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State of play of EU-Türkiye political, economic and trade relations

I. INTRODUCTION

The European Council of 29-30 June 2023 invited the High Representative and the Commission to submit a report on the state of play of EU-Türkiye relations, building on the instruments and options identified by the European Council, and with a view to proceeding in a strategic and forward-looking manner.

This Joint Communication responds to this invitation. It builds on and updates the joint report submitted by the Commission and the High Representative in March 2021¹. The purpose of this report is to outline the state of play of EU-Türkiye relations in key areas. It sets out elements to develop this relationship, in the context of Russia's war of aggression against Ukraine and a broader, fast-changing geopolitical and security environment. The Commission already published the 2023 Communication on Enlargement Policy and its regular country report on Türkiye on 8 November reflecting the state of play in the accession process².

II. POLITICAL RELATIONS

EU-Türkiye relations are currently framed by the June 2021 European Council Conclusions, previous European Council and Council Conclusions as well as the March 2021 Statement of the Members of the European Council and the March 2021 Commission and High Representative Joint Communication on the state of play of the EU-Türkiye relationship.

Beyond the bilateral and economic ties set out below, there are other factors that profoundly shape the complex and challenging context of EU-Türkiye relations: the need for a sustainable de-escalation in the Eastern Mediterranean; the Cyprus issue; Türkiye's position on Russia's war of aggression against Ukraine; NATO enlargement; Türkiye's position on foreign and regional policy issues, including the Middle East and particularly since the Hamas terrorist attacks against Israel on 7 October; and the domestic human rights and rule of law situation.

Since 2021, the focus in EU-Türkiye relations has shifted to concrete steps towards re-engagement, including strong EU support in the aftermath of the devastating earthquakes in 2023. The European Council has repeatedly underlined that the EU has a strategic interest in a stable and secure environment in the Eastern Mediterranean and in the development of a cooperative and mutually beneficial relationship with Türkiye. The EU also reaffirmed its determination to use the instruments and options at its disposal to uphold regional stability and defend its interests and those of its Member States through scalable yet reversible restrictive measures, as set out in the March 2021 Joint Communication.

The High Representative and the Commission have undertaken continuous efforts to create a conducive environment for engagement. However, the full positive potential of the EU-Türkiye relationship has not yet materialised.

¹ JOIN(2021) 8 final/2, 22.03.2021

² COM(2023) 690 final and SWD(2023) 696 final, 8.11.2023

1. Eastern Mediterranean

Relations between Greece and Türkiye deteriorated until early 2023 with hostile rhetoric, violations of Greek national airspace including overflights of Greek inhabited areas and threatening statements regarding the sovereignty of Greek islands. Following the devastating earthquakes in Türkiye on 6 February 2023, there was a marked improvement in the relations. Greece rapidly provided humanitarian aid and support to Türkiye, followed by several high-level phone calls and meetings.

As of February 2023, violations of Greek national airspace diminished drastically, and no flights of Turkish fighter jets over Greek inhabited areas were reported. Meetings at ministerial and leaders' level intensified. Greece and Türkiye agreed to build on the positive momentum and activated multiple channels of communication, including holding a meeting of the High-Level Cooperation Council, after a hiatus of several years.

Since June 2021, there were no unauthorised drilling activities by Türkiye in the Eastern Mediterranean, including in the areas encompassing parts of the Exclusive Economic Zones of Greece and Cyprus. Delimitation of the continental shelf and Exclusive Economic Zones has not been addressed through dialogue and negotiations in good faith, in accordance with international law, including the United Nations Convention on the Law of the Sea (UNCLOS), and having recourse, if necessary, to the International Court of Justice.

Unequivocal commitment to good neighbourly relations, to international agreements and to the principle of peaceful settlement of disputes in accordance with the UN Charter, as well as abstaining from unilateral actions which run counter to EU interests, violate international law and the sovereign rights of EU Member States, remains an essential requirement to ensure a stable and secure environment in the Eastern Mediterranean and the development of a cooperative and mutually beneficial relationship between the EU and Türkiye.

2. Cyprus issue

The Cyprus settlement issue is a core element of Türkiye's strong disagreements with the EU in the Eastern Mediterranean.

The situation in Cyprus continued to deteriorate due to the consistent efforts of Türkiye and the Turkish Cypriot leadership to undermine the basis of the settlement of the Cyprus issue enshrined in the UN framework (a bi-communal and bi-zonal federation with political equality in accordance with the relevant UN Security Council Resolutions).

In this context, Türkiye and the Turkish Cypriot leadership intensified efforts to pursue the recognition of the so called "Turkish Republic of Northern Cyprus" in international organisations such as the Organisation of Turkic States (OTS), as well as unilateral actions in particular in Varosha in defiance of the UN Security Council Resolutions. Türkiye continued to criticise the decision of the UN Security Council to renew the mandate of the United Nations Peacekeeping Force in Cyprus (UNFICYP) without the consent of the Turkish Cypriot community.

The EU remains fully committed to a comprehensive settlement of the Cyprus problem, within the UN framework and in line with the EU *acquis* and the principles on which the EU is

founded. The EU has called, most recently in the European Council conclusions of June 2023, for the speedy resumption of negotiations and expressed readiness to play an active role in supporting all stages of the UN-led process and step up its practical support to facilitate a comprehensive settlement, with all appropriate means at its disposal. The EU's engagement and support to the Cyprus issue is a *sine qua non* for easing tensions in the region. The EU also continuously expressed its support to the UN leadership regarding a renewed effort to bring the sides to the negotiating table and, in this regard to the call for the nomination of an UN Envoy. The EU stands ready to support the UN process.

