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Exports of Major Agricultural Products from Pakistan to United Arab Emirates: Performance and Comparative Advantage

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Abstract: The objective of this study was to elaborate the exports of major agricultural products from Pakistan to United Arab Emirates, with a focus on comparative advantage. To estimate the comparative advantage of Pakistan for the agricultural products, revealed comparative advantage (RCA) and revealed systematic comparative advantage (RSCA) were used. According to the findings of the study, basmati rice showed that Pakistan has a comparative advantage in basmati rice. Increasing trend of RCA indices for the previous 10 years of both mutton and beef showed that the Pakistani beef has more comparative advantage as compared to mutton. It is suggested that Pakistan should try to focus on beef more as compared to mutton. It revealed the fact that there might be some issues in the mutton exports as compared to beef. Pakistan should try to solve these issues related to the mutton. Finding the other markets rather than United Arab Emirates might be one suitable solution which could be effective for the mutton exports. Pakistan has a comparative advantage in export of cotton yarn but if it has no comparative advantage then Pakistan should try to shift to the value addition because it is a raw product.

Key words: Comparative advantage, Pakistan, Rice, Meat, Cotton, United Arab Emirates.

INTRODUCTION

Agriculture has an important role in the economy of Pakistan with a share of about 21.1% to GDP. It provides 43.7% employment to the total labour force of the country (GoP, 2014). About 60% rural populations depend on agriculture (GoP, 2012). Pakistan's export value was US$ 20,997 million for ten months from July to April during the fiscal year 2013-14 (GoP, 2014). The imports of Pakistan amounted to about US$ 43,775 million during 2013-14 (ITC, 2014). Pakistan always has a negative trade balance. Major trading partners of Pakistan are China, Saudi Arabia, United Arab Emirates, United States, European Union, Kuwait, India and Malaysia. Pakistan has about 17% of total trade with China. The trade share of Pakistan with United Arab Emirates was about 11% of its total trade with an export share of 8.5% and import share of 12.3%. Pakistan has a trade share of 9% with Saudi Arabia. The trade share of Pakistan with European Union is 13.0%. The trade flow between Pakistan and United States has been decreasing since the last few years and, in 2012-13, it was only 6.7% with exports (13.3%) exceeding the imports (3.2%). The other countries, like, Kuwait, India and Malaysia, have a minor trade share with Pakistan, which is 4.4, 3.2 and 2.9%, respectively (ITC, 2014). Major agricultural export items of Pakistan are rice, sugar, fruits, fish, fish preparations, vegetables, oilseeds, wheat, meat, cotton yarn and raw cotton. Export value of rice was about US$ 2,111 million during the fiscal year 2013-14 (ITC, 2014). Export values of fruits and vegetables were US$ 341.2 million and US$ 214.4 million, respectively, for a period of ten months during the fiscal year 2012-13. Pakistan has exported meat and meat preparations of about US$ 178.3 million in the same period. Export values of raw cotton and cotton yarn were US$ 138.1 million and US$ 1851.7 million, respectively, for ten month of the fiscal year 2012-13.

The bilateral relations, between Pakistan and United Arab Emirates, are gaining new dimensions at all political and economic levels emerging into trust-worthy strategic partnership. Both countries have a strong commitment to further strengthen the bonds of friendship and want to expand the horizon of bilateral cooperation in diverse fields. United Arab Emirates has now become the 2nd major trading partner of Pakistan. Pakistan's major export items to United Arab Emirates include clothing of textile fabrics, hosiery, rice, cotton fabrics, cotton yarn, sports goods,

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fruits, vegetables and footwear. Major agricultural export items of Pakistan to United Arab Emirates are rice, meat, and cotton yarn. For the year of 2013-14, about 23% basmati rice export is only to United Arab Emirates and remaining 77% to other countries of the world. Second export item of Pakistan to United Arab Emirates is meat. Fresh and chilled meat of bovine animals is a major export form of meat and its 37% export is only to United Arab Emirates. Frozen meat of bovine animals was exported to United Arab Emirates with 8.5% of its total export. Total 13% meat of sheep and goat was exported to United Arab Emirates in the year of 2013-14. Cotton yarn is also a major export item of Pakistan but its export share to United Arab Emirates is less as compared to other markets. Its export share to United Arab Emirates is only about 2.3% (ITC, 2014).

