

CRS Issue Brief

Greece and Turkey: Current Foreign Aid Issues

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CONTENTS

SUMMARY

MOST RECENT DEVELOPMENTS

BACKGROUND AND ANALYSIS

Key Issues

Linkage Between Aid to Turkey and Aid to Greece

Linkage Between Aid and Progress Toward a Cyprus Settlement

Linkage between U.S. Aid and U.S. Bases

Linkage between U.S. Aid and Other Foreign Policy Concerns

FY1993 Foreign Aid

FY1994 Foreign Aid

FY1995 Foreign Aid

Appendices

Country Data

Greece

Turkey

U.S. Foreign Assistance Data: Greece

U.S. Foreign Assistance Data: Turkey

Definition of Programs

Greece and Turkey: Current Foreign Aid Issues

SUMMARY

Greece and Turkey have been major U.S. aid recipients since the late 1940s when aid was granted to prevent the spread of communism and to strengthen anti-communist allies. U.S. aid to Greece was suspended during military rule from 1967 to 1974. Aid to Turkey was suspended after its intervention in Cyprus in 1974 until 1978. Since 1978, Congress has linked military aid to Greece to aid to Turkey in order to achieve a "balance of military strength" between the two. Since 1980, linkage has taken the form of a 7:10 ratio in military aid: for every \$7 in military aid allocated to Greece, Turkey receives \$10. The ratio also is applied to supply of excess defense articles. The Reagan/Bush Administrations and some in Congress contended that the ratio ignores complex U.S. bilateral interests with these two allies and impedes flexibility in U.S. aid and foreign policy.

From 1990 until his loss of the Oct. 10, 1993 election, former Greek Prime Minister Mitsotakis worked to improve U.S.-Greek relations which probably became more cordial than they had been in years. Andreas Papandreou, who engaged in anti-American rhetoric during his 1981-89 term, became prime minister again and said that he wanted good relations with Washington. U.S.-Turkish relations had achieved unprecedented closeness during the Persian Gulf war, when Turkey permitted U.S. planes to bomb Iraq from NATO and Turkish bases in southeast Turkey. U.S. and allied planes remain there to enforce a no-fly zone protecting Kurds in northern Iraq.

Greek-Turkish relations continue to be strained over bilateral issues and especially over the impasse on a Cyprus settlement. These strains echo in U.S. legislation. Key issues for Congress are the 7:10 ratio, linkage of aid to Turkey to aid to Greece,

attempts to link aid to Turkey to progress on Cyprus settlement, human rights and other foreign policy concerns.

In FY1993, Congress converted military aid for Turkey and Greece from grants to loans at market rates. For FY1995, the Administration requested \$317 million in loans and \$50,000 in direct training funds for Greece and \$453 million in loans, \$100 million in ESF, \$5.5 million for a sustainable development account, \$1 million in direct training funds, and \$400,000 in narcotics control assistance for Turkey. On May 25, the House approved \$364 million in military aid for Turkey and \$255 million for Greece, conforming to the 7:10 ratio, but would withhold 25% of the aid to Turkey until the Secretary of State reports on actions against Kurdish parliamentarians, human rights abuses against Kurds, and on U.N. efforts to obtain confidence-building measures on Cyprus and 25% of the aid to Greece pending a report on its compliance with U.N. sanctions against Serbia. On June 16, the Senate Appropriations Committee approved the same amounts of military aid. It required that Turkey not use U.S. military equipment for internal security and that Greece not use it in violation of U.N. sanctions on Serbia. On July 15, the Senate passed an amended bill with the same amounts of aid. Conditions require that arms supplied to Turkey not be used in violation of international law and that the Administration report on how aid to Greece is promoting obligations under U.N. sanctions against Serbia. The Conference simply withheld 10% of aid to both countries, pending reports on Turkish armed forces' abuses of civilians and the situation in Cyprus and Greek violations of U.N. sanctions on Serbia. The House approved the Conference report on August 4 and the Senate agreed on August 10.



MOST RECENT DEVELOPMENTS

*Because the amounts of military aid were the same in the House and Senate bills (See **Legislation**, below), Conference Report (H.Rept. 103-633, Aug. 1, 1994) dealt only with conditions on aid. It provided that 10% of the loans to Turkey shall be withheld until the Secretary of State, in consultation with the Secretary of Defense, reports to the Committees on Appropriations on allegations of abuses against civilians by the Turkish armed forces and the situation in Cyprus, and a separate report at least 15 days prior to the obligation of such funds. Also, 10% of the loans for Greece will be withheld until the Secretary of State reports to the Committees on allegations of Greek violations of the U.N. sanctions on Serbia and of the U.N. Charter, and submits a separate report at least 15 days prior to the obligation of same. The House agreed to the Conference Report by a vote of 341-85 on August 4; the Senate agreed to it by a vote of 88-12 on August 10.*

BACKGROUND AND ANALYSIS

Greece and Turkey have been U.S. aid recipients since the late 1940s, when the Truman Administration began a program of post-war recovery aid, in part to prevent the spread of communism in the region. The security dimension of U.S. aid was strengthened when the two nations joined the NATO alliance in 1952. At various times in the past 40 years, Greece and Turkey have experienced economic difficulties, and the United States has responded with economic aid. On two separate occasions, the United States suspended military aid -- to Greece after the military seized power in 1967, and to Turkey, when Congress legislated an arms embargo after the Turkish intervention on Cyprus in 1974.

