



# SOCIO-POLITIC EVALUATION OF GREECE'S WESTERN THRACE ECONOMY

by  
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ABTTF



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## PREFACE

The Western Thrace Turkish Minority does not only feel the pressure of Greece's national problems, but also is severely affected by regional problems in the Balkans and the tension in Greco-Turkish relations. Greece's policy towards the Western Thrace Turkish Minority, oppressive but rarely positive in historical period, makes it necessary to make a comprehensive study on history of the Minority and its current situation. Hardship the Minority has gone through since the Minority became a part of Greece in 1923 is, in itself, subject to research. The Western Thrace is, today, one of the less developed regions in Greece, both in economic and social terms. Reasons and results of such underdevelopment were not (or could not have been) duly evaluated for many years and conveyed to the public opinion. Figuring out the reasons of political, social and economic problems and the impacts on the Minority necessitate primarily an effort to be objective and act free of all sorts of ideological dogmas. Due to the difficulties of being objective on minority studies, most of the time researches are far away from being scientific. This challenge is almost valid for the Western Thrace Turkish minority. Numbers of studies which stand alone against the pressure of official policies are unfortunately very few.

Migrations from Western Thrace due to political, social and economic problems led the Minority members organize outside the territories of Greece; therefore struggle for solution to the problems of the Minority has reached beyond Greek boundaries. Federation of Western Thrace Turks in Europe (ABTTF), the representative of the Minority in Europe, has carried the problems of the Minority on every international platform without any ideological dogmas but with a strong sense of democracy since 1988. Confidence stemming from a strong sense of democracy, without any reservation but the respect and promotion of human rights for all persons has made the ABTTF feel the need for objective and free studies on Western Thrace. This study, the first one of our research series, should be evaluated as an effort to present the economy in Western Thrace to the European and the global public. It is for sure that this study is not enough to present the Western Thrace with all its details, yet it should be rather evaluated as a beginning.

Economy, the foremost important determinant of today's political developments, affects human lives and their prospective plans directly. Due to this reason, this study aims to analyze economic problems of the Western Thrace Turkish Minority. Financial difficulties arising from economic underdevelopment can be pointed out as the main structural problem of the region today. Thus, the first issue to discuss is the economic problems of the Western Thrace community face with. This study, claims with great modesty to be a scientific study on economy of Western Thrace.

The importance we attached to the scientific studies and our research studies on Western Thrace will continue in future and various problems of the Western Thrace Turkish Minority will be presented to the public opinion via different research studies. We hope our studies prepared by strict application of the objectivity and neutrality criteria will guide the researchers interested in Western Thrace.

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Chairman of ABTTF



## Introduction

As known, Western Thrace is still one of the less developed regions in the European Union. Yet, the Greek Government, despite its intention to correct its historical mistakes, has not still formed a concrete policy to eliminate income gaps and structural and cyclical unemployment in Western Thrace, the poorest region in its geographical land.

Works of municipalities and provinces in Komotini, Xanthi where the Western Thrace Turkish Minority is majority and Alexandroupolis where the Minority constitutes the minority only includes the Pontus Greeks and migrants from the Former Soviet Union, and thus it is observed that discrimination still continues in a country member to the EU, in Greece. Greece, which has gray population, has granted the Pontus Greeks of “Hellenic origin” who migrated to the country from the USSR, with every opportunity to harmonize them to their living and work places, granted them with every credit loans that Turkish Minority can not even dream of.

By 2007, the number of Pontus Greeks has increased 300.000. Pontus Greek families, whom have been domiciled to Western Thrace where the Turkish Minority lives, have been granted millions of Euros under the framework of “cultural harmonization program”. To solve the main problem of the Pontus Greeks, the housing issue, the Greek Government has provided many Pontus Greeks with housing credit. Additionally, the Municipality of Gumulcine (Komotini) has also improved employment conditions for the Pontus Greeks. On the other hand, the Turkish Minority, 80% of whom are engaged in tobacco production, are being forced to decrease their production due to quotas and licenses implemented by the EU. Additionally, the Western Thrace Turkish Minority of which members’ have been deprived of their citizenships with force through unfair implementation of the ex-Article 19 of the Greek Citizenship Law have to pay 1500 Euros to initiate the citizenship procedure. However, we should not forget that those victims were denaturalized on very unfair and illogical grounds, thus it seems weird to demand money from people who were treated unfairly. Meanwhile, the Greek authorities do not demand any money from Pontus Greeks for citizenship applications. In addition to all these incomprehensible implementations, all social insurance contributions of 19<sup>th</sup> Article victims have automatically been erased. Moreover, 75% of the economic activities is run by Greek majority whereas 25% is by the Turkish Minority and such unfair distribution of economic activities seems to be the main reason behind the current underdevelopment of Western Thrace.

It is very difficult to understand the reason why a country like Greece which is an ingrained country in the democratization period of the EU still maintains its discriminatory attitude among its citizens and racist policies. Increasing trend in racism in Greek society and the implementation of such an exclusive regional economic policy have caused economic dynamics in the region to worsen.

It is rather more rational to analyze the inequalities in regional economy within the conjectural changes due to current developments while explicating the Western Thrace economy. Therefore it is better to understand and analyze emergence of conjectural changes and their impacts, either positive or negative, on the Turkish Minority to comprehend better the general situation of the Western Thrace economy. The problem of energy and its transportation create serious concerns throughout Europe, and the problem of transportation includes Greece which makes efforts for being one of the most strategically important countries in the region after Turkey. Therefore, Western Thrace region located in the north-east of the country possesses serious importance in local terms. This conjectural change which is likely to affect the population of the region has the potential to lead serious changes in the destiny of the region and the people living there. That is there needs to start with evaluating the possible impacts of “*Burgaz (Bourgas) - Dedeagac (Alexandroupoli) Oil Pipeline Project*” on Western Thrace economic dynamics.

## 1. The Burgaz (Bourgaz) - Dedeagac (Alexandroupolis) Oil Pipeline

There is a need to analyze the companies which are interested in the project to answer the question regarding economic benefits of “*Burgaz (Bourgaz)-Dedeagac (Alexandroupolis) Oil Pipeline*”. The company which has the operating and management rights is a Luxembourg- based multinational consortium that will have offices in Greece and Bulgaria. Russia will have a 51% share in the project, more than the other partner countries Greece (49%) and Bulgaria. *Transneft*, *Rosneft* along with *Gazpromneft* companies under the auspices of *GAZPROM* will hold the operating rights of the line on the Russian side. Greece Oil Company, Latsis Group and Kopelouzou Group (ELPE) are the three partners on the Greek side. Meanwhile, the Greek government will run only a small part of Greece’s share of 24.5%. Besides, Bulgarian firms which will hold 24.5% share of Bulgaria have not been announced yet. Other foreign companies could also join the project by purchasing either Greece or Bulgaria’s rights. The fact that oil which will be distributed through “*Burgaz (Bourgaz) – Dedeagac (Alexandroupolis) Oil Pipeline*” project is not only the Russian oil but also oil from the companies in Kazakhstan, most of which have American partners figures the increasing possibility that the US companies are to get a share in the project.

Semi-financing schedule for energy investment program regarding crude oil and natural gas has been specified in EU’s “*Green Book*”. Under the framework of INTERREG II, EU Commission, between 1994 and 1999, provided 1.9mn Euro for project planning and 2.7mn Euro for all the costs in the project. Such investments under the guarantee of European energy aim to increase the amount of investments which will enable transportation of oil from Caspian Sea to Europe. Therefore the Green Book foresees that investments are to be made not only in European countries but also non-EU countries in which the oil pipelines cross thorough. Thence, the “*Burgaz (Bourgaz) – Dedeagac (Alexandroupolis) Oil Pipeline*” will enable the transportation of Kazakh oil to Europe.

