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EU TRANSPORT POLICY AND TURKEY

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Summary of Key Findings

- EU Transport Policy encompasses road, sea, air, and railway and river traffic.
- The Transport sector currently accounts for about 7% of the total GDP of the EU and includes 5% of its workforce.
- Competencies in that particular area lie upon the EU institutions and the Member States.
- Since 1992, the core guiding principles of the transport policy have been "sustainability" and "social cohesion".
- Approximatively 10 million people are working in the transport sector and it accounts to about 4,5% of the total workforce of the EU.
- In light of the current reform programs pertaining to EU transport policy, support is to be given and increased towards the realisation of high speed networks and to promote projects such as electrical hauliers.
- The EU has a transport strategy which is in force until 2050. The main aim of the strategy is to make EU transport sector more competitive and to increase employment opportunities in the sector.
- For the period between 2010-2030, about 1,5 trillion euro has been included in the budget in order to further strengthen and develop the EU's transport infrastructure. Furthermore, in order to manufacture new generation cars, an additional 1 trillion euro has been allocated.

- ❖ In order to realise the comprehensive reduction in greenhouse gas and other pollutant emissions, it has been stipulated to further modernise the infrastructure of the transport sector.
- ❖ For the completion of the Trans-European Networks, an additional 550 billion euro is needed until 2020.
- ❖ Until 2050, the transport sector is set to grow approximatively by 80%. As for passenger traffic, a 51% increase is expected.
- ❖ The transport sector continues to constitute an important employment an innovation sector, and moreover, constitutes one of the EU's main sectors as for trade relations and its global competitive force.
- ❖ The Ankara Agreement of 1963 was the first document to ever mention transportation relations between the EU and Turkey.
- ❖ Turkey has signed bilateral transportation agreements with 25 Member States of the EU.
- ❖ Turkey's transport sector is rapidly growing: it has already Europe's second largest road transportation fleet after Germany.

Main Principles of EU Transport Policy

- The creation of a viable competitive internal market along with the opening of transport markets with privatisation;
- The promotion of investment in order to strengthen transport infrastructure;
- The re-evaluation of infrastructure and taxation prices in order for a more effective use of the transport infrastructure;
- The development of a road security policy;
- The safety of transport systems;
- The protection of passenger rights, along with a better work security for employees in the transport sector with the reduction of high prices[1].

Development of EU Transport Policy

As it is well known by many, EU transport policy is of utmost importance and is a truly comprehensive policy area for Member States. The main goal of EU transport policy is to be able to give credible answers to the public's needs economically, socially and ecologically speaking along with creating a real integrated and competitive transport system. This area is of great importance also for candidate states such as Turkey. Indeed, the 14th Chapter of the Community acquis is dedicated to the transport sector and as such, Turkey shall continue to strengthen the development of its own transport capabilities in order to be able to put them in line with those of the EU. It took about 30 years in order to shape what transport policy has become nowadays, that is a comprehensive and employment-rich sector. Although there has been a rudimentary mention of Transport Policy within the Treaty of Rome, 1992 would be truly a turning point in its shaping by strengthening its political, institutional and budgetary

[1] *European Commission*, Evaluation of the Common Transport Policy (CTP) of the EU from 2000 to 2008 and analysis of the evolution and structure of the European transport sector in the context of the long-term development of the CTP, 2009, http://ec.europa.eu/transport/themes/strategies/studies/doc/future_of_transport/20090908_common_transport_policy_final_report.pdf

fundamentals. Furthermore, the Treaty presented for the first time the concept of "Trans-European Networks" with a clear vision of a Europe-wide transport infrastructure planning. As such, Articles 90 and 100 of the Treaty on the Functioning of the European Union (TFEU) include provisions related to transport policy and with those provisions, Member States accept the legislative prerogatives of the Union in that particular field:

"TITLE VI

TRANSPORT

Article 90

(ex. Article 70 TEC)

The objectives of the Treaties shall, in matters governed by this Title, be pursued within the framework of a common transport policy.

