



Greece Update

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Summary

The Greek city-state of Athens is believed to have developed the first known democracy around 500 B.C. Modern Greece has been a democracy since the toppling of a military junta in 1974. Since then, the New Democracy (ND) party and the PanHellenic Socialist Movement (PASOK) have alternated leadership of the government. ND ruled from March 2004 until October 4, 2009, when PASOK won national elections and a clear majority of the seats in parliament. PASOK's victory has been attributed to anti-ND public sentiment caused by the economic recession, corruption scandals, and law-and-order issues. On taking power, PASOK inherited a severe financial crisis: economic growth has contracted for three consecutive quarters in 2009, and the budget deficit is projected to be 12.7% of gross domestic product (GDP) and debt to be 125% of GDP in 2010. Therefore, the economy is the dominating issue on the government's agenda.

The Greek government's foreign policy focuses on the European Union (EU), sometimes-strained relations with Turkey, reunifying Cyprus, resolving a dispute with Macedonia over its name, other Balkan issues, and sustaining good relations with the United States. Greece has assisted with the war on terrorism, but is not a member of the U.S.-led coalition in Iraq and has a limited presence with NATO in Afghanistan. See also CRS Report RL33497, *Cyprus: Status of U.N. Negotiations and Related Issues*, by Carol Migdalovitz.

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Government and Politics

Introduction and Situation before October 2009 Elections

The Greek city-state of Athens is believed to have developed the first known democracy around 500 B.C. Modern Greece has been a democracy since the toppling of a military junta in 1974. Since then, two large parties have alternated leadership of the government: the New Democracy (ND) party and the PanHellenic Socialist Movement (PASOK). ND was in power from March 2004 until October 2009. In the September 2007 national elections, held after the government was criticized for poor performance in fighting widespread fires¹ and some officials were implicated in corruption scandals, ND was able to eke out only a slim majority of 152 seats in the unicameral 300-seat parliament. At the time, PASOK also suffered losses, while three small parties on the left and right registered significant gains and won seats. One of these, the ultra-nationalist, anti-immigrant Popular Reforming and Orthodox Rally (LAOS) party, entered parliament for the first time.

After the 2007 election, ND lost one seat in parliament and its position declined due partly to additional corruption scandals, a crisis of law and order, and the economic situation. An ongoing scandal over the Siemens Group's alleged bribery of politicians and officials sullied both major parties. Then, in September 2008, Merchant Marine Minister George Voulgarakis resigned amid allegations that government ministers had helped a monastery trade inexpensive land for prime real estate, at a cost of an estimated \$130 million to the government. In October, the same scandal led to the resignation of State Minister and government spokesman Theodoros Roussopoulos, a close associate of then Prime Minister Constantine (Costas) Karamanlis.

Perhaps more significantly, the government's ability to ensure public security came into question. In December 2008, police fatally shot a teenage boy, provoking days of violent protests by anarchists, students, and labor groups in Athens and elsewhere. It was the worst rioting in years, and its duration generally was attributed to socioeconomic causes (i.e., the youths' joblessness and lack of hope), although a culture of impunity also was blamed.² Critics castigated the government for its passive response and slowness in reestablishing law and order.³ In June 2009, the murder of a police officer who was a member of the counterterrorism squad protecting a witness in a trial involving a terrorist group again highlighted the government's deficiencies in this area.

¹Jeffrey Stinson, Joanna Kakissis, "Deadly Fires Take Toll on Greece's Spirit," *USA Today*, August 31, 2007.

²Jason Athanasiadis, in "An 'Ungovernable' Democracy?" *Toronto Star*, December 16, 2008, says that unemployment among university graduates under 30 is 28%. Also, Dr. Stathis Kalyvas presentation on The Greek Riots: A Political and Historical Analysis, at the Woodrow Wilson Center for International Scholars, January 22, 2009.

³For example, Takis Michas, "Greece is Burning," *Wall Street Journal*, December 12, 2008, and Rachel Donadio, Anthee Carassava, "A Revolt in Greece, or Just Poor Security? Sense of Government Neglect is Pervasive," *International Herald Tribune*, December 13, 2008. Some suggest that the "culture of impunity" followed the military junta's brutal crackdown of student protests at the National Polytechnic University in 1973. Later democratic governments have been reluctant to deploy even less forceful measures against demonstrators, and university campuses have become "no-go" zones for security forces.

PASOK polled ahead of ND in public opinion surveys throughout 2008 and 2009, and PASOK leader George Papandreou repeatedly called for early elections. PASOK came in first, and the LAOS registered striking gains in the European Parliament elections of June 2009.

