



Republic of Turkey

MINISTRY OF CUSTOMS AND TRADE



TURKEY – EU CUSTOMS UNION

AND

ITS EFFECTS ON CUSTOMS AND TRADE

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Customs Union

Effects on Trade and Customs

- ❑ **Customs Union**
- ❑ **Regulations on Customs**
- ❑ **Administrative Capacity**
- ❑ **UCC**
- ❑ **Trade Facilitation**
- ❑ **Modernisation of Customs Union**





Customs Union

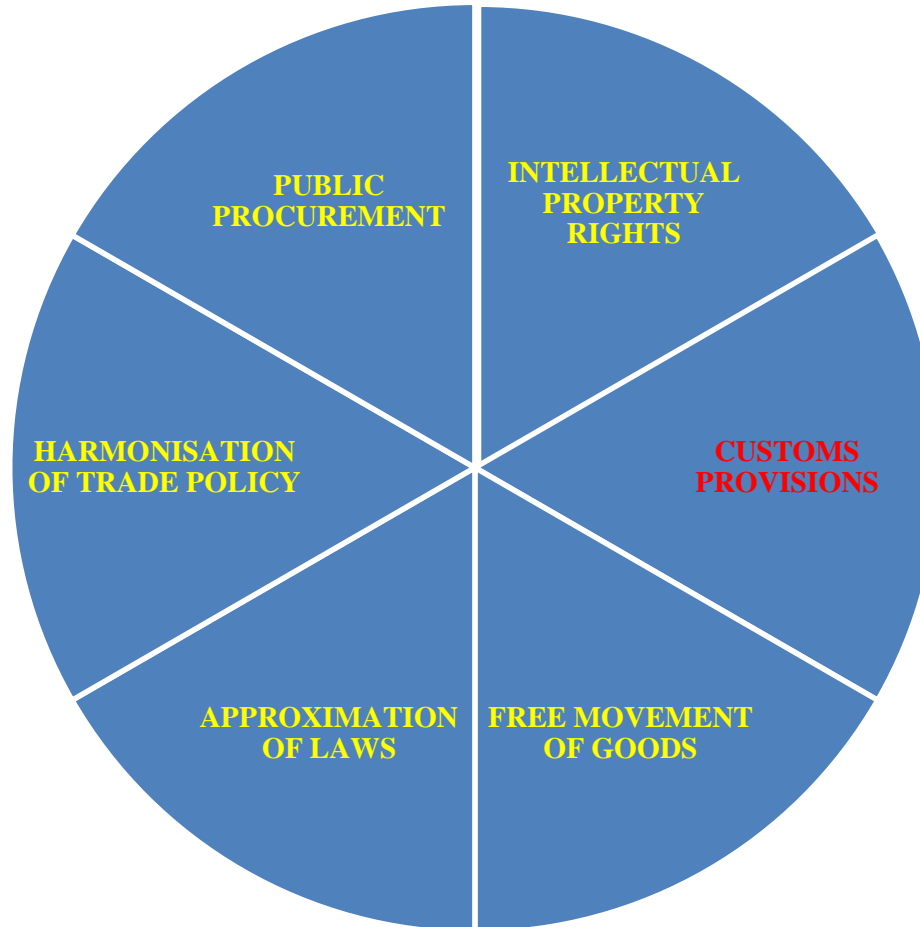
- ❑ **Unique and pioneering model**
- ❑ **Integration to the EU single market**
- ❑ **Last stage before the full membership**





