whether domestic industries have the relative international expertise. Since the I-O is restricted to providing information on the structure of, and relationships between, domestic industries, it does not allow the user to analyze international markets.

Given the limitations of the I-O in the selection of "winning" regions, it might seem that the model has little to offer on a regional basis. That is not entirely the case. The same criteria that were laid out in Section 6 to compare industries (In Which Industries Are Domestic Gains From Trade Highest?) can also be used to compare export regions.

The basic input-output relationships that exist between industries do not change with changing export markets. This means that Agriculture & Related Services industries, for example, use the same inputs, and purchase them from the same industries, in the production of their exports to the U.S. as they do in their production of exports to EU countries. The differences that can be noted in the different regional derived tables between Agriculture & Related Services Industries are a reflection of different export commodity mixes to different export regions.

Even if inter-industry relationships are identical across export markets (i.e., industries export the same commodities to each region), the regional averages in the derived tables can differ based on different industry export shares. The column totals in the derived tables are weighted averages of industry data; if the weights change with industries' shares of total regional exports, the regional totals change.

Although exports are region-specific in the model, imports are not. The imports that a particular industry requires in the production of exports to the U.S., for example, are not exclusively from the U.S.; they can come from all over the world. Thus, a trade deficit with one region or country might be partially the result of a trade surplus with another. Therefore, the model produces no meaningful regional trade balances.[25]

As an aside, the problem with the model's trade balances can be extended to regional trade balances in general. Canada might have a trade surplus with one country and a trade deficit with another, but the trade deficit could be at least partially the result of importing intermediate inputs for the production of exports destined for the country with which we have the trade surplus. If Canada really wanted to

[25] The trade balances the model provides do not correspond to balances available in published trade statistics, since the imports in the model are only those that are used in the direct and/or indirect production of exports.