a policy for the stabilization of the region and its organic incorporation into the European institutional system. If this policy had been shaped in time, perhaps the dramatic developments of the past few weeks would have been avoided. The escalation of the crisis has led to a deeper understanding of the need to develop an overall policy in the E.U.

for the area. Member-states of the E.U., such as Germany, for example, often refer to the need to shape such a policy after military operations have ceased in the form of the Union participating in 'the day after'. The German Foreign Minister, Joschka Fischer proposed recently the shaping of a Stability Pact for the Balkans.

As a South-East European country, Greece with its strong, friendly relations with all the countries in the area and at the same time as the only member-state in the Euro-Atlantic institutions (E.U. NATO, WEU), a few days ago stated what action she plans to take, in order to help in the peaceful resolution of the crisis.

The aims of the Greek plan are:

- a) The political solution to the crisis, as soon as possible.
- b) The stabilization and incorporation of the Balkans into the European architecture
- c) Dealing with the humanitarian problems, which have resulted from this crisis.

Greece will step up its endeavors, in order to achieve a swift political solution to the crisis. Our basic objective is for there to be a "synergy" between institutions and actions, which will lead to the

acceptance of preliminary conditions by Yugoslavia - (withdrawal of troops from Kosovo, safe-return of the refugees to their homes, deployment of a broad international force with clear legitimacy, etc.) and the simultaneous ceasing of acts of war.

Greece supports the proposals and initiatives for a peaceful resolution, shaped by the E.U. member-states (Germany, et al.). In addition, it has proposed a set of principles, which, based on the 'acquis' of Rambouillet, will constitute the framework for any solution. These principles include:

- respect of the inviolability of borders
- respect of individual and minority rights and identities
- peaceful resolution of differences, and
- cooperation for democracy, development and civil society

Greece will promote its policy for resolving the crisis on three levels:

- a. At the level of the institutions to which we belong (NATO, E.U.), and a promotion of initiatives, the support of proposals, seeking opportunities for the political handling of the crisis.

- b. At the level of the regional system of the Balkan countries by stepping up endeavors to shape a common approach and common initiatives.
- c. At the broader international level aimed at the greatest possible participation in the political process of finding a solution, of the United Nations, the CSCE, as well as Russia.

Greece today has established a broader network of exchange of views, of shaping proposals, of exerting influence and undertaking initiatives towards the swift and effective solution of the crisis and avoiding any escalation with acutely painful human consequences.

I believe that it is necessary, after military operations have terminated, to immediately promote the signing of an overall "Stability Pact for the Development of the Balkans". This pact, already hammered out by the Greek government, has five axes:

- 1) First Axis: Economic development of the Balkans with a set of measures and initiatives, which will make up a type of 'Marshall Plan' for the area.

- 2) Second Axis: Democratization of the area with measures for the construction and establishment of democratic institutions, reinforcing civil society, protection of the individual and minority rights.
- 3) Third Axis: Establishment of a conflict resolution mechanism as a part of the 'Stability Pact' which will guarantee inviolability of borders.
- 4) Fourth Axis: Promotion, intensification and institutional of inter-regional cooperation with the participation of all countries in the region as a step towards full integration of the area into the European architecture and the European institutional system.
- 5) Fifth Axis: Recognition of the 'eligibility' of all countries to accede to the European Union, provided they fulfill the necessary political and economic pre-requisites.

This plan of the Greek government is already being submitted to the E.U. and in conjunction with the 'Stability Pact', which Germany has proposed for the region, will constitute the new approach of the E.U. for the Balkans. Greece will also convene a Summit in Athens in relation with this plan.

Greece has already developed intense activity to deal with the humanitarian problems linked to the refugees. It will step up its humanitarian action and presence with a number of measures such as:

- the development by the Armed Forces of infra-structure works for the refugees
- the provision of humanitarian aid in areas with special problems of access, as in Kosovo and Montenegro.

The Greek government is planning to convene in Athens a large-scale conference on humanitarian aid. All involved countries will participate in this conference, as well as interregional organizations, in order to deal effectively with the issue of how to handle humanitarian problems. The conference will also examine the consequences of the crisis.

Ladies and Gentlemen,

I wish that my speech today would have been focused instead on the difficulties, which South-East Europe is facing, but also on the great potential of this region. Unfortunately, the crisis in Yugoslavia overshadows any positive developments in the Balkans

and highlights only the negative aspects of our neighbors. I hope that, with the efforts of all of us, today's profound crisis will be overcome, and that ultimately, the Balkans will live through better days. As for Greece, we will do our utmost to achieve the goals of all peoples in the region, for peace, stability, prosperity and democracy.

I thank you for your attention.