



**Embassy Series
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H.E. Christos P. Panagopoulos
Ambassador of Greece to the United States

***The Future of the European Union:
The View from Greece***

Patricia Ellis: So good evening everyone, and welcome. Thank you all so much for coming tonight and joining us. I also want to thank the Greek Ambassador for having us here, arranging for us to be here at the Hellenic Center; thank you so much, it's absolutely beautiful. We couldn't have a more beautiful evening, both outside and inside. And I know a lot of people have been asking about the history of this center and this beautiful place, and so I think you [*Motioning to a Hellenic Center employee.*] would be available after the program to describe that to everyone because it is an absolutely fantastic place with a lot of history, and I know people would be quite interested in that. So, our topic for this evening is "The Future of the European Union: The View from Greece" and we're all very excited about this because it's certainly an issue that's very much in the news, very much on people's minds, and this is a great opportunity to really hear firsthand about what is going on on the ground.

I'm Patricia Ellis, I'm president of the Women's Foreign Policy Group. We promote women's leadership and women's voices on pressing international issues of the day. As you can see, we do have male speakers as well, particularly in our Embassy Series since there are a lot more male ambassadors. Speaking of that, I just wanted to also welcome our diplomatic colleagues who are here. We work very closely with the women diplomats and we're so glad they could also join us.

I just wanted to mention—before I briefly introduce the Ambassador and our moderator for tonight—I just wanted to mention, for people who are not familiar with us, we do a lot of programs. We have Author Series; we recently had an event on Saudi Arabia. We have a very active Embassy Series. The most recent event was our Celebration of Women Diplomats, which we have annually and is usually around the time of International Women's Day. And then we were also at the Embassy of Algeria. And *most* recently, we had a wonderful event with the first woman executive editor of *The New York Times*, Jill Abramson, who was talking about news coverage of foreign policy and national security affairs. We're working on a lot of exciting events coming up for the spring and the summer, so make sure that we have everybody's cards, if you're not already in our family, so you'll be getting invitations to these events and we will look forward to seeing you. And I also wanted to mention our board members, Gail Leftwich Kitch and Brigitte Gwyn, we really appreciate their being here.

And so now it's my great pleasure to introduce the Ambassador, and I'm going to give you just some highlights of a very impressive career because in your program book we have his bio, and we have our moderator's bio. Ambassador Panagopoulos has been the Greek Ambassador to the United States since 2012, and he previously served as Director of the Diplomatic Cabinet of the Minister and of the Alternate Minister of Foreign Affairs in Athens. He also has served as Ambassador previously to Serbia, and Cyprus. He was Consul General in LA, and I find this most interesting: Dean of the New England Consular Corps in Boston. I know he also studied at the Fletcher School, etc.—that is all in the bio that you can read. I'm not going to mention all of these, but of relevance to tonight, he has worked on European affairs, he was the head of the European Integration Directorate, and also was the head of the Directorate for Balkan Affairs. And I'm going to stop there. I am also going to introduce our

moderator, and then we will start the program with the Ambassador's remarks, and we'll have a conversation, and then we will open it up to Q&A from the audience.

So, Thalia Assuras has been a journalist for over 32 years. She was a correspondent and anchor for ABC and CBS, she worked on an energy related program for Bloomberg News, and she also was an anchor and correspondent for the Canadian network, CTV. So, Ambassador, if you can please join us and [*To the audience.*] please join me in welcoming the Ambassador. [*Applause.*]

Ambassador Christos Panagopoulos: Thank you very much. Well, dear Patricia, President of the Women's Foreign Policy Group, and dear Thalia, a good friend and our moderator tonight—first of all, I would like to tell you that there are no complaints tonight because I ordered specifically for you a wonderful Athenian night! [*Laughter.*] What wonderful weather it is today—I can't believe [it] myself—and this very friendly environment. I would like to thank especially the Center for Hellenic Studies of Harvard University for having us here tonight in this marvelous environment. The director, my good friend and distinguished professor Greg Nagy, is not here today with us. He is at my alma mater in Boston today, enjoying himself, I believe. But also many thanks to his colleagues, who have been extremely helpful to organize this event. This is the ideal audience for me. Ladies interested, articulate and interested in foreign policy. But I see lots of gentlemen, and there is nothing wrong with this. It is going to enrich our discussion tonight. Mostly I am excited because I will have the opportunity to touch upon a few issues of common interest, I hope. That means, Europe as an idea, as an organization—the European Union today—and, if you allow me, I'll say a few words also from the perspective of my country, and member of the European Union, the heart cord, the eurozone, and the Europe group also. But before I start my remarks—I would like to keep it short, so we can have some kind of dialogue discussion later on—I'd like to recognize the Chargé d'Affaires of Cyprus [Olympia Neoclaus], who is honoring us tonight, and welcome all of you.

