

ASSOCIATION

between

THE EUROPEAN ECONOMIC COMMUNITY

and

TURKEY

TWELFTH ANNUAL REPORT OF THE
ASSOCIATION COUNCIL
TO THE PARLIAMENTARY COMMITTEE OF THE ASSOCIATION

(1 January to 31 December 1976)

Association
between the
European Economic Community
and Turkey

The Association Council

Brussels, 19 December 1977

Mr Emilio COLOMBO
President of the European Parliament
Case Postale 1601
LUXEMBOURG

Sir,

In accordance with Article 2 of Council of Association Decision No. 1/65 on the Parliamentary Committee of the EEC-Turkey Association, I am pleased to forward herewith the twelfth annual report of the Council of Association.

This report covers the period from 1 January to 31 December 1976.

Please accept, Sir, the assurance of my highest consideration.

H. SIMONET

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L E T T E R
FROM THE PRESIDENT OF THE ASSOCIATION COUNCIL
TO THE PRESIDENT OF THE TURKISH GRAND NATIONAL ASSEMBLY
AND TO THE PRESIDENT OF THE EUROPEAN PARLIAMENT
FORWARDING THE REPORT

19 December 1977

In accordance with Article 2 of Association Council Decision No 1/65 on the Parliamentary Committee of the EEC-Turkey Association, I have pleasure in forwarding herewith the twelfth annual report of the Association Council.

This report covers the period 1 January - 31 December 1976.

For the Association Council

H. SIMONET
President in Office

I. INTRODUCTION

1. 1976, the 12th year after the entry into force of the Ankara Agreement, was a difficult year for the Association inasmuch as the Association Council had to take decisions on a number of very important questions.

At the first meeting of the Association Council at Ministerial level on 1 and 2 March 1976, the two delegations made statements on the functioning and development of the Association and emphasized the need to make constructive progress. The second Ministerial meeting, originally scheduled for the end of July 1976, was postponed by mutual agreement to enable the parties to complete the work which they had begun in the light of the statements made on the matter at the first meeting on 1 and 2 March.

On the Community side the President of the Council, Mr van der STOEL, and the Vice-President of the Commission of the European Communities, Sir Christopher SOAMES, went to Ankara in early September to explain in detail to the Turkish Government the Nine's position on the various problems under consideration.

At the Ministerial Association Council on 20 December 1976 it was possible - thanks to the efforts made in a spirit of comprehension by both sides - to reach acceptable solutions.

The decisions taken at that meeting concerned the following three areas: Community concessions under the second agricultural review, the measures adopted for the first stage of the progressive achievement of freedom of movement for workers, and the content of the third EEC-Turkey Financial Protocol.

2. As regards trade, Turkey continued to be concerned by the magnitude of its deficit even though in 1976 Turkish exports increased and the rise in imports into the country slackened. There was a similar development in 1976 in trade between Turkey and the Community. The increase in Turkish exports to the Community was stronger than to the rest of the world. As Turkish imports from the Community remained practically stationary, the cover rate of imports by exports in trade by Turkey with the Nine became slightly more favourable than in its trade with the rest of the world. Nevertheless, the Turkish trade deficit with the Nine still remained a source of extreme concern in 1976 (- 1.4 thousand million dollars).

3. The question of the second agricultural review continued to be one of the main problems between Turkey and the Community.

After lengthy and difficult negotiations on new Community concessions for Turkish agricultural products, agreement was reached at the Ministerial meeting on 20 December 1976. This agreement, which improves the arrangements for the import into the Community of a series of Turkish agricultural products, brought the second agricultural review to a close. Turkey nevertheless stressed that in its opinion this agreement met neither its requests nor, above all, the criteria contained in the Community statement on 1 and 2 March 1976.

4. In the social area, while it proved impossible this year to adopt the Association Council Decision on the measures to be taken regarding social security for Turkish workers and their families under Article 39 of the Additional Protocol, the Decision on the measures during the first stage of the progressive achievement of freedom of movement for workers pursuant to Article 36 of the Additional Protocol was formally adopted by the Association Council on 20 December 1976.

5. Financial co-operation between Turkey and the Community continued satisfactorily in 1976. The amounts available under the second Financial Protocol are now virtually exhausted. The three new Member States' contributions (47 MUA) under the second Financial Protocol, which are provided for in the Supplementary Protocol (enlargement) signed in 1973, can be made available to Turkey as soon as all the Contracting Parties have ratified the Supplementary Protocol.

As for the third Financial Protocol, the Association Council was able to reach agreement on its basic content on 20 December 1976.

6. In addition to the information on the actual implementation of the Association Agreement, this report, like the previous ones, contains for information a series of statistics (see Annex A II) on the development of the general economic situation in Turkey.

II. INSTITUTIONS OF THE ASSOCIATION

7. The Association Council met twice at Ministerial level in 1976; both meetings took place in Brussels, the first on 1 and 2 March 1976 and the second on 20 December 1976.

At the meeting on 1 and 2 March 1976 the two Parties first of all discussed the results of the Association. The Community took this opportunity of emphasizing once again the great importance which it attached to its Association with Turkey, which since the beginning of the building of Europe had wished to establish a special relationship with it.

While recognizing that there were difficulties in certain areas - allusion being made here in particular to the scale of the 1975 deficit in the Turkish trade balance - the Community stressed the privileged relations which existed between it and Turkey; it pointed out in particular that, to date, Turkey was the only country with which the EEC was preparing to conclude a third Financial Protocol and to negotiate practical measures to be taken in the social area. Together, Turkey and the Community would overcome any difficulties which they might encounter and continue to develop the Association, the ultimate aim of which was Turkish accession to the Community.

For its part Turkey first of all drew attention to the fact that its Association with the Community was the focal point of ever-growing interest throughout the country but that it was also undeniable that for some time now relations under the Association had been the source of some concern in Turkey. In the view of the Turkish delegation this was due in the main to the increasing imbalance in relations under the Association to the detriment of Turkey, which was caused not only by the fact that the various agreements concluded by the Community with Mediterranean third countries had eroded the preference which Turkey had previously enjoyed on the Community market, but in addition by the delay in implementing certain provisions under the Agreement giving advantages to Turkey, particularly in the agricultural and social areas. Pointing out that despite its very difficult situation, in particular as regards its trade balance, it had scrupulously fulfilled its commitments in tariff dismantling and liberalization under the Additional Protocol of 1 January 1976, Turkey stated its view that these commitments were not in line with the aims and prospects of its development plans and in particular with the need to protect its nascent industries. It therefore considered that the two Parties to the Agreement should take joint concerted action to restore the balance, at present disturbed to the detriment of Turkey, and to impart fresh impetus to the swift and harmonious progress of the Association towards its ultimate objective.

The Association Council went on to take note of an interim progress report by the Chairman on the work entrusted to the Association Committee regarding the problems faced by Turkey as a result of the worsening of its trade balance gap.

Thirdly, the Association Council conducted a brief exchange of views on the progress of work on implementing Article 39 of the Additional Protocol (social security).

The two delegations further addressed themselves to the matter of the conclusion of the third Financial Protocol due to take over from that expiring on 26 May 1976. The Community delegation gave its first indications as to the guidelines which it intended to follow in this area. The Turkish delegation emphasized in particular the importance of rapidly concluding this third Financial Protocol, the content of which should be such as to meet fully the requirements of the Association and enable it to be extended to new areas for co-operation.

One of the main items on the agenda for the meeting on 1 and 2 March 1976 was the agricultural review provided for in Article 35 of the Additional Protocol. Following a discussion, the Community delegation delivered to Turkey a statement (1) giving certain undertakings on this point, and the Association Council directed the Association Committee to make a speedy resumption of its discussions on agricultural matters.

With reference to the Greek application for Community membership, the Association Council re-stated its intention of applying in full Article 56 of the Additional Protocol providing, in the event of the accession of a third State to the Community, for appropriate consultations in order to ensure that the mutual interests of the Community and Turkey as defined in the Ankara Agreement were taken into account.

The second Ministerial meeting of the Association Council in 1976 - which was initially scheduled to be held before the summer recess - was postponed on two occasions by mutual consent, since despite the intense preparation by the Association Committee it proved extremely difficult to reach an agreement acceptable to both delegations on the main questions on which practical decisions were to be taken by the Association Council.

(1) see page 22

The Association Council meeting was held on 20 December 1976, when it adopted its Decision on the implementation of Article 12 of the Ankara Agreement and Article 36 of the Additional Protocol concerning freedom of movement for workers, and also reached basic agreement on the content of the third EEC - Turkey Financial Protocol and on the new Community concessions granted under the second agricultural review provided for in Article 35 of the Additional Protocol.

8. The Association Committee held seven meetings in 1976. It devoted the major part of its proceedings to preparing all the various details of the Decisions taken by the Association Council at its meeting on 20 December 1976. In addition, the Association Committee dealt with the various questions involved in applying the provisions of the Ankara Agreement, and in particular with a number of problems relating to the functioning of the customs union.
9. The 7th meeting of the Customs Co-operation Committee was held in Brussels on 30 and 31 March 1976, when a series of questions concerning the operation of the preferential arrangements introduced by the Additional Protocol between Turkey and the Community was examined.
10. The ad hoc Specialist Working Party set up by the Association Committee on 21 October 1975 to assist it in carrying out the task entrusted to it by the Association Council regarding the problems arising out of the Turkish trade deficit with the Community held its first meeting in Ankara in early February 1976, followed by other meetings in March and April in Brussels. It placed its report before the Association Committee on 6 April 1976.
11. The two meetings held in 1976 by the EEC-Turkey Joint Parliamentary Committee were followed with great interest by the Association Council. The latter was represented by its President at the two above-mentioned meetings: Mr Marcel MART, Minister for Economic Affairs, Transport and Tourism of the Grand Duchy of Luxembourg, attended the meeting in Nice from 25 to 28 April 1976, while Mr L.J. BRINKHORST, State Secretary, Ministry of Foreign Affairs of the Kingdom of the Netherlands, attended the meeting in Ankara from 6 to 9 November 1976, which was an especially important one in view of the Association Council meeting to be held before the end of 1976.

III. QUESTIONS RELATING TO THE APPLICATION OF THE PROVISIONS OF THE ASSOCIATION AGREEMENT CONCERNING CUSTOMS UNION

A. Progressive achievement of customs union in the tariff and liberalization areas

12. In accordance with Articles 10 and 11 of the Additional Protocol, on 1 January 1976 Turkey effected the second reduction in its customs duties applied to the Community: the reduction was 5% for the products listed in Annex 3 and 10% for other industrial products.

Furthermore, on the same date Turkey increased the liberalization rate to 40% of Turkish imports on private account from the Community in 1967, in accordance with Article 22(2) of the Additional Protocol.

It should be recalled in this context that at the Association Council meeting on 1 and 2 March 1976 Turkey had drawn the Community's attention to the fact that it had met its obligations under the Additional Protocol despite the difficult situation with which it was faced, particularly as regards its trade balance.

B. Administrative co-operation

13. In this connection it should be mentioned that on 20 September 1976 the Association Council adopted its Decision No 1/76 amending Decision No 5/72 on methods of administrative co-operation for the implementation of Articles 2 and 3 of the Additional Protocol ⁽¹⁾; this amendment had become necessary in order to apply the Agreement of 11 June 1975 between the European Economic Community and Austria on the simplification of formalities in trade in goods between the Community and Greece or Turkey.

⁽¹⁾ see Association Council Decision No 1 as set out in Annex B (pages 89 to 92) of this Report.

C. Application of Article 16 of the Additional Protocol
(fiscal duties)

14. This matter ⁽¹⁾ was not touched upon by the Association's dependent bodies in the course of 1976, as both Parties stood by their respective positions, thereby preventing the Association Council from taking any decision.

D. Opening of quotas by Turkey

15. In response to the Community delegation's reminder to the Association Committee on 20 July 1976 that it had submitted a request for the opening by Turkey, under the terms of Article 25 of the Additional Protocol, of a quota of at least 10,000 items for felt hats falling within Turkish tariff heading 65.05 ⁽²⁾, the Turkish delegation replied that the Turkish authorities had been unable to open this quota for the Community under the 1976 import arrangements on account of the difficult economic situation faced by Turkey. It expressed its conviction that the Nine - who at that same Association Committee meeting on 20 July 1976 had, in the draft Community statement on the problems arising from the Turkish trade balance deficit, demonstrated very considerable understanding for the difficulties faced by Turkey in this area - would show the same sympathy regarding this specific case, which was to be situated in the above context.

⁽¹⁾ see 10th Annual Report, pages 18 and 19, paragraphs 14 and 15.
⁽²⁾ see 11th Annual Report, page 28, paragraph 25.

16. At the Association Committee meeting on 24 September 1976 the Community delegation reported difficulties noted when importing into Turkey "drawn or blown glass" falling within headings 70.05 and 70.06. It stated that its information showed that certain subheadings of heading 70.05 were included in Turkey's general list of liberalized products for 1976; for the remaining subheadings of headings 70.05 and 70.06, for which quotas had not apparently been opened, the Community delegation requested that Turkey open quotas in accordance with Article 25 of the Additional Protocol for the products not included in the general list of liberalized products.

This question was still under consideration at the end of 1976.

E. Difficulties encountered in the cotton yarn sector

17. The increase in cotton yarn exports to the Community from Turkey - which is the prime supplier of this product to the Nine - had already proved a source of concern for the Nine during 1975 ⁽¹⁾. This trend became even more pronounced during 1976, as Turkish cotton yarn exports to the Nine, which had progressed from 20,355 tonnes in 1974 to 31,242 tonnes in 1975, more than doubled the following year, totalling almost 73,000 tonnes ⁽²⁾.

⁽¹⁾ see in particular 11th Annual Report, pages 25 to 27.

⁽²⁾ see table A I 3 given on page 63 of this Report.

When it raised this problem on a number of occasions before the Association Committee, the Community delegation requested the Turkish delegation in particular to provide it with detailed information on the rules in force in Turkey regarding drawbacks on export charges and taxes. The Turkish delegation replied that there had been no basic changes in these rules since the information supplied to the Community delegation in 1972. Stressing the prime importance of cotton yarn in trade between Turkey and the Community, in that it was the leading Turkish export product in the industrial sector, it stated its expectation that the restrictions applied by the United Kingdom since the end of 1974 on cotton yarn imports from Turkey, which were incompatible with Article 24 of the Additional Protocol, would shortly be lifted.

The various problems in the cotton yarn sector were still under examination at the end of 1976 ⁽¹⁾.

⁽¹⁾ It should be noted that at the beginning of 1977 the Community, whose imports of Turkish cotton yarn were continuing to progress rapidly, asked for a meeting of the Association Committee to be convened to deal with this problem. Two meetings were held on 4 February and 15 and 16 March 1977 exclusively on this subject. At the second of these meetings the Association Committee took note of the measures taken by Turkey.

IV. AGRICULTURAL QUESTIONS

A. Second agricultural review under Article 35 of the Additional Protocol

18. As stated in the previous Annual Report (¹), the proposals submitted by the Community at the Association Committee meeting on 5 December 1975 for the second agricultural review were regarded by the Turkish delegation as failing to constitute a valid basis for negotiation.
19. This question continued to be one of the main problems under discussion by the dependent bodies of the Association during 1976.

It appeared on the agenda for the Association Committee meeting on 20 February 1976 in preparation for the Association Council on 1 and 2 March 1976. At the meeting the Community made a general statement on this problem. After recalling that this point had not been resolved, as it gave rise not only to economic problems but also and above all to political problems in Turkey and within the Community, particularly in certain Member States, it expressed the opinion that the approach adopted by Turkey made discussion of the matter very difficult in that it was based on the premise that whenever the Community granted advantages to other partners these should automatically be extended to Turkey. The Community delegation emphasized that it was unable to accept this principle.

(¹) see 11th Annual Report, Chapter III/A, and in particular paragraph 13 (pages 17 and 18).

Furthermore, on the grounds that the bulk of Turkish agricultural exports to the Nine had long been covered by arrangements more favourable than those applied to its main Mediterranean competitors, the Community stated that it was prepared - with the aim of satisfying the desiderata indicated by Turkey in this sector - to reconsider its original offer made in December 1975 as regards certain products for which Turkey had a genuine export capacity.

As a preliminary reaction to this Community statement the Turkish delegation disputed that it had called for the automatic extension to Turkey of the advantages granted by the Community to other countries with which it had concluded agreements. It did, however, emphasize that as Turkey had a link with the Community in the form of an Association Agreement with the ultimate objective of Community membership, it felt quite justified in expecting treatment at least as favourable as that granted by the Community to other Mediterranean countries with which its relations were less close and were not in any case conducted with a view to ultimate accession. In its opinion, since this was the ultimate aim of the Ankara Agreement, it ought to be perfectly natural for Turkish agricultural exports to receive more favourable treatment than that given by the Community to countries with which its relations were less binding. It reaffirmed that it was prepared to resume the dialogue on this question and called upon the Community to make the effort required to arrive at a satisfactory solution to this problem, the gravity of which it stressed once again.

20. At the Association Council Ministerial meeting on 1 March both Parties restated their basic positions on this point. While reaffirming that it was prepared to reconsider its original offer made in December 1975, the Community contended that the only means for both Parties to reach agreement on this difficult matter was to set aside their positions of principle and to adopt a practical standpoint. It therefore called upon the Turkish delegation to specify those products of genuine interest to it in export terms.

The Turkish delegation stated that for it the matter of the concessions to be accorded by the Community under the 2nd agricultural review had ceased to be a simple question of applying the Agreement, as this had shown that there was a fundamental difference of views between the Parties such as to call into question the basis, and even the very existence, of the Association.

In the view of the Turkish Government it would be incompatible with the objectives embodied in the Ankara Agreement for arbitrary methods and criteria to be applied to the agricultural sector as a result of the fact that the Additional Protocol - contrary to its provisions on the achievement of customs union in the industrial sector - did not lay down a practical programme or a complete timetable for the agricultural sector.

It considered that the harmonious expansion of trade - one of the chief objectives of the Ankara Agreement - required Turkish agricultural exports to be diversified and to be granted genuine outlet facilities on the Community market, which was no more than simply applying the provisions of the Association Agreement.

To its mind Turkey should be granted preferential treatment on the Community market by way of initial arrangements governing the agricultural sector, while the agreements concluded by the Community with third countries should not result in the disappearance of the preferential treatment granted to Turkey.

The Turkish delegation further protested against the intention of making the grant of concessions conditional upon "genuine export capacities", pointing out that this arbitrary argument had no foundation in law and indeed ran counter to the aims of the Association by impeding the diversification of Turkish exports. It emphasized that there were countries which were already enjoying on the Community market the same concessions as Turkey was now requesting.

As in his view the Community was already in possession of all the necessary information on the Turkish requests, the Turkish Minister made an urgent appeal to his Community colleagues to issue immediately the appropriate instructions ensuring that products in which Turkey had a real interest in export terms should receive treatment not less favourable than that given by the Community to Turkey's Mediterranean competitors, thereby affording a genuine possibility of diversification for Turkish exports.

In reply the Community drew the Turkish delegation's attention to the fact that an ever-increasing number of Turkish agricultural products were enjoying privileged treatment on the market of the Nine. It went on to emphasize that the Ankara Agreement formed an entity, i.e. should be seen as a whole and not merely in one or other of its aspects, even in the case of a factor as important as the treatment of a given product. Finally, it confirmed that it continued to be prepared to enter into a clear dialogue with the Turkish delegation making it possible to reach, on a practical basis and as rapidly as possible, a solution which would take into account the legitimate interests of both parties.

