

THE RELATIONS OF TURKEY AND THE EUROPEAN UNION AND THE DEVELOPMENTS IN THE CUSTOMS UNION

Prof. Dr. İsmail AKTÜRK*

Abstract

European Union membership has been our dream since 1963, in which the association agreement between Turkey and the Union was signed.

But It appears that we have come do the and of this dream on the ground that either the preparations foreseen, are not enough or EU is reluctant to accept our membership to Union.

So, Turkey must take in to consideration newly developing opportunities in her region, and in the world and should evaluate these opportunities as elements of effective foreign policies.

Introduction

After the II. World War, Turkey had made a great effort to participate in many international economic, political, cultural and military integrations. Especially relations with the European Union have great importance among these.

Turkey, having seemed to have a closed economy until the 1980's, accepted open economy policies extremely important especially today after these years. With the recent developments it has again been understood that our country having been a transitional point of peoples until today will be a transitional point of economies from now on. Today, in the global world; political borders have lost their great importance and rapidly, economic competition has begun to gain importance instead. As a consequence, Turkey has to form new strategies in order to exist in the global world.

* Süleyman Demirel Üniversitesi İ.İ.B.F. Öğretim Üyesi.

Accepting the regional integrations as a transitional period to constitute an international free trade, our country; not only continues to participate in the implementations of the results of Uruguay Round but also tries to benefit as much as possible from the opportunities provided by the integrations.

In this paper, the process of the relations between Turkey and the European Union is considered and the Customs Union in which Turkey had been accepted by the beginning of 1996 is evaluated.

1. The General Development Of The Relations Between Turkey And The European Union

In 1959 soon after the application of Greece, Turkey considering the 238th paragraph of Roma agreement applied to EEC so as to make an association agreement.

Negotiations between the two parties ended in 4 years time and Ankara Agreement assigning the association between Turkey and The Union was signed in 12th September 1963 in Ankara. This agreement came into force in 1st December 1964.

Ankara Agreement foresees an establishment of a developing process of the Customs Union between the Union and Turkey. The agreement has foreseen 3 periods accordingly (preparation period-transitional period-final period) in the relations.

In the preparation period, it has been foreseen that with the aid of the Union, Turkey will have to strengthen its economy so as to undertake the obligations of transitional period and final period and it has been determined that this period will be 5 years except for the extension in accordance with the foreseen procedure.

In the transitional period, the agreement considering the mutual and stable obligations of the parties has foreseen.

- to establish the Customs Union between Turkey and the Union progressively,

- to harmonize the economic policies of Turkey with these of the Union and to farm necessary common activities to achieve this aim so as to have an appropriate association. The agreement also determines that the period will not be more than 12 years except for some goods to be agreed by the two parties.

In the final period, it is demonstrated that the final period will be related to the Custom union and coordination between the economy policies of the active parties will have to be strengthened. No time (in the form of a year) has been determined for the final period.

Ankara Agreement is an agreement that constitutes an association between EEC and Turkey. But actually the aim of this agreement is Turkey's full membership to the Union.

In the preparation period; Turkey had benefited from the one way conveniences and financial aids provided by the Union. The Union established tariffs and quota for export-products of Turkey. Besides, with the First Financial Protocol, credit of 175 million ECU had been provided for Turkey. Thus, preparation period due to the one-way concessions of the Union can be expressed as the exact unproblematic period of the association of Turkey - EEC. After the negotiations Additional Protocol, defining the rules and procedures of transitional period was signed in 23rd November 1970 in Brussels and after the approval this protocol came into force in 1st January 1973.

Additional Protocol determines the essence of transitional period lasting 12 years in principle and 22 years in exception. In Additional Protocol Custom Union for industrial products and preferential (confessional) regime for agricultural products have been foreseen. Moreover, Additional Protocol involves some assumptions closely related to Turkish economy in basic matters such as free movements of labor, capital motions, free settlement and services, harmonization of economic policies, competition, trade policy, governmental aids and financial aids.

In the beginning, the relations between Turkey and the Union were going on as it had been to be foreseen. But the relations began to corrupt after 1973's and than came to the freezing point. Having performed the obligations of Additional Protocol-including the ones of year 1976-continuously, turkey freezed all its obligations according to the 60th paragraph of the Additional Protocol with a one-way decision. In the era, after the 1980 Military Coup (12th September 1980) the relations became worse.

Turkey could not have performed its obligations for the Customs Union by 1976. Besides, neither the association organs worked nor the Union performed its obligations. Accordingly, free movement of labor foreseen to have been completed in 1986 could not be applied, concessions

in agriculture began to lose importance, not only in textile and ready-made clothing industries but also in iron-steel industry quota have been established and anti-dumping applications have been expanded. Further, there have been some difficulties in the financial aids. Hence, with the first three financial protocols financial aid of only 752 million ECU was provided for Turkey despite the close relations of 30 years. The Fourth Financial Protocol covering 600 million ECU which was signed in 1980 could not come into force because of the barriers of Greece.

The relations with the European Union became better with Turkey's application of full membership to the Union in 14th April 1987. That is Turkey began to perform its postponed obligations of the Customs Union rapidly and association organs not having gathered regularly before, began to work normally then. By 1994 in Turkey 's industrial products the customs reductions applied to the European Union have increased to 90% in 12 year list and to 80% in 22 year list. The harmonization to common customs tariffs concerning the same lists increased to 80% and 70% accordingly. Furthermore, with the import-regime applied in 1993 a preference of margin was formed for the European Union and EFTA countries. Likewise, with the import - regime applied in 1994 charges of the mass housing fund in imports were decreased to some extent.

