



UNITED ARAB EMIRATES
MINISTRY OF ECONOMY



THE UAE TÜRKİYE

Comprehensive Economic
Partnership Agreement

Contents

- 1. Strategic Case**
- 2. CEPA Objectives**
- 3. Consultation on Trade Negotiations**
- 4. Economic Impacts**





STRATEGIC CASE

Introduction

The signing of the Comprehensive Economic Partnership Agreement (CEPA) between the United Arab Emirates (UAE) and Türkiye marks a significant milestone in the economic relationship between the two countries. With a long history of strong bilateral ties, the UAE and Türkiye have witnessed a growing trade and investment relationship, which the CEPA aims to further strengthen by creating new avenues for businesses and fostering economic growth.

The decision of the UAE to enter into the agreement with Türkiye is a strategic move to diversify its economic partnerships and leverage the potential of the Turkish market. Encompassing various sectors such as trade in goods and services, investment, and intellectual property, the CEPA is expected to boost trade, investment, and job opportunities in both nations. Moreover, it will promote collaboration in areas such as technology, tourism, and healthcare. This agreement holds great promise for the growth and development of both the UAE and Türkiye.

The UAE has long recognized trade as a crucial means of accelerating development, attracting investment, enhancing productivity, and creating lasting prosperity. Building on this outlook, the UAE's new economic agenda prioritizes increasing trade flows, strengthening supply chains, and ensuring certainty in the global trading system. As a testament to this commitment, 2022 witnessed record non-oil foreign trade, surpassing AED2.2 trillion for the first time, and achieving new milestones in exports and re-exports. Türkiye has been instrumental in these efforts, with a longstanding friendship built on shared values and a united vision for the future.



Both countries possess complementary economies, with the UAE serving as a major trade and investment hub in the Middle East while Türkiye serves as a crucial gateway to Europe and Asia. Reflecting their interdependence, bilateral trade volume has been steadily increasing over the years. In 2022, bilateral non-oil trade between the two countries reached US\$18.9 billion, a remarkable 40% growth compared to 2021 – the highest growth rate among the UAE's top 10 trade partners. Non-oil exports to Türkiye in 2022 amounted to US\$5.6 billion, marking a significant 109% increase compared to 2021, while re-exports witnessed an almost 87% surge to reach US\$2.3 billion in 2022. These figures exemplify the robust economic ties between the two nations.

The Comprehensive Economic Partnership Agreement between the UAE and Türkiye goes beyond trade – it symbolizes the strong bond of trust and unity that the two countries have shared for the past 50 years. The agreement presents an immense opportunity for joint efforts in tackling pressing global challenges, such as economic growth, climate change, education, and technological advancements. Both nations have the potential to collaborate in creating sustainable solutions to these issues, paving the way for a prosperous future.

UAE and Türkiye Building a Partnership for the Future

The United Arab Emirates and Türkiye are forging a steadfast partnership that will not only endure but also thrive in the coming years. Both nations are fully dedicated to deepening their multifaceted collaboration, driven by a shared vision of advancing a region characterized by prosperity and stability. This unwavering commitment sets the stage for ongoing collaboration in pursuit of this overarching objective.



Opportunities for Entrepreneurs, Businesses and Investors

The UAE-Türkiye Comprehensive Economic Partnership Agreement (CEPA) is a remarkable achievement for both the United Arab Emirates and Türkiye. The agreement marks a pivotal moment that leverages the strong economies of both nations to usher in a transformative era of progress and prosperity for their respective populations.

