

**TERMS OF REFERENCE
FOR THE NEGOTIATIONS OF THE FREE TRADE AGREEMENT
BETWEEN THE MEMBER STATES OF THE COOPERATION COUNCIL FOR THE
ARAB STATES OF THE GULF AND THE REPUBLIC OF TÜRKİYE**

Recognizing the importance of liberalizing trade in goods and services and improving the business environment in order to further develop their close economic ties, the GCC Member States (United Arab Emirates, Kingdom of Bahrain, Kingdom of Saudi Arabia, Sultanate of Oman, State of Qatar and State of Kuwait) and The Republic of Türkiye, individually as a Party and collectively as "the Parties", have jointly developed these Terms of Reference (ToR) which will guide the negotiations for a free trade agreement (FTA) between the Parties, in conformity with Article XXIV of the General Agreement on Tariffs and Trade 1994 ("GATT 1994") and Article V of General Agreement on Trade in Services ("GATS"). The ToR addresses the negotiating principles, scope of the FTA, modality of the negotiations and status of texts produced during the negotiations:

I. Principles:

1. This ToR shall facilitate negotiations in order to conclude an ambitious, balanced, and comprehensive GCC-Türkiye FTA for trade in goods, trade in services, investment, and other areas of cooperation as mutually agreed upon by the Parties, thereby strengthen, and enhance economic cooperation by laying down the negotiating principles and forming the scope of liberalization under the FTA.
2. The Parties will negotiate the FTA on a mutually beneficial basis, taking into consideration any sensitivities that may be raised during the course of negotiations.
3. All documents exchanged by the Parties during the negotiations shall be considered as reserved and confidential unless otherwise specifically stated in writing.
4. The negotiation parts of the FTA between the Parties will collectively be a single undertaking. Consequently, nothing is agreed until everything is agreed.

II. FTA Scope:

1. The Parties will negotiate the following:

- a. Preamble;
- b. Initial Provisions and General Definitions;
- c. Trade in goods (Including trade remedies);
- d. Rules of Origin and Origin Procedures;
- e. Sanitary and Phytosanitary Measures (including Cooperation);
- f. Technical Barriers to Trade;
- g. Customs Procedures & Trade Facilitation;
- h. Trade in Services;
- i. Intellectual Property Rights;
- j. Investment Facilitation (for GCC interested parties);
- k. Investment Promotion and Protection (for GCC interested parties);
- l. Movement of Natural Persons;¹
- m. Micro, Small and Medium-Sized Enterprises (MSMEs);
- n. Digital Trade;
- o. Competition;
- p. Dispute Settlement;
- q. Administration of the Agreement.
- r. Final provisions.
- s. Other issues mutually agreed upon.

2. The modalities of tariff concessions shall be based on the Harmonized System (HS) 2022, according to the following staging:

- A: Elimination on entry into force
3: 3 years
5: 5 years
7: 7 years
10: 10 years
15: 15 years
20: 20 years
X: Excluded from liberalization
TR: Tariff Reduction
Q: Quotas (if needed)

The parties do not necessarily need to use all the modalities listed above.

¹ This Chapter will cover only rules and disciplines. The market access and national treatment commitments regarding Mode 4 will be in the Schedule of Specific Commitments which will be Annexed to the Trade in Services Chapter.

3. All chapters referred to in paragraph II (1), and any other topic(s) agreed by the Parties will form an integral part of the FTA.

4. Trade in Goods:

a. "Goods" cover both industrial and agricultural goods, without prejudice to the result of the negotiations.

b. Negotiating method: Request and Offer (R/O) approach. The Parties agree to exchange their initial tariff requests and offers simultaneously. Requests and offers shall follow the format below.

(Request)

National Tariff Line of The Other Party	Description	Base Rate	Staging category	Remarks

(Offers)

National Tariff line	Description	Base Rate	Staging category	Remarks

c. Base rates: Applied MFN rates in effect as of the date of exchange of trade data and tariff rates. Parties will exchange trade data for the period 2020-2022 (in the Excel format) before the 1st round of negotiations.

d. The Parties will aim to exchange their requests and offers not later than three weeks prior to each negotiation round.

5. Rules of Origin:

Negotiating method: The proposals will be presented in the following format:

HS Chapter / Heading / Sub-Heading	Description of the product	Working or processing, carried out on non-originating materials, which confers originating status	
(1)	(2)	(3)	or (4)

6. Trade in Services:

- a. The Trade in Services Chapter, which will cover the four modes of supply and shall follow a positive list approach for commitments scheduling.²
- b. The offers will have substantial sectorial coverage and will provide for the absence or elimination of substantially all discriminatory measures or market access limitations.
- c. Liberalization will substantially cover all sectors recognizing the sensitive nature of certain sectors and excluding those services provided in the exercise of governmental authority.
- d. Parties shall be flexible to build on the GATS commitments and disciplines.
- e. Negotiating method: request and offer (R/O) approach.

III. Modality of Negotiations:

1. The Parties have planned to launch the negotiations in 2024, and will use their reasonable endeavors to conclude the negotiations as soon as possible.
2. Negotiations will be conducted in English.
3. All materials that both sides exchange during the negotiations will be provided in English.
4. Negotiations will take place alternately in GCC Secretariat Headquarter and Türkiye. Inter-sessional meetings, in person or via video, of working groups will be encouraged to facilitate the process of the negotiations when necessary.

² GCC offer will be in one encompassing schedule of specific commitments for the 6 member states, each member will have its commitment marked separately under each sector or collectively if the commitments are at the same level.

IV. Delegations:

1. Negotiations will take place mainly at the following levels: Chief Negotiators and Working Groups. Chief Negotiators will lead their respective delegations and manage overall negotiations at each round of negotiations.
2. The names of the Chief Negotiators from the Parties will be exchanged along with names of heads of the working groups at least one (1) week prior to each round of negotiations.
3. In order to establish prompt and practical communication between the Parties, each Party designated the following contact persons to channel all communications, without prejudice to necessary diplomatic correspondence. The Parties will promptly inform each other about any change regarding their contact person.

For the GCC:

Mr. Abdulrazzaq Al-jraid, General Director- the General Directorate of Negotiations, Secretariat General - Gulf Cooperation Council.

For the Republic of Türkiye:

Mr. M. Alper ATILLA, Head of Department, Directorate General for International Agreements and the EU Affairs, Ministry of Trade.

V. Text Produced

1. The Party hosting the negotiations will provide both delegations with an identical set of official texts produced after each meeting in electronic format.
2. The produced texts for the various topics will be jointly agreed upon by the heads of the technical teams.
3. The Party hosting the negotiations will draft the minutes of the meeting and/or an action log at the end of each round. Each working group should produce a detailed report for the conclusion reached as a result of that round.
4. The final text of the FTA shall be signed in Arabic, Turkish and English. In case of any divergences in the interpretation, the English text shall prevail.