

**TRANSFORMATION OF GRECO-TURKISH RELATIONS AFTER 1999:  
MILITARY AND ECONOMIC ASPECTS**

**A Master's Thesis**

**by  
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Ankara  
December 2007**

**To My Family**

**TRANSFORMATION OF GRECO-TURKISH RELATIONS AFTER 1999:  
MILITARY AND ECONOMIC ASPECTS**

**The Institute of Economics and Social Sciences  
of  
Bilkent University**

**by  
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BILKENT UNIVERSITY  
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**December 2007**

I certify that I have read this thesis and have found that it is fully adequate, in scope and in quality, as a thesis for the degree of Master of Arts in International Relations.

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## **ABSTRACT**

### **TRANSFORMATION OF GRECO-TURKISH RELATIONS AFTER 1999: MILITARY AND ECONOMIC ASPECTS**

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Greek-Turkish relations used to follow a fluctuating trend. The relationship is a cycle of conflict and cooperation. Up to now, Greece and Turkey attempted to ameliorate their relations several times. However, these attempts occasionally failed due to lack of adequate and sufficient willingness of both parties. There is a growing literature on how this cyclical trend changed since 1999. Different from the previous attempts, current transformation in relations seems to be the reflection of the willingness of political elites, military and the civilians in both Turkey and Greece. This factor differentiates this current thaw in two countries' relations from the previous ones.

This thesis mainly aims to examine whether there is empirical evidence of a transformation in Greco-Turkish relations, notably in military and economic aspects. The main findings show that Greece and Turkey do indeed experience a transformation in their military and economic relations. Regarding economic relations, the two states experience a vivacity concerning major economic activities such as trade, investment and tourism. Meanwhile, their military relations, apart from the occasional tensions triggered by territorial and airspace violations, follow a progressive trend since 1999. The hostility level between the two countries has decreased and military staffs of two countries have more dialogue than in previous decades. To sum up, findings of this thesis prove that since 1999 Greco-Turkish relations have experienced an affirmative transformation with regard to economic and military aspects.

## **ÖZET**

### **1999 YILINDAN BU YANA TÜRK-YUNAN İLİŞKİLERİNDEKİ DEĞİŞİMLER: ASKERİ VE EKONOMİK GELİŞMELER**

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Türk-Yunan ilişkileri inişli çıkışlı bir geçmişe sahiptir. İki ülke ilişkileri savaş ve barıştan oluşan bir çember gibidir. Şu ana kadar, iki ülkenin de, birçok kere, ilişkilerini düzeltme çabaları olmuştur ancak bu çabalar, iki tarafın isteksiz tavırları nedeniyle, başarısızlıkla sonuçlanmıştır. Yunanistan-Türkiye ilişkilerinin değişmeye başladığına dair gelişen bir literatür iniş çıkışlarla karakterize olmuş çemberin kırılmaya başladığına işaret etmektedir. Öncekilerden farklı olarak, bugünkü uzlaşma dönemi siyasi sınıfın, halkın ve askerlerin rızasının ve isteğinin bir yansımasıdır. Bu özellik, bugünkü uzlaşmayı bir öncekilerden ayırmaktadır.

Bu tezin başlıca amacı Türkiye ve Yunanistan ilişkilerinde, özellikle askeri ve ekonomik açıdan, bir değişim olup olmadığını araştırmaktır ve bulgular göstermektedir ki Türkiye ve Yunanistan ilişkileri askeri ve ekonomik açıdan bir değişim göstermektedir. Ekonomik ilişkilere bakıldığında iki ülke arasındaki temel ekonomik aktivitelerde bir canlılık gözlemlenmektedir. Askeri ilişkilerine bakıldığında ise 'Ege' deki tansiyona rağmen, iki ülke, geçmiş yıllara göre, bir ilerleme kaydetmiştir; 1999'dan bu yana çatışmalarda bir azalma olmuş ve askeri diyalogun yoğunluğu artmıştır. Özetle, bu tezin bulguları Türkiye ve Yunanistan ilişkilerinin iyi yönde bir değişim gösterdiğine dair umut verici kanıtlardır.

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## **CHAPTER 1**

### **INTRODUCTION**

Greek-Turkish relations have a dynamic character. The two countries have, so far, experienced several fluctuations in their relations between cooperation and conflict. Therefore, the bilateral relations have been characterized with various transformation periods. The current Greco-Turkish relations, which are the focus of this thesis, follow a trend shifting from competitive to cooperative attitudes.

The current transformation period in the two countries' relations beginning from 1999 is arguably different from the previous transformation attempts (Oğuzlu, 2004a: 94; Oğuzlu, 2004b: 340; Öniş and Yılmaz, 2007: 1). The significant difference appears to be the dramatic increase in political, military, and, civilian dialogue. Through multiple channels, Greece and Turkey have entered a dialogue for better relations and sustainable cooperation. They entered a dialogue period triggered by either notion of leaders, regional developments or the European Union (EU), which led the two countries to cooperate gradually. While their initial focus has been on issues of low-politics, Greece and Turkey have not overlooked the issues regarding high-politics. Besides achievement of cooperation on issues such as trade, investment, tourism, terrorism, culture and others, Greece and Turkey began to communicate on main disputes such as the achievement of an Aegean Dialogue (Oğuzlu, 2004a: 95; Aksu, 2004: 31-109; Heraclides, 2002: 23; Öniş and Yılmaz,

2007: 9).

However, besides the dialogue achieved at governmental and non-governmental levels, the literature on Greco-Turkish relations generally agrees that this recent thaw in bilateral relations is fragile (Siegl, 2002: 50; Oğuzlu, 2004a: 93; Öniş, 2001: 31-45; Snyder, 2004: 11; Couloumbis, 1999: 24-48; Ifantis, 2005: 379-394). The major disputes such as the Aegean conflict and the Cyprus issue, and tactical intentions with respect to relations with the European Union are the main reasons of the sensitivity in relations between the two countries. On the other hand, some scholars are suspicious about the reliability of Greco-Turkish rapprochement because of the steady levels of military spending of both states. Considering the ever-increasing level of military expenditures, Kollias (2005) and Kollias and Paleologou (2003) suggest that Greece and Turkey still see each other as a threat to regional security, ignoring other more immediate and possible concerns for security.

Therefore, the main goal of this thesis is to examine whether there is indeed such a changing pattern in Greco-Turkish relations, particularly focusing on the period after 1999. Thus, the major contribution of this thesis to the international relations literature is to empirically test the argument of transformation in the last decade by focusing on economic and military aspects of the relations.

The time period chosen for the research is after 1999 since this is the year commonly accepted as the beginning of the transformation in Greco-Turkish relations due to a number of striking events that took place in 1999. Nevertheless, several years before 1999 are also analyzed to make comparisons.

The literature review chapter of this thesis consists of historical background and a section that explains the effect of EU on bilateral relations of Greece and Turkey. The historical section analyzes developments in the two countries' relations

and the latter examines the role of the European Union concerning these developments. To that end, I have utilized secondary sources. Since this new era in Greek-Turkish relations is an often-studied case attracting a great deal of scholarly attention, resources are abundant. Books, academic articles, conference papers, surveys and the media are the secondary resources used in the literature review chapter of the thesis.

In the empirical analysis chapter, a quantitative data set is analyzed and the findings are supported with news coverage from several Turkish newspapers. The chapter consists of two sections, as I believe that cooperation in bilateral relations of the two countries can be observed in military and economic areas. The data on military relations are available at the Correlates of War (COW) project web site (Ghosn, Palmer and Bremer, 2004: 133-154). Different from the literature, I examine the bilateral hostility levels of both Greece and Turkey between the years of 1945 and 2001. For that end, I utilize the variable of hostility level from the Correlates of War Project trying to find out the changes in hostile actions of Greece and Turkey against each other.

In order to follow the trend in economic relations between the two countries, I use the indicators of bilateral trade, investment, and tourist exchange, which are major economic activity indicators of any two states. In that section, I have utilized data, mainly gathered from the official web sites of the treasury, and State Institute of Statistics, which are comprehensive resources. Moreover, I have also made use of other Internet sources such as the General Chief of Staff, Foreign Ministry and the European Union.

It should also be highlighted that newspapers are among the important sources of the empirical chapter. During my research, I utilized the archives of three

Turkish newspapers; Hürriyet, Milliyet, and Radikal by which I could trace daily news covering relations between Greece and Turkey. Finally, I should note that I refrain from any provocative data and resources.

Following the literature review and the empirical analyses, I present my concluding remarks and an overview of the findings that confirm the intuitions of the literature. Consequently, the thesis is finalized with an emphasis on how my analysis on current transformation in Greek-Turkish relations contributes to the existing literature on Greco-Turkish relations.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### ***2.1. History of Greek-Turkish Relations***

The history of Greek-Turkish relations is full of fluctuations. The bilateral relations have gone through a tension-negotiation-tension cycle (Kollias, 2005; Coufoudakis, 1991: 40-55; Öniş and Yılmaz, 2007: 1). Leaving the Cyprus issue aside, territorial waters, continental shelf, and air-space issues over the Aegean, many times, led the two countries to brink of war (Siegl, 2002: 41).

Aegean disputes, the Cyprus issue, the status of ethnic minorities in Western Trace, and Greek official action against Turkey within the EU are the issues that soured the two countries' bilateral relations over time. Of these four issues, the latter two have been resolved. There have been improved governmental relations about the treatment of minorities in Turkey and Greece over the last few years (Çarkoğlu and Kirişci, 2003: 140). Meanwhile, at the Helsinki Summit of 1999, Greece did not use its veto right against Turkey, which shows a change in its attitude about EU-Turkish relations and Greece continues to support Turkish membership to the EU. However, the first two issues remain unsolved and still show the potential to deteriorate bilateral relations (Evin, 2004: 10).

Despite these problems, Greece and Turkey, occasionally attempted to ameliorate their relations. Historically, they have experienced three phases of rapprochement (Öniş and Yılmaz, 2007: 1). First one was in 1930 when Atatürk and the Greek Prime Minister Eleftherios Venizelos signed a “Friendship Agreement”. Improvement of the relations continued until mid-1950s. Common membership to NATO in 1952 and the Balkan Pact in 1953 contributed to the two countries’ friendship efforts (Bölükbaşı, 1992: 29). However, beginning from 1955, the *détente* in bilateral relations began to deteriorate due to the Cyprus issue and the minority problems (Coufoudakis, 1991: 40-55). Greek public opinion forced the Greek government to support *enosis*<sup>1</sup> of Greek Cypriots while the Turkish government backed the struggle of Turkish Cypriots against *enosis* (Bölükbaşı, 1992: 29).

In 1974, upon the Turkish intervention in Cyprus, bilateral relations hit the bottom. Following Turkey’s intervention, emerging foreign policy consensus in Greece was that the major threat to Greece was from Turkey, not from the communist Soviet Union (Coufoudakis, 1991: 40-55). Since 1974, the cycle of confrontation and negotiation between the two countries has been a well-known trend. This cycle has repeated on issues dividing the two countries (Coufoudakis, 1991: 40-55). In 1976, 1987 and 1996 Greece and Turkey came dangerously close to war (Rumelili; 2004a: 3).

The problem in 1976 was the continental shelf dispute. When Greece announced oil and natural gas discoveries in the area and claimed rights on the continental shelf in the Aegean, the Turkish government assumed the issue as a *fait accompli* (Bölükbaşı, 1992: 34). Meanwhile, talks between Greek and Turkish governments did not bring any solution to the issue and the Greek claim for ten miles

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<sup>1</sup> *Enosis* refers to the movement of the Greek-Cypriot population to unite the island of Cyprus with the Greece, which they considered as their motherland

of air space and the Turkish objection to it have since remained as one of the core problems between the two countries (Bölükbaşı, 1992: 35).

