

# European Communities

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## EUROPEAN PARLIAMENT

# Working Documents

1973-1974

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13 November 1973

DOCUMENT 218/73



## Report

drawn up on behalf of the Committee on External Economic Relations

on the ~~communication~~ communication from the Commission of the European Communities to the Council on the outcome of the negotiations with Turkey consequent to the enlargement of the Community,

on the recommendation for a regulation of the Council on the conclusion of the Supplementary Protocol to the Association Agreement between the European Economic Community and Turkey consequent to the accession of new Member States to the European Economic Community,

on the recommendation for a decision of the Council concerning the opening of negotiations with Turkey on an Interim Agreement consequent to the accession of new Member States to the European Economic Community.

Rapporteur : Sir Tufton BEAMISH

PE 34.412/fin.



The President of the European Parliament requested the Committee on External Economic Relations to submit a report on

- the communication from the Commission to the Council on the outcome of the negotiations with Turkey consequent on the enlargement of the Community,
- the recommendation for a regulation of the Council on the conclusion of the Supplementary Protocol to the Association Agreement between the European Economic Community and Turkey consequent on the accession of new Member States to the European Economic Community,
- the recommendation for a decision of the Council concerning the opening of negotiations with Turkey on an Interim Agreement consequent on the accession of new Member States to the European Economic Community.

On 13 September 1973 the Committee on External Economic Relations appointed Sir Tufton BEAMISH rapporteur.

It examined the draft report at its meeting of 25 October 1973 and on the same day unanimously adopted the motion for a resolution together with explanatory statement.

The following were present: Mr de la Malène, chairman; Mr Boano, vice-chairman; Sir Tufton Beamish, rapporteur; Mr Bangemann, Mr Behrendt, Mr Brégègère, Mr Dewulf, Mr Kaspereit, Lord Mansfield, Mr Radoux, Mr Scholten, Mr Thiry.

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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 communication from the Commission to the Council on the outcome of the negotiations with Turkey consequent on the enlargement of the Community, on the recommendation for a regulation of the Council on the conclusion of the Supplementary Protocol to the Association Agreement between the European Economic Community and Turkey consequent on the accession of new Member States to the European Economic Community,

on the recommendation for a decision of the Council concerning the opening of negotiations with Turkey on an Interim Agreement consequent on the accession of new Member States to the European Economic Community.

The European Parliament,

- having regard to the communication from the Commission of the European Communities to the Council on the results of the negotiations with Turkey following the enlargement of the Community,
- considering the recommendation for a regulation on the conclusion of the Supplementary Protocol to the Association Agreement between the European Economic Community and Turkey consequent on the accession of new Member States to the European Economic Community, signed at Ankara on 30 June 1973,
- having regard to the recommendation for a Council decision on the opening of negotiations with Turkey on an interim agreement following the accession of new Member States to the European Economic Community,
- having regard to the explanation given on 26 June 1973, at a meeting of the Committee on External Economic Relations, by the Chairman-in-Office of the Council of the European Communities, on this subject,
- conscious of the necessity of bringing commercial relations between Turkey and the three new Member States into line with those between Turkey and the original Members of the Community,
- having regard to the report of the Committee on External Economic Relations (Doc. 218/73),

As regards principles

1. Welcomes the signing of the Supplementary Protocol, which not only provides for the necessary practical measures to take account of the enlargement of the Community, but also marks a symbolic step forward in Turkey's relations with the rest of Europe, coming as it does in the year of the 10th anniversary of the Association Agreement and the 50th anniversary of the proclamation of the Turkish Republic;
2. Expresses its satisfaction at the spirit of cooperation between the parties which enabled reasonable compromises to be reached on those points where their interests conflicted;
3. Expresses its satisfaction also that the EEC/Turkey Joint Parliamentary Committee was able to discuss the problems which emerged during the negotiations and to give expression to the points of view of all the countries concerned;

As regards particular provisions of the Supplementary Protocol

4. Notes with approval the speedy action taken to review and, where necessary, add to the agricultural concessions granted to Turkey;
5. Considers that the arrangements for increased quotas for imports into the Community of cotton goods and refined petroleum products are satisfactory;
6. Further considers that, in view of the need to protect Turkey's infant industries, the provision for the possible reintroduction of quotas by the Association Council is justified and is subject to adequate safeguards;
7. Notes that the problem of adapting the consolidated liberalization list has been solved by a compromise acceptable to both sides, and that Turkey has undertaken to pay special attention to the interests of the new Member States when amendments are made to the list;

As regards generalized preferences

8. Regrets, however, that Turkey is still not numbered among those countries receiving generalized preferences from the Community, in spite of repeated recommendations from the Parliament to this effect;

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9. Instructs its Chairman to forward this resolution and the accompanying report to the Council and Commission of the European Communities, and to the Turkish Government.

