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Report

drawn up on behalf of the Committee on External Economic Relations

on the recommendations adopted by the EEC-Turkey Joint Parliamentary Committee on 28 April 1976 in Nice (doc. 101/76 rev.) and on 9 November 1976 in Ankara (doc. 428/76)

Rapporteur: Mr E. KLEPSCH

PE 47.089/fin.

By letters of 5 July 1976 and 12 January 1977 the President of the European Parliament referred the recommendations adopted by the EEC-Turkey Joint Parliamentary Committee on 28 April 1976 in Nice and on 9 November 1976 in Ankara together with a note on the results of its official visit to Turkey on 20-24 May 1976 to the Committee on External Economic Relations as the committee responsible and the Political Affairs Committee, the Committee on Social Affairs, Employment and Education and the Committee on Agriculture for their opinions.

On 25 January 1977 the Committee on External Economic Relations appointed Mr Klepsch rapporteur.

It considered the report submitted by Mr Klepsch at its meeting of 25 January 1977 and adopted the motion for a resolution and explanatory statement unanimously.

Present: Mr Scott-Hopkins, acting chairman; Mr Schmidt and Mr Martinelli, vice-chairmen; Mr Klepsch, rapporteur; Mr Amadei, Mr Bayerl, Lord Castle, Mr Creed (deputizing for Mr Bersani), Mr Didier, Mr Galluzzi, Mr de Koning, Mr Laban, Mr Pucci, Mr Radoux, Mr Schwörer, Mr Spicer and Mr Vandewiele.

The Opinion of the Political Affairs Committee, the Opinion of the Committee on Social Affairs, Employment and Education and the Opinion of the Committee on Agriculture are attached.

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The Committee on External Economic Relations hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

MOTION FOR A RESOLUTION

on the recommendations adopted by the EEC-Turkey Joint Parliamentary Committee on 28 April 1976 in Nice and on 9 November 1976 in Ankara

The European Parliament,

- having regard to the recommendations adopted by the EEC-Turkey Joint Parliamentary Committee at its XXIst meeting in Nice from 25 to 28 April 1976 (Doc. 101/76 rev.) and at its XXIIInd meeting in Ankara from 6 to 9 November 1976 (Doc. 428/76),
 - having regard to the report of the Committee on External Economic Relations and the opinion of the Political Affairs Committee, the Committee on Social Affairs, Employment and Education and the Committee on Agriculture (Doc. 548/76),
1. Approves the recommendations adopted by the EEC-Turkey Joint Parliamentary Committee;

Political aspects

2. Welcomes, in view of the critical state of relations within the Association, the fact that the EEC-Turkey Association Council finally met on 20 December 1976;
3. Expresses its desire, on the basis of the results achieved at this meeting, for the further development of the Association backed up by the necessary political decisions.
4. Urges once again that the political consultations introduced in connection with the meetings of the Association Council should be further developed, so as to enable Community policy to be brought more into line with that of Turkey at international level;
5. Notes that the negotiations on Cyprus have come to a complete standstill and hopes that the governments concerned will work out the necessary solutions as soon as possible by peaceful means;
6. Welcomes the opening of negotiations and the initial progress made in the discussions between the Turkish and Greek governments on the delimitation of the Continental shelf and the reopening of air traffic in the Aegean area, which may be an important contribution to defusing the dangerous tensions that continually occur in this area;

Economic, social and financial aspects

7. Calls for positive consideration to be given to Turkish requests for flexible Community measures in the industrial sector, but recommends that such measures be subject to an appropriate time-limit so that they do not form an obstacle to the implementation of the customs union;
8. Stresses the Community's positive attitude to Turkey's being allowed, in accordance with its own wishes, to conclude preferential agreements with other developing countries without extending or reserving these preferences to the Community, as laid down in the Additional Protocol;
9. Expresses its grave concern at Turkey's trade balance deficit vis-à-vis the Community, which in 1975 rose to 1,700 million dollars, and calls for the immediate publication of the report drawn up by the working party of experts as well as the prompt implementation of the remedial measures outlined therein;
10. Is opposed to Turkish agricultural exports being placed at a disadvantage as a result of the form the Community's Mediterranean policy takes, and welcomes in this connection the additional concessions granted by the Community at the last Association Council meeting;
11. Stresses that it is important both to the Turkish economy and to the Association that Turkish workers be allowed to move freely within the Community;
12. Calls for freedom of movement to be implemented gradually in accordance with the terms of the Agreement, but stresses that this must not lead to an uncontrolled mass migration of workers, but must be controlled by a central body on the basis of supply and demand in the employment sector; Turkish workers must be accorded 'second priority' after workers from Community countries, but before workers from other third countries;
13. Stresses that the medium and long term Turkish labour market problems will be solved not by freedom of movement, but by the systematic expansion of industry and agriculture and the resulting creation of jobs in Turkey;
14. Expresses its desire for the speedy conclusion of the Third EEC-Turkey Financial Protocol and points out that it has not yet been possible to pay out the 47 million u.a. provided for in the Second Financial Protocol, because two countries have not yet ratified the Supplementary Protocol on which it is based;

Activation of relations within the Association

15. Calls on the Association Council, with a view to the much-needed further development of the Association, to work out practical measures to diversify Turkish agricultural production, to improve marketing techniques and to train managerial staff;
16. Calls on the organs of the Association to work out and put into operation development projects along the lines recommended by the Joint Parliamentary Committee for the economic expansion of the less developed regions of Turkey;
17. Calls for an all-round expansion of economic cooperation between the Community and Turkey, as described in its detailed proposals, so that Turkish industry and agriculture may become more competitive and its trade balance deficit and present imbalances in development may be reduced, thus making it possible to achieve the Association's final objective, namely the accession of Turkey to the European Community as a full member.
18. Instructs its President to forward this resolution and the committee's report to the Council and Commission of the European Communities, to the Turkish Grand National Assembly, to the parliaments of the Community's Member States and to the Turkish Government.

EXPLANATORY STATEMENTI. Introduction

1. In view of the critical state of relations within the Association between the European Communities and Turkey and in order to make it possible to hold a general debate in the European Parliament, the Committee on External Economic Relations has decided to outline the EEC-Turkey Joint Parliamentary Committee's activities over the whole of 1976 in a report.

2. The Joint Parliamentary Committee met twice in 1976.

- on 25/28 April 1976 in Nice and
- on 6/9 November 1976 in Ankara.

As had by then become customary, the meeting of 13/14 January 1976 was an informal meeting of the two delegations to the EEC-Turkey Joint Parliamentary Committee, held during the European Parliament's part-session in Luxembourg. At this meeting the accent was once again on discussions with members of several of the European Parliament's committees and contacts with the political groups.

3. The XXIst meeting of the EEC-Turkey Joint Parliamentary Committee was held on 25/28 April 1976 in Nice. Amongst those taking part were Mr Ergenekon, President-in-Office of the Association Council and Turkish Finance Minister, Mr Mart, President-in-Office of the Council of the European Communities and Minister of Economic Affairs, Transport and Tourism of Luxembourg, and Mr Simonet, Vice-President of the Commission. The work of the meeting focused on the still unsolved problems of Cyprus and the Aegean area, the effects of the Community's Mediterranean policy, which were criticized by Turkey as being unfavourable to it, and Turkey's claim that it was being neglected by European and other Western countries. The possibilities for increasing the Communities' contribution to the development of particular regions of Turkey were also discussed.

4. In this connection the official visit to Turkey by Mr Spénale, President of the European Parliament, from 20 to 24 May 1976 assumed particular political importance.

5. Finally, the XXIIInd meeting of the Joint Parliamentary Committee was held in Ankara from 6 to 9 November 1976. In connection with this meeting a fact-finding visit was arranged to the areas surrounding Adana and Mersin in South-East Turkey. The principal sitting was attended by Mr Brinkhorst, President-in-Office of the Association Council and of the Council of the European Communities and Secretary of State in the Dutch Ministry of Foreign

Affairs, Mr Caglayangil, Turkish Minister for Foreign Affairs, and Mr Brunner, member of the Commission of the European Communities. The work of the meeting centred on the difficult negotiations in the Association Council, the problems of the eastern Mediterranean and consideration of the Eleventh Annual Report on the activities of the Association Council. The measures needed to strengthen the Association and adapt it to current needs were also discussed, and particular attention was paid to the central question of freedom of movement for Turkish workers in the European Community.