Since the mid-1970s, relations between Greece and Turkey have been strained over bilateral differences and continued disagreement on the Cyprus problem. (Cyprus, an independent nation whose population is 80% of Greek origin and 20% of Turkish origin, has been divided since 1974. The northern 37% is under Turkish military occupation. (See CRS Issue Brief 89140, Cyprus: Status of U.N. Negotiations.) These differences were reflected in disagreements between the Congress and the Reagan and Bush Administrations. Many in Congress feel that pressure on Turkey, through the vehicle of foreign aid, would result in concessions, including reducing or removing its troops from Cyprus. The Reagan and Bush Administrations and their supporters in Congress argued that diplomacy would work more effectively to solve the Cyprus problem, and that the aid relationship with Turkey serves multiple U.S. interests. Cutting aid to Turkey or linking it to Greece's aid, they suggested, may harm American interests in the region, including the important security relationship with Turkey.

Congress imposed an arms embargo against Turkey in 1974. In 1978, the Carter Administration forged a compromise with Congress to lift the embargo. That compromise is contained in Section 620 (C) of the Foreign Assistance Act, which spells out U.S. policy in the Eastern Mediterranean, and says that security assistance to Greece and Turkey should be designed "to ensure that the present balance of military strength among countries of the region, including Greece and Turkey, is preserved."

In the first post-embargo year, both Greece and Turkey received about \$175 million in military aid. The next year, the ratio of their aid (\$148 million to Greece,

\$208 million to Turkey) was close to 7:10. This ratio has remained in effect by means of congressionally imposed cuts to Turkey's aid since FY1980, although Turkey and the Reagan and Bush Administrations oppose it. For its supporters, the ratio symbolizes a congressional commitment to balance the impact of aid to Turkey on Greece, in the absence of any resolution of their bilateral problems. It also expresses congressional dissatisfaction over the absence of a diplomatic solution on Cyprus, including a withdrawal of Turkish troops. The ratio per se does not affect Cypriot interests and is separate from the \$15 million annual U.S. aid program in Cyprus.

Some oppose the ratio concept because they oppose, in principle, encumbering any aid program with regional political considerations. Others oppose it for, in their view, contributing to the rivalry and tensions between Greece and Turkey rather than stimulating a warmer climate between them. The Reagan and Bush Administrations opposed the ratio for constraining what they and NATO have viewed as needed expansion of military aid to Turkey, in light of its military modernization needs and its strategic importance with respect to the Middle East and Central Asia.

Since the mid-1980s, Greece has argued that the "quality" as well as the quantity of U.S. aid is important. Congress responded in FY1985 and FY1986 with amendments to create the 7:10 ratio (see below) and to grant Greece the same interest rate on concessional Foreign Military Sales (FMS) credits as Turkey received. In 1989 and 1990, Greek officials argued that the relatively smaller share of military aid Greece receives in grant form compared to Turkey placed a burden on Greece for repayment. The Reagan and Bush Administration had generally not considered Greece's economic need for concessional rates or forgiven loans to be as compelling as Turkey's. Congress considered a provision in the FY1992-93 authorization act that would limit the amount of Foreign Military Financing (FMF replaced FMS) a country that receives both loans and credits can receive in loan form. The provision would have benefitted Greece greatly, but Congress did not pass the act. (Greece has not received economic aid since 1976.) (See CRS Report 90-29 F, *Greece and Turkey: The Seven-Ten Ratio in Military Aid.*)

In 1985, Congress gave the President authority to transfer to countries of NATO's southern region excess defense articles (at no cost) to help modernize their defense capabilities. This amendment to the defense authorization bill was intended in particular to help Turkey and Greece. The concept was later incorporated into foreign aid legislation, expanded to include Egypt and Israel, and, in the view of Reagan and Bush Administration officials, seriously constrained by requirements that the value of excess equipment provided to Greece and Turkey correspond roughly to the 7:10 ratio. The ratio impedes promptness and flexibility, Reagan and Bush Administration officials argued, by not allowing provision of any articles to either Greece or Turkey until articles of appropriate value have been identified and made available to the other. Congressional advocates of the ratio contend that the need to balance forces in the region must take precedence over issues such as promptness and flexibility.

An important rapprochement between Greece and Turkey took place in early 1988, when Prime Minister Andreas Papandreou met his Turkish counterpart, Turgut Ozal, despite lack of progress on Cyprus talks. Such progress had been a longstanding Greek precondition for change in bilateral relations. They agreed to improve relations through confidence-building measures and, in the following months, committees of both nations' foreign and defense ministries met to work out some limited new procedures

in the Aegean. After modest progress, the rapprochement was sidetracked by political and personal problems of the Greek premier in fall 1988. It never produced a reassessment of Greek defense policy, which could have affected U.S. aid to the two countries and the 7:10 ratio.

