Greek crisis stokes geopolitical rivalries

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The economic and social catastrophe unfolding in Greece is bringing to the fore long-running geopolitical conflicts.

Regional disputes between Greece and Turkey, together with growing competition between the major powers in the East Mediterranean, could develop into confrontation under conditions of deepening economic uncertainty.

Such concerns have been heightened in recent weeks as the prospect of a Greek exit from the euro has been openly discussed. Alongside the economic turmoil that this would cause across Europe, Greece's future political alignment would also come in to question.

As Robert Kaplan, chief analyst at US intelligence firm Stratfor, wrote on the eve of the Greek elections on June 12, "Western self-interest now demands that even if Greece leaves the euro zone—and that is a big 'if'—it nevertheless remains anchored in the European Union and NATO. For whether Greece drops the euro or not, it faces years of severe economic hardship. That means, given its geographic location, Greece's political orientation should never be taken for granted."

Fears of a shift by Athens away from its traditional orientation to the Western European powers and the United States are being driven by the growing presence in the region of Russia and China.

China's economic involvement in Greece has grown significantly since the onset of the economic crisis. In 2010, Beijing invested large sums in the redevelopment of the shipping port of Piraeus near Athens.

At a recent meeting to commemorate the 40th anniversary of the establishment of relations between Athens and Beijing, Greek President Karolos Papoulias noted that annual trade between Greece and China had risen to $3 billion. Referring to a Comprehensive Strategic Partnership, which was agreed between the two countries in 2006 and provides for cooperation in several key economic areas, Papoulias commented, "I think that the past years indicate toward a diverse development of our relations in the coming years."

Russia has meanwhile boosted its regional role with agreements with Cyprus. In 2011, a €2.5 billion (US$3.1 billion) loan to Nicosia prevented Cyprus from seeking an EU bailout, and with ongoing exposure to the Greek crisis, recent reports have suggested that Cyprus may be in talks with Moscow over another loan worth €5 billion—equivalent to one fourth of the country's GDP.

The Russian oil and gas firm Gazprom has a significant presence in the Greek energy sector, and Athens is currently struggling to pay off high debts to the company.

Kaplan drew attention to what he saw as the potential for growing Russian involvement, noting, "It has been speculated in the media that with Greece short of cash and Russia enjoying a surplus, were the Russians ejected from ports in Syria in the wake of a regime change there, Moscow would find a way to eventually make use of Greek naval facilities."

These economic tensions are being exacerbated by Greece's strategic location in the Eastern Mediterranean and its proximity to the Middle East.

As Vassilis Fouskas, a professor of International Relations at Richmond University, London, wrote in a recent analysis, "Greece, for example, by virtue of its position in the Aegean, has the power to block the Aegean Sea (trade, communication lines, sea lanes, flight information region, etc.), thus causing havoc in global seaborne trade going through the Turkish straits, disrupting oil and gas pipeline projects and sapping NATO and European security in the region... Make no mistake: if Greece gets upset, that is to say, if Greek society and domestic politics is pushed by outside powers, i.e., the 'troika', to acts of despair, then this eventuality is not so unlikely."

There are numerous flashpoints that could destabilise the region. Cyprus's economic problems could lead to a flaring of tensions between Greece and Turkey over the divided island, which would draw in the major powers. Turkey's decision to change the name of the northern half of the island from the Turkish Republic of Northern Cyprus to the Turkish Republic of Cyprus has been interpreted as an assertion of its intention to unite the whole island under its own control.

The long-running territorial disputes between Greece and Turkey have been given renewed intensity with the discovery of vast quantities of oil and gas deposits in the Eastern Mediterranean. In late 2010, the government in Athens began investing in oil exploration, and the latest estimates suggest that over 4 billion barrels of oil are located in the northern Aegean Sea, with at least 22 billion barrels in the Ionian Sea off the west coast of Greece. Further finds are expected in the southern Aegean, which is yet to be explored.

The bonanza that the full exploitation of such resources would bring has not gone unnoticed by the major powers. Part of the terms of the European Union/International Monetary Fund bailout to Greece state that Athens must privatise its remaining state assets, including state-owned ports and oil companies. This would open up the highly profitable industry to foreign investment, above all from US firms.

This was the purpose of a visit to Athens by US Secretary of State Hillary Clinton last July, during which she discussed future energy exploitation with government officials. Following these talks, the Greek government revealed the creation of a government agency to manage tenders for exploration and drilling rights from international corporations.

According to analyst William Engdahl, Greek politicians came under pressure from Clinton and her aides to abandon any plans to collaborate with Russia's Gazprom to build the southstream pipeline, which would run through the Eastern Mediterranean and supply the European market. In 2007, Athens signed an agreement with Bulgaria and Russia to construct the pipeline, which would avoid passing through Turkey. Currently, the timetable is for construction to commence in December 2012.

Washington has long backed its own alternative, transporting gas from Baku, via Georgia and the Turkish port of Ceyhan, allowing supplies to bypass Russian control. In the meeting last July, Clinton reportedly urged Greek politicians to reach an agreement with Turkey on the joint exploitation of the oil and gas reserves in the region.

This proposal confronts the problem of the fraught relations between Greece and Turkey. Control over the Aegean Sea has long been an issue of contention between Athens and Ankara. Greek proposals to establish an exclusive economic zone (EEZ), which Athens claims it has a right to do under United Nations treaties, have been rejected by Turkey. Officials in Ankara have stated that any attempt by Athens to extend its authority in the Aegean with an EEZ would be viewed as an act of war.

In April it first emerged that Turkey had decided March 16 to issue permits for oil and gas exploration south of the islands of Rhodes and Kastelorizo, which Greece considers to be its territorial waters??.

There are growing sentiments across the Greek political establishment as a whole to press ahead in spite of Turkish threats. During the election campaign, SYRIZA (Coalition of the radical left) leader Alexis Tsipras indicated his full support for the creation of an EEZ in the Aegean. He declared at a meeting with the ambassadors from the G20 member states that Greece had an "inalienable right" to establish an EEZ in the Aegean, in order to begin "the exploitation of the underwater wealth in the zone."

Evangelos Kouloumbis, a former industry minister, explicitly identified Turkey as the major obstacle when he commented earlier this year that Greece could meet "50 percent of its needs with the oil to be found in offshore fields in the Aegean Sea, and the only obstacle to that is the Turkish opposition for an eventual Greek exploitation."

As well as the vast economic benefits such a move would bring, the whipping up of nationalist tensions with Turkey serves a vital political purpose for the Greek ruling class. Under conditions of social breakdown, blaming Turkey and wrapping themselves in the Greek flag serves as a convenient diversion from the devastating austerity measures being implemented against the working class.