

European Union Legislation

Additional Protocol and Financial Protocol signed on 23 November 1970, annexed to the Agreement establishing the Association between the European Economic Community and **Turkey** and on measures to be taken for their entry into force - Final Act - Declarations

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ADDITIONAL PROTOCOL

PREAMBLE

HIS MAJESTY THE KING OF THE BELGIANS,
THE PRESIDENT OF THE FEDERAL REPUBLIC OF GERMANY,
THE PRESIDENT OF THE FRENCH REPUBLIC,
THE PRESIDENT OF THE ITALIAN REPUBLIC,
HIS ROYAL HIGHNESS THE GRAND DUKE OF LUXEMBOURG,
HER MAJESTY THE QUEEN OF THE NETHERLANDS,
and
THE COUNCIL OF THE EUROPEAN COMMUNITIES,
of the one part, and
THE PRESIDENT OF THE REPUBLIC OF **TURKEY**,

of the other part,

WHEREAS the Agreement establishing an Association between the European Economic Community and **Turkey** provides that the preparatory stage of the Association is to be followed by a transitional stage

ACKNOWLEDGING that the preparatory stage has done much, in accordance with the objectives of the Association Agreement, to strengthen economic relations in general, and to expand trade in particular, between the European Economic Community and **Turkey**

BELIEVING that the conditions have been established for passing from the preparatory stage to the transitional stage

RESOLVED to adopt, in the form of an **Additional Protocol** the provisions relating to the conditions, arrangements and timetables for the implementation of the transitional stage

WHEREAS during the transitional stage the Contracting Parties are to ensure, on the basis of mutual and balanced obligations, the progressive establishment of a customs union between **Turkey** and the Community and the closer alignment of the economic policies of **Turkey** and the Community in order to ensure the proper functioning of the Association and the progress of the joint measures which this requires

HAVE DESIGNATED as their Plenipotentiaries:

HIS MAJESTY THE KING OF THE BELGIANS:

Mr Pierre HARMEL,

Minister for Foreign Affairs

THE PRESIDENT OF THE FEDERAL REPUBLIC OF GERMANY:

Mr Walter SCHEEL,

Minister for Foreign Affairs

THE PRESIDENT OF THE FRENCH REPUBLIC:

Mr Maurice SCHUMANN,

Minister for Foreign Affairs

THE PRESIDENT OF THE ITALIAN REPUBLIC:

Mr Mario PEDINI,

Under-Secretary of State for Foreign Affairs

HIS ROYAL HIGHNESS THE GRAND DUKE OF LUXEMBOURG:

Mr Gaston THORN,

Minister for Foreign Affairs

HER MAJESTY THE QUEEN OF THE NETHERLANDS:

Mr J.M.A.H. LUNS,

Minister for Foreign Affairs

THE COUNCIL OF THE EUROPEAN COMMUNITIES:

Mr Walter SCHEEL,

President in Office of the Council of the European Communities

Mr Franco Maria MALFATTI,

President of the Commission of the European Communities

THE PRESIDENT OF THE REPUBLIC OF **TURKEY**:

Mr Ihsan Sabri & Ccedil;AGLAYANGIL,

Minister for Foreign Affairs

WHO, having exchanged their Full Powers, found in good and due form,

HAVE AGREED upon the following provisions, which shall be annexed to the Agreement of Association:

Article 1

This Protocol lays down the conditions, arrangements and timetables for implementing the transitional stage referred to in Article 4 of the Agreement establishing an Association between the European Economic Community and **Turkey**.

TITLE I

FREE MOVEMENT OF GOODS

Article 2

1. Chapter I, Section I, and Chapter II of this Title shall apply:

(a) to goods produced in the Community or in **Turkey**, including those wholly or partially obtained or produced from products coming from third countries which are in free circulation in the Community or in **Turkey**

(b) to goods coming from third countries and in free circulation in the Community or in **Turkey**.

2. Products coming from third countries shall be considered to be in free circulation in the Community or in **Turkey** if the import formalities have been complied with and any customs duties or charges having equivalent effect which are payable have been levied in the Community or in **Turkey**, and if they have not benefited from a total or partial drawback of such duties or charges.

3. Goods imported from third countries into the Community or into **Turkey** and accorded special customs treatment by reason of their country of origin or of exportation, shall not be considered to be in free circulation in the territory

of one Contracting Party if they are re-exported to the other Contracting Party. The Council of Association may, however, make exceptions to this rule under conditions which it shall lay down.

4. Paragraphs 1 and 2 shall apply only to goods exported from the Community on or after the date of signature of this Protocol.

Article 3

1. Chapter I, Section I, and Chapter II of this Title shall likewise apply to goods obtained or produced in the Community or in **Turkey**, in the manufacture of which were used products coming from third countries and not in free circulation either in the Community or in **Turkey**. These provisions shall, however, apply to those goods only if the exporting State charges a countervailing levy, the rate of which is a percentage of the duties laid down in the Common Customs Tariff for third country products used in their manufacture. This percentage, fixed by the Council of Association for each of such periods as it may determine, shall be based on the tariff reduction granted on those goods in the importing State. The Council of Association shall also lay down the rules for the countervailing levy, taking into account the relevant rules in force before 1 July 1968 in trade between Member States.

2. The countervailing levy shall not, however, be charged on exports from the Community or from **Turkey** of goods obtained or produced under the conditions mentioned in this Article while the reduction of customs duties on the majority of goods imported into the territory of the other Contracting Party does not exceed 20%, taking into account the various timetables for tariff reductions fixed by this Protocol.

Article 4

The Council of Association shall determine the methods of administrative cooperation to be used in implementing Articles 2 and 3, taking into account the methods laid down by the Community with regard to trade between Member States.

Article 5

1. If either Contracting Party considers that differences arising from the application to imports of customs duties, quantitative restrictions or any measures having equivalent effect, or from any other measure of commercial policy, threaten to deflect trade or to cause economic difficulties in its territory, it may bring the matter before the Council of Association, which shall, if necessary, recommend appropriate methods for avoiding any harm liable to result therefrom.

2. Where deflections occur or economic difficulties arise and the Party concerned considers that they call for immediate action, that Party may itself take the necessary protective measures, and shall notify the Council of Association thereof without delay the Council of Association may decide whether the Party concerned shall amend or abolish those measures.

3. In the choice of such measures preference shall be given to those which least disturb the operation of the Association and, in particular, the normal development of trade.

Article 6

During the transitional stage the Contracting Parties shall, in so far as may be necessary for the proper functioning of the Association, take steps to approximate their law, regulation or administrative action in respect of customs matters, taking into account the approximations already effected by the Member States of the Community.

CHAPTER I

THE CUSTOMS UNION

Section I

Elimination of customs duties between the Community and **Turkey**

Article 7

1. The Contracting Parties shall refrain from introducing between themselves any new customs duties on imports or exports or charges having equivalent effect, and from increasing those already applied, in their trade with each other at the date of entry into force of this Protocol.

2. The Council of Association may, however, authorize the Contracting Parties to introduce new customs duties on exports or charges having equivalent effect if they are necessary for the attainment of the objectives of the Agreement.

Article 8

Customs duties on imports and charges having equivalent effect, in force between the Community and **Turkey**, shall be progressively abolished in accordance with Articles 9 to 11.

Article 9

On the entry into force of this Protocol, the Community shall abolish customs duties and charges having equivalent effect on imports from **Turkey**.

Article 10

1. For each product, the basic duty on which **Turkey** is to apply the successive reductions shall be the duty actually applied in respect of the Community at the date of signature of this Protocol.

2. The timetable for the reductions to be effected by **Turkey** shall be as follows: the first reduction shall be made on the entry into force of this Protocol. The second and third shall be applied three years and five years later. The fourth and subsequent reductions shall be made each year in such a way that the final reduction is made at the end of the transitional stage.

3. Each reduction shall be made by lowering the basic duty on each product by 10%.

Article 11

Notwithstanding Article 10 (2) and (3), **Turkey** shall progressively abolish, over a period of twenty-two years, in accordance with the following timetable, the basic duties in respect of the Community on the products listed in Annex 3: a reduction of 5% on each duty shall be made on the entry into force of this Protocol. Three further reductions, each of 5%, shall be made three, six and ten years later.

Eight further reductions, each of 10%, shall be made twelve, thirteen, fifteen, seventeen, eighteen, twenty, twenty-one and twenty-two years respectively after the entry into force of this Protocol.

