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GREEK TURKISH ECONOMIC COOPERATION

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There is no doubt and it would be rather wrong to ignore the fact that Greek-Turkish economic relations have, for long, been closely related with the political and social relations prevailing between our Countries.

My family, like many Greek and Turkish families, witnessed the build-up of nationalism in the first decades of the 20th century, and experienced the violence that this nationalism led to. I am certain that no-one in this room will deny the human suffering and social costs that blind national stereotypes and expansionistic state policies have caused to our peoples.

I am certain that you will also agree with me that, despite the suffering, despite the costs, despite ugly events, and – if I may add - even despite electoral populism and propaganda, it is our human relations (business or personal), our human memories, our human desire for peace, quality of life and prosperity that are building up a new and renewed relationship between Greece and Turkey.

Some of my best friends live in Istanbul and Izmir, and I feel very comfortable and welcome whenever I cross our common borders and visit Turkey. Of course, I am not the only one. There are thousands Greeks and Turks who have tried to leave the past behind and are ready to contribute to a positive future.

My friend Selim Egeli and I have been working together on Greek – Turkish economic relations since the early 90's, along with many other Greeks and Turks from the private sector of both Countries.

The Business Communities on both sides have indeed played a very constructive role during this critical period of the last 20 years. We are well

aware of political problems that need to be overcome, but we consciously choose to be a part of this effort, knowing that economic and personal relations can and should contribute to this important task.

Even though we were not politicians, we did not hesitate to discuss amongst us - as businessmen and as citizens of the two countries - all the "hot potato issues": Cyprus, the Ocalan case, the Turkish threat for *casus belli*, or the Greek veto on Turkish-EU relations. Needless to say, we often end up arguing and fighting passionately, but we choose to remain engaged and committed.

In the last two decades, there have been dozens of Greek-Turkish Forums, mainly in this very City, Thessaloniki, but also in Athens, Istanbul and Davos. Also, there are several think tank discussions held all over Europe, where both sides try to balance economic and political concerns.

It has certainly not been easy at all for non politicians to debate on political issues, especially given our Mediterranean-Oriental culture and temperament, as well as our emotional stress and sensitivity for our countries' national interests

Today, 20 years later, I can say, for sure, that all these efforts and energy have not been in vain. On the contrary, they have been very valuable, and have created a positive spirit between our business communities, that our leaders should use to the benefit of the Greek and Turkish people. We already have some positive elements on the ground.

- In the late `90s, George Papandreou was the pioneer in breaking the ice. He is now the country's Prime Minister.
- Greece has eventually turned out to be the strongest supporter of Turkey joining the EU
- When Turkish Prime Minister, Tayyip Erdogan, last visited Athens, he was joined by some 250 businessmen
- Turkish Foreign Minister, Ahmet Davutoglu, is a strong advocate of a new Turkish dogma for "Zero problems with the neighbors". For us Greeks, this is interpreted as a decision of the Turkish leadership to discontinue practices that create mistrust and suspicion. We look forward to seeing this new approach in practice, too - eg by stopping

violations of the Greek FIR, or by turning to the International Court at the Hague, to determine the pending matter of the Continental Shelf.

- Economic relations between Greece and Turkey during the last decade have moved from less than 200 million to nearly 3 billion US Dollars.

(Next slide) KNOWLEDGE ECONOMY

We should keep in mind that both our economies are part of an international knowledge economy and society, which is very competitive. Regardless of how well Turkey may be doing right now, or how difficult this period may be for my country's economy, we are both under the same big pressure to improve our economies' productivity, competitiveness, efficiency and attractiveness to investors. As such, our countries have moved away from the traditional paths of economic development and already joined the so called "**Knowledge based Economy**".

Economic cooperation between the two countries could potentially develop complementarities that can enhance the international competitiveness of our markets.

Of course, the difficulties of the Greek economy are no secret! Turkey was a more regular customer of IMF but has by now recovered and its GDP is growing by 6-7%. Greece is a more recent client and we are all working very hard to return to net growth by the end of 2011.

The point is that

- ⊙ Both countries need to adjust to a growingly competitive international environment
- ⊙ The business community can help identify those fields where we can develop joint initiatives that will benefit both our economies
- ⊙ By merging our strengths we can overcome our weaknesses

(Next slide) ADDING VALUE TO OUR ECONOMIES THROUGH INNOVATION

In order to benefit from the new trends in International economy both Greece and Turkey have to invest in INNOVATION and add value to our economies.

- ◎ The key ingredients of INNOVATION are
 - Access to finance
 - Human capital
 - Knowhow: design, technology, outreach
 - Tri-partite approach: academia, government, private sector
 - Connecting regional capacities to the global economic system
 - Knowledge diffusion
- ◎ We must not forget the benefits of social innovation also, in terms of creativity and culture

(Next slide) INNOVATION FOR THE ENVIRONMENT

We can innovate together on those sectors that affect our planet and the environment we live in.