Article 91

(ex Article 71 TEC)

1. For the purpose of implementing Article 90, and taking into account the distinctive features of transport, the European Parliament and the Council shall, acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social Committee and the Committee of the Regions, lay down:

(a) Common rules applicable to international transport to or from the territory of a Member State or passing across the territory of one or more Member States;

(b) The conditions under which non-resident carriers may operate transport services within a Member State;

(c) Measures to improve transport safety;

(d) Any other appropriate provisions.2. When the measures referred to in paragraph 1 are adopted, account shall be taken of cases where their application might seriously affect the standard of living and level of employment in certain regions, and the operation of transport facilities"[2].

A White Paper published in 1992 mainly focused on the liberalisation of transport market within a ten year period[3]. This goal has been achieved in most areas, except the railway sector where still frictions and differences exist among Member States. A second White Paper published in 2001 gave a further ten year perspective for this particular sector, along with a new goal of further securitising the sector (after, notably, the 9/11 terrorist attacks in the United States)[4]. In 2011, a last White Paper had been published, presenting proposals for a sustainable development of the transport systems

[2] Official Journal, *C 326 , 26/10/2012 P. 0001 – 0390, Treaty on the Functioning of the European Union*, Articles 90-91, http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:12012E/TXT&from=en

[3] European Commission, *The future development of the common transport policy: A global approach to the construction of a Community framework for sustainable mobility, COM (92) 494,* *http://aei.pitt.edu/1116/1/future_transport_policy_wp_COM_92_494.pdf*

[4] European Commission, *"European Transport Policy for 2010: time to decide"*, White Paper, 12/09/2001, http://ec.europa.eu/transport/themes/strategies/doc/2001_white_paper/lb_com_2001_0370_en.pdf

of the EU until the year 2050[5]. As such, it is notably predicted that greenhouse gas emissions shall be reduced by about 80% in 2050 compared to the 1990 rate, and likewise, the rate of oil-based transport (along with the congestions that are still quite common) shall be decreased, with the growing market of renewable energies.

Statistics and Analysis of the Turkish Transportation System

Turkey has currently a total of 427,000 km of public roads, 2000 km of motorways, 15,000 km that are doubled, 3100 km of intercity roads, 30,000 km of asphalted roads and a total of 393,000 km of rural roads. In 2007, in the internal market, about 8,439 million tons of freight was transported. As for the external market, it was about 1,316 million tons approximatively. As for passenger transportation, 5,553 million passengers were transported in Turkey in all different sectors. Furthermore, Turkey has a total commercial vehicle park of 240,000. Moreover, Turkey comprises about 22,000 wreckers, and as such, it has the second largest road transportation fleet after Germany in Europe. Again in 2007, the amount of transportation that has been realised by automobiles is about 115 billion passenger-km. As for buses, the total of transportation that has been realised amounts to 100 billion passenger-km. Furthermore, 95% of passenger transportation and 90% of freight transportation is realised by road[6]. There are currently about 1,400 firms that directly involved with road transportation in Turkey and its total truck fleet amounts to a total of 45,000. As for Turkish rail transportation, there are 479 locomotives, 14,000 wagons and as for air transportation, 4 different firms are using a total of 19 planes as means of cargo. The total length of Turkish railroads amounts to about 11,000 km. The total number of passengers that have transported by means of railroads has amounted to a total of 5,5 billion in 2007. The Turkish State Railways have a network of 8671 km of main lines, 2269 km of minor lines, which amounts to a total of 10,940 km of railroads that are in use for both passengers and freight purposes. Of all these lines, 97% are operating as one-lines. Furthermore, 19% are electrified, 23% are with signals, 5% double-lined and 0,3% triple-lined[7]. As for freight transportation to overseas, the sea roads are still of significant importance. Indeed, 86% of Turkish exports are transported by sea. Comparatively, 12% are transported by road, 1.2% by railroad and the remaining 0.7% by air cargo. This shows the significance of Turkey's sea lines, as a country that has a total of 8333 km of coastlines. In Turkey's maritime sector, there are a total of 1,500 ships that are in use for transportation and include a total dead-weight tonnage capacity of 12 million[8]. The Commission is calling upon Turkey to further modernise its transport ship fleet,

