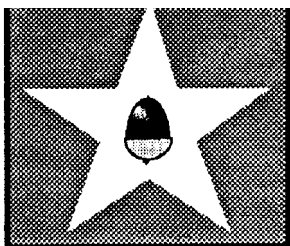


Conflict Studies Research Centre

**Professor M Sheehan
(Ed)**

**Security Dynamics
of the Black Sea Region:
Greek Geo-Political Perspectives**

October 2000



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The New Geopolitics of Europe & The Black Sea Region

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Introduction

According to the traditional geopolitical view, inherited from the cold war period, the Black Sea is presented as simply an enormous liquid mass that connects Asia to Europe. In the analyses of the regional geopolitical environment of the Black Sea, this area is approached in connection with the type and the form of the forces exerted by the West (which takes economic advantage of the largest proportion of the production by the Asian part of the Black Sea periphery) to Asia (which constitutes the raw material producing area). The recent presentation by Aymeric Chauprade and Francois Thual in the "Dictionnaire de Geopolitique" published in 1998 is characteristic.¹ According to them the Black Sea belongs to the same geo-system as the Caspian Sea and is characterised by the tension that the friction between German and Russian interests creates, from which the first are considered to express the broader "western factor" while the second express the "eastern factor". From this point to the distinction between civilisations in "western" and "eastern" sides, according to the known typology by Samuel Huntington, the distance may not be substantial.² What is certain, however, is that even if this typology leads to the "clash of civilisations" or simply methodologically legitimises the base for the creation of crises or tensions in the western end of Asia and in the eastern border of Europe, it imposes the interpretation of the map in a way that, today, we have every reason to doubt. This is because, after the overall developments of the 1990-1999 period, it seems that the geopolitical reality of the western part of Eurasia has changed to such a degree that it allows the dissociation of the Black Sea from the Asian geo-system (in which only the Caspian Sea is in future a part of), and its full integration into the European geo-system. In other words, the Black Sea has effectively become a "European Interior Lake". The new situation clearly requires careful analysis.

At the expiry of the 20th century two changes of the first order can be observed in the European map. On the one hand, there is a new internal structure, which is the result of the increase in the number of European states, caused by the breaking up of Yugoslavia, Czechoslovakia and of the Soviet Union. On the other hand, there has emerged a new perception regarding the whereabouts of the eastern border of Europe, due to the broadening of the Euro-Atlantic space to the east, a fact confirmed also by the Helsinki Resolution of December 1999 on the accession of Turkey as a candidate for the sub-set of the European Union countries. These changes impose in turn a re-determination of the parameters of the European geographic entity, in the way that such parameters are set by the geopolitical approach.

Within the framework of this new reality major issues are raised, that concern in a direct manner the subject of the European identity in the political, economic and military field. It is obvious that such issues are connected with the expansion of

NATO and of the European Union on the one hand and with the formation of the new (post cold-war) International System on the other hand.

The New Internal Structure Of The European Entity

Central Europe & The Balkans

During the decade of the 1990's, the former Yugoslavia gave way to five new states: (New) Yugoslavia, Slovenia, Croatia, Bosnia-Herzegovina, and the Former Yugoslav republic of Macedonia (FYROM). At the expiry of the 1990s, the potential for further breaking up of the Yugoslavian area emerged, with the autonomy (or independence) trends of Kosovo and of Montenegro. In addition there remains uncertainty concerning the future autonomy (or independence) of Vojvodina, a fact that could have direct impact both on Hungary and on neighbouring Romania, which faces long lasting administration problems with the Hungarian community of Transylvania.

Furthermore, these new states present the peculiarity of their immediate geopolitical integration in specific influence spheres. Bosnia-Herzegovina and FYROM can be seen as being American "protectorates", and in this group may also be added Kosovo, which has become a virtual military bridgehead of the American and the wider NATO presence in the area of the Central Balkans. This presence allows easy strategic access to the area of Eastern Europe. With regard to Slovenia and Croatia, these countries have been integrated, from the geo-economic and the geo-cultural point of view, in the sphere of Germany, with which they are rapidly developing a remarkable number of strategic alliances in various sectors.

The break-up of Czechoslovakia has also had important consequences. The division of Czechoslovakia into the Czech Republic and Slovakia has created a new reality. The Czech Republic, which is the financially stronger of the two successor states, is now a basic factor for the promotion of the wider western interests in the area. Slovakia however, which faces problems with the Hungarian minority on its territory, seems to have a mistrust towards the West, to which however it is indirectly attached, through its strategic convergence with Ukraine and Austria. In any case, both countries belong to the zone of the Visegrad countries, which also includes Poland and Hungary and which, despite the financial penetration of the American factor, is an integral part of the German strategic area and plays a leading role in the German "eastern policy".

Regardless of their practical co-operation at NATO level as well as in basic sectors of the re-structuring of the International System, the United States and Germany have already formed their own geopolitical subsystems in the area of Central Europe and the Balkans. More specifically, when the clear pro-NATO orientation of the two major states of the Balkan peninsula is considered, particularly Romania and to a lesser extent Bulgaria, as well as the complete integration of Albania in the American complex, it becomes clear that the USA, through NATO, virtually controls the entire section of the Balkan peninsula which was the western border of the Ottoman Empire until the beginning of the 20th century. Beyond the European borders of the Ottoman territory, and until 1918, lay the Austro-Hungarian Empire. In other words it covered the area that today falls within the sphere of influence of Germany, which, despite its close co-operation with NATO, creates its own geopolitical space. The German geopolitical area is almost completely identified today with the corresponding one that existed until 1918 and included the German Reich and the Austro-Hungarian Empire. The exceptions to this are the areas of

Yugoslavian Vojvodina and of Romanian Transylvania, which however, are both areas with significant Hungarian minorities, in which Budapest shows more and more interest.³ In the event of the secession or autonomy of Vojvodina from Belgrade and of Transylvania from Bucharest, the geopolitical reality created by the treaties that ended the First World War, by which the Austro-Hungarian/German domination in Central Europe and the Balkans was removed in 1918-1919, would have been fully reversed.

Eastern Europe - Russia

The Soviet Union has given way to fifteen states, which can be characterized as being distributed in three partial geo-systems:

1. The Geo-system of Eastern Europe: Estonia, Latvia, Lithuania, Belarus, Ukraine, Moldavia, Russia (Russian Federation).
2. The Geo-system of the Caucasus: Georgia, Armenia, and Azerbaijan.
3. The Geo-system of Central Asia: Kazakhstan, Turkmenistan, Uzbekistan, Tajikistan and Kirgizstan.

Of the three geo-systems, the first two belong to Europe and the third one to Asia. Of these, the geo-system of Eastern Europe plays a primary role in the formation of the new European internal structure because it permits for the first time the full implementation of the German (and at times wider western) geopolitical vision of the so-called "Middle Europe" ("Zwischen - Europa"). The "Middle Europe" (which should not be confused with the concept of "Central Europe", in German "Mittel-Europa") is the section of East Europe lying between the German-western area and the Russian-eastern one and constitutes a double-faced geopolitical field. On the one hand, it provides a sufficient defensive space for the defence of the West in case of hostile attack from the East, while on the other hand, it is also a sufficient field for the strategic advance of the West towards the East, should there be any return to the geopolitical dynamics represented by the "impulse to the East" ("Drang nach Osten") of Nazi Germany, as well as of any other partial advancement of the Western hegemony towards the area of the steppes.

The importance of the said geopolitical subsystem for the European internal structure becomes obvious in the geopolitical field because of its transformation to a real field of friction of the vital interests of East and West which can be seen with regard to disputes over:

1. The effort of the West and more specifically of Germany for the integration of the three Baltic states (Estonia, Latvia and Lithuania) into the Western geo-system.
2. The effort of the USA for the immediate geo-strategic and geo-economic winning over of Ukraine.
3. The creation of a political "Union" between Russia and Belarus, in which Yugoslavia under Milosevic showed an interest in integrating, with the purpose of forming a counter to western "encirclement".

The New Eastern Border Of Europe

From the above geo-systems which have been created in the geographical area formerly occupied by the Soviet Union, that of the Caucasus plays a first order role in the establishment of a new reality in the eastern borders of Europe. From the geo-strategic point of view, the Caucasus geo-system "multiplies" the dynamics of

Europe's "eastern border", since this border no longer consists of one state – as was the case with the Soviet Union during the Cold War period. Rather it now consists of four states, Russia, Georgia, Armenia and Azerbaijan. This geo-system constitutes a geographical "unity" with Turkey, since the latter is now officially considered as "part" of Europe, invited by the Helsinki agreement to fulfil the "formal" political and economic criteria for its integration into the European Union. Regardless of the question of if and when Turkey might be finally integrated in the European Union as a full member, the Helsinki Agreement has a special importance for the geopolitical understanding that is likely to form in due course on Europe's eastern border, since as a result of it, that border is now effectively transferred to the line: Ural Mountains – Ural River – Caucasus – East Turkey (see Map 1).

