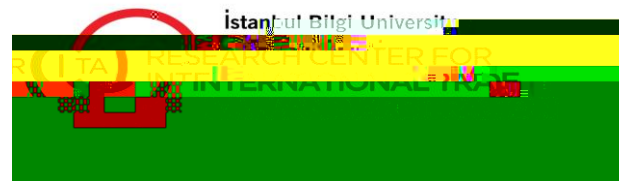


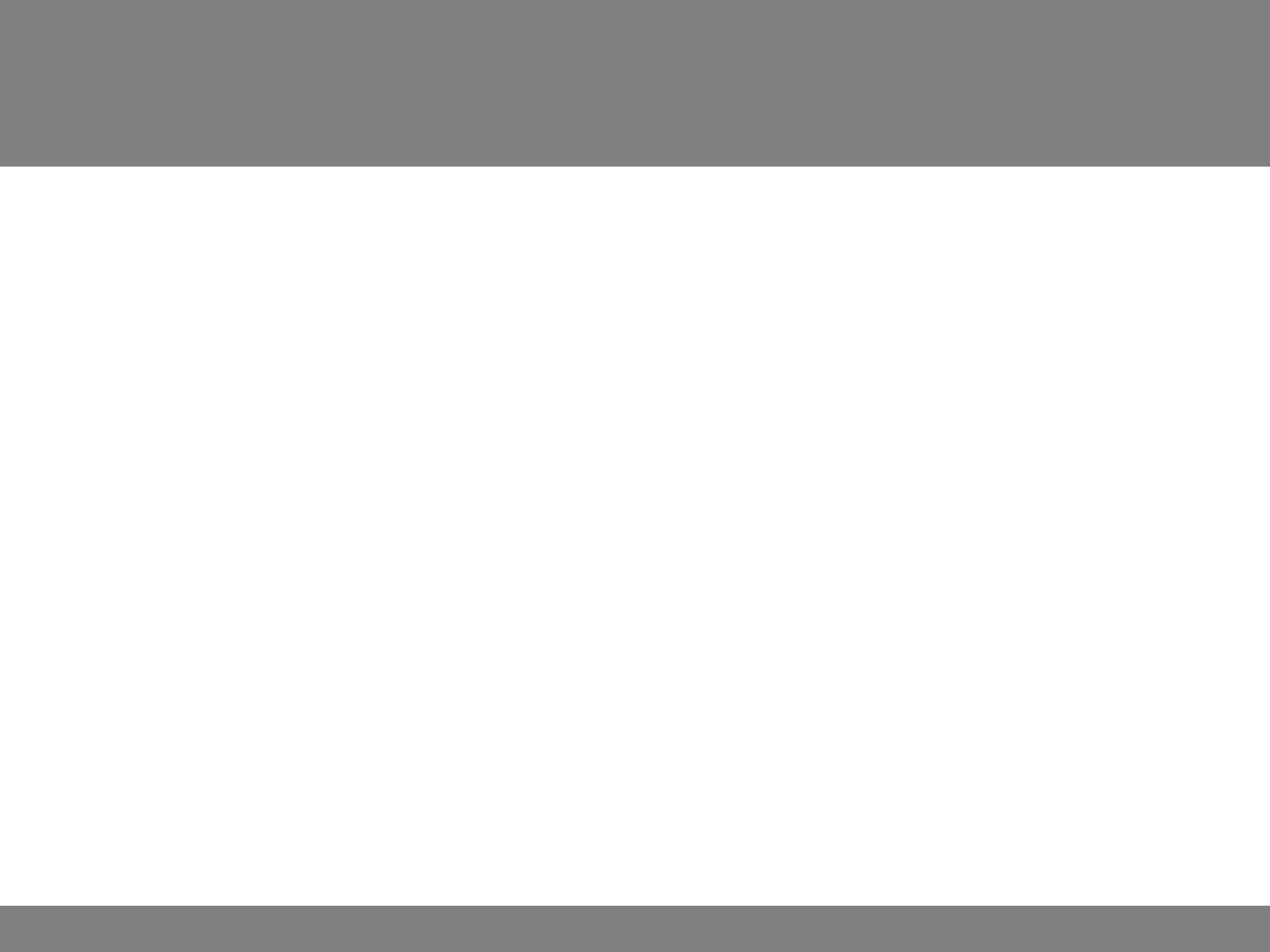
WTO Public Forum, WTO Chairs Programme Session: Case Studies from WTO Chair Holders

"Impact of Regional Integration on Inclusive Trade Liberalisation,
Competitiveness and Welfare: The Case of Turkey-EU Customs

Istanbul Bilgi University WTO Chair

27 September 2016





2. Economic Aspect

regime be, absent an enhanced partnership and simply based on Customs Union & with what economic impact?

