



German
Economic
Team

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POLICY BRIEFING
MOLDOVA

Export potential of Moldova's fruits on the global markets

by Veronika Movchan and Carolin Busch

Summary

- » MDA is a large producer and exporter of fruits, but features limited geographic diversification of exports, with the EU and Russia remaining key export destinations
- » To identify diversification opportunities, we analysed MDA fruit export potential in the non-traditional markets (i.e., excl. EU, RUS, BLR and UKR)
- » Top 10 MDA fruits and products thereof (excl. apples) with the highest export potential in the non-traditional markets are:
 - Fresh fruits (grapes, cherries, plums, peaches)
 - Fresh berries (raspberries, blueberries, strawberries)
 - Jams, jellies, and marmalades
 - Dried and frozen fruits
- » The analysis of the countries' cumulative scores for top 10 products highlights the export potential in several regions:
 - Europe outside the EU (UK, Norway, Switzerland)
 - North America (USA, Canada)
 - East, South and Southeast Asia (China, Hong Kong, Japan, Malaysia, Singapore)
 - Middle East (UAE, Saudi Arabia, Egypt, Kuwait)

Outline

1. Motivation
2. MDA exports of fruits
3. MDA access to global markets
4. Methodology for export potential assessment
5. Export potential on global markets:
 - Stage 1: Top 10 products
 - Stage 2: Top destinations

Annex

1. Motivation

- » MDA is a large producer and exporter of fruits, but its exports have remained focused on several neighbouring markets, primarily the EU and Russia
- » The analysis of MDA's fruit export potential on the EU market (see GET Policy Briefing PB/01/2023) suggested that for the sectors' stable development, export expansion to the EU should be complemented by diversification to new, other than MDA traditional, markets

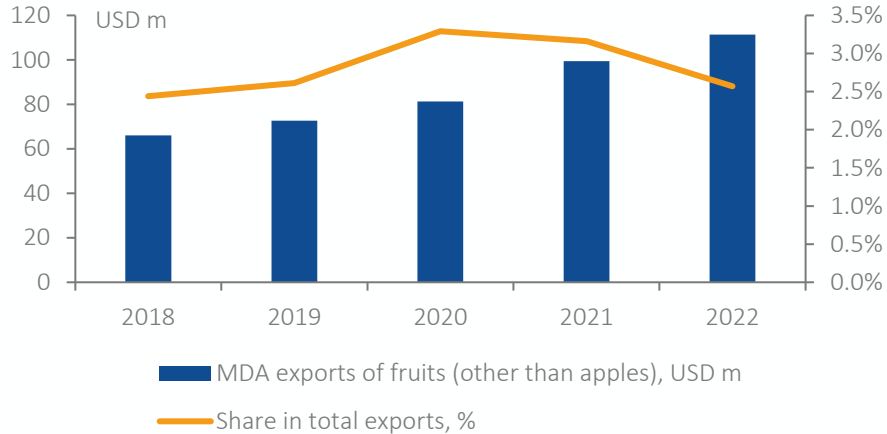
Aim of the study:

- » Among MDA fruit exports, identify the top 10 products with the highest export potential in the global market, other than traditional destinations
- » For each of the selected top 10 products, identify the top 10 destinations outside the traditional MDA export markets

Disclaimer: The results of this policy briefing are based on trade data only. An in-depth market analysis is recommended to fine-tune findings before taking export decisions.

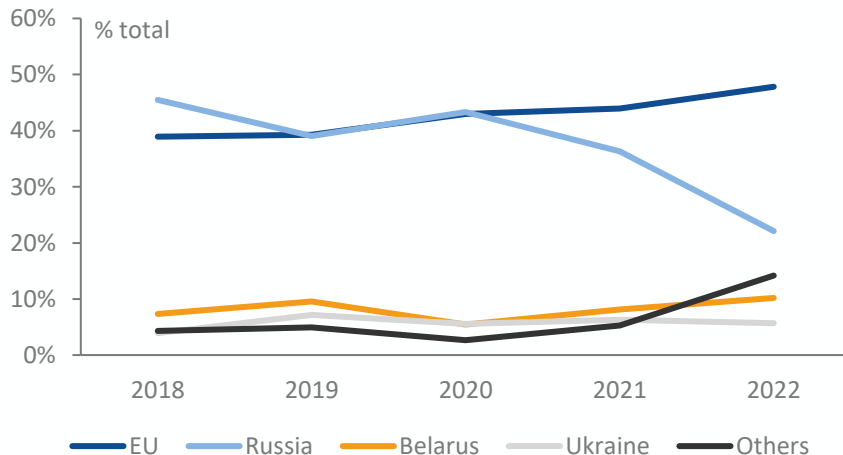
2. MDA exports of fruits

MDA exports of fruits (other than apples)