The world economic situation is set for revolution under free trade regime, growing competition and relative competitiveness of different economies. The study of comparative advantage is important to know the extent and potential of exports of agricultural commodities. This study plan is aimed at analysis of the changing comparative advantage of agricultural products over time and its implications for agricultural export growth by conducting analysis of major exports of agricultural products of Pakistan to United Arab Emirates. Another purpose of current study was to explore the comparative advantage of Pakistan in agricultural exports. After reviewing the literature on comparative advantage, it was revealed that most of the work on trade export was general in nature and only a few studies were found which were focused on a particular market. However, the literature of comparative advantages of Pakistani exports of agricultural products highlighted some quantitative efforts to capture the comparative advantages of major agricultural products of Pakistan, generally for international markets. Not a single study was found for a particular market that has a large share in Pakistani agricultural trade that is why the present study was planned to analyze the comparative advantages of major agricultural products for a single particular market of United Arab Emirates. The objectives of the study include the explanation of past trend and current status, comparative advantages of major agricultural exports from Pakistan to United Arab Emirates and to suggest policy measures for promotion of agricultural exports on the basis of comparative advantages.

Mahmood (2004) analyzed export competiveness and comparative advantage of Pakistan's non-agricultural products, using Balassa RCA index. He concluded that Pakistan's agricultural sector witnessed a competitive position in some of its sectors but these trends were not uniform across all sectors. Secondly, Pakistan has failed to move from low value-added unskilled labour intensive to technology-intensive high-value added manufacturing. Comparative advantages were measured by Batra and Khan (2005) for commodities groups sectors in 97 chapters of HS-1996, using RCA index for both India and China for the years 2000 and 2003. Ghani *et al.* (2008) measured the revealed comparative advantage for footwear industry by the application of Balassa RCA in Pakistan. Akhtar *et al.* (2009) conducted a research about the global competitiveness of fruit exports of Pakistan (dates and oranges), using the revealed comparative advantage (RCA) approach. They made a comparison about the movement in comparative advantage indices from Pakistan with its major competitors and found that Pakistan had comparatively high competitive and comparative advantages in production of date and mango. The increasing competitiveness trend in Pakistan showed that there was more potential for growth; given that fruit exports were sources of greater exports earnings. They recommended that there was a need to strengthen competitiveness in that sector. Riaz and Jansen (2012) used RCA approach, believing the opinion that Pakistan was underperforming as far as its potential of agricultural exports was concerned. Akhtar *et al.* (2013) examined Pakistan's competitiveness in export of selected horticultural commodities by employing a set of revealed comparative advantage (RCA) and revealed competitive advantage indices with respect to global trade. Reviewing available literature on exports revealed that most of the work was general in nature and a few studies were found which were focused on a particular target market. However, literature of comparative advantages of Pakistani exports of agricultural products highlighted some quantitative efforts to capture the comparative advantages of major agricultural products of Pakistan, generally for international markets. So far, not a single detailed study was found for a particular market in the literature.

MATERIALS AND METHODS

Research methodology includes each and every step from data collection to policy suggestions. The aim of current research was to know about the comparative advantages of major agricultural products, exported from Pakistan to United Arab Emirates, which was estimated, using different methods. Different data collection sources and estimation techniques were used and described in this portion of the study to make the research more clear and scientific. Time series data about agricultural products were taken from Statistical Year Books of Pakistan and International Trade Center. On the basis of values of previous 10 years, three major export products of agriculture were selected that were exported to United Arab Emirates. These agricultural products were basmati rice, meat (mutton and beef) and cotton yarn. Analyses of these three major agricultural export products were conducted to check out the competitiveness and comparative advantage. Country's comparative advantage, at a given point in

time, depends on its pre-trade relative prices that rely on relative production costs. Data on these variables, in the presence of factor and product market distortions, are difficult to generate. However, the comparative advantage concept can be approximated in an indirect way, using post-trade data that manifests post-trade relative prices, prevailing factors, and product market distortions. The revealed comparative advantage approach is one of the few formal methodologies to measure a country's intensity of comparative advantage and disadvantage in a particular industry. Competitiveness of the country was assessed, using the Revealed Comparative Advantage (RCA) and Revealed Symmetric Comparative Advantage (RSCA) measures of competitiveness. These measures were estimated for the period 2003-2012.

