

Economy & Finance Minister Visits Washington

Growing Prospects for Investment in Greece

Economy and Finance Minister George Alogoskoufis was in Washington, DC, May 21-23, for meetings with government and banking officials on worldwide economic developments, with special reference to bilateral prospects and the growing role of Greece in regional economic progress.

Mr. Alogoskoufis met with his US counterpart Secretary of the Treasury Henry Paulson, Federal Reserve Board Chairman Ben S. Bernanke, World Bank President Robert Zoellick, International Monetary Fund Managing Director Dominique Strauss-Kahn, and Deputy Secretary of State John Negroponte.

“We had the opportunity to exchange views on the course of the global economy, given the big uncertainties in the global economy and more particularly in the US economy,” he told reporters following the meetings. A major issue involved international inflation, due to spiraling prices of oil, foods, and raw materials.

An overall assessment was that everything that could be done to ameliorate the effects of the international turmoil has been done by international authorities and by the US government, Alogoskoufis said, who stressed that Greece, too, has done everything necessary, adding that “we will continue efforts to tackle the repercussions from international inflation and for continuous growth of our economy.”

The minister also highlighted an increased interest regarding Greece among US investors as they took account of the country's economic development and its leading and growing role in the economic progress of the southeast European region. This, he said, was recognized by international financial organizations. Increased investor interest in Greece and the region was evident at a special event organized in Washington during his visit by the Invest in Greece Agency, with many US business executives attending.

Mr. Alogoskoufis rejected the suggestion that Greece's main budgetary targets, or those of the

EU as a whole, will be revised because of the leap in oil prices. Strong competitive forces, he said, will deal with inflationary pressures. Economic reform, he added, has been designed on the basis of long-term factors which are unaffected by inflationary considerations. The international credit crisis, he stressed, has not affected the Greek banking system. He expressed optimism for the return of normal economic conditions in 2009.

During his meeting with World Bank President Robert Zoellick, the minister urged the Bank's continuing help in the southeastern and central European region. “These,” Mr. Alogoskoufis told press representatives, “are countries in our region, growing rapidly, which will need the World Bank's support for several years to improve their infrastructure and the degree of their economic growth.” He further assured Mr. Zoellick of Greece's readiness to assist the efforts of the World Bank in Africa and other regions of the developing world needing healthcare, clean water, and other

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PM Karamanlis Addresses International Conference

Protecting the Environment, Ensuring Energy Security

PPrime Minister Costas Karamanlis spoke on May 5 to an international conference in Athens on climate change and energy security. Every country, he said, is faced with a double challenge: ensuring energy security and lowering its contribution to the greenhouse gas problem.

As to Greece's policy on energy security, Mr. Karamanlis said that it is based on an “open horizons energy diplomacy which is promoting the country as an international energy hub.” He referred to the construction of the Burgas-Alexandroupolis oil pipeline, the Turkey-Greece-Italy natural gas

pipeline, and a recent agreement on the South Stream natural gas pipeline. He mentioned also the role of Greece in the supply of energy to southeastern European countries and of Greek shipping in the international hydrocarbons market.

With these developments, the prime minister said, Greece is establishing its role as the link between the producer countries of the east and south and the consumer countries of Europe. In addition to its position as a reliable energy transit center, the country is securing its own energy supply for the years ahead.

Environmental protection, Mr. Karamanlis said, must be

achieved by the gradual weaning of economies from costly and polluting oil, the curbing of energy extravagance, and recourse to new technologies and education of the new generation on environmental concerns. There should be a plan for renewable energy sources, with a role for every citizen, company, and local authority.

The importance of environmental protection was also emphasized not simply as a priority, but as “the top priority,” by President Karolos Papoulias when he addressed the conference. He spoke of “the need to resolve the institutional problems which exist at the international level.”

FYROM Name Issue Still Unresolved

The Greek government is eager to resolve this issue, looking for a way that's honorable for both sides," said UN mediator Matthew Nimetz after discussions in April with the governments in Athens and Skopje, capital of the Former Yugoslav Republic of Macedonia (FYROM). Foreign Minister Dora Bakoyannis said that the UN envoy had not brought any new proposal on the dispute caused by FYROM's insistence on calling itself "Macedonia," monopolizing the name of a region that is predominantly part of northern Greece.