June 1989 Greek elections ended Papandreou's 8-year rule, but failed to produce a new majority. A coalition government between the center-right New Democracy party and a leftist alliance governed until elections on Nov. 5, 1989. Again, New Democracy won a plurality and Papandreou's PASOK party came in second. Another transitional government ruled until elections on Apr. 8, 1990 brought a New Democracy government led by Constantine Mitsotakis to power. ND won 150 of the 300 seats in parliament and formed a government with support of a one-seat centrist party whose deputy joined New Democracy in July 1990.

The new government moved swiftly to implement economic austerity and other measures -- such as completion of talks on U.S. bases in Greece -- likely to restore confidence among Greece's economic and political partners. In June 1990, Mitsotakis became the first Greek premier to visit the United States in 26 years. He made a determined effort to improve relations with the United States, promising to meet Greece's NATO obligations, to prevent use of Greece as a base for terrorism, and to stop rhetorical attacks on the United States. Mitsotakis also indicated his support for a new dialogue with Turkey. He called for a Turkish troop withdrawal from Cyprus as a good faith gesture that could facilitate Greek-Turkish talks on Cyprus and the bilateral issues. Despite support for dialogue, the Mitsotakis government made progress on Cyprus a prerequisite for improvement on other issues.

The crisis created by the August 1990 Iraqi invasion of Kuwait and subsequent war highlighted Turkey's strategic location and importance as a Western ally. Turkey allowed U.S. planes to use NATO and Turkish air bases to launch attacks on Iraq. As Turkey implemented U.N. Security Council resolutions and economic sanctions, its costs escalated. The closure of oil pipelines from Iraq to Turkey engendered high losses, which continue. Additional costs resulted from Turkey's loss of a major export market (Iraq) and the reluctance of foreign investors and tourists to deal with a potential, and later actual, frontline war situation. Turkey's total war-related costs for calendar 1990 and the beginning of 1991, reportedly were estimated by the World Bank to be \$5.6 billion. After the war, Turkey agreed to host Operations Provide Comfort II, whereby U.S., British, and French planes based at Incirlik in southeast Turkey enforced a no-fly zone over northern Iraq to protect Iraqi Kurds.

Turkey's President Ozal visited Washington in September 1990, seeking increased textile import quotas, more effective military modernization, and erasure of FMS debt. He obtained greatly increased textile quotas -- 40% to 50% on some items -- and military modernization promises. On Jan. 14, 1991, President Bush provided \$82 million in emergency military assistance to Turkey under provisions of the Foreign Assistance Act. Up to \$32 million under provisions of Section 506(a)(1) was for defense articles from Department of Defense stocks and for defense services. The remaining \$50 million under Section 614 reobligated unused credits to the Philippines, Tunisia, and Malaysia for FY1985 and FY1986 to make possible the sale of defense articles and services to Turkey.

Greek Foreign Minister Antonis Samaras visited Washington from Jan. 29 to Feb. 1, 1991 and asserted Greece's position on continuing the balance of forces in the Eastern Mediterranean. The United States agreed to refinance Greece's outstanding defense debt of \$447 million at favorable rates and to ship additional arms to Greece.

On Feb. 1, 1992, Prime Minister Mitsotakis met his new Turkish counterpart, Suleyman Demirel, at the World Economic Forum in Davos, Switzerland. A resulting communique stated that the two agreed that their foreign ministers would prepare a "friendship, good-neighborliness, cooperation treaty" to be signed in summer 1992, during a Mitsotakis visit to Ankara, and also pledged support for United Nations efforts on Cyprus. Mitsotakis was criticized in Greece and Cyprus for not reiterating that settlement of the Cyprus problem is the precondition for improved Greek-Turkish relations and, thereby, for producing some confusion. He rapidly clarified any misunderstanding, while emphasizing that efforts to resolve bilateral disputes and to achieve a Cyprus settlement must follow separate and parallel paths and declaring that improved Greek-Turkish ties would benefit Cyprus. No treaty has been signed.

During Prime Minister Demirel's Feb. 11, 1992 visit to Washington, he and President Bush spoke warmly of an "enhanced partnership" between Turkey and the United States. They signalled expanded cooperation regarding relations with the newly independent Central Asian republics. Turkey's geographic proximity and Turkic ties to the region are considered by many to be important links to the region and valuable to U.S. policy interests. A new Turkish Prime Minister, Tansu Ciller, visited President Clinton on Oct. 15, 1993, and some reports intimated that her aid shopping list was unrealistic. President Clinton said that they discussed ideas which would not involve the direct outlay of tax dollars or transfers from one government to another. U.S. and Turkish officials held talks on this matter over the following weeks.

The national election in Greece on Oct. 10, 1993 resulted in the selection of Andreas Papandreou as prime minister. Although his previous tenure (1981-89) was noted for its anti-American rhetoric, Papandreou has said that he wants good relations with the United States and is expected to visit in April 1994.

