

## Turkey Trade Priorities

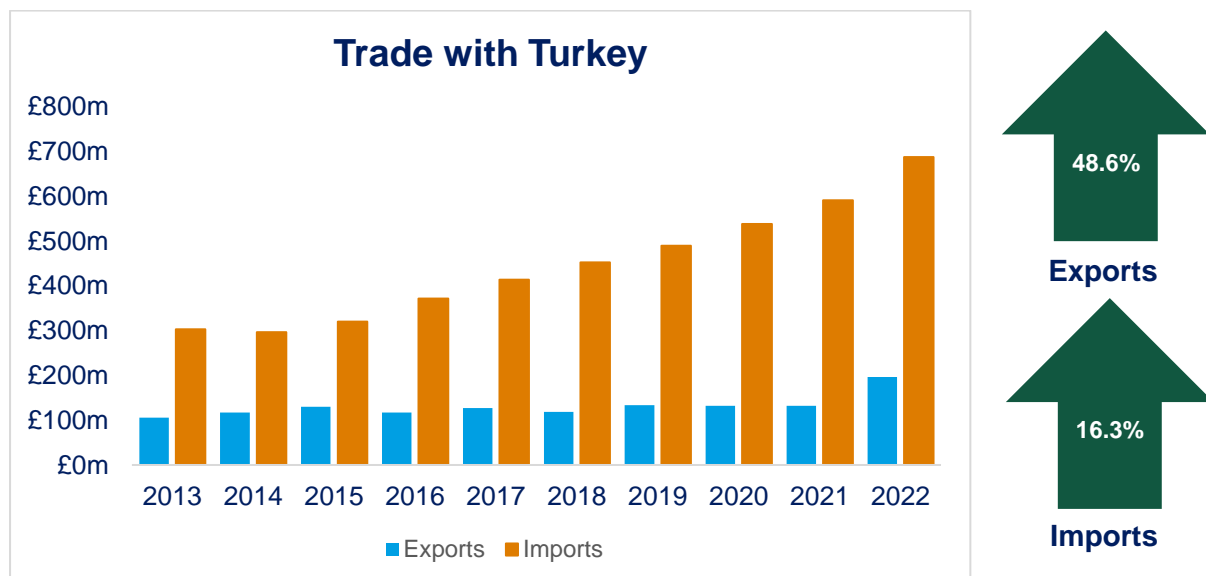


UK food and drink is a success story that sits at the heart of our country's social and cultural fabric. Our industry is creative, innovative and diverse, providing consumers with unrivalled choice and variety throughout the year, and with both nourishment and pleasure. Our products are found in every household across the UK and – more and more – in households across the world.

Turkey is an important trading partner for many food and drink manufacturers. It is a valuable market for exports of high-quality value-added products worth **£196.4 million** in 2022, up 48.6% since 2021. It is also a supplier of ingredients, raw materials and finished products with imports worth **£687.7 million** in 2022, up 16.3% from 2021.

An updated FTA presents an opportunity to customise the trade deal to the specific strengths and needs for the UK market, such as altering import tariffs on commodities historically protected by the EU, increasing Turkish tariff rate quotas (TRQs) where UK exports exceed quotas, and streamlining border processes by reducing costs and frequency of tests. For the UK to continue to access preferential tariffs, EU extended cumulation should be maintained.

Following extensive engagement with our members, we have set out in this paper our priorities for a new UK-Turkey trade agreement.



Top five products (2022)			
Exports		Imports	
Whisky	£105.6m	Fruits	£181.6m
Eggs	£13.7m	Fish	£137.2m
Sauces	£13.1m	Confectionery	£51.8m
Gin	£5.8m	Prepared vegetables	£44.0m
Chocolate	£4.1m	Prepared fruits and nuts	£37.0m

## Ten priorities for UK government

1

The UK should build on the current agreement and where tariffs continue to apply, further tariff liberalisation should be targeted. The UK and EU have similar export interests to Turkey, so improving the UK's competitive position in Turkey compared with the EU can help to deliver significant future export growth.

2

Tariff rate quotas (TRQs), should as far as possible, be liberalised, especially where the UK is exceeding the quota. Where this is not possible, an increase in the quota volume, as well as a lowering of the in and out quota tariff rate will help export growth.

