EU exports and uptake of preferences: a first analysis

WORK IN PROGRESS

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Abstract:

More focus is increasingly put on implementation of the free trade agreements (FTAs) the European Commission has negotiated on behalf of the European Union. Based on data gathered by EU Delegations from competent authorities in partner countries, this paper is the first of its kind to analyse the uptake of preferences by EU exports in these markets. The analysis provides an initial indication of whether the agreements have had their intended impact and complements fully-fledged ex-post evaluations which are undertaken once agreements are fully phased in and sufficient time has passed for a proper analysis to be carried out.

The figures show that the EU preference utilisation rate (PUR) varies across partners. Overall, the PUR stood at about 75% in 2013, up from 63% in 2009, albeit with a changing country coverage over the years. The PURs further vary significantly by originating EU Member State (MS), from some 60% in the case of exports from Cyprus and Greece to 90% or more in the case of exports from the Czech Republic, Belgium, Germany and Slovakia. No general conclusion can be drawn regarding the EU PUR at broad product group level – exports to some partner countries display high PURs for some product categories and low for others, and vice versa.

The empirical analysis examines the potential determinants of the PUR. It analyses the extent to which the absolute and relative preferential margin vis-à-vis the MFN rate matters as well as the value of the exports at tariff line level, proxying shipment value, and thus fixed costs related to using preferences. In addition, differences in the results are exploited at partner country level as well as among EU MSs to shed some further light on the level of preference utilisation across countries.

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1. Introduction

Trade has formed an important part of European Union (EU) commercial policy as well as of its foreign policy for a long period of time. Over time, the EU – a Customs Unions (CUs) itself – has progressed from having a series of primarily unilateral preference schemes and non-reciprocal bilateral free trade agreements (FTAs) to being involved in an ambitious agenda of reciprocal bilateral FTAs via successful multilateral negotiations on the way.

EU trade preferences have taken and still take different shape depending on which the beneficiary countries are. All developing countries are eligible for the EU's recently revamped GSP scheme,[1] which includes duty free access to the EU market without any restrictions for the least developed countries (LDCs) for all products except Arms under the Everything but Arms (EBA) initiative.

For many years, the group of African, Caribbean and Pacific (ACP) countries were eligible for far-reaching non-reciprocal preferences under the Lomé Conventions and the Cotonou Agreement and many of the have today concluded negotiations of reciprocal preferences under the latter's successor, the Economic Partnership Agreements (EPAs).

Following the opening up of Eastern Europe, one of the stepping stones towards EU membership for the acceding countries was to conclude bilateral and reciprocal so called Europe Agreements with the EU, progressively leading to free trade. Similarly, the Stabilisation and Association Agreements concluded with the countries of former Yugoslavia serve a similar purpose.

Likewise, FTAs have been concluded with countries in the EU's neighbourhood, such as Georgia, Moldova and Ukraine and a CU is in place with Turkey since 1995. The EU has also concluded free trade agreements with the Mediterranean countries as well as with Chile, Mexico and South Africa.

Finally, several FTAs have been concluded (but few are yet in force) during the new wave of deep and comprehensive FTAs that the EU launched following the lifting of its self-imposed moratorium on such agreements in favour of a comprehensive multilateral round in the late 1990s. Examples of such concluded EU agreements are the ones with Korea (provisionally applied), Canada, Singapore and Vietnam, while negotiations are still on-going with e.g. Japan and the United States.

Significant attempts are made to assess the impact of these agreements. The European Commission evaluates the impact of its trade agreements:

> (i) at the initial stage through its *impact assessments (IAs)*, conducted by Commission services in support of the decision on whether or not to launch a negotiation,
>
> (ii) during the negotiations through *sustainability impact assessments (SIAs)*, carried out by external consultants to feed into the negotiations, to help the Commission as a

[1] One should here note the distinction made in the GSP regulation between countries eligible for the GSP and those that are beneficiaries of the scheme.

negotiator to shape the negotiating process in a direction coherent with overall EU policy,

(iii) after the conclusions of the negotiations through the *economic assessment of the negotiated outcome*,[2] which focuses on the economic value trade barrier reductions following the final, precise outcome of the negotiations, and

(iv) during and after implementation through an *ex-post evaluation*, which is the main tool used by the European Commission to assess the extent to which EU action is achieving the set policy objectives, and how performance can be improved in future.

Ex-post evaluations of FTAs (ideally) require FTAs to be fully implemented and that a certain time period has passed after full implementation to provide for an adequate analysis. Most EU FTAs include significant phase-in periods of tariff reductions, at least of a limited number of products on the EU side, and, generally, the lower the level of development of the partner country the longer the back-loading of the tariff dismantling e.g. some 20 years for EU partners in the case of the recently concluded West Africa EPA. This is too long a time to wait for policy makers to get an idea about how well a specific policy works.