The continental shelf issue again led to the 1987 incident that brought the two countries to the brink of war. When the Greek government attempted to nationalize the North Aegean Petroleum Consortium, which received drilling permission in the northern Aegean, Turkey objected to the attempt (Bölükbaşı, 1992: 37). Tension between Greece and Turkey diminished, unexpectedly, and ended in the Davos Summit in 1988.

Davos Process of 1988 has been assumed as the beginning of the second rapprochement period in Greco-Turkish relations (Öniş, and Yılmaz, 2007: 2). Davos put an end to an era of confrontation and paved the way to an era of détente. Significant efforts were pursued by both sides in order to understand each other's viewpoint, which seemed to be a breakthrough in the Greek-Turkish relations (Birand, 1991: 27-39). The goal was to resume bilateral dialogue and prevent a possible war between the two countries (Sezer, 1991: 109-125). However, the process did not offer solution to the serious problems between the two countries; and thus did not last long (Öniş, and Yılmaz, 2007: 2).

The year 1989 witnessed important elections in Greece and Turkey. Because of the need to be sensitive to their constituency, who were not as committed as they were to a Greco-Turkish rapprochement, Turkish and Greek Prime Ministers' freedom of maneuver was restricted (Clogg, 1991: 23). They faced severe attacks from the opposition to abandon their pacific policies towards one another (Pridham, 1991; Coufoudakis, 1991: 40-55; Kirişci and Çarkoğlu, 2003). This caused a deadlock in the rapprochement process. It was clear that public opinion in the two countries did not show any commitment to the rapprochement (Clogg, 1991: 23,

Birand, 1991: 16). Therefore, the second thaw collapsed by the end of 1989 due to reasons such as Andreas Papandreou's lack of willingness, political scandals following his electoral defeat, Özal's isolation after the electoral setbacks, and lastly rejection of Turkish membership application by the European Community (EC) in December 1989 (Öniş and Yılmaz, 2007: 2).

1990's hosted several crises between Greece and Turkey. The first and the most serious crisis of the decade took place in 1996 about the legal status of the islets in the Aegean Sea; Imia-Kardak. This crisis was the third incident that almost resulted in war (Hickok, 1998: 118-136).

The second crisis broke out when the Greek government announced its intention to bring S-300 missiles from Russia to Cyprus in 1997. Turkey assumed this announcement as a threat to its national security. Hence, both Turkey and the Turkish Republic of Northern Cyprus declared that they would strike at missiles if they were located in Cyprus. Eventually, tension diminished following the decision of Greece to locate missiles in Crete rather than Cyprus (Yiallourides, 2001, in Oğuzlu, 2004b: 347).

The last crisis took place in 1999 following the capture of Abdullah Öcalan who was the leader of a terrorist organization, Kurdish Workers Party (PKK). Alleged Greek involvement in the escape of Öcalan to Kenya was assumed by Turkey as a direct interference of Greece in Turkey's domestic politics (Öniş, 2001: 31-45). This crisis was partially solved soon after the resignation of the foreign minister Teodoros Pangolos from the Cabinet (Prusher, 1999 in Oğuzlu, 2004b: 347). The cabinet eliminated this hardliner Foreign Minister and replaced him with George Papandreou who appeared as a conciliator between Greece and Turkey (Ayman, 2000: 56-60).

To sum up, at the beginning of 1999, Greek-Turkish relations were experiencing a bottom low. The following section discusses how the relation improved leading to cooperation between the two states since then, at least, occasionally.

### ***2.1.1. Transformation of Relations Beginning From 1999***

The last quarter of 1990s was a turning point in Greco-Turkish relations. Despite the series of tensions, which were faced in a short time period, a dialogue and cooperation process could be initiated (Aksu, 2004: 41). While on one hand confidence building measures (CBMs) were brought to life, on the other, cooperation on low-politics issues was initiated and discussion of basic conflict issues began (Aksu, 2004: 41).

In the literature, four instances are deemed to play a significant role in the transformation of Greco-Turkish relations. The first one is the Öcalan Crisis. The argument of the literature is that transformation in the two countries' relations appeared before 1999, following the capture of Öcalan. The main logic of this argument is that removal of the hardliner Theodoros Pangolos from the cabinet and replacement of him by moderate George Papanreou opened the way for more dialogue between Greece and Turkey (Evin, 2005: 395-404; Aksu, 2004: 31-109; Öniş, 2001: 31-45; Öniş, 2002: 1-24). Greek involvement in the Öcalan affair embarrassed the Greek government and forced it to defuse this undesired reputation (Nachmani, 2001). To that end, in order to mitigate its bad reputation in the eyes of the West, notably the EU, Greece preferred to ameliorate its relations with Turkey.

Therefore, this approach would argue that dialogue between the two countries began prior to the earthquake incidents, which will be discussed below. The earthquakes both countries experienced just accelerated the thaw and moved the dialogue to a civilian level (Bilgiç and Karatzas, 2004: 2; Evin, 2004: 4-20).

The second incident is the Kosovo Crisis, which arose in the beginning of 1990s, creating a thaw in relations between Greece and Turkey. Instability in South-East Europe highlighted the need for an end to antagonism between the two pivotal states of the region (Triantaphyllou and Keridis, 2001; Nachmani, 2001). This was considered as a good opportunity for Greece to change its image in the eyes of the West after the Öcalan stigma (Heraclides, 2002: 21). It is important that, in the wake of the crisis, foreign ministers of the two sides agreed to initiate efforts to ameliorate bilateral relations (Heraclides, 2002: 22).

The third striking event is the earthquakes that took place in 1999, which is assumed to be the beginning of “Seismic Diplomacy” in Greek-Turkish relations (Akiman, 2002: 23). Earthquakes, one after another, in both Turkey and Greece were considered as incidents that brought Greece and Turkey together and that led to a new era in Greco-Turkish relations (Siegl, 2002: 44; Snyder, 2004: 2; Nachmani, 2001). It was not only a revival of formal relations, but also the beginning of a civilian one. These tragic events prompted mutual solidarity and provision of rapid aid, which was appreciated by the civilians of both countries (Ayman, 2000: 56-60; Akiman, 2002: 22-32). Until these earthquakes, the civilians in both sides used to show little interest in each other. There was widespread ignorance of each other’s history, language and culture (Heraclides, 2002: 28). These humanitarian initiatives broke down the stereotypes of the two countries’ citizens for one another, and proved that the two nations still had peace incentives toward each other (Aksu, 2004: 41).

The last incident accelerating the transformation in Greco-Turkish relations was the 1999 Helsinki Summit (Evin, 2005: 395–404). For the first time in many years, there appeared optimism in the Greece-Turkey-EU triangle (Bilgiç and Karatzas, 2004: 3). Political course of the two countries' relations gathered momentum with the Helsinki Summit (Siegl, 2002: 44). Greece abandoned its rigid veto policy and decided to stop its objections to the Turkish membership to the EU. The Helsinki Summit presumably signaled that Greece is no longer a threat to the Turkish-EU relations. It also indicated that Greek stance vis-à-vis Turkey has changed from a strategy of conditional sanctions to conditional rewards (Couloumbis, 1999: 24-48).

These incidents arguably paved the way for more collaboration and gradually got the two states closer. In addition, this new era in Greco-Turkish relations differentiates itself from the previous attempts with regard to the support it got from multiple channels (Oğuzlu, 2004a: 94; Öniş and Yılmaz, 2007: 1).

In the previous years, regarding the Aegean disputes, the majority of Turks and Greeks discouraged the efforts of their governments for any concession or solution. Thus, official relations were distant until 1999. However, currently, compared with the previous years, not only civilian but also state to state level dialogue is considerable (Heraclides, 2002: 19). These traits differentiate the current thaw from the previous ones. Oğuzlu (2004a: 93; 2004b: 337) accounts for other factors, which allow this current Greek-Turkish thaw. These are strong public support, political leaders' willingness to further reconciliation processes, the role of business elites in encouraging political leaders, and the changing Greek perspective favoring better Turkish-EU relations, which were absent in the previous rapprochement period.

Since 1999, intergovernmental dialogue has been fruitful and in 2000, CBMs turned into agreements aiming to foster common efforts of cooperation between Greece and Turkey (Aksu, 2004: 61). Thus, the two countries' governments signed agreements on issues of terrorism, immigration, energy, transportation, environment, tourism, illegal drug traffic, fisheries, education, and sports.<sup>2</sup> With these bilateral agreements, Greece and Turkey, for the first time, have a comprehensive legal framework on low politics issues (Heraclides, 2002: 23).

Further collaboration has been supported by the establishment of a Task Force on cooperation aiming to provide expertise on matters related to the EU such as customs, financial issues, judicial issues, agricultural matters, police cooperation etc (Heraclides, 2002: 24). This framework brought Greek and Turkish experts together from various fields, such as judges, police officers, civil servants and so on.

Besides collaboration in these areas of low politics, Greece and Turkey cooperated on issues of high politics at the governmental level as well. Since 2002, diplomats from the two countries came together in order to discuss the main disputes and how to handle them, and they agreed to form a group of experts in order to exchange ideas regarding the ongoing bilateral disputes (Oğuzlu, 2004a: 95).

As far as the history of economic relations is concerned, analyses of the history of the two countries' economic relations after 1999 utilize three indicators: trade, investment, and tourism (Aksu, 2004: 31-109; Öniş and Yılmaz; 2007: 1-36). A developing trend in economic relations is a common observation. Notably, the trade volume has been consistently on the rise (Öniş and Yılmaz; 2007: 10). Process in the other two economic activities is also better compared to the period before 1999; however, it remains limited considering two random neighboring states (Aksu,

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<sup>2</sup> For more detailed information about the agreements, see international agreements section at the official web site of the Turkish Foreign Ministry at <http://www.mfa.gov.tr>

2004: 31-109). Moreover, as part of regional collaboration, it is worth mentioning that they agreed to build a cross-border pipeline carrying natural gas from Central Asia to Western Europe (Hope, 2002: 44-47). Therefore, the literature, analyzing economic relations, reaches a conclusion that recent Greek-Turkish economic relations are affirmative enough to say that there has been an economic improvement between Greece and Turkey compared to previous years.<sup>3</sup>

Non-governmental organizations and business people have a significant role in this transformation of Greek-Turkish economic relations (Siegl, 2002: 47). Since 1999, there has been an increase in business contacts between the two countries. Starting from the second half of 1999, the joint business councils in each country became more active by organizing trade fairs, business meetings, and by providing support for political rapprochement (Öniş and Yılmaz, 2007: 3).

With regard to the security issues, one of the major developments is that Greece and Turkey agreed to eliminate landmines on their common borders and decided to downsize their military spending (Oğuzlu, 2004a: 98).

All of these developments support the idea that Greece and Turkey began cooperating on issues of low politics. As the two countries are more connected, politicians get more motivated for better relations and this collaboration prepared the structure for cooperation on political and security issues. Notably, considering the regional collaboration projects as natural gas pipeline and Balkan Cultures Corridor, I believe that working together for a common good is likely to get Greece and Turkey closer, and more connected in the future.

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<sup>3</sup> In my analysis in the following empirical chapter, I utilize the same indicators since I agree that these are the major economic activities between any two states. However, I consider the GNP of each year and share of each indicator within total in order to reach results that are more reliable.

Consequently, the literature suggests that since the end of the 1990s bilateral relations between the two countries exhibited sound developments (Aksu, 2004: 31-109; Heraclides, 2002: 17-32; Öniş and Yılmaz, 2007: 1-31). Today, crisis due to misunderstandings are less likely to happen and are avoidable. Tension is no more desirable neither by governments nor by civilians of the two countries (Heraclides, 2002: 26).

Besides the developments in Greco-Turkish relations that the literature, covered so far, the literature generally agrees that this transformation of bilateral relations between Greece and Turkey is fragile due to the unsolved disputes between the two countries (Siegl, 2002: 50; Oğuzlu, 2004a; Öniş, 2001: 31-45; Snyder, 2004: 11; Couloumbis, 1999: 24-48; Ifantis, 2005: 379-394). Unless the bilateral disputes between Greece and Turkey are solved, the two countries cannot reach a lasting and sound peace since these disputes may erupt again.

