



Suspension of tariff preferences for certain goods originating from India and Indonesia imported into the EU as of 1 January 2023

What is GSP?

The European Union's Generalized System of Preferences (GSP), currently governed by [Regulation \(EU\) 978/2012 of 25 October 2012](#) (“**Regulation 978/2012**”), is a unilateral preference granted by the EU allowing goods originating in certain developing countries such as India and Indonesia to be imported at **reduced or zero custom duty rates**.

As a result, all goods listed in Annex V of Regulation 978/2012, originating in one of these two countries and which are not amongst the country/product pairs excluded from the general GSP scheme, are subject to reduced (sensitive products for European industry) or zero (non-sensitive products) import duty rates.

Entry into force of Implementing Regulation (EU) 2022/1039 on 1 January 2023: suspension of the GSP scheme for certain goods originating in India and Indonesia for the year 2023

Regulation (EU) 978/2012 stipulates that the tariff preferences granted under the general GSP scheme must be **suspended** when, for three consecutive years, the average value of imports of products falling under a GSP section into the European Union **exceeds the thresholds** set out in Annex VI of the regulation.

Enforcing the above rule, the European Commission has adopted [Implementing Regulation \(EU\) 2022/1039 of 29 June 2022](#) (“**Implementing Regulation 2022/1039**”), which provides that products **originating from India or Indonesia** listed below **will no longer be eligible** for the tariff preferences granted under the GSP scheme from 1 January 2023 to 31 December 2023.

Countries	GSP Section	Description
India	S-6a	Inorganic and organic chemicals
	S-7a	Plastics and articles thereof
	S-8b	Articles of leather; fur skins and artificial fur
	S-11a	Textiles
	S-13	Articles of stone, plaster, cement, asbestos, mica or similar materials; ceramic products; glass and glassware
	S-14	Pearls and precious metals
	S-15a	Iron, steel and articles of iron and steel
	S-15b	Base metals (excl. iron and steel), articles of base metals (excl. iron and steel)
	S-16	Machinery and mechanical appliances; electrical machinery and equipment and parts thereof
	S-17a	Railway or tramway locomotives, rolling-stock
Indonesia	S-1a	Live animals and animal products excluding fish
	S-3	Animal or vegetable oils, fats and waxes
	S-5	Mineral products
	S-9a	Wood and articles of wood; wood charcoal

Practical implications

As of 1 January 2023, all of the above products will be subject to the Common Customs Tariff of the EU. The financial impact (**increase in purchase prices**) will be greater or lesser depending on the customs duty rate associated with each of the products concerned. Information must be shared within the sales teams of Indian and Indonesian suppliers, and the purchasing teams of European customers in order to best manage this impact commercially and contractually.

In addition, it is interesting to see what effect this suspension will have on the negotiations currently being undertaken by the European Commission with the Indian and Indonesian authorities towards the conclusion of economic partnership agreements, such as the ones signed with Vietnam or Japan recently. The Indo-European discussions initiated in 2012 have recently resumed on 17 June 2022. Those with Indonesia started in July 2016. However, both are stumbling on a few points still under discussion.

The Customs and International Trade team, the India Desk and the Indonesia Desk of DS Avocats is at your disposal for any further information.

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