One method of assessing the effectiveness of trade liberalisation which was largely ignored until some ten years ago, primarily due to lack of data, is examining the extent to which trade liberalised in theory actually enters foreign markets under the preferences that they are entitled to. Since then work has been carried out often analysing the use of EU trade preferences by developing countries; see e.g. Bureau et al (2006), Candau and Jean (2005) Keck and Lendl (2012) and work by Nilsson (2011a and 2011b), Nilsson and Matsson (2008) and Nilsson and Dotter (2012).

However, no work has been carried out assessing the extent to which *EU exports* use preferences in partner country markets. Based on data gathered by EU Delegations, this paper is the first of its kind to analyse the uptake of preferences by EU exports in these markets. It provides an answer to policy makers in Brussels as well as stakeholders who increasingly have voiced their interest and concern regarding the impact of EU FTAs.

Section 2 provides an overview of the data, describing preference utilisation rates by partner country, broad product categories and by EU Member States (MS) when such data is available. Section 3 assesses the relevance of some potential determinants of the uptake of EU preferences in partner countries, including an analysis at MS level. Section 4 summarises the findings of the paper and draws some conclusions.

2. Overview of the data

Data on partner countries' preferential imports from the EU and in some cases from its MS has been obtained by EU Delegations from relevant authorities in countries with which the

[2] Referred to in the Commission's Communication "Trade, Growth and World Affairs" as “analysis of the consequences”, COM (2010) 612.

EU has bilateral reciprocal trade agreements in place.[3] The data obtained varies in terms of detail and completeness. In some cases the submissions from an EU Delegation of the partner country's preferential imports from the EU had to be complemented with additional data on the partner country's total imports from the EU, including supplementary information on which products that were eligible for preferences.[4,5]

Furthermore, the availability of data differs among countries with respect to the level of product aggregation.[6,7] Most countries have submitted data at 8-digit level. Exceptions in the more aggregate direction are Bosnia and Herzegovina and Lebanon with submissions of 6-digit data and Norway with data at HS chapter level. Figures at 10-digit level have been provided by Egypt, FYROM, Korea, Morocco, Nicaragua, Peru, Serbia and Turkey. The data from Iceland, which is provided at 8-digit level, is nevertheless more detailed since it distinguishes the port of loading of each EU MS exports.

The preference utilization rate (PUR) of EU exports of good *k* to partner country market *j* is defined as the value of ratio of preferential exports of good *k* to country *j* over the value of eligible such exports as follows:

$$PUR_{kj} = \frac{Pref_{kj}}{Elig_{kj}}$$

Preference utilization rates by countries and product groups

The average PUR of EU exports as a whole equals 75% in 2013, see Table 1. The figure is up compared to previous years, except for 2006-2007 when observations were available for a handful of countries only and the PUR for Turkey of 18% in 2007 is likely to be due to misreporting in light of Turkish figures for the other years. But the PUR varies significantly between reporting countries – from 27.4% for Norway to 95.9% for Turkey. Peru and Panama also have low PURs but those agreements entered into force in late 2013 and the PUR reflects non-preferential imports from the EU for the first seven months of the year.

[3] The number of partner countries covered has increased over the years, but data is not available from all countries all years and is still missing from some partners.

[4] Trade and preference eligibility data were obtained, depending on the availability of the statistics, from the International Trade Centre's (ITC's) Trade Map, the Market Access Map (MacMap) and the DG Trade's Market Access Database (MADB).

[5] Due to lack of consistency between data from different sources, certain decisions had to be taken. For instance, when the value of preferential imports from the EU was higher than its total imports from the EU these observations were dropped. If there was a discrepancy between national data from the Delegations and the external sources consulted (i.e. if data from the EU Delegations indicated eligibility for preferences in a specific product but MADB or MacMap data revealed the opposite), the data from the Delegations has been considered to be the correct one. Quotas are assumed to be non-binding.

[6] When complementing the trade data tariff data from other sources and no match was found at the lowest level of aggregation, the average tariff at the next higher level of aggregation was used. If possible, a weighted average has been estimated; otherwise a simple average was used. If there was no match at HS4 level, the observations were ignored.

[7] For some countries and some specific products the MFN and/or Preferential Tariff data remains missing due to a lack of data available both in the figures provided by the Delegations and the abovementioned additional sources.