3

The existing trade agreement with Turkey naturally reflects the aggregated interests and imperatives of the EU. This includes EU defensive interests which do not apply to the UK. This renegotiated trade agreement can and should look at reducing UK preferential tariffs to fit a UK market.

4

If product-specific rules (PSRs) require alignment to those in the UK-EU TCA, **it is vital that extended EU cumulation is included** in an updated agreement with Turkey. Without this provision, food and drink businesses will struggle to access preferential tariffs.

5

A mechanism should be included in Rules of Origin to enable the future establishment of **full diagonal cumulation** between the UK, Turkey, and the Pan-Euro-Mediterranean convention (PEM), as well as shared preferential trade partners.

6

Focus should be on addressing non-tariff barriers such as the cost and frequency of testing requirements for foods being imported into Turkey, especially for processed low risk commodities. These tests cause additional costs and extra delays at the border.

7

To **encourage innovation**, the deal should ensure both parties agree to an open, risk-based and permissive sample import system that facilitates collaboration between UK and Turkish producers, R&D centres and customers.

8

The food and drink sector is brand-rich and makes heavy use of intangible assets and innovation. The **intellectual property (IP) rights** that protect this innovation should be championed and defended through robust commitments in a revised trade deal, including for the protection of UK Geographical Indications (GIs).

9

More efficient **border and customs processes** should be targeted, ensuring that the UK government's 'Borders 2025' work links in closely with key trade partners including Turkey to expedite movements of goods in both directions.

10

DBT should create a **dedicated online trade portal** that provides access to key information that enables SMEs to effectively export to or import from Turkey and other markets. Gov.uk lags significantly behind the clarity and business-friendly communications provided by our key trade partners.

# Our trade priorities

## 1. Tariffs and quotas

Turkey is a large import and export market for the UK, valuing almost £900 million in 2022. Many products are traded tariff-free between the UK and Turkey, and any updated agreement with Turkey must build on existing preferential access.

Tariff liberalisation for imports is important for many UK manufacturers. Imported goods allow access to a wider choice of products and ingredients that are not produced in the UK, extend the growing season for seasonal products and can provide a competitive spur to domestic production in some cases to ensure fair prices for producers and consumers.

Turkey is a major agriculture market, producing large amounts of nuts, apricots, and dried fruits, all of which come into the UK at a 0% tariff rate. However, there remains opportunities to liberalise further imports from Turkey including:

- 0802.21-22: Hazelnuts (2%)
- 071420.90: Sweet potatoes (£5.30/100kg)
- 1509: Olive oil (£93/100kg)
- 0709.30: Aubergine (12% seasonal tariff from 15.01-30.04)
- 0807.11: Watermelon (8% seasonal tariff from 01.04–15.06)
- 1902: Pasta (Mixed rates)

Products such as olive oil and pasta, are legacy tariffs from EU membership, and the UK has little defensive interests. Reducing the tariffs on non-sensitive products can help diversify our supply chains, leading to increased food security.

However, it is important that the **UK still protects sensitive industries**. For example, Turkish producers benefit from duty relief regimes and access to low priced wheat, giving them a competitive advantage in the global market. UK government should maintain tariffs on:

- 1006.30: Milled and semi milled rice (£121/t)
- 1101.00: Wheat and meslin flour (£143/t)

This import tariff on rice must be retained to ensure the UK's thriving rice milling sector, worth almost £1 billion to the UK economy, can continue to operate and supply the highest quality products to UK consumers and to other markets around the world. UK rice and flour mills provide vital food security for the UK and

these tariffs are essential to ensure fair competition, support UK producers and preserve jobs.

Surges in trade flows can present a risk for producers, so it is important to include a robust, effective and predictable safeguard clause. Phased tariff reductions and the use of tariff rate quotas (TRQs) may be required for some vulnerable sectors. However, such protection should be subject to regular review to ensure it is justified, based on the tests set out in our [Trade and Investment Strategy for Food and Drink](#) (pages 15-16).

The UK should **aim for the highest possible tariff liberalisation** to help boost exports to Turkey, targeting sectors where liberalisation was not achieved in the existing agreement or where existing commitments could be more ambitious.

