

The Food and Drink Federation's response to the DBT call for input on trade with Turkey

Which areas of the current trading relationship should the UK government aim to keep the same (either under the UK-Turkey Trade Agreement or under Most Favoured Nation terms)?

Goods – tariffs
Rules of origin – EU cumulation

Based on your selection above, why do you think the UK government should aim to keep these areas of the current UK- Turkey trading relationship the same?

Although some tariffs require modification, the UK already benefits from tariff liberalisation through the UK-Turkey continuity agreement. It is therefore important that tariff-free access for already liberalised products is retained.

The UK currently affords 0% preferential access to many products from Turkey, which pose little threat to UK domestic industry. Our largest import from Turkey in 2022 was raisins, worth £103 million, which currently benefit from duty free access. Other products such as apricots, sultanas, figs, nuts (excluding hazelnuts), and lentils should also retain their 0% duty. These products are used in UK manufacturing of high-quality value-added products, many of which are then exported.

However, the UK government should maintain the tariff on imports for 100630: milled and semi milled rice which is currently £121/1000kg. This import tariff 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 mills provide vital food security for the UK and this tariff is essential to ensure fair competition, support UK producers and preserve jobs.

Turkey is also a large export market, valuing almost £200 million in 2022. Maintaining low tariffs are important, especially the 0% tariffs on:

- 2103: Sauces – 2022 export value was £13.1 million
- 1806: Chocolate – 2022 export value was £4.1 million
- 1901: Malt extracts – 2022 export value was £2.8 million

It is important that we maintain similar or improved market access to Turkey as the European Union. EU Member States are key competitors in international markets and they account for 13% of Turkey's food and drink imports, with very good performance in Chapter 19 (91% of Turkey's imports), Chapter 21 (58%), and Chapter 22 (55%). The current agreement gives the UK similar access as the EU, this is important to maintain to ensure we maintain our competitive position vis-a-vis the EU.

Given commitments to align Product-Specific Rules (PSRs) with those in the UK-EU Trade and Cooperation Agreement, **it is essential that the UK maintains existing extended EU cumulation provisions.** The EU is the UK's largest supplier by far when it comes to food and drink, accounting for over 69% of UK food and drink imports in Q3 2023. Many inputs used in food and drink manufacturing are sourced from the EU and are vital for year-round production and resilience against domestic supply shortages. For example, when it comes to biscuits, pastries and breads, bad wheat harvests in the UK can lead to higher imports from the EU, meaning that with EU cumulation the goods still qualify for preferential tariffs. Without EU cumulation or more liberal PSRs, most manufactured food and drink products would not be able to access preferential tariffs. Given that the EU is a large import partner for Turkey, we believe cumulation will also be a priority for Turkey.

Which of the following best describe the areas of the current UK- Turkey trading relationship that the UK government should consider changing or improving during future negotiations?

(either under the Trade Agreement or under Most Favoured Nation terms – a definition of Most Favoured nation can be found in the information note)

Good – Tariffs
Goods – Rules of Origin
Customs procedures
Product standards, regulation, and certification
Intellectual property
Labour standards and human rights
Climate change and decarbonisation
SME
Animal welfare

Based on your selection above, why do you think the UK government should consider changing or improving these areas during future trade negotiations with Turkey.

Good and tariffs

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 be customised, wherever possible, to specific priorities, strengths and trading patterns between the UK and Turkey.

It is important that we do not overlook the opportunities that would be delivered through reducing tariffs on imports. Imports are a critical component of UK food and drink supply and should be given full consideration ahead of FTA negotiations. We urge the government to pursue further tariff liberalisation where products meet the '3S test' as set out in our trade and investment strategy for food and drink (<https://www.fdf.org.uk/dfd/resources/publications/trade-reports/a-uk-trade-and-investment-strategy-for-food-and-drink/>). Products that are not produced commercially in the UK, but which are subject to protective tariffs should be re-evaluated to fit UK market needs. Some manufacturers will see benefits from reducing import tariffs, as it will boost their competitive access to required inputs.

Turkey is a large agricultural producer, with half of its land designated for agriculture and a quarter of the population employed in the sector. As such, imports of agricultural goods should be a high priority for these negotiations.

The following imports from Turkey would benefit from tariff reductions, benefiting UK manufacturers:

- 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)

Turkey is a large producer of olive oil, and although much of our olive oil comes in tariff free from the EU, in recent years with climate issues causing bad harvests in Europe, having Turkey as an additional source would be beneficial. Increasing market access on imports from Turkey can allow us to diversify our supply chains leading to improved food security. The recent shocks from Brexit, Covid-19, and the war in Ukraine, should be a driving force for increasing supply chain diversification and resilience.

