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EU updates its Generalised Scheme of Preferences: Enhanced conditionality and reapplications – what beneficiary countries and businesses should know

By Tobias Dolle, Stella Nalwoga, and Paolo R. Vergano

On 2 December 2025, the European Commission (hereinafter, Commission), the Council of the EU, and the European Parliament **reached** a provisional agreement on the update of the EU's *Regulation applying a Scheme of Generalised Tariff Preferences* (hereinafter, GSP Regulation), which allows vulnerable developing countries to export goods to the EU with low or no tariffs. The political agreement finally brings certainty to developing countries and their exporters benefitting from the scheme, and to EU businesses importing those goods.

This article provides an overview of the changes in the revised *GSP Regulation* and discusses the implications for the GSP beneficiary countries and their exporters.

The EU's *Generalised Scheme of Preferences*

Since 1971, the generalised scheme of preferences has been the EU's preferential trade arrangement with developing countries and least-developed countries (hereinafter, LDCs). The GSP offers duty-free access or reduced tariffs when exporting to the EU, with the aim of "*eradicating poverty, promoting sustainable development, and better integrating these countries in the world economy*". The GSP is consistent with the World Trade Organization's (hereinafter, WTO) 1979 '*Enabling Clause*', which operates as an exception to the most-favoured nation (MFN) obligation, allowing WTO Members to grant differential and more favourable tariff treatment to imports from developing countries.

The EU's GSP scheme consists of three types of preferential trade arrangements: 1) A general arrangement for developing countries meeting certain eligibility criteria, known as the Standard GSP; 2) A special incentive arrangement for sustainable development and good governance, known as the '*GSP+*'; and 3) A special arrangement for LDCs, known as the '*Everything But Arms*' arrangement (hereinafter, EBA), which removes duties on all goods, except arms and ammunition. According to the Commission, in 2024 the value of total imports into the EU under the GSP schemes amounted to EUR 60 billion, 51% of which originated from LDCs.

The EU's current [GSP Regulation](#) came into force on 1 January 2014 and was set to expire in 2023. In 2021, the European Commission had tabled its [Proposal](#) for a revised GSP Regulation, proposing to amend key features of the scheme and better respond to future challenges. As the adoption of the revised GSP Regulation took longer than planned, due to disagreements between the Council of the EU and the European Parliament, in November 2023 the EU decided to extend the current GSP Regulation until 31 December 2026.

Revised GSP+ eligibility conditions and reapplication requirement

The revised GSP Regulation, which is to apply from 1 January 2027, preserves the overall architecture of the scheme, including its three preferential arrangements, namely the Standard GSP, the GSP+, and the EBA, while introducing changes to some of the key features. A notable change concerns the conditions to be met before a country may benefit from the GSP+ scheme.

While certain developing countries automatically benefit from the Standard GSP, and LDCs automatically benefit from the EBA, developing countries wishing to benefit from the GSP+ must meet certain conditions and must submit an application to the European Commission. Notably, countries must currently ratify and effectively implement 27 international conventions concerning human and labour rights, as well as the environment and good governance principles, in order to be eligible for the GSP+. The new GSP Regulation increases the number of conventions that must be ratified and implemented from 27 to 32, now also including, *inter alia*, the Convention on the Rights of Persons with Disabilities, the Paris Agreement on Climate Change, and the ILO Labour Inspection Convention (No. 81).

Currently, eight countries benefit from GSP+ preferences, namely Bolivia, Cape Verde, Kyrgyzstan, Mongolia, Pakistan, Philippines, Sri Lanka, and Uzbekistan, while a number of EBA beneficiaries is scheduled to graduate from LDC status and may be interested in applying for GSP+ preferences in the near future. Within two years after the date of application of the new GSP Regulation, all current GSP+ beneficiaries must submit a new application showing compliance with the new requirements. The reapplication must also include an action plan for the effective implementation of all new conventions. Current beneficiary countries will continue to benefit from the tariff preferences under the GSP+ during a two-year transition period from 1 January 2027 to 31 December 2028.