There is significant untapped potential to increase UK exports to Turkey for example by reducing preferential tariffs on:

- 0901: Coffee (15%)
- 030449: Fish fillets (30%)
- 100829: Millet flakes (80%)
- 210692: Herbal infusions tea (12.8%)
- 12129950 Herbal infusions tea (19.3%),
- 12119086 Herbal infusions tea (35%)

It is recommended that all TRQs should be eliminated. If this is not possible, government should look to increase the quota amount, and reduce the in and out of quota tariff rate. Many TRQs are exhausted by UK manufacturers, and it is important that quotas are increased on the following products:

Product	Highest yearly total UK exports to Turkey	Turkey Global Tariff	TRQ	Comment
0902: Tea	2022: 108t	7% + \$3,427 – \$10,125/t	45% tariff within 33t	Exports out of quota: 75t
1704.90: White chocolate	2022: 727t	9.1% + €89.67/100kg/net	0% tariff within 417t	Exports out of quota: 310t
1905.30: Rusks	2022: 1377t	9%	0% tariff within 33t	Exports out of quota: 1344t
1104.1290: Oats	2021: 360t	45%	22.5% tariff within 17t	Exports out of quota: 343t

Other products have a TRQ, however, the in-quota rate tariff is still a barrier to exports. Lowering in quota tariff rates would help increase exports. It is important to future-proof these negotiations by also increasing the quota, as we see the below products growing under a smaller in quota tariff.

- 170410: Chewing gum: 0% tariff within 167t
  - Out of quota rate: €22.14/100kg/net
- 19041090: Breakfast cereals: €19.94 / 100 kg within 834t,
  - Out of quota rate: 5.1% + €62.62 / 100 kg
- 190420: Breakfast cereals: €19.94 / 100 kg within 83t
  - Out of quota rate: 5.1% + €62.62 / 100 kg
- 170410: Chewing gum: 0% tariff within 167t
  - Out of quota rate: €22.14/100kg/net
- 2007: Jams: 25% tariff within 75t
  - Out of quota rate: 58.5%
- 2009: Fruit juices: 15% tariff within 167t
  - Out of quota rate: 58.5%

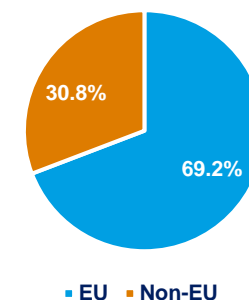
Where trade liberalisation cannot be achieved, the UK should favour the use of simple ad valorem tariffs, though recognising that in some cases specific tariffs may be preferable. The government should work in close partnership with industry to determine the correct types of tariffs that are required for individual products. Compound tariffs and TRQs remain a barrier for exporters due to their comparative administrative complexity.

Turkey applies an **agricultural levy** to imports of certain agri-food products, which can cause significant costs to exporters. Removing this for UK-originating products would not only reduce the physical costs of the levy and testing, but also reduce bureaucracy and may streamline border processes.

## 2. Rules of Origin

Given Turkey's position in a partial customs union with the EU, we are aware of the need to align PSRs with the UK-EU TCA. If this is the case, then it is vital that the UK maintain extended cumulation with the EU. The need for non-UK inputs isn't going to change and given its proximity, the EU will always remain a key source of inputs used in UK manufacturing. Almost 70% of food and drink we import comes from the EU. Turkey is also a large importer from the EU, with 13% of its imports also coming from the EU. Failure to maintain EU cumulation would lead to many agri-goods not being able to gain preferential tariffs in both directions.

UK food and drink imports (2022)



There may be scope to increase cumulation to the Pan-Euro-Mediterranean convention (PEM). PEM markets are large suppliers of ingredients to the UK, including countries like Norway, Ukraine and Egypt. Turkey is a member of PEM and sources a lot of food from these markets. The UK should look at a mechanism that would allow extending the cumulation to PEM markets in the future. Where appropriate, the UK should also seek further cumulation with shared preferential trading partners, such as Israel, Chile and Morocco.

Many businesses often have a lack of knowledge when it comes to Rules of origin and additional complex documentation can be



a large barrier, leading to businesses not claiming preference. If UK government seeks to include the 'importer's knowledge' model alongside the exporter led 'statement of origin' option for claiming preferential access, then improved guidance needs to be included. We have been made aware of businesses struggling to use the importers knowledge method in recent audits of the UK-EU TCA. Rules of Origin documentation requirements should be simple and intuitive for food and drink traders, and assistance with rules of origin documentation requirements should be incorporated into an online support facility developed by the UK government to support traders. We would welcome further simplifications for Rules of Origin application in the UK, including allowing alternatives to formal certificates of origin, exempting low-value shipments and allowing designations to cover multiple shipments for trusted traders.