Table 1. Results of June 7, 2009, European Parliament Elections

| Party | Percent of Votes |
|---|------------------|
| Pan-Hellenic Socialist Movement (PASOK) | 36.65% |
| New Democracy (ND) | 32.29% |
| Communist Party (KKE) | 8.35% |
| Popular Reforming and Orthodox Rally (LAOS) | 7.15% |
| Coalition of the Radical Left (SYRIZA) | 4.7% |
| Greens | 3.49% |

Note: The Greens are not represented in the Greek parliament.

In August, Greece again experienced terrible fires and, while they were not as severe as in 2007, some criticized the government for its alleged failure in the intervening years to improve fire protection or to establish better coordination of fire-fighting efforts.⁴ The government blamed extremely strong winds for the destruction. Other observers said that the government had mobilized assistance from the European Union (EU) and from individual European governments.

October 4, 2009, Elections

The president is head of state, but the prime minister is head of government and exercises most powers. In February 2005, former Foreign Minister Karolos Papoulias, the ND consensus candidate and a founding member of the opposition PASOK, won the presidency with 279 out of 296 votes cast in parliament. His term expires in March 2010.

On September 3, 2009, Prime Minister Karamanlis called for early national elections because, he said, he wanted to avoid a protracted pre-election period. Parliamentary elections had been scheduled for September 2011 and now would take place on October 4, 2009. Karamanlis claimed that PASOK had “forced” the early election when it announced that it would not support President Papoulias for reelection. Without PASOK, Karamanlis’s ND party would not have sufficient votes in parliament to reelect the president and a national election would have been required in order to reconstitute parliament so that a new president could be elected. Thus, the election campaign would have lasted for at least six months.⁵

⁴ Anthee Carassava, “Anger Flares among Greeks as Fires Continue to Burn,” *New York Times*, August 25, 2009.

⁵ Parliament elects the president of Greece. To be elected, a candidate must secure 200 votes in a first or second round or 180 votes in a third round. If it cannot elect a president in the third round, parliament is dissolved and elections are called. In a new parliament, a candidate then needs 180 (out of 300) votes in a first round, 151 in a second round, or a plurality in a third round. PASOK sought early elections and, to get them, it withheld support for Papoulias, whom it would otherwise have favored. ND, with only 151 seats in parliament, would have fallen far short of the needed 180 votes. After it took power, PASOK endorsed Papoulias’s re-election and, with both major parties supporting him, parliament is expected to grant the President another term when it votes in March 2010.

ND's election prospects were bleak from the outset of the campaign as the economy was experiencing a recession. At the same time, the European Commission estimated that Greece's 2009 budget deficit would be 8% of gross domestic product (GDP), well above the 3% ceiling that the EU mandates for members, and the national debt would be 110% of GDP.⁶ (These estimates have since risen.) By October 24, Greece was supposed to present to the EU a package of measures aimed at restructuring its public finances and cutting its fiscal deficit to 3.7% by the end of 2009, which few considered feasible.

In addition, commentators and opposition politicians had criticized the government for what they claimed was its poor performance in fighting fires again in August. (However, others thought that the government had mobilized rapidly, but that extreme winds had affected the effectiveness of fire-fighting.) Critics also assailed the government for its failure to improve law and order in the face of domestic terrorism and anarchism.

To help Greece overcome its financial crisis, Prime Minister Karamanlis presented an economic plan on September 5. It called for cuts in public spending, freezing public-sector wages and pensions, combating tax evasion, and structural changes. Critics wondered why the party had not done all that in its six years in office, although its one-seat majority in parliament probably constrained boldness. The plan could not have appealed to voting public-sector workers and pensioners.

On September 12, PASOK leader Papandreou presented a program for his first 100 days in office, calling for boosting demand with pay increases above the rate of inflation, extra pay for lower incomes, protection of borrowers and households in debt, combating price increases in the market, freezing utility rates for one year, and passing tax reforms to promote redistribution of income. He also proposed increases in public investments, supporting employment by subsidizing social security contributions for new hires of unemployed persons, and increasing unemployment benefits. The PASOK stimulus plan had a price tag €3 billion or U.S.\$4.38 billion. Papandreou said that he would fund it with better tax collection, with the EU's National Strategic Reference Framework (ESPA) cohesion policy funds, and public-sector real estate.

