

Compared to merchandise trade, the pace of growth of services trade has lagged. Accordingly, the share of services in Canada's exports of goods and services fell to 12.6 percent in 1999, and the share of services imports fell to 15.0 percent.

The comparatively slow pace of growth of Canada's services trade is even more graphically evident in international comparisons. Measured in U.S. dollars, the cumulative growth rate of Canada's two-way trade in services from 1990 to 1998 was only 43 percent, whereas the rate for the world was 64 percent, and for the U.S., 76 percent.

Box 5: Knowledge-based Sectors Drive Commercial Services Trade

The commercial services sector has by far the largest share and the fastest growth record in Canada's trade in services. In 1999, commercial services accounted for 50.7 percent of exports of services and 48.8 percent of imports.

Commercial services include many of the sectors in which knowledge-based activities predominate. Accordingly, success in this sector is important to Canada's continued evolution as a knowledge-based economy. As shown in Table 14, the fastest growth has been recorded in the knowledge-intensive subsectors of commercial services, particularly in royalties and licence fees, and research and development.

Table 14: Components of Commercial Services, 1993-1999

Components of commercial services	Value (\$ millions)		Annual average growth 1993-1999
	1993	1999	
Communications services	1 417	2 009	6.0
Construction services	88	291	22.1
Insurance services	2 810	3 902	5.6
Other financial services	850	1 434	9.1
Computer and information services	1 043	1 618	7.6
Royalties & licence fees	308	1 750	33.6
Non-financial commissions	383	735	11.5
Equipment rentals	204	286	5.8
Management services	1 120	2 446	13.9
Advertising & related services	160	355	14.2
Research and development	997	2 855	19.2
Architectural, engineering, & other technical services	1 398	3 386	15.9
Miscellaneous services to business	1 603	3 724	15.1
Audio-visual services	599	1 436	15.7
Total	13,113	26,227	12.3

Source: Statistics Canada, *Canada's Balance of International Payments*, Catalogue no. 67-001-XPB, 1st Quarter 2000.

