

some general patterns of comparative advantage in the region. We examined in detail Canadian exports to four key LAC countries: **Mexico, Brazil, Venezuela and Colombia.**

Common Themes

- Canadian exports to Brazil feature a pattern of competitiveness that is distinct from other LAC countries surveyed. Its highlights are over-trading in chemicals (primarily fertilizers) and under-trading in the agri-food sector relative to our global comparative advantage.
- For the other three countries, the agri-food sector in the LAC region is very competitive, even compared to strong Canadian global performance. This is driven by the advantage in cereals and seeds (including canola) and vegetables and pulses.
- With the exception of Brazil, the chemicals sector is on par or under-exporting compared with the global pattern (especially in Venezuela). Negative competitiveness in this area persists despite the competitiveness of fertilizers in Mexico and Colombia, where these are in the top 10.
- Metals and minerals are under-traded to all countries, but still show positive comparative advantage, except in Colombia. The types of minerals and metals exported vary according to country.
- Energy is somewhat over-exported to these markets, especially to Colombia.
- Wood and paper exports have less of an advantage than globally, especially in Mexico.
- With the exception of Brazil, automotive products are over-exported considerably, especially to Mexico. Aerospace products are under-exported, although less so to Mexico.
- Miscellaneous manufactured products appear to be less disadvantaged in Brazil than in the rest of LAC or globally.

2.1 Mexico

Key Over-Exports	Key Under-Exports
<ul style="list-style-type: none"> • Automotive products • Iron and steel and their products • Other chemical industry products • Construction, mining, lifting machinery 	<ul style="list-style-type: none"> • Power-generating machinery • Inorganic chemicals (incl. uranium) • Nickel and articles thereof • Ores and concentrates

Mexico is Canada's second-largest merchandise export destination in the emerging markets, and our fifth-largest commercial partner worldwide in terms of merchandise trade.

Canadian exports to Mexico display considerable variability from the global patterns at the detailed level. **Metals and minerals** exports are characterized by a large advantage in iron, steel and their products (+46 above benchmark); however, under-exports in nickel and articles thereof (-13) and ores and concentrates (-13) lead to overall under-exports in this sector. Our performance in the **machinery and electrical** equipment sector displays a similar dichotomy—while construction machinery is over-exported (+13), power-generating machinery is under-exported (-35), resulting in overall exports being below the global benchmark. Near-benchmark performance in **chemicals** masks over-exports of certain commodities, e.g. other chemical industry products (+36), and under-exports of inorganic chemicals (-25).

The **automotive** sector (an area where Canada is generally not competitive globally) performs strongly in Mexico (+49 above benchmark) due to North American integration. At the commodity level, automotive products rank second out of 53 CTC commodities, but have seen a decline in their advantage in recent years. The **aerospace** sector is generally underperforming in the countries under