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Greece's Rise as a Trans-Mediterranean Power:

Greece's Eastern Mediterranean strategic shift to Europe-to-Africa and Europe-to-Middle East connectivity

MEDITERRANEAN PROGRAMME

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Summary

- Greece stands at the threshold of a strategic shift that could see the Hellenic Republic become Europe's geopolitical gatekeeper of the emerging East Africa-to-Europe and Middle East-to-Europe commercial corridors.
- To become one of continental Europe's leading actors in the new trans-Mediterranean commercial connectivity, Athens needs to develop its own position in East Africa-to-Europe and Middle East-to-Europe manufacturing value chains.
- Greece's advance toward a green energy, innovation economy offers some of the most promising avenues for Greece to engage Egypt, Israel, the United Arab Emirates (UAE), and Saudi Arabia in joint ventures that will transform Greece into a cutting-edge leader of trans-Mediterranean connectivity.
- Greece's emergence as one of the European Union's (EU) leading trans-Mediterranean actors is a strategic shift of paramount significance that will require key actors among the EU27 member states to adjust their perception of Greece.
- The EU system should incentivize closer coordination between Greece and other member states to facilitate joint venture investments in manufacturing facilities that will utilize Greece's innovation economy and commercial connectivity to develop the East Africa-to-Europe and Middle East-to-Europe corridors.
- The extent to which Greece succeeds at industrial value chain integration will determine its role in the emerging trans-regional commercial architecture, and with it, Greece's strategic standing within the European Union and the Middle East and North Africa (MENA) region.

Introduction

"Greece is poised to become one of continental Europe's leading actors in forging the 21st century's new trans-Mediterranean connectivity - the emerging nexus of energy transit routes and commercial transportation corridors that connect Europe, Africa, and the Middle East."

On 11 February 2021, Greece hosted a landmark summit in Athens with Egypt, Saudi Arabia, the United Arab Emirates (UAE), Bahrain, and the Republic of Cyprus. The early 2021 foreign ministerial-level summit of Greek and Arab states dubbed the *Philia* (Friendship) Forum served as a capstone to Athens' extraordinary series of diplomatic achievements in the Middle East and North Africa (MENA) region throughout 2020. The most striking demonstration of the success of Greece's MENA outreach occurred in August 2020 when the Egyptian Navy and the UAE Air Force conducted concurrent joint exercises with the Hellenic Navy and Air Force as a show of support for Greece during the height of its naval stand-off with Turkey in the Eastern Mediterranean.

Yet the strategic significance of Greece's convening of the Philia Forum extends far beyond the assembled nations' shared concerns over Turkey's foreign policy. The summit, which emphasized deepening economic, technological, and cultural cooperation, symbolized how Greece is poised to become one of continental Europe's leading actors in forging the 21st century's new trans-Mediterranean connectivity – the emerging nexus of energy transit routes and commercial transportation corridors that connect Europe, Africa, and the Middle East.

The international scramble to establish trans-Mediterranean commercial corridors has led to a new global engagement with the MENA region that is reshaping the basic economic architecture and geopolitics of the entire Mediterranean basin. As continental Europe's gateway to Egypt and the Middle East via the Eastern Mediterranean, Greece carries the potential to play a crucial strategic role as a geopolitical gatekeeper in forming an Africa-to-Europe commercial corridor via Egypt and a similar Middle Eastern corridor extending to the Arabian Peninsula.

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Greece's ability to transform itself from a transit state into a leader of trans-Mediterranean connectivity in these two commercial corridors crucially depends on how Greece manages its set of foreign partnerships, particularly Athens' ability to substantially participate in East Africa-to-Europe and Middle East-to-Europe manufacturing value chains. Utilizing opportunities presented by its developing innovation economy, Greece can anchor itself in the East Africa-to-Europe and Middle East-to-Europe corridors through the establishment of production facilities with its new partners. The extent to which Greece succeeds at industrial value chain integration will determine its role in the emerging trans-regional commercial architecture, and with it, Greece's strategic standing within the European Union (EU) and in the MENA region.