Therefore the Government Spokesman of Greece, Mr. Roussopoulos stated that this oil pipeline agreement signed between Russia, Bulgaria and Greece is a historic agreement which would contribute much to development of regional economy. The proposed amount of investment for Greece will 354mn Euro will be set for Greece and 125mn Euro of this amount will be invested for Dedeagac (Alexandroupolis) region.<sup>1</sup>

The “*Burgaz (Bourgaz) – Dedeagac (Alexandroupolis) Oil Pipeline*” will also relieve maritime transportat, thus reducing the risk of accident in Bosphorus and Dardanelles. EU supports transporting oil through pipeline due to environmental reasons as that way of transporting reduces the risk of accident, thus protecting nature. 290km pipeline is expected to alleviate the traffic in Bosphorus and Dardanelles.<sup>2</sup> According to the study of *EU-Marine Oil Pollution* in 2005, North Aegean Sea and Thrace Sea is under the risk of pollution. It is speculated that the “*Burgaz (Bourgaz) – Dedeagac (Alexandroupolis) Oil Pipeline*” will increase the pollution in the region. That study was conducted by *Sea Transport Laboratory* with the financial support of the EU. Aegean Sea is considered as one of the most risky seas regarding pollution with a high degree of 5. No one can guarantee that oil tankers of 350.000 tons or more would not enter to the region after oil pipeline begins to operate. Study of Mr. Cibidis from Arhipelagos Organization argues that it will take only 24 hours for the pollution created by leakage of half load of a 250.000 tons oil tanker to reach island of Kyklades. (Leontopoulos- Kiriakatiki Eleutherotypia 15/04/2007)<sup>3</sup>. International studies about sea pollution are not so optimistic. In addition to the risk of sea pollution, ballast water also creates serious environmental concerns. (*ECOCORFU: Environmental Organization*)<sup>4</sup>.

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<sup>1</sup> [http://www.bbc.co.uk/greek/domesticnews/story/2004/11/041108\\_bourgap.shtml](http://www.bbc.co.uk/greek/domesticnews/story/2004/11/041108_bourgap.shtml), Review Date. 23.06.2007

<sup>2</sup> <http://www.steinbergrecherche.com/energie.htm>, Review Date. 04.07.2007

<sup>3</sup> [http://burgas-alexandroupoli.blogspot.com/2007/05/blog-post\\_2853.html](http://burgas-alexandroupoli.blogspot.com/2007/05/blog-post_2853.html), Review Date. 09.09.2007

<sup>4</sup> <http://notoburgasalexandroupolispipeline.blogspot.com/2007/10/ecocorfu-oiko.html>, Review Date. 09.09.2007



Experts stated that Aegean Sea should be considered as an area with high risk of pollution, underlining those rocky islets and continental shelves can lead to serious tanker accidents. (Daily Imerisia 14/04/2007: Alexandros Kondis)<sup>5</sup>. However, according to the results of an unveiled survey conducted by the Regional Governorship of Evros (Dedeagac) Russians that would work at the region have the opportunity to spend holiday once a year and they will prefer to spend their holiday in that region. Therefore, the Regional Governorship tries to explain that the pipeline would destroy the tourism; on the contrary it would contribute to tourism seriously. However, when we consider that a serious profit margin will be transferred to Russia, it is not rational to claim the project would contribute seriously to the regional economy except that that the limited benefit to the region by means of tourism and linkages to medium size enterprises that will provide sideline work to Russian firms.<sup>6</sup>

Another point to mention is that the “*Burgaz (Bourgas) – Dedeagac (Alexandroupoli) Oil Pipeline*” has the risk of becoming an Orthodox Christian Pact. That is why the US has prepared a project called *Ambo-Pipeline* to aggrieve the monopoly that will be established in the region by this “Orthodox Christian Pact”. According to this alternative project, American firms will transfer the oil to the Adriatic Sea via a pipeline that will be operational in Bulgaria. Such an alternative plan can stimulate American firms to invest in this alternative project. The *Ambo-Pipeline Project* will be longer (ca four folds) than the “*Burgaz (Bourgas) – Dedeagac (Alexandroupoli) Oil Pipeline*” with a seriously higher cost. However, the *Ambo-Pipeline Project* is considered necessary and important due to strategic reasons.<sup>7</sup> All these developments prove how Western Thrace is geo-strategically important. The US President George W. Bush’s recent trip to Albania is also speculated to be made on the back of continuing negotiations for the mentioned project.

## 2. Contribution of Agricultural Products to the Region’s Economy

The EU’s agriculture policy has been established under the framework of a seriously planned economy. European farmers have been economically protected via quotas against the non-EU products and agricultural subsidies for years long. Those subsidy payments have been financed by the EU budget. The annual EU budget is around 90bn Euro and 45bn Euro is reserved for “EU Common Agriculture Policy”, the amount which is equal to the GDP of the Netherlands. That protectionist attitude of the EU towards farmers is not only against the rules of the World Trade Organization but also against rules of free trade. However, there are a lot of reasons that legitimize the protectionist attitude of the Common Agriculture Policy. The aim of this policy is to maintain price stability and prevent fluctuations in food prices. However, the current policy does not serve this purpose but rather causes the food prices to stay artificially at a level higher than the world prices. Evaluation of such agriculture policy by means of protecting environment and regional development rather than economic bases would be more accurate.<sup>8</sup>

The share of the people engaged in agriculture in whole population is between 1.5% and 2% in EU countries, UK and the US while this share rises to 2.5% in Germany. In a healthy economy the shares of population that are engaged in economy, industry, services and agriculture should not exceed 20%, 75% and 5%, respectively.

Western Thrace is the less developed and the poorest region in Greece and one of the poorest and most underdeveloped regions in the EU after 2004 enlargement. The Western Thrace Turkish Minority earns their living by agriculture and animal husbandry. Thus, the Minority’s the only resource to earn money is their land. By that means, tobacco production has an important role in agricultural production in the region.<sup>9</sup>

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<sup>5</sup> [http://civilengineeringportal.blogspot.com/2007/04/blog-post\\_5076.html](http://civilengineeringportal.blogspot.com/2007/04/blog-post_5076.html)

<sup>6</sup> <http://www.russland.ru/rupress0020/morenepw.php?iditem=934>, Review Date. 04.07.2007

<sup>7</sup> <http://www.eurotopicp.net/de/presseschau/archiv/calender/NEWSLETTER-2007-03-30>, Review Date. 04.07.2007

<sup>8</sup> Bundeszentrale für politische Bildung, *Wirtschaft heute*, 4., Auflage, p.152.

<sup>9</sup> <http://www.ihh.org.tr/trakya/genelbilgiler/ekonomik.html>, Review Date. 04.07.2007

84% of Western Thrace Turkish Minority lives in rural areas, being engaged in agriculture and husbandry. Tobacco has an important role in agricultural production, providing income for 13 thousand families, 50% of Western Thrace Turkish minority living in the region. Tobacco dealers purchase tobacco from the farmers at low prices, causing the profit margins to decline. On the other hand, the EU plans to lower the subsidy payments for tobacco, a serious concern for farmers whose only income is from tobacco production. That development will play a significant role in increasing structural unemployment in the region. Tobacco is the only product for the low-income farmers while no other product can grow in that geography.<sup>10</sup>

In accordance with EU “2004 Agriculture Reform”, tobacco producers will continue to benefit subsidy payments till 2009, yet in 2009-2013, that subsidy payments will be halved and is planned to end after 2013. According to the Western Thrace Turkish Minority members, that policy would bring the economic end for those whose only income is from tobacco production. Consequently, the Western Thrace Minority members will have serious financial problems and leave their villages to look for other jobs in cities. Meanwhile, it seems difficult to grow other products on the tobacco lands. By that means, the Western Thrace Turkish Minority members request Brussels to understand the importance of tobacco production for the region’s economy and concede a privilege under the framework of the “Common Agricultural Policy”.<sup>11</sup>

The first step which stipulated an economic crisis for farmers of the Minority was the indexation system which indexes the premium system to the average of a two- year production. Farmers who cannot get enough production due to adverse weather conditions had to accept the prices which are significantly below normal prices. And the decline in subsidy payments can be regarded as the second step. According to statements of Western Thrace Minority farmers, tobacco prices per kilo which increased even to 10 Euro with the subsidy payments have now declined to 5 Euro. Therefore the end of subsidy payments for tobacco would simultaneously mean the end of regional agriculture. Additionally, the audit and patronage of traders on cooperatives which are established to protect the minority farmers from harsh market conditions pull farmers out of the decision mechanism. Apart from such unfair situation, another point to mention is the dependency of minority farmers on agreements which they had to sign on undefined prices for their tobacco production. There is no decree at the present laws to prevent that unfair condition.