At the request of the Turkish delegation the matter of the second agricultural review was taken up once again at the next day's meeting following internal discussions by the Nine within the Council of the Community. At the Association Council meeting on 2 March the Community, in order to break the deadlock reached in the discussions and to give clear proof of its goodwill and positive attitude regarding the problem of the second agricultural review, made the following statement to the Turkish delegation:

"The Community notes that the implementation of the provisions of the Ankara Agreement makes it possible to grant Turkey very favourable arrangements, leading ultimately to customs union.

The Community is aware of the consequent importance of enabling Turkey to develop and diversify its exports - particularly its agricultural exports - to the Community.

The Community is therefore ready to facilitate access to the Community market for agricultural products of particular export interest to Turkey, taking due account of the competition which they face on that market from other exporting countries."

The Turkish delegation then accepted the Community's invitation to resume discussions on agricultural matters, while recalling its position in principle on Turkey's status with regard to agricultural concessions.

In conclusion to its discussions on 1 and 2 March 1976 the Association Council agreed to instruct the Association Committee to continue its work on this question in the light of the views expressed at the Ministerial meeting.

21. On 23 April 1976 the Turkish delegation submitted a list setting out the agricultural products which it wished to have included in the review pursuant to Article 35 of the Additional Protocol. During the preparation of its "overall offer" for the Ministerial meeting of the Association Council originally scheduled for late July, the Community finalized new agricultural proposals

which were an improvement on those submitted in December 1975 and provided for further concessions in respect of some fifty products. These proposals were presented to the Turkish delegation at the Association Committee meeting on 20 July 1976, and the Turkish delegation stated its preliminary reaction to them at the Association Committee meeting on 23 July 1976. The Turkish delegation took the view that these new proposals were not in line with the various criteria set forth in the Community statement of 1 and 2 March 1976 in that they fell considerably short of the Turkish requests or did not even, in certain instances, provide for any further concession in respect of the products given priority by Turkey in this context. It therefore called upon the Community delegation to make the necessary improvements to its offer to bring it into line with the criteria contained in the above-mentioned statement. The Community delegation did not concur with the Turkish delegation's appraisal of its agricultural offer and pointed out that most of the agricultural products exported by Turkey received preferential treatment on entry into the Community. Finally, it stated that the offer made by the Community was the most that it could manage at that juncture.

22. Agricultural matters were subsequently discussed at two meetings held by the Association Committee in autumn 1976. Finally, at the Association Committee meeting on 13 and 14 December 1976 responsible for completing preparations for the Ministerial Association Council scheduled to be held before the end of the year, the Community delegation was able, in an effort to attain overall agreement at Ministerial level, to announce a final improvement in its agricultural offer regarding a product to which Turkey attached great importance, but which was extremely sensitive in the Community: olive oil.

23. At the Ministerial meeting of the Association Council on 20 December 1976 the Community therefore submitted, as part of its overall offer, its detailed **proposals on the concessions which it was prepared to make under the second agricultural review.**

While standing by its view that the Community proposals were not in line with Turkey's requests or above all with the criteria embodied in the statement which the Community had made at the previous meeting of the Association Council, the Turkish delegation, bearing in mind that the Agreement allowed of future developments and the fact that the provisions of the Additional Protocol on agricultural concessions would ensure the possibility of supplementing them and bringing them up to the level which they should attain, agreed to close the second agricultural review. The Association Council accordingly reached agreement on the substance of its Decision on the new concessions on imports of Turkish agricultural products into the Community pursuant to Article 35(3) of the Additional Protocol ⁽¹⁾.

B. Wine

24. The provisional arrangements for Turkish wines, applied unilaterally by the Community since 1 January 1972 and providing for a partial tariff suspension of CCT duties at 60% and the removal of any quantitative restrictions provided that the Community reference price is complied with, were once more extended for one year until 31 August 1977 ⁽²⁾.

These arrangements are being applied by the Community until such time as the Association Council is in a position to adopt the final preferential arrangements for Turkish wine imports into the Community in accordance with Article 11 of Annex No 6 to the Additional Protocol.

⁽¹⁾ The Association Council formally adopted its "Decision No 1/77 on new concessions for imports of Turkish agricultural products into the Community" by the written procedure on 17 May 1977. The Community implementing Regulation [Council Regulation (EEC) No 1180/77 of 17 May 1977] was published in the Official Journal of the European Communities, No L 142, 9.6.1977, page 10 et seq.

⁽²⁾ See Council Regulation (EEC) No 1847/76, 27.7.1976, given in Annex B to this Report, page 100.

V. GENERALIZED PREFERENCES

25. In accordance with the undertaking given by the Community at the Association Council meeting on 30 June 1973 in Ankara ⁽¹⁾, the Community took the necessary steps in the form of unilateral measures adopted at the end of 1976 to grant Turkey equivalent advantages in practice for its exports to the Community in the few sectors where the arrangements under the Association were less favourable than those accorded by the Nine to countries benefiting under the Community generalized preferences scheme.

As before, these unilateral measures relate to certain cotton products and machine-made carpets listed in Annex No 2 to the Additional Protocol, and certain agricultural and processed agricultural products ⁽²⁾.

In addition, in response to an earlier Turkish request for similar measures for its exports of petroleum products covered by Annex No 1 to the Additional Protocol, the Community decided to increase the amount of the Turkish tariff quota for 1976 from 340,000 tonnes to 391,000 tonnes ⁽³⁾.

⁽¹⁾ see 9th Annual Report, page 27.
⁽²⁾ see Council Regulation (EEC) No 3054/76, OJ No L 350, 9.12.1976, and Council Regulation (EEC) No 125/77, OJ No L 21, 18.1.1977, given in Annex B to this Report, pages 108 to 112.
⁽³⁾ see Council Regulation (EEC) No 3053/76, OJ No L 350, 9.12.1976, given in Annex B to this Report, pages 103 to 107.

VI. PROBLEMS POSED BY THE WORSENING TRADE BALANCE DEFICIT BETWEEN
TURKEY AND THE COMMUNITY
- DEVELOPMENT OF THE ASSOCIATION

26. The increasing trade gap with the Member States of the Community prompted Turkey to raise this issue at the Association Council meeting on 16 September 1975 (1). At that meeting the Council, acting on a proposal from the Turkish delegation, instructed the Association Committee to submit to it a report on the problems faced by Turkey as a result of its worsening trade balance with the Community and to suggest possible ways of overcoming the difficulties within the framework of the Association. The Association Committee asked a joint specialist Working Party to do the preparatory work necessary to enable it to carry out this task (2).

Following internal discussions by the specialists of both sides, the joint Working Party - which the Association Committee agreed to set up on 21 October 1975 - started its work at a first meeting on 12 and 13 February 1976 in Ankara, the main object being to collect on the spot the information required for preparing the report to be submitted by the Committee to the Association Council.

At its meeting on 1 and 2 March 1976 the Association Council heard an interim progress report on these proceedings.

(1) In this context it should be recalled that from 1974 to 1975 total Turkish imports increased from 3.8 to 4.7 thousand million dollars (with imports from the Nine rising from 1.7 to 2.3 thousand million dollars), while over the same period Turkish exports to all countries declined from 1.5 to 1.4 thousand million dollars (and to the Nine from 717 to 615 million dollars).

For 1976 developments in Turkish trade, see Chapter X, pages 44 to 48.
(2) see 11th Annual Report, Chapter V, pages 21 to 24.

27. Following a second session on 25 and 30 March 1976 in Brussels, the joint specialist Working Party placed its findings before the Association Committee in early April 1976.

When submitting their report the authors stipulated that it was in their capacity as specialists and not as representatives of their respective authorities that they had prepared the analyses and suggestions contained in the report, and that it was of course for the dependent bodies of the Association to determine the action to be taken.

The above report was divided into two parts: in the first the Working Party made an analysis of the Turkish trade gap on the basis of very detailed statistics. In the second part it endeavoured to outline possible ways and means of redressing the Turkish trade balance.

After completing its analysis the Working Party arrived at the conclusion that the Turkish trade deficit was the result of very varied causes, ranging from the structure of the Turkish economy - which was that of a developing country with a high economic growth rate - to the unfavourable international economic situation and the appearance on the markets of the Nine of actual and potential competitors whose links with the Community were being strengthened.

The Working Party classified the measures to be taken to overcome these difficulties in two categories according to their likely short-term or medium-term effects. It further emphasized that responsibility for choosing the measures to be adopted lay primarily with Turkey, the Community's role being to make an effective contribution to the Turkish efforts.

In the category of measures likely to have positive effects on the Turkish trade balance in the short term, the Working Party distinguished between on the one hand the possibility of introducing a degree of flexibility into the rules at present governing imports of Community products into Turkey in line with the country's industrialization requirements resulting from the priorities in its development plan and, on the other hand, measures aimed at the development and diversification of Turkish exports. In the latter area the Working Party recommended action at three levels: the improvement by the Community of marketing facilities for Turkish agricultural and industrial products, trade co-operations between the EEC and Turkey to promote Turkish exports and the search for new markets for these exports.

With regard to the measures likely to have medium-term effects, the Working Party recommended the strengthening of Turkish industrial structures - in particular by providing adequate protection for nascent industries - and Turkish agricultural structures; it further advocated wide-ranging co-operation between Turkey and the Community in industry, agriculture, transport, telecommunications and technology.

28. On the basis partly of the above report from the Working Party and partly of other material, the Community delegation submitted to the Turkish delegation, with a view to the Association Council meeting originally scheduled for the second fortnight in July 1976, a proposed draft of the report which the Association Committee had been instructed, in September 1975, to submit on this matter to the Association Council.

In addition, at the Association Committee meeting on 20 July 1976 the Community delegation set out in detail the guidelines which the Nine intended to follow regarding this point at the next Association Council meeting as part of its "overall offer". In this "Draft outline for a Community statement on the development of the Association", the Community stressed its belief in the political inspiration and the fundamental objectives of the Ankara Agreement and expressed its conviction that these objectives still reflected the mutual interests of the associated partners in a world which had already undergone great changes and which would see further important developments. It stated that it was fully

aware of the particular difficulties which Turkey had to face and assured it that it was ready to seek appropriate remedies for the difficulties encountered, insofar as these were compatible with safeguarding the aims of the Association. It stated in particular its willingness to examine with a completely open mind any specific requests which the Turkish authorities might submit to it and to implement all the provisions of the Additional Protocol which would enable such requests to be met. Furthermore, should particular difficulties make this necessary (for instance, in the event of certain young Turkish industries being faced with serious difficulties), the Community would be prepared to seek ad hoc solutions, with the detailed rules and conditions for their implementation being defined on a case-by-case basis by the Association Council.

Moreover, the Community, taking a dynamic view of the development of the Association, suggested to Turkey that new ways be explored of strengthening its economic structures by large-scale economic and trade co-operation between the Parties as a means of supplementing and reinforcing the financial co-operation already existing under the EEC-Turkey Financial Protocols.

In its view, such co-operation should be aimed at providing Turkey with the necessary means to exploit its natural resources at home to an increasing extent, thereby promoting the creation of employment, and at contributing to the diversification of Turkish production.

The Community first of all wished to know the views of the Turkish Government on these suggestions before submitting more detailed proposals to it. Nevertheless, as a preliminary step it immediately indicated certain fields in which action appeared especially appropriate in order to attain the above objectives.

29. At Association Committee level the Turkish delegation stated that its Government fully appreciated the very open approach adopted by the Nine on this point and added that it desired to make progress in this area.

Finally, at the Association Council meeting on 20 December 1976 this question appeared on the list of four items requiring decisions by the Ministers. At the meeting the Turkish delegation voiced its satisfaction at the constructive way in which the Community had reacted to the Turkish requests and in particular to the request that greater flexibility be introduced into certain provisions of the Agreement in order to avert the economic difficulties which Turkey might encounter in the process of giving effect to the Association. It further stated that the technical work on the various questions dealt with under this heading was still in progress in Ankara.

The Turkish delegation welcomed the Community suggestions for extending the Association to the field of co-operation in the widest sense of the term, suggestions which were still under consideration by the responsible Turkish authorities. It went on to express the view that the areas in which worthwhile co-operation could be initiated should not be limited at the outset,

emphasizing in this context that it might also be useful to examine the possibilities of close co-operation in agriculture on the basis of the complementarity of the Turkish and Community economies.

Winding up its discussions on this item, the Association Council asked the Association Committee to continue its work on this important aspect on the basis of the ideas put forward by the Community and having regard to the outcome of the work still in progress in Ankara.

VII. SOCIAL QUESTIONS

A. Implementation of Article 39 of the Additional Protocol (social security)

30. Under Article 39 of the Additional Protocol the Association Council was obliged to adopt, before the end of the first year after the entry into force of this Protocol, i.e. before 31 December 1973, social security measures for workers of Turkish nationality moving within the Community and for their families residing in the Community.

After the very technical preparatory work required to implement this Article, the Community delegation submitted to the Turkish delegation in June 1974 its proposals on this matter, which were based on Community regulations in this field.

The Turkish counter-proposals were received in June 1975 and the Community reaction to them was submitted in December of the same year ⁽¹⁾.

31. Work on this matter did not make much progress in 1976. There was a rather general exchange of views on the problem at the Association Council meeting on 1 and 2 March 1976. On this occasion, the Turkish Minister emphasized the importance his Government attached to additional social security measures being adopted for Turkish workers and their families. In response to the concern expressed by Turkey regarding the treatment which the Community intended to give to Turkish workers in relation to the treatment granted to workers

⁽¹⁾ See 11th Annual Report, pages 29 and 30.

from third countries, the Community pointed out that Turkey was the first country with which it had implemented social security measures and also recalled that the measures which it intended to adopt pursuant to Article 39 of the Additional Protocol constituted the most favourable treatment which the Community had accorded in the field in question. Finally, the Community emphasized that it intended to continue its relations with Turkey in this sector in the same spirit.

At the close of its exchange of views on this matter, the Association Council instructed the Association Committee to open negotiations on the content of the decision to be taken by the Association Council under Article 39 of the Additional Protocol once the Turkish Government had informed it of the outcome of its examination of the Community's reaction to the Turkish counter-proposals. Because of considerable disagreement over certain aspects of the measures to be adopted, no progress was made with this matter during 1976.

B. Implementation of Article 12 of the Ankara Agreement and Article 36 of the Additional Protocol (freedom of movement for workers)

32. It should be recalled that Article 36 of the Additional Protocol stipulates that between the end of the twelfth and the twenty-second year after the entry into force of the Ankara Agreement (i.e. between 1 December 1976 and 30 November 1986), freedom of movement for workers between Member States of the Community and Turkey should be secured by progressive stages in accordance with the principles set out in Article 12 of the Agreement (i.e. on the basis of Articles 48 to 50 of the Treaty of Rome), and that it is for the Association Council to decide on the rules for its implementation.

33. As early as 1975 the Turkish delegation had said that for its country, which had an abundant labour force, the progressive achievement of freedom of movement for workers constituted one of the basic principles of the Ankara Agreement (1).

On the other hand, the international economic crisis and particularly the growing number of unemployed in the Community, which reached almost five million in 1976, made it extremely difficult to prepare Community proposals for implementing Article 12 of the Ankara Agreement and Article 36 of the Additional Protocol.

Under these circumstances, public opinion in both Turkey and the Member States of the Community was sharply aware of this problem, and therefore the negotiations on freedom of movement for workers had been particularly arduous.

34. On the basis of a communication which the Commission forwarded to the Council of the Communities on 3 May 1976, the Community first concentrated its work on preparing a draft statement which the Community delegation intended to make at the Ministerial meeting of the Association Council initially scheduled for the second half of July 1976.

This draft text was brought to the attention of the Turkish delegation at the Association Committee meeting on 20 July 1976 in the context of the "overall Community offer" to be made at the Association Council meeting scheduled for the end of July. It set out the general approach which the Community intended to follow in preparing its offer concerning the progressive achievement of freedom of movement for workers under the Agreement, which the Community proposed to submit in time to enable the first measures to enter into force on the date laid down in the Agreement, i.e. 1 December 1976.

(1) See 11th Annual Report, pages 31 and 32, paragraph 30.

In this draft statement, the Community reaffirmed its intention of honouring the commitments arising out of Article 36 of the Additional Protocol and which require it, during the ten-year period provided for in this provision, to make Turkish workers eligible for all the measures involved by the implementation of Article 12 of the Ankara Agreement. To this end, the Community suggested proceeding by successive stages, as had been done in achieving freedom of movement for workers within the Community. The Community approach could not overlook the very difficult situation on the employment market in the Member States. For the first stage beginning on 1 December 1976, it mainly proposed the consolidation of the advantages which Turkish labour enjoyed under the provisions in force in the various Member States. It also said it was prepared to pay special attention, within the capacity of the employment markets and of social infrastructures, to improving gradually access to employment for Turkish workers and their families already living in the Community.

The Turkish delegation gave its preliminary reactions to this draft Community statement at the Association Committee meeting on 23 July 1976. It considered that this draft statement contained no new firm commitments on the Community's part concerning the gradual achievement of freedom of movement for workers in accordance with the principles referred to in Articles 48 to 50 of the Treaty of Rome.

35. Negotiations on this matter subsequently continued during autumn 1976 within the context of the Association Committee's preparation of the scheduled Association Council meeting. At the meeting on 24 September 1976, the Community delegation reiterated its firm intention of submitting a preliminary draft Decision at an early date. The Turkish delegation, for its part, while it appreciated the difficult situation on the employment market in the Member States, nevertheless insisted on the need for the adoption of tangible liberalization measures during the first stage of the

progressive achievement of freedom of movement which would stipulate at least that when offers of jobs arose on the labour market of the Member States the first priority should be given to Turkish workers over workers from third countries which did not have association agreements with the Community providing for freedom of movement in the future.

36. At the Association Committee meeting on 14 October 1976, the Community delegation was able to inform the Turkish delegation of the terms of its firm offer; the latter, which was submitted in the context of the overall offer which the Community intended to make at the next Association Council meeting, took the form of a preliminary draft Decision of the Association Council concerning the measures to be taken during the first stage of the progressive achievement of freedom of movement for workers, a stage which it proposed should last four years. The Community delegation also informed the Turkish delegation that it was examining, as part of its preparations for the next meeting of the Association Council, the terms of a statement introducing a reference to the concept of priority for Turkish workers.

As an initial reaction to this draft text, the Turkish delegation noted that the provisions proposed by the Community appeared to cover only Turkish workers already in the Community, and recalled in this connection that it had always considered that the first measures taken in implementing Article 36 of the Additional Protocol should also enable Turkish workers to move to the Member States. It reiterated in this context that, to meet the concern repeatedly expressed by the Nine, the Turkish authorities were ready to collaborate with the Community in devising a system of supervision whereby this movement of Turkish workers to the Community would be closely monitored. Finally, the Turkish delegation proposed that the first stage should last only three years.

37. Following these discussions and in order to ensure that the ministerial meeting of the Association Council scheduled to be held before the end of 1976 could reach general agreement on the four main questions under discussion within the Association, the Community made several improvements to its initial draft, in particular by inserting provisions on the priority to be accorded to Turkish workers in the text of the Decision itself. After lengthy negotiations at the Association Committee meeting on 13 and 14 December 1976, it was possible to submit to the Association Council at its meeting on 20 December 1976 a draft Decision which it was able to adopt without amendment ⁽¹⁾.
38. As regards the content of this Decision it should first be pointed out that it fixes the length of the first stage of the progressive achievement of freedom of movement for workers at four years, as from 1 December 1976 (Article 1); the discussions to determine the content of the subsequent stage in the light of the results achieved during the first stage will be commenced within the Association Council one year before the end of that stage (i.e. from 1 December 1979) (Article 11).

