Gelen Evrak Tarih ve Sayısı: 18/08/2020--1879

THIRD MEETING OF THE TURKISH-RUSSIAN WORKING GROUP ON TRADE, INVESTMENTS AND REGIONAL COOPERATION

PROTOCOL

The 3rd meeting of the Turkish-Russian Working Group on Trade, Investments and Regional Cooperation (hereinafter "the Working Group"), took place by videoconference on June 19, 22, 2020. The Working Group is established under the Turkish-Russian Joint Economic Commission (JEC) mechanism.

The Working Group was co-chaired by Ms. Gonca Işık YILMAZ BATUR, Deputy Minister of Trade of the Republic of Turkey on the Turkish side and Mr. Vladimir Evgenievich ILYICHEV, Deputy Minister of Economic Development of the Russian Federation on the Russian side.

In the framework of the Working Group, the Turkish and Russian sides (hereinafter "Parties") examined following subjects: current status of trade and economic relations between the two countries, opportunities to increase mutual trade in goods and services in a balanced manner, measures to facilitate trade and simplify customs procedures, increasing mutual investments, current situation and prospects in interregional cooperation.

The Parties also underlined the importance of the cooperation on logistics and banking and finance in order to facilitate trade between the two countries.

The Parties also agreed to suggest to the Secretariat of JEC to foster all Working Groups of JEC to convey the reports of the meetings with concrete results and suggestions of their specific issues to the JEC Secretariat and if required, in order to evaluate these reports a follow-up videoconference meeting would be held by Co-Chairs of the two countries' JEC Secretariat before the 17th Term of Turkish-Russian JEC Meeting.

The Parties agreed to form a list of subjects, which are in the focus of attention of both sides within the above-mentioned areas of cooperation with the concrete suggestions for their solutions and future developments:

AREAS OF COOPERATION:

NO.	SUBJECT	COMMENTS	FUTURE PROJECTS	SCHEDULE
1.	Increasing bilateral trade in a balanced way.	The Russian side stressed that Turkey is traditionally being one of the 10 major foreign trade partners of Russia (in 2019, it ranked 6th among Russia's foreign trade partners) and the Russian-Turkish trade, which, according to Russian statistics, increased by 1.9% in 2019, reaching the level of 26 billion dollars. Turkey's trade deficit against Russia was 16 billion dollars. Turkey's non-energy trade deficit against Russia was 3.1 billion dollars. The Turkish side expressed that the Turkish-Russian trade volume was realized as 27.2 billion dollars in 2019, Turkey's trade deficit against Russia was 18.9 billion dollars in 2019, Turkey's non-energy trade deficit against Russia was 4.5 billion dollars. The common aim of the two countries is to reach the target of a trade volume of 100 billion dollars with a balanced trade structure. Within this framework, measures should be taken to diversify products in mutual trade, to increase the share of high technological and innovative products in mutual trade, to facilitate trade flows and to remove non-tariff barriers in trade.	Signing a "Medium-Term Program of Trade, Economic, Scientific, Technical and Investment Cooperation" between the Government of the Republic of Turkey and the Government of the Russian Federation for 2021-2023.	2020 (4th Quarter)

NO.	SUBJECT	COMMENTS	FUTURE PROJECTS	SCHEDULE
2.		A balanced structure should also be established in trade with local currencies. Both sides emphasized the importance of using the local currencies in bilateral trade. Increasing the use of local currencies will prevent losses due to exchange rate differences and will encourage our business people to trade more.	Raising economic operators' awareness of using local currencies in bilateral trade by encouraging relevant institutions of both countries to conduct joint events on this topic.	2020-2021
3.		It is important to increase the share of SMEs in bilateral trade.	Signing a Memorandum of Understanding between KOSGEB and its Russian counterpart.	2020
4.	Trade Facilitation /simplifying customs procedures	Authorized Economic Operator Program (AEO) provides additional facilities in customs procedures for some companies that meet the safety and security measures determined by national legislation. In this context, the Action Plan on Authorized Economic Operator Program between Turkey and Russia was signed on the occasion of the 3rd Meeting of Turkey-Russia Joint Customs Committee on 16.07.2019.	Completing Negotiations of the Mutual Recognition Agreement.	2020 (4th Quarter)
5.		The Simplified customs corridor project started in 2009. The share of "Simplified Customs Corridor (SCC)" in exports from Turkey to Russia was 9.4% in 2019.	Taking necessary measures by Customs Authorities of Turkey and Russia in order to extend SCC project for exports from Russia to Turkey.	2020 (4th Quarter)