II. Political questions relating to the EEC-Turkey Association

6. The opening of the political discussions in Nice was marked by a heated reaction on the part of the Turkish delegation to a press communiqué issued on 5 April 1976 by the European Parliament jointly with a Greek delegation. The Turkish delegation insisted that the final communiqué issued in Nice should contain an appropriate counter-statement.

In order to avoid disputes of this kind in future, the President of the European Parliament pointed out to the leaders of the European Parliament's delegations to the EEC-Turkey and EEC-Greece Joint Parliamentary Committees by letter of 28 October 1976 that these bodies could hold political discussions, but that they were not authorized, at least by the European Parliament, to issue political statements on questions not directly connected with the Association concerned.

By the time this letter reached the European delegation, however, it had already reached agreement with the Turkish delegation in Ankara on Recommendation No. 1, which was political in content and was intended for the Autumn meeting in Ankara, and could no longer be revoked.

7. In Nice, and even more so at the meeting in Ankara, the question that loomed large in all discussions was whether the partners in the Association had the political resolve to develop the EEC-Turkey Association further. For some time now the European Community has been increasingly concerned at the growing dissatisfaction of Turkish public opinion with the Association. The original economic reasons for this, which will be explained in the next chapter, are increasingly assuming a fundamental, political dimension. Apart from Turkey's still strained relations with the USA, a major factor in this regard is the Community countries' attitude to the conflict in Cyprus and the Aegean area, which is regarded as pro-Greek. Turkey fears that the marked warmth with which Greece's application for membership of the European Community was received and the negotiations on accession which began in July 1976 will only serve to isolate it even further. This feeling is particularly marked in Turkey, which regards itself, and rightly so, as an upholder of democratic institutions and a loyal ally of Europe and the Western world.

8. Relations between the Community and Turkey took a serious turn for the worse with the postponement twice over of the Association Council meeting, originally fixed for July and then for October 1976, as well as tensions in the Turkish ruling coalition, and there was no indication of any progress towards putting matters right. The Joint Parliamentary Committee was extremely concerned at this situation and, convinced of Turkey's importance for the Western community of peoples, appealed urgently to the governments of the Community Member States and to the Council of the European Communities to take the necessary political decisions, so that acceptable solutions might be worked out to the questions still at issue and the business of the EEC-Turkey Association Council resumed without delay.

9. In the light of its disappointment with the European Community and the Western countries, it is perfectly understandable that Turkey has directed its foreign policy to an ever-increasing degree towards other countries and groups of countries, particularly in the past year. Thus, it has further extended its cooperation with the Soviet Union in the economic sector. The possibilities for closer cooperation with the Balkan countries were discussed not only in the course of numerous exchanges of state visits, but also at the Conference of Balkan Countries in Athens from 26 January to 5 February 1976. Above all, Turkey strengthened its links with the Arab countries by its active participation in the Conference of Islamic States in Istanbul in 1976 and by its readiness to ratify the Joint Charter of these States. In return, the Islamic countries supported Turkey's position on the Cyprus question without reservation.

The meeting of the Heads of State of Turkey, Pakistan and Iran in Izmir on 21/22 April 1976 should be seen in the same light. At this meeting, which was held to discuss 'regional cooperation and development', agreement was reached on further regional cooperation projects.

10. The critical state of the Association and the fundamental problems that exist have meant that discussion of the still unsolved problems of Cyprus and the Aegean area has faded somewhat into the background. Regret has been expressed that negotiations on the Cyprus question have come to a complete standstill, and the desire reiterated that the governments concerned should work out the necessary solutions as soon as possible by peaceful means.

As far as the problems of the Aegean area are concerned, there are some promising developments which seem to give grounds for hope of a solution. Since the beginning of November 1976 negotiations have been under way between the Turkish and Greek governments in Berne on the delimitation of the Continental shelf in the Aegean and in Paris on the re-opening of air traffic over the Aegean Sea.

In Berne the delegations of the two countries signed a protocol on 29 November 1976, which laid down as a kind of first step the procedure to be followed in further negotiations. Progress has also been made in the Paris talks, so that a re-opening of the Aegean Sea to air traffic may be expected in the foreseeable future.

The Committee on External Economic Relations can but welcome this initial progress, since it has stressed on several occasions that the necessary solutions can be achieved only by peaceful means and that dangerous tensions, such as built up in the Summer of 1976 around the Turkish research vessel 'Sismik I', must be avoided at all costs.

III. The critical state of relations within the EEC-Turkey Association

11. Against the background of Turkish domestic policy outlined in the above chapter, the double postponement of the meeting of the Association Council had had a critical effect on relations between the EEC and Turkey. The Community is once again harrassed by internal difficulties and occupied by other negotiations with the outside world. Turkey thus felt neglected and regarded as inadequate the terms it had so far been offered by the Community. In addition, relations within the Association were complicated even further by unnecessary misunderstandings. The situation was aggravated by the fact that the election campaign for the elections that would normally be held in Turkey in October 1977 had already begun unofficially, and the Government party was under pressure to show positive results from the Association, in order to defend the latter convincingly in the face of public opinion and opponents of the EEC.

There are four main economic and social problems at the present time:

- (1) the Community aid needed to reduce Turkey's trade balance deficit;
- (2) the reviews in the agricultural sector provided for in the Agreement;
- (3) freedom of movement for Turkish workers in the Member States of the Community;
- (4) the financial aid to Turkey to be provided by the Community.

The following deals with these points and the problems connected with them, for which the Association Council meeting of 20 December 1976 managed to find solutions reasonably acceptable to Turkey.

(a) Economic and trade problems

12. If we look back at the EEC-Turkey Association during the 12 years

of its existence and analyse the recommendations of the Joint Parliamentary Committee and the annual reports of the Association Council, it is clear that the two central problems that the Association partners are trying to solve in the economic and trade sector (this being equally true of the problems connected with Turkish agricultural exports, which are dealt with in the next chapter) are:

- the problems of Turkish industry, which is still in its infancy, and
- the constant increase in Turkey's trade balance deficit, particularly with the Community.

13. In the industrial sector practically all products exported by Turkey to the Community already enjoy complete exemption from tariffs. (One exception is refined petroleum products, for which there is a tariff quota at zero rate of duty.) Turkey is also granted exemption from customs duties for all industrial products, with the sole exception of two products in the cotton goods sector as well as machine-woven carpets. (In these cases exemption from ~~customs duties is~~ also limited to certain quotas.)

14. Despite the enormous efforts made by Turkey within the framework of the third five-year plan, which expires in 1977, to promote industrial development and to heighten the competitiveness of its newly established industries, it still regards itself as being placed at a disadvantage by the dismantling of its tariffs vis-à-vis the Community over a fixed period, as provided for in the Association Agreement and in the Additional Protocol, and would like to see suitably flexible measures introduced, particularly as regards the division of products between the 12-year and 22-year lists.

The Joint Parliamentary Committee has shown itself amenable to Turkey's wishes, but has at the same time pointed out that such flexible measures could be introduced only for a limited period, if they are not to run counter to the final objective of implementing the customs union and making Turkey a full member of the Community. It has meanwhile been learned that the Community has also promised to give this point of view positive consideration.

15. At the Nice meeting there was a lengthy discussion on another wish expressed by Turkey, namely that it should be allowed to conclude preferential agreements with other developing countries without being obliged to extend the same advantages to other industrialized countries, including the Member States of the Community.

Since the European Parliament's delegation in Nice was not sufficiently informed about the economic implications of this request, it reserved the right to return to it after consulting the Community

institutions. At its meeting of 6 July 1976, in the presence of the Commission of the European Communities, it carried out a thorough analysis of the possible economic effects. The conclusion it reached was that the Community would not be placed at a disadvantage, either in principle or from the economic or customs point of view, if Turkey were authorized to conclude preferential agreements without extending these preferences to or reserving them for the Community, as laid down in the Additional Protocol. Consequently, the European Parliament's delegation adopted the amended final version of point 4 of Recommendation No 2.