Table 1: Preference utilization rates of EU exports in partner country markets, 2006 – 2013 (%)

Reporter/year	2006	2007	2008	2009	2010	2011	2012	2013
Albania	62.3	73.4	80.8	78.5	78.9	79.6	80.6	70.1
Algeria	-	86.5	85.9	82.3	76.3	82.7	-	64.8
BiH	-	-	66.0	62.6	70.3	72.3	71.2	-
Chile	89.7	90.1	85.8	83.3	81.3	81.4	78.8	78.4
Croatia	-	79.5	79.5	77.3	76.2	75.0	-	-
Egypt	-	-	36.8	37.9	39.1	49.2	44.9	50.9
FYROM	-	-	68.7	69.7	-	67.8	75.4	87.6
Iceland	-	-	-	-	-	91.2	90.8	82.6
Korea	-	-	-	-	-	46.1	61.1	64.6
Lebanon	-	-	-	25.7	35.3	36.2	34.4	64.7
Mexico	-	-	49.0	50.2	42.2	44.7	36.7	-
Montenegro	-	-	-	-	56.7	62.7	63.3	77.1
Morocco	-	-	-	-	40.4	53.3	58.5	-
Nicaragua (*)	-	-	-	-	-	-	-	3.7
Norway	-	-	-	-	-	-	-	27.4
Panama (*)	-	-	-	-	-	-	-	3.2
Peru (**)	-	-	-	-	-	-	-	37.0
Serbia	-	-	-	-	79.0	81.8	85.9	88.3
Switzerland	-	-	-	-	70.1	70.7	70.7	74.8
Tunisia	-	-	26.0	28.0	24.6	23.5	-	-
Turkey	-	18.4	80.8	78.4	79.8	74.0	87.8	95.9
Total	**89.2**	**36.9**	**66.6**	**62.6**	**63.6**	**66.3**	**70.1**	**74.9**

Source: Own calculations based on data from national customs administrations, the ITC and MADB. *Note:* Figures for Switzerland are aggregated by MS in 2010-2013 and for Chile, Egypt, FYROM, Iceland, Nicaragua and Turkey in 2013. Figures for Korea reflect full years of implementation , i.e. July 2011-June 2012, rather than full calendar years. (*) The FTA with Nicaragua and Panama entered into force on 01.08.2013. (**) The FTA with Peru entered into force on 01.03.2013.

Some reporting countries show significant changes in the PUR from year to year. For example, the PUR for EU exports to Turkey increased from about 88% to 96% between 2012 and 2013 and EU exports to both FYROM and Montenegro, albeit smaller countries also show significant increases between the same two years. Similarly, but in the other direction, one can note that the PUR of EU exports to Albania decreased from 81% in 2012 to 70% in 2013. There is a similar decrease in the PUR for EU exports to Iceland.

Annex Table 1 provides a snapshot of PURs of EU exports at TDC spill out section level in 2013. The preference utilization rates vary strongly by section. The lowest PUR is found in Section 21 – Arms and ammunition at 6.2%.[8] However, in terms of overall preference eligible EU exports to the reporting countries exports of Arms and ammunition are marginal. Other TDC sections with a relatively low PUR are Vegetable products (2), Animal or vegetable fats and oils (3), Raw hides and skins (8) and Pearls, precious stones and metals (14).

[8] Figures vary from close to a 0% PUR for exports to Algeria, Albania and Turkey to as high as circa 70% and 80%, respectively, in case of Lebanon and Montenegro.

Sections displaying the highest PURs are Mineral products (5), Plastics and rubber (7), Wood, wood products (9), Wood pulp products (10) and Articles of stone, plaster, etc. (13). In the case of both the high and low PUR sections, except perhaps for Articles of stone, plaster, etc. (13), a common feature of both the high and low PUR sections is that the PUR may be high (low) in all countries but one or two. Hence, there is no section systematically performing one way or the other across all reporters.

Seven countries (Albania, Chile, Egypt, FYROM, Iceland, Switzerland and Turkey)[9] have submitted data by EU MS showing that PURs vary significantly by origin, from some 60% in the case of exports from Cyprus and Greece to more than 90% in the case of exports from Slovakia, the Czech Republic, Belgium and Germany, see Annex Table 2.

The preference utilization rate by other metrics

Preferences may be less than fully used due to a low potential value of preferences (PVoP), or low duty-savings, i.e. the size of the preferential margin times the value of the transaction. Various cost aspects of complying with rules of origin (RoO) may also matter. For example, in some countries exporters may have to pay to obtain origin certificates and/or may have to travel to another location to get them.[10] Similarly, the RoO requirements themselves may be stringent by restricting the use of imported intermediates. Finally, in some cases unawareness of the existence of preferences may also play a role.

Annex Table 3 shows the distribution of EU MS exports by a set of value thresholds in terms of number of flows.[11] Overall, most flows take place in categories 3 and 4 (€10,000 - €100,000 and €1,000 - €10,000). This holds for all countries with the exception of Egypt. The bulk of EU exports to Egypt – some 17,000 flows – takes place in values of less than €100. Compared to the other countries, Switzerland and Turkey also display many flows in the high value categories 6 and 7 (more than €1 million and €10 million, respectively).

Annex Table 4 examines the average and median value of EU MS exports flows. The average and median export values (at 8-digit level) are highest and of similar values, about €1,000,000 in the case of Switzerland and Turkey. The average value of EU MS exports to Chile is about twice as high as the median value at close to €300,000. For Egypt the values are less than €1,000 (the average reaches €310 and the median €47) reflecting the many small flows highlighted in Annex Table 3. For the other three countries the numbers are less than €100,000. The (trade weighted) average preferential margin ranges between 2.6% and 10.7% and sums up to 4.2% for the sample as a whole.

