



2025/1206

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COMMISSION IMPLEMENTING REGULATION (EU) 2025/1206

of 19 June 2025

on the suspension of the GSP+ tariff preferences with regard to imports of ethanol originating in Pakistan

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⁾ (hereinafter 'the GSP Regulation'), and in particular Article 30 thereof,

Whereas:

1. PROCEDURE

- (1) Article 30 of the GSP Regulation provides that where imports of products included in Annex I to the Treaty on the Functioning of the European Union (TFEU) cause, or threaten to cause, serious disturbance to Union markets, the European Commission shall, at its own initiative or at the request of a Member State, adopt an implementing act in order to suspend the preferential arrangements in respect of the products concerned.
- (2) On 15 May 2024 the Commission received a request from France, Germany, Spain, Italy, Hungary, and Poland stating that the volume of imports of Combined Nomenclature ('CN') codes 2207 10 and 2207 20 from Pakistan since 2022 caused a serious disturbance to the Union ethanol market and calling for Article 30 of the GSP Regulation to be activated. The request included data provided by the EU ethanol industry.
- (3) The Commission assessed the request of the Member States to determine whether the imports of ethanol from Pakistan caused or threatened to cause a serious disturbance to Union market. On 15 October 2024, the Commission published on its website an invitation to submit information and data relevant to the determination of a serious disturbance to Union markets caused by imports of ethanol products from Pakistan. On 24 October 2024, the Commission held a dialogue with stakeholders to explain the Article 30 procedure and to provide the opportunity for stakeholders planning to provide written submissions to explain their views on the matter.
- (4) Having assessed all available information and data, including the information provided by Member States and submitted by stakeholders, the Commission concluded as outlined below.
- (5) The Commission consulted the Committee for Common Organisation of the Agricultural Markets – CMO Arable Crops and Olive Oil in accordance with Article 30 of the GSP Regulation.
- (6) The Commission has informed the Government of Pakistan and other stakeholders that contributed information of the preliminary conclusions of its assessment on 31 March 2025. The comments submitted in response to the preliminary conclusions were duly considered and, where appropriate, reflected in this regulation.
- (7) In accordance with Article 31 of the GSP Regulation, the Commission will inform the Government of Pakistan of the adoption of the present implementing regulation before it becomes effective.

⁽¹⁾ OJ L 303, 31.10.2012, p. 1, <http://data.europa.eu/eli/reg/2012/978/oj>.

2. ASSESSMENT

2.1. Relevant product

- (8) Ethanol classified under CN code ex 2207 10 (Undenatured ethyl alcohol of an alcoholic strength by volume of 80 % vol. or higher obtained from the agricultural products listed in Annex I to the TFEU) and ex 2207 20 (Ethyl alcohol and other spirits, denatured, of any strength, obtained from the agricultural products listed in Annex I to the TFEU) is a product included in Annex I to the TFEU and in Annex IX to the GSP Regulation.
- (9) Pakistani exports under the two tariff codes benefit from preferential tariff free access to the Union markets because of Pakistan's status as a beneficiary country of the special incentive arrangement for sustainable development and good governance (GSP+) listed in Annex III of the GSP Regulation.
- (10) The Union ethanol market is divided in two sub-markets differentiated by final use, the fuel and non-fuel markets. These sub-markets are also differentiated by price level, the fuel market registering lower prices overall than the non-fuel ethanol market, aimed at food and industrial uses (including pharmaceuticals, cosmetics and chemical uses). Mostly these two types of ethanol have different product characteristics (in terms of strength, purity or water content) and cannot be a substitute without additional processing. In the EU, the main difference lays also in meeting the EU sustainability criteria for biofuels as only ethanol meeting these criteria can count towards the renewable energy use targets in transport. Pakistani exports to the Union compete in the non-fuel market, because Pakistani ethanol ⁽²⁾ exports do not meet the sustainability criteria set in the currently applicable Renewable Energy Directive ⁽³⁾ to enter the EU market as fuel ethanol. As a result, 91 % of imports from Pakistan are non-fuel ethanol ⁽⁴⁾. Imports of renewable ethanol for fuel are currently subject to retrospective Union surveillance ⁽⁵⁾.