Key Benefits of CEPA

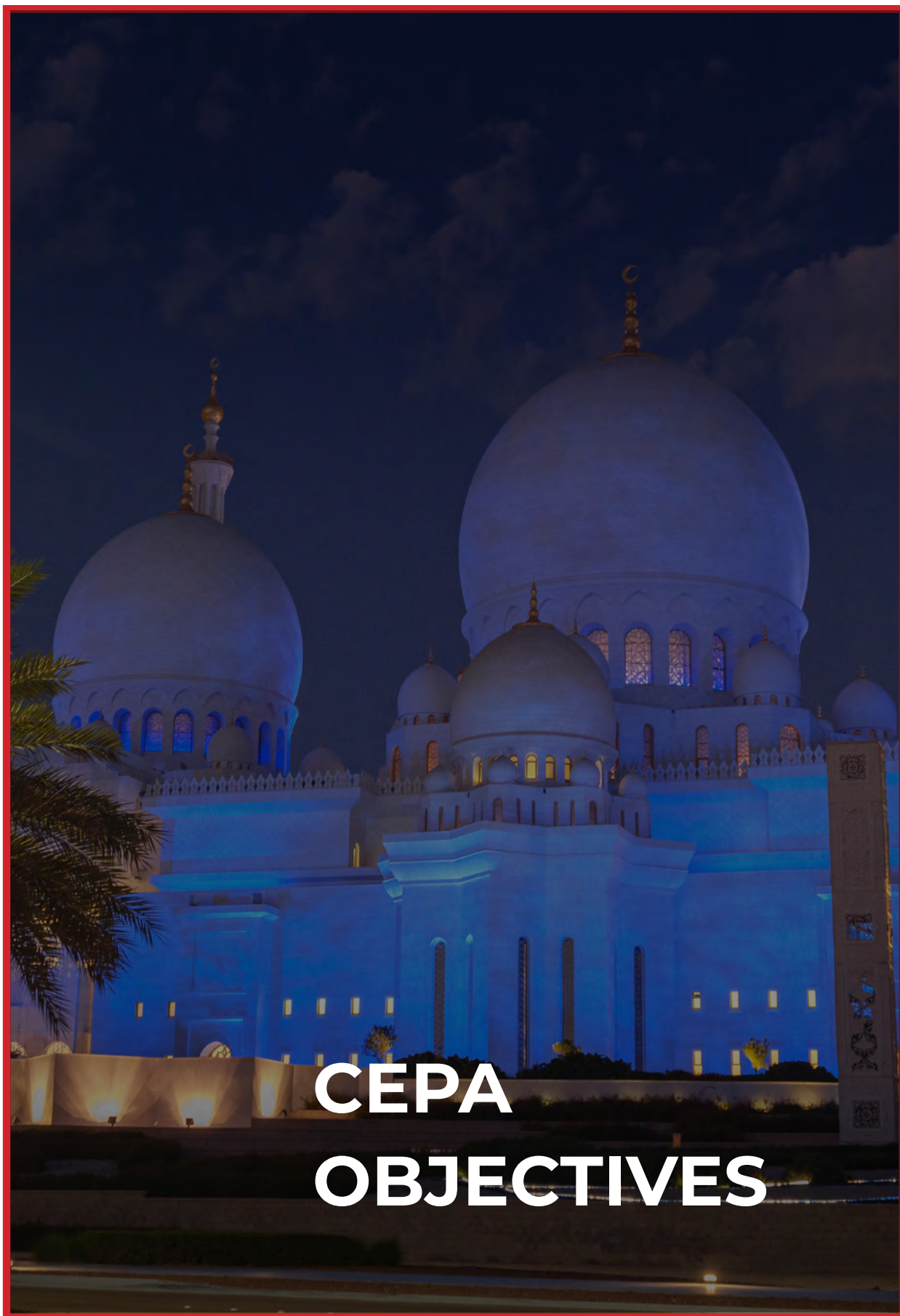
- **Certainty and Market Access for UAE Services Businesses:** The CEPA secures commitments from Türkiye to ensure UAE services businesses have access to Türkiye's market and can compete fairly in key UAE service sectors such as finance, distribution, telecommunication, education, healthcare, and travel-related services. Additionally, the CEPA establishes clear and transparent trade rules, simplifying business operations and encouraging expansion and export of services to Türkiye and beyond.
- **Reduced Barriers to Trade in Goods:** Through streamlined customs procedures, lower or zero tariffs, and modernized trade rules, the CEPA empowers new or existing UAE exporters to Türkiye, enabling easier and more cost-effective trade. This benefits both UAE exporters and consumers, fostering economic growth and driving prosperity.
- **Empowering the Digital Economy:** Recognizing the importance of a digital-first economy, the UAE is committed to shaping the rules for digital trade. Our CEPA ensures online consumer protection, facilitates the free flow of data, and encourages the use of digital technologies in business, while safeguarding intellectual property rights. By minimizing obstacles in the digital economy, the CEPA promotes investment in new technologies and accelerates digital transformation across the UAE.
- **Collaborating on Global Challenges:** With the CEPA, the UAE and Türkiye forge stronger economic ties and enhance collaboration on global issues. This partnership encourages cooperation in areas such as new technology development, security, environmental policies and practices, food security, climate change, and fisheries. Together, we aim to tackle shared challenges and build a prosperous future for all.
- **Enabling SMEs to Expand and Thrive:** Small and Medium-sized Enterprises (SMEs) are the backbone of our modern, knowledge-based economy, accounting for 95% of companies operating in the UAE and contributing over 50% of the UAE's GDP. The CEPA provides a platform for UAE-based SMEs to seize exciting opportunities in Türkiye's market. With enhanced access to new customers, networks, collaboration opportunities, and mechanisms for rapid scaling, SMEs can confidently expand their reach and contribute to our collective success. mechanisms to scale at speed.