Article 12

1. **Turkey** may, during the first eight years of the transitional stage, make the amendments to Annex 3 which are needed to protect the development of a processing industry which did not exist in **Turkey** at the time of entry into force of this Protocol, or to ensure the expansion in accordance with the Turkish development plan in force at the time, of an existing processing industry. Such amendments may, however, only be made on condition that:

- in aggregate they relate to not more than 10% by value of imports from the Community in 1967, calculated at 1967 prices

- the value of imports from the Community of all products listed in Annex 3, calculated at 1967 prices, is not increased.

Products added to Annex 3 may immediately be made liable to duties calculated in accordance with Article 11 those products which are removed from that list shall immediately be made liable to duties calculated in accordance with the provisions of Article 10.

2. **Turkey** shall notify the Council of Association of the measures which it proposes to take pursuant to the above provisions.

3. To the same end as that mentioned in paragraph 1 above, and within the limit of 10% of imports from the Community in 1967, the Council of Association may authorize **Turkey**, during the transitional stage, to reintroduce, increase or impose customs duties on imports of products subject to the arrangements set out in Article 10.

These tariff measures shall not, for any of the tariff headings which they affect, raise the duty on imports from the Community to more than 25% ad valorem.

4. The Council of Association may derogate from paragraphs 1 and 3.

Article 13

1. Irrespective of the provisions of Articles 9 to 11, each Contracting Party may suspend in whole or in part the collection of duties applied by it to products imported from the other Party, in particular, as regards **Turkey**, for the purpose of stimulating imports of certain products necessary for its economic development the other Contracting Party shall be informed of such measures.

2. The Contracting Parties declare their readiness to reduce their duties in trade with the other Party more rapidly than is provided for in Article 9 to 11 if its general economic situation and the situation of the economic sector concerned so permit. The Council of Association shall make recommendations to this end.

Article 14

Where, in respect of a country outside the Association, **Turkey** applies a shorter timetable than is provided for in Articles 10 and 11 to the elimination of a charge having effect equivalent to a customs duty, the same timetable shall be applied to the elimination of that charge in respect of the Community.

Article 15

Without prejudice to Article 7 (2), the Contracting Parties shall, at the latest four years after the entry into force of this Protocol, abolish between themselves, customs duties on exports and charges having equivalent effect.

Article 16

1. Article 7 (1) and Articles 8 to 15 shall also apply to customs duties of a fiscal nature.
2. On the entry into force of this Protocol the Community and **Turkey** shall inform the Council of Association of their customs duties of a fiscal nature.
3. **Turkey** shall retain the right to substitute for these customs duties of a fiscal nature an internal tax which complies with the provisions of Article 44.
4. If the Council of Association finds that substitution for any customs duty of a fiscal nature meets with serious difficulties in **Turkey**, it shall authorize that country to retain the duty on condition that it shall abolish it not later than the end of the transitional stage. Such authorization must be requested within twelve months of the entry into force of this Protocol.

Turkey may provisionally continue to apply such a duty until a decision has been taken by the Council of Association.

Section II

Adoption by **Turkey** of the Common Customs Tariff

Article 17

The Turkish Customs Tariff shall be aligned on the Common Customs Tariff during the transitional stage on the basis of the duties actually applied by **Turkey** in respect of third countries at the date of signature of this Protocol, and in accordance with the following rules:

1. In the case of products on which the duties actually applied by **Turkey** at the date indicated above do not differ by more than 15% either way from the duties in the Common Customs Tariff, the latter duties shall be applied one year after the second reduction of duties provided for in Article 10.
2. In any other case **Turkey** shall, one year after the second reduction of duties provided for in Article 10, apply duties reducing by 20% the difference between the duty actually applied at the date of signature of this Protocol and the duty in the Common Customs Tariff.
3. When the fifth and seventh reductions of customs duties provided for in Article 10 are applied, this difference shall be further reduced by 20%.
4. The Common Customs Tariff shall be applied in its entirety when the tenth reduction of customs duties provided for in Article 10 is applied.

Article 18

Notwithstanding Article 17 **Turkey** shall, for the products listed in Annex 3, align its customs tariff over a period of twenty-two years in accordance with the following rules:

1. In the case of products for which the duties actually applied by **Turkey** on the date of signature of this Protocol do not differ from the Common Customs Tariff duties by more than 15% either way, the latter duties shall be applied from the date of the fourth reduction of duties provided for in Article 11.
2. In any other case **Turkey** shall, from the date of the fourth reduction of duties provided for in Article 11, apply duties reducing by 20% the difference between the duty actually applied at the date of signature of this Protocol and

the duty in the Common Customs Tariff.

3. When the seventh and ninth reductions provided for in Article 11 are applied, this difference shall be further reduced by 30% and 20%, respectively.

4. The Common Customs Tariff shall be applied in its entirety at the end of the twenty-second year.

Article 19

1. In the case of particular products making up not more than 10% of the total value of its imports in 1967, **Turkey** may, after consultation in the Council of Association, defer until the end of the twenty-second year after the entry into force of this Protocol the reductions of duties in respect of third countries which it should otherwise make under Articles 17 and 18.

2. In the case of particular products making up not more than 5% of the total value of its imports in 1967, **Turkey** may, after consultation in the Council of Association, retain after a period of twenty-two years customs duties in respect of third countries which are higher than those in the Common Customs Tariff.

3. However, the application of the preceding paragraphs must not prejudice the free movement of goods within the Association and shall not entitle **Turkey** to invoke the provisions of Article 5.

4. Where alignment of the Turkish Customs Tariff with the Common Customs Tariff has been accelerated, **Turkey** shall maintain in favour of the Community a preference equivalent to that resulting from the arrangements provided for in this Chapter.

As regards the products listed in Annex 3, no such acceleration may take place before the end of the transitional stage, unless prior authorization has been given by the Council of Association.

5. As regards customs duties which have been authorized pursuant to the first subparagraph of Article 16 (4) or which **Turkey** may provisionally maintain in accordance with the second subparagraph of Article 16 (4), Articles 17 and 18 need not be applied. On expiry of the authorization, **Turkey** shall apply the duties provided for in Articles 17 and 18.

Article 20

1. To facilitate the importation of particular goods from countries with which **Turkey** has concluded bilateral trade agreements, **Turkey** may, with the prior authorization of the Council of Association, grant tariff quotas at reduced or zero rates of duty, if the functioning of those agreements is appreciably affected by the application of this Protocol or by measures taken in pursuance thereof.

2. Such authorization shall be deemed to have been given when the tariff quotas mentioned in the preceding paragraph comply with the following conditions:

(a) the total annual value of such quotas does not exceed 10% of the average value of Turkish imports from third countries during the past three years for which statistics are available, excluding from such imports those which were made with the help of the means referred to in Annex 4. Imports from third countries admitted free of duty within the framework of Annex 4 shall be deducted from this 10%;

(b) in the case of each product, the value of imports provided for within the framework of the tariff quotas shall not exceed one third of the average value of Turkish imports of that product from third countries in the past three years for which statistics are available.

3. **Turkey** shall notify the Council of Association of measures which it envisages taking in pursuance of paragraph 2.

At the end of the transitional stage the Council of Association may decide whether the provisions of paragraph 2 should be repealed or amended.

4. In no case may the duty under a tariff quota be lower than that actually applied by **Turkey** to imports from the Community.

CHAPTER II

ELIMINATION OF QUANTITATIVE RESTRICTIONS BETWEEN THE CONTRACTING PARTIES

Article 21

Quantitative restrictions on imports and all measures having equivalent effect shall, without prejudice to the following provisions, be prohibited between the Contracting Parties.

Article 22

1. The Contracting Parties shall refrain from introducing any new quantitative restrictions on imports or measures having equivalent effect.

2. However, as regards **Turkey**, this obligation shall, at the date of the entry into force of this Protocol, apply only to 35% of Turkish imports on private account from the Community in 1967. This percentage shall be increased to 40%, 45%, 60% and 80%, three, eight, thirteen and eighteen years after the entry into force of this Protocol.

3. Six months before each of the dates of the last three increases the Council of Association shall review the consequences for the economic development of **Turkey** of increasing the degree of liberalization and shall, if this is necessary for achievement of an accelerated development of the Turkish economy, decide to postpone the increase for a period which it shall determine.

In the absence of a decision, the increase shall be postponed for one year. The review procedure shall be repeated six months before expiry of that period. A further postponement of a year shall take place if the Council of Association again takes no decision.

At the end of this second period, **Turkey** shall implement the increase in the degree of liberalization unless a decision to the contrary has been taken by the Council of Association.