During this first stage, the Member States of the Community and Turkey will accord each other a measure of priority as regards access by their workers to their respective employment markets; but it was understood that this principle must be given effect under conditions that exclude any serious danger to the standard of living and the level of employment in the various regions and branches of activity in the Member States of the Community and Turkey, and without prejudice to the application between Member States of the Community of Community provisions governing the freedom of movement of workers or to any international undertakings by either Party on the subject under consideration (2nd recital of the Decision).

⁽¹⁾ See Decision No 2 of the Association Council given in Annex B to this Report, pages 93 to 98.

With regard, in particular, to the arrangements made for Turkish labour, Article 2 of this Decision stipulates that after three years of legal employment in a Member State of the Community, a Turkish worker will be entitled, subject to the priority to be given to Community workers, to respond to an offer of employment, made under normal conditions and registered with the employment services of that State, for the same occupation, branch of activity and region. After five years of legal employment in a Member State of the Community, a Turkish worker will enjoy free access in that country to any paid employment of his choice.

Furthermore, Article 3 stipulates that Turkish children who are residing legally with their parents in a Member State of the Community will be granted access in that country to courses of general education and that they may also be entitled to enjoy in that country the advantages provided for in this connection under national laws.

As for nationals of the Member States who are in paid employment in Turkey, and their children, Article 4 stipulates that they will enjoy in that country the rights and advantages referred to in Articles 2 and 3 if they meet the conditions laid down in those Articles.

Article 5 stipulates that, should it not be possible in the Community to meet an offer of employment by calling on the labour available on the employment market of the Member States and should the Member States, within the framework of their provisions laid down by law, regulation or administrative action, decide to authorize a call on non-Community workers, they will endeavour in **so doing** to accord priority to Turkish workers. In this connection, it should

be pointed out that the Association Council wished to define as follows the meaning of the term "s'efforcent" (shall endeavour) in this Article by means of a joint statement entered in the minutes of its meeting on 20 December 1976:

"Both Parties state that the term "s'efforcent" (shall endeavour) in Article 5 of the Association Council Decision is used in the same sense as the term "s'efforceront" in Article 43(1) of Regulation No 15 of the Council of the European Economic Community."

This term "s'efforcent" was therefore chosen because, in view of their system of free market economies, the Member States of the Community cannot impose the decisions to be taken in this connection on undertakings taking on labour.

Article 6 of the Decision contains a safeguard clause, which provides that, where a Member State experiences or is threatened with disturbances on its employment market, the State concerned may refrain from automatically applying Article 2(1)(a) and (b), on the understanding that this State informs the Association Council of any such temporary restriction.

Article 7 contains a standstill clause stipulating that the Member States and Turkey may not introduce new restrictions on the conditions of access to employment applicable to workers legally resident and employed in their territory.

Article 8 stipulates that the Association Council Decision shall not affect any rights or obligations arising from national laws or bilateral agreements between Turkey and the Member States where these provide for more favourable treatment for their nationals.

Finally, it is the Association Council itself which will ensure the harmonious application of this Decision and determine that it is applied in such a way as to exclude the danger of disturbance of the employment markets; Article 10 stipulates that, to this end, it must be informed of the employment situation in the Member States and Turkey.

This Decision entered into force on the date of its adoption by the Association Council, namely 20 December 1976; should the Decision concerning the next stage not be adopted in time, the provisions of the Decision of 20 December 1976 will continue to apply until the entry into force of the new Decision.

VIII. APPLICATION OF ARTICLE 53 OF THE ADDITIONAL PROTOCOL
(INFORMATION/CONSULTATION)

39. The information and consultation procedure provided for in Article 53 of the Additional Protocol was applied on several occasions in 1976, in connection with the agreements which the Community intended to conclude with certain countries in the Mediterranean basin and the offer for certain tropical products (including tobacco) which the Community intended to make in Geneva in the context of the multilateral trade negotiations, and the generalized preferences scheme for 1977.
40. During the consultations over the agreements which the Community was preparing to sign with Malta, the Maghreb countries (Algeria, Morocco, Tunisia) and the Mashreq countries (Egypt, Syria, Jordan), the Turkish delegation emphasized, in keeping with the remarks it had made during the consultations held in 1975 over the EEC-Israel Agreement, that the concessions granted by the Community to these countries had resulted in further erosion of the preferences, and particularly the agricultural preferences, from which Turkish products had benefited previously on the Community market. It also pointed out that certain concessions for products which were of considerable export interest to Turkey, which had been granted to the Maghreb countries in particular, went much further than the preferences enjoyed by Turkish products in the Community. In this context it noted further that, contrary to what had been required of Turkey, the Maghreb and Mashreq countries were not obliged to grant the Community reciprocity on their markets, but only most-favoured-nation treatment. It therefore requested that the tariff concessions currently enjoyed by Turkey be revised in order to restore a privileged position to Turkish products imported into the Community.

Finally, the Turkish delegation took this opportunity to recall its Government's desire to conclude, for its part, agreements with developing countries without extending to the Community the benefit of the concessions which would be granted to those countries.

IX. CONSULTATIONS TO BE UNDERTAKEN PURSUANT TO ARTICLE 56 OF THE
ADDITIONAL PROTOCOL IN CONNECTION WITH NEGOTIATIONS FOR ACCESSION
BETWEEN THE EUROPEAN COMMUNITIES AND GREECE

41. At its meeting on 1 and 2 March 1977, the Association Council held an exchange of views on this matter, at the close of which it reaffirmed its intention of giving full application to Article 56 of the Additional Protocol.

On this occasion, the Community said it was aware of the importance of this matter for Turkey which, moreover, it had informed of the latest developments in the procedure followed by the Nine concerning the application for accession made by Greece.

The Turkish Minister recalled that the Ankara Government obviously attached the greatest importance to this problem and that it considered, in particular, that it was in its political implications that this problem assumed its full significance. Turkey felt that the economic and institutional problems raised by Greece's application for accession should be discussed by the Association Council. It considered that this application would undoubtedly have a special impact on relations between Turkey and the Community, requiring some reorganization of the content of the agreements on which the Association was based. Finally, the Turkish Minister stressed that his Government felt that discussions on this subject should be begun in parallel with and not after the negotiations on the accession of the country in question and that it was therefore essential that developments in this delicate problem should be the subject of frequent exchanges of views between Turkey and the Community.

X. TRADE RESULTS ⁽¹⁾

(a) Trends in Turkey's foreign trade

(Tables A II 1 and A II 2)

42. Turkey's foreign trade, which in 1975 was characterized by a net drop in exports together with a considerable rise in imports, particularly in Turkey's relations with the Member States of the Community, showed a relatively more favourable trend in 1976, particularly as regards trade between Turkey and the Nine, for which the cover rate of imports by exports amounted to 40.9% (as against 26.3% in 1975). However, it should be borne in mind that this rate attained 52.9% in 1973.

Whereas Turkish exports had dropped in the previous year and Turkish imports had continued to increase considerably, the 1975 trade figures were better: from 1975 to 1976 total Turkish exports rose from 1,400 to 1,960 million dollars, i.e. by almost 40%, whereas total Turkish imports increased only moderately from 4,700 to 5,100 million dollars (up 8.2%). The cover rate of imports by exports, which fell to 29.6% in 1975, rose again to 38.2% in 1976 without, however, reaching the percentages attained some years earlier, which were much higher (such as in 1965, when the rate was 81%). Despite these trends Turkey's trade deficit continued to be very high in 1976: 3,168 million dollars (as against 3,338 million dollars in 1975).

⁽¹⁾ The information in this Chapter is based on the statistical data in Annex A to this report.

43. Trade between Turkey and the Community in particular improved in 1976 in relation to the previous year. Exports to the Nine, which had fallen by 14.2% from 1974 to 1975, once again increased considerably in 1976 (+ 51% as against 31% for the rest of the world), reaching 928.9 million dollars (as against 615 million dollars in 1975 and 717 million dollars in 1974).

This resulted in a cover rate of imports by exports of 41% in 1976 (as against 26.3% in 1975); however, in absolute terms, Turkey's trade deficit with the Nine was still disturbing in 1976 (1,400 million dollars), even if it was lower than in 1975, when it attained 1,700 million dollars.

44. As regards the structure of Turkish exports and imports, it should be noted first of all that exports of agricultural products (including cotton) showed the largest increase in 1976 (from 793 to 1,254 million dollars: 58% increase). Exports of industrial products also increased appreciably (from 503 to 596 million dollars: 19% rise). Exports of mining products increased, but very moderately (from 106 to 110 million dollars: 4% rise).

As for Turkish imports, imports of capital goods continued to increase in 1976 (from 1,961 to 2,239 million dollars: 14% rise), as did imports of raw materials, which rose from 2,574 to 2,733 million dollars (6% rise). However, Turkish imports of consumer products fell in 1976 from 203 to 157 million dollars (23% drop).

(b) Trends in Turkish exports of the four "traditional" agricultural products (Tables A I 1 and A I 2)

45. Exports of these four products developed very satisfactorily in 1976 both towards third countries and towards the Community which, except for tobacco, continued to be the major customer for these products; these exports alone amounted to 527.6 million dollars in 1976 (including 243.5 millions to the Community) out of total Turkish agricultural exports amounting to 1,254 million dollars.

(c) Turkish exports of the industrial products referred to in Annexes Nos 1 and 2 to the Additional Protocol (Tables A I 3 and A I 4)

46. As in previous years, Turkish exports of petroleum products falling under heading 27.10 continued to drop, from 320,633 tonnes in 1975 to 133,489 tonnes in 1976, and exports of these products to the Community showed a similar decrease (from 178,018 tonnes to 90,880 tonnes).

Of the industrial products referred to in Annex No 2 to the Additional Protocol, cotton yarn (heading 55.05) represented by far the most important product. The share of cotton yarn in total Turkish exports to the Nine amounted to 15.3% in 1976 and represented 26.04% of Turkish exports of industrial products to the Community. Exports of this product, the majority of which are traditionally directed at Community countries, took an unprecedented leap forwards in 1976. They amounted to 78,212 tonnes (Community share: 72,906 tonnes = 93%) as against 35,689 tonnes in 1975 (Community share: 31,242 tonnes = 87.5%).

As regards Turkish exports of woven fabrics of cotton (heading 55.09) to the Nine, it should be noted that after dropping during the last three years (from 3,781 tonnes in 1973 to 2,195 tonnes in 1974 and to 1,369 tonnes in 1975) they rose again in 1976 when they reached 2,459 tonnes. As in the case of cotton yarn, Turkish exports of woven fabrics of cotton to the Community are almost totally absorbed by the six original Member States.

(d) Trends in Turkish exports of other products of importance to Turkey's foreign trade (see Table A I 4)

47. Turkish exports of the most important of these products, namely cotton, increased considerably; in fact, total exports of this product rose from 241,700 tonnes in 1975 to 380,742 tonnes in 1976 and exports to the Nine during the same period rose from 99,938 to 151,649 tonnes. Export earnings from this item in 1976 amounted to more than 434 million dollars (including almost 179 million dollars for exports to the Community).

It should be noted that Turkish exports of citrus fruit to the world at large increased considerably from 105,240 tonnes in 1975 to 161,474 tonnes in 1976 (and the related export earnings rose from 28.4 to 47.8 million dollars); however, exports to the Community decreased slightly during the same period from 22,587 tonnes to 21,704 tonnes (and the related export earnings fell from 6.9 to 6.6 million dollars).

Turkish exports of tomato concentrates to the world at large increased by 36% from 16,690 tonnes in 1975 to 22,671 tonnes in 1976 in volume, but only from 11.3 to 11.9 million dollars in value. Exports of this product to the Nine rose very considerably from 4,594 to 9,598 tonnes, which was equivalent to a 109% increase; in value, they rose from 2.7 to 4.4 million dollars without, however, reaching the levels achieved in 1973 (10,487 tonnes - 4.9 million dollars).

After dropping during the latter years, exports of fresh table grapes rose again from 3,959 tonnes in 1975 to 5,601 tonnes in 1976 to the world at large and from 3,017 to 4,395 tonnes to the Community but without reaching the figures for 1973 (when they amounted to more than 9,000 tonnes for the world at large, including more than 6,000 tonnes for the Community).

Turkish exports of olive oil to the world at large, which still amounted to more than 44,000 tonnes in 1973 (export earnings: 47.8 million dollars), continued to drop considerably from 9,342 tonnes in 1975 to 2,339 tonnes in 1976. Export earnings showed an even more considerable drop from 17.7 million dollars to only 2.8 million dollars. On the other hand, Turkish exports of this product to the Community (which amounted to 38,221 tonnes in 1973), after dropping considerably during the last two years, rose from 170 tonnes in 1975 to 1,178 tonnes in 1976.

Total Turkish exports of wine dropped quite considerably from 5,046 tonnes in 1975 to 3,098 tonnes in 1976, while the Community's share of these exports remained fairly stable (486 tonnes in 1975 and 460 tonnes in 1976).

Finally, Turkish exports of fruit and vegetable juices falling within heading 20.07 continued to drop in volume (from 344 tonnes in 1975 to 272 tonnes in 1976) but increased considerably in value (from 177,000 dollars to 512,000 dollars during the same period); Turkish exports of this product to the Community fell in both tonnage and value (from 214 tonnes (104,304 dollars) in 1975 to 173 tonnes (83,000 dollars) in 1976).

XI. FINANCIAL QUESTIONS

I. Application of the second Financial Protocol

A. Soft loans granted in 1976

48. At the beginning of 1976, 12.315 MUA still remained available out of the 195 MUA in soft loans to be granted by the Community to Turkey under the second Financial Protocol. Out of this balance, the European Investment Bank concluded two loan contracts totalling 6.015 MUA ⁽¹⁾ during 1976.

These two loans were granted to the Turkish State (contracts signed on 25 November 1976) for a duration of 30 years (with postponement of amortization for 8 years) and at interest rates of 2.5% per annum for the operation showing an indirect or long-term return (1.015 MUA) and 4.5% per annum for the project showing a normal return (5 MUA).

(a) Operation showing indirect or long-term return

49. This involved a global loan of 1.015 MUA intended for financing pre-investment expenditure (technical assistance studies or measures with a view to preparing and defining investment projects) in the public sector.

The latter in fact found itself assuming the role of promoter of large-scale industrial and infrastructure projects. In addition to the other resources from which Turkey benefits in the pre-investment field (UNDP, bilateral aid, etc.), this global loan will help to increase its opportunities of benefiting from the technology of the Member States of the Community.

⁽¹⁾ The Turkish Government has requested that the balance, i.e. 6.3 MUA, be used to finance a paper-mill project which is currently being studied.

The global loan in question replaces a similar operation concluded in 1973 for an amount of 2 MUA ⁽¹⁾. This amount was totally committed following five allocations, the last two of which (totalling 1.3 MUA) were made in 1976 and concerned a forestry development study in the Adana-Mersin-Maras area (Mediterranean) and a study relating to a section of road between Istanbul and Edirne in Thrace.

(b) Project showing a normal return

This operation concerns the "Akçeniz forests-paper" project, for which the EIB granted an additional loan of 5 MUA. It should be noted that for the same project, to the financing of which the World Bank also contributed with a loan of 40 million dollars, the Bank had already granted a loan of 20 MUA in 1973 ⁽²⁾. However, the execution of the project, and the use of the foreign credits, was delayed because a site other than the one initially contemplated had to be chosen. In the meantime, costs have increased, and the Bank's additional loan is intended to cover part of this increase.

It should be recalled that the project comprises a forestry section and an industrial section.

The forestry section, which will be carried out by the Turkish Ministry of Forestry, comprises a programme of studies and investments designed to increase the timber production of the reserves of Antalya, Mersin and Adana-Maras (Mediterranean area) to 2 million m³/year, which will involve the direct creation of some 4,000 jobs and of 2,500 jobs in related activities, mainly in transport.

⁽¹⁾ See 9th Annual Report, page 39, penultimate paragraph.
⁽²⁾ See 9th Annual Report, page 40,

The industrial section, which is being promoted by the public undertaking SEKA (by far the largest producer of paper pulp, paper and linerboard in the country), consists of an integrated complex (sawmill and paper pulp and paper mill) located at Silifke, near Mersin, on the Mediterranean coast. This complex will have an annual production capacity of some 170,000 m³ of timber and either 155,000 tonnes of linerboard or 90,000 tonnes of kraft paper or a combination of these two products; the operation of this complex will directly create about a thousand jobs.

Despite the delay and the increase in costs, the project still affords the Turkish economy considerable advantages, particularly owing to the development of forestry resources, the creation of numerous jobs and the provision of a substitute for imports of linerboard and kraft paper.

51. As regards assistance for projects showing a normal return, it should also be pointed out that the Bank made five allocations totalling 1.4 MUA to be set off against the global loan of 5 MUA granted in 1975 for the financing, via the SYKB (Industrial Investment and Credit Bank), of small and medium-sized private enterprise projects ⁽¹⁾. These allocations concern various ventures: sheet-metal enamelling, cast-metal products, compressors and tiles.

⁽¹⁾ See 11th Annual Report, page 43, paragraph 44.

B. Loans from the Bank's ordinary resources

52. The amount of 25 MUA provided for in Article 9 of the Second Financial Protocol concerning loans from the Bank's ordinary resources to be granted in Turkey for financing industrial loans in the private sector was used up in 1974 by two operations consisting of a framework contract worth 20 MUA for projects to be financed via the TSKB (Industrial Development Bank of Turkey) and a global loan worth 5 MUA for small and medium-scale projects to be financed via the SYKB (Industrial Investment and Credit Bank) ⁽¹⁾.

These two loans have now been totally allocated, following five allocations made in 1976 (two allocations totalling 2.4 MUA for the TSKB and three allocations totalling 0.7 MUA for the SYKB).

The loans from ordinary resources amounting to 25 MUA contributed in all towards financing 24 projects (11 via the SYKB and 13 via the TSKB) in various sectors (building materials, food products, electrical equipment, textiles) which comprised fixed investments of approximately 90 MUA and should involve the direct creation of some 3,500 jobs. With very few exceptions, these projects are located outside the Istanbul/Ismir industrial zone and are spread over the whole territory of Turkey, thus contributing towards a more balanced regional development.

⁽¹⁾ See 10th Annual Report, page 35, paragraph 34.

C. Disbursements

53. At 31 December 1976, the EIB had made the following disbursements under the soft loans granted pursuant to the two Financial Protocols:

	<u>Loans granted</u>	(in MUA)	
		<u>Disbursements</u>	
		<u>1976</u>	<u>Total</u>
First Financial Protocol	175.0	0.8	175.0
Second Financial Protocol	<u>188.7</u>	<u>57.6</u>	<u>112.1</u>
	363.7	58.4	287.1

D. Supplementary Protocol

54. It may reasonably be hoped that the Supplementary Protocol, which was signed in 1973 and extended the Association to cover the three new Member States of the Community, will enter into force in the course of 1977. At the end of 1976, the ratification procedures had been completed in eight of the Member States of the Community ⁽¹⁾. This Protocol provides for additional aid of the order of 47 MUA in the form of soft loans from budgetary resources as contributions by Denmark, Ireland and the United Kingdom to the second EEC-Turkey Financial Protocol.

