Trade and economic relations with Turkey

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The European Parliament adopted a resolution on the 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. Average unemployment in Turkey reached an alarming 12.5% in 2009 and decreased to 10.8% in April 2010 and the extreme poverty ratio is 17.1%.

Strengthen dialogue with Turkey: Parliament stresses the importance of constructive dialogue between the two parties in order further to improve relations between the two parties. It calls on the Commission to continue its engagement and dialogue with Turkey on trade, particularly within the Joint Consultative Committee and the EC-Turkey Customs Union Joint Committee. It encourages both sides 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 derivative products and some EU Member States" road quotas applied to vehicles registered in Turkey. Overall, Parliament calls on Turkey to simplify procedures and bureaucracy and remove remaining tariff and non-tariff barriers.

Turkey: long-term growth potential: Parliament notes that 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, Parliament looks 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: Parliament 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**. It reiterates that Turkey's full compliance with its undertakings under the customs union is essential and considers also that there is a need for further harmonisation with the Community acquis in certain sectors such as free trade zones and customs duty relief.

Barriers to trade: Parliament calls 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. It also calls on Turkey to remove the remaining import licences for goods which are in breach of the commitments under the Customs Union. The resolution welcomes the legislation on standardisation in foreign trade adopted by the Turkish Government in 2009 and it encourages both the EU and Turkey to fully apply the principles of mutual

recognition. Parliament also calls 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.

Conclusion of Free Trade Agreements (FTAs): Parliament acknowledges the difficulties faced by Turkey in concluding Free Trade Agreements (FTAs) with third countries, which has negative effects on the Turkish economy by enabling unilateral preferential access to the Turkish market for the EU's FTA partners with which Turkey has not yet been able to sign FTAs. It invites the Commission and the Council to ensure that Turkey is included in the impact assessment studies of prospective FTAs between the EU and third countries and to further strengthen the transmission of information on the EU's position and the state of play of the FTA negotiations.

Good Manufacturing Practice: Parliament calls 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.

International economic cooperation: noting the role of Turkey within regional platforms such as the Black Sea Economic Cooperation Organisation, the Black Sea Trade and Development Bank and the South East European Cooperation Process, Parliament encourages Turkey to take a leading role in promoting open and fair trade with due regard for social, economic and environmental wellbeing. It also notes Turkey's role in the Mediterranean region as a founding partner of the Barcelona Process and calls on Turkey to fully respect all the states partners of the Process. Lastly, it emphasises that there is **huge scope to improve Turkey's trade** in the Mediterranean basin.

EU-Turkey - decreasing trade?: the resolution 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: Parliament 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: Parliament stresses that counterfeit products, including pharmaceuticals and cosmetics, represent a problem in EU-Turkey trade relations and reduce the attractiveness of Turkey

for FDI. It encourages Turkey to enforce the new IPR legislation effectively in order to foster trade relations with the EU, and underlines the need to strike a better balance between international requirements in intellectual property law and domestic economic development needs.

Constitutional reform: Parliament welcomes the outcome of the referendum in support of constitutional reform.

It should be noted that an alternative motion for a resolution tabled by the EFD group was rejected in plenary by 602 votes to 38, with 18 abstentions.