

Nicosia 07 March 2022

Mr Luc Frieden
President
Eurochambres
Avenue des Arts 19 A/D
B – 1000 Brussels
Belgium

Dear President Frieden,

We have been informed of your upcoming visit to Turkey on the occasion of the TEBD SME Survey Launch event where a major part of the programme will be dedicated to the EU – Turkey business relations, including as one can understand the modernization of the Customs Union of Turkey with the EU.

We have thought that it would have been wise if we brought to your attention the position of our Chamber on the issue as this has been expressed numerous times in the framework of the deliberations of Eurochambres, confident that you will have this in mind in your discussions with our Turkish colleagues.

As we are sure you are aware, Turkey has invaded Cyprus in 1974, still occupying 40% of its land, and since 1987 it applies an embargo on Cyprus' shipping. The Turkish embargo distorts the application of the principle of fair and free competition in shipping trade with the EU, adversely affects the merchant fleets of EU Member States, and causes substantial increases in transportation costs. The Turkish measures restrict or threaten to restrict free access of EU shipping companies or ships to cargoes in ocean trades. Furthermore, the Turkish embargo undermines the economic development and cooperation of the region, within the framework of the Euro-Mediterranean Partnership.

The legal acts governing the EC-Turkey Association and Customs Union (*1963 Ankara Agreement, its 1970 Additional Protocol and Decision No 1/95 of the EC-Turkey Association Council implementing the final phase of the Customs Union*) contain substantial provisions which impose on Turkey the legal obligation to lift its embargo against Cyprus shipping.

The Republic of Cyprus fully complies with its international and Community obligations vis-à-vis Turkish flagged vessels, as these vessels can freely call at any port under the effective control of the Government of the Republic of Cyprus.

In addition, there is the issue of Turkey's illegal drilling in the EEZ of Cyprus, on which the European Council in its meeting of 20 June 2019, has recalled and reaffirmed previous Council and European Council conclusions, including the European Council conclusions of 22 March 2018.

The conclusions strongly condemn Turkey's continued illegal actions in the Eastern Mediterranean and the Aegean Sea. The European Council expressed serious concerns over Turkey's illegal drilling activities in the Eastern Mediterranean and underlined the serious immediate negative impact that such illegal actions have across the range of EU-Turkey relations. Furthermore, the European Council called on Turkey to show restraint, respect the sovereign rights of Cyprus and refrain from any such actions.

In view of the above, we cannot unconditionally and without Turkey complying with the EU legal acts and decisions, support the further strengthening and development of its already close EU economic partnerships and the opening of negotiations for the extension and modernization of the EU-Turkey Customs Union in order to extend the scope of convergence to new areas. How can we support the need for the modernization and extension of the Customs Union of Turkey with the EU, which Turkey itself violates as far as its obligations concerning Cyprus (which stem directly from the agreement) are concerned? Not to mention the illegal actions of Turkey in our EEZ which are considered as such by the EU itself.

Please also note that we find it extremely difficult to understand the arguments of TOBB that these issues are "political" and should not be part of the discussions at Eurochambres level. They are primarily economic as they have serious adverse consequences on our economy and business community. If we accept that such issues are political, then by analogy we should not have taken the position we have rightly taken and should not have supported the related measures/sanctions in the case of the Russian invasion of Ukraine. Not to mention the fact that Turkey, a country that aspires to join the European Union does not apply the EU sanctions in relation to Russia (!) and in this way seriously affects the economies of member states such as Cyprus (particularly in the area of tourism) that fully abides by the sanctions.

We would like to believe that you share our views and positions and that you will give due consideration to them in your discussions in Turkey but also within Eurochambres.

We would like to thank you in advance and assure you of our full support and cooperation in upholding the EU values and principles for the benefit of the business community and the European economy in general.

Yours sincerely,



Christodoulos E. Angastiniotis