Public Consultation response on the future of EU-Turkey trade and economic relations

AmCham EU speaks for American companies committed to Europe on trade, investment and competitiveness issues. It aims to ensure a growth-orientated business and investment climate in Europe. AmCham EU facilitates the resolution of transatlantic issues that impact business and plays a role in creating better understanding of EU and US positions on business matters. Aggregate US investment in Europe totalled more than $\notin 2$ trillion in 2015, directly supports more than 4.3 million jobs in Europe, and generates billions of euros annually in income, trade and research and development.

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CONSULTATION RESPONSI

AmCham

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ABOUT YOU

What is your place of residence (individuals), or where are the headquarters of your organisation situated?

- In one of the 28 Member States
- Turkey
- EFTA country (Norway, Iceland, Liechtenstein, Switzerland)
- 👩 USA, Canada
- O Other

Are you involved in trade between the EU and Turkey?

- Yes
- No, but I or my organisation have been involved in the past
- No, but I or my organisation is planning/exploring the possibilities
- Trade between the EU and Turkey is not viable for me or my organisation
- o I or my organisation does not intend to engage in international trade
- Not relevant

Do you have investments in the EU (for respondents from Turkey) or Turkey (for EU respondents)?

- O Yes
- No, but my organisation has invested in the past
- No, but my organisation is planning/exploring the possibilities
- My organisation does not intend to invest in third countries/Investment in the EU or Turkey is not viable for my organisation
- Not relevant



THE EU-TURKEY BILATERAL TRADE AND ECONOMIC RELATIONS – OPTIONS FOR MODERNISATION

(Please note that you are not obliged to reply to all questions.)

<u>Question 1.</u> Do you consider that the current state of bilateral trade and economic relations between the EU and Turkey is satisfactory?

- O YES, fully
- C Largely
- Partly
- O NO
- Do not know

Question 2. Are you aware of the existence of a customs union between the EU and Turkey?

- YES and it is relevant for me
- YES but it is not relevant for me
- NO but it is relevant for me
- NO and it is not relevant for me

The EU-Turkey customs union ensures bilateral trade free of import and export customs duties for industrial goods and for certain processed agricultural products, as well as certain legislative alignment.

(Decision 1/95 of the Association Council of 22.12.1995, EU Official Journal L 35, 13.02.1996)

<u>Question 3</u>. Are you aware of the existence of a preferential trade agreement on agricultural and fishery products between the EU and Turkey?

- YES and it is relevant for me
- YES but it is not relevant for me
- NO but it is relevant for me
- NO and it is not relevant for me

The EU-Turkey preferential trade agreement on agricultural and fishery products ensures bilateral trade in these products at preferential rates of import customs duties. (Decision 1/98 of the Association Council of 30.03.98, EU Official Journal L 86 of 30.03.1998)

<u>Question 4</u>. Are you aware of the existence of a free trade agreement on coal and steel products between the EU and Turkey?

- YES and it is relevant for me
- **YES** but it is not relevant for me
- NO but it is relevant for me
- NO and it is not relevant for me

The EU-Turkey free trade agreement on coal and steel products ensures bilateral trade in these products free of import customs duties.



(Agreement between the European Coal and Steel Community and Turkey of 25.07.1996, EU Official Journal L 227 07.09.1996)

<u>Question 5</u>. Has the EU-Turkey trade and economic relations brought satisfying results for you or your business?

- O YES
- Partly, but further improvements could be made
- O NO
- Do not know/not relevant

<u>Question 6</u>. Do you think that the EU-Turkey trade and economic relations achieved the following objectives:

	Yes, this objective was achieved	This objective was achieved only partly	No, this objective was not achieved	No opinion
Free movement of industrial goods – <mark>only</mark> partly	0	۲	C	0
Turkey's regulatory alignment with the EU in areas of direct relevance for the customs union – only partly	0	۲	c	0
Turkey's alignment with the EU's commercial policy towards third countries NO OPINION	0	0	C	۲
Liberalisation of trade in agricultural products – not achieved	0	0	۲	0
Liberalisation of trade in fisheries products – no opinion	0	0	0	o
Free trade for coal and steel products – <mark>no</mark> opinion	C	C	C	•

<u>Question 7</u>. Do you think that the results of the EU-Turkey trade and economic relations were achieved in a cost effective way?

- O YES
- O NO
- Do not know/not relevant

<u>Question 8</u>. In your opinion, is the current framework of the EU-Turkey bilateral trade and economic relations coherent with the EU's current commercial policy?

