

# Canada's international trade in services, 2018

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## Canada's international trade in services deficit contracts in 2018

Canada's deficit on international transactions in services contracted by \$1.8 billion in 2018 to \$21.4 billion. This change reflected a rise in the commercial services surplus coupled with a narrowing travel services deficit.

Canada's exports of services totalled \$128.1 billion in 2018, a 4.8% increase from 2017. Imports amounted to \$149.6 billion, a more moderate annual gain (+2.8%).

The country's exports of goods increased 6.5% to \$585.2 billion, outpacing imports, which rose 5.8% to \$607.2 billion. This led to an overall trade deficit in goods and services of \$43.3 billion in 2018.

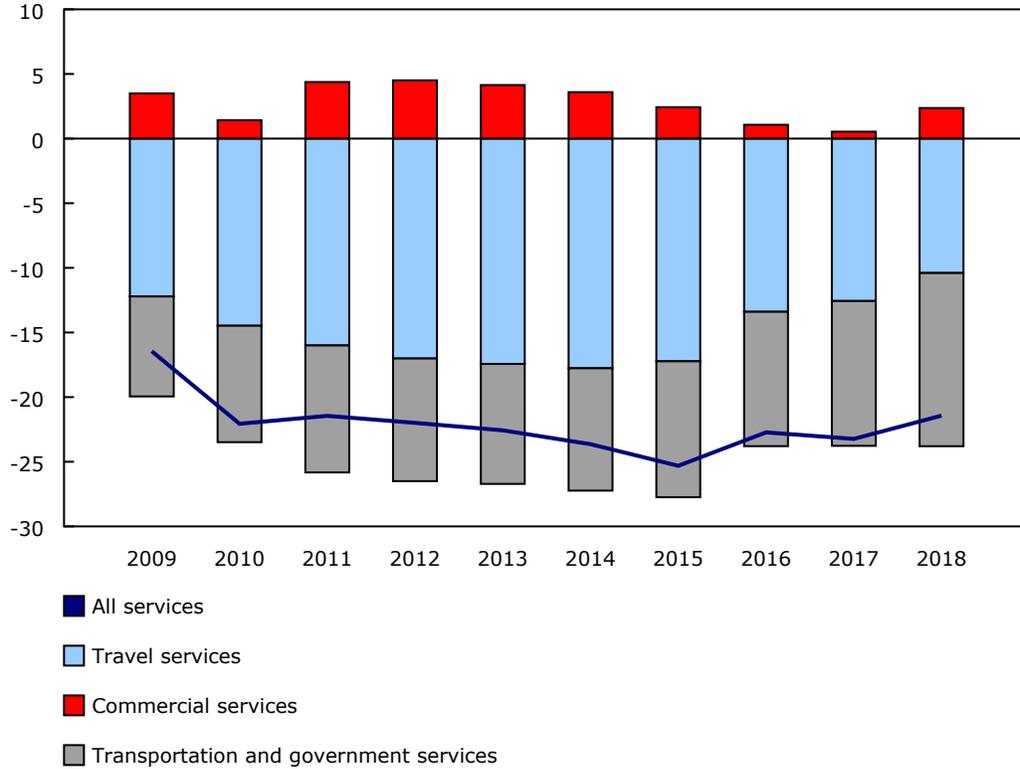
By category of services, the rise in the commercial services surplus was led by higher exports of financial services as well as computer and information services. The travel deficit was at its lowest level in 11 years. The growth in receipts from education-related travel to Canada, largely from countries other than the United States, continued to be an important contributor to the narrowing of the overall travel deficit.

On a geographical basis, the services deficit with the United States fell \$1.3 billion to \$10.9 billion. The trade in services deficit between Canada and all other countries edged down to \$10.4 billion. As a result of recent revisions to travel services leading to higher exports of education-related travel to countries such as China, Canada's deficit with the United States now exceeds the deficit with the rest of the world.



**Chart 1  
Services balances**

billions of dollars



Source(s): Tables [36-10-0007-01](#), [36-10-0004-01](#) and [36-10-0006-01](#).

