

exports in its surveys and other data collection processes. However, almost any Canadian company could potentially purchase services from abroad. It is quite possible that purchases of services from unaffiliated companies in countries other than the United States are somewhat under-reported. In short, Canadian business services trade statistics probably under-report business services trade with unaffiliated companies, especially those resident in countries other than the United States.

● Investment

Finally, there are three major flaws with investment data. Since investments, especially but not only portfolio investments, are often channelled through holding companies or other intermediary institutions, errors are made in recording the final destination or true ownership of the investment. Secondly, investments are sometimes made with capital raised in financial markets outside Canada. These investments may not be recorded as "Canadian" by Statistics Canada. The investment statistics available for Chile are compared in this Paper to illustrate the problems. Thirdly, the most important flaw in the data for our understanding of the changing shares of direct investment in Canada of different countries is the fact that direct investment stocks are calculated on the basis of book value instead of market value. This means that older investments are in effect under-counted, thereby distorting in practice the country of origin calculations for foreign direct investment in Canada. Older direct investment in Canada, much of it from the U.S. and the UK, is likely somewhat undervalued compared to more recent direct investment.