2. Decisions Of The Association Council About The Customs Union And Recent Developments

The Customs Union Directive Committee of Turkey-the European Union established in 18 March 1993 determined the measures taken by the parties related to aims such as establishment of the Customs Union, the appropriate process and development of the Customs Union in the recent period of the association that would come into force in 1996 at the end of several meetings. Consequently, in spite of the barriers of Greece, the decision has been made in completeness of the Customs Union by 1st January 1996 and transition to the final period (Association Council Decision bearing the number 1/95) in the Association Council Meeting held in Brussels in 6th march 1995. This decision is a turning-point in the relations of Turkey and the European Union. Today there are several views about the validity of associations relations established by Ankara Agreement signed with a 6- membered group and Additional Protocol formed in 1960 and 1970. Considering the basis of such views is that not only the Union has expanded and became and political union as well as an economic one but

also the conditions in the world would have changed rapidly. According to these views the relations should be re-arranged completely. Besides as we examine the recent developments in the Customs Union in detail, it is doubtful that Turkey has used its bargaining power successfully related to the agreement and protocols. For instance the matter of free movement of labor has not been discussed and mechanisms of existing more efficiently in the decision-making process could not have been formed. Moreover, it must be expressed that financial aid of 2,5 billion ECU (3,2 billion dollars) that would be provided for 5 years, when compared with those provided in previous years is larger but still it does not seem to be efficient if it is taken into consideration that the estimated revenues such as customs taxes etc. that would be lost annually are 3 billion dollars. In addition, although it is officially said that the Customs Union is an important step for a full membership of the European Union, there is no sign for Turkey to be a full member of the union in near future. Similarly despite the fact that some developing countries such as Cyprus, Malta, Bulgaria, Rumania, Latvia, Estonia and Lithuania were called to the Torino Summit held in 29th March 1996 in which it was discussed to accept new members to the Union, Turkey was not called to this summit meeting. Turkey appears to be the only country that completed the Customs Union without being a full member of the European Union except for the miniature countries such as Andorra and San Marino. But unfortunately the mechanisms used to stabilize the relations could not have been established efficiently yet.

Turkey has been determined not to collect customs taxes and the mass housing fund on the import industrial products. So, the protection rate applied to the European Union and EFTA countries decreased from 6% to zero while those applied to other countries (as a weighted average) decreased from 11% to 6%. But the end of the first 6 months are expansions of foreign trade deficits required and application of a fund of 6% foreign credits used in import. As for export, relating to the Customs Union especially in textile and ready-made clothing products estimated increases did not occur. As a result of reductions in protection rates the cheapness estimated by consumers did not exist either.

Due to the harmonization to common trade policies, harmonization between import and export and specific common trade rules applied to some developing countries were determined and some arrangements were made on the applications and administration of quota. The government to the its best to strengthen common trade policies against especially unjust trade

applications. Besides in export, specific quota and tariffs were determined and began to be applied and in export of textile products, common rules and autonomous arrangements were made.

As the Customs Union assigns; Private Consumption Tax law should be enacted, a Competition Committee should be formed, necessary changes should be made in the Customs Law and National Accreditation Council and customer's courts should be established.

Turkey could not have benefited from the financial aids that had been foreseen to be used by 1996 relating to the Customs Union because of the negative barriers of Greece. Besides, in 19th September 1996, European Parliament made a decision of the postponing the financial aids provided for Turkey.

Conclusion

In the historical process of relations between Turkey and the European Union, there have been several problems. These problems also exist in the progress of the completeness of the Custom Union. It appears that the preparations are not enough and the decision of participating in the Custom Union is a political decision rather than an economic one. Further, in the process of relations barriers of Greece can not broken down. Turkey must use its advantages better and follow consistent and effective policies in its relations with the European Union and in its other foreign relations generally. Efforts have to be made to develop the relations with the European Union and in its other foreign relations generally. Efforts have to be made to develop the relations with the European Union according to the agreements and protocols. Besides, Turkey should not ignore the newly developing possibilities in its region and in the world and should evaluate these possibilities as elements of effective foreign policies. Despite the fact that these possibilities are not alternatives of the European Union, they are complementary elements of the Union.

So, Turkey must take in to consideration newly developing opportunities in her region, and in the world and should evaluate these opportunities as elements of effective foreign policies.

REFERENCES

1. DPT, **Küreselleşme, Bölgesel Entegrasyonlar ve Türkiye (Değerlendirme Raporu)**, Yedinci Beş Yıllık Kalkınma Planı ÖİK Raporu, DPT Ya. No. 2374, Ankara 1995.
2. DPT, **Dünyada Küreselleşme, Bölgesel Bütünleşmeler**, Yedinci Beş Yıllık Kalkınma Planı ÖİK Raporu, DPT Ya. No. 2375, Ankara 1995.
3. EKER Aytaç, **Türkiye Ekonomisi Gerçeği (Gümrük Birliği ve Özelleştirme)**, Doğu Matbaacılık, Ankara, 1995.
4. GÜRAN Nevzat-İsmail AKTÜRK, **Uluslararası İktisadi Kuruluşlar**, İkinci Baskı, Karınca Matbaacılık, Ankara, 1995.
5. KARLUK Rıdvan, **Uluslararası Ekonomik Kuruluş ve Birleşmeler**, Bilim ve Teknik Yayınevi, İstanbul, 1990.
6. KAZGAN Gülten-Heinz KRAMER, **Türkiye-Avrupa Birliği Arasındaki Gümrük Birliğinin Gelişmesi ve Perspektifleri**, Friedrich Ebert Vakfı Ya., İstanbul, 1994.
7. TC Maliye Bakanlığı, **1996 Yıllık Ekonomik Rapor**, Ankara, 1996.