

Mr. Chairman, Excellencies, Ladies and Gentleman,

During the last 22 years, the efforts I have made for a Turkish- Greek rapprochement occupied an important part of my life, and also taught me an important lesson.

When I first started as a member of the Council in 1988, I believed that the economy, economic relations, investments and trade provided the secret and miraculous formulas that could bring countries together.

If we as businessmen would try harder and increase our business relations with our counterparts in Greece, I thought, then the bilateral volume of trade between our countries would break records and we will start to solve even some of our political problems.

I was wrong.

With the political problems or differences between our countries remaining unresolved, we could only achieve a limited and temporary success in economic relations.

Without the resolution of the outstanding political issues remaining between our two countries, it is almost impossible to establish strong, solid and advancing economic relations.

Distinguished guests,

That is why, today, with your permission, I will address this "sensitive" matter and share my views with you.

I will try to analyze how our foreign policies affected our economic relations, in other words, how diplomatic issues have obstructed our countries' progress in bilateral trade and business development until 1999.

For most of the 20th century, our common relations were defined by the politics of hard power with national security priorities, dominating the agenda of our foreign policies.

Since the beginning of the 1970s the priorities in our relations were focused only on the divisive issues.

The borders of the continental shelf and the territorial waters in the Aegean, the control of the airspace and the militarization of the Greek islands, the minorities in Greece and Turkey and, at the top of the list, the Cyprus dispute...

Greece recognizes the dispute over the continental shelf and claims that the disagreement should be resolved at the international court.

Turkey does not accept the ten-mile airspace claimed by Greece, and declares that Greece is only entitled to a six-mile airspace, and therefore sends its fighter jets as close as six miles to the Greek coast.

This practice results in aircraft confrontations between the two states that has become something of a routine.

In order to compete in this race, to keep their militaries alert, both countries at one point had to spend between 3.5 and 5 percent of their GDPs on military expenditures.

More dramatically, the episode over the Aegean islets Immia/Kardak brought us to the verge of war.

Those years of antagonism, suspicion and historical enmity induced Greeks and Turks to share a mutual distrust.

Some corporations who tried to establish some bilateral business activity were obliged to practice their trade over a third country such as Switzerland or Lichtenstein.

The very few Greek companies who have invested in Turkey, and those that did so, assumed the guise of Swiss establishments.

Businessmen were afraid to be exposed as traders buying from Turkey, or vice versa.

Until 1987, like most of the business community, our political leaders and diplomats also avoided meetings and dialogue.

In 1987, Turkish and Greek leaders decided to meet at an international Forum to try to find a way to break this vicious circle.

Some of you in this room today, who have been witnesses to the Forum of Davos, would remember that the most important outcome of that meeting has been the joint decision to choose Greek and Turkish

businessmen as the new driving force to initiate a rapprochement by improving economic relations between our two countries.

At the behest of the two governments, we organized ourselves into a corporate structure and named it the Turkish- Greek and Greek-Turkish Business Councils.

The establishment of the Councils in both countries has been a significant step towards to improvement of our relations.

Against the background of old political and historical disagreements, a positive climate of cooperation in economic relations and in the business, trade, sports, cultural and civil society sectors has started to develop very positively.

Since 1988 both councils tried to promote trade, joint investments, technological cooperation, joint projects in third countries and brought together Greek and Turkish companies in banking, construction, tourism, energy, communication, insurance, textiles, agriculture and shipping.

Many years of hard work, lots of sacrifices, hundreds of flights between Athens and Istanbul, countless hours spent with the members of the media, unfortunately, did not solve any political problem, but did cause a positive awareness in both of our societies.

As a result of all these efforts, our bilateral trade volume increased to 400 Million Dollars in 1990 and almost froze around this figure for the next 10 years.

But despite the static nature of economic activity after 1990, economic considerations and public diplomacy began to affect the choices of respected political elites who had already started to try to avoid polarization, even when "hot incidents" occurred in the Aegean.