The revealed comparative advantage is usually used to investigate shifts over time in comparative advantage of industries. This approach, however, is not meant to capture the potential future comparative advantage of a country, as RCA indices are based on actual trade data. However, RCA indices estimated across time can point to the general direction, in which the pattern of comparative advantage is moving. The RCA index compares a country's world export share of a commodity, with the country's total export share in total world exports. If a country's share of world exports of a particular commodity is greater than its share of world exports of all commodities, the RCA will be greater than 1. A country, therefore, has a revealed comparative advantage only in those products for which its market share of world exports is above its average share of world exports. In other words, the country is a relatively heavy exporter of a product under consideration and possesses a revealed comparative advantage in that product line.

The RCA approach is used to estimate the comparative advantage of a country for a specific commodity. The idea to determine a country's strong sectors by investigating the actual export flow was pioneered by Liesner (1958). Since, this procedure was polished and popularized by Balassa (1965, 1989), it is commonly known as Balassa Index. Alternatively, the actual export flows 'reveal' the country's powerful sectors. So, it is known as Revealed Comparative Advantage (RCA). Before describing the Balassa index (1965), it is very important to note that before Balassa introduced this famous RCA index in 1965, Liesner (1958) had already contributed to the empirical work of RCA. To this end, Liesner (1958) can be argued to be the first empirical study in the field of RCA. Following Leisner's work, a complete or advanced measure of RCA was proposed and then presented by Balassa (1965). This latter measure was the widely accepted and modified measure of RCA in literature. The RCA was used for those products, which were exported from Pakistan to United Arab Emirates. The RCA index, thus, categorizes industries according to their ability to compete in a specific market.

RCA_i for a country i in industry a, $(RCA_i)_a$, can be described as:

$$(RCA_i)_a = (X_{i\,a} / X_{w\,a}) / (X_{i\,t} / X_{w\,t})\ldots$$

where,

$X_{i\,a}$ = Export value of commodity a by country i,

$X_{i\,t}$ = Total value of exports by country i,

$X_{w\,a}$ = World exports value of commodity a; and

$X_{w\,t}$ = Total world exports value.

Accordingly, country i exhibits revealed comparative advantage or will have a greater specialization in export of the product a, than world as a whole, if $(RCA_i)_a$ is more than 1. Generally, the higher the RCA index of a specific product, the greater a country's comparative advantage in that specific product line. The RCA measure, according to Nwachuku *et al*. (2010), could be made symmetric by obtaining an index, called "Revealed Symmetric Comparative Advantage (RSCA)". This is computed as (RCA-1/RCA+1) and it varies from –1 to +1. The closer the value is to +1, the higher the competitiveness of a country in the commodity of interest. These two measures of RCA and RSCA were estimated for the exports of agricultural products, which were basmati, meat (beef and mutton), and cotton yarn.

RESULTS AND DISCUSSION

Major agricultural export products of Pakistan to United Arab Emirates, included in the study, are rice, meat (beef and mutton) and cotton yarn, which were selected on the basis of their export values. Exports of rice from Pakistan to United Arab Emirates include basmati rice, broken rice and other varieties of coarse rice. Exports of beef and mutton have been covered in the study in meat section.

On the basis of values of previous 10 years, three major agricultural products were selected which were being exported to United Arab Emirates. These agricultural products are basmati rice, meat (mutton and beef) and cotton yarn. Analyses of these three major agricultural export products are done to check out the competitiveness and comparative advantage. The revealed comparative advantage approach is one of the few methodologies to measure a country's intensity of comparative advantage and disadvantage in a particular industry.

Rice: United Arab Emirates is the 1st leading importer of Pakistani basmati rice. The export value of Pakistani basmati to United Arab Emirates was about US$ 146 million during 2012-13, which was about 23% of total basmati rice exports, leaving 77% to the rest of the world. The value of basmati rice exports from Pakistan to United Arab Emirates was about US$ 204 million in 2005, constituting 23% of total basmati exports. In 2008, exports of basmati to United Arab Emirates reached at US$ 293 million,

constituting 26% to total basmati exports. Total export of basmati rice was at its highest point in 2008, with a value of US$ 1,115 million. This unexpected upsurge in export of basmati was due to general rise in international prices in 2007 and 2008. Other than basmati rice, 3.72% of other varieties of coarse rice were also exported to United Arab Emirates in 2012-13. Only 1.31% export of broken rice, out of its total exports, was exported to United Arab Emirates in 2012-13, as is shown in Fig. 1.