Since 1999, sixteen agreements have been signed between the two countries. However, these agreements are on peripheral issues like economics, environment, terrorism, illegal immigration and so forth (Snyder, 2004: 4). Greece and Turkey preferred to extend dialogue on issues of low-politics (Bilgiç and Karatzas, 2004: 5). However, main political problems between the two countries, like the Aegean and Cyprus issues, have not been solved. Thus, the recent rapprochement has not yet resulted in major progress with respect to the grand disputes (Bilgiç and Karatzas, 2004: 7)

Moreover, there are scholars who completely disagree that there is a transformation in Greek-Turkish relations. Kollias (2002: 321-328), Kollias and Paleologou (2003: 437-445) claim that Greece and Turkey still perceive each other as a threat to each other's security. Accordingly, a transformation in the relations is

only wishful thinking.

This counter literature, which does not believe in a transformation in Greek-Turkish relations, mostly focuses on the military spending of the two countries. Greece and Turkey still allocate substantial parts of their national income to defense (Kollias, 2002: 321). Even after the end of a bipolar world dominated by the hegemony of the United States and the Soviet Union, the military expenditures of Greece and Turkey continued to grow. Despite the recent improvements in Greek-Turkish bilateral relations, this trend has not resulted in any reduction in defense expenditures (Kollias, 2005: 104). Greece and Turkey are the only two NATO countries that have increased military expenditures in the post-Cold War era (Öniş, 2007: 4).

The analysis of the reasons behind the increasing Greek and Turkish military expenditures shows that the two states are not arming totally independent of each other and the large and extensive modernization programs of their respective armed forces undertaken in recent years are, to some extent, interdependent (Kollias, 2005; Kollias and Paleologou, 2003: 437–445). However, even though they are not arming independent of each other, there are many other variables that can explain the increase in defense expenditures, such as alliances, external and internal security concerns, military elites, domestic policy priorities and economic constraints (Kollias, 2002: 321; Günlük-Şeneşen, 2005).

Both countries are vulnerable to external threats and instabilities in their regions. Greece perceives threats from the Balkans and Turkey; and Turkey feels threatened by Greece, the Caucasus, and the Middle East (Anastasakis, 2005: 49). Therefore, Greece and Turkey are not the only threats for each other. Christos Kollias (2005: 103) counts some of these factors and introduces the concept of

“external noise.” He presents factors such as the Kurdish problem, fiscal constraints, alliance commitments, defense industry, regional disputes, domestic political priorities, and so forth. Kollias (2005: 103) claims that ignoring these variables may cause difficulties in establishing a causal connection between the two countries’ defense expenditures.

I argue that the presence of other factors affecting military spending of both countries makes the argument of the first strand of the literature discussed earlier more plausible. In addition, since it can be caused by various factors, military expenditure alone is not a good indicator to predict if a transformation is taking place between the two countries. Thus, following the first strand of the literature, I do not include military expenditures in my empirical analysis. Instead, I analyze changes in the hostility levels of the two countries during the bilateral disputes between 1945 and 2001.

The transformation, as previously mentioned, is fragile (Siegl, 2002: 50; Oğuzlu, 2004a: 93; Öniş, 2001: 31-45; Snyder, 2004: 11; Coulombis, 1999: 24-48; Ifantis, 2005: 379-394). The other argument, which assumes this logic, argues that Greece and Turkey have instrumental reasons for rapprochement. The ones, who advocate this argument, mostly focus on the EU factor. The main assumption is that Turkey’s accession efforts to the EU and the Greek efforts to catch up with the latest stage of the EU integration lead to pacific bilateral relations (Oğuzlu, 2004a: 102; Oğuzlu, 2004b: 337). They both accommodate each other in order to continue their path within the EU structure. Thus, this thaw is also the result of tactical policies of the two countries’ governments. The next section analyzes the Greece-Turkey-EU triangle in order to better comprehend the dynamics of cooperation between Turkey and Greece.

## ***2.2. EU & Greek-Turkish Relations***

Both Greece and Turkey have a long history with the European Union. They are among the first countries to develop relations with the emerging European Community; in fact, their history with the EC/EEC goes back to the end of 1950s. Their approach to the European Community represents remarkable similarities in the beginning of 1960s (Bilgiç and Karatzas, 2004: 1). Greece and Turkey first applied to the European Economic Community, one after another, in 1959 and were rejected due to the unfavorable democratic environments in both countries.

The rest of the process with the EC was different. Starting from the early 1960s till the end of 1990s, Turkish-EU relations were not generally successful compared to the Greek-EU relations (Bilgiç and Karatzas, 2004: 1). Greece made its second application in 1975 and gained access to the EU in 1981. The second Turkish application for full EEC membership was submitted in 1987, which was rejected by the EEC Commission due to the economic and developmental gap between Turkey and the community.

From Greek accession to the EU in 1981 to the Turkish candidacy in 1999, Greco-Turkish relations were situated on the external borders of the EU (Rumelili, 2007: 106). However, once Turkey was accepted as a candidate country, Greek-Turkish relations became a part of the EU politics (Siegl, 2002: 45).

The literature is mostly in agreement that the EU failed to exercise positive influence on the Greek-Turkish disputes until 1999, while its positive impact can be noticed only after mid 1990s (Rumelili, 2004b: 5; Stetter, Albert and Diez, 2004:32; Çelik and Rumelili, 2006: 203-222; Rumelili, 2007). Three mechanisms through which the EU affected relations between Greece and Turkey are the carrot/stick

policy, democratization, and reconstruction of identities and interests; and strengthening of NGOs.

Carrot/stick policy is a source of influence through offering/withdrawing membership status or threatening sanctions to this status (Rumelili, 2004a: 6; Rumelili, 2004b: 9; Stetter, Albert and Diez, 2004: 21; Rumelili, 2007). The use of carrot/stick policy was limited until 1999 but stronger since mid-1999 (Rumelili, 2004a: 6).

The membership carrot makes policy makers of Greece and Turkey refrain from any attempt, which can create a crisis (Rumelili, 2004a: 6). If they have a pending membership, they prefer to restrain themselves from escalating crisis and to be moderate rather than antagonistic during the crisis in order not to jeopardize the membership perspective (Stetter, Mathias and Diez, 2004: 27). After they applied for membership to the European Community, Greece and Turkey did not engage in military action against each other. However, they reached the brink of war many times (Stetter, Mathias and Diez, 2004: 12). For instance, after 1974 Turkish intervention to Cyprus, Greek Prime Minister chose to handle Greek-Turkish relations peacefully, which is supposed to be the outcome of Greek foreign policy of the EU accession (Couloumbis and Yannas, 1994 in Rumelili, 2004a: 6). Similarly, upon 1976 Aegean continental shelf crisis, Karamanlis chose to deal with the crisis by taking it to the International Court of Justice of the UN rather than using military force. Thus, between the date of Greek application for membership in 1975 and its membership in 1981, Greece tried to secure its membership path by trying not to damage relations with Turkey (Rumelili, 2004a: 6; Rumelili and Çelik, 2006: 13).

After Greece became a member in 1981, the balance changed and Greece began to use its membership status against Turkey as a bargaining tool (Öniş, 2001:37; Stetter, Albert and Diez, 2004: 28; Ioakimidis, 1994 in Rumelili, 2004a: 11). While Greece started to exercise a key influence on Turkey, Turkey preferred to be moderate towards Greece. For instance, upon the 1987 Continental shelf crisis, Turkey restricted its reaction in order to prevent a Greek veto (Rumelili, 2004a: 7; Rumelili and Çelik, 2006: 14). However, neither the Turkish attitude nor the Davos process prevented Greek opposition to Turkish application. The main assumption of Greece was that it would feel more secure if Turkey remained out of the union (Oğuzlu, 2004a: 99). Any decisions that could improve Turkey-EU relations were blocked by Greece's veto (Grigoriadis, 2003).

Following the Turkish membership application in 1989, which was expectedly opposed by Greece, European Commission released an opinion stating that unless the Cyprus and Aegean issues were solved with Greece, Turkey could not be eligible for membership (Rumelili, 2004a: 7). The Commission stated that:

...Unless exceptional circumstances intervened, it could not recommend starting accession negotiations with any country before 1993 at the earliest. As far as Turkey is concerned, the Commission, having reviewed in depth the economic and social situation in that country, concluded that Turkey would find it hard to cope with the adjustment constraints with which it would be confronted in the medium term if it acceded to the Community. There was also the need to bear in mind certain substantial political problems such as the expansion of political pluralism, the continuation of the positive trend with regard to human rights and the right of minorities, the persistence

of disputes with a Member State and the lack of a solution to the Cyprus problem. Nevertheless, the Community wished to strengthen its relations with Turkey within the framework of the 1963 Association Agreement. Accordingly, without casting doubt in any way on Turkey's eligibility to accede, it proposed a set of measures aimed at helping the country to modernize politically and economically (Opinion of the Commission, 1989).

This action of the EU is one of its direct effects on Greek-Turkish relations. However, at that time, the EU carrot lost its credibility because Greece was already a member and the Commission's report made Turkey perceive EU membership as a weak possibility (Rumelili, 2004a: 8). The main logic of Turkey, at that time, was that whatever Turkey does to accommodate Greece over the Aegean and Cyprus issues, EU would never agree to Turkey's membership (Oğuzlu, 2004a: 99).

Acquiring the membership status, Greece has tried to block the momentum of Turkish-EU relations (Öniş, 2001: 37; Oğuzlu, 2004a: 99). As an instance, Greek approval of Customs Union in 1995 was made conditional upon the acceptance of Southern Cyprus as a candidate country (Öniş, 2001: 37; Rumelili, 2004a: 7). Moreover, Greek veto blocked financial aid of the Union, which was promised to Turkey as a part of the creation of the Customs Union.

The negative Greek attitude and Turkey's lost hope for EU membership resulted in deterioration of relations between Greece and Turkey. Upon accepting Southern Cyprus as a candidate country and ignoring the rights of Turks on the island, the relations worsened and led the way to further crisis between Greece and Turkey (Öniş, 2001: 37).

This is the reason that until 1999, EU carrot/stick policy could not be used effectively. It could not make Turkey refrain from threatening Greece to annex Northern part of Cyprus and to go to war if Greece extends its territorial waters to 12 miles and to escalate Imia Crisis in 1996 (Rumelili, 2004a: 7; Öniş,2001: 37; Stetter, Albert and Diez, 2004: 12).

After 1995, EU's direct interventions in the Greco-Turkish disputes became more apparent. EU made peaceful resolution of disputes a condition for furthering relations with Turkey (Rumelili and Çelik, 2006: 203-222). Moreover, upon 1996 Imia-Kardak Crisis, EU put its firm reaction to Turkey urging solidarity with Greece (Rumelili and Çelik, 2006:15).

Enlargement should not mean importing border conflicts. The prospect of accession acts as a powerful incentive for the states concerned to settle any border disputes...Today several disputes, of low intensity, among applicants remain to be resolved...The Commission considers that, before accession, applicants should make every effort to resolve any outstanding border dispute among themselves or involving third countries. Failing this, they should agree that the dispute be referred to the International Court of Justice. In any event, all candidate countries should therefore, before accession negotiations are completed, commit themselves to submit unconditionally to compulsory jurisdiction, including advance ruling of the International Court of Justice in any present or future disputes(Agenda 2000).

This text, Agenda 2000, requires that Turkey should settle all its disputes with Greece and in case of arbitration, accept unconditionally the power and authority of

the International Court of Justice; and act in accordance with the verdict of the court (Aksu, 2004: 47). Therefore, with this text, the EU directly targets Greco-Turkish border conflicts and asserts opinion as a caution.

