Council of the European Union

Brussels, 1 October 2025
(OR. en)

13436/25

POLCOM 274
SPG 5
DELACT 143

COVER NOTE

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
date of receipt:	29 September 2025
To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
Subject:	COMMISSION DELEGATED REGULATION (EU) .../... amending Annexes II, IV and VII to Regulation (EU) No 978/2012 of the European Parliament and of the Council

Delegations will find attached document C(2025) 6479 final.

Encl.: C(2025) 6479 final

EUROPEAN
COMMISSION

Brussels, 29.9.2025
C(2025) 6479 final

COMMISSION DELEGATED REGULATION (EU) …/...

of 29.9.2025

amending Annexes II, IV and VII to Regulation (EU) No 978/2012 of the European Parliament and of the Council

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EXPLANATORY MEMORANDUM

1. CONTEXT OF THE DELEGATED ACT

Since 1971, the EU Generalised Scheme of Preferences has assisted developing countries in their efforts to reduce poverty, promote good governance and sustainable development by providing preferential access to the Union market and, consequently, allowing them to generate additional revenues through international trade. Regulation (EU) No 978/2012 of the European Parliament and of the Council of 25 October 2012 applying a scheme of generalised tariff preferences and repealing Council Regulation (EC) No 732/2008[1] provides the legal framework for the implementation of the Generalised Scheme of Preferences ('GSP'). It was designed to concentrate GSP on the developing countries most in need, that is to say, the least developed countries and other low and lower-middle income countries, as a reflection of the current global economic and trade landscape.

The list of GSP beneficiary countries is established by Annex II to Regulation (EU) No 978/2012. According to Article 5(2) of Regulation (EU) No 978/2012, the Commission shall review Annex II by 1st January of each year. The criteria for an eligible country to benefit from GSP beneficiary status are laid down in Article 4 of Regulation (EU) No 978/2012.

Article 4(1)(a) of Regulation (EU) No 978/2012 sets out that countries shall not benefit from the GSP if they have been classified by the World Bank as a high-income or an upper-middle income country for 3 consecutive years immediately preceding the update of the list of beneficiary countries.

Furthermore, Article 5(2)(a) of Regulation (EU) No 978/2012 states that the decision to remove a beneficiary country from the list of GSP beneficiaries, on the basis of point (a) of Article 4(1), shall apply as from one year after the date of entry into force of that decision.

Indonesia has been classified by the World Bank as upper-middle income country in 2023, 2024 and 2025 and, consequently, as of 1 January 2027 Indonesia should cease to benefit from the GSP preferences.

Pursuant to Article 17(1) of the GSP Regulation a country which is identified by the United Nations ('UN') as a least developed country ('LDC') should benefit from the tariff preferences under the special arrangement for the LDCs (Everything But Arms, 'EBA'). Pursuant to Article 17(2), the list of EBA beneficiary countries is established in Annex IV to the GSP Regulation and is to be continuously reviewed on the basis of the most recent available data. **São Tomé and Príncipe** graduated from the least-developed country category on 13 December 2024. Therefore, São Tomé and Príncipe no longer qualifies for the EBA beneficiary status under Article 17(1) and should be removed from Annex IV to the GSP Regulation.

The decision to remove a beneficiary country from the list of EBA beneficiary countries should apply following a transitional period of three years as from the date on which the Commission delegated act amending the Annex IV enters into force. São Tomé and Príncipe should remain listed in Annex II to the GSP Regulation as a standard GSP beneficiary.

Setting the effective exit date on 1 January is in line with Article 5(2) of Regulation (EU) No 978/2012, which foresees that the Commission reviews Annex II by January 1 of each year to provide a GSP beneficiary country and economic operators with time for orderly adaptation to the change in the country's status under the scheme. This is also in line with the past practice

[1] OJ L 303 of 31.10.2012, p. 1, ELI: http://data.europa.eu/eli/reg/2012/978/2023-11-28.

and ensures legal certainty for stakeholders. Moreover, as the calculation of the graduation (Annex VI) and the vulnerability (Annex VII) thresholds are linked to the amendments of the list of GSP beneficiaries (Annex II), amending this list several times in one year would mean repeated recalculations of the thresholds. This would cause unnecessary administrative burden and could lead to legal uncertainty for the remaining beneficiaries. Therefore, in the interests of simplicity and legal certainty and in line with past practice, 1 January 2027 is proposed as exit date from GSP for Indonesia and 1 January 2029 as exit date from EBA for São Tomé and Príncipe.