NO.	SUBJECT	COMMENTS	FUTURE PROJECTS	SCHEDULE
		According to the data of the Russian side in 2019 under the SCC were produced 183.5 thousand tons of goods worth 153.3 million dollars; according to May 2020 – 65.9 thousand tons of goods worth 47.4 million dollars. Mainly vegetables, fruits, dairy products, clothing and shoes were moved from Turkey to Russia. Currently, the project works only in the direction of Turkey - Russia. In 2019, heads of customs services reached an agreement to extend the project to Russia – Turkey direction. Both sides agreed that the Simplified Customs Corridor should be used more efficiently.	Organizing seminars for companies in coordination between Turkish and Russian Customs Authorities to promote the Simplified Customs Corridor (SCC) application and increase its usage.	
6.	Regional Trade Agreement	Establishing a Regional Trade Agreement is considered as an important instrument to increase and diversify mutual trade. The Russian side expressed that future steps depend on consensus of Eurasian Economic Union (EAEU) Members regarding the possibility of the establishment of a Free Trade Area between the EAEU and Turkey.	Initiating the exploratory talks aimed at signing a Regional Trade Agreement between Turkey and the EAEU if consensus of EAEU Members is achieved in this topic. The framework of the Regional Trade Agreement will be decided by Parties in the possible later stages.	2020 (4th quarter)

NO.	SUBJECT	COMMENTS	FUTURE PROJECTS	SCHEDULE
7.	E-commerce	It is considered that the importance of e-commerce will increase after the Covid-19 period. In this regard, facilitating steps should be taken regarding the cross-border e-commerce between Turkey and Russia.	Developing solutions to the following subjects within the framework of the Russian-Turkish Joint Customs Committee and its Working Groups, facilitating and accelerating customs procedures in cross border B2B and B2C e-commerce, taking steps to reduce logistics costs and facilitating operational and bureaucratic processes in refunds and return cases.	2020 (4th quarter)
8.		In particular, the cross-border business-to-consumer (B2C) model offers potential for small and medium-sized businesses.	Organizing joint virtual or face-to-face seminars on e-commerce by the two countries' Business Circles to encourage SMEs of the two countries.	2020-2021
9.	Increasing the trade in services	Due to the high quality service and advantageous prices, Turkey is a major holiday destination for Russian tourists. However due to the Covid-19 outbreak, activities of the companies operating in Turkey's touristic areas and providing services to Russian tourists, has come to a standstill.	The Parties agreed to discuss organizing of the inspections for beginning the operations of travel and hotel accommodations in Turkey to serve Russian tourists within a framework of the WG on Tourism.	2020 (3rd quarter)
10.	Improving Cooperation Between Two Countries' Business Circles	The Covid-19 outbreak has revealed the importance of bringing both countries' business people together in a virtual platform to maintain increasing trade between the two countries	Organizing virtual seminars, fairs and trade delegation organizations	2020-2021
11.		Turkey and Russia have a great potential for cooperation between business circles. In order to deepen cooperation between the two countries' business circles, the efforts of Turkey-Russia Business Council, which	Preparing a joint action plan by Turkey-Russia Business Council and Russia-Turkey Business Council for deepening cooperation between	2020 (3th quarter)

NO.	SUBJECT	COMMENTS	FUTURE PROJECTS	SCHEDULE
		operates under Turkey's Foreign Economic Relations Board (DEIK), and the Russia-Turkey Business Council, which operates under the Russian Trade and Industry Chamber, should be supported. In this context, it is important to deepen the cooperation between the Business Councils and increase contacts among the business circles.	business councils and increasing contacts among business circles	
12.	Developing cooperation within Turkish-Russian Investment Fund	A Memorandum of Understanding (MoU) to establish a joint fund was signed between Turkey Wealth Fund (TWF) and Russian Direct Investment Fund (RDIF) in 2019.	Finalizing the launch of the fund operations by signing mutually agreed fund establishment documentation. Considering the development and implementation of joint projects in the fields of high technology, health and infrastructure within the framework of the Joint Investment Fund.	2020-2021
13.	Establishing Logistics Center(s)	The Turkish Side proposed to develop cooperation between the relevant non-governmental organizations in both countries in order to establish Turkish logistics centers in the Russian Federation. The Russian side asked for comprehensive information regarding the issue.	Encouraging the exploratory talks between relevant organizations of both sides aimed at establishing of Turkish Logistics Center(s) in Russia. The Turkish side will provide the information requested.	2020 (4th Quarter)
14.	Regional Investment and Contracting Projects	The Parties aim to increase the participation of two countries' companies in investment and infrastructure projects carried out in different regions of Turkey and Russia.	Information sharing between Parties about their regional economic and investment potential.	2020 (3th Quarter)