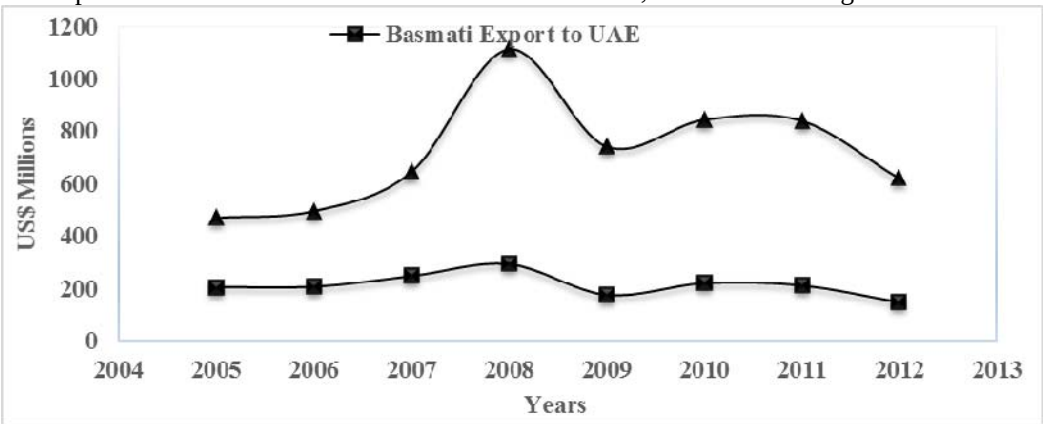

Fig. 1: Export Value of Basmati Rice from Pakistan.
Source: International Trade Center (ITC).

Pakistan's 2nd largest market of basmati rice is Oman, with a share of 11% to basmati exports, followed by Saudi Arabia, which is a recipient of about 9% of total Pakistani basmati export. Pakistan's share of basmati export to Yemen, Iran, and Afghanistan is about 8%, 7.9% and 5%, respectively.

Rice is a major agricultural export, facing increasing pressure from Thailand and Vietnam, requiring restructure of macroeconomic policies at the level of cultivation, processing and marketing. The use of approaches of RCA and RSCA, for the period of 2003-2012, indicated that rice has a strong comparative advantage reflecting a heavy potential for export growth in global market as presented in Table 1. In 2003, the RCA index was about 54, which showed an increasing trend the same as reported by Hassan (2013), who described that, in 2001, the RCA index was more than 47. In 2005, the RCA index was estimated more than 70. There was an increasing trend in RCA till 2010. Further, in 2010, the results were the same as discussed by Hassan (2013), but after 2010, there was a decrease in the RCA index. In 2011, the RCA was greater than 61 and, in 2012, the RCA index was about 62. The RCA index in 5 years, from 2005 to 2010, was greater than the RCA of 2011 and 2012. The values of RSCA close to 1 also showed that for the whole time under the study, Pakistani rice has a comparative advantage. The reason of this decrease in RCA in 2001 and 2012 was the less exports of rice from Pakistan due to high domestic prices in the country.

As shown in Table 2, Pakistani broken rice has more RCA index as compared to the overall rice exports from Pakistan. The values of RSCA close to 1 also show that throughout the study period, Pakistani broken rice has a comparative advantage as compared to other varieties of rice because broken rice is mostly basmati rice. Broken rice mostly consists of basmati rice, which has larger comparative advantage as compared to all other varieties of rice, because of more international demand for basmati rice.

Table 1: Revealed comparative advantages (RCA) of Pakistani rice.

Year	RCA	RSCA
2003	54.58	0.96
2004	53.24	0.96
2005	70.55	0.97
2006	77.61	0.97
2007	67.45	0.97
2008	90.91	0.97
2009	66.93	0.97
2010	79.13	0.97
2011	61.40	0.96
2012	62.04	0.96

Source: Author's calculations.

Table 2: Revealed comparative advantages (RCA) of Pakistani broken rice.

Year	RCA	RSCA
2006	36.02	0.94
2007	31.09	0.93
2008	132.33	0.98
2009	106.37	0.98
2010	177.97	0.98
2011	141.08	0.98
2012	163.52	0.98

Source: Author's calculations.

Meat (Beef and Mutton): The second major agricultural export product from Pakistan to United Arab Emirates is meat, containing a major part of fresh and chilled meat of bovine animals, which is 41.26% to the total exports. The export share of frozen meat of bovine animals to United Arab Emirates was about 8.5% to the total export value. Also, about 12% exports of meat (sheep and goat) were sent from Pakistan to United Arab Emirates, during the year 2012-13.

