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European Strategy for Turkey

The Commission's initial operational proposals



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I. Introduction

The Luxembourg European Council of 12 and 13 December 1997 confirmed Turkey's eligibility for accession to the European Union and that it will be judged on the basis of the same criteria as the other applicant States. The European Council considered that it was important for a strategy to be drawn up to prepare Turkey for accession by bringing it closer to the European Union in every field. This strategy should consist in:

- development of the possibilities afforded by the Ankara Agreement;
- intensification of the customs union;
- implementation of financial co-operation;
- approximation of laws and adoption of the Union acquis;
- participation, to be decided case by case, in certain programmes and in certain agencies, as provided for in paragraphs 19 and 21 of the conclusions of the Luxembourg European Council.

Furthermore Turkey's involvement in the European Conference would provide an opportunity for greater dialogue and cooperation in areas of common interest between Turkey and the Member States. Turkey is therefore already involved in the EU enlargement process.

In this paper the Commission puts forward a work programme to consolidate and add substance to the customs union and step up co-operation in the other areas referred to in its July 1997 communication on the further development of relations with Turkey. Implementation of some of the proposals could begin in the first half of 1998.

Implementation of some of the proposals in this paper will depend on the financial resources available for Turkey and notably on the implementation of the Special Action for Turkey (ECU 375 million). This makes it important for the Council to adopt the financial regulation for the special financial co-operation arrangements for Turkey as fast as possible. Implementation of financial co-operation is part of the strategy put forward by the Luxembourg European Council.

It should be recalled that Turkey is also a member of the Euro-Mediterranean Partnership.

II. Proposals

1. Industrial co-operation and investment

The **promotion of co-operation on industry and investment**, including the establishment of a suitable legal and administrative framework, in Turkey is a priority. The implementation of customs union has to be paralleled by improvements in the competitiveness of Turkish industry, notably SMEs.

Turkey is already involved in regional activities through the Euro-Mediterranean Partnership; these include programmes for co-operation between firms (Med-Partnership and Med-Interprise) and two working parties, one on the legal and administrative framework and one on industrial development, established as a result of the Brussels Declaration on Euro-Mediterranean industrial co-operation (May 1996).

Bilateral activities could be added to the regional activities planned under this heading. Activities for bilateral promotion of industrial co-operation are already planned for 1998 (they include the EU-Turkey Business Seminar and EU-Turkey Business Partnership programmes).

There will be discussion with Turkey during the first half of the year of the advantages of and opportunities which its industry might derive from the following activities to help it get the most out of the single market and improve its competitiveness:

- **Access to the single market:** assistance with setting up the necessary certification and quality-control instruments (laboratories and networks), provision of technical assistance for that purpose, pilot/demonstration programmes for firms (individual or in groups).
- **Innovation and information technology:** transfer of technology, exchange of information on best practice, technical assistance for the establishment of technology-transfer centres and networks, technology demonstration projects for firms (individual or in groups).
- **Assistance for the development of the private sector:** expert services needed to draw up projects for the diversification of industry, creation of companies, improving the financial environment, training for entrepreneurs and encouragement of co-operation.

In addition, the Commission sees it as being in the interest of the two parties to set up a mechanism for dialogue on greater liberalisation of **movements of capital** between the Community and Turkey as fast as possible. Among the main aims of the mechanism would be to check whether such liberalisation was compatible with the commitments made by the two parties under the OECD Code of Liberalisation of Capital Movements. It would also be made responsible for discussing investment-protection issues.

2. Agriculture

New negotiations with Turkey to achieve a reciprocal improvement in preferential market access could start in the second half of 1998. The negotiations should aim to produce a balance between reciprocal concessions and standstill on duties.

Moreover, Turkey will need to adjust its agricultural policy to encompass the Common Agricultural Policy measures needed to establish free movement of agricultural products, an aim that the European Community and Turkey set themselves in the Ankara Agreement and the Decision on Customs Union. Though it recognised that little progress had been made in this area, the communication of 15 July 1997 proposed that Turkey be encouraged to transpose the Community *acquis* while taking account of the characteristics of agriculture in the country. To that end, the Commission proposed a three-stage process based on the approach used for the CEEC.

The first stage would involve the Commission providing the Turkish authorities with an inventory of major legal acts connected with the various aspects of the market organisations and health rules and with details of the instruments and entities needed for administration. Turkey would provide the Commission with the details needed to understand its own agricultural policy.

The second stage would bring discussion of the various aspects and sectors of the CAP and of Turkish agricultural policy in greater depth.

The third stage would involve preparing a summary of the differences between the CAP and Turkish agricultural policy in the various sectors.

At the end of this process, Turkey would be asked to put to the Community a work programme for adopting the Community *acquis*.