[5] European Commission, *"White Paper on Transport"*, 2011, http://ec.europa.eu/transport/themes/strategies/doc/2011_white_paper/white-paper-illustrated-brochure_en.pdf

[6] Deloitte, *Taşımacılık ve Lojistik Sektörü Raporu*, T.C. Başbakanlık Yat. Des. Ve Tanı. Aja, Ankara, 2010.

[7] Ministry of Transportation, Maritime Affairs and Communication of the Republic of Turkey, *"Hedef 2023"*, 2014.

[8] *İbid.*

including container ships. The main objective will be to achieve a total TEU capacity of 10 million[9].

Turkey and the Common Transport Policy

Turkey has been a faithful and diligent country as for its alignment with EU Transport Policy. One can say that the first ever mention of transport goes back to the **1970 Additional Protocol** which complemented the **1963 Association Agreement** (also known as the "Ankara Agreement") between the European Economic Community and Turkey. Indeed, Article 42 directly deals with transport matters in that respect:

"CHAPTER II

RIGHT OF ESTABLISHMENT, SERVICES AND

TRANSPORT

Article 42

1. The Council of Association shall extend to Turkey, in accordance with the rules which it shall determine, the transport provisions of the Treaty establishing the Community with due regard to the geographical situation of Turkey. In the same way it may extend to Turkey measures taken by the Community in applying those provisions in respect of transport by rail, road and inland waterway.

2. If provisions' for sea and air transport are laid down by the Community, pursuant to Article 84 (2) of the Treaty establishing the Community, the Council of Association shall decide whether, to what extent and by what procedure provisions may be laid down for Turkish sea and air transport[10]".

Thus, the Additional Protocol officially stipulated that both parties should not act in a manner that refrains from the establishment of services and to their transport as seen above. Furthermore, measures taken within the scope of the Community as for transport can be applied to Turkey under certain conditions.

One has to keep in mind that since Chapter 14 of the Community acquis has not yet been opened at the present time, and that insofar as transport remains a joint competence of both Member States and the Community, transport relations between Turkey and the EU still remain largely at a bilateral level. Indeed, Turkey has already signed international road transport agreements with various Member States. Out of 28 countries Turkey has indeed signed such agreements with 25 of them, which are still in force currently: Hungary (1969), Belgium (1970), France (1970), Greece (1970), Austria (1971), Netherlands (1971), Italy (1972), Bulgaria, (1977), Germany (1977), Romania (1977),

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[9] European Commission, *2004 Regular Report on Turkey's progress towards accession*, {COM(2004) 656 final}, http://ec.europa.eu/enlargement/archives/pdf/key_documents/2004/rr_tr_2004_en.pdf

[10] European Economic Community, *Additional Protocol to the Association Agreement between the European Economic Community and the Republic of Turkey*, 1970, http://www.abgs.gov.tr/files/AB_Iliskileri/tur_en_realitons/protocol_1977.pdf

Denmark (1978), Finland (1978), Poland (1978), Sweden (1978), United Kingdom (1978), Czech Republic (1982), Slovakia (1982), Luxembourg (1988), Estonia (1995), Latvia (1996), Croatia (1998), Lithuania (1998), Spain (2001), Slovenia (2004) and Portugal (2009)[11].

