

equipment (+43), and electric power-generating equipment (+33). Construction, mining and lifting machinery (+10) is also over-exporting and is among top 10 competitive commodities – yet power-generating machinery is underperforming (-36).

### 5. Middle East

The Middle East offers as many challenges as it does opportunities. Countries in this region differ considerably in their economic structure from the neighbouring regions. There are also internal differences depending on whether an economy is oil-dominated, such as the **United Arab Emirates (UAE)** and **Saudi Arabia**, or not, for example, **Egypt**. These three countries are selected for our analysis.

#### Common Themes

- The agri-food sector demonstrates good overall performance, with small over-exports to the UAE and small under-exports to Egypt.
- The metals and minerals sector significantly under-exports to the two oil-based economies, but not to Egypt. The Canadian commodities making up this sector are globally competitive but nearly absent from the UAE's and Saudi Arabia's top 10.
- Due to small local import markets for energy, and their composition, Canada's energy exports perform better in this region than the global benchmark, although Canadian export volumes are very small.
- The wood and paper sector under-exports slightly to the oil-based economies.
- Some manufacturing sectors are doing very well. Automotive exports to Saudi Arabia are extremely competitive, and yet these flows are not matched by Canadian export data.<sup>29</sup> Aerospace products are over-exported to UAE. Some

miscellaneous manufacturing components perform very well in the UAE and Egypt, leading to over-exports to those destinations.

#### 5.1 United Arab Emirates (UAE)

Key Over-Exports	Key Under-Exports
• Furniture and bedding	• Precious stones and metals
• Other machinery	• Aluminum
• Metallurgy and machine tools	• Inorganic chemicals (incl. uranium)
• ICT scientific instruments	• Meat, fish, animals and their products
• Miscellaneous food	• Power-generating machinery

The UAE is the sixth-largest destination for our merchandise exports among the emerging markets.

The highlight of Canadian export performance in the UAE is the **agri-food** sector, over-exporting on the strength of cereals, vegetables and pulses, as well as the less traditional area of miscellaneous food (+16). The **aerospace** sector is also very competitive (second out of 53), on par with our global performance but in contrast to our performance in most emerging markets. Although the **chemicals** sector as a whole is not an area of competitive advantage, pharmaceutical products are in the top 10 in competitiveness, even though inorganic chemicals are under-exporting at (-32). Furniture and bedding (+28) along with ICT scientific instruments (+19) drives Canada's over-exports in **miscellaneous manufacturing**.

Canadian exports of **machinery and electrical** equipment are performing better in the UAE than globally, although this advantage has declined since 2002. Over-exports include metallurgy and machine tools (+21) and other machinery (+25), while under-exports include power-generating machinery

<sup>29</sup> This is likely due to their transshipment through the U.S. and incorrect destination reported in the data.