Some progress was made in agreements on implementation of confidence building measures (CBMs), key in creating an environment conducive to building trust. Yet more efforts are required to inject much needed dynamism in the settlement process. The successful implementation of the EU Halloumi/Hellim protected designation of origin (PDO) scheme, could become a positive example for further bi-communal cooperation and trust building, including support and resulting economic benefit to Turkish Cypriot businesses, linked to progress on compliance with EU standards. The EU will continue to support and reinforce such efforts through its instruments and policies towards the Turkish Cypriot community and in particular towards civil society.

Türkiye's overall stance on the Cyprus issue and the non-recognition of the Republic of Cyprus continues to hamper different paths of cooperation, including in the areas of security and defence. Türkiye must reaffirm its commitment to the UN-led settlement talks on Cyprus, in line with the relevant UN resolutions, including their external aspects. Exploiting the full potential of a positive agenda with Türkiye will therefore remain extremely challenging in the absence of a solution to the Cyprus issue.

3. Eastern Mediterranean Conference

The underlying rationale behind the tasking of the October 2020 European Council to the High Representative/Vice-President with organising an Eastern Mediterranean Conference, involving Türkiye, is still valid. A scoping of different ideas and concepts was set in motion, in particular in view of Türkiye's improved relations with Greece and with Egypt, and the 2022 Israel-Lebanon agreement on maritime borders. However, the increasing tensions in the region following the Hamas terrorist attacks against Israel require a constant assessment of the situation and the appropriate timing for a launch of new regional cooperation initiatives.

A standing Eastern Mediterranean Conference (EMC) as an inclusive yet flexible and demand-driven platform, could serve as a framework to discuss and develop cooperation opportunities, including in the context of new EU legislative acts and instruments in specific areas such as energy and economic security, connectivity, digital and green transition and industrial policy.

4. The broader region

Türkiye is a significant and assertive foreign policy actor. It pursues policies placing Türkiye's security interests and strategic autonomy at the core of its actions, including the use of military means in several theatres. Türkiye has started seeking options for cooperation with some EU Member States bilaterally and in the region. This trend intensified in particular after Russia launched its war of aggression against Ukraine in February 2022. Yet Türkiye is currently

clearly at odds with EU priorities under the EU Common Foreign and Security Policy (CFSP), maintaining a very low alignment rate of on average 10%. Stepping up its alignment would be a significant signal of Türkiye's commitment to the EU in the new geopolitical context.

Türkiye continues to oppose Russia's military aggression, and engages diplomatically, including in the initially successful facilitation of the export of Ukrainian grain via the Black Sea Grain Initiative (BSGI). The Turkish leadership invested in facilitating prisoners' exchanges and worked on de-escalation and a cease-fire. At the same time, Türkiye's non-implementation of the EU restrictive measures against Russia, while intensifying trade and economic ties with Moscow, poses serious risks of circumvention of EU restrictive measures which must be addressed. The Turkish stance on Sweden's accession to NATO was also seen negatively.

Türkiye intensified a "regional normalisation" policy with the Arab states and the Gulf region. In the absence of a political solution to the Syria conflict, the initial resumption of high level contacts with the Syrian regime in 2022, facilitated by Russia, is at odds with EU policy. Nevertheless, Türkiye is an important actor in Syria, and shares with the EU the objective of achieving a stable and prosperous Syria. Türkiye maintains a significant military presence in parts of northern Syria and continues military cross-border operations into the region, in the context of its anti-terrorism operations against the Kurdistan Workers' Party (PKK).

Türkiye also continued its anti-terrorism military operations against PKK in Iraq and in the Kurdistan Region of Iraq. The operations were strongly condemned by the Iraqi government. While the EU considers the PKK a terrorist organisation, countries in the region are encouraged to coordinate anti-terrorist activities and act proportionally and in full respect of the rule of law.

With Iran, Türkiye maintained channels of cooperation at various levels, although tensions were noticeable in the contexts of the Syrian and north-Iraqi theatres. This relationship remains historically complex as both Iran and Türkiye are competing for influence in the region through supporting often opposing proxies. Yet Iran, Iraq and Türkiye are also major trade partners.

Following the Hamas terrorist group's attacks against Israel on 7 October 2023, Türkiye not only refrained from condemning and qualifying them as terrorism but also spoke out in support of Hamas, in complete disagreement with the EU common position³. Türkiye, while condemning the loss of civilian lives on both sides, criticised Israel's response strongly and proposed to act as a mediator and to participate as a guarantor in a post conflict environment. More broadly, Türkiye is currently re-evaluating its ties with Israel. At the same time, it remains an important humanitarian donor in the region and remains committed to a two state solution.

The Türkiye-Armenia normalisation process continued through contacts between Special Envoys. The leaders met in 2022 and 2023. Türkiye continues to link progress of the normalisation process with Armenia with developments in Armenia-Azerbaijan relations, especially as regards the Nagorno-Karabakh conflict. Türkiye supports all actions by Azerbaijan regarding Nagorno-Karabakh, and its stance towards Armenia in general. Türkiye expressed full support to the military actions undertaken by Azerbaijan in 2022 and in 2023.

³ Statement of the Members of the European Council on the situation in the Middle East – 15 October 2023

Türkiye underlined the need to respect the rights of Karabakh Armenians and voiced support for the peace negotiations and the opening of trade and energy links.