Customs Union

Decision No. 1/95 of EU-Turkey Association Council





Customs Union

Effects on Trade and Customs

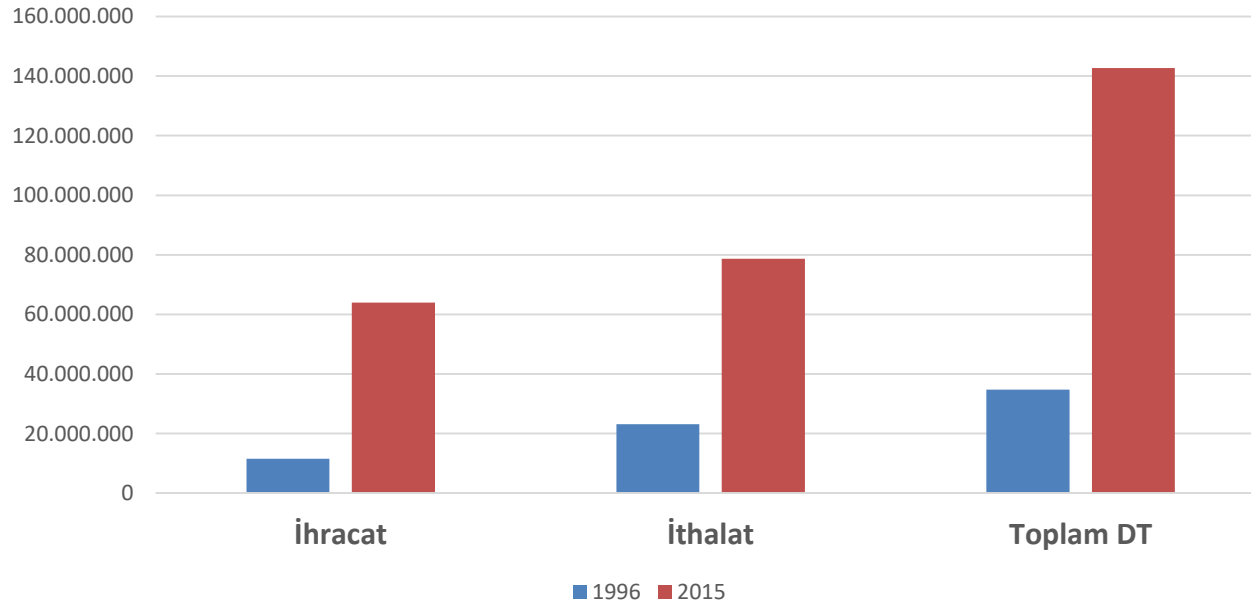
- ❑ Major instrument of integration for the Turkish economy both into European and global markets
- ❑ EU's 4th largest export market and 5th largest provider of imports
- ❑ EU is by far Turkey's number one import and export partner
- ❑ Dramatically increased trade over the last two decades





Customs Union Effects on Trade and Customs

Turkey-EU Trade (Comparison Table for 1996-2016)



Years	Export	Import	Total Volume	Ex/Im
1996	11.550.598	23.138.060	34.688.658	% 49.9
2016	68.343.908	77.501.203	145.845.111	% 88.1