O YES

Partly



O NO

Do not know

Question 9. Has the EU-Turkey trade and economic relations addressed your needs? YES

- Partly, but further improvements could be made
- O NO
- Do not know/not relevant

<u>Question 10</u>. In your view, what should be the objectives and priorities of a modernised EU-Turkey trade and economic relationship, which topics should be covered?

	YES	NO	NO OPINION
Market access in agriculture and fisheries - YES	•	0	0
Trade in services - YES	\odot	0	0
Establishment of companies - YES	۲	0	0
Technical barriers to trade - YES	۲	0	0
Sanitary and phytosanitary measures - YES	۲	0	0
Intellectual property rights (including geographical indications) YES	۲	0	0
Government procurement - YES	۲	0	0
Trade facilitation – YES	۲	0	0
Dispute settlement – YES	۲	0	0
Competition – YES	۲	0	0
Trade and sustainable development - YES	۲	0	0
Other - YES	۲	0	0

Other

- Interplay between the customs union and the free trade agreements concluded by the EU
- Investor protection and dispute settlement



CUSTOMS PROCEDURES, BORDER ENFORCEMENT AND TRADE FACILITATION

<u>Question 11</u>. Do you consider that there are problems with current practices in customs procedures and border enforcement in the context of the existing EU-Turkey trade and economic relations?

- YES
- O NO
- No opinion / not relevant

	In Turkey	In the EU
Transparency/publication of, and access to, trade regulations		
Documentary requirements (including ATR certificate)	x	x
Disproportionate administrative burden	x	x
Data requirements		
Fees and charges imposed in connection with import or export	x	
Fees and charges imposed in connection with import or export	x	
Other inspections and controls during clearance	x	
Obligation to go through a customs broker	x	
Other customs procedures		
Lack of mutual recognition of authorised economic operators	x	x
Discriminatory treatment	x	
Lack of uniformity in application of procedures		
Customs valuation		x
Lack of co-ordination between the different border agencies		x
Use or non-use of information technology	x	x
Application or non-application of relevant international standards	x	
Procedures for legal recourse/appeal		

<u>Question 12</u>. As regards trade in industrial products, when you export, do you use the A.TR. movement certificate to benefit from the customs union?

- O YES, without difficulties
- **TES**, but I have difficulties in using the A.TR. certificate
- O NO



- O not know
- Not relevant

If you have difficulties in using the A.TR. certificate, please specify in short:

At present, A.TR. certificates are processes in hard copy format. Enabling the electronic filing and processing of A.TR. certificates would facilitate trade. Moreover, goods accompanied by A.TR certificates are in some cases unduly subject to additional duties and product safety checks performed by Ministry of Economy (TAREKS Checks) upon entry into Turkey. In addition, the conditions for the application of trade defence measures, i.e. anti-dumping measures, to goods accompanied by an A.TR certificate must be clear and economic operators properly informed when such measures are applicable. This is not the case under the current rules or existing practice.

TARIFFS

<u>Question 13</u>. As regards trade in agricultural and fishery products, would you like to export but you cannot export given the level of Turkey's import duty?

- O YES
- O NO
- Not relevant

<u>Question 14.</u> As regards trade in agricultural and fishery products, when you export, do you use the preferences set by the related EU-Turkey preferential agreement?

- O YES
- o NO

Not relevant

<u>Question 15</u>. As regards trade in coal and steel products, when you export, do you use the preferences set by the related EU-Turkey free trade agreement?

- O YES
- O NO
- Not relevant



RULES OF ORIGIN

<u>Question 16</u>. As regards trade in agricultural and fishery products, or trade in coal and steel products, do you consider that there are problems with rules of origin?

- YES (this leads to Question 17)
- O NO
- No opinion / not relevant

<u>Question 17</u>. If you encounter problems with rules of origin, how do you think they should be addressed?

By reviewing the rules of origin requirements and certification procedures in order to take account of the latest developments in EU trade agreements with other countries.

By facilitating the obtaining of certificates of origin.

By "extension of cumulation" (see below) to third countries that have a preferential trade agreement with both the EU and Turkey.

Other

"Extension of cumulation" allows products of one country of a free-trade zone to be further processed or added to products in other countries of that zone as if they had originated in the latter countries. Production may be aggregated with other countries' inputs without losing originating status, which offers additional opportunities to source input materials.

