

Key Drivers of Preference Utilization

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What is import transaction and firm-level data?



Transaction-level data

- Importer (name and code)
- Exporter (name)
- Taric number (10-digit level)
- Customs proceeding
- Country of origin
- Country of departure
- Weight
- Value
- MFN tariff
- Payment to customs

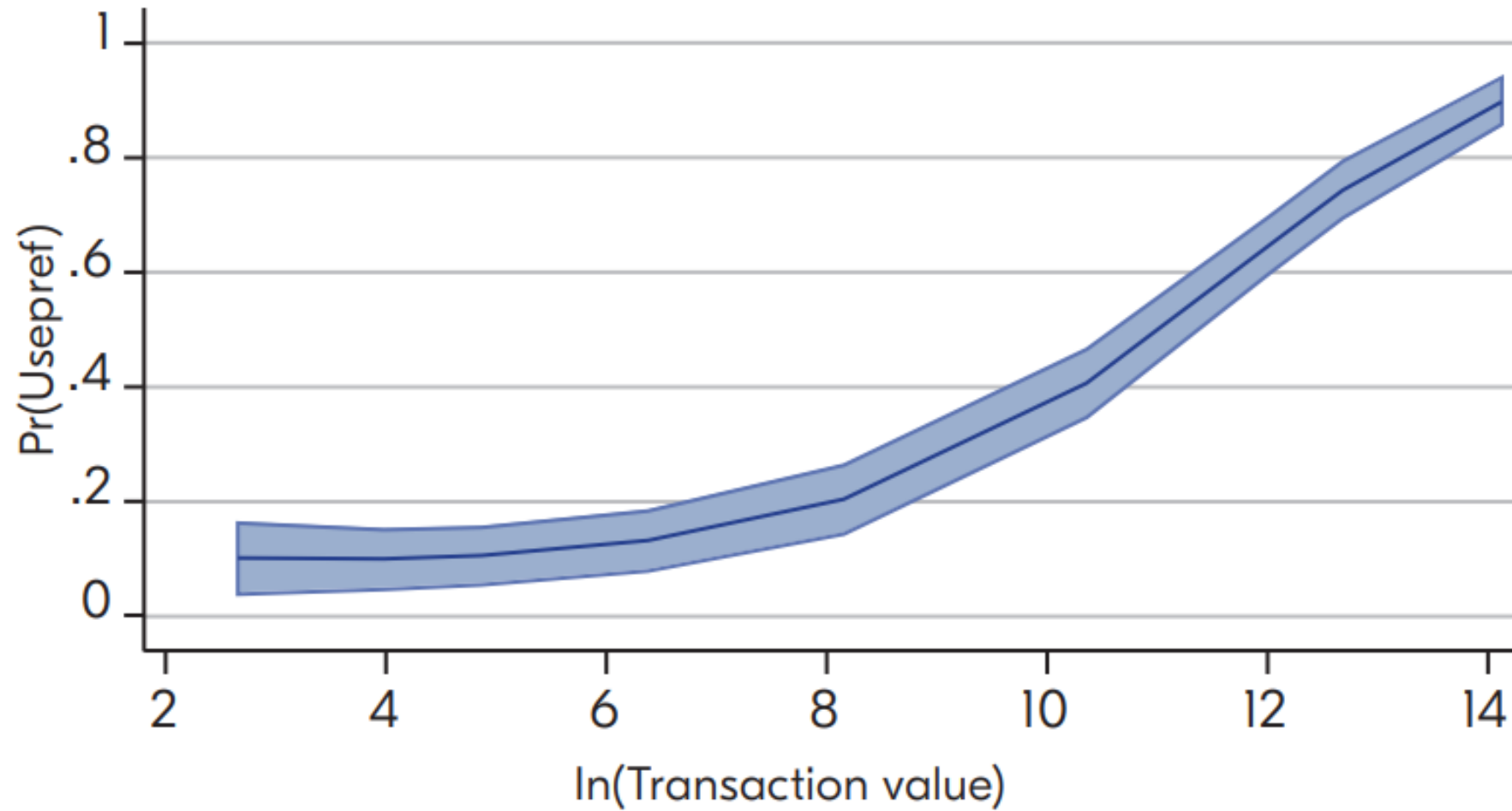
Firm-level data

- Turnover
- Number of employees

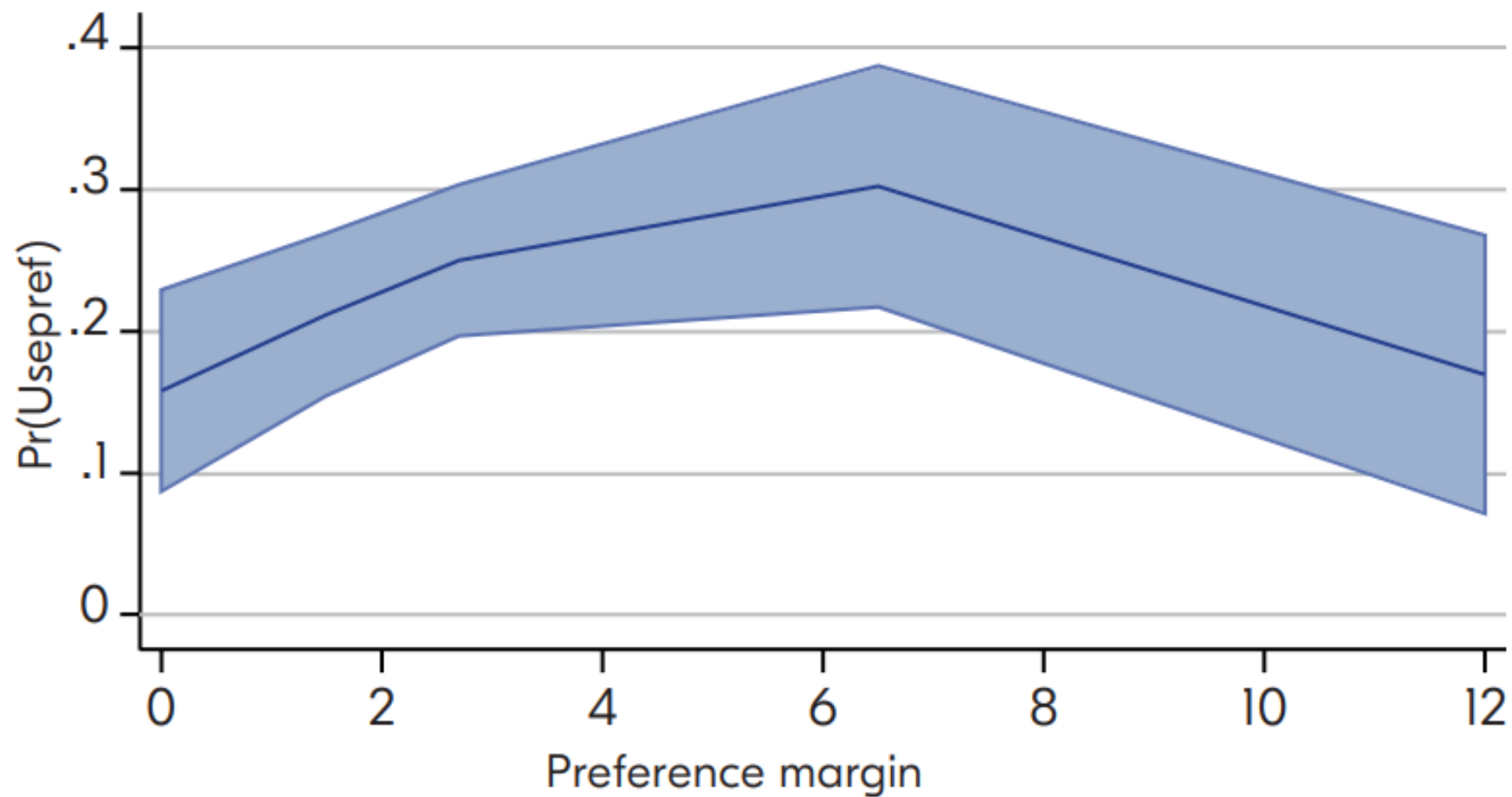
The role of importers in preference utilization