Linking trade and migration: Broader scope for the withdrawal of preferences

Under the current GSP, the temporary withdrawal of tariff preferences is possible, *inter alia*, in case of “*serious and systematic violation of principles laid down in*” the human and labour rights international conventions listed in part A of Annex VIII to the current GSP Regulation. Article 19(1)(a) of the revised GSP Regulation amends this instance to also include the international conventions on climate and environmental protection, as well as on good governance. The temporary withdrawal is to apply as long as the reasons justifying it remain.

Additionally, and rather controversially, Article 18d of the revised GSP Regulation permits the temporary withdrawal of tariff preferences in case of “*serious and systematic shortcomings related to the international obligation to readmit a beneficiary country's own nationals*” in case of illegal migration issues. The revised GSP Regulation, thereby, links the provision of the tariff preferences to the beneficiary countries' cooperation in matters relating to the readmission of migrants. Essentially, Article 18d(3) of the revised GSP Regulation grants the Commission discretion to withdraw tariff preferences, where it “*considers that an insufficient level of cooperation on readmission persists*”, following “*enhanced engagement*” with the beneficiary country for at least one year. According to the Commission, cooperation on migration can be implemented through the conclusion of readmission agreements and non-binding readmission arrangements on certain aspects, such as the identification of individuals and issuance of travel documents for returnees.

Linking the tariff preferences and cooperation on migration proved highly contentious during the inter-institutional negotiations. Non-governmental organisations questioned whether conditioning trade preferences on cooperation on migration policy could indeed be reconciled with the GSP's development-focused rationale and with the WTO's *Enabling Clause*, given the absence of a direct nexus between the readmission of nationals and sustainable development objectives. These concerns are reinforced by the terms of the WTO *Enabling Clause* itself, which provides in paragraph (3)(a) and (c) thereof that “*differential and more favourable treatment*” under a GSP scheme must be “*designed to facilitate and promote the trade of developing countries and not to raise barriers*” and must be “*designed and, if necessary, modified, to respond positively to the development, financial and trade needs of developing countries*”. Conditioning access to tariff preferences on cooperation on the readmission of migrants, an area not directly linked to development or trade policy, therefore raises questions as to whether such conditionality remains within the scope and purpose of the WTO *Enabling Clause*.

The withdrawal or suspension of tariff preferences means that all or certain products originating from the concerned beneficiary country would be subject to the EU's MFN tariffs upon importation into the EU, thereby making those imports less competitive vis-à-vis 'like' imports from other GSP beneficiaries or from countries with preferential trade agreements with the EU.

Towards maintaining and maximising GSP benefits

The European Parliament and the Council of the EU must still formally adopt the new GSP Regulation before it can enter into force. The new GSP Regulation will then apply for a period of 10 years from 1 January 2027 until 31 December 2036. Current GSP+ beneficiaries will have to reapply for the GSP+ during the transition period from 1 January 2027 to 31 December 2028 or risk losing GSP+ benefits. Beneficiary countries should seek expert assistance early in the process in order to navigate the revised legal and procedural complexities, anticipate compliance risks, and safeguard their trade and export interests in the EU.

For any additional information or legal advice on this matter, please contact Paolo R. Vergano

Thailand steps up its electric vehicle ambitions, including through stricter local content requirements for imported battery cells as a precondition for incentives

By Joanna Christy, Pattranit Chantaplaboon, and Paolo R. Vergano

On 25 November 2025, Thailand's *National Electric Vehicle Policy Board* (hereinafter, the EV Policy Board) announced a [resolution](#) introducing new measures to simplify the rules governing electric vehicle (hereinafter, EV) production and related export incentives. These measures form part of Thailand's broader efforts to strengthen its position as a global investment and manufacturing hub for the EV industry. A key measure of the resolution is an amendment to the local content requirement (hereinafter, LCR) regarding battery cells, which must be complied with in order to benefit from certain incentives.

This article provides an overview of Thailand's EV industry, examines the LCR and its alignment with *World Trade Organization* (hereinafter, WTO) rules, and discusses the implications for businesses.

