Commission Delegated Regulation (EU) 2017/217 of 5 December 2016 amending Annex II to Regulation (EU) No 978/2012 of the European Parliament and of the Council applying a scheme of generalised tariff preferences

COMMISSION DELEGATED REGULATION (EU) 2017/217

of 5 December 2016

amending Annex II to Regulation (EU) No 978/2012 of the European Parliament and of the Council applying a scheme of generalised tariff preferences

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 Article 5(3) thereof,

Whereas:

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

(2) Points (a) and (b) of Article 4(1) of Regulation (EU) No 978/2012 provide, respectively, that a country that has been classified by the World Bank as a high-income or an upper-middle income country for three consecutive years, or a country that benefits from a preferential market access arrangement which provides the same tariff preferences as the GSP, or better, for substantially all trade, should not benefit from GSP.

(3) The list of beneficiary countries of the general GSP referred to in point (a) of Article 1(2) of Regulation (EU) No 978/2012 is established in Annex II to that Regulation. Article 5(2) of Regulation (EU) No 978/2012 provides that Annex II is to be reviewed by 1 January of each year. The review should take into account changes in the economic, development or trade conditions of beneficiary countries in relation to the criteria laid down in Article 4.

(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 GSP arrangement is to continue for one year after the date of entry into force of a change in a country's status as referred to in Article 4(1)(a) and for two years after the date of application of a preferential market access arrangement, as referred to in Article 4(1)(b).

(5) Tonga was classified by the World Bank as upper middle-income country in 2013, 2014 and 2015. Therefore, Tonga was removed from the list of GSP beneficiary countries in Annex II to Regulation (EU) No 978/2012 as from 1 January 2017 by Commission Delegated Regulation (EU) 2015/1979[(2)]. In 2016, however, Tonga was classified by the

World Bank as a lower middle-income country. Therefore, Tonga should be reinserted into Annex II to Regulation (EU) No 978/2012, with application from 1 January 2017.

(6) The implementation of the Deep and Comprehensive Free Trade Area (DCFTA), signed by the Union and Ukraine on 27 June 2014, as part of their broader Association Agreement, has been provisionally applied from 1 January 2016. As the DCFTA provides better tariff preferences as the GSP for substantially all trade, Ukraine should be removed from the list of GSP beneficiary countries in Annex II with application from 1 January 2018,

HAS ADOPTED THIS REGULATION:

Article 1

Amendments to Regulation (EU) No 978/2012

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

(1) the following alphabetical code and the corresponding country are inserted in columns A and B, respectively:

TO	Tonga

(2) the following alphabetical code and the corresponding country are deleted from columns A and B, respectively:

UA	Ukraine

Article 2

Entry into force and application

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 2017.

Article 1(2) shall apply from 1 January 2018.

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

Done at Brussels, 5 December 2016.

For the Commission

The President

Jean-Claude JUNCKER