In Libya, Türkiye advocates an agreement in the framework of the Libyan-led and Libyan-owned political process. Based on the 2019 Türkiye-Libya maritime delimitation arrangement, in October 2022, Türkiye signed a Memorandum of Understanding (MoU) with the Libyan Government of National Unity to develop, *inter alia*, commercial cooperation in the field of hydrocarbons. The EU considers the 2019 Türkiye-Libya MoU an infringement upon the sovereign rights of third States, non-compliant with the Law of the Sea and having no legal consequences for third States. Türkiye, as a flag state, has repeatedly withheld its consent to the EU Naval Force Mediterranean Operation IRINI's requests to inspect vessels and its lack of cooperation continued to hamper the EU's efforts to implement the UN embargo effectively.

In light of Türkiye's assertive foreign and regional policy, it remains essential to sustain diplomatic work with a view of reaching a deeper understanding of respective interests, defuse possible tensions and identify mutually benefitting areas of cooperation.

5. Cooperation on Common Security and Defence Policy and Counter Terrorism

Türkiye is a longstanding partner of the EU in crisis management, an important contributor to Common Security and Defence Policy (CSDP) missions and operations and the biggest non-EU troops contributor in Operation European Union Force in Bosnia and Herzegovina Operation ALTHEA. Most recently, Türkiye took over the command of NATO KFOR in Kosovo*. Türkiye seeks further involvement in CSDP and EU defence initiatives, whilst at the same time continuing to exclude a Member State from all possible cooperation with NATO. The non-recognition of the Republic of Cyprus and Türkiye's narrow interpretation of the EU-NATO cooperation framework, on the basis of agreed framework of 2003 ("Berlin Plus" arrangements) continue to create practical and serious operational difficulties for further developing a genuine EU-NATO organisation-to-organisation relationship.

In line with the EU's Strategic Compass⁴, the EU remains committed to continue cooperation in areas of common interest and develop a mutually beneficial partnership, on the basis of an equal commitment on Türkiye's side to advance on a path of cooperation and de-escalation.

On counter-terrorism, the EU is supporting Türkiye's efforts to improve the exchange of information, cross-border investigations and prosecutions, in particular of foreign terrorist fighters and individuals suspected of planning or carrying out terrorist offences. At the same time, the broad definition of terrorism in domestic legislation remains fundamentally at odds with European standards and contravenes the European Convention of Human Rights (ECHR).

III. BILATERAL RELATIONS BETWEEN THE EU AND TÜRKIYE

1. Association Agreement

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence

⁴ [ST-7371-2022-INIT_en.pdf \(SECURED\) \(europa.eu\)](#)

The Association Agreement of 1963⁵ has succeeded in laying a firm basis for bilateral relations. However, its implementation keeps encountering serious impediments. The unresolved Cyprus issue has had an impact ever since the accession of the Republic of Cyprus to the EU in 2004. Türkiye decided in July 2005 not to implement the Additional Protocol to the Association Agreement extending its Customs Union with the EU towards the Republic of Cyprus, which had serious implications to the accession process. Türkiye does neither allow direct trade between the Republic of Cyprus and Türkiye nor direct air and maritime connections, or any other direct link. Türkiye is also blocking the Republic of Cyprus' accession to several international organisations. The absence of the recognition of Cyprus by Türkiye also prevents the direct exchange of information with Türkiye (e.g., in the context of judicial cooperation or the fight against tax avoidance) and the smooth functioning of the Customs Union overall.

In light of the unauthorised drilling activities of Türkiye in the Eastern Mediterranean, the Council decided in July 2019 not to hold for the time being the EU-Türkiye Association Council. Preparatory Association Committees, chaired at senior officials' level, have not taken place either. Technical cooperation within eight sectoral sub-committees continues.

2. Accession negotiations, accession criteria and pre-accession aid

Türkiye was granted the status of candidate country in December 1999. In light of the continued, serious backsliding on core EU principles and values, the Council noted in June 2018 that Türkiye had been moving away from the European Union and therefore its accession negotiations had *“effectively come to a standstill and no further chapters can be considered for opening or closing”*. The Council has been reconfirming this position since, most recently in December 2022⁶. The facts leading to this assessment still hold as it was set out in the recent Enlargement report of the Commission.

Under the **Instrument for Pre-accession Assistance** for 2021-2027 (IPA III), the EU provides support to Türkiye in areas of key EU interest, in line with the evolving relationship with the country. In 2022, the EU allocated EUR 221 million for actions in Türkiye, reflecting the level of ambition of Türkiye in its reforms. In 2022, the Commission established a Turkey Investment Platform (TIP) under the European Fund for Sustainable Development plus (EFSD+), which will provide EU guarantees in support of private and public investments in key sectors. In early 2023, the TIP Operational Board endorsed 14 guarantee programmes for a value of EUR 317 million guarantee coverage and an expected volume of up to EUR 2 billion in investments. They span sectors from finance to Micro- Small- and Medium-sized Enterprises, via energy and transport to sustainable agriculture and new climate technologies.

Since the 2019 Council conclusions, which called on the **European Investment Bank (EIB)** to review its operations in Türkiye, the EIB stopped all new operations in the country, with the exception of one framework loan of EUR 400 million, decided in the wake of the 2023 earthquakes. The Commission will mobilise EU budget resources to guarantee this new EIB loan.

⁵ OJ L 361/29, 31.12.1977

⁶ <https://www.consilium.europa.eu/media/60797/st15935-en22.pdf>

3. Migration and the 2016 EU-Turkey Statement

The March 2016 **EU-Turkey Statement**⁷ provides the overall framework for the cooperation on migration. Since the start of its implementation, there has been a substantial decrease in the number of **irregular crossings** from Türkiye to Greece. Even though tragic incidents continued, the number of lives lost in the Aegean Sea has significantly decreased since the record numbers in 2015-2016.