Thailand's objective to grow its domestic electric vehicle production

In 2024, Thailand ranked as the world's tenth-largest automotive producer. Amongst ASEAN Member States, Thailand holds a leading position as the region's principal automotive production hub. In 2024, Thailand's automotive sector contributed approximately 12% of Thailand's overall GDP. During the period from January to November 2025, Thailand's production of Battery Electric Vehicles (BEVs), Plug-in Hybrid Electric Vehicles (PHEVs), and Hybrid Electric Vehicle (HEVs) [amounted](#) to 274,878 units. Thailand's automotive

manufacturing industry is currently dominated by foreign companies, and, in 2023, Chinese EV manufacturers gained a dominant position in Thailand's EV market.

In 2020, the Government of Thailand established the *EV Policy Board* to develop and oversee EV incentive schemes, attract investment, and advance the objective of zero-emission vehicles accounting for 30% of the country's total vehicle production by 2030 (*i.e.*, the "30@30 target"). To date, the *EV Policy Board* has introduced incentive schemes aimed at accelerating EV adoption and promoting local production through tax reductions, import duty relief, and subsidies. The *EV3 package*, launched in February 2022 and implemented from 2022 to 2023, offered a number of incentives, such as reduced import duties on fully built-up EVs and lower excise taxes. The *EV3.5 package*, launched in November 2023 and being implemented from 2024 to 2027, retains the core incentives of the *EV3 package*, while introducing several changes, including a local content requirement for imported EV battery cells that must be complied with in order to benefit from the incentives.

Local content requirement for EV battery cells in order to benefit from incentives

EV automakers and EV parts manufacturers seeking to benefit from the incentives under the *EV3* and *EV3.5 packages* are required to enter into a *Memorandum of Understanding* with Thailand's Excise Department. Under the *EV3.5 package*, one of the eligibility criteria for incentives include compliance with a 40% LCR. Under this rule, 40% of the EV's ex-factory price (*i.e.*, total value of raw materials for producing the goods and profit) must originate from approved local sources, such as domestically produced components and domestic labour.

As Thailand's domestic battery cells industry is still developing and is currently unable to support the industry-wide demand due to insufficient technology and skilled labour, the *EV3.5 package* temporarily permits a certain amount of imported battery cells to be counted as part of the 40% local content for electric vehicles, allowing the domestic EV battery cell manufacturing capacity to develop.

To further encourage foreign EV manufacturers to localise their production in Thailand and to pursue joint ventures with local Thai companies and suppliers, particularly by shifting production of battery cells to Thailand, from January 2026, the *EV Policy Board* seeks to reduce the maximum share of imported battery cells that may be counted towards the 40% LCR from 15% to 10% until 30 June 2026. This six-month period is intended as a transitional arrangement to allow manufacturers to adjust their supply chains and to scale up domestic battery production. After 30 June 2026, imported battery cells will no longer be eligible to be counted towards the 40% LCR.

EV manufacturers seeking to continue counting 10% of imported battery cells as local content until 30 June 2026 must submit a clear domestic sourcing plan, demonstrating how they intend to source battery cells domestically in the future. The notification regulating these changes is still awaiting approval from the Thai Cabinet and, therefore, enforcement remains on hold.

An issue of WTO consistency?

Local content requirements (LCRs) are generally prohibited under WTO rules, as they favour domestic inputs over imports. Article III:4 of the WTO's *General Agreement on Tariffs and Trade 1994* (hereinafter, GATT 1994) requires WTO Members to accord imported products treatment no less favourable than that accorded to 'like' products of national origin. In particular, LCRs are inconsistent with WTO rules where the granting of an advantage, such as a tax or Customs incentive are made conditional on the use of domestic inputs, resulting in less favourable treatment of imported 'like' products. In practice, such inconsistency arises where the design and operation of an LCR incentivises manufacturers to source domestically by linking commercial benefits to domestic content thresholds, thereby influencing sourcing decisions and distorting the competitive opportunities available to imported goods. Depending on market realities, it may be argued that the fiscal and Customs incentives granted in Thailand's EV sector significantly impact the commercial competitiveness of manufacturers,

rendering the LCR a market access issue, as conditioning subsidies on compliance with the LCR may indirectly disadvantage imported inputs by increasing costs for affected manufacturers and altering the conditions of competition.

