

Conclusions

The Canada-U.S. Free Trade Agreement is the first international trade agreement with binding obligations in the service sector. This large and fast growing sector of the economy is composed of a very diverse group of industries. Many do not engage in trade and, therefore, are not covered. However, trade in commercial services is expanding rapidly. Many of these services are closely related to trade in goods, either as inputs to goods being produced, or as complements necessary to sell goods, move them to markets and keep them operating.

The Agreement's benefits for services are future-oriented. Where services covered by the Agreement are now regulated or will be in the future, the undertaking not to discriminate in introducing future regulations ensures that barriers to trade will not be created between Canada and the United States. The Agreement does not change current regulations nor does it limit governments' ability to regulate service industries. New services are being developed all the time and as this occurs, there is the potential to extend the coverage of the Agreement to new service industries.

As a result of the increased security of market access and the streamlined border crossing procedures for service industry personnel and other temporary business visitors, Canadian firms will now be able to plan initial market development and carry out their operations in the United States more easily.

The Agreement's provisions on services represent a major step towards ensuring open and competitive trade in services between Canada and the United States. Service industries can anticipate significant growth in the future, both as the result of direct trade opportunities with the United States and as the result of growth in demand in the domestic services market, arising from new investment flows and increased consumer disposable income.