**Just under 1 in 10 services exports are in ICT services, with half enabled by digitalization**

With this release, Statistics Canada is publishing a time series of international trade in information and communication technology (ICT) services and potentially enabled ICT services covering 2007 to 2017.

In 2017, Canada's exports of ICT services were \$11.7 billion, accounting for just under one-tenth of total exports of services. More than two-thirds of these exports were destined for the United States, with the majority (55%) conducted between related enterprises.

Imports of ICT services were \$9.2 billion in 2017. Approximately half of imports originated in the United States, one-quarter of which were between related enterprises.

From 2007 to 2017, ICT services exports grew at an average annual rate of 3.7%, compared with 5.0% for all exports of services. In the same period, ICT services imports posted an annual average growth rate of 7.9% since 2007, considerably higher than that for overall exports of services (4.7%).

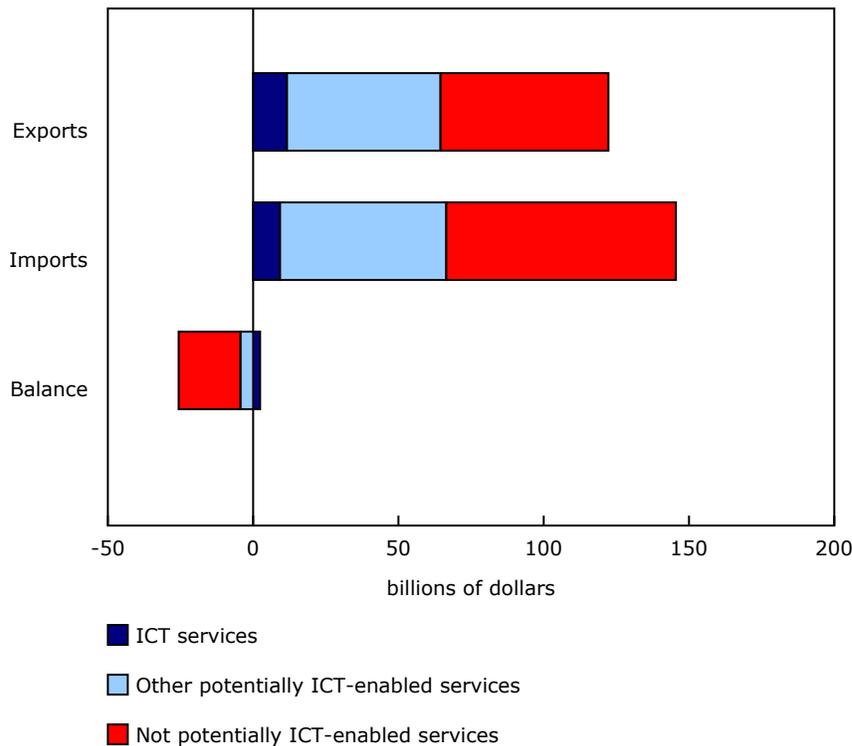
The growth in both exports and imports of ICT services to the United States and the rest of the world demonstrates how ICT services may be broadening access to global markets and extending the reach of trade in services.

While ICT services capture the value of services categories that enable or fulfill the transmission of digital information, a wider definition allows an examination of other possible digital services categories (including ICT services). Computer services, for example, are classified as ICT services as they serve as part of the technological infrastructure to transmit, process, store, or share digital information. An accounting service that could be provided remotely to the client through digital delivery but also could be delivered in person by the accountant to the client is an example of a service that could be enabled by digitalization.

Canada's exports of digital services totalled \$64.5 billion in 2017, while imports of such services reached \$66.5 billion.

Canada's proportion of exports and imports of ICT-enabled services, which corresponds to nearly half of the total value of the country's trade in services, is comparable to that of primary trading partners such as the United States and Germany, slightly higher than that of France, and lower than that of the United Kingdom.

**Chart 2**  
**Trade in information and communication technology (ICT) services, other potentially ICT-enabled services and not potentially ICT-enabled services, 2017**



Source(s): Table 12-10-0141-01.

