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Report

drawn up on behalf of the Associations Committee

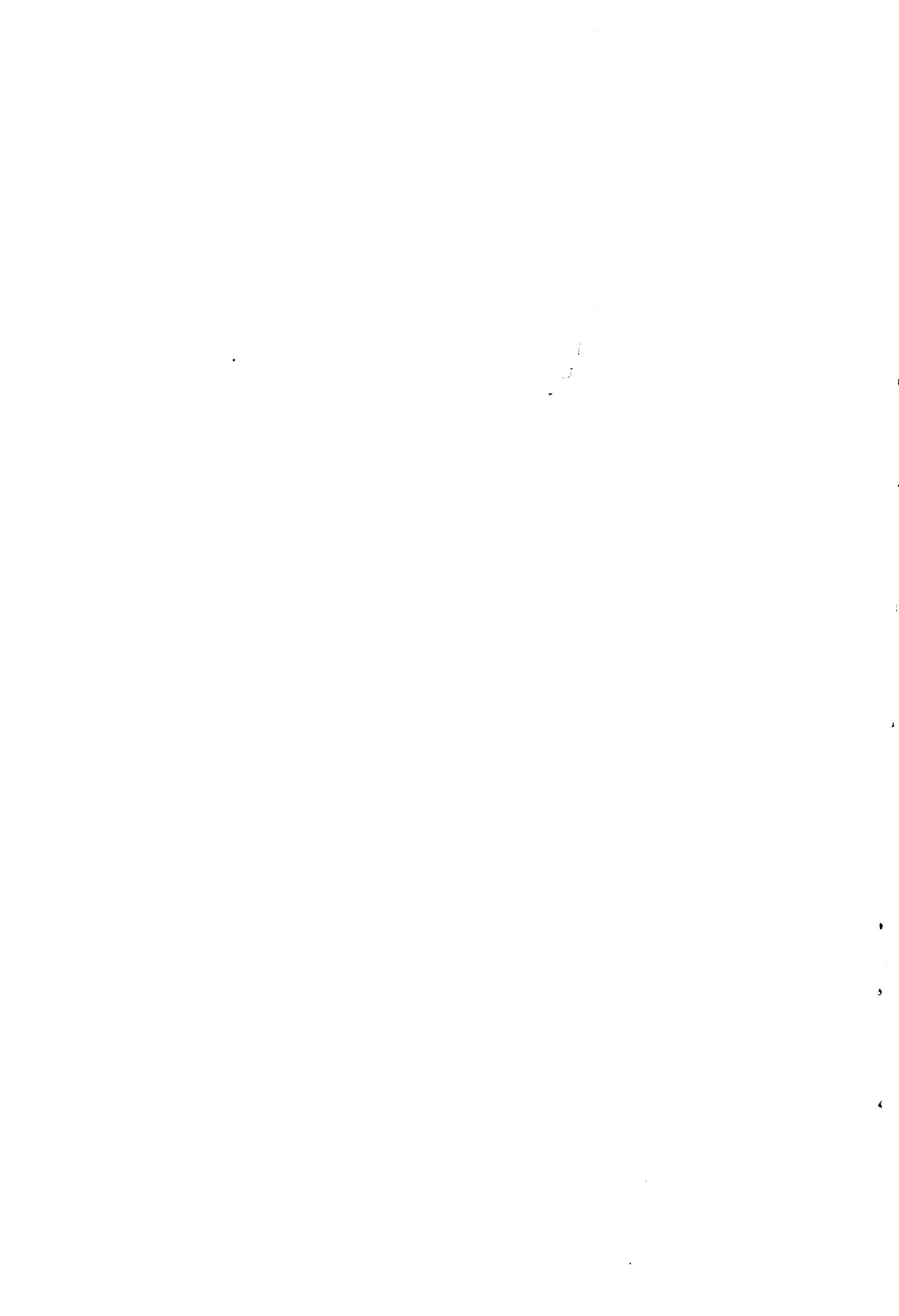
on the recommendations of the ~~/~~EEC-Turkey Joint Parliamentary Committee
adopted in Copenhagen on 24 April 1975 (Doc. 107/75)

Rapporteur : Mr E. A. KLEPSCH

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By letter of 2 June 1975, the President of the European Parliament referred the recommendations of the EEC-Turkey Joint Parliamentary Committee adopted in Copenhagen on 24 April 1975 to the Associations Committee, as the committee responsible, and to the Committee on Agriculture and the Committee on Social Affairs and Employment for their opinions.

