

GENERAL AGREEMENT ON
TARIFFS AND TRADE

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ASSOCIATION AGREEMENT EEC-TURKEY

Questions and Replies

The contracting parties were invited (document C/M/94 and GATT/AIR/1080) to communicate to the secretariat any questions they might wish to put concerning the Supplementary Protocol to the Association Agreement between the European Economic Community and Turkey consequent on the Accession of new Member States to the Community.¹ In response to this request, a number of questions were received and were transmitted to the parties to the Association Agreement. The questions and the parties' replies are attached.

¹L/3980

REPLIES TO THE GATT QUESTIONNAIRE
REGARDING THE SUPPLEMENTARY PROTOCOL TO THE
ASSOCIATION AGREEMENT BETWEEN THE EEC AND TURKEY

Question 1

Will the added competition from the EC new Member States in the Turkish market cause the Government of Turkey to take additional safeguard measures to protect existing industries or to otherwise slow the planned process of economic integration with the EC?

Reply

The safeguard measures which may be applied in the relations between the EEC and Turkey and the procedures for invoking those measures are laid down in the relevant instruments, namely the Ankara Agreement, the Additional Protocol and the Supplementary Protocol. The measures will of course be invoked as the circumstances dictate.

The Supplementary Protocol concluded after the accession of new Member States to the EEC contains no provision for slowing down economic integration, the details of which are decided by the Contracting Parties under the Ankara Agreement and the Additional Protocol.

Question 2

What will be the effect of the EC-Turkey Protocol on the Government of Turkey's intention to eliminate import quotas? When will the remaining Turkish import quotas applicable only to third countries be eliminated?

Reply

Article 4 of the Supplementary Protocol lays down the technical details relating inter alia to the implementation of the provisions of Article 25 of the Additional Protocol whereby Turkey undertakes to abolish quantitative restrictions on imports coming from the Community under certain conditions and according to a specific time-table. These details do not affect substantive amendments to Article 25; they were necessitated by the accession of new Member States to the Community.

In this connexion, Turkey will continue to fulfil its obligations towards third countries under GATT.

Question 3

Given the generally higher tariff levels applied by Turkey to imports from third countries of equipment and other direct or indirect inputs needed for industrial use, how can the Government of Turkey expect its industries to remain competitive with EC firms enjoying generally lower tariffs (and thus lower costs) on procurement from third countries? Will this not be an increasing problem as the EC new Member States align their tariffs with the common external tariff of the original EC members?

Reply

The Additional Protocol, which governs the transitional stage in the EEC/Turkey Association, provides for the alignment of the Turkish customs tariff on the Common Customs Tariff according to a time-table which is similar to that laid down in respect of the tariff reductions to be made by Turkey in favour of the EEC. Consequently, the conditions governing supplies to Turkish industry from third countries will, in the course of economic integration, be progressively harmonized with those laid down for Community industry.

Question 4

Article 3 of the Supplementary Protocol provides as an amendment to Article 11 of the Additional Protocol that "the right available to Turkey under paragraph 3 may entitle it to introduce quotas, instead of reintroducing, increasing of imposing customs duties ..."

Is this not an amendment which goes beyond the scope of adjustment necessary to make the Additional Protocol applicable to the new Member States and which changes substantially the provisions of the Additional Protocol?

It also creates room for adopting more restrictive measures by introducing a new option of quotas in addition to tariff measures.

Is this not an amendment which goes against the provision of the General Agreement which provides that duties and other restrictive regulations of commerce are eliminated with respect to substantially all the trade between the constituent territories in a free-trade area?

Reply

No. Article 3 of the Supplementary Protocol is not a new safeguard measure in favour of Turkey; it is merely an alternative to an existing clause in the Additional Protocol.

Moreover, the field of application of the clause referred to above - namely, a group of products representing not more than 10 per cent of imports from the Community in 1967 - remains the same, and the rate of liberalization applied by Turkey will not be affected. It cannot therefore be said that this Article constitutes a substantial amendment to the provisions of the Additional Protocol.

Given that this is a safeguard measure to be applied only under exceptional circumstances, it is not contrary to the General Agreement.

Question 5

Article 9 of the Supplementary Protocol refers to the customs duties and charges having equivalent effect which are to be applied by the new Member States.

Is it correct to understand that the new Member States will apply the provisions of Article 9 to products other than those listed in Annexes 1, 2 and 6 and that they will eliminate those customs duties at the time of coming into force of the Supplementary Protocol?

Reply

Yes.

N.B.: There is clearly an error in the second paragraph of the question. The abolition by the new Member States of customs duties and charges having equivalent effect when the Supplementary Protocol enters into force concerns all products other than those listed in Annexes 2 and 6 (and not 1, 2 and 6) to the Additional Protocol.

Question 6

Paragraph 4, Article 11 of the Supplementary Protocol refers to "suitable measures".

What concrete measures are envisaged in this context?

Reply

The measures envisaged are decisions which may be taken by the Association Council in order to standardize, for practical purposes, the deadlines for the tariff reductions provided for in the Additional Protocol and the Supplementary Protocol respectively, taking into account the date of entry into force of the latter.

Question 7

Article 10 of the Supplementary Protocol refers to customs duties of a fiscal nature in the new Member States.

In Annex 2, however, there is no list of products in respect of which Denmark applies customs duties of a fiscal nature.

Is it correct to understand that there are no customs duties of a fiscal nature in Denmark in respect of which Article 10 of the Supplementary Protocol should be applied?

Reply

Yes. When the Supplementary Protocol was signed, Denmark had already transformed its customs duties of a fiscal nature into internal taxes.