

CANADA - UNITED STATES

Free Trade Agreement

Service Industries

Services are the fastest growing component of international trade, constituting more than 20 percent of total world trade.

Services are the largest source of jobs and economic activity in Canada and the United States. They account for over 66 percent of the U.S. Gross Domestic Product and some 70 percent of U.S. jobs. In Canada, they account for about 70 percent of the GDP and 76 percent of jobs.

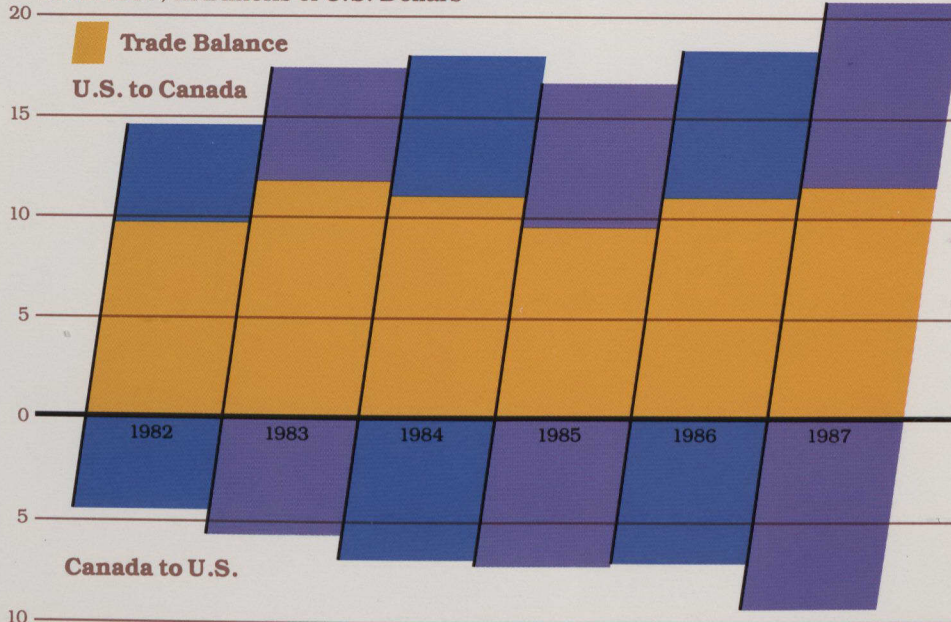
The Canada-United States Free Trade Agreement, scheduled to enter into effect on January 1, 1989, if approved by the Canadian Parliament and the U.S. Congress, is the first agreement to establish a set of rules governing trade in services. Canada and the United States are also working together to have rules on services adopted in the current round of multilateral trade negotiations under the General Agreement on Tariffs and Trade (GATT).

Under the Free Trade Agreement, Canada and the United States will:

- Treat each other's service businesses the same way they treat their own in any future laws or regulations.
- Apply this principle of "national treatment" to a broad range of over 150

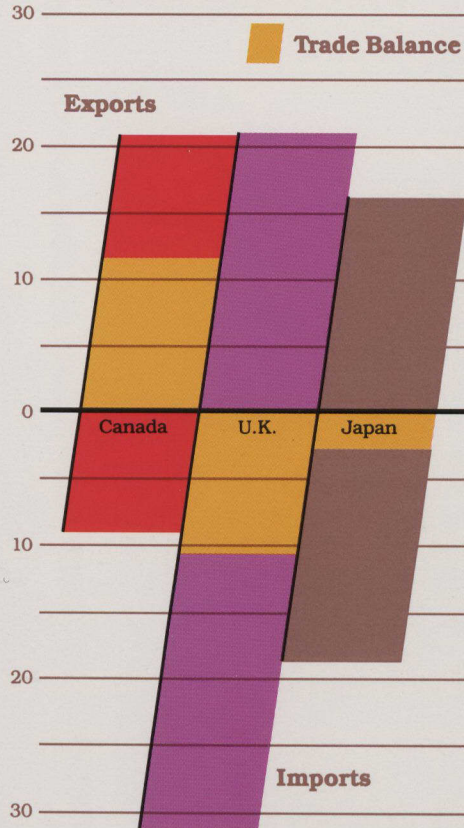
U.S.- CANADA SERVICES TRADE

1982-1987, In Billions of U.S. Dollars



U.S. SERVICES TRADE

1987, In Billions of U.S. Dollars



Source: U.S. Department of Commerce

Services

Services Covered by the Free Trade Agreement

- AGRICULTURE AND FORESTRY**
 - Soil preparation
 - Crop planting, cultivation and protection
 - Crop harvesting (primarily by machine)
 - Crop preparation for market
 - Farm management
 - Landscape and horticulture
 - Forestry (such as reforestation and firefighting)
 - Livestock and animal specialty services (except veterinary)
- MINING**
 - Metal mining
 - Coal mining
 - Oil and gas field services
 - Non-metallic minerals mining (except fuels)
- DISTRIBUTIVE TRADE**
 - Wholesale trade
 - Vending machines
 - Direct selling
- INSURANCE AND REAL ESTATE**
 - Insurance
 - Segregated and other funds services (managed by insurance companies only)
 - Insurance agency and brokering services
 - Subdivision and development services
 - Patent ownership and leasing
 - Franchising
 - Real estate agency, management and leasing

(continued)

U.S. exports to Canada include receipts of income on U.S. assets in Canada. U.S. imports include payments of income on Canadian assets in the United States. U.S. imports are calculated on a customs basis.

Figures for 1987 are preliminary.

Source: U.S. Department of Commerce