Import transaction values versus the preference margin

Import transaction values and the utilization of tariff preferences

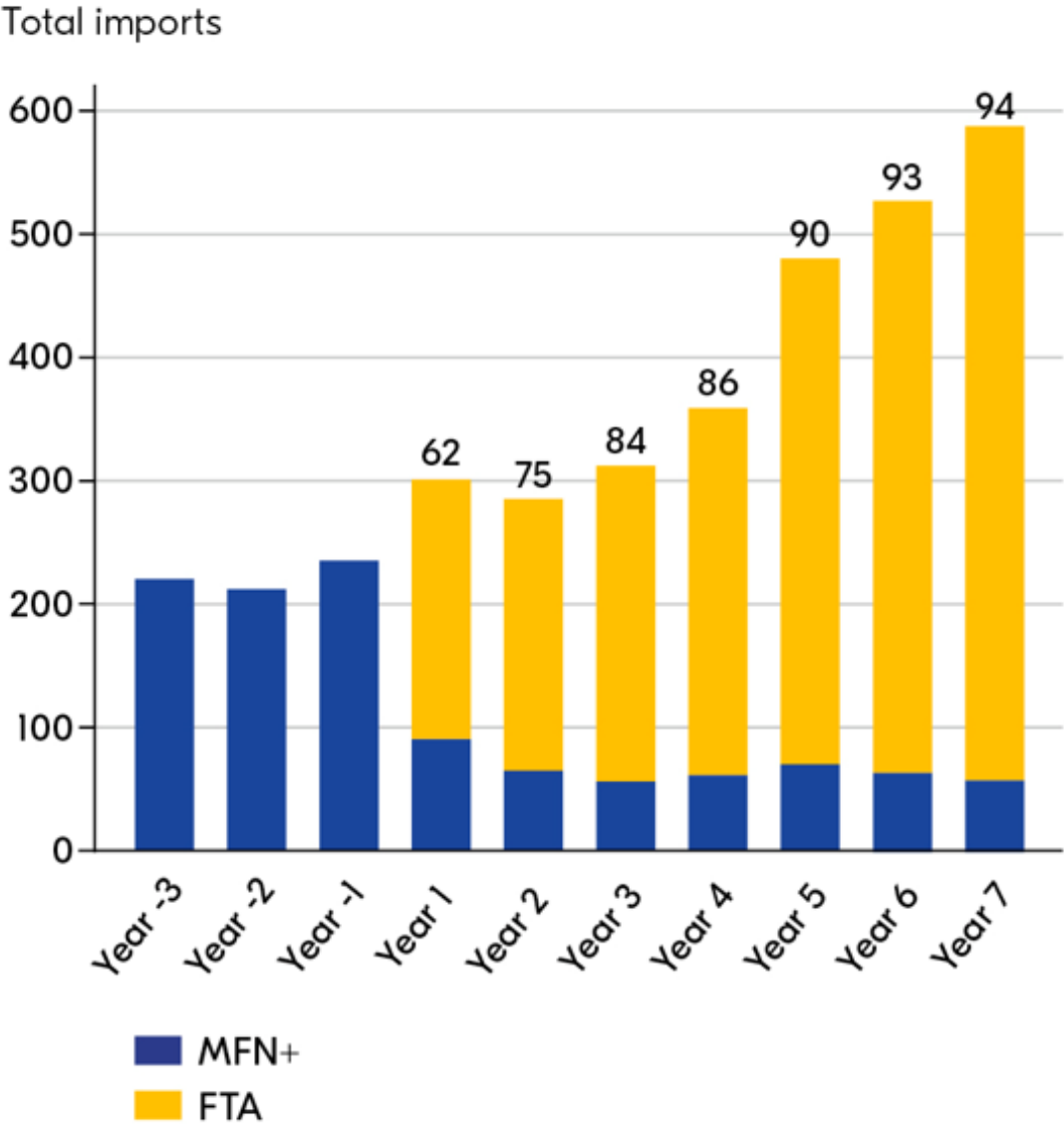


Preference margins and the utilization of tariff preferences

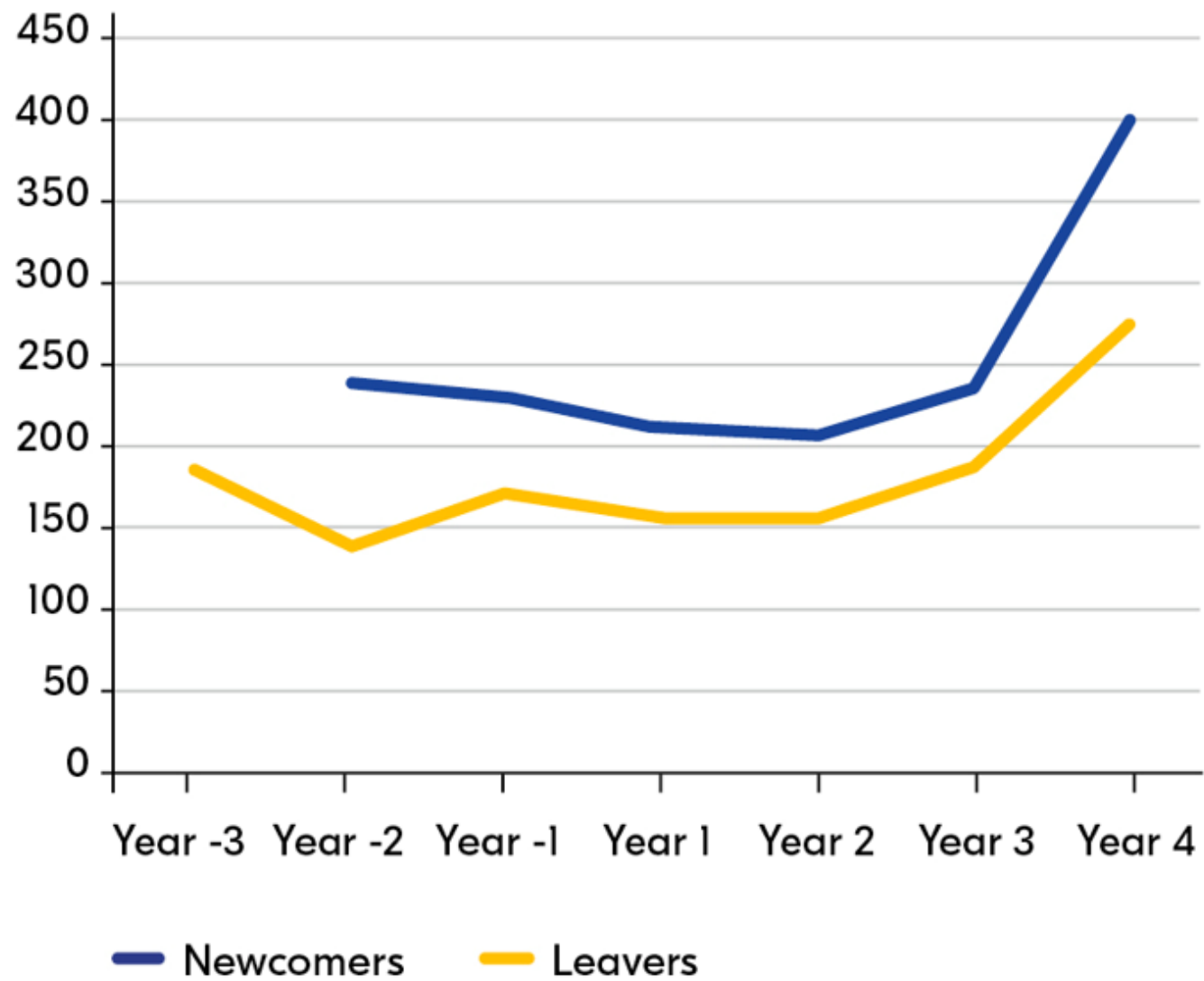