Eventually, a proper review of Thailand's LCR may need to be undertaken on the basis of the actual measure adopted and its demonstrated impact on trade. The objective would be to assess whether the measure genuinely operates as a neutral incentive or whether it functions, in practice, as a local content preference that alters competitive opportunities for imported products. This assessment would require examining the structure and conditions attached to the incentives, the extent to which they influence manufacturers' sourcing decisions, and whether they materially disadvantage imported battery cells, thus potentially giving rise to a market access concern and national-treatment issue under Article III:4 of the GATT 1994.

Outlook and implications for businesses

In December 2024, the *Thai-European Business Association* (TEBA), a non-profit organisation composed of Thai and European businesses doing business in Thailand, has called for the Government of Thailand to adopt a more "*flexible*" approach to the LCR for EVs. Notably, TEBA suggested that the "*criteria for recognizing local content value or local production processes should be clearly defined and relatively lenient in the beginning stages, such as focusing on final assembly processes for a period of 5 to 7 years*", in order to give suppliers sufficient time to establish its supply chain, adapt to new technologies, and build local capacity.

Businesses should closely monitor the upcoming Ministry of Finance and Customs Department notifications that will formalise the new conditions to benefit from the EV incentives, notably regarding local content.

For any additional information or legal advice on this matter, please contact Paolo R. Vergano

France prohibits imports of certain plant products containing residues of pesticides that are prohibited in the EU

By Amanda Carlota, Ignacio Carreño García, and Tobias Dolle

On 7 January 2026, France published a *Ministerial Order* prohibiting imports of certain plant products containing trace amounts of five pesticides that are currently prohibited in the EU.

This article summarises the *Ministerial Order* and examines whether the EU sets maximum residue levels (hereinafter, MRLs) for those pesticides. The article further addresses the legal basis for enacting the Order, namely, Article 54 of *Regulation (EC) No 178/2002*, which empowers EU Member States to adopt "*emergency measures*" when food imported from third countries presents a "*serious risk to human health, animal health or the environment*". Finally, the article discusses the European Commission's proposals on MRLs in the *Food Safety Omnibus*.

France's prohibition of the import of food containing residues of certain pesticides

The *Order of 5 January 2026 suspending the import, introduction and placing on the market in France, of foodstuffs from countries outside the EU containing residues of certain plant protection active substances prohibited for use in the EU* by France's Minister for Small and Medium-sized Enterprises and Trade and the Minister for Agriculture, Agri-Food and Food Sovereignty provides in Article 1 that "*The import, introduction and placing on the market [...] of foodstuffs containing quantifiable residues of dangerous active substances, as listed in the Annex, are suspended*".

The five active substances listed in the Annex are four fungicides (*i.e.*, mancozeb, thiophanate-methyl, carbendazim and benomyl) and an herbicide (*i.e.*, glufosinate), all of which are no

longer authorised within the EU. However, trace amounts are permitted in food imported into the EU, subject to compliance with the EU food safety rules. For each of the five pesticides, the Annex to the Order lists plant products (mostly fruit and vegetables, but also mushrooms, cereals, and oilseeds), which may not contain “*quantifiable residues*” of the substances. The order is reportedly aimed at “*easing*” French farmers’ opposition to the *EU-Mercosur Partnership Agreement*.

In the EU, *Regulation (EC) No 396/2005 of the European Parliament and of the Council of 23 February 2005 on maximum residue levels of pesticides in or on food and feed of plant and animal origin* establishes MRLs of pesticides in or on food and feed of plant and animal origin, including MRLs for mancozeb, glufosinate, thiophanate-methyl, carbendazim, and benomyl. Article 3(2)(d) defines ‘*maximum residue level*’ (MRL) as “*the upper legal level of a concentration for a pesticide residue in or on food or feed (...), based on good agricultural practice and the lowest consumer exposure necessary to protect vulnerable consumers*”. Article 3(2)(f) defines ‘*limit of determination*’ (hereinafter, LOD) as “*the validated lowest residue concentration which can be quantified and reported by routine monitoring with validated control methods*”. In other words, the LOD is the lowest level a laboratory’s test can trust as a real, accurate result. Any quantity below this level is too small for the test to measure with confidence.