In both countries two opposing tendencies started to face each other:

At one end, a skeptical political class, a negative press, a negatively predisposed public opinion which perceived the bilateral relationship only from a security perspective, a business community which mistrusted the other side...

At the other end, flexible and practical political and economic decision makers and civil society groups and constructive media groups who saw this relationship as a positive and promising challenge with win-win perspectives...

I think this was a very healthy development.

At the very least, after decades of silence, groups and individuals in both of our societies started to discuss Turkish and Greek relations in an open and a constructive context.

The large Turkish market of almost 72 Million, started to attract the service sectors in Greece, and the per capita income of Greece and its membership in the EU, started to move the Turkish industry to explore the opportunities in the Greek market.

At the end of 1999 the two governments decided to start a new era, which became the second milestone to affect our bilateral economic relations after the Davos World Economic Forum in 1987.

Our Governments have stipulated a number of high-level agreements regarding tourism, transport, environmental protection, cultural cooperation, trade, double taxation, shipping, refugees, narcotics, and terrorism, in total 19 agreements.

We should not forget, that compared to just 3 agreements in 53 years, 19 agreements were finalized in just a few years after 2000.

As a result of this policy change, more correctly starting a low policy cooperation which resulted in all these agreements, both societies, but primarily the businessmen started to enjoy this new environment, which afforded new opportunities and challenges.

The volume of bilateral trade between the two neighbors has been on an upward trajectory since 2000.

Greek exports of goods to Turkey have recorded an impressive annual growth rate of around 18 percent, reaching 5.4 percent of total Greek exports.

Turkey's exports to Greece exceeded 1,5 billion Dollars in 2008, but this figure is only a small share of total Turkish exports.

The volume of bilateral trade reached 3.6 billion Dollars in 2008 and despite the world wide economic crisis, 3 Billion Dollars in 2009.

Turkey's exports are enjoying a notably consistent surplus in value from 40- 50 percent over Greek exports during this period.

I believe there are structural reasons for Turkey exporting more to Greece.

The contribution of manufacturing to GDP is significantly higher in case of Turkey than in the case of Greece.

Greek exports consist of commodities with low value-added component.

By contrast, Turkish exports are much more diversified manufactured goods with higher value-added component such cars and automotive products, televisions, white-goods.

On the other hand Greece's economy is highly service oriented.

The Greek market reforms during the 1990s, together with the country's entry into the European Monetary Union have modernized the service economy and helped Greece's economy to grow.

In banking for example, your macroeconomic stability has enabled your country's financial institutions to grow and to develop an excellent level of know-how in many banking activities, whereas, perhaps due to high inflation and long lasting economic crises in Turkey, we were not able to demonstrate such a capability.

Greece's reforms and macroeconomic stabilization have driven Greek companies to achieve the best corporate governance in Southeastern Europe.

Greece became the leading foreign direct investor in the Balkans.

Greece became the 8th largest investor in Turkey with 5.2 Billion Dollars between 2002 and 2007, with a further 799 Million Dollars in 2008.

First, the National Bank of Greece, the country's biggest financial group, please correct me if I am wrong, bought the controlling stake in Finansbank and paid almost 2.9 billion Dollars.

Euro-Bank then became the second Greek bank to make an acquisition in Turkey by buying 70 percent of Tekfenbank.

Alongside the Turkish restaurants in Athens, Turkish textile and ready-wear products started to be sold in Turkish boutiques located at Greek shopping malls.

Turkey's largest bank, Ziraat opened two branches in Greece.

Turkish and Greek contractors are working in partnership on big construction projects in the Gulf, the Balkans and Central Asia.

Our governments have still not come to an agreement yet regarding major, difficult and sensitive issues such as the continental shelf, airspace, Cyprus and minority rights.

Almost all of the major problems are still pending.

Then, what was the reason for this rapid development in our economic relations?

I believe there have been four major reasons.

First, what has actually changed the economic climate has been a simple assurance given by the two governments to their publics that they are determined to be good allies, good neighbors, good partners and that they intend to solve their problems through peaceful means.

