FIGURE 4.
Canada's NRCA Patterns in the World

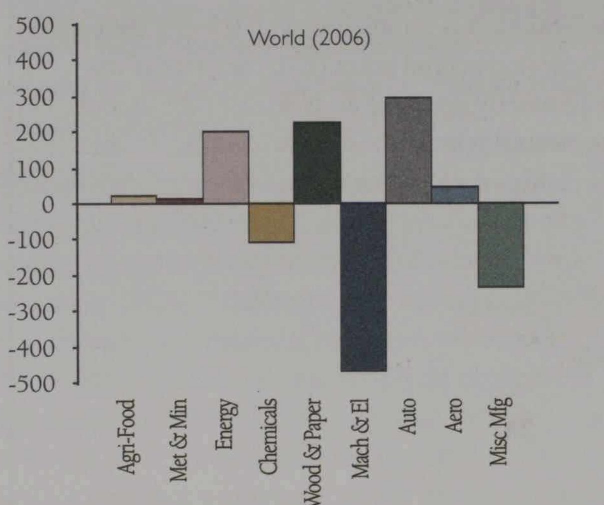
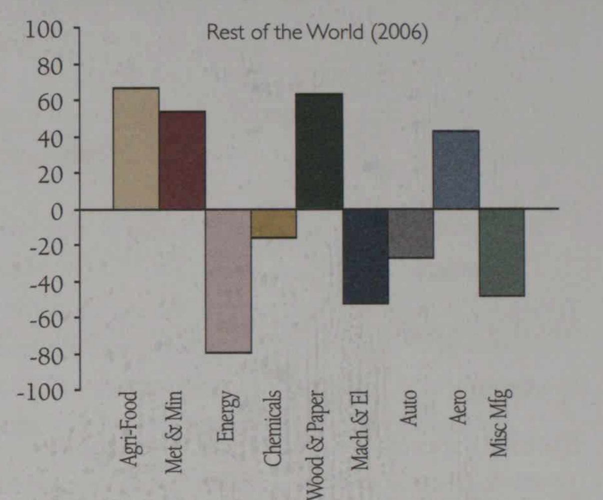


FIGURE 5.
Canada's NRCA Patterns in the Rest of the World (Excluding the United States)



comparative advantage in metals and minerals seems very low in the world as a whole, this sector performs impressively in the non-U.S. markets. This is again due to the fact that the shares of metals and minerals in Canadian exports to the world (13.0 percent) versus the world excluding the U.S. market (19.5 percent) differ greatly.

To address this comparability issue and analyze Canadian export performance in the emerging markets appropriately, we studied Canadian NRCA in the world excluding the United States. Figure 5, therefore, shows the appropriate benchmark for our comparison. It will be referred to in the rest of the analysis for the sake of brevity as the Canadian pattern of global comparative advantage.

Aggregate versus Full Detail Analysis

The nine-sector broad view discussed above may hide crucial information. For example, Canada has a natural comparative advantage in wheat production in the world, which may be expected to result in a higher competitiveness in this area—but aggregation with the rest of the agri-food sector conceals that fact (Figure 4). Conversely, although Canada is at a comparative disadvantage in the chemicals sector, an RCA analysis at a more disaggregated level shows a significant comparative advantage in fertilizers (Table 6); similarly, in the world market, Canada's RCA performance in the metals and minerals sector shows a disadvantage between 2000 and 2005; however, Canada has a clear advantage in aluminum, nickel and articles thereof, as well as in zinc over that period. Therefore, a more disaggregated view is useful to nuance the broadly presented results.

Therefore, to make the analysis manageable yet informative, we considered two types of sectoral breakdown: a broad aggregation into nine major sectors discussed above and a more detailed analysis based on a DFAIT Clustered Trade Classification (CTC) system comprised of 53 commodities. This more detailed CTC analysis frequently yields insights that a broad aggregation would miss.[25]

Table 6 shows the top 10 ranking Canadian commodities by their comparative advantage score

25 However, due to the volume of information, we will only refer to these results in the text. These are available for individual countries of interest upon request.