Extension of cumulation essentially widens the definition of originating products, and provides flexibility in the development of economic relations between countries within a free trade zone. It therefore promotes economic integration among member countries of a free trade zone.

<u>Question 18.</u> When trading with Turkey/the EU, do you make use of the system of Pan-Euro-Mediterranean cumulation of origin?

- O YES
- O NO
- Not relevant



NON-TARIFF MEASURES

<u>Question 19</u>. Does the difference between EU and Turkish regulations or standards hinder trade activities?

- **YES** (this leads to Question 20)
- O NO
- No opinion / not relevant

If your answer is 'yes', please specify whether they arise from:

Divergent standards (this leads to Question 20a.) Technical regulations (this leads to Question 20a.)

Conformity assessment procedures (including technical specifications, testing and certification) (this leads to Question 20a.)

Sanitary or Phytosanitary (SPS) related barriers (this leads to Question 20b.) Other (this leads to Question 20c.)

<u>Question 20a</u>. In a modernised trade agreement between Turkey and the EU, which issues should be addressed in order to tackle technical barriers to trade? (Multiple replies are allowed) **Technical Barriers to Trade (TBT)**

No opinion Increase transparency Mutual recognitions of certificates or legislation Promote good regulatory practice. Seek compatibility and convergence of technical regulations through the application of international standards Streamline testing and certification requirements through the adoption of risk based conformity assessment procedures Promotion of self-certification where possible and appropriate Acceptance of test results. Promote the use of accreditation Improve the dissemination of information between exporters and importers

<u>Question 21</u>. Indicate how the non-tariff measures, identified in Question 20, impact your business or activity. If possible, estimate or quantify the costs for your business or activity (e.g. as a percentage of the value of exports or imports).

Text of 1 to 1000 characters will be accepted (still 1 more characters expected)

- Cosmetics must now be notified under a barcode system prior to entering the Turkish market. No transition period foreseen and no legal basis provided.

-New system aimed at product-tracking for cosmetics: notification must be executed for all product sizes and shades. Companies must manually enter all ingredients providing the exact concentration of each ingredient, jeopardizing trade secrecy protection.

- Additional testing requirements for Phthalates for importing footwear to Turkey, conducted at expense of importer. Selection process not transparent, ratio of selected products fluctuates without notification. Results from accredited EU laboratories refused. Average delay to customs clearance 20 calendar days, and members have to pay for storage and testing. Average price per test is €188.



-Coercive localization measures in the healthcare sector.-Lack of recognition of EU GMP certification for pharmaceuticals, increasing administrative burden and slowing timeline for access to medicines.



TRADE IN SERVICES

Question 22. Do you consider that there are barriers to trade in services between the EU and Turkey?

- **YES** (this leads to Questions 23 and 24)
- O NO
- No opinion / not relevant

<u>Question 23</u>. If there are barriers to trade in services, what are their effects/impacts? (Multiple replies are allowed)

They discriminate in favour of domestic services providers;

They discriminate in favour of other 3rd country services provider;

They discriminate against cross-border service provision;

They affect your ability to establish physical presence, and/or require to supply services through/with local participation;

They limit the ability of movement of persons;

They require certain number of local personnel in the overall employment;

They affect the price of the services you provide;

<u>Question 24</u>.Indicate how the barriers to trade in services, identified in Question 23, impact your business or activity. If possible, estimate or quantify the costs (e.g. as a percentage of the value of exports or imports).

Text of 1 to 1000 characters will be accepted (still 1 more characters expected)

Turkish Postal Service Law No. 6475, introduced a compensation fund (at a rate equivalent to 2% of net sales income from the provision of postal services, as well as an administrative fee of 0.35% of net sales income from the provision of postal services) in addition to a monopoly for the acceptance, collection, processing, shipment, distribution and delivery of domestic and international items of correspondence with a weight of up to 50 grams, and a mandatory authorization certificate for all service providers within the postal industry at a cost of 100,000 TL. The introduction of a monopoly alongside a compensation fund is extremely unusual, and the mandatory license creates an additional layer of administrative burden for operators.



INVESTMENT

<u>Question 25</u>. Do you consider that there are barriers to direct investment flows between the EU and Turkey? Please specify the location of these barriers (if any):

	YES	NO	NO OPINION
EU – NO OPINION	0	0	0
Turkey - <mark>YES</mark>	۲	0	0

If you are affected by barriers to investment, such as equity caps, screening, licensing procedures, etc., please indicate where the barrier occurs, and describe the barrier, its impact and, if relevant, your estimate of the additional costs it imposes.