If we consider the PUR for the same value thresholds as described above, Annex Table 5 shows that the PUR generally increases with the value thresholds with two main exceptions. Firstly, in the case of Albania, the preferential use of flows which are greater than €10 million is close to zero at 1.2%. This concerns two flows of "cigarettes", one of "keypads" and one of

[9] Such data was also submitted by Nicaragua but was not considered given that the FTA entered into force during the course of 2013.

[10] This is however not the case in the EU.

[11] All trade flows have been aggregated to 8-digit level for comparative purposes.

"other aircrafts". Secondly, in the case of Egypt, the PUR of 0% of flows of values between €100,000 and €1,000,000, concern six records of "petroleum oils, other than crude" and seems to be due to misreporting since all six flows are of identical values, but from different EU MS.

It is noteworthy that the low use of preferences for low value flows from developing countries to the EU as highlighted by Nilsson (2011a, 2011b) and Nilsson and Dotter (2012) and also to other developed partners as shown by Keck and Lendl (2012) are practically absent as far as EU exports to partner countries are concerned. Hence, irrespective of the destination of EU exports, there seems to be a striking difference in the way EU exports exploit trade preferences for low value products compared to (many) developing countries.[12]

If we instead look at preference utilization rates by preferential margin (see Annex Table 6), overall, the PUR tends to increase with the preferential margin, but with variations across reporting countries and preferential margins. For example, the total PUR for a margin between 10% and 15% is lower than for a margin between 7.5% and 10%. This is driven by Egypt and the FYROM, both countries of which show lower PURs for the margin between 10% and 15%. In principle, only Switzerland and Turkey perform as expected generally displaying higher PURs with a higher preferential margin.

Annex Table 7 shows the PUR by value threshold and preferential margin. The general message from the table is that for a given value threshold, the PUR tends to increase with the preferential margin. Similarly, for a specific margin, the PUR increases with the value threshold. One notable exception is the relatively low PUR of 53.8% for products with a preferential margin of more than 15%, but for a value of less than €100.

Having examined EU MS PUR by the size of the preferential margin and the value of the export flows, there are indications that the PUR broadly tends to increase with both. Annex Table 8 displays the PUR by thresholds related to the potential value of preferences (PVOP), i.e., the preferential margin multiplied by the value of the preference eligible export flow. It shows that in total the PUR increases with the PVOP. It holds for most of the countries, except for Egypt in PVOP categories 4 and 6. The same holds for the PVOP values above €5000 in the case of Albania, which may be related to the low use of preferences for the four transactions pointed out earlier.

It is further interesting to note that the PUR for EU MS exports to Switzerland is lower compared to the other countries for all levels of PVOP, except for the last category where it is higher than the PUR for exports to Albania. This seems to indicate, *ceteris paribus*, that the potential value of preferences is of less importance for exports to Switzerland compared to the other countries in the sample.

3. Analysing determinants behind the uptake of preferences

The purpose of this section is to quantitatively estimate the link between EU MS use of preferences in exports to partner countries on the one hand and the value of such exports and

[12] Keck and Lendl (2012) examine developing countries' use of preferences for exports to the EU, Australia, Canada and the US.

the preferential margin on the other in order to gain some further insights to what could be disentangled optically in the previous descriptive analysis.

The dependent variable to be explained – the preference utilisation rate (PUR) – is a proportion and thus bound by 0 and 1. Such cases may be dealt with using a fractional logit model which is implemented in Stata using the generalised linear method (GLM). This model can handle any value of the dependent variable between 0 and 1, in addition to exactly 0 and 1, which is necessary in this case where both full and no utilisation of preferences is present. The main empirical model looks as follows:

$$\mathrm{PUR}_{jk} = \alpha + \beta_1 \log PREF_ELIG_EXP_{jk} + \beta_2 MARG_{jk} + \beta_3 (\log(PREF_ELIG_EXP) * MARG)_{jk} + \sum \delta_m (\mathrm{HS2}_{mj}) + \sum \phi_n (\mathrm{YEAR}_{nj}) + \varepsilon_{jk}$$

The dependent variable PUR is the preference utilisation rate of EU MS exports of product k to country j at the 8-digit or the 10-digit level. The log of the variable PREF_ELIG_EXP denotes the log of the value of EU MS preference eligible exports of product k to country j in euros, while MARG is the preferential margin versus the MFN tariff in percent. The third variable – PREF_ELIG_EXP*MARG – is an interaction term between the log value of EU MS preferential exports and the preferential margin. HS2 denotes binary variables for the chapters of the Harmonised System, while the variable YEAR marks binary variables for the years included. Finally, α, βi, χi, δm and φn are parameters to be estimated.