NO.	SUBJECT	COMMENTS	FUTURE PROJECTS	SCHEDULE
		In this context, it is important to share information about investment and infrastructure projects located in different regions of Turkey and Russia mutually, and to share information about regional economic and investment potential of the two countries to expand the vision of business circles of the two countries in promising areas of cooperation.	Proposals of Turkish competent institutions for regional cooperation and Russian regions will be sent to each other by diplomatic channels for consideration and further discussion between the two countries. Organizing contracting and investment delegation to Sverdlovsk Region and Novosibirsk region.	
15.	Improving Regional Cooperation Between Two Countries' Business Circles	In order to develop trade and economic cooperation between Turkey and Russia Chamber of Trade and Industry of the Russian Federation, Turkish Foreign Economic Relations Board (DEIK), TOBB, TIM and other commercial and economic organizations should increase the mutual contacts in all regions of the two countries.	Organizing commercial and economic meetings, business forums, seminars and trade delegations in regions with high economic potential between the two countries.	2020-2021

AREAS OF SOLUTION:

	SUBJECT	COMMENTS	CONCRETE SUGGESTIONS	SCHEDULE
1.	Tomato quota	Tomato quota is applied by the Russian Federation only towards Turkey. It does not have any periodicity and contains uncertainties in terms of implementation. Moreover, it constitutes a contradiction to World Trade Organization (WTO) basic principles.	Removing of Tomato Quota Implementation as proposed by the Turkish side. The Russian side informed that as of June 17, 2020, about 186 thousand tons of tomatoes were delivered to Russia from Turkey. It is advisable to return to the question of the possibility of increasing the	2020 (3th Quarter)

			quota or its revision after the current volume of import of products is exceeded. The Parties agreed to discuss this issue and come up with the following steps for a possible solution within the framework of the Agricultural Steering Committee to be held in July 2020.	
2.	Additional Customs Duties	The Russian side expressed its concern with respect to imposition of additional customs duties on industrial products applied by Turkey and their detrimental effect. The Russian side expects that the Turkish side will seek for the ways to decidedly reduce the negative effect of additional customs duties. The Russian side noted that Turkey imposed these additional duties before and after COVID-19 pandemic. The Russian side expressed that annual detrimental effect on Russian exports to Turkey stemming from additional customs duties might reach almost 400 million dollars. These duties are applied by Turkey to broad range of products, including chemical, metallurgical (steel, pipe, aluminum.), woodworking, pulp and paper and other types of manufacturing industry. The Russian side underlined that these duties are applied in addition to Turkish customs tariff.	The Russian side will provide the list of sensitive export products which are mostly affected by additional customs duties imposed by the Turkish side. The Parties will hold expert consultations specifically on this topic with the aim to reach a mutually acceptable outcome for both sides.	30.09.2020

		In the view of the Russian Federation, these additional duties fall within the concept of other duties and charges. In this sense, these additional duties constitute a contradiction to Turkish World Trade Organization (WTO) commitments. The Turkish side explained that the additional customs duties are a part of ordinary customs duties, introducing an additional customs duty means increasing the customs duty on that specific product and it is named as "additional" in order to indicate the difference with EU's common custom tariffs. The Turkish side stated that the total of common customs duty and additional customs duty for each product does not exceed Turkey's WTO bound rates. The Turkish side expressed that additional customs duties are implemented in accordance with the WTO's taxation regulations of MFN principle and are implemented to all countries apart from the countries with whom Turkey signed preferential trade arrangements (EU and FTAs). The Turkish side explained that based on the import figures of Turkey, imports from Russia in products which are subject to additional customs duties was 51 million dollars in the first 7 months of 2019 and 92 million dollars in same period of this year which is quite negligible compared to total imports of Turkey from Russia.		

		The Turkish side also expressed that due to MFN principle of WTO, as reduction or elimination of a common customs duty, reduction or elimination of an additional customs duty on imports only from Russia can be subject to negotiations of a preferential trade agreement.		
3.	Duties on steel products introduced amid COVID-19 pandemic	The Russian side is concerned about Turkey's introduction of duties on steel products and stated that the measure is extremely sensitive for its exports. The Russian side states that more than 50 % of goods under measure is imported from Russia. The Russian side took into account the information of the Turkish side that the measure is of the temporary nature. The Turkish side stated that those measures are implemented temporarily to diminish the detrimental effects of COVID-19 pandemic. Hence, reduction in these duties depends on changes in the economic conjuncture. On the other hand, according to the Turkish statistics, 63.3% of the iron and steel imports (HS72) from the Russian Federation was realized within the scope of the "Inward Processing Regime" in 2019, therefore it was exempted from customs duties. Moreover in 2019, the share of Russia in Turkey's total	Since the Russian export to Turkey is the most affected by implied measure, the Parties agreed to hold expert consultations specifically on this topic with the aim to reach a mutually acceptable outcome for both sides.	2020

