
Canada-U.S. Trade in Services

Approximately 62 per cent of Canada's global trade in services is with the United States. In 1986, Canadian exports of services to the United States were estimated at \$10.9 billion, while imports from the United States amounted to about \$13.5 billion. (Table 3.5 gives a detailed breakdown of Canada-U.S. trade in services for 1983 through 1985).

Within the range of commercial services, the business services category (which includes consulting and computer services) is the most dynamic component in Canada's trade in services. As a percentage of service exports to the United States, business services have increased from 22 per cent in 1976 to 30 per cent in 1986. Similarly, imports of business services from the United States account for the largest portion of service imports at 42 per cent.

As Table 3.5 demonstrates, competitive Canadian firms have penetrated the U.S. market with a range of business services. Canadian consulting engineers possess world class skills in natural resource and project infrastructure work. The United States is the largest export market for Canadian consulting engineers, with sales generated in sectors such as forestry, mining and metallurgy, oil and gas, and in plant process design, buildings and power systems design and hazardous

waste control. Canada exports more engineering design services to the United States than does any other country.

Canadian management consultants, architects, computer service firms, scientific and research companies, remote sensing and geographic information firms and environmental service firms have all successfully found niches in the highly competitive U.S. market.

The United States is also an important market for Canadian banks, insurance companies and other Canadian financial institutions. In 1986, the U.S. operations of Canada's major banks were valued at more than (Can.) \$55 billion, or about 14 per cent of their total asset base. Canadian life insurance companies are active in the U.S. market, which accounts for over 80 per cent of the value of life insurance business they issue outside Canada. More than 25 per cent of the health business of Canadian insurance companies is transacted outside Canada, almost all in the United States. Insurance industry associations of the two countries have long advocated a trade agreement because of the relatively free trade environment for insurance services.