Unlocking New Opportunities for UAE Businesses

- UAE exports now benefit from duty-free treatment, including aluminum heavy machinery, vegetable oil, ceramics, glass and polyethylene and other petrochemicals as well as other refined petroleum.
- Our CEPA also secures better market access to Türkiye's services market in sectors including business, distribution, financial, and transport services, healthcare, telecommunication, construction and education.



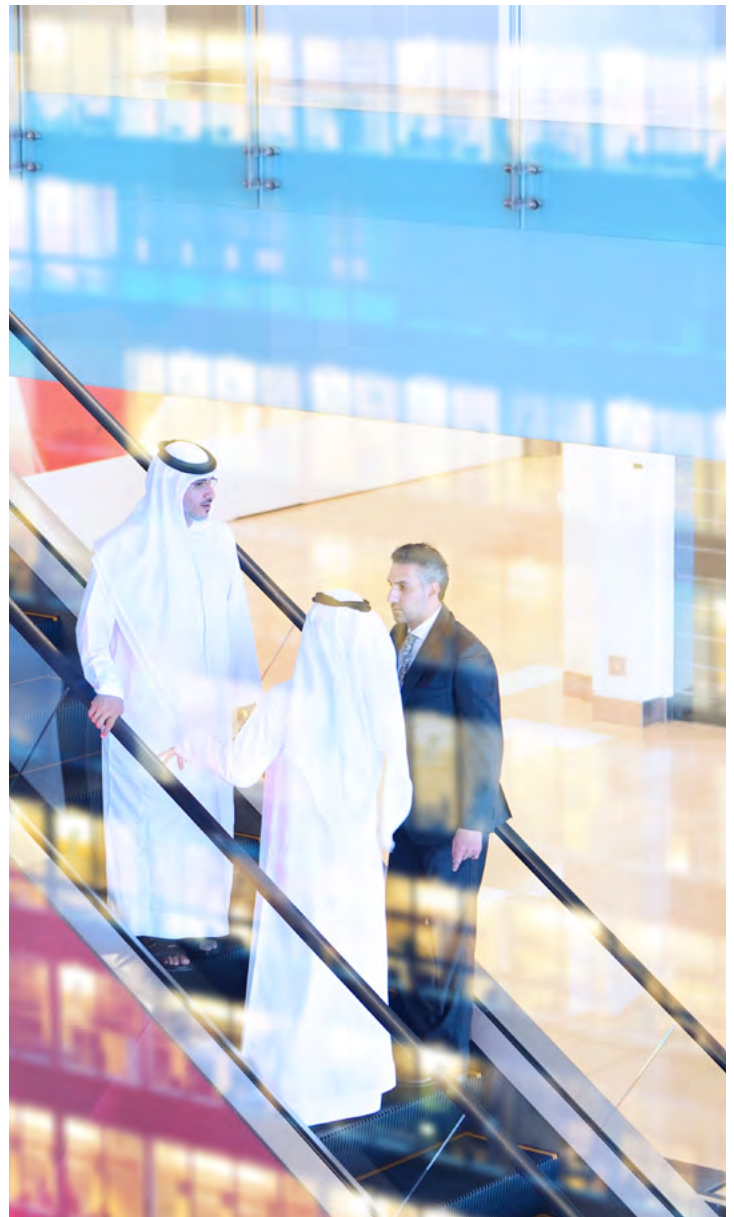


Overall Objectives

Our Comprehensive Economic Partnership Agreement (CEPA) with Türkiye aims to elevate the private sector by reducing barriers to UAE exports, safeguarding UAE interests in global competition, and promoting fair and transparent trade regulations. By implementing this agreement, we enable UAE businesses to access the Turkish market more efficiently, enhancing their competitiveness and enabling them to export goods and services with greater cost-efficiency.