Map 1:



If we take under consideration the wider geopolitical game in the area of the Caucasus and of East Turkey, within the framework of which emerges more and more the possibility of the establishment of an (autonomous or independent) Kurdish state, then the eastern border of Europe would become, at its southernmost section, the Euphrates river, the westernmost part of which is at a short distance from the Mediterranean.

Conclusively we may say that the new eastern border of Europe is being transferred from the line Ural mountains – Ural river – Caucasus – Black Sea – Straits – Aegean Sea to the line Ural Mountains – Ural river – Caucasus – Euphrates river – East Mediterranean. The idea that this will be the new geopolitical perception of matters in the first years of the 21st century is further supported by the fact of the

impending integration into the European Union of Cyprus, also pursuant to the Helsinki Agreement of December 1999. Cyprus would then constitute the southernmost edge of the European area.

Immediate Geopolitical Impacts

This restructuring of the European geopolitical dynamics has two primary effects on the periphery of the Black Sea region (see Map 2): In the new map, "South-eastern Europe" will not be the Balkans but rather the area comprising Georgia, Armenia, Azerbaijan, Turkey and Cyprus. The Balkans will instead now form the south section of "Central Europe", which will comprise the following geo-systems:

1. The Scandinavian Geo-system: Finland, Sweden, Norway, and Denmark.
2. The German Geo-system: Germany, Austria, the Visegrad zone (Poland, Hungary, Czech Republic, Slovakia), Croatia, Slovenia.
3. The Italian Geo-system: Italy, Malta.
4. The Balkan Geosystem: Yugoslavia, Bosnia-Herzegovina, Romania, Bulgaria, FYROM, Albania and Greece.

Of the above geo-systems, the first three have an indisputable geopolitical internal coherence, in blatant contradiction to the fourth one, which is a field of friction between the interests of the three Great Powers, namely the USA, Germany and Russia. From a purely geopolitical point of view, Yugoslavia plays a double role in this new reality. It is a checking power for the further extension to the South of the German geopolitical field, which reaches to the Serbian north border. At the same time, it constitutes a potential area for further advancement to the North of the American-NATO geopolitical field, which reaches to the south Serbian border.

The new internal structure of the European entity as well as the new geographical determination of Europe's "central" and "south-eastern" sections clearly creates new geopolitical realities for the broader region of the Black Sea. These new realities need to be jointly examined in relation with the importance of the change in the area's balance of power.

Map 2:



Endnotes

¹ A Chauprade & Fr Thual, Dictionnaire de Geopolitique, (Paris, Eclipses, 1998), p437-439.

² S Huntington, The Clash of Civilisations and the Remaking of World Order, (New York, Simon & Schuster, 1996).

³ Undoubtedly, an “absolute comparison” between these two situations cannot be done, because the Hungarians of Romania enjoy all of their human rights.

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Security Dynamics of the Black Sea Region: Greek Geo-Political Perspectives

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Introduction

With the end of the Cold War, much, if not most, of the conceptual apparatus with which European security had been analysed for 45 years, was rendered obsolete. Expressions such as 'Eastern Europe', which had become familiar, no longer reflected a reality. Eastern Europe was a geostrategic term denoting a country's position with regard to the Iron Curtain. It was not a reflection of geography as such – Vienna, seen as part of the West, is 200 miles to the east of Prague, which was part of 'eastern' Europe. Similarly, concepts such as the Balance of Power, which had been seen as central to understanding the dynamics and security requirements of the NATO-Warsaw Pact confrontation, seemed to have little, if anything to offer in terms of understanding the new realities of European security as the 1990s unfolded.

Not surprisingly therefore the 1990s saw an outpouring of studies looking at the central questions of 'what do we understand by the term 'security' in the new era'? And secondly, 'what do we understand by 'Europe' in the changed political environment'? Neither of these questions had easy answers and the fluid nature of both political reality and security theorising reflected this, in marked contrast to the stability and sterility of the Cold War period.

In policy terms the questions are interlinked, since the 1990s saw NATO both reinventing itself as a vehicle relevant to the new realities and seeking to broaden its responsibilities in geographical terms. Thus it faced the issues of what kind of security was NATO meant to maintain, what kind of threats should it orient itself against, and, if the maintenance of European security was its function – how far did those responsibilities extend – where is Europe, what are its borders, geographically, politically, militarily and in terms of political culture?

The changed environment also produced a number of alternative conceptual approaches for dealing with these issues. In an era that was more fluid than its predecessors, many of these approaches, such as the critical security school, were radically different from the state-centric certainties of the Cold War era. However, in a decade characterised by the emergence of new territorial and political realities as well as a broader security agenda, it was perhaps not surprising that there should also be an attraction in a return to older conceptualisations.

The Cold War alliances had imposed a particular geo-strategic reality. The division of Europe into a bipolar alliance system was not in itself new, earlier periods of history had seen the Habsburg-Bourbon rivalry and the ideological struggle between Catholic and Protestant Europe. But the geographical 'realities' of the Cold War were historically unusual. The Czechs, in the heart of Europe, found

themselves cast as 'East Europeans', though Prague was several hundred kilometres west of Vienna in 'western' Europe!

Geopolitics as an approach is inextricably linked with the name of the British geographer, Sir Halford Mackinder, who developed the approach in 'The Geographical Pivot of History', published in 1904.¹ The geo-political approach stresses that 'political predominance is a question not just of having power in the sense of human or material resources, but also of the geographical context within which that power is exercised'.² The term 'geopolitik' itself was first coined by the Swede Rudolf Kjellen at the beginning of the twentieth century. Although the geopolitical approach enjoyed a measure of popularity in the subsequent three decades, the limitations of Mackinder's ahistorical generalisations meant that it remained a minority perspective and it was brought into disrepute in the 1930s and 1940s through its close association with the Haushofer school and the Nazi Party.³

During the Cold War period, balance of power theory and geo-strategic thinking were the dominant approaches rather than geopolitics as such. Although often claimed as a member of the geopolitical school Nicholas Spykman was more influential in bringing geo-strategic and balance of power thinking to the heart of American policy-making, than in reviving the fortunes of the geopolitical approach.⁴ Nevertheless there were clear geopolitical overtones in the reasoning behind the construction of the NATO alliance in the late 1940s.

From the mid-1980s onwards however a number of influential academics in the United States could be identified with a re-emerging geopolitical approach. Notable among them were Zbigniew Brzezinski⁵, Henry Kissinger and Colin Gray. The end of the Cold War and the disappearance of the Soviet Union encouraged an effort to define the new geopolitical realities by this emerging school.⁶

With new geographical realities and a return in some quarters to pre-Cold War foreign policy mind-sets, the revival of the geopolitical approach in International Relations after a period of relative obscurity is not entirely surprising. Its popularity has been more marked in some countries than in others, reflecting both differing strategic positions and the relative influence of competing approaches. In Greece, the geopolitical school has found a number of influential adherents⁷ and a geopolitical perspective is evident in the Hellenic Ministry of Defence. The 1996-7 White Paper of the Hellenic Armed Forces, for example, opens with a chapter on 'The geo-strategic position of Greece' and the opening sentence declares that 'geography and history have placed Greece at a critical geopolitical area, amid Europe, Asia and Africa, situated at a crossroads between East and West, North and South'.⁸ Similarly the higher defence course at the Greek National Defence Academy includes the study of geopolitics.

