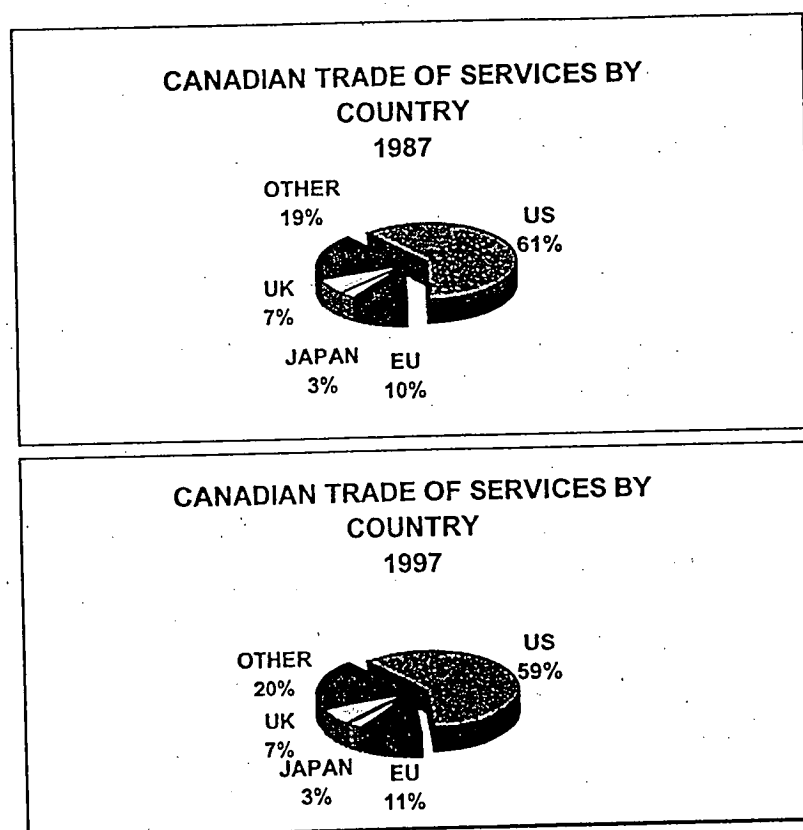


-Service trade by main trading partners

While Canadian merchandise trade (exports and imports) with the US represents 84% of total Canadian merchandise trade, trade in services is slightly more diversified. Chart 11 shows that between 1987 and 1997, the share of services (exports and imports) shifted from the US to "other" countries by 2 percent from 61% and 59%. Canadian trade with the EU, UK and Japan has remained the same over the period.¹⁰⁶ The US has been Canada's main trading partner for services since the beginning of the sixties. Canada has always run a deficit of its services account with the US (except in 1966); and in 1997, the deficit was 6 billion.

CHART 11



Source: Statistics Canada, catalogue # 67-203

Table 8 presents a portrait of Canada's main trading partners. From 1987 to 1997, the table indicates that Canada had the largest growth of services with "other countries", mainly due to an increased trade with South Korea, Brazil and other Asian countries. In 1997, Canada had the largest annual growth of exports with the US and the largest growth of imports from the EU. Our main trading partner, the US, accounted for an average of

¹⁰⁶ Services statistics collected do not permit to get a detailed breakdown by country. However, a breakdown for commercial services is available.