Türkiye remains an important transit country for irregular arrivals into the EU via the Western Balkans and Eastern Mediterranean routes, with a 34% increase in irregular arrivals in the first ten months of 2023 compared with the period 2022, mostly led by an acute surge in irregular arrivals to the Greek islands, where figures more than tripled (+237%). On the other hand, there was a significant decrease in irregular arrivals in Italy in 2023 (-63%). Arrivals to the government-controlled areas of the Republic of Cyprus after crossing the Green Line increased in 2021, reached a peak in 2022 (with a 123% plus compared to 2021), and subsequently decreased by 64% between January and September 2023. In Bulgaria, a 30% drop was recorded in irregular arrivals in 2023. All these routes remain active in 2023 and require close political attention. In this context, the Commission welcomes the renewed political engagement and trilateral operational initiatives between Türkiye, Greece, and Bulgaria to address the issue of irregular migration.

The slow pace of **returns** to Türkiye has been an issue ever since the adoption of the Statement. The Turkish authorities unilaterally suspended readmissions under the Statement in March 2020, citing COVID-19 restrictions. Despite repeated requests by the Greek authorities and the Commission, the issue has not been resolved yet. The Commission continues to insist that Türkiye must fully stand by its commitments under the EU-Turkey Statement.

Resettlement from Türkiye to the EU thus continues to outpace the number of returns to Türkiye. While some 40,000 Syrian refugees have been resettled from Türkiye to the EU, only 2,140 irregular migrants and asylum seekers, whose applications have been declared inadmissible crossing from Türkiye to the Greek islands, have been returned. 20 Member States contributed to this resettlement effort. To maintain a steady pace, the Commission provides funding to the Member States, while the EU Agency for Asylum lends operational support.

The EU-Turkey Statement envisages the activation of a **Voluntary Humanitarian Admission Scheme** once irregular crossings have ended or at least been substantially and sustainably reduced. In December 2017, Member States endorsed the Standard Operating Procedures, but they have not yet decided to activate the scheme.

Since 2011, the EU has mobilised around EUR **10 billion to assist refugees and host communities in Türkiye**. The EUR 6 billion budget of the Facility for Refugees in Turkey has been fully committed and contracted, with more than EUR 5.1 billion disbursed so far. Disbursements are set to continue until the end of Facility project implementation scheduled for 2025. This assistance has been closely coordinated with Member States, other donors and especially the Turkish authorities. It remains critical for basic needs, protection, access to health care and education, and socio-economic development. The Facility has thus been a major

⁷ <https://www.consilium.europa.eu/en/press/press-releases/2016/03/18/eu-turkey-statement/>

tool of support and stabilisation. For instance, under its basic needs assistance, more than 2.6 million refugees have received direct support allowing them to live in dignity.

In 2020, the EU mobilised an additional EUR 535 million in bridge funding, and in 2021 the European Council authorised the allocation of a further EUR 3 billion to refugee support in Türkiye for 2021-2023. Both envelopes have been fully programmed. However, the situation of refugees in Türkiye continues to deteriorate, aggravated by the economic downturn and the earthquakes. Therefore, continued EU support will be required, as set out in the Commission's proposals under the mid-term review of the EU Multi-annual Financial Framework in June 2023⁸. The Commission proposal of EUR 3,5 billion, if accepted, would mobilise **additional resources** on top of the EUR 0.5 billion already foreseen in the EU budget 2024, to continue covering immediate needs of refugees and host communities, including humanitarian needs, as well as ensuring the longer-term sustainability of EU assistance, support continued migration management and border control at the Turkish borders, intensified joint actions against migrant smugglers, and safe and dignified voluntary returns to the countries of origin.

On 18 October 2023, the Commission presented an **Action Plan for the Eastern Mediterranean** migration route to address the challenges more effectively. The plan outlines concrete measures to prevent irregular departures, combat smuggling and provide legal pathways. Moreover, the actions under the plan will improve border management, support return and readmission cooperation, and support reception capacity. The Turkish authorities and airline companies also work to improve the effectiveness of passenger screening and border controls at Istanbul airport.

Türkiye has repeatedly requested an accelerated implementation of the 2016 Statement, in particular of its non-migration elements: the restart of the accession negotiations, rapid Customs Union modernisation and visa liberalisation. Under the Statement, all those elements remain subject to known and agreed conditions, benchmarks and decision-making procedures.

4. Summits and high-level dialogues

Regular high-level dialogues constitute an important platform to discuss joint opportunities and challenges and contribute to improving overall EU-Türkiye relations.

In line with the guidance of the European Council of 2021, the Commission held high level dialogues with Türkiye on various issues: on climate (September 2021 and April 2022), health (November 2021), migration and security (October 2021 and November 2023), agriculture (May 2022), and science, research, technology and innovation (November 2022). Additionally, the EU-Türkiye Political Dialogue at senior officials' level took place on 31 May 2022 and a counter-terrorism dialogue was held in November 2021. Further dialogues on agriculture and science, research, technology and innovation are scheduled in coming months.

In light of the unauthorised drilling activities of Türkiye in the Eastern Mediterranean, in July 2019 the Council decided to suspend for the time being meetings of the high-level dialogues in certain areas. In consequence, no high-level political dialogue or high-level sectoral dialogues on economy, energy and transport have taken place to date.