This CEPA will catalyze new trade routes and markets for emerging economies, positioning the UAE at the heart of global growth centers and propelling us towards a brighter future. We aim to open up significant advantages for businesses, entrepreneurs, innovators, and industries in both countries, making this agreement mutually beneficial. By reinforcing bilateral relations with Türkiye, we demonstrate the UAE's commitment to shared prosperity, seizing the current opportunities and initiating a new phase of regional trade, investment, and exchange.

Our CEPA with Türkiye respects the UAE's constitutional arrangements and international commitments while governing the trade rules between our two nations. Our primary goal is to achieve our trade and investment objectives without compromising the UAE's high standards and protections for consumer well-being. Our CEPA builds upon the country's existing international commitments, demonstrating our dedication to global economic growth, and putting the UAE at the forefront of a new era of opportunity



Chapter Overview



Trade in Goods

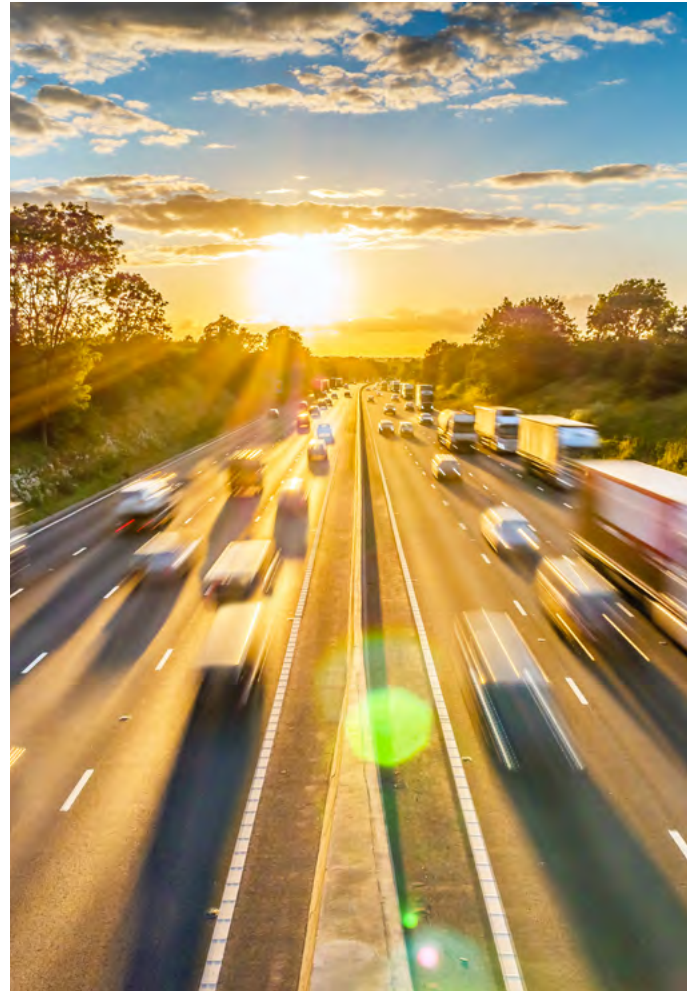
Improving market access for goods

- Provides UAE exporters greater access to the Turkish market through tariff elimination or reduction on more than 83% of tariff lines, which cover 93% of the value of non-oil bilateral trade.
- Establishes fair and transparent rules on import licensing procedures.
- Prevents the use of export subsidies on Turkish products destined to UAE to ensure fair competition with UAE products.
- Regulates import and export restrictions in accordance with the GATT 1994.
- Establishes a base for broadening the scope of tariff elimination on traded goods.
- Creates a mechanism for consultations on non-tariff measures that may create barriers to trade.