**International services by enterprise characteristics: Profiling commercial services traders in Canada**

This release also includes information on international trade in services by enterprise characteristics, providing further insights on the profile of Canadian enterprises engaged in cross-border services trade for 2010 to 2017.

The top three exporting industries of commercial services in 2017 were professional, scientific and technical services, finance and insurance services, and information and cultural services, together accounting for more than 60% of all exports.

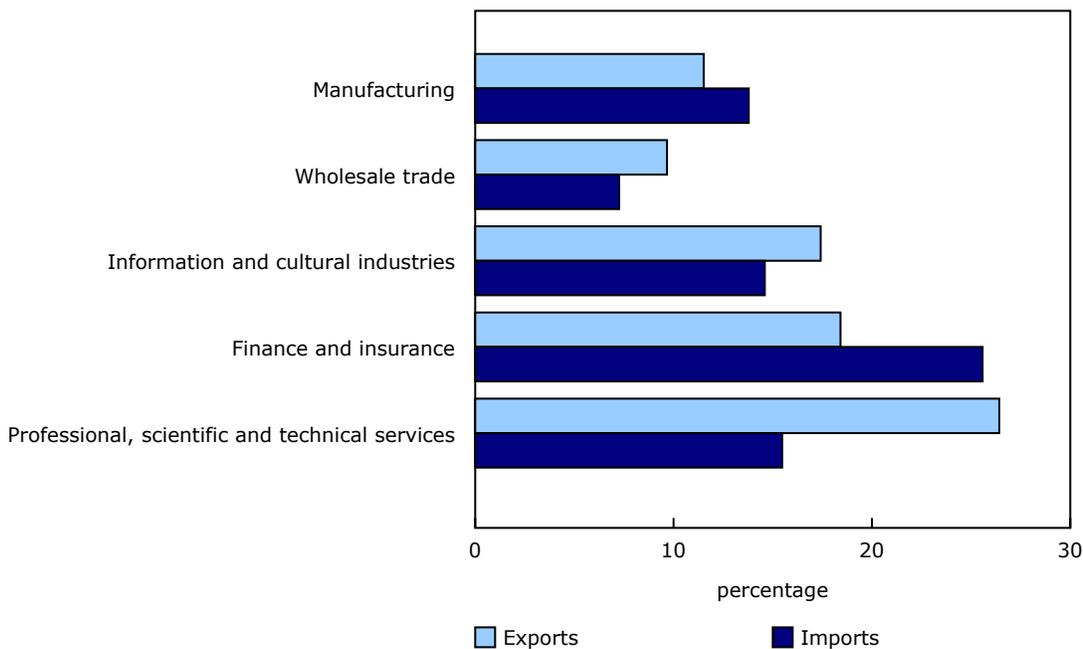
By enterprise size, large enterprises (those with 500 or more employees) made up 43% of total commercial services exports in 2017. Nearly one-quarter of large enterprises were goods-producing, most of which were in the manufacturing sector.

Small and medium-sized enterprises (SMEs, those with fewer than 500 employees) made up a proportion of exports similar to that of large enterprises, at 42% of total commercial services exports. Specifically, SMEs within the information and cultural services and the professional services industries accounted for one-quarter of commercial services' exports in 2017. The remainder of the export value (15%) cannot be attributed to a specific enterprise size class as a result of limitations in data sources used to compile data on certain commercial services.

On a geographical basis, large enterprises and SMEs both exported about two-thirds of their commercial services to the United States.

Similar information can be derived to learn more about the profile of enterprises importing services in Canada. For example, SMEs contributed less to imports of commercial services (32%) than to exports of commercial services (43%) in 2017.

**Chart 3**  
**Top five exporting and importing industries of commercial services, 2017**



Source(s): Table 12-10-0142-01.