This guarantee has been received as a blessing by the two publics, and has influenced the business communities on a much larger scale, compared to 1987, namely not only corporations with global experience but also many small and medium size companies have started to enter each other's market.

This joint message has started to build up the trust between our two nations.

Second, upon analyzing the characteristics of both economies at the time this rapprochement had begun, I noted that they were more complimentary than competitive, which is still the case, and the most encouraging factor for the future of our economic relations.

Third, Greece helped to open the way for Turkey's EU accession.

That paved a completely new path in our diplomatic relations; the two nations became partners in cooperating in the context of sub-regional groupings in South East Europe, the Black Sea and the Middle East.

Fourth, Turkish and Greek businessmen since 1987 laid an excellent foundation on which diplomacies could advance with their bilateral agendas.

Before ending my words I would like to share with you my predictions about what lies ahead.

First; Turkey will continue to export to Greece an ever-rising amount of goods and Greece will continue to export to Turkey, as an investor, an ever-rising amount of capital.

Second; a durable EU accession process, following today's successful economic policies, will continue to entrench low inflation in Turkey.

This will continue to give Turkish industry a much more stable planning outlook and provide the cheaper funding that the country needs for its capital expenditures.

As a result Turkey's solid manufacturing base will be upgraded and its exporting capabilities greatly enhanced.

This situation will also mean a more effective privatization process and will result in the greater attraction of Turkey to foreign direct investors.

Third: Greek investors, in turn, who I still are well prepared because of their solid capitalization, their experience with in the Balkans and their affinity for the Turkish environment will take a greater advantage of the opportunities that will made available for them in Turkey.

More specifically, Greek companies in the services sector have the capital that probably is less available in Turkey and the know-how that Greece's higher per capita income and a stable economy for most of the beginning of 2000s have brought into being.

I think, the economic crisis which effects Greek's economy maybe in a very negative direction today, will not last forever.

I believe, this situation can be a new opportunity for both of our countries to increase our bilateral volume of trade.

For more Greek companies, Turkey, of course in the context of EU accession will be seen as one of their major strategic opportunities.

Due to the remaining effects of the world wide economic crisis, delays may well occur but nothing will change in the long term.

Fourth; Due to competitive advantages, such as more convenient prices, shorter distances and superior quality Greece will increase its share of Turkish imports at least by five percent during the coming years.

In other words, our bilateral trade volume annually will exceed 8 Billion Dollars.

Fifth; the majority of the Turkish and Greek investors in tourism will cooperate more closely and they will combine their marketing efforts.

The Aegean Sea will get a much higher portion of the international tourism traffic and income.

Sixth; more Turkish and Greek join-ventures will initiate construction projects around our geography.

I believe the future of Turkish- Greek economic corporation has an enormous opportunity from which both publics will benefit.

But these predictions can only come true if the political stability between our countries continues.

This rapprochement must be sustainable.

There is only one solution.

We must bring all these pending disputes to a solution.

I am fully aware that the discussion of security questions, such as the continental shelf or airspace could be a highly charged process on both sides.

True, those issues were once very sensitive issues and could have entailed high political costs.

Once, it was even worse, any compromise would have required a systematic and repeated preparations of the respective public opinions.

But time has changed, the world has changed, Europe has changed, Greece has changed, and Turkey has changed.

I believe that we should all feel relieved, both can afford sacrifices in this respect, we should only trust them more.

Recently, our two Prime Ministers exchanged letters with each other and the Turkish Prime Minister will pay a visit to his Greek counterpart during spring months in Athens.

I hope this meeting will be the third corner stone and will open the way for a radical solution.

Excellencies, Ladies and Gentlemen,

Greeks and Turks have paid a very high cost because of the animosity during the 1970s, 1980s and 1990s.

Both publics could have shared a much bigger prosperity.

But please be assured.

We are able to win back what we have lost, in a much shorter time.

Thank you for listening.