EU MS export data have been obtained from partner country authorities and are for 2013 for exports to Albania, Chile, Egypt, FYROM, Iceland and Turkey and for 2010-2013 for exports to Switzerland. Preferential margins have been calculated based on data from the Market Access Database and ITC's MacMap.[13]

Table 5 shows that values of the export flows matter as the variable log of preference eligible exports are positive and statistically significant at the 1% level, see column Main.[14] The same holds for the preferential margin and for the interaction between the two variables. Hence, for a given value of an export flow a higher preferential margin is likely to increase the preference utilization rate and vice versa. Table 5 further shows that compared to the omitted Albania, the impact on the PUR seem to be greater in Egypt, Iceland and Turkey and lower in Chile, FYROM and Switzerland.

As far as EU MS dummies are concerned, compared to the omitted United Kingdom, all MS except the Netherlands, Malta, Ireland, Cyprus and Croatia (which display negative and statistically significant coefficient estimates) show positive and statistically significant coefficient estimates. Among the HS2 dummies, 39 are positive and statistically significant compared to the omitted HS1 (Live animals); 20 are negative and statistically significant and 36 are insignificant. There seems to be no particular pattern among the chapters.

[13] Due to lack of data (and its many specific duties), MacMap tariffs for Switzerland for 2012 are an average of data for 2011 and 2013 for imports from the EU's four largest countries (Germany, France, Italy and the UK).
[14] Full regression results are available upon request.

Table 5: Regression results of EU preference utilization rates (PURs), fractional logit

Dependent variable	Main	Preferential margin (absolute)	Preference eligible exp. value	Potential value of preferences
Log of preference eligible exports	0.0401***			
Preferential margin (absolute)	0.0014***			
Log of preference eligible exports*pref. margin	0.0002***			
Preferential margin, %				
<=1.0		(omitted)		
>1.0 and <=2.5		0.0465***		
>2.5 and <=5.0		0.0578***		
>5.0 and <=7.5		0.0372***		
>7.5 and <=10.0		0.0675***		
>10.0 and <=15.0		0.1487***		
>15.0		0.0657***		
Preference eligible exports value, €				
<=100			(omitted)	
>100 and <=1,000			0.0899***	
>1,000 and <=10,000			0.1709***	
>10,000 and <=100,000			0.2788***	
>100,000 and <=1,000,000			0.3662***	
>1,000,000 and <=10,000,00			0.4212***	
>10,000,00			0.4444***	
Potential value of preferences, €				
<=10				(omitted)
>10 and <=50				0.0966***
>50 and <=100				0.1337***
>100 and <=500				0.1944***
>500 and <=1000				0.2407***
>1000 and <=5000				0.2958***
>5000				0.3653***
Reporter country dummies				
Albania	(omitted)	(omitted)	(omitted)	(omitted)
Chile	-0.0864***	0.0103**	-0.1088***	-0.0896***
Egypt	0.0514***	-0.1503***	-0.0335***	-0.0065
FYROM	-0.0107**	-0.0088**	-0.0224***	-0.0164***
Iceland	0.1537***	0.1161***	0.1236***	0.1502***
Switzerland	-0.1445***	-0.0065	-0.2023***	-0.0954***
Turkey	0.1419***	0.2545***	0.1081***	0.1592***
EU MS dummies	Yes	Yes	Yes	Yes
HS chapter dummies	Yes	Yes	Yes	Yes
Year dummies	Yes	Yes	Yes	Yes
Obs.	618383	618383	618383	618383

Source: Own calculations. *Note:* ***p<0.01, ** p<0.05, * p<0.10.

Column 2 displays the results when the PUR is regressed on categorical variables of the preferential margin instead of the log of the value of the preference eligible exports, the preferential margin and the interaction between the two. The rest of the regression equation

remains the same.[15] The coefficient estimates show that there is no unambiguous increase in the impact on the preference utilization rate with a higher preferential margin. The size of the coefficient dips for margins between 5% and 7.5% and then decreases for the margins above 10%. Similarly, column 3 displays the results of running the same regression on categorical variables of the value of preference eligible exports. In this case, it is clear that the positive impact on the PUR increases with the size of the export flow. The same holds for the potential value of preferences or duty savings, i.e., see column 4.

4. Summary and conclusions

This paper has provided a first overview of the extent to which EU exports use preferences in trade with partner countries with which there are reciprocal FTAs in place. The overall use is about 75% in 2013, with significant variations between partner countries and sectors. There are also wide variations, from some 60% to 90%, in EU exports use of preferences from individual EU MS.

The empirical analysis confirmed what the literature has shown previously, i.e. the value of the export flows matters as do the margin and the combination of the two, i.e. the potential value of preferences or potential duty savings.

The next steps of this analysis will further exploit the statistical material with a view to estimating levels of fixed costs needed to be met to use the preferences the EU has negotiated with its partners.