16. In 1975 the worldwide recession accentuated the problems faced by Turkish agriculture and industry from the point of view of foreign trade, and this was reflected particularly clearly in a deterioration of Turkey's trade balance. According to the statistics available total exports from Turkey to all the countries of the world fell last year. This trend was, however, much clearer in the case of Turkey's trade with the Community (down by 14.4%) than in its trade with the rest of the world (down by 3.6%). Thus, trade between Turkey and the Community in 1975 already showed a deficit of 1,700 million dollars. This meant that the deficit, which had been an annually recurring feature since the very beginning of the Association, had now taken on alarming proportions. Looking at the balance of payments picture as a whole, the expenditure incurred as a result of the sudden sharp increase in imports of raw materials and capital goods could no longer be offset by the remittances from Turkish workers working in the Community Member States, which did not increase.

17. It is gratifying, therefore, that as long ago as 1975 the Association Council set up a working party of experts, which studied this problem and submitted its report on 6 April 1976. Since the details of this report are not yet known, the Joint Parliamentary Committee has asked the Association Council to publish it straightaway and to take the necessary measures set out in it. In this connection it must by now have become obvious to all concerned that the problems are so extensive that they can no longer be solved simply by customs or financial measures, but only by wide-ranging structural aids and a high degree of cooperation.

According to the figures so far available, the problems mentioned above have become less acute as a result of favourable trends in Turkey's foreign trade in the first half of 1976. In this period Turkish exports to the EEC rose from 40 to 43% as against the previous year. At the same time Turkish imports from the EEC have dropped from 48 to 47%. Particularly notable is the fact that exports of agricultural products

between January and July 1976 doubled, to 878 million US dollars, as against a figure of 402 million US dollars for the corresponding period in the previous year.

b) The unsolved problems in the agricultural sector

18. In 1975 over two-thirds of Turkish exports to the European Community (a total of 615 million dollars) again consisted of agricultural products. Of these the same five products again took the lion's share, i.e. tobacco, dried grapes, dried figs, hazelnuts and cotton. The Joint Parliamentary Committee has drawn attention on several occasions to this state of affairs and called for measures to diversify Turkish agriculture, so that it does not continue to concentrate on a few products which in any case have to contend with strong competition from similar products in other Mediterranean countries.

The second review provided for under Article 35 of the Additional Protocol, though it would be important for this purpose, has not yet been completed, because Turkey regarded the 'concessions for agricultural products' offered by the Community as entirely inadequate. Meanwhile, however, the last Association Council meeting also reached agreement on further Community concessions.

The Joint Parliamentary Committee is aware of the importance of agriculture for the Common Market countries and for Turkey. In the light of the agreements already concluded, however, it fears that the further development of the Community's Mediterranean policy will lead to an erosion of the preferences granted to Turkey and wants the Community to prevent any such erosion. It also asks that agricultural problems arising from the Additional Protocol should be unequivocally clarified, having regard to possible enlargements of the Community, so that the question of concessions in the agricultural sector will no longer give rise to differences of opinion and disputes between the partners.

It should of course be emphasized in this connection that the Community is under no obligation under the Association Agreements to extend indefinitely the preferences negotiated bilaterally with other third countries to Turkey with automatic supplementary margins. Such technical customs provisions are not as important as the matter mentioned above, namely that experts from both the association partners should draw up and carry out practical measures for the diversification of Turkish agriculture and the improvement of marketing techniques and for market research and management training. This basic work is essential for any improvement of the structure of Turkish agricultural exports and for providing easier access for Turkish products to Community markets.

(c) Problems in the social sector

19. The freedom of movement of Turkish workers in Community countries, as laid down in Article 36 of the Additional Protocol, is the most important question in the social sector still to be discussed by the Association Council. It was also the subject of the special reports by the two rapporteurs of the Joint Parliamentary Committee at the XXIIInd meeting in Ankara.

For Turkey these questions and their solutions constitute a crucial element of the reciprocal rights and obligations enshrined in the Association Agreement. This freedom of movement is to be introduced, according to Article 36 of the Additional Protocol, gradually over a period of 10 years as from 1 December 1976. Despite all its economic and social difficulties, the Community must honour its obligations in this respect under the Agreement. In their analysis the rapporteurs of the European and Turkish Delegations accordingly formulated essentially the same conclusions and demands, viz.

- the creation of a 'second priority' for Turkish workers, i.e. that vacant jobs in Community countries not taken by Community citizens must be offered to them in preference to workers from other third countries;
- freedom of movement must not lead to mass migration against the interests of both Association partners. It must therefore be supervised by a central body and regulated according to labour demand and supply;
- the existing bilateral agreements in the social sector must be harmonized and consolidated;
- the abolition of any discrimination against Turkish workers and the provision of rights equal to those of workers from other Community countries;
- liberalization of entry, residence and employment regulations for members of the families of Turkish workers in Community countries;
- implementation of the still outstanding social security measures pursuant to Article 39 of the Additional Protocol.

20. With regard to the various stages of implementation of freedom of movement, the European Parliament delegation asked Turkey for a certain flexibility and understanding on this issue in view of the economic difficulties and high levels of unemployment in Community countries.

The European delegation also pointed out that the migration of Turkish workers into the Community could provide only a partial and temporary solution to the problems of the Turkish economy. More important was the encouragement of joint industrial projects and the qualitative improvement of Turkish agriculture and, linked with this, the creation of jobs and adequate educational and training facilities in the country itself.

According to present information the Community has promised Turkey the so-called 'second priority' and has made further arrangements for the social sector.

(d) Problems concerned with financial aid

21. Under the second Financial Protocol which expired in May 1976, loans were granted to the envisaged amount of 195m u.a. The only outstanding sum is the 47m u.a. laid down in the Supplementary Protocol on the occasion of the enlargement of the Community. It has not yet been possible to distribute this money as one Member State and Turkey have still not ratified the Supplementary Protocol.

After long internal discussions, the Community drew up its proposals for the new Financial Protocol, offering Turkey 310m u.a. Turkey regretted that this offer did not represent any substantial increase. It did however take note of the Community's efforts considering its economic difficulties.

So as to avoid any protracted break in financial cooperation in building up the Turkish economy, the Joint Parliamentary Committee urged that the Third Financial Protocol should be signed and implemented at an early date. In this connection the Association Council agreed at its last meeting, independently of the ratification procedures, to set the expiry date for the new Financial Protocol at 31 October 1981, thereby also shortening its duration.

IV. The need to activate the relations within the Association on the basis of the existing agreements

22. With regard to the still unsolved problems within the Association relationship and the existing contractual obligations and in view of Turkey's particular political importance, the appropriate Community institutions will have to reach agreement with Turkey without further delay on the measures that have been announced time and time again for activating relations within the Association. The Joint Parliamentary Committee and the European Parliament will have an important part to play here as regards consultation on and the initiation of policy.

23. The proposals and measures which are to be respectively drawn up and implemented in these fields would firstly have to serve the purpose of convincing Turkey of the Community's willingness to develop the Association in a balanced way, particularly with regard to Greece. Secondly, efforts should be made, on the basis of Turkey's wishes and counterproposals, and jointly with all the appropriate Community institutions, to counteract anti-Community tendencies in Turkey and to bring about the satisfactory realization and positive shaping of the

association both on the basis of the existing agreements and with a view to Turkey's eventual full membership of the EEC.

The delegation from the European Parliament to the EEC-Turkey Joint Parliamentary Committee drew up a note as long ago as 22 December 1975¹ containing proposals along these lines and submitted it to the political groups. The desired reaction was not, however, forthcoming.

