

## **COMPETITIVE ADVANTAGE OF YEMEN DURING INTERNATIONAL TRADE IN THE EU MARKET**

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### **ABSTRACT**

This paper explores and assesses the competitive advantage experienced during Yemeni international trade in the European Union (EU) market. Yemen has been placed under a special situation since the “Arab Spring” in 2011; therefore, our analyses study the eleven years prior to the war, between 2000 and 2011, and employ 2-digit SITCsto identify the various products for the selected study period. Balassa’s index has been utilized to measure competitive advantage (CTA). This approach is universally popular and is widely reported in literature; however, we are cognizant to the fact that this index may not be empirically relevant. Despite this drawback, Balassa’s index has a feature for gross sectoral competitiveness of the examined country or a group of countries. According to our empirical analyses using Balassa’s index, we identified Yemen to have competitive advantages at the global level during international trade in the selected study period. The competitive advantage was restricted to a few groups of commodities, especially those in the energy and fishing sectors.

**KEYWORDS:** Competitive Advantage, International Trade, EU

**JEL:** F10, F11, F14