

## TRADE IN SERVICES

In 1999, exports of services reached \$51.8 billion, which accounted for 12.6 percent of total exports of goods and services and represented an increase of 6.0 percent over the 1998 figure of \$48.8 billion. The growth rate in 1999 was slightly lower than the 9.1 percent achieved in 1997. At the same time, imports amounted to \$57.8 billion, which accounted for 15.0 percent of total imports of goods and services and represented an increase of 3.6 percent from \$55.8 billion in 1998.

Services trade is classified into four categories: travel services, transportation services, government services, and commercial services (which includes accounting, legal, insurance, architecture, engineering, and management consulting).

With regard to services exports, in 1999:

- ❑ Commercial services exports grew by 4.7 percent to reach \$26.2 billion or 50.7 percent of total services.
- ❑ Travel exports grew 8.0 percent to reach \$15.1 billion, representing 29.2 percent of total services exports.
- ❑ Transportation services expanded by 5.7 percent to reach \$9.4 billion or 18.1 percent of total services exports.
- ❑ Government services grew by 9.4 percent to \$1.03 billion, accounting for 2 percent of total services exports.

With regard to services imports, in 1999:

- ❑ Commercial services imports grew by 2.8 percent to reach \$28.2 billion or 48.8 percent of total services imports.
- ❑ Travel imports grew 5.7 percent to reach \$16.9 billion, representing 29.2 percent of total services imports.
- ❑ Transportation services imports expanded by 3.0 percent to reach \$12.1 billion or 20.1 percent of total services imports.
- ❑ Government services imports declined by 1.3 percent to \$0.67 billion, accounting for 1.2 percent of total services imports.

Canada has traditionally been a net importer of services, overall and in all of the individual services categories except government services. The largest deficit has traditionally been in the transportation sector, followed by commercial services and travel services. However, in recent years, the overall deficit has been progressively reduced. In 1999, the deficit in overall services trade declined to \$6.1 billion or 0.63 percent of GDP from \$7 billion or 0.77 percent of GDP in 1998, and from an historical peak of \$13.6 billion (1.9 percent of GDP) in 1993. The reduction over the years was due in large part to a reduction of net travel payments over this period.

With regard to the direction of Canada's trade in services, the U.S. remains Canada's main trading partner. However, the share of the U.S. in Canada's total services trade is smaller than is the case with respect to merchandise trade (Figures 4 to 7). Here as well, however, the U.S. is becoming an increasingly important market, accounting for 60.1 percent of Canada's services exports in 1999, compared to 56.8 percent in 1989.

In terms of trading partners, the U.S. saw its share of Canada's imports decline to 61.5 in 1999 from 61.7 percent a decade earlier. The shares of the EU and Japan declined slightly, both as a source and a destination of services trade. The relative shares of other countries increased over the course of the decade.