The smaller parties also presented their views. LAOS leader George Karatzaferis sounded nationalist and populist themes, calling for EU help in guarding Greece's borders against illegal immigrants, the establishment of a quota for immigrants, and stronger policies to combat "the Turkish threat." He attributed a large percentage of what he asserted was a rising crime rate to illegal immigrants.⁷ Meanwhile, at the outset of the campaign, the Coalition of the Radical Left (SYRIZA) survived a leadership dispute with the main party in its alliance, the Coalition of the Left Movements and Ecology's (Sinapismos/SYN). SYN President Alexis Tsipras demanded to lead both SYRIZA and SYN, but other parties in SYRIZA resisted, and some wanted the head of SYRIZA's parliamentary group and former head of SYN, Alekos Alavanos, to head the list. SYRIZA entered the elections without a leader at the head of its list and Alvanos did not run for parliament.

In the end, it was widely believed that Greeks voted against the ND government more than for PASOK.

⁶ Anthee Carassava, "Greek Premier, Dogged by Many Troubles, Takes Risk with Snap Elections," *New York Times*, September 4, 2009.

⁷ "Small Parties on Social Policy, Economy," ANA-MPA, September 21, 2009.

Table 2. Results of the October 4, 2009, National Elections

| Party | Leader | % of Vote | Seats (Change) |
|---|---------------------|-----------|--------------------|
| PanHellenic Socialist Movement (PASOK) | George Papandreou | 43.92 | 160 (+58) |
| New Democracy (ND) | Costas Karamanlis | 33.48 | 91 (-61) |
| Communist Party (KKE) | Aleka Papariga | 7.54 | 21 (-1) |
| Popular Reforming and Orthodox Rally (LAOS) | George Karatzaferis | 5.63 | 15 (+5) |
| Coalition of the Radical Left (SYRIZA) | Alexis Tspiras | 4.60 | 13 (-1) |
| | | | 300 (Total) |

Voter turnout was 70.92%, down slightly from 74.14% in 2007.

Karamanlis resigned as ND leader and assumed a seat as a Member of Parliament from Thessaloniki. His successor is former Culture Minister Antonis Samaras.

New Government

Table 3. Key Ministers

| Portfolio | Minister |
|--|-------------------------|
| Prime Minister and Foreign Minister | George Papandreou |
| Vice President of the Government responsible for coordination of the Council for Foreign Affairs and Defense and the Economic and Social Council | Theodoros Pangalos |
| Minister of Finance | George Papaconstantinou |
| Minister of National Defense | Evangelos Venizelos |
| Minister of Economy, Competitiveness, and Shipping | Louka Katseli |
| Minister of Citizens' Protection | Mihalis Chrysohoidis |
| Minister of Environment, Energy, and Climate Change | Tina Birbili |

Prime Minister Papandreou proposed a smaller cabinet, created the new post of Vice President, and reconfigured several ministries. The Ministry of Economy, Competitiveness, and Shipping has been created from some elements of the former Merchant Marine, Aegean, and Island Policy Ministry and others from the former Economy and Finance Ministry. The Ministry of Citizens' Protection took over responsibility for public order from the Interior Ministry along with parts of Merchant Marine Ministry's marine safety and other components.

Economy

Greece has a mixed capitalist economy, with the public sector accounting for about 40% of the gross domestic product (GDP). In its first term, the ND government cut the budget deficit and taxes on corporations, and was able to raise tax revenues due to an average annual growth rate of 4% and a crackdown on tax evasion. Unemployment decreased at first, but 20% of the population remained below the poverty level.⁸ ND also passed some social security reforms, despite political opposition and labor protests. The European Commission wants even more action in this area.

Greece sustained its growth due to booms in tourism and shipping. (Greece has the largest merchant marine in the world.) It also plans to ensure its own energy security as well as become a major “energy corridor” with the Turkish-Greece-Italy (TGI) natural gas pipeline, the Burgas (Bulgaria)-Alexandroupolis oil pipeline, the South Stream natural gas pipeline from Russia to Europe, and a gas pipeline between Greece and Bulgaria.

However, during the brief second ND term, Greece began experiencing the effects of the global financial crisis and recession, which hurt shipping and tourism among other key sectors. GDP has contracted for three consecutive quarters in 2009. Almost all industrial sectors have seen declines. Unemployment hit 9.6% in July and is expected to grow. Moreover, Greece is facing a crippling projected budget deficit of more than 12% of GDP and a debt in excess of 125% of GDP for 2010.⁹ As of December 2009, the Finance Ministry stated that the debt was a record €300 billion (U.S.\$442 billion). Credit rating agencies have downgraded the debt, meaning that it will be more difficult for Greece to find lenders and cost it more to borrow.

The Papandreou government expects to submit a revised Stability and Growth Program to the EU in January 2010, with measures to reduce spending, increase revenues, and resume growth. Its 2010 budget reduces operational expenditures by 10%, suspends public sector hiring except in “sensitive” sectors, and proposes economic reforms.

