

the long-term prospects of any exporting nation. The earlier gravity analysis has shown considerable over-exporting by Canada to Asia as a whole.

We examined in detail Canadian exports to four key emerging markets in Asia: **China, India, Indonesia** and **Malaysia**. The broad nine-sector pattern of Canadian competitiveness in these countries is depicted in the previous graphs. Our discussion of common trends in these graphs is followed by individual country specifics, with some discussion at the detailed 53-commodity level (CTC).

Common Themes

- With the exception of China, our most competitive sector in these countries is agri-food, where Canadian performance is on par and sometimes surpasses our performance in the rest of the world.
- Canada tends to over-export in the chemicals sector, showing positive NRCA in all four countries, particularly in China and Malaysia, while it is an area of disadvantage in the rest of the world.
- In contrast, the metals and minerals sector is under-exporting to Asian countries compared to Canadian performance in the rest of the world, with the notable exception of China where this sector held the second-highest advantage in 2008.
- The wood and paper sector under-exports to India and Malaysia, but is near par elsewhere.
- Competitiveness in the aerospace sector in Asia could be improved, as we under-export in that sector relative to the benchmark.
- Miscellaneous manufactured products are over-exported to India, Indonesia and Malaysia, although not to China.
- Automotive products are somewhat over-exported to all four countries.

- Machinery and electrical equipment exports exceed the global benchmark to India and Indonesia, but are greatly under-exported to China and Malaysia.

1.1 China

Key Over-Exports	Key Under-Exports
• Organic chemicals	• Inorganic chemicals (incl. uranium)
• Sulfur, salts and minerals	• Power-generating machinery
• Fats, oils, animal feed	• Paper and print
• Rubber and its products	• Precious stones and metals

China is by far Canada's largest merchandise trading partner among emerging markets, and second overall. It is the fourth-largest destination for Canadian exports, and the second-largest source of imports.

The key over-exported commodities relative to Canada's global comparative advantage in the **chemicals** sector are organic chemicals (ranked +38 over benchmark), rubber and its products (+23) and fertilizers (+3), although overall success is mitigated by under-exports of inorganic chemicals (-26 under benchmark). In the **metals and minerals** sector, sulphur, salts and minerals are over-exported (+11), but precious stones and metals are under-exported (-27). Fats, oils and animal feed are over-exported (+15) in the **agri-food** sector, although overall its performance is below par. **Automotive** exports are at less of a disadvantage than globally, i.e. over-exported (+8).

Paper and print are under-exported (-21), thus reducing competitiveness in the **wood and paper** sector, although wood and wood pulp are performing well, bringing this sector up to par. Power-generating machinery is significantly under-exported (-30), as is construction, mining and lifting machinery (-21), driving down competitiveness in our **machinery and electrical** equipment sector.