In accordance with these proposals the Joint Parliamentary Committee then urged the Association's bodies in Nice, in the general context of fully activating relations within the Association:

- (1) to strengthen consultation and coordination with Turkey particularly with regard to the shaping of the joint economic trade and social policy;
- (2) to encourage Turkish participation in the technical know-how of Community countries, the exchange of information in the industrial sector and co-operation between enterprises;
- (3) to improve the opportunities for exporting Turkish products to the EEC and third countries by training managerial staff, providing financial aid and evolving more sophisticated marketing techniques;
- (4) to develop the measures necessary to ensure diversification in Turkish agriculture;
- (5) to pursue a general policy of promoting exchange programmes for teachers, journalists, economic experts, union representatives, government officials etc.

This does not of course provide an exhaustive list of possible or necessary measures but deals with a number of main areas of the considerable efforts required in order to pave the way for Turkey towards the ultimate objective of the Association, i.e. full membership.

24. An interesting aspect of the problem of activating relations within the association was also dealt with at the meeting in Nice in the special reports submitted by the two rapporteurs. They contained a study of ways in which to promote the economic development of Turkey by placing greater emphasis on regional priorities and of the possible aid that could be given in this respect by the European Communities, particularly with regard to the development of Eastern Turkey.

¹ PE 43.232

25. The European delegation summarized the steps that had been taken to implement the two Financial Protocols and drew attention to the large number of projects that had been allocated to Eastern Turkey. Financial backing totalling 121.8 million u.a. and representing approximately 33% of the total amount loaned had in this way been provided for a total of seven projects in this region, which occupies 31% of the country's land area and contains 8.2 million inhabitants accounting for 20% of the population.

A number of proposals were also made outlining the main areas in which new development projects ought to be established, principally in the improvement of energy supplies, the development of the infrastructure, prospecting for mineral resources, tourism and certain agricultural projects.

26. Turkish representatives compared the state of development in eastern Turkey with the country's overall development and underlined the major imbalances that existed. Reference was made to examples of possible development-models taken from other countries and the wish was expressed that the Community make further tangible contributions to regional development in Turkey.

Potential development projects proposed for Eastern Turkey were the construction of power stations and irrigation plants in the upper Euphrates and Tigris valley, the intensified rearing of cattle for breeding and domestic purposes, the promotion of tourism, and expanding the transfer of technology and training programmes for young engineers.

27. On the basis of the special reports and the ensuing discussion, the Joint Parliamentary Committee called for exploration of the possibility of setting up a joint fund and furthermore advocated a greater degree of preferential treatment for severely underdeveloped regions in Turkey within the general framework of the third Financial Protocol. The committee established a number of relevant main areas suitable for development by combining the proposals put forward by the rapporteurs, and urged the Association bodies to initiate without delay joint studies on possible means of intensifying cooperation, with a particular regional emphasis in Eastern and South Eastern Anatolia.

V. Concluding remarks

28. At this still critical stage in relations between the EEC and Turkey, the first and most pressing wish of the Joint Parliamentary Committee, the Committee on External Economic Relations and the European Parliament as a whole is to see the Association maintained. Unfortunately, the Member States continue to underestimate Turkey's disappointment and frustration at its neglect by the Community. If the Community remains too inactive and

too unwilling to reach some compromise with Turkey, there is a real danger that it could find itself on a path leading to a complete break.

29. When the urgently needed consolidation of the Association has been completed, work must then begin immediately on activating it. However, as has already been pointed out, this can now no longer be achieved by customs or financial measures alone. The Association bodies must rather intensify their consultations and the coordination of their political, economic and social efforts and thus lay the foundations for a wide-ranging cooperation with Turkey, in order to build up an even more competitive strong export economy in that country.

It is only by building on the foundations of a healthy economy that the disparities in development between Turkey and the European Community can be overcome, the goal of full membership of the European Community for Turkey achieved, democratic institutions in that country strengthened and Turkey prevented from turning its back on the Community, Europe and the Western world in general.

XXIst Meeting 25 to 28 APRIL 1976

NICE

FINAL COMMUNIQUE

The EEC-Turkey Joint Parliamentary Committee met in Nice under the chairmanship of Mr Kamran INAN, Chairman of the Delegation of the Turkish Grand National Assembly, and Mr Frankie HANSEN, Chairman of the European Parliament Delegation.

During the discussions, in which the President-in-Office of the EEC-Turkey Association Council and Finance Minister of Turkey, Mr ERGENEKON, the President-in-Office of the Council of the European Communities and Minister of Economic Affairs, Transport and Tourism of Luxembourg, Mr MART, and Mr SIMONET, Vice-President of the Commission of the European Communities, took part, the parliamentarians discussed a number of current questions of joint interest, concerning notably the eastern Mediterranean.

The members of the Joint Parliamentary Committee also stressed that a strong tie should exist between the peoples of the European Communities and the people of Turkey, a country which has been associated with the European Communities since 1964, with a view to full membership of the Communities. The members confirmed their common intention of working towards European Union.

The members again advocated speedy negotiated solutions to the Cyprus problem on the basis of the Brussels Agreement between the Foreign Ministers of Turkey and Greece, and to the unsolved problems in the Aegean. Furthermore, they called for full consultation of Turkey in connection with the forthcoming accession of Greece to the Community. The members invited the Association Council to take the appropriate steps to achieve this.

The Turkish delegation expressed its hope for the successful outcome of the steps taken in order to improve bilateral relations between Turkey and the USA, which had deteriorated after the embargo decision, and to end a situation which was undermining the common defence posture; its conviction that the strengthening of the south-eastern flank of NATO is a sine qua non for the strengthening of the western defence posture as a whole; its deep regret and concern over the initiatives taken by Greece aimed at invalidating from every point of view the western defence posture and solidarity; and its belief in the maintenance of peace in the Aegean and Eastern Mediterranean.

The European Parliament delegation shared the concern of the Turkish parliamentarians regarding the maintenance of peace and the need to guarantee a peaceful balance in the region.

The members stressed the importance of the fact that the Community Mediterranean policy should in no way prejudice the interest of Turkey and hoped for a comprehensive review of all areas of the Association relationship, with a view to the possibilities of activating them on the basis of the existing agreements.

The EEC-Turkey Joint Parliamentary Committee further discussed how the European Community could contribute to the development of eastern Turkey, and advocated intensification of cooperation in the development of the region on the basis of specific proposals.

At the close of its discussions the Joint Parliamentary Committee adopted the following recommendations:

RECOMMENDATION NO. 1

The EEC-Turkey Joint Parliamentary Committee

- having regard to the great importance of mutual relations between Turkey and the European Communities;
 - on the basis of its Recommendation No. 1, adopted at the 20th Meeting;
 - having regard to the outcome of the meeting of the Association Council on 1/2 March 1976 and the statements of the President of the Association Council;
 - having regard to the still unresolved problems in the Eastern Mediterranean and the Aegean;
1. Stresses once again the importance of political consultations between Turkey and the European Community on international questions of common interest;
 2. Takes note of the statement of the Association Council that the provisions of Article 56 of the Additional Protocol regarding the accession to the EEC of a third state are to be implemented fully and invites the Association Council to adopt adequate measures within the framework of the association agreements in parallel with the negotiations to this end;
 3. Hopes that the intercommunal negotiations being conducted within the agreement reached at Brussels on 12 December 1975 between the Foreign Ministers of Turkey and Greece will soon pave the way to a peaceful solution in Cyprus, and, therefore, hopes that the implementation of the EEC-Cyprus association agreement on an equal basis for both communities will contribute effectively to the successful outcome of the intercommunal negotiations;
 4. Calls on the Governments concerned to begin meaningful negotiations for an early solution to the Aegean problem - especially regarding the delimitation of the Continental shelf - with a view to reaching a mutually acceptable agreement both for Greece and Turkey, and, inter alia, to achieving a common position with the Community countries at the international conference on the Law of the Sea in New York.