Greece and Egypt form the Eastern Hub of Euro-Africa Connectivity

Greece's commercial cooperation with Egypt forms the core of its trans-Mediterranean connectivity. The relationship between Greece and Egypt has developed rapidly since 2014, as Athens and Cairo have sought closer coordination in the face of shared concerns about Turkey increasing orientation toward 'coercive diplomacy' in the Eastern Mediterranean. Since 2014, Greece and Egypt, in conjunction with the Republic of Cyprus, have held eight summits to deepen their strategic cooperation in both security and economic matters. In 2015, Greece and Egypt began conducting their semi-annual Medusa joint military exercises. The six-year evolution of the Greek-Egyptian partnership resulted in Athens and Cairo signing a maritime boundary agreement on 6 August, 2020 that partially demarcates the exclusive economic zone (EEZ) between the two countries.

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Beyond their shared threat perception of Turkey, Athens and Cairo are forging the central link in an emerging Euro-Africa commercial corridor traversing the Eastern Mediterranean. The Greece-Egypt relationship will increasingly revolve around the strategic importance of their joint formation of an eastern hub for trans-Mediterranean connectivity between Europe, Africa, and the Middle East. For Greece, its increasingly robust commercial relations with Egypt are proving critical for the Greek economy's newly acquired dynamism. With approximately 103 million inhabitants, Egypt has the largest population of any Mediterranean nation and the third-largest in Africa. Prior to the onset of the COVID-19 pandemic, Egypt was Greece's second fastest-growing export market. As Egypt's closest mainland European neighbor, Greece's increased access to both Egypt's labor and consumer markets holds unparalleled economic opportunities for the Hellenic Republic.

Thanks to its large offshore natural gas deposits and smart energy policies, Egypt achieved natural gas self-sufficiency in 2019 and has become a net energy exporter. Combined with massive investments in renewable energy power generation, Egypt is on the threshold of becoming both a natural gas and electricity export hub – a development which, if it materializes, has the potential to radically reconfigure the pattern of energy connectivity between Europe, Africa, and the Middle East. Greece is continental Europe's landfall for the 2-GW-capacity Euro-Africa electricity interconnector that will reach mainland Greece via Cyprus and Crete. In comparison, Italy's new interconnector linking Algeria and Tunisia to the Italian peninsula via Sicily will have a capacity of only 0.6 GW. Greece forms an integral part of Egypt's energy connectivity network; that, combined with the 2 GW Euro-Asia interconnector from Israel and Greece's own advances in renewable energy power production, will elevate Greece's position in the energy geopolitics of South East Europe.

"Athens and Cairo are forging the central link in an emerging Euro-Africa commercial corridor traversing the Eastern Mediterranean."

Most strategically consequential is Greece's partnership with Egypt in establishing Euro-Africa commercial transportation connectivity. Greece's massive transshipment port in Piraeus, operated by the China Ocean Shipping Company (COSCO), along with Egypt's expanding Mediterranean ports are forming the hub of one of the most strategic trans-Mediterranean commercial corridors. Egypt's several Mediterranean ports, also operated by Chinese firms, are implementing a container capacity expansion program to increase their total capacity, so that they can partner with Piraeus as the dominant transshipment hub in the Eastern Mediterranean. Combined with the completion of rail connectivity from the booming "African Lion" economies of East Africa to Egypt, COSCO's freight rail service from Piraeus through the Balkans to major markets and manufacturing centers in Austria, the Czech Republic, Germany, and Poland means that Greece will be at the center of a multi-modal East Africa-to-Eastern/Central Europe corridor via the Eastern Mediterranean.

China's construction of a high-speed railway line from Egypt's Red Sea port of Sokhna to its Mediterranean port at Alexandria will accelerate the overland component of an East Africa-Eastern Mediterranean corridor. The $9 billion tender was awarded in September 2020 to a Sino-Egyptian consortium led by the China Civil Engineering Construction Corporation and will service the entire Suez Canal Economic Zone mega-project. This connectivity will be augmented by German-based Siemens AG's construction of a $23 billion electric monorail system linking Ain Sokhna city with New Alamein City via Egypt's new administrative capital, similarly creating high speed connectivity between the Red Sea and Egypt's Mediterranean coast.