2.2. Existence of a serious disturbance in Union markets

- (11) On the basis of the data and information available, the Commission considers that there is evidence of a serious disturbance in the Union market for non-fuel ethanol, characterised by a significant increase in imports at significantly lower prices compared to Union producers and a decline in Union production. The Commission has considered the period 2021 to 2024 and assessed developments over that whole period, because of the potentially anomalous nature of the year 2022, characterised by inflationary pressures caused by Russia's war of aggression against Ukraine and developments linked to post-Covid pandemic readjustments. In addition, data available for 2021 and 2024 is more complete, thanks to the results of a retrospective Union surveillance ⁽⁶⁾.
- (12) More specifically, EU customs data show that imports of non-fuel ethanol under the two tariff codes into the EU increased significantly between 2021 and 2024. Based on the data ⁽⁷⁾, these imports are estimated to have increased from about 376 000 tonnes in 2021 ⁽⁸⁾ to 726 000 tonnes in 2024, an increase of over 90 % ⁽⁹⁾.

⁽²⁾ Based on surveillance data available by searching the relevant Integrated Tariff of the European Union Codes ("TARIC Codes") at <https://agridata.ec.europa.eu/extensions/DashboardTaxud/TaxudWeeklyImport.html>.

⁽³⁾ Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82, ELI: <http://data.europa.eu/eli/dir/2018/2001/oj>).

⁽⁴⁾ Based on surveillance data available by searching the relevant TARIC Codes at <https://agridata.ec.europa.eu/extensions/DashboardTaxud/TaxudWeeklyImport.html>.

⁽⁵⁾ Commission Implementing Regulation (EU) 2023/1777 of 14 September 2023 introducing retrospective Union surveillance of imports of renewable ethanol for fuel (OJ L 228, 15.9.2023, p. 247, ELI: http://data.europa.eu/eli/reg_impl/2023/1777/oj).

⁽⁶⁾ Commission Implementing Regulation (EU) 2020/1628 of 3 November 2020 introducing retrospective Union surveillance of imports of renewable ethanol for fuel (OJ L 366, 4.11.2020, p. 12, ELI: http://data.europa.eu/eli/reg_impl/2020/1628/oj) and Implementing Regulation (EU) 2023/1777.

⁽⁷⁾ Surveillance data is available from 5 November 2020 until 4 November 2021 and from September 2023 until now which enables the monitoring of fuel and non-fuel ethanol imports for these two periods (<https://agridata.ec.europa.eu/extensions/DashboardTaxud/TaxudWeeklyImport.html>).

⁽⁸⁾ Based on the first 10 months of 2021 from surveillance data.

⁽⁹⁾ Data for non-fuel ethanol for 2022 and 2023 is not available.

- (13) EU customs data shows that exporters of non-fuel ethanol from a number of international partners ⁽¹⁰⁾ apply lower prices than Union producers ⁽¹¹⁾. In 2024 the prices of all sources of imports were below the prices of Union production.
- (14) Finally, data collected from the EU ethanol industry and from independent sources shows that Union production of non-fuel ethanol dropped significantly in 2022 and 2023 (by 10 % between 2021 and 2022, and by a further 9 % in 2023). In 2024, the EU production of non-fuel ethanol has slightly recovered, i.e. by 11 % compared to 2023, but is still 8 % lower than in 2021. Independent forecasts ⁽¹²⁾ show that market share of EU producers fluctuated from 73 % in 2021 to 67 % in 2022, 66 % in 2023, 73 % 2024, and for 2025 suggest that the EU market share will likely decrease because of lower production and growing consumption. The Union ethanol industry also reported that, data collected from the Union ethanol industry show that EU sales of non-fuel ethanol represent 75 % of the EU market during the period between the fourth quarter of 2023 and the third quarter of 2024, compared to 77 % in the full year of 2021.
- (15) In conclusion, the Commission considers that a surge of imports at significantly lower prices and a fall of EU production indicate the existence of a serious disturbance on the Union non-fuel ethanol market in the period 2021-2024. While some data available for 2024 shows mild recovery, this recovery was not enough to return to the production level of 2021, indicating that the serious disturbance continues.