The topic, as Patricia said, is going to be the European Union, and I'll say a few words about Greece also, and our common future. It is indeed a very topical issue, and Europe today is in the headlines for negative reasons because of the economic reasons. But despite that, Europe is the best partner of the United States, be it political, economic, cultural. In every field, Europe is the natural ally and partner for the United States. Today's headlines oftentimes do not do justice to the European project, nor to the individual EU member states. Because, more in my case, in the Greek case, it is a rather medium- to small-sized, by European standards, partner with the European Union.

Thalia Assuras: May I interrupt you, I'm seeing some signs back there they can't quite hear you.

Panagopoulos: Louder? Okay. What I'd like to say is, just like the founding fathers of this great nation, the European Union founding fathers—let me refer to some of them, probably they are known to you: Jean Monnet, Robert Schuman, Winston Churchill, Konrad Adenauer, and so many others, not to mention all of them—shared a common vision. That one of creating a peaceful, united, and prosperous Europe. That was the need at the time, when the whole conception of the European Union or the European Community came to be discussed immediately after a devastating world war. So peace was the number one [thing] they were looking for. It is no coincidence that in recognition of the caliber of the European project, the European Union as you may recall was awarded just last year the Nobel Peace Prize. And this prestigious distinction must be seen as a clear acknowledgement, I would say, of the results of a long period of gradual but ever-advancing integration [in] Europe. This integration, despite the difficult and often very complex issues that the continent still faces, continues to shine like a star, setting an example for other regions of the world. The Nobel Prize was also an acknowledgement, if not the most important reason for this distinction, for the longest period of peace in Europe—the longest period that Europe ever experienced, in the wake of two bloody world wars, not to mention so many smaller scale conflicts in the continent.

Before I start talking about current affairs and latest developments that I'm sure will be of much more interest to you, I'd like, if possible, to provide you with a few facts about Greece's path towards the European Union. So Greece first applied for accession to the then newly started European Community—that was the name at the time—in 1959, a long time ago. The next step was the signing of the Association Agreement between Greece and the European Community. That was in 1961. Now, Greece's application for accession was admitted in July in 1975, almost immediately after the fall of the military dictatorship in my country. And eventually, in record time I remember, we became full members in 1981. And finally the last step was [in] 2002 when Greece became a member of the European Monetary Union, what's known more commonly as eurozone today. Since then we have remained at the heart cord of Europe and have always been staunch proponents of further integration.

Now, when it comes to the European issues, you see that there are at least two schools of thought. One is the Anglo-Saxon approach, coming mainly from our British partners, who'd like to create an enlarged common market. And some other people believe in the federal model—more integration. I would say that the trend is to create a federated European system—we are not there yet. It is very difficult. Imagine to have today 27 different nations. You have your own experience here. How sometimes people are frustrated with the way Congress is conducting its business. But what to the citizen is incomprehensible—if you approach from the inside, you see this is normal politics. Because all of these people you send to the Congress, they do represent different constituencies. They are responsive to their small constituencies, and they don't see, necessarily, the broader picture. Imagine you have 27 nations. They do have to coordinate every moment, every day, in light of issues that they deal with. Everything in modern life: the way you conduct your daily business, your economic transactions, the political express of the European Union as a whole. It's a very complex exercise to do. But so far the European Union has been a very successful model.