<sup>12</sup> Alright, are there any other crops, other than tobacco, grown in Western Thrace? Actually, other crops are grown as well, yet considering the restrictions implemented by the Government and the inadequacy of available land make it challenging to cultivate alternative crops. For example, in Western Thrace, minority members can earn their lives on vegetable, cotton, sugar beet and corn breeding other than tobacco production. However, the Government determines the products that the minority farmers are to breed and the farmers have to inform the government about the quantity and the kind of the crop they product. Seeds are distributed by the government for a certain price. Meanwhile, the average land a minority family can own is about 40 000 square meters.<sup>13</sup>

### **3. Tobacco Production in Western Thrace**

In accordance with the new agricultural policy which was formed at the beginning of the 1970s, the EU categorized tobacco into 36 different categories by means of quality, norms and subsidies on Article (EEC) 727/70. At the beginning of the 1990s Article EEC 2075/92 was enacted in accordance with the “Common Market Regulations” which aimed not only to enhance the quality

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<sup>10</sup> Aydın Ömeroğlu, “Neden Sosyal Tütün Politikası, Prim, sadaka değil, sosyal haktr!”, Komotini (Gümölcine), Haziran 2007, Diyalog Yayınları, p. 8.

<sup>11</sup> <http://www.asam.org.tr/tr/yazigoster.asp?ID=1149&kat1=23&kat2=>, Review Date. 04.07.2007

<sup>12</sup> <https://www.abttf.org/html/index.php?link=detay&id=815&arsiv=1>, Review Date. 04.07.2007

<sup>13</sup> <http://www.ihh.org.tr/trakya/genelbilgiler/ekonomik.html>, Review Date.04.07.2007

of tobacco market and policy but also to improve free market dynamics in the region. Those new policies were interpreted as the principle that state should retreated from the tobacco market and let the tobacco production set freely.<sup>14</sup>

The tobacco production declined to 339.000 tons in 2001 from 1991 level of 430.000 tons due to the enacted Article 2075/92 in the EU. Since the demand of the industry so the cigarette industry in Europe and the world and the trend for tobacco production shifted from the dark and sun-dried tobacco to the *flue-cured*, *light-cured* and *pressed* kind, this change in the cigarette industry created new dynamics. Therefore dark and sun-dried tobacco production decreased with a 39.55% between 1996 and 2001 years. To the effect subsidy payments for this industry are foreseen to be given in accordance with an aim of limiting and balancing the tobacco production. According to surveys conducted about the sector, it was figured out that business management recovered and a more efficient management system was in use. And it was observed that marginal costs declined on the back of a more efficient and transparent management system. Yet, economic difficulties are mainly due to inefficient business management.<sup>15</sup>

Within the framework of “Common Agricultural Policy”, the Greek government exempts the *pressed* and *katerini* tobacco from 50% of subsidy payments to protect the tobacco production in Western Thrace. However, such actions are not sufficient. Because this category of Eastern tobacco has finest quality and its consumption in all global markets varieties is guaranteed, this category should be subsidized after the year of 2009. Therefore protection of these products on regional and traditional bases is in a sense a requirement.<sup>16</sup>

Since 84% of the households in Western Thrace are engaged in agriculture, the minority members will have serious sociological and economical problems in case subsidy payments are ended for the tobacco production. It is clear that the rural area should have competitive structure to survive. It can be easily claimed that during 45 years time (Greece began negotiation talks with EU in 1962), there has been no effort for reform to improve the agriculture in the country, except some limited improvements.<sup>17</sup>

Besides, new arrangements which are related with the tobacco production within the EU’s “Common Agricultural Policy” caused crises in the tobacco production. New arrangements foresaw a high decrease in the tobacco production which also means the end of tobacco production in Europe. In Europe, billions of subsidies have been granted to tobacco production, which is very harmful for the human’s health, is a hot discussion issue and its socio-economic damage is seriously debated. It is clear that halting tobacco production will cause serious social, economic and demographic problems. Additionally, halting tobacco production in Europe will not affect the consumption of cigarette in Europe. This time the tobacco production would continue with the imported US tobacco. Therefore it should not be disregarded that tobacco industry employs 400.000 people directly and indirectly in Greece.<sup>18</sup>

Aydın Ömeroğlu, Western Thracian researcher, summarizes the instruments of a social tobacco policy as follows; “Continuation of subsidy payments, determining the bottom prices according to the minimum quality, equalizing the minimum price with the production cost, the proportional quality for the prices above the minimum price, granting fair distribution of the benefit between the tobacco producers and the employees in the sector in consideration with the rule of law, and supporting the producers for improving the quality.”<sup>19</sup>

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<sup>14</sup> [http://ec.europa.eu/agriculture/eval/reports/tobacco/sum\\_en.pdf](http://ec.europa.eu/agriculture/eval/reports/tobacco/sum_en.pdf), Review Date. 16.07.2007, p.1.

<sup>15</sup> [http://ec.europa.eu/agriculture/eval/reports/tobacco/sum\\_en.pdf](http://ec.europa.eu/agriculture/eval/reports/tobacco/sum_en.pdf), Review Date. 16.07.2007, pp. 2,3,7

<sup>16</sup> <http://www.istame-apapandreou.gr/files/pdf/Meionotita-Trakip.pdf>, Review Date. 17.07.2007

<sup>17</sup> <http://www.thrakikigi.gr/cgi-bin/news/viewnewp.cgi?newsid1129278928,7812>, Review Date. 23.07.2007

<sup>18</sup> <http://www.thrakikigi.gr/cgi-bin/news/viewnewp.cgi?newsid1129278928,7812>, Review Date. 23.07.2007

<sup>19</sup> Aydın Ömeroğlu, “Neden Sosyal Tütün Politikası, Prim, sadaka değil, sosyal haktır!”, Komotini (Gümülçine), Haziran 2007, Diyalog Yayınları, pp. 24-25.

New arrangements on the tobacco premiums began in the 2006 harvest. EU member countries have the right to determine their premiums. Premiums subsidiary to the products could be determined up to 60% whereas the production – free premiums could change between 40% and 100%. After 2010, 50% of the premiums will be transferred to the column B of agricultural policies. On the back of long lasting efforts of agriculture cooperatives, premium payments will be free of production till 2009. Greece is also planning to give the tobacco premium payments free of production after 2010.<sup>20</sup>

Turkish and Greek farmers in Western Thrace cannot solve their problems in Brussels because of the lack of strong lobbies and the lack of cooperation in terms of agriculture and production. The agriculture lobby of France in Brussels cannot be compared with the Western Thrace lobby, which in return eliminates the possibility of solving the problems of Western Thrace in the agricultural sector in Brussels.

As known, the agricultural sector constitutes more than 30% of GNP in France and farmers in France have the power to affect the EU's agricultural policy in accordance with their own interest thanks to their strong lobbies. At the early 1900s an American economist Mancur Olson advanced the "*Theory of Interest Groups*" which can be regarded as a good explanation to today's subsidy policy. According to this theory, a minority group form and implement an economic policy in accordance with their own interest and sometimes even to the disadvantage of the majority. The question here is; why do the majority of tax payers accept economic decision taken by minority? Olson attaches the situation to the organizational skills of the minority. If a group in a democratic context brings its demands in the foreground, investment in lobbying is a must. Thus, farmers will have the power to finance every democratic ways in order to protect their rights on every international platform.<sup>21</sup>

#### **4. The Impact of EU Subsidies in Western Thrace**

The EU funds are distributed by the local authorities of EU member countries. Yet, the EU Commission could directly also deliver subsidy payments to certain institutions which have the right to receive premium (companies, interest groups, NGOs).<sup>22</sup>

It is foreseen that Greece is to receive 20.4bn Euros between the years 2007 and 2013 under the framework of the "European Economic Development Policy". 19.6bn Euros of the total amount is to be used under the framework of "Economic Rehabilitation" policy while 635mn Euros are to be rather channeled within "enhancing regional competition" and "reducing unemployment" policies. Meanwhile, Greece's contribution to the EU's economic support package will be around 6.2bn Euros. The regions which are to receive economic aid include the regions of Western Thrace and East Macedonia. Thus, 92.2% of the Greek population (10.160.000 people) is directly to benefit from this economic support package which will be provided between 2007 and 2013 whereas the economic package that was in use between 2000 and 2006 did not cover the whole population.<sup>23</sup>

The share of the regions of East Macedonia and Western Thrace from the fourth economic support package for the period 2007 and 2013 is given in the table below.<sup>24</sup>

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<sup>20</sup> <http://www.thrakikigi.gr/cgi-bin/news/viewnewp.cgi?newsid1129278928,7812>, Review Date. 23.07.2007.

