## **TRADE IN SERVICES**

The value of the two-way trade in services (such as travel, freight and shipping and commercial fees) between Canada and the United States has increased by 71 percent since 1988, growing in value from \$30.4 to \$52.0 billion in 1996. The NAFTA expanded the extent of coverage under the Canada-U.S. FTA to include virtually all aspects of cross-border trade in services. Over the three-year period ending on December 31, 1996, Canadian service exports to the United States rose by 16.9 percent, while imports from the United States increased by 11.3 percent. In 1996, exports of Canadian services to the United States and Mexico showed small increases, moderating Canada's traditional deficit in this sector to some extent.

the United States in informatics services has emerged as one of the fastest-growing in the world. Exports to the United States have also increased in such areas as communications, architecture, engineering and other technical services. Imports of management and advertising services to Canada from the United States have increased for management and advertising services.

Although the trade in services is on the rise, it corresponds to only 14 percent of total merchandise trade. Given the large contribution of services to Canada's GDP (almost two thirds) and the rapid growth of the services sector in both economies, this trade is expected to increase in the future.

The fastest-**Canadian Trade in Services with the United States** arowina 35,000 30,544 component 28.858 Imports 27,380 30,000 of the 26,352 24,407 25.164 22,396 services trade 25,000 19.658 has been 17,537 Exports 20,000 in the 21,493 ŝĉ 19.742 computer and 15,000 18.417 **Millions of** 16.098 information 14,473 13.998 13,016 12,820 10,000 \_12,874 services area. where there 5.000 is a high 0 degree of -4.663 -6,868 specialization. -5,000 🗖 -9,380 -8,963 -9,116 -9,051 -10,409 -10.254 In fact, -10.691 Balance -10,000 bilateral trade between -15,000<sup>L</sup> Canada and 1995 1996 1988 1989 1990 1991 1992 1993 1994

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