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### Greece could replace Syria as Russia's Mediterranean friend

Why is Russia so adamant in defence of Syria's Bashar al-Assad? Much to the consternation of US and European officials, Moscow has blocked efforts within the UN Security Council to sanction and further isolate the Syrian regime. Russian foreign minister Sergey Lavrov says his government feels burned by the way Nato used a resolution on Libya to bomb Muammar Gaddafi last year. That's not credible. Mr Lavrov is an experienced diplomat who served ably as his country's ambassador to the UN. He knows precisely how the language of a security council resolution is crafted-and how it can be interpreted.

No, Russia protects Mr Assad because Moscow needs his government right where it is. Syria is Russia's most reliable Middle Eastern commercial partner. In fact, Mr Assad, like his father before him, buys most of his country's military hardware from Moscow. Over the years, father and son have taken on considerable debt in the process. Russia forgave about 75 per cent of those obligations in 2006 in exchange for Russian use of Syria's Mediterranean naval bases at Latakia and Tartus. For Russia, access to a Mediterranean port holds considerable strategic value.

The Russian government has invested heavily in long-term plans for both sites, using Latakia as a submarine base and hopes to add the space and capacity to use Tartus for missile cruisers. The Russians apparently fear that the loss of Mr Assad could mean the loss of these valuable

Mediterranean ports.

Are they right? We're likely to find out. Mr Assad has so far survived the increasingly violent challenge from his country's rebels. Defections from his army have been limited. The country's business elite, based mainly in Damascus and Aleppo, have yet to abandon him. But as his regime becomes increasingly isolated, Russia's protection and the regime's willingness to hang onto power by any means necessary probably won't be enough. Mr Assad's days are likely numbered, and Syria's next government may not be favorably disposed toward Moscow.

So where can Russia turn to maintain a Mediterranean base for its navy? How about Greece? Political officials in Germany and other core EU countries should take note.

Greece, as you may have heard, desperately needs a reliable long-term source of revenue. The country's citizens are wondering how they can grow their economy toward health while embracing the austerity prescribed in Brussels and Berlin. Outsiders are wondering what Greece has to sell.

But as Western investors retreat, state-owned Russian and Chinese companies have gone bargain hunting. The Chinese have already invested significantly in the Greek port at Piraeus via a 35-year concession worth nearly \$5bn for Cosco, a Chinese state-owned shipping company. Gazprom, Russia's gas monopoly, is reportedly eyeing the privatization of Greek gas company Depa and grid operator Desfa.

A 30- or 50-year deal that provides Russia's navy with basing rights at Piraeus might one day make sense for both sides. Over time, the deal could bring Greece's cash-starved government as much as \$200bn.

It's impossible for Lucas Papademos and his technocratic government to cut such a deal, in part because Greece's Nato allies would strongly object. But a future Greek coalition led by the New Democracy Party, facing enormous populist pressure to raise money and to resist political and economic demands from Berlin and Brussels, is another matter.

The potential implications are worth considering. Uncompetitive Greece may have more financial flexibility (and leverage) than its European negotiating partners yet recognize. And if some combination of Greek resentment and European demands were one day to force Greece out of the European Union, Nato could be in for a fresh round of hostility

between Greece and Turkey. In fact, if EU and Nato membership were meant in part to create new bonds between these traditional antagonists, a Greek exit might throw that trend into reverse.

Greece has every reason to remain in the EU, and European institutions have plenty of leverage with the country. Greece just received about 170bn euros from the EU and IMF to cover the country's financing needs through 2014, and both institutions have made clear that more help is possible. The European Central Bank has provided about 130bn euros in support of Greek banks. The EU and IMF will hold about two-thirds of Greece's debt. Nato membership provides other benefits. These are a few of the reasons that Greece is unlikely to leave the union anytime soon.

But over time, the long-term effects of austerity on Greece's economy, and the public resentment that comes with it toward Germany and European institutions, could change the terms of debate-both inside Greece and across Europe. That's why the rest of Europe should take note. Greece has no parachute today. But over time, it might have more options than we think.

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