On 20 March 1975 the Associations Committee appointed Mr Klepsch rapporteur.

It considered the draft report at its meeting of 2 July 1975 and unanimously adopted the motion for a resolution and the explanatory statement.

Present: Mr Schuijt, chairman; Mr De Clercq, vice-chairman; Mr Klepsch, rapporteur; Lord Bethell, Mr Bersani (deputizing for Mr Jahn), Mr Corrie, Mr Corterier, Mr Giraud, Mr Emile Muller, Mr Nyborg (deputizing for Mr Terrenoire), Mr Scelba (deputizing for Mr Girardin), Mr Scott-Hopkins and Mr Vandewiele.

The opinion of the Committee on Agriculture is attached.

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The Associations Committee hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

MOTION FOR A RESOLUTION

on the recommendations of the EEC-Turkey Joint Parliamentary Committee adopted in Copenhagen on 24 April 1975

The European Parliament,

- having regard to the recommendations adopted by the EEC-Turkey Joint Parliamentary Committee at its XIXth session in Copenhagen from 21-24 April 1975 (Doc. 107/75),
 - having regard to the report by the Associations Committee and to the opinion of the Committee on Agriculture (Doc. 182/75),
1. Approves the recommendations adopted on 24 April 1975 by the Joint Parliamentary Committee;
 2. Expresses the hope that in view of the eventual full membership of Greece and Turkey in the European Communities, lasting solutions can be negotiated to the differences between them, and welcomes in this context the willingness expressed by the Heads of Government of the two countries at their meeting in Brussels on 31 May 1975 to find a peaceful settlement to the problems confronting them;
 3. In the spirit of the declaration of the Foreign Ministers of the Nine on 13 February 1975 in Dublin, reiterates the Community's support for any just and lasting solution to the Cyprus problem based on the recognition of a sovereign independent state and on the equality of rights of the island's two communities;
 4. Urges the responsible bodies of the Community to ensure that the Community's food aid to the populations of the island is effectively delivered and distributed, regardless of the ethnic community to which they belong or the area in which they live.
 5. Considers that in order to strengthen the links established between the Community and Turkey over the last few years, the work of the Association's organs must be intensified and their working methods and decision-making powers adapted to these new realities;

6. Regrets, in consequence, that the Association Council has not met since 14 October 1974 and has not been able to answer the questions put to it by the members of the Joint Parliamentary Committee on matters relating to the operation and development of the Association;
7. Notes with satisfaction the new growth in trade between the EEC and Turkey in 1974;
8. Invites the Association Council in this connection to consider ways and means of granting new concessions to be made to Turkish agricultural exports under the first and second agricultural reviews provided for in Article 35 of the Additional Protocol, with a view to reducing Turkey's growing trade deficit with the EEC;
9. With a view to bringing the economic policies of the Association partners closer together, calls for concertation between the Community and Turkey in the GATT multilateral negotiations;
10. Hopes that in the interests of closer financial cooperation between the two parties, the obstacles to free movement of capital within the Association can be progressively reduced;
11. Regrets that the social security measures for Turkish workers and their families moving within the Community, provided for in Article 39 of the Additional Protocol have still not been adopted by the Association Council;
12. Hopes that children of Turkish workers employed in the Community will enjoy the same educational opportunities as the host countries' children - or at least comparable to those afforded to nationals of other Community countries - and suggests that Joint Committees of national and Turkish experts be set up for this purpose and asked to consider the specific problems of integrating them into the host countries' educational systems;
13. Instructs its President to forward this resolution and the report of its committee to the Council and Commission of the European Communities, to the Grand National Assembly of Turkey, to the Parliaments of the Member States of the Community and to the Turkish Government.