Sources: WITS, ITC Trade Map, own estimates

Geography of MDA exports of fruits (other than apples)



Source: WITS, Note: data for 2021

MDA exports of fruits (other than apples)

- » Nominal, 2022: USD 111 m
(MDA exports of apples: USD 91 m)
- » Share in total exports: 2.6%
- » Growth, 2022/2021: +12%
- » Growth, 2022/2018: +14% annually
- Moderate-sized but steadily growing
- Gradual reduction of importance in total exports

Key export destinations

- » 2022: EU (48%), RUS (22%), BLR (10%)
- » A sharp reduction in exports to RUS in 2022: -12 p.p.
- » Reorientation occurred primarily to KAZ: +6 p.p. compared to 0.3% in 2021
- » Limited reorientation to non-traditional markets

3. MDA access to global markets

- » WTO membership: since 2021
- » Free Trade Agreements:
 - GUAM – GEO, UKR, AZE, MDA (2003)
 - Ukraine (2005)
 - CEFTA – ALB, BIH, KOS, MKD, MNE, SRB, MDA (2006)
 - CIS (2012)
 - Turkey (2016)
 - EU Association Agreement/DCFTA (2014)
 - United Kingdom (2021)
 - *European Free Trade Association (signed in 2023, still to be ratified)*
- » Preferential arrangements: GSP (Canada, Japan, Norway, Switzerland, USA)
- MDA has preferential access to all neighbouring markets

4. Methodology for export potential assessment

- » Three dimensions of export potential assessment; see also Annex 2
 - *Supply side dimension*: export performance of MDA
 - *Demand side dimension*: import performance of non-traditional markets (as a whole and by individual country)
 - *Trade cost dimension*: indicators for costs associated with MDA exports to a particular partner compared to other destinations
- » Stage I (based on dimensions i. and ii. + sector verification)
 - Identification of top products based on dimensions i. and ii.
 - Verification of the list of top products using sectoral information, e.g., the existence of price advantage in at least several partner markets
 - Selection of top-10 products with the highest export potential
- » Stage II (based on dimensions ii. and iii.)
 - Identification of top-10 importing countries for each of the top-10 products
- » For each stage, a composite indicator is estimated as the average of normalised scores for two dimensions
- » The assessment includes the forthcoming EFTA FTA, signed in June 2023 (see Annex 3)

5. Export potential on global markets

Stage I

- » Identification of 10 products with the highest export potential on global markets, excluding MDA traditional markets (“top-10”)
 - *MDA traditional markets are defined as the EU, Belarus, Russia and Ukraine*
 - *See PB/01/2023 for the assessment of MDA fruits’ export potential on the EU market*

Stage II

- » Identification of top-10 destinations globally for each of the top-10 products

Stage I: Top 10 products

Rank	Composite score (max=100)	HS2012	HS 2012 Product Description	MDA exports, 2022, USD m	WLD* imports, 2021, USD m
1	92	080610	Fresh grapes	43	11,734
2	87	080929	Fresh cherries (excl. sour cherries)	11	5,312
3	80	081020	Fresh raspberries, blackberries	3	2,734
4	77	200799	Jams, jellies, marmalades	6	1,247
5	74	081010	Fresh strawberries	1	3,991
6	73	081340	Dried peaches, pears	2	4,210
7	72	080940	Fresh plums and sloes	15	4,900
8	72	080930	Fresh peaches, incl. nectarines	2	714
9	70	081190	Frozen fruits	1	1,147
10	67	081320	Dried prunes	15	3,026