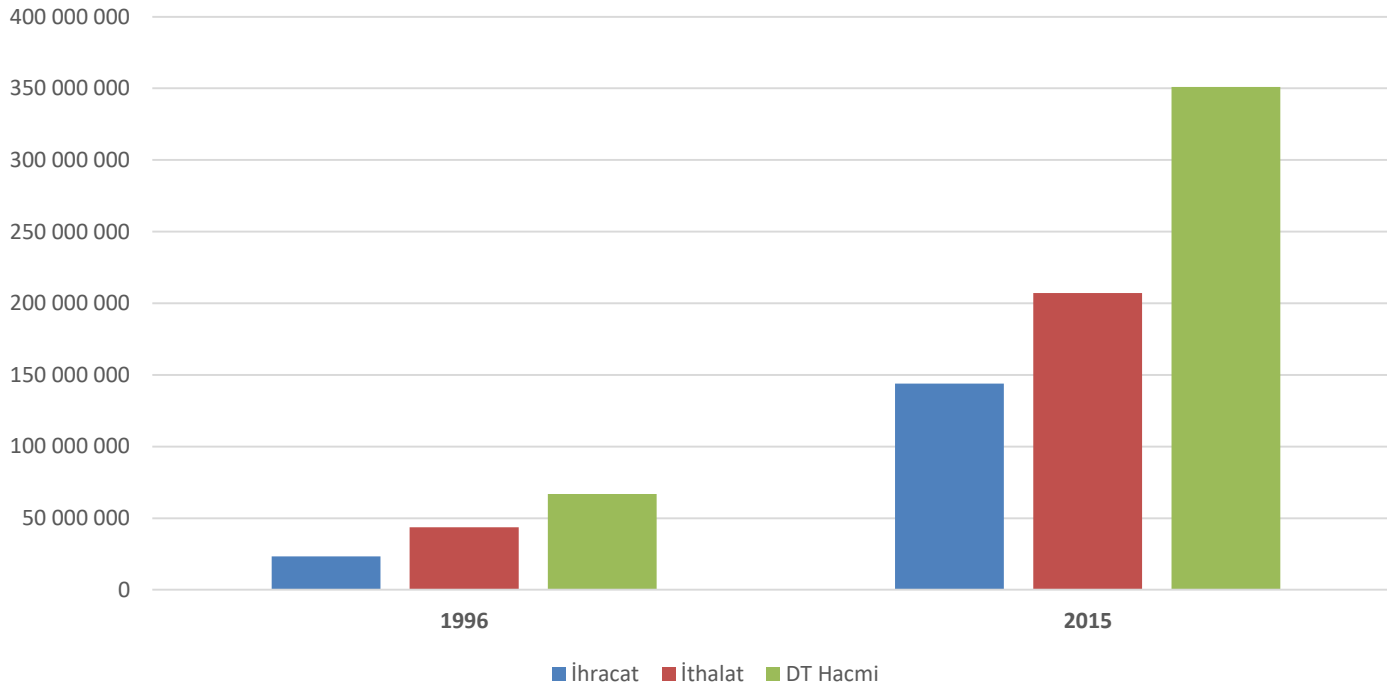
X 1.000 USD

2017 (1st-3 Q) 46% of total exports, 35% of total imports



Customs Union Effects on Trade and Customs

Foreign Trade Volume
(Comparison Table for 1996-2016)



Years	Export	Import	Total Volume	
1996	23.224.464	43.626.642	66.851.107	
2016	142.529.584	198.618.235	341.147.819	X 1.000 USD



Customs Union Effects on Trade and Customs

Customs

**.The new regulations
and standards of EU
Acquis into Turkish
Customs legislation
and implementation**

**.Administrative
Capacity**





Customs Union Effects on Trade and Customs

Customs Union Customs Territory:

Turkish Customs Territory

and EU Customs Territory

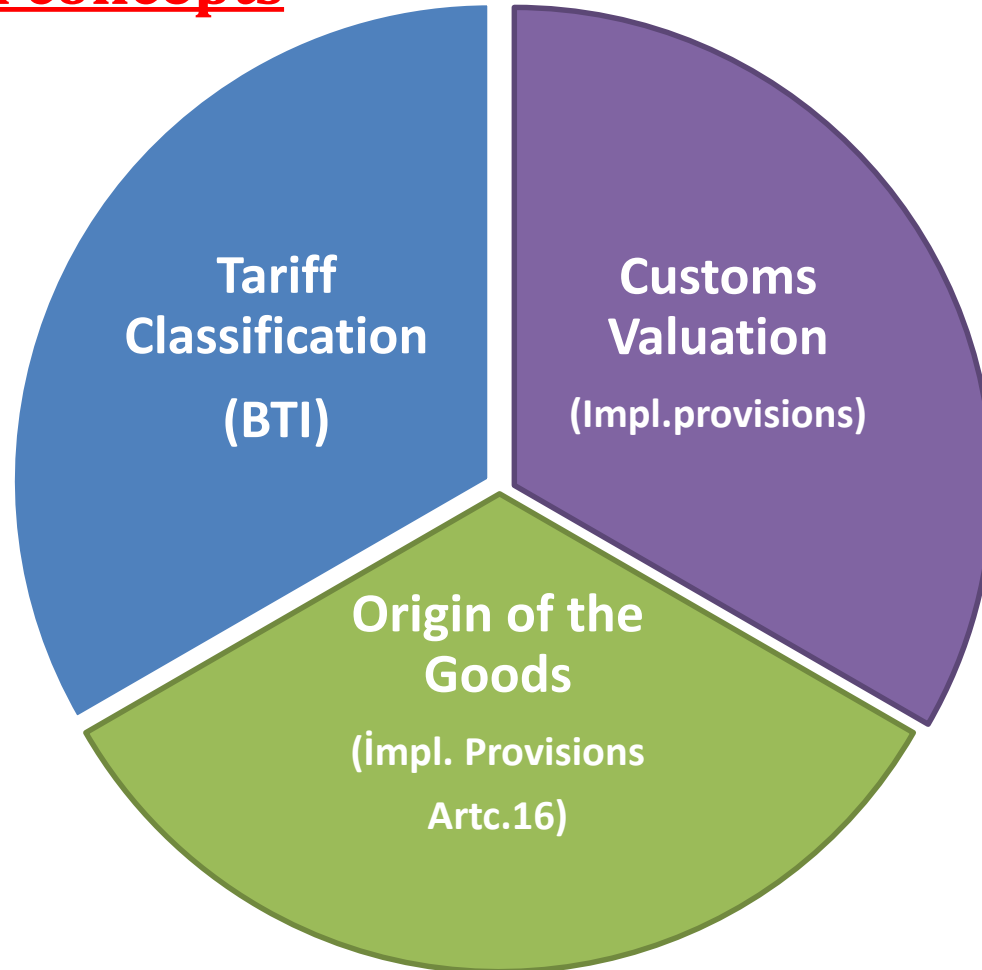
(EU + TR) Customs Territory





Customs Union Effects on Trade and Customs

Main concepts





Customs Union

Effects on Trade and Customs

Main concepts

Transit
(NCTS)

etc.