One benefit of the geopolitical approach is that it does encourage Greek policy makers to lift their gaze from the looming presence of the Greek-Turkish relationship. Greece has regional interests that go well beyond the realities of the competition between the two Aegean rivals. Against that is the temptation to simply place events in the broader context within the parameters formed by the Greek-Turkish rivalry. There were clearly elements of this at work in the early 1990s when a number of Greek policy failures in the South Balkans could be attributed to the need to contest a growing Turkish role and presence in the region that was more myth than reality.⁹

A further reason for taking the geopolitical approach seriously is that it is clearly in vogue in the new Russia after being condemned as a reactionary approach during the Soviet period. The new popularity of the approach can be attributed to crisis of identity and purpose in Russia which has followed the collapse of communism and the loss of the Soviet Empire.¹⁰

It should be emphasised however that Russia is seeing a vigorous internal debate both on the utility of the geopolitical approach and on the implications of such an outlook. One of the attractions of geopolitics is that it in reality, geography and strategy are not linked in any determinist manner. Rather the analyst can draw conceptual maps and geopolitical implications almost at will and then seek the geopolitical rationale for his preferred interpretation. Whereas some geopolitical assertions from the Russian opposition, such as Zhirinovskiy and Zyuganov have stressed encirclement and threat, within the policy-making security elite the perspective is more nuanced and closer to prevailing western notions of security realities. The 1997 Russian Defence Concept for example minimises the strategic threat to Russia, which it describes as 'virtually absent for the foreseeable future', and instead emphasises that threats to Russia's security 'come from internal political, economic, and social spheres and are predominantly non-military'.¹¹ Following from this thinking Russian military leaders have also stressed the importance of the 'geo-environmental' and the 'geo-economic' factor as well as the strictly geo-political.¹²

The end of the Cold War and collapse of the Soviet Union redrew the map of Europe, but also reconfigured the political, economic and strategic realities of the continent, a process that is still underway. Given the central importance of the Balkans as an area of military, political and economic instability during the 1990s and the crucial importance of the Black Sea-Caspian region to the future energy security of the NATO countries, the geopolitical approach is likely to continue to be an influential perspective, and it is almost certainly not a coincidence that it has become particularly influential in the two NATO countries of the region. Its utility is a factor of the degree to which 'it suggests a view of international politics and strategic history which is shaped by the geographical configuration of land and sea and the political development of particular states'.¹³

Endnotes

¹ Sir Halford Mackinder, 'The Geographical Pivot of History', *The Geographical Journal*, (April 1904), p421-437.

² Geoffrey Sloan & Colin S Gray, 'Why Geopolitics?', in G Sloane and C S Gray, (eds), *Geopolitics: Geography and Strategy*, (London, Frank Cass, 1999), p2.

³ Karl Haushofer, *Bausteine zur Geopolitik*, (Berlin, 1928).

⁴ Nicholas Spykman, *America's Strategy in World Politics: The United States and the Balance of Power*, (New York, Harcourt, Brace and Co, 1942).

⁵ Zbigniew Brzezinski, *The Game Plan: The Geostrategic Framework for the Conduct of the US-Soviet Contest*, (New York, Atlantic Monthly Press, 1986).

⁶ For example, Francis Sempa, 'The Geopolitics of the Post-Cold War World', *Strategic Review*, Vol 1, (1992).

⁷ For example, Ioannis Loucas, *Contemporary Political History and World Wars: English and German Theoreticians of Power*, (Athens), (in Greek).

⁸ White Paper of the Hellenic Armed Forces 1996-97, (Athens, Hellenic Ministry of National Defence, 1996), p13.

⁹ F Stephen Larrabee, 'Greek Security Concerns in the Balkans', in V Coufoudakis, H Psomiades & A Gerolymatos, (eds), Greece and the New Balkans, (New York, Pella, 1999), p313-335.

¹⁰ John Erickson, 'Russia Will Not Be Trifled With: Geopolitical Facts and Fantasies', in Sloane and Gray, p242-243.

¹¹ Ivan Rybkin, head of the Russian Security Council, Rossiyskiye Vesti, 13 May 1997. Cited in Erickson, p256.

¹² Erickson, p256.

¹³ G Sloane & C S Gray, 'Why Geopolitics?', p10.

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Greece & Black Sea Regional Geo-Economics

Dr Ioannis-Dionysios Salavrakos

Introduction

The aim of this paper is to provide a geo-economic analysis of Greek policy in the Black Sea Economic Cooperation (BSEC) region. The paper has the following structure: the first section provides the historical dimension and analyses the present situation of Greek geo-economic activity. The second section provides an assessment of this activity and the future prospects.

Two introductory remarks are worth making. The first one is that nowadays it is possible to distinguish between core and auxiliary geo-economic zones.¹ The “core geo-economic zones” are those which play an essential, vast and active role in the global economy. They consist mainly of market type economies, which are focused in the production of knowledge intensive and capital intensive products. The “auxiliary geo-economic zones” play a marginal role in the global economy. The majority of the countries that comprise them produce mainly labour intensive or agricultural products. The following core geo-economic zones can be identified.

The first is the “European zone”, the countries of the EU (European Union), which in spite of their different economic characteristics have steadily worked together in order to form an economic and monetary union with a single currency. Already eleven out of the fifteen member states participate in the EMU. Greece will become a member on January 1st 2001.

The second geo-economic zone is in America. The countries of the “North American Free Trade Agreement” (NAFTA), that is the United States, Canada and Mexico, have also established a new economic zone which shows great promise for future world prosperity. In the US Presidential strategy for the new century the economic importance of Mexico and Canada is clearly demonstrated stating that: “...Considering Mexico is our third largest trading partner, it is imperative that its market remain open to the United States and NAFTA helps to ensure that. We will continue...the mutually beneficial trade with our largest trading partner and neighbour to the north, Canada.”²

The third geo-economic zone is in Asia. At the initial stage of formation it was the countries of the Pacific and of South East Asia (New Zealand, Indonesia Singapore, Australia, Thailand, Hong-Kong, China, South Korea, Taiwan, Japan, Brunei, Papua-New Guinea) which formed this future promising economic zone, the APEC zone (Asia Pacific Economic Co-operation). Nowadays the APEC zone consists of 18 member states. The new members are the USA, Canada, Mexico, Chile, Philippines and Malaysia. Ten more countries have applied to enter the APEC organisation. There is a trend for regional integration and unification of the American zone and the Pacific zone. Until the year 2000 the aspiration for the countries of the APEC zone is to form a free trade area by abolishing all tariffs on trade goods. Until the year 2020 it is expected that the majority of the countries of the American continent

and the Pacific will enter the APEC organisation and form the biggest free trade area and market of the world.

Apart from these three core zones, the following others can be identified as auxiliary to the international economic system. The first is the "Visegrad" which consists of the countries of the Central European Free Trade Association (Poland, Hungary, Czech and Slovak republics).

The second is the "Black Sea Economic Co-operation" (BSEC) which was established on 25/6/1992 by eleven countries (in alphabetical order Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldavia, Romania, Russian Federation, Turkey and Ukraine).

The above two economic organisations replaced the old COMECON which collapsed when the command economies disintegrated, with the notable difference that in one of them, that is the BSEC, a full member of the European Union participates (Greece) as well as associate-members (Turkey, Bulgaria etc.).

The third is the "Southern Common Market" (Mercado Comun del Sur - MERCOSUR). Four Latin-American countries established this in 1991: Argentina, Brazil, Paraguay and Uruguay. Chile and Bolivia have signed free trade deals with them. The fourth is the "Community of the Andes". In this the following states participate: Bolivia, Columbia, Ecuador, Peru and Venezuela.

Finally there are certain economic zones in Africa such as the "Southern African Development Economic Community" (SADEC), the "Economic Community of Western African States" (ECWAS) and the "Southern African Customs Union" (SACU). From the above the most essential are ECWAS and SADEC. ECWAS was established in 1975. The participating countries are Nigeria, Niger, Togo, Benin, Ghana, Burkina-Faso, Mali, Liberia, Sierra Leone, Ivory Coast, Guinea, Guinea-Bissau, Senegal, Gambia, Mauritania, Cape-Verde. SADEC, was established in 1980. The participating countries are The People's Republic of Congo, Angola, Zambia, Namibia, Botswana, Tanzania, Zimbabwe, Malawi, Mozambique, South Africa, Lesotho, Swaziland, Mauritius, Madagascar, Comores.³

The second remark is the definition of geo-economics per se. According to Edward Luttwak (1990) with the term "Geo-economics", we mean the conflict between states in the economic-commercial sector.⁴ According to Luttwak the capital, which is invested in one country from another, is equal to the old fire-power. Penetration in a foreign market replaces military installations and "diplomatic influence". Direct or indirect government aid for the research and development (R&D) of a certain product is similar to the creation of a new weapon system. All the above activities are carried out also by enterprises and multinationals; however, when direct or indirect government intervention occurs in order to promote these types of activities we cannot speak about "economics", but about "geo-economics".

