

DRAFT
THE PROTOCOL OF THE FOURTH
SESSION OF THE TURKEY/UNITED
KINGDOM JOINT ECONOMIC AND
TRADE COMMITTEE (JETCO)

The Turkey/United Kingdom (hereinafter referred to as the UK) Joint Economic and Trade Committee [hereinafter referred to as the JETCO] which was established on June 23, 2009, held its fourth meeting in London on April 22, 2013.

The Turkish Delegation was headed by H.E. Zafer Çağlayan, Minister of Economy of the Republic of Turkey and the UK Delegation was headed by H.E Lord Green of Hurstpierpoint, Minister of State for Trade and Investment of the UK.

During the Fourth Session, the two Delegations reviewed the economic developments and policies prevailing in their respective countries and the developments in the bilateral economic and commercial relations, since the last session of the JETCO held in Ankara in 2011.

During the Session, the two Delegations also stated that the enhancement of stronger commercial and economic ties, as well as the promotion of investments and trade relations between the Republic of Turkey and the UK are the shared objectives of the two countries. The two Delegations also discussed the ways and means of enlargement and diversification of the bilateral economic cooperation in all economic areas.

The results of the talks of the JETCO are summarised as follows:

I. TRADE RELATIONS

1. Bilateral Trade

Both Sides reviewed the developments in their bilateral trade relations and noted the increase in the volume of trade since the Third Session of the JETCO. However, both Sides also agreed that a large potential between the two countries existed towards the further increase of the volume and value of trade, as well. The UK was pleased with recent commercial deals including a large order for Airbus planes by Turkish Airlines, and substantial inward investments including HDM Steel's manufacturing facility in Cardiff and the leading Turkish hospital Florence Nightingale establishing their European Headquarters in London.

Both Sides agreed that they would actively take measures to further increase the volume and value of bilateral trade and achieve a higher level of diversification overall. Both Sides also agreed to enhance efforts to promote bilateral trade and economic relations in new sectors of mutual interest.

Both Sides underlined the importance of exchanging business and trade delegations to take bilateral trade and economic cooperation to a higher-level, including through the exploration of market opportunities and deepening of business-to-business linkages. The Turkish Side invited British businessmen to Anatolian cities that have different opportunities compared to Istanbul and Ankara.

Both Sides welcomed recent bilateral visits including H.E. Lord Green of Hurstpierpoint to Turkey on April 26, 2012 with a delegation of mid-sized businesses and the fruitful meeting held between H.E. Zafer Çağlayan and H.E. Lord Green. Both Sides agreed that such delegations are important in advancing opportunities among business communities of both countries and noted with satisfaction the visit of UK Deputy Prime Minister Nick Clegg to Turkey with a high level business delegation last autumn, the launch of the Knowledge Partnership during Dr Vince Cable's visit to Turkey in September 2011 and Lord Green's visit to Turkey which incorporated the third meeting of Turkey-UK CEO and Tatlidil Forums in Istanbul on 12 October 2012.

Both Sides welcomed that the decision taken by the Ministry of Economy of Turkey to open commercial counsellor's branches in Birmingham and Edinburgh in 2012, in line with the common goal of improving trade and economic relations between the two countries, will contribute significantly to progressing bilateral trade ties.

The UK Side noted that the British missions in Turkey were running a trade and investment marketing campaign initially for twelve months, with effect from 29 March 2013. The campaign, known as "GREAT", is a UK Government initiative. The objective of the campaign is to further enhance the existing strong bilateral business partnership. It supports the Strategic Partnership Agreement, in particular the objective to double bilateral trade between Turkey and the UK by 2015.

The GREAT campaign will showcase the areas where there are opportunities for Turkey and the UK to work in partnership, in particular in infrastructure, technology, education, innovation, creativity, knowledge sharing and entrepreneurship. It will also highlight inward investment opportunities in the UK for Turkish businesses. The campaign will consist of a series of innovative trade and investment events throughout the year to promote these areas, together with supporting media and advertising activity. The campaign will be targeted at business audiences which are disposed to doing business internationally. The UK Side welcomed the opportunity to cooperate with Turkey on events during the campaign.

Two major sector events have already taken place this year; the visit of the UK Sports Minister to Turkey which provided exposure to UK sporting and global events capability and the visit of the Lord Mayor which complimented UK's work on Istanbul's aspiration to become a leading international financial centre.

2. Trade Related Issues

2a. Scotch Whisky

The UK Side noted that Scotch Whisky imports continue to face heavy certification requirements to be able to trade in Turkey. The UK Side also stated that the administrative requirements to allow goods to enter the market made trade particularly difficult for SMEs. The UK Side also stated that Scotch Whisky producers would like to be required to provide limited documentation, namely an original Health Certificate from the relevant authorities and an HMRC Certificate of Age.