Storage

Specific use

Processing



Customs Union

Customs Simplifications

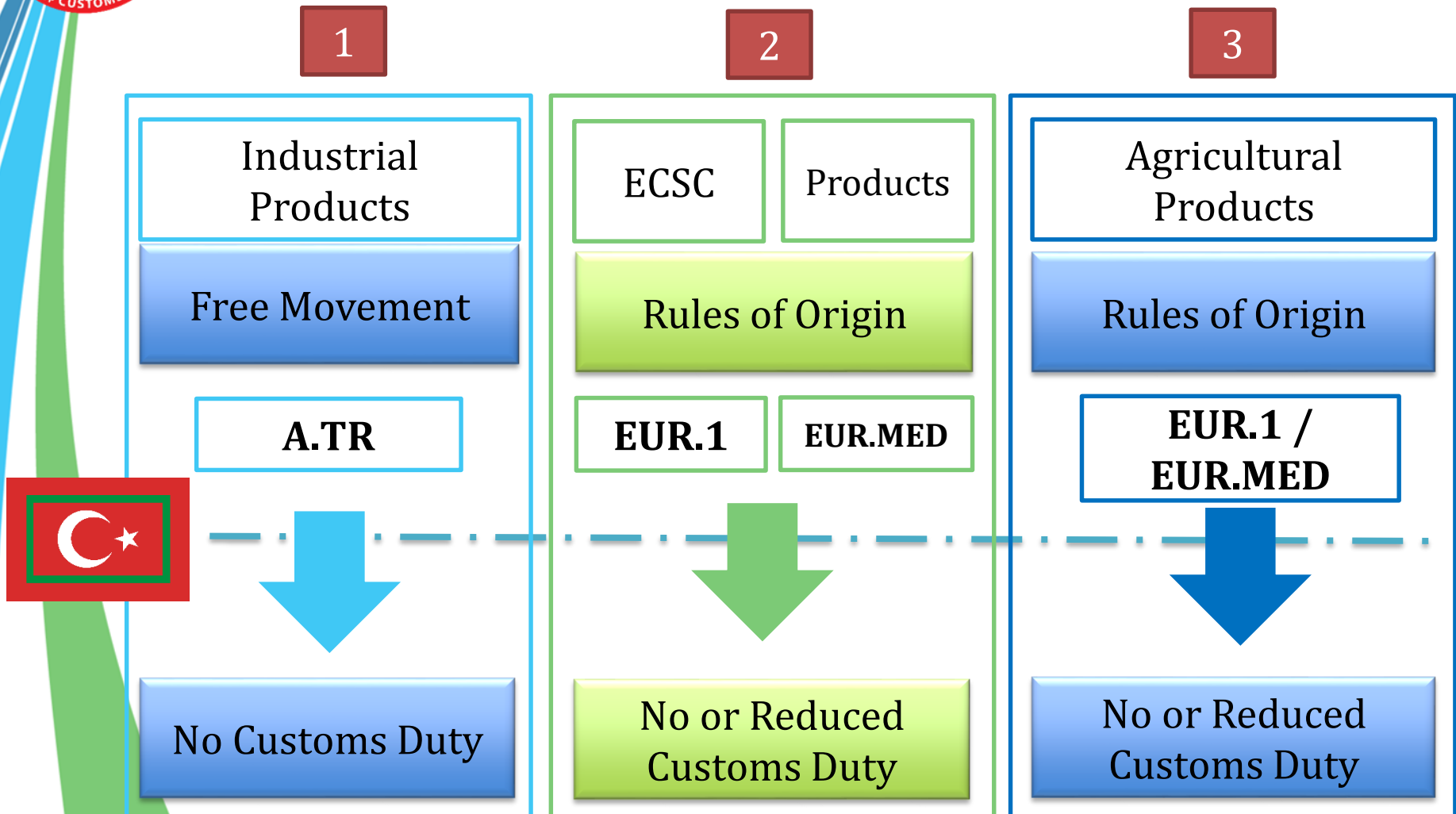
Summary
Declarations

Simplified
Customs
Declarations

Electronic
Systems



Customs Union Effects on Trade and Customs





Customs Union

Effects on Trade and Customs



Free Trade Agreements

Why FTAs?