The first stage of the process could begin in the second half of 1998. The detailed discussion sessions could follow once the exchange of information had taken place.

Community financial and technical assistance is an important factor in the restructuring of Turkish agriculture and the aligning of the country's agricultural policy on the CAP. In that connection, Turkey should supply the Commission with a list of priority measures. Once the list had been discussed, a technical assistance programme could be drawn up.

3. Services

On the basis of the guidelines of the communication of 15 July and discussions that have taken place in the Council, the Commission is willing to begin exploratory talks with the Turkish authorities in March 1998. Draft negotiating directives could go to the Council in the second half of the year.

4. Greater substance for the customs union

4.1 Turkey's integration into the pan-European rules of origin system

The Commission's intentions with regard to Turkey's involvement in the rules-of-origin cumulation system for industrial goods operating between the Community, EFTA and the CEEC are as follows:

- during 1998, the Commission will take advantage of meetings with the associated countries (customs subcommittee, directors-general of customs administrations, Association Committees) to request them to react favourably to approaches by the Turkish authorities regarding the negotiation of free-trade agreements with them pursuant to Turkey's obligations under the Decision on Customs Union;
- by mid-1998, the Commission will prepare proposals (fourteen in total) for amending the origin protocols in the agreements between the European Union and the countries involved in the cumulation system to include Turkey.

Turkey should thus actually be in the cumulation system from 1 January 1999.

4.2 Support for Turkey's participation in European transit arrangements

With regard to Turkey's joining the Transit and Single Administrative Document Conventions, the Commission would point to the favourable decision made on the matter at the April 1997 Association Council meeting. In 1998, the Commission will continue to provide technical assistance to prepare Turkey to join, while working in parallel on the completion of transit reform (and computerisation) in the European Union.

4.3 Public procurement

Commitments regarding public procurement were made by both parties in the Decision on Customs Union. The Commission proposed in its communication of 15 July 1997 that negotiations be opened. The plan is for exploratory talks with Turkey to begin in the first half of 1998. The two parties will look at the advantages of three options: a bilateral agreement between them, Turkey joining the WTO's Agreement on Government Procurement and alignment of Turkish legislation on that of the Community.

4.4 Approximation of legislation

In its communication of 15 July 1997, the Commission proposed that a programme of technical assistance and administrative co-operation be set up to finish the approximation of legislation in the areas covered by the customs union and to enforce that legislation in Turkey. The Commission will draw up the following measures:

- In areas connected with the customs union which are not yet covered by close co-operation, **informal groups** bringing together the appropriate departments of the Commission and the Turkish administration will be set up. The groups will look at the progress made by the Turkish authorities in the approximation of legislation and will provide a framework for directing and providing momentum for implementation. Groups for whatever types of technical legislation referred to in Association Council Decision 2/97 which Turkey has adopted could be set up in the first half of 1998.
- Where approximation is already advanced, the Turkish authorities may request that **seminars** be organised in the country to discuss the detail of applying the Community arrangements transposed into the Turkish system

and the implications for economic operators. The seminars would be attended by representatives of the Turkish administration and Turkish trade associations.

- At the Turkish authorities' request, **training courses within the departments of the Commission** may be organised on an as-and-when basis, for Turkish administration experts in charge of applying the legislation.
- Any similar activities (e.g. a programme of technical assistance regarding the protection of intellectual, industrial and commercial property) will be considered by the Commission at the Turkish authorities' request.

4.5 Closer technical consultations

The Commission proposed that the **mechanism for Community-Turkey consultation** in areas connected with the customs union be strengthened, and the Commission plans to discuss with Turkey in the first half of 1998 which groups of experts and technical committees (the committees which assist the Commission with its implementation responsibilities) could involve Turkish representatives in their work.

Special attention will be paid to the groups of experts set up for informal discussion of the Community's **technical legislation** (on chemicals and pharmaceuticals, for example). Moreover, in line with the recommendations made by the Association Committee last April, the Commission will put to the Council in the first half of 1998 a proposed Association Council Decision on allowing Turkish experts to take part in the work of the Standards and Technical Regulations Committee (set up by Directive 83/189/EEC) insofar as necessary for the functioning of the customs union.

A mechanism for Community-Turkey dialogue on **commercial policy** issues will be set up in the first half of 1998.

In the field of **anti-dumping** measures, the Commission set up improved preferential information and consultation arrangements based on the procedures for the CEEC following the April 1997 Association Council meeting.

4.6 Alignment with Common Commercial Policy

With regard to Turkey's concluding the **preferential agreements** referred to in Article 16 of the Decision on Customs Union, a number have already been negotiated. Where necessary, the Commission could provide Turkey with political and technical support for the agreements which remain to be concluded (these include Bulgaria, Poland, Slovenia and the Maghreb and Mashreq countries).