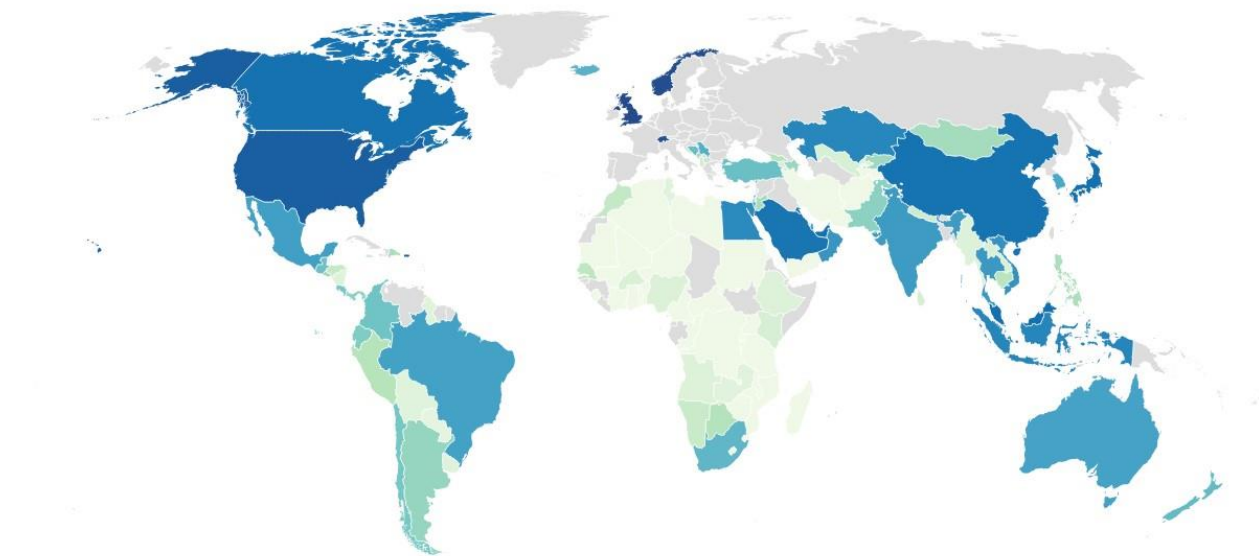
Sources: own estimates; Note: WLD imports exclude 'traditional' markets, namely the EU, Belarus, Russia and Ukraine

- » Fresh fruits, especially grapes and cherries, and berries demonstrate the highest export potential in the non-traditional markets
- » Jams, jellies & marmalades are the only category of processed fruit products in the top 10

Stage II: Destinations with the highest potential

Map with the highest export potential for MDA's fruit products (excl. apples)

sum of composite scores, max = 1000



Created with Datawrapper

Sources: Own estimates

Note: The value assigned to each country refers to the sum of the cumulative export potential score received by the country

Top-10 countries	Sum of composite scores
United Kingdom	724
Norway	711
Switzerland	706
USA	647
Hong Kong	625
Japan	578
Malaysia	575
UAE	574
Canada	570
China	565

- » Top non-traditional destinations for MDA fruits (excl. apples) are mostly in Europe, North America, East and Southeast Asia and the Middle East
- » Looking at the more detailed lists of countries for each product is recommended for formulation of the export promotion strategy

Top-10 destinations for HS 080610 “Fresh grapes”

- » MDA main export destinations (2022): Romania (29%), Russia (23%), Belarus (12%)
- » Key world exporters: Chile, Peru, Italy
- » Key world importers (*excl. EU, BEL, RUS, UKR*): USA, UK, China

Rank	Composite score (max=100)	Country	Import value, 2021, USD m	Distance from MDA to partner country, km	Distance advantage vs average supplier, yes/no	Import duty advantage vs applied duty, yes/no	Price advantage vs average import price, yes/no
1	73	China	535	6,743	yes	yes	yes
2	71	Vietnam	98	7,357	no	yes	yes
3	69	Norway	89	1,859	yes	no	yes
4	67	United Kingdom	679	2,150	yes	no	yes
5	67	Switzerland	83	1,620	yes	yes	yes
6	66	Serbia	11	692	yes	yes	no
7	65	Iceland	6	3,585	yes	no	yes
8	65	Indonesia	315	9,610	no	no	yes
9	65	Japan	116	8,546	yes	no	yes
10	64	Oman	55	3,713	no	no	yes

Sources: for market snapshot – ITC Trade Map; for top-10 destinations - own estimates; see Annex 4 for terminology

Top-10 destinations for HS 080929 “Fresh cherries (excl. sour cherries)”