The government should also aim to secure the highest possible tariff liberalisation for UK food and drink exports to Turkey. Many tariffs are already liberalised under the UK-Turkey continuity agreement, but the few that remain are disproportionately high. In a new comprehensive preferential trade agreement, lower tariffs will help boost UK export competitiveness in a market that has a high degree of import dependency for food and drink. Valuable export opportunities can be delivered by reducing tariffs across the board, including:

- 0901: Coffee (15%)
- 0304.49: 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% tariffs within 17t	Exports out of quota: 343t

- 0902: tea
 - 2022 exports: 108t
 - Exports out of quota: 69.4% (75t)
 - Current in quota rate : 45% tariff within 33t / 7% + \$3,427
 - Current out of quota rate: \$10,125/t
- 1704.90: White chocolate
 - 2022 exports: 727t
 - Exports out of quota: 42,6% (310t)
 - Current in quota rate: 0% tariff within 417t / €44.96/100kg/net
 - Current out of quota rate: €44.96/100kg
- 1905.30: Rusks
 - 2022 exports: 1377t
 - Exports out of quota: 97.6% (1344t)
 - Current in quota rate: 0% tariff within 33t
 - Current out of quota rate: 9%
- 1104.1290: Oats
 - 2021 exports: 360t
 - Exports out of quota: 95.3% (343t)
 - Current quota: 22.5% tariff within 17t

- Current out of quota rate: 45%

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.

- 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
- 1704.10: 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%

Goods and Rules of Origin

FTAs work only when importers and exporters are aware of their preferential terms and can meet these requirements. 'Utilisation rates' can be lower than anticipated if business awareness of preferential trade options is lacking, or where a mix of substantively complex Rules of Origin, and/or complex documentation requirements linked to Rules of Origin make it hard to take advantage of FTAs. This is especially true for importers or exporters with complex supply chains, and smaller firms without the capability to handle complex documentation requirements.

We are aware that product-specific rules (PSRs) are unlikely to go beyond the EU TCA for manufactured agri-goods. If PSRs cannot be changed, then the **UK must maintain extended cumulation** with the EU. Failure to secure EU cumulation, coupled with PSRs that restrict imported ingredients in processed food and drink will preclude manufacturers from accessing many preferential tariffs.

Although the EU cumulation is a high priority for these negotiations, expanding cumulation to the Pan-Euro-Mediterranean convention (PEM) could also pose benefits. Turkey is party to the PEM convention and enjoys cumulation with many other European, Middle Eastern and North African countries. Many PEM signatories are providers of key ingredients to the UK market which would help UK producers meet origin requirements when exporting to Turkey.

Products that have restrictive PSRs within the TCA such as prepared meat and fish, would benefit from increasing cumulation to PEM. The TCA does not allow a chapter change for prepared fish so allowing cumulation with PEM, which includes Norway, would allow for more UK products to benefit from Turkey preferential treatment. Norway is an important import market, providing the UK with £188 million of fish in 2022, our third largest partner. Value add products produced using Norwegian fish could be eligible for preferential access if cumulation was extended.

Some other important PEM markets include:

- Ukraine
 - Ukraine is a major supplier of sunflower seeds, sunflower oil and wheat.
- Egypt
 - Egypt is a large supplier of citrus fruits, and is an important supplier of other fruits when out of season in the UK such as strawberries.
- Israel
 - Israel is a large supplier of avocados, dates and mangoes.

In terms of agricultural products, where change in PSRs could be in scope, we recommend the following.

Commodity code	Product	Recommendation
090210	Green tea	CTSH or manufacture from any heading
16	Prepared meat and fish	CC or RVC
2001-2005	Prepared fruit and veg	CC or RVC
2006	Vegetables, fruit, nuts preserved by sugar	CTSH
2007	Jam	CTH
200819	Prepared fruit and nuts	CTH
200891-99	Prepared fruit and nuts	CTH
2009	Fruit juices	CTSH

Rules of origin can be a critical barrier to food and drink exporters, barring them from accessing preferential tariff rates. Many inputs used in food manufacturing face the twin challenges of climate pressures and seasonality and businesses may need to adapt sourcing arrangements depending on the time of year or domestic production levels. As highlighted in the [FDF's reports on rules of origin \(https://www.fdf.org.uk/fdf/resources/publications/reports/rules-of-origin-in-an-eu-uk-fta/\)](https://www.fdf.org.uk/fdf/resources/publications/reports/rules-of-origin-in-an-eu-uk-fta/).