United Arab Emirates is a major market of Pakistani beef. Beef, with a value of about US$ 40 million, exported to United Arab Emirates in 2012-13, constitute a share of about 41% to the total exports from Pakistan. The total beef exports from Pakistan to the world were about US$ 97 million in 2012-13 as shown in Fig. 2. The export value of Pakistani mutton to United Arab Emirates was about US$ 10 million in 2012-13, which was less than export value of beef from Pakistan to United Arab Emirates.

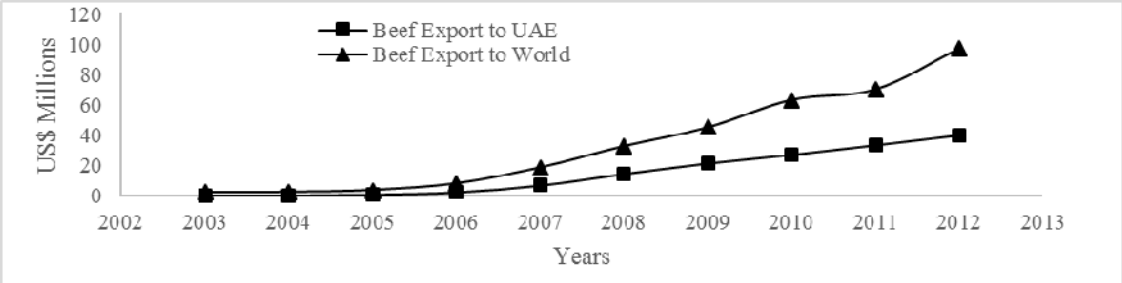

Fig. 2: Export of beef from Pakistan.
Source: International Trade Center (ITC).

The total export value of mutton form Pakistan was about US$ 86 million that was less than total export value of beef from Pakistan, during 2012-13. In 2007, about 30% mutton exports were made with United Arab Emirates, while in 2012, this export share declined to 12% as shown in Fig. 3. Saudi Arabia is a top market for Pakistani mutton, having a major share of about 37% to the total mutton exports. Iran is the 2nd largest importer of Pakistani mutton with a value of about US$ 25 million in 2012-13. United Arab Emirates is the third import market of Pakistani mutton with a value of about US$ 10 million, during 2012-13. Fourth and fifth markets of Pakistani mutton are Bahrain and Oman, with a value of about US$ 9 million and US$ 4 million, respectively.

Fig. 3: Export of mutton from Pakistan.
Source: International Trade Center (ITC).

There is an increasing trend in RCA index of Pakistani meat. In 2003, the RCA index of Pakistani meat exports was 0.18, which was more than the value of RCA in 2002 that was 0.09 in 2002, according to Hassan (2013). The value of RCA index was 0.89 in 2010, which was slightly different from the RCA index of 0.77 as described by Hassan (2013). According to the results, given in Table 3, the RCA indices were more than 1, for the years 2011 and 2012, which exhibited an increasing comparative advantage of Pakistani meat. This reflected that Pakistan exhibited a week position for the duration 2003 to 2010, as the RCA indices were less than 1, with an increasing trend. The values of years 2010 and 2012 were more than 1, which exhibited little comparative advantage and potential for Pakistani meat.

Table 3: Revealed comparative advantage (RCA) of Pakistani meat.

Year	RCA	RSCA
2003	0.18	–0.69
2004	0.19	–0.68
2005	0.19	–0.68
2006	0.30	–0.53
2007	0.46	–0.36
2008	0.49	–0.34
2009	0.64	–0.21
2010	0.89	–0.05
2011	1.02	0.01
2012	1.32	0.13

Source: Author's calculations.

The negative values of RSCA indices exhibited that the Pakistani meat has no comparative advantage during 2003-2010, and after that Pakistan got a position of comparative advantage. It was due to the special efforts made by the government in livestock sector during previous few years and it seems to be more effective for international trade since 2010-11. In present study, the RCA indices were estimated for exports of beef and mutton separately, for the duration of 2003 to 2012, as shown in Table 4. For the time under consideration, the mutton has a comparative advantage with an increasing trend. In 2003, the RCA index was 2.14 and it became more than 3 after 2005. In 2009, it was less than 5 and in the next year in 2010, it was more than 6. In 2011, the RCA index value became 7.8 and, in 2012, the value of RCA index was 11, which showed that Pakistan has more comparative advantage in mutton as compared to beef.