### 3. Standards and regulations

Food and drink are highly regulated goods and subject to both product and production standards. This enables the UK to maintain some of the highest food standards in the world. **We should insist on high standards in our key trading partners**, while recognising their right to regulate food and drink transparently, proportionately, and soundly in any way compatible with their international obligations. The UK rightly demands autonomy in setting the detail of food regulation, and it must accept the same in others.

It must also be recognised that these high standards will always add a layer of complexity to international trade in food and drink. In some cases, they can make international trade prohibitively difficult for businesses. **The UK should consistently seek innovative ways to reduce the impact of non-tariff barriers on trade, without compromising standards.** A defining feature of UK trade policy on food regulation should be a practical readiness to see that different formal approaches to food standards can produce the same high outcomes.

We think an effective way to achieve this would be by **creating systems of mutual reliance on food and drink regulation.** We recognise that the sensitivity of regulation means this presents some important challenges. However, given the reach of tariff elimination, addressing the question of regulation is the single most important and effective way to further support cross-border supply and distribution of food and drink in and out of the UK.

No outcome of a revised trade deal should risk undermining the UK food and drink sector's high standards of food safety and animal welfare, or we risk the loss of consumer confidence in UK food and drink.

Liberalising access to the UK market for food and drink should be linked to a clear expectation that trading partners will be committed to a set of baseline standards for food and drink production closely aligned to those of the UK, including animal welfare, labour standards and environmental sustainability. While importers must meet UK domestic food and drink standards for products, standards for production are often beyond the scope of domestic market regulation in the UK. The establishment of preferential trading frameworks is an important opportunity to address these. The UK should:

- Consider **developing a 'Trade and food standards' chapter** containing commitments on animal welfare and food manufacturing and processing standards that mirror the commitments in trade and labour chapters. As with labour commitments, these commitments should include non-derogation provisions and obligations to enforce domestic standards that bind trading partners effectively and consistently to enforce their domestic standards on animal welfare and food manufacturing practices, and not to provide derogations from general standards to encourage or incentivise trade or investment.

Where possible, trading partners should also commit to non-regression from their existing standards of animal welfare and food production. Such commitments could in principle be linked to explicit substantive standards that are mutually acceptable to the parties, such as relevant ISO and FAO Codex Alimentarius standards. These obligations should be linked only to traded goods and should be subject to clear arbitration mechanisms or to the dispute resolution mechanisms of the FTA itself.

- Include clear commitments **to ongoing structured dialogue on issues related to food and drink production standards**, including animal welfare, land and water use, labour standards and good manufacturing practice.

It is essential that a trade agreement ensures that future regulatory changes do not undermine trade. Businesses on both sides would benefit from an early warning system through which both parties provide as much notice as possible to

each other of intended changes to requirements to ensure businesses are consulted and have sufficient time to adapt to ensure their continued compliance.

Where possible, the UK and Turkey should aim to secure **Mutual Recognition Agreements (MRAs)** on product regulations to help unlock practical elements of regulatory relief, brand protection or expedited compliance for exporters and importers.

## 4. Customs and trade facilitation

Much of our trade is in perishable goods and long transport times followed by unnecessary border delays presents problems for businesses moving short shelf-life products when they reach Turkey.

Product sampling should only be done on high-risk commodities entering each market, unlike now where every shipment entering Turkey has a product sample undergoing analysis costing £400. There is also additional costs and delays implemented when businesses change small details like labelling, leading to the requirement that these products be re-registered with custom authorities.



An agreement with Turkey should **secure opportunities to improve the practical movement of foods between both countries**, while ensuring protections for food safety and biosecurity are not undermined. The UK should push for provisions like the UK-Australia and UK-New Zealand FTAs which aim to release perishable goods from the border in under six hours.

Further measures to allow streamlining of goods through customs and borders would be welcomed, especially with perishable agri-food products. Ambitious provisions such as **document digitalisation, as seen in the new UK-Singapore Digital Economy Agreement** and simplifications employed in each of the UK's agreements with Australia and New Zealand can help to improve trade facilitation and ensure goods are cleared and released more efficiently.



