

TRADE IN SERVICES

The value of the two-way trade in services (such as travel, freight and shipping and commercial fees) between Canada and the United States has increased by 71 percent since 1988, growing in value from \$30.4 to \$52.0 billion in 1996. The NAFTA expanded the extent of coverage under the Canada-U.S. FTA to include virtually all aspects of cross-border trade in services. Over the three-year period ending on December 31, 1996, Canadian service exports to the United States rose by 16.9 percent, while imports from the United States increased by 11.3 percent. In 1996, exports of Canadian services to the United States and Mexico showed small increases, moderating Canada's traditional deficit in this sector to some extent.

the United States in informatics services has emerged as one of the fastest-growing in the world. Exports to the United States have also increased in such areas as communications, architecture, engineering and other technical services. Imports of management and advertising services to Canada from the United States have increased for management and advertising services.

Although the trade in services is on the rise, it corresponds to only 14 percent of total merchandise trade. Given the large contribution of services to Canada's GDP (almost two thirds) and the rapid growth of the services sector in both economies, this trade is expected to increase in the future.

The fastest-growing component of the services trade has been in the computer and information services area, where there is a high degree of specialization. In fact, bilateral trade between Canada and