For its part, Egypt is creating rail connectivity with Sudan that will forge a new north-

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south rail corridor with the White Nile countries with whom Egypt is also becoming increasingly aligned, extending southward to Egypt's partner Tanzania and the other East African countries of the wider Lake Victoria basin. This development has been facilitated by Egypt's warming relations with the new Sudanese government after the April 2019 ouster of Sudan's former strongman, President Omar al-Bashir, and the multibillion-dollar support provided to Sudan's new government by Egypt's close strategic partners, the UAE and Saudi Arabia.

On 25 October 2020, Egypt and Sudan signed a new transportation connectivity agreement that will create modern rail connections between Egypt and Sudan. The first rail link of the project will be constructed from Egypt's southern city of Aswan to the Sudanese border town of Wadi Halfa, which is presently the northern terminus of Sudan's rail line from the country's capital, Khartoum. Combined with the eventual upgrade and completion of South Sudan's rail links between its borders with Sudan and Uganda, Egypt will preside over a rail corridor that links the growing economies of East Africa to the Eastern Mediterranean coast. With maritime connectivity from Egypt's ports to Piraeus, Greece will be Europe's primary commercial connection to eastern Africa as far as the equator.

Also in October 2020, Sudan normalized its relations with Israel, adding a further strategic dimension to the commercial corridor with the prospect of opening Sudan up to commercial cooperation involving advanced Israeli technologies in agriculture, medicine, and other fields. With Greece's major Levantine and Arab Gulf partners involved in Sudan's economic development, Athens' increasingly important trans-Mediterranean role would be well served by cementing its position in the eastern Euro-Africa corridor through investments and the opening of production sites in Sudan, perhaps as joint ventures with Egypt, Israel, or its Arab Gulf partners.

"Greece will be at the center of a multi-modal East Africa-to-Eastern/Central Europe corridor via the Eastern Mediterranean."

From Transit State to Trans-Mediterranean Actor: The Value of Value Chains

It is critical for Greece to establish manufacturing production sites in the eastern Euro-Africa corridor, particularly in Egypt. As has been observed in the analysis of Morocco's success in advancing its project to establish West Africa-to-Western Europe commercial connectivity, commercial corridors emerge only where the requisite large investments in port and rail infrastructure are coupled with an industrial base anchored in manufacturing value chains. Greece's influence in trans-Mediterranean connectivity crucially depends on investment in production facilities in Egypt and eastern Africa that participate in manufacturing value chains.

"With maritime connectivity from Egypt's ports to Piraeus, Greece will be Europe's primary commercial connection to eastern Africa as far as the equator."

In 2018, most of the commerce between Greece and Egypt was based in the petroleum sector with 83 percent of Greece's exports to Egypt consisting of fuel and 70 percent of Egypt's exports to Greece consisting of crude oil. Approximately 40 Greek companies operate in Egypt. At the onset of 2019, prior to the COVID-19 pandemic, Greek investments in Egypt stood at approximately $2 billion, according to the Egyptian-Greek business council – concentrated in the cement, construction, food, agriculture, tourism, telecom, IT, and financial services sectors. Greece's most notable manufacturer in Egypt is Titan Cement Group, which operates cement plants in Alexandria and Beni Suef. However, for Greece to move from being a transit state to becoming a trans-Mediterranean power, Athens will need to anchor its position in manufacturing value chains to secure a leadership role in the emerging East Africa-to-Eastern/Central Europe corridor.

In the case of Morocco's West Africa-to-Western Europe corridor, the sector that has established the pattern for industrial chain integration is Morocco's automotive industry. Morocco's success in automotive production for Groupe PSA and Groupe Renault has catapulted Morocco into the position of Africa's leading auto manufacturer, with a capacity to produce over 700,000 vehicles per year. Egypt has similarly been seeking to boost its automotive manufacturing, and the sector holds significant market potential for the Greek National Motor Company (NAMCO) and others. Known for its Pony line of vehicles, NAMCO could be well suited to Egypt, or even Sudan, and to serving East African markets. Producing its Pony vehicles through its DYNATEC system in modular and expanding production units, NAMCO's production methods are flexible, even at small volumes. Egypt had been engaged in talks with NAMCO beginning in 2017 and more recently in April 2019, when Egypt's then Minister of Trade and Industry, Amr Nassar, visited Athens – a visit that saw Nassar and Greece's then Deputy Prime Minister and Minister for Economy and Development, Yannis Dragasakis, agree to establish a joint taskforce to promote economic cooperation. However, Greek automotive manufacturing has yet to materialize in Egypt.