Essential factors

Bilateral tariffs / Third party one-way FTAs / GSP

Goods NTBs

Regulatory harmonization



2.1 Goods NTBs



Border costs:

Customs Union drove customs/border measures

Romania/Bulgaria, and better than regional average

regional average?

Regulatory harmonization

Customs Union brought along some degree of harmonization (qualitative assessment to suggest how much)

In absence of Customs Union, impose an NTB to capture effect of higher transactions costs



2.2 Ex Ante Analysis for future enhancement

Deepening the Customs Union

Goods NTB reduction)

Services NTB reductions

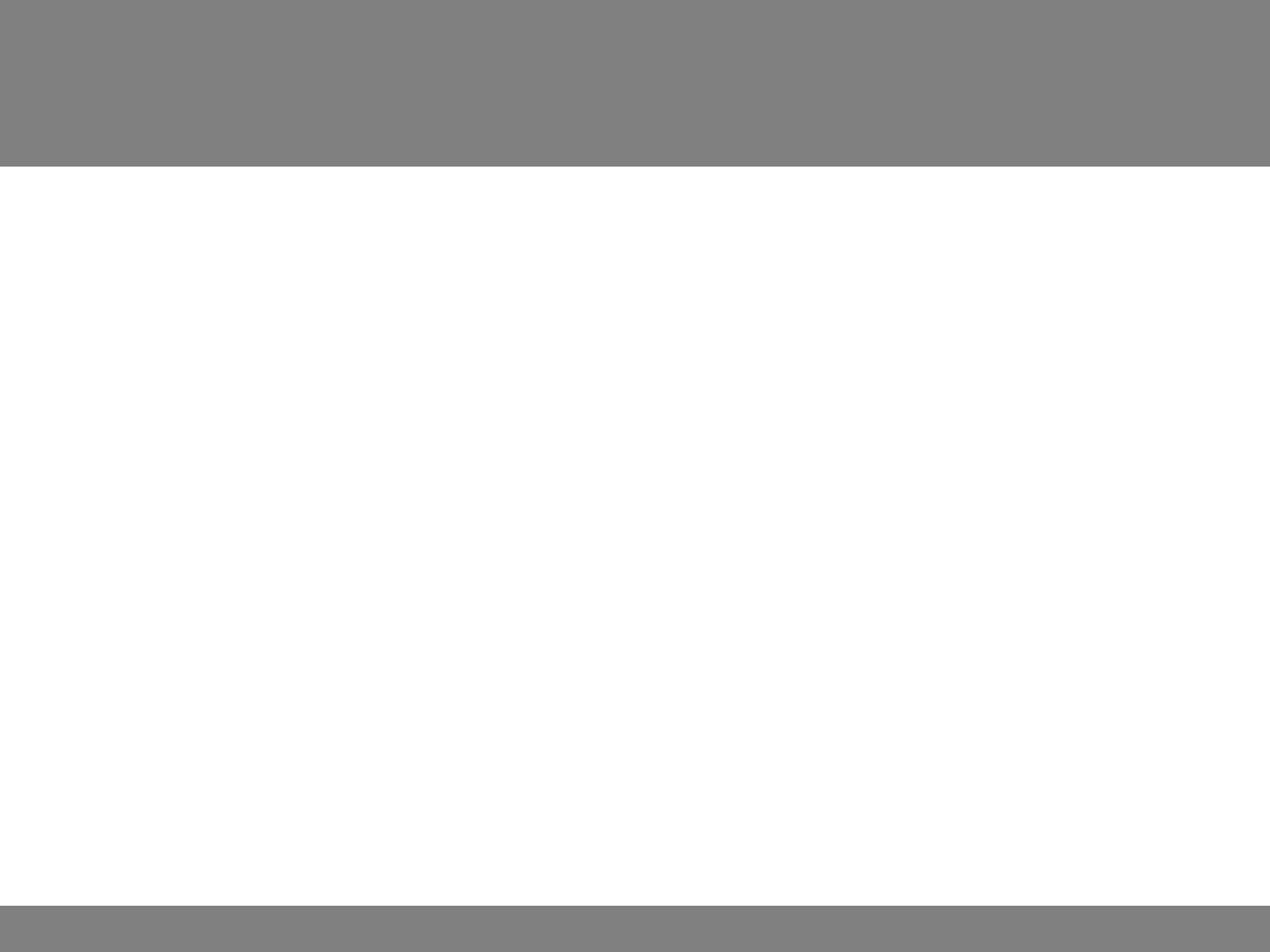
FDI NTB reductions

Government procurement



Welfare gain producing impact of CU

Driven by the trade gains, the CU has impacted



Challenges for SMEs

As a general observation, the CU improved matters for SMEs producing CU-eligible industrial products due to

Challenges for SMEs

Second, by lowering the cost threshold for entering into international trade, the CU encouraged SMEs in both the EU and Turkey to take that step, which an extensive literature demonstrates drives productivity improvements for the new exporters and firms that import intermediate inputs. Compared to the preceding preferential trade

Challenges for SMEs

Erzan and Filiztekin (1997) studying the expected impact of the CU on SMEs concluded that the CU could improve conditions for SMEs by reducing economic instability, which had been a particular problem for Turkish SMEs compared to their larger competitors.

Challenges for SMEs

2.5 Major impediments to improved SME performance in Turkey

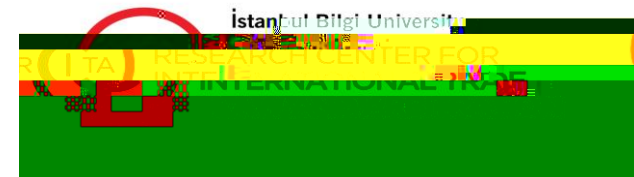
Access to finance (which is typical across many countries)

Weak technological development (Notably, by favouring textiles, clothing and footwear production – a sector that is not technology-intensive – the CU may have

advantage in non-technology-intensive production. While this contributed to job creation – the textiles and clothing sector is highly labour-intensive – it may have worked to .)