<sup>21</sup> Bundeszentrale für politische Bildung, *Wirtschaft heute*, 4., Auflage, p. 152.

<sup>22</sup> [http://ec.europa.eu/ellada/funding/index\\_el.htm](http://ec.europa.eu/ellada/funding/index_el.htm), Review Date. 17.07.2007

<sup>23</sup> [http://ec.europa.eu/regional\\_policy/atlas2007/fiche/gr\\_en.pdf](http://ec.europa.eu/regional_policy/atlas2007/fiche/gr_en.pdf), Review Date. 19.07.2007

<sup>24</sup> [http://ec.europa.eu/regional\\_policy/atlas2007/fiche/gr\\_en.pdf](http://ec.europa.eu/regional_policy/atlas2007/fiche/gr_en.pdf), Review Date. 19.07.2007

**Table 1: Distribution of economic support to East Macedonia – Western Thrace**

<b>Year</b>	<b>EU Annual Regional Support (Euro)</b>
2007	430.161.700
2008	415.463.615
2009	400.005.543
2010	383.762.961
2011	366.710.676
2012	348.822.792
2013	330.072.713
<b>Total</b>	<b>2.675.000.000</b>

**Source:** [http://ec.europa.eu/regional\\_policy/atlas2007/fiche/gr\\_en.pdf](http://ec.europa.eu/regional_policy/atlas2007/fiche/gr_en.pdf)

The EU is to distribute the economic support according to five targets. Those targets are divided into 2 sub-categories, economic and social. Economic targets can be summarized as; attracting foreign investment to the region, enhancing the business volume and production efficiency, boosting tourism capacity of the region. Other targets are; increasing quality of the education, supporting technology- intensive investments, augmenting social participation to the production processes, forming a more efficient and long term health system, reducing the social difference between women and men, accelerating infrastructural investments, increasing renewable energy sources, providing new energy sources.<sup>25</sup>

As clearly seen, the EU funds which will be distributed in the period of 2007-2013 will cover areas from energy, social participation, and technological development to equality between women and men.

The EU Commission also support small enterprises through its direct or indirect funds and various sources like premium, credit and guaranteed fund.<sup>26</sup>

The Economic potential of Western Thrace should play a balanced role in Greece's GDP and the Minority's economy should take its stance in the competition in the region and the country. The economic growth of the region should be the prior aim. High employment, low inflation; foreign trade balance and stable growth are the requirements to be met in order to elicit the real potential of the region.<sup>27</sup> At this point, we should give the mathematical definition of GDP in order to compare the regional economy with Greece's economy,

$$GDP = Consumption + Investment + Government subsidies + Trade Balance (Export-Import)^{28}$$

The Western Thrace Minority members have a certain consumption volume and there are some investments in the region. However, those investments are neither made by Turkey nor the

<sup>25</sup> [http://ec.europa.eu/regional\\_policy/atlas2007/fiche/gr\\_el.pdf](http://ec.europa.eu/regional_policy/atlas2007/fiche/gr_el.pdf), Review Date. 19.07.2007

<sup>26</sup> [http://ec.europa.eu/ellada/funding/sme/index\\_el.htm](http://ec.europa.eu/ellada/funding/sme/index_el.htm), Review Date. 17.07.2007

<sup>27</sup> Bundeszentrale für Politische Bildung, Wirtschaft heute, Bonn 2002, p.130.

<sup>28</sup> [http://en.wikipedia.org/wiki/Gross\\_domestic\\_product](http://en.wikipedia.org/wiki/Gross_domestic_product), Review Date. 18.07.2007

minority members. As we mentioned above, the underdevelopment of the region despite the unequal distribution of premiums is a natural outcome of the economic structure based on unequal distribution of the economic funds. Among the requirements for growth that is land, job, capital and items of foreign trade balance the only thing that the minority members have in their hand is their land. For the real economic development of the region needs the support of local authorities other than the European Structural Funds. Local authorities should give tax incentives to attract interest of the companies to the region through encouragement policies.<sup>29</sup> In other words, the Greek government should take the necessary steps to make the region attractive for foreign capital.

**Table 2: Per Capita GDP in East Macedonia-Western Thrace between 2000 - 2004**

Years	2000	2001	2002	2003	2004
GDP (Euro)	4990.8	5233.5	5418.9 <sup>(P)</sup>	5733.8 <sup>(P)</sup>	6173.6 <sup>(P)</sup>

**(P):** Preliminary data

**Source:**

[http://epp.eurostat.ec.europa.eu/portal/page?\\_pageid=1996,39140985&\\_dad=portal&\\_schema=PORTAL&screen=detailref&language=de&product=Yearlies\\_new\\_regio&root=Yearlies\\_new\\_regio/F/fa/fab/fab10000](http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1996,39140985&_dad=portal&_schema=PORTAL&screen=detailref&language=de&product=Yearlies_new_regio&root=Yearlies_new_regio/F/fa/fab/fab10000)

As clearly understood from the Table 2, regional GDP increases regularly in time.

“Gross National Product” (GNP) is the market value of goods and services produced by the citizens of a nation in a specified period of time. Here the “citizenship” concept important as it is the difference of the GNP from the GDP.<sup>30</sup> We should give the mathematical definition of GNP:

$$\text{GNP} = \text{GDP (Agriculture + Industry + Construction + Trade + Transportation + Communication + Financial Institutions + House + Public and Private Services + Import Tax) + Net Foreign Revenues}^{31}$$

Western Thrace will not receive any agricultural subsidies after the year 2013. The reason behind this is the declining trend in EU’s average GNP after the 2004 enlargement. The new members’ GNP pull the average significantly, thus Western Thrace automatically jumped to the “rich” segment of the Union. Actually, that is not a real jump, but rather relative improvement when we consider the average GNP of the new members. However, such a relative improvement has caused the EU to cut the agricultural subsidies to the region. Since 1981, Greece received economic support 100bn Euros and most of that support was used in the agriculture and infrastructure sectors. When the EU consisted of 15 member countries, Greece’s GNP was lower than Germany, France, Holland and Belgium. However after 2004 enlargement, Greece’s GNP surpassed the EU average.<sup>32</sup> The graphic below shows the comparative GNPs of the new members with Greece GNP.

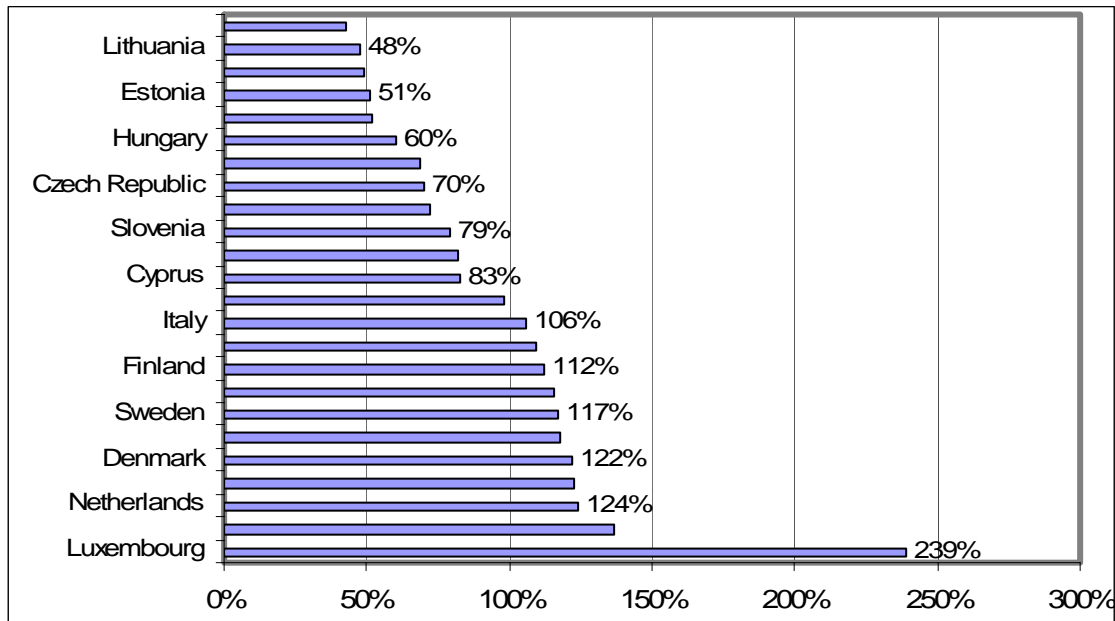
<sup>29</sup> Bundeszentrale für Politische Bildung, Wirtschaft heute, Bonn 2002, pp. 82-120.