⁽¹⁾ This procedure was completed in the ninth Member State in September 1977.

II. Negotiations with a view to concluding a Third Financial Protocol

Preliminary exchanges of views ⁽¹⁾ were held within the bodies of the Association during 1975 on the conclusion of a third Financial Protocol, since the second Protocol was to expire on 23 May 1976.

This matter was discussed once again at the Ministerial meeting of the Association Council on 1 and 2 March 1976; on this occasion, both Parties to the Agreement considered that financial co-operation between the Community and Turkey had been particularly positive and wished to emphasize the need to initiate negotiations for the third Financial Protocol rapidly.

At this Ministerial meeting, the Community delegation was able to provide initial indications as to the approach which it intended to adopt concerning financial co-operation with Turkey under the third Financial Protocol. The Turkish delegation particularly emphasized the need to conclude this third Financial Protocol rapidly and to give it a content which would meet the requirements of the Association and of its extension of new areas of co-operation so that financial co-operation between the two Parties could be continued without interruption. It also pointed out that this co-operation was in the interests not only of Turkey but also of undertakings in the Member States of the Community.

Subsequently, at the Association Committee meeting on 30 April 1976, the discussions on the third Financial Protocol entered a more practical phase. At that meeting the Turkish delegation made a very detailed statement on Turkey's economic situation in general and on the country's needs and prospects

⁽¹⁾ See 11th Annual Report, page 46.

in connection with the negotiation of the third Financial Protocol. It also expressed the hope that when adopting their offer for this third Financial Protocol, and particularly as regards its volume, the Nine would be guided by considerations which were different from those which they had taken as a basis for co-operation with other countries, and that they would take due account of the special links between the Community and Turkey represented by the Association, which did not exist in the case of those other countries.

In July 1976, during its discussions on the Community's external financial commitments for the coming years, the Council of the Communities agreed on the volume of this third Financial Protocol to be proposed to Turkey, i.e. 310 MUA, including 220 MUA from budget resources and 90 MUA from the European Investment Bank's own resources. The Community delegation communicated these amounts to the Turkish delegation at the Association Committee meeting on 20 July 1976 as part of its overall offer prepared with a view to the Ministerial meeting of the Association Council, which was initially scheduled for the end of July but was finally held on 20 December 1976.

As an initial reaction to this Community offer, the Turkish delegation said, at the Association Committee meeting on 23 July 1976, that the volume of aid contemplated by the Community fell considerably short of its expectations in this connection and pointed out that the amount from budget resources (220 MUA) was even lower than that provided for in the second Financial Protocol (242 MUA). It expressed the hope that, in view of the modest volume of aid, the Community would grant such aid on particularly favourable terms.

Subsequently, during its preparations for the Association Council meeting, the Association Committee discussed the third Financial Protocol at its meetings on 24 September and 14 October 1976. Finally, on 29 November 1976, the Council of the Communities approved the detailed proposals of the Nine concerning the content of the third EEC-Turkey Financial Protocol as part of the overall offer to be submitted to the Association Council; these proposals were brought to Turkey's attention at the Association Committee meeting on 13 and 14 December 1976. Following the negotiations which took place at that meeting, and in order to enable overall agreement to be reached at the Ministerial meeting, the Community made further improvements to three points of these proposals to which Turkey attached particular importance, namely:

- the duration of the Protocol (expiry on 31 October 1981, and not 5 years after its entry into force as initially proposed);
- the "review clause" incorporating the text of Article 10 of the second Financial Protocol;
- the terms applicable to soft loans (duration: 30 years; postponement of amortization: 8 years; interest rate: 2.5% per annum).

At the Association Council meeting on 20 December 1976, the Turkish delegation said that it considered the Community offer, and particularly its volume, to be disappointing, but agreed to the Community proposals so as not to delay the conclusion of the new Financial Protocol any further (¹).

(¹) It should be pointed out that both parties reached full agreement on the text of the third Financial Protocol at the Association Committee meeting on 3 February 1977. The Community agreed to an additional request by Turkey to improve further the terms for soft loans by increasing their duration from 30 to 40 years and the grace period from 8 to 10 years. The third Financial Protocol was signed on 12 May 1977 and is in the process of ratification by the Contracting Parties.

It also took this opportunity to reiterate its request, with reference to Article 130 of the Treaty of Rome and Article 18(1) of the Statute of the EIB, that Turkey should have direct access to the resources of the European Investment Bank for carrying out major European-scale projects.

XII. OTHER QUESTIONS

56. As in previous reports, the purpose of this last chapter is to present, for the attention of the Parliamentary Committee, information on certain activities which, although not directly based on explicit provisions of the Association Agreement, are nonetheless connected with the relations between Turkey and the Community.

(a) Information

57. Via the Press and Information Office of the Commission of the European Communities in Ankara, the dialogue continued between the various circles concerned in Turkey and the Community to enable them to become better acquainted with European integration and the Association. This Office frequently publishes numerous information brochures in Turkish and a monthly Bulletin entitled "Avrupa Toplulugu", which contribute quite considerably towards informing Turkish public opinion about the European institutions and relations with Turkey.

During 1976, several high-ranking officials of the European institutions paid official visits to Turkey, including Mr SPENALE, President of the European Parliament, Mr SCARASCIA MUGNOZZA, Vice-President of the Commission, Mr van der STOEL, President of the Council, Sir Christopher SOAMES, Vice-President of the Commission, and Mr NOEL, Secretary-General of the Commission.

The Commission of the European Communities organized numerous fact-finding visits for industrial and business circles, journalists and broadcasters and Turkish Members of Parliament.

Finally, it should be noted that a visit by forty journalists from Member States of the Community and a symposium bringing together professors of economics from various countries and officials from the Commission were organized in Turkey.

(b) Emergency aid from the Community after the earthquake in Turkey in November 1976

58. Following the earthquake in eastern Turkey in November 1976, the Community decided to grant financial aid for purchasing essential goods, such as tents, sleeping bags and heating appliances. As a result of its assessment of the stricken population's needs, the Commission provided a sum of 500,000 UA, which was allocated to the League of Red Cross Societies.
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Annex A ⁽¹⁾

STATISTICAL ANNEX

Chapter I

Data on the application of
the Association Agreement

⁽¹⁾ Data provided by the Turkish delegation.

Table A I 1

**TURKISH EXPORTS TO THE EEC
OF TURKEY'S FOUR MAIN AGRICULTURAL
EXPORT PRODUCTS (1)**

- Figures for 1973-1976 -

(in tonnes)

PRODUCT	DESTINATION	1973	1974	1975	1976
TOBACCO (24.01)	BLEU	3,119	5,034	2,010	2,638
	Germany	9,938	23,209	7,613	8,643
	France	12,684	4,071	835	3,285
	Italy	1,944	1,712	763	434
	Netherlands	2,251	2,861	1,208	270
	United Kingdom	26	196	248	80
	Denmark	101	546	375	134
	Ireland	2	-	-	-
	EEC TOTAL	30,055	37,629	13,052	15,464
	RAISINS (ex 08.04)	BLEU	3,294	2,218	2,608
Germany		10,027	11,196	10,119	14,037
France		5,266	3,362	3,242	3,865
Italy		11,269	7,730	11,722	14,581
Netherlands		10,804	10,880	10,918	19,070
United Kingdom		21,956	16,054	18,298	24,885
Denmark		220	50	200	139
Ireland		3,286	2,730	3,790	5,517
EEC TOTAL		66,121	55,020	80,897	85,613
DRIED FIGS (ex 08.03)		BLEU	1,189	714	631
	Germany	4,615	3,611	3,387	3,880
	France	8,698	6,205	7,131	7,498
	Italy	3,352	1,873	2,034	2,352
	Netherlands	288	327	367	430
	United Kingdom	1,394	1,311	1,002	1,268
	Denmark	849	646	728	722
	Ireland	10	-	-	-
	EEC TOTAL	20,385	14,687	15,280	17,138
	HAZEL NUTS (ex 08.05)	BLEU	802	1,054	458
Germany		47,983	62,343	50,358	71,999
France		4,865	6,299	4,565	10,014
Italy		860	1,674	579	1,902
Netherlands		3,656	5,042	3,354	4,885
United Kingdom		2,816	3,669	984	6,859
Denmark		20	43	52	310
Ireland		25	-	-	33
EEC TOTAL		61,027	80,124	60,350	96,376

(1) These are the four products which have enjoyed advantages since the Association Agreement entered into force in 1964 (under Article 2 of the Provisional Protocol)

Source: Ministry of Trade, Ankara

Table A I 2

TURKISH EXPORTS TO THE EEC AND THE REST OF THE WORLD
OF TURKEY'S FOUR MAIN AGRICULTURAL EXPORT PRODUCTS

- Figures for 1973-1976 -

PRODUCT	YEAR	WORLD		EEC		EEC'S SHARE IN TOTAL EXPORTS (1) (as %)
		in tonnes	in 1,000 \$	in tonnes	in 1,000 \$	
<u>TOBACCO</u>	1973	108,410	132,874	30,065	20,560	15
	1974	112,371	204,475	37,631	66,018	32
	1975	65,638	183,213	13,052	34,506	18.8
	1976	75,173	251,291	15,464	42,524	16.9
<u>RAISINS</u>	1973	89,641	58,243	66,121	48,633	83.5
	1974	62,292	53,905	55,017	48,206	89.0
	1975	72,435	45,527	60,898	37,824	83.0
	1976	98,882	52,629	85,612	45,406	86.2
<u>DRIED FIGS</u>	1973	33,773	16,089	20,395	10,426	64.8
	1974	24,588	17,244	14,687	10,747	62.3
	1975	29,906	18,919	15,281	11,290	59.6
	1976	28,535	20,614	17,139	12,892	62.5
<u>HAZEL NUTS</u>	1973	94,445	121,685	61,048	80,380	66.0
	1974	113,876	182,049	80,130	125,421	68.8
	1975	92,567	165,174	60,361	99,724	60.3
	1976	138,385	203,161	96,377	142,663	70.2

(1) In terms of value.

Source: Ministry of Trade, Ankara.

Table I.1

Turkish exports to the EEC of
the four industrial products
for which concessions are granted
within Community tariff quotas pursuant to
Annexes 1 and 2 to the Additional Protocol.

- Figures for 1973-1976 -

(in tonnes)

PRODUCT	1973			1974			1975			1976		
	The Six	The Three	The Nine	The Six	The Three	The Nine	The Six	The Three	The Nine	The Six	The Three	The Nine
Cotton yarn (55.05)	21,588	635	22,223	17,353	3,002	20,355	28,323	2,419	31,242	68,290	4,617	72,907
Woven fabrics of cotton (55.09)	3,640	141	3,781	2,191	3	2,195	1,328	41	1,369	2,363	96	2,459
Machine-loomed carpets (ex 58.01 A)	(n.k.)	(n.k.)	(n.k.)	(n.k.)	(n.k.)	(n.k.)	(n.k.)	(n.k.)	(n.k.)	(n.k.)	(n.k.)	(n.k.)
Petroleum products (ex 27.10 to 27.14)	387,064	16,376	403,440	220,996	36,457	257,453	160,018	18,000	178,018	71,120	19,760	90,880

Source: Ministry of Trade, Ankara

TURKISH EXPORTS TO THE EEC AND THE WORLD OF
OTHER AGRICULTURAL AND INDUSTRIAL
PRODUCTS OF IMPORTANCE TO
TURKEY'S FOREIGN TRADE
 - Figures for 1973/1976 -

Product	year	W O R L D		EEC (The Nine)	
		tonnes	£1,000	tonnes	£1,000
Citrus fruits (08.02)	1973	113,370	25,548	31,371	7,903
	1974	110,453	26,416	25,253	6,155
	1975	105,240	28,441	22,587	6,883
	1976	161,474	47,846	21,704	6,565
Fresh table grapes (08.04.10)	1973	9,201	1,565	6,250	1,063
	1974	4,975	1,122	3,681	852
	1975	3,959	1,143	3,017	885
	1976	5,661	1,834	4,395	1,421
Olive oil (15.07.12)	1973	44,390	47,825	38,221	40,807
	1974	11,062	15,106	5,472	8,453
	1975	9,342	17,704	170	343
	1976	2,339	2,807	1,178	1,201
Tomato concentrates (20.02.11)	1973	17,509	8,334	10,487	4,861
	1974	12,260	10,324	6,515	5,681
	1975	16,690	11,311	4,594	2,732
	1976	22,671	11,917	9,598	4,410
Fruit and vegetable juices (20.07)	1973	564	765	107	80
	1974	406	492	62	20
	1975	344	177	214	104
	1976	272	512	173	83
Wines (22.05)	1973	3,952	529	677	158
	1974	6,940	1,093	678	216
	1975	5,046	906	486	210
	1976	3,098	669	460	256
Petroleum products (27.10)	1973	846,649	47,402	403,440	17,241
	1974	720,952	85,861	257,453	28,870
	1975	320,633	35,972	178,018	20,682
	1976	133,489	16,148	90,880	11,498
Cotton (55.01)	1973	322,019	300,902	130,781	122,338
	1974	145,179	235,303	60,449	95,965
	1975	241,700	225,224	99,938	94,752
	1976	380,742	434,245	151,649	178,880
Cotton yarn (55.05)	1973	27,757	49,155	22,223	37,611
	1974	26,384	67,799	20,355	52,030
	1975	35,689	59,384	31,242	51,898
	1976	78,212	159,008	72,906	146,223

Source: Ministry of Trade, Ankara

SECOND EEC - TURKEY FINANCIAL PROTOCOL

(a) List of projects financed

(i) Soft loans from budget funds

<u>Description of the Project and Promoter</u>	<u>Date</u>	(in MUA) <u>EIB loan</u>
1. Construction, near Izmit, of a factory to produce synthetic rubber (SBR and CBR) Promoter: Petkim Kauçuk AS	12.02.73	6.40
2. Electrification of the railway line between Istanbul and Adapazari (140 km) and acquisition of 15 electric locomotives Promoter: Türkiye Cumhuriyeti Devlet Demir Yolları İşletmesi - TCDD (Republic of Turkey Railways)	12.02.73	4.35
3. Global loan for financing private industrial ventures through the intermediary of Türkiye Sınai Kalkınma Bankası - TSKB (Industrial Development Bank of Turkey) in 1973	12.02.73	6.00
4. Global loan to the Turkish Government for financing pre-investment expenditure in the public sector	12.02.73	2.00
5. Implementation of a second stage of the programme for dieselization of the Turkish railways Promoter: Türkiye Cumhuriyeti Devlet Demir Yolları İşletmesi - TCDD (Republic of Turkey Railways)	29.03.73	23.50
6. Extension of a cement works located at Eskişehir Promoter: Eskişehir Çimento Fabrikası AŞ	27.06.73	2.00
7. Modernization of the Turkish civil airlines through the purchase of Fokker F 28 aircraft Promoter: Türk Hava Yolları AŞ-THY (Turkish Airlines)	13.09.73	8.65

6. Extension of a factory producing synthetic fibres at Bursa Promoter: Sifaş Sentetik Iplik Fabrikalari AŞ	13.09.73	3.28
9. Forestry development, construction of a sawmill and a factory to produce paper pulp, paper and cardboard at Silifke (Mediterranean) Promoter: Turkish Ministry of Forestry and the State Economic Enterprise SEKA, Türkiye Selüloz ve Kâğıt Fabrikalari İşletmesi (Turkish Paper Industry Authority)	29.12.73	20.00
10. Land reclamation in the Gediz valley, north of Izmir Promoters: Department of State Hydraulic Works (DSI) and Department of Land Reclamation and Development (TOPRAKSU)	20.02.74	10.00
11. Construction of a cotton-textile mill at Edirne in Thrace Promoter: Kartaltepe Mensucat Fabrikasi TAŞ	3.05.75	1.98
12. Addition to TSKB global loan	21.06.74	0.40
13. Construction of a porcelain tableware factory at Kütahya (Western-Central Region) Promoter: Kütahya Porselen ve Gıda Sanayi AŞ	27.06.74	1.12
14. Mining of a lignite deposit and construction of a thermal power station at Elbistan to the North-East of Adana (1st loan) Promoters: Turkish Coal Enterprises (TKİ) and Turkish Electricity Authority (TEK)	30.12.74	58.00
15. Ditto: second loan	29.01.75	19.00
16. Irrigation in the Berdan valley in Southern Anatolia Promoters: Department of State Hydraulic Works (DSI), Department of Land Reclamation and Development (TOPRAKSU) and the Advisory Service of the Ministry of Agriculture	30.12.75	11.00
17. SYKB II global loan to finance small and medium-scale industrial ventures in the private sector	30.12.75	5.00

- | | | |
|---|----------|------|
| 18. Forestry development, construction of a sawmill and a factory to produce paper pulp, paper and cardboard at Silifke (Mediterranean)
Promoters: Turkish Ministry of Forestry and the State Economic enterprise SEKA, Türkiye Selüloz ve Kâğıt Fabrikalari İşletmesi (Turkish Paper Industry Authority). Additional loan | 25.11.76 | 5.00 |
| 19. Second global loan to the Turkish Government for financing pre-investment expenditure in the public sector | 25.11.76 | 1.02 |

(ii) Loans from ordinary resources of the European Investment Bank

- | | | |
|--|----------|-------|
| 1. TSKB framework contract for financing industrial projects in the private sector | 18.07.74 | 20.00 |
| 2. SYKB global loan for financing small and medium-scale industrial ventures in the private sector | 18.07.74 | 5.00 |

(b) Summary

(MUA)

(i) Soft loans (195 MUA)

granted in 1973	76.2
granted in 1974	71.5
granted in 1975	35.0
granted in 1976	<u>6.0</u>
Total	<u>188.7</u>

comprising

- 51.2 MUA (27%) for projects showing a normal return
- 137.5 MUA (73%) for projects showing an indirect or long-term return

(ii) Loans from ordinary resources (25 MUA)

granted in 1974	<u>25.0</u>
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Chapter II

Data on

economic trends

in Turkey

TURKEY'S FOREIGN TRADE

(1973/1976)

- Development in terms of value -

(in mill. \$)

PERIOD	EXPORTS				IMPORTS				I.PORIS/EXPORT COVER AS %			
	EEC	Rest of the world	World	EEC's share	EEC	Rest of the world	World	EEC's share	EEC	Rest of the world	World	
1973	The Six	493.5	824.5		37.4%	923.7	1,175.2		44.0%	53.4%	70.2%	62.9%
	The Nine	611.5	706.5	1,318.0	46.4%	1,155.1	943.8		55.0%	52.9%	74.8%	
1974	The Six	619.9	912.2		40.5%	1,419.4	2,356.1		37.6%	43.6%	38.6%	40.5%
	The Nine	717.2	814.9	1,532.1	46.8%	1,708.7	2,069.4		45.2%	41.9%	39.3%	
1975	The Six	530.0	871.0		37.8%	1,962.4	2,776.1		41.4%	27.0%	31.4%	29.6%
	The Nine	615.1	785.9	1,401.0	43.9%	2,338.2	2,400.3		49.3%	26.3%	32.7%	
1976	The Six	806.2	1,154.0		41.1%	1,911.7	3,216.9		37.3%	42.2%	35.8%	38.2%
	The Nine	928.9	1,031.3	1,960.2	47.4%	2,342.0	2,786.6		45.7%	40.9%	37.0%	
Change from 1975 to 1976	The Six	+52.1%	+32.5%	+39.9%		-2.6%	+15.9%	+8.2%				
	The Nine	+51.0%	+31.2%			+0.2%	+16.1%					

Source: Ministry of Trade, Ankara

Table A II 2

STRUCTURE OF EXPORTS AND IMPORTS

(in million \$)

YEAR	AGRICULTURAL PRODUCTS (1)	MINING PRODUCTS	INDUSTRIAL PRODUCTS	TOTAL
1963	292.3	10.8	64.9	368.0
1964	319.9	14.9	75.9	410.8
1965	361.8	21.0	80.9	463.7
1966	389.8	23.3	77.4	490.5
1967	426.7	20.7	74.9	522.3
1968	405.0	26.0	65.3	496.3
1969	405.0	34.8	97.0	536.8
1970	442.6	42.7	103.2	588.5
1971	491.3	40.1	145.2	676.6
1972	607.4	35.0	242.5	884.9
1973	832.0	41.7	443.4	1,317.1
1974	851.9	79.8	600.4	1,532.1
1975	792.6	105.6	502.9	1,401.1
1976	1,254.4	110.0	595.8	1,960.2
YEAR	CAPITAL GOODS	RAW MATERIALS	CONSUMER PRODUCTS	TOTAL
1963	314.9	335.9	36.9	687.6
1964	245.5	265.7	26.2	537.4
1965	241.2	305.9	24.8	572.0
1966	341.2	341.2	35.8	718.3
1967	323.5	327.6	33.5	684.6
1968	366.6	360.7	36.3	763.6
1969	350.9	395.6	54.7	801.2
1970	446.0	454.3	47.3	947.6
1971	511.2	600.7	58.9	1,170.8
1972	782.7	707.1	72.8	1,562.6
1973	1,002.8	993.0	90.4	2,086.2
1974	1,289.0	2,331.4	157.0	3,777.5
1975	1,961.1	2,574.3	203.2	4,738.6
1976	2,239.2	2,732.9	156.5	5,128.6

(1) Agricultural products also include industrial plants, such as cotton.
Source: Ministry of Trade, Ankara.