The economy benefits from Greece’s membership in the EU and the euro zone. Greece received an estimated \$8 billion annually from the EU between 2000 and 2006 and will receive another

Basic Facts

Population: 10.7 million (2009 est.)

Gross Domestic Product Per Capita: \$32,000 (2008 est.)

GDP Growth Rate: 2.9% (2008 est.)

Unemployment Rate: 9.6% (July 2009 est.)

Inflation Rate: 4.1% (2008 est.)

Exports: food and beverages, manufactured goods, petroleum products, chemicals, textiles

Export Partners: Italy, Germany, Bulgaria, Cyprus, United Kingdom

Imports: machinery, transport equipment, fuels, chemicals

Import Partners: Germany, Italy, China, France, Netherlands, Russia

Currency: euro

Source: CIA, *The World Factbook*, November 27, 2009, Greek National Statistical Service.

⁸ Anthee Carassava, “Early Greek Election Keyed to Economy,” *International Herald Tribune*, August 18, 2007.

⁹ Andrew Willis, “EU Demands Greek action in Wake of Downgrade,” euobserver.com, December 9, 2009, Open Source Center Document EUP20091209167015.

\$24 billion for 2007-2013. Participation in the euro zone is believed responsible for controlling inflation.

Terrorism

Greek authorities have worked to dismantle two main domestic terrorist groups, the Revolutionary Organization 17 November (17N) and Revolutionary Popular Struggle (ELA). The U.S. State Department lists 17N, which was responsible for the murders of five U.S. embassy employees in Athens, beginning with CIA station chief Richard Welch in 1975, as a Foreign Terrorist Organization (FTO).¹⁰ Although arrests and convictions of 17N leaders and members have been made since 2002, retrials and acquittals have led to the release of some of those convicted. Neither 17N nor ELA has been active for several years. Possible copycats, successor groups, or renamed cells of the older groups such as Revolutionary Struggle (EA) and Popular Revolutionary Action (LED) are active, as are small anarchist and anti-globalization groups, which operate mainly in the Athens area. A January 12, 2007, rocket-propelled grenade attack on the U.S. Embassy in Athens caused no casualties and did little material damage. EA claimed responsibility. In 2009, attacks by Revolutionary Struggle have become more frequent. In September, it claimed responsibility for a car bomb attack at the Athens Stock Exchange that caused widespread damage and injured a security guard.

In June 2004, parliament passed a law to implement the common EU counterterrorism policy. In January 2006, Greece began using new, more secure passports with biometrics to comply with EU regulations and executing EU-wide arrest warrants. It also ratified the extradition agreement between the United States and EU. The Greek navy participates in Operation Active Endeavor, NATO's antiterrorism ship monitoring effort in the Mediterranean Sea.

Foreign Policy

Greece is a member of the EU and NATO. In addition to participating in NATO's Operation Active Endeavor and the International Security Assistance Force in Afghanistan, Greece also is engaged in EU missions such as the EU Military Force in Bosnia and Herzegovina (EUFOR—Operation ALTHEA) and the EU Rule of Law Mission in Kosovo (EULEX). It also has military observers as part of an Organization for Security and Cooperation in Europe (OSCE) force in Georgia and, in January 2009, Greece assumed the rotating presidency of that organization.

Cyprus

The Republic of Cyprus has been partitioned between the Greek Cypriot south and the Turkish Cypriot north since Turkish forces invaded in 1974 in response to a coup on the island backed by the Greek junta, which favored uniting Cyprus and Greece. Greece strongly supports its Greek Cypriot ethnic kin in their efforts to reunify the island. In November 2002, U.N. Secretary General Kofi Annan offered a draft settlement plan to unite Greek Cypriots and Turkish Cypriots in a loosely federated United Republic of Cyprus. Prime Minister Karamanlis cautiously stated on April 15, 2004, that the plan's "positive points can prove to be superior to the negative ones,"

¹⁰ U.S. State Department, *Country Reports on Terrorism 2008*, released on April 30, 2009..

adding that it was up to the Cypriots to decide and that Greece would support their decision.¹¹ On April 24, 2004, 76% of Greek Cypriots rejected the “Annan Plan,” while 65% of Turkish Cypriots accepted it. The settlement process then stalemated. In July 2005, Turkey extended its customs union with the EU to all new members, including Cyprus, but did not recognize the Republic of Cyprus or open its ports to Greek Cypriot ships. Greece has seconded the Greek Cypriots’ demand that Turkey recognize Cyprus *de jure* and fully implement the customs union. It welcomed the renewal of the settlement process in March 2008, and has supported Republic of Cyprus President Dimitris Christofias in his direct talks with Turkish Cypriot leader Mehmet Ali Talat, which have been conducted under U.N. auspices since September 2008.

