

Agricultural Trade Preferences between Turkey and the EU



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Structure of the Presentation

1. Introduction
2. Agricultural Trade between Turkey and the EU
3. Agricultural Preferences Granted by the EU for Imports from Turkey
4. Agricultural Preferences Granted by Turkey for Imports from the EU
5. Outlook

1. Introduction

- Agricultural trade preferences are granted by the EU for imports from Turkey since the Association Agreement (1963)
 - Extended in several steps
- Customs Union (CU) since 1996
 - Agricultural products excluded,
 - but subject to preferences
- Reciprocal agricultural trade preferences since 1998

1. Introduction

Price protection in EU higher

Price protection in Turkey higher



Sugar

Cereals

Fruit and vegetables

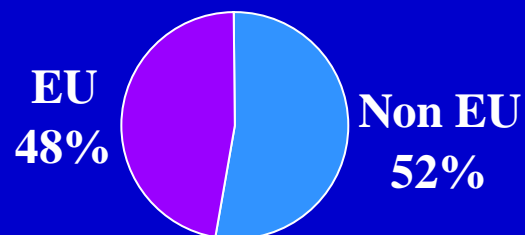
Sheep meat

Beef

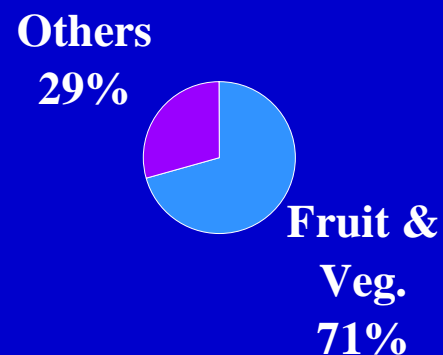
Dairy

2. Agricultural Trade between Turkey and EU

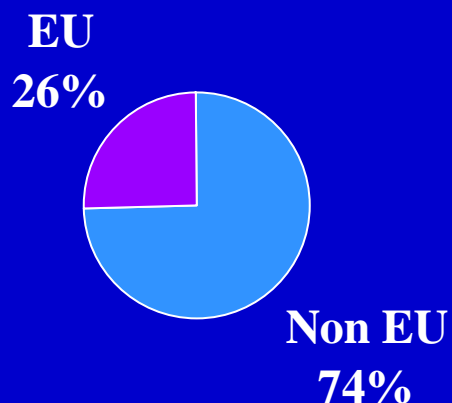
- Destination of Turkish Agricultural Exports



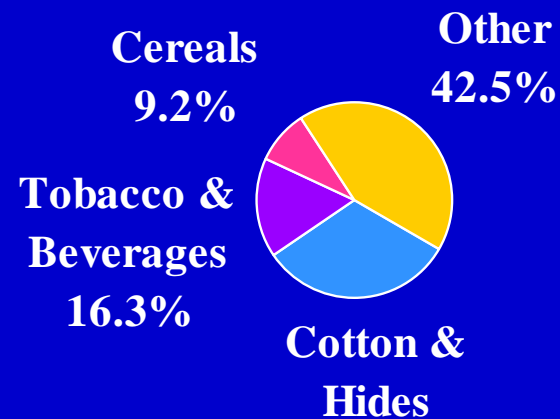
- Composition of Turkish Agricultural Exports to the EU



- Origin of Turkish Agricultural Imports



- Composition of Turkish Agricultural Imports from the EU



3. Agricultural Preferences Granted by the EU for Imports from Turkey

- Almost all ad valorem tariffs are abolished
- Remaining market barriers are:
 - High specific duties for core products of the CAP
 - Specific duties for many processed products
 - The entry price system for some fruit and vegetables
 - Ad valorem tariffs for four kinds of fruit and nine vegetables in certain calendar periods
 - Ad valorem tariffs for few products if TRQs are exceeded

3. Agricultural Preferences Granted by the EU for Imports from Turkey

Classification of Turkish agr. exports to the EU:

- Products for which no MFN barrier exists
 - 7 percent of exports
 - Mainly entrails and organs and some oilseeds
- Products with a MFN tariff and/or entry price but no preferential treatment for imports from Turkey
 - 2 percent of exports
 - Mainly fruit (grapes!) and vegetables

3. Agricultural Preferences Granted by the EU for Imports from Turkey

Classification of Turkish agr. exports to the EU:

- Products with a MFN tariff and/or entry price and a partial preference for imports from Turkey
 - 36 percent of exports
 - Mainly fruit without tariff but subject to entry price
- Products with a MFN tariff and/or entry price and no import barrier for imports from Turkey
 - 54 percent of exports
 - Mainly fruit and vegetables