Today of course, we do face a major crisis and we are tested, but with the experience of the past, we see that in every major crisis the European Union slowly but steadily finds a way out, and comes back stronger and stronger. So, to come back to my country's experience with the European Union, I would say that as it was important for the European project to enlarge and encompass a region of southeastern Europe—mainly Europe's own historical and cultural birthplace. There were other benefits for my country. The European Union membership has provided us with an important peace and political stability dividend, which is not to be taken as granted in this part of the world. In addition, consolidating democracy and democratic institutions after an unfortunate several years of dictatorship in the late 1960's and early 1970's, the EU membership has offered Greece a new sense of continued security in an often volatile and challenging neighborhood. During the current economic crisis, it is the financing support by the EU members—EU institutions rather—and member states also, along with the role, of course, of the International Monetary Fund, that complements the efforts of the Greek people and governments to address a series of complex problems accumulated over many decades. Since 2010, we have been implementing an ambitious—some say impossible, but it's ambitious, and it's a very good one—economic adjustment program in order to improve the country's competitiveness and macroeconomic outlook through fiscal discipline and key structural reforms, drastic in many aspects. And this brings reaction in an open, democratic society. It's very difficult in a very short time to implement all these reforms, which no question are needed. But imagine the elected officials who go back to their constituencies and having to explain to them that as of tomorrow, your income is going to be slashed by 20-30%. In a dictatorship that might work, but in an open society you have to bring together all the force of the nation. This is not an easy job to do.

But coming back to the benefits we've got from our experience in the European Union, I would refer certainly to the important infrastructure projects and several know-how transfer projects, which have already been funded through the cohesion funds of the European Union. More funds are being allocated now to stem growth, health-competent employment, and support [for] small- [and] medium-sized enterprises. I should say here that the bulk of the economic activity in my country is conducted by small and medium-sized [companies]; we have very few large, by your own scale, enterprises in

Greece. Most of them are small. That is the backbone of our economy, so it's very important for us to give the means for them to flourish and expand.

Mobility and interaction among European citizens in education and work, have reached the personal skills and the quality of the Greek labor market. In today's challenging times, combating illegal immigration, as Greece is a major entry point into Europe, where most of the illegal immigrants arrive on the Greek borders to Turkey, has also been an important element of European cooperation. This is an extremely serious issue for my country, especially in the midst of a serious economic crisis, which really limits our resources to deal with this challenge.

Let me now turn to the major picture of Europe and say a few words [about] Europe as a whole. Contrary to what some people might think, or even claim, Europe's role in the world stage is not dwindling. Politically, it carries a lot of weight. In particular, after 2009 when the Lisbon Treaty came into force, with which the European Union is trying to further enhance its cohesion and effectiveness and to streamline, while at the same time strengthening external representation. On the economic front, despite many rules, the European Union's a major partner. The EU-US trade relationship is the biggest in the world, with a value of goods and services exchanged daily reaching the amount of €2 billion daily, \$2.6 billion daily—it's a huge amount of money—with the view to boost even more the economy on both sides of that landing, as well as enhance growth and create jobs, both very much needed. The European Union and the United States are undertaking a project of paramount importance, that of Transatlantic Trade and Investment Partnership. If our endeavors succeed, the European economy alone could be boosted by as much as €65 billion annually, with similar benefits for this side of the Atlantic, as you say. We are not there yet, as I had a chance to talk to some friends before we went in.

My country is taking the rotating European Presidency of the European Council next year. We believe that during this time, the first of January, 2014, this framework agreement is going to be at the heart of the Transatlantic dialogue. We understand it's not a very easy thing for the United States, although as a whole, it's a blessing for both shores of the Atlantic. They have special interests and groups that they might oppose. You know, in every major effort you can assume that you have some difficulties, but we are very happy [with] the current administration, President Obama, is behind this new thing.

Let me now turn to the financial crisis and the developments in the eurozone. Greece has always maintained that the right approach in dealing with this major crisis would be to address the root causes of the problem, namely the competitiveness gap between the various eurozone member states. This means that all eurozone partners, creditors and debtors alike, must work together in order to improve the eurozone balance of payments. Bridging this gap through balanced growth and support for employment will continue to be the central issue for European politics for the foreseeable future. For future growth and stability to be achieved and sustained, we are going to need a solid fiscal and financial framework, but with steady and real growth and more employment opportunities.

During the past year, the eurozone has already succeeded in considerably improving fiscal discipline. We need a common currency area by establishing a solid fiscal framework. The so-called Fiscal Compact, which provides for balanced budgets, entered into force in January this year. Meanwhile, securing growth is of utmost importance. For instance, Greece and so many other countries in the European Union, are hit hard by unprecedented unemployment, which is particularly [active] among the youth. The considerate progress achieved so far in our stabilization program could be put at risk, both in Greece and on the other European level—other countries—if we don't manage to generate more jobs as quickly as possible.