This assertion has to be amended in two dimensions. The first is the claim that geo-economics has replaced geopolitics. Geo-economics has not replaced geopolitics. Geo-economic influence can be bigger, smaller or equal to the geopolitical influence. Typical examples are Japan and Germany. Both have tremendous geo-economic influence, but their geopolitical influence is limited. The second has to do with the assertion of state intervention in order to promote entrepreneurial activities. This may occur sometimes but not always. In addition to this, we cannot say that in the triangle states-markets-multinationals one of the

players is more dominant than the other. To illustrate we shall provide two different examples. The first is the 1992 sterling crisis. At that time the assessment of the market prevailed and the pound depreciated in spite of the efforts of the British authorities (Treasury, Bank of England etc). This is a classical example where market forces prevail. On the other hand the US oil companies on February 18th 1997 with a press report proposed the construction of an oil pipeline from the Caspian basin to Iran as the least costly option for the transport of the oil of Azerbaijan and Kazakhstan to the West. This option, however, was unacceptable to the US Administration; therefore the plans for this pipeline were postponed. This is a typical case where the state prevails over the will of the multinationals. We can provide many examples, which prove that the geo-economic role of enterprises and multinationals can co-exist and/or conflict with that of states.

The Historical Dimension & The Present Status

Until the beginning of the 20th century Greek international business was developed in the Black Sea area, the Balkans, and in the Eastern Mediterranean. This had existed from Odessa in the Ukraine to Alexandria in Egypt for more than twenty centuries. Professor Katseli expresses an interesting historical view.⁵ She points out that 'even from the 17th century Salonika was the biggest commercial center of the Balkans ... and ... Greek commercial networks united the markets of the Balkans with those of Constantinople and the Black Sea with ... Italy and the South of France'. She also points out that: 'Almost all the transactions in Balkan trade during the 18th and 19th centuries were made in the Greek language and with Greek legal rules exclusively', and adds that 'in 1815 three quarters of the French foreign trade with the Eastern Mediterranean was made by Greeks'. The fact that during the 19th century large Greek communities were living in what are today Albania, Bulgaria, Romania, South Russia and Georgia was also another factor to boost trade. The process was interrupted during the period 1912-1990 due to the Balkan wars, the World Wars and the Cold War, and according to Katseli today, 'history repeats itself'.

Dr Karafotakis⁶ shares the same view as Professor Katseli, pointing out that 'at the end of the 19th century a partial retreat of Greek positions in the transbalkan trade is observed as an outcome of the initial nationalistic targets from all Balkan countries. The situation worsened after the Balkan Wars; however it showed some stability in the Inter-war period. During the same period the development of German positions in the area ... became dominant ... especially ... with tobacco'. With the Second World War trade relations effectively ceased to exist, and they only restarted from 1990 afterwards'.

Finally according to Babanasis (1997) until the end of nineteenth century the major trading partners of the Greek kingdom were the countries of Central and Eastern Europe. In 1887 58.3% of Greek imports and 12.3% of exports were with Central and Eastern Europe. In 1912 the figures were 40.2% and 17.8% respectively. The Greeks in Russia and Ukraine, in spite of their small number (10,000) had 145-160 entrepreneurs who controlled the trade and shipping activities of the Black Sea region, with the assistance of the Greek communities of Romania and Bulgaria. The Russians and the British merchants used to call them the 'kings of wheat'.⁷

The Balkan wars (1912-1913), the First World War (1914-1918), the Greek-Turkish War (1919-1922), the inter-war period, the second World War (1939-1945) and the Cold War (1945-1989) changed the region and divided it. As a result of these

disruptions Greek international business penetration of the region ceased to exist. The evolution which occurred after 1989 created conditions suited to the re-emergence of the Greek international business presence. The process started at a slow pace during 1989-1991 and accelerated after 1992. To illustrate this, in 1988 only fifteen joint ventures between Greek and Eastern European companies existed and some of them were situated in Greece.

From the above it is clear that the historical element was essential for the Greek entrepreneurs to become active in the region. This of course does not mean that they did not have purely economic motives, which drove their expansion. However historically the region has provided an attractive sphere of entrepreneurial activity for Greek businessmen.

During the period 1989-1991 Greek entrepreneurs started to trade with the countries of Eastern Europe. During that period a small fraction of Greek enterprises became engaged also in Foreign Direct Investment (FDI) activity. This process accelerated after 1992. That year was a milestone, because on June 25th eleven countries of the region (Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldavia, Romania, Russian Federation, Turkey and Ukraine) established the Black-Sea Economic Co-operation (BSEC). According to the BSEC declaration of 25/6/1992: 'the participating States declare that they will take from now on concrete steps ... by identifying, developing and carrying out, with the participation of their competent organizations, enterprises and firms, projects of common interest, inter alia, in the following areas:

- transport and communications, including their infrastructure;
- information;
- exchange of economic and commercial information, including statistics;
- standardisation and certification of products;
- energy;
- mining and processing of mineral raw materials;
- tourism;
- agriculture and agro-industries;
- veterinary and sanitary protection;
- health care and pharmaceuticals;
- science and technology.

The document continues that: 'In order to promote their co-operation the participating States will act to improve the business environment, mainly by:

- facilitating, via bilateral negotiations, the prompt entry, residence and free movement of businessmen in their territories ... providing support for small and medium-sized enterprises; ... ensuring appropriate conditions for investment ... by ... putting into effect ... agreements on the avoidance of double taxation and on the promotion of investments ... encouraging co-operation in free economic zones'.

It is essential to understand that in the BSEC document an 'introvert' economic rationale is expressed. This rationale is based on the assumption that the economic prosperity of the region will be achieved by the economic co-operation of the member states. That declaration provided the Greek entrepreneurs with a clear political signal. The countries of the region are eager to promote their economic development therefore the potential political risk which accrues from elements such

as nationalization of foreign assets, terrorist attacks, internal or bilateral conflicts has been, if not eliminated, at least minimized. By the end of that same year the restrictions for the movement of capital, individuals, goods and services between the EU countries were abolished. These developments created a new environment for the Greek entrepreneurs. Many of them (especially the traditional small family firms) could not compete with the European multinational enterprises that had no restriction in the Greek market; therefore new markets were needed and these were the markets of the BSEC countries.

Although the statistical data of various sources provide a conflicting picture, Tables 1 and 2 demonstrate the development of the Greek entrepreneurial activity in the region over time, in terms of firm numbers and capital accumulation. They give estimates of the number of Greek firms and the investment capital in the region. According to certain sources the aggregate number was 5,000-7,000 enterprises. This includes joint ventures, wholly owned subsidiaries and few acquisitions.

Table 1: Number of Greek enterprises activated in BSEC and other Eastern European countries 1989-1999

BSEC	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Alb	*	*	7	18	40	80	120	200	120	100	85
Arm	*	*	*	*	*	*	*	*	3	7	10
Azer	*	*	*	*	*	1	*	*	*	*	*
Bulg	*	*	*	350	450	600	900	950	1100	1150	1200
Geor	*	*	*	*	*	*	*	*	3	5	7
Mold	*	*	*	*	*	*	*	*	4	10	15
Rom	*	*	*	450	700	950	1350	1500	1700	1800	1800
Russ	1		8	17	30	40	55	78	85	65	60
Ukr	*	*	2	*	*	*	37	*	39	41	*
Turk	*	*	*	*	*	*	*	*	2	5	8
E E											
Hun	1	*	*	*	*	48	46	*	*	*	*
Pol	*	*	*	*	*	28	40	45	50	*	*
Czech	*	*	*	*	*	10	*	*	*	*	*
Sl	*	*	*	*	*	9	*	*	11	*	*
Total	15	50	70	900	1300	1850	2650	3000	3400	3700	4200

Sources: The data represent estimates from various sources. See analytically: Babanasis (1991, 1997), Salavrakos (1996c, 1997a, 1999c), McDonald (1995, 1998), Greek economic press, various editions. The above data represent the best possible estimates from various sources. The aggregate numbers (total sums) are estimates as well.

Table 2: FDI (in m USD) of Greek enterprises activated in BSEC and other Eastern European countries 1989-1999

BSEC	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Alb			18	21	25	50	110	150	120	100	76
Arm	*	*	*	*	*	*	*	*	81	90	*
Azer	*	*	*	*	*	*	*	*	*	*	*
Bulg					50	75	200	220	260	300	400
Geor	*	*	*	*	*	*	*	*	4	6	*
Mold	*	*	*	*	*	*	*	*	58	62	*
Rom					12	23	110	132	145	150	900
Russ	*	*	*	*	*	200	200	225	*	*	*
Ukr	*	*	*	*	*	*	18	22	27	*	*
Turk	*	*	*	*	*	*	*	*	17	*	*
E E											
Hun	*	*	*	*	*	*	*	*	16	*	*
Pol	*	*	*	*	*	*	*	*	*	*	*
Czech	*	*	*	*	*	*	*	*	*	*	*
Sl	*	*	*	*	*	*	*	*	3	*	*
Total	15	25	30	45	93	360	680	800	900	1600	3000

Sources: The data represent estimates from various sources. See analytically: Babanasis (1991, 1997), Salavrakos (1996c, 1997a, 1999c), McDonald (1995, 1998), Greek economic press, various editions. The above data represent the best possible estimates from various sources. The aggregate numbers (total sums) are estimates as well.