2.3. Analysis of causation factors

- (16) Once the Commission established that a serious disturbance to the Union non-fuel ethanol markets has occurred within the meaning of Article 30 of the GSP Regulation, the Commission examined whether there is a causal link between the imports of the product concerned from Pakistan, on the one hand, and the serious disturbance to the Union market, on the other hand. The Commission also analysed whether the serious disturbance was attributable to factors other than imports from Pakistan.
- (17) The data and information available to the Commission shows a coincidence in time between the evolution of imports from Pakistan and the serious disturbance to Union markets.
- (18) Between 2021 and 2022, Pakistani imports of ethanol ⁽¹³⁾ increased by almost 300 % from 132 396 tonnes to 393 590 tonnes. In 2023, they slightly dropped to 324 151 tonnes but remained 244 % above 2021 imports. Pakistani imports of ethanol slowed down to 215 929 tonnes ⁽¹⁴⁾ in 2024. However, this level is still considerably higher than in 2021. In 2024 imports from Pakistan represent 27 % of all non-fuel ethanol imports, making Pakistan the largest source of imports to the EU ⁽¹⁵⁾.
- (19) During that time, the price of Pakistani imports was consistently below the selling price of Union production. Specifically, the 2024 import price of Pakistani non-fuel ethanol under the two tariff codes is substantially lower than the EU industry selling price ⁽¹⁶⁾ (approximately – 25 %). This constitutes a significantly greater price difference than that observed in 2021 (7 %).
- (20) Finally, as indicated above, during that period Union production of non-fuel ethanol decreased.
- (21) Therefore, the surge in Pakistani imports at lower prices than EU production coincided with the time of the serious disturbance.

⁽¹⁰⁾ In 2024 the countries representing above 5 % of non-fuel ethanol imports into the EU were: Pakistan (27 %), the USA (24 %), Guatemala (9 %), the UK (8 %), Peru (5 %), Brazil (5 %) and South Africa (5 %).

⁽¹¹⁾ Data for the EU selling price was provided by the EU industry.

⁽¹²⁾ S & P data source Global Commodity Insights (<https://connect.ihsmarket.com/home>).

⁽¹³⁾ Pakistan is mainly importing into the EU non-fuel ethanol, as explained in recital 10.

⁽¹⁴⁾ Based on surveillance data available by searching the relevant TARIC Codes at <https://agridata.ec.europa.eu/extensions/DashboardTaxud/TaxudWeeklyImport.html>.

⁽¹⁵⁾ Based on surveillance data available by searching the relevant TARIC Codes at <https://agridata.ec.europa.eu/extensions/DashboardTaxud/TaxudWeeklyImport.html>.

⁽¹⁶⁾ Data provided by the EU industry.

- (22) The Commission also assessed whether other factors than imports from Pakistan may have contributed to the serious disturbance to Union markets. In particular, the Commission considered the data available to assess the potential impact of imports from other countries.
- (23) According to Union custom data, Pakistani imports represented 27 % of imports of non-fuel ethanol in 2024. The second largest country of origin of imports was the USA, which saw a significant increase in its share of imports between 2021 and 2024, from almost zero to 24 % of non-fuel imports.
- (24) In 2024, Union custom data shows that prices of imports from the USA of non-fuel ethanol are below Pakistani imports by 15 %, and that the price of USA imports are below Union producers' prices by 35 %.
- (25) On the basis of this data, it can be concluded that imports from both Pakistani and the USA, which together represented about 50 % of non-fuel ethanol imports in 2024, contributed to the serious market disturbance. However, neither source of imports, Pakistan or the USA, is sufficiently prevalent in terms of volume or price differential to negate the causal link for the other.
- (26) The USA does not benefit from preferential access to the Union market, whereas Pakistani exports enjoy the advantage of tariff free access to the Union. There is a material difference between the tariff free access enjoyed by Pakistan benefitting from GSP+ preferences, and the tariffs applicable to USA under the Most Favoured Nation (MFN) treatment ⁽¹⁷⁾.
- (27) Among other significant sources of imports of non-fuel ethanol in 2024, Guatemala had 9 % of imports, whereas the United Kingdom had 8 %, Peru had 5 %, South Africa had 5 % and Brazil had 5 % of imports. Non-fuel ethanol sourced from these countries was imported at prices below Pakistan, except the United Kingdom, whose prices are above other sources of imports but below Union prices. While most of these alternative sources of imports appear to have competitive prices, their limited inroads into the Union markets suggest a more limited impact than Pakistan and the USA.
- (28) In conclusion, during the reference period (2021 to 2024), the coincidence in time between the surge of Pakistani imports at prices significantly lower than the EU selling prices, and the price pressure to the EU non-fuel ethanol market significantly contributed to the disturbance in this market. Faced with a surge of imports at lower prices, the EU industry reduced production leading to a substantial loss of market share, in particular in 2022 and 2023. The absence of other factors which would negate the impact of Pakistani imports to the serious disturbance of the EU market, further leads the Commission to consider that Pakistani imports have significantly contributed to it. Notwithstanding the mild signs of recovery observed in 2024, Pakistani imports remain the largest external source of non-fuel ethanol in the Union market, well above 2021 levels, and prices well below those of Union producers, while benefitting from tariff preferences granted under the GSP+ arrangement. A suspension of those preferences would bring Pakistani prices closer to EU non-fuel industry prices, and therefore alleviate the serious disturbance observed on the Union market.
- (29) The measures provided for in this Regulation are in accordance with the opinion of the Generalised Preferences Committee referred to in Article 39(3) of the GSP Regulation.