Before I conclude these brief remarks, I'd like to underline that Greece is putting a tremendous amount of energy and resources, as well as political and social capital, towards achieving deficit reduction, and drastic spending cuts and tax hikes. Slowly but surely the incredible sacrifice of our nation seems to be paying off. Our exports as a percentage of GDP have just reached all-time record levels.

Tourism in Greece is expected to hit a new high this year, and we have managed to regain over two-thirds of our competitiveness. Our in-state tourism is a pillar of our economic growth. You know we lack heavy, industrial infrastructure. That means that we are more flexible; we can reset our economy more easily than other big-structure, industrialized countries. So tourism is a strategic component of our economy. And I'm happy to say that the latest elements that come to us, they talk about high record when it comes to numbers of tourists, especially from the United States, but also from European countries. There was a visible raise this year. And I mentioned also our privatization program is well underway, and income tax is starting to come in from the sale of important state-owned assets. We are focused on eliminating red tape, and are putting efforts in attracting investments. Overall, our task is to maximize efficiency-wide adjustment plans, while preserving social cohesion. It's very important for us. I told you before that social unrest is always a problem, not only for us, but for other countries in the Southern part of Europe. I wouldn't like to mention specific countries, but this problem expands, unfortunately, and that's one more reason to join forces to deal with this.

There are still many challenges ahead. We are now in our sixth year of recession in Greece, and unemployment has reached, as I told you before, a terrifying level of 26%, with 57.6% of youth currently unemployed. Know that no democratic country can go with this for years and years. Only by working together with our partners we will be able to overcome the serious problem that we, together, many EU countries are facing. But we remain convinced that the European Union is going to succeed this time, again. We share the same values and same background, so unity and solidarity, they are the key issues here.

When it comes to the years of economic crisis, we test also our solidarity. Some people are in the quite populist way, I would say, in some of the European countries. The Nordics, they ask themselves, "Why should we support Greece?" But they did support us. They did not transfer money to Greece; all this money they allotted to us is to facilitate, to repay our debts. Right now, they didn't even pay a euro from taxpayers' money. So they have every interest, apart from solidarity and redcardisms, but in real life also they have every reason to help us overcome the crisis. This is the only way to guarantee they're going to get back their money. Same goes for our transatlantic partners: you know, through IMF mainly, the United States—they do help my country, but other European countries also. They have been helpful from here—from my own experience—from the administration, starting from President Obama, to other high levels of the administration, who are giving every kind of support. Your treasury secretary currently is in Europe discussing all these topics of common interest. For good reason, he is laying his support for the common cause, because don't forget we are living in a global economy, so no matter how small Greece's economy is, the domino effect is not out of the question. It's so interlinked—I mean the international economic elements of trade—that what happens in small Greece let's say, has an impact right here. On the other hand, Greece—it might be a small nation, but it is the 25th most advanced economy in the world. Lots of capitals and billions of dollars have been invested in my country. Nobody, absolutely nobody—except some speculating with the money of the taxpayers—all the organized administrations, people, abide by the laws. They have every interest to help us get out of the crisis. And that's what we joined forces for. And with this, I would like to thank you very much, keeping it short. And I would like to ask Thalia to moderate our discussion.

Assuras: Thank you very much. I'm certain there are many, many questions; I have a whole list of them. I'm going to take the privilege of asking the first couple of questions. Before I do that though—and I won't take the limelight—what I would do is, when we get two questions here, just put up your hand, I'll acknowledge you, and if you can give us your name, your affiliation, and make your question brief, we can get through as many questions as possible.

Mr. Ambassador, the first question I have goes directly to the question of employment, or unemployment. You talked about stability being maintained, or at least not being reversed. What's

essential then is to create jobs. What kind of plans does Greece specifically have, and leeway within the agreements, to create jobs?