⁸ COM (2023) 336 final, 20.06.2023

5. EU response following the 2023 earthquakes in southern Türkiye

Following the devastating earthquakes in February 2023, the EU immediately mobilised search and rescue teams, and deployed field hospitals to provide relief. The Commission and the Swedish Presidency of the Council organised an international donors conference on 20 March 2023, “Together for the people in Türkiye and Syria”, at which EUR **6 billion were pledged** for earthquake-affected people in Türkiye, including EUR 3.6 billion in a Team Europe approach including EUR 1 billion from the EU budget. Currently the European Commission has already mobilised:

- EUR 67.3 million of non-committed and repurposed IPA II funds, to cover health and protection, heritage, rehabilitation and reconstruction of local public infrastructure and economic recovery in rural areas.
- EUR 356 million of both IPA III and Neighbourhood, Development and International Cooperation Instrument (NDICI)-Global Europe funds under the Assistance for Refugees in Türkiye for infrastructure rehabilitation with focus on health, education and sports; support for urban rehabilitation and employment-generating actions; and a Project Preparation Facility for loans pledged at the Donors’ Conference.
- EUR 400 million to Türkiye under the European Solidarity Fund, following an application by Türkiye.
- EUR 35 million of IPA III funds, to accompany an EIB reconstruction framework loan of EUR 400 million for rehabilitation, construction and extension of drinking water, sewerage and stormwater networks.
- EUR 120 million in humanitarian and civil protection assistance.

6. People-to-people contacts and Türkiye’s participation in EU programmes

For the 2021-2027 period, Türkiye has joined Erasmus+, Horizon Europe, the European Solidarity Corps programme, the EU Civil Protection Mechanism, the Customs programme, the Single Market and Digital Europe programmes, the European Environmental Agency and the European Monitoring Centre for Drugs and Drug Addiction. Despite initial interest, Türkiye has not pursued participation in the Creative Europe, LIFE, Fiscalis, InvestEU and EU4Health programmes.

Türkiye remains an active participant of Erasmus+ and the European Solidarity Corps. The number of participants who carried out a mobility activity (from and to Türkiye) exceeds 280 000. Türkiye performs well in Horizon Europe and continues to raise awareness of this programme.

7. Visa liberalisation

On 16 December 2013, the EU and Türkiye launched a Visa Liberalisation Dialogue, parallel to the signature of the EU-Turkey Readmission Agreement⁹. This Dialogue is based on the roadmap towards a visa free regime, which sets out 72 benchmarks that Türkiye needs to meet.

⁹ L 134/3, 7.5.2014

However, six benchmarks remain outstanding¹⁰, while those considered provisionally fulfilled also require continuous monitoring. The Commission, together with the Council of Europe, continues to offer technical assistance to Türkiye to meet the remaining conditions.

8. EU restrictive measures

The framework of restrictive measures established in 2019 in light of Türkiye's illegal drilling activities in the waters surrounding Cyprus, remains in place along with the listings that were adopted on 27 February 2020¹¹. In November 2023, following the fourth annual review, the Council extended the framework until end of November 2024.

IV. ECONOMY AND TRADE

1. EU-Türkiye trade framework, including current irritants

The European Council in March 2021 invited the Commission to intensify talks with Türkiye to address current difficulties in the implementation of the Customs Union, ensuring its effective application to all Member States. Since early 2022, there has been constructive engagement by Türkiye and subsequent progress regarding 14 trade irritants out of 26¹².

In 2022, Türkiye removed additional duties on 500 product groups coming from third countries, which had been imposed in violation of the Common Customs Tariff. In 2023, Türkiye phased out the discriminatory treatment of EU tractors and removed the discriminatory requirement of a safety assessment report for cosmetics. It also advanced considerably on the removal of another barrier – the localisation requirement and domestic prioritisation of pharmaceuticals. Five other barriers were declared obsolete as they no longer pose a problem for EU industry.

Further efforts by Türkiye are ongoing towards the removal of another five trade barriers¹³. The Customs Union Joint Committee on 27-28 November 2023 was another occasion to check progress in resolving these EU priority issues. The next meeting of the bilateral trade working group in early 2024 will allow for further reviewing the state of play.

2. Modernisation of the Customs Union

¹⁰ The six outstanding benchmarks are: 1) Concluding an operational cooperation agreement with Europol; 2) Aligning legislation on personal data protection to EU standards, 3) Adopting measures to prevent corruption, 4) Offering effective judicial cooperation in criminal matters to all EU Member States; 5) Revising legislation and practices on terrorism in line with European standards; 6) implementing the EU-Turkey readmission agreement in all its provisions, including those related to the readmission of third country nationals.

¹¹ They concern a Vice-President and a Vice-Director of the Turkish Petroleum Corporation (TPAO), as TPAO plans, directs and implements the unauthorised drillings.

¹² As listed in the Commission's market access database.

¹³ The Turkish Ministry of Trade agreed to the following actions: First, to addressing at the Ministerial level the issues related to export taxes on hides, skins and wet-blue leather, Second, to addressing at the Ministerial Level, export registration requirements on copper scrap, clays and feldspar. Third, to engaging in technical discussions with the participation of the Ministry of Agriculture and Forestry to facilitate a transparent administration of the quotas for live bovine and beef meat for EU operators. Fourth, to hold a technical meeting with EUDEL in Ankara on conformity assessment procedures and the implementation of the risk based TAREKS system with a view to determining the priority issues to be addressed; and develop a road map that would address in a more systemic way possible difficulties faced by EU operators. Finally, Turkish Ministry of Trade agreed to working on a prioritised list of EU products that can be exempted from the scope of import surveillance regime, and work on alternative ways to solve specific problems encountered by EU companies.

