Agreement establishing an Association between the European Economic Community-and Turkey

PREAMBLE

HIS MAJESTY THE KING OF THE BELGIANS,

THE PRESIDENT OF THE FEDERAL REPUBLIC OF GERMANY, THE PRESIDENT OF THE FRENCH REPUBLIC,

THE PRESIDENT OF THE ITALIAN REPUBLIC,

HER ROYAL HIGHNESS THE GRAND DUCHESS OF LUXEMBOURG, HER MAJESTY THE QUEEN OF THE NETHERLANDS,

and

THE COUNCIL OF THE EUROPEAN ECONOMIC COMMUNITY,

of the one part, and

THE PRESIDENT OF THE REPUBLIC OF TURKEY,

of the other part,

DETERMINED te establish ever closer bonds between the Turkish people and the peoples brought together in the European Economic Community;

RESOLVED to ensure a continuous improvement in living conditions in Turkey and in the European Economic Community through accelerated economic progress and the harmonious expansion of trade, and to reduce the disparity between the Turkish economy and the econo- mies of the Member States of the Community;

MINDFUL both of the special problems presented by the development of the Turkish economy and of the need to grant economic aid to Turkey during a given period;

RECOGNIZING that the support given by the European Economic Community to the efforts of the Turkish people to improve their standard of living will facilitate the accession of Turkey to the Community at a later date;

RESOLVED to preserve and strengthen peace and liberty by joint pursuit of the. ideals underlying the Treaty establishing the European-Economic Community;

HAVE DECIDED to conclude an Agreement establishing an Association between the European Economic Community and Turkey in accordance with Article 238 of the Treaty establishing the European Economic Community, and to this end have designated as their Plenipotentiaries:

HIS MAJESTY THE KING OF THE BELGIANS: Mr Paul-Henri SPAAK,

Deputy Prime Minister and Minister for Foreign Affairs;

THE PRESIDENT OF THE FEDERAL REPUBLIC OF GERMANY: Dr. Gerhard SCHRODER,

Minister for Foreign Affairs;

THE PRESIDENT OF THE FRENCH REPUBLIC: Mr Maurice COUVE DE MURVILLE,

Minister for Foreign Affairs;

THE.PRESIDENT OF THE ITALIAN REPUBLIC: Mr Emilio COLOMBO,

Minister for the Treasury;

HER ROYALHIGHNESS THE GRAND DUCHESS OF LUXEMBOURG: Mr Eugéne SCHAUS,

Vice-President of the GovernmÃ©nt and Minister for Foreign Affairs;

HER MAJESTY THE QUEEN OF.THE NETHERLANDS: Mr Joseph M. A. H. LUNS,

Minister for Foreign Affairs;

THE COUNCIL OF THE EUROPEAN ECONOMIC COMMUNITY: Mr Joseph M. A. H. LUNS,

President in Office of the Council of the European Economic Community and Minister for Foreign Affairs in the Netherlands;

THE PRESIDENT OF THE REPUBLIC OF TURKEY: Mr Feridun Cemal ERKIN,

Minister for Foreign Affairs;

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

HAVE AGREED AS FOLLOWS:

Title I. PRINCIPLES

Article 1.

By this Agreement an Association is established between the European Economic Community and Turkey.

Article 2.

1. The aim of this Agreement is to promote the continuous and balanced strengthening of trade and economic relations between the Parties, while taking full account of the need to ensure an accelerated development of the Turkish economy and to improve the level of employment and the living conditions of the Turkish people.

2. In order to attain the objectives set out-in paragraph 1, a customs union shall be progressively established in accordance with Article 3, 4 and 5.

3. Association shall comprise:

(a) a preparatory stage;

(b) a transitional stage;

(c) a final Stage.

Article 3.

1. During the preparatory stage Turkey shall, with aid from the Community, strengthen its economy so as to enable it to fulfil the obligations which will devolve upon it during the transitional and final stages.

The detailed rules for this preparatory stage, in particular those for aid from the Community, are set out in the Provisional Protocol and in the Financial Protocol to this Agreement.