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As Greece becomes a cutting-edge leader in developing a carbon-free economy, further opportunities exist in the automotive industry for the joint manufacturing of electric vehicles or their components. The German-based electric vehicle manufacturer Next.e.Go Mobile, now majority-owned by Netherlands-based ND Industrial Investment B.V., has agreed to open an electric vehicle (EV) manufacturing plant in Greece. Next.e.Go Mobile will establish the EV plant as a joint venture with Enterprise Greece, the state agency under the auspices of the Greece's Ministry of Foreign Affairs tasked with promoting investments in Greece and Greek exports. Next.e.GO Mobile will invest over €100 million to establish facilities for the production of metal parts and other processes, as well as for a final vehicle assembly plant. According to Greece's Deputy Foreign Minister for Economic Diplomacy and Openness, Kostas Fragogiannis, who signed the agreement with Next.e.Go Mobile's CEO, "The investment would create 1,000 jobs directly in the factory, and support over 5,500 jobs indirectly."

"As Greece evolves its green energy and innovation economy, it would behoove Athens to leverage its new industries by strategically investing in production sites in the emerging trans-Mediterranean corridors."

Fragogiannis' appointment to his post is in itself a reflection of Greece's new forward-leaning orientation to developing foreign investments. Experienced in international production investments, Fragogiannis previously served as development manager for Chipita Group, whose operations have expanded to 14 production sites in 11 different countries producing baked goods and other food products. As Greece evolves its green energy and innovation economy, it would behoove Athens to leverage its new industries by strategically investing in production sites in the emerging trans-Mediterranean corridors – partnering with Egypt and other actors in the Euro-Africa or Euro-Middle East corridors to create joint facilities for EV manufacturing and manufacturing in other green economy sectors.

Advancing on its own path toward a green economy, Egypt's El Nasr Automotive Manufacturing Company signed an agreement in January 2021 with Chinese automaker Dongfeng to jointly produce electric vehicles in Egypt, El Nasr and Dongfeng expect to bring out Egypt's first EV, 55% of whose components will be locally manufactured, for sale on the Egyptian market during 2022. In addition to EV manufacturing sites in Greece, Next.e.GO Mobile also intends to establish a Technology and Innovation Campus (TIC) in Greece, and the TIC could serve as a means for bringing Greece and Egypt, as well as other East African or Middle Eastern partners, into trans-Mediterranean, green energy manufacturing value chains.

There are similar opportunities for Greece to form joint ventures with its corridor

partners related to Greece's other green economy projects. One example is the Tilos Project, inaugurated in 2015, which seeks to convert the island of Tilos into an autonomous green energy zone in the Mediterranean by powering the island entirely with state-of-the-art batteries recharged by wind and solar power. The EU is financing 80% of the project's €13.7 million price tag, while its partner, the Greek renewable energy developer Eunice Energy Group, is leading the project and funding the remainder.

Eunice Energy Group will employ its *Aftonomo* system, developed in collaboration with the U.S.-based energy storage company Jolt, that enables the intelligent management of energy generated from wind and solar resources. This system could have wider applications for Greece's East African and Middle Eastern partners. More recently on 4 November 2020, Deputy Foreign Minister Fragogiannis and the CEO of Volkswagen Group signed an agreement for a parallel project to transition the island of Astypalaia to renewable power generation and electric vehicles. Volkswagen Group intends to invest approximately €20 million in the project, which is slated for completion by the end of 2026.

"There exists a strategic imperative for Greece to assume a leadership role in the development of the East Africa-to-Eastern Mediterranean corridor through Greek businesses opening manufacturing plants and investing in key sectors in Egypt and elsewhere."