## Note to readers

This is the annual release of Canada's detailed international transactions in services. This release contains details by country and service category for international transactions in services. Trade in services covers transactions in travel services, transportation services, a range of business and professional services referred to as commercial services, and government services. The results for the 2018 reference year are preliminary and were derived from a combination of the latest 2017 benchmark surveys and 2018 quarterly surveys.

### Revisions

This release integrates revisions to international travel services from 1981. Revisions result from expanded travel survey coverage, including the use of more accurate data on education-related international travel, as well as other improvements in methodology related to international travel services. These revisions will also be integrated into Canada's national and international accounts in November 2019. For more information about revisions to international travel services, please consult [A preview of the 2019 revision of the Canadian System of Macroeconomic Accounts](#), released in May 2019.

### Trade in information and communications technology services, 2007 to 2017, and Trade in commercial services by enterprise characteristics, 2010 to 2017

This year, Statistics Canada introduces two supplementary sets of statistics regarding trade in services: Trade in information and communications technologies (ICT) and ICT-enabled services, and trade in commercial services by enterprise characteristics.

Trade in ICT and ICT-enabled services provides information on services that can be delivered remotely over ICT networks. For more information on definitions, methodology and concepts, please consult this [2018 article on ICT Services](#). Comparisons to other countries' share of trade in services accounted for by ICT services are based on data from the OECD Statistics Directorate.

Trade in commercial services by enterprise characteristics (STEC) breaks down traditional services trade statistics by enterprise size class and enterprise industry. This information can help to address questions such as the role of goods-producing industries in the export and import of services. Only commercial services are in-scope for trade statistics by enterprise characteristics.

ICT statistics and STEC data albeit at early stages in terms of their development are part of a larger statistical agenda to enhance international trade in services statistics to better understand Canada's role in the global digital economy. Regarding next steps on this agenda, work on [Modes of Supply](#) that began in 2018 will continue with an update early in 2020.

Concepts and methods for these two sets of statistics are included under survey number 1536.

**Table 1**  
**Balance by category of service**

	2012	2013	2014	2015	2016	2017	2018
	millions of dollars						
<b>All services</b>	<b>-21,992</b>	<b>-22,570</b>	<b>-23,641</b>	<b>-25,315</b>	<b>-22,728</b>	<b>-23,233</b>	<b>-21,433</b>
Travel services	-17,013	-17,430	-17,768	-17,228	-13,399	-12,565	-10,399
Commercial services	4,508	4,142	3,594	2,430	1,067	536	2,364
Transportation services	-9,703	-9,617	-9,877	-10,811	-10,701	-11,591	-13,755
Government services	216	335	410	294	305	387	357

Source(s): Tables [36-10-0004-01](#), [36-10-0005-01](#), [36-10-0006-01](#) and [36-10-0007-01](#).

**Table 2**  
**Balance by region**

	2012	2013	2014	2015	2016	2017	2018
	millions of dollars						
<b>All regions</b>	<b>-21,992</b>	<b>-22,570</b>	<b>-23,641</b>	<b>-25,315</b>	<b>-22,728</b>	<b>-23,233</b>	<b>-21,433</b>
United States	-14,863	-15,851	-14,958	-13,861	-12,030	-12,298	-11,026
Europe	-4,321	-3,038	-4,748	-6,599	-5,896	-8,184	-6,802
Central and East Asia	-1,652	-1,407	-1,637	-1,808	-643	206	-249
All other regions	-1,156	-2,274	-2,298	-3,047	-4,159	-2,957	-3,356

Source(s): Table [36-10-0007-01](#).

**Available tables:** [12-10-0141-01](#), [12-10-0142-01](#), [36-10-0004-01](#) to [36-10-0007-01](#) and [36-10-0022-01](#).

**Definitions, data sources and methods:** survey number [1536](#).

The updated *Canada and the World Statistics Hub* ([13-609-X](#)) is available online. This product illustrates the nature and extent of Canada's economic and financial relationship with the world using interactive graphs and tables. This product provides easy access to information on trade, investment, employment and travel between Canada and a number of countries, including the United States, the United Kingdom, Mexico, China and Japan.

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