Imia-Kardak Crisis of 1996 was followed by the S-300 crisis. However, like the Imia-Kardak crisis, S-300 crisis was soon overcome after Greece decided to relocate missiles from Cyprus to Crete. This act of Greece was criticized by some circles as a Greek concession (Gündoğdu, 2001: 106-117). However, the ones, who believe in the EU impact on modernization and democratization within the member and candidate countries would suggest that Greek attitude was related to the redefinition and modernization of Greek interests, identity and political system in line with the European collective identity under the EU (Gündoğdu, 2001: 106-117; Keridis and Triantaphyllou, 2001; Keridis, 2001: 56). The European Union has contributed to the democratization processes of Greece and Turkey by urging them to implement reforms for fulfilling the Copenhagen Criteria (Öniş, 2005: 265-284; Bilgiç and Karatzas, 2004: 6).

Through reconstruction of identities of the two countries, the EU supposedly affects policymakers' definitions of national or group interest (Rumelili, 2004a: 10). By 1990, Greece has taken important steps towards consolidation of its economy and democracy under the set of incentives of EC/EU (Öniş, 2002: 13). Therefore it is suggested that Greek attitude towards Turkey, since 1999, is not merely tactical but is a result of transformation of Greek democracy.

However, the strand of the literature, which claims that the EU was not effective on the two countries' bilateral relations until 1999, explains 1999 rapprochement as reappearance of the credibility of the EU carrot for Turkey (Rumelili, 2004a: 10). Declaration of Turkey's candidacy at the 1999 Helsinki

Summit remotivated and urged Turkey about the resolution of border disputes as a community principle.

Another impact of the EU on conflicts is strengthening the civil society (Rumelili, 2004a: 15; Stetter, Albert and Diez, 2004: 22). In the previous rapprochement periods, the main problem was the lack of public support (Birand, 1991: 27-39; Coufoudakis, 1991: 40-55; Kirisci and Çarkoğlu, 2003: 117-153). Civil society development, which has been supported by the EU, is the catalysts for the conflict diminishing policies in the two countries. The EU arranged many programs in order to promote democratization and civil society action in both countries (Stetter, Albert and Diez, 2004: 30).

Besides these roles of the EU concerning Greco-Turkish relations suggested by the literature, some also pay attention to the instrumental and tactical logic of policies of Greece and Turkey during the transformation of bilateral relations. Until the mid-1990s, the main logic of Greek policies toward Turkey was that Greece would be more secure if Turkey continued to remain outside of the EU. Thus, from its accession to the EU in 1981 towards the end of 1990s, Greece tried to blockade the developments in Turkey's relations with the EU. To this end, continuation of no-resolution policy in the Aegean and Cyprus issues served Greek interests (Oğuzlu, 2004a: 99).

However, in late 1990s, Greek leadership realized that it would be impossible to solve bilateral disputes with Turkey if Turkey was isolated from the Union (Papanicolaou, 2005: 151). Greece's bargaining power vis a vis Turkey depend on Turkey's aspiration to become a member. Greece would lose this power if Turkey was left out of the EU as happened after the Luxemburg Summit of 1997 (Öniş, 2002: 12; Öniş, 2001: 38).

In order to join the Euro-zone and enable the accession of Republic of Cyprus to the EU, Greece encouraged Turkish candidacy at the Helsinki Summit (Öniş and Yılmaz, 2007). Thus, Turkey would be more flexible for the resolution of disputes over Aegean and Cyprus. In addition, the resolution of disputes would make Greece closer to the Euro-zone (Oğuzlu, 2004b: 348). Thus by the Helsinki Summit, the EU abandoned its policy of isolating Turkey and preferred the strategy of binding and integrating it into Europe. The positive attitude of Greece was driven by the assumption that Turkey would have a strong incentive to resolve disputes with Greece if there is a real perspective of EU accession (Siegl, 2002: 45; Öniş, 2001: 3). Meanwhile, Turkey realized that better relations with Greece would be more advantageous for its relations with the EU. This reciprocal gains led them to cooperate (Couloumbis and Ifantis, 2002: 1-25).

Therefore, the literature, which argues that despite the increasing dialogue, current Greco-Turkish relations are fragile, assumes the logic that Greece and Turkey approach each other with solely tactical reasons. Both Greece and Turkey are aware that any Greek-Turkish tension will isolate both belligerents from their Western institutional allies, notably the European structure (Couloumbis, 1999: 24-48). Moreover, it would damage Turkish plans to be a part of the EU and Greece to integrate the European Monetary Union (EMU) (Oğuzlu, 2004a: 93, Oğuzlu, 2004b: 337).

In conclusion, the literature review reveals that since 1999, Greece and Turkey experience collaboration mostly on issues of low politics. They initially prefer to cooperate on issues that they can engage in a dialogue, rather than hard-core issues affecting their national interests and security. However, it should also be noted that recently, there has been political willingness and efforts to ameliorate bilateral

relations and to manage main disputes between Greece and Turkey. Political cycles initiated talks and exchanged views on issues of high politics.

Having discussed the historical background of the Greco-Turkish relations and the literature that argues for and against a transformation in relations towards cooperation, in the next chapter I examine empirical evidence for the change in the relations between Turkey and Greece. I use economic and military indicators to find out if there has indeed been a transformation. Finally, in the empirical chapter, I reevaluate the arguments on the EU impact on Greco-Turkish relations.

## **CHAPTER 3**

### **EMPIRICAL ANALYSIS**

In the previous chapter, I reviewed what scholars suggest about Greek-Turkish relations and discussed which indicators are utilized in the following empirical analysis, following the literature. From my literature review, it appears that Greece and Turkey, although far from reaching a solution on the main disputes, currently increased formal and informal dialogue, notably on low politics issues such as trade, tourism, terrorism, culture, and so forth. (Öniş, 2001: 42; Heraclides, 2002: 23). Furthermore, governmental dialogue has considerably increased compared to the previous years so that the two countries could enter common projects on which they can work together.

#### ***3.1. Transformation in Military Relations***

Transformation of military relations reflects the changes in military actions of states towards each other. Therefore, this section analyzes whether there has been a change in Greco-Turkish military actions from competitive to a cooperative one. To that end, I use the Militarized Inter-state Dispute (MID) data set, which is included in the Correlates of War (COW) Project. The variable I utilize is the hostility level. The

codebook and the data sets of the COW project are available through Eugene software, which can be downloaded online.<sup>4</sup> The software is quite user-friendly and is widely used by international relations scholars who include quantitative analyses in their work. The Correlates of War project facilitates the collection and use of quantitative data through several data sets, which are organized according to the area of research.<sup>5</sup>

In my empirical analysis, I use the Militarized Inter-state Disputes (MID) data set since it covers all the instances in which a state threatens displays or uses force against another state in the period between 1816 and 2001. Therefore, to study the case of Greece and Turkey in a time-series framework, the MID data set is very suitable to find out all the disputes between the two neighboring states.<sup>6</sup>

The MID dataset is organized at two levels. The dispute level data set uses each dispute as the unit of analysis and the participant level version includes each participant as the unit of analysis.<sup>7</sup> The first one summarizes the information for the whole dispute and the latter gives information about each state within the dispute. In this analysis, I use the participant level MID data set, which provides information about Greece and Turkey individually. I prefer this unit of analysis in order to analyze the change in actions of each participant state towards each other. Therefore, by using the participant level MID data set, I follow changes in each state's military action against each other and monitor which state is more or less hostile during the

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<sup>4</sup> Available at <http://eugenesoftware.org/>

<sup>5</sup> For detailed information about COW Project see <http://www.correlatesofwar.org/>

<sup>6</sup> A militarized inter-state dispute involves threat, display, and use of force by a state explicitly directed to another state. Threat is defined as the verbal indication of a hostile intent. Display of force is a military demonstration, which does not involve combat. And lastly use of force involves active military operations.

<sup>7</sup> There have been available documents at <http://www.correlatesofwar.org/>, which explains both incident and participant level data sets

years in question. The data set includes variables such as dates of involvement of states in a dispute, the side on which state participates, level of fatalities suffered by states, hostility level, and the highest level of action taken by states. Among these variables, I use the “hostility level” variable to measure the level of change in military action by Greece and Turkey against each other.

The variable is in a five-point scale ranging from no militarized action to war. Each of the hostility levels are represented by different numbers as shown below:<sup>8</sup>

- 1 – No militarized action
- 2 – Threat to use force
- 3 – Display of use of Force
- 4 – Use of force
- 5 – War

Thus, the hostility level variable reflects the level of hostility reached during the incidents in which two states are on the opposite sides<sup>9</sup>. Considering the Greek-Turkish disputes, I scale hostility levels reached by Greece and Turkey and examine the changes in this scale in the MID data.

The figure below shows the changes in the two countries’ hostility levels during their bilateral disputes within the period between 1945 and 2001. I chose to look at these years because the end of World War II has changed the world order and since then, the feature of the armed conflicts has changed and there appear to be large number of disputes, which are not actually wars but crises or non-war conflicts. Considering that Greece and Turkey have not been in war since 1945, my goal was to reach all the crises and disputes using the COW Project. Unfortunately, the data

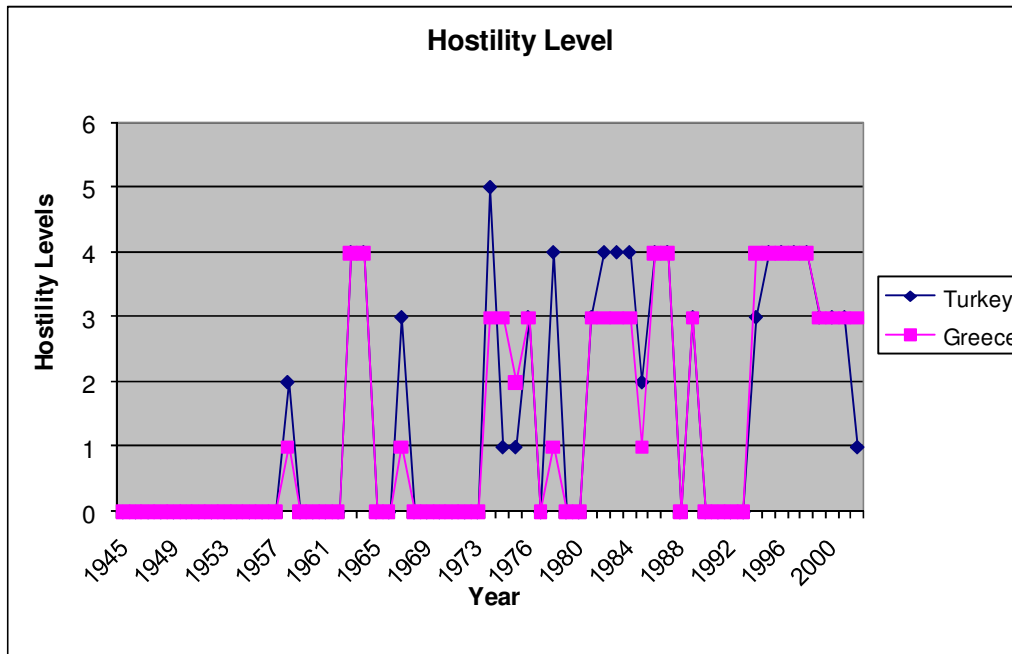
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<sup>8</sup>Information has been retrieved from the PDF document available at <http://www.correlatesofwar.org/>

<sup>9</sup> For detailed information see <http://www.correlatesofwar.org/>

end in 2001 and there are only two years to compare a transformation before and after 1999.