4. A list of products whose importation from the Community has been liberalized shall be supplied to the Community at the time of signature of this Protocol. The list shall be consolidated in respect of the Community. The lists of products liberalized at the deadlines mentioned in paragraph 2 shall also be supplied to the Community and consolidated in its respect.

5. **Turkey** may reintroduce quantitative restrictions on imports of products which have been liberalized but not consolidated pursuant to this Article, on condition that it opens quotas in favour of the Community equal to at least 75% of the average imports from the Community during the three years preceding that reintroduction. These quotas shall be subject to the provisions of Article 25 (4).

6. In no case may **Turkey** apply to the Community a treatment less favourable than that accorded to third countries.

Article 23

Without prejudice to Article 22 (5) the Contracting Parties shall, in their trade with one another, refrain from making more restrictive the quantitative restrictions on imports and measures having equivalent effect existing at the date of entry into force of this Protocol.

Article 24

The Community shall, on the entry into force of this Protocol, abolish all quantitative restrictions on imports from **Turkey**. This liberalization shall be consolidated in respect of **Turkey**.

Article 25

1. **Turkey** shall progressively abolish quantitative restrictions on imports from the Community in accordance with the provisions of the following paragraphs.

2. One year after the entry into force of this Protocol quotas in favour of the Community shall be opened for imports of each product which has not been liberalized in **Turkey**. These quotas shall be fixed so as to correspond to the average imports from the Community in the last three years for which statistics are available, excluding imports financed:

(a) by special aid resources connected with specific investment projects

(b) without allocation of foreign currency

(c) under the law on the promotion of foreign capital investment.

3. Where, in respect of a product which has not been liberalized, imports from the Community in the first year after the entry into force of this Protocol amount to less than 7% of total imports of that product, a quota equal to 7% of those imports shall be opened one year after the entry into force of this Protocol.

4. Three years after the entry into force of this Protocol **Turkey** shall increase the aggregate of the quotas so opened by not less than 10% over the amount thereof for the preceding year and by not less than 5% by value of the quota for each product. These amounts shall be increased every two years in the same proportion in relation to the preceding period.

5. From the thirteenth year after the entry into force of this Protocol each quota shall be increased every two years by at least 20% in relation to the preceding period.

6. Where, in respect of a product which has not been liberalized, there have been no imports into **Turkey** in the first year after the entry into force of this Protocol, the rules for opening and increasing quotas shall be laid down by the Council of Association.

7. If the Council of Association finds that during two successive years the imports of any product which has not been liberalized have been appreciably below the level of the quota opened, that quota shall not be taken into account in calculating the total value of the quotas. In such case **Turkey** shall abolish quota restrictions on that product in respect of the Community.

8. All quantitative restrictions on imports into **Turkey** shall be abolished not later than twenty-two years after the entry into force of this Protocol.

Article 26

1. The Contracting Parties shall, within twenty-two years, abolish all measures having an effect equivalent to quantitative restrictions on imports from each other. The Council of Association shall recommend the progressive adjustments to be made during this period, taking into account provisions adopted within the Community.

2. In particular, **Turkey** shall, in accordance with the timetables laid down in Articles 10 and 11, progressively abolish the deposits required from importers for imports of goods from the Community.

Moreover, deposits amounting to more than 140% of the dutiable value for customs purposes of goods imported from the Community, in the case of motor vehicle spare parts and accessories falling within heading No 87.06 of the Turkish Customs Tariff, and to more than 120% of that value in the case of other products, shall be reduced to these levels on the entry into force of this Protocol.

Article 27

1. Quantitative restrictions on exports, and all measures having equivalent effect, shall be prohibited between the Contracting Parties.

The Community and **Turkey** shall, by the end of the transitional stage at the latest, abolish between themselves all quantitative restrictions on exports and any measures having equivalent effect.

2. Notwithstanding the preceding paragraph, the Community and **Turkey** may, after consultation in the Council of Association, retain or introduce restrictions on exports of basic products to the extent necessary to promote the development of specific sectors of their economies or to meet any shortage of those products.

In that event, the Party concerned shall open in favour of the other Party a quota which takes into account the average exports for the last three years for which statistics are available and the normal development of trade resulting from the progressive achievement of the customs union.

Article 28

Turkey declares its readiness to abolish quantitative restrictions on imports from and exports to the Community more rapidly than is provided for in the preceding Articles, if its general economic situation and the situation of the economic sector concerned so permit. To this end the Council of Association shall make recommendations to **Turkey**.

Article 29

The provisions of Articles 21 to 27 shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy or public security the protection of health and life of humans, animals or plants the protection of national treasures possessing artistic, historic or archeological value or the protection of industrial and commercial property. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the Contracting Parties.

Article 30

1. The Contracting Parties shall progressively adjust any State monopolies of a commercial character so as to ensure that when the period of twenty-two years has ended no discrimination regarding the conditions under which goods are procured and marketed exists between nationals of Member States of the Community and nationals of **Turkey**.

The provisions of this Article shall apply to any body through which a Member State or **Turkey**, in law or in fact, either directly or indirectly supervises, determines or appreciably influences imports or exports between the Community and **Turkey**. These provisions shall also apply to monopolies delegated by the State to others.

2. The Contracting Parties shall refrain from introducing any new measure which is contrary to the principles laid down in paragraph 1 or which restricts the scope of the Articles dealing with the abolition of customs duties and quantitative restrictions between the Contracting Parties.

3. The procedure and the timetable in accordance with which the Turkish monopolies mentioned in this Article are to be adjusted and the barriers to trade between the Community and **Turkey** are to be lowered, shall be laid down by the Council of Association not later than six years after the entry into force of this Protocol.

Until the Council of Association takes the decision provided for in the preceding subparagraph, each Contracting Party shall apply to products subject to a monopoly in the territory of the other Contracting Party treatment at least as favourable as that applied to like products of the most-favoured third country.

4. The obligations on the Contracting Parties shall be binding only in so far as they are compatible with existing international agreements.

CHAPTER III

PRODUCTS SUBJECT TO SPECIFIC RULES ON IMPORTATION INTO THE COMMUNITY AS A RESULT OF THE IMPLEMENTATION OF THE COMMON AGRICULTURAL POLICY

Article 31

The arrangements for agricultural products set out in Chapter IV shall apply to products which are subject, on importation into the Community, to specific rules as a result of the implementation of the common agricultural policy.

CHAPTER IV

AGRICULTURE

Article 32

This Protocol shall extend to agricultural products, save as otherwise provided in Article 33 to 35.

Article 33

1. Over a period of twenty-two years **Turkey** shall adjust its agricultural policy with a view to adopting, at the end of that period, those measures of the common agricultural policy which must be applied in **Turkey** if free movement of agricultural products between it and the Community is to be achieved.

2. During the period mentioned in paragraph 1, the Community shall, in establishing and subsequently developing its agricultural policy, take into account the interests of Turkish agriculture. **Turkey** shall furnish the Community with all information which is relevant in this connection.

3. The Community shall inform **Turkey** of proposals from the Commission regarding the establishment and development of the common agricultural policy, and of the opinions issued and decisions taken regard to such proposals.

4. The Council of Association shall decide what information on agriculture shall be supplied by **Turkey** to the Com-

munity.

5. The proposals from the Commission mentioned in paragraph 3, and the measures in respect of agriculture which **Turkey** envisages taking in accordance with paragraph 1, may be the subject of consultation in the Council of Association.

Article 34

1. At the end of the period of twenty-two years the Council of Association, having established that **Turkey** has adopted the measures of the common agricultural policy which are referred to in Article 33 (1), shall adopt the provisions necessary for achieving the free movement of agricultural products between the Community and **Turkey**.

2. The provisions referred to in paragraph 1 may include any necessary derogations from the rules laid down in this Protocol.

3. The Council of Association may alter the date referred to in paragraph 1.

Article 35

1. Pending the adoption of provisions under Article 34 and by way of derogation from Articles 7 to 11, 15 to 18, 19 (1) and (5), 21 to 27, and 30, the Community and **Turkey** shall grant each other preferential treatment in their trade in agricultural products. The scope of such preferential treatment and the arrangements therefor shall be decided by the Council of Association.

2. The treatment to be accorded from the beginning of the transitional stage is, however, laid down in Annex 6.

3. One year after the entry into force of this Protocol and every two years thereafter, the Council of Association shall, at the request of either Contracting Party, review the results of the preferential treatment for agricultural products. It may decide upon improvements which prove to be necessary for progressive attainment of the objectives of the Agreement of Association.