Certain sources provide the estimate of 4-6 billion USD. Any estimate include investments, loans from EBRD, re-invested profits, and in the case of Albania some government subsidies.

From the data of Tables 1 and 2 we can conclude that:

1. The numbers increase steadily over the years. In Albania, because of the internal political turmoil of 1997-1998 the number of firms decreased and only recently have successful efforts begun to revitalise economic activity.
2. In Russia the crisis which erupted in August 1998 with the depreciation of the rouble had also a harmful effect on the Greek entrepreneurial activity, which still continues.
3. The geographical factor is important. The majority of this entrepreneurial activity is developing in Albania and Bulgaria, the two neighbouring countries of Greece. Romania and Russia follow. Eventually there is a third cycle of activity, which encompasses the rest of the Eastern European countries. Geographical proximity is important as in the Austrian case where according to Plasonig and Buchleitner (1991) 'the concentration of about 80 percent of the Austrian joint ventures in the Hungarian market is due to ... geographical proximity, and Austrian knowledge of the ... market'. The importance of geographical proximity is illustrated further if we consider that until 1991 there were around 200 enterprises in former Yugoslavia with a total capital of around 18 million USD. However with the war, first in Croatia, then in Bosnia- Herzegovina, with the imposition of the UN embargo, and with the war in the province of Kosovo, these enterprises were closed down - with some notable exceptions - and relocated their activities mainly to Bulgaria.

Despite the fact that Romania is the biggest market (22.7 million consumers) the presence of Greek firms there - in terms of investment capital - is less marked compared to that in the other Balkan countries (Bulgaria and Albania).

4. The other conclusion has to do with the level and the quality of investment activity per se. In all the countries the number of firms is very large, however their capital investment is extremely low. This is demonstrated below:
 - a. In Albania one firm invested \$14 million out of the total \$110 million worth of Greek investment.
 - b. In Bulgaria two Greek firms invested \$90 million out of the total \$200 million worth of Greek investment.
 - c. In Romania one Greek firm invested \$78 million out of the total \$110 million worth of Greek investment.
 - d. In Russia, one firm invested \$90 million out of the total \$200-250 million worth of investment (all 1995 data).

From the above it becomes obvious that Greek investments are concentrated in a few enterprises which control a very large proportion of the total investment capital, while the rest is controlled by hundreds of small trading firms. It remains true that the Greek firms set up in these countries are of three different categories. The first is that of big enterprises. In this category there are less than fifty groups of firms. They are concentrated in FDI rather than trade. The second category is that of medium sized enterprises. They may engage in FDI, trade and/or provide different types of services. This category consists of around 100-180 enterprises. The third category is that of small sized firms. These are trading companies or companies set up to provide certain services with very limited capital, which can be less than \$100. It is to this category that 95-98% of the firms belong. However, these small trading companies are responsible for the increased trade volume (export-import boom), which has occurred in the BSEC region. The increased trade between Greece and the rest of the BSEC countries is illustrated in Tables 3, 4 and 5.

Table 3: Greek trade (exports) to BSEC countries (in m USD)

Year/ Country	1989	1990	1991	1992	1993	1994	1995	1996	1997
Alb	18.7	17.8	12.2	41.2	126.3	213.2	261.2	322.9	*
Arm	*	*	*	*	*	*	9	4	*
Azer	*	*	*	*	*	*	2	2	*
Bulg	68.5	52.9	87.7	167.1	303.3	413.1	447.3	323.7	314
Geor	*	*	*	0.126	1.6	*	15	19	*
Mold	*	*	*	*	*	*	8	10	*
Rom	42.2	59.2	84.8	107.3	89.2	93.4	180.4	173.8	*
Russ	*	*	*	125	185.6	243.1	270	358.5	411.6
Ukr	*	*	*	*	*	*	103	139	*
Turk	86	*	*	*	*	*	1255	1436	*
Total	*	*	*	*	*	*	2551	2789	*

Sources: Greek Statistical Service, Confederation of Greek Exporters Association.

Table 4: Greek trade (imports) from BSEC countries (in m USD)

Year/ Country	1989	1990	1991	1992	1993	1994	1995	1996	1997
Alb	7.4	12.2	11.8	18	15.4	35.3	37.5	35.9	*
Arm	*	*	*	*	*	*	*	*	*
Azer	*	*	*	*	*	*	1	0	*
Bulg	70	109.1	155.7	160.9	198.2	317.7	483.8	368.3	415
Geor	*	*	*	*	*	*	5	7	*
Mold	*	*	*	*	*	*	5	7	*
Rom	79.3	71.9	92.1	67.9	65.7	93.2	134.2	143.8	*
Russ	*	*	*	435	509.9	547.7	703	694.7	614.3
Ukr	*	*	*	*	*	*	88	105	*
Turk	121	*	*	*	*	*	210	231	*
Total	*	*	*	*	*	*	1667.5	1592.7	*

Source: Greek Statistical Service.

The statistical data of Tables 3 and 4 are incomplete. However, they demonstrate that the BSEC countries are of major economic importance to Greece. For example Greek exports to Albania have risen from \$18.7m in 1989 to \$322.9m in 1996. Increases are observed in the case of other BSEC countries. Therefore, it is not surprising that the Greek state has followed consistently a policy of multilateral economic co-operation since 1992 and as the years progressed this policy has been intensified.

The Greek state took concrete measures to assist the entrepreneurs by covering political and economic risks. The state provides guarantees for the exportation of products and investments abroad, via the Organisation for Insuring Export Credits. The organisation covers the following types of risk:

- Bankruptcy
- Devaluation of foreign currency against the drachma
- Nationalisation of the investment by the government of the foreign country
- Cover from the risk of war, civil war and terrorist attacks
- Risk from any destruction which may occur in the commodities or the project for which the Greek exporter / investor is not responsible
- Government subsidies were also provided in order to finance industrial investments in Albania.

In addition to this the Greek state provided during the period 1995-1999 financial aid (loans and export credits) to the majority of the BSEC countries. These are demonstrated in Table 5.

Table 5: Government bilateral aid (loans-export credits) in the BSEC countries (1995- August 1999)

Country	Aid in m USD
Albania	20
Armenia	10
Azerbaijan	10
Bulgaria	50
Romania	50
Russia	100
(Volgograd Region)	10
(Krasnodar Region)	10
Georgia	20
Moldova	10
Uzbekistan	30
Tatarstan	10
Serbia	100
Turkey	10
Montenegro	10
Total	440

Sources: Salavrakos (1996), McDonald (1998).

If we include other forms of aid (humanitarian, aid from NGOs etc) the total amount becomes bigger. Aid was also granted to Turkey for the two earthquakes of August 17th and November 12th 1999. Aid to Serbia was interrupted because of the international embargo.

From the data of Table 5 it can be seen that during the period 1995-1999 Greece provided aid to the majority of the BSEC states (Albania, Armenia, Azerbaijan, Bulgaria, Romania, Russia, Georgia, Moldova). Aid was also given to other Eastern European countries. Additional aid was given to two regions of Russia: Volgograd and Krasnodar. The effectiveness of this aid seems to have been limited however.⁸

After the termination of NATO's air campaign against the Federal Republic of Yugoslavia (spring 1999), Greece announced a five year plan for the economic reconstruction of the area. The plan aims to assist Albania, Bulgaria, Romania, FYROM and the Federal Republic of Yugoslavia (the provinces of Serbia, Montenegro and Kosovo). The total capital commitment is \$586.1m, which will be distributed until the end of 2004. Table 6 provides the distribution of the aid.

Table 6: The Plan for the Economic Restructuring of the Balkans After the War in Kosovo (2000-2004) (in m USD)

	2000	2001	2002	2003	2004	Total
Albania	6.64	11.07	13.84	12.73	11.07	55.36
FYROM	6.06	10.09	12.62	11.61	10.09	50.47
Bulgaria	7.23	12.05	15.06	13.85	12.05	60.24
Romania	9.38	15.63	19.54	17.97	15.63	78.15
Serbia-Montenegro	65.12	59.91	57.31	39.07	39.07	260.49
Kosovo	20.35	18.72	17.91	12.21	12.21	81.40
Total	114.78	127.47	136.28	107.44	100.12	586.10

Source: Ministry of National Economy, International Economic Relations Secretariat, Athens, September 1999.

The inclusion of Kosovo is certain, whereas that of the other Yugoslav provinces (Serbia and Montenegro) is uncertain and will be driven by developments in Yugoslav politics and foreign policy. The political future will eventually be the criterion for the inclusion of these provinces.