RECOMMENDATION NO. 2

The EEC-Turkey Joint Parliamentary Committee

- having observed the statements of the President-in-Office of the Association Council and of representatives of the Turkish Government;
- noting that the balance of obligations of the EEC-Turkey Association is turning to the disadvantage of Turkey;
- accepting the fact that the EEC-Turkey Association must achieve a new relationship within the framework of the Association;
- stressing the need to adapt the EEC-Turkey Association to the worldwide economic conjuncture;

(a) Industrial field:

1. Recommends, therefore, flexible measures in order to assist the Turkish industrialisation process with special regard to the new and growing industries. Regarding this, it is necessary that it should be possible to transfer goods from the 12 year sector to the 22 year sector, and taking into consideration that the safeguard measures for the newly established industries within the developing industrial structure of Turkey must be increased and flexibility brought to the mechanism of quantitative restrictions, in accordance with the present economic conditions of Turkey.

(b) Commercial field:

2. Stresses that the EEC Mediterranean policy should in no way produce results contrary to the spirit and aims of the Ankara Association Agreement.
3. Welcomes the re-examination of the preferences granted to Turkish exports and of the possibility of developing and diversifying those exports, with a view to counteracting the erosion of Turkey's privileged position under the Association Agreement which has resulted from the EEC's agreements with third countries.
4. Stresses the importance of the existing possibility for Turkey to conclude preferential agreements in conformity with the provisions of GATT with other developing countries without being obliged to favour any other developed country with the same preferential treatment.

5. Looks for all-round development of cooperation between the Community and Turkey in all possible fields of common interest including
- transfer of technology;
 - exchanges of information in the industrial sector and cooperation between enterprises;
 - the encouragement of the diversification of Turkish agricultural production and the improvement of marketing techniques;
 - increased consultation and coordination with Turkey on various Community policies (particularly economic, trade, and social policy);
 - more intensive exchange programmes for teachers, journalists, economic experts, union representatives, government officials, etc.

(c) Social field:

6. Expresses the hope that, with reference to Article 39 of the Additional Protocol, negotiations on the remaining social security measures will at last be concluded, with a wide interpretation of this Article;
7. Calls on the Association Council - with reference to the implementation of freedom of movement for Turkish workers within the Community provided for in Article 36 of the Additional Protocol - to expedite the preparatory work and to report to it at its next meeting;

(d) Financial field:

8. Calls for increased financial cooperation with Turkey and the early conclusion of the new Financial Protocol;
9. Underlines the fact that it is absolutely essential to decide in a short time within the Association bodies the detailed measures to be taken in the fields mentioned above and to implement them, in order to safeguard and develop the links between Turkey and the EEC within the association agreement.

RECOMMENDATION NO. 3

The EEC-Turkey Joint Parliamentary Committee

- reiterating its strong adherence to the principle expressed in the Ankara Agreement that the support of the EEC for endeavours to improve the living standards of the Turkish people will in future facilitate the accession of Turkey to the EEC;
 - having observed the specific problems of the Turkish economy which is rapidly developing and the difficulties of the less developed Eastern and South Eastern regions of Turkey, and in the light of the reports presented at this meeting which have provided detailed information on this subject;
 - noting with satisfaction the fact that reducing the differences in development between various regions through a balanced distribution of investment in Turkey is one of the basic principles of the Turkish Development Plans;
 - taking into consideration the fact that Turkey has for the first time allocated this year a special fund totalling 1,000,000,000 TL from her budget for the development of the Eastern and South Eastern regions of Turkey;
1. Welcomes with satisfaction the special reports and recommendations presented to the Joint Committee by the rapporteurs;
 2. Stresses that the possibility of joint funds must be explored by the Association bodies in a constructive spirit, while the amount of the financial credit provided for in the Financial Protocol should be increased and used for the development of the less developed eastern and south-eastern regions of Turkey; grants and Community loans with special conditions should also be considered;
 3. Underlines the necessity of a wide economic cooperation between the European Community and Turkey in Eastern and South Eastern Anatolia mainly in the fields of industry, agriculture, transportation, telecommunications, tourism and technology, and bearing the geographical situation of the region in mind, with particular attention to the possibilities of realising this cooperation on a tripartite basis with the participation of the Middle East countries;
 4. Requests that joint detailed studies in the Association bodies, with regard to possible means of cooperation for the development of Eastern and South Eastern Anatolia, be initiated without delay.

XXIInd MEETING

ANKARA

FINAL COMMUNIQUE

The EEC-Turkey Joint Parliamentary Committee met in Ankara under Mr F. HANSEN, chairman of the European Parliament Delegation, and Mr Kâmrân INAN, chairman of the Delegation from the Turkish Grand National Assembly.

The speakers included Mr BRINKHORST, President-in-Office of the EEC-Turkey Association Council and of the Council of the European Communities and Secretary of State in the Dutch Ministry of Foreign Affairs, Mr CAGLATANGIL, the Turkish Minister for Foreign Affairs and Mr BRUNNER, member of the Commission of the European Communities, and political, economic and social questions of joint interest, in particular the difficulties in EEC-Turkey association relations, were discussed.

The members of the Joint Parliamentary Committee called on the governments responsible to conclude without delay the negotiations on the various outstanding questions within the Association Council. The possible further enlargement of the Community and its probable effects on the EEC-Turkey Association and the situation in the eastern Mediterranean and the Aegean were also discussed.

The Eleventh Annual Report on the activities of the Association Council was also considered, in particular the measures required to strengthen the Association and adapt it to current needs.

On the basis of reports by both delegations, matters connected with the free movement of Turkish workers in the European Community, provided for in the Ankara Agreement and in the Additional Protocol, was also discussed.

At the close of its discussions the Joint Parliamentary Committee adopted the following recommendations:

RECOMMENDATION No. 1

The Joint Parliamentary Committee of the EEC-Turkey Association

- aware of the difficulties now facing the Association and of the political resolve and the decisions needed to overcome them,
 - having regard to the continuing and firm determination of the European Communities actively to develop the Association and to find a rapid solution to the present difficulties,
 - having regard to Turkey's special significance for Europe and the West in that it subscribes to the same democratic ideals,
 - having regard to its Recommendation No. 1 adopted at the XXIst meeting,
1. Regrets that the Association Council meeting which had already been postponed once until 16 October 1976 failed to take place and hopes that it can be held before the end of the current year;
 2. Calls on the governments of the Community States and the Council of the European Communities to take the political decisions needed to proceed with negotiations in the Association Council;
 3. Confirms its adherence to the political orientation and the basic objectives of the Ankara Agreement and is convinced that, in a world which has already seen major changes and is faced by further far-reaching upheavals, these objectives are still valid and are perhaps even more so than in 1963;
 4. Urges the Commission, the Council and the Association Council to take the political decisions and the measures urgently needed for the further development and full implementation of the Ankara Agreement;
 5. Expresses its concern at the continuing tension in the Aegean and eastern Mediterranean and again urges the governments directly concerned to rapidly negotiate a just and fair solution to all the outstanding problems in those areas;
 6. Stresses Turkey's increased political importance particularly as regards any future enlargement of the Community and emphasizes that such enlargement must not interfere with the solution of bilateral problems in the Aegean and eastern Mediterranean.

RECOMMENDATION No. 2

The EEC-Turkey Joint Parliamentary Committee,

- having regard to the Eleventh Annual Report on the activities of the Association Council;
- having heard the statements of the President-in-Office of the Association Council, and the representatives of the Turkish Government and the European Communities;
- having regard to the objectives of the Association Agreement, especially as regards more rapid economic growth and a steady improvement in living conditions in Turkey and a harmonious expansion of trade among the partner countries;
- convinced that the principles of the Association embodied in the Agreement must be implemented fully and without restriction;
- hoping that the Association Council will adopt the necessary measures within the Association in parallel with the accession negotiations between the EEC and Greece;
- having regard to its Recommendation No. 2 adopted at the 21st meeting;

As regards the institutional aspects

1. Calls once again upon the Association Council to intensify political consultations on matters of common interest;
2. Notes with satisfaction that use is now being made of the consultation procedure provided for in Article 53 of the Additional Protocol;
3. Hopes that the cooperation provided for in Article 27 of the Ankara Agreement between the Economic and Social Committee and similar bodies in Turkey can start without further delay;
4. Commends the successful work of the European Communities' Press and Information Office in Ankara and urges the Commission to promote further exchange and education programmes with Turkey;