3. CONCLUSIONS

- (30) Ethanol originating from Pakistan is imported in volumes and at prices which cause serious disturbance to the Union market and consequently measures under Article 30 of the GSP Regulation are warranted. The volume of imports of non-fuel ethanol under CN codes 2207 10 and 2207 20 from Pakistan since 2021 is causing serious disturbances to the Union non-fuel ethanol market. A suspension of preferences should target imports from Pakistan under tariff

⁽¹⁷⁾ Erga omnes tariffs for code 2207 10 are EUR 19,20 per hectolitre, for code 2207 20 they are EUR 10,20 per hectolitre, corresponding to about EUR 243 per tonne and, respectively, EUR 129 per tonne using a conversion factor of 0,079 t/hectolitre.

codes 2207 10 and 2207 20, with the exception of fuel-use ethanol falling within TARIC codes 2207 10 00 11 (Ethyl alcohol produced from agricultural products (as listed in Annex I to the TFUE), excluding products with a water content of more than 0,3 % (m/m) measured according to the standard EN 15376) and 2207 20 00 11 (Ethyl alcohol produced from agricultural products (as listed in Annex I to the TFUE), excluding products with a water content of more than 0,3 % (m/m) measured according to the standard EN 15376).

- (31) Against this background, the Commission determined that the request by the Member States contained sufficient evidence showing that non-fuel ethanol originating in Pakistan was imported in volumes causing serious disturbance to the Union industry. Data provided by other independent sources also support this conclusion. Therefore, the proposed measures are necessary and justified in the light of Article 30 of the GSP Regulation.
- (32) Certain stakeholders questioned that the data support the finding of serious disturbance, given the recovery of the EU industry's market shares. The Commission acknowledges that the market conditions are improving, however not to the extent to negate the finding of serious disturbance.
- (33) Some stakeholders also argued that the Commission had not adequately considered other potential factors, such as imports from other third countries, fluctuations in energy prices, and changes in EU demand. The Commission rejects these claims. While it does not exclude that these other factors may have also contributed to the serious disturbance, the evidence shows that Pakistani imports were a significantly contributing cause, and no other factor broke the chain of causation.
- (34) Some stakeholders challenged the Commission's assessment of the price difference between Pakistani imports and the Union industry's prices, claiming that it did not take into account transport and storage costs. The Commission rejects this claim, because it is not necessary to take into account these costs in the assessment of a serious disturbance.
- (35) Article 30 of the GSP Regulation does not provide for the duration of the suspension of preferences. In view of the development goals of the GSP scheme, as well as taking into account the duration of the GSP General Safeguards, it is appropriate and proportionate to suspend the preferences for a 2 year period, after which the Commission may review the need for reinstatement of normal Common Custom Tariff duties, including in respect of the evolution of the market situation and of the export of fuel and non-fuel ethanol by Pakistan,

HAS ADOPTED THIS REGULATION:

Article 1

The Common Customs Tariff duties applicable on imports of ethanol originating in Pakistan and currently falling within CN codes ex 2207 10 (Undenatured ethyl alcohol of an alcoholic strength by volume of 80 % vol. or higher obtained from the agricultural products listed in Annex I to the TFEU) and ex 2207 20 (Ethyl alcohol and other spirits, denatured, of any strength, obtained from the agricultural products listed in Annex I to the TFEU), with the exception of fuel-use ethanol falling within TARIC codes 2207 10 00 11 (Ethyl alcohol produced from agricultural products (as listed in Annex I to the TFUE), excluding products with a water content of more than 0,3 % (m/m) measured according to the standard EN 15376) and 2207 20 00 11 (Ethyl alcohol produced from agricultural products (as listed in Annex I to the TFUE), excluding products with a water content of more than 0,3 % (m/m) measured according to the standard EN 15376), shall apply as of the entry into force of this Regulation and for a period of two years.

Article 2

Imports of the products referred to in Article 1, which are already on the way to the Union on the date of entry into force of this Regulation, shall still benefit from preferential treatment, provided that the destination of such products cannot be changed.

Article 3

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

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

Done at Brussels, 19 June 2025.

For the Commission
The President
Ursula VON DER LEYEN