1) Turkey's obligations under Customs Union with the EU:

«Article 16 of Decision No. 1/95 of Customs Union Decision»

.trade diversion

.trade creation effect



Customs Union Effects on Trade and Customs

Free Trade Agreements

Free Trade Agreements (*signed*): 25

ECSC, EFTA, Israel, Macedonia, Bosnia Herzegovina, Palestine, Tunisia, Morocco, Syria, Egypt, Albania, Georgia, Montenegro, Serbia, Chile, Jordan, Lebanon, Palestine, Mauritius, S.Korea, Kosovo, Malaysia, Singapore, Moldova and Faroe Islands

Free Trade Agreements (*not in force*): 2

Lebanon, Kosovo

Free Trade Agreement (*suspended*): 1

Syria

Free Trade Agreement (*Negotiation*): 11+



Customs Union Effects on Trade and Customs

Free Trade Agreements

Trade Creation of FTAs: Regional Convention

Turkey is a party to the Regional Convention on pan-Euro-Mediterranean preferential rules of origin (PEM Convention). Convention regulates rules of origin of the existing FTAs between these countries:

- ❑ Turkey,
- ❑ EU (28),
- ❑ Western Balkans (5),
- ❑ Mediterranean Countries (6),
- ❑ Georgia, Moldova, Faroe Islands and Ukraine