**Figure 1. Hostility Level of Greece and Turkey between 1945 and 2001**



Analysis of the figure 1 and a comparison of the periods before and after 1999 show that there has been a decrease in the hostility levels of the two countries, notably of Turkey. Since 1999, the hostility levels of both Greece and Turkey have not exceeded level 3, which means display of use of force. Interestingly, all the recorded MIDs after 1999 are territorial and air space violations.<sup>10</sup>

The highest point of hostility was reached in 1974 when Turkey and Greece came to the brink of war due to the Turkish intervention in Cyprus. Since 1974, Greece and Turkey were twice in crises considered by many observers as close to

<sup>10</sup> In order to see recorded MIDs see <http://www.correlatesofwar.org/>

war (Giannis, 1989 in Christodoulaki, Ikonomaki, and Orkun, 2001: 3; Sitalides, 1997). Crises in 1987 and 1996 were related to the status of the Aegean. The first one, the Aegean crisis, was the result of an official decision of Turkey to realize offshore exploration in controversial waters, and the second was the Imia-Kardak crisis. On these two dates, the hostility levels scaled level 4, which means use of force.

It appears that in Figure 1, the years between 1996 and 1998 witness a continuing hostility level for both Greece and Turkey at the level of 4. The news reports in these years show that this might be because of the crisis erupted by Greek plans to deploy S-300 missiles in the Greek side of Cyprus. In the news reports, the most important event of 1997 and 1998 appears as the deployment of S-300 missiles. Within that period, Greece and Turkey, many times, threatened each other for war. Turkey accepted this attempt of Greece as a threat to its security and took the necessary measures (Hürriyet, 20.09.1997). Warplanes were loaded with necessary military equipment for any possible attack (Hürriyet, 14.11.1997). It was reported in the newspapers that international media began to make war scenarios between Greece and Turkey (Hürriyet, 03.07.1998). Any spark could lead to war. This may be the reason of high hostility level recorded in 1997 and 1998.

Another event in 1998 was that Greek aircrafts landed at the Baf military base in Cyprus, which was opened to deploy S-300 missiles and Greek aircrafts. This attempt of Greece again escalated the tension between the two countries over the island (Hürriyet, 25.01.1998). Turkey stated that if Greece was planning to take action against Turkish security, this attempt would be reciprocated (Hürriyet, 19.06.1998). This tension partially deescalated towards the end of 1998 and the meeting of the Sea Commanders followed. Initially, the deployment of S-300 was

postponed and then they were deployed to Crete (Hürriyet, 08.11.1998). Figure 1 indicates that Greek and Turkish hostility levels decreased after 1999 and the end of S-300 crisis seems to explain this decrease in hostility levels between the two countries.

Therefore, according to the figure 1, for Turkey, before 1999, hostility level mostly exceeded or stayed at the same level as the Greek hostility level. This fact shows that Turkey, before 1999, was more hostile than Greece during the MIDs in question. However, after 1999, there has been a significant decrease in the hostility level of Turkey. Therefore, I argue that the data show a trend where Turkey since 1999 has recorded a military rapprochement towards Greece.

Greece, in Figure 1, before 1999, was less hostile than Turkey or at the most stood at the same level. After 1999, its hostility level either stayed at the same level with Turkey or exceeded Turkish hostility only once in 2001. Therefore, regarding the hostility level after 1999, the figure 1 illustrates that while Greece experiences a slight change, Turkey experiences a more significant one.

Political factors can be effective in this decrease of the hostility level of the two countries, shown in Figure 1. With regard to Turkey, the membership efforts to the EU may be a factor. As I mentioned in the literature review chapter, the European carrot policy loses its credibility in the eyes of Turkey when Turkey stops believing in the prospects of membership assuming that whatever it does, it would never be perceived and accepted as a European country. Thus, Turkey might be reluctant to be sensitive about Greco-Turkish relations at that time. That is why Turkish hostility was used to be higher than the Greek hostility in Figure 1.

On the contrary, after the 1999 Helsinki Summit, which granted Turkey candidacy status, EU's carrot policy gained its credibility back. In pursuit of the EU

membership, Turkey preferred to be moderate towards Greece because Turkey was a candidate country while Greece was an EU member. (Couloumbis and Ifantis, 2002: 1-25). This could be the reason that since 1999, Turkey preferred to assume a careful attitude over the Aegean and it is less hostile to Greece compared to the period before 1999.

Another possibility of transformation for both Greece and Turkey may be the motives of the leaders as well as their personal friendships<sup>11</sup>. Late Ismail Cem and Yorgo Papandreu, then foreign ministers of Turkey and Greece followed friendly dialogue with each other. In 1999, the two foreign ministers, Cem and Papandreu assumed the principle of “Dialogue First” for bilateral crises and held the first meeting of bilateral dialogue on tourism, environment, trade and possible regional cooperation (Hürriyet, 27.06.1999). Greek foreign minister explained this dialogue with the following speech at the 54<sup>th</sup> UN General Assembly meeting on 22 September 1999:

If the road to peace is indeed made up of a collection of moments, then I also dare hope for our relations with Turkey. My Turkish counterpart, İsmail Cem, and I have been engaged in careful diplomacy for many months. We recently inaugurated discussion committees to address a number of bilateral concerns, including trade, tourism and the environment, where we feel our two countries have much to gain from mutual Cupertino. People’s aspirations for the principles of democracy, security, and prosperity can overcome historical strife. In this democratic spirit, we believe that our security is bound by the stability in the region;

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<sup>11</sup> When İsmail Cem passed away, his counterpart Yorgos Papandreu stated that he lost a friend (Radikal, 27.01.2007).

that our neighbor's strength is our own strength (Reuter, 1999).

In 2001, Greece and Turkey agreed to develop a "Red Phone Line" by which they could communicate with each other even for simple issues (Milliyet, 25.06.2001). Additionally, to trace what happened after 2001, the year that the quantitative data end, I surveyed the media. In 2002, the Aegean Dialogue officially began between the two countries (Hürriyet, 12.03.2002). After that year, dialogue concerning Aegean problems gained momentum. Moreover, under different governments this affirmative process continued and in 2005, the two new foreign ministers, Abdullah Gül and Petros Molivyatis again put the historical project of "Red Phone Line" between Eskişehir and Larissa to the table in order to increase flight security (Hürriyet, 13.04.2005). Therefore, the change in the two countries' hostility levels after 1999 may also be due to the friendly dialogue between the two countries' political elites. It appears that even though the governments have changed, this dialogue has become a habit rather than a short-term policy of governmental politics.

This change in the two countries' political relations can also be noticed in relations between the two countries' military staff. Greece and Turkey's military authorities entered a dialogue, which could not be imagined a few years earlier. The focus has been generally the prevention of any possible tension over the Aegean. This seems to be a signal that there has been military willingness on both sides to diminish tension and manage crisis.

In 2002, Greek and Turkish Defense Ministers agreed to form a direct contact mechanism by which they aimed to prevent tension or take immediate action against any tension over the Aegean (Hürriyet, 13.09.2002). Meanwhile, regarding military

expenditures, which have taken attention from many scholars as previously mentioned, the Defense Minister of Greece, in 2004, declared that Greece would cut 25% of its military expenditure within a 5-year period (Milliyet, 18.05.2004). Considering the statements of Greek Defense Minister in 2002 and 2003 referencing Turkey as an excuse to high Greek military expenditure, this change in Greek attitude is the signal of affirmative transformation in Greco-Turkish military relations. Meanwhile, this development may have a contribution to the establishment of trust towards the neighbor country, which was previously assumed the number one threat.

Another striking point in military relations, which might have an effect on decreasing hostility, is the bilateral visits of the two countries' Heads of General Staff. First time in decades, the Heads of General Staff of the two countries undertook visits to discuss conflict-diminishing measures over the Aegean (Radikal, 01.11.2006). In 2006, they agreed to form a common operation unit under the structure of the North Atlantic Treaty Organization (NATO) (Radikal, 05.11.2006). Meanwhile, due to the increasing number of violations over the Aegean, certain measures have been initiated by the two countries' military staff. The Greek and Turkish military offices agreed to put a certain distance between the training zones of Greek and Turkish warplanes in 2006 and, in 2007, upon the dogfight, which resulted in the death of a Greek pilot. The Head of Turkish General Staff, Yasar Büyükanıt, proposed unarmed flights over the Aegean and called Greece for action:

We are ready to disarm our aircrafts. I do not understand why we (Greece and Turkey) do not disarm our flights. We are not enemies. Thinking of the young pilots in the recent crash, the danger is apparent. We saw what happened over Aegean lastly. Isn't it a pity?

We are ready to do that. You also are (Radikal, 18.04.2007).

Giving the example of the establishment of the European Union, Büyükanıt stated his hopeful sentiments:

No one could imagine that enemies would eventually form the European Union at the end of the war. As long as willingness exists, there is always a solution. I believe that one day we are going to solve our problems (with Greece) (Milliyet, 20.04.2007).

However, despite the dramatic change in the two countries' military dialogue and the attitude of the military staff, tension over the Aegean and in the periphery of Cyprus did not completely end. My survey of news reports illustrate that between 1999 and 2001, military tension was caused only by bilateral territory and air space violations<sup>12</sup>. This is the reason that, in Figure 1, hostility level between these years indicates the same number. It should also be noted that in the recent years these violations are becoming more frequent. Table 1 shows the recent number of territorial and air space violations between Greece and Turkey.<sup>13</sup>

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<sup>12</sup> I reached this argument from my daily survey of news reports from three Turkish newspapers, Hürriyet, Radikal and Milliyet

<sup>13</sup> These numbers are derived from the news reports of three Turkish newspapers; Hürriyet, Radikal and Milliyet. Thus these violations are just the ones reflected in the newspapers, the numbers are larger in the web site of the Ministry of General Staff ; <http://www.tsk.mil.tr>

**Table 1. Number of Territorial and Air Space Violations**

Year	Number of Territorial and Airspace Violations
1997	1
1998	1
1999	1
2000	0
2001	1
2002	3
2003	4
2004	6
2005	7
2006	7
2007	18

Table 1 shows that in recent years there has been an increase in recorded air space and territorial sea violations whereas Figure 1 illustrated that since 1999, hostility level has decreased. The reason is that more important security issues such as S-300 missiles disappeared and the major problem between the two countries remained as violations over the Aegean. Therefore, these violations have been the only military tension that is reflected in the newspapers. However, it is interesting that in the recent years these violations considerably increased. It is almost like hostility levels decreased between the two countries, but teasing activities replaced serious, hostile crises.

Another interesting argument that can be made to explain the discrepancy between Figure 1 and Table 1 is that uncertainty in military relations between Greece and Turkey has decreased since 1999. While hostility levels used to fluctuate before 1999, both Greek and Turkish hostility levels became more stable afterwards. In 2001, Turkish hostility points out to level 1, which means lack of militarized action while Greek hostility is at level 3, representing display of use of force. Considering

that all the MIDs since 1999 are territorial and air space violations, these hostility levels may illustrate that Turkey was reluctant to retaliate at the time in question due to an understanding of unfruitful results of escalation of hostility.

It is also worth mentioning that the year in which hostility reached the highest point is 1974. The hostility level in this year comes across as level 5, which means “war” according to the MID data in the coding system of the COW Project. The dispute in question is the Cyprus War, which started by the intervention of Turkey following the Greek Cypriot coup sponsored by Greek military junta and ended with Turkish occupation of one-third of the island (İsmail, 1988). Interestingly, the Turkish literature does not evaluate the 1974 intervention of Turkey in Cyprus as a war. However, the COW project does. Thus, it should be noted that a widely-used and comprehensive international relations project accepts that Greece and Turkey got into an inter-state war in 1974. According to the Turkish literature, the actual level of this MID should have been between 4 and 5.

To sum up, it appears that hostility levels of Greece and Turkey have decreased since 1999 but did not come to an end. Coded militarized interstate disputes show that bilateral territorial and air space violations still create tension over the Aegean and in the periphery of Cyprus. The data illustrate that the main reason behind the existence of military tension between Greece and Turkey has been the unsolved Aegean disputes. However, I suggest that despite the tension over the Aegean, both states seem to record an important development in military relations and considering the decrease in the hostility levels of Greece and Turkey, notably of Turkey, there has been an evolving transformation in the two countries’ military actions towards each other.