Table A II 3

IMPORTS OF SPECIFIC PRODUCTS (1)

	1974	1975	% Change	1976	% Change
TOTAL	3,783,916	4,738,559	+ 25.2	5,128,647	+ 8.2
I. AGRICULTURAL GROUP	307,350	202,471	- 34.1	78,723	- 61.1
II. MINING AND QUARRYING GROUP	748,009	495,244	+ 6.3	1,090,357	+ 37.1
III. INDUSTRY GROUP	2,722,142	3,740,843	+ 37.4	3,959,567	+ 5.8
11. Vegetable products	277,647	154,847	- 44.2	35,233	- 22.8
12. Animal products	25,904	38,794	+ 53.6	34,154	- 14.2
13. Fishery products	-	-	-	-	-
14. Forestry products	3,799	7,830	+ 106.1	9,335	+ 19.2
21. Non-metallic quarrying	33,908	67,452	+ 98.9	56,104	- 16.8
22. Mineral ores	8,975	7,646	- 14.8	13,055	+ 70.7
23. Fuels	704,951	719,770	+ 2.1	1,020,470	+ 41.8
24. Other mining products	0,175	0,376	+ 114.9	0,490	+ 30.3
31. Processed agricultural products	154,137	229,707	+ 49.0	146,793	- 36.1
32. Processed petroleum products	57,602	88,147	+ 53.0	104,102	+ 18.1
33. Industrial products	2,510,404	3,422,988	+ 36.4	3,708,670	+ 8.3

(in million \$)

(1) Based on the latest available data and classifications.

Table A II.3
(continued)

	1974	1975	% Change	1976	% Change
11. Agricultural Group - Vegetable products					
11.01 Cereals	277.647	154.847	-	35.233	- 77.3
02 Leguminous vegetables	254.490	141.172	-	5.425	- 96.2
03 Oil seeds	0.043	-	-	-	-
04 Industrial plants	0.007	2.538	+	7.175	+ 182.7
05 Fruits	22.760	10.444	-	22.195	+ 112.5
06 Vegetables	0.149	0.381	+	0.156	- 59.1
07 Seeds	0.051	0.080	+	0.023	- 71.2
08 Other vegetable products	0.104	0.143	+	0.132	- 7.7
	0.043	0.088	+	0.127	+ 44.3
12. AGRICULTURE GROUP - ANIMAL PRODUCTS					
12.01 Live animals	25.904	39.794	+	34.154	- 14.2
02 Wool and other animal hair	1.357	5.368	+	2.758	- 48.7
03 Raw hides and fur skins	17.270	25.204	+	26.760	+ 6.1
04 Other animal products	6.264	7.987	+	3.639	- 54.5
	1.012	1.236	+	0.997	- 19.4
13. AGRICULTURAL GROUP - FISHERY PRODUCTS					
13.01 Edible fishery products	-	-	-	-	-
02 Other fishery products	-	-	-	-	-
14. AGRICULTURAL GROUP - FORESTRY PRODUCTS					
14.01 Wood stripped of its bark or merely roughed down	3.799	7.830	+	9.335	+ 19.2
02 Other forestry products	2.452	6.906	+	8.117	+ 17.5
	1.348	0.924	-	1.218	+ 31.8

Table A II 3
(continued)

	1974	1975	% Change	1976	% Change
31. INDUSTRY GROUP - PROCESSED AGRICULTURAL PRODUCTS					
31.01 Food industry products	154.137	229.707	+ 48.8	146.794	- 36.1
02 Food industry side-products	91.897	191.005	+ 107.7	106.529	- 44.2
03 Processed tobacco products	0.338	0.312	- 6.8	0.336	+ 7.6
04 Processed forestry products	-	-	-	-	-
05 Processed textile fibres	21.465	13.240	- 38.4	18.562	+ 40.2
32. INDUSTRY GROUP - PROCESSED PETROLEUM PRODUCTS	40.436	25.151	- 37.9	21.368	- 15.1
33. INDUSTRY GROUP - INDUSTRIAL PRODUCTS	57.602	88.147	+ 52.8	104.102	+ 18.1
33.01 Cement	2,570.404	3,422.988	+ 36.1	3,708.670	+ 8.3
02 Products of the chemical industry	0.102	0.272	+ 157.1	0.113	- 58.4
03 Products of rubber and plastic industries	439.671	580.861	+ 31.8	653.587	+ 12.5
04 Products of raw hides, skins and leather	135.357	152.683	+ 12.8	183.510	+ 20.1
05 Manufactured forestry products	1.256	0.617	- 51.2	0.470	- 23.8
06 Textile products	1.105	1.944	+ 75.3	2.384	+ 22.6
07 Glass and ceramics	45.718	66.578	+ 45.3	58,436	- 12.2
08 Products of iron and steel industry	21.115	26.099	+ 23.4	25,185	- 3.5
09 Products of non ferrous metals industry	530.975	679.764	+ 27.8	546,919	- 19.5
10 Metallic articles	131.114	101.901	- 22.4	89,525	- 12.1
11 Machinery	13.657	15.211	+ 11.2	28,288	+ 85.9
12 Electrical and non-electrical equipment	644.292	998.727	+ 54.7	1,090,084	+ 9.1
13 Parts and accessories of motor vehicles	183.615	278.302	+ 51.3	278,415	+ 0.04
14 Other industrial products	277.208	400.440	+ 44.2	615,232	+ 53.6
	85.224	119.589	+ 39.9	136,336	+ 14.0

Table A. II. 4

EXPORTS BY PRODUCT (1)
- Breakdown by sector -

PRODUCT	1973			1974			1975			1976		
	Value (in 1,000 \$)	% of total exports	% growth as compared with previous year	Value (in 1,000 \$)	% of total exports	% growth as compared with previous year	Value (in 1,000 \$)	% of total exports	% growth as compared with previous year	Value (in 1,000 \$)	% of total exports	% growth as compared with previous year
TOTAL	1,317,082	100.00	+ 48.9	1,532,181	100.00	+ 16.3	1,401,075	100.00	- 8.6	1,960,214	100.00	+ 39.9
AGRICULTURAL AND STOCKBREEDING PRODUCTS	831,968	63.16	+ 37.1	881,958	55.60	+ 2.4	792,631	56.57	- 7.0	1,254,408	63.99	+ 58.3
PRODUCTS OF EXTRACTING INDUSTRIES	41,714	3.17	+ 18.9	79,831	5.21	+ 91.4	105,565	7.54	+ 32.2	110,016	5.61	+ 4.2
INDUSTRIAL PRODUCTS	443,400	33.67	+ 82.9	600,392	39.19	+ 35.4	502,879	35.89	- 16.2	595,790	30.40	+ 18.5
AGRICULTURAL AND STOCKBREEDING PRODUCTS:												
Cereals and Leguminous plants	64,174	4.87	+ 77.5	25,625	1.67	- 60.1	28,182	2.01	+ 10	70,579	3.60	+ 150.4
Fruit and vegetables	258,917	19.66	+ 31.2	293,222	19.14	+ 13.2	275,431	19.66	- 6.1	375,278	19.14	+ 36.3
Industrial plants	456,830	34.68	+ 35.3	461,868	30.14	+ 1.1	435,055	31.05	- 5.8	733,561	37.42	+ 68.6
Stockbreeding and products of animal origin	40,918	3.11	+ 51.2	56,490	3.69	+ 38.1	41,082	2.93	- 27.3	62,724	3.20	+ 52.7
Fishery products	11,129	0.84	+ 21.0	14,753	0.96	+ 32.6	12,881	0.92	- 12.7	12,266	0.63	- 4.8
INDUSTRIAL PRODUCTS:												
Food and beverages	149,111	11.32	+ 70.7	130,418	8.51	- 12.5	116,658	8.33	- 10.6	86,758	4.43	- 25.6
Textiles	105,640	8.02	+ 92.6	147,846	9.65	+ 40.0	132,477	9.45	- 10.4	272,695	13.91	+ 105.8
Forestry products	8,045	0.61	+ 65.3	21,181	1.38	+ 163.3	9,055	0.65	- 57.2	5,620	0.29	- 37.9
Skins and hides	45,259	3.44	+ 110.1	73,901	4.82	+ 63.3	64,885	4.63	- 12.2	59,895	3.06	- 7.7
Chemical products	19,640	1.49	+ 76.1	36,292	2.37	+ 84.8	37,718	2.69	+ 3.9	46,741	2.38	+ 23.9
Petroleum products	48,898	3.71	+ 119.2	85,891	5.61	+ 75.7	36,052	2.57	- 58.0	16,162	0.82	- 55.2
Cement	14,751	1.12	- 2.7	7,791	0.52	- 45.8	24,215	1.73	+ 203.0	16,299	0.83	- 32.7
Glass and ceramics	6,625	0.50	+ 79.6	12,537	0.82	+ 89.2	17,874	1.28	+ 42.6	20,884	1.07	+ 16.8
Non ferrous metals	22,284	1.69	+ 98.5	38,100	2.49	+ 71.0	12,682	0.90	- 66.7	16,888	0.86	+ 33.2
Articles of metal and machinery	8,637	0.66	+ 111.5	16,109	1.05	+ 86.5	13,922	0.99	- 13.6	16,454	0.84	+ 18.2
Electrical machinery	1,524	0.12	+ 73.0	1,103	0.07	- 34.2	806	0.06	- 19.6	1,057	0.06	+ 36.1
Other industrial products	12,986	0.99	+ 143.5	29,123	1.90	+ 124.3	36,535	2.61	+ 25.5	36,297	1.85	- 0.7

(1) Based on the latest available data and classifications.

Source: Ministry of Trade, Ankara.

Table A.II.5 (a)
(In million €)

FOREIGN TRADE BY AREA (1)
- EXPORTS -

DESTINATION	1961	1967	1972	1973	1974	1975	1976	% (2)
OECD countries								
EEC (The Six)	128,517	176,679	347,017	493,464	619,924	530,093	806,234	- 14.49
EEC (The Three)	36,067	44,233	57,725	118,065	97,346	81,046	152,695	+ 70.54
EEC (The Nine)	164,584	220,913	404,741	611,529	717,270	611,139	958,929	- 14.24
USA	65,205	92,932	103,506	130,810	144,196	147,118	191,408	+ 2.03
Japan	2,110	26,549	15,091	16,575	18,108	28,665	36,000	+ 58.30
Other OECD countries	34,282	56,698	126,810	190,039	201,647	194,129	206,909	+ 25.59
Total for OECD countries	266,181	397,092	650,148	948,952	1,081,221	985,051	1,483,246	- 8.89
Countries with bilateral clearing agreements								
USSR	4,473	28,412	41,602	50,390	77,462	73,641	80,991	+ 10.98
Other countries with bilateral clearing agreements (3)	30,065	61,771	47,885	53,564	74,174	43,358	15,762	- 63.65
Total for countries with bi-lateral clearing agreements	34,538	90,183	89,487	103,954	151,636	116,999	96,753	- 17.30
Free-exchange agreement countries								
East European countries with free-exchange agreements (3)	-	-	-	-	-	11,779	85,792	+100.00
ECG countries (4)	5,093	1,365	13,828	17,478	17,341	38,165	35,476	- 7.05
Other countries with free-exchange agreements	4,744	5,179	59,714	79,506	100,473	101,245	109,025	+ 7.68
Total for countries with free-exchange agreements	9,837	6,544	73,542	96,984	117,814	151,189	230,253	+ 52.20
Other countries	36,184	28,515	71,792	167,193	181,510	147,833	149,971	+ 1.45
Total for other countries and countries with free-exchange agreements	40,929	33,694	131,506	246,699	281,983	249,078	258,996	+ 3.98
TOTAL EXPORTS	346,740	522,334	884,969	1,317,083	1,532,182	1,401,072	1,960,223	+ 30.91

(1) Based on the latest available data and classifications.

(2) Percentage change as compared with previous year.

(3) Up until 1971, this group consisted of East Germany, Albania, Bulgaria, Czechoslovakia, Hungary, Egypt, Poland, Romania and Yugoslavia.

From 1971 onwards, Yugoslavia comes under the heading of "East European countries with free-exchange agreements" as do East Germany and Czechoslovakia.

(4) From 1970. In 1971, USSR, Albania and Egypt still come within the category of "Countries with bi-lateral clearing agreements".

(5) ECG members: Turkey, Iran, Pakistan.

Source: Ministry of Trade, Ankara.

Table A II 5(b)

Development of Turkish exports to the Member States of the EEC
(1974 to 1976)

DESTINATION	1974	1975	1976	Development 1975 - 1976 (in %)	(in million \$)	
					Share of total Turkish exports to the EEC	(in %)
<u>THE SIX</u>	<u>619.923</u>	<u>530.094</u>	<u>806.234</u>	- 52		84
GERMANY	342.988	304.934	376.720	+ 24		39
FRANCE	66.601	61.934	108.350	+ 75		11
ITALY	90.332	82.120	171.511	+ 109		18
NETHERLANDS	52.438	50.830	63.741	+ 25		7
BLEU	67.564	50.276	85.912	+ 65		9
<u>NEW MEMBER STATES</u>	<u>97.346</u>	<u>85.048</u>	<u>152.695</u>	+ 82		16
UNITED KINGDOM	81.603	70.078	137.599	+ 96		14.4
DENMARK	12.759	12.083	11.985	- 1		1.3
IRELAND	2.984	2.887	3.111	+ 8		0.3
<u>THE NINE</u>	<u>717.269</u>	<u>615.142</u>	<u>958.929</u>	+ 56		100

Source: Ministry of Trade, Ankara

Table A II 5(c)

- EXPORTS - (1)

(in million)

DIRECTION CONTINENTS	1961	1967	1972	1973	(%) (2)	1974	(%) (2)	1975	(%) (2)	1976	(%) (2)
Europe	231,723	355,101	620,239	923,917	+ 46.60	1,087,745	+ 17.83	933,819	- 14.14	1,126,239	+ 52.72
Asia	41,221	50,283	122,613	235,064	+ 77.26	292,796	+ 7.54	269,516	+ 6.77	281,424	+ 7.57
America	56,736	54,349	106,237	137,382	+ 29.32	164,731	+ 20.66	151,476	+ 8.04	198,701	+ 31.44
Africa	6,870	2,668	11,820	18,819	+ 26.12	22,972	+ 27.38	43,561	+ 81.46	41,962	- 3.54
Oceania	105	533	959	1,901	+ 98.23	2,938	+ 51.55	2,224	- 23.01	1,897	- 12.21
<u>SPECIAL GROUPINGS</u>											
Arab countries	33,792	26,370	83,787	161,909	+ 92.24	297,766	+ 28.32	197,522	- 1.83	212,553	+ 7.60
Developed countries other than the EEC	108,070	183,614	210,738	314,242	+ 30.53	348,159	+ 10.79	355,907	+ 2.23	496,189	+ 39.42
Socialist countries	32,068	89,378	119,495	153,742	+ 29.75	189,236	+ 23.08	131,489	- 36.52	179,913	+ 36.93
East European countries	29,550	87,290	87,115	101,493	+ 16.50	147,237	+ 43.20	129,338	- 15.82	166,742	+ 36.20
EWG	196,562	75,446	527,551	794,231	+ 50.55	998,832	+ 14.43	802,710	- 11.68	1,216,246	+ 55.26
EWTA	61,423	87,737	162,532	269,979	+ 65.09	216,635	- 8.65	250,785	+ 1.69	409,129	+ 63.14
<u>MONEY AREAS</u>											
Dollar area	65,851	94,152	105,651	134,936	+ 27.72	155,926	+ 15.48	150,776	- 2.84	199,419	+ 31.60
Sterling area	34,568	38,997	63,849	135,988	+112.58	118,872	- 12.59	127,586	+ 7.33	185,591	+ 45.66
French franc area	26,241	29,026	55,650	77,661	+ 40.09	70,157	- 7.06	66,999	- 8.55	120,698	+ 80.66

(1) Prepared on the basis of latest available data and classifications.

(2) Percentage change as compared with previous year.

Source: Ministry of Trade, Ankara.