Currently, the harmonisation of Turkey's transport sector with EU transport policies is being performed under two main documents: the Accession Document[12] which had been approved by the European Council on the 14th April 2003 as well as within the National Programme. Accordingly, under the umbrella of the Ministry of Transportation, Maritime Affairs and Communication, the State Planning Organisation, the Ministry of Public Works and Settlement, the Ministry of Interior, the Ministry of Energy and Natural Resources altogether are to implement a "Transportation Main Plan Strategy" in the upcoming years. Within this framework, it is notably envisaged to pursue the harmonisation of Turkish legislation with EU legislation pertaining to such an area and moreover taking into account the principles laid out within the scope of the Trans-European Networks (TEN). Furthermore, evaluations have been made with the aim of adaptation to the Community acquis and by taking into account the criteria laid out in the Progress Report since its first ever publication in 1998. As means of example, in 1998, the Commission described Turkey's infrastructure as being "fairly satisfactory". However, it also recognised the geographical significance and strategic importance of Turkey insofar as it is located along two Pan-European transport corridors (Mediterranean Sea Area and Black Sea Area) as for transportation and as such constitutes an important element in the EU's own strategy to develop the transport sector in those particular regions. Moreover, the Commission called upon Turkey to pursue its cooperation in the development of the Trans-European Networks (TEN), as well as further strengthen its capabilities in terms of infrastructure, most notably in the maritime sector[13].

In 2003, four years after Turkey had been officially granted candidate status during the Helsinki Summit of 1999, the Commission released its Progress Report where it was calling upon Turkey to take the necessary steps in order to further develop its infrastructure in this particular field and to move on in the harmonisation of its transport sector. Furthermore, the fact that there are 6 times more a risk of accidents in Turkey than in the EU as for road transportation continues to constitute a serious issue that needs to be tackled. However, there have also been positive developments in the last decade. As means of example, in December 2003, the Turkish Parliament approved an Action Plan on Sea Transportation for the years 2004-2008 that has proven to be successful in its implementation. The main goal of the plan was to further strengthen security at the seas, whether at the territorial waters or the exclusive economic zone (EEZ) of Turkey. The Commission had stressed in its 2004 Progress Report that such a package is in harmony with the Community Acquis and called upon Turkey to increase its efforts in that particular domain. As such, Turkey had been taken of the black list of

[11] International Transporters' Association (UND), 2004, http://www.und.org.tr/

[12] Official Journal of the European Union, *Turkey: 2003 Accession Partnership*, http://www.abgs.gov.tr/files/AB_Iliskileri/Tur_En_Realitons/Apd/Turkey_APD_2003.pdf

[13] European Commission, Regular *Report from the Commission on Turkey's Progress towards Accession*, 1998, http://ec.europa.eu/enlargement/archives/pdf/key_documents/1998/turkey_en.pdf

the Secretary of the Paris Memorandum of Understanding on Port State Control and added instead to a "grey list[14]". However, the Paris MoU called on Turkey to strengthen its capacity in terms of merchant ship flags as well as increasing the personnel of the Maritime Under secretariat. As for railways, Turkey approved a Railway Transportation Action Plan which envisages the restructuration of the Turkish State Railways (TCDD), increasing the capacity of ports and connecting them in a more comprehensive way with railroads. Furthermore, railway transportation sector will have to be open to competition. Nonetheless, the single most important objective will be to truly strengthen infrastructure of the Turkish railway sector. Last but not least, regarding air transportation, the Commission continues to call upon Turkey to pursue further efforts in meeting the relevant criteria and to align itself with the Acquis in that respect. One can say that more progress in air security and air traffic are paramount in order for it to achieve this objective.

Turkey-EU Customs Union and the Issue of Transport Quotas

In 1995, a Customs Union was signed between Turkey and the EU. Accordingly, quotas and tariffs as for goods were to be lifted. It had thus been the conclusion of a long process of negotiations that had started decades ago. However, although obstacles in relation to goods were lifted, there still remains more to do in relation to the transportation of services. Indeed, as Article 3 of Decision No. 1/95 stipulates, Chapter 1 applies to goods produced in the territory of the Community or Turkey as well as products originating from third countries and that are in free circulation within the Community or in Turkey[15]. As such, Turkey has insistently called upon the inclusion of services in the Customs Union agreement, along with civil society organisations such as the International Transporters' Association (UND). The issue of quotas in the transport sector is still, as such, problematic. It is important to underline the fact that Turkish hauliers, whilst they are transiting through several EU member states such as Bulgaria, Romania and Hungary, are directly faced by excessive quotas and are paying important sums in that respect. The Commission argues that as this issue remains a national competence, Turkey is to deal with the individual member state in question in order to find a long lasting solution to it.