As regards agricultural questions

5. Requests that the commitment of the Community be fulfilled with regard to conceding access facilities to Turkish agricultural products, taking into consideration the competition from the products of third countries and providing the possibility for improvement and diversification of Turkish exports, thus completing the work envisaged in the agricultural reform;

6. Calls for a definite settlement of the agricultural questions within the framework of the Additional Protocol, in view of the possible enlargement of the Community, so that the subject of agricultural concessions no longer constitutes a source of disagreement and dispute among the partners:

As regards trade and economic questions

7. Notes with satisfaction the rapid advances in industrialization made under Turkey's Five Year Development Plans which result, however, in a corresponding growth in Turkey's requirements for capital goods and raw materials;
8. Expresses concern, however, at the exceptionally sharp rise in 1975 in Turkey's balance of payments deficit with the Community;
9. Calls for an increase in trade concessions to Turkey in accordance with the spirit of the Association and the extension of the Association to new cooperation fields, in order to help to cover the deficit in its trade balance;
10. Awaits publication of the report drawn up by a specialist working group on the problems of the disequilibrium of Turkey's trade balance with the Community, together with the decisions of the Association Council with regard to this subject;

As regards financial questions

11. Points out that it has not yet been possible to pay out the 47 million u.a. provided for in the second Financial Protocol because various partner countries have not yet ratified the Supplementary Protocol signed on 30 June 1973;
12. Notes that the sum of 310 million u.a. offered by the Community to Turkey within the framework of financial cooperation is below the amount expected by Turkey;
13. Hopes that the third Financial Protocol will be speedily implemented so that there will be no interruption in financial cooperation in the development of Turkey's economy.

RECOMMENDATION No. 3

The EEC-Turkey Joint Parliamentary Committee,

- having regard to the documents of the rapporteurs of the Turkish and Community delegations;
 - having regard to Article 12 of the Ankara Agreement and Article 36 of the Additional Protocol providing for the progressive realization of freedom of movement for workers;
 - underlining the need to support the free movement of workers with effective social security measures and demanding to this end the implementation with a wide interpretation of Article 39 of the Additional Protocol;
 - having regard to the statements by the President-in-Office of the Association Council and representatives of the Turkish Government;
1. Stresses the special significance of freedom of movement for workers and the fact that this is one of the corner-stones of the Association in view of the tasks which Turkey has to carry out during the transitional stage of the Association;
 2. Hopes for the achievement of freedom of movement for the workers in the period from 1 December 1976 to 30 November 1986 by means of a full application of Article 12 of the Ankara Agreement and Article 36 of the Additional Protocol;
 3. Points to the necessity of determining the details of the first stage of freedom of movement, taking into consideration the fact that freedom of movement will be achieved step by step;
 4. Demands that the partners reach an agreement rapidly in order to start the first step on 1 December 1976;
 5. Is aware that freedom of movement must not lead to an uncontrolled mass migration of workers and states that the first step can be accomplished by establishing a central body to monitor supply and demand; and in regard to this considers that Turkish workers must be accorded second priority, as a prerequisite of freedom of movement.

OPINION OF THE POLITICAL AFFAIRS COMMITTEE

Draftsman: Mr Scott-Hopkins

Dear Mr Chairman,

At its meeting of 18 January 1977¹, the Political Affairs Committee held an exchange of views on the recommendations adopted by the EEC-Turkey Joint Parliamentary Committee at the end of the 22nd Session which was held in Ankara on 8 and 9 November last (Doc. 428/76).

It also took note of the results of the 23rd Meeting of the EEC-Turkey Association Council held on 20 December last in Brussels.

The solution arrived at on that occasion to the problems outstanding - in particular in the agricultural and labour sectors and the 3rd Financial Protocol - is likely to ensure a more harmonious development of the EEC-Turkey Association, in accordance with the spirit of the Ankara Agreement.

The Political Affairs Committee feels that the Community's pursuance of an overall Mediterranean policy should in no way detract from the economic benefits provided for under the Association Agreement with Turkey.

The Political Affairs Committee reaffirmed its interest in the political situation in the eastern Mediterranean. It favoured resolute action to reduce tension in the region. In particular it expressed the wish that the parties concerned, who all have special relations with the Community, should continue, with the support of the Community, to seek negotiated solutions respecting legality and the interests of those concerned.

¹Present: Mr Colombo, chairman; Mr Radoux and Mr Johnston, vice-chairmen; Mr Scott-Hopkins, draftsman; Mr Amadei, Mr Alfred Bertrand, Lord Castle, Mr Granelli, Sir Peter Kirk, Mr Mitchell, Mr Prescott, Lord Reay and Mr Zagari.

It felt that the initial results of negotiations between Greece and Turkey on the Aegean Sea were encouraging.

The question of Turkey's participation in political consultations in the Community was once more raised by the Political Affairs Committee.

Negotiations with a view to Greece's accession to the Community should provide the opportunity for the Community to analyse thoroughly the effects of this accession on relations between the Community and Turkey.

(sgd) Emilio COLOMBO

OPINION OF THE COMMITTEE ON SOCIAL
AFFAIRS, EMPLOYMENT AND EDUCATION

Draftsman: Mr Albertsen

On 23 September 1976 the Committee on Social Affairs, Employment and Education appointed Mr Albertsen draftsman.

It considered the draft opinion at its meeting of 29 September 1976 and adopted it unanimously.

Present: Mr Bouquerel, oldest member and acting chairman; Mr Albertsen, draftsman; Mr Bermani, Mr Bertrand (deputizing for Mr Pêtre), Mr Dondelinger, Mr Glinne, Mr Howell, Mr Kavanagh, Mrs Kellett-Bowman, Mr Meintz, Mr Rosati and Mr Schwabe (deputizing for Mr Walkhoff).

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At its meeting of 18 January 1977 the committee unanimously decided that the present opinion should also be considered to apply to the recommendations adopted in Ankara on 9 November 1976.

General observations

1. The Committee on Social Affairs, Employment and Education has for several years given attention to the problems connected with the employment of migrant workers in the countries of the Community particularly, as far as Turkish workers are concerned, the Federal Republic of Germany but also the Netherlands, Belgium, France and Denmark. This interest crystallized with the submission of an action programme in favour of migrant workers and their families in December 1974, which the Council of the European Communities adopted on 9 February 1976¹. Recently however, with the opening of Article 4 of the European Social Fund for the vocational training of migrant workers, the European institutions have attempted to make constructive improvements to the legal and social position of the workers.

The Committee on Social Affairs, Employment and Education of the European Parliament has sought to obtain an overall picture of the situation in Germany, Ireland and Italy by holding a number of hearings in those countries. Here reference should be made to the committee's report on the abovementioned action programme in which the rapporteur, Mr Albers, set out the committee's views in great detail². This document and others make it very plain that the Committee on Social Affairs, Employment and Education is sympathetic to the demands put forward by our Turkish Association partner on the basis of the Association Agreement and its Additional Protocol. At the same time it must be realized that unfavourable trends on the labour market over recent years make the present moment an inauspicious one for the introduction of a positive policy with regard to foreigners, such as for example the establishment of freedom of movement.

Social Security

2. In point 6 of recommendation no. 2, the EEC-Turkey Joint Parliamentary Committee expressed the hope that, with reference to Article 39 of the Additional Protocol, negotiations on the remaining social security measures would at last be concluded, on the basis of a broad interpretation of this Article. Whilst the Committee on Social Affairs, Employment and Education is in complete agreement with this demand, it has to point out that this question is already giving rise to extremely difficult and complex problems within the nine Member States. The Commission has already attempted, in several regulations from 1971 and 1972 and in a

¹ Bulletin of the European Communities, Supplement 3/76

² Doc. 160/75/rev.

more recent draft from April 1975, to establish and improve legal provisions and to ensure their effective implementation in the Member States. Moreover, the need to settle these problems within the Community has only slowly penetrated into the consciousness of the national authorities with the result that the first judgments of the European Court of Justice date back only to 1975¹. It is therefore certainly not unreasonable to believe that these measures involve differing degrees of difficulty for the European Community and Turkey, not least because of the unequal legal position created by bilateral treaties with individual Member States.