The Commission submitted to the Council in December 2016 draft negotiating directives on ‘a new agreement to modernise the Customs Union (CU) and extend the scope of the bilateral preferential trade relationship’ with Türkiye. The draft directives seek the modernisation of the 1995 Customs Union, notably by including an effective dispute settlement mechanism, increased mutual liberalisation on trade in agricultural and fisheries and an extension to new areas such as services, public procurement, investment and sustainable development.

The impact assessment prepared by the Commission at the time noted that the modernisation would have a substantial positive impact and bring economic benefits both to Türkiye and the EU. The fundamentals of this assessment still stand today. However, the Council discontinued its deliberations in 2017 in the context of the deteriorating EU-Türkiye relationship.

The European Council in June 2021 noted *‘the EU’s readiness to engage with Türkiye in a phased, proportionate, and reversible manner to enhance cooperation in a number of areas of common interest, subject to the established conditionalities set out in March and in previous [...] conclusions.’* As set out above, the Commission was invited to intensify talks with Türkiye and the Council was asked to work on draft negotiating directives for the modernisation of the Customs Union. It was noted that a mandate may be adopted by the Council subject to additional guidance by the European Council. Discussions were held in the Council in June 2021 but not continued.

The fact that Türkiye does not ensure the effective application of the current Customs Union to all Member States remains a serious issue. Yet, Türkiye’s recent efforts in addressing concrete issues, in particular progress on nine barriers and the commitment to lift or phase out five more, are a basis for closer engagement. In a rapidly evolving global context, coupled with the EU’s green and digital transformations and the need for resilient supply chains, progress on trade issues is in our mutual interest. Given the limits of the current Customs Union, only its comprehensive modernisation, including an effective dispute settlement mechanism and safeguards, will allow reaping the full potential of the EU-Türkiye economic relationship.

3. EU restrictive measures against Russia

Despite being a candidate country sharing a Customs Union with the EU, Türkiye has chosen not to align with the EU sanctions regarding Russia’s aggression against Ukraine¹⁴. Overall, the alignment of Türkiye with CFSP measures is very low. There are growing commercial and financial flows with Russia and several Turkish banks continue to facilitate trade payments.

The Commission actively monitors the considerable evidence of Türkiye’s territory being used to divert sanctioned goods to Russia, notably as regards Common High Priority Items¹⁵.

The most recent statistics show that Türkiye’s exports of Common High Priority Items to Russia increased significantly in January-September 2023 compared to pre-war data¹⁶.

¹⁴ <https://www.sanctionsmap.eu/#/main>

¹⁵ [List of Common High Priority Items \(europa.eu\)](#) - These high-priority goods, as defined by the Commission in coordination with the US, the UK and Japan, include prohibited dual-use goods and advanced technology items used in Russian military systems and found on the battlefield in Ukraine, and items which are critical to the development, production or use of these systems.

¹⁶ These discrepancies indicate a possible pattern of circumvention by mis-declaring the country of destination.

On 7 September, the Commission published due diligence guidance to exporters to help them mitigate their exposure to sanctions circumvention schemes. Moreover, the EU has already listed specific entities operating in several third countries for undermining EU sanctions by supporting Russia's defence or security sector. It is proposed to list further such entities, registered in a variety of countries, in the 12th sanctions package¹⁷.

Given that the EU and Türkiye share a Customs Union where goods are in free circulation, the Commission has been calling consistently for the implementation of additional measures by Türkiye to effectively stop the re-export of these crucial "battlefield items" (45 HS codes). This urgent request remains at the core of the outreach efforts of the EU Sanctions Envoy.

The Commission welcomed Türkiye's measures introduced in March 2023, which prohibit the re-export of goods subject to the EU's sanctions when these are in transit, in warehouses or in free zones in Türkiye, and also more recent commitments. Implementing additional effective measures to stop the re-export of sanctioned goods, especially "battlefield items", is crucial.

The Commission will continue monitoring trade flows and check how the stated commitments of Türkiye - that it does not want to be used as a platform for sanctions circumvention, will be implemented rapidly and effectively.

4. Economic cooperation: ERP, economic dialogue, IFI/DFI support

Since 2015, all candidate countries and potential candidates, including Türkiye, have submitted annual **Economic Reform Programmes** (ERP), as part of efforts to strengthen their economic governance. The ERP contains medium-term macroeconomic projections, budgetary plans for the next three years and structural reform plans. Based on the ERP and the Commission's assessment, the annual Economic and Financial Dialogue between the EU and the Western Balkans and Türkiye at ministerial level provides targeted economic policy guidance. A **High-level Economic Dialogue** was set up in 2015 but suspended for the time being in 2019. The **European Investment Bank** Group¹⁸ and the **European Bank for Reconstruction and Development**¹⁹ focus current operations in Türkiye on the private sector.

5. Other priority sectors

Türkiye is one of the most **climate-vulnerable** countries in the region. Its emissions have risen sharply over the last decades. Türkiye ratified the Paris Agreement in 2021, announcing its plan to reach net-zero-emissions by 2053. The overall emission reduction objective in Türkiye's updated Nationally Determined Contribution is slightly higher than in the previous NDC but remains very unambitious (in the main scenario emissions can still grow by over 30% until 2030). Türkiye is working on a Climate Law, on an update of its adaptation strategy, and is preparing a long-term low-emission development strategy.

¹⁷ Note that the listing of companies in Annex IV of the economic sanctions Regulation does not entail any attribution of responsibility for their actions to the jurisdiction in which they are operating.

¹⁸ The EIB has been operating in the country since 1965 and financed more than EUR 30 billion in operations since then. EIB lending to Türkiye fell substantially since 2016 and following the EU restrictive measures of 2019, no loans to Türkiye were signed (with the exception of a multi-regional credit line facility including the country in 2022). In July 2023, the EIB approved a framework loan to support the areas affected by the earthquakes.