EXPLANATORY STATEMENT

1. The Joint Parliamentary Committee of the EEC-Turkey Association held its XIXth session in Copenhagen from 21 to 24 April 1975. Some months before, the Turkish Grand National Assembly members of the Joint Parliamentary Committee had come to Luxembourg on 13 and 14 January 1975 - during the part-session - and had a wide-ranging exchange of views with the members of several committees and with the political Groups of the European Parliament.

2. At the Copenhagen meeting - in which the chairman of the EEC-Turkey Association Council, Mr Elekdag, and the President-in-Office of the Council of the European Communities, Mr Kelly, also took part, but at which the Commission was unfortunately not represented by a Commissioner - both sides raised a large number of questions of common interest in economic, trade and social fields, which shows that relations between the European Community and Turkey are growing much closer.

The meeting also afforded the opportunity to go further into the problem of investment, particularly foreign investment, as an aid to industrial development in Turkey.

The two rapporteurs had agreed on the choice of this topic following the last meeting when the Joint Parliamentary Committee had expressed the desire to include on future agendas a specific item of practical concern to both parties to the Association Agreement.

3. In line with a trend already noted at the last few meetings, a wide-ranging and valuable discussion took place on political questions of direct or indirect interest to the two partners.

Although such problems are beyond the scope of the Association Agreement as such, it is nevertheless clear that holding out as it does the prospect of Turkish membership of the Community after an evolutionary process which would enable Turkey to accept in full the obligations flowing from the Treaty establishing the Community, the agreement has indubitable political implications.

4. The explosive situation which has prevailed for several months in the eastern Mediterranean, bringing Turkey into conflict with Greece and the Republic of Cyprus, countries which are also associated with the European Community, was inevitably of the greatest concern to the Nine in this context.

It is hardly surprising then, that for these reasons, and given Turkey's wish to be kept informed, as a future full member of the Community, of the process of political cooperation between the Nine, those questions of international politics were key topics of discussion at Copenhagen.

5. Following the meeting, four recommendations were adopted on political matters of interest to both sides, on the structure and operation of the Associations's organs, on economic and commercial problems and finally on social problems.

We should like here to say what they are about and set them each in context.

I. Political problems of common interest

6. For about a quarter of a century the Cyprus problem has been the major concern of Turkish foreign policy. Since the island's independence proclamation in 1960, the situation has passed through successive phases of apparent détente interrupted by bursts of tension, and became dramatically acute following the Putsch by the Greek-Cypriot National Guard on 15 July 1974 against President Makarios and Turkish intervention in the island on 20 July and again 14 August 1974. Since then, more than 40% of the area of Cyprus has been controlled by the Turkish-Cypriot authorities, who on 13 February 1975 proclaimed an autonomous state, and on 26 April 1975¹ adopted a new constitution. For Greece, joint guarantor along with Turkey and the United Kingdom, under the Zurich and London treaties, of the territorial integrity and security of the Republic of Cyprus, this 'fait accompli' was and is unacceptable.

7. The difference between Greece and Turkey over Cyprus has been superimposed on a number of others, some older and some more recent. The Turkish Prime Minister Mr Demirel listed them in a recent interview². They are:

- the remilitarization of the Dodecanese islands, which are very near to the Turkish coast, contrary to the provisions of the Treaties of Lausanne (1923) and Paris (1947);
- the Greek desire to extend the territorial waters of the islands in the Aegean Sea to 12 miles;
- the conflict between the two countries over the delimitation of the continental shelf and the exploitation of its resources in the Aegean Sea;

¹ The draft constitution has since been approved by 99.4% of the Turkish Cypriot electorate in a referendum held on 8 June 1975.

² Le Monde, 20 May 1975

- the Greek ban on overflights of the sea areas separating the two countries;
- the problem of the Turkish minority in eastern Thrace.

8. The Community could hardly ignore this tension between two states that are associates and potential members especially when a third country, also an associate, was involved.

Since the crisis in the summer of 1974, measures have been taken in two directions:

- emergency food aid to the stricken populations of Cyprus regardless of their ethnic community;
- a 'good offices' offer by the Community to the parties concerned in the Cyprus conflict, with a view to seeking a negotiated settlement of their differences.

