

May 25, 2007

## **Turkey-United States Economic Partnership Commission Action Plan**

The Turkey-United States Economic Partnership Commission (EPC) met for the third time in Istanbul and Ankara on February 8 and 9, 2007. The Turkish delegation was led by Undersecretary for Foreign Affairs Ambassador Ertuğrul Apakan and the United States delegation was led by Assistant Secretary of State for Economic, Energy, and Business Affairs Daniel Sullivan.\*

The meetings of the Economic Partnership Commission fell within the framework of the "Shared Vision and Structured Dialogue to Advance the Turkish-American Strategic Partnership" document that was concluded by Secretary of State Condoleezza Rice and Minister of Foreign Affairs Abdullah Gul on July 5, 2006. Expanding economic ties is part and parcel of the strong and lasting friendship and strategic partnership that the peoples of the United States and Turkey enjoy.

The EPC meetings came in the context of strong and sustained economic growth in both countries that is creating the conditions for greater bilateral economic exchange and regional cooperation. The delegations noted the constructive and cooperative spirit of the meetings and agreed to implement the following action items before the next meeting of the EPC in 2008:

### **Encouraging Trade, Investment, and an Innovative Society**

The two delegations discussed the importance of removing impediments to the free flow of trade and investment and of creating conditions that foster greater financial flows and cooperation. This includes establishing a strong business climate, including through adoption of a sound legal and regulatory framework, to encourage entrepreneurship, investment and risk-taking, as well as exchanges of scientific and technological experts and expertise. Investment in the energy field is of particular interest.

#### *The delegations agreed:*

- The U.S. Department of State will together with the Turkish Ministry of Foreign Affairs work to finalize a new bilateral Science and Technology Cooperation Agreement, which will include the formation of a Science and Technology Working Group to explore opportunities and mechanisms for greater cooperation and interaction between Turkish and U.S. scientists in cooperation with the Scientific and Technological Research Council of Turkey (TUBITAK).
- The U.S. Department of Homeland Security and the Department of State will work with the Turkish Undersecretariat for Foreign Trade and the Ministry of Foreign Affairs to finalize a Container Security Initiative Agreement.

- The U.S. Department of State and the Turkish Ministry of Foreign Affairs, initially through a U.S. federal government and higher education leaders' delegation visit to Turkey, will work to promote the importance of education and research in the United States for Turkish university students and researchers, study in Turkey for American students, and higher education collaboration between the two countries to achieve a balanced and mutually beneficial partnership in all areas including science, engineering, and language study.
- The U.S. Department of State and the Turkish Ministry of Foreign Affairs will encourage ongoing dialogue to improve educational ties between Turkish and American universities.
- The U.S. Department of State and the Department of Commerce will collaborate with the Turkish Undersecretariat for Foreign Trade and the Ministry of Foreign Affairs to support an American Business Forum in Turkey (ABFT)-organized conference in Turkey on innovation and technology, including its commercial aspects on June 7, 2007.
- The U.S. Department of State, USAID, USDA, and CDC will continue to cooperate with the Turkish Ministry of Agriculture and Rural Affairs and the Ministry of Health on identifying, diagnosing, and stemming the transmission of avian influenza in humans and animals and restructuring the poultry sector in the event of an outbreak.
- The U.S. Department of Commerce, the Turkish Undersecretariat for Foreign Trade, and the Treasury will identify specific impediments to greater bilateral trade and investment, including but not limited to intellectual property rights, transparency and anti-dumping procedures.
- The Office of the United States Trade Representative (USTR) and the Turkish Undersecretariat for Foreign Trade will convene the next Trade and Investment Framework Agreement (TIFA) in Washington.

### **Regional Leadership and Cooperation**

The delegations noted the achievement of U.S.-Turkish cooperation in realization of the Baku-Tbilisi-Ceyhan oil pipeline, and the potential for this cooperation to be a model for further work together in other sectors. Building on this successful cooperation, they agreed to work together to promote other regional efforts, that will bolster energy security, peace, and prosperity.

*The delegations agreed:*

- The U.S. Trade and Development Agency (USTDA) and the Department of State will cooperate with the Turkish Undersecretariat for Foreign Trade to encourage Turkish companies to compete for regional reconstruction and development projects sponsored by the United States.

- The U.S. Department of State and the Turkish Ministry of Foreign Affairs will explore the idea of joint production opportunities in the region, working to encourage the Turkish and American private sectors to promote economic growth, opportunity and development in strategic regions, such as Iraq, Georgia, Afghanistan, Lebanon, Jordan, Egypt, and the West Bank and Gaza.
- The relevant U.S and Turkish authorities will encourage their energy companies to explore areas for cooperation in Turkey, Iraq, Azerbaijan and Central Asia in terms of oil and gas exploration and development projects.

### **Encouraging Energy Cooperation and Efficiency**

The delegations agreed to pursue a new generation of Caspian energy projects that will bolster energy security in the Caspian region and Europe. The first crucial step in this effort will be to work with companies and countries to expand natural gas production in Azerbaijan and export that gas through the Caucasus and Turkey to European markets, beginning with Greece, then Italy, and continuing with Bulgaria, Romania, Hungary and Austria. Critical to this effort will be the clarification of the role of Turkey in the transport of natural gas, concluding in a procurement/transit arrangement between Turkey and producer and consumer countries, particularly Azerbaijan.