Rules of Origin

Establishing the criteria for products to benefit from preferential tariff treatment

- Sets preferential rules of origin that govern the criteria for which traded goods are eligible for tariff reduction or elimination.
- These rules cover both goods produced from local resources and materials (Wholly Obtained Goods) and goods manufactured using imported materials (Substantially Transformed Goods).
- The rules adopted in the UAE-Türkiye CEPA are based on the European rules of origin protocol. The agreement also uses some easier rules based on the UK-Türkiye FTA, where applicable.
- The agreement provides for alternative rules to qualify goods, which gives our producers and manufacturers more flexibility in qualifying their goods.
- Goods produced in free zones that satisfy the rules of origin criteria can also benefit from preferential treatment under this agreement.



Customs and Trade Facilitation

Creating better border procedures

- Closely aligns with the WTO Trade Facilitation Agreement (TFA) and the World Customs Organization (WCO) recommendations on customs management techniques.
- Enhances customs cooperation between the UAE

and Türkiye and increases the efficiency of customs procedures affecting the movement of cross-border trade.

- Assists in the application of the Customs Mutual Assistance Agreement as well as the implementation of the Mutual Recognition Arrangements of the Authorized Economic Operator between the UAE and Türkiye.



Technical Barriers to Trade

Reducing non-tariff barriers to trade

- Establishes a comprehensive legal framework on technical regulations, standards and conformity assessment procedures to ensure UAE and Turkish products can access each other's market without unjustified technical barriers to trade.
- Promotes mutual understanding of each the UAE and Türkiye's standards, technical regulations, and conformity assessment procedures to enhance transparency.
- Facilitates information exchange and cooperation between the UAE and Türkiye on matters regarding standards, technical regulations and conformity assessment procedures, including in the work of relevant international bodies.
- Ensures that the UAE and Türkiye do not develop, adopt or apply national standards with a view to, or with the effect of, creating unnecessary obstacles to international trade.
- Creates a mechanism to discuss and exchange information on any matter arising under the Technical Barriers to Trade chapter.
- Enhances transparency by providing information regarding the objectives of and rationale for a technical regulation or conformity assessment procedure that the UAE or Türkiye has adopted or is proposing to adopt.

Sanitary and Phytosanitary Standards

Protecting human, animal and plant life

- Establishes a detailed mechanism on sanitary and phytosanitary measures that protect human, animal and plant health while ensuring such measures do not create unjustified barriers to trade.
- Strengthens communication, consultation, and cooperation between the UAE and Türkiye, and particularly between the countries' competent authorities.
- Ensures that sanitary or phytosanitary measures implemented by the UAE or Türkiye do not create unjustified barriers to trade.
- Enhances transparency and understanding of the application of the UAE and Türkiye's sanitary and phytosanitary measures.
- Strengthens cooperation on equivalence and risk analysis based on the WTO Agreement on Sanitary and Phytosanitary Measures.

Trade in Services

Facilitating market access for the services sectors

- Sets clear and transparent rules and regulations to facilitate the cross-border supply of services.
- Includes commitments in cross-border supply of services, consumption abroad, commercial presence, and movement of persons.
- Provides UAE services suppliers with access to Türkiye's domestic services market in a range of sectors, including:
 - ▷ Business Services
 - ▷ Telecommunications Services
 - ▷ Distribution Services
 - ▷ Construction Services
 - ▷ Financial and insurance Services
 - ▷ Education Services
 - ▷ Transportation Services
- Maintains the UAE's same level of commitments as agreed to in the WTO for trade in financial services.
- Excludes the automaticity of the Most Favoured Nation treatment as well as the automaticity of licensing authorization and certification of services suppliers.
- Restricts the Movement of Natural Persons to two categories of open services suppliers, including business visitors and intra-corporate transferees. Such categories incentivize business establishment and investments.
- UAE does not offer any commitments in energy and energy related services. Türkiye in the distribution services does not include distribution of goods subject to import or export restriction but not on renewable energy and electricity.

