

Joint Statement

— The 24th Japan-Turkey Joint Business Committee —

19 September 2018, Istanbul

On 19 September 2018, the Foreign Economic Relations Board of Turkey ("DEİK" hereinafter) and Japan Business Federation ("Keidanren" hereinafter) co-organised the 24th Japan-Turkey Joint Business Committee ("Joint Committee" hereinafter) in Istanbul, which was held for the first time in three years since the last joint committee took place in November 2015 in Tokyo.

In the Joint Committee, both parties had lively discussions over a variety of issues such as the development of business environment, the creation of mutually-beneficial partnership, and concrete measures towards deepening and broadening the bilateral economic relations.

Amid mounting trend towards anti-globalisation and protectionism, DEİK and Keidanren welcomed the signing of high-standard and comprehensive FTAs such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Japan-EU Economic Partnership Agreement (EPA). Against this backdrop, both parties completely agreed on the importance of early conclusion of a comprehensive and high-level EPA between Japan (as a member of these mega-FTAs) and Turkey (that has concluded the Customs Union with the EU as well as many FTAs with countries in the Middle East and Africa, as a hub connecting Asia, Europe, Middle East and Africa). Capitalising on each FTA network, such a Japan-Turkey EPA will enable a more strategic business development.

From the perspective of deepening and broadening the trade and investment relationship between the two countries, it is important to ensure a free and smooth movement of natural persons, goods, money, services, and information at a high level. In terms of content, the following items should be duly addressed, taking the CPTPP and Japan-EU EPA as benchmarks.

Common Requests from both DEİK and Keidanren

- A social security agreement should be swiftly concluded between Turkey and Japan.

Specific Requests from DEİK

- (1) Market access (including the elimination of tariffs on food and agriculture products, leather goods, etc.) should be improved.
- (2) Close cooperation and assistance should be provided for facilitating trade in the field of technical barriers to trade and sanitary and phytosanitary measures.
- (3) Both countries should strengthen the collaboration among universities with a special focus on common design/development projects.
- (4) In order to support common R&D projects, exclusive / bilateral incentives in Technoparks should be studied.

Specific Requests from Keidanren

- (1) Market access (including the elimination of tariffs on automobile key components, etc.) should be improved.
- (2) Customs clearance procedures should be simplified for trade facilitation (making inspection of imported products reasonable).
- (3) Requirements for issue and renewal of work permits as well as residence permits should be eased, and procedures should be simplified (e.g., mandatory requirement to employ at least five Turkish workers for every foreigner requesting issuance of a work permit should be relaxed).
- (4) National treatment should be granted at the investment stage.
- (5) Sufficient time period of notice should be designated prior to the newly introduced regulations and institutions, and public comments and consultations should be conducted in advance.
- (6) The RUSF (Resource Utilization Support Fund, or KKDF in Turkish) should be abolished, and tax collection systems should be made more transparent.
- (7) Digital trade should be promoted (free flow of cross-border data, prohibition of forced data localisation, prohibition of requiring the transfer of, or access to, source code of software, etc.).
- (8) Intellectual property should be more effectively protected by introducing more stringent regulations and penalties relating to counterfeit products.
- (9) Turkey is expected to become soon a party to the WTO Agreement on Government Procurement (Turkey is currently an observer to the WTO GPA).
- (10) Market-distorting subsidies and other government support measures such as state-owned enterprises should be duly restrained.

Overall, the prospective agreement needs to address issues of mutual interest to allow for a concrete foundation for increased economic collaboration.

As set out above, DEİK and Keidanren recognise that it is indispensable to conclude an EPA for consolidating the bilateral economic relations, and strongly urge the governments of both countries to realise a comprehensive and high-standard Japan-Turkey EPA at the earliest possible time.

This Joint Statement was compiled and signed in two originals in English on 19 September 2018.

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