The plan aims to provide financial capital in order to improve the “social structure” of the area (housing, health, education), the “economic structure” of the area (transport, telecommunications, energy, infra-structural needs), and finally the “productive sectors” (selective industrial sectors, trade, cultural exchanges and monuments).

These policies of the public and the private sector accrue from the core notion that the BSEC area, in spite of its current political instability, vast infra-structural needs, social decay and huge economic problems such as hyperinflation, bureaucratic structures and so on has the potential to prosper in the future. This prosperity will be essential not only for the people of the region, but also for Western economies, since the local consumers will in future absorb the products of Western companies, if their per capita income and Purchasing Power Parity increases.

A final remark is that only a small margin of the Greek entrepreneurial activity has a geo-economic dimension. From the data of Table 7 we can see that Greek enterprises are investing heavily in telecommunications-electronics and mining. These sectors, with the inclusion of shipping provide a geo-economic dimension. Otherwise, there is no marked geo-economic aspect in Greek FDI.

Table 7: The Biggest Greek Investments in the BSEC Region (in m USD)

Company	Industrial Sector	Invested capital
OTE	Telecommunications	700
Mytilinaios	Mining	517
Hellenic Bottling	Beverages	200
Meton-Etep	Food, cement	55
Intracom	Telecommunications Electronics Software	350
Euromerchant Balkan Fund	Banking	25
Thrace Papermill	Paper products	23.2
Delta Dairy	Food	20
Michaniki	Construction	16
Michailides	Tobacco	15
Magrizos	Textiles	8
Corcatex	Textiles	7.5
Gleoudis	Tobacco	4.8
Yfandis	Food	2.7
Hellenic Fabrics	Textiles	2
Commercial Bank	Banking	25
Tradex	Animal Feeds	1.3
Alpha Bank	Banking	10
Total		1982.5

Sources: McDonald (1995,1998), Petrochilos (1997), Salavrakos (1996, 1997, 1999).

Concluding Remarks

This article has analysed the nature of Greek geo-economic policies of the public and the private sector. The Greek interest in the region flows from fact that the BSEC area is simultaneously a source of potential risk and opportunity. The big challenge in the next decades is to avoid the risks and materialise the opportunities.

In the case of Greece the role of the state has been to assist that of the private sector. However, this assistance is indirect since only the Greek enterprises active in the oil industry, shipping, mining, electronics-telecommunications can play a geo-economic role. The investments in consumer goods, textiles, food and beverages, construction, tobacco, agro-industries, financial services, etc, cannot have a geo-economic interest.

At this point it should be noted that the principal motive of the Greek entrepreneurs is profit, whereas that of the state is the economic-social and political stability of the region. This can be seen by noting that for Greek textile companies investing in Albania the daily profit is fifteen times lower compared to that in Greece. For the state, however, the Greek investments in Albania mean that jobs will be created and fewer economic immigrants will enter the country. That means lower standards of criminal activity, and an indirect way of assisting the Greek minority, which lives in the neighbouring country. In addition to this, the same logic applies to the Greek minorities in Georgia, Ukraine, South Russia (Krasnodar region) and so on.

In order to evaluate the prospects for Greek entrepreneurial activity in the area it is necessary to distinguish between the types of activity (big enterprises: FDI, medium size: trade-FDI, small size: trade). In general it seems likely that the enterprises of the first category will survive the competition from domestic and other western competitors. The future prospects of the other two categories, however, are not as positive as someone *prima facie* may assume. The Greek firms do not erect barriers of entry for possible future competitors. Furthermore the only competitive advantage which they hold is a learning curve (according to Porter's terminology). They certainly cannot compete, in the long run, with entrepreneurs from Germany, UK, South Korea, etc, since they do not hold a competitive advantage of an economic nature. It is true that they hold some cultural advantages as well as a location/geographical advantage in certain cases. Furthermore, the progress which has been achieved is not the one which many people think.

A typical example is that of the Greek investments in Bulgaria. Until the end of 1993 Greece was the biggest foreign investor in Bulgaria. However, in 1994 the German companies that began investing there changed the situation and Greece went from the first place to eighth. This demonstrates the fragile basis of the Greek entrepreneurial activity. A similar, but not identical, situation occurred in Romania.

If in the following years the majority of Greek entrepreneurs fail to establish certain advantages, they will be marginalised by other foreign competitors. They have developed strategies to face local competitors, but they have not done a lot concerning foreign competitors and this is an issue which they will face sooner or later. If they face this challenge they will survive in the new competitive environment, otherwise they will become marginal players in Eastern Europe, losing the chance of becoming dominant in certain industrial sectors.

Summing up the above analysis, it is clear that Greece, according to its economic strength, has become an essential geo-economic regional player, for the following reasons:

- 1) The investment flows from private enterprises, state enterprises and banks. The level of investment was estimated at \$3 billion at the end of 1999.
- 2) The government loans-export credits which were granted to these countries, as well as the additional aid which is expected with the 2000-2004 plan.
- 3) The surge of Greek exports. Greece had \$129m worth of collective exports to Albania, Bulgaria and Romania in 1989. This had risen to \$720m by 1994 and after 1995 a total of more than \$800m.
- 4) Because of geographical proximity reasons, the ports of Thessalonika, Kavala and Alexandroupolis in Northern Greece provide a commercial gate to the Eastern Mediterranean for Greece's northern neighbours. The fact that enterprises from Israel, France and the US have expressed an interest in order to become active players in the region using the entrepreneurial networks of Northern Greece, demonstrates the geo-economic importance of the region.

With the above Greece contributes directly or indirectly to regional peace and stability. Greece is the only country in the region that is a member both of NATO and the EU. The Greek national objective is to bypass the political instability of the region and to create a place safe for entrepreneurial opportunities in many industrial sectors. This will be beneficial for the region and for Western multinationals and economies.

Endnotes

¹ At this point it is essential to point out the difference between the terms "common market", "economic union" and "trade preferences associations". With the term "common market" we mean "a form of international economic integration that involves the elimination of tariffs and other trade barriers between member states, the removal of internal restrictions on the movement of factors of production and the creation of a common set of trade agreements with non-member countries". With the term "economic union" we mean "a form of international economic integration that involves the removal of all internal barriers to trade and the movement of factors of production, the creation of a common set of trade barriers and trade agreements with non-member states, and the coordination of integrated economic policies within the union". Finally, the term "trade preferences association" is defined as a "loose form of transnational economic integration that involves reduced trade barriers between member states". See analytically: Knox P & Agnew J: "The geography of the world economy", Arnold, London third edition 1998, p377. It is important to point out that the above economic zones have some of these economic characteristics. However, the characteristics of the EU differ completely compared to the characteristics of the BSEC. Because of this in this paper we use broadly the term "geo-economic zones". It goes without saying that every "zone" has its own unique characteristics.

² See White House: "A national security strategy for a new century", May 1997, Official US Document, p16.

³ For the economic zones in Africa see analytically: "Africa at a glance, 1995-1996", edited by the "Africa Institute of South Africa", Pretoria, p61.

⁴ See Edward Luttwak: "From Geopolitics to Geo-Economics", National Interest, Summer 1990 and also Edward Luttwak: "Le reve americain en danger", Odile Jacob, Paris, 1995, p34.

⁵ See Katseli: "Strategy for the establishment of a Balkan Regional Market", paper presented in a conference under the title: "Northern Greece and the Balkans - The time of entrepreneurial drive", Thessalonika, 4-5 April 1994.

⁶ Karafotakis E, (1994): «Ta Diavalkanika Diktia Dianomis» (The Transbalkan Distribution Networks), paper presented in conference in Thessalonika November 1994.

⁷ See Babanasis (1997): "Changes and Entrepreneurial Opportunities in Central-Eastern Europe", Athens Papazisis editions, 1997, p36-50.

⁸ See analytically: McDonald (1998): "Mini-multinationals. Greek Outward Investments", Business File, Special Survey, p8.