In 2017, Greece's solar panel manufacturer Solar Cells Hellas was in discussions with Egypt's Ministry of Trade and Industry to relocate some of its plants to Egypt. However, as with NAMCO's concurrent engagement with Egypt, Greek solar panel manufacturing has yet to materialize in Egypt. In 2019, the economic and commercial affairs section of Greece's embassy in Cairo, in coordination with Egypt's Trade Representation Office in Athens, initiated efforts to promote business communication and smoother access to Egypt for Greek companies seeking to invest. In March 2020, Greece's ambassador to Egypt Nikolaos Garilidis again highlighted the need for bureaucratic procedures between Greece and Egypt to be streamlined in order to fast-track investments.

A strategic imperative exists for Greece to assume a leadership role in the development of the East Africa-to-Eastern Mediterranean corridor through Greek businesses opening manufacturing plants and investing in key sectors in Egypt and elsewhere. Despite the COVID-19 pandemic, Egypt's finance ministry forecasts that the Egyptian economy will grow 3.3% in the fiscal year 2020-21. Egypt's large labor supply and consumer market, along with its ample energy resources, may make the eastern corridor the most attractive investment among the emerging corridors across the entire Mediterranean basin. Maritime commerce and energy are obvious sectors of economic cooperation with great growth potential for Greece and Egypt. However, beyond these two sectors, the Greek government needs to strategically facilitate the Greek business community's engagement with their Egyptian counterparts to promote a variety of investments. In this effort, Greece may also seek to partner with the UAE, Saudi Arabia, and Israel.

"Greece is the European landfall for a continuum of commercial activity from the Eastern Mediterranean to the Red Sea to the Arab Gulf states."

The Greece-to-Gulf Continuum: Commercial Connectivity to the UAE, Saudi Arabia, and Israel

Greece has also turned a new page in its connectivity with the Middle East by deepening its relations with Israel while simultaneously strengthening its ties to the Arab world, and especially to the UAE and Saudi Arabia. Through its relations with both Egypt and Israel, Greece is the European landfall for a continuum of commercial activity from the Eastern Mediterranean to the Red Sea to the Arab Gulf states. Greece's deepening economic relations with the UAE and Saudi Arabia hold great potential as Greece comes out of its economic doldrums and emerges as a leading innovation economy. According to Bloomberg's Innovation Index 2021, Greece now ranks as the 30th most innovative economy, leading its new partners the UAE and Saudi Arabia – which are 43rd and 53rd

respectively. A natural synergy therefore exists between Greece and the Emirati and Saudi venture capital investment platforms.

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An important investment breakthrough in Greece's innovation economy was achieved with the UAE on 28 March, 2018, when the Hellenic Development Bank of Investments (HDBI), then known as TANEO, signed an MOU with the UAE's Mubadala Capital Ventures to create a new €400 million investment platform. With each entity contributing €200 million, the platform seeks to capitalize on innovative and resilient business sectors across the Greek economy. The Abu Dhabi-based, state-owned Mubadala global ventures platform is active in 13 economic sectors in over 30 countries. HDBI, co-funded by the Greek government and institutional investors, invests in capital venture funds that specialize in Greek start-ups and innovative companies, primarily small and medium-sized enterprises (SMEs) engaged in e-commerce, IT, telecommunications, biotechnology, and new materials. The synergy between Mubadala's experience and the dynamism of Greece's emerging start-up culture holds promise for the future and could serve as a model for Greece to develop joint production facilities in other countries in the eastern Euro-Africa corridor.

Athens' efforts to deepen its cooperation with the UAE and Saudi Arabia transcend the opposing ideologies of Greece's political spectrum. The almost half billion-Euro Greek-Emirati joint investment platform was started under Greece's former SYRIZA-led government, as was the deepening of Greece's relations with Israel. Building on prior developments, the New Democracy-led government under Prime Minister Kyriakos Mitsotakis has carried forward Greece's efforts to act on the strategic imperative to deepen its economic relations with its Levantine and Arab Gulf partners.

Through the auspices of the Greece-UAE Expanded Strategic Cooperation Forum, Greece has reached a new level of economic cooperation with its Emirati partner. That cooperation was subsequently enhanced by Mitsotakis' November 2020 landmark state visit to the UAE during which the two countries signed several economic cooperation agreements as well as a mutual defense pact. The Forum's work has continued despite COVID-19 with the second meeting of the forum conducted remotely in July 2020. Chaired by senior government officials and involving more than 70 participants from the public and private sectors in both countries, the second forum resulted in several bilateral agreements and memoranda of understanding concerning innovative SMEs and digital cooperation, as well as the launching of the 2020-2022 Greece-UAE Joint Action Plan for Tourism.