EXPLANATORY STATEMENT

1. This regulation gives effect to the Supplementary Protocol, signed in Ankara on 30 June 1973, adapting the Association Agreement between the EEC and Turkey to the three new Member States of the Community.
2. The Supplementary Protocol provides for the gradual application of the terms of association in relations between Turkey and the three new Member States. In particular it lays down a timetable for the gradual reduction of Turkish customs duties and similar charges to the new Members until they are in line with those applying to the Six. Under this timetable the reduction of such duties will take place in five stages, each of which will amount to 20% of the difference between the duties at present applied to third countries and those applied to the Six.
3. In the negotiations leading to the signing of the Supplementary Protocol several important points emerged, in particular: the treatment to be accorded to Turkish agricultural products, cotton, and petroleum products; the adaptation of the consolidated liberalization list and the need to protect Turkish industry; and the question of generalized preferences.
4. Agriculture was held by the Community delegation to fall outside the scope of the negotiations on the Supplementary Protocol, but it was agreed that additional concessions would be made to Turkey to compensate for any loss she might incur following the adoption by the new Member States of the Community arrangements for imports of agricultural products. It was further agreed that these concessions should be considered by the Association Council at a review of the arrangements for trade in agricultural products to be held immediately after the signing of the Supplementary Protocol. This was done and the first draft regulations giving effect to these concessions were reported on during the September session of the European Parliament.<sup>1</sup>
5. To take account of the enlargement of the Community, the volume of Community tariff quotas for cotton yarn is raised from 300 to 390 metric tons and for other woven fabrics of cotton from 1,000 to 1,390 metric tons. Similarly, the quota for refined petroleum products is increased from 200,000 to 340,000 metric tons (Article 7).
6. The problem of adapting the consolidated list of liberalized products to take account of the new circumstances was solved by a compromise acceptable to both sides. However, the list will still be calculated on the basis of imports from the Six and to take account of this the Turkish delegation undertook to pay special attention to the interests of the new Member States when any amendments or additions are made to the list. The need to assist Turkey's

<sup>1</sup> Doc. 159/73

new industries in the face of increased competition from three more highly industrialized countries and to provide a measure of flexibility was also recognized. The Supplementary Protocol empowers the Association Council, for a twelve-year period, to reintroduce quotas, instead of increasing or imposing customs duties, although this power is subject to certain fairly stringent conditions (Article 3 and 4).

7. The particular needs of Turkish industry are further acknowledged in a Joint Declaration on the industrialization of Turkey annexed to the Supplementary Protocol. In it, the contracting parties declare their resolve to devise and take the measures most likely to promote the industrialization of Turkey within the context of that country's Development Plan.

8. The question of generalized preferences was not resolved satisfactorily. The Committee on External Economic Relations and the European Parliament itself have frequently expressed the view that Turkey should be included in the list of developing countries whose exports to the Community attract generalized preferences. As a result of the application of the terms of the Supplementary Protocol, during 1973 a few Turkish products will, unavoidably, be discriminated against on the United Kingdom market compared with similar products from those countries which enjoy generalized preferences. This state of affairs is accepted by Turkey. At a meeting of the Association Council held immediately after the signing of the Supplementary Protocol, the Community undertook that, from 1 January 1974, when the Community system of generalized preferences will be adopted by the three new Member States, Turkey will receive from the enlarged Community treatment no less favourable than that granted to any country benefitting from generalized preferences. The Community will achieve this by such unilateral measures as prove necessary.

9. From the Turkish point of view the disadvantage of this arrangement, compared with the granting of generalized preferences, is mainly political. The major industrialized countries are reviewing their own systems of generalized preferences, and Turkey feels that if she were included in the EEC's list of recipients, other countries would look more favourably on her requests for inclusion in their own lists. The argument that it is inappropriate to include in the Community's list a country which has an association agreement with the Community or a country which is part of Europe appears to the Committee on External Economic Relations to be unnecessarily dogmatic and to overlook the very real advantage which inclusion in the list could give to Turkey, particularly vis-à-vis the United States, which is required to take into account the treatment accorded by other countries when drawing up its own list. The Joint Parliamentary Committee noted that countries with more advanced and stronger economies than Turkey are among the 87 countries to which the Community grants generalized preferences.



10. One other consequence of the enlargement of the Community should also be noted. This is the increase in the financial aid available to Turkey from the Community from 195 million units of account to 242 million units of account. This is in addition to contributions through OECD and to the new provisions for loans from the European Investment Bank.

11. The Supplementary Agreement has to be ratified by the Signatory States in accordance with their respective constitutional procedures and enters into force on the first day of the month following the exchange of the instruments of ratification in Brussels. An interim agreement to give immediate effect to certain of the trade provisions in the Protocol, pending its entry into force, was signed on 30 June. This interim agreement was published in the Official Journal of the European Communities on 3 October<sup>1</sup> and will enter into force when the necessary procedures have been completed by the Turkish Government.

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<sup>1</sup> O.J. No. L 277