Disagreement on the name issue continues despite Greece's offer to accept for all uses an internationally-sanctioned compound name which includes the geographical designation of Macedonia, but attaches an adjective to distinguish it from the Greek province of that name. Greece also looks forward, as soon as the name issue is resolved, to increased economic relations including an allocation by Greece towards the construction of "Road Corridor X," which would link the landlocked country with Greece to the south.

The failure of the FYROM government to join in resolving the name issue has put its bid for NATO membership on hold. This was made clear in the communiqué issued after the April summit of the alliance in Bucharest. During a visit to Skopje, NATO's Secretary-General Jaap de Hoop Scheffer expressed his hope that "on July 9 when Albania and Croatia will be signing the NATO accession protocol they will be joined by a third nation—your nation . . . You have the opportunity as of now until July 9 to find a name solution." The NATO Alliance, he added, is based on "principles of consensus." In Washington, US Secretary of State Condoleezza Rice also urged a resolution of the name issue as soon as possible.

The FYROM issue was raised on May 21 at the meeting in Bulgaria of the South East European Cooperation Process (SEECP) when Prime Minister Costas Karamanlis spoke of the need for a functional and comprehensive solution sealed by the UN Security Council. Greece, he said, supports the inclusion of all southeast European countries in the Euro-Atlantic and European structures on the terms agreed by the EU and NATO for all candidate-countries, including FYROM.

Writing in the *Washington Times* of April 29, Foreign Minister Dora Bakoyannis observed that at the NATO summit in Bucharest "FYROM's aspiration to join NATO came to an inevitable halt, as it failed to take steps toward normalizing relations with Greece—a neighbor, major foreign investor and future ally." She further pointed out that both the US Senate and House of Representatives have demonstrated strong support for resolutions calling on FYROM to stop hostile propaganda against Greece and to cooperate in reaching a solution of the name issue.

Responding to an April 13 article in the *Journal Gazette*, Greek Embassy Press Counsellor Yiorgos Chouliaras noted Greece's membership in NATO since 1952 and in the EU since 1981 as well as its role as an ally of the US. "Greece," he wrote, "wishes to see all its neighbors join Euro-Atlantic institutions," but "a country wishing to participate in an alliance with Greece cannot at the same time refuse to adopt a clear stance against irredentism and publicly encouraged territorial aspirations."

Balkan Regional Developments

- Greece, Bulgaria, and Romania have joined in a Balkan Network on Green Development to seek scientific aid for the management and development of coastal ecosystems to create "green" environments in the coastal regions of the Black Sea and northern Aegean.

- Plans are in place for the formation of a Regional Cooperation Council for southeastern Europe, with a secretariat based in Sarajevo and housed in the Greek-Bosnian Friendship Building under construction with funds from the Greek Plan for Balkan Reconstruction. Regional cooperation, possibly leading in due course to the formation of a southeastern nucleus of the EU, will also be promoted by the planned regional development center in Greece's second largest city of Thessaloniki in Macedonia.

- A "Stability and Association" agreement was signed with Serbia on May 6 by the EU foreign ministers meeting in Luxembourg. Greece's Deputy Foreign Minister Yannis Valinakis spoke of Greece's leading role in a step which sends "a positive message to the people of Serbia for their European future."

- With investments of some \$4.7 billion, Greece is the third biggest foreign investor in Romania after Holland and Austria. The more than 750 branches of Greek banks in the country represent some 15 percent of the market. This was noted by Economy and Finance Minister George Alogoskoufis on a recent visit to Bucharest when it was agreed to set up a joint committee to seek a more efficient management of EU funds.

Alogoskoufis

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forms of aid.

"Developments and Opportunities in Southeastern Europe" were discussed by the economy and finance minister during a Statesmen's Forum sponsored by the Center for Strategic & International Studies, and introduced by Ambassador Alexandros Mallias. (http://www.csis.org/component/option,com_csis_events/task/view/id,1661) Mr. Alogoskoufis was also honored for his contributions by leaders of the Greek-American community.