<sup>30</sup> [http://tr.wikipedia.org/wiki/Gayri\\_Safi\\_Milli\\_Has%C4%B1la](http://tr.wikipedia.org/wiki/Gayri_Safi_Milli_Has%C4%B1la), Review Date. 25.07.2007

<sup>31</sup> Ebenda

<sup>32</sup> Commented after the interview with the permanent representative of the NTV Television in Strasbourg, Kayhan Karaca and newspapers and articles, 26.07.2007

**Graph 1: GNP of Greece**



Source: [http://de.wikipedia.org/wiki/Bild:European\\_union\\_gdp\\_diagram\\_de.png](http://de.wikipedia.org/wiki/Bild:European_union_gdp_diagram_de.png)

When we take EU GNP as 100%, we see Greece's GNP was at 82% in 2004, which shows that Greece was about mid-EU average. We can also measure the welfare of a country or a region by "Purchasing Power Parity". To clarify what we mean, we give the formal definition:

$$\text{Purchasing Power Parity} = \text{Nominal Income} / \text{Inflation Rate}$$

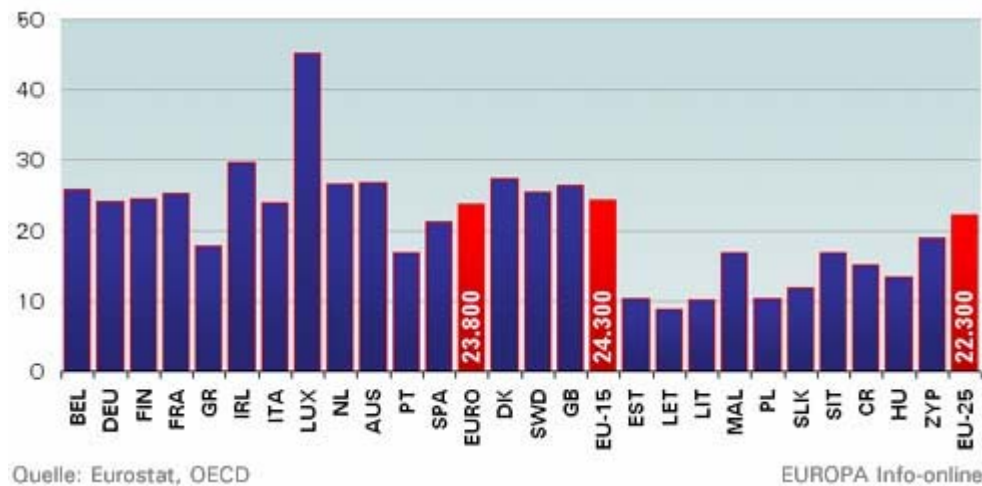
The more the inflation, the less is nominal income. Purchasing power parity is negatively affected from this situation.<sup>33</sup>

In some countries, nominal income might be low. However, the inflation rate is also low, and then the purchasing power may be at a sufficient level. On the other hand, the purchasing power might be below despite the high nominal income due to excessive inflation rates. Economic theories do not help economic growth in regions where purchasing power parity is at insufficient levels. For example, "Keynesian Theory" says that the supply should be varied to implement demand enhancing policies. However, it is clear that supply variation will not also help when the purchasing power is low. To apply the "Keynesian Theory", savings should be channeled to the consumption.<sup>34</sup> As seen from the table below, Greece's purchasing power is near to the EU average.

<sup>33</sup> Rheinisch Westfälische Technische Hochschule Aachen (RWTH), Fakultät für Wirtschaftswissenschaften, Europäische Wirtschaft 1, Handout, Prof. Dr. Dr. Björn Paape

<sup>34</sup> Bundeszentrale für Politische Bildung, Wirtschaft heute, Bonn 2002, p.12.

**Graph 2: Purchasing Power of Greece on EU-wide**



Greece transferred the third biggest share of the “EU Structural Funds” it received from the EU to the East Macedonia and Western Thrace region following the Athens region, Thessaloniki and Middle Macedonia between the years 1989-1993, 1994-1999 and 2000-2006. Meanwhile, East Macedonia-Western Thrace ranks the third region the most benefited from the Structural Funds among the 13 regions within the Community *Support Framework*.<sup>35</sup>

The EUROREG study conducted in the Western Thrace region analyses the regional changes that accelerate the integration to the EU, the impact on improvement of minority rights on economic and social integration, the international cooperation, the citizens’ participation to the economic and social life, and the retreat in nationalist political trends.<sup>36</sup>

As seen in the Graph 3, the GDP of Greece was about 70% of the EU average in the EU-15 and the regional prosperity in the EU had remained at a certain level. However the new member states had yet a low level of prosperity, the regional prosperity of Western Thrace has exceeded the EU average in the EU-27.

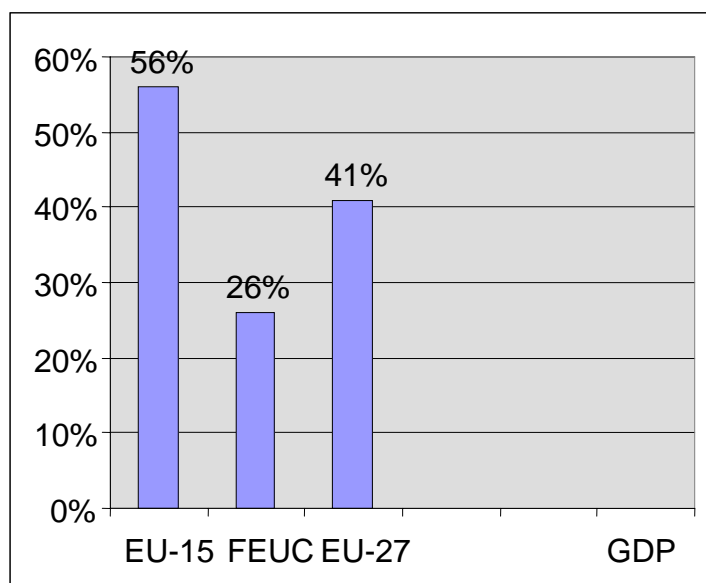
<sup>35</sup> Getimis and Economou 1996, p. 131, Chlepas 1999, Regions, minorities and European integration: A case study on Muslims in Western Thrace, Greece, p. 3, [http://ec.europa.eu/regional\\_policy/country/overmap/gr/gr\\_en.htm](http://ec.europa.eu/regional_policy/country/overmap/gr/gr_en.htm), Review Date. 18.07.2007

<sup>36</sup> Policy Summary, Yunanistan’ın Batı Trakya Müslümanları: Bölgesel Kalkınma Stratejileriyle İlgili Tavsiyeler, Dr. Anna Triandafillidou, Dr. Dia Anagnostou, Hellenic Foundation for European and Foreign Policy, ELIAMEP, Contract no. CIT2-CT-2003-506019, 2004-2007 for EUROREG.



### **Graph 3. The Change in the Regional Prosperity Index in the EU**

The artificial increase in the prosperity level of the Western Thrace region of Greece in the EU



The Graph: Mustafa Geveli

X: The Enlargement of the EU from 15 to 27 members in time

Y: The Increase in the GDP and the Average

EU-15 = the GDP% in the EU-15

FEUC = the GDP% in the Former Eastern European Countries after Enlargement

EU-27 = the GDP% in the EU-27

#### **5. Have the EU funds played an important role in the economic development of the Minority? Were the funds equally distributed?**

*The EU Structural Funds* have played an important role in private and public investments that strengthened infrastructure of the region, thus indirectly affecting the socio-economic standards of the minority in the region. However, the technical incompetence of the local authorities in the regions where the Minority does live in has limited the access of the Minority members to these funds.