Key Issues

Linkage between Aid to Turkey and Aid to Greece

Although the Reagan and Bush Administrations did not share the Greek belief that Turkey poses a military threat to Greece, many Members of Congress are sensitive to Greece's desire to maintain a balance between the levels of aid to the two countries. They favor the ratio as a constraint on rapid increases in aid to Turkey that are not accompanied by increases to Greece. They also saw the ratio as a sign of congressional dissatisfaction with the Reagan and Bush Administrations' policies toward Cyprus that, in their view, did not apply strong enough pressure on Turkey to withdraw.

The Reagan and Bush Administrations believed that the ratio is an undesirable limit on executive authority and imposes the wrong criteria on determining aid levels. U.S. officials and many experts also contend that the ratio does not accurately reflect the balance of U.S. interests between Greece and Turkey in military, geographic, or demographic terms. Reagan and Bush Administration officials tended to regard Turkey

as particularly important to the United States because it has the second largest population in Europe and possess the second largest army in NATO (both after Germany). Moreover, officials noted that the value of Turkey's geostrategic location was amply demonstrated during the Gulf War and hoped Turkey's geopolitical and cultural ties to the newly independent Muslim nations of Central Asia would benefit U.S. relations with the region. In general, they did not perceive comparable interests with respect to Greece.

In 1988 and 1989, the House Foreign Affairs Committee Foreign Assistance Task Force recommended reducing or abolishing earmarks, which would have effectively done away with the ratio. It also recommended aid "graduation," or conversion of grant to loan aid based on living standards, and named Greece and Turkey as countries whose military sales could soon be on a cash basis (H.Doc. 101-32). Although the Task Force recommendations were not all included in the House-passed authorization bill, the ratio was discussed in the FY1990 appropriations deliberations. Supporters of Turkey tried to dilute or eliminate the ratio, in part because they believed the political climate toward Greece and Turkey might favor such action. One contributing factor was the strained U.S.-Greek relations, and another was a large unused military aid pipeline, indicating that Greece had not identified military needs for several years. In final FY1990 appropriations, however, the ratio was preserved through earmarks, but not explicit legislative language. In 1991-93, Greece drew down its unused \$1.7 billion military aid pipeline. Greece identified items for the remaining \$325 million and it was expected to be committed by the end of summer 1993.

Turkey's sacrifices in support of the allied cause in the Persian Gulf generated sympathy among many Members of Congress. Discussion of the supplemental appropriation to pay for the war, including increased aid to Turkey, made no reference to the need for balance with Greece that had previously characterized debates. However, aid appropriated was economic support funds (ESF), which are not part of the 7:10 ratio calculation. The ratio was referred to again during discussions of the FY1992-93 foreign aid authorization. Supporters argued that scrapping it would send the wrong signal to Greece at a time when U.S.-Greek relations were improving. The bill applied the ratio to funding levels without mentioning it. Aid graduation finally became law in the FY1993 appropriation. It seriously affects Turkey, whose previous foreign military financing had been all grant aid. The Clinton Administration requested aid in the 7:10 ratio.

Linkage Between Aid and Progress Toward a Cyprus Settlement

This has been the key focus of the debate over aid to Turkey since 1974, before the ratio concept was introduced. During the embargo years (1974-78), many in Congress believed that progress on Cyprus could be achieved only if Turkey was pressured to change its policies, and they viewed the aid program as an appropriate vehicle for such pressure. Some continued to seek tying Turkey's aid to Cyprus. The FY1985 aid bill called for a Presidential certification that Turkey was making efforts to reverse Turkey's actions regarding Cyprus. The FY1986-87 authorization (P.L. 99-83) stated that Turkey's MAP program was provided with an understanding that the United States was acting to prevent a bifurcation of Cyprus.

To the Reagan and Bush Administrations and some in Congress, linkage between Turkey's aid and Cyprus was damaging to Turkey and the alliance, making it

ineffective as a tool to achieve progress on Cyprus. The Reagan Administration argued that Turkey's military strength was vital to Western interests, and that the Cyprus question should be handled separately, through diplomatic channels. The Bush Administration continued support for U.N. efforts on Cyprus and opposed punitive measures against Turkey relating to Cyprus.

In the 101st Congress, legislation was introduced to relink U.S. aid to Turkey to conditions on Cyprus. S. 22, introduced by Senator Pressler, called for a suspension of all aid to Turkey unless the President certified six provisions, including withdrawal of Turkish military forces and civilian settlers, return of over 1,600 persons missing since 1974, and return to the Greek Cypriots of the town of Famagusta. A comparable bill was introduced in the House. The bills were not considered by committee, although modified language on Famagusta was included in the FY1990 aid authorization bill. A bill introduced in the second session, S. 2808, would have required reductions of U.S. aid to Turkey by 20% annually for 5 years, unless Turkey reduced its troops on Cyprus to the level allowed in the 1960 Treaty of Guarantee, and removed all settlers from Cyprus.