2. The preparatory stage shall last five years, unless it should be extended in accordance with the conditions laid down in the Provisional Protocol.

The change-over to thetransitional stage shall be effected in accordance with Article 1 of the Provisional Protocol.

Article 4.

1. During the transitional stage the Contracting Parties shall, on the basis of mutual-and balanced obligations:

- establish progressively a customs union between Turkey and the Community;

- align the economic policies of Turkey and the Community. more closely in order to ensure the proper functioning of the Association and the progress of the joint measures which this requires.

2. This stage shall last-not more than twelve years, subject-to such exceptions as may be made by mutual agreement. The exceptions must not impede the final establishment of the customs union within a reasonable period.

Article 5.

The final stage shall be based on the customs union and shall entail closer coordination of the economic policies of the Contracting Parties.

Article 6.

To ensure the implementation and the progressive development of the Association, the Contracting Parties shall meet in a Council of Association which shail act within the powers conferred upon it by this Agreement.

Article 7.

The Contracting Parties shall take all appropriate measures, whether general or particular, to ensure the fulfilment of the obligations arising from this Agreement.

They shall refrain from any measures liable to jeopardize the attainment of the objectives of this Agreement.

Title II. IMPLEMENTATION OF THE TRANSITIONAL STAGE

Article 8.

In.order to attain the objectives set out in Article 4, the Council of Association shall, before the beginning of the transitional stage and in accordance with the procedure laid down in Article 1 of the Provisional Protocol, determine the conditions, rules and timetables for the implementation of the provisions relating to the fields covered by the Treaty establishing the Community which must be considered; this shall apply in particular to such of those fields as are mentioned under this Title and to any protective clause which may prove appropriate.

Article 9.

The Contracting Parties recognize that within the scope of this Agreement and without prejudice to any special provisions which may be laid down pursuant to Article 8, any discrimination on grounds of nationality shall be prohibited in accordance with the principle laid down in Article 7 of the Treaty establishing the Community.

Chapter 1. The Customs Union

Article 10.

1. The customs union provided for in Article 2 (2) of this Agreement shall cover all trade in goods.

2. The customs union shall involve:

- the prohibition between Member States of the Community and Turkey, of customs duties on imports and exports and of all charges having equivalent effect, quantitative restrictions and all other measures having equivalent effect which are designed to protect national production in a manner contrary to the objectives of this Agreement;

- the adoption by Turkey of the Common Customs Tariff of the Community in its trade with third countries, and an approximation to the other Community rules on external trade.

Chapter 2. Agriculture

Article 11.

1. The Association shail likewise extend to agriculture and trade in agricultural products, in accordance with special rules which shall take into account the common agricultural policy of the Community.

2. Agricultural products means the products listed in Annex II to the Treaty establishing the Community, as at present supplemented in accordance with Article 38 (3) of that Treaty.

Chapter 3. Other Economic Provisions

Article 12.

The Contracting Parties agree to be- guided by Articles 48, 49 and 50 of the Treaty establishing the Community for the purpose of progressively securing freedom of movement for workers between them.

Article 13.

The Contracting Parties agree to be guided by Articles 52 to 56 and Article 58 of the Treaty establishing the Community for the purpose of abolishing restrictions on freedom of establishment between them.

Article 14.

The Contracting Parties agree to be guided by Articles 55, 56 and 58 to 65 of the Treaty establishing the Community for the purpose of abolishing restrictions on freedom to provide setvices between them.

Article 15.

The rules and conditions for extension to Turkey of the transport provisions contained in the Treaty establishing the Community, and measures adopted in implementation of those provisions shall be laid down with due regard to the geographical situation of Turkey.

Article 16.

The Contracting Parties recognize that the principles laid down in the provisions on competition, taxation and the approximation of laws contained in-Title I-of Part II of the Treaty establishing. the Community must be made applicable in their relations within the Association.

Article 17.

Each State party to this Agreement shall pursue the economic policy needed to ensure the equilibrium of its overall balance of payments and to. maintain confidence in its currency, while taking care to ensure a continuous, balanced growth of its economy in conjunction with stable prices.