Although there is no systematic and technical statistics to prove these facts, there is a serious concern that most of the EU funds have been provided to the Christian parts of Iskece (Xanthi) ve Gumulcine (Komotini), rather than Muslim parts of those provinces. The northern parts of the provinces the Minority members live in have been isolated and marginalized. According to the interviews held with Minority members, the Western Thrace Turkish Minority members have stated that the unfair economic distribution is intentional or disguised discrimination.<sup>37</sup>

The reasons behind the unfair distribution of EU funds and the limited participation of the Minority members could be represented in two factors: the socio-economic marginalization and some

<sup>37</sup> Policy Summary, Yunanistan`ın Batı Trakya Müslümanları: Bölgesel Kalkınma Stratejileriyle İlgili Tavsiyeler, Dr. Anna Triandafillidou, Dr. Dia Anagnostou, Hellenic Foundation for European and Foreign Policy, ELIAMEP, Contract no. CIT2-CT-2003-506019, 2004-2007 for EUROREG.

concrete features of the Muslim Turkish community. The Socio-economic marginalization means direct economic discrimination toward the institutions or individuals due to ethnic and religious differences. Additionally, the Turkish Minority members are consciously not informed about the concerned EU funds. The Socio-cultural reasons are mainly related to the some concrete characteristic features of the Minority members such as abstention from demanding the funds from the public institutions in the region. The main reason behind that passivism is the long-lasting suppression policy on the Turkish Minority, leading to social fear and sociological complexes.

The mentioned funds do not reach to those who really need them. We should mention one point that the responsibility of such unfair distribution of the funds belongs mainly to the local authorities and the civil servants. Actually, they, when distributed fairly, have the potential to solve the economic problems of Western Thrace farmers. However, there is a strong belief among the Minority members that Greek authorities mainly prefer to give management and entrepreneurial credits to the people by Greek origin.<sup>38</sup>

## 6. Economic Assessment of Western Thrace

Before the analysis of the economic outlook of Western Thrace, there is a need to look at the economic indicators in Greece.

**Table 3: General Economic Outlook in Greece**

Economy (US \$)	2000	2005	2006
GNP (BSP)	125,8 Billion	220.3 Billion	222.0 Billion
GDP (BIP)	114.6 Billion	225.2 Billion	226.0 Billion
Purchasing Power Parity	11.530.0	19.840,0	19.800
Growth	4,5	3,7	3,5
Inflation	3,4	3,7	3,8
Share of Agriculture in GDP (%)	7,3	5,2	5,2
Share of Industry in GDP (%)	21,4	20,8	20,5
Share of Services in GDP (%)	71,3	74,0	74,1
Share of Export in GDP (%)	25,0	20,8	20,5
Share of Import in GDP (%)	35,9	28,0	28,0
Share of Investment in GDP (%)	23,4	23,8	23,8
Share of Government Revenues in GDP (%)	45,6	41,7	41,7
Budget Deficit (Budget Surplus)	-4,1	-5,1	-5,1
Share of Trade in GDP (%)	39,5	31,5	31,3

**Source:**

<http://devdata.worldbank.org/external/CPPProfile.asp?SelectedCountry=GRC&CCODE=GRC&CNAME=Greece&PTYPE=CP>

The data in the Table 3 for the year 2006 has been calculated based on the official statistics. As seen in the table, Greece's GNP and GDP are in an increasing trend as it is the case for the purchasing power parity. Meanwhile, the unemployment rate signs slight fluctuations due to

<sup>38</sup> [http://www.batitrakya-atilim.com/html/ab\\_fonlari.html](http://www.batitrakya-atilim.com/html/ab_fonlari.html), Review Date. 23.07.2007

seasonal fluctuations. The inflation rate fluctuated with a 0.4 percentage. The low increase in the GDP percentage could be attached to the decline in the power purchasing parity. Tourism and the shipping sector are the main income generating sectors of the economy, then industry, construction and agriculture sectors. We see that economic growth declined to 3.5% in 2005 from the 2000 level of 4.5%. That shrink could mainly be attached to the lack of international competition and the unfair tax system.<sup>39</sup> Looking at the details it is seen that the share of agriculture in the GDP is around 5.2% while industry and services' shares are 20% and 74%, respectively. And the share of public revenues declined to 41.7% from the previous level of 45.6% due to the privatization of public enterprises. Besides, inflation fluctuating within a range of 3.7% & 3.4% is badly affected from the increase in the prices of fixed and variable costs. Meanwhile, unemployment in Greece was around 10% in 2004 while it gradually declined to 9.4% in 2005 and 8.4% in 2006. Regarding 2007, the unemployment is expected to maintain its declining trend and come in at 8.1% in 2007 and 7.9% in 2008.<sup>40</sup> Figures point out a recovery in Greece's economy. Yet, due to the unfair income distribution, unfair taxation and the harsh competition, some imbalances in the economic indicators are observed.

**Table 4: Employment in Total Labour Force**

Cities	1991 (%)	1996(%)	2001(%)
Athens	57.9	61.2	64.4
Thessaloniki	53.2	55.7	
Petra	53.2	55.1	
Iraklion	56.9	59.8	
Larisa	54.8	56.7	
Volos	53.6	55.9	
Yanya	51.2	54.5	
Kavala	54.0	56.4	
Kalamata	57.7	58.2	
Komotini	(52.0)	(54.0)	(54.0)

**Source:** EUROSTAT

[http://epp.eurostat.ec.europa.eu/portal/page?\\_pageid=1996,39140985&\\_dad=portal&\\_schema=PORTAL&screen=detailref&language=de&product=Yearlies\\_new\\_regio&root=Yearlies\\_new\\_regio/F/fb/fba14096](http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1996,39140985&_dad=portal&_schema=PORTAL&screen=detailref&language=de&product=Yearlies_new_regio&root=Yearlies_new_regio/F/fb/fba14096)

As seen in the Table 4, the labor force participation rate is around 50%, except Athens. Regarding Gumulcine (Komotini) where Turkish population is densely populated, average number was stated because the exact numbers were not available. For Iskece (Xanthi), the participation rate might be higher than Gumulcine (Komotini) as the industry volume had been higher than Gumulcine (Komotini).

The unemployment rate in Western Thrace could be seen in the table below, yet due to lack of official data, unemployment rates were rather calculated on hypothetical bases.

<sup>39</sup> <http://www.griechische-botschaft.de/img/wirtschaft/PORTRAIT%20GRIECHENLAND.pdf>, Review Date. 29.07.2007

<sup>40</sup> <http://www.oecd.org/dataoecd/6/18/20211579.pdf>, Review Date. 30.07.2007, OECD Economic Outlook, Preliminary Edition.

**Table 5: Unemployment Rate in Greece**

Cities	1991 (%)	1996 (%)	2001(%)
Athens	8.6	9.0	9.4
Thessaloniki	8.3	9.6	
Petra	11.1	13.4	
Iraklion	7.4	9.0	
Larisa	8.6	9.6	
Volos	9.9	10.9	
Yanya	12.8	12.9	
Kavala	10.3	11.1	
Kalamata	9.4	10.8	
Gümülcine (Komotini)	(13.0)	(13.5)	(14.0)
İskeçe (Xanthi)	(10.9)	(11.3)	(12.0)

Note: Figures in parenthesis are calculated on hypothetical bases

Source: EUROSTAT

[http://epp.eurostat.ec.europa.eu/portal/page?\\_pageid=1996,39140985&\\_dad=portal&\\_schema=PORTAL&screen=detailref&language=de&product=Yearlies\\_new\\_regio&root=Yearlies\\_new\\_regio/F/fb/fba14608](http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1996,39140985&_dad=portal&_schema=PORTAL&screen=detailref&language=de&product=Yearlies_new_regio&root=Yearlies_new_regio/F/fb/fba14608)

The unemployment rate in Gumulcine (Komotini) and Iskece (Xanthi) were calculated on the basis of the province of Yanya. The reason behind the excessive unemployment rate in Gumulcine (Komotini) mainly stems from the higher dependency of the province on agriculture than Iskece (Xanthi). Additionally, Iskece is a more industrialized province compared to Gumulcine (Komotini).<sup>41</sup>

**Table 6: Gross Share of the Provinces in Western Thrace in Greece's GDP**

(Million)	2000	2002	2004	2000	2002	2004	2000	2004	2004
Dedeagac (Alexandropoulos)	185	175	174	383	357	451	943	1.062	1.230
İskece (Xanthi)	108	95	112	307	381	431	513	581	699
Gümülcine (Komotini)	158	149	151	246	306	306	519	594	698
Drama	102	122	115	176	160	188	563	625	730
Florina	84	97	94	143	143	187	291	305	373

