

Trade impact of EU preferences

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This paper assesses the impact on trade of European Union (EU) trade policies, using a gravity model based on disaggregated trade flows from 169 developing countries (DCs) to 25 EU member countries. It uses a sample selection framework to account for potential selection bias of positive trade flows and provides an explicit measure for relative preference margins. Results debunk some of the most widespread criticisms of preferential policies: EU preferences matter and have a positive impact on developing countries exports at the intensive margin, and an ambiguous impact at the extensive margin with significant differences across sectors.