- » MDA main export destinations (2022): Russia (67%), Belarus (28%)
- » Key world exporters: Chile, USA, Turkey
- » Key world importers (*excl. EU, BEL, RUS, UKR*): China, Hong Kong, USA

Rank	Composite score (max=100)	Country	Import value, 2021, USD m	Distance from MDA to partner country, km	Distance advantage vs average supplier, yes/no	Import duty advantage vs applied duty, yes/no	Price advantage vs average import price, yes/no
1	85	China	1,993	6,743	yes	yes	yes
2	81	Hong Kong	1,588	7,881	yes	no	yes
3	71	Kuwait	4	2,570	yes	no	yes
4	70	Switzerland	19	1,620	no	yes	yes
5	68	Norway	12	1,859	yes	yes	yes
6	68	Kyrgyz Republic	6	3,582	no	yes	yes
7	68	United Kingdom	64	2,150	yes	no	yes
8	67	Vietnam	37	7,357	yes	no	yes
9	65	Singapore	10	8,781	yes	no	yes
10	64	India	5	4,629	yes	no	yes

Sources: for market snapshot – ITC Trade Map; for top-10 destinations - own estimates; see Annex 4 for terminology

Top-10 destinations for HS 081020 “Fresh raspberries, blackberries”

- » MDA main export destinations (2022): Poland (75%), Serbia (15%)
- » Key world exporters: Mexico, Spain, USA
- » Key world importers (*excl. EU, BEL, RUS, UKR*): USA, Canada, UK

Rank	Composite score (max=100)	Country	Import value, 2021, USD m	Distance from MDA to partner country, km	Distance advantage vs average supplier, yes/no	Import duty advantage vs applied duty, yes/no	Price advantage vs average import price, yes/no
1	86	United Kingdom	354	2,150	yes	yes	yes
2	82	Saudi Arabia	33	2,952	yes	no	yes
3	77	UAE	31	3,380	yes	no	yes
4	75	Kuwait	28	2,570	yes	no	yes
5	73	Switzerland	55	1,620	no	yes	yes
6	68	United States	1,663	7,650	no	no	yes
7	66	Hong Kong	4	7,881	yes	no	yes
8	66	Malaysia	1	8,467	yes	no	yes
9	65	Iceland	1	3,585	yes	no	yes
10	63	Qatar	9	3,142	yes	no	yes

Sources: for market snapshot – ITC Trade Map; for top-10 destinations - own estimates; see Annex 4 for terminology

Top-10 destinations for HS 200799 “Jams, jellies, marmalades”

- » MDA main export destinations (2022): Romania (31%), Germany (25%), Czechia (17%)
- » Key world exporters: France, Turkey, Italy
- » Key world importers (*excl. EU, BEL, RUS, UKR*): USA, Canada, UK

Rank	Composite score (max=100)	Country	Import value, 2021, USD m	Distance from MDA to partner country, km	Distance advantage vs average supplier, yes/no	Import duty advantage vs applied duty, yes/no	Price advantage vs average import price, yes/no
1	82	China	74	6,743	yes	yes	yes
2	78	Norway	11	1,859	no	yes	yes
3	77	Switzerland	37	1,620	no	yes	yes
4	74	Israel	25	1,735	yes	no	yes
5	70	Serbia	6	692	yes	yes	no
6	69	Canada	148	7,733	no	no	yes
7	69	Kuwait	7	2,570	yes	no	yes
8	67	Turkey	12	664	yes	no	yes
9	67	Saudi Arabia	47	2,952	yes	no	no
10	66	Singapore	16	8,781	no	no	yes

Sources: for market snapshot – ITC Trade Map; for top-10 destinations - own estimates; see Annex 4 for terminology

Top-10 destinations for HS 081010 “Fresh strawberries”

- » MDA main export destinations (2022): Russia (69%), Romania (30%)
- » Key world exporters: Mexico, Spain, USA
- » Key world importers (*excl. EU, BEL, RUS, UKR*): USA, Canada, UK