Text of 1 to 500 characters will be accepted (still 1 more characters expected)

The Turkish Government measure of threatening to delist imported products from the reimbursement list seeks to force companies to undertake local production. This risks seriously harming companies' current and future investments in Turkey. Turkey has also failed to correctly readjust the exchange rate following a policy to set an artificially low exchange rate for medicines. The financial damage to the pharmaceutical industry from the artificially low exchange rate is estimated at 15 billion TL.

<u>Question 26</u>. Do you consider that there are problems as regards discriminatory treatment of investors/investment in the EU or Turkey? Please specify the location where these problems arise (if any):

	YES	NO	NO OPINION
EU	0	0	۲
Turkey	0	0	©



INTELLECTUAL PROPERTY RIGHTS (IPR: including geographical indications)

<u>Question 27</u>. Do you consider that there are problems of protection and enforcement of IPR in either the EU or Turkey? Please specify the area where these problems arise (if any):

	YES	NO	NO OPINION
EU	0	0	۲
Turkey - <mark>YES</mark>	۲	0	0

If your answer is "YES", which specific areas or issues should be addressed in a modernised agreement? (Multiple replies are allowed)

Copyright and related rights Trademarks Geographical indications Designs Patents Digital environment Regulatory data protection Plant variety Border measures Enforcement

If you are affected by IPR barriers please indicate where these barriers occur, and describe the barriers, their impact and if available, your estimate of the additional costs they impose. *Text of 1 to 500 characters will be accepted (still 1 more characters expected)*

The IP law currently in the Turkish parliament addresses some of the problems faced in Turkey, but serious concerns remain around compulsory licensing and second medical use claims. Also related to pharmaceuticals, and in light of the goal to align with the EU Acquis, deficiencies in Turkey's Regulatory Data Protection (RDP) regime should be addressed, and Supplementary Patent Certificates (SPCs) should be introduced.

Right owners in the footwear and the apparel industry face difficulties when carrying out enforcement actions, due to challenges obtaining search warrants.



PUBLIC PROCUREMENT

<u>Question 28</u>. Do you consider that there are difficulties for EU companies to access public procurement in Turkey, or for Turkish companies to access public procurement in the EU? Please specify the area where these barriers occur (if any):

	YES	NO	NO OPINION
EU – NO OPINION	0	0	۲
TURKEY - YES	۲	0	0

Please specify the types of difficulties encountered (multiple replies are allowed):

Lack of transparency on procurement opportunities (for example, information on public procurement contracts is not easily accessible)

Lack of clarity of the applicable rules, and/or of the applicable procedures

Lack of clarity of the technical specifications (technical specification overly vague) Discrimination in technical specifications

Local content requirements (requirement to include local goods/services or to subcontract locally) Preferential regime for domestic suppliers

Sub-central (state/territory/local) level access to public procurement

Lack of access to state owned enterprises/public undertakings

If you are affected by public procurement barriers please indicate where these barriers occur, and describe the barriers, their impact and your estimate of the additional costs they impose. *Text of 1 to 1000 characters will be accepted (still 1 more characters expected)*

Current national legislation and official policy documents as well as previous actions, all point to government procurement being used as a tool to facilitate discriminatory practices, disadvantaging imported pharmaceutical products. AmCham EU would like to see Turkey bring its government procurement legislation in line with the EU acquis providing for a level-playing field for foreign companies with transparent rules and procedures



COMPETITION POLICY

Question 29. Do you consider that the regulatory framework ensures fair competition in the EU and

Turkey?

O YES

O NO

No opinion

If you are affected by barriers relating to competition policy, please indicate where these barriers occur and describe the barriers, their impact and your estimate of the additional costs they impose. *Text of 1 to 500 characters will be accepted (still 1 more characters expected)*



SMALL AND MEDIUM SIZE ENTERPRISES (SMEs)

<u>Question 30</u>. Which parts of the existing EU-Turkey trade and economic relations should be developed further in order to solve the particular problems of EU or Turkish SMEs?

