



COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMUNICATION FROM THE COMMISSION  
TO THE COUNCIL AND THE EUROPEAN PARLIAMENT

**on the further development of relations with Turkey**

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Introduction

1. On 6 March 1995, the EU/Turkey Association Council took a decision on the implementation of the final phase of the customs union and adopted a resolution on the development of co-operation between the EU and Turkey in various fields. The Community also issued a declaration concerning the resumption of financial co-operation with Turkey. At the same time, the EU agreed that accession negotiations with Cyprus would start six months after the conclusion of the inter-governmental conference taking account of the results of the conference.

On 24 March 1997, on the occasion of its informal meeting at Apeldoorn, the Council invited the Commission to prepare a Communication on the future development of relations between the EU and Turkey, against the background of the customs union that took effect on 31 December 1995. This Communication is a response to that invitation. It reflects the position of the Association Council on 29 April 1997 reconfirming Turkey's eligibility for EU membership and the fact that Turkey will be judged by the same objective standards and criteria as other applicants. The initiatives put forward in the present communication take this position fully into account.

2. Recent political and economic developments in relations with Turkey are reviewed in chapter 2 of the Agenda 2000 report. The present Communication focuses on proposals for developing EU-Turkey relations beyond the customs union. The customs union marked a major step forward in relations between the EU and Turkey and is working satisfactorily. It provides a sound basis for the further development of relations.

The way forward

3. Given Turkey's status as a country eligible for EU membership, as confirmed by the Union at the Association Council on 29 April 1997, and as a close partner of the EU through the customs union and an active member of the Euro-Mediterranean Partnership, the EU should continue to support Turkey's efforts to resolve its problems and to pursue integration with the EU. The Association Agreement and the customs union provide the foundations for building an increasingly close political and economic relationship. In this process the EU attaches particular importance to Turkey's progress in pursuing democratisation and the protection of human rights; the establishment of good neighbourly relations between Greece and Turkey; respect for the principles of international law; and the achievement of a just and lasting settlement in Cyprus.

4. Against this background, the Commission believes that the EU should pursue a broadly based policy for strengthening relations between the EU and Turkey. This paper contains a number of proposals designed to take the relationship forward. Several of them will require funding from the Community budget, at least in their initial phases. Unless funding is made available most of these proposals cannot be implemented. The Commission considers that the special financial Regulation designed to accompany the customs union should be adopted as a matter of priority so that Turkey can adapt its industrial sector to the new competitive situation created by the Customs Union and improve its infrastructure linkage with the EU as well as to reduce the difference between its economy and that of the Community. The Commission also notes that MEDA is available for financial co-operation with Turkey and trusts that the conditions will be established for the full use of this instrument.
5. These specific proposals cover the following areas:
  - consolidation of the Customs Union
  - services
  - telecommunications and information society
  - agriculture
  - human rights and humanitarian issues
  - re-opening of macroeconomic dialogue
  - industrial co-operation and investment
  - co-operation on the environment
  - co-operation on consumer policy
  - regional and cross-border co-operation
  - participation in Community programmes
  - co-operation in justice and home affairs issues

#### Consolidation of the Customs Union

6. This could be achieved by introducing a programme to support harmonisation of industrial legislation (standards, conformity assessment and quality policy, competition), starting negotiations on public procurement, speeding up full harmonisation of customs and commercial policies and consulting Turkey more in those areas of direct relevance to the customs union. This should be backed by substantial technical and financial assistance to improve the competitiveness of Turkey's industry, with the aim of enabling Turkey to integrate fully into the single market as far as the free movement of goods is concerned. The customs union should be extended to include services and to continue moves already made towards free movement of agricultural products.

7. The process of consolidation could include:

- *technical assistance and close administrative co-operation with Turkish administrations and institutions (the undersecretariat for foreign trade, customs, treasury, other ministries) in order to strengthen controls and improve structures to ensure the effective operation of the customs union;*
- *technical assistance to help reform the legal/ commercial framework with a view to creating a more investment friendly environment. This would serve to stimulate both domestic and foreign investment;*
- *Turkish participation in the pan-European rules of origin system for industrial products, the transit convention and the convention on the single administrative document, to ensure that all our trading arrangements are compatible;*
- *the improvement of consultation mechanisms with Turkey in areas in which it accepts the *acquis communautaire* (commercial policy, negotiation of trade agreements, competition policy, intellectual property, environment legislation, standards and industrial legislation);*
- *these actions should be complemented by the completion by Turkey's negotiations of trade agreements with the countries of central and eastern Europe and the Mediterranean. The Commission and Member States should be willing to provide technical and political support to help conclude this process.*