We can innovate for the environment in sectors such as:

- ◎ Agribusiness
- ◎ Climate change
- ◎ Energy efficiency
- ◎ Eco-technology
- ◎ Bio-technology
- ◎ Eco-tourism
- ◎ Infrastructure: water management

(Next slide) AN EXAMPLE: GREEN AGRICULTURE

Let us take a look at the example of GREEN AGRICULTURE. How can there be innovation in agriculture, with a view to the environment? We are talking about things like:

- ⊙ Environmentally friendly production, distribution and consumption process
 - Use of Natural Gas, Geothermal Water and Carbon Dioxide
 - Cultivation of Plants to produce energy (eg oil seed rape, corn, sunflower, cotton, cereals, sugar beet)
 - Use of Genomics in Agriculture to produce high quality raw materials for the Food and Pharmaceutical Industries
- ⊙ Novel foods, respecting our bio-resources (and fighting adulterations)
- ⊙ Authentication of traditional products and support for regional food policies (eg P.O.P. products)
- ⊙ Establish a cross-border Bio-Agrofood cluster

(Next slide) INNOVATION FOR THE SERVICE SECTOR

There can also be innovation in the services sector. Examples of service industries are

- ⊙ Tourism
 - Conferences tourism, religious tourism, exclusive tourism, sports tourism...
- ⊙ Transportation and logistics
 - Border crossing efficiency, security of the supply chain, environment-friendly transportation
- ⊙ Information and Communication Technologies, and e-services
- ⊙ Banking and finance
- ⊙ Education and vocational training

(Next slide) COOPERATION BETWEEN OUR BUSINESS COMMUNITIES

Greece and Turkey still have some major issues to promote and solve, i.e. Cyprus and Aegean continental shelf.

However, they should continue to give the highest possible emphasis to their economic relations mainly through their Private sectors.

- ⊙ The Greek business community could benefit from the network and the experience of the Turkish business community in Central Asia, as well as from its technical knowhow on sectors like manufacturing, mining or technological applications.

- ⦿ At the same time, the Turkish business community could benefit from the experience and networks of the Greek business community in other EU members, or build partnerships in fields such as shipping – a sector where Greece is an international leader.
- ⦿ Greece and Turkey should invest in common network of **Bilateral Innovation**

(Next slide) TRADE VOLUME 2003-2009

They say that good neighbors make good traders. And that good traders make good neighbors. As it seems from this slide, which presents the volume of bilateral trade, we are apparently becoming better traders – and consequently better neighbors.

BUT, with **only 4% of total Greek** exports going to Turkey, and **less than 1% of total Turkish** going to Greece, it is obvious that we can get A LOT BETTER – both as traders and as neighbors.

(next slide) ECONOMIC COOPERATION

What the previous chart on trade told us is that there are growing trade relations - there is no doubt about it.

BUT, we are only realizing a small part of the potential.

This means that both the Greek and the Turkish government need to enhance their efforts to create the legal and functional framework for the business communities to work together on new projects and new ideas

(Next slide) SOME THOUGHTS

Let me conclude by being more specific about some ideas, which, in my view, signal a renewed commitment for economic cooperation, and can also deliver some practical results.

Of course, these are only indicative.

1. To my country's authorities, I must stress the need to further facilitate Turkish investments in Greece. In many cases, I think that the Greek market could benefit a lot from the entry of Turkish businesses, in terms of **increased competition**. I am certain that the Turkish government can also facilitate Greek investors in more ways than one, with similar benefits.
2. Our two "Invest in Greece" and "Invest in Turkey" organizations can work together and serve as advisors to our governments, so that bilateral investments can grow. This could perhaps mean the development of a permanent joint team from our two investment promotion organizations, which will come up with concrete proposals on dealing with issues like non-tariff barriers to trade, intellectual property rights, investment liberalization, sectors of potential cooperation, and so on.

This team should also include representatives from our business associations – industrialists, exporters, sector specific associations - our universities, our technology parks, our financial institutions and so on.

3. Use Thessaloniki – Selanik - as the Gate way to Greek – Turkish economic relations. From the Greek side, this role – which would be a very welcome role – could be assigned to the new Deputy Minister for Development, who is based here, in Thessaloniki.
4. There can be more incentives from both sides for the development of Greek-Turkish joint ventures in both countries. These joint ventures can be both local and international oriented. The National Bank of Greece and Finans Bank of Turkey can contribute substantially to the practical application of any such initiative. The spirit is there, we need to develop the legal framework and the proper tools, such as guarantee schemes for exporters and investors from both sides.
5. We tend to forget that, apart from access to each other's markets, our business communities are interested in the broader Southeast European and Black Sea markets. Thessaloniki has its trademark Forum, the "Thessaloniki Forum", which focuses on political, social

and economic challenges in Southeast Europe. Personally, I would be very happy to see the Thessaloniki formula turn into a cross-regional "Thessaloniki-Istanbul Forum", which can be held one year in Thessaloniki and one in Istanbul. The forum can focus on SEE when it is held in Thessaloniki, and on the Black Sea when it is held in Istanbul.

(FINAL slide) THANK YOU

Ladies and Gentlemen,

Greek-Turkish economic relations is a challenge that both Countries have to facilitate as a top priority. It is our obligation, as representatives of the societies and the business communities of the two countries, to persist in that direction and ask them to take this challenge.

The current financial crisis should be looked at as a great opportunity to work on this substantial move forward.

We are on a good track but there is a lot more that we can do together.

Thank you!