### ***3.2. Transformation of Economic Relations***

This section analyzes if there has been an affirmative transformation in Greek-Turkish economic relations. In the analysis, I utilize three indicators, which are bilateral trade, investment, and bilateral tourist exchange. The reason behind choosing these indicators is that they form the major economic activities between any two countries. For trade relations, I examine data on Turkish exports to and imports from Greece. For investment, variables used are foreign direct investment (FDI) from Greece and capital investment of Turkey in Greece, which will identify the investment trends of the two countries towards each other. Eventually, for tourism, I analyze data showing the changes in the entry of Greek citizens to Turkey and departing Turkish citizens to Greece. All of these indicators accumulate changes to show the overall trend in Greek-Turkish economic relations and give clues about the changing trust and friendship, and economic interdependence between two neighboring countries.

#### ***3.2.1. Trade***

The trend in trade relations between Greece and Turkey before and after 1999 is analyzed to see whether there has been a transformation in the two countries' relations.

The table 2 below shows total exports of Turkey to abroad and specifically the exports to Greece. I also calculated the percentage of exports to Greece within the total exports and added it to the table in the last column. Data are not available in the

period between 1945 and 1996, so the Table 2 covers data from 1996 to 2006.

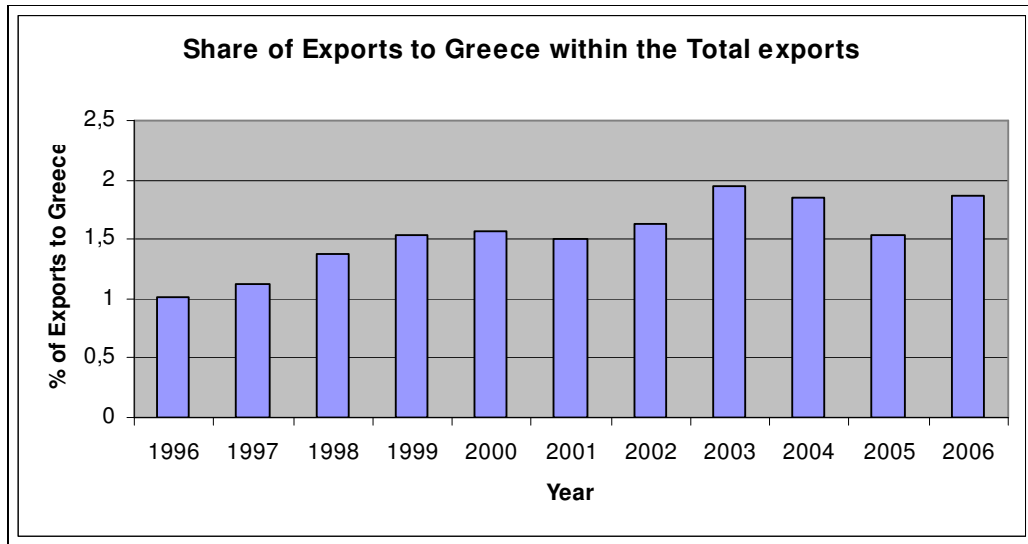
**Table 2. Exports of Turkey (000 dollars)<sup>14</sup>**

Year	Total Exports	Exports to Greece	% of Exports to Greece within the total exports
1996	23 224 465	236 464	%1.01
1997	26 261 072	298 237	%1.13
1998	26 973 952	370 039	%1.37
1999	26 587 225	406 794	%1.53
2000	27 774 906	437 725	%1.57
2001	31 334 216	476 095	%1.51
2002	36 059 089	590 382	%1.63
2003	47 252 836	920 401	%1.94
2004	63 167 153	1 171 203	%1.85
2005	73 476 408	1 126 678	%1.53
2006	85 478 556	1 601 371	%1.87

Table 2 indicates that both total exports of Turkey and exports from Turkey to Greece have an increasing trend since 1996. However, the share of exports to Greece within the total exports shows that although the exports to Greece increased in number, its share within the total exports has not steadily increased. Still, compared to the previous years, it can be argued that there is an increase in the share of exports to Greece even though it is not a dramatic one. Shares never decreased to the levels during the period before 1999. Changes in the share can be seen below in Figure 2.

<sup>14</sup> Statistics were retrieved from [http://www.tuik.gov.tr/PreIstatistikTablo.do?istab\\_id=624](http://www.tuik.gov.tr/PreIstatistikTablo.do?istab_id=624) in 15.05.2007

**Figure 2. Share of Exports to Greece within Total Exports**



Since 1996, the share of exports to Greece has increased, even though the increase is not a dramatic one. Except the year 2001, in which Turkey experienced an economic crisis, share of exports to Greece increased until 2003 and in 2003, this share peaked.

The reason of this increase might be the Restrictive Agreement on Double Tax, which was signed by Greek and Turkish governments in 2003.<sup>15</sup> It appeared as an initiative to increase and facilitate trade between the two countries. Following the year 2003, the share began to decline until 2006, in which trade seems to recover. The reason of this decline after 2003 might be that Turkey might have tried to develop its foreign trade volume by either increasing its trade with its existing trade partners or gaining new ones. Thus, share of exports to Greece might have lessened within the total trade.

On the other hand, there may be other arguments by which small share of exports to Greece might be explained. One reason might be that Greece and Turkey

<sup>15</sup> For more information about the agreement see <http://www.mfa.gov.tr>

have competitive trade goods. The two states are in the same geography and have the same climate, thus naturally similar products are produced. That might create a stable export trend from Turkey to Greece independent of increasing economic cooperation in general. Regarding what goods Greece and Turkey exchange, whether raw or processed materials, Öniş (2004: 11) states that bilateral trade of Greece and Turkey has an inter-industry character. Turkey mostly exports to Greece capital-intensive goods, while Greece exports resource-intensive goods to Turkey.

Moreover, Figure 2 illustrates that, even though the data before 1996 is not available, considering the available years, Turkish exports were not affected from the disputes between the two countries. Despite the Kardak Crisis of 1996 and Öcalan Crisis in 1999, which were mentioned in the literature review chapter, trade flow between the two states continued to grow. In the previous section, it appeared that even though the hostility level of the disputes decreased between Greece and Turkey, it did not disappear. Figure 2 interestingly shows that trade relations continue independently from these tensions over the Aegean and are not negatively affected.

For further investigation, besides the shares of exports to Greece within total Turkish exports, I also considered Gross National Product (GNP) of the years in question in order to reach more striking clues about the Greek-Turkish trade relations. Table 3 below shows the share of exports of Turkey to Greece within the GNP.

**Table 3. Exports to Greece/ Gross National Product (GNP) (%)**

Year	GNP (000 000 dollars)	Export to Greece/GNP
1996	183.601	0,12
1997	192.383	0,15
1998	206.552	0,17
1999	185.267	0,21
2000	200.002	0,21
2001	145.693	0,32
2002	180.892	0,32
2003	239.235	0,38
2004	299.475	0,39
2005	360.876	0,31
2006	399.673	0,4

As Table 3 indicates, GNP of Turkey has a growing trend after a sharp decrease in 2001, which was due to the economic crisis of that year. These data show that Turkish exports to Greece increase parallel to changes in the GNP. The exceptional years have been 2001 and 2005. In 2001, while the GNP decreased, share of exports to Greece increased. In 2005, this share decreased while the GNP witnessed a significant increase. These numbers support the idea that Turkey has a certain export trend towards Greece.

Meanwhile, Turkish exports' share to Greece within the GNP has a different trend than its share within the total foreign trade of Turkey. Its share within the GNP has an increasing trend while it was stable within total trade. This share never decreased with the exception of 2005.

Tables and figures so far illustrate that Turkish exports to Greece do not occupy a big part within the total Turkish exports abroad. However, it should be highlighted that there is definitely an increasing trend albeit a minor one.

Following the export trends, as another indicator concerning trade, I analyze imports from Greece and as I did for exports, considering its share within the total imports and the GNP.

**Table 4. Imports (000 Dollars)<sup>16</sup>**

Year	Total Imports	Imports from Greece	Share of imports from Greece within the total imports
1996	43 626 642	284 959	%0.65
1997	48 558 721	430 780	%0.88
1998	45 921 392	319 751	%0.69
1999	40 671 272	287 555	%0.70
2000	54 502 821	430 813	%0.79
2001	41 399 083	266 254	%0.64
2002	51 553 797	312 462	%0.60
2003	69 339 692	427 743	%0.67
2004	97 539 766	594 351	%0.60
2005	116 774 151	727 830	%0.62
2006	138 290 264	1 041 099	%0.75

As Table 4 indicates, Turkish imports from Greece show an increasing trend in number until 1999. In 1999, we notice that imports numerically decrease. The reason might be the Öcalan Crisis. Appearance of Greek support for terrorist leader Abdullah Öcalan might have decreased the reliability of Greece. Turkish firms might have been under the pressure of civilians to cut back on imports as they did against Italian products. The reaction of businessmen can be noticed from the speech of Rahmi Koç, Chairman of the Board of Koç Holding who resigned from the presidency of Greek-Turkish Business Council upon the Greek involvement in Öcalan's escape. He stated that:

<sup>16</sup> Statistics were retrieved from [http://www.tuik.gov.tr/PreIstatistikTablo.do?istab\\_id=625](http://www.tuik.gov.tr/PreIstatistikTablo.do?istab_id=625) in 15.05.2007

From 21 December 1992 till today as the president of Greek-Turkish Business Council, we really worked hard for the improvement of business and cultural relations, and even political relations with neighbor Greece. However, we did not receive the same warmth and hospitality from Greek businessmen. We were always the initiators. All these efforts could not go beyond personal friendship. Still we were determined to go on and believed that we should not give up. Personally, I have resisted many criticisms from inside and outside of the group. However, recent developments proved that all of the efforts are in vain; the agenda of Greek counterpart is different from ours. Under these conditions, it appears that Greek-Turkish Business Council have no meaning. That is why I would like to resign from my position (Hürriyet, 26.02.1999).

Resignation of Rahmi Koç is the signal of Turkish businesspersons' opinion about their ties with the Greek counterparts.

Meanwhile, Table 4 shows that in 2000, share of imports from Greece increased again. This is most likely due to the cooperation agreements in 2000, which aim to increase bilateral trade between the two countries.<sup>17</sup>

Table 4 also shows that since 2001 imports from Greece are on an increasing trend nominally. However, examination of the share of Greek imports within the total share indicates that shares do not increase but rather fluctuate. Imports indicated nominally and the percentage within the total show different trends. The reason might be that numerical increase is a general trend of Turkish import policies, not

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<sup>17</sup> For more detailed information about the bilateral agreements see <http://www.mfa.gov.tr>

related to its relations with Greece. Recovering of the economy after the 2001 crisis may have led Turkey to import more and this leads to an increase in imports from Greece parallel to total imports. Looking at the share of imports before and after 1999, comparison will support the idea that 1999 is not a turning point for this indicator. Share of imports from Greece does not have an increasing trend; on the contrary, imports from Greece never reached the level achieved in 1997. It is interesting that Greco-Turkish trade relations were not affected from the Imia-Kardak Crisis of 1996. Just after a year, Turkish imports from Greece boomed. It shows that Greek-Turkish economic relations are not necessarily influenced from the bilateral military disputes.

Turkish import trend from Greece can better be observed in the figure below, which shows the share of imports from Greece within the total imports.