¹⁹ The EBRD continued to support private sector operations in Türkiye in 2022 with a total investment of EUR 1.6 billion. In 2023 the Bank also commenced highly selective lending for reconstruction of sustainable infrastructure in municipalities, such as Hatay and Gaziantep, affected by the February 2023 earthquake.

The extensive cooperation on climate action between the EU and Türkiye is also financed under the Instrument for Pre-accession Assistance and supported via the High-level dialogue (HLD) on climate launched in September 2021. This has notably been instrumental to enhance cooperation on carbon pricing. It also has a working group on adaptation to climate change. The last ministerial meeting under the HLD took place in Ankara in April 2022.

The **energy** sector is of strategic importance in EU-Türkiye relations. Technical exchanges focus on security of supply in the EU and in Türkiye and clean energy transition. The High-level Dialogue on energy was set up in 2015 but suspended for the time being in 2019. In 2023, Türkiye published a National Energy Plan and Hydrogen Technologies Strategy and Roadmap both aiming at meeting the country's 2053 net zero emission targets. Türkiye's energy policy is driven by its own energy security concerns and the need for increasing domestic energy production. At the same time, Türkiye seeks to increase its role as regional energy trading hub. In 2023, Türkiye signed gas export agreements with Bulgaria, Hungary, Romania and Moldova. It launched its first nuclear reactor at the Akkuyu power plant in April 2023, built with a 99.2% investment by Russia's Rosatom which will own and operate the plant. Türkiye ratified the Joint Convention on the safety of radioactive waste management in July 2022 and is committed to stress tests using the EU model.

Transport relations between Türkiye and the EU remain challenging despite shared interests. Türkiye has shown strong interest in encouraging sustainable maritime and aviation fuels production and uptake. Discussions have started on the renewal of the working arrangements between Türkiye and the EU Aviation Safety Agency, although aviation safety in the Eastern Mediterranean area continues to be seriously compromised due to the continuous refusal by air traffic control centres in Türkiye to coordinate with air traffic control centres in Cyprus. Turkish authorities and transport operators are cooperative in assisting the EU on irregular migration into the EU. Concerning the TENT-T network, Türkiye's lack of compliance with the Ankara protocol continues to hamper the finalisation of the TEN-T network extension. In 2019, the Council decided to suspend for the time being the High-Level dialogue on transport.

The Council adopted conclusions on 22 February 2021²⁰ on the revised EU list of **non-cooperative jurisdictions for tax purposes**. Türkiye was requested to solve all open issues as regards effective exchange of information with all Member States. In February 2023²¹, the Council concluded that Türkiye should continue technical work and activate effective exchange relationships with all EU Member States to enable the automatic exchange of financial account information, this was confirmed by Council conclusions on 17 October 2023²².

On public **health**, Türkiye was recovering from the impact of COVID-19, when two earthquakes hit the country in February 2023. The disaster had a direct impact on 15 million people and the capacity of the healthcare system was seriously affected. The EU will continue supporting access to public health for migrants and refugees, benefitting also host communities.

Türkiye is a participating state in the EU **Civil Protection Mechanism (UCPM)**. In the wake of the February 2023 earthquakes, Türkiye activated the Mechanism. Subsequently, all member

²⁰ <https://data.consilium.europa.eu/doc/document/ST-6329-2021-INIT/en/pdf>

²¹ <https://data.consilium.europa.eu/doc/document/ST-6375-2023-INIT/en/pdf>

²² Council 13879/23 FISC 221 ECOFIN 976

and participating states offered major collaborative support via the Emergency Response Coordination Centre (ERCC) of the European Commission.

In the field of **fisheries and maritime affairs**, an efficient partnership is taking place in the Regional Fisheries Management organisations, such as General Fisheries Commission for the Mediterranean and International Commission for the Conservation of Atlantic Tunas. The relations between EU and Türkiye in fisheries reveal good potential for cooperation. The EU is ready to engage with Türkiye to join the fight against illegal, unreported and unregulated fishing activities (IUU) in the Eastern Mediterranean and invite Türkiye to cooperate constructively with its neighbouring EU Member States in a collective effort to fight IUU fishing activities.

V. CONCLUSIONS AND RECOMMENDATIONS

Since the last assessment of the EU-Türkiye relations by the European Council in March and June 2021, efforts have been pursued, on both sides, to stop the escalatory dynamics in the Eastern Mediterranean and pursue cooperation in areas defined by previous conclusions. Türkiye has shown a more constructive attitude on various issues, including in its bilateral relations with several EU Member States and on a number of long-standing trade irritants. These are positive steps forward which must be sustained. In the context of Russia's war of aggression against Ukraine, Türkiye has led some useful initiatives, including on facilitating vital exports by Ukraine. At the same time, its recent efforts to address sanctions circumvention via its territory still need to yield tangible results.

Nevertheless, this process of re-engagement remains fragile. Türkiye's stance on the Cyprus issue and its vocal promotion of a "two state solution" for the island constitute a major challenge. Türkiye's support to military means in regional conflicts and its views on Hamas are at odds with EU positions. Also, due to the grave domestic human rights and rule of law situation, including the non-implementation of ECtHR judgements, the EU-Türkiye relationship clearly has many hurdles to overcome. Dialogue on the rule of law and fundamental rights will remain an integral part of the EU-Türkiye relationship. Pursuing dialogue in good faith, including on the Cyprus issue, while abstaining from unilateral actions could lead to the development of a more cooperative and mutually beneficial relationship.