To this end, the Foreign Ministers of the Nine, meeting in Dublin on 13 February 1975 under the procedure for political cooperation, instructed their President-in-Office to inform the parties concerned that they continued to consider the search for a just and lasting negotiated solution through consultation between the two communities on Cyprus extremely desirable, and that, to make this easier, the Nine were ready to have talks with representatives of all the parties concerned.

9. What is the situation at the time of writing? Although it is difficult to make predictions in an area where reactions are often unpredictable, the impression nevertheless prevails that the situation has eased somewhat over the last few weeks, although basically the conflict remains unsolved. The settlement of the Turkish government crisis in April certainly helped this trend.

The clearest signs of relaxation of tension were:

- the decision by the two parties to refer Greek and Turkish differences over the Aegean Sea to the International Court of Justice at the Hague;
- the start of talks between the Communities on Cyprus, under the auspices of United Nations Secretary-General Waldheim, at Vienna on 28 April 1975. These were suspended on 3 May, resumed on 5 June and again broken off on 7 June. A third round of negotiations is scheduled from 24 to 27 July. In the first round, a work schedule was drawn up for the short term and committees to study various problems (constitutional, economic) were set up;
- the talks in Rome on 19 May between the Greek and Turkish Foreign Ministers, Mr Bitsios and Mr Caglayangil, which in the opinion of the parties marked a first step in the conciliation process;

- the meeting of the two Prime Ministers, Mr Caramanlis and Mr Demirel, at the Nato 'summit' in Brussels on 31 May 1975. Following this meeting, the two Heads of Government stressed in a joint communiqué their desire to settle their problems through negotiation.

10. During its meeting in Copenhagen, the Joint Parliamentary Committee brought up, as mentioned earlier, all the problems just mentioned.

Our Turkish partners repeated their wish to be associated with the political cooperation procedures in operation between Community member states since the end of 1970 (see Klepsch report, Doc. 448/74, paragraphs 4 to 11).

They considered that each of the parties to the Association ought to be informed, and better still consulted, before any political decision of common interest was taken.

The Joint Parliamentary Committee therefore urged the Association Council to establish permanent and effective political consultation between the EEC and Turkey.

11. The Joint Parliamentary Committee considered that a peaceful solution ought to be found to the Cyprus problem, and more generally to all of the conflicts in the eastern Mediterranean.

In the case of Cyprus, a peaceful solution would imply recognition by all the parties concerned of an independent sovereign state and of the equality of the two communities on the island.

The concept of 'equality' might be interpreted in various ways; the European members considered that it should be understood in the sense of equality of recognized rights of the two communities on the island.

12. The Joint Parliamentary Committee also expressed the wish that the food aid the Community supplies to the Cypriot populations, regardless of their ethnic community, and area of residence, should be distributed in full and effectively reach the populations in need.

There was a wide-ranging exchange of views on humanitarian aid to these populations during the debate on an oral question by Mr Scott-Hopkins at the European Parliament sitting on 29 April 1975.

The Community decided in September 1974 to provide emergency aid including the free distribution of essentials to the populations affected. In March 1975 the Council decided on further emergency aid totalling one million u.a. The first aid was distributed through the International Committee of the Red Cross, and the second through the UN High Commissioner's Office since the Commission had arranged for the aid to be delivered through neutral international agencies and not through the Cyprus government. The total emergency aid amounts to 1,786,000 u.a.

13. The effectiveness of the aid distributed in this way through international agencies has sometimes been questioned. The extent of the current problems facing the displaced persons of the two communities (amounting to almost 40% of the total population of the island) justifies every effort to obviate administrative complications that interfere with or sometimes prevent delivery of the aid to the beneficiaries. This is the purpose behind recommendation no. 1 (paragraph 4) adopted by the Joint Parliamentary Committee, which also urges the responsible bodies of the Community - in this case the Council - to put an end to the delays in implementing the Commission's proposals in this area.

II. The institutional operation of the Association

14. In order to strengthen the links of all kinds established over the last few years between the Community and Turkey the work of the Association's organs must be intensified and their working methods and decision-making powers adapted to these new realities.