The UK's 'Borders 2025' work should link in closely with Turkey to expedite the flow of perishable goods. The UK should work closely with Turkey and other important trade partners to streamline and standardise global customs processes where possible, with the aim of

introducing compatible customs single windows and removing the need for both export and import declarations.

UK government should **look to create joint customs offices and integrated Single Windows with Turkey** to maximise cooperation between agencies, and only require a single declaration covering the required customs and safety and security data.

The UK and Turkey should aim to cooperate to streamline SPS processes as much as possible with the aim of minimising bureaucratic burdens imposed on business and delays imposed on short shelf-life products due to physical checks at the border.

## 5. Innovation

We would like to see the inclusion of an ambitious innovation chapter. The UK is a global centre of innovation in food and drink manufacturing. A partnership approach is key to successful innovation, not least to ensure new products and technologies meet the needs of customers and consumers.

Businesses face significant barriers and complexity importing and exporting product samples. The innovation chapter should help to ensure that both parties agree to **ensure an open, risk-based and permissive sample import system that facilitates innovation and collaboration between UK and Turkish producers, R&D centres and customers.**

As a global leader in environmental policy, a new trade agreement with Turkey should reflect the UK's climate ambitions. Provisions around working with Turkey to lower emissions should be included.

Innovation in green technologies and research should also be included. The UK and Turkey should look to foster closer cooperation when it comes to green innovation within food and drink manufacturing, helping the UK and Turkey further reduce environmental impacts.

## 6. Intellectual property

The UK food and drink sector is brand-rich and makes heavy use of intangible assets and innovation. As such, the IP rights that protect this innovation should be robustly championed and defended. UK geographical indications (GIs) are a unique source of brand value derived from long heritage traditions and the IP they recognise should be assertively defended in all UK markets, both in legal regimes and in the commitments negotiated in FTAs.

The UK should seek more ambitious outcomes in terms of the protection of UK GIs in a new trade deal with Turkey, with the **aim of securing recognition and protections for all registered UK GIs** and ensuring a simplified and transparent process to support the future recognition of new GIs in both countries, as seen in the UK-Japan trade agreement.

Protection for trademarks, trade secrets and other forms of IP are an essential part of promoting the value of UK food and drink exports. Both protection and enforcement of IP is critical – and the latter is often neglected such that the IP loses its value.

**IP protection in the UK should not be watered down as a consequence of any FTA.** Government should instead seek to promote UK brands and related forms of IP through an IP diplomacy strategy and liaison with IP attaché networks in export markets. Government and industry should work in partnership to help companies better understand how to effectively enforce their IP rights.

## 7. Small and medium-sized enterprises (SMEs)

The provisions on SME support in the existing trade agreement with Turkey do not go far enough in terms of practical support. Government urgently needs to improve the quality of its digital offer and the way in which it communicates with SMEs as Gov.uk is not fit-for-purpose to disseminate complex information on trade to time-pressed small businesses.

We would like to see the development of **a one-stop-shop that provides ease of access to essential trade information for SMEs**, including those looking into trading with Turkey but also for Turkish businesses exploring opportunities to trade with UK businesses and invest in the UK. We would like to see a website similar to the



Australian trade portal which gives a breakdown of clear trade information for individual markets.

This could be housed on the Great.gov.uk website, bringing together key information on processes, procedures, taxes, tariffs, rules of origin, barriers to trade and business opportunities. This could help improve businesses' understanding and utilisation of preferential trade agreements.

## 8. Trade and labour



All trade agreements signed by UK government should include a robust commitment with ongoing monitoring to ensure that they do not in any way contribute to lower labour standards within the UK or abroad.

The UK should maintain its duties as a leader on the protection of human rights, ensuring that all trade agreements include robust provisions requiring signatories to uphold human rights. The UK should include a robust obligation for both parties to uphold human rights as set out in the 30 articles of the UN's Universal Declaration of Human Rights.

## 9. Trade and environment

The UK should seek to put in place more ambitious provisions than the trade and environment chapter in the continuity trade deal. The new agreement should more closely reflect the UK's zero carbon commitments and should aim to put in place **shared targets to reduce carbon emissions.**



The UK's preference should always be for preferential trading with partners that can meet high domestic sustainability frameworks for food and farming, active management of deforestation and unsustainable water use.