Table 4: Revealed comparative advantage of Pakistani mutton and beef.

Year	RCA of mutton	RSCA of mutton	RCA of beef	RSCA of beef
2003	2.14	0.36	0.08	–0.85
2004	2.38	0.40	0.08	–0.85
2005	2.26	0.38	0.11	–0.80
2006	3.27	0.53	0.25	–0.6
2007	4.07	0.60	0.65	–0.21
2008	4.12	0.60	0.86	–0.07
2009	4.92	0.66	1.11	0.05
2010	6.32	0.72	1.40	0.16
2011	7.81	0.77	1.33	0.14
2012	11.09	0.83	1.91	0.31

Source: Author's calculations.

In 2003, the RCA index of Pakistani beef was 0.08 with an increasing trend. The value of RCA index of Pakistani beef was 0.86 in 2009. It was more than 1 and continued to increase and, in 2012, it was 1.9. Pakistani beef has a less comparative advantage as compared to mutton throughout the period of 2003 to 2012. The positive and increasing values of RSCA of mutton throughout the study showed that the comparative advantage in mutton was increasing while, on the other side, the negative values of RSCA of beef from 2003 to 2008 showed no comparative advantage and it started to improve its comparative advantage from 2009 and reached at 0.31 in 2012. The improvement was seen in both, but it was more in mutton, as compared to beef for the international trade.

Cotton yarn: Cotton yarn is also a major export item of Pakistan but its export share to United Arab Emirates is less compared to other markets. Its export share to United Arab Emirates was only about 2.3. Cotton industry of Pakistan is a major source of cotton exports therefore cotton products have a major share in the total exports of Pakistan. Export value of cotton related items from Pakistan to United Arab Emirates was US$ 39 million in 2012. 10 year trend lines of Pakistani exports revealed that the value of export of cotton related items was declining over time. The export value of cotton related products was about US$ 90 million, US$ 53 million and US$ 39 million, in 2003, 2007 and 2012, respectively. As shown in Fig. 4, an increase in the export value of cotton in 2008, was due to an increase in the international prices, hence, Pakistan exported it more to get more profit.

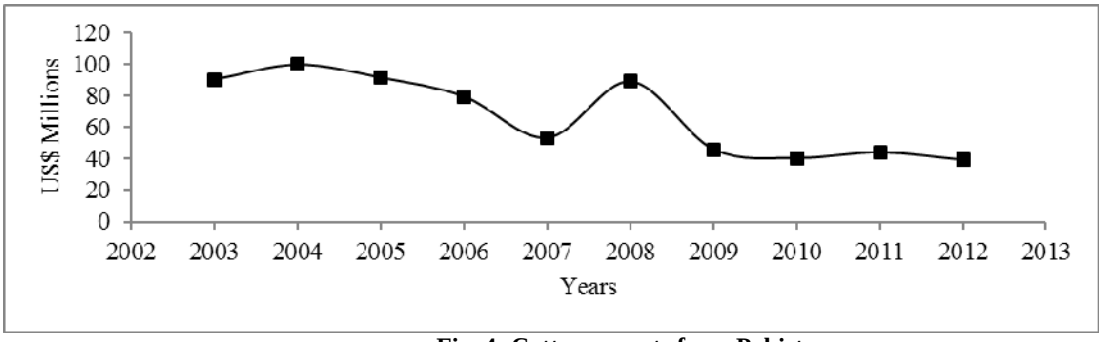

Fig. 4: Cotton exports from Pakistan
Source: International Trade Center (ITC)

The major market of Pakistani cotton was china with a value of about US$ 1833 million in 2012, constituting 35% share in the total cotton exports from Pakistan. Bangladesh is the 2nd largest market of Pakistani cotton with a value of about US$ 579 million in 2012. Hong Kong is the 3rd largest market

of Pakistani cotton with a value of about US$ 229 million. Pakistan exported cotton to Turkey, Italy and Korea, with a value of about US$ 185 million, US$ 150 million and US$ 144 million, respectively, in 2012. Total export value of cotton yarn from Pakistan was about US$ 2102 million in 2012 and about 67% of this value was exported to China. Hong Kong was the 2nd largest market of Pakistani cotton yarn with a value of about US$ 191 million in 2012. Bangladesh was the 3rd largest importer of Pakistani cotton yarn. Pakistan exported about US$ 5 million value of cotton yarn to United Arab Emirates during 2012-13 (ITC, 2013).