The minister was able while in Washington to visit an exhibition at the Smithsonian Institute of "Classic Greek Coins and Banknotes from Ancient Times until Today." The exhibit, mounted with the cooperation of the National Bank of Greece, the Benaki Museum, and the Social and Cultural Work Foundation, is having great success, drawing 110,000 visitors since opening on April 26.

Welcome to Greece

Tourism Development Minister Aris Spiliotopoulos began, at the end of April, a tour of the most popular destinations in Greece for foreign visitors. Speaking in Corfu, first stop on the tour before continuing on the island of Santorini, he noted the impressive increase in arrivals there of vacationers from Switzerland (185 percent), Romania (128 percent), Ireland (100 percent), Finland (80 percent), and Russia (50 percent). The minister spoke of the government's \$20 million investment projects on the island, and of the \$54 million investment in projects for a variety of tourist-friendly improvements, including upgraded hotels, employee training programs, and the projection of Greek cuisine. With good prospects for the growth of marine tourism, several port and marina projects are also in progress.

Other Tourism-Related News:

- The island of Rhodes was voted the top tourist destination in Europe and the fifth-best in the world in a survey by the internet-based TripAdvisor which receives some 25 million visits a month to its website.
- Queen Sophia of Spain visited the Ionian Sea island of Zakynthos on May 15 to attend the launching of an experiment in which two Kareta-Kareta turtles, a species of which some 60 percent choose that sea region for reproduction, were named "Sophia" and "Arts" and launched with identifying transmitters which will enable the biologists of Greece's National Marine Park to monitor their habits at sea. The launching was part of a National Bank-sponsored "Kareta Odyssey" program which will monitor the habits of ten turtles.
- The tourism minister was in the northern area of Halkidiki on May 19 to discuss plans for the region's further development to attract visitors from the adjacent and nearby countries of the Balkans. Tourist arrivals from those countries, including Russia, are expected to increase by some 7-8 percent this year.
- About half of the 1.6 million foreign visitors to the island of Santorini in 2007 arrived on cruise ships. A further increase in the number of tourists to the Aegean island is expected.
- The island of Ios in the Cyclades group of the Aegean is one of the six European locations to receive the 2008 EU Cultural Heritage Prize for its conservation program at the island's archaeological site at Skarkos. The citation notes "the minimal and extremely sensitive character of the interventions, having no detrimental impact on a unique landscape." The award, with its prize of \$16,000, will be presented on June 12 at a ceremony in the United Kingdom, at Durham Cathedral.
- "Scent of the Aegean" was the name given to a four-day event, May 22-25, celebrating four islands of the northeastern Aegean: Lesbos, Limnos, Samos, and Chios. Opening the occasion, Merchant Marine Minister George Voulgarakis observed that Greece has by far the longest coastline of any Mediterranean country—a feature which could yield a competitive advantage through a development policy which protects the natural and cultural heritage of those islands.

From the U.S. Press

The *Wall Street Journal* of May 9 published a survey of Greek wines by its wine critic who writes that "there are more and more good Greek restaurants and many of them have excellent lists of Greek wines that are produced from indigenous varieties with unfamiliar names," but which are "worth exploring" because they are "quite special, with an earthy lustiness that is perfect with the food . . . while many good Greek lists offer Greek wines made from more familiar grape types such as Chardonnay and Cabernet Sauvignon. You'll be missing something special if you don't try wines made from the native grapes" of Greece.

