

legal texts of the WTO, also came into effect. Aside from the trade liberalizing features of this agreement, the GATS requires that WTO Members enter into successive rounds of negotiations to further liberalize trade in services. The first of these rounds is to begin no later than in the year 2000.

With this multilateral negotiation soon upon us, Canada and the WTO Members more generally need to consider the characteristics of services and trade in services. The growing importance and leading role of services in the Canadian economy, in conjunction with the upcoming WTO negotiations, raise several key questions: i) How rich and comprehensive is the literature on the service sector? ii) To what extent do services account for Canadian domestic activities? iii) Does the pattern of domestic activities translate into a similar pattern in respect to Canadian trade in services? and iv) How do Canadian services trends compare to other industrialized countries?

This paper is divided in two main parts: the significance of services in general (Section 1 and 2) and the significance of trade in services (Section 3, 4 and 5). Section 1 examines briefly the literature on some services indicators for the OECD countries, including Canada. Section 2 presents empirical findings for these indicators for Canada and the other G-7 countries. In Section 3, a review of the literature on key issues in trade in services is presented. Section 4 provides trade trends of services industries on a global basis, while Section 5 presents Canadian trade in services trends over the past ten years. Section 6 summarizes the main findings of the study and identifies some key service issues to be considered in the context of the upcoming WTO negotiations on services.