**Figure 3. Share of Imports from Greece within the total imports**

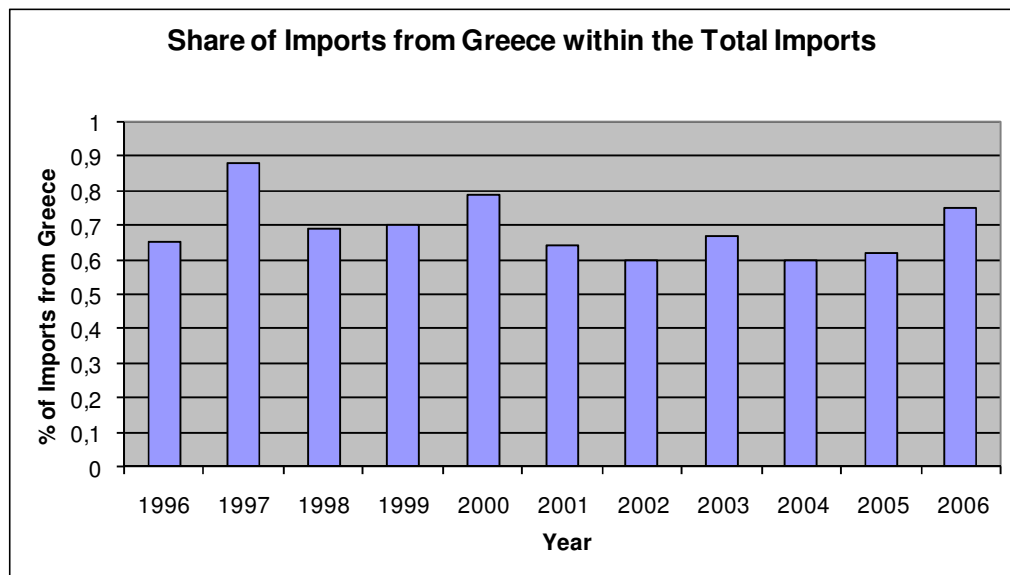


Figure 3 above illustrates that share of imports from Greece is not a satisfactory indicator due to its fluctuating trend to analyze transformation in Greco-Turkish relations. The year 2000 experienced a high share of imports from Greece. The reason might be Economic Cooperation Agreement and Agreement on Sea Transportation in 2000, aiming to increase bilateral economic activities<sup>18</sup>. Except 2000, rest of the years shows mostly the same trend. This fact indicates that cooperation agreements did not affect the import trend of Turkey from Greece. In the meantime, figure 3 illustrates that imports from Greece, like exports to Greece, were not affected from the disputes. Because, even after 1999, share of imports are still lower than the previous years, in which hostility levels were higher. The reason might be again the same geographical and climatic area that both countries share. They might have only certain trade goods to exchange and thus, their export and import base cannot be expanded much.

Findings from the Turkish import trend showed that neither the increasing economic dialogue nor deescalating military tensions over the Aegean seem to affect the trend in the share of imports from Greece. This is the case despite the number of economic cooperation agreements signed in 2000. Thus, it may again be necessary to consider GNP of Turkey and find out the ratio of imports from Greece within the GNP. Table 5 below shows the data on Turkish GNP between 1996 and 2006 and the percentage of imports from Greece / GNP.

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<sup>18</sup> For more information about these bilateral agreements see <http://www.mfa.gov.tr>

**Table 5. Imports from Greece / Gross National Product (GNP) (%)**

Year	Import/GNP (%)
1996	0,15
1997	0,22
1998	0,15
1999	0,15
2000	0,21
2001	0,18
2002	0,17
2003	0,17
2004	0,19
2005	0,2
2006	0,26

Table 5 shows that the share of imports from Greece within the GNP does not witness a considerable change after 1999. Shares are almost the same and does not show a dramatic change from the previous year except 2000 in which cooperation agreements were signed. The reason, for both export and import habits, might be, as mentioned before, the same geography and the same climate, which leaves them with competitive trade goods. However, it should be noted that since 2003 there has been a continuous increase in the share of imports from Greece within the GNP. That may be due to the Restrictive Agreement on Double Taxation, which was signed in 2003.<sup>19</sup>

Both export and import data indicate that the two countries' trade relations did not show a considerable change after 1999, which is assumed to be the starting year of the Greek-Turkish rapprochement. Rather trade relations have evolved independently of the 1999 turning point as well as the military disputes. This fact indicates that trade relations between the two countries may not be a sound indicator to analyze the current transformation in Greek-Turkish relations. Their trade relations

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<sup>19</sup> For more information about the agreement see <http://www.mfa.gov.tr>

have not experienced a dramatic change. Neither rapprochement nor disputes brought a sharp change in the trade habits of the two countries.

### ***3.2.2. Investment***

As another major economic activity, I evaluate the two countries' bilateral investment trends. To that end, I utilized two indicators:

- 1- Foreign direct investment from Greece
- 2- Exported capital of Turkey to Greece

Even though increasing dialogue has not been reflected in trade relations much, data shows that its effect has been clearly seen in investment. Even though bilateral investment is not striking, it is much better comparing the previous years. The table below shows the changes in authorized Foreign Direct Investment (FDI) from Greece in Turkey.

**Table 6. Authorized Foreign Direct Investment from Abroad (million US dollar)<sup>20</sup>**

Years	Authorized FDI from Greece	Total FDI In Turkey	Share of FDI from Greece within the total FDI
1996	1,2	3.836,69	0,03
1997	1,99	1.678,21	0,11
1998	1,56	1.647,44	0,09
1999	2,64	1.700,57	0,15
2000	32,7	3.474,93	0,94
2001	3,47	2.726,14	0,12
2002	4,85	2.242,92	0,21

Table 6 shows an increasing trend in Greek investment within Turkey. It appears that, different from trade relations, there has been a significant change after 1999 in investment rate of Greece in Turkey. Notably, in 2000, FDI from Greece peaked. Meanwhile, considering the share of Greek FDI in Turkey within total investment, 2000 again records the highest share. The reason might be the signature of Agreement on Bilateral Encouragement of Investment in 2000.<sup>21</sup>

This positive change in the Greek investment within Turkey after 1999 can be seen as a sign of increasing trust between the two countries. This is also an indication of increasing trust of Greece in the stability of Turkish economy.

According to Table 6, 2001 witnessed a sharp decrease in both total and share of Greek investments in Turkey. The reason is probably the decreasing trust to Turkish economic stability due to the 2001 economic crisis. At that time, Turkey assumed to be an unsuitable country for investment. In the following year, 2002, this falling trend in investment recovered and authorized FDI from Greece again increased.

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<sup>20</sup> Statistics were retrieved from [http://www.hazine.gov.tr/stat/yabser/izin\\_ulkeler.xls](http://www.hazine.gov.tr/stat/yabser/izin_ulkeler.xls) in 18.05.2007

<sup>21</sup> For more information about the agreement see <http://www.mfa.gov.tr>

The data from 2002 till today has not been available. However, in the website of the Treasury, it was stated that today there have been 76 Greek companies operating in Turkey. Moreover, the share of Greek capital in Turkey within the total amount of foreign capital is currently % 0, 40 while it was 0, 21 in 2002. These facts prove that there has been an economic rapprochement between Greece and Turkey regarding their investment relations.

As far as the Turkish capital export to Greece is concerned, the data have been available from 1998 to 2004. Therefore, Table 7 below shows the Turkish capital exported to Greece and total capital exported to abroad between the years of 1996 and 2004. Moreover, the table contains the number of Turkish firms in Greece and the total number of Turkish firms abroad.

**Table 7. Exported Capital of Turkey (US Dollars)<sup>22</sup>**

Year	Number of Firms in Greece	Capital Exported to Greece	Total Firms Abroad	Total Capital Export Abroad	Share of capital exported to Greece within total
1998	0	0	928	2.128.546.343	0
1999	0	185.750	101	649.908.806	0,02
2000	0	0	89	1.189.972.388	0
2001	2	52.233	98	1.458.862.464	0,003
2002	1	189.795	104	425.657.073	0,04
2003	1	187.740	112	710.643.984	0,02
2004	2	262.880	150	856.347.836	0,03

<sup>22</sup> Statistics were retrieved from [http://www.hazine.gov.tr/stat/yabser/sermaye\\_ihraci.xls](http://www.hazine.gov.tr/stat/yabser/sermaye_ihraci.xls) in 17.05.2007

As table 7 illustrates, Turkish firms did not enter the Greek market until 2001. Since 2001, each year, at least one Turkish firm began to function in the neighbor country. The reason might be the Agreement on Bilateral Encouragement of Investment, which is signed in 2000<sup>23</sup>. As shares show, in 2002, capital export to Greece increased dramatically while the total capital exports decrease. This increase in the share might be due to cooperation on natural gas and electricity, which was agreed in the same year (Hürriyet, 13.03.2002). Even though this may not have a direct effect on investment initiatives, bilateral trust on each other's commitment for further cooperation might have increased. Meanwhile, in 2004, number of capital exports to Greece peaked. This significant change may be the fruit of agreement in 2000 on encouragement of investment and further commitment for more connected nations. This increasing Turkish incentive to operate Turkish capital in Greece is the signal of increasing Turkish trust to Greece and its economy; and also increasing friendship in economic relations.

Besides the dialogue at governmental level, which resulted in many cooperation agreements, non-governmental initiatives also have significant role in transformation of the two countries' investment incentives, notably the dialogue among businessmen. In 2005, Greek and Turkish Chambers of Commerce agreed to form a Greek-Turkish bank (Milliyet, 02.07.2005). In the meantime, formal initiatives continued and in the same year, the two countries' prime ministers laid the foundation of Greek-Turkish natural gas pipeline (Hürriyet, 03.07.2005). This appears to be an important area of cooperation on which the two countries may work together. Working together for the common good increases bilateral trust and leads the two states to further initiatives. As a process in banking sector, in 2007, Greece

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<sup>23</sup> For more information about the agreement see <http://www.mfa.gov.tr>

led national bank of Turkey, Ziraat Bank, open a branch in Greece (Hürriyet, 04.07.2007). This, I argue, is the signal of increasing trust.

Therefore, bilateral investments of Greece and Turkey show that there has been vivacity in the economic relations. The trust of both states in each other's economy seems to increase. Thus, current investment relations of Greece and Turkey may be a reflection of an affirmative transformation in the two countries' economic relations.

### ***3.2.3. Tourism***

This section analyzes the transformation of Greco-Turkish relations in the tourism sector. This indicator illustrates not only economic relations but also civilian dialogue between the two nations. Regarding economic relations, tourism is a competitive area for any neighboring states. Thus, any initiative to accelerate tourist activities toward each other signals that these two countries have willingness to achieve better economic relations. Furthermore, tourism also has a civilian aspect. Increase in exchange of civilians between two states reflects two nations' willingness to know each other. If the tourist exchange increases between the two countries, which was used to be unsympathetic to each other, that is a good indicator of members of these nations beginning to trust each other and the curiosity about each other's people and culture. This would consequently soften the antagonistic and prejudiced views about one another.

In order to analyze any transformation in bilateral tourism, I evaluate two indicators;

- 1) Number of arriving visitors from Greece; and
- 2) Departing Turkish citizens to Greece.

Table 8 below shows the arriving visitors to Turkey from Greece. Even though the data is available from 2000 to 2005, any change within these years may give clues about any transformation in their tourism relations.

**Table 8. Arriving Visitors from Greece<sup>24</sup>**

Year	Total Visitors	Visitors from Greece	Share of arriving visitors from Greece within the total arrivals
2000	10 428 153	218 092	2,09%
2001	11 619 909	189 028	1,62%
2002	13 248 176	279 751	2,11%
2003	13 956 405	393 399	2,81%
2004	17 548 384	491 300	2,79%
2005	21 124 886	584 784	2,76%

Table 8 indicates that the number of Greek citizens visiting Turkey has been increasing since 2001. This fact might be the result of tourism cooperation agreements and dialogue between the two countries' tourism ministries. In 2000, the two countries signed many agreements serving for the encouragement of tourism dialogue, which is Cooperation Agreement on Tourism, Agreement on Cultural Cooperation and Agreement on Sea Transportation.<sup>25</sup> However, the lack of data for

<sup>24</sup> Statistics were retrieved from [http://www.tuik.gov.tr/PreIstatistikTablo.do?istab\\_id=320](http://www.tuik.gov.tr/PreIstatistikTablo.do?istab_id=320) in 16.05.2007

<sup>25</sup> For more information see <http://www.mfa.gov.tr>

the period before 2000 restricts the comparisons between years and unable my analysis to realize the effectiveness of these cooperation agreements. Still, they appear as a stimulating factor for the increasing number of Greek visitors in Turkey. The figure below, which shows the share of arriving visitors from Greece within total foreign visitors, also illustrates this increase in arriving visitors from Greece.

