



EUROPEAN FREE TRADE ASSOCIATION

12 September 2023

EFTA-Türkiye 1st Sub- and Joint Committee

29 August 2023

Public Report

I. Context

The EFTA States and Türkiye held their first Joint Committee meeting on 29 August under the modernised EFTA-Türkiye Free Trade Agreement (FTA), which entered into force on 1 October 2021 and replaced the previous EFTA-Türkiye FTA of 1992. The Joint Committee was preceded by the first meeting of the Sub-Committee on Customs Matters held on 28 August 2023.

Sveinung Røren, Director at the Norwegian Ministry of Trade, Industry and Fisheries acted as the EFTA spokesperson, while Hüsnü Dilemre, Director General for International Agreements and EU at the Türkiye Ministry of Trade headed the Turkish delegation.

II. General assessment

The two delegations discussed the implementation and operation of the EFTA-Türkiye FTA. They noted that the Agreement functions well and that trade has increased steadily. Furthermore, they explored ways to further enhance the understanding of the functioning of the Agreement and to increase awareness and utilisation by economic operators. The delegations further discussed developments in their trade relations since the Agreement came into force, including their trade relations with Ukraine. Moreover, EFTA and Türkiye engaged in a productive dialogue on the implementation of the Agreement, in particular

regarding services and trade and sustainable development. Both sides agreed to continue the dialogue and follow up on these issues.

III. Individual agenda items

The Joint Committee adopted Decision 1 of 2023 amending Annex XXI of the Agreement on Rules of Procedure of the EFTA–Türkiye Joint Committee.

EFTA and Türkiye engaged in an exchange of information on developments in their respective domestic economies and foreign trade relations, noting that the total merchandise trade between Türkiye and the EFTA States amounted to EUR 5.9 billion in 2022 and that bilateral trade has doubled since 2010. EFTA's imports from Türkiye have more than tripled in the past 12 years – reaching EUR 2.9 billion in 2022. With exports to Türkiye valued at EUR 3.0 billion, our trade is balanced. Among the free trade partners, Türkiye ranks among EFTA's five most important import sources.

EFTA addressed the Russian war against Ukraine and underscored that the Russian invasion is a serious violation of international law and referred to the joint statements by EFTA's Ministers in 2022. EFTA also expressed their concern about the ongoing suffering of the direct victims in Ukraine, as well as the further effects on the world economy and global trade. EFTA thanked Türkiye for the key role it played in brokering an arrangement that allowed the export of Ukrainian grain over the Black Sea last year and the subsequent extensions of this agreement. EFTA expressed its deep regret that Russia decided unilaterally to terminate the agreement on 17 July this year. Furthermore, EFTA informed Türkiye that in June EFTA and Ukraine Ministers jointly announced the initiation of a negotiation process to modernise the EFTA–Ukraine Free Trade Agreement concluded in 2010.

On the subject of customs matters, the Joint Committee received an oral report from the Sub-Committee meeting held the preceding day. The Sub-Committee meeting was held in a constructive and amicable atmosphere. The delegations discussed the well-functioning implementation of the agreement and noted that no major problems had been recorded on either side. Furthermore, the delegations agreed to finalise the work on a decision to amend Annex I to the Agreement providing for the use of transitional rules of origin as an alternative to the current pan-Euro-Mediterranean (PEM) rules, and to adopt a decision to this effect

before the end of the year. Finally, EFTA and Türkiye agreed on the usefulness and importance of assessing preference utilisation rates and to continue the necessary exchange of data to that end. Closer cooperation in this area and the possibility of organising a joint workshop in the fourth quarter of this year were discussed. The two sides agreed to keep in close contact through the contact points in the respective customs administrations.

Concerning trade in services, delegations discussed the functioning of the Agreement in a number of sectors including the implementation of: Annex XI on Movement of Natural Persons Supplying Services and problems encountered with regard to visa applications for professional drivers; Annex XV on Co-Productions where some Parties reported on increased use of the Annex; Annex XVIII on Tourism and Travel Services and security deposits required for tour operators; Annex XIX on International Road Transport and Logistics Services and certain pending implementation issues for road haulage operations; and the potential extension of Annex XVII on Health Services.

Regarding protection of intellectual property, the delegations gave an update with regard to developments in domestic legislation and recent ratifications of international agreements. On government procurement, EFTA underlined the benefit for economic operators, in particular for small and medium sized enterprises, of an open procurement market and indicated its interest in future market access commitments.

Türkiye and EFTA had before the meeting exchanged detailed written questions on the implementation of the commitments in the chapter on trade and sustainable development. In the area of labour standards, EFTA's questions touched, inter alia, on freedom of association, including ongoing cases in the International Labour Organization's (ILO) supervisory system and on the steps taken by Türkiye to combat violations such as repression of protests and strikes and harassment and arbitrary arrest of trade union leaders. EFTA also inquired about steps taken by Türkiye with regard to combatting child labour in agriculture and in the textile sector and measures initiated to close the gender pay gap. Furthermore, in the area of environment, EFTA had asked Türkiye questions on the implementation of the Paris Agreement, pollution from wastewater and recycling procedures. Türkiye had ahead of the meeting provided written responses to EFTA's questions and the two sides engaged in a discussion based hereon. EFTA put forward a number of follow-up questions and comments during this discussion, inter alia calling on Turkey to engage constructively with the ILO

supervisory bodies in the ongoing freedom of association cases and requesting more information from Türkiye on the measures taken or planned in this regard. Türkiye had asked Iceland and Switzerland questions regarding the gender pay gap, and implementation of ILO Convention No. 98 on the Right to Organise and Collective Bargaining in Switzerland. They also asked questions on an explicit reference to the right to strike and to the prohibition of anti-union discrimination in Liechtenstein legislation. The EFTA delegations concerned answered the questions during the meeting. Delegations agreed to follow up in writing on these answers as well as on EFTA's follow-up questions to Türkiye after the meeting.

EFTA further recalled existing obligations in the FTA regarding notifications for safeguard measures, as well as under the horizontal transparency provision

Finally, Türkiye invited EFTA to consider changing the name of Turkey to Türkiye throughout the Agreement and delegations agreed to be in contact to discuss this further.

Delegations discussed dates for the next meeting, noting that the Joint Committee normally meets every two years, and agreed to stay in contact through their respective contact points to solve any emerging issues if needed.