Exploring the Evolution and Persistence of Revealed Comparative Advantage in the Agricultural Sector

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Abstract

This paper explores the dynamics of comparative advantage in the agricultural sector for 5 CARICOM countries as measured by their export shares and the Balassa index using 3-digit export data for the period 1991 – 2008. The paper calculates and examines the Balassa index to determine how the pattern of trade within the agricultural sector has changed over the time period using Galtonian Regressions, Markov Chains, Transition Probability Matrices, and Mobility Indices. Based on the findings of the paper several policy recommendations are made.

Key words: trade, Revealed Comparative Advantage, Markov Chains, Transition Probability Matrices, Galtonian Regressions