Services

8. Liberalisation of services would bring mutual benefits and involve a broader spectrum of Turkish society in the country's modernisation and in the development of closer ties with the EU.
9. In the services sector, article V of GATS allows for a preferential agreement on the bilateral liberalisation of services between two members of the WTO provided that liberalisation covers substantially all sectors and covers all aspects of trade in services. Given their respective starting points the liberalisation of services would require a greater effort from Turkey than from the EU but would make an important contribution to the further reform and modernisation of the economy. Careful analysis will be required to identify the specific additional benefits that further liberalisation in services can bring and to ensure full compliance with GATS.
  - *It is proposed to begin negotiations with a view to the progressive liberalisation of services between the EU and Turkey.*

## Telecommunications and information society

10. Turkey is currently engaged in the modernisation of advanced communications and information systems. There is still a need to adopt legislation to conform to Turkey's GATT commitments in the area of telecommunications:
  - *The EU could help with the preparation of legislation which would be harmonised with that of the EU. The integration of Turkey into the information society should be favoured by associating Turkey with the trans-European telecommunications networks and Turkish researchers, laboratories, firms and other bodies with R & D activities related to the Information Society.*

## Agriculture

11. The EU and Turkey are committed through their customs union agreement to moving towards the free movement of agricultural products. Turkey is committed to adjusting its agriculture policy in such a way as to adopt the common agricultural policy measures required to establish freedom of movement of agricultural products. Little progress has so far been made in this respect. A trade agreement providing for reciprocal concessions for agricultural products has been initialled. Further liberalisation of trade in agricultural goods is attractive from an economic point of view, given in particular the rapid economic growth in Turkey and the advantages that preference for EU goods would bring. Both sides recognise that an ambitious liberalisation policy would need to overcome major difficulties, including the disparity in Turkish and EU agricultural structures.
12. In order to help achieve this goal it is proposed to:
  - *provide technical and financial assistance to help restructure Turkish agriculture, which is unable to exploit its full potential, and to help Turkey adjust its agricultural policy, as outlined above;*
  - *encourage Turkey's transposition of the *acquis communautaire* taking into account the specific features of Turkish agricultural structures. This transposition should cover agreed elements of areas such as policy on the organisation of markets, rural policy, technical standards, plant and animal health rules and other veterinary questions.*
  - *the negotiation of further reciprocal improvements in market access should continue.*

## Human rights and humanitarian issues

13. Extensive co-operation on human rights should be established with regard to the development of civil society and the rule of law in Turkey.
14. This should take two forms:
  - *the broadest possible co-operation with European and, more importantly, Turkish NGOs working for improvements in human rights, humanitarian assistance, freedom of expression and in the development of civil society in Turkey, as well as with those reporting on the human rights situation;*
  - *co-operation with the Turkish Government in support of its efforts to ensure that the relevant international conventions are abided by, to elaborate and implement appropriate internal legislation and to train public servants, including the police in areas related to the respect for human rights.*
  - *co-operation between the EU and Turkey on humanitarian issues should be stepped up. In this context, the Turkish authorities should be further encouraged to facilitate the provision of humanitarian assistance by NGOs in neighbouring regions.*

## Reopening of macroeconomic dialogue

15. Re-opening of dialogue with Turkey on macroeconomic issues would help with the implementation of sound macroeconomic policy and structural reforms in areas such as social security, agriculture, privatisation and restructuring, infrastructure, information society, energy and human resources development. These reforms should be supported by technical and financial assistance.