The learning dimension

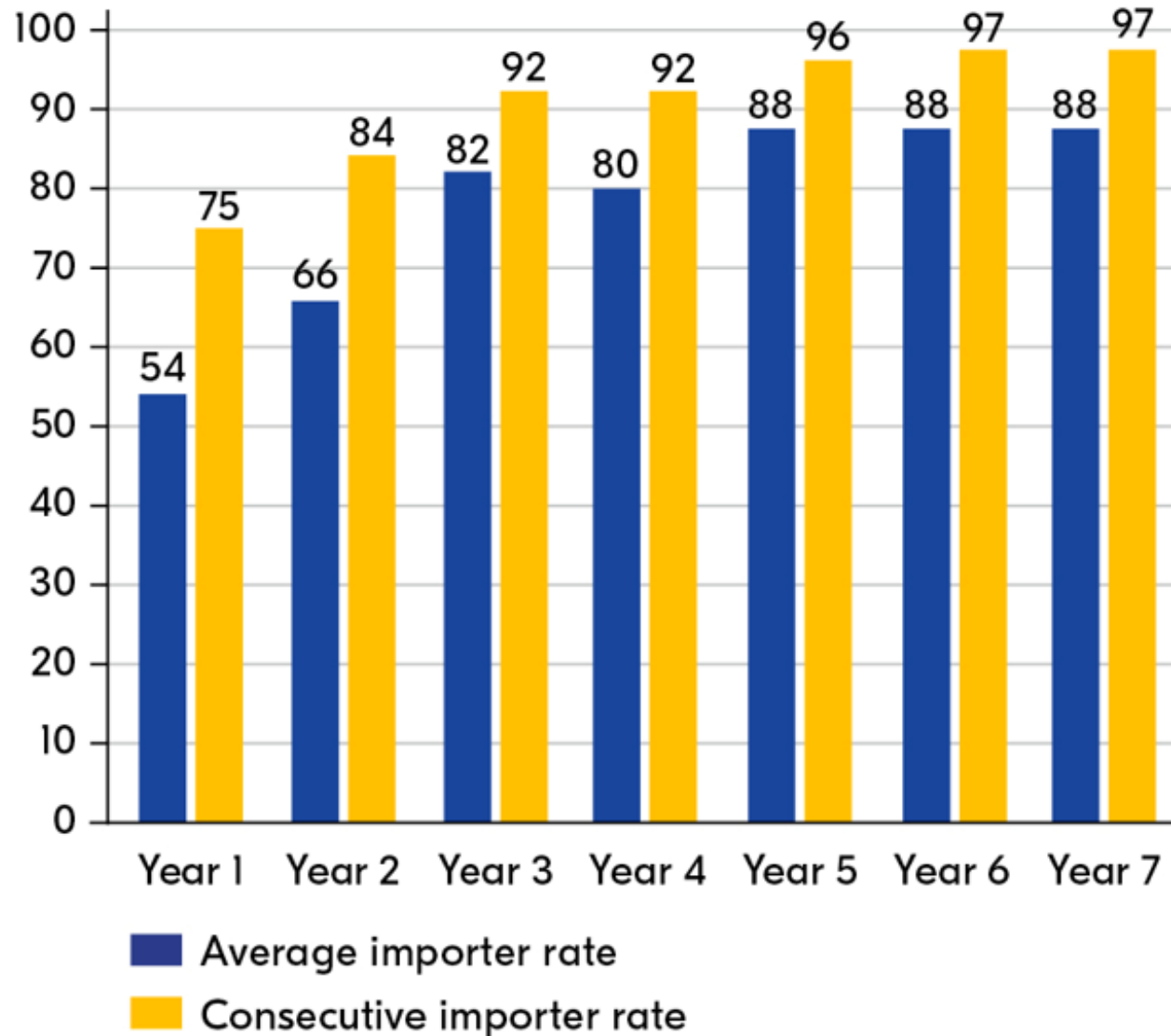
Import values and preference utilization over time