The EU clearly has a strategic interest to develop such a relationship with Türkiye in all possible areas, based on trust and a culture of consensus, not least against the background of broader geopolitical shifts. Efforts to bridge the key differences with Ankara must continue. A progressive, proportionate and reversible approach to energise key areas of cooperation, as defined in the European Council Conclusions of June 2021, should continue to apply. At the same time, the second pillar of the approach set out by the 2021 Joint Communication on EU-Türkiye relations also remains valid, namely the determination of the EU to use, if need be, the instruments and options at its disposal to defend its interests and those of its Member States.

The current state of play allows for some further steps towards constructive engagement, building on the positive elements suggested in 2021. The Commission and the High Representative propose the following actions to energise key areas of our cooperation. They should be pursued incrementally and on the basis of the established conditionality, provided

that Türkiye's constructive efforts in some areas, including as regards the sovereign rights of EU Member States, are sustained and EU concerns are addressed.

High-level Dialogues

- **Reinstate the EU-Türkiye High-level Dialogues** on Economy, Energy and Transport suspended in 2019, under the condition that Türkiye continues to refrain from all illegal drilling activities in the Eastern Mediterranean and all other actions that do not respect the sovereignty and sovereign rights of EU Member States. These political dialogues are also in the Union's interest in order to address bilateral issues and pursue EU interests.
- In the same logic, resume meetings of the **Association Council and the High-level Political Dialogue** at ministerial level.
- Organise further rounds of sectoral High-level Dialogues on **climate, health, migration and security, agriculture** as well as **research** and innovation.
- Set up a **new High-level Dialogue on Trade** by the Commission, with the aim to tackle the remaining bilateral trade irritants and discuss further areas of cooperation.

CFSP, Foreign Policy and Regional issues, CSDP

- Conduct the EU-Türkiye dialogues on **foreign policy and regional issues regularly** in a more structured way, with a view to be more effective and operational, in parallel with decisive steps by Türkiye to increase **alignment with the EU CFSP**.
- Invite the Foreign Minister of Türkiye to informal meeting(s) of EU Foreign Ministers ("Gymnich" meetings), when relevant.
- Encourage Türkiye to increase its contributions to **CSDP missions and operations**, in line with relevant EU Council decisions and to embrace a more constructive approach for further strengthening, deepening and expanding the EU-NATO strategic partnership.

Sectoral Cooperation

Trade and Connectivity

- Resume discussions on the draft negotiating framework for the **modernisation of the EU-Türkiye Customs Union**, as proposed by the Commission, on the understanding that Türkiye keeps **addressing the circumvention** of EU restrictive measures against Russia via its territory rapidly and efficiently and continues to **resolve trade irritants**.
- In particular, Türkiye should implement effective measures to **stop the re-export of Common High Priority ("battlefield") items**.
- On this basis, and in a broader environment conducive to the resumption of Cyprus settlement talks, the Council should **adopt the negotiating directives and authorise the Commission to open** negotiations for the modernisation of the Customs Union.
- Where relevant and possible, consider granting **access to Türkiye to EU databases** related to EU technical legislation, once Türkiye has fulfilled the necessary conditions.
- Adopt new negotiating directives for a **Comprehensive Air Transport Agreement**.

Investments

- Accelerate the signature of contracts under the **Turkey Investment Platform** to boost public and private investments, in particular in the fields of connectivity, digital, energy, transport and green deal, in close cooperation with European and international financial institutions.
- the **European Investment Bank** is invited to resume operations across all sectors in Türkiye.

Migration management and financial support to refugees and host communities

- A more effective and mutually beneficial implementation of key areas of the **2016 EU-Turkey Statement**, notably on migration management is necessary, along the following actions:
- **Step up efforts by Türkiye to stem irregular migration** flows to the EU, by preventing departures and dismantling the criminal smuggling networks that facilitate them, and strengthening border protection, building on the positive trend since October of increased interception of migrant smugglers and reduction of irregular departures.
- **Step up EU and Member States engagement with Türkiye** in a Team Europe approach. Political and technical dialogue is ongoing, following the recent EU-Türkiye High-level Dialogue on migration and security of 23 November 2023, including enhancing cooperation of EU and Türkiye's migration and law enforcement Agencies.
- **Resume readmissions** from the Greek islands and address the migration situation in **Cyprus**, and **prevent irregular departures on routes to the EU**, building on the recent increase in interceptions of migrant smugglers and reduction of irregular departures since October 2023.
- Continue ongoing work with the Turkish authorities and airline companies to improve the effectiveness of passenger screening and border controls at **Istanbul airport**.
- Conversely, step up **resettlements from Türkiye to the Union** by EU Member States, building on the progress made so far. This should especially cover the most vulnerable groups of Syrian refugees in Türkiye. Consider activating the Voluntary Humanitarian Admission Scheme.
- Continue **support to refugees and host communities** in Türkiye as proposed by the Commission in the mid-term review of the EU Multi-Annual Financial Framework. This would build on the successful and effective aid of the last years, fit for the current realities on the ground.
- Support the **safe, dignified and voluntary returns to the countries of origin**, in close cooperation with IOM and UNHCR.

Visa Procedures

- As a matter of priority, explore possibilities with Member States to **facilitate access to visa applications**, in particular for certain specific categories of Turkish citizens when applying for visa to the EU (business people, students, Turkish citizens with family members in the EU etc.). This should also include **making full use of the flexibilities** of the Visa Code to allow the issuing of multiple entry visas with a long validity.

The Commission and the High Representative will update the European Council on the state of play on the aforementioned steps as required.