

FESI notes from DG Trade meeting on the new GSP

25 February 2026

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Meeting Hosted by DG Trade with participation of DG Taxud

The EU has reached a political agreement on a revised Generalised Scheme of Preferences (GSP) that will apply from 1 January 2027 and run 10 years till end 2036. Textiles/apparel remain the largest GSP import sector (60%), with footwear 6%, and the EC acknowledged they therefore directly exposed to the main changes in the scheme.

While the 3-tier structure (Standard GSP / GSP+ / EBA) is preserved, the reform raises the risk of sudden preference loss for apparel and strengthens political and regulatory conditionality affecting key sourcing countries.

Timeline & process

- Political deal reached in December; legal scrubbing ongoing
- Final text expected to be published in OJEU June 2026
- EP Plenary vote April 2026
- Application: 1 Jan 2027
- Significant secondary legislation still to come (procedures for GSP+, withdrawal, implementation details). The EC invited stakeholders to be involved.
- The Commission acknowledged short notice for operators and guidance will be needed well before 2027.

Graduation thresholds lowered by 10%

General threshold lowered by 10% from 57 % to 47 %. Apparel/textiles threshold lowered from 47.2% to 37% of EU imports.

The thresholds for triggering automatic safeguards are now aligned with thresholds for product graduation, which ensures consistency and complementary.

In addition, a **special surveillance mechanism** and references to “upsurges of imports” increase the scope for intervention.

For major apparel suppliers, the probability of sudden loss of preferences increases significantly, either via graduation or safeguards. Therefore FESI and other stakeholders raised that early warning, predictability, transparency and clear timelines are critical for supply-chain planning and investments.

Conditionality: broader scope, higher political risk

- Negative conditionality is expanded:
 - Today, Standard GSP and EBA are linked mainly to core human and labour rights conventions.
 - Under the revised GSP, serious and systematic violations of all 27 conventions (including environment and good governance) can trigger a withdrawal investigation for Standard GSP and EBA as well.
- This means environmental and governance issues can now directly lead to trade preference suspension, not only human/labour rights.
- Positive conditionality (GSP+) remains, but with stronger content:
 - The list of conventions is expanded to include:
 - Optional Protocol on Children in Armed Conflict
 - Convention on the Rights of Persons with Disabilities
 - ILO Convention No 81 (Labour Inspection)
 - ILO Convention No 144 (Tripartite Consultations)
 - Paris Agreement on climate change (replacing Kyoto)
 - UN Convention against Transnational Organised Crime
 - Current GSP+ beneficiaries must reapply under the new rules, with an action plan, and meet the expanded list of obligations (with a transition period during reapplication). They have 2 years to do so.

Withdrawal of preferences: faster tools added

- Standard withdrawal: still a last resort, now with an explicit duty to consider socio-economic impacts and flexibility in crises.
- New urgent withdrawal procedure: allows much faster suspension of preferences in exceptionally grave cases. This procedure follows the same steps but goes from 12 months to 7 months.
- The Commission says this should be exceptional.

GSP+ and rules of origin

- Current GSP+ countries must reapply under the new Regulation; continuity is not automatic.

- Rules of origin/cumulation frameworks are under review (via the UCC), reflecting transitions out of EBA/GSP.

Key country angles

- **Bangladesh:**
 - The new government has requested a 3-year postponement of LDC graduation (to end-2029). A UN readiness check reportedly identified serious gaps, making postponement plausible.
 - Several tracks are ongoing: export diversification, preparation for post-EBA, and a request for an FTA with the EU (under study, no formal EC position yet).
 - Once out of EBA, Bangladesh would be exposed to the 37% thresholds for apparel (graduation and safeguards).
 - A mid-term review of the GSP (around 2033) could, in theory, revisit aspects, but there is no political appetite for a country-specific “lex Bangladesh” solution.
- **Cambodia:**
 - The current partial withdrawal remains under the new framework.
 - The new rules require explicit consideration of socio-economic impacts before changing the scope of withdrawal.
- **Indonesia (GSP → FTA):** sequencing depends on final FTA text; risk of gaps/uncertainty if not well managed.
- **Nepal & Laos:** expected to graduate from LDC by end-2026; no agreed special easing for textiles.

Conclusion:

For predictability and data the Commission invited members to closely follow the main sources of information:

The EU GSP Hub <https://gsphub.eu/>

The UN UNCTAD LDC Portal: <https://www.un.org/ldcportal/content/unctad-0>

The World Bank Country Classification blog: <https://blogs.worldbank.org/en/opendata/world-bank-country-classifications-by-income-level-for-2024-2025>

Q&A – Summary of main points (exchange with Commission)

1) Impact of the reform and GSP+ reapplications

Question raised:

- Has the Commission done a **cumulative impact assessment** of all changes, especially given that countries will need to **reapply one by one** for GSP+?
- Concern that this **increases short-term risk and uncertainty** for beneficiary countries and operators.