For active substances in plant protection products, which are not authorised at the EU level, but are still used internationally, the EU can establish MRLs, also known as “*import tolerances*”. Article 3(2)(g) of *Regulation (EC) No 396/2005* defines ‘*import tolerance*’ as “*an MRL set for imported products to meet the needs of international trade where: - The use of the active substance in a plant protection product on a given product is not authorised in the Community for reasons other than public health reasons for the specific product and specific use; or - A different level is appropriate because the existing (...) MRL was set for reasons other than public health reasons for the specific product and specific use*”.

France’s prohibition of products with residues of carbendazim, benomyl, and mancozeb

With respect to carbendazim and benomyl (see the entries in the [EU MRL Database](#), which gives a simplified overview of all applicable MRLs), *Regulation (EC) No 396/2005* provides, *inter alia*, for MRLs and *import tolerances* of 0.2 mg/kg in oranges, grapefruits, apples, pears, papayas, apricots, and soybeans, 0.7 mg/kg in lemons, limes and mandarins, 0.5 mg/kg in sweet cherries, plums, and mangoes, 0.3 mg/kg in table grapes, 2 mg/kg in barley, oats and rye. For other products, such as tree nuts (e.g., almonds, brazil nuts, cashew nuts, chestnuts, coconuts, hazelnuts/cobnuts, macadamias, pecans, pine nut kernels, pistachios, walnuts) a MRL of 0.1 mg/kg applies. This MRL is marked with an asterisk (*), which indicates that 0.1 mg/kg is the *limit of determination* (LOD). Anything below this level is too small to be measured. Therefore, in simple terms, no quantifiable residues are permitted.

Comparing France’s *Ministerial Order* to *Regulation (EC) No 396/2005*, it results that the plant products, such as oranges, apples, mangoes and papayas, with quantifiable residues of carbendazim and benomyl, are only prohibited pursuant to the Order if a specific residue above the LOD has been established in *Regulation 396/2005*. In other words, where the LOD already applied under EU law for certain products, there was no need to list the pesticide/product combination in the Annex to the Ministerial Order. Simply put, the result is that no plant products imported into France may now contain quantifiable residues of carbendazim and benomyl.

Since the *Order* addresses only plant products, animal products, such as honey, where, pursuant to *Regulation (EC) No 396/2005* a MRL of 1 mg/kg of carbendazim and benomyl applies, may still contain quantifiable residues.

With respect to residues of mancozeb (see [EU MRL Database](#)), which is also no longer authorised in the EU (see *Trade Perspectives, Issue No. 6 of 28 March 2022*), the *Ministerial Order* prohibits avocados, table grapes, mangoes, papayas, blackcurrant (cassis),

strawberries, potatoes, peppers, melons, and lettuce. For all these products, a specific MRL or *import tolerance* has been set in *Regulation (EC) No 396/2005*, for example 7 mg/kg in avocados and in papayas, and 2 mg/kg in mangoes. None of these plant products imported into France may now contain quantifiable residues of mancozeb.

An exception applies to bananas, for which the Ministerial Order does not prohibit residues of mancozeb and, under *Regulation (EC) No 396/2005*, a specific MRL (import tolerance) of 2 mg/kg applies. Therefore, residues of mancozeb in bananas are still permitted in France. According to media reports, industry representatives claim that, “*if the Mancozeb MRLs for bananas become unacceptably low*”, the availability of bananas in the EU would be critically impacted. The industry representatives further note that there was “*no alternative pesticide to Mancozeb for the exporting countries and substantial production without proper fungal disease control is not possible there, due to the Black Sigatoka fungus*”.

