

# Canadian international trade in services, May 2020

Released at 8:30 a.m. Eastern time in *The Daily*, Thursday, July 2, 2020

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Canada's monthly international trade in services surplus declined from \$277 million in April to \$115 million in May. Overall, exports of services fell 2.6% to \$7.9 billion and imports declined 0.6% to \$7.8 billion. While Canada's international trade in services imports and exports continued to decline this month, the rate of decline has slowed significantly from the large downward movements observed in April.

COVID-19-related border closures to non-essential travel continued to be in place for Canada in May, a second consecutive complete month.

As the closure to non-essential travel of the border between Canada and the United States has been extended until at least July 21, it is expected that the levels of both exports and imports of travel services and the passenger fare component of transportation services will remain low for the foreseeable future. In May 2020, combined exports of travel services and transportation services accounted for 24.9% of total services exports, compared with 41.4% of total services exports in May 2019. The same shares for imports were 23.1% in 2020, and 51.7% in 2019.

Despite some provinces beginning to partially re-open their economies in May, international trade in services have not yet begun their recover to pre-COVID-19 levels.

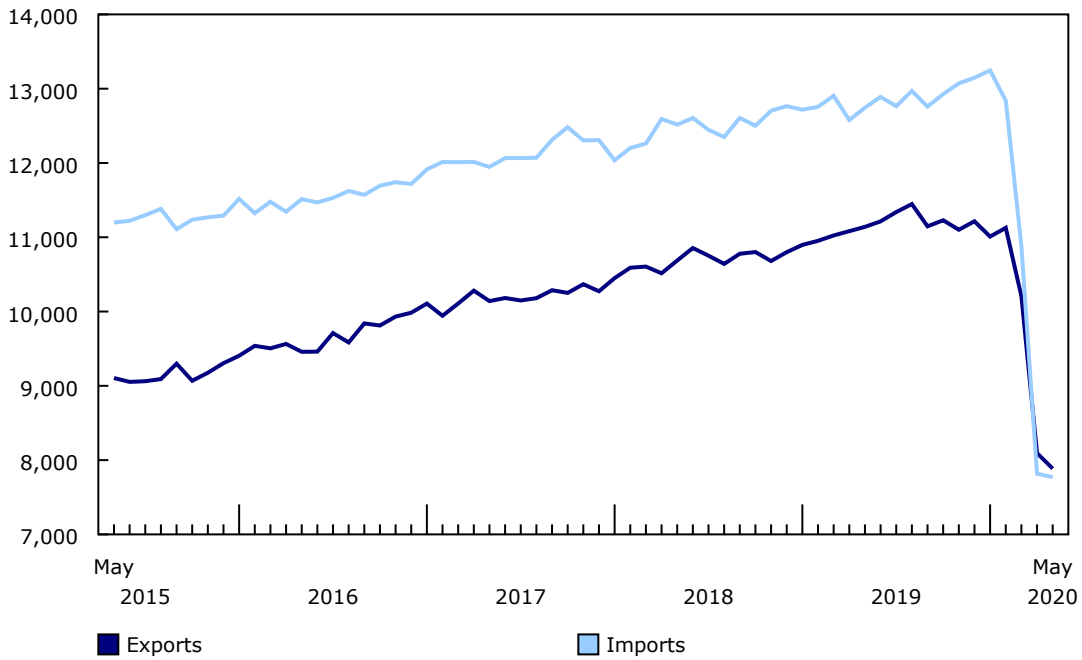
Exports of commercial services were down 1.7% to \$5.8 billion in May, as border closures continued to have an impact on business activity. Transportation services also recorded declines, down 8.3% to \$912 million on lower receipts of passenger fares and for services provided to foreign airlines at Canadian airports.

Imports of commercial services declined 1.1% to \$5.9 billion in May. Transportation services also decreased, related to lower imports of goods by water, while travel services posted a modest increase.