The Turkish Side stated that the related Turkish legislation and procedure is applied to imports of all alcoholic drinks and there is no exceptional provision of obstructive nature for Scotch Whisky. The Turkish Side stated that, on the contrary, Scotch Whisky enjoyed preferential treatment since it was registered in Turkey with effect from 2008. The documentation provided for imports of Scotch Whisky is only required to define the product, ensure market safety, prevent unfair competition and secure public health. Therefore, administrative requirements would not be considered as an obstruction to trade.

2b. Pharmaceuticals

The UK Side welcomed Turkey's draft pharmaceutical strategy – in the context of its Vision 2023 strategy –demonstrating its ambition to position Turkey as a leading site for innovative pharmaceutical investment. However, the UK Side noted there remained market access barriers impacting British firms operating in Turkey. In this regard, both Sides agreed to develop cooperation and endeavour to increase market access opportunities in a mutually beneficial way.

2c. Visa Issues

Both Sides reiterated their commitment to facilitate strong people-to-people exchanges and to maintain discussions on visa issuing within the existing framework and migration and people mobility issues of mutual interest.

The UK Side confirmed that the Business Bridge Scheme would be extended to 500 Turkish companies and all UK companies listed in FT UK 500 index that operate in Turkey. This would further strengthen the strong business-to-business links between the UK and Turkey.

2d. Transport Quotas

The Turkish side stated that transport quotas imposed on Turkish commercial vehicles by some EU member states had negative effect on bilateral trade and the quotas breached free trade principles. The Turkish Side requested for Turkey and the UK to work in close cooperation in order to liberalise bilateral and transit transport quotas imposed by some other EU member states.

2e. Customs Transactions

The Turkish Side stated that Turkish firms exporting to the UK experienced difficulties because of the excessive customs transactions and requested from the UK Side to facilitate these processes since they imposed huge burdens on Turkish exporters.

2f. Insurance / Pensions

The Turkish Side, pointing out the request of the UK International Pension Centre to obtain death certificates of the British insurees reside in Turkey from the Turkish authorities, expressed its willingness to hold a meeting on this issue between the related insurance institutions of the two countries at the earliest convenient time.

2g. TR-EU Relations

The two Sides pointed out the positive economic and welfare impact that would be brought by the accession of Turkey to the EU for both Sides and to this end, stressed that smooth continuation of accession negotiations is of crucial importance.

The Turkish side stated that the non-attendance of Turkey to the Free Trade Agreement negotiations of the EU with third countries has negative effects on Turkish firms. The two sides agreed to work together in dialogue with the European Commission to find a solution to this concern.

II. ECONOMIC AND TECHNICAL COOPERATION

1. Co-operation in the field of energy

The UK Side described the substantial support on offer for UK companies involved in the Akkuyu nuclear power project which was expected to involve the UK suppliers and service companies, as well as some assistance from the UK Export Finance. The UK Side suggested that the project was an excellent example of combining financial, technical and engineering expertise in support of the development of Turkey's infrastructure and energy needs.

The Turkish Side stated that it would be pleased with the participation of UK private sector institutions/companies in Turkish energy sector, including but not limited to privatisation process of energy sector, as well as the renovation and rehabilitation tenders of thermal and hydroelectric power plants.

Both Sides decided to encourage cooperation in the fields of renewable energy resources and energy efficiency. The UK side would be pleased to collaborate more closely with Turkey on renewable energy, for example, through the CEO Forum.

The Turkish Side noted that UK public and private sector institutions/companies could participate in the intended Nuclear Power Plant Projects in Turkey as financial investors.

Both Sides decided to share experiences of UK nuclear firms on academy-industry cooperation model.

The UK Side agreed to encourage UK firms to make investments with Turkish partners for manufacturing nuclear equipment in Turkey.

Both Sides decided to establish cooperation among Turkish and UK universities on nuclear engineering including exchange of researchers and lecturers on nuclear science.

Both Sides decided to work on possibilities of vocational training for Turkish engineers in nuclear power plants in the UK.

Both Sides decided to evaluate opportunities for providing training for trainers in the UK on physical security and safety of nuclear power plants.

2. Istanbul as a Financial Centre: Joint Working Group

The Turkish Side pointed out that a project to make Istanbul a finance centre was initiated and expressed its willingness to cooperate with the relevant UK authorities on this project.

Both Sides welcomed to cooperate with the relevant authorities to conduct joint studies and to identify areas for partnership in the financial sector. Each financial institution will be encouraged to carry out its own project with its counterparts. To promote a structured process, the Lord Mayor had proposed TheCityUK and the Turkish Development Ministry established six monthly meetings of key officials, and experts from Istanbul and London to propose actions in key specific areas.

