

Accordingly, difficulties for goods trade can either help or hinder trade in certain services - and vice versa. These linkages are growing not weakening. It accordingly behooves exporters and negotiators of both goods and services to keep a close eye on these relationships as they evolve, as both opportunities and threats can materialize rapidly.

4. Data Problems

Statistical coverage of the services component of Canadian international trade is very poor by comparison with the detail available for the merchandise component. Totals are given in the current account of the Balance of Payments (see Table Seven). But these are:

- (a) highly aggregated - the nearly twelve billion dollars' worth of exports in 1981 is distributed among six categories and three trading areas only, although the "freight and shipping" element can be broken down in somewhat greater detail;
- (b) misleading in international comparisons - Canada enters the inland freight charges on exported goods as service exports, whereas many countries value goods at the border and so include those charges in the merchandise total; and
- (c) conceptually imprecise - the four categories "travel", "freight and shipping", "business services and other transactions" and "government transactions" (the latter two of which are often lumped together as "other tradeable services"), all include some goods as well as services.

Additional detail is collected on various service activities in tax returns and occasional surveys; the most useful of the latter is the Quadrennial Survey of Business Services Receipts and Expenditures (BP21S). In summary, gaps in statistical coverage of trade in services include a lack of annual detail by service activity and a lack of detail as to trading partner; and although the surveys fill some of the holes, they are at present too infrequent and insufficiently detailed to meet the demands of trade analysts and negotiators. It should be noted, however, that Canadian statistics on international trade in services appear to be generally as good as those of the U.S.A. and the U.K.

Another problem is that the data in the important "other tradeable services" category are particularly weak and elusive. A commercial arms length transaction is counted in one place in the BOPs figures - as a traded service; the same service performed in-house but across borders may be counted in a different category, depending on the quality of the reporting data.