Rank	Composite score (max=100)	Country	Import value, 2021, USD m	Distance from MDA to partner country, km	Distance advantage vs average supplier, yes/no	Import duty advantage vs applied duty, yes/no	Price advantage vs average import price, yes/no
1	80	United Kingdom	294	2,150	no	yes	yes
2	77	United States	1,085	7,650	no	yes	yes
3	77	Oman	11	3,713	yes	no	yes
4	73	Norway	53	1,859	no	yes	yes
5	72	Qatar	13	3,142	yes	no	yes
6	70	Saudi Arabia	53	2,952	yes	no	yes
7	70	Malaysia	15	8,467	no	no	yes
8	69	UAE	50	3,380	yes	no	yes
9	68	Macao	2	7,837	no	no	yes
10	67	Bahrain	5	3,004	yes	no	yes

Sources: for market snapshot – ITC Trade Map; for top-10 destinations - own estimates; see Annex 4 for terminology

Top-10 destinations for HS 081340 “Dried peaches, pears”

- » MDA main export destinations (2022): Georgia (25%), North Macedonia (19%), Germany (17%)
- » Key world exporters: Thailand, China, Germany
- » Key world importers (*excl. EU, BEL, RUS, UKR*): USA, China, UK

Rank	Composite score (max=100)	Country	Import value, 2021, USD m	Distance from MDA to partner country, km	Distance advantage vs average supplier, yes/no	Import duty advantage vs applied duty, yes/no	Price advantage vs average import price, yes/no
1	90	Norway	3	1,859	yes	yes	yes
2	76	United States	195	7,650	yes	yes	yes
3	76	Israel	3	1,735	yes	no	yes
4	69	Azerbaijan	2	1,841	yes	yes	no
5	68	United Kingdom	39	2,150	yes	yes	yes
6	67	Switzerland	9	1,620	yes	no	yes
7	63	India	4	4,629	yes	no	yes
8	63	Canada	39	7,733	no	no	yes
9	62	Egypt	2	1,898	yes	no	yes
10	61	Oman	3	3,713	yes	no	no

Sources: for market snapshot – ITC Trade Map; for top-10 destinations - own estimates; see Annex 4 for terminology

Top-10 destinations for HS 080940

“Fresh plums and sloes”

- » MDA main export destinations (2022): Romania (33%), Germany (17%), Russia (11%)
- » Key world exporters: Chile, Spain, South Africa
- » Key world importers (*excl. EU, BEL, RUS, UKR*): China, Hong Kong, UK

Rank	Composite score (max=100)	Country	Import value, 2021, USD m	Distance from MDA to partner country, km	Distance advantage vs average supplier, yes/no	Import duty advantage vs applied duty, yes/no	Price advantage vs average import price, yes/no
1	78	China	175	6,743	yes	yes	yes
2	77	Norway	6	1,859	yes	yes	yes
3	74	Switzerland	16	1,620	yes	yes	yes
4	69	Hong Kong	118	7,881	yes	no	yes
5	68	Oman	7	3,713	yes	no	yes
6	67	United Kingdom	58	2,150	yes	yes	yes
7	67	UAE	27	3,380	yes	no	yes
8	67	United States	50	7,650	yes	no	yes
9	67	Saudi Arabia	24	2,952	yes	no	yes
10	64	Bahrain	2	3,004	no	no	yes

Sources: for market snapshot – ITC Trade Map; for top-10 destinations - own estimates; see Annex 4 for terminology

Top-10 destinations for HS 080930 “Fresh peaches, incl. nectarines”

- » MDA main export destinations (2022): Ukraine (36%), Belarus (28%), Russia (24%)
- » Key world exporters: Spain, Italy, Turkey
- » Key world importers (*excl. EU, BEL, RUS, UKR*): UK, China, USA

Rank	Composite score (max=100)	Country	Import value, 2021, USD m	Distance from MDA to partner country, km	Distance advantage vs average supplier, yes/no	Import duty advantage vs applied duty, yes/no	Price advantage vs average import price, yes/no
1	79	Hong Kong	84	7,881	yes	no	yes
2	78	China	79	6,743	yes	yes	yes
3	70	Qatar	5	3,142	yes	no	yes
4	69	United Kingdom	123	2,150	yes	yes	yes
5	68	Canada	83	7,733	no	no	yes
6	68	United States	86	7,650	yes	no	yes
7	67	Malaysia	5	8,467	no	no	yes
8	67	UAE	20	3,380	yes	no	yes
9	66	Japan	2	8,546	yes	no	yes
10	62	Serbia	4	692	yes	yes	yes

Sources: for market snapshot – ITC Trade Map; for top-10 destinations - own estimates; see Annex 4 for terminology

