Revealed Comparative Advantage of Carpets and Textile Floor Covering Industry in Pakistan, India and China

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This paper measures and compares the competitiveness of Pakistan's carpet and textile floor coverings industry with other South Asian countries China and India. The pattern of revealed comparative advantage is identified using the Balassa (1965) index for export data. The index is calculated at the sector and commodity level of the Harmonized System of classification (HS 2-digit and 4-digit level) for the periods 1996-2009 and 2004-2009, respectively. Data has been taken from UN Comtrade Statistics and the World Development Indicators. The study finds out a rising, stable and fluctuating trend in RCA at 2-digit level for India, China and Pakistan, respectively. However, test of equality of means of RCA indicates a statistically significant edge of China over Pakistan and India whereas across India and Pakistan not a significant difference emerged. It aims at discerning the challenges for Pakistan in carpet and weaving sector which may hinder the future growth of this sector. The findings imply that a favorable potential exists for higher growth of carpet industry and it can endorse the export earnings and employment keeping in view the international competitions. Moreover, the said sector can be focused for the export competitiveness in the rapidly globalized markets.

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