

competitive and it now has increased ability to sell in the U.S. market. For Canada's publishing industry, this will enhance its choice of printing firms on both sides of the border.

## **Breaking New Ground**

The heart of the Agreement is the provisions that deal with trade in goods. These provisions build on the experience of the past and cover the bulk of Canada-U.S. trade. In addition, the two governments covered a number of other issues, particularly trade in services and investment. While there will not be a chapter in the Agreement to address intellectual property issues, the two governments also agreed to work closely together in the Uruguay Round of Multilateral Trade Negotiations to develop better global rules to protect intellectual property rights.

### *Trade in Services*

The Agreement will provide, for the first time, a set of disciplines covering a large number of service sectors. The two governments in future will extend the principles of national treatment, right of commercial presence and right of establishment to each other's providers of services. Additional sectoral annexes will clarify this general obligation with respect to transportation, enhanced telecommunications and computer services, tourism and architecture.

Trade in services represents the frontier of international commercial policy in the 1980s. It is a growing area of strength for advanced industrialized countries whose economies are becoming increasingly dependent on the wealth generated by service transactions. While international trade in services does not take place in a vacuum without rules and regulations, it does lack a general framework of rules incorporating principles of general application. While there are detailed bilateral and multilateral conventions and agreements covering international aviation, for example, the principles of non-discrimination embodied in the GATT do not apply to service transactions.

Canada is a net importer of services, mainly due to payments in royalties, patents and trademarks (\$975 million in 1984), management and administrative services (\$872 million), as well as freight and shipping services (\$645 million). But service industries still account