## Industrial co-operation and investment

16. In order to boost economic growth and income levels Turkey is working to increase its competitiveness in a number of sectors. The promotion of industrial co-operation and investment will support such efforts.
  - *It is proposed to further develop co-operation in areas such as product quality and innovation, including in the field of information technologies. Additional measures are needed to help companies, and in particular small and medium sized enterprises, notably with access to existing instruments for information and business co-operation so that they can meet the challenges of the customs union and evolving trading conditions in the Mediterranean and Black Sea regions. Support for private sector development should encourage sustainable*

*and balanced development, modernisation and the promotion of investment.*

#### Co-operation on the Environment

17. Progress is also needed in the field of the environment, in particular with regard to the achievement of sustainable development and the integration of environmental considerations into other economic sectors.
  - *It is proposed to reinforce co-operation on the environment to enhance the prospects for achieving sustainable economic growth and social development, having due regard to the quality of the environment, the protection of human health and the rational use of natural resources.*

#### Co-operation on Consumer Policy

18. Consumer policy and the protection of consumer health are areas of increasing importance in EU-Turkey relations, particularly as the customs union opens up new opportunities for trade.
  - *It is proposed to provide technical and financial assistance to the Turkish authorities for the creation of a system similar to the Rapid Exchange of Information System in operation in the EU. The Turkish system could then be connected to the EU system as soon as appropriate decisions are taken in the Council.*

#### Regional and cross-border co-operation

19. The further development of Black Sea co-operation will foster stability and prosperity in this region. In line with the approach taken in other regional initiatives, the Commission encourages regional and cross-border co-operation in the Black Sea area through the appropriate instruments, including support programmes for partner countries in the region.

#### Participation in Community programmes

20. The Commission has proposed that Turkey participate in Leonardo, Socrates and Youth for Europe III and this is now being considered by the European Parliament and the Council. Turkish researchers, laboratories, firms and other bodies are entitled to participate in research projects under the 4th RTD Framework Programme.

21. It is proposed that Turkey be invited to participate in other Community programmes with particular emphasis on youth, culture, education, training, research, SMEs, environment, customs, indirect taxation and the extension of trans-European networks.
- *A decision in principle on Turkey's participation in Community programmes could be included in an additional protocol to the Association Agreement. The conditions for participation would be negotiated individually for each programme. At least in the early years, part of Turkey's contribution could be covered by MEDA financial assistance or by the special financial assistance Regulation once it has been adopted.*

#### Co-operation in justice and home affairs issues

22. Consideration should be given to enhancing police and customs co-operation in the fight against drugs, organised crime and money laundering as well as in areas such as immigration and judicial co-operation in civil and criminal matters.
- *The Association Council resolution of October 1995 supplied an institutional framework for such co-operation. It provided for regular meetings at K4 level and regular meetings between Turkey, the Presidency in full association with the Commission, as well as regular ministerial meetings.*
  - *The Council could decide to authorise the financing of actions in the justice and home affairs area in the context of the programme of financial co-operation with Turkey.*

#### Conclusion

23. The Commission considers that the Association Council's confirmation of Turkey's eligibility for EU membership and its statement that Turkey will be judged by the same objective standards and criteria as other applicants have given a new impetus to EU-Turkey relations.
24. Further strengthening of EU-Turkey relations will depend on progress by Turkey in a number of fields. In the political field, democratisation needs to be further pursued. There should be an improvement of relations between Greece and Turkey; respect for the principles of international law; and an effective programme to bring Turkish human rights standards up to internationally accepted levels. Human rights and the rule of law need to be respected, especially in the context of the fight against terrorism and the search for a non-military solution to the problem Turkey is facing in the south east, which is still under a state of emergency. Moreover, Turkey should contribute actively to a



just and lasting settlement of the Cyprus question in accordance with the relevant UN resolutions.

25. Despite the remarkable dynamism of the Turkish private sector, there is a need for economic reform and a policy of stable public finances, prices and monetary policy to promote sustainable economic and employment growth. Continuing reform of the state sector and of agriculture is needed and the adaptation of the physical and social infrastructure of the country poses major financial and administrative challenges.
26. In parallel with improvements in these areas, the initiatives suggested above can enable the EU and Turkey to achieve a higher degree of integration, to the benefit of all their citizens, by further developing the links established by the Association Agreement and the customs union. This will bring greater stability, security and prosperity to the EU and Turkey and assist Turkey in realising its European vocation.
27. The Council is invited to approve the orientations set out in this communication.

## **Financial Statement**

- Not applicable at the present time
- Any initiatives based on the recommendations in this Communication will be financed from existing Community instruments, notably the special financial assistance for Turkey designed to accompany the customs union and MEDA

## **Impact of the proposal on SME**

The proposals holds positive implication for SME, in that:

- it will promote their involvement in exchanges and cooperation;
- it will facilitate contact and exchange of information between SME on both sides.

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