Panagopoulos: There is a series of measures that address this problem. I have to tell you, Thalia, from the beginning, that we are not alone. Probably here, you go through low rates, and for American standards it would be incomprehensible to have 25% or 26%, but in Europe these numbers, unfortunately, they are not experienced only in my country. I will tell you from the onset that Spain has been used to this very high rate of unemployment—a very advanced economy, and a major country in the European [*Inaudible.*] is going for years and years. So this is a structural problem. What we try to do is to increase competitiveness. The key word for us is growth, and how to do this. We're getting advice from so many international players, foreign governments. As a matter of fact, there's a task force headed by a European Union official in Greece, who tries to transfer good ideas and experiences from other countries to the Greek reality. But, unfortunately, these reforms—they need time. We don't have a magic button to push, and say, "Tomorrow I will have growth." You have to do a series of things. For instance, bureaucracy is a common denominator. In order to build democracy, you have to take measures, the fruition of this, the effectiveness of this—that is going to be tested in a few years, not immediately. But there are underway major efforts to overcome all these things. Then tax evasion is a major problem for us, making our country more appealing to international investors. We are dealing with all of these things. Suffice to tell you that today you can realize and invest in this. First of all, the question of whether Greece is going to be in or out of Europe has been dealt with since the European Consulate Resolution last December. Forever Greece is linked to the euro, and the euro depends its final success on Greece's success. So imagine a country, strategically located in the Balkans, very easy access, traditional ties with the Middle East, the Arab world and Asia, of course a gateway to Asia, having to use the euro. And, at the same time, a great discounted economy. What I'm trying to say is that three, four years ago, to have an investment, you should put down €100 euros. Today, you can have the very same investment paying no more than €20. So international funds who can spot places all over the planet and deal with this thing, they have their eyes on my country right now. We are discussing several projects in the billions of euros to be invested there. To come back to your initial question, we have lots of young people, they are highly qualified. Most of them, they keep degrees from Harvard, from MIT, from Yale; they are ready to offer their services there. So what we are going to do is to give them a perspective of growth competitiveness, to have the first results of this. But battling unemployment is not an easy thing.

Assuras: Let's start right here with Patricia Ellis.

Ellis: Well Cyprus is very much in the news, and I was wondering if you could please talk about how the situations in Cyprus and Greece are different, and the impact that it's having on your country? And related to Cyprus, there has been talk about gas finds in the eastern Mediterranean as maybe a salvation for Cyprus. Might it also be for Greece?

Panagopoulos: A very good thing. I'm very happy you have the Chargé d'Affaires of the Cyprus Embassy here. But allow me, Olympia, if you wish, to say a couple of words. With my previous post as Ambassador of Greece to Cyprus, where I made so many friends, and I follow very closely even today. You know the Cypriots, they have been there for 7000 years. They have been through incredible difficulties. Suffice to say that in '74 they suffered an invasion by a foreign country. Unfortunately Turkey, as of today, keeps an occupying army there. Despite that, they have been fighting for a good cause. They have been successful, despite the fight of the occupation of a third of their territory, to be one of the most advanced economies—if not the most advanced—in the area, being full members of the European Union, members of the heart cord of Europe, through their participation in the euro. The economies of the two countries, Greece and Cyprus, have been interconnected. This is very obvious because there is a spirit of fraternity among the two countries. And it's obvious that they have been very close. That has very positive effects, but in this case, they carry some of the burden of the Greek economic crisis. But the new government in Cyprus—don't forget that just a month and something ago,

a new president, Mr. Anastasiades, was elected to be the President of the Republic of Cyprus—they are doing their best. They found themselves from the very first moment of the crisis, but I have full faith that the Cypriots, because they have been galvanized with dealing with difficulties through their rich history. They are going to overcome the difficulties.

Now, you refer to this energy possibility and potential, which is not only potential, it's a reality, I should say, in there today. We have all the tests and results that they have a huge thing there when it comes to natural gas to exploit. Not only that, [but] there have [also] been very systematic and very serious policies applied in the past. And I believe very soon that the economy of Cyprus is going to benefit from this. This is an added value. When you talk about the salvation of your economy, you have a crisis which is devastating. You see what your elements of defense might be. This new thing, the energy sector, is a means of added value for the Republic of Cyprus. But also, if I come back to my own country—very lately we started a very ambitious program to explore the possibilities to find natural energy resources in my own country. The west part of Greece, for those of you have been there, the Ionian Sea, and south of Crete, has some preliminary results, very promising. We would like to be cautious for the time being, but everybody in the inner circle of the government is hugely optimistic about the outcome, which is going to add in we should say, five to ten years time. Which for us is a big period, but for a nation, it's almost nothing. Let's say ten years period, we're going to talk about billions of euros—dollars also—to be in the Greek economy, but also for the economy of Cyprus as well, so it's a huge plus for us.

Assuras: Could I do just a quick follow-up on that, because there's a new initiative, the Congressional Hellenic-Israel Alliance. This is specifically in part going to deal with the energy issue, so could you explain to us the connection to the United States, and how important it is for this country as well?