To make its work more effective, the Joint Parliamentary Committee has decided, as we have seen, to hold a third annual meeting during a Luxembourg or Strasbourg Parliament part-session, during which the Turkish members could make useful contacts with the political Groups or some of the committees of our Parliament.

With this and the enlargement of the Communities in mind, the delegations came to an agreement in principle to raise the number of members on each side from 15 to 18.

15. With a view to better supervision of the smooth running of the Association, the Joint Parliamentary Committee also decided in accordance with the recommendation adopted at the Istanbul-Tarabya meeting in October 1974, to put questions to the Association Council on matters of interest to its operation and development.

The Association Council has unfortunately not yet been able to respond to this initiative, not having met since 14 October 1974.

16. The infrequency with which the decision-making body of the Association meets inevitably inhibits smooth operation and development.

The Joint Parliamentary Committee has deplored this regrettable fact and also the failure to draw up an action programme as a basis for the Association's activities over the next few years.

The late publication of the annual report on the activities of the Association Council, making impossible any useful discussion on its contents, has also been deplored.

III. Economic and commercial problems

17. Trade between the EEC and Turkey again increased in 1974.

But this took place at the expense of the Turkish balance of trade, although it should be stressed that the increase in the Turkish deficit was less marked with the Nine than with the rest of the world.

The value of Turkey's imports rose spectacularly in 1974, mainly because of the higher price of raw materials.

A few figures will make this clear.

| | Turkish imports | | Turkish exports | |
|------|-----------------|----------------------------|-----------------|--------------------------|
| | (in million \$) | | | |
| | from the Nine | from the rest of the world | to the Nine | to the rest of the world |
| 1973 | 1155 | 944 | 612 | 707 |
| 1974 | 1708 | 2069 | 717 | 815 |

18. The export-import cover ratio thus fell in one year from 53% to 42% for trade with the Community and from 75% to 39% for trade with the rest of the world.

Over this period the Community's share in total Turkish exports increased slightly (from 46.4% to 46.8%), while Turkish imports from the Community fell from 55% to 45% of total imports.

19. Although, as we have just pointed out, the increase in the Turkish trade deficit with the Community is less than with the rest of the world, the fact remains that our partners have expressed serious concern at this further deterioration in their balance of trade with the Nine (the deficit rose from \$543m in 1973 to \$991m in 1974).

However, this increase cannot be explained by the rise in the price of raw materials, but by a shift in the terms of trade against Turkey. The price of the country's traditional exports (cotton, hazelnuts, fruit, vegetables, olive oil, etc.) has not increased proportionately to the price of capital goods from the Community, which Turkey as a developing country has to import in large quantities. This phenomenon is therefore a structural one and the solutions are not immediately apparent.

20. This large deficit is compensated, it is true, and even more than compensated, by receipts from transfers made by Turkish workers employed in Community countries. Funds thus transferred reached 1520 million dollars for the year 1974. The slowdown in economic activity and the considerable rise in the unemployment rate in the Community mean, however, that receipts from this source will probably be lower in 1975.

21. The only way for the Community to reduce this large trade deficit is to further increase the concessions made to Turkish agricultural products (with a few exceptions, Turkish exports of industrial products to the Community are duty free.)

Further concessions to agricultural products from Mediterranean countries, however, raises a certain number of problems, since they compete with similar products cultivated in the Mediterranean area of the Community.

It will be recalled in this connection that since 1 January 1974 Turkey has enjoyed the tariff concessions granted by the Community following the first agricultural review provided for in Article 35(3) of the Additional Protocol.

The Joint Parliamentary Committee has requested the Association Council to ensure that the second phase of the first agricultural review and the second agricultural review are concluded soon, and that Turkey obtains for its agricultural products, the highest level of advantage enjoyed by third countries.

22. In this regard our Turkish partners have again expressed their fear of seeing the preferences they enjoy from the Community being reduced or eliminated following agreements concluded or about to be concluded between the Community and a number of Mediterranean states in the context of the overall Mediterranean policy.