4. Article 34 (2) shall apply.

TITLE II

MOVEMENT OF PERSONS AND SERVICES

CHAPTER I

WORKERS

Article 36

Freedom of movement for workers between Member States of the Community and **Turkey** shall be secured by progressive stages in accordance with the principles set out in Article 12 of the Agreement of Association between the end of the twelfth and the twenty-second year after the entry into force of that Agreement.

The Council of Association shall decide on the rules necessary to that end.

Article 37

As regards conditions of work and remuneration, the rules which each Member State applies to workers of Turkish

nationality employed in the Community shall not discriminate on grounds of nationality between such workers and workers who are nationals of other Member States of the Community.

Article 38

While freedom of movement for workers between Member States of the Community and **Turkey** is being brought about by progressive stages, the Council of Association may review all questions arising in connection with the geographical and occupational mobility of workers of Turkish nationality, in particular the extension of work and residence permits, in order to facilitate the employment of those workers in each Member State.

To that end, the Council of Association may make recommendations to Member States.

Article 39

1. Before the end of the first year after the entry into force of this Protocol the Council of Association shall adopt social security measures for workers of Turkish nationality moving within the Community and for their families residing in the Community.

2. These provisions must enable workers of Turkish nationality, in accordance with arrangements to be laid down, to aggregate periods of insurance or employment completed in individual Member States in respect of old-age pensions, death benefits and invalidity pensions, and also as regards the provision of health services for workers and their families residing in the Community. These measures shall create no obligation on Member States to take into account periods completed in **Turkey**.

3. The abovementioned measures must ensure that family allowances are paid if a worker's family resides in the Community.

4. It must be possible to transfer to **Turkey** old-age pensions, death benefits and invalidity pensions obtained under the measures adopted pursuant to paragraph 2.

5. The measures provided for in this Article shall not affect the rights and obligations arising from bilateral agreements between **Turkey** and Member States of the Community, in so far as these agreements provide more favourable arrangements for Turkish nationals.

Article 40

The Council of Association may make recommendations to Member States and **Turkey** for encouraging the exchange of young workers the Council of Association shall be guided in the matter by the measures adopted by Member States in implementation of Article 50 of the Treaty establishing the Community.

CHAPTER II

RIGHT OF ESTABLISHMENT, SERVICES AND TRANSPORT

Article 41

1. The Contracting Parties shall refrain from introducing between themselves any new restrictions on the freedom of establishment and the freedom to provide services.

2. The Council of Association shall, in accordance with the principles set out in Articles 13 and 14 of the Agreement of Association, determine the timetable and rules for the progressive abolition by the Contracting Parties, between

themselves, of restrictions on freedom of establishment and on freedom to provide services.

The Council of Association shall, when determining such timetable and rules for the various classes of activity, take into account corresponding measures already adopted by the Community in these fields and also the special economic and social circumstances of **Turkey**. Priority shall be given to activities making a particular contribution to the development of production and trade.

Article 42

1. The Council of Association shall extend to **Turkey**, in accordance with the rules which it shall determine, the transport provisions of the Treaty establishing the Community with due regard to the geographical situation of **Turkey**. In the same way it may extend to **Turkey** measures taken by the Community in applying those provisions in respect of transport by rail, road and inland waterway.

2. If provisions for sea and air transport are laid down by the Community, pursuant to Article 84 (2) of the Treaty establishing the Community, the Council of Association shall decide whether, to what extent and by what procedure provisions may be laid down for Turkish sea and air transport.

TITLE III

CLOSER ALIGNMENT OF ECONOMIC POLICIES

CHAPTER I

COMPETITION, TAXATION AND APPROXIMATION OF LAWS

Article 43

1. The Council of Association shall, within six years of the entry into force of this Protocol, adopt the conditions and rules for the application of the principles laid down in Articles 85, 86, 90 and 92 of the Treaty establishing the Community.

2. During the transitional stage **Turkey** may be considered as being in the situation specified in Article 92 (3) (a) of the Treaty establishing the Community. Accordingly, aid to promote Turkish economic development shall be considered to be compatible with the proper functioning of the Association if such aid does not alter the conditions of trade to an extent inconsistent with the mutual interests of the Contracting Parties.

At the end of the transitional stage, the Council of Association shall, taking into account the economic situation of **Turkey** at the time, decide whether it is necessary to extend the period during which the preceding subparagraph shall apply.

Article 44

1. Neither Contracting Party shall impose, directly or indirectly, on the products of the other Party any internal taxation of any kind in excess of that imposed directly or indirectly on similar domestic products.

Neither Contracting Party shall impose on the products of the other Party any internal taxation of such a nature as to afford indirect protection to other products.

The Contracting Parties shall, not later than the beginning of the third year after the entry into force of this Protocol, repeal any provisions existing at the date of its signature which conflict with the above rules.

2. In trade between the Community and **Turkey**, repayment of internal in respect of exported products shall not exceed the internal taxation imposed on those products, whether directly or indirectly.
3. Where a turnover tax calculated on a cumulative multi-stage tax system is levied, average rates for products or groups of products may be established, in the case of internal taxation imposed on imported products or of repayments allowed on exported products, provided that there is no infringement of the principles laid down in the preceding paragraphs.
4. The Council of Association shall ensure that the above provisions are applied, taking into account the experience of the Community in the field covered by this Article.

Article 45

As regards trade between the Community and **Turkey**, and in the case of charges other than turnover taxes, excise duties and other forms of indirect taxation, remissions and repayments in respect of exports may not be granted, and countervailing charges in respect of imports may not be imposed, unless the measures contemplated have been approved in advance by the Council of Association and for a limited period.

Article 46

The Contracting Parties may adopt any protective measures which they consider to be needed to overcome difficulties due to the absence of a decision by the Council of Association on the rules and conditions of application provided for in Article 43 (1), or to the non-application of those decisions or of Articles 44 or 45.

Article 47

1. If, during the period of twenty-two years, the Council of Association, on application by a Contracting Party, finds that dumping is being practised in trade between the Community and **Turkey**, it shall address recommendations to the person or persons with whom such practices originate for the purpose of putting an end to them.
2. The injured Party may, after notifying the Council of Association, take suitable protective measures where:
 - (a) the Council of Association has taken no decision pursuant to paragraph 1 within three months from the making of the application
 - (b) despite the issue of recommendations under paragraph 1, the dumping practices continue.

Moreover, where the interests of the injured Party call for immediate action, that Party may, after informing the Council of Association, introduce interim protective measures which may include anti-dumping duties. Such measures shall not remain in force more than three months from the date of the application, or from the date on which the injured Party takes protective measures under (b) of the preceding subparagraph.

3. Where protective measures have been taken under (a) of the first subparagraph of paragraph 2, or under the second subparagraph of that paragraph, the Council of Association may, at any time, decide that such protective measures shall be suspended pending the issue of recommendations under paragraph 1.

The Council of Association may recommend the abolition or amendment of protective measures taken under (b) of the first subparagraph of paragraph 2.

4. Products which originated in or were in free circulation in one of the Contracting Parties and which have been exported to the other Contracting Party shall, on reimportation, be admitted into the territory of the former Contracting

Party free of all customs duties, quantitative restrictions or measures having equivalent effect.

The Council of Association may make any appropriate recommendations for the application of this paragraph it shall be guided by Community experience in this field.

Article 48

The Council of Association may recommend the Contracting Parties to take measures to approximate the laws, regulations or administrative provisions in respect of fields which are not covered by this Protocol but have a direct bearing on the functioning of the Association, and of fields covered by this Protocol but for which no specific procedure is laid down therein.

CHAPTER II

ECONOMIC POLICY

Article 49

In order to facilitate attainment of the objectives set out in Article 17 of the Agreement of Association, the Contracting Parties shall regularly consult each other in the Council of Association to coordinate their economic policies.

The Council of Association shall, where necessary, recommend appropriate measures.

Article 50

1. The Contracting Parties declare their readiness to undertake the liberalization of payments beyond the extent provided for in Article 19 of the Agreement of Association, in so far as their economic situation in general and the state of their balance of payments in particular so permit.
2. In so far as movements of goods, services and capital are limited only by restrictions on payments connected therewith, these restrictions shall be progressively abolished by applying, *mutatis mutandis*, the provisions relating to the abolition of quantitative restrictions, the provision of services and to capital movements.
3. The Contracting Parties undertake not to make more restrictive the arrangements which they apply to transfers connected with the invisible transactions listed in Annex III to the Treaty establishing the Community, without the prior agreement of the Council of Association.
4. If need be, the Contracting Parties shall consult each other on measures to be taken to enable the payments and transfers mentioned in Article 19 of the Agreement of Association and in this Article to be effected.