- The May-June issue of *Departures* magazine contains a three-page illustrated article by its architecture critic Joseph Giovannini on "Ancient Crete" which, he writes, was for more than a millennium "the Britain of the Mediterranean, ruling the sea, and today evocative ruins of Minoan palaces and cities dot the perimeter of the island . . . What truly deepens the experience of seeing Crete's Minoan and classical ruins are the myths that impregnate these sites with stories, legendary figures, and a deep sense of time: Zeus, after all, was born in its mountains, and Theseus fought the Minotaur in the Knossos labyrinth." The article goes on to describe the palace at Knossos and the noteworthy features of nine other sites which, as a headline declares, "suggest the pageantry of Mediterranean history."
- Paul Greenberg is a fellow of the W.K. Kellogg Foundation on Food and Society Policy currently engaged on writing a book about fish. In the food section of the April 20 issue of the *New York Times* magazine, he reports a discussion about fish with Socrates Panopoulos, manager of a Greek-owned company which has become an international leader in the production of farmed sea-bass, with exports to the US growing from 10,000 pounds in 2000 to more than a million pounds now.
- Writing from Athens, John K. Cooley's April 9 article in the *Christian Science Monitor* is titled "Olympic Boycotts—A Bad Idea." The sub-head calls a boycott "a bad idea" and suggests "instead, promote the Olympic Truce." Referring to the first boycotts, such as at the Melbourne Olympics of 1956, the author says that none of them "had the slightest beneficial effect on the political situations they tried to target." The same was true of boycotts, threatened or implemented, for the Games of 1972, 1976, and those of 1980 and 1984, when there were politically-motivated boycotts of the Moscow and Los Angeles Games which, the author writes, caused suffering to many athletes and increased cold war tensions. "An alternative to boycotts—reactivating the ancient Olympic Truce concept—would serve the causes of peacemakers and human rights activists everywhere."

Briefly . . .

“We consider Greece a partner,” said Chinese Ambassador Luo Linquan in Athens, acknowledging the Greek government’s aid to the province struck by the recent catastrophic earthquake. Asked about this summer’s Olympics in Beijing, he said that China will now simply work all the harder to ensure their success.

A group of 13 Chinese journalists, in Greece on an exchange program launched 11 years ago, was briefed on experiences gained during the 2004 Athens Olympics and on various other issues. A Chinese official was also in Drama, the northern Greek town which exports most Greek marble, of which China imported 118,000 tons worth \$25 million last year and is seeking an increase.

Greece and France signed in Paris on May 13 a cooperative agreement on internal security issues which the French Interior Minister Michelle Allot Marie hoped will be a model for Europe as a whole. While in Paris, Interior Minister Prokopolis Pavlopoulos also signed a Cooperation Memorandum with the OECD providing for the improvement of Greece’s public administration.

In the context of a confidence-building program between Greece and Turkey, a joint exercise by contingents of their disaster-handling forces was conducted in western Attica on May 14.

London’s Metropolitan Police Commissioner Sir Ian Blair visited Greece, May 13-14, on a program to enhance cooperation between the police forces and, in particular, to gather Greek experience of hosting the 2004 Olympics, which London will host in 2012.

A memorial service, attended by the current prime minister and other dignitaries, was held on May 5 at the gravesite outside the Constantine Karamanlis Foundation, on the 10th anniversary of the late prime minister and president’s death.

Opening in Washington on May 16, the film “Fugitive Pieces” is based on the novel by Anne Michaels which tells the story of Jacob Beer, an orphan in Poland saved during World War II by a compassionate Greek archeologist.

An exhibition of photographs, “Children of the Iranian Revolution,” opened May 14 at the Woodrow Wilson Center. They are the work of Iason Athanasiadis, Nieman Fellow at Harvard, who spent the years 2004-2007 in Iran working for numerous international media.

An agreement was signed on April 11 between the Johns Hopkins School of Medicine and the University of Patras for collaboration on research projects and on student exchanges, in the presence of the school’s longtime benefactor John G. Rangos, Sr.

A Swiss dealer handed over a 4th century BC marble oil flask to the Greek culture ministry after an out-of-court settlement. The antiquity, to be restored for two months in the workshops of the National Archeological Museum, will be included in an upcoming exhibit at the new Acropolis Museum.

The Cooking of Mount Athos, a book of some 130 recipes, was presented by its author, the monk Epiphanius Mylopotaminos, in Thessaloniki. It contains instructions for seafood and vegetable dishes using olive oil and comes with the monk’s urging that “love for the people we are cooking for is a basic part of tasty cooking.”

Athens International Airport received the European Commission’s “2008 GreenBuilding Partner Award” for its energy-saving program. The award is given as a feature of the Commission’s program aimed to encourage investments to improve the energy effectiveness of large structures.

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Embassy of Greece
Press & Communications Office
2211 Massachusetts Ave., NW
Washington, DC 20008
Phone: 202-332-2727
Fax: 202-265-4931