Panagopoulos: Absolutely, and thank you very much for mentioning that. Lately, I would like to be part of the initiative to visit Israel. Greece, a few years ago, started rediscovering Israel, and Israel rediscovered Greece and Cyprus. So the three countries, they joined forces, along with our great ally the United States, to bring mainly peace and stability to this volatile area of the southeastern Mediterranean. But at the same time to boost prosperity in our region. This is not against anyone, because some American friends, they ask me, "Okay is this against Turkey?" No it's not against Turkey. Our vision is, if Turkey agrees to solve in the right way, according to the UN Resolution the Cyprus issue. I'm happy that with the help of President Obama, they start normalizing their relations with Israel. So the four countries eventually—for the time being we are only three—Greece, Cyprus, Israel—join forces, [and] we can bring a new dimension when it comes to cooperation in this part of the planet. When it comes to energy, there are specific projects for common—let's say common projects between Israel, Cyprus and Greece to explore our natural resources. And then, for the very first time, provide natural gas, which is the energy source of the future, to the European mainland. Up until now, our American friends told us, very politely, that it is not a good thing to rely only on Russian natural gas. So Greece will realize soon our plans: having natural gas from Cyprus, Israel and eventually from Greece is going to provide Europe with an additional resource of energy, clean energy, good energy for us.

Question: Ermina Scarcella. [*Opens in Greek.*] Just wanted to know, because we've been talking about the corporations, the economy, employment, etc. What are the goods that are imported and exported in Greece?

Panagopoulos: Mainly, Greece is known for first-class and specific products. For instance, olive oil. We've been discussing before with the doctors of the benefits of the Mediterranean diet, and, as people have more money to spend for their own wellness, they tend toward first-class products. Olive oil is a blessing. Not only from my point of view, but also I mean as a good things for ourselves. So olive oil. We are probably one of the top countries that produce high-quality olive oil. Yes that's a very good thing yes. I come from a part—I have to say I am biased, because I come from Kalamata, which produces

the best olive oil in the world. [*Laughter.*] Then we have some specific products [like] wine. Last year, there was a major improvement when it comes to quality; we are producing first-class wine right now. Then you might be familiar with Greek yoghurt, which again is a delicious thing to savor, but at the same time, it is very good for your wellness all in all. So we have special importance on this issue. But we do export some other things. Mainly food products, but at the same time, with our refineries we provide, some of you may be familiar, the American fleet with ready-to-use, from our refineries—gas and oil and all these things. All this has been through Greek companies. We are talking about, I would say, billions in the long term, of dollars. But the potential is even greater, because we do have a volume of creative changes. Right now we have [*Name inaudible.*], who is our economic council of these, and if you have the time and are much more interested please feel free to contact us, and [*Name inaudible.*] is going to be happy to follow it up. But what I am trying to say [is] that we have a great potential. It's up to us to make to our American friends know what is available from us, and then expand our economic and trade relations.

Assuras: Olive oil is so good. I've been using olive oil soap for years, [*Laughter.*] so I can just recommend. From Greece!

Panagopoulos: You look so great because of that also. [*Laughter.*]

Question: Mr. Ambassador, thank you for your comprehensive outlook of the situation in Greece. My question is, given the economic downturns in Europe affecting Greece's exports, how important is it to look eastward, like for instance the Black Sea Consortium, or even farther out? Is Greece taking any steps to look for routes, to look for the exports, in that direction?

Panagopoulos: Excellent remark. We have to be all-inclusive. Tradition in Greece maintains excellent relations, actually. In some of these countries east of us, northeast let's say, there have been Greek communities forever. And recently, we celebrated our 192nd anniversary of Greek independence. The idea and the soul of this revolution that gave us our independence came from communities from the Israeli area, the Greek Diaspora. So we have traditional ties. We're trying to be—you know, in the past there was this bipolar system. I'll give you an example. I was honored to represent my country in Serbia. When I started this business in the foreign ministry, it was a bipolar system. They and us: you couldn't imagine a friendly kind of expanded business between Serbia, Bulgaria, Romania, and Greece. Nowadays, after the fall of communism, the whole situation has changed remarkably, so we're expanding to new markets, to new people that are eager to do business with us. Mainly they know my country through tourism. But as you said, they are good economic partners. Let me just refer to only one element that is very important for us. You know that Azerbaijan has lots of natural gas, and nowadays they are discussing—I am simplifying the whole thing just to give you an example—they are trying to get financing for five projects. We are going to try to run natural gas to Greece, Albania, Italy, and then eventually southern Europe. That's exactly in accordance with, let's say, the wish of our American friends not to monopolize Russian natural gas, but to have USA gas. So to make a long story short, the three countries—Greece, Albania, Italy—they joined forces in the consortium to build a pipeline from Turkey, where eventually the Azeri gas is going to end up, and through Greece, Albania, goes to Italy. This multi-project is about 2 billion dollars, something like this, for Greeks only. And we're talking all in all about 10,000 new jobs. Yes, it's a major thing for us. The same likewise goes for Albania and Italy also.