Article 51

In order to further the objectives set out in Article 20 of the Agreement of Association, **Turkey** shall, on the entry into force of this Protocol, endeavour to improve the treatment accorded to private capital from the Community which can contribute to the development of the Turkish economy.

Article 52

The Contracting Parties shall endeavour to avoid introducing any new foreign exchange restrictions on the movement of capital and current payments connected therewith between themselves, and shall endeavour not to make the existing arrangements more restrictive.

The Contracting Parties shall simplify to the maximum extent possible authorization and control formalities applicable to the conclusion and carrying out of capital transactions and transfers, and shall, in so far as is necessary, consult each other for the purpose of achieving such simplification.

CHAPTER III

COMMERCIAL POLICY

Article 53

1. The Contracting Parties shall consult each other in the Council of Association in order to achieve, during the transitional stage, the coordination of their commercial policies in relation to third countries, in particular in the fields mentioned in Article 113 (1) of the Treaty establishing the Community.

For this purpose, each Contracting Party shall, at the request of the other Party, furnish all relevant information on agreements which it concludes and which contain tariff or commercial provisions, as well as on changes which it makes in its external trade arrangements.

Where such agreements or changes might have a direct and particular effect on the functioning of the Association, there shall be appropriate consultation in the Council of Association in order to take into account the interests of the Contracting Parties.

2. At the end of the transitional stage, the Contracting Parties, meeting in the Council of Association, shall coordinate their commercial policies more closely with the aim of achieving a commercial policy based on uniform principles.

Article 54

1. If the Community concludes an agreement of association or a preferential agreement having a direct and particular effect on the functioning of the Association, appropriate consultation shall take place in the Council of Association in order to enable the Community to take into account the mutual interests stated in the Agreement of Association between the Community and **Turkey**.

2. **Turkey** shall, where necessary to prevent barriers to the movement of goods within the Community, endeavour to take all appropriate measures for the solution of any practical problem which may arise in connection with trade between **Turkey** and countries linked to the Community by an association agreement or a preferential agreement.

Where such measures have not been taken, the Council of Association may adopt the necessary provisions for ensuring the proper functioning of the Association.

Article 55

Consultations shall take place in the Council of Association on the implementation of 'Regional Cooperation for Development'(RCD).

The Council of Association may adopt any necessary provisions. These must not impede the proper functioning of the Association.

Article 56

In the event of a third State acceding to the Community, appropriate consultations shall take place in the Council of

Association so as to ensure that account can be taken of the mutual interests of the Community and **Turkey** stated in the Agreement of Association.

TITLE IV

GENERAL AND FINAL PROVISIONS

Article 57

The Contracting Parties shall progressively adjust the conditions for participation in contracts awarded by public authorities and public undertakings, and by private undertakings which have been granted special or exclusive rights, so that by the end of the period of twenty-two years there is no discrimination between nationals of Member States and nationals of **Turkey** established in the territory of the Contracting Parties.

The Council of Association shall determine the timetable and rules for this adjustment when doing so it shall be guided by the solutions adopted by the Community in this field.

Article 58

In the fields covered by this Protocol:

- the arrangements applied by **Turkey** in respect of the Community shall not give rise to any discrimination between Member States, their nationals or their companies or firms

- the arrangements applied by the Community in respect of **Turkey** shall not give rise to any discrimination between Turkish nationals or Turkish companies or firms.

Article 59

In the fields covered by this Protocol **Turkey** shall not receive more favourable treatment than that which Member States grant to one another pursuant to the Treaty establishing the Community.

Article 60

1. If serious disturbances occur in a sector of the Turkish economy or prejudice its external financial stability, or if difficulties arise which adversely affect the economic situation in a region of **Turkey**, **Turkey** may take the necessary protective measures.

The Council of Association shall be notified immediately of those measures and of the rules for their application.

2. If serious disturbances occur in a sector of the economy of the Community or of one or more Member States, or prejudice the external financial stability of one or more Member States, or if difficulties arise which adversely affect the economic situation in a region of the Community, the Community may take, or authorize the Member State or States concerned to take, the necessary protective measures.

The Council of Association shall be notified immediately of such measures and of the rules for their application.

3. In the choice of measures to be taken in pursuance of paragraphs 1 and 2, preference shall be given to those which will least disturb the functioning of the Association. These measures shall not exceed what is strictly necessary to remedy the difficulties that have arisen.

4. Consultations may take place in the Council of Association on the measures taken in pursuance of paragraphs 1

and 2.

Article 61

Without prejudice to the special provisions of this Protocol, the transitional stage shall be twelve years.

Article 62

This Protocol and the Annexes thereto shall form an integral part of the Agreement establishing an Association between the European Economic Community and **Turkey**.

Article 63

1. This Protocol shall be ratified by the Signatory States in accordance with their respective constitutional requirements and shall be validly concluded on behalf of the Community by a decision of the Council, taken in accordance with the provisions of the Treaty establishing the Community the decision shall be notified to the Contracting Parties to the Agreement establishing an Association between the European Economic Community and **Turkey**.

The instruments of ratification and the notification of conclusion shall be exchanged at Brussels.

2. This Protocol shall enter into force on the first day of the month following the date of the exchange of the instruments of ratification and of the notification mentioned in paragraph 1.

3. If this Protocol does not enter into force at the beginning of a calendar year, the Council of Association may shorten or lengthen the periods laid down in this Protocol, in particular those in which free movement of goods is to be achieved, so that they may terminate at the end of a calendar year.

Article 64

This Protocol is drawn up in two copies in the Dutch, French, German, Italian and Turkish languages, each of these texts being equally authentic.

In witness whereof, the undersigned Plenipotentiaries have signed this **Additional Protocol**.

Done at Brussels on the twenty-third day of November in the year one thousand nine hundred and seventy.

For His Majesty the King of the Belgians,

Pierre HARMEL

For the President of the Federal Republic of Germany,

Walter SCHEEL

For the President of the French Republic,

Maurice SCHUMANN

For the President of the Italian Republic,

Mario PEDINI

For His Royal Highness the Grand Duke of Luxembourg,

Gaston THORN

For Her Majesty the Queen of the Netherlands,

J.M.A.H. LUNS

For the Council of the European Communities,

Walter SCHEEL

Franco Maria MALFATTI

For the President of the Republic of **Turkey**,

Ihsan Sabri & Ccedil;AGLAYANGIL

ANNEXES

ANNEX No 1

on the treatment to be accorded to imports of petroleum products from **Turkey** into the Community

Sole Article

1. Notwithstanding Articles 9 and 21 to 30 of the **Additional Protocol**, the products listed below and refined in **Turkey** shall be imported into the Community free of customs duties within the limit of an overall annual Community tariff quota of 200 000 metric tons:

>REFERENCE TO A GRAPHIC<

2. The Community shall be entitled to modify the arrangements set out in paragraph 1:

- when a common definition of origin is adopted for petroleum products from third States and associated countries
- when decisions are taken within the context of a common commercial policy
- when a common energy policy is established.

In such a case, the Community shall ensure that the imports referred to in paragraph 1 are accorded advantages equivalent to those provided for in that paragraph.

3. Consultations may take place in the Council of Association on the measures taken in pursuance of paragraph 2.

4. Where the Community does not adopt measures under paragraph 2 within three years, the Council of Association may review the size of the quota laid down in paragraph 1.

5. Apart from paragraphs 1 and 2 above, the **Additional Protocol** shall not affect rules applied to the importation of petroleum products.

ANNEX No 2

on the treatment to be accorded to imports of particular textile products from **Turkey** into the Community

Article 1

1. Notwithstanding Article 9 of the **Additional Protocol**, the Community shall progressively abolish the duties in the Common Customs Tariff in respect of products imported from **Turkey** which are listed below, by four successive reductions, each of 25%, over a twelve-year period. These reductions shall be made at the date of entry into force of the **Additional Protocol**, and four, eight and twelve years thereafter:

>REFERENCE TO A GRAPHIC<

2. Nevertheless, for products imported from **Turkey** which fall within heading Nos 55.05 and 55.09, the Community shall, on the entry into force of the **Additional Protocol** make a reduction of 75% of the Common Customs Tariff duties within the limit of annual Community Tariff quotas of 300 metric tons for heading No 55.05 and 1 000 metric tons for heading No 55.09.