Digital Trade

Empowering modern technology and the digital economy

- Promotes future cooperation in all areas related to the digital economy and e-commerce, such as electronic authentication and electronic signatures, online consumer protection, personal data protection, paperless trading, unsolicited commercial electronic messages, cross border flow of information and use of the internet for digital trade.
- Ensures Türkiye will not impose any customs duties on electronic transmissions, in compliance with WTO decisions.
- Excludes the digital trade chapter from the CEPA's dispute settlement mechanism.

Investment

Promoting and facilitating investment

- Enhances investment facilitation procedures to increase bilateral investment flows between the UAE and Türkiye and create a better environment for doing business in the territory of each nation.
- Refers to the UAE-Türkiye Reciprocal Promotion and Protection of Investments signed in 2005 and any subsequent amendments.
- Aims to reach the highest possible level of digitalization for procedures related to investments.
- Establishes the Investment Facilitation Committee with the objective to promote and enhance investment cooperation between the Parties and identify and work toward the removal of impediments and investment facilitation.
- Excludes the Investment Chapter from the CEPA's dispute settlement mechanism.

Intellectual Property

Protecting innovation and creativity

- Strengthens the protection and enforcement of intellectual property rights to promote technological innovation and to transfer and disseminate technology.
- Ensures intellectual property provisions are balanced with the UAE's existing laws, regulations, and international commitments.
- Aligns intellectual property commitments with the WTO Doha Declaration on The Trade Related Aspects of Intellectual Property Rights (TRIPS) Agreement and Public Health, affirming the rights of countries to take measures to promote public health.
- Promotes greater transparency, endorsing the online publication of intellectual property laws, regulations, and application/registration practices.

Trade Remedies

Ensuring domestic industries remain strong

- Establishes a preferential treatment on trade remedy measures in order to ensure fair competition on products as well as to ease the process of initiating trade remedy investigations.
- Establishes a mechanism for bilateral safeguard measures if imported products from Türkiye under tariff elimination increase to such quantities as to cause or threaten injury to the UAE's domestic industry.
- Enables consultations before the initiation of a trade remedy investigation.
- Promotes transparency and strengthens the due process rights in trade remedy investigations in the best interest of UAE exporters by ensuring proper and timely notifications.



Dispute Settlement

Creating methods to resolve disputes

- Provides a thorough mechanism to resolve disputes should the UAE or Türkiye fail to comply with its obligations under the CEPA, including compensation and trade retaliation.
- Enables an effective and efficient mechanism for avoiding and settling disputes between the UAE and Türkiye concerning the interpretation and application of this Agreement with a view to reaching, where possible, a mutually agreed solution.
- Establishes a timely and effective dispute settlement mechanism through the set up of a panel, which shall deliver its final report to the UAE and Türkiye within one hundred and twenty (120) days of the date of composition of the panel.
 - ▷ Regulates the process to implement the final report of the panel.
 - ▷ Provides rules on the temporary remedies in case of non-compliance with the panel report.
 - ▷ Institutes the right to suspend benefits or other obligations in the case the responding Party does not comply with the panel report.
 - ▷ Establishes a rule for a mutually agreed solution that the Parties may reach at any time with respect to any dispute.

Small and Medium-sized Enterprises

Championing the bedrock of the private sector

- Provides a mechanism for information sharing in relation to all trade-related aspects, including laws, regulations, procedures, business registration, technical regulations, standards and SME financing and trade promotion programs.
- Strengthens cooperation to enhance commercial opportunities for SMEs by:
 - ▷ Encouraging collaboration on activities to promote women-owned SMEs and their participation in international trade;
 - ▷ Promoting the participation of SMEs in digital trade; and
 - ▷ Encouraging greater dialogue on experiences and best practices to support SMEs as well as current issues relating to SMEs.
- Excludes the SME Chapter from the CEPA's dispute settlement mechanism.

Economic Cooperation

Encouraging future collaboration in new areas

- Identifies areas for future cooperation including trade and investment promotion, electronic commerce, industrial and agriculture trade and financial services.
- Encourages technological and scientific economic cooperation through joint activities (e.g., conferences, seminars, training sessions and educational programs, dialogue and exchange of private sector experiences and joint business initiatives between entrepreneurs).
- Introduces a Halal Cooperation article which encourages the UAE and Türkiye to negotiate and finalize a memorandum of understanding in relation to halal quality infrastructure and mutual recognition on halal certification, including standards and accreditation of halal products.