Question: Angela Eliopoulos, Global Owner Properties. I'm thinking that, since crisis creates opportunity for change, I have two questions for you. Would you tell us some positive changes that are now taking place in Greece, and if possible, how soon do you think they will become a reality in Greece?

Panagopoulos: Some of them are already a reality. Sometimes they tell us that we need to reform our public sector, our economy; all this is true. But if you don't feel the pressure, if, let's say you are an

elected government, you say, “Okay what happened in the past?” Every prime minister—I’m not referring to a specific prime minister—but it was very easy to say, “Okay let’s borrow some more money to deal with this issue.” And then you create a huge debt, and one morning you wake up and say, “Oh my God this is not possible.” Now, we have to remember that the economic crisis was imported to my country because, up until 2009—okay you had the huge national debt, but our growth was 3-4% every year. So you have this positive development in your growth, you can sustain, you can afford to borrow some more money. But when the crisis was imported, we were cut off of the international markets, and then the Greek tragedy started, unfortunately. So we are trying to do so many things at the same time. The reaction is very, very large, I would say. We tried, first of all, to trim our public sector. That means that thousands of people are going to find themselves without a job, going to the hospitals. The way we managed our social services, it was not the most efficient one. We have to take drastic measures to shrink this sector. That means lots of elderly people, they are not sure if they are going to get their medicine on time, [if] they are going to get their pensions. They have been paying for this, by the way. So it is very critical thing, especially in an open society, a democratic society. The reaction is huge.

But we have already some progress. Already we have about 120,000 people who are out of the public sectors, who are leaving the funds of the state. We have a more efficient system of how we can distribute medicine to elderly and weak parts of our society. The education system absorbed lots of money, so this is under reconsideration. Our defense budget was a huge lump for good reason. Unfortunately we live—we are not neighbors with Switzerland or Sweden, we are in a very volatile area, so you have to project power, not only for our common NATO obligations, but also as a nation to help convince everyone that we have the might to defend ourselves. That costs a lot of money. In our own small scale, we do what we are trying to do right here with the Obama administration: have a smaller military, but more efficient. It is a very easy thing to say, very difficult to implement. It is underway right now; it was from almost 4%, we are now below 3% of GDP when it comes to defense purposes. This is a huge amount of money also. Other things: bureaucracy, we are taking specific steps to bulk bureaucracy. In order to attract investors, we have a new law making it much more appealing. In the past, you had a good idea, you wanted a start-up, you go there, and you go from office to office, signature here, there. Now we are in a much more efficient environment and, of course, we do have results. It takes time, but we are working on this.

Ellis: I read a recent report from the Greek–Turkish Business Council, and it said that Turkish companies were willing to come in and take over some of the factories that were closing in Greece. And I’m just wondering if you think that this is something that could really happen, and how would that be viewed?

Panagopoulos: We are very much for this. Let’s say that our relations with Turkey have been improved in the past decade or so. There have been specific steps taken by both sides, but mainly by Athens, to improve relations. That has—the best expression of this is [that] the interaction, when it comes to our economies, is flourishing. We are realizing a new era when it comes to business. Greece has been investing in the good times in Turkey, and Turkish businesses are interested in our economy right now. It’s true that some businessmen in Turkey have the economic potential, and are interested in exploring the opportunities to be active in my country. They are very much welcome. And this is another bond between the two countries to overcome the difficulties of the past. This is underway, and we have completed results up until now. The biggest bank in Greece, The National Bank of Greece, a few years ago invested heavily in a Turkish bank—in a very successful way, I have to say. The Turkish bank has been active in Greece already. There have been talks already for common projects, and I think there is great potential there. This is very much a reality.