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Russian “Eurasianism” & the Geopolitics of The Black Sea

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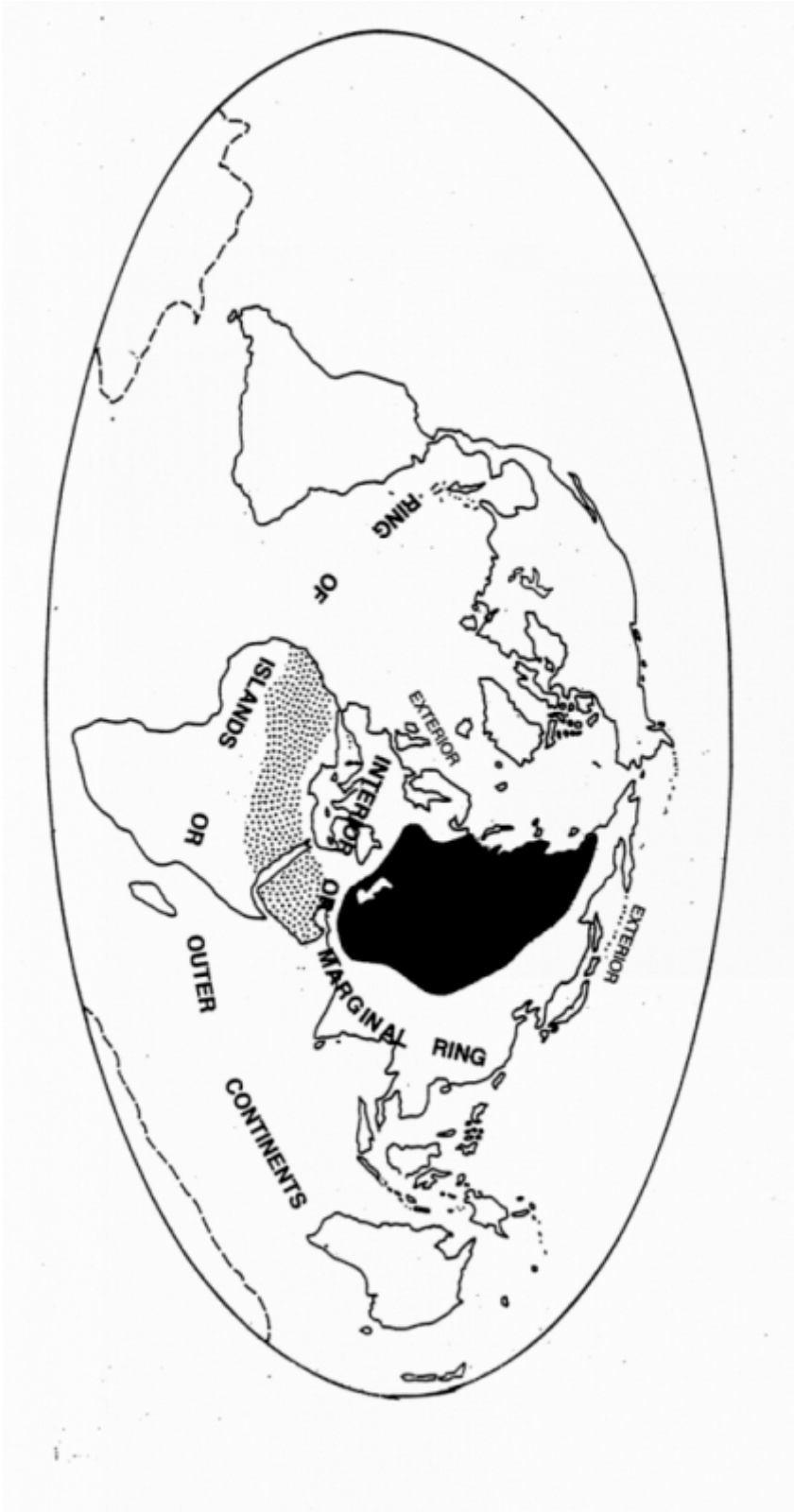
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Russia has always held a pivotal position in classical geopolitics. At the transition from the 19th to the 20th century, in the writings of the “father” of Anglo-Saxon geopolitical thought, the British author Halford Mackinder, can be seen the crystallisation of the geopolitical vision which depicted Russia as the “heartland” of Eurasia and of the wider international system. Two decades later, in 1921, the “Eurasianism” concept was born in Russia through the publication of a book by Peter Savitsky entitled “Exit towards the East”. The division of the planet into the “World Ocean” and the “World Island” by Mackinder (see Map 1), led also to the attribution to Russia of the most geopolitically desirable location in the world, through the axiom that whoever controls the heartland would be able to permanently dominate the Eurasian landmass and consequently gain a hegemony over the entire world.¹ Subsequent to this, the systematizer of the German geopolitical school Karl Haushofer, introduced the concept of “four spheres of vital area” (American, German, Russian, and Japanese).²

This idea seems to have influenced the Russian “Eurasian vision” during the proceedings for the signing of the German-Russian Molotov-Ribbentrop Pact in 1939. The Germans’ confirmation that the Soviet Union – by its accession to the Axis – would put under its occupation the central-Asian part of the planet, offered to the Soviet Union the possibility of unhindered access to the warm southern seas, particularly the Indian Ocean, rendering it geostrategically independent from the frozen seas of the North. Ribbentrop emphasised this benefit to the Soviet Union a great deal, speaking of a “natural outlet to the open seas which were so important for Russia.”³ Hitler also stressed this advantage of the relationship in his talks with Stalin.⁴ Stalin however, as he inclined more towards the Anglo-Saxon geopolitical way of thought, in addition to the control of the Persian Gulf also demanded control over Finland and over the Straits linking the Black Sea with the Mediterranean, strategic points that Germany was not willing to assign.⁵

The end of the Second World War led to the adoption of elements of Mackinder’s geopolitical theories, as well as those of the American geopolitical strategist Nicholas Spykman.⁶ These ideas were reflected in the establishment of the NATO alliance, as an offset to the continuing “imperial policy” of the USSR.⁷ Until its collapse in 1991, the Soviet Union presented itself as the potential liberator of the harassed social groups and of the underdeveloped third world countries, grafting onto the international order of the communist ideology a significant dose of “Eurasian” geopolitical vision. At the same time, from the geostrategic point of view, the West, following Mackinder’s and Spykman’s theories, had integrated to the “capitalist” camp those countries that controlled Moscow’s unhindered access to the warm seas of the South: South Korea and Japan in Far East, Germany and the Scandinavian countries in the European North and Greece and Turkey in the Mediterranean (see Map 2).

Map 1:



Map 2:



During the Cold War period as well as during the post-Cold War period, the Russian Eurasian vision was based on the geopolitical infrastructure that Mackinder had outlined and that aimed at making clear that Russia has a “unique identity”, which is differentiated from that of the West. In its most extreme version, the Eurasian heartland is presented by the Russian geopolitical school as the “geographic emanation field” for the realisation of an objective that longs for the “expulsion of the Atlantic (or even more specifically the “American”) influence from Eurasia.⁸ In contradistinction with the principles of the Slavophiles which call for the unification of all the Slavs, Eurasianism is orientated southwards and eastwards and envisages the merger of the Orthodox and Muslim populations. As a geopolitical vision, Eurasianism is a curious medley in which communist ideology, nationalism and orthodox fundamentalism coexist. Although their principles are often contradictory and dogmatically confusing, these three ideologies, incorporated into the field of the geopolitical Eurasian vision constitute for many people Russia’s “third way”, building a bridge between extreme political parties.

The term “Eurasianism”, expressing a geopolitical theory which has made possible a political alliance between Left and Right in Russia, was elaborated during the post-soviet period, from 1993 and afterwards, thanks to the consistent advocacy of the newspaper “Zavtra” (“Tomorrow”). Its publisher, Aleksandr Prokanov, clearly dissociated the “imperial dimension” promoted by the Eurasianists from the attitude of the traditional nationalists, maintaining that: “The Eurasian idea is the idea of incorporation. Russian nationalism is Eurasianism’s opposite. The two ideologies are absolutely not compatible”.

The positions of the intellectual Aleksandr Dugin, who together with Prokanov became known as the main proponents of Eurasianism, are moving at parallel level. More specifically, Dugin, a former executive of the newspaper “Zavtra”, published in 1997 his book “The Principles of Geopolitics: The geopolitical future of Russia”. This book is considered by many to have benefited from significant contributions from officers of the Military Academy of the Russian General Staff.⁹ In this work Dugin writes down the components of the specific distinction between the societies orientated towards the sea and the societies orientated towards the land, pointing out once more the correspondence of the West with maritime strength and of the East with land strength. More specifically, he maintains that an anti-west formation between Russia, Germany, Japan and Iran could become a barrier to the American penetration of Europe and Asia.

In contemporary Russian politics, Eurasianism has become a very influential concept reflecting the ideals and objectives of various political parties and not only of the nationalist Zirinovskiy, leader of the Liberal Democratic Party, who in any case is an increasingly marginalised figure, whereas Putin can be seen as trying to balance between the western orientation and the Eurasian model.

One supporter of the Eurasian model is the former Russian Prime Minister Yevgeniy Primakov, whose policy has been identified by many people with the promotion of the ideas of Orientalism from as early as 1983, when he published a book entitled “The East after the fall of the colonial system”. In this work he argued that Russia’s role was to be the trustee of the rights of the “oppressed East”. This idea may have been reflected in his policy as Prime Minister, of promoting the “deepening” of Russia’s relations with the so-called “rogue” states of the Middle East.