Pursuant to Article 9(1)(a) of the Regulation (EU) No 978/2012, a country is considered **vulnerable** in case of a lack of diversification and insufficient integration within the international trading system. That vulnerability must be assessed in accordance with the methodology and thresholds set out in Annex VII points 1(a) and 1(b) to the GSP Regulation. Annex VII point 1(b) lays down that for a country to be considered vulnerable, as an average over the past three consecutive years, the total value of its imports to the Union of products listed in Annex IX shall represent less than the threshold of 7.4% of the total value of the imports into the Union of products listed in Annex IX and originating in GSP beneficiary countries listed in Annex II to the GSP Regulation. Article 9(2) of the GSP Regulation lays down that when the list of GSP beneficiaries is amended, the Commission is empowered to adopt delegated acts in order to review the vulnerability threshold "so as to maintain proportionally the same weight of the vulnerability threshold as calculated in accordance with Annex VII".

Since the last adjustment of the vulnerability threshold by Commission Delegated Regulation (EU) 2020/129, Annex II has been amended to remove five countries from the list of GSP beneficiaries. As a result of the amendments to Annex II, which took effect between 1 January 2019 and 1 January 2023, the total imports into the Union of the products listed in Annex IX from all GSP beneficiary countries, taken as an average, has decreased by 17,5 %.

To reflect this decrease in the denominator of the fraction used to calculate vulnernability, it is proposed to raise the threshold, against which vulnerability is measured, proportionally from 7.4 % to 9 %, in accordance with Annex VII point 1(b).

Considering that the calculation of the vulnerability threshold takes into account averaged data for the last three consecutive years, to maintain the same weight of the vulnernability threshold, it is necessary to ensure that the revised threshold of 9 % applies as of the time when the changes in Annex II took effect, namely as of 1 January 2023.

2. CONSULTATIONS PRIOR TO THE ADOPTION OF THE ACT

In line with paragraph 4 of the Common Understanding on delegated acts between the European Parliament, the Council and the European Commission, appropriate and transparent consultations, including at expert level, have been carried out on this delegated act. The Commission presented the draft delegated act to the Expert Group on the Generalised Scheme of Preferences on 27 August 2025.

3. LEGAL ELEMENTS OF THE DELEGATED ACT

Article 5(3) of Regulation (EU) No 978/2012 empowers the Commission to adopt delegated acts in order to amend Annex II to that Regulation on the basis of the criteria laid down in Article 4 of that Regulation, in accordance with Article 36 of that Regulation.

Indonesia should be removed from Annex II of Regulation (EU) No 978/2012 with effect from 1 January 2027.

Article 17(2) of Regulation (EU) No 978/2012 empowers the Commission to adopt delegated acts in order to amend Annex IV to that Regulation, in accordance with Article 36 of that Regulation.

São Tomé and Príncipe should be removed from Annex IV of Regulation (EU) No 978/2012 with effect from 1 January 2029.

Article 9(2) of Regulation 978/2012 empowers the Commission to adopt delegated acts in order to amend Annex VII to that Regulation, in accordance with Article 36 of that Regulation.

The vulnerability threshold defined in Annex VII point 1(b) should be amemded to 9% applicable as of 1 January 2023.

COMMISSION DELEGATED REGULATION (EU) …/...

of 29.9.2025

amending Annexes II, IV and VII to Regulation (EU) No 978/2012 of the European Parliament and of the Council

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 978/2012 of the European Parliament and of the Council of 25 October 2012 applying a scheme of generalised tariff preferences and repealing Council Regulation (EC) No 732/2008[1], and in particular Articles 5(3), 9(2) and 17(2) thereof,

Whereas:

(1) Article 4 of the Regulation (EU) No 978/2012 establishes the criteria for granting tariff preferences under the general arrangement of the Generalised Scheme of Preferences ('GSP').

(2) Point (a) of Article 4(1) of Regulation (EU) No 978/2012 provides that a country that has been classified by the World Bank as a high-income or an upper-middle income country for 3 consecutive years should not benefit from GSP.

(3) The list of beneficiary countries under the GSP is established in Annex II to Regulation (EU) No 978/2012. Pursuant to that Regulation, the Commission is to review Annex II by 1 January of each year in order to amend the status of the listed countries in accordance with the criteria laid down in Article 4 of that Regulation.

(4) Pursuant to Article 5(2) of Regulation (EU) No 978/2012, a GSP beneficiary country and economic operators are to be given sufficient time for an orderly adaptation to the country's GSP status revision. Therefore, the decision to remove a beneficiary country from the list of GSP beneficiary countries on the basis of Article 4(1)(a), shall apply as from one year after the date of entry into force of that decision.