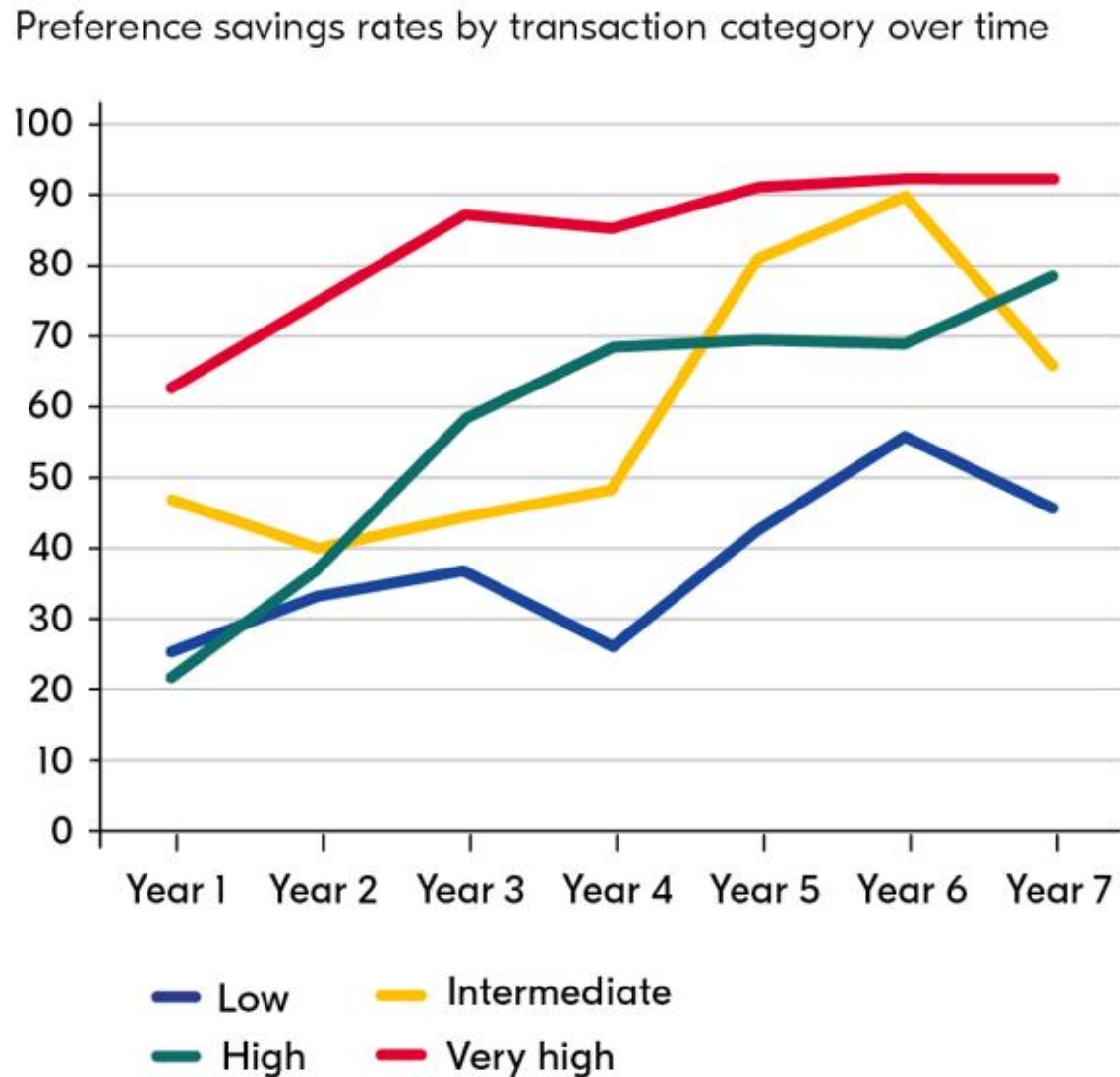
Survival rate of companies (newcomers and leavers) over time



