COUNCIL OF
THE EUROPEAN UNION

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Brussels, 30 June 2009
11568/09 (Presse 200)

Seventh meeting of the Accession Conference at ministerial level with Turkey
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The seventh meeting of the Intergovernmental Conference with Turkey at ministerial level was held today in Brussels, following the start of the accession negotiations on 3 October 2005. The European Union Delegation was headed by Jan Kohout, Vice Prime Minister, Foreign Minister of the Czech Republic and President of the Council. The Turkish delegation was led by Egemen Bağış, Minister of State for EU Affairs and Chief Negotiator.

At the Conference, negotiations were opened on a new negotiating chapter (with closing benchmarks): Chapter 16 - Taxation, thus advancing further the negotiating process. This chapter covers areas that are of crucial importance for Turkey's preparations in implementing European policies.

P R E S S

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With regard to Turkey's requests for transitional periods, EU recalled its general negotiating position, namely that such measures should be exceptional and limited in time, and that they must not involve amendments to the rules or policies of the EU, disrupt their proper functioning, or lead to significant distortion of competition.

The EU could, under certain conditions, accept the Turkish request for a permanent derogation to continue exempting international transport of passengers from VAT with the right to input deduction. In the case of a request regarding the registration and exemption threshold for registration of taxable persons, Turkey was invited to provide further information.

With regard to other Turkish requests made for permanent derogations and transitional periods, the EU considered that those could not be accepted, as they would cause disturbances in the normal functioning of the internal market.

For this chapter, and on the basis of the negotiating positions, the Union has closely examined Turkey's general state of preparedness in these areas. Taking into account Turkey's present state of preparations, and in line with the Council conclusions on 11 December 2006 - as well as on the understanding that Turkey will continue to make progress in the alignment with and implementation of the *acquis* - the EU underlined main issues regarding the closing benchmarks to be met by Turkey, namely that:

– Turkey has to fulfil its obligation of full non-discriminatory implementation of the Additional Protocol to the Association Agreement.

– Turkey makes significant progress towards alignment in the fields of VAT and excise duties, and presents a detailed timetable to reach full compliance with the EU *acquis* in the remaining areas; Turkey fully eliminates the discriminatory taxation of alcoholic beverages, imported tobacco and imported cigarettes, in line with its obligations, by implementing the Action Plan of the Republic of Turkey of 18 May 2009, including the additional information annexed to this Action Plan in accordance with the commitments taken and the timetable set, or by fully eliminating this discriminatory taxation earlier than by the dates indicated in this Plan.

– Turkey demonstrates that it has adequate administrative capacity to implement and enforce its tax legislation and to effectively collect tax dues and control its taxpayers with the required infrastructure in its central and local tax offices.

– Turkey presents to the Commission a comprehensive and coherent strategy towards IT interconnectivity, and reaches sufficient progress in developing all related IT interconnectivity systems.

In more general terms, the EU also underlined that it would devote particular attention to monitoring all specific issues mentioned in its common position with a view to ensuring Turkey's administrative capacity, its capacity to enforce the *acquis* and its capacity to complete legal alignment in all the areas under the chapter.

Particular attention will be given to the effective implementation of Turkey's Action Plan of 18 May 2009 and the meeting of the concrete milestones in the elimination of all residual discriminatory taxation in accordance with the commitments taken and the timetable set, which will determine the pace of negotiations in this chapter and be taken into account when deciding on further steps relating to the negotiations on this chapter.

The Union also noted Turkey's contracted obligations under the Turkey – EC Customs Union in the areas covered by this chapter, expecting Turkey to ensure full compliance with these obligations, including when adopting relevant legislation.

Since the start of the negotiations, eleven chapters have been opened, of which one has been provisionally closed.