

July 24 1997: Edward Mortimer and ...ope: Thaw pierces the Aegean chill

<http://www.ft.com/hippocampus/7fed6.htm>

Αντ. Ζ. ΜΥΝΙΔΑΚΟΥ

Τία ΜΑΡΚΟ ΜΥΝΙΔΑΚΟΥ
ΤΑΡΑΝΑ ΤΙΟ



FT Content

HEADLINE

CONTENTS

12:00

ISLE OF MAN

Magazine

BT Onefax
getting

Edward Mortimer and Kerin Hope: Thaw pierces the Aegean chill

THURSDAY JULY 24 1997

"Slowly but surely" could be the motto of Mr Costas Simitis, Greece's socialist prime minister. This applies equally to his modernising of the Greek economy as to his building on the ground-breaking agreement reached with President Suleyman Demirel of Turkey a fortnight ago at the Nato summit in Madrid.

The agreement with Turkey - reached with US encouragement - to eschew the use or threat of force has transformed the atmosphere between two nominal allies, which only last year came to the brink of war.

One year after the death of his unpredictable predecessor, Andreas Papandreou, Mr Simitis looks increasingly self-confident. His pragmatic style contrasts with that of Papandreou, a leftwing economist and founder of the governing Panhellenic Socialist Movement (Pasok). Papandreou was always quick to exploit Greek insecurity about its larger and historically dominant Turkish neighbour.

"Our economic, social and political structures in recent decades largely reflected defensive attitudes born of an isolationist and protectionist mentality," Mr Simitis says in an interview, obliquely criticising his predecessor.

To be fair, Papandreou did once try for a rapprochement with Turkey when he established a personal rapport with the late President Turgut Ozal during the world economic forum at Davos in 1988. But on that occasion the much-vaunted "Davos spirit" of reconciliation proved short-lived.

Mr Simitis believes that Davos failed because too much was attempted too quickly. Insufficient attention was paid to detail: a mistake he is determined not to repeat this time.

"In Greek-Turkish discussion every word is important," he says, intervening in English to correct the Oxford-trained economic adviser summoned to translate. And that, he explains, is why Greece is proceeding "safely not quickly"

Διεύθυνση
F/T.
η/ο Δημ. Εφημερίδα

July 24 1997: Edward Mortimer and ...ope: Thaw pierces the Aegean chill

<http://www.ft.com/hippocampus/7fed6.htm>

with the next step in the reconciliation process to be taken under European Union auspices by a bilateral team of experts. "I want a result, not just discussions that will end up, as in the past, in disagreement," he adds.

Greece and Turkey have been at odds for years over sovereignty and economic rights in the Aegean waters surrounding hundreds of Greek islands, some of which lie only a few miles off the Turkish coast. The most contentious issue concerns the continental shelf, which is believed to contain valuable oil deposits.

On the very day that Mr Simitis took office last year, the two countries came close to fighting over Imia, an uninhabited rock in the south-eastern Aegean. It took the intervention of Mr Richard Holbrooke, the top US troubleshooter, to avert a military clash.

As a result, Greece is still blocking an Ecu375m (£244m) financial package promised to Turkey under its customs union agreement with the EU. Mr Simitis insists that, before a dialogue, Turkey must either agree that it does not dispute Greek territory anywhere in the Aegean, or submit any outstanding claims to the World Court.

He also took a firm line on Cyprus, an issue not mentioned in the Madrid declaration although it stirs more feeling in Greece and Turkey than any other bilateral problem. Turkey, which sent troops to the island in 1974 to secure a separate enclave for the Turkish Cypriots, does not recognise the Greek administration in southern Cyprus as a legitimate government. But Greece is energetically sponsoring that government's application for inclusion in the next wave of EU members.

Separate UN-sponsored negotiations between the island's Greek and Turkish communities took a step forward when their leaders met in upstate New York earlier this month. But that process could be "rendered useless" by the EU's intention to open accession talks with Cyprus early next year, according to a tough joint statement issued earlier this week by Mr Rauf Denktash, the Turkish Cypriot leader, and Mr Bülent Ecevit, Turkey's deputy prime minister.

Mr Simitis insists the accession procedure will go ahead "no matter what reactions there might be from the Turkish side". Efforts to solve the political problem will continue in parallel. The accession procedure will take years "and we shouldn't hasten to determine now what should happen then," he says.

July 24 1997: Edward Mortimer and ...ope: Thaw pierces the Aegean chill

<http://www.ft.com/hippocampus/7fcd6.htm>

But he refuses to rule out the possibility that Greece would veto other candidates for membership in an enlarged EU if, in the end, its partners refused to permit the entry of a still-divided Cyprus. "Greece will use all means that are on offer within the framework of the European Union to achieve what it considers to be right," he says.

More pressing problems confront Mr Simitis at home, where he expects the coming winter to bring a renewal of widespread social protests as he pushes ahead with attempts to bring Greece's economy in line with European competitors.

Mr Simitis has given priority to meeting the Maastricht convergence criteria for eventual membership of the proposed single European currency. He knows that better relations with Turkey would help, by enabling Greece to cut its inflated defence budget and encouraging foreign investment.

But he fears that any hasty move in that direction could provoke a revival of nationalist passions at a time when he already faces entrenched opposition from powerful interest groups opposed to economic reform.

Notwithstanding the prime minister's efforts, Greece is the only EU member that will be unable to reach any of the Maastricht targets for joining the euro by the end of this year. It hopes to qualify for a possible second wave of entrants by hitting the targets next year or in 1999.

Inflation has fallen but, at an annual 5.5 per cent, is still more than three times the EU average. While Greece is on track to reduce the budget deficit this year from 7.4 per cent to 4.2 per cent of gross domestic product, the Maastricht 3 per cent target is still some way off.

Stung by the charge that he has so far failed to slim down the public sector, which is seen as his party's main power

July 24 1997: Edward Mortimer and ...ope: Thaw pierces the Aegean chill

<http://www.ft.com/hippocampus/7fed6.htm>

base, Mr Simitis claims to have made important strides in liberalising Greece's telecoms and energy markets. But he admits there is much still to be done, not least the restructuring of Olympic Airways, the troubled state carrier which has failed to implement reforms agreed more than two years ago with the European Commission.

There is nothing flamboyant or even charismatic about Mr Simitis. Yet he has something in common with Mr Tony Blair, the UK prime minister, in that he has reshaped an old-fashioned socialist party by pushing through policies that would have been bitterly opposed just a few years ago. But Mr Simitis emphasises that "in other respects we are closer to the French Socialists, for example in taking measures to benefit low-income pensioners and the unemployed".

Either way, it is clear that Mr Simitis wants to leave behind Greece's third world socialist tradition of the past. Instead he wants to be judged by the standards of western European social democracy.

Your views

FT comment

HEADLINE

COMMENT

SEARCH

© Copyright the Financial Times Limited 1997
"FT" and "Financial Times" are trademarks of The Financial Times Limited.