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2.6 Services NTBs

Quantifying services NTBs would need to take into account:

- Actual reduction of barriers to cross-border services trade;

2.8 Example of STRI Coding



2.9 Impact of Potential Trade Agreement

Establishment of a company according to the Code requires presence in Turkey.

This restriction falls under the STRI measure

Sample Trade Agreement Text on Local Presence (TPP):

No Party shall require a service supplier of another Party to establish or maintain a representative office or any form of enterprise, or to be resident, in its territory as a condition for the cross-border supply of a service.

score in CBS-RI.

RI.

2.12 Impact of Trade Agreement Text

Even though this measure does not have a discriminatory impact, it is still part of the FDI-RI since it restricts the flow of trade in services and falls under the prohibited -RI.

Following sample below on market access could be -RI:

No Party shall adopt or maintain, either on the basis of a regional subdivision or on the basis of its entire territory, measures that legal entity or joint venture through which a service supplier may supply a service



3.1 Commercial policy convergence

Question:

been aligned in accordance with Customs Union requirements in particular RTAs with 3rd countries?

Methodology:

1. Identify RTAs (Turkey: 19 notified to WTO, 16 post-1995; 5 concluded but not yet notified; 14 ongoing)
2. Textual analysis of RTAs (as well as of WTO TPRs) over time
- 3.
4. Summary assessment and recommendations for enhancement



3.2 Analysis of BPTF institutional framework

Question: How well have Customs Union institutions functioned (asymmetries)

Methodology:

1. Review of document, agreements regulating the CU
2. Review minutes and other documents produced by Customs Union institutions
3. Compare Customs Union provisions with other EU FTAs (including the ones on dispute settlement)
4. Summary assessment and recommendations for enhancement



4. Social aspect

Evidence-based analysis of the impact of the current EU-