Freedom of movement

3. Under point 7 of recommendation No. 2, the EEC-Turkey Joint Parliamentary Committee calls for the implementation of freedom of movement for Turkish workers as provided for in Article 36 of the Additional Protocol. Freedom of movement is to be implemented gradually over a period of 10 years beginning 1 December 1976. However, the psychological climate produced by the existence of millions of indigenous unemployed would on no account permit any further extension in the employment of foreign labour, and is in fact tempting national and provincial authorities (particularly in the Federal Republic of Germany, which has by far the largest number of Turkish workers) to remove much of that equality with local workers which has for good reasons been granted so far. We must therefore seek some practical means of reconciling the Turks' justifiable demands with the host countries' wish to protect their own interests, such as the Commission has envisaged in its document on the application of Article 12 of the EEC-Turkey Association Agreement concerning the freedom of movement of workers². This is particularly urgent because the employment of migrant labour is in all probability a long-term phenomenon, particularly in view of the fact that the German Federal Labour Institute has found that not even 500,000 of the 2 million jobs filled by migrant workers could be taken over by unemployed Germans.

In an impartial study made in 1974 on the question of migrant labour, the OECD found that if the employment of migrant workers were ended, it would be necessary for European industrial companies to abandon their aims of constant growth with expansion of consumption and social progress.³

¹ Cases 108/75 and 19/76

² COM(76) 180 final

³ Number of Turkish workers employed in the European Community:

	<u>1972</u>	<u>1973</u>	<u>1974</u>
Germany	544,236	648,029	649,257
Netherlands	21,365	23,359	24,862
Belgium	15,044	15,309	15,864
France	27,822	45,366	55,943
Denmark	3,667	4,921	5,081
United Kingdom	1,946	2,062	2,175
EEC total	614,080	739,046	753,182

Conclusions

In its report on the action programme on behalf of migrant workers mentioned above, the Committee on Social Affairs, Employment and Education clearly pointed out those areas which it considered most deserving of attention in any discussion of migrant labour. Its view has now been validated by the information obtained at the hearings.

4. Is of the opinion that a study should be made of the possibility, with particular reference to the social security of Turkish workers, of setting up a special European insurance scheme which would provide foreign workers and their dependants with a payment on ceasing work in the Community, based on the length of employment.
5. Considers that a far-reaching reform and expansion of language and vocational training and further education is indispensable and ought to be given a basis in law, and that time and financial resources ought to be allocated to it by the European Community, Member States and employers.
6. Points also to the need to harmonize the bilateral agreements between individual members of the Community and Turkey and to adjust and harmonize the differing legal provisions which Member States apply to foreigners.
7. Expects the Association Council to decide on measures concerning the freedom of movement of Turkish workers based on the present Commission document¹ which will do justice to the legitimate interests of both parties.

¹ COM(76) 180 final.

OPINION OF THE COMMITTEE ON AGRICULTURE

Draftsman: Mr J. Gibbons

On 15 July 1976 the Committee on Agriculture appointed Mr Gibbons draftsman.

It considered the draft opinion at its meeting of 27 January 1977 and adopted it unanimously.

Present: Mr Ligios, Acting Chairman and Vice-Chairman; Mr Laban, Vice-Chairman; Lord Walston (deputizing as draftsman); Mr Aigner (deputizing for Mr Caro), Mr Albertini, Mr Früh, Mr O. Hansen, Mr Hoffman (deputizing for Mr F. Hansen), Mr Howell, Mr Hughes, Mrs Kellett-Bowman (deputizing for Mr Scott-Hopkins), Mr de Koning, Mr McDonald, Mr Martens, Mr Ney, Mr Pisoni, Mr Pistillo, Mr Pucci, Mr Spillecke (deputizing for Mrs Dunwoody) and Mr Schwabe (deputizing for Mr Bréqéqere).

Introduction

1. The Committee on Agriculture is called upon to give an opinion on the Recommendations of the EEC-Turkey Joint Parliamentary Committee adopted in Nice on 28 April 1976 and in Ankara on 9 November 1976, together with the Notice from President Spenale following his official visit to Turkey in May 1976.
2. The recommendations concerning the agricultural sector must be considered in the light of the Turkish Government's concern to maintain the position granted to it by the Association Agreement and its subsequent protocols.
3. The Association Agreement, signed with Turkey on 1 December 1964, had as its basic objective the establishment of a customs union with a view to full membership by Turkey of the European Economic Community.
4. The Additional Protocol¹, governing the transitional phase of the Association between the EEC and Turkey, laid down in Article 35 that the Community and Turkey should grant each other preferential treatment, the scope and the arrangements for which shall be decided by the Association Council.

The protocol further laid down that there should be a 22 year transitional period to allow for the adaptation of Turkish agriculture to the Common Agricultural Policy (Article 33) and that, the first year after the entry into force of the Additional Protocol, and every two years thereafter, the import advantages enjoyed by Turkey in the agricultural sector should be examined to allow for improvement, so as to achieve the objectives of the Ankara Agreement (Article 35(3)).

The first review of agricultural preferences

5. With the enlargement of the Community, a Supplementary Protocol was signed to extend the Association to the new Member States.
6. An Interim Agreement was then concluded to allow for the rapid implementation of trade provisions in the Protocol with the minimum of delay. Article 10 of the Interim Agreement provided for the successive examination of Turkey's agricultural preferences to be brought forward one year². It was agreed that in the first review, improvements would be made to ensure that the progressive alignment of Britain, Denmark and Ireland with the Common Customs Tariff would not be to the detriment of Turkey, and that agricultural concessions would be improved and complemented by further concessions related to the global Mediterranean Policy.

¹ O.J. No L 293, 29.12.1972, p. 4.

² Article 10, Regulation 2602/73, O.J. No L 277, 3.10.1973, p. 4

In the course of this first review, preferential margins for certain products were improved, and preferential treatment extended to about twenty new products (in particular garlic, dried onions, pasta products, grapefruit and malt)¹. These provisions were further improved on 29 October 1975².

7. At a later stage, the Council agreed that Turkey should benefit from 1 January 1974 from trade concessions no less favourable than those offered to countries enjoying generalised preferences.

8. Thus, the first stage ended with improvements being granted to the import arrangements to ensure that Turkey did not suffer from the enlargement of the EEC and was not put at a disadvantage in relation to countries benefiting from generalised preferences.

The second review of agricultural preferences

9. With the first review successfully concluded, the stage was set for a more complex second review to take into account the Community's Mediterranean Policy. The Turkish Government, pointing to the large increases in the deficit of the Turkish trade balance with the Community, stated that preferences granted by the Community to other Third Countries - especially within the framework of the Mediterranean Policy - had led to an erosion of the preferential margins provided for in the EEC-Turkey Association Agreement; without revision of the Agreement, Turkey would receive less favourable treatment than other countries in certain fields.

10. The negotiations which followed demonstrated a clear divergence of opinion :

- the Turkish authorities requested that all concessions granted to other Third Countries, and in particular those in the Mediterranean basin, be extended to Turkey;
- the Community, on the other hand, believed that improvements should be made product by product, account being taken of the real benefits of each concession for Turkish exports.

¹ Reg. 3375/73, O.J. No L 345, 15.12.1973, p. 1; Reg. 3574/73, O.J. No L 359, 28.12.1973, p. 17.

² Reg. 2755/75, O.J. No L 281, 1.11.1975, p. 97.

Consequently, the Commission did not take up Ankara's request in its entirety, but drew up a proposed list of concessions to be negotiated. As a result of certain reservations made by Member States, the Council Presidency proposed a minimum offer to allow negotiations to open, and which could be supplemented at a later date. The Community, therefore, adopted an 'initial offer' formula based on concessions receiving unanimous agreement, with the possibility of additional offers in the course of negotiations in the Association Committee and Association Council to break the deadlock.

11. The negotiations carried on in 1976 have in fact made it possible on 20 December 1976 for the Association Council to reach agreement on new concessions for Turkish agricultural products imported into the Community, and the second review was therefore closed¹.

