

contrast, Canada had a persistent surplus in services trade with Brazil. Commercial services and travel exports to Brazil contributed to the surplus of \$251 million in 1998.

Services trade with FTAA₁₁ countries varied dramatically by country. Although most of the transactions in services trade came from commercial services trade, the share of travel is comparatively higher than that of countries outside of the FTAA. This feature reflects the importance of tourism, as the majority of Canadian travellers choose Latin American countries as their winter travel destinations.

Direct Investment¹⁶

The stock of FTAA₃₂ FDI into Canada is typically small. In 2000, it recovered by 11.4 percent to \$1.106 billion, representing 0.4 percent of Canada's total FDI in the same year. Barbados, Brazil, Bahamas and Mexico were the largest source of FDI for Canada among the FTAA₃₂ countries, together contributing 97.7 percent to the total FTAA₃₂ flows in 2000.

The stock of Canada's outflow of CDIA to FTAA₃₂ is substantially larger than that of inflows. In 2000, it amounted to \$46.9 billion, or 15.6 percent of Canada's total CDIA, after rising by 7.1 percent from \$43.7 billion the previous year. The record investment outflow resulted mainly from Canada's acquisition of production facilities in the FTAA₃₂ countries. In order of significance, Barbados, Chile, Bahamas, Brazil, Argentina, Mexico and Peru were the main destinations of CDIA, accounting for 92.9 percent of total outflows to FTAA₃₂. In 2000, CDIA to Barbados increased sharply to \$19.6 billion, from \$18 billion in 1999.

In contrast, Canadian investors reduced direct investments in Peru, Colombia, Jamaica, Honduras and Costa Rica in 2000.

Conclusion

Two-way merchandise trade between Canada and the FTAA₃₂ countries rose steadily, from \$7.1 billion in 1980 to \$23.8 billion in 2000. Most of the increases in two-way trade came from Mexico. Excluding Mexico, two-way trade with FTAA₃₂ countries went from \$6.3 billion in 1980 to \$9.7 billion in 2000. Because the increase in two-way trade came from imports, Canada's deficits have worsened over time. Imports from FTAA₃₂ totalled \$18 billion in 2000, substantially higher than the \$5.8 billion value of exports the same year.

In the case of services, much of Canada's exports are in the form of commercial services. For imports, both travel and commercial services are important.

Canada's direct investment in FTAA₃₂ is substantially higher than foreign investment in Canada. As well, Canada's outflow increased more than fivefold between 1989 and 2000, a more rapid rate than the threefold increase in inflows.

Figure C7: Balance in Total Services Trade with FTAA₁₁, Barbados, Brazil and Mexico

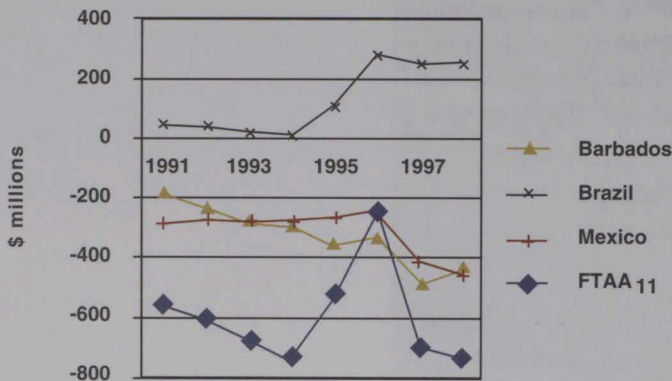
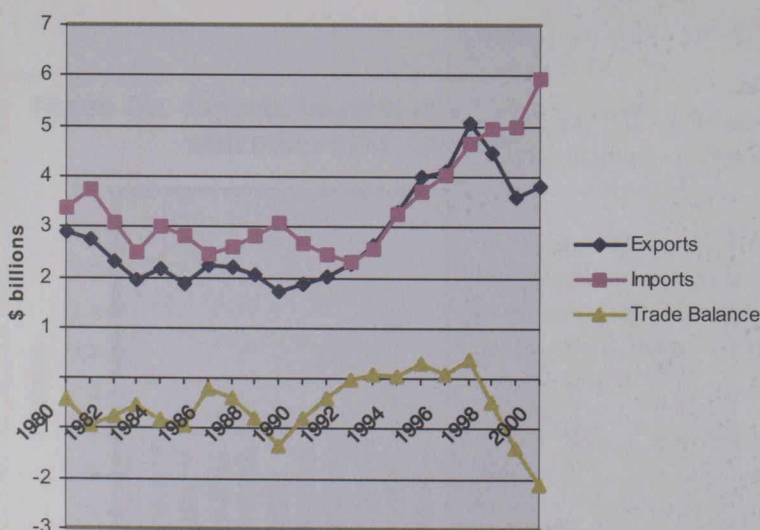


Figure C8: Export, Import and Trade Balance with FTAA other than U.S. and Mexico



¹⁶ Our thanks to the staff of Statistics Canada's Balance of Payments Division for compiling this new information.