Commission response:

- The European Parliament asked for **individual (case-by-case) reapplications**, and the Commission recognises this **does increase risk**.
- The Commission has already **communicated this clearly to beneficiary countries** (e.g. Pakistan mentioned as a challenging case).
- A lot will depend on the **countries' own performance**: the Commission does not expect “perfection”, but it needs to see a **credible direction of travel and sustained effort** in implementing the conventions.
- Reapplications will be a **major workload** for the Commission, and it will try to **support countries through the process**.
- The Commission encouraged **EU operators and associations** to also convey this message to sourcing-country governments.

2) Bangladesh (post-EBA transition)

Questions/concerns raised:

- How is the Commission preparing for Bangladesh's exit from EBA?
- Are there transitional or alternative pathways (e.g. GSP+, FTA, postponement)?

Commission response:

- There are **several parallel tracks** ongoing with Bangladesh:
 - The Commission has explained the **legal options** available once Bangladesh leaves EBA.
 - Bangladesh has been encouraged to **diversify its export basket**, and some movement has already started.
 - The **FTA request** from Bangladesh is seen as a sign of broader ambition, beyond just UN processes.
- The Commission noted **recent rapid developments**, including Bangladesh's request for a **3-year postponement of LDC graduation**, suggesting authorities recognise they **need more time**.

- Looking ahead, a **mid-term review of the GSP around 2033** could theoretically open possibilities, especially given recent political changes — but:
 - The Commission cautioned **not to rely on this**.
 - There is **no political appetite** among co-legislators for a country-specific solution (“no lex Bangladesh”); other options should be explored instead.
- On FTAs with LDCs: an “FTA” can cover **different types of arrangements** and mechanics; there is no single model.

3) Graduation thresholds and Laos/Nepal

Point raised / clarification sought:

- The **thresholds for automatic safeguards and graduation** have been lowered, especially for textiles.
- Question about how this applies in practice, including for countries like **Laos**.

Commission response:

- Thresholds for **automatic safeguards are lowered**, and product graduation thresholds are also lowered for textiles.
- In the specific case of Laos, the **export volumes are very small**, so the graduation threshold is **not really the relevant issue** there.

4) Rules of origin, cumulation and the UCC

Questions raised:

- Who is responsible for **rules of origin (RoO)** (DG TAXUD vs DG Trade)?
- How will RoO and **cumulation** work as many countries leave GSP or move to FTAs?
- Can cumulation work between GSP and FTA frameworks?

Commission response:

- Rules of origin sit under the **Union Customs Code (UCC)** framework.
- The **UCC delegated act on RoO is under revision**, partly because the existing country groupings are becoming less relevant as countries **transition out of GSP/EBA**.
- It is possible that this framework will be **reviewed and adapted**.
- Under the new GSP, **updated RoO rules will apply to countries requesting reapplication**.
- The question of **cumulation between GSP and FTAs** is recognised as increasingly relevant as more countries leave GSP, but this depends on the **specific legal frameworks** in place.

5) Monitoring LDC graduation timelines

Question raised:

- How can stakeholders track **when countries are likely to graduate** from LDC status?

Commission response:

- The Commission **monitors UN and World Bank assessments**, typically updated around **June/July**.
- The **UNCTAD LDC portal** was cited as the best single source to track timelines and status.
- The World Bank also publishes **useful analytical material** indicating the direction of travel of countries.

6) India, Indonesia and sequencing with FTAs

Question raised:

- How will **sequencing** work between GSP and FTAs (e.g. for Indonesia, India)?
- Risk of **gaps or overlaps** in preferences.

Commission response:

- Sequencing depends heavily on the **exact wording of each FTA**, including how it interacts with:
 - GSP provisions
 - Rules of origin
- The legal design of each agreement will determine whether transitions are **smooth or disruptive**.

7) Cambodia and future treatment

Question raised:

- What is the expected path for **Cambodia**, including graduation timing and how the Commission might handle it?

Commission response:

- No precise graduation date was confirmed in this exchange.
- The Commission acknowledged the question and the need to consider **how transitions and current partial withdrawal** interact with the new framework.

8) Predictability, data and safeguards

Question/concern raised:

- How will the Commission ensure **predictability** for operators, especially with automatic safeguards?

Commission response:

- The Commission stated it has tried to **preserve predictability features** as much as possible.
- **Automatic safeguards** remain part of the system.
- The Commission will **publish GSP statistics** on its website.
- However, it does **not intend to pre-announce** when safeguards might be under analysis.

9) Urgent withdrawal procedure

Concern raised:

- How will the **urgent withdrawal** be used in practice?

Commission response:

- The urgent procedure is intended **only for exceptionally grave violations**.
- The current system is based on **dialogue and engagement**, but in some cases violations can be so serious that **waiting would make action meaningless**.
- Even under the urgent procedure:
 - The **same steps and safeguards** exist, but on a **shorter timeline** (around 7 months).
 - There are still **opportunities for engagement** with the beneficiary country.
- The Commission stressed this should remain **exceptional**, not routine.