



36TH MEETING OF THE EU-TURKEY CUSTOMS UNION JOINT COMMITTEE

BRUSSELS, 8-9 JULY 2019

REPORT

1. The 36th meeting of the EU-Turkey Customs Union Joint Committee (CUJC) took place in Brussels on 8/9 July 2019. It was co-chaired by the Turkish Ministry of Trade on the Turkish side (TR), and by DGs NEAR and TRADE on the EU side (EC). The meeting was held in a constructive atmosphere, addressing trade issues within the framework of the CU in an open manner.
2. The agenda with minor changes and the minutes from the 35th CUJC were adopted. The list of *acquis* relevant for the Customs Union (CU) was adopted.
3. In the **introductory remarks**, the EC noted the importance of the CU, a key pillar of the bilateral relationship, and the lack of significant improvement with regard to many trade irritants. It recalled the General Affairs Council conclusions of June 2019, which stipulate that no further work towards the modernisation of CU is foreseen. The EC also reiterated the need for the full and non-discriminatory implementation of the existing CU. TR noted that most of the problems stem from the asymmetry of CU and argued for the need to update it.
4. On **agricultural trade issues**:
 - regarding the import ban applied by the EU on *bivalve molluscs* originating in Turkey, it was agreed to hold a follow-up meeting still in 2019.
 - Regarding the problems encountered in the export of Turkish *heat-treated poultry meat* products to the EU, TR agreed to prepare a file on the exact situation.
 - As for the conditions on import of *beef and live bovine animals* into Turkey, EC agreed to provide comments regarding certificates. Both parties agreed to exchange statistics on beef and examine to facilitate common understanding. The EC also reiterated its request for TR to respect the OIE rules for animals vaccinated against Blue Tongue.
 - As regards problems stemming from the reduction in the *MRL levels of certain agricultural products* exported to the EU, TR asked for a technical meeting. TR reiterated also its request to participate in EU decision making process for issues of relevance. EC further noted that the EU consults stakeholders before making legislative changes.
 - As regard the *delisting of certain Turkish products* from Regulations 669/2009 and 884/2014, TR requested the EU to eliminate controls and apply same regime as for almonds and peanuts from USA and wheat and wheat flour from Canada. The EC noted that reply from TR to EC letter is expected and to hold a meeting in autumn as agreed.
 - Concerning the problems encountered by *Turkish exporters of fruit and vegetables* at Capitan Andreevo (fees and frequency of controls), the EC referred to DG TAXUD's examination and that the frequency of controls is not an issue regulated at the EU level, but a matter of MS competence.

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- Regarding *Lumpy Skin Disease (LSD)*, the EC and TR exchanged on lifting restrictions on live cattle from Croatia.
5. On **technical legislation**;
 - The EC informed TR about the legislation pending for CUJC statement for ensuring compliance.
 - The list of technical legislation to be updated based on procedural guideline was formally adopted.
 - TR informed the EC about the intensive work carried out for aligning to the EU's new *Medical Devices legislation*.
 - On Turkey's alignment to the *REACH regulation*, it was agreed to hold further technical meetings.
 - Regarding Turkey's *alignment to the EU legislation on GMP*, the EC and Turkey agreed on the importance of joint work and the EC committed to come back to Turkey on the next steps of the process.
 - On *batch release analysis* in the EU, the EC agreed to inform TR of its detailed analysis.
 - As for the transposition of Directive 2014/40/EU on Manufacture, Presentation and Sale of Tobacco and Related Products, EC noted current work undergoing to have a standard licence agreement to solve the problem.
 6. Concerning **rules of origin**, both parties reiterated their positions and agreed to hold a specific meeting on this.
 7. On **Customs Union Implementation and Enforcement**, the EC stressed that alignment on the Common Customs Tariff and the EU commercial policy is TR's obligation under the CU, and requested that TR make efforts to limit the disturbance to the free circulation. This particularly concerns the recent customs measure that led to the requirement for a certificate of origin for all shipments of products in categories affected by TR additional duties from the EU accompanied by an A.TR movement certificate. TR stated that adherence issues would only be resolved by an update of the existing CU, but that it would provide clarification in view of implementation problems where possible.
 8. The EC noted that TR's divergence from the EU **GSP scheme** was continuing. TR stressed that it is prepared to align fully if it gets a seat in the GSP committee in order to address its concerns including shaping EU policy on preferences under the GSP scheme. The EC recalled TR participation in a number of relevant bodies, and that full alignment is expected.
 9. On **Free Trade Agreement (FTA) alignment** and ongoing FTA negotiations, TR emphasized the importance of considering the EU-TR CU relationship and Turkey's interest in the Brexit process as well as in talks with the US. The Parties also informed each other about their ongoing FTA negotiations.
 10. On **competition and state aid**, the EC recalled Turkey's obligation under the CU to align its competition and state aid rules with the EU. TR explained that further to the change to a Presidential system, the state aid authority is currently under restructuring. The EC requested that TR inform on the envisaged planning of adoption of implementing legislation in the area of state aid and the new structure of the state aid authority.