Turkey

Greece secured its independence from the Ottoman Empire, the precursor of modern-day Turkey, in 1832. The two neighbors historically have had strained relations, but began a period of rapprochement in 1999. In order for Turkey to become a more stable and peaceful democracy, Athens supports Turkey’s full membership in the EU if it meets EU standards. Greece and Turkey share interests in regional peace, growing bilateral trade (\$2.8 billion in 2008), a natural gas pipeline, and combating terrorism and illegal immigration. Greece is now the fourth-largest investor in Turkey. In 2006, the National Bank of Greece purchased Turkey’s fifth-largest bank for \$2 billion. Prime Minister Karamanlis visited Turkey in January 2008, becoming the first Greek prime minister to visit in almost 49 years.

However, a number of issues remain impediments to greater progress in normalizing bilateral relations. They include the unresolved Cyprus dispute, the failure of Ankara to authorize the reopening of the Greek Orthodox Theological Seminary on the Turkish island of Halki and its refusal to recognize the ecumenical (worldwide) status of the Greek Orthodox Patriarch whose seat is in Istanbul, and what some Greeks consider Turkey’s suspicious advocacy and political support for Muslims of Turkish origin in Greek Thrace.

Sharp differences over Aegean Sea sovereignty issues produced major crises in 1987 and 1996 that appeared to bring the two neighbors to the brink of military conflict. In order to avoid similar developments in the future, Greece and Turkey have held more than 40 rounds of exploratory talks concerning disputes over air space, territorial seas, continental shelf, and related issues over several years. Both sides appear satisfied with continuing talks, which have produced neither resolution nor conflict. Greece did not take its disagreements with Turkey to the International Court of Justice (ICJ) in December 2004, as proposed at the 1999 EU summit in Helsinki which reaffirmed Turkey’s candidacy for EU membership. Greece accepts the Court’s jurisdiction, but Turkey does not. Greece officially recognizes only a dispute over the continental shelf and, in July 2009, its Foreign Ministry reiterated readiness to refer that one issue to the Court. Athens also wants Ankara to rescind a 1995 *casus belli* parliamentary authorization of any steps, including military ones, if Greece exercises a right to a 12-mile territorial sea as allowed under the Law of the Sea Treaty. Greece is a signatory of the Treaty; Turkey is not. In addition, Greece objects to Turkey’s repeated infringements of Greece’s claimed 10-mile air space over the Aegean and to Turkish commanders’ references to (Greek) Aegean islands/islets not named in treaties as “gray zones” that must be demilitarized. Territorial disputes appear to be surfacing more

¹¹ “Greek Prime Minister Announces Government Stand on Annan Plan, Cyprus,” NET Television, April 4, 2004, Open Source Center Document GMP20040415000150.

frequently and serve to highlight the continuing lack of a solution. Some emanate from each country's desire to explore for oil.

On October 10, 2009, Prime Minister Papandreou, who had been one of the fathers of the Greek-Turkish rapprochement in 1999 when he was foreign minister along with the late Turkish Foreign Minister Ismail Cem, made a lightning visit to Istanbul for a meeting with fellow ministers from southeastern Europe. It was his first trip abroad taken in his capacity as foreign minister.

Macedonia

The former Yugoslav republic of Macedonia declared its independence in 1991. Its territory covers 39% of the historic region of Macedonia; the remaining 51% is in Greece and 9% is in Bulgaria. Macedonia asserts its right to use and be recognized by its constitutional name, the Republic of Macedonia. Greece objects, claiming that the name usurps Greece's heritage and conveys irredentist ambitions against Greece's largest province, also called "Macedonia," which borders the former Yugoslav republic. Due to Greek objections, Macedonia joined the U.N. in 1992 under the provisional name of The Former Yugoslav Republic of Macedonia (FYROM), which is how Greece refers to it.

In 1995, Athens and Skopje signed an interim agreement to normalize relations and settle all outstanding disputes except for the name, and Greece ended an 18-month long trade blockade of FYROM.¹² Since then, officials of both governments have met with the U.N. Secretary General's personal envoy, U.S. lawyer Matthew Nimetz, to discuss the name, but have not reached a mutually acceptable solution. Greek officials call for a compromise composite name with a clear geographic qualifier (e.g., Republic of Northern Macedonia) to be used internationally.¹³ They reject the suggestion that one name be used solely in Greek-Macedonian bilateral relations and another internationally.