Discussion of the supplemental appropriation to cover the costs of the Persian Gulf war, including increased assistance for Turkey, made no linkage to Cyprus nor did subsequent foreign aid authorization and appropriation bills. However, congressional frustration over lack of progress in the U.N. efforts on Cyprus again prompted introduction of legislation in March 1992 (H.R. 4399) to prohibit aid to Turkey until Turkey takes actions to resolve the Cyprus problem. Once again, it was not passed. The Senate Appropriations Committee (S.Rept. 102-419, Sept. 23, 1992), however, stated that it is the responsibility of Turkish Cypriot leader Rauf Denktash and the Turkish Government to act in good faith and seek a fair solution within the framework already endorsed by the Secretary General and the Security Council and declared its intention to monitor closely the actions of all parties as the Secretary General attempts to resume settlements talks in October.

During confirmation hearings for the new Secretary of State on Jan. 13, 1993, Senator Pressler asked Warren Christopher if he would support legislation to reduce aid to Turkey until it removed its troops from Cyprus. Christopher only observed that it would take an important circumstance to change the ratio and that he did not want to commit to make any change. In November 1993, Representative R. Andrews introduced a resolution to prohibit aid to Turkey until it takes specified steps to resolve the situation on Cyprus. (See **Legislation**, below.)

Linkage Between U.S. Aid and Bases

Both Greece and Turkey drew direct links between the aid they receive from the United States and continued U.S. use of military installations in their countries. The United States generally tried to address the aid question separately from the continued operation of bases, since it considered the presence of the bases to be in the national security interests of the host countries. As the United States retrenches its military presence in Europe, including Greece and Turkey, linkage between aid and bases is emphasized less.

U.S. bases in Greece and Turkey are governed by Defense and Economic Cooperation Agreements (DECA). The governments of Greece and Turkey both would

have preferred multiyear DECAs with multiyear aid commitments at minimum determined levels. The U.S. position was that the DECAs, as executive agreements, cannot contain multiyear aid commitments because of Congress' annual aid authorization and appropriation role. In general, Turkey reportedly wishes to improve conditions resulting from the 1992 shift in U.S. FMF from grants to loans. Recognizing the changes in the U.S. approach to aid, however, Turkey's goals reportedly also include: additions to installations be based on competition, facilitated technology transfers, protection from at least some "recouping charges" on U.S. military equipment, Turkish use of U.S. training facilities, and priority for Turkish needs within NATO's southern wing.

Since 1990, U.S. base closings in Europe have proceeded at a quickening pace. Only one U.S. base will be left in Greece -- the Souda Bay naval station near Hania on the western end of Crete -- by mid-1994. According to the Greek Foreign Ministry, the United States confirmed its commitment to continue close U.S.-Greek defense cooperation as defined by the DECA and other relevant agreements. Under the current DECA, Turkey provides the United States access to airfields, intelligence, and communications facilities vital to regional security.

The attitudes of the two governments towards the bases differed fundamentally. Greece considered the bases to be U.S. bases, not expressly linked to its role in NATO. During the 1980s, when Andreas Papandreou was last Prime Minister, the functioning of the bases was an acute issue in U.S.-Greek relations. Turkey considers the bases part of its fulfillment of NATO obligations, and has not made the continued presence of the bases an issue in the bilateral relationship. During the 1991 Gulf war, Turkey permitted U.S. planes to fly freely against Iraq from the NATO base at Incirlik and from Turkish bases in the southeast. President Ozal declared such permission to be in support of NATO and of U.N. policies. In December 1993, the Turkish parliament extended for 6 months the mandate of the allied, including U.S., rapid reaction force (Poised Hammer/Provide Comfort II) operation located in southeast Turkey to protect Kurds in northern Iraq. In part because of the situation in Iraq, bases in Turkey have retained a strategic importance for the United States and the West. (For more information, see CRS Report 93-98, *Military Assistance to Base Rights Countries*.) Some in the Turkish press proposed revisiting the base issue completely in light of the change in U.S. military aid from grants to loans. They suggested that Turkey simultaneously end base rights and U.S. military aid. There is no indication, however, that the Turkish government accepts this view.

Linkage between U.S. Aid and Other Foreign Policy Concerns

As Congress considered FY1995 foreign aid legislation, it became increasingly apparent that some Members sought to use foreign aid as a means of leverage over other Turkish and Greek policies. In 1993 and 1994, Turkey had escalated its war against the Kurdistan Workers Party (PKK) terrorists and the State Department and international human rights organizations had documented a pattern of human rights abuses against Kurdish civilians. Although State Department officials insisted that they had counseled the Turkish government and military to adopt a multifaceted approach to the situation, it had become clear that such admonitions were not heeded. Turkey appeared intent on a military solution, which was inflicting high costs on the local Kurdish populace. (For more information, see CRS Report 94-267, *Turkey's Kurdish Imbroglia and U.S. Policy*.) Congress, as one staff member put it, perceived

that Turkey's war against terrorism has become, in fact, a war against Kurds. It determined to signal Turkey that this status quo was no longer acceptable. Concern was voiced about Turkish use of U.S.-supplied military equipment in the war. In Spring 1994, Turkish authorities arrested Kurdish Democratic Party (DEP) Members of Parliament on grounds that contradicted American ideas about freedom of speech and democratic processes. The party was subsequently banned. Members of Congress were outraged. As FY1995 legislation was developed, House Members sought to withhold a percentage of military aid to Turkey pending State Department reports on the Kurds' human rights. The Senate was willing to grant the military aid without cuts, but with the proviso that U.S. military equipment not be used against civilians. The Conference Report withheld a smaller percentage of aid, pending a report on human rights abuses against civilians. This year, too, Representative Lehman introduced legislation that would prohibit all aid to countries that restrict delivery of U.S. humanitarian assistance. Although Turkey is not mentioned by name, the bill is intended to force Turkey to lift its alleged blockage of Armenia.