		import of iron and steel products (HS72) is less than 22 %.		
4.	Accepting the digital Form A documents.	Russian Federal Customs Service requests FORM A documents to be submitted with original sign and stamps (Rules of providing such documents are stated in Decision of EEC № 60, dated 14.06.2018).	Acceptance of FORM A (Certificate of Origin) documents issued by the Turkish side with an e-signature by Russian customs. Considering the issue of concluding a protocol between FCS of Russia and Ministry of Trade of the Republic of Turkey on electronic verification mechanism for certificates of origin (draft protocol was sent to the Ministry of Foreign Affairs of Turkey in February 2020) as the Russian side proposed.	2020 (4th Quarter)
5.	Turkish Companies Awaiting Approval for the Export of Animal Products to Russia	Turkish companies which are willing to export animal products to the Russian Federation must be included in the allowance list which is published by Rosselkhoznadzor. Currently, a total of 119 companies are waiting for approval, including 11 meat products, 19 poultry meat products, 30 eggs, 18 fish products, 5 feed and 36 dairy products.	Accelerating the export approval process of 119 Turkish companies which are currently waiting to be included in allowance list in animal product importation. The Rosselkhoznadzor will consider the inclusion of Turkish companies in the list of suppliers, after the inspection carried out by specialists of the Rosselkhoznadzor. The dates of inspections will be determined after the provision of exhaustive information that was requested by the Russian side in 2018 and 2020 (meat products, dairy products and animal feed).	2020 (4th Quarter)

			For egg products, the timing of the inspection will be agreed upon after stabilization of the situation. As for fish companies, a decision will be made after the analysis of the materials requested from the Turkish side in May 2020.	
6.	The Russian side Awaiting Approval of a veterinary certificates for export duck and goose meat to Turkey	The Russian side is willing to finish the procedure of export duck and goose meat to the Turkish market. In August 2019 the Turkish side sent an initialed certificate, but without the Russian interline, which is needed. The comments of the Russian side on the revision of this certificate were sent to Turkish colleagues by letter № FS-KS-7/4610 dated 17 February 2020. A response to this letter has not yet been received. Moreover, information about Russian companies interested in export of duck and goose meat will be sent to the Turkish Veterinary Authority in the near future.	Accelerating the export approval of a veterinary certificate for the export of duck and goose meat from Russia to Turkey.	2020 (July-August)
7.	Customs Valuation Implementation	Federal Customs Service of Russia has reference price system that is continuously updated (data on all products and countries). The Turkish side stated that this system is implemented in a way that creates discrimination among countries, therefore it is	Separate expert consultations should be arranged between Customs Authorities and other relevant institutions of Turkey and Russia on the issue of customs valuation.	2020-2021

		inconsistent with WTO rules and related agreements. Customs clearance for Turkish products are usually done with application of this system. It significantly reduces the competitiveness of Turkish products in the Russian market and the Turkish side expects the Russian side to seek for the ways to refrain from this practice. The Russian side informed that the share of customs value adjustments applied to Turkish goods does not exceed the average value of the volume of adjustments to similar goods imported from the other countries. The Russian side is concerned about introduction of minimal indicative prices and import monitoring procedures on certain goods (plywood, tyres, glass, paper, nylon yarns etc.) and expects the Turkish side to seek for the ways to refrain from this practice. The Russian side stated that minimal (indicative) prices and import monitoring on certain goods, are inconsistent with WTO norms. The Turkish side stated that Turkey's import monitoring system is in accordance with WTO rules and international agreements. It applies only when the value of products is below the threshold specified by the Ministry of Trade of Turkey.		
8.	Certificates issued by the Turkish authorities are not recognized by the Russian authorities.	Certificates (CE, TSE certificates and others) are not recognized by Russian authorities during the exportation of Turkish firms to Russia.	Holding consultations on this issue during the next session of the Technical Regulations, Conformity Assessment,	2020 (3^{th} - 4^{th} Quarter)

		Moreover, the procedures required obtaining the EAC certification, requested by the Russian side, takes long time and the process is complicated.	Standardization and Metrology Sub-Working Group which is established under the Working Group on Industry. During the meeting, Parties should improve cooperation for the safe product supply and prevention of technical barriers by embodying the studies for the detection and prevention of technical barriers.	

The Parties agreed to hold the next meeting of the Turkish-Russian Trade, Investments and Regional Cooperation Working Group in the 3rd quarter of 2021 in the Russian Federation.

This Protocol has been signed in English in two copies with the same validity on 22 June 2020.

Co-chair Turkish part of Turkish-Russian Working Group on Trade, Investment and Regional Cooperation,	Co-chair Russian part of Russian-Turkish Working Group on Trade, Investment and Regional Cooperation
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