[15] The full results can be obtained from the author by request.

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ANNEX

Table 1: Preference utilisation rates of EU exports in partner country markets by TDC Sections, 2013 (%)

TDC	Albania	Algeria	Chile	Egypt	FYROM	Iceland	Korea	Lebanon	Montenegro	Nicaragua	Norway	Panama	Peru	Serbia	Switzerland	Turkey	Total
1. Animals, animal products	90.4	43.2	96.9	46.2	94.0	0.0	91.3	76.6	92.0	0.0	24.2	7.5	0.0	98.6	46.7	13.1	58.3
2. Vegetable products	93.6	35.7	90.2	94.5	97.4	0.0	83.7	82.1	84.7	0.0	26.2	16.6	92.1	96.8	39.8	61.4	42.2
3. Animal or vegetable fats	94.2	28.0	90.5	30.1	99.5	0.0	80.6	48.5	67.0	35.6	16.9	13.3	0.0	39.1	38.0	87.5	24.6
4. Prepared foodstuffs	62.1	59.5	97.9	43.2	94.6	88.1	79.7	72.5	75.3	14.4	31.3	29.0	21.2	93.9	55.3	94.7	58.3
5. Mineral products	92.0	86.2	99.5	6.1	85.1	100.0	90.1	57.0	64.7	0.0	0.0	5.5	32.7	98.2	95.3	95.5	93.3
6. Chemical products	93.0	68.6	80.1	70.8	93.3	82.0	67.4	72.3	64.5	2.3	0.0	8.5	24.2	87.0	76.2	96.8	77.3
7. Plastics, rubber	87.0	81.2	94.0	50.2	93.3	87.0	80.8	79.3	82.7	0.6	0.0	1.9	27.6	95.7	88.6	99.1	91.2
8. Hides, skins, leather	79.4	84.4	68.1	5.6	80.8	84.7	38.3	72.2	69.2	0.0	0.0	1.1	26.3	86.3	73.5	96.7	51.5
9. Wood, wood products	57.3	97.2	98.6	91.2	83.9	86.8	79.7	67.1	87.1	24.5	0.0	9.2	17.9	98.1	95.5	99.7	95.6
10. Wood pulp products	0.0	89.7	90.4	89.1	80.7	91.5	0.0	31.4	0.0	0.3	0.0	8.2	21.0	93.4	94.1	0.0	91.7
11. Textiles, textile articles	64.6	72.2	81.8	22.8	77.9	82.0	63.3	62.9	49.5	1.3	24.8	6.8	50.0	85.9	70.4	99.1	68.3
12. Footwear, headgear	66.4	51.7	81.4	20.8	89.0	89.2	60.9	82.1	86.0	3.0	0.0	2.4	44.8	93.1	72.7	97.4	72.1
13. Articles of stone, plaster, etc.	93.6	75.7	93.5	89.1	95.9	82.4	83.9	93.4	79.7	8.7	0.0	1.6	0.0	96.1	92.2	97.9	90.3
14. Pearls, stones & metals	49.2	99.6	89.9	33.4	93.2	55.5	15.0	54.6	42.2	0.0	0.0	2.2	0.0	94.5	46.5	94.5	47.7
15. Base metals etc.	40.6	86.2	92.7	83.9	90.7	75.6	45.1	59.1	83.0	1.5	0.0	3.8	4.0	86.7	90.5	96.5	83.8
16. Machinery, mech . appl.	72.2	28.3	63.3	69.3	82.6	78.4	53.9	45.6	65.4	1.2	0.0	3.0	14.2	75.5	71.3	93.9	67.0
17. Transp . equipment	12.5	75.9	82.0	21.8	77.3	70.4	94.0	28.9	73.6	0.1	0.0	0.1	13.5	90.4	82.9	96.9	89.3
18. Instruments	38.3	32.4	60.7	63.6	70.1	83.0	54.8	57.6	36.4	0.0	0.0	3.5	9.2	59.1	51.2	95.3	57.5
19. Arms, ammunition	98.4	0.0	85.1	6.0	99.3	71.4	66.2	69.9	92.9	0.0	0.0	0.0	23.7	93.6	68.4	63.1	67.8
20. Miscellaneous	87.9	58.9	85.2	73.7	83.4	82.4	53.4	86.0	86.7	0.9	0.0	1.0	7.0	92.8	82.3	98.4	78.8
21. Works of art	0.5	0.0	57.8	47.2	25.1	4.1	0.0	70.5	78.8	0.0	0.0	0.0	0.0	30.3	4.0	0.0	6.2
Grand Total	**70.1**	**64.8**	**78.4**	**50.9**	**87.6**	**82.6**	**64.6**	**64.7**	**77.1**	**3.7**	**27.4**	**3.2**	**37.0**	**88.3**	**74.8**	**95.9**	**74.9**

Source: Own calculations based on data from national customs administrations, the ITC and MADB.