Likewise, since the U.N. imposed sanctions on Serbia in 1992, and enhanced them in 1993, a series of press reports have documented Greek violations of the sanctions' regime. Greek government officials deny all allegations of violations. Yet, Greece has historic, religious, and cultural ties to Serbia and its people, alone in the European Union, are sympathetic to Serbia and believe that the international community has treated it unfairly. Many Members of Congress have urged even stronger actions against Serbia and in support of Bosnians and were troubled by newspapers reports of Greek violations. They sought to use foreign aid legislation to encourage the Administration to pursue the truth about Greek actions and, thereby, to pressure Greece toward greater conformity with the international consensus against Serbia. (See **FY1995 Foreign Aid**, below.)

FY1993 Foreign Aid

In February 1992, the Bush Administration requested \$315,094,000 in FMF loans, \$30,000,000 in FMF grants, and \$300,000 in IMET for Greece for FY1993. The request for Turkey included \$75 million in ESF, \$43 million in FMF loans, \$500 million in FMF grants, \$3.5 million in IMET, and \$400,000 in NARCS. The Administration did not veer sharply from the 7:10 ratio.

Appropriation

House: H.R. 5368 was referred to the Committee on Appropriations on June 10, 1992. The Committee report to the House on June 18 provided the following.

- No earmarked economic support funds for Greece and Turkey.
- Conversion of all FMF to NATO countries from grants to loans at market rates.
- Limitations on FMF levels for base rights countries at 10% below 1992 levels: Greece to receive \$315 million and Turkey \$450 million.
- Military assistance to Greece and Turkey according to a 7:10 ratio.

The bill was passed on June 25 by a vote of 297-124. In addition to the provisions of the report, Sec. 557 states that munitions sold or provided may not be transferred to Cyprus or used to further its division.

Senate: H.R. 5368 was referred to the Committee on Appropriations on June 29. The Committee Report (S.Rept. 102-419, Sept. 23, 1992) expressed concern about the human rights situation in Turkey and provided the following.

- No earmarked ESF for Greece and Turkey and an overall amount of ESF that is \$600,000 less than the budget estimate. The amount of ESF for Turkey will be determined later.
- FMF at same level as House recommendation; but FMF grant aid to Turkey and FMF at concessional rates for Greece.
- FMF at the 7:10 ratio.
- Opposition to use of Greek FMF for procurement of non-U.S.-origin products for integrated electronic warfare suite for F-16 aircraft.

The bill passed the Senate, with amendments, on Oct. 1, 1992, by a vote of 87-12.

Conference: H.Rept. 102-1011, Oct. 4, 1992, provided the following:

- Earmarked \$125,000,000 in ESF for Turkey.
- FMF for Greece and Turkey only on a loan basis at a concessional interest rate of not less than 5% per year. Greece to receive \$315 million Turkey \$450 million.
- FMF at the 7:10 ratio.
- Expressed conferees belief that procurement of electronic warfare equipment for the Hellenic Air Force's F-16 aircraft, financed through the FMF program, should be from U.S. firms.

The House approved the Conference Report on Oct. 5, 1992 by a vote of 312-102. By a voice vote, the Senate agreed to the Report on the same day. The President signed the bill into law, P.L. 102-391 on Oct. 6, 1992.

FY1994 Foreign Aid

In April 1993, the Clinton Administration requested FMF loans of \$315 million for Greece and \$450 million for Turkey, both at concessional rates, and \$143 million in ESF for Turkey for FY1994. This was the first time that the executive branch made an FMF request conforming to the 7:10 ratio and without awaiting its imposition by Congress.

Appropriation

House: H.R.2295 was referred to the Committee on Appropriations on May 27, 1993. H.Rept. 103-125, June 10, 1993, recommended that FMF loans to Turkey and Greece be at market rates, at a level of 10% below that of FY1993, and according to the 7:10 ratio. No ESF funds were earmarked for Turkey. The House approved the report, as amended, by a vote of 309-111 on June 17, 1993.

Senate: H.R. 2295 was received by the Senate on June 22, 1993 and referred to the Committee on Appropriations, which reported to the Senate on Sep. 14, S.Rept. 103-142. An amended bill passed the Senate on Sept. 23 by a vote of 88-10. Because the Senate agreed to both the aid cut and market rates for Greece and Turkey as recommended by the House, they were not subjects at conference.

Conference: H.Rept. 103-267, Sep. 28, 1993 stipulated that Greece would receive loans of \$283,500,000 as military assistance and Turkey, \$405,000,000, both at market rates. No ESF earmark was specified for Turkey.