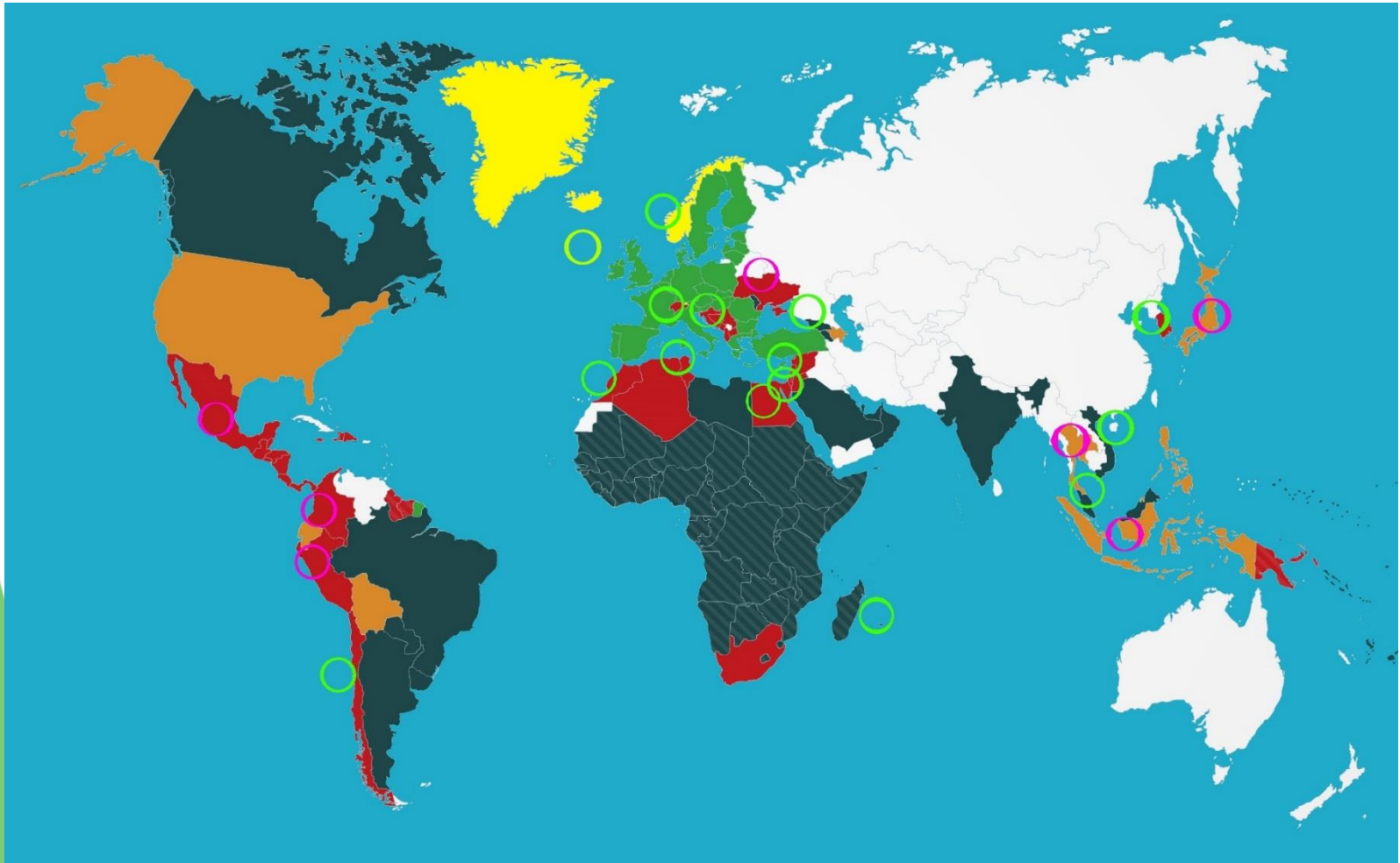


Same rules of origin is applicable between the parties of the Convention. This prevents tradesmen from complex rules of origin established by several FTAs and ease investment decision process.

Customs Union Effects on Trade and Customs

Free Trade Agreements

Why FTAs?





Customs Union Effects on Trade and Customs

Customs Union EU-Turkey Customs Cooperation

- ❑ EU-Turkey Instrument for Pre-Accession Assistance (IPA)
- ❑ Increasing administrative capacity
- ❑ 2003-2013
 - ❑ **9 Modernization of Turkish Customs**
 - ❑ 37 individual projects
 - ❑ 2014-2017 IPA II Period
 - ❑ 7 projects under two sectors





Customs Union Effects on Trade and Customs

Customs Union EU-Turkey Customs Cooperation

Modernisation of Turkish Customs Administration EU Projects;2003-2013

❑ 2003

- ❑ Capacity building TW
- ❑ GÜMSİS (security systems, CCTV, plate reading)

❑ 2004

- ❑ Web based BİLGE
- ❑ Common Transit Convention
- ❑ Enforcement capacity- x-rays and cold storages
- ❑ Risk Action Plan and supplies
- ❑ Customs Archive Center



Customs Union Effects on Trade and Customs

Customs Union EU-Turkey Customs Cooperation

Modernisation of Turkish Customs Administration EU Projects;2003-2013

❑ 2006

- ❑ ITMS-IT development and TW
- ❑ NCTS-IT development and TW
- ❑ Vehicle Tracking System
- ❑ Capacity building and post control TW

❑ 2007

- ❑ Customs laboratories-supply and TWL



Customs Union Effects on Trade and Customs

Customs Union EU-Turkey Customs Cooperation

Modernisation of Turkish Customs Administration EU Projects;2003-2013

□ 2008

- Enforcement capacity-train x-ray

□ 2009

- Maritime enforcement capacity-TW and supply
- Capacity building-risk analysis TW

□ 2010

- Interoperability and interconnectivity-CCN-CSI



Customs Union Effects on Trade and Customs

Customs Union EU-Turkey Customs Cooperation

Modernisation of Turkish Customs Administration EU Projects;2003-2013

❑ 2012

- ❑ Customs revenues-TWL
- ❑ Enforcement capacity-Supply
- ❑ Customs laboratories-TW
- ❑ Capacity building-IPR
- ❑ Organizational restructuring and HRM

❑ 2013

- ❑ Maritime enforcement capacity-TW and supply



Customs Union Effects on Trade and Customs

Customs Union EU-Turkey Customs Cooperation

Modernisation of Turkish Customs Administration EU Projects;2014-2017

❑ 2014

- ❑ Customs enforcement-passengers and cargo control
- ❑ Protection of consumer rights
- ❑ Unfair commercial practices

❑ 2015

- ❑ Capacity building-container detection and control center

❑ 2017

- ❑ IPR-Supply



Customs Union Effects on Trade and Customs

Customs Union EU-Turkey Customs Cooperation

CUSTOMS LABORATORIES: EU Project

- ❑ The standard of EU laboratories
- ❑ To reach the IT systems of the EU laboratories
- ❑ To reach the accreditation standards for the laboratories (ISO 17025)
- ❑ To increase the number of accredited methods
- ❑ Decrease in the number of analysis sent to the other laboratories
- ❑ Easier and quicker access to the results of the analysis
- ❑ To start for tests for the market surveillance
- ❑ To increase awareness for the quality management
- ❑ To change organizational structure of laboratories





Customs Union Effects on Trade and Customs

Customs Union EU-Turkey Customs Cooperation

INTELLECTUAL PROPERTY RIGHTS (IPR):

EU Project

- ❑ Harmonization of the implementation of IPR rules with the EU
- ❑ Harmonization of the legislation
- ❑ Betterment of the customs implementation and standards in IPR
- ❑ Better protection of the right holders
- ❑ Enhanced communication among the public shareholders
- ❑ Increased public awareness