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In a parallel manner, Greece's relations with Saudi Arabia have also deepened at an accelerating pace since the November 2019 visit to Athens by Saudi Arabia's Minister for Foreign Affairs Adel al-Jubeir. Al-Jubeir placed a special emphasis on increasing commerce and investment between the countries on his visit. The Saudi foreign minister emphasized that the "size of investment and trade relations does not correspond to the closeness of the two countries," and he highlighted the importance of increasing bilateral economic cooperation. The meeting identified tourism, shipping, energy, and defense as key sectors for the expansion of trade and investment.

Greece-Saudi Arabia economic cooperation was subsequently advanced still further during Prime Minister Mitsotakis' state visit to Saudi Arabia, which immediately preceded his UAE visit in November 2020. The Greek Prime Minister placed special emphasis on expanding economic cooperation and was accompanied by senior Greek cabinet members responsible for trade and investment. In addition to meeting with Saudi Arabia's King Salman bin Abdulaziz and Crown Prince Muhammad bin Salman,

Mitsotakis met with Saudi Arabia's Minister for Commerce and Investment, Dr. Majid bin Abdullah Al Qasabi, to discuss opportunities for Saudi wealth funds to invest in Greece as well as investment opportunities for Greek companies in Saudi Arabia. Emblematic of the deepening relations brought about by the Prime Minister's Riyadh visit, Deputy Foreign Minister Fragogiannis and the acting CEO of the Saudi Space Agency signed an MOU for joint cooperation in the field of satellites and their applications. Following up on an initiative which emerged during Mitsotakis' visit, in November 2020 Greece and Saudi Arabia formed a joint tourism committee to coordinate exchanges and promote investment in the sector.

Athens' strategic role in trans-Mediterranean connectivity to the Middle East could be significantly enhanced through Greece's participation in Saudi Arabia's $500 billion new innovation city, Neom. Over thirty times larger than New York City, the state-of-the-art, high technology mega-project and special economic zone is being constructed in Saudi Arabia's northwest Red Sea region and will create enhanced commercial connectivity with nearby Jordan, Egypt, and possibly Israel. In particular, Greece may find opportunities in the Neom project to build "The Line" – a 170 km residential strip of one million inhabitants in which every location will be a five-minute walk from the natural beauty of the region. The Line, like the rest of Neom, will run on entirely renewable energy sources: solar, wind, and hydrogen-based power generation.

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Greece should also explore expanding its economic cooperation with Jordan as an additional avenue for enhancing Athens' position in a Greece-to-Gulf commercial corridor. In 2018, Greece deepened ties with Jordan when the two countries, in conjunction with the Republic of Cyprus, held their first trilateral summit. Israel, ranked by Bloomberg's Innovation Index 2021 as the world's 7th most innovative economy, holds great potential as an economic partner for Greece, beyond the two countries' already robust defense relationship and new joint weapons manufacturing initiatives. In June 2020, Israel hosted the fourth annual Greece-Israel G2G Summit at which Prime Minister Mitsotakis and Foreign Minister Nikos Dendias engaged their Israeli counterparts about deepening Greek-Israeli economic cooperation with a special focus on energy, trade, and innovative economy initiatives. The summit concluded with Greece and Israel signing a declaration of intent to advance collaboration in the fields of cybersecurity, energy, agriculture, and tourism. The 2020 normalization of relations between Israel and the UAE, as well as Israel and Bahrain, has led to rapidly developing economic relations that raise new prospects for Israeli economic cooperation with Egypt, Jordan, and Saudi Arabia that also would create new opportunities for Greece to participate in multi-partner joint ventures within a Europe-to-Middle East trans-Mediterranean corridor context.