The President signed the bill into law, P.L. 103-87 on Sep. 30, 1993. It appropriated \$283,500,000 in FMF loans for Greece and \$405,000,000 in FMF loans for Turkey, both at market rates. After the bill was passed, Turkey was allocated \$120 million in ESF, \$400,000 to assist in control of narcotics, and \$1 million for military education and training. Greece was allocated \$100,000 for military education and training.

Authorization

House: H.R. 2404 was referred to Committee on Foreign Affairs on June 14, 1993 and passed the House (amended) by a voice vote on June 16, 1993. No separate provisions refer to Greece or Turkey.

Senate: H.R. 2404 was received by the Senate and referred to the Committee on Foreign Relations on June 17, 1993. S. 1281 was reported to the Senate as an original measure (S.Rept. 103-107) on July 15 and placed on the Senate calendar on July 23.

FY1995 Foreign Aid

For FY1995, the Administration requested \$317 million in military assistance loans and \$50,000 in direct training funds for Greece and \$453 million in military assistance loans, \$100 million in economic assistance, \$5.5 million for a sustainable development account, \$1 million in direct training funds, and \$400,000 in narcotics control assistance for Turkey.

Appropriation

House: H.R. 4426 was approved by the Appropriations Committee on May 23, 1994. It calls for military aid loans of \$364,500,000 for Turkey and \$255,150,000 for Greece, conforming to a 7:10 ratio. 25% of the aid to Turkey would be withheld until the Secretary of State submits a report on allegations of Turkish armed forces' abuses and on the situation in Cyprus. H.Rept. 103-524 specified that the Secretary's should report on the extent to which the Turkish government has addressed allegations of harassment of Kurdish members of parliament and unwillingness to reinstate the parliamentary immunity of Kurdish deputies; efforts to take away Turkish Kurds' right to practice their culture in Turkey; and the pervasive use of torture and intimidation against Turkish Kurds and the razing of Kurdish villages. The report is to address concerns that American supplied equipment and material may be used in

counterinsurgency operations targeting civilians. The Committee wants to know the status of U.N. efforts to get the parties on Cyprus to agree to confidence-building measures. 25% of the military aid for Greece will be withheld until the Secretary has reported on allegations of Greek violations of United Nations sanctions against Serbia and of the United Nations Charter. The House approved the bill on May 25, by a vote of 337-87.

Senate: On June 16, the Appropriations Committee approved H.R. 4426, providing FMF in loans of \$255,150,000 to Greece and \$364,500,000 to Turkey. This conforms to the 7:10 ratio and the Committee so noted, no reference to the ratio is in the bill. Because of concern for Kurdish civilians, it substituted for House conditions on aid, the requirement that any agreement for the sale or provision of U.S. equipment to Turkey be made with the understanding that it will not be used for internal security. The sale or provision of equipment to Greece is to be made with the understanding that it not be used in violation of U.N. sanctions against Serbia or of the U.N. Charter. Rept. 103-287 listed Turkey among the countries for which the State Department is to develop a human rights strategy containing specific goals and a plan for using U.S. assistance and influence to achieve them. The Secretary of State, in consultation with the Secretary of Defense, is to report on allegations that U.S.-supplied equipment and material to Turkey, either grant, sale, or defense drawdown, has been used in counterinsurgency operations against civilians. The Secretary of State is to report on allegations of Greek violations of U.N. sanctions against Serbia, and of the U.N. Charter.

On July 15, an amended bill passed by a vote of 84-9. It appropriated FMF in loans of \$255,150,000 for Greece and \$364,500,000 for Turkey. It provided that any agreement for the sale or provision of any defense article on the U.S. Munitions List (established pursuant to Section 38 of the Arms Export Control Act) to Turkey shall state that the article will not be used in violation of international law, and any grant of any excess defense article under the Foreign Assistance Act of 1961 during FY1995 shall be subject to the same condition. In any case in which a report to the Congress is required under Section 3(c)(2) of the Arms Export Control Act regarding such a violation, such report shall also be submitted to the Committees on Appropriations. The Secretary of State, in consultation with the Secretary of Defense, shall report to the Committees on Appropriations by Feb. 1, 1995, on how U.S. assistance to Greece is promoting respect for principles and obligations under the U.N. sanctions against Serbia, the U.N. Charter and the Helsinki Accords. A message on Senate action was sent to the House on July 20.

Authorization

House: H.R. 3765 was referred to the Committee on Foreign Affairs on February 2. Referred to the Subcommittee on Economic Policy, Trade and Environment on March 23.

Other

H.R. 3475 (Andrews, R.): Prohibits all U.S. military and economic assistance for Turkey until the President certifies that the Turkish Government has taken certain actions to resolve the Cyprus problem and complies with its obligations under international law. Actions include release, return or account of the Americans and Greek Cypriots missing since the 1974 Turkish invasion; restoration of churches that were converted to mosques; a census of colonists; withdrawal of Turkish forces from Cyprus; return under U.N. auspices of Famagusta/Varosha for resettlement of displaced person; significant progress in negotiations toward establishing a constitutional democracy on Cyprus; compliance with U.N. resolutions on Cyprus and other international mandates; no pattern of gross violations of human rights. Referred to Committee on Foreign Affairs on Nov. 9, 1993. Referred to the Subcommittee on Europe and the Middle East and the Subcommittee on International Security, International Organizations and Human Rights on Nov. 27, 1993.

