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Turkey pushes for revision of customs union

Ankara is preparing proposals for further liberalisation in agriculture, services and public procurement

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Turkey pushes for revision of customs union

Replacing the EU with the Shanghai Cooperation Organisation might be considered a tempting idea by the supporters of Turkey's firebrand President Recep Tayyip Erdogan. But Ankara is becoming increasingly annoyed with the customs union between the EU and Turkey, and the issue is bound to keep officials in Brussels busy this year. "It is an asymmetric relationship, where the EU is the rule-maker and Turkey the rule-taker," Melih Özsoz, research director at Istanbul's Foundation for Economic Development (IKV), a pro-European think tank, argues. "The Turkish business community is aware of the benefits of the customs union. However, it is of the opinion that the union has become outdated and needs an upgrade," Özsoz told *Europolitics*.

Turkey's main problem is the Transatlantic Trade and Investment Partnership (TTIP), which is currently being negotiated. Once the customs barriers between the US and the EU are removed, the agreement would also be binding on Turkey, but it would offer no benefits: US products would appear on the Turkish market free of tariffs, while the levies charged by the US on Turkish products would remain in place. Turkey would lose twice: its customs revenues would disappear and simultaneously it would have to face increased competition from cheaper goods on its internal market. Additionally, Ankara will be left out of the new dynamic investment agreements the US and the EU are supposed to conclude.

In November 2014, Turkey's EU Minister Volkan Bozkir, a level-headed member of the Conservative-Islamist government, went as far as threatening Brussels with the suspension of Turkey's membership of the customs union – a step that would be fraught with serious consequences: trade between Turkey and the 28 EU member states is worth €130 billion annually. On 25 December 2014, Bozkir announced the launch of a "revision" of the customs union, to be conducted jointly with Turkey's top business association TUSIAD. Government and business representatives agreed to meet from January on to work out proposals for broadening trade relations with the EU in the fields of agriculture, trade in services and public procurement. These three areas were identified as offering potentially beneficial but as yet untapped resources for Turkey and the EU in a [report](#) published by the World Bank on Turkey and the customs union in spring 2014.

The Turkish government was extremely disappointed by the remarks made by the US Secretary of Commerce, Penny Pritzker, during her visit to Ankara in October 2014. "Turkey and the US are great

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