

FREE TRADE AGREEMENT BETWEEN THE EFTA STATES AND TURKEY

SUMMARY

The Free Trade Agreement concluded with Turkey was the first among EFTA's network of Free Trade Agreements. The Agreement between the EFTA States and Turkey was signed in Geneva on 10 December 1991 and entered into force on 1 April 1992 (Article 34). The Agreement covers trade in industrial products as well as fish and marine products and processed agricultural products. The transitional period ended on 1 January 1999. In addition, bilateral agricultural agreements between the individual EFTA countries and Turkey have been concluded which form part of the instruments creating the free trade area.

The objectives of the Agreement (Objectives, Article 1) are among other to promote, through the expansion of reciprocal trade, the harmonious development of economic relations between the Parties. The Agreement includes provisions relating to the elimination of customs duties and other trade barriers as well as other trade-related disciplines such as rules of competition, protection of intellectual property, public procurement, state monopolies, state aid, and payments and transfers. A Joint Committee, which supervises the Agreement, is established under the Agreement.

NAVIGATING THE AGREEMENT

The Agreement consists of a total of 35 Articles, 11 Annexes, 3 Protocols, and one Record of Understandings.

- **General provisions**
- **Trade in Goods**
- **Public Procurement**
- **Intellectual Property**
- **Competition**
- **State Aid**
- **Dispute settlement**
- **Institutional Provisions**

TRADE IN GOODS

Turkey is one of the most important partner countries among EFTA's 20 free trade partners and an important market for EFTA's exports, with significant growth potential.

Bilateral trade in goods in 2001 amounted to 1,307.3 million USD (EFTA exports amounting to 920 million USD, whereas Turkey's exports to the EFTA States represented 382.3 million USD (EFTA trade statistics/Turkey).

Rules of Origin

The rules of origin for industrial goods (Protocol B) concerning the definition of the concept of originating products and the methods for administrative co-operation, are based on the current pan-European model, maintaining the general structure and the substance of the European standard rules. The specific list rules (Annex II to Protocol B) are also based on the current pan-European model.

Industrial Goods

The Agreement provides for effective market access for industrial goods in terms of tariffs and rules of origin, creating EFTA and EU parity for EFTA exports to Turkey. Since 1 January 1999 all industrial goods - except certain products of the European Atomic Energy Community (EURATOM) - originating in the EFTA States have enjoyed duty-free access into Turkey. Industrial goods originating in Turkey have benefited from duty-free access to the EFTA States as of entry into force of the Agreement.

Fish and marine products

The Agreement covers trade in all fish and other marine products (Article 4 and Annex II). The EFTA States and Turkey grant each other duty free access on imports of all fish and marine products.

Agricultural products

Trade in processed agricultural products are covered in a Protocol under the main Agreement (Protocol A). The Protocol grants concessions for products such as sugar confectionary, pasta, prepared foods, sauces and preparations, soups, waters etc.

Trade in basic agricultural products is covered in three bilateral agricultural agreements negotiated between the respective EFTA State Iceland, Norway and Switzerland/Liechtenstein and Turkey. These agreements form part of the instruments establishing the free trade area. They provide for substantial concessions on both sides, while taking into account the respective sensitivities. Each agreement contains specific rules of origin, generally based on the "wholly-obtained" criteria.

PUBLIC PROCUREMENT

The Article on public procurement (Article 14) contains a review clause with a view to further liberalize the public procurement markets of the Parties.

INTELLECTUAL PROPERTY

The provisions on protection of intellectual property rights (Article 15 and a new Annex XII) covers, inter alia, patents, trademarks and copyright and geographical indications.

The level of protection in certain areas goes beyond what is stipulated under the WTO Agreement on Trade Related aspects of Intellectual Property, taking into account the principles of most favoured nation treatment and of national treatment.

COMPETITION

Regarding competition (Article 17), the Agreement includes provisions on co-operation and exchange of information in the Joint Committee meeting with the aim of ensuring that the benefits of the Agreement are not perturbed by private anti- competitive behaviour.

STATE AID

The Agreement contains comprehensive and specific rules governing the granting of state aid by public authorities of the partner countries (Article 18 and Annex X). The objective of these provisions is to ensure that aid granted by the authorities to private entities do not distort, or threaten to distort, competition among undertakings in the applicable territories of the agreement. The Parties shall ensure transparency of state aid measures by exchanging information as provided for in Annex XI (Annex XI).

INSTITUTIONAL ISSUES: JOINT COMMITTEE AND DISPUTE SETTLEMENT

A Joint Committee comprising the EFTA States and Turkey supervises the implementation of the free trade agreement (Articles 25 and 26).

Consultations are the fundamental mechanism of dispute settlement between the FTA partners. The agreement implies that the Parties are to endeavour to solve any differences between them on the interpretation and application of the agreement by direct consultations, and, if need be, through consultations in the Joint Committee.