In April 2008, Greece, whose position is "no solution means no invitation" for Macedonia to join NATO and the EU, prevented NATO from reaching a consensus on extending an invitation to Macedonia to join the alliance because no solution to the name dispute had been found. Athens argued that, because of that situation, Macedonia had failed to meet what Greece said was the criterion of "good neighborliness" required of new NATO members. The international trend in name usage favors Macedonia, with 125 governments recognizing it as the Republic of Macedonia. The government of Macedonia has said that it would never renounce the achievement of this recognition.

Despite the name problem, Greece is the top investor in the FYROM and bilateral trade is strong. At the same time, however, Macedonian Prime Minister Nikola Gruevski appeared to exacerbate bilateral relations with a spate of actions. In July 2008, he sent a letter to Prime Minister Karamanlis calling on him to recognize a "Macedonian minority" in Greece, with a basic right to be educated in its mother tongue (Macedonian).¹⁴ Greece recognizes only a Muslim minority as called for in the 1923 Treaty of Lausanne and described the letter as "provocative." Foreign

¹² For text, see http://untreaty.un.org/unts/120001_144071/6/3/00004456.pdf.

¹³ "Greek Government Faces Difficult Political Choices on Macedonia Naming Issue," *To Vima*, October 17, 2007, Open Source Center Document EUP20071021143001.

¹⁴ Text of letter, "Gruevski's Letter to Karamanlis – I Expect You to Take Measures in Amending Injustice Cause to Greek-Born Ethnic Macedonians" MIA (Skopje), July 14, 1008, Open Source Center Document EUP20080714107009.

Minister Bakoyannis charged that Gruevski was “trying to deliberately undermine” the name negotiations by inserting onto the agenda an “alleged Macedonian minority,” whose existence Greece does not recognize.¹⁵ In his reply, Karamanlis declared, “There is no ‘Macedonian’ minority,” and called on Gruevski to leave behind “nationalist formulas of a bygone era.”¹⁶ A month later, Gruevski wrote to the U.N. Secretary General and to Nimetz, requesting that recognition of the Macedonian Orthodox Church be included in the name discussions. Nimetz said, “We are dealing with the name of the country and (not) ... with the national or with other personal identities of people.”¹⁷ Finally, in November, Macedonia filed a complaint with the International Court of Justice (ICJ) charging that Greece had violated the 1995 Interim Accord because Article 11 obliged it not to object to Macedonia’s application to international organizations of which Greece is a member (e.g., NATO). Greece said that it would respond with evidence that Skopje has failed to adhere to the 1995 agreement.

Prime Minister Papandreou agrees with Karamanlis’s position regarding the negotiations with the FYROM. Officials in the new government have said that the FYROM’s entry into the EU is conditional on a solution to the name issue and, due to Greece’s insistence, the EU has postponed a decision on Macedonia’s candidacy. However, Papandreou does have sufficient political capital at this stage in his tenure to compromise on the issue should he wish to do so.

Other Regional Issues

Greeks and Serbs have particularly close ties based on their common Orthodox Christianity, their alliance during the 20th-century Balkan wars, and Greek empathy during the division of Yugoslavia. Greece hopes that Serbia and all of its Balkan neighbors eventually will become EU members in order to strengthen regional stability. Greece sought a U.N. Security Council-legitimized, mutually acceptable agreement on Kosovo to reassure Serbia and protect Kosovar Serbs.¹⁸ Therefore, it opposed Kosovo’s unilateral declaration of independence—perhaps also wary that it might set a precedent for northern Cyprus. Athens has a liaison office and not an embassy in Pristina, as it still does not recognize Kosovo’s independence.

Greece sent a 20-member military team to join an OSCE observer force in Georgia in August 2008, in the aftermath of the Georgia-Russia conflict. Athens does not recognize the Russian-backed independence of the secessionist Georgian regions of South Ossetia and Abkhazia. Greece’s policies towards Kosovo, South Ossetia, and Abkhazia, and to a great extent Cyprus, are consistent with its support for the inviolability of international borders.

Afghanistan

In response to domestic critics, the Papandreou government has defended Greece’s participation in NATO’s Afghan mission in terms of its own national interests: providing diplomatic prestige, proving Greece’s reliability, and adding to Greece’s effectiveness in managing its own national

¹⁵ “FM on Gruevski Letter,” ANA-MPA, July 15, 2009.

¹⁶ Text of letter, “PM Karamanlis’ Letter of Reply to FYROM Counterpart Released,” ANA-MPA, July 18, 2008.

¹⁷ P. Panagiotou, “Nimetz Statements on FYROM Name Issue,” ANA-MPA, September 24, 2008.