Each State party to this Agreement shall pursue a conjunctural policy, in particular a financial and monetary policy, which furthers these objectives.

Article 18.

Each State Party to this Agreement shall pursue a policy with regard to rates of exchange which ensures that the objectives of the Association can be attained.

Article 19.

The Member States of the Community and Turkey undertake to authorize, in the curency of the country in which the creditor or the, beneficiary resides, any payments or transfers connected with the movement of goods, services or capital, and any transfers of capital or earnings, to the extent that the movement of goods, services, capital and persons between them has been liberalized pursuant to this Agreement.

Article 20.

The Contracting Parties shall consult each other with a view to facilitating movements of capital between Member States of the Community and Turkey which will further the objectives of this Agreement.

They shall actively seek all means of promoting the investment-in Turkey of capital from countries of the Community which can contribute to Turkish economic development.

With respect to arrangements for foreign capital residents of all Member States shall be entitled to all the advantages, in. particular as regards currency and taxation, which Turkey accords to any other Member State or to a third country.

Article 21.

The Contracting Parties hereby agree to work out a consultation procedure in order to ensure coordination of their commercial policies towards third countries and mutual respect for their interests in this field, inter alia in the event of subsequent accession to or association with the Community. by third countries.

Title III. GENERAL AND FINAL PROVISIONS

Article 22.

1. In order to attain the objectives of this Agreement the Council of Association shall have the power to take decisions in the cases provided for therein. Each of the Parties shall take the measures necessary to implement the decisions taken. The Council of Association may also make appropriate recommendations.

2. The Council of Association shall periodically review the functioning of the Association in the light of the objectives of this Agreement. During the preparatory stage, however, such reviews shall be limited to an exchange of views.

3. Once the transitional stage has been embarked on, the Council of Association' shall adopt appropriate decisions where, in the course of implementation of the Association arrangements, attainment of an objective of this Agreement calls for joint action by the Contracting Parties but the requisite powers are not granted in this Agreement.

Article 23.

The Council of Association shall consist of members of the Governments of the Member States and members of the Council and of the Commission of the Community on the one hand and of members of the Turkish Government on the other.

The members of the Council of Association may arrange to be represented in accordance with its rules of procedure.

The Council of Association shall act unanimously.

Article 24.

The office of President of the Council of Association shall be- held for a term of six months by a representative of the Community and a representative of Turkey-alternately. The term of office of the first President may be shortened by. a decision of the Council of Association.

The Council of Association shall adopt its rules of procedure.

The Council of Association-may-decide to set up committees to assist in the performance of its tasks; and in particular a committee to ensure the continuing cooperation necessary for the proper functioning of this Agreement.

The Council of Association shall lay down the terms of reference of these committees.

Article 25.

1. The Contracting Parties may submit to the Council of Association any dispute relating to the application or interpretation of this Agreement which concerns the Community, a Member State of the Community, or Turkey.

2. The Council of Association may settle the dispute by decision; it may also decide to submit the dispute to the Court of Justice of the European Communities or to any other existing court or tribunal.

3. Each Party shall be required to take the measures necessary to comply with such decisions.

4. Where the dispute cannot be settled in accordance with paragraphs 2 of this Article, the Council of Asseciation shall determine, in accordance with Article 8 of this Agreement, the detailed rules for arbitration or for any other judicial procedure to which the Contracting Parties may resort during the transitional and final stages of this Agreement.

Article 26.

This Agreement shall not apply to products within the. province of the European Coal and Steel Community.

Article 27.

The Council of Association shall take all appropriate steps. to promote the necessary. cooperation and contacts between. the European Parliament, the Economic and Social Committee and other organs of the Community-on the one hand and the Turkish Parliament and the corresponding organs in Turkey on the other.

During the preparatory state, however, such contacts shall be limited to relations between the European Parliament and the Turkish Parliament.

Article 28.