3. Co-operation in the Sphere of Defence Industry

Both Sides confirmed the importance of bilateral relations between Turkey and the UK within the framework of defence industry. UKTI DSO and SSM have been working very closely over a number of years to improve Defence Industry Cooperation. The UK Side reported that the 4th Defence Industry Cooperation Meeting was held in Ankara between the Turkish Ministry of National Defence and UKTI DSO on 20 November 2012, and numerous areas for potential cooperation were identified during the said meeting. The following issues will be discussed during military staff talks in 2013;

- Rolls-Royce are looking forward to naval and aerospace cooperation projects,
- BAE Systems looking for cooperation areas in land/aerospace and naval programmes,

- Both THALES and MBDA are keen to work with the Turkish Industry both in Turkey and in third markets.

Both Sides, referring to the Defence Industry Cooperation MOU between the Turkish and UK Governments signed in 2011 and the Memorandum of Understanding signed in November 2012 between the Turkish and UK defence trade associations, namely ADS and SASAD, expressed their conviction that these MOUs should enable them to work more efficiently to increase industry cooperation between Turkey and the UK.

The Turkish Side also underlined that Turkish defence industry companies are willing and ready to cooperate with the UK on potential projects including sales to third countries.

4. Cooperation in Contracting and Consultancy Services

Bearing in mind the complementary features of Turkish and UK companies and their activities in construction and technical consultancy sectors, both Sides expressed their intention for further deepening the existing collaboration of their respective private sector organisations with a special emphasis of Turkish and British companies' activities in the MENA, Africa and CIS regions. To this end, both Sides agreed to support the business forum which will be held in June 2013 in Istanbul, co-hosted by MUSTAD and UKTI with the support of related NGO's of both countries.

The UK Side stated that it would welcome Turkish assistance with identifying joint opportunities arising from the third airport project in Istanbul. The UK Side further mentioned that there had been a successful series of missions by the British Airports Group to Turkey.

The Turkish Side stated that the tender process of the Istanbul Third Airport Project which will be concluded on 3 May 2013 and be realised by using Build-Operate-Transfer (BOT) model is still underway.

The UK Side, emphasizing the quality of UK input in project management, design, electronics, services and operations, expressed the interest of UK business towards playing a significant part in the establishment of this major new hub. The Turkish Side welcomed the UK's interest.

5. Cooperation in Science, Technology and Education

Both Sides welcomed the holding of the First Meeting of Strategic Management Team on 19 March 2012 and the signing of the Turkey-UK Knowledge Partnership Initiation on 26 September 2011.

The Turkish Side expressed its readiness to share information on the promotions provided to the technology development zones, to the R&D centres and to the pre-competition cooperation projects in Turkey.

Both Sides welcomed the relationship between the National Metrology Institute (UME) of the Scientific and Technological Research Council of Turkey (TÜBİTAK) and National Physical Laboratory (NPL) of the UK and agreed to build up cooperation in the following matters;

- Exchanging staff,
- Developing metrology appliances and certified reference materials,
- Organising meetings and conferences,
- Providing traceability,
- Collaboration in metrology research projects,
- Inter-comparison measurements and proficiency testing.

Both Sides welcomed the possibility of signing cooperation agreements between TÜBİTAK and Research Council UK (RCUK) and also between the Turkish Academy of Sciences (TÜBA) and The British Academy.

Both Sides emphasised the importance of improving bilateral relations in the fields of advanced manufacturing technology, information and communication technology, renewable energy and nanotechnology.

Both Sides noted with satisfaction the holding of a Knowledge Partnership Conference covering energy efficiency in manufacturing and mobility, energy generation and storage, power electronics, advanced materials, low carbon vehicles, hydrogen and fuel cell technologies on 17 January 2013. The UK is keen to move this forward and would like to explore Turkish funding for a small working party to discuss specific areas for collaboration in either energy efficiency or sustainable manufacturing.

The Turkish Side expressed its willingness to benefit from the experiences of public officials and academic teachings of the UK in the field of Clustering Policies.

The Turkish Side welcomed the possibility of the UK's sharing experience with Turkey on the application of the European Union directives, market surveillance and conformity assessment in the field of legal metrology.

The UK Side was pleased to announce that the British Council UK-Turkey Higher Education and Industry Programme enabled 22 new partnerships to be created between the UK and Turkish universities and industry partners. Under the GREAT campaign and allied to the Knowledge Partnership, the British Council will be running a campaign to get more students to the UK (target to achieve 12 per cent growth by 2015). This will include working with Universities UK to get more Turkish state sponsored masters and PhD students to the UK.

Both Sides welcomed the British Council's Higher Education and Industry partnership programme, linking UK and Turkish universities and industry partners, which has a positive effect on Turkey's innovation agenda. The British Council is in discussion with the Ministry of Science, Industry and Technology of Turkey about the expansion of the said programme and would welcome match-funding from Turkey to achieve this.

