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TRADE MINISTER RELEASES PAPER ON FREE TRADE AND SERVICES

International Trade Minister John C. Crosbie released today an assessment of trade in services under the Canada-U.S. Free Trade Agreement.

The paper, "The Canada-U.S. Free Trade Agreement and Services: An Assessment", says that Canadian services businesses will benefit from the Canada-U.S. Free Trade Agreement by being able to plan future expansion in the United States in a more predictable environment. In addition to enhanced export opportunities, the Canadian service sector will also benefit from increased domestic demand for services as general economic activity increases under free trade.

The service industry Assessment concludes that:

- For services covered by the Agreement, any new regulations of the two countries will provide non-discriminatory treatment to each other's service providers.
- Canada and the United States have agreed not to increase any discrimination that may already exist against each other's providers of services covered by the Agreement.
- There is the potential to extend coverage of the Agreement to new service industries as they develop.

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Minister for
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- As a result of increased security of market access and 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.
- Governments remain free to regulate covered services as long as the regulations are non-discriminatory.

Service industries can expect significant future growth in sales and employment, as the result of direct trade opportunities with the United States and from growth in demand in the Canadian services market arising from new investment flows and increased consumer disposable income.

Prepared by the Government of Canada, the paper is one of a series assessing the effects of the Agreement on various sectors of the Canadian economy. These sectoral assessments follow a study on the macroeconomic impact of the Agreement on the Canadian economy which was released in January by the Department of Finance.

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