23. The European and Turkish delegations also hoped that the partners in the Association would establish a concertation procedure, especially for the multilateral negotiations in the GATT, with a view to bringing their economic policies closer together and eliminating non-tariff barriers to the growth of trade between them.

24. The Copenhagen meeting also allowed further discussion of the problem of Community investments in Turkey.

Foreign investments in that country are traditionally faced with a certain number of difficulties. The desire shown by the various Turkish governments to increase their country's industrial power - especially to

keep up with the rapid growth of the population - was reflected in the adoption in March 1971 of new provisions regulating foreign capital ('Law 6224' on incentives to foreign investment).

These provisions allow foreign holdings provided that they amount to less than 50% of the authorized capital of undertakings, and that the investment projects are too large to be financed exclusively from Turkish capital, introduce advanced techniques, are essentially export-oriented and can be competitive inside the common market without any need for subsidies. At present foreign holdings are largely concentrated in the pharmaceutical and rubber industries and in the tourist trade.

25. The members of the European delegation hoped that private investment from the Community - which is a little more than half the total volume of foreign investment in Turkey - would be granted certain facilities by the Turkish authorities compared with capital from other third countries, and that in particular, the numerous formalities required to obtain an investment permit would be easier.

The position of the new Turkish government under Mr Demirel, which in principle welcomes an increase in the role of foreign private investment in Turkey, will perhaps, it may be hoped, allow the Turkish authorities to introduce a more rational procedure in this area, which is extremely important for the future development of Turkey.

IV. Social problems

26. As usual, the Copenhagen meeting allowed a wide-ranging exchange of views on the social problems caused by the presence of more than 700,000 Turkish workers in the territory of Community Member States.

A first-hand impression of the problems of migrant workers and how they are introduced into the cultural and human context of the host country was obtained by the members of the Joint Parliamentary Committee on a visit to the shipyards at Elsinore, where many Turkish workers are employed, and the borough of Albertslund, an outer suburb of Copenhagen, where many of them live.

27. We shall confine ourselves to a brief summary of the most important points discussed in this connection in Copenhagen in April.

These are:

- the repercussions of the economic recession and rising unemployment on the job security of Turkish workers employed in the Community;

the Turkish partners again expressed the hope that their nationals would be less affected than those from non-associated countries by redundancies and short-time working caused by the crisis the western economies are now going through;

- the delay in putting into effect, pursuant to Article 39 of the Additional Protocol the provisions on social security for Turkish workers and their families moving within the Community. These measures should have been adopted by 1 December 1973. Community proposals concerning them were submitted to the Turkish government in June 1974. According to the President-in-Office of the Association Council, it seems that the Turkish government will soon be in a position to let the Association Council know its views on the Community proposals.

That would allow work on this in the Association Council to be started soon.

In any case, the Joint Parliamentary Committee reiterated its desire to see the provisions of Article 39 implemented in full without further delay.

It likewise expressed the hope that preparatory work for the implementation of Article 36 of the Additional Protocol - which concerns the free movement of workers between the Community and Turkey - would be started without further delay.

28. Finally, the Joint Parliamentary Committee discussed the problems posed by the education of children of Turkish workers in the Community. It considered that these children should enjoy the same educational opportunities as those afforded to host country nationals. It also hoped that Joint Committees consisting of national and Turkish experts would be established in areas where there is a concentration of Turkish children, with the aim of solving or alleviating the difficulties caused by their education.

OPINION OF THE COMMITTEE ON AGRICULTURE

Draftsman : Mr M. VETRONE

On 16 June 1975 the Committee on Agriculture appointed Mr Vetrone draftsman for the opinion.

It considered the draft opinion at its meeting of 30 June 1975 and adopted it by 12 votes to 2 with 1 abstention.

Present: Mr Houdet, chairman; Mr Laban, vice-chairman; Mr Vetrone, vice-chairman and draftsman; Mr Artzinger (deputizing for Mr Früh), Mr Boano, Mr Bourdellès, Mr Brégégère, Mr Cifarelli, Mr Cipolla, Mr Della Briotta, Mr Delmotte (deputizing for Mr Frehsee), Mr Hansen, Mr Liogier, Mr Martens and Mr Ney.