4.7 Outward processing of textiles

The Commission notes that the problems which Turkey mentioned in connection with outward processing of textiles have already been partially addressed by the elimination (dating from 1 January 1998) of Community quotas for the CEEC and most Mediterranean countries. They will shortly be entirely resolved in the case

of Turkey's traditional trading partners when Turkey is brought into the pan-European origin-cumulation system. Should Turkey wish to develop outward processing arrangements with non-member countries other than the CEEC or those of the Mediterranean, the Commission is prepared to discuss appropriate solutions with it.

5. Dialogue on macroeconomics

An inaugural meeting could take place by the end of the first half of 1998; its content would be discussed first with Turkey. The dialogue would cover matters of common interest. These could include the economic outlook for Turkey and the EU and the impact on Turkey of the introduction of the euro.

6. Telecommunications and the information society

Dialogue between the Community and Turkey on regulatory matters could begin in the first half of 1998. The aim would be to approximate Turkish telecommunications legislation with that of the Community. Assistance in achieving that aim could be provided in the form of the services of experts, exchanges of officials or training.

Support in developing a strategy to bring Turkey into the information society could also be given from the first half of 1998. There would be discussions between the Commission departments and the appropriate entities in Turkey (including TUBITAK). These discussions would enable specific activities to be identified.

During the first half of 1998, the scope of the European investigation of the information society (ESIS project) will be expanded to include Turkey.

The Commission will begin discussions with Turkey on the way to extend the Trans-European Networks to that country once the Commission communication on extending the Trans-European Networks, which is currently being prepared, has been adopted.

7. Co-operation in science and technology research

Under the Community's fourth framework programme of activities in the field of research, technological development and demonstration (1994-98), Turkey, as a European non-member country, can take part on a project-by-project basis in all the specific programmes under Actions I, III and IV, but cannot draw on the funds allocated to them. Turkey is also fully eligible for Action II (INCO programme), from which it receives Community financing.

Provision will be made for Turkey to take part on a project-by-project basis in all the specific programmes of the fifth R&TD framework programme (1998-2002), on the same terms as apply to the fourth programme. In addition, Action II of the fifth programme (INCO2) includes for the first time an activity targeting co-operation with Mediterranean partner countries. Turkey will be able to participate fully, and will receive Community financing to do so.

Dialogue on Euro-Mediterranean science and technology policy also takes place within the Euro-Mediterranean Monitoring Committee for S&T Co-operation, on which Turkey is officially represented. The work of this Committee, which was set up as part of the Barcelona process, lead to the identification of specific activities and provide ongoing

information on the planning and implementation of the framework programme as a whole.

8. Co-operation on environmental matters

Exploratory contacts between the Commission and Turkey in October 1997 produced a list of areas of co-operation on environmental matters. There was a focus on **strengthening institutions and developing human resources** (with the Environment Ministry and its local offices, the national sustainable development committee and the environment and development observatory). Turkey also expressed interest in **training** to evaluate environmental dangers, environment auditing at national and local level and integrated pollution prevention and monitoring. It also requested **special assistance** with drawing up a national action plan on climate change, a national inventory of chemical substances and cooperating with the European Environment Agency (particularly through the establishment of a national database). Other activities could be put in place as part of **regional co-operation** in the Mediterranean and the Black Sea.

It will be possible to produce a timetable for co-operation in the first half of 1998, taking into account the (Commission-financed) study of the current state of Turkey's environmental rules and legislation, which is in progress.

The Commission attaches particular importance to approximation of environmental legislation and rules, and proposes to establish a framework to track this process once the results of the study referred to above are available.

9. Co-operation in transport

In the context of the development of transport infrastructure, the Pan-European Transport Corridors nos. IV and X extend to Istanbul (via Sofia). Turkey participates in discussions in this framework. Moreover, Turkey falls within the geographical scope of two of the Pan European Transport Areas (PETrAs) - that of the Black Sea and of the Mediterranean basin - adopted at the Third Pan-European Conference of Transport Ministers in Helsinki in June 1997. Preparatory work on developing these two regional transport networks is currently underway and we expect Turkey to participate in both these initiatives.

In the field of maritime transport, Turkey is an active participant and beneficiary in maritime transport projects financed under the regional programme of MEDA.

In the aviation field, the Commission has proposed holding exploratory talks on air transport with Turkey, as it has with other countries in the region, in preparation for future negotiations on a possible air transport agreement.

In the field of global navigation and positioning, the Commission is developing co-operation with its Mediterranean partners, including Turkey, in order to optimise the navigation signals in the region and to enable satellite navigation users to benefit from improved transport safety and efficiency.