H.R. 4142 (Lehman): Humanitarian Aid Corridor Act. This bill is directed in part at Turkey, which many in Congress accuse of blockading Armenia. Prohibits U.S. foreign assistance to countries that restrict the transport or delivery of United States humanitarian assistance to other countries. Inapplicable if the President determines and notifies Congress that providing assistance: (1) is in the national interest; or (2) will benefit directly non-military personnel who are in immediate danger resulting from a natural or manmade disaster. Referred to Committee on Foreign Affairs, Mar. 24, 1994.

Appendices

Country Data

Country data were taken from the following sources: The World Factbook 1993, CIA; and Foreign Economic Trends, U.S. Dept. of Commerce, April and September 1992.

Greece

Population ('93): 10.47 million
Population Growth Rate ('93): 0.95%
GDP ('92): \$82.9 billion
Per capita GDP ('92): \$8,200
Annual GDP real growth rate ('92): 1.2%
Annual inflation rate ('92): 15.6%
Unemployment rate ('92): 9.1%
Avg. life expectancy ('93): 77.5 years
International debt ('91): \$23.7 billion
Debt service payments as % of export earnings ('91): 26.2%
Proportion of the labor force in agriculture ('93): 27%
Major crops: wheat, corn, barley, sugar beets, olives
Major exports and value ('91): manufactured goods, food and live animals, fuels and lubricants/ \$6.8 billion
Major imports and value ('91): machinery and transport equipment, light manufacture, fuels/ \$21.5 billion

Turkey

Population ('93): 60.8 million
Population growth rate ('93): 2.07%
GDP ('92): \$219. billion
Per capita GDP ('92): \$3,670
Annual per capita GDP growth rate ('92): 5.9%
Annual inflation ('92): 70%
Unemployment rate ('92): 11.1%
Avg. life expectancy ('93): 70.4 yrs
International debt ('91): \$48.7 billion
Debt service payments as % of export earnings ('91): 55%
Proportion of the labor force in agriculture ('89): 50+%
Major crops: tobacco, cotton, grain, olives, sugar beets
Major exports and value ('91): textiles, steel, agricultural products/\$13.7 billion
Major imports and value ('91): manufactured goods, fuel, foodstuffs/\$21 billion

**TABLE 1. U.S. Foreign Assistance Data: Greece
(millions \$)**

	FY1990	FY1991	FY1992	FY1993	FY1994
No Economic Assistance					
AID Loans	0.0	0.0	0.0	0.0	0.0
ESF	0.0	0.0	0.0	0.0	0.0
FMF Concessional	318.6	320.0	320.0	315.0	0.0
FMF Grants	29.9	30.0	30.0	0.0	0.0
FMF Loans	0.0	0.0	0.0	0.0	283.5
IMET	0.6	0.6	0.296	0.265	0.1
NARC	0.0	0.0	0.0	0.0	0.0
MAP Grants	0.0	0.0	0.0	0.0	0.0
Total	349.1	350.6	350.296	315.265	283.6

**TABLE 2. U.S. Foreign Assistance Data: Turkey
(millions \$)**

	FY1990	FY1991	FY1992	FY1993	FY1994
No Development Assistance					
AID Loans	0.0	0.0	0.0	0.0	0.0
ESF	14.3	250.0	1.0	200.0	120.0
FMF Concessional	85.7	50.0	0.0	0.0	0.0
FMF Grants	412.2	500.0	475.0	0.0	0.0
FMF Loans	-	-	25.0	450.0	405.0
IMET	3.5	3.7	3.55	3.1	1.0
NARC	0.4	0.3	0.35	0.4	0.4
MAP Grants	0.0	0.0	0.0	0.0	0.0
Total	516.1	804.0*	504.9	653.5	526.4

*Including Persian Gulf War supplemental appropriation of \$200 million.
U.S. Foreign Assistance Data were taken from U.S. Government publications.

Definition of Programs

ESF (Economic Support Fund) -- Through the ESF, a flexible but complex aid category, the United States provides economic assistance to countries of special economic, political, or military significance. Much ESF provides short-term economic stabilization and budget support to key nations. The foreign aid budget submitted by the Administration links ESF and military aid under the general security assistance heading. Authorization committees in Congress treat ESF as a separate category distinct from either development or military aid while appropriations committees include ESF among bilateral economic aid programs.

Military Aid -- The United States provides military aid to countries on a loan basis at market rates through Foreign Military Financing (FMF) guaranteed loans, at below market rates through FMF concessional lending (about 5% interest), and on a grant basis through the Military Assistance Program (MAP). Military training grants are also offered through the International Military Education and Training Program (IMET).

Other Assistance -- The United States provides aid to countries to assist their efforts to control the production and distribution of narcotics (NARC).