¹⁸ M. Aroni, “FM Bakoyannis Says Greece Will Decide at ‘Later Stage’ on Kosovo,” ANA, February 18, 2008.

issues.¹⁹ Yet, the government may find its ability to support even limited commitments for Afghanistan severely constrained due to the ongoing economic crisis.

Greece's participation in the NATO mission is limited. The European Council on Foreign Relations lists Greece among the countries that have "underperformed" in Afghanistan.²⁰ According to the *IJSS Military Balance, 2009*, Greece has an engineering company of 137 soldiers and one C-130 Hercules transport aircraft in Afghanistan. Former Defense Minister Evangelos Meimarakis argued that Greece is unable to send more troops or equipment to Afghanistan because of its own defense commitments, which usually refers to confronting a perceived threat from fellow NATO member Turkey. In particular, Greece believes that it cannot redeploy aircraft and helicopters from the Aegean Sea, where it accuses Turkey of violating Greek airspace and territorial waters.

Perhaps as a gesture to President Obama at the beginning of his administration, on April 4, 2009, former Greek Prime Minister Costas Karamanlis restated plans that had already been in motion. A Greek mechanized company would assume command of Kabul International Airport in 2010, with a reinforced strength of 30-40 officers. Until then, seven Greek soldiers were to be sent to assist other international forces already at the airport. If and when the airport is transferred to the Afghans, the mechanized company would move to the western province of Herat under Italian command. Officials suggested that these forces then would be closer to combat because more armed clashes occur in Herat. A battalion specialized in bridge construction already had deployed. In addition, Greece would return a medical unit to the field and a special unit would deploy to Kabul to train Afghan police officers.²¹ Former Defense Minister Meimarakis also said that Greece was willing to train Afghan soldiers in Greece. Soon after it took power, the Papandreou government modified these plans. In particular, it declared that forces based in Kabul would not relocate to an area of higher risk (e.g., Herat) as had been anticipated by its predecessor. However, two medical units probably would deploy.

On March 31, 2009, former Foreign Minister Dora Bakoyannis called for a more prominent civilian presence in Afghanistan to assist with education, culture, economic development, and agriculture. Greek non-governmental organizations are involved in such programs. On September 22, the Greek Ambassador to NATO presented €300,000 (approximately U.S.\$438,000) to his Hungarian counterpart to support development projects being implemented by the Hungarian PRT in Baghlan province, including building an outpatient clinic and rebuilding and equipping a school. In 2007, Greece had donated €500,000 (approximately U.S.\$700,000) to Hungary for similar purposes. Despite the financial constraints noted above, the Papandreou government may opt to continue to contribute some funds for Afghan reconstruction in order to ease pressure from NATO allies.

¹⁹ Defense Minister Evangelos Venizelos, responding to a question in the Parliamentary Permanent Foreign Affairs and Defense Committee, November 25, 2009, "Greece Parliamentary Foreign Affairs-Defense Committee Holds 1st public Session," Open Source Center Document EUP20091127431017.

²⁰ Daniel Korski, "Shaping Europe's Afghan Surge," *Policy Brief*, European Council on Foreign Relations, March 2009.

²¹ Kira Adham, "A Consolation Hug from Obama," *Athens Enet*, April 6, 2009, Open Source Center Document EUP20090413143003.

Relations with the United States

U.S.-Greek bilateral relations are good and are based on historical, political, cultural, military, economic, and personal ties. The active, well-organized Greek-American community advocates pro-Greek positions and seeks close U.S.-Greek ties. The State Department refers to Greece as a “strategic partner,” and Greece and the United States share interests in stability in southeastern Europe. Since the 1960’s, the United States has operated a Naval Support Activity for the United States and NATO at Souda Bay on the Greek island of Crete under the terms of a mutual defense cooperation agreement (MDCA). The activity is a tenant of the Hellenic Air Force and supports U.S. Sixth Fleet Aircraft, U.S. Navy Air Detachments deployed at Souda, and transient U.S. military aircraft. In addition, an estimated 430 U.S. ships visit the base annually for servicing. A NATO Missile Firing Installation, used for testing, is located nearby.

The Greek government responded to the September 11, 2001, terrorist attacks on the United States with strong political support, unimpeded U.S. and coalition use of Greek airspace, and military assets for counterterrorism. Like some other EU countries, Greece does not view the war in Iraq as part of the war against terror and is not part of the coalition there. It refused to participate in training the Iraqi army in either Iraq or Greece and, along with five other EU member countries, refused to allow its military personnel assigned to NATO’s international command staff to join a senior officer training mission in Iraq. It did, however, send military personnel to train Iraqis at a camp in Bulgaria and 100 BMP-1 armored personnel carriers to Iraq to help equip the Iraqi armed forces. It also contributed financially to the cost of training Iraqi police and provided Greek commercial ships to transport NATO military equipment to Iraq. In addition, Greece provided some humanitarian and development assistance to Iraq.