	In Turkey	In the EU
None		
Tariff barriers - TURKEY		
Rules of origin		
Customs procedures - BOTH		7
Technical barriers to trade		
Services		
Establishment of companies		
Intellectual property		
Government procurement		
Dispute settlement		
Competition policy		
Other		

<u>Question 31</u>. What potential benefits should a modernisation of the EU-Turkey trade and economic relations bring to SMEs? (Multiple replies are allowed)

- □ None
- More output/employment due to higher exports;
- Cheaper production costs through cheaper imports;
- Converging of standards will facilitate trade with other countries;
- Technology transfer;
- Possibility to move from lower to higher value added products/services;
- Lower costs for import requirements (eg, formalities, tests, inspections)
- ▼ Increased business cooperation between EU and Turkish SMEs



CONSUMERS

<u>Question 32</u>. In your opinion, could there be an impact on consumers from the reduction of barriers to trade between the EU and Turkey?

- Yes (this leads to Question 33)
- O No
- No opinion

<u>Question 33a</u>. What would be the impacts for consumers – positive or negative – of further liberalisation of EU-Turkey trade? Please specify this for the EU and for Turkey separately:

For the EU:

	Positive impact	Negative impact	No significant impact	No opinion
Prices of goods or services for end-users	x			
Choice/availability of goods or services for consumers	x			
Quality of goods or services available to consumers				x
Safety of goods or services available to consumers				x
Information available to consumers				x
Protection and enforcement of consumer rights				x
Trust of consumers in enforcement and redress mechanisms				x
Sustainability of goods or services available to consumers	x			
Vulnerable consumers				x

<u>Question 33b</u>. What would be the impacts for consumers – positive or negative – of further liberalisation of EU-Turkey trade? Please specify this for the EU and for Turkey separately:

For Turkey:

	Positive impact	Negative impact	No significant impact	No opinion
Prices of goods or services for end-users	<mark>x</mark>			
Choice/availability of goods or services for	x			



consumers			
Quality of goods or services available to consumers			x
Safety of goods or services available to consumers			x
Information available to consumers	x		
Protection and enforcement of consumer rights			x
Trust of consumers in enforcement and redress mechanisms			x
Sustainability of goods or services available to consumers	x		
Vulnerable consumers			x

Add further comments, if any, on the overall impact on consumers, in the EU and /or Turkey:

Text of 1 to 500 characters will be accepted (still 1 more characters expected)

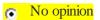


TRADE AND SUSTAINABLE DEVELOPMENT

All countries, in an increasingly globalised economy, have a shared responsibility to achieve social cohesion and promote full and productive employment and decent work for all. Fostering human rights in our partner countries is an integral part of the EU's common commercial policy. Environmental concerns – whether of a purely domestic or trans-boundary/global nature (eg, the fight against climate change and adaptation to its consequences, biodiversity loss and natural resource depletion) – pose a threat to the prosperity and well-being of people in rich and poor countries alike. Trade policy can support green and inclusive growth around the globe.

<u>Question 34</u>. In your opinion, could there be a social impact from the reduction of barriers to trade between the EU and Turkey?

- Yes (this leads to Question 35)
- O No



<u>Question 36</u>. In your opinion could there be an environmental impact from the reduction of barriers to trade between the EU and Turkey?

- ♂ YES (this leads to Question 37)
- O NO
- No opinion

<u>Question 38</u>. Do you consider that the EU and Turkey should co-operate further in order to promote adherence to internationally agreed principles, rights, and agreements on labour and the environment?

- O YES
- o NO

No opinion



OTHER ISSUES

<u>Question 39</u>. Do you think that a revised trade agreement between the EU and Turkey should include specific provisions on energy and raw materials (for example, measures aimed at increasing transparency, ensuring non-discrimination and limiting anti-competitive practices)?

- O YES
- O NO
- No opinion

<u>Question 40</u>. Do you think that a revised trade agreement between the EU and Turkey should include specific provisions on improving future regulatory coherence (for example, measures providing for cross-cutting disciplines in order to develop and implement more efficient and more compatible regulations)?

YES

O NO

No opinion

<u>Question 41</u>. If there are any other issues that you would like to address in the context of trade and economic relations between the EU and Turkey, please mention them below. These can be issues which are not mentioned in the questionnaire.

Text of 1 to 500 characters will be accepted (still 1 more characters expected)

When a safeguard measure on footwear imports from non-EU countries expired in August 2014, a new 'additional duty' was introduced. The new rate for textile and synthetic footwear is \$3 per pair or 30% of the freight-on-board (FOB) price, whichever is higher, and for leather footwear of \$5 per pair or 50% of FOB, whichever is higher. This additional duty violates the Customs Union agreement provisions on tariff harmonisation (Article 13) and harmonisation of commercial policy (Article 16).

Can the Commission contact the respondent if further details are needed?



O NO