

Guide to Comparative Advantage Charts and Analysis

- Comparative advantage charts use coloured bars to show Canada's sectoral comparative advantage/disadvantage in a country, while the black outlines show the global benchmarks. The focus is on the difference between the two (i.e., over- / under-exports) when this difference is significant.
 - Above-zero bars show positive comparative advantage.
 - Below-zero bars show negative comparative advantage.
 - If the local advantage (coloured bar) is considerably above the global benchmark (black outline) in a sector, Canada is over-exporting in that sector.
 - If the local advantage is considerably below the global benchmark, Canada is under-exporting in that sector.
- All advantages and disadvantages are relative and sum to zero on the charts.
- Under-exports can occur in sectors with positive advantage in a particular market, providing the performance in that sector is below global performance.
- Likewise, over-exports can occur in a sector with negative advantage if performance exceeds the global benchmark.

be possible reasons for under-exporting a given commodity to a given market:

- abundant local supply of main commodities in the sector, causing unusual import product mix (e.g. Russia will import metals, but not nickel which is locally abundant);
- abundant regional supply of main commodities in the sector, causing imports from that destination to substitute for imports from Canada;
- local free trade agreements, which make it cheaper to import from an FTA partner than from Canada (trade diversion);
- non-tariff barriers that affect Canada more than other exporters;
- Canada's global pattern in that sector (e.g. aerospace) is mainly formed in other countries that are dissimilar to the country in question;

- large over-exports exist in another (dominant) sector in the same country;
- insufficient information or awareness of opportunities in a country.

Identifying which of these factors is relevant in a particular market would be the subject of further work building on the local market knowledge accumulated by the Trade Commissioner Service. Cases of unexploited opportunities which are explained by insufficient information are of the most interest, although the impact of trade preferences or barriers is also relevant to Canada's trade policy development.

In the individual country discussions, **rankings (+/- numbers)** denote the relative standing of the commodity in the local competitiveness ranking versus the global ranking. The more positive the ranking, the more a commodity is over-exported to a particular market, for a maximum possible rank of +52 (53 commodities in total). Tracking