**Figure 4. Share of Arriving visitors from Greece within total foreign visitors**

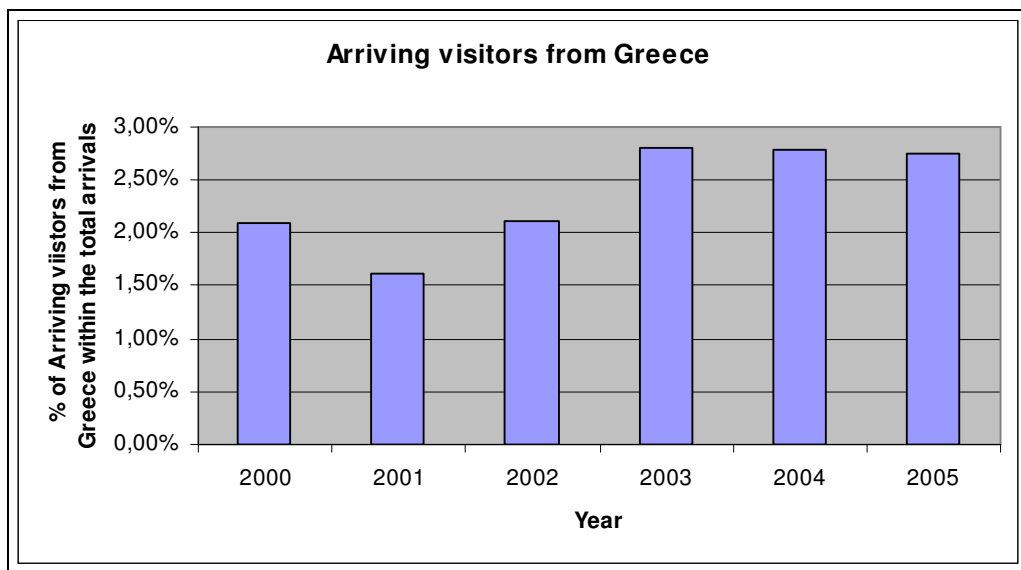


Figure 4 illustrates that there has been a considerable increase in the number of visitors coming from Greece since 2001. Except a decrease in 2001, the share of Greek visitors continued to grow until 2003 as the share peaked. However, after 2003, the share of Greek visitors slightly decreased. Possible reasons might be the insufficient number of touristic and cultural activities arranged by both sides' ministries of tourism or insufficient use of sea transportation, which, I argue, might increase the frequency of tourist exchange. On the other hand, increased tension over the Aegean might be another reason of this decrease.

The second indicator is the departures to Greece from Turkey. Table 9 below shows the numbers of departures to Greece and its share within the total number of departures.

**Table 9. Departing Turkish Citizens<sup>26</sup>**

Departing citizens	Total Departures	Departures To Greece	Share of departing citizens to Greece within the total departures
2000	9 991 004	225 123	2,25%
2001	11 276 531	169 203	1,50%
2002	12 921 982	245 484	1,89%
2003	13 701 419	382 990	2,79%
2004	17 202 996	473 559	2,75%
2005	20 522 621	566 194	2,75%

Similar to the arriving visitors from Greece, since 2001 there has been an increase in the number of departures from Turkey to Greece. This might be due to the fruitfulness of cooperation agreements of 2000. These increasing numbers illustrate the increasing trust and friendship of Turkish citizens to Greece and interest to the neighboring country. Meanwhile, the figure below shows the changes in share of departing citizens to Greece within the total departures abroad.

<sup>26</sup> Statistics were retrieved from [http://www.tuik.gov.tr/PreIstatistikTablo.do?istab\\_id=321](http://www.tuik.gov.tr/PreIstatistikTablo.do?istab_id=321) in 16.05.2007

**Figure 5. Share of Departing citizens to Greece within the total departures abroad**

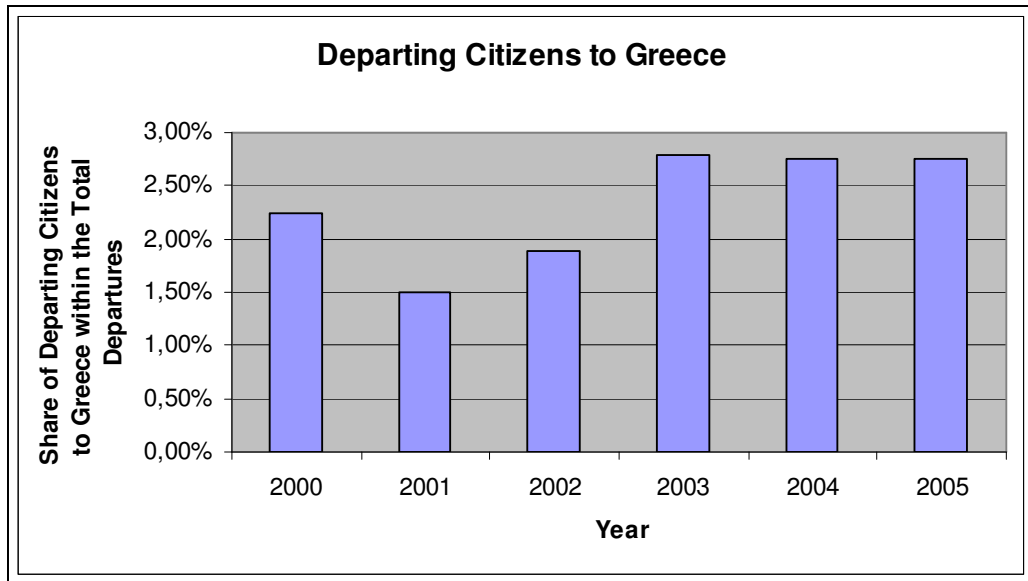


Figure 5 illustrates that, since 2001, share of departures to Greece never declined. It should be noted that this decrease in the share might be due to the 2001 financial crisis in Turkey. It can be noticed that in 2003 share of visits peaked and since then followed the same trend as the arrivals from Greece. The reason of this slight decrease after 2003 might be due to the lack of adequate initiatives as mentioned for arriving visitors from Greece. I argue that strict visa requirements are another barrier for the frequency of bilateral tourist exchange, notably for Turkish tourists. Bahar Rumelili (2005: 27) argues that Schengen visa requirements of the EU increase the difficulty of getting visas and restrict tourist exchange between Greece and Turkey. Also, I argue that insufficient use of sea transportation restricts the growth of tourist exchange between the two neighbors. Citizens are compelled to travel by plane, which is a more expensive way of transportation. Thus, I argue that more facility of sea transportation connecting two shores of the Aegean might increase the vivacity of the Aegean tourism.

In recent years, initiatives from the two shores of the Aegean considerably increased. I argue that the stable trend after 2003, which can be seen in Figure 5, might have a triggering affect on both Greece and Turkey to increase their dialogue, in the following years, on tourism in order to increase bilateral tourism. In 2005, Greek and Turkish mayors of the Northern Aegean district met to increase dialogue between the Turkish western coast and the Greek islands (Hürriyet, 21.03.2005). Commitment for cooperation made both countries take further steps to go beyond the status quo. As Figures 4 and 5 illustrate, tourist exchange experienced a slight decrease after 2003. It can be argued that this situation made Greece and Turkey take further steps. That is why, in 2006, the Greek and Turkish Ministers of Tourism agreed to increase boat lines and uniting the two countries by means of sea transportation (Hürriyet, 12.11.2006). In 2007, visa-free tours to Greek islands from Turkey were initiated (Radikal, 02.08.2007).

In conclusion, this empirical analysis of the military and economic transformation in Greco-Turkish relations shows that Greece and Turkey experience a transformation in both areas, although there are fluctuations from time to time. Moreover, my news survey illustrated that both formal and informal elites work together to reach further cooperation. More cooperation lead them to take further steps and to commit as happened with the decrease of hostility levels as well as the increase in trade, investment and tourism activities.

Parallel to the collaboration on economic activities, the political and military relations experienced a transformation. Military staff has entered a dialogue, which was virtually non-existent for many decades. Political cycles, while initiating or accelerating economic dialogue, are now more committed to cooperation. Thus, it appears that cooperation on the areas of low politics spread to political and security

areas. Even though the significant territorial issues have not yet been solved, there has been a strong initiative from both sides to prevent anything, which can hinder the ongoing improvement in bilateral relations. Consequently, mutual trust and commitment is built and this leads Greece and Turkey to initiate dialogue in the most conflictual issues as well.

## **CHAPTER 4**

### **CONCLUSION**

The main goal of this thesis is to examine the presence and direction of transformation in Greco-Turkish relations after 1999, notably on military and economic aspects. My empirical analyses compared the periods before and after 1999 and showed that Greece and Turkey indeed experience a transformation in their economic and military relations. The research also covered a political trend between the Greek and Turkish governments; the political cycles in both states are quite eager for political dialogue. Even though the main disputes on territorial issues such as the Aegean airspace violations and Cyprus have not yet been solved, a process has started and this is encouraging for further cooperation.

The review of the abundant literature on Greco-Turkish relations show two strands, one rooting for an affirmative transformation of relations; another arguing against the presence of such change in relations. Extensive military spending of Greece and Turkey was shown by counter-transitionists as evidence for strained relations while various studies supported the presence of a thaw in bilateral relations, no matter how fragile the rapprochement is.

The empirical chapter of this thesis aimed to see whether a trend of

transformation really existed as one strand of the literature argued. The first finding is that since 1999, Greece and Turkey experience military rapprochement to a certain degree, although not very dramatic. Despite the increasing dialogue between the two countries' military staff and political elites, the Aegean problems seem to stand as a barrier against perfect military thaw between Greece and Turkey creating tension over Aegean.

The second finding is with regard to economic relations: Greece and Turkey experience an affirmative transformation in their economic relations. The positive trend in economic relations is especially noteworthy in the recent years. While bilateral trade between Greece and Turkey increased since 1999, its share within total trade remains limited. Having explained various reasons of this trend such as competitiveness of neighboring states with similar products, I resolve that bilateral trade may not be the best indicator to evaluate the two countries' economic relations. Better indicators such as investment shares and touristic relations display a significant increase since 1999. Meanwhile, my analysis supports the notion that the two countries' economic activities are not severally affected from political tensions. Serious political and military tensions harm basic economic activities to some extent but does not end them. Therefore, I conclude that empirical evidence indicates that Greece and Turkey recently experience a transformation in their economic relations.

Meanwhile, my analysis also supports the literature, which argues that the EU has an important reference point for the recent Greco-Turkish military and economic relations. The first striking effect is through a carrot/stick policy. Greek plans to catch the last stage of Euro-zone and Turkey's ambition to be part of the EU made the two countries refrain from any attempt to deteriorate relations with one another, which consequently led to decrease in the hostility levels of the two countries,

notably of Turkey following the Helsinki Summit in 1999.

The second effect of EU is through strengthening the civic dialogue and funding civil society activities between the two countries by means of common projects, which led to an increase civil and business dialogue, and thus an improvement in economic activities. This research contributes to the existing literature by providing further empirical evidence that shows a transformation in these areas, which are indeed taking place.

Moreover, my analysis showed that Greece and Turkey also initiated significant developments, which may provide sustainable cooperation in their relations. There has been considerable progress in the two countries' relations notably on issues of low-politics. Beside this collaboration on areas concerning low-politics as cooperation agreements on tourism, terrorism, trade, environment, investment, and so forth, Greece and Turkey also initiated regional cooperation projects. The striking ones are the common project of constructing natural gas pipeline going through Western Europe via Turkey and Greece and the Balkan Cultures Corridor, which can gradually increase commitments and more importantly confidence towards one another. These projects and future projects like these, I argue, will make the two countries work for common goods and interests; and over time connect the two states more.

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