As a compliment to trade theory, new trade theory and classical development theory, there is a recent strand of the academic literature that emphasises the importance of the structure of the product space exported by each country in the structural transformation process. Beyond factor endowments of physical, human and institutional capital, and their subsequent evolution through accumulation processes, as the basis for the comparative advantage of countries, this literature proposes and finds evidence of patterns of path dependence depending on the current capabilities of countries, and the relatedness of current capabilities to the capabilities required to produce new products in the future (Hausmann and Klinger, 2007). As it is observed that human capital for one product is imperfectly substitutable for other products, and the degree of substitutability determines the relatedness of products, the implication is that, as countries experience a strong tendency to move into products related to that require the capabilities that a country already has or that are similar, the opportunities for future transformation are dictated by the current product space and its proximity to related products. Moreover, it also implies that there is a positive exponential relationship between the returns to the accumulation of new capabilities and the capabilities present in a country. (Hausmann and Hidalgo, 2010). The more diverse the product structure of a country, the higher the returns to accumulate new capabilities. Inversely, we can find a “trap of economic stasis”, in which countries with few capabilities have little incentives to accumulate new capabilities as they will have negligible or no returns, predicting a world of divergence in industrial development. Furthermore, this literature suggests that countries converge to the level of income determined by their productive structures and how complex they are (Hidalgo and Hausmann, 2009). An underlying assumption of this literature is that what a country exports matter and signals valuable information about a country’s comparative advantage and productive structure, not only on its current industries and capabilities, but also on a component of the evolution of its comparative advantage based on the relatedness to other industries and capabilities (Hausmann *et al.*, 2014). The implications of this literature to the effects of TAs appears to be relevant to the extent that TAs help countries acquire new capabilities and diversify their structure of product space. Logically, although North-South trade has the largest potential to allow South countries to acquire new capabilities, we expect that the highest returns should be made by acquiring capabilities in industries and products related to the current capabilities of countries, which in the context of our research should occur between countries with related productive structures. As such, South-South trade could function as a building block for developing countries to acquire new capabilities and diversify the structure of their product space, before they can take advantage of acquiring new capabilities through North-South trade.

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