

Nearly all of Canada's services trade deficit with Mexico is due to travel. Canadians spend \$531 million more on travel to Mexico than Mexicans spend in Canada – which probably has to do with the warmer winter-time weather in Mexico. Most of this increase has occurred in the last few years. Between 1989 and 1994, travel spending by Canadians in Mexico grew at the average annual rate of only 6.1 percent, but that rate more than doubled to 11.5 percent after 1994. Some of this increase might be due to increased business travel to Mexico since NAFTA came into effect, but is more likely a result of the massive devaluation of the Peso in 1994, which made vacationing in Mexico more affordable for Canadians, especially compared to other winter destinations. 3.9 percent of Canadian travel spending goes to Mexico.

	Millions of current dollars			CAGR*, %			Share of World, %		
	1989	1994	2001	1989-94	1994-01	1989-01	1989	1994	2001
<b>Exports</b>	45	89	203	14.61	12.50	13.38	0.67	0.93	1.21
<b>Imports</b>	255	342	734	6.05	11.53	9.21	2.59	2.50	3.94
<b>Balance</b>	-210	-253	-531	N/A	N/A	N/A	6.67	6.14	28.66

\* Compound annual growth rate  
Source: Statistics Canada, Balance of Payments

Transportation & Government services account for a relatively small share of Canada's total services trade with Mexico. There was some solid export growth in the first half of the 1990s, but overall it has not managed to keep pace with other services. Canada has a small trade deficit in Transportation & Government services with Mexico.

	Millions of current dollars			CAGR*, %			Share of World, %		
	1989	1994	2001	1989-94	1994-01	1989-01	1989	1994	2001
<b>Exports</b>	17	33	70	13.94	11.34	12.41	0.31	0.43	0.59
<b>Imports</b>	40	58	109	7.99	9.43	8.82	0.56	0.52	0.74
<b>Balance</b>	-22	-25	-39	N/A	N/A	N/A	1.50	0.73	1.43

\* Compound annual growth rate  
Source: Statistics Canada, Balance of Payments

Commercial services account for a large share of Canada's services exports to Mexico and have been the fastest growing component of both exports and imports. Commercial services are the type of services that most people think of when discussing services trade, such as engineering, architectural or business consulting services. Canada's commercial services trade with Mexico grew at a rapid pace throughout the entire period, to reach \$180 million for exports and \$107 million for imports in 2001. Just as with overall services trade, Canada's commercial services trade grew faster than with the rest of the world as can be seen from the rising share of world trade; this trend might be linked to increased Canadian FDI in Mexico.