Greece, Europe, and Trans-Mediterranean Connectivity – A Strategic Shift

Greece's new commercial relations are paralleled by a significant deepening of defense cooperation with Egypt, Israel, the UAE, and Saudi Arabia. In addition to further consolidating Greece's trans-Mediterranean commercial relations, Greece's Levantine and Arab Gulf state security partners provide Greece with a measure of autonomy in defense matters that enables Athens to approach its European partners in a less dependent manner. Home to the world's largest merchant fleet, Greece has long played a role in connectivity across the Mediterranean. However, Greece's emergence as one of the EU's leading trans-Mediterranean powers is a paradigm shift of strategic significance that will require the EU system to adjust its perceptions of the Hellenic Republic.

"Greece's emergence as one of the EU's leading trans-Mediterranean powers is a strategic shift of paramount significance that will require the EU system to adjust its perception of Greece."

It would best serve the European Union and its key member states to approach Greece with greater parity and to utilize Greece's trans-Mediterranean connectivity in a mutually beneficial manner. The EU's funding of the Tilos Project, Volkswagen's project for renewable energy and EV use in Astypalaia, and Next.e.Go Mobile's EV manufacturing plant are each examples of initiatives that that could be extended to develop value chain integration in the East Africa-to-Europe and Middle East-to-Europe corridors. Policymakers in Athens should prioritize this strategic consideration in their economic negotiations with Brussels, Berlin, Paris, and Rome.

In advancing Greece's interests as a leader in trans-Mediterranean connectivity, Athens' economic cooperation with Rome requires particular attention. While France's foreign minister participated in the February 2020 *Philia* Forum remotely via teleconference, Italy was conspicuous by its absence from the summit. Operating under its *il Mediterraneo Allargato* ('Enlarged Mediterranean') strategic framework, Rome aims to make Italy the premier trans-Mediterranean actor within the wider Mediterranean basin. By focusing on Mediterranean markets for over a decade, Italy has surpassed France to become Europe's second largest manufacturer, whose value of sold production exceeds France's value by approximately one-third.

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While Italy has engaged Greece as part of its *il Mediterraneo Allargato* strategy, Rome's outreach has been mostly focused on connectivity with Greece in the role of a transit state. A notable demonstration of Greece-Italy connectivity occurred with the December 2020 inauguration of the Trans-Adriatic Pipeline (TAP) – the final segment of the Southern Gas Corridor that brings Caspian natural gas from Azerbaijan to Italy for distribution in European markets. Receiving natural gas from Azerbaijan that has been transported via other pipelines to the Greece-Turkey border, TAP traverses Greece and Albania and then crosses the Adriatic Sea to reach its terminal point in Italy. Despite the fact that 63% of TAP's route runs through mainland Greece, Greece is not a shareholder in TAP. Indeed, one of TAP's leading three shareholders, Italy's systems operator Snam, has also acquired functional control over Greece's systems operator DESFA.

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A parallel situation exists with Greece's rail transportation system. In 2017, Italy's state-owned railway holding company Ferrovie dello Stato Italiane (FS Italiane) bought the Greek railway company TrainOSE that manages all train crews, operators and rail services in Greece's railway network. Subsequently in 2018, FS Italiane's Italian subsidiary, Trenitalia, Italy's primary train operator, invested €500 million to upgrade the Greek railway system and make it compatible with Italy's railway infrastructure. FS Italiane plans to employ the ETR 470, the *Frecciabianca* ('White Arrow) used in Italy's regional transportation, for high-speed regional services in Greece. The first engine is expected to be put into service on the Athens-Thessaloniki line on 25 March, 2021, the bicentennial of Greek independence. While the upgrading of Greece's rail infrastructure for better high-speed rail interconnectivity with the rest of Europe is necessary for Greece to play a major role in trans-Mediterranean connectivity, Athens needs to ensure that commercial flows are not solely oriented around Rome's economic interests. The most significant way for Greece to secure its interests as a leader in trans-Mediterranean connectivity is to anchor itself in the manufacturing value chains of the emerging East Africa-to-Europe and Middle East-to Europe corridors through the establishment of production facilities.