Preference utilization for consecutive importers over time

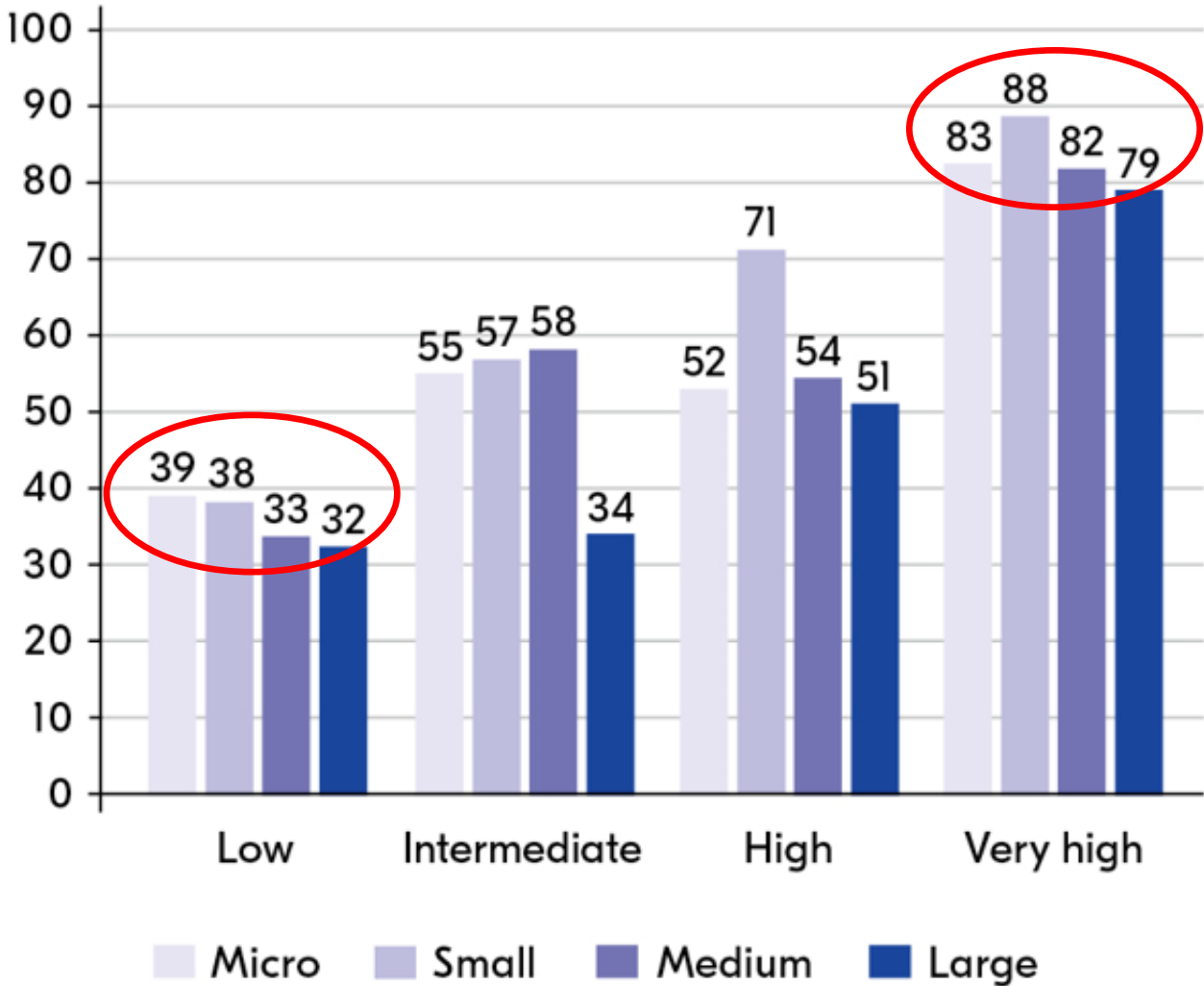


Preference utilization by transaction category over time



Preference utilization by number of import transactions and size

Preference savings rates by transaction category and firm size



Conclusions

- Companies tend to use tariff preferences immediately and at high levels
- It is important to follow the same companies over time to understand the link between learning and preference utilization
- Repeated import transactions are the main driver for learning and increased preference utilization



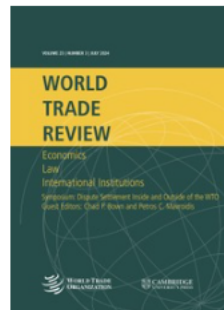
Learning by Using Free Trade Agreements

A firm and transaction-level analysis
of the EU–South Korea FTA



2022



**World Trade Review****Article contents**[Abstract](#)[Introduction](#)[Literature Review](#)[Data and Definitions](#)[Descriptive Analysis](#)[Econometric Analysis](#)[Conclusions](#)[Footnotes](#)[References](#)

Learning to Use Trade Preferences: A Firm and Transaction Level Analysis of the EU–South Korea FTA

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[Jonas Kasteng](#), [Ari Kokko](#) , [Nils Norell](#) and [Patrik Tingvall](#)[Show author details ▾](#)**Article**[Figures](#)[Metrics](#)

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Abstract