Customs Union Effects on Trade and Customs

Customs Union EU-Turkey Customs Cooperation

NEW COMPUTERIZED TRANSIT SYSTEM (NCTS): EU Project

- ❑ Being a party to Common Transit Convention
- ❑ Harmonization of the legislation and IT infrastructure with the EU
- ❑ Less bureaucracy at customs
- ❑ Shortened duration of customs clearance
- ❑ Savings for the country and for tradesmen
- ❑ Competitive advantage for transportation sector
- ❑ From just a few in 2012 to more than 500.000 haulage to/from EU-EFTA
- ❑ Open to all modes of transport
- ❑ Comprehensive guarantee or guarantee waiver





Customs Union Effects on Trade and Customs

Customs Union EU-Turkey Customs Cooperation

ENFORCEMENT CAPACITY:

EU Project

- ❑ Providing modern supply to the customs offices in land, rail, air and maritime
- ❑ Enhanced capacity about the maritime operations
- ❑ Increased capacity for the fight against smuggling
- ❑ Deterrence effect of the acquired supply equipment
- ❑ Increase in the seizure trends





Customs Union Effects on Trade and Customs

Customs Union EU-Turkey Customs Cooperation

CUSTOMS 2020 PROGRAMME AND TAIEX

- ❑ Follow up of the technological developments in the EU customs
- ❑ Alignment of the customs practices with the EU
- ❑ Better and more sophisticated service
- ❑ Follow up of the EU legislation
- ❑ Increase the professional network with the EU countries
- ❑ Access to the best practices and excellence centers in the EU for the better implementation of the Customs Union





Customs Union Effects on Trade and Customs

Customs Union Its Effects on Administrative Capacity

Union Customs Code

REGULATION No. 952/2013

UCC-UNION CUSTOMS CODE

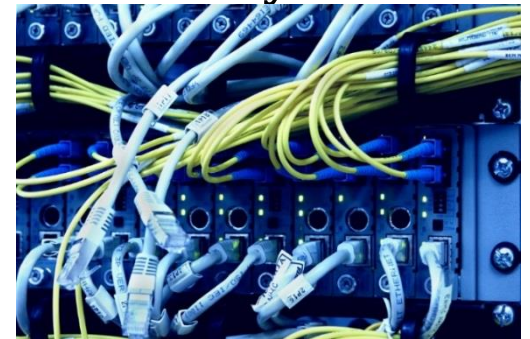


Customs Union Effects on Trade and Customs

Customs Union Its Effects on Administrative Capacity

Electronic systems defined in the UCC WP

- 1) **Registered Exporter System (REX)**
- 2) **Binding Tariff Information (BTI)**
- 3) **Customs Decisions**
- 4) **Direct trader access to the European Information Systems**
- 5) **Authorised Economic Operators (AEO) upgrade**
- 6) **Economic Operator Registration and Identification System upgrade (EORI 2)**
- 7) **Surveillance 3**
- 8) **Proof of Union Status (PoUS)**
- 9) **New Computerised Transit System (NCTS) upgrade**

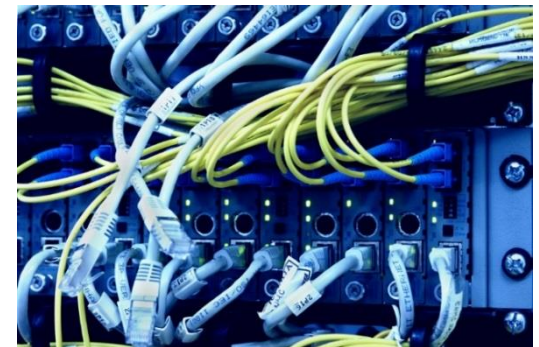


Customs Union Effects on Trade and Customs

Customs Union Its Effects on Administrative Capacity

Electronic systems defined in the UCC WP

- 10) Automated Export System (AES)
- 11) Information Sheets (INF) for Special Procedures
- 12) Special Procedures
- 13) Notification of Arrival, Presentation Notification and Temporary Storage
- 14) National Import Systems upgrade
- 15) Centralised Clearance for Import (CCI)
- 16) Guarantee Management
- 17) Import Control System upgrade