Another strong supporter of the concept of Eurasianism is the leader of Russia’s communist party, Gennadiy Zyuganov. In 1995, he published his book “Beyond the horizon”, in which he argued that there is a historical connection of the Russian interpretation of the term “community” with the “communalism” of the orthodox dogma. From this perspective he advocated a role as “defender” of all the traditional societies, which for Zyuganov are – as a consequence – socialist ones. In his most recent book “The Geography of Victory” (whose title is strongly reminiscent of the book “The Geography of Peace” by the American geopolitician and inspirer of the NATO strategy Nicholas Spykman), it is worth noting that he strengthens his pre-formulated arguments by arguing that there is a basic “incompatibility” between the Western civilisation and Russia. The deeper reasons for the non-convergence of the two civilisations is detected in the political infrastructure of the Western countries, which reflects the Athenian democratic form of government. The latter however, as Zyuganov stresses, also incorporates a non-desirable feature of classical Greek democracy, that of society’s division into citizens and slaves.

Concerning Russia’s orientation towards the East his suggestions are clearly expressed: “At the end of the 20th century it becomes more and more noticeable

that Islam's route is an alternative to the hegemony of the western civilisation". Under this prism, Russia must form a compact coalition where the orthodox populations, aiming at the creation of close relations with radical Islam, would harmoniously coexist with it. For Zyuganov, a fundamental principle is the belief that in the current era the implementation of geopolitical principles has become imperative. Russia should therefore have a clear geopolitical strategy. He uses the Eurasian vision in order to give the communist party a crucial political role as a major political force founded on a new basis. It is worth noting that Zyuganov plays the role of bridge-builder between the "white" and the "red" elements of Russian society, trying to combine nationalism, orthodoxy and Marxism.¹⁰

These geopolitical views are well known to western governments who have so far proven their ability to manage in a more or less successful way the geopolitical concerns of the Russian bear. Several western analysts, such as Zbigniew Brzezinski¹¹ insist on Russia's presentation as a potentially Eurasian superpower that wishes the total management of Eurasia and draw attention to the dangers for the West that may arise from any successful Russian-Chinese convergence – as was almost achieved during the cold war period and as Eurasianism currently preaches.¹² Significantly, it can be argued¹³ that the most important recent American publication on this issue has the following key characteristics:

1. It was published in the journal "Foreign Affairs", which is generally perceived to be a semi-official print of the American foreign policy establishment.
2. Its author Charles Clover, is the Director of the "Financial Times" office in Ukraine, which is a reliable partner of the West at Russia's gate.¹⁴
3. It was published in the March-April 1999 issue, at a time when Washington was making the decision on the launching of the air attack against Yugoslavia. This attack had as an ulterior goal the complete dissolution of the geopolitical dynamic field that Russia intended to (or could) activate together with Serbia in the Balkan area and in the subsystem of the Adriatic "warm sea"¹⁵ (see Map 3).

Map 3:



The Eurasianism issue brings in a new form the old "Eastern Question". This, according to the geopolitical approach, consists in the conflict provoked in the broader area of the Black Sea - Aegean Sea and Balkans - by the attempt of a "Land Power" to acquire unhindered access to the warm seas to the South and the corresponding opposition of the Western Sea Powers to prevent this access. Russia, as the traditional land power, at the heart of the Eastern Question, views the Black Sea as the "gate towards world domination (hegemony)". Eurasianism offers a new dynamism with two faces to that traditional geopolitical perception:

1. Within the framework of a possible rapprochement between Russia and Iran, the Black Sea system runs the risk geopolitically of being withdrawn from the broader European area and constituting a unified subsystem with the Caspian area.
2. It tempts not only Iran but Germany as well, to re-evaluate the "Eastern Policy" in case new problems in the outer euro-eastern space are created after the American elections and the possible strengthening of "pro-isolation" American public opinion.

It seems clear that nowadays the eurasianism ideology promotes such a dynamic, which might be further consolidated by the use of the Eastern Question. Indeed it could eventually come to be supported by Putin who has committed Russia to a more assertive and more nationalist foreign policy. It is in the context of this decision that the Russian fleet has returned to the Mediterranean, where 10-15 years ago it was still sailing as "equal-to-equal" with the American Sixth Fleet. Russian naval intelligence gathering has also resumed with the despatch from the Black Sea of the spy-ship "Kildin" to the Mediterranean. Russia is preparing to station a significant naval force in the Eastern Mediterranean led by the carrier "Admiral Kuznetsov".

The return of the Russian fleet to the Southern Seas constitutes a part of the long drafted plan named "Global Ocean". President Putin has presented the Russian naval leadership with the task of returning to the "Global Ocean", where Russian economic and political interests are involved. According to Admiral Vladimir Kuroyedov the presence of the Fleet in the Mediterranean has, among other purposes, the task of ensuring the unhindered activity of the Russian commercial fleet. Recent incidents such as the interception and detention of the Russian tanker "Volganef" by ships of the American fleet in the Persian Gulf, have clearly created a new attitude in the Russian naval and political leadership. The "Global Ocean" concept was discussed in the 1990s during the Presidency of Boris Yel'tsin. However it was never implemented.

The words of Sergey Rogov, director of the USA-Canada Institute, who is neither nostalgic of the past nor a political opponent to the Yel'tsin regime, are revealing: "The destructive politics of the Russian leadership (referring to Yel'tsin's eight-year term) resulted in the transformation of Russia from a superpower to a weak state ... and by that ... the emergence of an enormous asymmetry regarding the American-Russian relations ..." It is significant that these views are now expressed across the political spectrum. Those who mentioned them in the past risked being accused of being nostalgic for the communist era. However, now even serious analysts and enlightened democrats express them publicly.

The serious weakening of Russia can be seen as dangerous not only for her national interests, but also for the interests of many other smaller countries, among them, those belonging to the Mediterranean - Balkans - Black Sea area.

The “Admiral Kuznetsov” will be accompanied by two large anti-submarine ships. The appearance of the spy-ship “Kildin” has already troubled the Americans who had become used to a situation where they ‘played without an opponent’. It has reminded them that the Russians sometimes return, as they unexpectedly did in June 1999 when 270 Commandos took over the Pristina airport in Kosovo, triggering an international crisis and alarming the NATO leadership in Brussels.

Endnotes

- ¹ Regarding the thought of H Mackinder, see I Loucas, Contemporary Political History and World Wars. English and German Theoricians of Power (in Greek), p99-107. On the conception of the Russian area as the “heartland” of the “World Island” see among others also M Hauner, What is Asia to us? Russia’s Asian Heartland Yesterday and Today, New York, 1990 and compare with Strategic Visions by A Ignatov, Geopolitische Theorien in Russland heute, Koeln, 1998.
- ² On the thought of K Haushofer, see I Loucas, op cit, p153-155.
- ³ Documents on German Foreign Policy, 1918-1945, Series D (1937-1945), Vol 11: The War Years, Washington DC, US Government Printing Office 1960, p537.
- ⁴ See A Bullock, Hitler and Stalin: Parallel Lives, New York, Alfred A Knopf, 1992, p689.
- ⁵ See H Kissinger, Diplomacy (Greek translation), Athens, Livanis, 1995, p404-405.
- ⁶ On N Spykman, see I Loucas, op cit, p146.
- ⁷ See I Loucas, “La Question d’ Orient. Points de vue geopolitiques anciens et nouveaux”, Guerres mondiales et conflits contemporaines, No 192, 1998, p167-182 and compare with H W Weigert, Principles of Political Geography, New York, Appleton Century-Crofts, 1957, p224.
- ⁸ Ch Clover, “Dreams of the Eurasian Heartland”, Foreign Affairs, Vol 78, No 2, March-April 1999, p9.
- ⁹ See Ch Clover, op cit, p11.
- ¹⁰ See the presentation of Ch Clover, op cit.
- ¹¹ Zb Brzezinski, The Grand Chessboard (Greek translation), Athens, Livanis, 1998, p63.
- ¹² Zb Brzezinski, op cit, p27.
- ¹³ I Loucas, “The New Geopolitics of the Balkans”, International Conference: Balkans Perspectives. Role of the European Union and Russia, Russia Academy of Sciences, Moscow, 26 November 1999 (records under publication).
- ¹⁴ See indicatively A Chauprade & Fr Thual, Dictionnaire de Geopolitique, Paris, Ellipses, 1998, p405-406.
- ¹⁵ See article mentioned above, note 8.

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