4. Agricultural Preferences Granted by Turkey for Imports from the EU

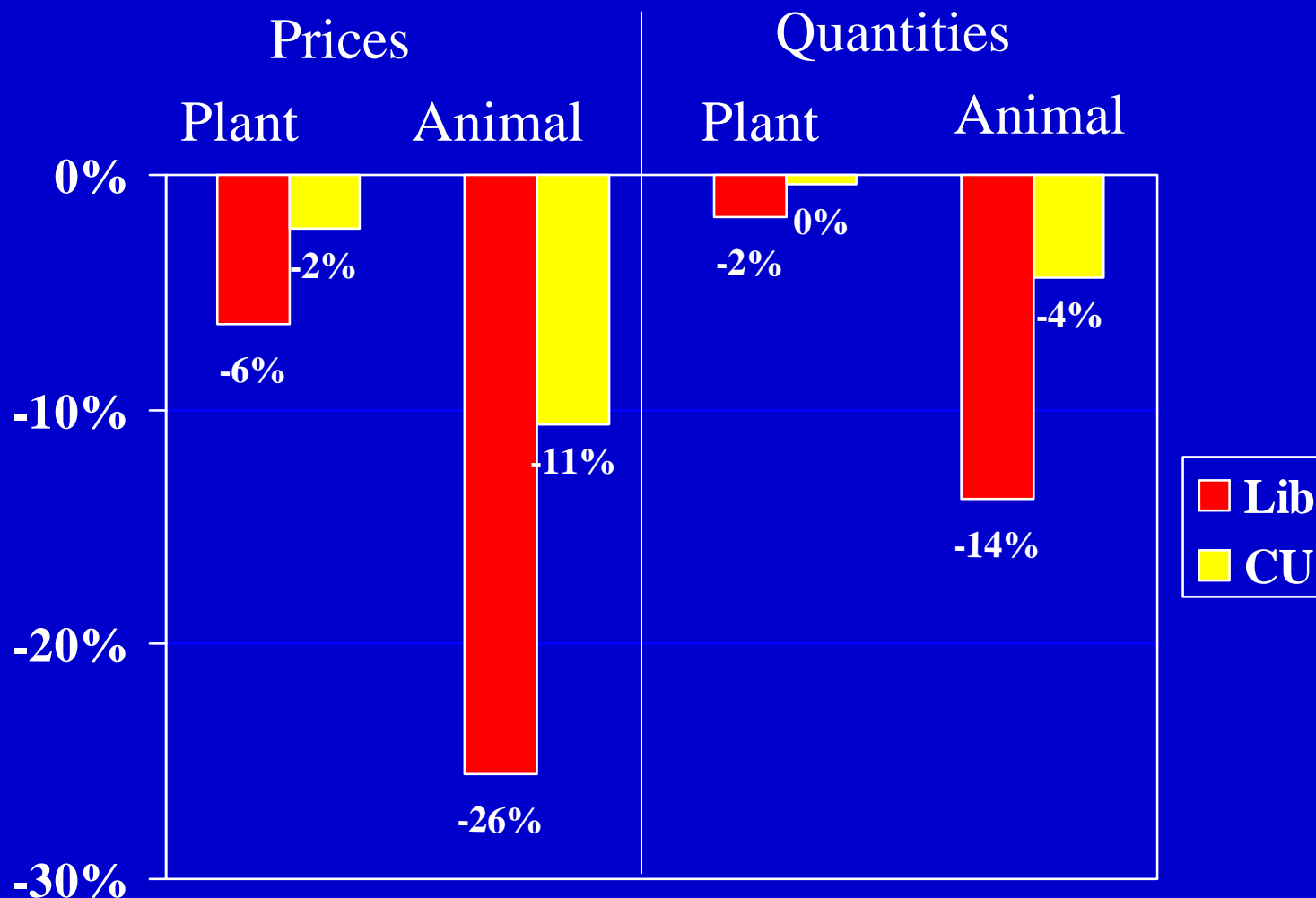
- Of minor significance before 1998
- Since 1998: 39 TRQs with reduced or zero inside tariff rates
- In some cases TRQs are not fully utilized due to SPS restrictions or other non tariff barriers
 - total ban on imports of many animal products due to foot and mouth disease
 - restrictive import licensing for cereals
- In many other cases EU exports to Turkey exceed TRQs

5. Outlook

- What is the future of agricultural trade preferences between Turkey and the EU?
- CU Decision: „The Community and Turkey shall progressively improve...the preferential arrangements...“
- One potential scenario: full inclusion of agricultural products in the CU

5. Outlook: Future Production Prices & Quantities in Turkey

Changes Compared to the Status Quo



5. Outlook: Potential Gains for Turkey from further Liberalization

- Expected gains for Turkey from full inclusion of fruit and vegetables in the CU are projected to be surprisingly small! (60 million €)
 - Quality
 - Geographic location

5. Outlook: Potential Gains for Turkey from further Liberalization



5. Outlook: Potential Gains for the EU from further Liberalization

- Turkey is projected to become a significant net importer of animal products
 - Due to high income and population growth
- The potential gain for the EU from exporting dairy products to Turkey instead of the world market is projected to be around 50 mill. €