Customs Union Effects on Trade and Customs

Customs Union EU-Turkey Customs Cooperation

AUTHORIZED ECONOMIC OPERATOR: EU Introduction

- ❑ Central and faster clearance
- ❑ Authorized consigner / consignee
- ❑ Privileged passage and checks at borders
- ❑ Simplified procedure for A.TR and EUR.MED
- ❑ Trade facilitation/Risk based control
- ❑ Acceleration of transactions of goods and vehicles
- ❑ Encourage safe and secure trade
- ❑ Reduce costs
- ❑ International prestige
- ❑ By the end of 2013, 6 companies; as of November 23th 2017, 189 companies





Customs Union Effects on Trade and Customs

Customs Union EU-Turkey Customs Cooperation

SINGLE WINDOW: EU Introduction

- ☐ **Lodging standardised information and documents with a single entry point**
- ☐ **e-application and e-document**
- ☐ **Revised legislation, elimination of inefficient procedures**
- ☐ **Simplification and less bureaucracy**
- ☐ **Time saving**



Customs Union Effects on Trade and Customs

Trade Facilitation **REX System**

- ❑ **Scope :**
 - ❑ Trade of GSP eligible goods
- ❑ **Target :**
 - ❑ Simplification
 - ❑ Development friendliness (LDCs)
 - ❑ Less bureaucracy
 - ❑ Measures to ensure compliance by public authorities with their obligations (monitoring)
- ❑ Move to self-certification made by «Registered» exporter
- ❑ «Statement of origin» instead of Form A document





Customs Union Effects on Trade and Customs

Trade Facilitation Board of Trade Facilitation

- ❑ **WTO Trade Facilitation Agreement Article 23/2:**
 - ❑ Establishment of National Committee on Trade
- ❑ **Board of Trade Facilitation:**
 - ❑ Prime Ministry Simplification
- ❑ **Objectives:** Overseeing and coordinating implementation of Agreement in the Turkey, creating a platform for public-private sector partnership for TF
- ❑ **Members:** Customs Administration, Ministry of Economy, Food, Health and Transport Authorities, Turkish Exporters Assembly, Union of Chambers, Associations of Customs Consultancy



Customs Union Effects on Trade and Customs

Trade Facilitation

National Trade Facilitation Strategy and Action Plan for 2018-2022

- ❑ Strategy and Action Plan drafted by Working Group and will be in force as of January, 2018
- ❑ Strategy has 5 sub-headings:
 - ✓ Transparency
 - ✓ Facilitation
 - ✓ Decreasing Costs
 - ✓ Improving Cooperation
 - ✓ Capacity Building
- ❑ **Vision Statement**: «Increasing competitiveness and preferableness of Turkey in terms of velocist, cost and facility of foreing trade»



Customs Union Effects on Trade and Customs

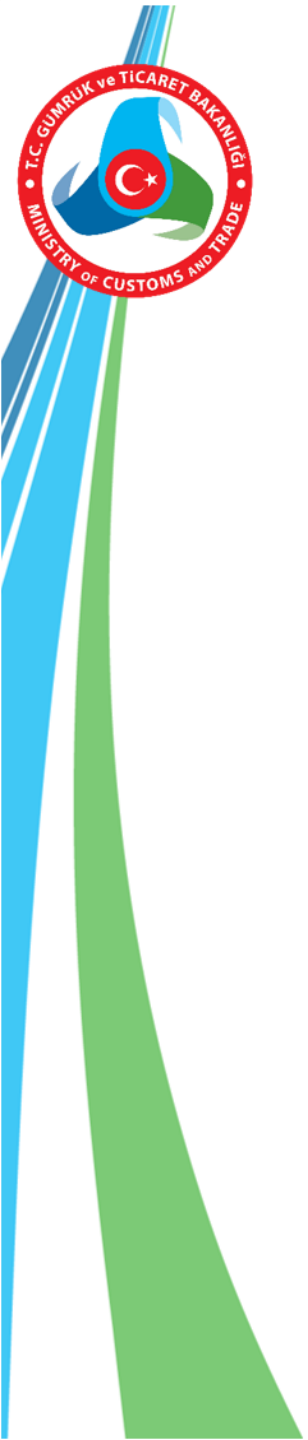
Customs Union Modernization of the EU-Turkey Customs Union

5 Reasons Why We Should Update

- 1) Asymmetries in the EU decision making process
- 2) Asymmetries in the negotiation process of the FTAs with third countries
- 3) Road transport permits
- 4) Visas
- 5) Trade diversion

Advantages of the Evaluation

- 1) Efficient participation in the EU decision making process
- 2) Simultaneous FTAs with third countries
- 3) Avoid trade diversion
- 4) Increase in the competitiveness
- 5) Reduce in the customs inspections
- 6) Contribution to trade facilitation



Thank You!