Top-10 destinations for HS 081190 “Frozen fruits”

- » MDA main export destinations (2022): Russia (19%), Czechia (16%), Austria (14%)
- » Key world exporters: Thailand, Canada, Chile
- » Key world importers (*excl. EU, BEL, RUS, UKR*): USA, China, Canada

Rank	Composite score (max=100)	Country	Import value, 2021, USD m	Distance from MDA to partner country, km	Distance advantage vs average supplier, yes/no	Import duty advantage vs applied duty, yes/no	Price advantage vs average import price, yes/no
1	80	Switzerland	45	1,620	yes	yes	yes
2	78	Serbia	27	692	yes	yes	yes
3	76	Norway	27	1,859	yes	yes	yes
4	74	Israel	16	1,735	yes	no	yes
5	74	United Kingdom	116	2,150	yes	yes	yes
6	73	Iceland	2	3,585	yes	no	yes
7	69	Japan	176	8,546	yes	no	yes
8	68	China	589	6,743	no	no	yes
9	66	Kazakhstan	2	3,742	no	yes	yes
10	66	UAE	10	3,380	yes	no	yes

Sources: for market snapshot – ITC Trade Map; for top-10 destinations - own estimates; see Annex 4 for terminology

Top-10 destinations for HS 081320 “Dried prunes”

- » MDA main export destinations (2022): France (16%), Romania (15%), Bulgaria (12%)
- » Key world exporters: Chile, USA, France
- » Key world importers (*excl. EU, BEL, RUS, UKR*): China, UK, Japan

Rank	Composite score (max=100)	Country	Import value, 2021, USD m	Distance from MDA to partner country, km	Distance advantage vs average supplier, yes/no	Import duty advantage vs applied duty, yes/no	Price advantage vs average import price, yes/no
1	82	United Kingdom	31	2,150	yes	yes	yes
2	82	Japan	32	8,546	yes	yes	yes
3	71	Korea	7	7,611	yes	no	yes
4	71	Egypt	5	1,898	yes	no	yes
5	70	Switzerland	5	1,620	yes	no	yes
6	63	Singapore	2	8,781	yes	no	yes
7	62	Israel	6	1,735	yes	no	yes
8	62	Turkey	13	664	yes	no	no
9	59	UAE	2	3,380	yes	no	no
10	59	Malaysia	2	8,467	yes	no	yes

Sources: for market snapshot – ITC Trade Map; for top-10 destinations - own estimates; see Annex 4 for terminology

About the German Economic Team

Financed by the Federal Ministry for Economic Affairs and Climate Action, the German Economic Team (GET) advises the governments of Ukraine, Belarus*, Moldova, Kosovo, Armenia, Georgia and Uzbekistan on economic policy matters. Berlin Economics has been commissioned with the implementation of the consultancy.

**Advisory activities in Belarus are currently suspended.*

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Annex 1: Product coverage

- » The study covers MDA exports of fruits (fresh, prepared or processed), excluding apples and preparations thereof
- » The analysis is conducted at HS 6-digits using the 2012 edition
- » The following codes were analyzed:

Chapter 8 “Edible fruits and nuts”: 080310, 080390, 080410, 080420, 080430, 080440, 080450, 080510, 080520, 080540, 080550, 080590, 080610, 080620, 080711, 080719, 080720, 080830, 080840, 080910, 080921, 080929, 080930, 080940, 081010, 081020, 081030, 081040, 081050, 081060, 081070, 081090, 081110, 081120, 081190, 081210, 081290, 081310, 081320, 081340, 081350, 081400

Chapter 20 “Preparations of vegetables, fruit, nuts or other parts of plants”: 200600, 200710, 200791, 200799, 200820, 200830, 200840, 200850, 200860, 200870, 200880, 200891, 200893, 200897, 200899, 200911, 200912, 200919, 200921, 200929, 200931, 200939, 200941, 200949, 200961, 200969, 200981, 200990

- » The same product coverage is applied in PB/01/2023

Annex 2.1: Supply side

- » *Total export value*: the larger the country's total exports, the greater its potential for expansion
- » *Total export growth (in fixed prices)*: the faster the export growth, the better it is for export potential

Products with negative growth get a zero score for this indicator

- » *Revealed comparative advantage (RCA)*: the RCA is traditionally used to evaluate the competitiveness of exporters. The country is considered competitive in products with $RCA \geq 1$