Proposed amendments at the EU level

In the context of MRLs for hazardous substances not approved in the EU, on 16 December 2025, the Commission adopted a proposal on the *Food and Feed Safety Simplification Omnibus*, foreseeing to update several regulations “*to reflect current scientific knowledge, international standards and market realities*”. The Commission proposed to *amend Regulation 396/2005* on MRLs to set MRLs at a technical zero (*i.e.*, at the limit of quantification) for hazardous substances not approved in the EU, aligning import standards with EU production standards.

Additionally, the Commission proposes to amend Article 3(2)(f) to replace the term ‘*limit of determination (LOD)*’ with ‘*limit of quantification (LOQ)*’. If the five substances, residues of which are now prohibited in France in imported food, were to fall under the category of hazardous substances (*i.e.*, substances with mutagenic, carcinogenic, or reprotoxic properties, as well as endocrine disruptors that may cause adverse effects in humans), the amendment of *Regulation 396/2005* would make the Ministerial Order obsolete.

Procedure and outlook

The legal basis for France’s *Order* is Article 54 of *Regulation (EC) No 178/2002 laying down the general principles and requirements of food law*, which empowers EU Member States to adopt interim “*emergency measures*” when food imported from third countries is considered as presenting a “*serious risk to human health, animal health or the environment*” and where the Member State requests the Commission to take emergency measures, and where the Commission has not acted. The Member State adopting such measures may maintain its national interim protective measures until EU measures have been adopted.

France had requested the Commission on 23 December 2025 “*to lower the maximum residue limits for the substances and plants concerned and to take all appropriate precautionary measures in view of the risks to human health in the event of dietary exposure to these substances*”. According to a *statement* by France’s Ministry of Agriculture, France intended to present the *Order* to the European Commission and other EU Member States at a recent meeting of the EU’s Standing Committee on Plants, Animals, Food and Feed.

It will then be up to the Commission to decide whether to extend the measure at the EU level and lower the MRLs of hazardous substances banned from use in the EU, in order to put an end to imports of food treated with these five substances. Commission officials have indicated that they are open to renegotiating the applicable maximum residue levels.

For any additional information or legal advice on this matter, please contact Ignacio Carreño Garcia

Recently adopted EU legislation

Trade Law

- *Agreement on digital trade between the European Union and the Republic of Singapore*

Trade Remedies

- *Commission Implementing Regulation (EU) 2026/130 of 21 January 2026 making imports of new pneumatic tyres, of rubber, of a kind used on motor cars, buses or lorries with a load index not exceeding 121 originating in the People's Republic of China subject to registration*
- *Commission Implementing Regulation (EU) 2026/114 of 15 January 2026 imposing a definitive anti-dumping duty and definitively collecting the provisional duty imposed on imports of fused alumina originating in the People's Republic of China*
- *Commission Implementing Regulation (EU) 2026/99 of 15 January 2026 imposing a definitive anti-dumping duty on imports of peroxosulphates (persulphates) originating in the People's Republic of China following an expiry review pursuant to Article 11(2) of Regulation (EU) 2016/1036 of the European Parliament and of the Council*
- *Commission Implementing Regulation (EU) 2026/71 of 12 January 2026 imposing a definitive anti-dumping duty and definitively collecting the provisional duty imposed on imports of barium carbonate originating in the People's Republic of China and India*

Food Law

- *Commission Implementing Decision (EU) 2026/75 of 12 January 2026 concerning the equivalence of fruit plant propagating material and fruit plants, intended for fruit production, produced in certain third countries, as regards obligations on the supplier, identity, characteristics, plant health, growing medium, inspection arrangements, labelling, sealing and packaging*

Imelda Jo Anastasya, Amanda Carlota, Ignacio Carreño García, Pattranit Chantaplagoon, Joanna Christy, Tobias Dolle, Alya Mahira, Stella Nalwoga, and Paolo R. Vergano contributed to this issue.

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FRATINIVERGANO – EUROPEAN LAWYERS

Boulevard Brand Whitlock 144, 1200 Brussels, Belgium. Telephone: +32 2 648 21 61, Fax: +32 2 646 02 70. www.fratinivergano.eu

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