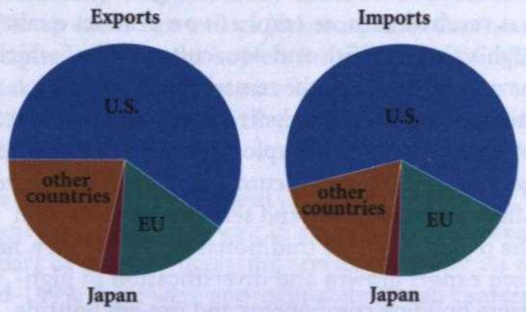
Figure 2
Canada's Services Trade by Partner, 1998



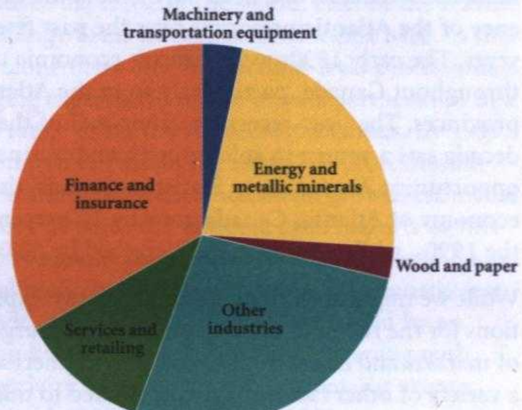
While Canada's trade in services has grown steadily, it has lagged behind the growth of trade in merchandise, which has been especially strong over the past ten years. Accordingly, the services component of Canada's total exports has declined slightly from 12.9 percent in 1993 to 12 percent in 1999. Similarly, the share of Canadian imports of services to total imports was down from 19.1 percent in 1993 to 12.5 percent in 1999.

Importance of Investment: Inward and Outward

Two-way direct investment helps strengthen Canada's link with our trading partners. Inflows of foreign capital into the economy are instrumental in propagating new production and management technologies. Canadian investment abroad is also important as a way to spread the use of Canadian technologies, support Canadian exports of goods and services and establish the reputation of Canadian firms abroad.

The stock of foreign direct investment (FDI) in Canada reached $217 billion in 1998, a gain of $20.4 billion from 1997. Meanwhile, Canadian direct investment abroad (CDIA) rose to $240 billion in 1998, a 17 percent increase over the previous year.

Figure 3
Foreign Direct Investment in Canada by Industry, 1998



Most FDI in Canada was directed on the finance and insurance industry, followed by energy and metallic mineral industries (see Figure 3). Although at a much larger share, the finance and insurance industry accounted for 33 percent of CDIA in 1998 (see Figure 4). A significant share was also invested in mineral industries.

Figure 4
Canadian Direct Investment Abroad by Industry, 1998