Assuras: In terms of Turkey also, you’ve talked about foreign workers—undocumented foreign workers—in part coming from Turkey, and that is a major problem. How is Greece dealing with it?

Panagopoulos: Thalia, it is a major problem for us because, when the economy is flourishing, we can afford to have some extra, illegal workers there. In your own big scale, the same thing happens here. You have the reactions of local communities and societies to see some undocumented, as you call them, aliens coming here and taking jobs. The fact of the matter is these people take jobs that the locals don't like to do. That's my experience from California. When it comes to us, when the economy was booming, it was a bad thing to have. I mean, imagine a nation of 11 million went up with more than a million workers coming from abroad, most of them without speaking the language, undocumented, illegal, I would say illegal—they're human beings. But it's a big burden for us, especially in the middle of the economic crisis.

Most of these people, they come through Turkey. There are specific, complex, mafia-like societies that get them [in]. Mainly they come from Afghanistan, Pakistan, Bangladesh, they come all the way from there. Their final destination is not Greece. They would like to go to what they call the land of opportunity, Germany let's say. But because of the land barriers, you cannot go. In order to reach Italy, the next destination in the European Union, you have to take a ferry boat. There are not borderlines between Italy and Greece, or you can go to Ancona also—they have a difficult [time]. So it's like a parking lot where you have literally hundreds of thousands of people who they have to sustain themselves. They have some illegal activity, not all of them can find a job, especially nowadays. You have to give them some basic things in order to sustain themselves, so the reaction from local societies is—especially in times of an economic crisis—very negative, because you have unemployed people from the locals. So imagine having all these people going around, contributing to criminality and all those things. So it's a very bad problem. We are dealing with it ourselves, we are asking our Turkish friends to take measures. So far, they pay lip service to us. They say, "Okay I've been present to so many prime minister talks on this specific issue." And the current Turkish prime minister, Erdoğan, repeatedly said, "I'll take care of this, don't worry, it's alright," but they don't do much. We are trying to get into the picture of the European Union and say to our Turkish friends, "Listen, it is your responsibility to stop these people from getting to Greece into the European Union's territory," but it's a big issue for us.

Assuras: I would like to ask just one final question, if I may. I think it is our perception, especially in the United States, that the relationship between Greece and maybe—if I can put it this way—its austerity masters has been particularly frayed. It's been tense, even though we're talking about the EU as a family. What's it going to take to repair the damage?

Panagopoulos: To join forces and to fight the stereotypes. When the crisis [occurred], both you had the Germans saying that the lazy southerners, Greeks, they drink ouzo and beer the whole day, and we have to support them. And you had some Greeks reacting to that saying that okay the Germans are Nazis, they came back to occupy. This is a very stupid approach. You can't go anywhere. So you have to battle. It was the official policy of both governments, I have to say, from Berlin and Athens, to battle these stereotypes. But I have to say that the conduct of the priorities coming mainly from Berlin are not very helpful. Not that the official government has something against Greeks, but the policy priorities that they introduced and insist on implementing, are not compatible with a European solidarity of sharing the burdens, and helping one partner to get out of the woods right now. And I don't say that myself. If you take your treasury secretary, who happens to be in Europe today, he said the same things to his German colleague Philipp Rösler, who is the German minister of the economy, and has a very strict—okay he has his own priorities, but we don't necessarily agree with all of them. In other words, we need to approach the European crisis in a logical way or it's not going to produce anything. And unfortunately, the Greek people, and some other people also, like Portuguese and Spaniards, they are asked to make sacrifices, one after the other. They see no light at the end of the tunnel, and that's devastating. And suffice to say that the social unrest has no borders. If something goes wrong with a partner in the European Union, you might see something. Nobody is immune from that, so we have to join forces. My answer is to join forces to fight the stereotypes, but then understand the problems of other people also. Like the American secretary of treasury just said, allowing more flexibility is not

granting money to someone as a favor. It is to help him get out of the crisis, and then solidify our common infrastructure system, which is a global economy today.

Assuras: Well, Mr. Ambassador, I'd like to—and I'm sure everyone here would like to—thank you for helping us understand Greece's crisis, and what it's doing to remove itself from them, and hopefully better days ahead. We appreciate your time, and we all appreciate your time, thanks for being here, and have a lovely Athenian evening. [*Laughter.*]

Panagopoulos: Thank you! [*Applause.*]