Canadian Trade In Services

Trade in services now represents approximately 20% of world trade. Canada is the 12th largest exporter of services in the world. In 1999, these services exports were almost $50 billion, representing 12% of Canada's total exports, an increase of 7.1% over the 1998 figure of $45.9 billion. At the same time, imports of services amounted to $55.8 billion, which accounted for 14.6 % of total imports and represented an increase of 5.6% from $52.9 billion in 1998. These figures indicate a steady increase in trade in services, contributing significantly to Canada's prosperity and economic growth.

In 1998, services represented two-thirds of total GDP and 10.6 million Canadians were employed in services-sector jobs, accounting for 74% of total employment. The importance of trade in services is expected to continue to grow in the years to come.

The services sector is also leading the transformation of the Canadian economy into a knowledge-based economy. Canada has world-class companies in many services sectors, such as engineering, financial services, informatics, telecommunications, and tourism. Indeed, all these services sectors registered very strong trade performance in recent years. Canadian services suppliers, many of whom are small- and medium-sized firms, are looking at expanding their presence abroad. As well, the increased participation of foreign service suppliers in Canada contributes to a dynamic market place.

GATS Negotiations: The Road Ahead

The existing GATS represents a first step in the establishment of a framework of rules for trade in services. Although the last round of negotiations resulted in many WTO countries committing to liberalize trade in a broad range of services sectors, there is considerable scope in the current negotiations for further liberalization and rule-making.

Further liberalization will be achieved through expanding market access and improving the national treatment commitments of WTO Members, both in terms of sectors covered and the relaxing of current restrictions. For example, barriers to market access include limitations on the numbers of service suppliers (i.e., in the form of licences, monopolies, rights for exclusive supply); limitations on the total number of services transactions or assets or operations (i.e., usually expressed in terms of a quota); measures which restrict the legal entity through which a foreign service supplier may deliver the service (e.g., subsidiaries, branches, joint ventures); limitations on the level of shareholding or investment that a foreign service supplier may make; and, limitations concerning the temporary movement of persons (e.g., corporate transferees). Limitations on national treatment occur when Members treat foreign services and service suppliers less favourably than their domestic services and suppliers.