However, Turkey's argument is as follows: The Customs Union envisages the suppression of all obstacles to free trade, and furthermore, should also include services as is already the case between the Member States. As it has signed an agreement in that respect with the European Union, it argues that it shouldn't solely negotiate with one specific member state but more with the whole of the EU. The World Bank's latest report on the evaluation of the Customs Union in the spring of 2014 has further strengthened Turkey's argument in calling for the full inclusion of services into the framework of Customs Union. Furthermore, the World Bank alluded to the issue of transit permits to which Turkish truck drivers are subjected to: the report argues that road quotas, in the form of transit permits for example, constitute obstacles to the free movement of goods and thus impede transit traffic, henceforth hindering the full and

[14] http://www.shipfriends.gr/forum/topic/2133-paris-mou-freezes-turkish-membership-debate/

[15] European Commission, *Decision No. 1-95, 1995*, http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:21996D0213(01):EN:HTML

swift operation of the Customs Union. Turkey's drivers, to reach the core of the EU pass via Greece or Bulgaria (one has to note that Kapıkule Crossing Point in the single most used crossing point in Europe). As of currently, Greece exchanges a total of 35,000 transit permits with Turkey each year to a cost of 100 Euros per trip. As for Bulgaria, Turkish road transport operators are currently receiving about 250,000 transit permits each year at a cost of 86 Euros per round trip. Similar figures to those Greece arise in Hungary and other countries[16]. This contributes to a certain delay in transportation, along with creating unnecessary frustration in order to respond in an effective way to demand. As for the International Transporters' Association (UND), it argues that because of restrictions on transit, some Member States are thus also restricting EU goods produced in Turkey, along by hindering the scope of Turkish exports towards the EU[17]. As such, it represents a violation of the spirit of the Customs Union as stipulated in Decision 1/95 which goes to show that the free movement of goods is not to be hindered by such mechanisms.

Conclusively, one can say that the EU Transport Policy, along being one of the strategic sectors of the European economy, constitutes a sector of primary cooperation between both the EU and Turkey. Turkey has shown for a long time its willingness to strengthen those relations and to further develop its infrastructure in that particular domain in order to facilitate transportation whether in road, maritime or aerial way. There is indeed still a lot more to achieve on its part and the determination that the government can show in pursuing the harmonisation of Turkish legislation with the *Community Acquis* will undoubtedly have a positive effect in it its alignment and also increasing the chances for the opening of Chapter 14. Furthermore, Turkey expects that restrictions on its exports by means of quotas (through, for example, transit permits) in certain Member States could be resolved in the coming years. One may say that the World Bank's report on the evaluation of the Customs Union gives further impetus for both parties to find constructive solutions in that respect. The continuing process of EU negotiations in which Turkey is engaged, along with the visa liberalisation dialogue (an issue of great importance notably to Turkish truck drivers) constitute elements in which future solutions could be found to current problems. Undoubtedly, both parties would mutually benefit in the enlargement of their trade, and as such by strengthening their transport relations. The business world in Turkey has a lot to gain, notably by the creation of an energy and transportation hub in the country. Projects such as construction of new seaports, airports among others are an important sign of this policy which shall be pursued in the coming years.

[16] World Bank, *Evaluation of the EU-Turkey Customs Union*, 2014, http://www.worldbank.org/content/dam/Worldbank/document/eca/turkey/tr-eu-customs-union-eng.pdf

[17] International Transporters' Association, *The World Bank Report on the Evaluation of Turkish-EU Customs Union: UND Comments and EU Provisions*, 2004, www.und.org.tr