(5) Indonesia has been classified by the World Bank as upper-middle income country in 2023, 2024 and 2025. Therefore, Indonesia no longer qualifies for GSP beneficiary country status in accordance with Article 4(1)(a) of Regulation (EU) No 978/2012 and should be removed from the list of GSP beneficiary countries in Annex II to that Regulation, with application from 1 January 2027.

(6) Pursuant to Article 17(1) of Regulation (EU) No 978/2012, a country which is identified by the United Nations (‘UN’) as a least-developed country should benefit from the tariff preferences provided under the special arrangement Everything But Arms (‘EBA’) for the least-developed countries. The list of EBA beneficiary countries is established in Annex IV to Regulation (EU) No 978/2012.

(7) The UN graduated São Tomé and Príncipe from the least-developed country category on 13 December 2024. Therefore, São Tomé and Príncipe no longer qualifies for EBA

[1] OJ L 303, 31.10.2012, p. 1, ELI: http://data.europa.eu/eli/reg/2012/978/2023-11-28.

beneficiary status under Article 17(1) of Regulation (EU) No 978/2012 and should be removed from Annex IV of that Regulation. In accordance with Article 17(2) of Regulation (EU) No 978/2012, the delegated act removing São Tomé and Príncipe from the list of EBA beneficiary countries should apply following a transitional period of 3 years as from the date on which that delegated act enters into force. São Tomé and Príncipe should, therefore, be removed from Annex IV, with application from 1 January 2029.

(8) Pursuant to point (a) of Article 9(1) of Regulation (EU) No 978/2012, a country benefiting from the GSP may benefit from the tariff preferences provided under the special incentive arrangement for sustainable development and good governance if it is considered vulnerable due to lack of diversification and insufficient integration within the international trading system, as defined in Annex VII to Regulation (EU) No 978/2012.

(9) Pursuant to point 1(b) of Annex VII to Regulation (EU) No 978/2012, as amended by Commission Delegated Regulation (EU) 2015/602 and Commission Delegated Regulation 2020/129, for a country to be considered vulnerable, the imports of products listed in Annex IX into the Union from that country should represent less than the threshold of 7,4 % in value of the total imports from GSP beneficiary countries into the Union, as an average during the last three consecutive years.

(10) In accordance with Article 9(2) of Regulation (EU) No 978/2012, where the list of GSP beneficiary countries in Annex II is amended, the Commission is empowered to adopt delegated acts to amend Annex VII in order to review the vulnerability threshold defined in point 1(b) of Annex VII. Such a review aims to maintain proportionally the same weight of the vulnerability threshold as calculated in accordance with Annex VII, taking into account the previous amendments to the list of GSP beneficiary countries.

(11) The last review under Commission Delegated Regulation (EU) 2020/129[2] increased the vulnerability threshold from 6,5 % to 7,4 % applicable as of 1 January 2019.

(12) Betweem 1 January 2019 and 1 January 2023, the list of GSP beneficiaries in Annex II to Regulation (EU) No 978/2012 was substantially amended, as five countries were removed from Annex II. It is therefore necessary to review the vulnerability threshold set out in point 1(b) of Annex VII to Regulation (EU) No 978/2012.

(13) As a result of the amendments to the list of GSP beneficiaries in Annex II to Regulation (EU) No 978/2012 between 1 January 2019 and 1 January 2023, the total imports into the Union of the products listed in Annex IX from all GSP beneficiary countries taken as an average have decreased by 17,5 %. An increase of the vulnerability threshold from 7,4 % to 9 %, applicable as of the time when the amendments to Annex II took effect, that is as from 1 January 2023, would maintain proportionally the same weight of the vulnerability threshold as laid down in Annex VII to Regulation (EU) No 978/2012,

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EU) No 978/2012 is amended as follows:

[2] OJ L 27, 31.1.2020, p. 8–9 ELI: http://data.europa.eu/eli/reg_del/2020/129/oj.

(1) In Annex II, under the heading "Beneficiary countries of the general arrangement referred to in point (a) of Article 1(2)", the following alphabetical codes and corresponding countries are removed from columns A and B, respectively:

ID	Indonesia

(2) In Annex IV, under the heading "Beneficiary countries of the special arrangement for the least-developed countries referred to in point (c) of Article 1(2)", the following alphabetical codes and corresponding countries are removed from columns A and B, respectively:

ST	São Tomé and Príncipe

(3) In point 1(b) of Annex VII to Regulation (EU) No 978/2012, the threshold '7,4 %' is replaced by '9 %'.

Article 2

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

Article 1(1), shall apply from 1 January 2027.

Article 1(2), shall apply from 1 January 2029.

Article 1(3), shall apply from 1 January 2023.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 29.9.2025

For the Commission
The President
Ursula VON DER LEYEN