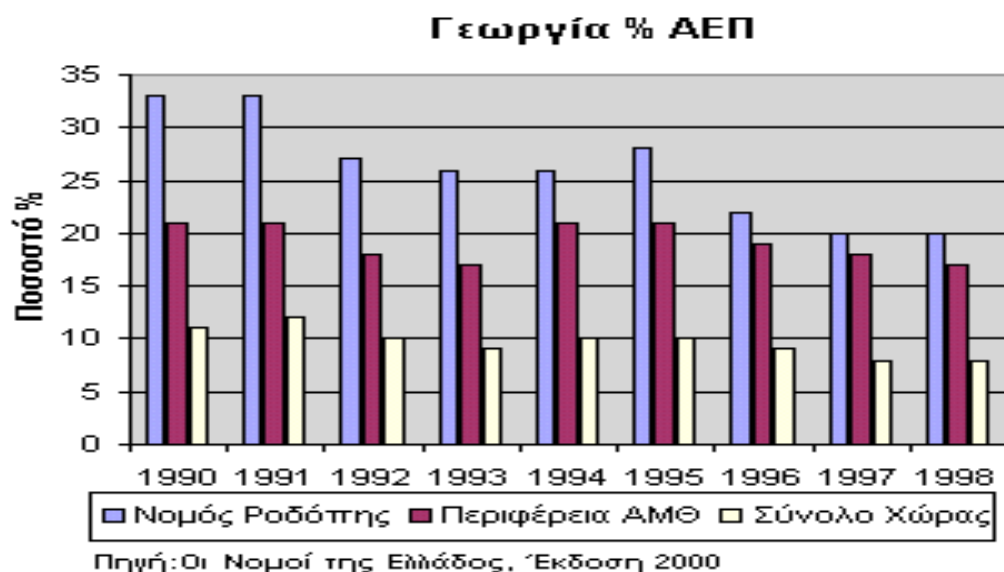
Source: [http://www.statistics.gr/gr\\_tables/s900\\_sel\\_11\\_ts\\_an\\_00\\_04\\_1\\_y.pdf](http://www.statistics.gr/gr_tables/s900_sel_11_ts_an_00_04_1_y.pdf)

The annual gross contribution of the agriculture (the first three columns), the industry (second three columns) and the services (in the last three columns) to the country's GDP. The figures are

<sup>41</sup> Bundeszentrale für Politische Bildung, *Wirtschaft heute*, Bonn 2002, pp. 102,104,106,162,164.

set out in a million bases. The gross production values indicate which sectors are developing and contributing to the country's GDP increasingly. For Dedeagac (Alexandropoulos) region the agricultural sector had decreased contrary to the slight increase in the industry sector and a significant increase in the especially the services sector. In Iskece (Xanthi), an improved contribution of the industry and the services to the GDP are worth considering. In Gumulcine, we observe a recovery in industry and services versus declining gross contribution of agriculture. The Drama region looks rather like Gumulcine while in the Florina region; we see a significantly increasing trend in the services sector's contribution. The services sector in Iskece and Gumulcine showed the same increase in the services sector. The services sector covers a large segment of the society in a wide range of people who works in the health sector to the self-employed or the insurers. Yet, we can not conclude that the picture reflects the heterogenic structure of the society.

**Graph 4: Comparative agricultural production in the Gumulcine (Komotini) region**



As seen in the Graph 4, the agriculture composed a bigger share in Gumulcine's economy when compared with Greece and the East Macedonia & Western Thrace region. The share of the agriculture in the economy fell by 30% between the years of 1990 and 1998. The main reason behind this fall is the shift from the agriculture sector to the industry and the services sectors. It is clearly seen that agriculture is the foremost important sector for the regional economy. Short term economic changes because of high dependence on the agriculture and a shift from the agriculture to the services sector and some technical problems stemming mainly from the inefficient distribution of the EU premiums might result in a long-lasting economic bottleneck in the region.

**Table 7: Comparison of EU's regional GDP and Greece's regional GDP**

2004 EU, Countries and Regions	GDP  ( Million Euro)	GDP per Capita  (Euro)	GDP Purchasing Power  (Euro)	GDP per Capita Purchasing Power  (Euro)	Ratio of GDP per Capita Purchasing Power to EU-27
<b>EU-27</b>	<b>10.529.351</b>	<b>21.503</b>	<b>10.529.351</b>	<b>21.503</b>	<b>100,0</b>
<b>Greece</b>	<b>168.417</b>	<b>15.222</b>	<b>201.864</b>	<b>18.245</b>	<b>84,8</b>
East Macedonia- Western Thrace	6.174	10.173	7.400	12.193	56,7
Western Macedonia	3.313	11.248	3.971	13.482	62,7
Middle Macedonia	23.372	12.231	28.014	14.660	68,2
Teselya	8.778	11.901	10.522	14.264	66,3
Ípiros	4.136	12.115	4.958	14.521	67,5
Middle Greece	8.634	15.444	10.349	18.511	86,1
Athens	80.006	20.216	95.895	24.230	112,7
Crete	8.677	14.444	10.401	17.313	80,5
<b>Republic of Ireland</b>	<b>147.569</b>	<b>36.254</b>	<b>123.456</b>	<b>30.414</b>	<b>141,4</b>
Border regions, Middle and Western Regions	27.869	25.720	23.315	21.518	100,1
Southern and Northern Regions	119.700	40.226	100.141	33.653	156,5

**Source:**EUROSTAT

[http://epp.eurostat.ec.europa.eu/pls/portal/docs/PAGE/PGP\\_PRD\\_CAT\\_PREREL/PGE\\_CAT\\_PREREL\\_YEAR\\_2007/PGE\\_CAT\\_PREREL\\_YEAR\\_2007\\_MONTH\\_02/1-19022007-DE-AP.PDF](http://epp.eurostat.ec.europa.eu/pls/portal/docs/PAGE/PGP_PRD_CAT_PREREL/PGE_CAT_PREREL_YEAR_2007/PGE_CAT_PREREL_YEAR_2007_MONTH_02/1-19022007-DE-AP.PDF)

When we look at the details of the table above, we see a heterogeneous structure by means of income distribution and purchasing power between the regions. The GDP per capita in East Macedonia & Western Thrace is the lowest level of Greece with 10.173 Euros while the GDP per capita/purchasing power rises to 12.193 Euro in the same region for the year 2004. That figure is slightly above EU-27 average. As seen, that region still continues to be one of the less developed regions in the EU. Those ratios when compared with Ireland give a better sense of understanding of the economic outlook in the region. The GDP in the Republic of Ireland was slightly lower than Greece's GDP in 2004 with GDP per capita of 36.254 Euros. In border areas, the GDP per capita declines to Euro 25.720. There is a difference of 15.547 Euros between the GDP per capita in Western Thrace and the GDP per capita in the Republic of Ireland. There is not a huge difference between the Western Thrace and the Eastern Macedonia regions. Additionally, the GDP per capita in the border regions of the Republic of Ireland is around 21.518 Euros while it is about 12.193 Euros in the Eastern Macedonia – Thrace region. When we consider that

Western Thrace has the lowest income in the Eastern Macedonia – Thrace region then we can say without hesitation that the GDP per capita in Western Thrace is lower than 10.000 Euros. To summarize the situation which could be clearly figured out from statistical data is that Western Thrace is a good example to the economic imbalance and the regional discrimination because the region cannot receive its due share from the EU funds.

