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Abstract

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The Product Space and Economic Complexity

Economies grow by upgrading the products they produce and export. The technology, capital, institutions, and skills needed to make newer products are more easily adapted from some products than from others. Here, we study this network of relatedness between products, or "product space," finding that more-sophisticated products are located in a densely connected core whereas less-sophisticated products occupy a less-connected periphery. Empirically, countries move through the product space by developing goods close to those they currently produce. Most countries can reach the core only by traversing empirically infrequent distances, which may help explain why poor countries have trouble developing more competitive exports and fail to converge to the income levels of rich countries.

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