

THE GOVERNMENT OF TÜRKİYE’S REMARKS ON THE COUNTERVAILING DUTY PETITION ON CONTAINER GLASS FROM THE REPUBLIC OF TÜRKİYE

We would like to take this opportunity to present our views and clarify certain points with regard to the countervailing duty (CVD) petition filed by the applicant.

To begin with, as you know the UK finalized its decision to leave the EU on March 29, 2017, following the referendum held on June 23, 2016, and Brexit took place on January 31, 2020. As a result of negotiations between Türkiye and the UK, the Türkiye-UK Free Trade Agreement (FTA) was signed on December 29, 2020. The Agreement, which came into effect on January 1, 2021, with preferential treatment in trade, officially entered into force on April 20, 2021.

The trade volume between Türkiye and the UK was recorded as 22,1 billion dollars in 2024, representing an increase of 5,3 billion dollars since the FTA came into force compared to the trade volume in 2020.

Within the framework of a Review provision in the FTA, a review of the FTA was conducted in 2022 to assess the areas to be addressed in negotiations for expanding the existing Agreement. As a result of the review, Türkiye and the UK declared mutual intention to begin FTA update negotiations in a Joint Statement on July 18, 2023. The joint announcement regarding the commencement of update negotiations was made on March 14, 2024, during our Minister's visit to London.

The Joint Statement affirmed that Türkiye and the UK are important and close trading partners, that both countries are committed to building on this success, and that they confirmed their intention to begin negotiations for a revised and comprehensive FTA. The existing agreement, primarily covering industrial goods, has ensured the preservation of trade flows and supply chains following the Brexit. Both countries concluded that expanding and deepening the trade relations would be valuable and agreed that supporting a free trade environment based on global trading rules, which has a mutually beneficial impact on growth and prosperity, is more important than ever.

In this context, where bilateral trade has been steadily increasing, particularly following the entry into force of the FTA, and where both countries have clearly demonstrated their

commitment to further expand and deepen their trade relations through ongoing review and update negotiations, it is deeply disappointing that the TRA is alleging that Türkiye is causing trade distortions through countervailable subsidies and is considering the initiation of a subsidy investigation. Such an action runs counter to the shared objectives expressed in the Joint Statement and risks undermining the cooperative spirit that has characterized Türkiye UK trade relations since Brexit. I would therefore like to emphasize that the imposition of any additional countervailing duties would inevitably harm bilateral trade relations and could adversely affect the mutually beneficial trade environment that both countries have committed to strengthen.

Having expressed our disappointment with this process, I would now like to turn to the specific allegations that have been conveyed to us. At the outset, I note that the information currently available regarding both the product concerned and the alleged subsidy programs is quite limited. Consequently, our ability to provide detailed comments at this stage is necessarily constrained. I would also like to clarify that all data referenced in my remarks has been analysed on the basis of HS code 7010.90

According to Trade Map data; Turkish exports to the UK represented only 4% of the UK's total imports of subject merchandise in 2024. Moreover, Türkiye's share in the UK's total imports of subject merchandise kept decreasing between 2021 and 2024 (7,7%, 5,1%, 4,7% and 4% respectively). Therefore, the volume of Turkish subject merchandise exports to the UK do not account the amount to injure the domestic producers in the UK.

With respect to the alleged programs, the summary of subsidy allegations references the alleged benefits regarding Organized Industrial Zones, Free Zones, and Regional Investment Incentive Scheme.

We have contacted with the related institutions and learned that from the [redacted – commercially sensitive information] exporting the mentioned HS code to the UK, [redacted – commercially sensitive information] firms are operating in Organized Industrial Zones. Furthermore, there is only property tax exemption for the companies which are not tenants and also operating in Organized Industrial Zones confer negligible benefits to the exporters.

Secondly, [redacted – commercially sensitive information] firms are operating in Free Zones. Considering the limited number of companies benefitting from any form of subsidy alleged in the application, it is evident that initiation of this countervailing duty investigation would cause unnecessary burden to both of the countries which have strong economic relations.

Lastly, we believe that the TRA will take into account Article 27.10 of the *WTO Agreement on Subsidies and Countervailing Measures*, which stipulates that an investigation involving a product from a developing country should be terminated as soon as the authorities determine that the overall level of subsidies granted upon the product in question does not exceed 2% of its value calculated on a per unit basis if it decides to conduct a subsidy investigation.

In light of the foregoing, Turkey strongly believes that TRA will give due consideration to the points raised during this consultation and, recommends TRA not to initiate an investigation against Turkish subject merchandise imports.