Table A II.5 (d)

FOREIGN TRADE BY AREA (1)
- IMPORTS -

DESTINATION	(in million \$)										
	1961	1967	1972	1973	1974	1975	1976	1976	1976	1976	
<u>OECD Countries</u>											
EEC (The Six)	165,025	237,915	652,519	910,943	+ 39.60	1,419,432	+ 55.82	1,911,700	+ 38.25	1,911,700	- 2.58
EEC (The Three)	68,382	91,595	177,043	231,396	+ 30.70	288,742	+ 24.78	375,861	+ 30.15	430,330	+ 14.51
EEC (The Nine)	233,407	329,510	829,562	1,142,339	+ 37.70	1,708,174	+ 49.53	2,338,219	+ 36.88	2,342,030	+ 0.16
USA	139,473	122,732	191,823	185,442	- 3.33	350,359	+ 88.93	425,760	+ 21.52	437,880	+ 2.85
Japan	13,108	16,927	35,846	59,095	+ 64.86	199,199	+237.08	211,351	+ 6.10	227,792	+ 7.78
Other OECD countries	40,899	59,618	174,393	238,094	+ 36.53	422,792	+ 78.83	526,086	+ 23.55	557,722	+ 6.01
<u>Total for OECD countries</u>	426,887	523,787	1,228,624	1,624,970	+ 32.26	2,683,223	+ 65.15	3,501,406	+ 30.48	3,565,424	+ 1.83
<u>Countries with bilateral clearing agreements</u>											
USSR	8,358	27,425	120,105	126,058	+ 4.96	95,028	- 24.62	73,655	- 22.49	88,956	+ 20.77
<u>Other countries with bilateral clearing agreements (2)</u>	35,410	68,983	48,380	49,052	+ 1.39	171,399	+249.42	133,893	- 21.88	1,929	- 98.56
<u>Total for countries with bilateral clearing agreements</u>	43,768	96,478	168,485	175,110	+ 3.93	266,427	+ 52.15	207,548	- 22.10	90,885	- 56.21
<u>Free exchange agreement countries</u>											
agreements (3)	-	-	-	-	-	-	-	37,644	+100	230,026	+511.06
ROD countries (4)	2,744	2,402	15,359	15,016	- 2.23	42,991	+186.30	29,871	- 30.51	114,147	+282.13
<u>Other countries with free-exchange agreements</u>	13,382	39,490	100,139	146,589	+ 46.39	642,931	+338.59	790,688	+ 22.98	977,115	+ 23.58
<u>Total for countries with free-exchange agreements</u>	16,126	41,892	115,498	161,605	+ 39.92	685,922	+324.44	858,204	+ 25.12	1,321,288	+ 53.96
<u>Other countries</u>											
Total for other countries and countries with free-exchange agreements	20,424	17,512	49,947	124,530	+149.32	141,687	+ 13.78	171,400	+ 20.97	151,050	- 11.87
<u>TOTAL IMPORTS</u>	33,806	57,002	150,086	271,119	+ 80.64	784,618	+189.40	962,088	+ 22.62	1,128,165	+ 17.26
	507,205	694,669	1,562,554	2,086,215	+ 33.51	3,777,559	+ 81.07	4,738,557	+ 25.44	5,128,647	+ 8.23

(1) Prepared on the basis of latest available data and classification.

(2) Percentage change as compared with previous year.

(3) Up until 1971 this group consisted of West Germany, Albania, Bulgaria, Czechoslovakia, Hungary, Egypt, Poland, Romania and Yugoslavia. From 1971 onwards it includes the trading of East European countries with free-exchange agreements, as do East Germany and Czechoslovakia from 1975. In 1976 only the USSR, Albania and Egypt still come within the category of 'countries with bilateral clearing agreements'.

(4) ROD members: Turkey, Iran, Pakistan.

Source: Ministry of Trade, Ankara.

Table A II 5(e)

Development of Turkish imports from Member States of the Community
(1974 to 1976)

SOURCE	(in million \$)					Share of total Turkish imports from the Community (in %)
	1974	1975	1976	Development 1975/1976 (in %)		
<u>THE SIX</u>	1,419.433	1,962.418	1,911.700	-	3	81.63
GERMANY	680.931	1,057.713	945.589	-	11	40.38
FRANCE	244.868	278.641	308.694	+	11	13.18
ITALY	270.783	357.940	386.119	+	0.8	16.48
NETHERLANDS	116.200	138.877	168.024	+	21	7.18
BLEU	106.651	129.247	103.274	-	20	4.41
<u>NEW MEMBER STATES</u>	288.742	375.801	430.330	+	15	18.37
UNITED KINGDOM	266.914	344.264	409.875	+	19	17.50
DENMARK	20.676	29.027	19.445	-	33	0.83
IRELAND	1.152	2.510	1.010	-	60	0.04
<u>THE NINE</u>	1,708.175	2,338.219	2,342.030	+	0.16	100

Source: Ministry of Trade, Ankara

Table A II 5(f)

- IMPORTS - (1)

	(in million \$)									
	1961	1971	1972	1973	1974	1975	1976	1977	1978	1979
DESTINATION CONTINENTS										
Europe	307.341	474.964	1,153.414	1,542.682	2,353.196	3,056.542	3,169.777	+ 29.89	+ 52.54	+ 3.70
Asia	46.526	65.800	172.911	297.519	944.219	1,003.400	1,099.033	+ 6.27	+ 217.36	+ 9.53
America	142.303	125.274	216.244	232.539	431.054	522.045	564.438	+ 21.11	+ 85.37	+ 8.12
Africa	1.674	10.737	10.088	3.916	35.998	139.915	280.180	+ 288.68	(+)	+ 100.25
Oceania	8.859	7.894	9.897	9.559	14.091	16.655	15.219	+ 18.19	+ 47.41	- 8.62
SPECIAL GROUPINGS										
Arab countries	15.229	43.955	119.295	207.475	692.651	814.710	977.753	+ 17.62	+ 233.85	+ 20.01
Developed countries other than the EEC	207.145	216.293	397.531	483.736	982.319	1,180.130	1,206.873	+ 20.14	+ 103.07	+ 2.27
Socialist countries	42.975	95.763	173.383	195.836	285.584	284.317	340.944	- 0.44	+ 45.83	+ 19.92
East European countries	39.305	90.263	162.357	174.440	257.518	244.109	318.982	- 5.21	+ 47.63	+ 30.67
EMA	260.566	375.778	975.287	1,345.684	2,064.761	2,777.824	2,809.798	+ 34.53	+ 53.44	+ 1.15
EFTA	92.002	135.436	301.799	415.677	606.535	781.266	837.187	+ 28.61	+ 45.91	+ 7.16
MONEY AREAS										
Dollar area	140.477	124.752	210.956	208.875	404.485	494.082	508.839	+ 22.15	+ 93.65	+ 2.99
Sterling area	90.608	107.685	189.265	257.547	357.346	510.446	731.129	+ 42.84	+ 38.75	+ 43.23
French franc area	17.760	32.929	107.486	136.099	267.197	334.288	346.715	+ 25.11	+ 96.33	+ 3.72

(1) Prepared on the basis of latest available data and classifications.
 (2) Percentage change as compared with previous year.

Source: Ministry of Trade, Ankara.

Table A.11. F.

BALANCE OF PAYMENTS
(1968-1976)

(in million €)

	1968	1969	1970	1971	1972	1973	1974	1975	1976
I. CURRENT ACCOUNT									
A. Foreign Trade									
(1) Exports (fob)	496	537	588	677	885	1,317	1,532	1,401	1,960
(2) Imports (cif)	- 764	- 801	- 948	- 1,171	- 1,553	- 2,086	- 3,777	- 4,739	- 5,122
Trade balance	- 268	- 264	- 360	- 494	- 678	- 769	- 2,245	- 3,338	- 3,164
B. Invisibles									
(1) Interest on loans	- 34	- 44	- 47	- 47	- 62	- 59	- 102	- 124	- 217
(2) Tourism and foreign travel	- 9	- 5	4	21	44	78	42	46	27
(3) Transfers from Turkish workers	107	141	273	471	740	1,183	1,426	1,312	983
(4) Profit transfers	- 32	- 32	- 33	- 36	- 35	- 35	- 71	- 36	- 83
(5) Payments for servicing project credits	- 15	- 18	- 30	- 32	- 35	- 24	- 17	- 15	- 15
(6) Other invisibles (net)	17	- 6	14	2	12	92	222	252	213
Balance of invisibles (net)	34	36	181	379	640	1,235	1,500	1,450	853
C. Infrastructure and offshore receipts (net)	10	8	8	6	30	12	27	23	15
BALANCE OF CURRENT OPERATIONS	- 224	- 220	- 171	- 109	- 8	484	- 718	- 1,865	- 2,301
II. CAPITAL TRANSACTIONS									
(1) External debt repayments	- 72	- 108	- 158	- 91	- 235	- 72	- 126	- 118	- 119
(2) Foreign private capital	13	24	58	45	43	79	88	305	27
(3) Credits for projects	127	174	179	219	222	328	268	259	485
(4) Imports not requiring currency transfers (imports with waiver)	22	20	34	27	39	50	58	98	136
(5) Credits for programmes	145	108	217	89	73	48	2	5	6
Balance of capital transactions	232	227	413	344	160	433	290	550	535
OVERALL BALANCE	11	- 37	242	235	152	917	- 428	- 1,315	- 1,766
III. RESERVE FLOWS (+ = increase)	6	-	- 233	- 345	- 564	- 728	431	417	112
IV. SUR	-	-	18	11	18	-	8	301	149
V. SHORT TERM CAPITAL TRANSACTIONS	-	-	-	-	413	- 224	60	608	1,520
VI. ERRORS AND OMISSIONS (net)	- 17	- 37	27	99	17	35	- 55	- 12	- 15

Source: Ministry of Finance, Ankara.

NATIONAL PRODUCT ⁽¹⁾

(in million TL)

	1973	1974	1975	1976
1. <u>AGRICULTURE</u>	79,204.6	109,884.7	139,127.3	166,902.1
(a) Agriculture	77,150.8	107,319.8	134,737.1	162,033.2
(b) Forestry	1,557.8	1,817.9	3,443.1	3,667.9
(c) Fisheries	496.0	747.0	947.2	1,201.0
2. <u>INDUSTRY</u>	67,073.2	94,558.0	112,295.4	137,112.7
(a) Extracting industries	4,197.3	5,502.7	6,052.7	7,086.5
(b) Manufacturing industries	59,349.9	83,485.3	97,789.6	118,994.1
(c) Gas, water, electricity	3,526.0	5,570.0	8,453.1	11,032.1
3. <u>CONSTRUCTION</u>	16,076.8	20,365.0	25,434.2	32,183.3
4. <u>TRADE</u>	35,750.2	51,439.0	68,897.2	83,788.1
5. <u>TRANSPORT AND COMMUNICATIONS</u>	23,586.9	32,544.2	44,020.4	53,791.1
6. <u>FINANCIAL INSTITUTIONS</u>	8,042.7	11,718.2	18,046.0	25,733.6
7. <u>ACCOMMODATION</u>	12,387.2	15,236.3	21,044.7	26,111.8
8. <u>LIBERAL PROFESSIONS AND SERVICES</u>	15,098.9	20,761.0	26,942.9	33,433.9
9. <u>EXPENDITURE RELATING TO BANKING SERVICES</u>	4,449.0	6,482.2	9,000.9	12,835.3
10. <u>TOTAL INDUSTRY</u>	252,771.5	350,024.2	446,808.1	546,221.3
11. <u>PUBLIC SERVICES</u>	29,201.8	37,815.3	50,546.6	66,477.5
12. <u>TOTAL</u> (10 + 11)	281,973.3	387,389.5	497,354.7	612,698.8
13. <u>DUTIES AND TAXES ON IMPORTS</u>	11,476.9	15,666.0	21,102.1	26,947.4
14. <u>GROSS DOMESTIC PRODUCT</u> (at market price)	293,450.2	403,505.5	518,456.8	639,646.2
15. <u>INCOME FROM ABROAD</u>	+15,056.8	+17,351.3	+ 16,597.7	+ 9,877.5
16. <u>GROSS DOMESTIC PRODUCT</u> (at market price) (14 + 15)	308,507.0	420,856.8	535,054.5	649,523.7

Source: State Statistical Institute, Ankara

⁽¹⁾ Gross national product at current factor prices, in specific branches of activity.

Table A II 8

GROSS PER CAPITA NATIONAL PRODUCT

(in TL)

	<u>at 1968 prices</u>	<u>at current prices</u>
1962	2,652	1,990
1963	2,838	2,252
1964	2,882	2,346
1965	2,900	2,463
1966	3,167	2,860
1967	3,121	3,004
1968	3,344	3,344
1969	3,437	3,619
1970	3,537	4,149
1971	3,817	5,290
1972	3,973	6,334
1973	4,087	8,015
1974	4,280	10,880
1975	4,545	13,401
1976 (1)	4,757	15,885

Source: State Planning Organization, Ankara

(1) The figures for 1976 are provisional.

Table A II 9

NUMBER OF TURKISH WORKERS ENTERING EEC COUNTRIES
THROUGH OFFICIAL TURKISH BODIES

(1973 - 1976)

(cumulative figures)

COUNTRY	1973	1974	1975	1976
Germany	648,029	649,257	648,897	649,091
Belgium	15,309	15,864	15,923	15,964
France	45,366	55,943	55,968	55,970
Netherlands	23,359	24,862	24,894	24,943
EEC (The Six)	<u>732,063</u>	<u>745,926</u>	<u>746,682</u>	<u>745,968</u>
Denmark	4,921	5,081	5,119	- (1)
United Kingdom	2,062	2,175	2,273	2,292
EEC (The Nine)	<u>739,046</u>	<u>753,182</u>	<u>754,074</u>	<u>748,260</u> (2)

¹ No figures available.

² Provisional figures.

Source: Ministry of Labour, Ankara

N.B. The number of workers who have returned to Turkey is not included in these figures

DISTRIBUTION BY COUNTRY OF TURKISH
WORKERS EMPLOYED ABROAD AT THE
END OF 1973, 1974, 1975 AND 1976 (1)

COUNTRY	1973	1974	1975	1976
Federal Republic of Germany	648,029	649,257	649,897	526,272
Netherlands	23,359	24,862	24,894	38,580
Belgium	15,309	15,864	15,923	12,000
France	45,366	55,943	55,968	40,000
<u>EEC (The Six)</u>	<u>732,061</u>	<u>745,926</u>	<u>746,682</u>	<u>616,852</u>
Denmark	4,921	5,081	5,119	5,175
United Kingdom	2,062	2,175	2,273	- (2)
<u>EEC (The Nine)</u>	<u>739,046</u>	<u>753,182</u>	<u>754,074</u>	<u>622,027</u>
Austria	34,459	36,960	37,186	27,272
Switzerland	6,360	7,130	7,359	16,487
Australia	4,668	5,806	6,207	12,000

(1) Provisional figures.
(2) Figures not available.

Source: Ministry of Labour, Ankara

Table A II 11

TRANSFER OF
TURKISH WORKERS' SAVINGS

(in dollars)

1964	8,114,000
1965	69,781,884
1966	115,334,365
1967	92,436,246
1968	107,355,811
1969	140,636,057
1970	273,020,778
1971	471,370,427
1972	740,205,694
1973	1,183,255,037
1974	1,426,306,906
1975	1,299,666,913
1976	982,722,880

Source: Ministry of Labour, Ankara

Annex B

COLLECTED ACTS ADOPTED IN 1976

I.

Acts adopted by the Association Council

DECISION NO 1/76 OF THE ASSOCIATION COUNCIL

amending Decision No 5/72
on methods of administrative co-operation
for the implementation of Articles 2 and 3
of the Additional Protocol to the Ankara Agreement

, THE ASSOCIATION COUNCIL,

Having regard to the Agreement establishing an Association
between the European Economic Community and Turkey,

Having regard to the Additional Protocol, signed in Brussels
on 23 November 1970, and in particular Article 4 thereof,

Whereas pursuant to an Agreement concluded on 11 June 1975 between the European Economic Community and the Republic of Austria goods traded under the EEC-Turkey Association which are forwarded from Austria remain, during their stay in that country, under the continuous control of the Austrian customs authorities so that their identity and completeness are ensured; whereas the Agreement also provides for a broad exchange of information between the customs authorities of Member States and those of Austria in respect of such goods; whereas information obtained under this Agreement by the customs authorities of Member States from those of Austria will, on request, be made available to the Turkish customs authorities;

Whereas the implementation of the said Agreement will accordingly allow considerable simplification of formalities in trade between the Community and Turkey;

Whereas the methods of administrative co-operation for the implementation of Articles 2 and 3 of the Additional Protocol, which were adopted by Association Council Decision No 5/72, as amended by Decision No 2/73, should therefore be amended,

HAS DECIDED AS FOLLOWS:

Article 1

The following Title shall be added to Decision No 5/72:

"TITLE IIIA

Special provisions for the use of movement
certificate A.TR.1 for goods forwarded
from Austria

Article 7a

When goods are forwarded from Austrian territory after, as appropriate, unloading and reloading or warehousing in a bonded warehouse, the documentary evidence referred to in Article 1 shall be movement certificate A.TR.1 provided that the conditions set out in Articles 7b and 7c are fulfilled.

Article 7b

Movement certificate A.TR.1 relating to goods referred to in Article 7a shall only be valid when the certificate is endorsed to the effect that the goods have remained under the continuous control of the Austrian customs authorities so that their identity and completeness are ensured.

When the goods are forwarded without splitting the consignment, this endorsement shall appear in the "Description of goods" section of movement certificate A.TR.1, and shall consist of the words "Direkte Weiterleitung EWG" authenticated by the stamp of the competent Austrian customs office and the date.

When the goods are forwarded after the consignment has been split in Austria, the competent Austrian customs office is authorized to authenticate, on production of movement certificate A.TR.1 issued in a Member State or in Turkey, a photocopy of such certificate for each part consignment. The top of each photocopy shall be endorsed "TEILSENDUNG" in red ink. Each photocopy shall clearly indicate the goods to which it refers. These particulars shall be authenticated by the customs office stamp and the date.

Article 7c

The goods referred to in Article 7a and the relevant movement certificate A.TR.1 or, when the consignment is split, the photocopy of the said certificate authenticated by the competent Austrian customs office, must be produced to the customs authorities of the importing State within six months from the date of issue of the original movement certificate."

Article 2

This Decision shall apply from 1 January 1977.

Done at Brussels, 20 September 1976
For the Association Council
The President

T. SARAÇOĞLU

The Secretaries

U. APAYDIN

G.L. GIOLA

DECISION No 2/76 OF THE ASSOCIATION COUNCIL
on the implementation of Article 12 of
the Ankara Agreement

THE ASSOCIATION COUNCIL, .

Having regard to the Agreement establishing an Association
between the European Economic Community and Turkey,

Having regard to the Additional Protocol referred to in
Article 1(i) of the Provisional Protocol annexed to the said
Agreement, and in particular Article 36 thereof,

Whereas the Contracting Parties agreed pursuant to Article 12
of the Ankara Agreement to be guided by Articles 48, 49 and 50
of the Treaty establishing the European Economic Community in
gradually introducing freedom of movement for workers between
their countries; whereas Article 36 of the Additional Protocol
provides that this freedom of movement shall be secured by
progressive stages between the end of the twelfth and of the
twenty-second year after entry into force of the Association
Agreement;

Whereas the Articles referred to above imply that the Member States of the Community and Turkey shall accord each other priority as regards access by their workers to their respective employment markets; whereas this principle must be given effect under conditions that exclude any serious danger to the standard of living and the level of employment in the various regions and branches of activity in the Member States of the Community and Turkey, and without prejudice to the application between Member States of the Community of Community provisions governing the freedom of movement of workers or to any international undertakings by either Party on the subject under consideration;

Whereas the content of a first stage should be laid down, the Association Council having to decide on the content of the subsequent stages at a later date,

HAS DECIDED AS FOLLOWS:

Article 1

1. This Decision establishes for a first stage the detailed rules for the implementation of Article 36 of the Additional Protocol.
2. This first stage shall last four years, as from 1 December 1976

Article 2

1. (a) After three years of legal employment in a Member State of the Community, a Turkish worker shall be entitled, subject to the priority to be given to workers of Member States of the Community, to respond to an offer of employment, made under normal conditions and registered with the employment services of that State, for the same occupation, branch of activity and region.
 - (b) After five years of legal employment in a Member State of the Community, a Turkish worker shall enjoy free access in that country to any paid employment of his choice.
 - (c) Annual holidays and short absences for reasons of sickness, maternity or an accident at work shall be treated as periods of legal employment. Periods of involuntary unemployment duly certified by the relevant authorities and long absences on account of sickness shall not be treated as periods of legal employment, but shall not affect rights acquired as the result of the preceding period of employment.
2. The procedures for applying paragraph 1 shall be those established under national rules.

