

payments, with an average annual rate of export growth of 29.6 percent was the fastest growing, but saw its trade deficit reach \$2.1 billion in 2002. It is interesting to note that the U.S. accounts for a very high share of our trade in Management & Business Services, Computer Services and Advertising Services which is likely related to the high share of U.S. foreign direct investment in Canada. On the other hand, the U.S. accounts for a relatively small share of our Finance & Insurance trade, which is also similar to the foreign ownership patterns in the Canadian economy.

In fact, 50.8 percent of Canada's services exports to the U.S. took place between affiliated companies (parts of the same multinational enterprise) in 2000, up from 43.9 percent in 1990. This could be a result of increased two-way foreign direct investment flows between the two countries as well as from third countries. An even larger share of imports, 59.9 percent, took place between affiliated companies, although this share has hardly changed from 59.5 percent in 1990.

Table 2.3.3.1
Canada's Commercial Services Trade with the U.S. by Sector

	Millions of current dollars			CAGR*, %			Share of World, %		
	1989	1994	2002	1989-94	1994-02	1989-02	1989	1994	2002
Exports									
Architecture, Engineering & Construction	210	537	1,619	20.66	14.79	17.01	23.78	33.09	44.87
Finance & Insurance	1,181	2,397	2,729	15.21	1.63	6.65	60.63	54.33	57.37
Management & Business	1,669	2,440	4,102	7.89	6.71	7.16	75.11	74.75	63.27
Advertising & Audio-visual	330	674	1,764	15.35	12.78	13.76	72.53	80.82	74.02
Computer & Information	373	831	2,213	17.38	13.02	14.68	82.16	73.60	71.94
Communication	715	1,078	1,416	8.56	3.47	5.4	64.24	66.63	66.54
Royalties & Licence Fees	64	236	1,856	29.82	29.41	29.57	44.14	53.64	70.06
R&D	531	970	2,193	12.81	10.73	11.53	82.97	72.82	73.32
Other	472	679	936	7.54	4.09	5.41	76.13	81.03	75.73
Imports									
Architecture, Engineering & Construction	306	481	1,228	9.47	12.43	11.28	61.45	43.45	61.65
Finance & Insurance	1,575	2,579	4,374	10.37	6.83	8.17	59.48	47.60	58.94
Management & Business	2,978	4,603	7,062	9.10	5.50	6.87	82.98	88.67	82.78
Advertising & Audio-visual	771	1,206	2,468	9.36	9.36	9.36	87.61	82.66	83.63
Computer & Information	264	653	1,278	19.86	8.76	12.90	98.14	95.33	92.21
Communication	530	824	1,320	9.23	6.07	7.27	46.74	53.16	64.08
Royalties & Licence Fees	1,471	1,985	3,951	6.18	8.99	7.90	85.87	82.40	68.98
R&D	224	508	1,040	17.79	9.37	12.54	49.78	66.06	72.83
Other	628	865	1,299	6.61	5.21	5.75	77.15	85.31	86.25
* Compound annual growth rate									
Source: Statistics Canada, Balance of Payments									