Having regard the legal basis established by Article 41(1) of the Additional Protocol and the ECJ Decision dated 7 December 1993 on the Case Stephan Max Wirth v Landeshauptstadt Hannover C-109/92 regarding tuition fees, the Turkish Side invited the UK Side to apply home rates to Turkish students, instead of overseas rates.

6. Cooperation in Small and Medium Sized Enterprises (SMEs)

The Turkish Side expressed its readiness for mutual exchange of experience with the UK in the field of SMEs' promotion mechanisms, entrepreneurship and entrepreneurship education, as well as business and technology incubators.

Both Sides agreed to organise bilateral business trips and conduct bilateral meetings regarding the SMEs in the context of demands coming from sectoral and vocational institutions of both countries.

7. Issues from the CEO Forum

Both Sides stated that the Turkey-UK CEO Forum held on 12 October 2012 in Istanbul presented a number of recommendations. Both sides were considering these recommendations.

8. ICT and Postal Communications

The Turkish side requested UK support for cooperation in the following areas, where applicable;

A) Information Technologies and Regulatory Issues

1. Cooperating on international forums and organizations related to the communications sector, where appropriate,
2. Encouraging their relevant institutions and companies for future cooperation,
3. Organizing workshops and short term training courses for exchange of views and experience in the field of communications,
4. Supporting common projects.

B) Postal Communications

- 1) Cooperation and exchange of information on issues which are related to Universal Postal Union (UPU),
- 2) The methodologies used in the implementation of UPU Strategy currently adopted by the UPU Congress,
- 3) Printing and issuance of the commemorative, joint and exclusive stamps,
- 4) Utilization of transit facilities of both countries services for surface and airmails destined to the other countries.

9. Cooperation in Shipbuilding Industry

Both Sides highlighted the opportunities for cooperation in the field of shipbuilding and announced their readiness to support cooperation in the following areas:

- Creation and implementation of modern technologies for shipbuilding, yacht construction and ship repair, including automation of a process-layout preparation,
- Modernisation/construction of docks in Turkey and the UK,
- Shipbuilding, yacht construction and ship repair trainings for the engineers and technical personnel.

The two Sides stated their willingness to encourage public and private port operators to develop relations among the ports of the two countries for the purpose of the establishment of a cooperation platform on various fields including exchange of experience, best practises and technologies.

10. Cooperation in Maritime Trade

The Turkish Side, considering its emphasis towards the increase of the bilateral trade, stated that the "Bilateral Maritime Trade and Transportation Agreement" should be signed between the two countries in due time.

The two Sides, recognising the importance of maritime transport sector in strengthening and promoting commercial relations between the two countries and taking into consideration the contemporary maritime trade potential, agreed to encourage their respective bodies and relevant companies to get closer contacts with each other.

The two Sides in this respect stated their willingness to enhance cooperation among the ports, shipping companies, forwarding agencies, shipbuilding, ship repair, ship recycling companies, as well as other interested parties,

11. Cooperation in Civil Aviation

The Turkish Side expressed the willingness of Turkish Airlines (THY) to operate its existing services between Istanbul and London with Yemen Airways (Yemenia) as a codeshare (marketing) partner. The UK Side noted that the UK Department for Transport (DfT) had already indicated to the Turkish and Yemen aeronautical authorities that it had no objections in principle to the codeshare operations save for certain security details to be confirmed by the Turkish authorities. These had now been satisfactorily advised and DfT looked forward to the airlines providing details of their proposed codeshare operation so that the appropriate formal approval could be given.

The Turkish Side underlined that the codeshare agreement between THY and Yemenia has not been concluded yet. Both Sides, in this regard, agreed that the related airlines will provide the details of their planned operations to DfT upon the conclusion of the codeshare agreement.

12. Cooperation in Third Markets

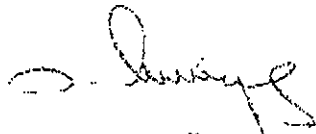
Both Sides emphasised their readiness to encourage cooperation in third markets on investment and services, IT and telecommunications, healthcare tourism, aviation and defence industries.

The UK Side announced that there was now a team based in Istanbul at the Consulate General charged with promoting opportunities to collaborate with Turkey in third countries. In this context, the UK Side raised the Turkey-UK-Turkmenistan joint event that was held in Istanbul in September 2012 which aimed at supporting infrastructure projects, as a good example of the works of the said team.

Both Sides agreed to hold the next Session of the JETCO in Istanbul by 31 March 2014.

Done and signed in two originals in English in London on 22 April 2013, both texts being equally authentic.

**FOR THE GOVERNMENT
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