

Trade and economic relations with Turkey

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The Committee on International Trade adopted the own initiative report by Metin KAZAK (ADLE, BG) on trade and economic relations with Turkey. Members begin by recalling that Turkey is the seventeenth largest economy in the world, and the sixth largest economy in Europe. In 2009 Turkey exported EUR 33.6 billion's worth of products to the EU and imported EUR 40.4 billion's worth of products from the EU. The report notes, however, that average unemployment in Turkey reached an alarming 13% in 2009, youth unemployment stands at 24% and the latest Poverty Survey (2007) indicates that 18.56% of Turkey's population lives below the poverty line.

Strengthen dialogue with Turkey: Members stress the importance of constructive dialogue between the two parties in order further to improve relations between the two parties. They recall that according to the combined reading EU treaties, the Union's external action, including the common commercial policy, seeks to promote '(...) democracy, the rule of law, the universality and indivisibility of human rights and fundamental freedoms, respect for human dignity, the principles of equality and solidarity, and respect for the principles of the United Nations Charter and international law'. It is important to continue the engagement and dialogue with Turkey on trade, particularly within the Joint Consultative Committee and the EC-Turkey Customs Union Joint Committee. Both sides are encouraged to use these platforms more effectively, by rapidly resolving outstanding issues such as Turkey's ban on imports of beef meat, live bovine animals and some EU Member States' road quotas applied to vehicles registered in Turkey.

Turkey: long-term growth potential: Members note Turkey's long-term growth potential and encourage both the EU and Turkey to maintain open trade and investment regimes and their ability to withstand domestic protectionist pressures.

Open up the employment market to women and young people: Members encourage Turkey to put women's employment at the core of its economic, social and employment policies. They draw attention to the severity of the youth employment situation and the lack of specific actions to tackle the problem. Like the ILO, they call for an employment strategy which targets youth employment in general and the situation of young women in particular.

Customs Union: welcoming the establishment of the Customs Union in 1996, which has provided increased market access, Members look forward to the inclusion of agricultural products in the CU as soon as possible. They find it regrettable that, according to the latest WTO review, the average tariff rate on agricultural products applied by Turkey is relatively high and in some cases extremely high (on corn, for example the duty applied is 130%), and call on the Turkish Government substantially to reduce these barriers. Members call for greater alignment of Turkish legislation with the Community *acquis* as regards free trade, combating counterfeiting, and post-clearance checks and authorisations for duty-free shops.

Additional Protocol to the Association Agreement: the committee deplores the fact that, for the fifth consecutive year, Turkey has neither fully implemented the Additional Protocol to the Association Agreement nor removed all the obstacles to the free movement of goods. It calls on Turkey to implement fully all its obligations deriving from this Protocol and recalls that failure to do so may further seriously affect the negotiating process.

Barriers to trade: Members call for the removal of all unnecessary barriers to trade between the EU and Turkey, including technical ones such as non-recognition of certification, duplicative testing, duplicative inspections, mandatory technical regulations and standards. They also call on Turkey to remove the remaining import licences for goods which are in breach of the commitments under the Customs

Union. Members welcome the legislation on standardisation in foreign trade adopted by the Turkish Government in 2009 and they encourage both the EU and Turkey to fully apply the principles of mutual recognition. They also call on Turkey to withdraw the burdensome import procedures and to align its duty-free quota system for processed agricultural products which do not comply with the Customs Union.

Good practice: Members call on Turkey to suspend the new requirements on Good Manufacturing Practices as they de facto ban imports of certain pharmaceutical products, as well as to participate in, and adhere to, international initiatives for harmonising Good Manufacturing Practices procedures and standards such as those of the WHO and the EU.

Foreign direct investment (FDI): Members note that in 2008 Turkey ranked as the world's twentieth largest receiver of FDI and its FDI inflow amounted to EUR 18 billion. They also note that 88% of total FDI stock in Turkey comes from the EU. However, the share of FDI in Turkey's GDP is relatively small. Observing that the role of Turkey within regional platforms such as the Black Sea Economic Cooperation Organisation is growing, the committee encourages Turkey to take a leading role in promoting open and fair trade with due regard for social, economic and environmental wellbeing.

EU-Turkey: the report notes that while the EU remains Turkey's largest trade partner, Russia, China, the United States and Iran were amongst Turkey's main trade partners as of 2009. It underlines that the trade volume between Turkey and the EU decreased during 2009, and asks the Commission to conduct a study on the causes. Generally it notes that Turkey is diversifying its trade partners.

Energy supply: Members underline the importance of the Nabucco project for the security of energy supply in the EU and therefore call on Turkey to take the initiative swiftly to implement the Nabucco Intergovernmental Agreement. They stress the need to define a common external energy strategy and the opening of the energy chapter that would further increase cooperation in the field of energy. They urge Turkey to invest in the enormous potential of its renewable energy sources.

Visa liberalisation: Members note that recurrent visa problems substantially limit the movement of Turkish businessmen and lorry drivers into the EU.K They underline the successive ECJ rulings on this matter and call on the Commission to ensure that Member States respect these rulings. At the same time, they call on the Commission and the Council to re-examine visa procedures with a view to eliminating obstacles to trade.

Discriminatory practices: the committee finds it regrettable that the legislation ensuring full respect for trade union rights in line with EU standards and ILO conventions has not yet been completed. It urges Turkey to avoid discriminatory practices against foreign enterprises by giving a 15% price advantage to Turkish bidders in the field of public procurement. It invites Turkey to become a party to the Agreement on Government Procurement (GPA) within the WTO.

Fight against counterfeiting: Members stress that counterfeit products, including pharmaceuticals and cosmetics, represent a problem in EU-Turkey trade relations and reduce the attractiveness of Turkey for FDI. They encourage Turkey to enforce the new IPR legislation effectively in order to foster trade relations with the EU, and underline the need to strike a better balance between international requirements in intellectual property law and domestic economic development needs. ;

SMEs: the report notes that SMEs make up 99% of Turkish enterprises and provide 70% of employment opportunities in Turkey. It encourages Turkey to improve SMEs' access to finance.