Table 2: EU preference utilisation rates by partner country, 2013 (%)

Exporter/Importer	Albania	Chile	Egypt	FYROM	Iceland	Switzerland	Turkey	Total
Austria	91.9	73.1	79.0	91.9	85.2	72.8	97.2	82.7
Belgium	77.2	84.2	37.4	80.2	76.5	87.6	98.0	91.1
Bulgaria	90.1	66.0	64.3	94.3	81.1	74.7	96.3	84.7
Croatia	92.8	5.8	70.7	91.9	73.3	74.6	86.5	79.3
Cyprus	100.0	54.8	65.4	95.9	2.6	59.5	69.0	60.3
Czech Republic	73.0	69.6	61.9	94.1	87.1	80.8	97.5	92.0
Denmark	76.1	69.1	62.8	95.9	83.5	75.9	93.7	76.1
Estonia	7.7	49.9	95.3	74.0	83.7	80.7	97.6	81.6
Finland	70.1	79.4	78.7	91.7	87.0	65.9	90.6	72.6
France	22.7	82.8	58.1	85.6	89.5	72.2	95.0	86.5
Germany	66.0	70.9	55.4	80.6	82.5	76.8	96.3	90.8
Greece	78.1	73.0	24.9	93.4	94.6	44.5	99.3	63.2
Hungary	75.9	49.0	67.3	89.7	94.1	55.8	94.6	77.5
Ireland	87.8	73.2	49.5	68.1	74.7	72.9	94.5	79.0
Italy	75.0	86.1	45.3	71.5	81.7	69.9	94.3	89.0
Latvia	78.6	62.2	97.1	60.3	92.5	81.0	95.9	82.5
Lithuania	90.4	72.6	50.5	94.2	86.1	82.0	97.6	82.2
Luxembourg	97.1	95.1	74.3	90.4	88.3	77.4	96.3	78.6
Malta	24.8	72.5	9.8	69.0	98.9	73.2	98.2	78.5
Poland	88.0	85.3	47.5	84.1	81.8	84.2	96.1	88.3
Portugal	39.2	62.7	76.9	92.7	74.8	58.0	97.1	77.2
Romania	91.7	91.7	72.4	95.3	87.3	72.6	98.0	80.1
Slovakia	80.8	18.4	29.0	72.8	82.9	64.2	98.9	86.6
Slovenia	44.2	76.1	85.8	94.4	49.9	79.9	99.0	93.5
Spain	93.6	89.4	86.1	91.2	90.3	81.2	98.6	86.5
Sweden	88.2	79.0	52.2	85.6	78.6	76.1	94.8	84.6
The Netherlands	53.0	69.5	42.5	86.5	85.9	74.4	95.9	83.7
United Kingdom	46.0	87.4	56.8	93.0	81.9	74.2	95.7	81.4
Grand Total	**70.1**	**78.4**	**50.9**	**87.6**	**82.6**	**74.8**	**95.9**	**83.4**

Source: Own calculations based on data from national customs administrations, the ITC and MADB.

Table 3: Number of EU MS export flows at 8-digit level by value thresholds (count), 2013

	Threshold (€)						
	1	2	3	4	5	6	7
Reporter	**<=100**	**>100 and <=1,000**	**>1,000 and <=10,000**	**>10,000 and <=100,000**	**>100,000 and <=1,000,000**	**>1,000,000 and <=10,000,00**	**>10,000,00**
Albania	1,179	2,674	3,447	2,583	959	121	4
Chile	1,073	5,409	8,506	8,848	5,356	1,283	107
Egypt	16,732	4,037	824	82	6	-	-
FYROM	3,291	6,099	7,488	4,924	1,457	169	14
Iceland	1,731	3,425	4,210	3,243	1,035	108	1
Switzerland	3,074	7,823	15,146	18,938	14,826	6,360	1,204
Turkey	512	6,043	10,252	12,548	9,740	4,617	890
Total	**27,592**	**35,510**	**49,873**	**51,166**	**33,379**	**12,658**	**2,221**

Source: Own calculations based on data from national customs administrations, the ITC and MADB. *Note:* The figures are based on 8-digit export flows.

Table 4: Average and median values of EU MS export flows at 8-digit level and preferential margins vs. the MFN rate (€1000 and %), 2013

Importer	Average EU MS export value	Median EU MS export value	Average EU MS preferential margin
Albania	77	21	8.1
Chile	285	134	6.0
Egypt	0*	0**	6.1
FYROM	69	25	10.7
Iceland	49	48	9.3
Switzerland	1,000	1,053	2.6
Turkey	1,107	876	5.4
Total	**n.a.**	**n.a.**	**4.2**

Source: Own calculations based on data from national customs administrations, the ITC and MADB. *Note:* Export values are based on 8-digit values, while the margins are based on calculations at the most disaggregated level available. * The figure is €310. ** The figure is €47.