Article 2

Notwithstanding Articles 21, 22, 23 and 24 of the **Additional Protocol**, the Community shall have the right to introduce new quantitative restrictions on imports from **Turkey** of the following products.

>REFERENCE TO A GRAPHIC<

ANNEX No 3

List of products subject to the timetable of tariff reductions laid down in Article 11

>REFERENCE TO A GRAPHIC<

ANNEX No 4

on the use by **Turkey** of special aid resources

THE CONTRACTING PARTIES,

desiring not to impede the use by **Turkey** of special aid resources,

HAVE AGREED AS FOLLOWS:

1. If the provisions of the Agreement of Association or of the **Additional Protocol** impede the use by **Turkey** of special aid resources made available to its economy, **Turkey** shall, after notification to the Council of Association, be entitled:

(a) to open tariff quotas in accordance with Article 20 (4) of the **Additional Protocol** for the importation of goods which are purchased with the resources in question

(b) to import free of duty goods which constitute gifts under Title III of Public Law 480 of the United States or under a food aid programme

(c) to restrict invitations to tender to suppliers of products originating in countries which grant special aid where the use of such resources entails the importation of products originating in those countries, and where a tendering procedure is prescribed by the legislation of **Turkey** or of the countries in question.

2. Products imported into **Turkey** under this Annex may not be re-exported to the Community either unaltered or after working or processing.
3. The provisions of this Annex must not hamper the proper functioning of the Association.
4. At the end of the transitional stage the Council of Association may decide whether this Annex is to remain in force.

In the meantime, if any change is made to the nature of the resources referred to in paragraph 1 of this Annex or to the procedure to be followed for their use, or if any difficulties arise affecting their use, the Council of Association shall review the situation with a view to taking the appropriate measures.

ANNEX No 5

on German internal trade and connected problems

THE CONTRACTING PARTIES,

taking into consideration the conditions at present existing by reasons of the division of Germany,

HAVE AGREED AS FOLLOWS:

1. Since trade between German territories subject to the Basic Law for the Federal Republic of Germany and German territories in which the Basic Law does not apply is a part of German internal trade, the application of the Agreement of Association or of the **Additional Protocol** in German requires no change in the treatment currently accorded to this trade.
2. Each Contracting Party shall inform the other Contracting Party of any agreements relating to trade with the German territories in which the Basic Law for the Federal Republic of Germany does not apply, and of any implementing provisions. Each Contracting Party shall ensure that implementation of such agreements does not conflict with the principles of the Association and shall in particular take appropriate measures to avoid harming the economy of the other Contracting Party.
3. Each Contracting Party may take appropriate measures to prevent any difficulties arising for it from trade between the other Contracting Party and the German territories in which the Basic Law for the Federal Republic of Germany does not apply.

ANNEX No 6

on the treatment to be accorded to agricultural products

Article 1

The treatment provided for in Article 35 (2) of the **Additional Protocol** is set out in the following Articles.

CHAPTER I

PREFERENTIAL TREATMENT OF IMPORTS INTO THE COMMUNITY

Article 2

Customs duties equal to 50 % of the duties in the Common Customs Tariff shall be applicable to imports into the

Community of products listed below and originating in **Turkey**.

>REFERENCE TO A GRAPHIC<

Article 3

The products listed below and originating in **Turkey** shall be imported into the Community free of customs duties and charges having equivalent effect:

>REFERENCE TO A GRAPHIC<

Article 4

1. Customs duties equal to 60 % of the duties in the Common Customs Tariff shall be applicable to imports into the Community of products listed below and originating in **Turkey**:

>REFERENCE TO A GRAPHIC<

2. Customs duties equal to 50 % of the duties in the Common Customs Tariff shall be applicable to imports into the Community of products listed below and originating in **Turkey**:

>REFERENCE TO A GRAPHIC<

3. During the period of application of reference prices, paragraphs 1 and 2 shall apply on condition that on the internal Community market the prices of citrus fruit imported from **Turkey** are, after customs clearance and allowance for the conversion factors operative for the various classes of citrus fruit and after deduction of transport costs and import charges other than customs duties, not less than the reference prices for the period in question plus the incidence of the Common Customs Tarrif on those reference prices and a fixed amount of 1.20 units of account per 100 kilogrammes.

4. The transport costs and import charges other than customs duties referred to in paragraph 3 shall be those laid down for calculating the entry prices referred to in Regulation No 23 on the progressive establishment of a common organization of the market in fruit and vegetables.

However, the Community shall be entitled to calculate the amount to be deducted in respect of import charges, other than customs duties, referred to in paragraph 3, in such a way as to avoid difficulties which may arise from the incidence of those charges on entry prices, depending on origin.

5. The provisions of Article 11 of Regulation No 23 shall continue to apply.

6. Where the advantages accruing from the provisions of paragraph 1 and 2 above would or could be jeopardized by reasons of abnormal conditions of competition, consultations may be held in the Council of Association on the problems arising from such a situation.

Article 5

An ad valorem duty of 3 % shall be applicable to imports into the Community of products listed below and originating in **Turkey**. This duty shall be reduced to 2 % one year after the date of entry into force of the **Additional Protocol** and to 1 % two years after that date. It shall be abolished at the end of the third year.

>REFERENCE TO A GRAPHIC<

Article 6

An ad valorem duty of 2,5 % within an annual Community Tariff quota of 18 700 metric tons, shall be applicable to imports into the Community of products listed below and originating in **Turkey**:

>REFERENCE TO A GRAPHIC<

Article 7

1. The Community shall take all measures necessary to ensure that the levy on imports into the Community of olive oil other than refined olive oil, falling within subheading No 15.07 A II of the Common Customs Tariff, wholly produced in **Turkey** and transported direct from that country to the Community, is the import levy calculated in accordance with the provisions of Article 13 of Regulation No 136/66/EEC on the establishment of a common organisation of the market in oils and fats, and applicable on the day of importation, less 0.5 unit of account per 100 kilogrammes.

2. Additionally and on condition that **Turkey** applies a special export charge reflected in the import price, the Community shall reduce the amount of the levy calculated in accordance with paragraph 1 by an amount equal to that of the charge paid but not exceeding 4.5 units of account per 100 kilogrammes.

Each Contracting Party shall take the necessary measures for the implementation of this paragraph.

3. Consultations on the operation of the arrangements provided for in this Article may be held in the Council of Association.

Article 8

The products listed below and originating in **Turkey** shall imported into the Community free of Customs duty:

>REFERENCE TO A GRAPHIC<

Article 9

Customs duties equal to 25 % of the duties in the Common Customs Tariff shall be applicable to imports into the Community of product listed below and originating in **Turkey**. These duties shall be reduced to 10 % of the duties in the Common Customs Tariff at the end of the second year after the entry into force of the **Additional Protocol**. They shall be abolished at the end of the third year.

>REFERENCE TO A GRAPHIC<

Article 10

On implementation of the common fisheries policy the Community shall take any measures which may be necessary to ensure that **Turkey** retains export opportunities which are at least equivalent to those provided for under Article 6 of the Provisional Protocol.

The Council of Association shall examine measures which might serve to improve such opportunities.

Article 11

The Council of Association shall determine the preferential treatment applicable to wine originating in **Turkey**.

Article 12

The Community shall take all measures necessary to ensure that the levy on the following goods, produced in **Turkey** and imported direct from that country into the Community, is the levy calculated in accordance with the provisions of Article 13 of Regulation No 120/67/EEC on the common organization of the market in cereals, less 0.5 unit of account per metric ton:

>REFERENCE TO A GRAPHIC<

Article 13

1. On condition that **Turkey** applies a special export charge, reflected in the import price on rye of heading No 10.02 of the Common Customs Tariff, which is produced in **Turkey** and imported direct from that country into the Community, the Community shall reduce the amount of the levy on imports of this product, calculated in accordance with Article 13 of Regulation No 120/67/EEC on the common organisation of the market in cereals, by an amount equal to that of the charge paid, up to a limit of 8 units of account per metric ton.

Each Contracting Party shall take the measures necessary for the implementation of this paragraph.

2. Consultations on the operation of the arrangements provided for in this Article may be held in the Council of Association.