To ensure UK manufacturers can access preferential tariff rates agreed with Turkey, the FDF urges the government to negotiate the most generous, simple and easily understandable rules of origin with Turkey as possible on any agricultural commodity in scope of changing. This should include:

- Product Specific Rules that are based on a simple and straightforward change of tariff heading, without the complex exceptions used in the existing EU model of rules of origin;
- More generous provisions on tolerance – we would urge the government to aim to secure an outcome offering a 15% value or weight option; and
- A joint exemption for content originating from Least Developed Countries (LDCs).

Customs procedures

Much of our trade is in perishable goods and long transport times followed by unnecessary border delays present problems for businesses moving short shelf-life products when they reach Turkey. The UK/Australia and UK/New Zealand FTAs have set a useful precedent on releasing perishable goods within six hours, and this should be replicated in any updated agreement with Turkey.

Product standards, regulation and certification

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.

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 also extend the existing protection of UK GIs to secure full recognition by Turkey of all 92 UK registered GIs. The agreement should also include clear and straightforward provisions to facilitate the recognition of new UK GIs that are registered after the conclusion of the preferential trade agreement – as with the UK-Japan agreement.

Labour standards and human rights

All trade agreements signed by UK government should include a robust commitment to ongoing monitoring, ensuring 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 in human rights protection, 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.

Climate change and decarbonisation

The global food system is set to face unprecedented pressures over the coming decades given the increasing demand on resources from the natural environment and the effects of climate change. Our industry is aware that these challenges will bring changes in the food system to ensure resilient and sustainable supply chains that provide healthy, nutritious, sustainable and affordable food. Any trade deal with Turkey must include provisions which commit sides to ensure climate-friendly practices, allowing for a level playing field.

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 in food and farming
- actively take steps to reduce the impact of deforestation
- combat unsustainable water use.

Animal welfare

We would welcome a dedicated chapter on animal welfare, as included in the Australia and New Zealand trade agreements. A shared commitment to high standards of animal welfare can help to ensure that the UK and Turkey will not only uphold moral values but will also deliver a level playing field.. Any updated deal with Turkey should include a non-regression clause to guard against any future weakening of these protections.

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. Diversions from these standards risk the loss of consumer confidence in UK food and drink. Moving from MFN to preferential food and drink trade with the UK should be seen as a privilege to which the UK can legitimately attach some important conditions and expectations.

Innovation

We would also like to see an ambitious innovation chapter in a new trade agreement. The UK is a global centre of innovation in food and drink manufacturing, bringing a huge selection of new products to market each year, typically two or more years before they reach other similar markets. 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.

Regulation

It is important to ensure that changes to UK standards do not undermine any preferential or expeditious treatment of UK exports to Turkey, or unnecessarily disrupt inward supply chains for imported food. The UK should not be averse on principle to agreeing as a strategic choice to work to converge food and drink standards with key partners such as Turkey. The UK should continue to expand its portfolio of Mutual Recognition Agreements (MRAs) focusing on product regulations that can unlock practical elements of regulatory relief, brand protection or expedited compliance for UK importers and exporters. MRAs can be useful in areas such as organic food, high-value brand designations and mineral waters.

It would be useful to include an early warning system through which the UK and Turkey would provide as much notice as possible to each other of intended changes to regulatory requirements to ensure businesses are consulted and have sufficient time to adapt to ensure their continued compliance.

Beyond a trade deal with Turkey, UK government should work with UK exporters to put in place a new database of regulations in key markets relevant for UK exporters in food and drink, including Turkey. Unlike the static resources operated by the EU and others, this registry should include forward-looking information on prospective changes to rules in importing countries and have the capability to incorporate intelligence in real time from exporting UK businesses and UK agriculture attaches and experts in market and in the UK. The information currently gathered through the DBT 'Report a Barrier' Service should be triaged and incorporated into this facility. This should be embedded in a wider trade information portal for UK exporters providing guidance on trade protocols.

SME support and guidance

A dedicated and ambitious chapter on SMEs, as seen in the Australia and New Zealand agreements, should be included in an updated deal with Turkey. This should set out specific practical measures that will be taken by both parties to ensure small businesses are able to fully benefit from this agreement. It should also set out steps to be taken between both countries if future challenges are identified in the implementation of this agreement that inhibit access by SMEs. This should aim to improve the levels of utilisation of this agreement by SMEs in both the UK and Turkey.