In 2019, Italy constituted Greece's largest export market. Greece-Italy commercial relations carry potential synergies for the two countries to partner in the development of trans-Mediterranean connectivity, if Rome is willing to allow its relationship with Athens to develop greater parity. The EU system should incentivize closer coordination between

"The EU system should incentivize closer coordination between Greece and other member states and European firms to make investments on a strategically significant scale in manufacturing facilities that will utilize Greece's innovation economy and commercial connectivity to the East Africa-to-Europe and Middle East-to-Europe corridors."

Greece and other member states and European firms to make investments on a strategically significant scale in manufacturing facilities that will utilize Greece's innovation economy and commercial connectivity to the East Africa-to-Europe and Middle East-to-Europe corridors. Greece's careful cultivation of its Levantine and Arab Gulf state partnerships will prove critical for Greece's value chain integration and will further incentivize the EU system to cooperate more strategically with Greece.

Conclusions

Greece stands at the threshold of a strategic shift that could see the Hellenic Republic become Europe's geopolitical gatekeeper of the emerging East Africa-to-Europe and Middle East-to-Europe commercial corridors. However, geography alone will not ensure that Greece realizes its potential as a trans-Mediterranean power. Whether Greece becomes one of continental Europe's leading actors in forging the 21st century's new trans-Mediterranean commercial connectivity depends on Athens' ability to develop its own position in East Africa-to-Europe and Middle East-to-Europe manufacturing value chains.

To this end, Greece's careful cultivation of its economic relations with Egypt, its other Levantine partners, and its Arab Gulf state partners is of paramount importance. Athens has a strategic imperative to anchor its position in the East Africa-to-Europe corridor and the Middle East-to-Europe corridor through investment in the countries of these corridors, particularly through the establishment of manufacturing plants. Greece's advance toward a green energy, innovation economy offers some of the most promising avenues for Greece to engage Egypt, Israel, the UAE, and Saudi Arabia in joint ventures that will transform Greece into a cutting-edge leader of trans-Mediterranean connectivity.

"Greece's ability to transform itself from a transit state into a leader of trans-Mediterranean connectivity in these two commercial corridors crucially depends on how Greece manages its set of foreign partnerships, particularly Athens' ability to substantially participate in East Africa-to-Europe and Middle East-to-Europe manufacturing value chains."

On 9 March, 2020, the European Commission and the High Representative of the Union issued a joint proposal for 'a new comprehensive EU strategy with Africa', based on a program of 'five partnerships' for 1) green transition and energy access; 2) digital transformation; 3) sustainable growth and jobs; 4) peace and governance; and 5) migration and mobility. For the European Union to realize its five partnerships ambition in the emerging East Africa-to-Europe corridor, the EU system must materialize its values-based approach through cooperation with Greece to create local manufacturing that participates in European value chains. Likewise, the EU system would benefit enormously from engaging Greece in a parallel approach to economic relations with the Middle East.

Greece's emergence as one of the EU's leading trans-Mediterranean actors is a strategic shift of paramount significance that will require key actors among the EU27 member states to adjust their perception of Greece. While France has strongly engaged Greece as a geopolitical partner, there remains an unrealized potential for commercial engagement and joint ventures. Italy's economic relationship with Greece, while robust, remains ambiguous as Rome's outreach on connectivity has primarily focused on Greece in the role of a dependent transit state. A Greece-Italy partnership in developing trans-Mediterranean connectivity would create synergies to the benefit of both countries, provided Rome is willing to grant Athens greater parity in their relationship.

The EU system should incentivize closer coordination between Greece and other member states to facilitate joint venture investments on a strategically significant scale in manufacturing facilities that will utilize Greece's innovation economy and commercial connectivity to develop the East Africa-to-Europe and Middle East-to-Europe corridors.

In the absence of such mutually beneficial coordination, Athens will continue to deepen its relations with Egypt, Israel, the UAE, and Saudi Arabia while engaging with select EU member states, potentially deepening already problematic divides within the EU system. Greece's ability to emerge as a leader of trans-Mediterranean connectivity fundamentally depends on how Greece manages its set of foreign partnerships to promote Greek investments in East Africa-to-Europe and Middle East-to-Europe manufacturing value chains. The extent to which Greece succeeds at industrial value chain integration will determine its role in the emerging trans-regional commercial architecture, and with it, Greece's strategic standing within the European Union and the MENA region.

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