Article 14

Without prejudice to the levying of a variable component determined in accordance with Article 5 of Regulation (EEC) No [1059/69](#) laying down the trade arrangement applicable to certain goods resulting from the processing of agricultural products, the Community shall take all necessary measures for the progressive reduction, in accordance with the timetable specified in Article 9 of this Annex, of the fixed component levied on imports into the Community of the following goods originating in **Turkey**:

>REFERENCE TO A GRAPHIC<

Article 15

Should Community regulations be amended in respect of products covered by this Annex, the Community shall be entitled to modify the arrangements therefor laid down in this Annex.

When modifying such arrangements the Community shall grant in respect of imports originating in **Turkey** an advantage comparable to that provided for in this Annex.

Annex 16

The Council of Association shall lay down the definition of the concept 'originating products' for the purpose of the application of this Chapter.

CHAPTER II

TREATMENT OF IMPORTS INTO **TURKEY**

Article 17

With respect to its commercial imports, **Turkey** shall grant to the Community preferential treatment such as to en-

sure a satisfactory increase in imports of agricultural products originating in the Community.

FINANCIAL PROTOCOL

HIS MAJESTY THE KING OF THE BELGIANS,
THE PRESIDENT OF THE FEDERAL REPUBLIC OF GERMANY,
THE PRESIDENT OF THE FRENCH REPUBLIC,
THE PRESIDENT OF THE ITALIAN REPUBLIC,
HIS ROYAL HIGHNESS THE GRAND DUKE OF LUXEMBOURG,
HER MAJESTY THE QUEEN OF THE NETHERLANDS,

and

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

of the one part,

THE PRESIDENT OF THE TURKISH REPUBLIC,

of the other part,

ANXIOUS to promote an accelerated development of the Turkish economy in order to facilitate the pursuit of the objectives of the Agreement establishing an Association between the European Economic Community and **Turkey**,

HAVE DESIGNATED AS THEIR PLENIPOTENTIARIES:

HIS MAJESTY THE KING OF THE BELGIANS:

Mr Pierre HARMEL,

Minister for Foreign Affairs

THE PRESIDENT OF THE FEDERAL REPUBLIC OF GERMANY:

Mr Walter SCHEEL,

Minister for Foreign Affairs

THE PRESIDENT OF THE FRENCH REPUBLIC:

Mr Maurice SCHUMANN,

Minister for Foreign Affairs

THE PRESIDENT OF THE ITALIAN REPUBLIC:

Mr Mario PEDINI,

Under-Secretary of State for Foreign Affairs

HIS ROYAL HIGHNESS THE GRAND DUKE OF LUXEMBOURG:

Mr Gaston THORN,

Minister for Foreign Affairs

HER MAJESTY THE QUEEN OF THE NETHERLANDS:

Mr J.M.A.H. LUNS,

Minister for Foreign Affairs

THE COUNCIL OF THE EUROPEAN COMMUNITIES:

Mr Walter SCHEEL,

President in Office of the Council of the European Communities

Mr Franco Maria MALFATTI,

President of the Commission of the European Communities

THE PRESIDENT OF THE TURKISH REPUBLIC:

Mr Ihsan Sabri & Ccedil;AGLAYANGIL,

Minister for Foreign Affairs

WHO, having exchanged their Full Powers, found in good and due form,

HAVE AGREED AS FOLLOWS:

Article 1

Within the framework of the Association between the European Economic Community and **Turkey**, the Community shall supplement **Turkey's** own endeavours by participating, in the manner laid down in this Protocol, in measures to promote the development of the country.

Article 2

1. Requests for financing may be submitted to the European Investment Bank by the Turkish State, by an authority and by public or private undertakings which have their seat or a place of business in **Turkey** the Bank shall notify them of the action taken on their application.

2. Investment projects shall be eligible for financing where they:

(a) help to increase the productivity of the Turkish economy and, in particular, aim to provide **Turkey** with a better economic infrastructure, higher agricultural output, and modern, efficiently-run public or private undertakings in the industrial and service sectors

(b) further the aims of the Agreement of Association

(c) are part of the Turkish Development Plan in force at the relevant date.

3. With respect to the choice of investment projects within the framework of the above provisions:

(a) only individual projects may be financed

(b) as a general rule, investment projects which are to be carried out on Turkish territory may be financed irrespective of the sectors of the economy to which they relate.

4. Special consideration shall be given to projects which could serve to improve the Turkish balance of payments.

Article 3

1. Requests which have been approved shall be financed by loans from the European Investment Bank acting on authority from the Member States of the Community.

2. These loans may be granted up to an aggregate amount of 195 million units of account, which may be committed in a period expiring on 23 May 1976. Any balance outstanding at the end of that period shall be used in accordance with the provisions of this Protocol until it is exhausted.

3. The funds committed each year as a result of the granting of loans shall be distributed as evenly as possible over the whole period in which this Protocol is in force. However, relatively large amounts may, within reasonable limits, be committed in the first part of this period.

4. To the amount specified in paragraph 2 there shall be added the undisbursed portion of loans committed pursuant to the first Financial Protocol but cancelled before the whole or a part of the relevant payments had been made.

Article 4

1. Requests for financing which are not submitted by the Turkish Government cannot be approved without the agreement of that Government.

2. Where a loan is granted to an undertaking or to an authority other than the Turkish State, that loan shall be subject to a guarantee from the Turkish State.

3. Undertakings whose risk capital comes wholly or partly from countries of the Community shall have access to the finance provided for in this Protocol on the same conditions as undertakings with Turkish capital.

Article 5

1. Loans shall be granted on the basis of the economic features of the projects which they are to finance.

2. Loans, especially those for capital investment projects, the return on which is indirect or long-term, may be granted for a maximum of thirty years, and may be redemption-free for up to eight years. The rate of interest on such loans must be not less than 2.5 % per annum.

3. Loans for the financing of projects showing a normal return, which must account for not less than 30 % of the amount of the loans granted to **Turkey** annually, may be made on the following terms:

(a) a loan period and a redemption-free period determined by the Bank, subject to the limits laid down in paragraph 2, with a view to facilitating the servicing of loans by **Turkey**

(b) a rate of interest of not less than 4.5 % per annum.

4. The loans referred to in the preceding paragraph may be granted through the intermediary of appropriate Turkish agencies.

The choice of projects to be financed through these agencies and the terms on which loans by the Bank may be granted by the agency or agencies concerned to recipient undertakings, shall be subject to prior approval by the Bank.

5. Repayments by recipient undertakings which are not immediately needed by the intermediary agencies for the redemption of loans from the Bank, shall be paid into a special account the use of such amounts shall be subject to approval by the Bank.

Article 6

1. All natural and legal persons who are nationals of **Turkey** or of Member States of the Community may participate on equal terms in tendering procedures, invitations to tender, transactions and contracts relating to projects for which loans have been granted.

2. The loans may be used to cover expenditure on imports or domestic expenditure, where such expenditure is necessary for carrying out approved capital investment projects, including expenditure on planning, on the services of consulting engineers and on technical assistance.

3. The Bank shall ensure that funds are used as judiciously as possible and in accordance with the objectives of the Agreement of Association.

Article 7

Turkey shall, for the whole period of a loan, make available to the recipients of the loan the currency necessary for the payment of interest and commission, and for the repayment of capital.

Article 8

Contributions under this Protocol for the execution of certain projects may take the form of participation in financing operations in which, in particular, third countries, international finance organisations or credit and development authorities and institutions in **Turkey** or of Member States of the Community may be concerned.

Article 9

1. While this Protocol is in force the Community shall examine the possibility of supplementing the amount of the loans specified in Article 3 by loans granted by the European Investment Bank from its own resources and on market terms and whose aggregate amount may total 25 million units of account.

2. These loans would be used to finance projects showing a normal return which are to be carried out in **Turkey** by private undertakings.

3. The Statute of the European Investment Bank and Articles 4, 7 and 8 of this Protocol shall apply to these loans.

Article 10

The Contracting Parties shall, one year before expiry of this Protocol, consider which of its provisions relating to financial assistance might be adopted for a further period.

Article 11

This Protocol shall be annexed to the Agreement establishing an Association between the European Economic Community and **Turkey**.

Article 12

1. This Protocol shall be ratified by the Signatory States in accordance with their respective constitutional requirements and, as regards the Community, shall become binding by a Council Decision taken in accordance with the Treaty establishing the Community and notified to the Contracting Parties to the Agreement establishing an Association between the European Economic Community and **Turkey**.

The above instruments of ratification and the act of notification of conclusion shall be exchanged at Brussels.

2. This Protocol shall enter into force on the first day of the month following the date of exchange of the instruments of ratification and act of notification of conclusion, referred to in paragraph 1.