11. On **intellectual property rights** (IPR), TR informed the EU about the latest developments regarding enforcement. The EU requested that TR improve enforcement in several areas. Parties agreed to discuss further at the meeting of the IPR Working Group later this year.

12. On **trade barriers**;

- concerning *surveillance measures* on imports applied by Turkey, the EC stated that the measure as a whole does not comply with the CU. TR underlined that surveillance measures do not target imports from the EU and stated that it would send clarifications regarding the requirement imposing additional documentation on apparel and footwear.
- On the *certification and testing requirements of imported goods*, the EC noted some remaining issues of excessive documentation checks such as on lighting products. Both sides agreed to organize regular meetings between the TR authorities and the EU Delegation on the implementation of the TAREKS system.
- On *export restrictions on raw hides and skins and wet blue products as well as on copper scrap*, the EC reiterated its request for TR to remove these measure. TR stated it would examine and inform EU of possible means to remove restrictions.
- Concerning the *discriminatory treatment of EU producers of tractors*, the EC recalled its concern with this measure and the previous TR commitment to align legislation in this field. TR noted its intention to fully align and would examine and inform EU of possible way to address the current problem.
- On *market access problems in Turkey's alcoholic beverages sector*, TR confirmed the exemption in the draft Turkish Food Codex Regulation. TR would provide information regarding excise duty payment terms and follow-up to the ban on transit trade.
- On *energy drinks*, the EC noted its concern with the divergence of the TR communique from applicable EU measures. TR stated that the divergence stems from a court ruling, which prevents alignment.
- On local content requirements in Turkish legislation on *renewable energy sources*, the EC requested that TR remove this measure. TR informed that this policy was planned to be applied from January 2016 until 31 December 2020.
- On duty-free *tariff quotas for processed agricultural products*, TR confirmed the application of the first-come-first-served principle without further requirements.
- Regarding *sweet corn imports into Turkey*, the EC reiterated its concern with this measure and that the annex to the agreement cannot be changed unilaterally by TR. TR repeated its position that there is no obligation within the CU, and specified that increased duty were applied to all trading partners.
- On the *requirement to denominate contracts in Turkish lira* for agreements between persons residing in Turkey, the EC noted that such a measure represents a restriction on the freedom of EU businesses in TR, although specific problems had been addressed through exemptions. TR expressed readiness to deal with further specific difficulties arising from this legislation.
- With regard to *Turkish legislation on cosmetic products*, the EC noted its concern with the proposed measure and requested formal notification. TR confirmed it will notify the draft provisions shortly and both sides agreed to work on taking up EU concerns.

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- On the *automatic allocation of EU tariff quotas for Turkey*, the EC informed that no derogation is possible and recalled TR membership in the Economic Tariff Questions Group (ETQG).
 - On *import licenses for second hand goods*, the EC reiterated its request to remove this scheme as it is incompatible with TR's CU obligations. TR cited public health issues as motivation and stated that it would continue to review the measure.
13. In **Trade Defence**, the EC explained the ongoing review on subsidies for rainbow trout in Turkey amid allegations of continued broad subsidies to the aquaculture industry and asked TR's assistance in the process. TR explained that it is preparing answers in the review context, and that subsidies had been reduced significantly. Turkey reiterated its position with regard to the EU Safeguard Measure on Steel Products and the Parties exchanged information in this regard.
 14. On the **Customs Union Modernisation**, TR stressed its disappointment regarding the delay in the process mainly due to political obstacles despite the mutual benefits of the process and expressed its hope that the EC would receive the negotiating mandate as soon as possible. The EC recalled General Affairs Council Conclusions of June 2019 stipulating that no further work is foreseen. The EC also stated that solving existing bilateral trade issues would be a positive step.
 15. On **Turkey's participation in EU decision-making and consultation mechanisms**, TR reiterated its demand to participate in all EU committees in CU relevant areas.
 16. On the **Implications of the Judgement of the Court of Justice of the European Union on Hungary Case on bilateral and transit road quotas**, TR will send written information on the ECJ reasoning with the request for the EC to examine.
 17. Under **any other business**, fuel limitation for Turkish trucks, pricing policy pertaining to pharmaceuticals and residual pesticides were discussed.