The parties also discussed increased exports of oil from the Caspian region, including Kazakhstan, through the Baku-Tbilisi-Ceyhan pipeline, and opportunities for trans-Caspian flows of natural gas in support of the Nabucco and Turkey-Greece-Italy pipeline projects.

#### *The delegations agreed:*

- The U.S. Department of State will work together with the Turkish Ministries of Energy and Natural Resources and Foreign Affairs and also the related authorities of Azerbaijan to support conclusion of transparent and commercially viable transport agreement(s) for Azerbaijan's natural gas, perhaps extending to Central Asia, in terms of reaching European markets.
- The U.S. Department of State will work with the Turkish Ministries of Energy and Natural Resources and Foreign Affairs to convene a working group on natural gas production and export from Iraq to Turkey and through Turkey to Europe.
- USTDA will share with Turkey the results of a study on Trans-Caspian gas transportation options.
- USTDA will invite a Turkish delegation to the United States to study the U.S. experience in natural gas distribution and marketing, e.g., Henry Hub.

- Relations will be established and enhanced between the Energy Market Regulatory Authority (EMRA) of Turkey and the U.S. Department of Energy, the Federal Energy Regulatory Commission (FERC) in order to prepare and implement state of the art energy market regulatory policy in Turkey.
- The U.S. Department of Energy will work with the Turkish Ministry of Energy and Natural Resources to co-sponsor and co-host a workshop on clean coal technologies, or energy efficient/earthquake resistant housing technologies.
- To encourage cooperation between the U.S. Department of Energy/National Nuclear Security Administration and the Turkish Atomic Energy Authority in order to increase access to peaceful nuclear technology and demonstrate our mutual commitment to nuclear nonproliferation.
- USTDA will study new ways to implement hydropower projects under the 1998 Joint Statement.

### **Building Ties between U.S. and Turkish Business**

The two delegations discussed how the business community provided valuable input during the "Business Forum" in Istanbul. They agreed to support efforts to realize greater interaction between the business communities of both countries.

*The delegations agreed:*

- To make the Business Forum a regular adjunct to future EPC meetings.
- The U.S. Department of Commerce will determine the status of a Memorandum of Understanding signed in 2000 by the U.S. Small Business Administration and Turkey's Small and Medium Industry Development Organization (KOSGEB).
- The U.S. Department of State, Department of Commerce and the Turkish Undersecretariat for Foreign Trade will cooperate in support of the Turkish Undersecretariat for Foreign Trade "Year of America" campaign, targeting increased trade with six key U.S. states.
- The U.S. Department of State and Department of Commerce will support the efforts of the Union of Chambers and Commodity Exchanges of Turkey, the Istanbul Chamber of Commerce, and the United States Chamber of Commerce to develop contacts between SMEs of both countries under the "TradeRoots" and other programs. Some initiatives may include sector-specific trade conferences for Turkish participants; a three-city U.S. tour to educate U.S. businesses on the Turkish market; U.S. Chamber of Commerce training programs for Turkish trade counselors and officials of the Undersecretariat for Foreign Trade ; and reciprocal trade missions.

- The U.S. Department of State and Department of Commerce will support the United States Chamber of Commerce Eurasia Business Platform (EBP) initiative which encourages regional economic cooperation and integration with the aim of creating a transparent and profitable commercial and investment environment in Eurasia. Specifically, the EBP provides the U.S. government and other relevant institutions with a strategic business outlook vis-à-vis these emerging markets.
- The U.S. Department of Commerce will coordinate a meeting between the Turkish Undersecretariat for Foreign Trade/Turkey's Investment Promotion Agency and the National Association of State Development Agencies (NASDA).
- USTDA and the Department of State will invite a Turkish delegation to attend the Central Asia regional telecommunications conference in Astana.
- The two countries will work together to improve the climate for bilateral investment, remove bilateral trade barriers and expand U.S.-Turkish trade and investment.

### **Contact Group**

The two delegations agreed to form a Contact Group comprised of two members from each side in order to facilitate communication between the U.S. Department of State and the Turkish MFA during the coming year. The Embassies of both countries will also facilitate contacts and exchanges.

- The Turkish representatives will be Mr. Ersin Erçin, DDG for the Americas and Mr. Oğuzhan Ertuğrul, Head of Department for North America;
- The U.S. representatives will be Mr. Paul Malik, Senior Desk Officer, Turkish Affairs, Bureau of European and Eurasian Affairs; and Ms. Kelly Dillon, Trade Officer, Bureau of Economic, Energy, and Business Affairs.

\* The Turkish delegation was led by Undersecretary for Foreign Affairs Ambassador Ertuğrul Apakan and included members of the Turkish Ministries of Foreign Affairs, Finance, Industry and Commerce, Energy and Natural Resources, Health, Culture and Tourism, Agriculture and Rural Affairs, and Environment and Forestry, the State Planning Organization, Undersecretariats for Treasury, Foreign Trade and Customs, the Central Bank, the SMEs Research and Development Project, the Energy Market Regulatory Authority, the Privatization Administration, Turkish Petroleum Inc., the Turkish Scientific and Technological Research Council, the Banking Regulatory and Supervisory Agency, and Turkish Airlines. Representatives of the Union of Chambers and Commodity Exchanges of Turkey (TOBB) and the United States Chamber of Commerce observed the meetings.

\* The United States delegation was led by Assistant Secretary of State for Economic, Energy and Business Affairs Daniel Sullivan and included representatives of the Departments of State, Commerce, Energy, Treasury, Agriculture, and the United States Trade and Development Agency.