1. In the Recommendations adopted in Copenhagen on 24 April 1975 by the EEC-Turkey Joint Parliamentary Committee, there are two main points concerning agriculture and they are to be found in Recommendation No. 3:

- Paragraph 3 of this Recommendation, which requests the Association Council to ensure that the second phase of the First Agricultural Review and the Second Agricultural Review is started and concluded as provided in Article 35(3) of the Additional Protocol;
- Paragraph 4, which requests the Association Council to ensure that the second phase of the First Agricultural Review leads to the adoption of a preferential system which would accord to Turkey, in particular for its agricultural products, at least the highest level of advantages enjoyed by third countries.

2. In the Additional Protocol¹ governing the transitional phase of the Association between the EEC and Turkey, it is laid down - in Article 35 - in the first place that the Community and Turkey shall grant each other preferential treatment the scope of and arrangements for which shall be decided by the Association Council.

In the second place, in paragraph 3 of the same Article, it is laid down that one year after the entry into force of the Protocol, and every two years thereafter, the Association Council shall, at the request of either Contracting Party, review the results of the preferential treatment for agricultural products. On the basis of this review, it may decide upon improvements necessary to ensure the progressive attainment of the objectives of the Association Agreement.

3. Following the enlargement of the Community, a Supplementary Protocol was signed between the EEC and Turkey on 30 June 1973, with a view to extending the EEC-Turkey Association to the three new Member States of the Community, Denmark, Ireland and the United Kingdom.

This Supplementary Protocol provides for the First Agricultural Review, which should normally take place after 1 January 1974, to be anticipated, so as to provide for supplementary concessions to Turkey to compensate for losses following the application by the three new Member States of the Community arrangements for imports of agricultural products².

¹ See Doc. 186/70-71

² See Regulation 1274/75, on the Conclusion of the Agreement between the EEC and Israel, O.J. L 136, 28.5.1975.

4. This review started on 30 June 1973 and led to new Community concessions on about 20 products, for example: dried garlic and onions, pasta, some varieties of fruit and vegetables, malt, grapefruit, some fish, etc.

For other products, the Commission has undertaken to submit specific proposals to Turkey when negotiations with the other countries in the Mediterranean area are complete. This concerns in particular tomato concentrates, for which the Community has stated that it will take steps to ensure that imports from Turkey receive at least as favourable treatment as imports of the same products from Mediterranean countries.

5. The signing of the first Agreement¹ with a Mediterranean country (Israel) has prompted Turkey to insist (and this is reflected in the Recommendations adopted at Copenhagen) that the First Agricultural Review be concluded so that Turkey may receive for its own agricultural products the same preferential treatment granted to Israel and that the Second Agricultural Review be started to allow Turkey to enjoy the preferences accorded to the other Mediterranean countries, particularly those of the Maghreb.

6. The Committee on Agriculture, however, cannot help feeling a certain perplexity about this procedure.

It has always insisted on the necessity for an overall approach to the problems of the Mediterranean area, so as to arrive at not isolated but balanced overall solutions that take account both of the requirements of the agricultural economy of the Community countries whose products are in direct competition with those of the Mediterranean countries, and of the legitimate aspirations of the latter to have access to the Community market for agricultural products.

7. It follows then that, for the agricultural products Turkey is interested in exporting, negotiations between the Community and Turkey should be carried on simultaneously with those between the Community and the other Mediterranean countries having similar products and exports. In these negotiations the overall view of the whole Mediterranean policy for agriculture should not be lost sight of.

¹ See Regulation 1274/75, on the Conclusion of the Agreement between the EEC and Israel, O.J. L 136, 28.5.1975.

Community producers of agricultural products in direct competition with those of other countries of the Mediterranean basin are justifiably worried that the 'overall approach' may be words only that are not put into practice. The signing of the agreement with Israel and the Turkish request for separate negotiations give rise to fears that we are going ahead without knowing exactly where we want to go and without realizing the dangers which the Community's case-by-case approach may incur.

8. In this context, it is clear that granting Turkey 'at least the highest level of advantages enjoyed by third countries' is logical and justifiable only if for each individual product the situation is viewed globally and not country by country.

