

growth in international activities. Exports of architectural, engineering and other technical services alone grew from \$2.6 billion to \$3.6 billion, or 38.9%, from 2001–2002. The capabilities and expertise of Canadian professional services providers are recognized and sought after around the world.

Canadian professional services providers have benefited greatly from the commitments that Canada obtained from other countries in previous GATS negotiations. Moreover, the ongoing GATS negotiations provide an excellent vehicle for promoting greater market access for our professional services, including legal, accounting, auditing and bookkeeping, taxation, architectural, urban planning and landscape architecture services. Canada has asked its trading partners to improve their commitments for professional services by eliminating trade barriers related to, for example, temporary entry regulations, investment and ownership limitations, and nationality and citizenship requirements. These requests have been made, and are being reinforced, in the current market access phase of the GATS negotiations.

In its initial conditional offer, Canada is offering to eliminate residency and citizenship requirements in certain provinces for accounting, architectural, engineering, urban planning, real estate, management consulting and other business services such as translation. In addition, Canada is also offering to facilitate the temporary entry of spouses and common law partners of professionals. Through this offer, Canada hopes to convince other members to match Canada's high level of existing commitments in order to improve market access for Canadian professionals.

In addition to the market access negotiations currently under way at the WTO, Canada is also seeking to improve market access by strengthening existing GATS disciplines respecting transparency, qualification and licensing requirements, and procedures and technical standards. Another tool for enhancing the potential for Canadian exports of professional services is the facilitation of mutual recognition agreement negotiations between Canadian and foreign professional bodies. The Government of Canada will continue to promote and support the negotiation of such agreements.

ENVIRONMENTAL SERVICES

Canada's environmental services sector represents an important segment of the country's dynamic services sector. Canada's environmental services industry numbered over 3,500 firms and public establishments in 2000. Business firms in the industry range from one-person operations to large, multinational corporations. Small and medium-sized enterprises (SMEs), that is, firms with fewer than 500 employees, form a vital part of the industry. In 2000, SMEs accounted for 99.5% of firms in the environmental services industry and made up the largest share of environmental services revenues.

Some of the most promising opportunities for Canadian environmental services firms can be found in international markets. Canada's environmental services exports totalled \$292 million in 2002. Canadian firms have gained international recognition for their innovative and customized solutions. Specific Canadian expertise exists in a number of areas including climate change and clean energy technologies, wastewater technologies, solid/hazardous waste management, engineering and environmental consulting, air pollution control, geomatics, and laboratory and analytical services.

Canadian exporters of environmental services have benefited greatly from the expansion of foreign trade and investment opportunities under international trade agreements such as NAFTA and the GATS. Significant barriers to trade in environmental services still exist, however, which underscore the importance of further liberalization of international environmental services markets in the context of ongoing bilateral, regional and multilateral trade negotiations. Canadian stakeholders have identified, in particular, a lack of transparency in regulatory regimes and practices: limitations on investment and establishment; restrictions on the entry and stay of managers, professionals and experts; and unfair licensing requirements as representing key barriers to trade in environmental services. In Canada's view, the cost of maintaining such barriers in the environmental services sector can have a significant impact on costs and the variety of services that can be provided to consumers. Moreover, it can act as a disincentive for the global diffusion of environmental technology, skills and expertise.