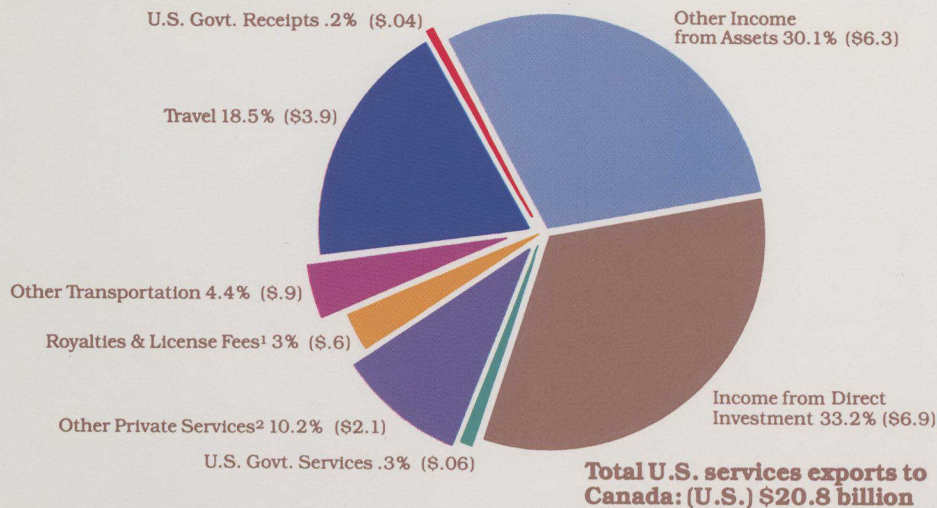


U.S. SERVICES EXPORTS TO CANADA

1987, By Percentage, In Billions of U.S. Dollars



¹Payments for use or sale of intangible property rights, including patents, industrial processes, trademarks, copyrights, franchises, designs, know-how, formulas, techniques and manufacturing rights.

²Direct investment services including fees for management, professional and technical services, charges for use of tangible property, film and television tape rentals and all other charges and fees.

Source: U.S. Department of Commerce

service industries in areas such as: agriculture and forestry, mining, construction, distributive trade, insurance and real estate, a wide range of commercial activities, computers and enhanced telecommunications, and tourism. Transportation services are not included in the agreement and financial services are treated separately.

■ Simplify procedures for temporary entry by business persons, including professionals, traders and investors, and intra-company transferees.

Canada is already a large and dynamic market for services sold by U.S. firms. In 1987, the United States sold Canada (U.S.)\$20.8 billion worth of services and bought \$9.3 billion. As the Free Trade Agreement is implemented, there will be even greater trade opportunities for service industries on both sides of the border.

Financial Services

Under the Free Trade Agreement, Canada and the United States have agreed to relax certain regulations in order to provide financial institutions, securities firms and investors with significantly greater opportunities to do business on both sides of the border. The agreement will provide the following benefits:

■ U.S. firms and investors are exempted from some aspects of the Canadian federal government regulation barring any single non-resident from acquiring more than 10 percent of

the shares or any combination of non-residents from acquiring more than 25 percent of the shares of federally regulated Canadian-controlled financial institutions other than banks;

■ U.S. bank subsidiaries in Canada will be exempted from the current 16-percent asset ceiling on the size of the foreign bank sector.

Investment

Cross-border investments have created new wealth and new jobs in Canada and the United States. The Free Trade Agreement establishes a fair and predictable investment climate so that investment will flow more freely in the future.

Under the agreement, Canada and the United States will, in general, ensure that future regulations treat Canadian investors in the United States and American investors in Canada no differently than domestic investors. The governments will have some flexibility in applying this national treatment principle, in that existing laws, policies and practices in both countries which differentiate between foreign and domestic investors are grandfathered. Canada will continue to review foreign investment and has agreed to phase in more liberalized rules on the acquisition of existing Canadian businesses by U.S. investors.

COMMERCIAL SERVICES

Commercial cleaning
Advertising and promotion
Credit bureaus
Collection agencies
Stenography, reproduction and mailing
Telephone-answering
Commercial graphic art and photography
Services to buildings
Equipment rental and leasing
Personnel supply
Security and investigation
Security systems
Hotel reservations
Automotive rental and leasing
Commercial education correspondence

CONSTRUCTION

Building, developing and general contracting
Special trade contracting

PROFESSIONAL SERVICES

Engineering, architecture and surveying
Accounting and auditing
Agrology
Scientific and technical services
Management consulting
Library services
Agricultural consulting
Non-professional accounting and bookkeeping
Training
Commercial physical and biological research
Commercial economic, marketing, sociological, statistical and educational research
Public relations
Commercial laboratory testing
Repair and maintenance
Other business consulting

MANAGEMENT SERVICES

Hotels and motels
Health care facilities
Buildings
Retail
Packing and crating

OTHER SERVICES

Computer services
Telecommunications-network-based enhanced services
Tourism

Canada

Canadian Embassy/Ambassade du Canada