Article 3

Turkish children who are residing legally with their parents in a Member State of the Community shall be granted access in that country to courses of general education.

They may also be entitled to enjoy in that country the advantages provided for in this connection under national laws.

Article 4

Nationals of the Member States who are in paid employment in Turkey, and their children, shall enjoy in that country the rights and advantages referred to in Articles 2 and 3 if they meet the conditions laid down in these Articles.

Article 5

Should it not be possible in the Community to meet an offer of employment by calling on the labour available on the employment market of the Member States and should the Member States, within the framework of their provisions laid down by law, regulation or administrative action, decide to authorize a call on workers who are not nationals of a Member State of the Community in order to meet the offer of employment, they shall endeavour in so doing to accord priority to Turkish workers.

Article 6

Where a Member State of the Community or Turkey experiences or is threatened with disturbances on its employment market which might seriously jeopardize the standard of living or level of employment in a particular region, branch of activity or occupation, the State concerned may refrain from automatically applying Article 2(1)(a) and (b).

The State concerned shall inform the Association Council of any such temporary restriction.

Article 7

The Member States of the Community and Turkey may not introduce new restrictions on the conditions of access to employment applicable to workers legally resident and employed in their territory.

Article 8

This Decision shall not affect any rights or obligations arising from national laws or bilateral agreements existing between Turkey and the Member States of the Community where these provide for more favourable treatment for their nationals.

Article 9

The provisions of this Decision shall be applied subject to limitations justified on grounds of public policy, public security or public health.

Article 10

So as to be in a position to ensure the harmonious application of the provisions of this Decision and determine that they are applied in such a way as to exclude the danger of disturbance of the employment markets, the Association Council shall be informed of the employment situation in the Member States of the Community and in Turkey.

Article 11

One year before the end of the first stage and in the light of the results achieved during it, the Association Council shall commence discussions to determine the content of the subsequent stage and to ensure that the Decision on that stage is enforced as from the date of expiry of the first stage. The provisions of this Decision shall continue to apply until the beginning of the subsequent stage.

Article 12

The Contracting Parties shall each take the measures necessary to implement this Decision.

Article 13

This Decision shall enter into force on 20 December 1976.

Done at Brussels, 20 December 1976
For the Association Council
The President

M. van der STOEL

The Secretaries

G.L. GIOLA U. APAYDIN

II.

Acts relating to the EEC-Turkey Association
adopted by the Council of the European Communities

COUNCIL REGULATION (EEC) No 1847/76
of 27 July 1976

extending for the fifth time the system of temporary partial suspension of the Common Customs Tariff duties on wine originating in and coming from Turkey provided for in Regulation (EEC) No 2823/71

(OJ No L 204, 30.7.1976)

THE COUNCIL OF THE EUROPEAN
COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 43 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament⁽¹⁾,

Whereas Regulation (EEC) No 2823/71⁽²⁾, as last amended by Regulation (EEC) No 2916/75⁽³⁾, established, pending the adoption of a definitive system, a provisional system for the importation of wines originating in and coming from, in particular, Turkey into the Community; whereas since the definitive system has not yet been adopted for Turkey, the provisional system must be extended under the same conditions as those under which it was set up, so as to avoid any interruption which might harm wine exports from that country to the Community; whereas the period of validity of this provisional system must end on the date when the definitive system is implemented,

HAS ADOPTED THIS REGULATION:

Article 1

1. The customs duties on imports into the Community of wine of fresh grapes falling within heading No

ex 22.05 of the Common Customs Tariff, originating in and coming from Turkey, shall amount to 60 % of the Common Customs Tariff duties applicable on the date of importation.

2. Paragraph 1 shall apply only if the conditions set out in the second subparagraph of Article 9 (3) of Council Regulation (EEC) No 816/70 of 28 April 1970 laying down additional provisions for the common organization of the market in wine⁽⁴⁾, as last amended by Regulation (EEC) No 1167/76⁽⁵⁾, are satisfied.

However, when the subparagraph referred to above is applied, the customs duties applied under paragraph 1 shall be substituted for those shown in the Common Customs Tariff.

Article 2

This Regulation shall enter into force on 1 September 1976.

It shall be applicable until the implementation for Turkey of a definitive tariff system for the products in question, or until 31 August 1977, whichever shall be the earlier.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 27 July 1976.

For the Council

The President

M. van der STOEL

⁽¹⁾ Opinion delivered on 8 July 1976 (not yet published in the Official Journal).

⁽²⁾ OJ No L 285, 29. 12. 1971, p. 51.

⁽³⁾ OJ No L 290, 8. 11. 1975, p. 1.

⁽⁴⁾ OJ No L 99, 5. 5. 1970, p. 1.

⁽⁵⁾ OJ No L 135, 24. 5. 1976, p. 42.

COUNCIL REGULATION (EEC) No 2340/76
of 20 September 1976

amending Regulation (EEC) No 428/73 on the application of Decisions 5/72 and 4/72 of the Association Council provided for by the Agreement establishing the association between the European Economic Community and Turkey

(OJ No L 265, 29.9.1976)

THE COUNCIL OF THE EUROPEAN
COMMUNITIES,

TITLE III A

Having regard to the Treaty establishing the European Economic Community, and in particular Article 113 thereof,

Special provisions for the use of movement certificate A.T.R.1 for goods forwarded from Austria

Having regard to the proposal from the Commission,

Article 7a

Whereas the Agreement between the European Economic Community and the Republic of Austria on the simplification of formalities in respect of goods traded between the European Economic Community on the one hand and Greece and Turkey on the other hand when the said goods are forwarded from Austria⁽¹⁾ entered into force on 1 May 1976;

When goods are forwarded from Austrian territory after, as appropriate, unloading and reloading or warehousing in a bonded warehouse, the documentary evidence referred to in Article 1 shall be movement certificate A.T.R.1 provided that the conditions set out in Articles 7b and 7c are fulfilled.

Whereas the EEC-Turkey Association Council, by Decision 1/76 amending Decision 5/72 on methods of administrative cooperation for the implementation of Articles 2 and 3 of the Additional Protocol to the Ankara Agreement, adopted special provisions for the use of movement certificate A.T.R.1 for goods forwarded from Austria;

Article 7b

Whereas Decision 1/76 must therefore be implemented within the Community by amending Council Regulation (EEC) No 428/73 of 5 February 1973 on the application of Decisions 5/72 and 4/72 of the Association Council provided for by the Agreement establishing the association between the European Economic Community and Turkey⁽²⁾, as last amended by Regulation (EEC) No 1431/75⁽³⁾, by which the said methods of administrative cooperation were implemented for the Community,

Movement certificate A.T.R.1 relating to goods referred to in Article 7a shall only be valid when the certificate is endorsed to the effect that the goods have remained under the continuous control of the Austrian customs authorities so that their identity and completeness are ensured.

HAS ADOPTED THIS REGULATION:

When the goods are forwarded without splitting the consignment, this endorsement shall appear in the "Description of goods" section of movement certificate A.T.R.1, and shall consist of the words "Direkte Weiterleitung EWG" authenticated by the stamp of the competent Austrian customs office and the date.

Article 1

Regulation (EEC) No 428/73 shall be amended as follows:

When the goods are forwarded after the consignment has been split in Austria, the competent Austrian customs office is authorized to authenticate, on production of movement certificate A.T.R.1 issued in a Member State or in Turkey, a photocopy of such certificate for each part consignment. The top of each photocopy shall be endorsed "Teilsendung" in red ink. Each photocopy shall clearly indicate the goods to which it refers. These particulars shall be authenticated by the customs office stamp and the date.

The following title shall be added to EEC-Turkey Association Council Decision 5/72, annexed to the said Regulation:

⁽¹⁾ OJ No L 188, 19. 7. 1975, p. 1.

⁽²⁾ OJ No L 59, 5. 3. 1973, p. 73.

⁽³⁾ OJ No L 142, 4. 6. 1975, p. 1.

.../...

Article 7c

The goods referred to in Article 7a and the relevant movement certificate A.TR.1 or, when the consignment is split, the photocopy of the said certificate authenticated by the competent Austrian customs office, must be produced to the customs authorities of the importing State within

six months from the date of issue of the original movement certificate.

Article 2

This Regulation shall enter into force on 1 January 1977.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 20 September 1976.

For the Council

The President

M. van der STOEL

COUNCIL REGULATION (EEC) No 3053/76

of 9 December 1976

opening, allocating and providing for the administration of a Community tariff quota for certain petroleum products falling within Chapter 27 of the Common Customs Tariff, refined in Turkey (1977)

(OJ No L 350, 20.12.1976)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 113 thereof,

Having regard to the proposal from the Commission,

Whereas, pending the entry into force of the Supplementary Protocol signed in Ankara on 30 June 1973 containing the adjustments to be made to the Agreement establishing an association between the European Economic Community and Turkey and to the Additional Protocol (*) consequent on the accession of new Member States, the Community has undertaken, in an Interim Agreement (**) which runs only for the period prior to the entry into force of this Supplementary Protocol, which is applicable until 31 December 1974 but which has been extended for 1977 in accordance with the terms laid down in Article 13 thereof, to implement certain provisions of the Supplementary Protocol relating to trade in goods; whereas under Article 6 of the Interim Agreement amending the first paragraph of the Sole Article of Annex 1 to the Additional Protocol, the Community must totally suspend the customs duties applicable to certain petroleum products falling within Chapter 27 of the Common Customs Tariff, refined in Turkey, within the limit of an annual Community tariff quota of 340 000 metric tons; whereas pursuant to Article 2 of the abovementioned Interim Agreement, the new Member States must apply zero duties to the products concerned; whereas, furthermore, provision must be made for the provisional adjustment of the volume of the aforementioned tariff for these products, increasing it to 391 000 metric tons for 1977;

Whereas equal and direct access to the said quota by all importers and the uninterrupted application of

the rate laid down for the said quotas to all imports of the products in question into all Member States should be guaranteed until the quotas are exhausted; whereas utilization of this quota, based on allocation between Member States, would appear to safeguard the Community character of the said quota as regards the principles described above; whereas in order to ensure that such allocation takes as much account as possible of the actual development of the market of the products concerned, the allocation of shares should be in direct proportion to the needs of Member States, calculated, on the one hand, on the basis of statistics relating to imports from Turkey during a given representative period and, on the other, on the basis of the economic prospects for the quota period considered;

Whereas, during the last three years for which complete statistics are available, imports of these products from Turkey into the various Member States were as follows:

	(in metric tons)		
	1973	1974	1975
Benelux	—	15 000	50 000
Denmark	12 000	—	20 026
Germany	300 000	46 534	35 000
France	—	—	—
Ireland	—	—	—
Italy	134 035	12 252	19 409
United Kingdom	40 000	17 000	24 729

whereas this information indicates that imports of these products are very irregular and that the calculation of the percentages which they represent in relation to the total imports into the Community of the same products from Turkey would not therefore be significant; whereas the calculation of the imports from Member States in question for the quota period considered proves difficult as a result of the irregularity noted in imports during the foregoing years;

(*) OJ No L 293, 29. 12. 1972, p. 4.

(**) OJ No L 277, 3. 10. 1973, p. 2.

whereas the foreseeable import figures put forward by the Member States for the quota period concerned lead to the quota considered being allocated according to the percentages indicated hereinafter:

Benelux	16-55
Denmark	4-14
Germany	42-07
France	8-28
Ireland	4-14
Italy	12-41
United Kingdom	12-41

Whereas to take into account the uncertainty in the development of imports of the said products into Member States, the quota amount should be divided into two instalments, the first instalment being allocated between the Member States and the second forming a reserve intended to meet subsequently the needs of the Member States which have exhausted their original share of the quota; whereas in order to ensure some security to importers in each Member State, the first instalment of the Community quota should be fixed at a relatively high level which, under the circumstances, might amount to approximately 75% of the quota volume;

Whereas the initial quota shares of those Member States may be used up at different times; whereas, in order to take this fact into account and avoid any break in continuity, it is important that any Member State having used up almost the whole of its initial quota share should draw an additional quota share from the reserve; whereas this must be done by each Member State as and when each of its additional quota shares is almost entirely used up, and repeated as many times as the reserve allows; whereas the initial and additional quota shares must be available for use until the end of the quota period, whereas such method of administration calls for close cooperation between Member States and the Commission, which must, in particular, be able to observe

the extent to which the quota amounts are used and inform Member States thereof;

Whereas if, at a specified date in the quota period, a considerable balance of one of the initial shares remains in one or other Member State, it is essential that that Member State pay a certain percentage of it back into the reserve, in order to avoid a part of the Community quota remaining unused in one Member State when it could be used in others;

Whereas it does not seem possible for the moment, taking into account the differences still existing in the national provisions governing the market of the products in question, to lay down a single method of administration;

Whereas, since the Kingdom of Belgium, the Kingdom of the Netherlands and the Grand Duchy of Luxembourg are united in and represented by the Benelux Economic Union, any measure concerning the administration of the quota shares allocated to that economic union may be carried out by any of its members,

HAS ADOPTED THIS REGULATION:

Article 1

1. Subject to any measures taken under paragraphs 2 and 4 of the single article of Annex 1 to the Additional Protocol between the European Economic Community and Turkey, a Community tariff quota of 391 000 metric tons shall be opened from 1 January until 31 December 1977 for the following petroleum products, refined in Turkey and falling within Chapter 27 of the Common Customs Tariff:

CCT heading No	Description
27.10	<p>Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing not less than 70% by weight of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations:</p> <p>A. Light oils:</p> <p>III. For other purposes</p> <p>B. Medium oils:</p> <p>III. For other purposes</p>

CGT heading No	Description
27.10 <i>(cont'd)</i>	<p>C. Heavy oils:</p> <p>I. Gas oil:</p> <p>c) For other purposes</p> <p>II. Fuel oil:</p> <p>c) For other purposes</p> <p>III. Lubricating oils; other oils:</p> <p>c) To be mixed in accordance with the terms of Additional Note 7 to Chapter 27 (a)</p> <p>d) For other purposes</p>
27.11	<p>Petroleum gases and other gaseous hydrocarbons:</p> <p>B. Other:</p> <p>I. Commercial propane and commercial butane</p> <p>c) For other purposes</p>
27.12	<p>Petroleum jelly:</p> <p>A. Crude:</p> <p>III. For other purposes</p> <p>B. Other</p>
27.13	<p>Paraffin wax, micro-crystalline wax, slack wax, ozokerite, lignite wax, peat wax and other mineral waxes, whether or not coloured:</p> <p>B. Other:</p> <p>I. Crude:</p> <p>c) For other purposes</p> <p>II. Other</p>
27.14	<p>Petroleum bitumen, petroleum coke and other residues of petroleum oils or of oils obtained from l-bituminous minerals:</p> <p>C. Other</p>

a) Entry under this subheading is subject to conditions to be determined by the competent authorities.

2. Within the Community tariff quota, Common Customs Tariff duties shall be totally suspended.

Within the limits of the quota, the new Member States shall also exempt the petroleum products concerned from duty.

Article 2

1. The tariff quota referred to Article 1 (1) shall be divided into two instalments.

2. A first instalment, amounting to 290 000 metric tons, shall be shared among the Member States; the shares which, subject to Article 5 shall be valid until 31 December 1977, shall consist of the following amounts:

Benelux	48 000 metric tons,
Denmark	12 000 metric tons,
Germany	122 000 metric tons,
France	24 000 metric tons,
Ireland	12 000 metric tons,
Italy	36 000 metric tons,
United Kingdom	36 000 metric tons.

3. The second instalment of 101 000 metric tons shall constitute the reserve.

Article 3

1. If 90% or more of one of the initial shares of a Member State, as laid down in Article 2 (2), or 90% of that share less the amount returned into the reserve, where the provisions of Article 5 have been applied, has been exhausted, that Member State concerned shall proceed without delay, by notifying the Commission to draw a second share equal to 10% of its initial share, where appropriate rounded up to the next figure, to the extent that the amount in the reserve allows.

2. If, after its initial share has been exhausted, 90% or more of the second share drawn by a Member State has been used, that Member State shall proceed, under the conditions laid down in paragraph 1, to draw a third share equal to 5% of its initial share, where appropriate rounded up to the next figure.

3. If, after its second share has been exhausted, 90% or more of the third share drawn by a Member State has been used, that Member State shall proceed, under the same conditions, to draw a fourth share equal to the third.

This procedure shall be followed until the reserve has been exhausted.

4. Notwithstanding the provisions of paragraphs 1, 2 and 3, Member States may proceed to draw shares smaller than those fixed in those paragraphs if there is reason to believe that those shares might not be used up. They shall inform the Commission of the reasons which led them to apply this paragraph.

Article 4

Each of the additional shares drawn pursuant to Article 3 shall be valid until 31 December 1977.

Article 5

The Member States shall return to the reserve, not later than 1 October 1977, the unused portion of their initial share which, on 15 September 1977, is in excess of 20% of the initial amount. They may return a greater portion if there are grounds for believing that such quantity may not be used in full.

The Member States shall, not later than 1 October 1977, notify the Commission of the total imports of the products concerned effected up to and including 15 September 1977 and charged against the Community quota and, where appropriate, the proportion

of their original quota share that is being returned to the reserve.

Article 6

The Commission shall keep account of the initial share opened by Member States in accordance with Articles 2 and 3 and shall inform each of them of the extent to which the reserves have been used as soon as it receives the notifications.

The Commission shall, not later than 5 October 1977, notify Member States of the state of the reserve after the return of quota shares pursuant to Article 5.

The Commission shall ensure that any drawing which uses up the reserve is limited to the balance available and, for this purpose shall specify the amount thereof to the Member State which makes the final drawing.

Article 7

1. Member States shall take all appropriate measures to ensure that shares drawn pursuant to Article 3 are opened in such a way that importations may be charged without interruption against their accumulated shares of the relevant Community quota.

2. Member States shall take all measures necessary to ensure that importers of the products in question established in their territories have free access to the shares allocated to them.

3. The extent to which a Member State has used up its quota shares shall be determined on the basis of the importations of the products in question entered with the customs authorities for home use.

Article 8

On receipt of a request from the Commission, Member States shall inform it of imports actually charged against their shares.

Article 9

The Member States and the Commission shall cooperate closely to ensure that this Regulation is observed.

Article 10

This Regulation shall enter into force on 1 January 1977.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 9 December 1976.

