

STATEMENT

Free trade. Sustainable trade.



FTA
Foreign Trade Association

OCTOBER 2016

THE ENHANCED EU-TURKEY CUSTOMS UNION - TIME FOR A “JAPAN CLAUSE”

EU-TURKEY TRADE

MAJOR TRADING PARTNERS

Annual EU exports to Turkey over the last five years have averaged €75Bn and imports €53Bn. Such volumes ensure that the EU and Turkey are significant trading partners.

EU-TURKEY CUSTOMS UNION

The Customs Union came into force 31 December 1995 and eliminated customs duties and quantitative restrictions between Turkey and the EU – apart from certain processed agricultural products. It applies to goods produced in the EU and Turkey and goods produced in third countries and put into free circulation in the EU or Turkey. It also insured that Turkey aligned itself with the EU common customs tariff.

THE PROBLEM

THE TRADE ENVIRONMENT HAS CHANGED

Sourcing is far more international today than twenty years ago (often a product can comprise components sourced from many sources). In addition, the EU has expanded from 15 to 28 countries and many more EU bilateral agreements have been enacted to which Turkey must comply. In some respects, Turkey has struggled to adapt to these changes and a number of non-tariff barriers, and since 2014 additional duties, are in place against certain products. These conflict with the Customs Union, but the absence of a dispute mechanism prevents their forced removal and is an additional reason for a modernised Customs Union.

THE SOLUTION

1. AN “ENHANCED” CUSTOMS UNION

In March 2015, the FTA called for an enhanced Customs Union that better reflected today’s global value chains; one that included agricultural products, services and public procurement. It also insisted on the inclusion of a dispute mechanism. Shortly thereafter the EU Commission initiated the process (public consultation, impact assessment, mandate for Member States and European Parliament) toward this goal – the early stages of which are drawing to conclusion.

2. THE EU SHOULD INSIST ON A “JAPAN CLAUSE”

In the preparations for the EU-Japan Free Trade Agreement, the EU obtained a commitment from Japan for the removal of a number of longstanding non-tariff barriers within one year – otherwise negotiations would be suspended. This tactic met with reasonable success as Japan removed a large number of the measures.

The FTA is calling for the EU to obtain a similar commitment from Turkey to prevent that the restrictive measures currently in place remain ad infinitum. The EU should also remove selected economic obstacles that Turkey sees as trade restrictive. In this way, both sides would demonstrate goodwill and bring tangible relief for businesses.

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See also FTA Position Paper: [The EU-Turkey Customs Union: Is it Working?](#)