General Provisions

Enabling a flexible CEPA framework

- Provides the UAE and Türkiye with the possibility to consider any amendments to the Agreement.
- Allows the Joint Committee to assess, revise and propose amendments to the agreement, including improving market access, in the light of the experiences gained during the application of this Agreement and its objectives.
- Encourages the Joint Committee to endeavor to amicably resolve disputes between the UAE and Türkiye arising from the interpretation of application of this Agreement or any other Agreement relating to market liberalization to which they are both Parties.





CONSULTATIONS ON TRADE NEGOTIATIONS

Consultations on Trade Negotiations

Overview

The UAE implemented a whole-of-government approach in our CEPA negotiations with Türkiye. Our trade negotiation team is led by the Ministry of Economy and includes members from numerous UAE government and private sector entities who have a stake in the UAE's future. Our trade negotiation process involves an economic feasibility analysis of a potential CEPA with a partner country, consultations with private sector stakeholders, an agreed upon scope and terms of reference with the partner country, and rounds of negotiation working group sessions across every CEPA chapter.

Our CEPA with Türkiye covers 18 chapters, 13 annexes and three side letters, all of which are available on our Ministry of Economy website <https://www.moec.gov.ae/en/cepa>. Throughout the negotiation process with Türkiye, we consulted with our private sector and various stakeholders and received feedback on chapter provisions and market access offers/requests from companies across a range of industries. These consultations helped us to safeguard our economic interests in Türkiye and secure outstanding deal for UAE businesses.

CEPA Governance

The UAE Cabinet approves the mandate and members of the UAE Trade Negotiation Higher Committee and ratifies all final CEPAs.

The UAE Trade Negotiation Higher Committee reviews final terms of the CEPA and manages strategic matters and sensitive issues.

The UAE Trade Negotiation National Committee reviews and approves final CEPAs, manages partner country relations, develops CEPA strategy for each partner country, and supervises the CEPA process and strategic communications.

The UAE trade negotiation team is comprised of experienced economists, trade analysts, legal and public relations experts from various government and private sector entities.



Economic Impact

Overview

The CEPA will accelerate the exchange of goods and services between the UAE and Türkiye and facilitate greater investment flows, leading to economic gains for both nations. The deal is expected to boost the value of non-oil trade from US\$18.9 billion to US\$40 billion by in the next 5 years and create a total of 25,000 new jobs in across both countries by 2031. For UAE industries and manufacturers doing business with Türkiye, the CEPA will create a predictable and transparent trading environment and result in more economic opportunities by:

- Eliminating or reducing customs duties
- Removing non-tariff barriers to trade
- Granting preferential access to the Turkish market
- Reinforcing the competitiveness of the UAE industry
- Clarifying the rules of trade with Türkiye

Examples of Services Sectors Positively Impacted

The CEPA will bring new opportunities for UAE and Turkish companies in the services sectors. The agreement improves market access for services such as:

- Business
- Telecommunications
- Distribution
- Financial and Insurance
- Transportation
- Healthcare
- Education
- Construction

Benefits for Consumers

Consumers in the UAE and Türkiye will benefit in many ways. Most notably, consumers will gain improved access to a wider range of competitively priced goods and services as the CEPA will lead to:

- Lower prices
- More product varieties
- Higher quality products

Benefits for Consumers

International trade enables small businesses to compete in the world economy. Our CEPA will help UAE small businesses expand to the Turkish market and diversify their consumer base by:

- Ensuring access to information on export rules and requirements
- Establishing simple customs procedures
- Creating opportunities to network with commercial partners in Türkiye

Next Steps

- The UAE will continue to consult with stakeholders through formal and informal mechanisms as we develop our independent trade policy further and work to expand our network of CEPAs.
- Upon entry into force of our CEPA with Türkiye, we encourage private sector companies to share any feedback on issues that arise or barriers to trade in leveraging the benefits of this CEPA with our team at CEPA@economy.ae.





www.moec.gov.ae/cepa

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