As soon as the operation .of this Agreement. has advanced: far enough to: justify envisaging | full acceptance by..Turkey of the obligations arising out of the Treaty. establishing .the Community, the Contracting Parties shall examine the possibility - of the accession of Turkey to the Community.

Article 29.

1. This Agreement shall apply to the European territories of the Kingdom of Belgium, of the Federal Republic of Germany, of the French Republic, of the Italian Republic, of the Grand Duchy of Luxembourg and of the Kingdom of the Netherlands on the one hand and to the territory of the Turkish Republic on the other.

2. The Agreement shall also apply to the French overseas departments so far as concerns those of the fieldsâ covered by it which are listed in the first subparagraph of Article 227 (2) of the Treaty establishing the Community.

The conditions for applying to those territories the provisions of this Agreement relating to other fields shall be decided at a later date by agreement between the Contracting Parties.

Article 30.

The Protocols annexed to this Agreement by common accord of the Contracting Parties shall form an integral part thereof.

Article 31.

This Agreement shall be ratified by the Signatory States in accordance with their respective constitutidnal requirements, and shall become binding on the Community by a decision of the Council taken in accordance with the Treaty establishing the Community and. notified to the Parties to this Agreement.

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

Article 32.

This Agreement shall enter into force on the first day of the second month following the date of exchange of the instruments of ratification and the notification referred to in Article 31.

Article 33.

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

Protocol No 2. Financial Protocol

THE CONTRACTING PARTIES,

DESIRING to promote the accelerated development of the Turkish economy in furtherance of the objectives of the

Agreement of Association,

HAVE AGREED AS FOLLOWS:

1.

Requests for the financing of investment projects which will serve to increase the productivity of the Turkish economy and further the objectives of the Agreement -of Association,.and which are part of the Turkish development plan, may be submitted by. the Turkish State and by Turkish undertakings to :the European Investment. Bank, which shall inform them of the action taken thereon.

2.

Projects for which requests are approved shall be financed by loans. These loans may be contracted up to-a total-of 175 million units of.account, which may be committed in the five years following the entry into force of this Agreement.

3.

Requests for financing submitted by Turkish undertakings shall not be approved without the agreement of the Turkish Government.

4.

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

2. Loans, especially. those. for investment -projects the return on which is indirect or long term, may be made-on special terms such as reduced rates of interest, extended repayment periods, interest-free periods and, where appropriate, any other special repayment terms which may facilitate the servicing of such loans by Turkey.

3. Any loan granted to an undertaking or to an authority other than the Turkish State shall be subject to a guarantee from the Turkish State.

5.

1. The Bank may make the granting of these loans subject to public invitation to tender or other tendering procedures. Participation in such public invitations to tender or other tendering procedures shall be open on equal terms to all natural and legal persons who are nationals of Turkey or of Member States of the Community.

2. Loans may be used to cover expenditure on imports or domestic expenditure, where such expenditure is necessary. for carrying out approved investment projects.

3. The Bank shall ensure that the funds are used in the most judicious manner and in accordance with the objectives of this Agreement.

6.

Turkey undertakes to allow recipients of these loans to obtain the currency. necessary for the repayment of the loans and of interest thereon.

7.

Assistance-provided under this Protocol for carrying out certain projects may take the form of participation in financing operations in which, in particular, third countries, international finance organizations. or credit and development authorities and institutions of Turkey or of Member States of the Community-may be concerned.

8.

Aid to Turkish economic and social development under the conditions set out in this Agreement and in this Protocol shall be supplementary to the endeavours of the Turkish State.

9.

This Protocol shall be annexed to this Agreement.

In witness whereof, the undersigned Plenipotentiaries have signed this Agreement.

Done at Ankara this twelfth day of September in the year one-thousand nine hundred and sixty-three.

For His Majesty the King of the Belgians,

For:the President of the Federal Republic of Germany,

For the President of the French Republic;

For the President of: the Italian Republic,

For Her Royal Highness.the Grand Duchess of Luxembourg,

For Her Majesty the Queen of the Netherlands.