Third review of agricultural preferences

12. The second agricultural review can be seen as a compromise agreement which left a number of Turkish requests unsatisfied. These questions will be dealt with, and in particular those relating to the Mediterranean Policy, in the course of the third review which is to begin in 1977.

Recommendations of the Joint Parliamentary Committee

13. The recommendations of the EEC - Turkey Joint Parliamentary Committee clearly reflect the concern of the Committee that Turkey's preferential position should be upheld.

14. The recommendations of the EEC-Turkey Joint Parliamentary Committee adopted in Nice on 28 April 1976² stressed that the EEC Mediterranean Policy should in no way produce results contrary to the spirit and aims of the Ankara Association Agreement³, and welcomed the re-examination of preferences to counteract erosion of Turkey's privileged position⁴.

15. The Notice from the President of the European Parliament following his official visit to Turkey on 20-24 May 1976, stressing the concern felt by Turkey at the erosion of the preferences provided for in the Ankara Agreement, noted that Turkey expected the Community to grant it at least the same preferences as those granted to other countries, particularly in the Mediterranean Basin⁵.

¹PE 47.375, p. 2, and CEE - TR 44/76. The agreement covered olive oil, preserved sardines, horsemeat, fresh and smoked fish, beans, onions, aubergines, marrows, celery, certain dried and processed vegetables, oranges, mandarins, grapes, hazelnuts, plums, melons, crustaceans and molluscs and fruit juices.

²Doc. 101/76/rev.

³Recommendation No. 2(2)

⁴Recommendation No. 2(3)

⁵PE 44.951/BUR

16. The concern felt by the EEC-Turkey Joint Parliamentary Committee at the deterioration in Turkey's preferential position was clearly expressed in the recommendations adopted in Ankara on 9 November 1976¹:

"Requests that the commitment of the Community be fulfilled with regard to conceding access facilities to Turkish agricultural products, taking into consideration the competition from the products of third countries and providing the possibility for improvement and diversification of Turkish exports, thus completing the work envisaged in the agricultural reform."

The second recommendation is of a more far reaching nature, going beyond a request for the maintenance of the preferential position :

"Calls for a definite settlement of the agricultural questions within the framework of the Additional Protocol, in view of the possible enlargement of the Community, so that the subject of agricultural concessions no longer constitutes a source of disagreement and dispute among the partners."²

Observations and conclusions

17. The recommendations of the EEC-Turkey Joint Parliamentary Committee clearly reflect the concern felt in Turkey that the preferential position accorded by the Ankara Agreement has been undermined.

The successful conclusion on 20 December 1976 of the second review has provided a partial answer to the anxieties expressed by the Joint Parliamentary Committee. The third review will allow for outstanding issues to be examined and additional advantages to be granted to Turkey where necessary.

18. The Committee on Agriculture would like to point out, at the same time, that it was clearly the intention at the time of signing the Supplementary Protocol that preferences granted to Turkey should be placed within the context of the global Mediterranean approach, and not that all concessions granted to a Mediterranean country should be automatically extended to Turkey. The case by case approach, examining the impact of particular exports to Turkey, adopted by the Commission, can be accepted as correct. At the same time, anxiety must be expressed as to the lack of an overall approach to concessions granted in the agricultural sector to countries in the Mediterranean, notwithstanding the difficulties of negotiating a series of separate agreements.

Turkey's preferential position has been clearly weakened by agreements concluded with Israel and the Maghreb countries, and this fact must be taken out of a purely technical context, and be given its political meaning : as

¹ Doc. 428/76, Recommendation No 2(5)

² Doc. 428/76, Recommendation No 2(6)

appearing to indicate a weakening of the Community's commitment to the Ankara Agreement.

At the same time, agricultural questions should not be seen purely in terms of trade concessions : the most urgent need is for overall development guidelines to govern future relations in the agricultural sector. Turkey has made a considerable effort to modernise its agricultural production, particularly through improved technology, with increased irrigation and fertilizer imports, better strains of seed and mechanisation.

Overall production of agricultural commodities increased by 13% in 1976, leading to a 2% increase in agricultural exports, which account for about 60% of total exports. In terms of trade with the Community, agricultural exports take an even greater part, about two-thirds of the total.

Clearly, for Turkey's agricultural development to maintain its planned rhythm, forward planning must be possible both internally and externally. A more global approach going beyond individual product bargaining is required to include practical aid for the diversification of Turkish agriculture, improvement in marketing, promotion within the Community, market research and management training.

It is in the context of the need for a planned approach, that (in addition to being desirable as a political commitment to the aims of the Ankara Agreement) the more far reaching recommendation calling for a definitive settlement of agricultural questions gains significance.

The Committee on Agriculture can support the wish to eliminate disputes between Turkey and the EEC which are caused by agricultural questions, and believes that the third review will provide the opportunity to settle outstanding issues. At the same time, the Committee expresses a certain surprise at the words "definitive settlement", as a 22 year transitional period in the agricultural sector was provided for by the Additional Protocol, with biennial reviews. While it might be desirable to establish a timetable for import arrangements of Turkish products, it cannot be possible to establish provisions for all products. Such a procedure is not provided for. It would not be sufficiently dynamic : tariff concessions must be adaptable to take into account developments within Turkey and in the Community.

19. With regard to the last point, the Committee on Agriculture points out that further development of preferences for Turkey and other Mediterranean countries must depend on measures to improve the market organisation and

structures of those products within the Community facing competition from Mediterranean countries, who benefit from lower costs, particularly for labour for processed products such as tomato products. A balance must be maintained between internal organisation and trade concessions if further developments in external policy are to be possible.

20. One can note in conclusion that the petrol crisis and the world recession have led to a serious deterioration in the commercial balance of Turkey, which has passed from a surplus of \$486 million in 1973 to a deficit of \$719 million in 1974 and a deficit of \$1,965 million in 1976. The OECD, in its last report on Turkey, stressed that no improvement can be expected without a considerable effort to improve exports to other OECD countries, particularly those of the EEC. The OECD underline the importance indicated above of a greater emphasis on exchanges of technological and marketing expertise as well as trade concessions. The relevant information on Turkey's trade balance and agricultural trade is given in the following annex.

ANNEX

I. TRADE DEFICIT (BY ZONE) JANUARY - JUNE

	<u>1975 (000 \$)</u>	<u>1976 (000 \$)</u>
<u>OECD COUNTRIES</u>	<u>1,390,663</u>	- <u>767,374</u>
A. <u>EEC</u>	- 916,506	- 596,337
a. the six original members	- 774,919	- 496,559
b. the three new members	- 141,587	- 109,778
B. <u>Other OECD countries</u>	- 474,157	- 171,037
a. U.S.A.	- 170,097	- 71,514
b. Japan	- 107,725	- 50,073
c. Others	- 196,340	- 49,450
Bilateral trade	+ 13,626	+ 20,166
Other countries	- 409,272	- 445,615
TOTAL	- 1,786,309	- 1,192,823

II. TURKISH AGRICULTURAL EXPORTS & IMPORTS 1975/76 (million \$)

<u>EXPORTS</u>	<u>1975</u>	<u>JAN-JUNE</u> <u>1975</u>	<u>JAN-JUNE</u> <u>1976</u>
Agricultural products	792.6	351.9	812.4
cotton	230.3	78.9	327.8
tobacco	183.2	128.9	219.6
hazelnuts	154	64.4	97.8
grapes	45.5	14.3	21.7
Processed agricultural	116.7	57.2	51.2
products			
<u>IMPORTS</u>			
Wheat	102.7	100.8	-
Rice	36.6	23.1	4.1

III. EXPORTS JANUARY - AUGUST

<u>Sector</u>	<u>1975</u>		<u>1976</u>	
	million \$	%	million \$	%
Agriculture and livestock	464	54	913	66
fruit and vegetables	431		867	
animal produce and livestock			35	
wood products	3		3	
others	9		8	
Mining industries	66	8	65	5
Industrial exports	327	38	399	29
processed agricultural products	86	10	63	5
petrol products	25	3	15	1
manufactured products	215	25	321	23
TOTAL	857	100	1,377	100