U.S. aid for Greece has not been a major element in the bilateral relationship since the 1990’s. In response to the 2007 wildfires, the U.S. Agency for International Development Office of Foreign Disaster Assistance (OFDA) provided more than \$600,000 in emergency aid and \$1.35 million through agreements with the U.S. Forest Service to implement a technical assistance program through the remainder of 2007 and throughout 2008. In FY2008, Greece also received \$443,000 in International Military Education and Training (IMET) funds. In FY2009, it is receiving an estimated \$100,000 for IMET, and the Administration has requested \$100,000 in IMET funds for Greece for FY2010.

The United States has encouraged the rapprochement between Greece and Turkey, believing that direct bilateral talks are the best route to normalized relations. Both Greece and Turkey participate in the U.S.-initiated Southeast Europe Brigade (SEEBRIG), a rapid-reaction force consisting of contingents from seven regional countries.

At the same time, there have been some tensions in U.S.-Greek relations. In November 2004, Greece responded with a demarche when the United States formally recognized the FYROM as the Republic of Macedonia. The State Department said that the decision was not directed against Greece but intended to bolster Macedonia’s stability and ensure its path toward a multiethnic, democratic state within its existing borders.²² President Bush added that the United States still would embrace any name that emerges from negotiations between Athens and Skopje. The Bush Administration supported the U.N.-assisted negotiations. Because the United States strongly

²² State Department spokesman Richard Boucher, quoted by Nicholas Wood, “U.S. Grants Macedonia Name Recognition it Wants,” *International Herald Tribune*, November 5, 2004.

supports Macedonia's integration in the Euro-Atlantic community, it regretted Greece's lack of agreement to a NATO invitation to Macedonia because the name issue was unresolved. Then Assistant Secretary of State for European and Eurasian Affairs Daniel Fried stated that the Administration would even have accepted a NATO invitation to Macedonia as the FYROM.²³

Greece is one of only a few remaining EU member states not part of the U.S. Visa Waiver Program (VWP), which allows short-term visitors to enter the United States without a visa.²⁴ Greece had failed to meet the eligibility criteria by the time the program was frozen after 9/11. After the Greek government began issuing the more secure passports in 2006, it made joining the VWP a high priority. The Department of Homeland Security is conducting a process to include Greece in the VWP. H.R. 2261, introduced on May 5, 2009, would designate Greece a program country for the purpose of the VWP. On June 16, 2009, Assistant Secretary of State for European and Eurasian Affairs Philip Gordon told the House Foreign Affairs Committee that he thought that the process was near an end.

Greece values its role as an international energy hub in order to guarantee its own energy security and to collect transit fees. Yet, the Bush Administration was concerned about planned Greek energy links to Russia (i.e., the Burgos-Alexandroupolis oil pipeline from Russia via Bulgaria to Greece and the South Stream natural gas pipeline from Russia, Bulgaria, and Greece to Italy and Austria). This was because the Administration thought that the pipelines would increase Greek dependence on Russia, which already supplies 80% of its natural gas, and undermine efforts to ensure Europe's energy security by diversifying sources from excess dependence on Russia. In line with this view, the Bush Administration welcomed plans for the Turkey-Greece-Italy (TGI) pipeline that will bypass Russia to supply Azerbaijani natural gas to Europe. The Obama Administration's Special Envoy for Eurasian Energy Richard Morningstar has said that the Administration is neither "for" nor "against" South Stream.²⁵

Although official U.S.-Greek relations are generally cordial, there is a strong strain of anti-Americanism in Greece, stemming from U.S. support for the Greek military junta that ruled from 1967-1974 and perceptions of U.S. failure to prevent the Turkish invasion of/intervention in Cyprus in 1974, among other issues. Unsupported allegations of U.S. interference in domestic Greek political affairs surface regularly. Anti-American sentiment is manifest in periodic mass demonstrations mobilized by Communists, anarchists, unions, antiwar activists, and anti-globalization forces, whose influence is disproportionate to their numbers in society.

²³ Dhimitris Y. Apokis, "We Have Never Recognized a Macedonian Ethnicity or Language," *O Kosmos tou Ependhiti*, April 12, 2008, Open Source Center Document EUP20080417141001.

²⁴ For background, see CRS Report RL32221, *Visa Waiver Program*, by Alison Siskin.

²⁵ "Summit Urges Greater Cooperation, Diversification for Europe's Energy Security," Xinhua News Agency, April 27, 2009.

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