Pakistan has a comparative advantage in overall cotton exports. The major Pakistani cotton exports include raw cotton, cotton yarn and cotton fabrics. The cotton industry of Pakistan has more competitiveness and comparative advantage, performing well to fulfill international demand of cotton and its products. The RCA index of cotton in 2003 was 36.8 and 41.8, in 2004, with an increasing trend. In 2010, the value of RCA index was 48.5 and it improved to 57.4 in 2012, as shown in Table 5.

Table 5: Revealed comparative advantage of Pakistani cotton and cotton yarn.

Year	RCA Cotton	RSCA Cotton	RCA Cotton Yarn	RSCA Cotton Yarn
2003	36.80	0.94	65.11	0.97
2004	41.83	0.95	73.91	0.97
2005	46.78	0.96	80.85	0.97
2006	49.87	0.96	92.98	0.98
2007	51.21	0.96	94.46	0.99
2008	54.11	0.96	81.99	0.97
2009	53.21	0.96	91.56	0.97
2010	48.59	0.95	80.84	0.97
2011	51.26	0.96	90.75	0.97
2012	57.40	0.97	104.28	0.98

Source: Author's calculations.

Pakistan has a comparative advantage in export of cotton yarn as exhibited by the values of indices of RCA and RSCA, which were estimated for the period of 2003 to 2012, as shown in Table 5. In 2003, the RCA was 65.11 and, in 2004, the RCA value increased to 73.91. There is a slight up and down in the values of RCA for the time period under consideration. In 2010, the RCA was estimated at 80.84 and, in 2012, it reached to 104.2. The values of RSCA indices for the time period of 2003-2012, were close to 1, showing a great comparative advantage of Pakistan in cotton and cotton yarn.

CONCLUSION

Pakistan has a comparative advantage in production of basmati rice because it is very popular all over the world and Pakistani land has the ability to grow basmati rice with aroma that is why the export values of basmati rice from Pakistan is more as compared to the other agricultural crops. United Arab Emirates is a major market of Pakistani rice, however, since 2008, the export of basmati rice was decreasing. In this study, the RCA index of Pakistani rice, including all varieties, was 90.91 in 2008 and 62.02 in 2012, which shows that Pakistani rice is also loosing its comparative advantage since 2008. Broken rice exports from Pakistan that consist of basmati rice had RCA value of 132 in 2008 and 163 in 2012, showing an increase in the comparative advantage for basmati rice. The increasing value of RCA indices of basmati rice shows that Pakistan still has comparative advantage in basmati rice, so there is a need to maintain the comparative advantage for this purpose, and the government should play its role by changing the existing policies for the preferences for the rice production. By reviewing the trends of meat exports for 10 years from Pakistan, it was observed that the value of beef was more than mutton. The value of beef exported to United Arab Emirates was also more than mutton. It means that the demand of beef is more in United Arad Emirates as compared to mutton, but it does not mean that Pakistan should concentrate more on beef to increase export value to United Arab Emirates. The analysis of increasing trend of RCA indices for the previous 10 years of both mutton and beef shows that the Pakistani beef has more comparative advantage as compared to mutton. It is suggested that Pakistan should try to focus on beef more as compared to the mutton. Pakistani beef has more comparative advantage revealing the fact that there might be some issues in the mutton exports as compared to beef. Pakistan should try to solve these issues related to mutton and further research is needed to explore those issues in mutton exports. Finding markets other than United Arab Emirates might be one suitable solution which can be effective for the mutton exports. Pakistan should focus on both the mutton and beef to enlarge in export value. The performance of Pakistan in exports of cotton yarn to United Arab Emirates was good before 2011. Pakistan was competitive since 2011 in exports of cotton yarn to the market of United Arad Emirates. For a short period, Pakistan should not worry about its less competitiveness because in this sector the value addition is growing more and it is more profitable

because of its high demand all over the world. After the study of estimated value of RCA of cotton yarn, it is concluded that Pakistan has comparative advantage in export of cotton yarn. There is no need to worry about the comparative advantage of Pakistani cotton yarn because it is used in other products of cotton that have more competitiveness and comparative advantage at the same time. Pakistan should try to focus in the production of those products, in which cotton yarn is used.

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