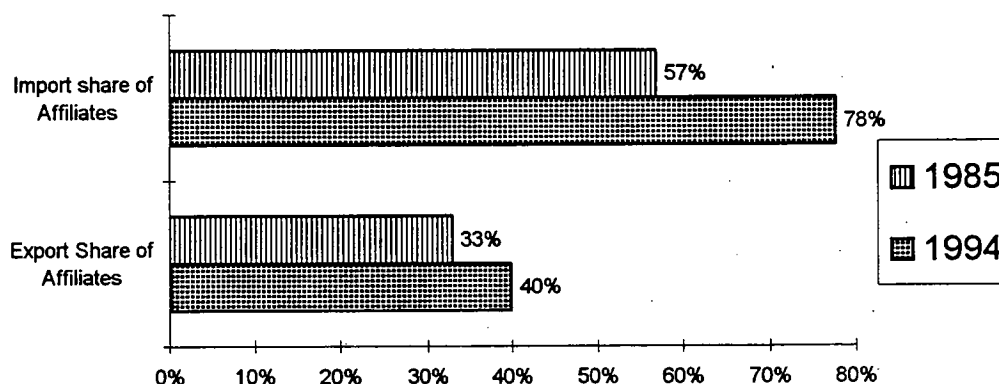


**Chart 8: Share of Canada's Commercial Services Trade
by Affiliates, 1985 and 1994**



The importance of both imports and exports of commercial services through affiliates has gone up in 1994 relative to 1985. The import side reflects the ability of people working in these affiliates to make use of knowledge-intensive services for profit-making opportunities. Most Canadians working for the affiliates are not “hamburger flippers.” Apart from benefiting domestic production, some of the imported commercial services actually help to increase Canadian exports of goods and services.

The upward trend in the share of exports of commercial services by affiliates indicates that they do engage in knowledge-intensive activities at their Canadian operations. Their services are not only useful in Canada but are also competitive internationally and are exported to other corporate locations abroad.

In sum, the growth in Canadian imports of knowledge-intensive services has facilitated the transfer of new knowledge and technical know-how from foreign advanced industrialized economies to businesses in Canada. The sustained growth in exports of knowledge-intensive services from Canada to other advanced industrialized economies in the world is an indicator that workers and companies in Canada have been successful in restructuring from resource-based to knowledge-intensive activities.

7.4 Characteristics of Canadian Export Manufacturing Industries

One important test of the affect of the reallocation of resources on economic welfare is the kind of affect it has on jobs in the country. This paper has argued that the relative share of primary products in Canadian exports has