10. Co-operation in energy

Co-operation in the field of energy should facilitate the adaptation of Turkish legislation to that of the EC in order to create a favourable framework for direct investment. In this context, the ratification by Turkey of the Energy Charter Treaty is particularly important.

Taking into account the geographical position of Turkey, special attention will be paid to its participation in energy interconnection networks (TEN).

11. Co-operation on consumer policy and protection of consumer health

The two parties may begin discussions in the first half of 1998 to evaluate Turkey's situation and set up early-warning systems for industrial goods and foodstuffs (need for financial and technical assistance, staff training, etc.). They may also set out an overall strategy for the approximation of consumer-protection legislation. A first step would be to establish an inventory of Turkish legislation in this field.

Financial assistance for Tukoder, a consumers' association, has already been provided for. Other major Turkish consumers' associations may also receive EU assistance.

12. Regional and cross-border co-operation

Turkey's involvement in the regional co-operation schemes adopted as part of the Euro-Mediterranean Partnership and decentralised co-operation programmes will be stepped up wherever possible.

Co-operation projects involving Turkey and other countries in the Black Sea region could be set up in the fields referred to in the Commission communication on Black Sea regional co-operation (COM(97)597 final of 14 November 1997).

13. Involvement in Community programmes

The Luxembourg European Council proposed that Turkey be involved (on a case-by-case basis) in certain Community programmes and agencies. This would be subject to conditions similar to those applying to the CEEC. In the first half of 1998, the Commission intends to put to the Council a proposal for a decision to be adopted by the Community and Turkey. It would list the areas in which such involvement would be possible.

Once this decision has been adopted, the arrangements for Turkey's participation in a particular programme will have to be negotiated and the subject of a decision of the Association Council. Where necessary, a modification of the basic regulation for a particular programme to include Turkey as a beneficiary country will be proposed.

14. Institutional co-operation and political dialogue

The Commission stresses the importance of implementing the institutional co-operation and political dialogue provided for in the Association Council resolution of October 1995 and of financing individual activities in the field of justice and home affairs. The Commission places special emphasis on the need for active co-operation with Turkey on immigration. In that connection, the general affairs Council of 26 January adopted an action plan on the recent influx into the EU of people from Iraq and neighbouring areas.

15. Co-operation in the field of human rights and humanitarian issues

In the field of human rights, there are already ECU 3 million of Commission commitments for 1998 projects.¹ The priorities selected are: the status of women; the rights and protection of the child; information, education and training; boosting management capabilities of NGOs. Among the recipients of Commission grants were the Umut Foundation, the Society for the Prevention of Child Abuse and Neglect, the Turkish Democracy Foundation, the World Academy for local government and democracy, the Antalya Bar Association and the Helsinki Citizens' Assembly (Turkey Branch).

The Commission will continue the work of identifying and implementing projects in the field of human rights and humanitarian issues with Turkish NGOs in 1998. In the more specific area of co-operation with the Turkish government, the Commission has prepared a preliminary draft co-operation programme. It focuses on training Interior Ministry officials and police forces. The Commission intends to discuss it with the Turkish authorities in the first half of 1998.

Also in the first half of 1998, the Commission proposes to establish a working party (which will hold its meetings in Turkey or in Brussels as the need arises) to discuss humanitarian issues.

III. Conclusions

The proposals contained in this paper demonstrate the European Union's commitment to developing a strategy to prepare Turkey for accession.

In that connection, the Commission sees it as particularly important that work with Turkey on the following issues should go ahead in the first half of 1998:

- intensifying industrial co-operation and stimulating investment;
- support for transposition of the acquis in the field of agriculture;
- exploratory talks aimed at an agreement on services;
- giving greater substance to the customs union through technical assistance and administrative co-operation;
- improving the machinery for consultation between the two parties in areas of direct significance to the operation of the customs union;
- exploratory talks on opening up public procurement;
- establishment of a macroeconomic dialogue, notably covering greater liberalisation of movements of capital;

¹ c.f. Report on the evolution of relations with Turkey since the entry into force of the customs union (COM(1998)147)

- Community assistance to help Turkey take over the Community *acquis* in sectors such as the environment, telecommunications, consumer policy and consumer protection;
- establishment of the mechanisms needed to enable Turkey to become involved in certain Community programmes and agencies;
- greater institutional co-operation and political dialogue, in line with the October 1995 resolution.

These initial proposals will be followed by others to be developed by the Commission following further discussions with the Turkish authorities.

The implementation of financial co-operation is part of the strategy proposed by the Luxembourg European Council. The Commission wishes to draw attention to the urgent need for the Council to adopt the financial regulation for the special financial co-operation arrangements for Turkey as fast as possible, as this will enable a comprehensive and consistent strategy for Turkey to be implemented.

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