

# Russia and Greece: Problems and Prospects of Cooperation in Today's Rapidly Changing World

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## Abstract

*This article analyzes the current state of the economies of Russia and Greece and assessing the prospects of development of relations between the two countries. This article discusses the evolution of international economic relations of these States. The author notes that despite some geopolitical difficulties, the cooperation between Russia and Greece, as well as at the level integration associations between the EU and the EAEU is very perspective.*

**Keywords:** Integration, economy, European Union, Eurasian Economic Union, partnership, economic cooperation, international economic relations.

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Cooperation between Russia and Greece is very important and relevant nowadays, as the authorities of our countries constantly meet and plan joint activities despite the fact that our countries had rather complicated diplomatic relations. Unquestionably, now, during the crisis, which touched both Greece and Russia, our countries should pay special attention to combating economic difficulties, since it is the economy that is the engine of any process development. The most constructive, in our opinion, is cooperation between the integration associations we belong to.

Speaking about the Eurasian Economic Union, it must be said that an enormous amount of work has already been done to develop the integration association in the shortest time possible. The initiative to create the Eurasian Economic Union was submitted by the President of the Kazakhstan Republic, Mr. Nazarbayev in 1994. In 2010 Russia, Belarus and Kazakhstan created the Customs Union, which in 5 years was transformed into the Eurasian Economic Union, later joined by Armenia and Kyrgyzstan. And we have much to be proud of. The entire world community considers the EAEU as a new global player. Nowadays the Eurasian Union is the second deepest regional economic integration project in the world after the European Union. The EAEU creates a market with a population of over 180 million people, functioning practically according to unified transparent rules. At the same time, the EAEU market de jure and de facto operates on the basis of World Trade Organization (WTO) norms, which makes it open and understandable for investors and attractive for third countries, especially in world economic turbulence conditions.

Undoubtedly, the reason of success is the development of Eurasian integration on the principles of economic pragmatism and mutual benefit. Integration was viewed as an additional growth driver, which contributes to the solution of national problems and

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provides additional growth of economic results by implementing the integration potential. The priority goal of the Eurasian Economic Commission was to develop integration in depth, which had eventually found expression in the Treaty on the EAEU, which consolidated the integrational architecture of institutions.

Definitely, it is Russia that is the engine, the driving force of Eurasian integration. Russia is the largest economy of the Union, the largest territory, a weighty argument on the world stage. Cooperating with other countries within the framework of the EAEU, Russia creates new jobs, improves transport infrastructure, forms a full-fledged financial base, develops tourism, cooperates in the field of culture and education. All this leads to a gradual modernization of all spheres of our state.

As for Greece, we are well aware that the Greeks are especially committed to the idea of European integration. It seems that the reason is that Greece's path to a single Europe was neither simple nor rapid. It began in 1961 with the signing of the Athens Agreement, which entered the history of the Union as the first treaty concluded by the European Economic Community (the so-called EU at that time) with a state that was never a part of its ranks, consisting of only six founding countries back then. Greece's membership in the EU has given it not only political benefits, as it may seem at first, but economic as well. The subsidies that Greece received under the EU Common Agricultural Policy had a huge positive effect, becoming a stabilizing factor, real economic support provided by the Union partners. Real changes have taken place, Greece has withdrawn from the status of a developing country, has politically become a stable democracy with a consistently developing civil society. So now Greece owes much to the EU and does not separate its future and the future of the country itself.

Greece was recognized as a developed country in 2001. At that time, it became one of the leading investors in the economies of its Balkan neighbors. For example, in 2006, the Greek National Bank bought a 46% stake in the Turkish Finansbank and 99.44% stake in the Serbian VojvodanskaBank. But in 2009, Greece appeared to be in a difficult financial situation: the budget deficit was 12.7% of GDP with the allowed 3% in the Eurozone.

Greece was on the verge of default in the spring of 2010. It was avoided only thanks to the financial assistance of 16 EU members and the IMF, which allocated 110 billion euros to fight the economic crisis. However, this money was given to the country, obliging it to cut social payments and salaries, increase the retirement age, and raise taxes. The Greeks reacted to the new social policy with a wave of strikes, mass protests and riots.

What is Greece now in the EU? In 2013, it was mentioned in all macroeconomic textbooks as the first country in the world to lose the status of a developed country. At the same time, the external public debt continues to grow: it almost doubled in the last ten years and amounted to 327 billion euros in 2016, although there is a trend to slow this growth. The unemployment rate is now 23% compared to 27% in 2013. Thus, despite this difficult situation, Greece is emerging from the crisis, where it has driven itself.

Now, fortunately, Greece is experiencing an amazing moment when uncertainty ends and the country looks ahead with a great optimism. It is planned to reorganize production and to resume economic growth in the near future.

It is interesting that Greece sees its further development together with Russia, which maintains a high level of bilateral relations. This was confirmed by several visits of Alexis Tsipras to Moscow and St. Petersburg over the past year, as well as by visits of Vladimir Putin to Greece. The authorities have also met in Beijing on May 14, 2017 to discuss the building of trade ties. For the first months of 2017 the trade turnover between our countries increased by 80%, which is actually two times higher than the trade growth rates between the EAEU and the EU. At the same time, there is an increase in the flow of Russian tourists in Greece.

Thus, it can be concluded that strengthening the economic ties is strategically right, as there are close religious and spiritual ties between our countries, and there are opportunities of economic partnership increase and strengthening of stability and peace.

As for the integration associations, it can be said that any interaction between the EAEU and the EU is the interaction of countries in the context of integration associations, for example, Russia and Greece. As noted above, despite the crisis in Russian-European relations, there is an objective foundation for the mutual interest of the EU and the EAEU in the integration interaction, which is based on geographic proximity, significant trade flows, the potential for investment links, economic security issues.

Deep economic integration with the EU is extremely important and promising:

- The EU is the largest trading partner of Russia and Kazakhstan. Russia, in turn, is the third most important trade partner of the EU. The EU could play a significant role in solving the modernization problems of the EAEU countries
- The EU could become the main partner of the EAEU in the long term. The level of partnership is not limited to the free trade zone and there is a possibility of concluding a comprehensive trade and economic agreement.

Thus, developing cooperation between the EU and the EAEU, we will certainly improve the economies of our countries.

In conclusion, it must be said that, according to objective economy laws, the cooperation between integration associations gives a huge effect, which indicates the need for global cooperation between the EU and the EAEU. Only through the support of bilateral cooperation between Russia and Greece in such strategic areas as energy, high technology, infrastructure, mutual investment, etc., we will be able to show other countries how important foreign trade cooperation is for us.