Products with $RCA < 1$ get a zero score for this indicator

- » *World market share*: an indicator of the product's competitiveness. While the total export value is biased towards large industries, the world market share could show the potential of smaller industries
- » *Trade specialisation index (TSI)*: The TSI compares the net flow of goods (exports minus imports) to the total flow of goods (exports plus imports). The closer TSI to 1, the stronger the country's export specialisation

Products with $TSI \leq 0$ get a zero score for this indicator

Annex 2.2: Demand side

- » *Total value of imports*. It shows the potential size of the market
- » *Import growth (in volume)*. Higher import growth signals a demand expansion and thus could produce more opportunities for the exporter than a stagnant or declining market
Products with negative growth get a zero score for this indicator

- » At Stage 1, the *Total value of imports* is used as an indicator
- » In this analysis, the calculations are done separately for:
 - Target market as a whole (here: world excluding the EU, Belarus, Russia and Ukraine)
 - Individual countries (threshold at USD 1 million is applied to exclude 'shallow' markets)

Annex 2.3: Trade costs

- » *Relative unit value.* It shows whether the exporter can supply to the importing market cheaper than its competitors

To ensure that exporters stay competitive after all trade and logistic costs are covered, we set a minimum threshold at Unit Value Ratio = 2. The maximum threshold is set at 10

Products with a unit value ratio outside the threshold are scored zero

- » *Distance to the country from MDA.* The distance is an important proxy of transportation costs
- » *Distance advantage of MDA compared to the country's average distance of imports.* It reveals whether MDA is better placed than its potential competitors if the distance of shipping is compared
- » *Average tariff faced by MDA.* It allows comparing different markets, putting the countries with more liberal tariff regimes up
- » *Average tariff advantage of MDA compared to the country's applied average.* It reveals the relative competitiveness of the exporter on the importing market

Annex 3: Import duties within the EFTA FTA

HS2012	HS 2012 Product Description	EFTA FTA: Iceland	EFTA FTA: Norway	EFTA FTA: Switzerland
080610	Fresh grapes	0%	0%	0%/ NC for grapes for pressing
080929	Fresh cherries (excl. sour cherries)	0%	NC	Seasonal ranging 0%/ TRQ/ NC
081020	Fresh raspberries, blackberries	0%	0%/NC	Seasonal ranging 0%/ TRQ/ NC
200799	Jams, jellies, marmalades	0%	0%/ up to NOK 5.30 per kg	0%/ PCM
081010	Fresh strawberries	0%	Seasonal ranging from 0% to 83.4% + NOK 6.01 per kg	Seasonal ranging 0/ TRQ/ NC
081340	Dried peaches, pears	0%	0%	0%/ 7.6%/ NC
080940	Fresh plums and sloes	0%	Seasonal ranging from 0% to 55.7% + NOK 3.03 per kg	Seasonal ranging 0%/ TRQ/ NC
080930	Fresh peaches, incl. nectarines	0%	0%	0%
081190	Frozen fruits	0%	0%/ up to 112.4% + NOK 7.54 per kg	0%
081320	Dried prunes	0%	0%	0%

Sources: <https://www.efta.int/free-trade/Free-Trade-Agreement/Moldova>; NC – not covered; TRQ – tariff rate quota; PCM– Price Compensation Mechanism

- » For import duties with non-uniform tariff liberalisation, we assume halving applied import duties within the EFTA FTA for the purpose of export potential analysis

Annex 4: Terminology used in “product-destination” tables

- » *Distance advantage vs average supplier* compares two variables:
 - The distance between MDA and the partner country
 - The average distance of importing countries to the partner country as reported in the ITC Trade Map

MDA is considered to have a distance advantage if it is closer to the partner country

- » *Import duty advantage vs applied duty* compares two variables:
 - The applied import duty that MDA faces in the partner country, incl. all preferential regimes
 - The average applied duty by the partner country as reported in the ITC Trade Map

MDA is considered to have an import duty advantage if it faces lower tariff barriers than other competitors

- » *Price advantage vs average import price* is derived using the unit values ratio comparing the MDA unit value of exports adjusted for transport and other costs and the partner’s unit value of imports (see Annex 2.3)

MDA is considered to have a price advantage if the unit value ratio exceeds two