We urge the government to develop as a matter of urgency a 'one-stop-shop' trade information portal that provides ease of access to essential trade information for all exporters, including those trading with Turkey and for Turkish businesses trading with the UK. The Australian government have produced a website which we believe is best practice (<https://ftaportal.dfat.gov.au/>) and urge the UK government to do something similar. This portal should bring together key information on processes, procedures, taxes, tariffs, rules of origin, barriers to trade and business opportunities. This could help dramatically improve the understanding businesses have of this and other trade agreements and in turn, the utilisation of trade preferences.

5. What activities have your business done or tried to do with Turkey in the last 12 months?

Food and drink exports to Turkey as of September 2023 have seen a growth of 31% when compared to the same time last year. Imports also saw an improvement, up 15%.

In Q3 2023 there has been a very large increase when compared to Q3 2022 in coffee (+192%), oats (+134%), and chocolate (+83%). Modest export gains were also reported in breakfast cereals (+10%). Our tea exports struggled to Turkey with a 65% fall in export value. In terms of imports, there was growth in prepared nuts (+13%), apricots (+407%), and pistachios (+129%). Hazelnut imports held steady in terms of value (+0.4%), but a slight fall in terms of volume (-0.2%).

7. Are there any obstacles (excluding tariffs) that [you / your business / the businesses you represent] experience when trading with Turkey that the UK could aim to address in future negotiations? For example: - non-tariff barriers to trade in goods - barriers to services or digital trade - barriers to investment - non-tariff barriers to trade and gender equality

Product Sampling and analysis: Sampling at a designated laboratory takes place for each consignment of foodstuffs imported into Turkey. There are no exceptions to this, with one sample per product line. In comparison, the UK samples a certain percentage of high risk food of animal or non-animal origin, depending on the risk from the country of origin. The costs of each analysis in Turkey is £400 per product line. This represents a large barrier to exporting particularly with containers containing many product lines, or for SMEs who are exporting small amounts, where £400 would take away a larger chunk of profits.

Product Registration: When changes to a product pack artwork are made, however small, the product line must be re-registered with customs authorities in Turkey. Naturally, this causes additional costs and delays. Further examples include questioning of ingredient percentages where very minor discrepancies exists.

It is not just the physical time and financial burden that is impacting our members, but also the activities of port officials. Firstly, there seems to be a lack of trust when it comes to products coming into Turkey, with many products undergoing unreasonable questioning on regulations that are not a requirement when exporting.

We have also had reports of mismanagement of products at Turkish ports with products that have undergone checks more likely to be damaged when they reach their destination. e.g containers poorly loaded after checks, crushing of products etc. Resolving these issues has been difficult and we would encourage the adoption of a forum to deal with such issues in the future.

Further measures to streamline movements of goods through customs and borders would be welcomed, especially for perishable agri-food products. We would like to see outcomes that deliver ambitious provisions such as document digitalisation, as seen in the UK-Singapore Digital Economy Agreement and simplifications employed in the UK's FTAs with Australia and New Zealand. This can help improve trade facilitation and ensure goods are cleared and released more efficiently.

The agreements with Australia and New Zealand set a useful precedent for UK trade agreements by including provisions that seek to expedite the release of perishable products, with the aim that they should be released at the border in less than six hours. We would welcome the inclusion of an equally ambitious commitment by both parties in a revised UK-Turkey trade deal.

UK government should look to create single customs offices and integrated single windows with its trusted trading partners to maximise cooperation between agencies, and only require a single declaration covering the required customs and safety and security data. The model pioneered by Sweden and Norway before Sweden's accessions to the EU, and sustained upon EU membership, demonstrates that such approach works in practice.

8. What is driving most of your costs when investing or trading in services with Turkey?

- Tariffs
- Customs issues
- Tests at the border

What is driving most of your costs when investing or trading with Turkey?

High tariffs and expensive custom procedures.

What are [your / your business's / your organisation's] main priorities and concerns about an enhanced trade agreement (or related talks) with Turkey?

- Lowering import and export tariffs, as well as increasing TRQs if liberalisation is not possible
- If Rules of Origin PSRs can not be altered, maintaining EU extended cumulation

- Reducing costs and checks of product analysis and other custom procedures
- Maintain high UK food standards
- Provide clear guidance to help businesses, especially SMEs

Is there anything else that you would want to say about the UK's future trade and investment relationship with Turkey? Please respond in the text box below.

The UK and Turkey enjoy a valuable trading relationship and we see great opportunities to expand trade in both directions between the UK and Turkey. Turkey is a large agricultural producer, and with many tariffs and TRQs remaining, food and drink trade should be a priority in these negotiations.