For the Council
The President
P. J. J. MERTENS

COUNCIL REGULATION (EEC) No 3054/76

of 9 December 1976

opening, allocating, and providing for the administration of Community tariff quotas for certain textile products falling within heading Nos 55.05 and 55.09 and subheading ex 58.01 A of the Common Customs Tariff, coming from Turkey (1977)

(OJ No L 350, 20.12.1976)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 113 thereof,

Having regard to the proposal from the Commission,

Whereas, pending the entry into force of the Supplementary Protocol signed in Ankara on 30 June 1973 containing the adjustments to be made to the Agreement establishing an Association between the European Economic Community and Turkey and to the Additional Protocol⁽¹⁾ consequent on the accession of new Member States, the Community has undertaken, in an Interim Agreement⁽²⁾ which runs only for the period prior to the entry into force of this Supplementary Protocol which is applicable until 31 December 1974 but which has been extended for 1977 in accordance with the terms laid down in Article 13 thereof, to implement certain provisions of the Supplementary Protocol relating to trade in goods; whereas, under Article 6 of this Interim Agreement amending Article 1 of Annex 2 to the Additional Protocol, the Community must reduce by 75% the customs duties on imports from Turkey of certain textile products falling within heading Nos 55.05 and 55.09 of the Common Customs Tariff, within the limit of annual Community tariff quotas of 390 metric tons for cotton yarn and 1 390 metric tons for woven fabrics of cotton; whereas the abovementioned Article 6 allocates these Community tariff quotas as follows:

— for cotton yarn:

300 metric tons to the Community as originally constituted,

40 metric tons to Denmark, 10 metric tons to Ireland and 40 metric tons to the United Kingdom,

— for woven fabrics of cotton:

1 000 metric tons to the Community as originally constituted,

20 metric tons to Denmark, 10 metric tons to Ireland and 360 metric tons to the United Kingdom;

Whereas, moreover, it appears desirable to provide for a provisional adjustment of the tariff advantages for these goods:

— for the Community as originally constituted by a total suspension of the customs duties of the Common Customs Tariff, and an increase in the volumes of the quotas allocated to these Member States,

— for the new Member States, by a total suspension of the duties applicable within the limits of the quotas fixed above, increased in the same proportions;

Whereas the volumes of the quotas to be opened for 1977 are therefore 1 026 metric tons for cotton yarn and 2 415 metric tons for other woven fabrics of cotton;

Whereas pursuant to Article 1 of Annex 2 to the Additional Protocol together with Article 2 of the Interim Agreement, for the duration of 1977 in particular, the Community must partially reduce the duties applicable in respect of third countries to carpets, carpeting and rugs, knotted (made up or not) of wool or of fine animal hair (excluding hand-made carpets, carpeting and rugs) imported from Turkey; whereas it also appears advisable to improve this tariff advantage provisionally by means of a total suspension of the duties applicable to the products in question within a Community tariff quota fixed at a provisional level of 185 metric tons for 1977 and allocated in accordance with the same percentages as those adopted for 1976;

Whereas, in order to comply with the special provisions of the Interim Agreement, different systems should be provided for the Member States of the Community as originally constituted and for the new Member States;

(1) OJ No L 293, 29. 12. 1972, p. 4.

(2) OJ No L 277, 3. 10. 1973, p. 2.

Whereas, as regards the Community as originally constituted:

- it is necessary to guarantee to all Community importers equal and uninterrupted access to the abovementioned quotas and uninterrupted application of the rate laid down for those quotas to all imports of the product concerned into all Member States until the quota has been used up,
- in the light of the principles mentioned above, the Community nature of the quotas can best be respected by allocating the Community tariff quotas among the Member States; whereas, in order to reflect most accurately the actual development of the market in the product

concerned, such allocation shall be in proportion to the needs of the Member States, assessed by reference both to the statistics of each State's imports from Turkey over a representative period and to the economic outlook for the quota period concerned; whereas, in spite of the limited need for imports from Turkey of the products concerned, as shown by the statistics for the majority of the Member States the Community character of the tariff quotas concerned should be safeguarded by making provisions to cover needs which might arise in these Member States;

- imports into the various Member States from Turkey were as follows during the last three years for which complete statistics are available:

	1973		1974		1975	
	metric tons	%	metric tons	%	metric tons	%
<i>Cotton yarn</i>						
Germany	10 734	42.56	6 333	29.01	14 196	51.63
Benelux	6 795	26.95	7 000	32.07	4 255	15.48
France	162	0.64	1 806	8.27	1 044	3.80
Italy	7 527	29.85	6 690	30.65	7 998.6	29.09
<i>Other woven fabrics of cotton:</i>						
Germany	877	30.62	456	24.52	151	10.50
Benelux	953	33.27	1 000	53.76	948	65.91
France	412	14.39	194	10.43	95	6.61
Italy	622	21.72	210	11.29	244.2	16.98

- in view of these figures and foreseeable market trends for the products concerned during 1977, the initial shares may be fixed approximately at the following percentages:

	<i>cotton yarn</i>	<i>other woven fabrics of cotton</i>
Germany	44.7	23.1
Benelux	20.0	30.8
France	5.3	34.6
Italy	30.0	11.5

- in order to take into account the uncertainty of the import trends for the products concerned in the Member States, the quota volumes should be divided into two instalments, the first instalment being allocated to the Member States and the second held as a reserve intended ultimately to cover the requirements of those Member States which have used up their initial shares; whereas, in order to ensure a certain degree of security to importers, the first instalment should be determined at a relatively high level, which, under present circumstances, may be about 73% of each quota volume,

- the initial quota shares of the Member States may be used up at different times; whereas, in order to take this fact into account and avoid any break in continuity, it is important that any Member State having used up almost the whole of one of its initial quota shares should draw an additional quota share from the corresponding reserve; whereas, this must be done by each Member State as and when each of its additional quota shares is almost entirely used up, and repeated as many times as each of the reserves allows; whereas each of the initial and additional quota shares must be available for use until the end of the quota period; whereas this method of administration calls for close co-operation between Member States and the Commission, which must, in particular, be able to observe the extent to which the quota amount is used and inform Member States thereof,
- if, at a specified date in the quota period, a considerable balance remains in one or other Member State it is essential that that Member State pays a percentage of it back into the corresponding reserve, in order to prevent a part of one or other of the Community quotas from remaining unused in one Member State when it could be used in others,
- since the Kingdom of Belgium, the Kingdom of the Netherlands and the Grand Duchy of Luxembourg are united in and represented by the Benelux Economic Union, any measure

concerning the administration of the quota shares allocated to that economic union may be carried out by any of its members;

Whereas as regards the new Member States in particular:

- the quota volumes to be allocated to those new Member States under Article 6 of the Interim Agreement as well as the duties to be applied in those Member States for the purposes of these quotas determined in accordance with Article 2 of the said Agreement, must be adjusted as set out above,
- equal and uninterrupted access to the quotas should be ensured to all importers and the duties should be applied without interruption to all imports of the products concerned until the quotas have been used up,

HAS ADOPTED THIS REGULATION:

Article 1

1. From 1 January until 31 December 1977, Community tariff quotas shall be opened for the following products coming from Turkey as shown below:

CCT heading No	Description	Quota (metric tons)
55.05	Cotton yarn, not put up for retail sale	1 026
55.09	Other woven fabrics of cotton	2 415
58.01	Carpets, carpeting and rugs (made up or not): ex A. Of wool or of fine animal hair excluding handmade carpets, carpeting and rugs	185

2. The quotas shall be allocated and administered in accordance with the following provisions.

suspended within the limit of 870 metric tons for cotton yarn not put up for retail sale, 1 737 metric tons for other woven fabrics of cotton, and 128 metric tons for carpets made of wool or fine animal hair.

SECTION I

Provisions relating to the Community as originally constituted

Article 3

Article 2

Within the quota referred to in Article 1, the Common Customs Tariff duties shall be totally

1. The quotas referred to in Article 2 shall be divided into two instalments.

2. The first instalment of each of these quotas shall be shared among the Member States; the shares, which subject to Article 6 shall be valid until 31 December 1977, shall be as follows:

(in metric tons)

	CCT heading No		
	55.05	55.09	ex 58.01 A
Germany	284	293	36
Belux	128	391	14
France	34	439	26
	190	146	18
	636	1 269	94

The second instalment of each quota, amounting to 234, 468 and 34 metric tons respectively, shall constitute the corresponding reserve.

Article 4

1. If 90% or more of one of any Member State's initial shares, as laid down in Article 3 (2) or 90% of that share less the amount returned into the corresponding reserve, where Article 6 has been applied, has been used up, that Member State shall without delay, by notifying the Commission, draw a second share in the quota equal to 15% of its initial share, rounded up to the next unit where appropriate, to the extent that the amount in the reserve allows.
2. If, after one or other of its initial shares has been used up, 90% or more of the second share drawn by one of the Member States has been used up, that Member State shall, in the manner provided for in paragraph 1, draw a third share equal to 7.5% of its initial share.
3. If, after one or other of its second shares has been used up, 90% or more of the third share drawn by a Member State has been used up, the latter shall, in the same manner, draw a fourth share equal to the third.

This procedure shall be followed until the reserve has been exhausted.

4. Notwithstanding paragraphs 1, 2 and 3, Member States may draw smaller shares than those fixed in those paragraphs if there is reason to believe that those shares might not be used up. They shall inform the Commission of their reasons for applying this paragraph.

Article 5

Each of the additional shares drawn pursuant to Article 4 shall be valid until 31 December 1977.

Article 6

The Member States shall return to the reserve, not later than 1 October 1977, the unused portion of their initial share which, on 15 September 1977, is in excess of 20% of the initial amount. They may return a greater portion if there are grounds for believing that such portion may not be used in full.

Member States shall, not later than 1 October 1977, notify the Commission of the total imports of the products concerned effected under the Community quotas up to and including 15 September 1977 and, where appropriate, the proportion of each of their initial shares that they are returning to each of the reserves.

Article 7

The Commission shall keep account of the shares opened by Member States in accordance with Article 3 and 4 and shall inform each of them of the extent to which the reserves have been used as soon as it receives the notifications.

It shall, not later than 5 October 1977, notify the Member States of the state of each of the reserves after the return of shares pursuant to Article 6.

It shall ensure that any drawing which uses up a reserve is limited to the balance available and, for this purpose, shall specify the amount thereof to the Member State which makes the final drawing.

Article 8

Member States shall take all measures necessary to ensure that, when additional shares are drawn pursuant to Article 4, it is possible for imports to be counted without interruption against their accumulated shares of the Community tariff quotas.

SECTION II

Provisions applicable to the new Member States

Article 9

1. Within the tariff quotas referred to in Article 1, the following shares shall be allocated to the new Member States:

(in metric tons)

	CCT heading No		
	55.05	55.09	ex 58.01 A
Denmark	69	35	14
Ireland	18	18	2
United Kingdom	69	625	41
	156	678	57

2. Within the limits of these quotas, the new Member States shall apply zero duties for the textile products concerned.

SECTION III

General provisions

Article 10

1. Member States shall take all measures necessary to ensure for importers of the products concerned established in their territory free access to the shares allocated to them.

2. Member States shall count imports of the products concerned against their shares as and when such products are presented for customs clearance under cover of a declaration that they have been made available for consumption.

3. The extent to which the Member States' shares have been used up shall be established on the basis of imports counted in accordance with paragraph 2.

Article 11

On receipt of a request from the Commission, Member States shall inform it of imports of the products concerned actually charged against their shares.

Article 12

The Member States and the Commission shall cooperate closely in order to ensure that this Regulation is observed.

Article 13

This Regulation shall enter into force on 1 January 1977.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 9 December 1976.

For the Council

The President

P. J. J. MERTENS

COUNCIL REGULATION (EEC) No 3055/76

of 9 December 1976

opening, allocating and providing for the administration of a Community tariff quota for fresh or dried hazelnuts, shelled or otherwise, falling within subheading ex 08.05 G of the Common Customs Tariff, originating in Turkey (1977)

(OJ No L 350, 20.12.1976)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 43 and 113 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament (1),

Whereas under Article 1 of Council Regulation (EEC) No 3375/73 of 10 December 1973 on the importation into the Community of certain agricultural products originating in Turkey (2), fresh or dried hazelnuts, shelled or otherwise, falling within subheading ex 08.05 G of the Common Customs Tariff, originating in Turkey are admitted on importation into the Community at a duty of 2.5%, within the limit of a Community tariff quota of 21 700 metric tons; whereas the Community tariff quota concerned should therefore be opened for 1977; whereas, as regards the new Member States, it should be noted that Article 9 of the Supplementary Protocol, signed at Ankara on 30 June 1973, provides that the reductions of customs duties pursuant to the Association Agreement shall be applied by the new Member States from the entry into force of that Protocol in the proportions and according to the time limits laid down, that the rates on which the new Member States shall base those reductions shall be those which they apply at any given moment to

non-member countries and that the rates fixed as a result of the reductions regarding the products listed, in particular, in Annex 6 to the Additional Protocol — and which include hazelnuts — may in no case be lower than those applied by the new Member States with reference to the Community as originally constituted; whereas the reduction to be applied by the new Member States within the framework of the tariff quota under consideration must therefore, in certain cases, be limited to 80%;

Whereas it is in particular necessary to ensure to all importers of the Member States equal and uninterrupted access to the said quota and uninterrupted application of the rate laid down for that quota to all imports of the products concerned into all Member States until the quota has been used up; whereas having regard to the above principles, the Community nature of the quota can be respected by allocating the Community tariff quota among the Member States; whereas, to reflect most accurately the actual development of the market in the products concerned, such allocation should be in proportion to the needs of the Member States, assessed by reference both to the statistics relating to imports from Turkey over a representative period, and to the economic outlook for the quota period concerned;

Whereas, on the basis of the statistics at present available, imports into the Member States in 1973, 1974 and 1975 of the product concerned originating in Turkey have developed as follows and represent the following percentages of total imports into the Community:

(1) OJ No C 259, 4. 11. 1976, p. 37.

(2) OJ No L 345, 15. 12. 1973, p. 1.

	1973		1974		1975	
	metric tons	%	metric tons	%	metric tons	%
Germany	39 133	70.16	34 515	64.29	35 154	65.47
Benelux	3 323	5.96	4 500	8.38	5 284	9.84
France	6 170	11.06	5 680	10.58	6 084	11.33
Italy	2 062	3.70	2 473	4.61	1 653.5	3.08
Denmark	975	1.75	875	1.63	899	1.67
Ireland	201	0.36	619	1.15	30	0.06
United Kingdom	3 910	7.01	5 026	9.36	4 590	8.55
	55 774		53 688		53 694.5	

Whereas, taking into account these figures and the foreseeable development of the product concerned during 1977 and, in particular, the forecasts made by some Member States, the initial shares may be fixed approximately at the following percentages:

Germany	65.93
Benelux	10.14
France	8.20
Italy	0.25
Denmark	2.67
Ireland	1.66
United Kingdom	11.15

Whereas in order to take into account the import trends for the product concerned in the Member States, the quota volume should be divided into two instalments, the first instalment being allocated to the Member States and the second forming a reserve intended ultimately to cover the requirements of the Member States, should their initial share be used up; whereas, in order to ensure a certain degree of security to importers, the first instalment of the Community quota should be determined at a relatively high level, which under present circumstances could be approximately 80% of the quota volume;

Whereas the initial shares may be used up sooner or later; whereas, in order to take this fact into account and to avoid any break in continuity, it is important that any Member State which has used up almost all its initial share should draw an additional share from the reserve; whereas this must be done as and when each of its additional shares in the quota is almost entirely used up, and repeated as often as the reserve allows; whereas the initial and additional shares must

be available for use until the end of the quota period; whereas this method of administration calls for close cooperation between the Member States and the Commission, which must in particular be able to observe the extent to which the quota volume is used up and inform the Member States thereof;

Whereas if, at a specified date in the quota period, a considerable balance remains in any Member State, it is essential that the Member State should return a certain proportion thereof to the reserve, in order to avoid part of the Community quota remaining unused in one Member State when it could be used in others; whereas, taking into account the seasonal nature of imports, it seems appropriate to fix the transfer limit of 40% of the initial share;

Whereas, since the Kingdom of Belgium, the Kingdom of the Netherlands and the Grand Duchy of Luxembourg are united in and represented by the Benelux Economic Union, any measure concerning the administration of the quota shares allocated to that economic union may be carried out by any of its members,

HAS ADOPTED THIS REGULATION:

Article 1

1. From 1 January until 31 December 1977, a Community tariff quota of 21 700 metric tons shall be opened in the Community for fresh or dried hazelnuts, shelled or otherwise, falling within subheading

ex 08.05 G of the Common Customs Tariff, originating in Turkey.

2. Within this tariff quota the Common Customs Tariff duty is suspended at 2.5%.

3. The new Member States shall apply within this Community tariff quota, the customs duties calculated in accordance with the relevant provisions of the Act of Accession, in the Supplementary Protocol and in Regulation (EEC) No 3375/73.

4. This tariff quota shall be allocated and administered in accordance with the following provisions.

Article 2

1. The tariff quota referred to in Article 1 (1) shall be divided into two instalments.

2. A first instalment, amounting to 17 700 metric tons, shall be shared among the Member States; the shares, which subject to Article 5 shall be valid until 31 December 1977, shall be as follows:

Germany	11 669 metric tons,
Benelux	1 795 metric tons,
France	1 451 metric tons,
Italy	45 metric tons,
Denmark	472 metric tons,
Ireland	294 metric tons,
United Kingdom	1 974 metric tons.

3. The second instalment of 4 000 metric tons shall constitute the reserve.

Article 3

1. If 90% or more of any Member State's initial share, as laid down in Article 2 (2), or 90% of that share less the amount returned into the reserve, where Article 5 has been applied, has been exhausted, that Member State shall without delay, by notifying the Commission, draw a second share in the quota equal to 15% of its initial share, rounded up to the next unit where appropriate, to the extent that the amount in the reserve allows.

2. If after its initial share has been exhausted 90% or more of the second share drawn by a Member State has been used, that Member State shall, in the manner provided for in paragraph 1, draw a third share equal to 7.5% of its initial share.

3. If after its second share has been exhausted 90% or more of the third share drawn by that Member State has been used, it shall, in the manner provided for in paragraph 1, draw a fourth share equal to the third.

This process shall be applied until the reserve is exhausted.

4. Notwithstanding the provisions of paragraphs 1, 2 and 3, Member States may draw smaller shares than those fixed in those paragraphs if there is reason to believe that those shares might not be used up. They shall inform the Commission of their reasons for applying this paragraph.

Article 4

Each of the additional shares drawn pursuant to Article 3 shall be valid until 31 December 1977.

Article 5

Member States shall return to the reserve, not later than 1 October 1977, the unused portion of their initial share which, on 15 September 1977, is in excess of 40% of the initial amount. They may return a greater portion if there are grounds for believing that such portion may not be used in full.

The Member States shall, not later than 1 October 1977, notify the Commission of the total imports of the products concerned effected under the Community quota up to 15 September 1977 inclusive and, where appropriate, the proportion of their initial shares that they are returning to the reserve.

Article 6

The Commission shall keep account of the shares opened by Member States in accordance with Articles 2 and 3, and shall inform each of them of the extent to which the reserve has been used as soon as it receives the notifications.

The Commission shall, not later than 5 October 1977, notify the Member States of the state of the reserve after the return of shares pursuant to Article 5.

The Commission shall ensure that any drawing which uses up the reserve is limited to the balance available and, for this purpose, shall specify the amount thereof to the Member State which makes the final drawing.

Article 7

1. The Member States shall take all measures necessary to ensure that supplementary shares drawn pursuant to Article 3 are opened in such a way that changes may be made without interruption against their accumulative shares of the Community quota.

2. The Member States shall ensure that importers of the said products established in their territory have free access to the shares allocated to them or drawn from the reserve.

3. The Member States shall charge imports of the said goods against their shares as and when the goods are entered for home use.

4. The extent to which a Member State has used up its share shall be determined on the basis of the imports charged in accordance with paragraph 3.

Article 8

On receipt of a request from the Commission, Member States shall inform it of imports of the products in question actually charged against its shares.

Article 9

The Member States and the Commission shall cooperate closely in order to ensure the correct application of this Regulation.

Article 10

This Regulation shall enter into force on 1 January 1977.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 9 December 1976.

For the Council

The President

P. J. J. MERTENS
