

Trade in Services

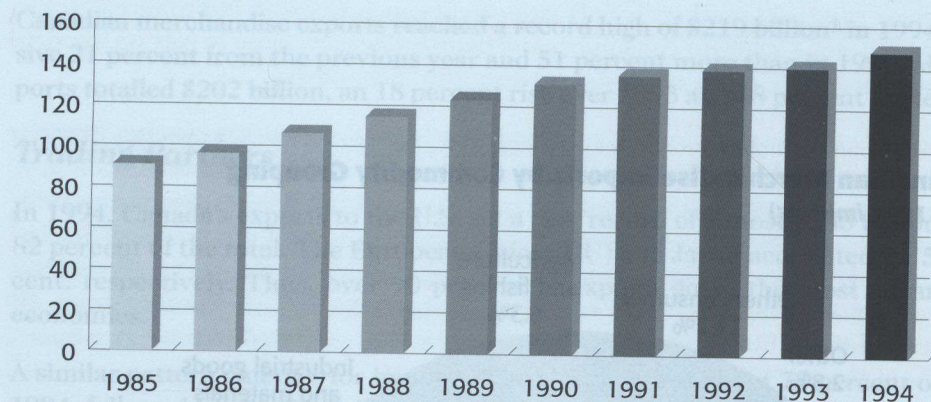
Service industries that trade their “outputs” internationally include banking and securities; insurance; transportation, freight and shipping; communications; engineering; consulting; and a widening array of professional services such as law, accounting and architecture. By the early 1990s, services represented about one quarter of total international trade.

Canada is an active and competitive exporter of many internationally traded services. In 1994, Canadians earned \$31.5 billion from the sale of services to foreigners, and paid out \$41 billion for foreign-provided services. The deficit in the trade of services is due primarily to the number of Canadians who travel abroad.

AN INTERNATIONAL INVESTMENT PARTNER

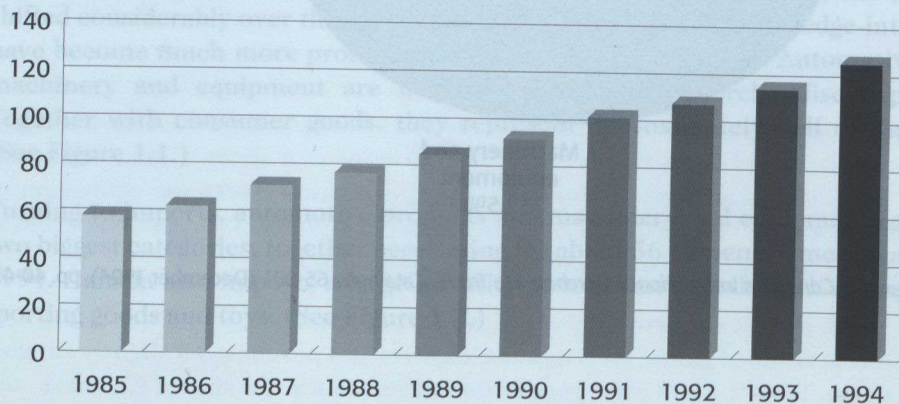
At the global level, FDI flows have increased dramatically in recent decades, faster than international trade since 1980. Foreign investment flows, both direct and portfolio, have become one of the most critical factors driving the emergence of a more interdependent and integrated world economy. Canada plays a significant role both as a source of international capital and as a target for international investment. (See Figures 1.3 and 1.4.)

Figure 1.3: Foreign Direct Investment in Canada, 1985-1994
(in \$ billions)



Source: Statistics Canada, *Canada's International Investment Position, 1994*, Catalogue No. 67-202, p. 45.

Figure 1.4: Canadian Direct Investment Abroad, 1985-1994
(in \$ billions)



Source: Statistics Canada, *Canada's International Investment Position, 1994*, Catalogue No. 67-202, p. 44.