Table 5: Preference utilization rate by EU MS and value threshold (%), 2013

	Threshold (€)						
	1	2	3	4	5	6	7
Reporter	**<=100**	**>100 and <=1,000**	**>1,000 and <=10,000**	**>10,000 and <=100,000**	**>100,000 and <=1,000,000**	**>1,000,000 and <=10,000,00**	**>10,000,00**
Albania	46.0	50.8	65.1	76.6	85.3	82.6	1.2
Chile	28.4	42.5	59.1	73.2	81.4	78.2	77.6
Egypt	61.0	65.9	62.9	49.3	0.0	-	-
FYROM	45.2	56.8	70.3	83.5	90.4	87.1	88.2
Iceland	68.2	74.5	80.8	85.4	70.5	99.9	99.9
Switzerland	25.1	32.2	48.3	60.3	69.7	76.4	75.0
Turkey	80.3	78.9	87.2	92.3	94.5	95.3	96.4
Total	**61.1**	**69.9**	**74.2**	**76.0**	**80.5**	**83.9**	**83.9**

Source: Own calculations based on data from national customs administrations, the ITC and MADB. Note: Figures for Egypt, FYROM and Turkey are based on 10-digit level data.

Table 6: Preference utilization rate by EU MS and preferential margin (%), 2013

	Preferential margin categories (%)						
	1	2	3	4	5	6	7
Reporter	**<=1.0**	**>1.0 and <=2.5**	**>2.5 and <=5.0**	**>5.0 and <=7.5**	**>7.5 and <=10.0**	**>10.0 and <=15.0**	**>15.0**
Albania	-	63.3	93.1	94.5	66.3	68.3	-
Chile	-	-	-	78.4	-	-	-
Egypt	1.9	40.1	52.7	53.1	80.9	56.3	49.0
FYROM	78.6	90.7	85.6	91.1	92.4	84.4	95.2
Iceland	96.7	-	87.2	71.1	81.1	85.0	88.7
Switzerland	66.5	84.9	86.0	89.8	84.4	84.6	92.0
Turkey	89.9	92.2	95.8	98.0	99.4	98.2	96.1
Total	**67.3**	**87.5**	**91.9**	**89.1**	**96.0**	**87.3**	**94.3**

Source: Own calculations based on data from national customs administrations, the ITC and MADB. Note: Figures for Egypt, FYROM and Turkey are based on 10-digit level data.

Table 7: Preference utilization rate by value threshold and preferential margin (%), 2013

	Threshold (€)						
	1	2	3	4	5	6	7
Preferential margin categories (%)	**<=100**	**>100 and <=1,000**	**>1,000 and <=10,000**	**>10,000 and <=100,000**	**>100,000 and <=1,000,000**	**>1,000,000 and <=10,000,00**	**>10,000,00**
<=1.0	27.6	41.0	52.4	60.4	69.4	73.4	64.8
>1.0 and <=2.5	57.3	53.4	64.1	75.0	83.7	87.3	88.5
>2.5 and <=5.0	64.5	70.7	79.8	83.8	87.6	91.6	92.9
>5.0 and <=7.5	59.9	64.4	66.3	77.8	85.8	87.7	91.5
>7.5 and <=10.0	66.5	73.9	78.6	85.2	88.4	92.4	98.0
>10.0 and <=15.0	63.2	75.7	82.6	85.3	89.1	88.7	86.1
>15.0	53.8	71.2	82.4	83.7	83.4	92.2	97.1
Total	**61.8**	**70.5**	**75.3**	**78.2**	**83.0**	**86.0**	**85.2**

Source: Own calculations based on data from national customs administrations, the ITC and MADB. Note: Figures for Egypt, FYROM and Turkey are based on 10-digit level data.

Table 8: Preference utilization rate by EU MS and the potential value of preferences (%), 2013

	Potential value of preferences (€)						
	1	2	3	4	5	6	7
Reporter	**<=10**	**>10 and <=50**	**>50 and <=100**	**>100 and <=500**	**>500 and <=1000**	**>1000 and <=5000**	**>5000**
Albania	48.8	51.0	55.0	64.9	68.7	78.0	69.5
Chile	30.5	42.0	50.7	58.6	65.5	73.4	78.6
Egypt	61.1	68.7	68.3	55.5	69.1	24.8	-
FYROM	51.2	57.1	61.7	69.3	75.6	82.1	88.7
Iceland	70.6	74.5	74.7	79.9	83.8	85.7	84.6
Switzerland	31.7	39.6	49.0	53.0	51.7	55.7	76.7
Turkey	78.6	78.0	84.1	87.6	90.0	92.4	96.2
Total	**33.1**	**42.4**	**51.7**	**55.5**	**54.6**	**58.3**	**80.0**

Source: Own calculations based on data from national customs administrations, the ITC and MADB. Note: Figures for Egypt, FYROM and Turkey are based on 10-digit level data.