This article examines imports by Swedish firms and the utilization of the tariff preferences offered by the EU–South Korea Free Trade Agreement. To benefit from tariff preferences, the importer must make a formal request to use the preferences and also document the origin of the imported products (with a certificate of origin provided by the foreign exporter). This may be costly, and some importers choose to pay import tariffs even when tariff preferences are available. Hence, the preferences are not fully utilized. Using a detailed firm–transaction level data set on Swedish imports from South Korea, we analyse the determinants of preference utilization and how firms learn to use preferences. The results show that preference utilization is strongly correlated with potential duty savings, which depend on the preference margin and the size of the import transaction. From a learning perspective, we find that preference utilization is closely related to the number of import transactions undertaken by the firm, suggesting a learning-by-doing mechanism. The length of time the firm has been involved in importing activities plays a smaller role.





The Use of the EU's Free Trade Agreements

Exporter and Importer Utilisation of Preferential Tariffs



Who Uses the EU's Free Trade Agreements?

A transaction-level analysis of the EU–South Korea free trade agreement



How Companies Use Free Trade Agreements

A survey of Swedish exporters and importers in trade with South Korea



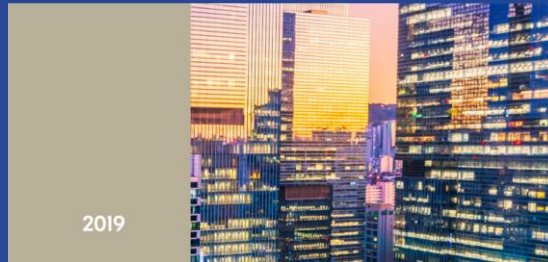
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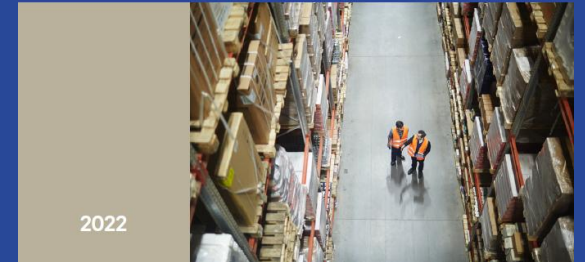
2018



2019



2021



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