Final Act

The Plenipotentiaries of

His Majesty the King of the Belgians,

The President of the Federal Republic of Germany,

The President of the French Republic,

The President of the Italian Republic,

Her Royal Highness the Grand Duchess of Luxembourg,

Her Majesty the Queen of the Netherlands,.and

The Council of the European Economic Community,

of the one part, and

The President of the Republic.of Turkey,

of the other part,

meeting at Ankara, on the twelfth day of September in the year one thousand nine hundred -and sixty-three,

for the signature of the Agreement establishing an Association between the European Economic Community and Turkey,

have adopted the following texts:

Agreement establishing an Association between the European Economic Community and Turkey and the Protocol listed below:

Protocol No 1: Provisional Protocol

Protocol No 2: Financial Protocol

The Plenipotentiaries have furthermore adopted the Declarations which are listed below and annexed to this Act (Annex I):

1. Declaration of Intent on dried grapes, in connection with Article 2 of the Provisional Protocol,

2. Interpretative Declaration on the value of the unit of account referred to in Article 2 of the Financial Protocol,

3. Interpretative Declaration on the definition of "Contracting Parties" used in the Agreement of Association, and taken note of the Declarations of the Government of the Federal Republic of Germany which are listed below and annexed to this Act (Annex II}:

1. Declaration on the definition of the expression "German national",

2. Declaration on the application of the Agreement to Berlin.

The Plenipotentiaries have agreed that the Declarations annexed to this Act shall be subjected, in the same manner.as. for the Agreement establishing an Association between the European Economic Community and Turkey, to any procedures that may be necessary to ensure their validity.

In witness whereof, the undersigned Plenipotentiaries have signed this Final Act.

Done at Ankara, on the twelfth day of September in the year one thousand nine hundred and sixty-three.

For His Majesty the King of the Belgians,

For the President of the Federal Republic of Germany,

For the President of the French Republic,

For the President of the Italian Republic,

For Her Royal Highness the Grand Duchess of Luxembourg,

For Her Majesty the Queen of the Netherlands.

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The parity of the currency of a MÃ©mber State of the Community: in-relation to the unit of account defined in-paragraph-1 shall be the relation between the weight of fine gold contained in the unit of account and the weight of fine gold corresponding to the par value of that currency communicated to the International Monetary Fund. If no par-value has been communicated, or if exchange rates differing from the par value by a margin exceeding that authorized by the International Monetary Fund are applied to current payments, the weight-of fine gold corresponding to the parity of the currency shall be calculated on the basis of the exchange rate for a currency directly or indirectly expressed in and convertible into gold which is applied in the Member State to-current payments, on the day of the calculation, and on-the basis of the par value communicated to the International Monetary Fund for that~con- vertible currency.

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. The unit of account defined in paragraph 1 shall remain unchanged throughout the period in which the Financial Protocol is in force. If, however, before the end of that period a uniform proportionate change in the par values of all currencies in relation to gold should be decided by the International Monetary Fund under Article 4, Section 7, of its Articles of Agreement, the weight of fine gold contained in the unit of account shall alter in inverse ratio to that change.

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

31, 12.77

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Interpretative Declaration on the definition of the expression âContracting Partiesâ used in the Agreement of Association

The Contracting Parties agree that for the purposes of the Agreement of Association âContracting Partiesâ means the Community-and the Member States or alternatively the Member States alone or the Community alone on the one hand, and the Turkish Republic on the other. The meaning to be given to this expression in each particular case is to be deduced from the context of the Agreement and from the corresponding provisions of.the Treaty establishing. the Community. In certain circumstances: âCon- tracting Partiesâ may; during the transitional period of the Treaty establishing the Community, mean the Member States, and after the expiry of that period mean the Community.

Declarations by the Government of the Federal Republic of Germany

1. Declaration on the definition of the expression âGerman nationalâ

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

Republic of Germany.

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. Declaration on the application of the Agreement-to Berlin

The Agreement of Association shal! apply equally to Land Berlin unless the Govern- ment of-the Federal Republic of Germany makes a-declaration to the contrary.to the other Contracting Parties within the three months following the entry into force of the Agreement.