Article 13

This Protocol is drawn up in two copies in the Dutch, French, German, Italian and Turkish languages, each of these texts being equally authentic.

In witness whereof, the undersigned Plenipotentiaries have signed this Financial Protocol.

Done at Brussels this twenty-third day of November in the year one thousand nine hundred and seventy.

For His Majesty the King of the Belgians,

Pierre HARMEL

For the President of the Federal Republic of Germany,

Walter SCHEEL

For the President of the French Republic,

Maurice SCHUMANN

For the President of the Italian Republic,

Mario PEDINI

For His Royal Highness the Grand Duke of Luxembourg,

Gaston THORN

For Her Majesty the Queen of the Netherlands,

J.M.A.H. LUNS

For the Council of the European Communities,

Walter SCHEEL

Franco Maria MALFATTI

For the President of the Republic of **Turkey**,

Ihsan Sabri & Ccedil;AGLAYANGIL

FINAL ACT

The Plenipotentiaries of:

HIS MAJESTY THE KING OF THE BELGIANS,

THE PRESIDENT OF THE FEDERAL REPUBLIC OF GERMANY,

THE PRESIDENT OF THE FRENCH REPUBLIC,

THE PRESIDENT OF THE ITALIAN REPUBLIC,

HIS ROYAL HIGHNESS THE GRAND DUKE OF LUXEMBOURG,

HER MAJESTY THE QUEEN OF THE NETHERLANDS,

and of

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

of the one part, and of

THE PRESIDENT OF THE REPUBLIC OF **TURKEY**

of the other part,

Meeting at Brussels on the twenty-third day of November in the year one thousand nine hundred and seventy for the signature of:

- the **Additional Protocol**, to which are appended six Annexes,

- the Financial Protocol,

and

- the Agreement on products within the province of the European Coal and Steel Community, to which is appended an Annex,

Have adopted the following Joint Declarations by the Contracting Parties relating to the **Additional Protocol**:

1. Joint Declaration on the calculation of duties and charges,
2. Joint Declaration on Article 12 (2),
3. Joint Declaration on Articles 17 (1) and 18 (1),
4. Joint Declaration on Article 25 (4),

5. Joint Declaration on Article 27 (2),

6. Joint Declaration on Article 34,

7. Joint Declaration on the duties in the Common Customs Tariff which are listed in Annexes 2 and 6.

They have also adopted the following Interpretative Declarations:

- Interpretative Declaration on Article 25 of the **Additional Protocol**,

- Interpretative Declaration on the value of the unit of account mentioned in Article 3 of the Financial Protocol.

They have, in addition, taken note of the following Declarations by the Government of the Federal Republic of Germany on the Agreement in respect of products within the province of the European Coal and Steel Community:

1. Declaration on the definition of the expression 'German national';

2. Declaration on the application to Berlin of the Agreement on products within the province of the European Coal and Steel Community.

These Declarations are annexed to this Final Act.

The Plenipotentiaries have agreed that the Declarations annexed to this Final Act shall be subjected to any internal procedures that may be necessary to ensure their validity.

In witness whereof, the Plenipotentiaries of the Contracting Parties have signed this Final Act.

Done at Brussels, this twenty-third day of November in the year one thousand nine hundred and seventy.

For His Majesty the King of the Belgians:

Pierre HARMEL

For the President of the Federal Republic of Germany:

Walter SCHEEL

For the President of the French Republic:

Maurice SCHUMANN

For the President of the Italian Republic:

Mario PEDINI

For His Royal Highness the Grand Duke of Luxembourg:

Gaston THORN

For Her Majesty the Queen of the Netherlands:

J.M.A.H. LUNS

For the Council of the European Communities:

Walter SCHEEL

Franco Maria MALFATTI

For the President of the Turkish Republic:

Ihsan Sabri & Ccedil;AGLAYANGIL

ANNEX

JOINT DECLARATION BY THE CONTRACTING PARTIES ON THE ADDITIONAL PROTOCOL

1. Joint Declaration on the calculation of duties and charges

The Contracting Parties agree that customs duties and charges having equivalent effect which are calculated in accordance with the rules of the **Additional Protocol** shall be rounded off to the first decimal point.

2. Joint Declaration on Article 12 (2)

The Contracting Parties agree that goods which are already in a bonded warehouse, or are being transported for export, or for which there was a firm contract of sale at the time **Turkey** notified the Council of Association in accordance with Article 12 (2) of the **Additional Protocol**, shall be liable to the customs duties applicable before the adoption of measures by **Turkey** in accordance with that Article.

3. Joint Declaration on Articles 17 (1) and 18 (1)

The duties in the Common Customs Tariff referred to in Articles 17 (1) and 18 (1) of the **Additional Protocol** are the duties in the Common Customs Tariff which are actually applied at the time of alignment of the Turkish Customs Tariff with the Common Customs Tariff.

4. Joint Declaration on Article 25 (4)

The Contracting Parties declare that in calculating the aggregate value of all the quotas which are to be increased by 10 % at regular intervals in accordance with Article 25 (4) of the **Additional Protocol**, no account shall be taken of the value of imports liberalized by **Turkey** during the periods referred to in that paragraph.

5. Joint Declaration on Article 27 (2)

The Contracting Parties declare that the provisions of Article 27 (2) of the **Additional Protocol** shall also apply to non-ferrous metals.

6. Joint Declaration on Article 34

The Contracting Parties agree that preparatory work in respect of the findings to be recorded by the Council of Association, pursuant to Article 34 of the **Additional Protocol**, may begin one year before expiry of the period of twenty-two years.

7. Joint Declaration on the duties in the Common Customs Tariff referred to in Annexes 2 and 6

The duties in the Common Customs Tariff referred to in Annexes 2 and 6 are the duties in the Common Customs

Tariff which are actually applied at the time in relation to the Contracting Parties to GATT.

INTERPRETATIVE DECLARATIONS

Interpretative Declaration on Article 25 of the **Additional Protocol**

It is understood that importations financed:

- (a) with special aid resources connected with specific investment projects
- (b) without allocation of foreign currency
- (c) under the law on the promotion of foreign capital investment shall not be considered to be made under quotas opened in favour of the Community in accordance with Article 25 of the **Additional Protocol**, and in particular paragraphs 4 and 5 thereof.

Interpretative Declaration on the value of the unit of account in the context of Article 3 of the Financial Protocol

The Contracting Parties declare that:

1. The value of the unit of account used to express the amount mentioned in Article 3 of the Financial Protocol shall be 0 88867088 gram of fine gold.
2. The parity of the currency of a Member State of the Community in relation to the unit of account defined in paragraph 1 shall be the relation between the weight of fine gold contained in the unit of account and the weight of fine gold corresponding to the par value of that currency communicated to the International Monetary Fund. If no par value has been communicated, or if exchange rates differing from the par value by a margin exceeding that authorized by the International Monetary Fund are applied to current payments, the weight of fine gold corresponding to the parity of the currency shall be calculated on the basis of the exchange rate for a currency directly or indirectly expressed in and convertible into gold which is applied in the Member State to current payments, on the day of the calculation, and on the basis of the par value communicated to the International Monetary Fund for that convertible currency.
3. The unit of account defined in paragraph 1 shall remain unchanged throughout the period in which the Financial Protocol is in force. If, however, before the end of that period a uniform proportionate change in the par values of all currencies in relation to gold should be decided by the International Monetary Fund under Article IV, Section 7, of its Articles of Agreement, the weight of fine gold contained in the unit of account shall alter in inverse ratio to that change.

If one or more Member States do not apply the decision taken by the International Monetary Fund as referred to in the preceding subparagraph, the weight of fine gold contained in the unit of account shall alter in inverse ratio to the change decided by the International Monetary Fund. The Council of the European Communities shall, however, examine the situation thus created and shall take the necessary measures, acting by a qualified majority, after receiving a proposal from the Commission and the opinion of the Monetary Committee.

DECLARATIONS BY THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY ON THE AGREEMENT RELATING TO PRODUCTS WITHIN THE PROVINCE OF THE EUROPEAN COAL AND STEEL COMMUNITY

1. Declaration on the definition of the expression 'German national'

All Germans as defined in the Basic Law for the Federal Republic of Germany shall be considered nationals of the Federal Republic of Germany.

2. Declaration on the application to Berlin of the Agreement in respect of products within the province of the European Coal and Steel Community

The Agreement on products within the province of the European Coal and Steel Community shall apply equally to Land Berlin unless the Government of the Federal Republic of Germany makes a declaration to the contrary to the other Contracting Parties within three months.

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