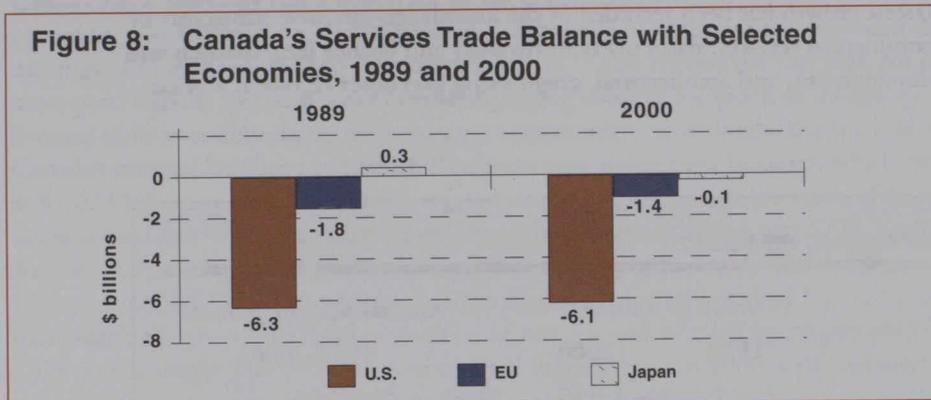


With these developments, Canada's deficit in service trade with the U.S. and the EU fell, while the small surplus with Japan in 1989 turned into a small deficit in 2000.



Source: Statistics Canada *Canada's Balance of International Payments*, Catalogue no. 67-001-XPB, Fourth Quarter 2000.

Developments in Canada's Services Trade

Canada's exports and imports of services have risen at a steady pace over the last two decades. As a share of GDP, Canada's services exports rose to 5.4 percent in 2000, from 3.4 percent in 1989-1992 and 4.4 percent in 1993-1996. Services imports have also expanded faster than GDP; in this case, however, the expansion has been more moderate — from 4.9 percent in 1989-1992 to 5.8 percent in 1993-1996 and to 6 percent in 2000.

Compared to merchandise trade, the pace of growth of services trade has lagged over the last decade despite the rising importance of trade in commercial services. Accordingly, the share of services in Canada's goods and services trade fell further to 11.9 percent in 2000 for exports, and to 14.7 percent for imports, continuing the downward movement from the 1991 peak of 13.6 percent, and 19.8 percent, respectively.

Table 13: Average Annual Trade in Services, 1960-2000

	1960-1969	1970-1979	1980-1989	1990-2000	1998	1999	2000
\$ millions							
Total exports of services	1,543	4,381	13,867	37,074	48,848	51,755	56,229
Total imports of services	1,984	6,588	19,284	46,859	55,809	57,824	62,814
percent							
Share of services in total exports	13.8	10.9	10.9	12.6	13.2	12.6	11.9
Share of services in total imports	18.0	16.6	16.1	16.8	15.5	15.0	14.7

Source: Statistics Canada *Canada's Balance of International Payments*, Catalogue no. 67-001-XPB, Fourth Quarter 2000.

Knowledge-based Sectors Drive Commercial Services Trade

The commercial services sector has established by far the largest share and the fastest-growth record in Canada's trade in services. In 2000, commercial services accounted for 51.2 percent of exports of services and 48.4 percent of imports, up from corresponding figures of 40.8 percent and 41.5 percent in 1989.