## 7. Proposals on Strengthening the Economy in Western Thrace

The economy should be re-structured to effect a positive improvement in the economy in Western Thrace. Opportunities of a liberal economy should be properly used to have that transformation. The Western Thrace Minority members who are mostly engaged in the agriculture sector should benefit from global opportunities by means of declining costs and hidden unemployment. It is clear that economic developments will have their sociological impacts on the society as well. A society, a major part of which is engaged in agriculture will be seriously affected from any change in the agricultural outlook and/or economic shock. As mentioned in other sections, in a healthy economy, agriculture, industry and services sectors should have 5%, 20% and 75% shares. Despite that rule of thumb, the share of agriculture in the regional economy is significantly above the marginal share. When the funds were provided to the Greek citizens to transfer them from the agriculture to the services sector, the Western Thrace and Macedonian regions did not benefit from those funds due to the ethnic discrimination. That situation accelerated the “imbalanced” economic outlook of the regions. Another reason for that “imbalanced” economic condition in the region is the factors that stemmed mainly from the competition between nationalist capital and liberal capital. When we consider all these facts and economic imbalances;

1. New strategies to lower the fixed costs of small-scale agricultural and other enterprises should be applied. To lower the fixed costs, enterprises should increase their production volume, shrink in size or use the excessive capital which will be created by decreasing work force and strengthen their liquidity capacity. As most of the enterprises in Western Thrace are small-scaled, an optimal growth strategy should be implemented for these establishments. Cooperation, cooperatevization and joint initiatives will strengthen not only the economic participation of all actors in society, but also their social efficiency. Homogenous way of thinking of the management staff of the enterprises that may be formed on the back of cooperation may be a supporting factor to get over the management and establishment difficulties. Increasing production volume will not only lead to a more flexible pricing policy, but also decrease the production costs on the back of economies of scale.<sup>42</sup> With the help of economies of scale, an increase in the production up to 20% per unit can be achieved while it will provide the establishment capacity to produce more products on the back of advantages of scale.<sup>43</sup> It is worth discussing whether full economic freedom will bring any flexibility to Western Thrace farmers. Tobacco prices ranging between 0.5 Cent and 5.3 Euro is a result of market imbalance rather than quality matters. Average price of tobacco is around 2.5-3 Euro in 2007. Meanwhile, in 2007, only 36 of 8000 licenses for tobacco production were not sold due to the price conflict.<sup>44</sup> Though that statistic seems satisfactory, the main point to consider is whether the farmers are satisfied with the price? Or are they “distress sales”? Here the second option seems more logical. The only way to protect the Western Thrace farmers from the manipulation of traders is to organize them. Organizing the farmers will not only give them the power to determine the minimum price, free of cartels. Enacting the “freedom of association” to determine their own

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<sup>42</sup> El-Agraa, A. *The Economics of the European Community*, New York, 1990, p. 87.

<sup>43</sup> Smeets, H.D., Möller, M., *Zur Kreise des Europäischen Währungssystems*, 1994, p. 74.

Checchini, P., *Europa 92, Der Vorteile des Binnenmarkts*, Baden-Baden, 1988, p. 107.

<sup>44</sup> <http://www.gundemgazetesi.com/2004/index.php>, Review Date. 02.08.2007, Daily newspaper, Gündem 20.07.2007, No. 540, The interview with the Deputy of Komotini İlhan Ahmet and the Financial Director of the Komotini- Alexandroupoulos Province Cooperation of Tobacco Produces and the Member of Komotini County Council Sevgi Salim

price is not validating the Article 1 of “European Agreement”. That Article even bans the “cartel” which means agreement of related parties or firms on “price fixing” with the aim of increasing their profit by decreasing competition.<sup>45</sup>

2. Small scale farmers should minimize the hidden unemployment by means of economic efficiency. Farmer can integrate with the “competitive market” through the help of a more efficient work schedule. Some people do not prefer cooperation due to some technical and social reasons. At such a case, then the farmer who is engaged in agriculture or animal husbandry can adopt the harsh competition by shifting to “raw materials manufacturing” such as “producing cheese from his/her own product, milk” yet such a shift may have the potential to drive up profit margin by 1000%. However, it is difficult to implement this strategy for tobacco. It is very hard and costly to manufacture tobacco as the secondary product, it needs a huge capital. Yet, tobacco producers in the region may cooperativize and initiate such investments.
3. Another point that should be considered is the new EU member Bulgaria and 1.5 million Turkish people living in that country. The distance between Western Thrace and the regions that Turkish Minority are densely populated in Bulgaria is around 100km. Economic and social relations between Western Thrace Turkish Minority living in Gumulcine (Komotini), Iskece (Xanthi) ve Dedeagac (Alexandropoulos) and the Turkish Minority in Kırcaali (Kardzali), Filibe (Plovdiv) ve Hasköy (Haskovo) will improve significantly on the back of three reasons which can be summarized as such; After Bulgaria’s EU membership, there would remain no Bulgaria-Greece border, Gumulcine (Komotini)-Kırcaali (Kardzali) highway will be completed soon and the most important is the “free movement of labor” that would enhance the relation between Turkish minority members. Under the framework of “EU INTERREG III” programs, cooperation with Turkish originated Bulgarian firms and opening branches of those firms in Gumulcine (Komotini), Iskece (Xanthi) ve Dedeagac would contribute significantly to the region’s economy.

Establishment of those prospective projects there is a need for capital inflow. State and private institutions could grant the credit on the project basis. Beside those opportunities, interested people could apply to “EU URBAN III Funds”. Those funds are rather for stimulating less-developed regions’ economy. Following a well-structured infrastructural and logical feasibility analysis, these funds could be effectively used. Meanwhile, the URBAN III provides large scale investment opportunities together with the support payments of the Employment Agency, reaching 12.000 Euros. Those supports could be provided on the condition of operation of the establishment for at least 36 months. Thus, the state excludes itself from the payment by making the firm owners as tax payers and that amount would be paid by the Employment Agency. Now, the incentives been granted for women have been increased.

4. Briefly, we can say that organizations which can be beneficial for the Western Thrace economy should be implemented and additionally, the capital should be provided by the support of finance and incentive institutions. Meanwhile, the EU pressure should be used if the EU institutions, banks and incentive institutions hinder credit providing process. Additionally, the Minority members should form their own auditing mechanism to control the EU incentive mechanism and flow of the EU funds. That control mechanism should be designed to function between suppliers and demanders. When the Minority could form such a controlling mechanism, more benefit from the EU funds is likely to be acquired.
5. In the previous parts of the study, we mentioned the competition between liberal and nationalist capital (capital under the control of church and extreme nationalists). Such competition is at peak in Western Thrace. Liberal capital supported by the EU and the

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<sup>45</sup> Vertrag von Nizza, Bundeszentrale für politische Bildung, Tomas Läufer, 2002, p. 90. Rekabet Düzenlemeleri, Article 81 Paragraph 1.



US dominates the nationalist capital, paving way for more investments and enhancing private sector's share in the economy. The share of the nationalist capital will shrink if the liberal capital achieves to get embedded with the economy that will increase the share of minorities in the national economy, especially in the services sector. Getting a bigger share in the services sector imply more rapid urbanizations for the Minority members. Thus, the Minority members should form their prospective plan by that means.

#### 6. The Efficient Development Strategy (No-Regret-Strategy):

- Rationalizing the regional economy and increasing its efficiency
- Taking into account the demand in addition to the supply, regarding economic planning
- Easing the procedure of company establishment
- Making production under the framework of innovation and efficiency
- Implementing a strategy to increase production alternatives and capacity, instead of seeing the region population just consumers
- Liberalizing region's market and supporting foreign inflow to the region
- Economic politics that will be implemented in the region should be designed under the framework of a balanced growth.

### 8. Conclusion

The Greek businessmen seriously invest in the region by using the secret allowances and free subsidies of the Greek Church "Associations for Christianization of Turkish Minorities".<sup>46</sup> In the region, economic and social policies that are in contradiction with the formal state policies and that also promote the self interest are widely implemented. On the other hand, these businessmen focus on Bulgaria for new investments. That focus implies either transferring the whole production or some production facilities to the country, Bulgaria. The Greek 'Chauvinist' capital is still trying to increase its production capacity in accordance with its economic interests. The unfair income distributions in the region together with the economic imbalances negatively affect the economic welfare of the Minority. The members of the Western Thrace Turkish Minority who can not have the opportunity to work in the public institutions are rather employed in workmanship or they become tradesmen. Those people cannot have the opportunity to accumulate their savings to open their own firms. Therefore, Western Thrace needs businessmen from the Turkish Minority and employers who have adequate capital accumulation. In the long term, that will positively affect the economic condition of Minority members on the back of a shift from the share of the Greek bourgeoisie to the Minority. However, such a shift also requires the existence of a strong Minority bourgeoisie in the region. The Turkish Minority in Western Thrace should at least give the same importance that they give to their identity, to their economic development. Economic development will lead to a limitation on the military expenditure and thus accelerate the inflow of private and public investments into the region.

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<sup>46</sup> <http://www.iospresp.gr/ios2006/ios20060219.htm>, Ios Dergisi, Batı Trakya'daki Milli Çıkara endeksli krediler hakkında, Review Date. 02.08.2007

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