**Chart 1**  
**International trade in services**

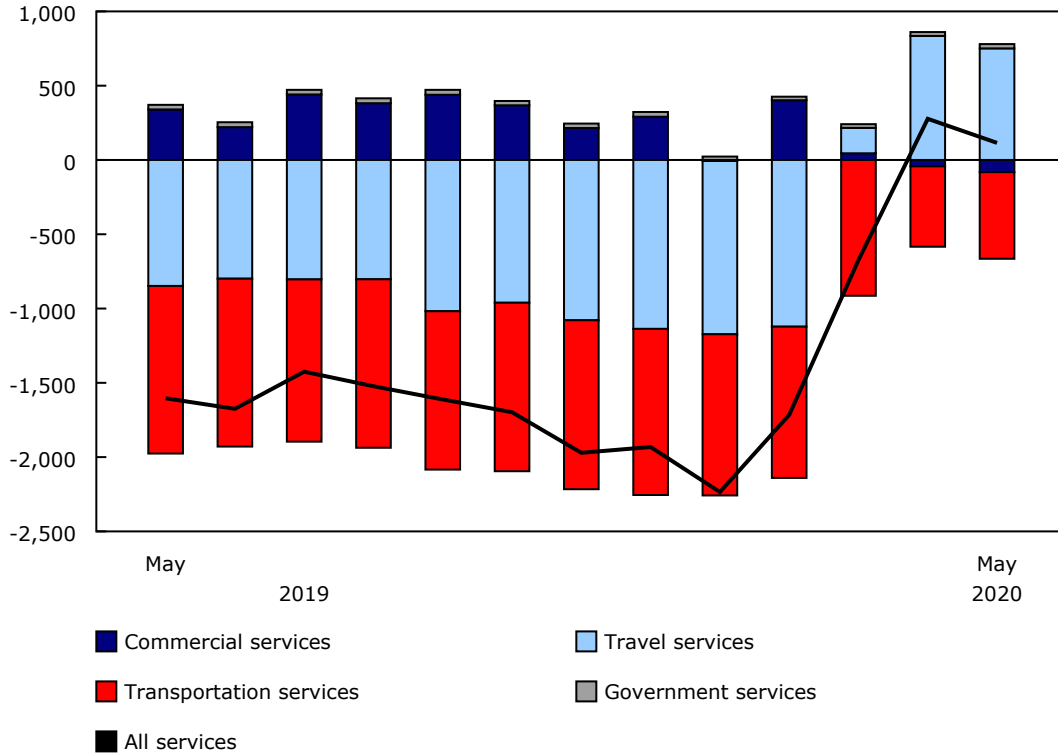
millions of dollars



**Note(s):** Data are seasonally adjusted.  
**Source(s):** Table 12-10-0144-01.

**Chart 2**  
**International trade in services, balances**

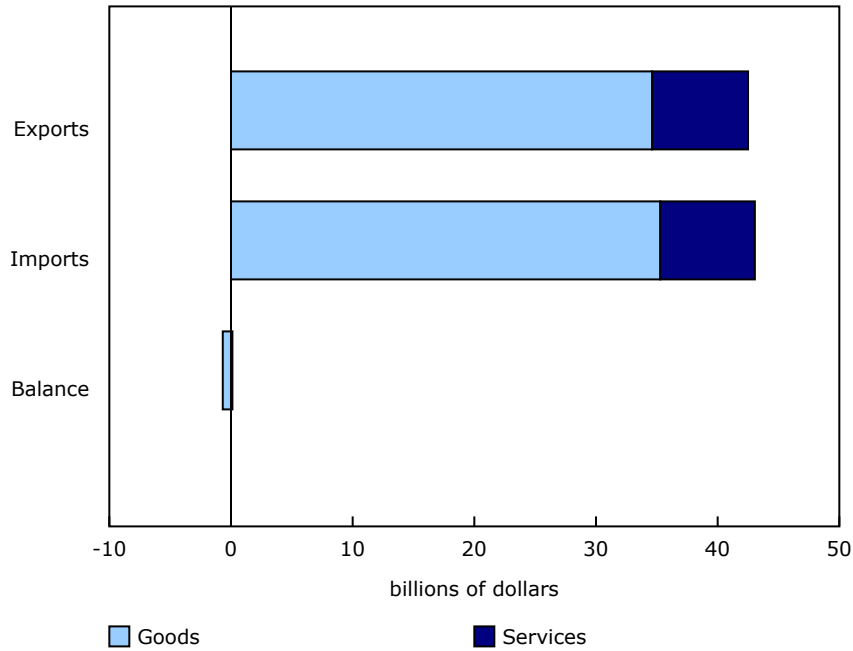
millions of dollars



**Note(s):** Data are seasonally adjusted.  
**Source(s):** Table 12-10-0144-01.

In comparison, total exports of goods increased 6.7% to \$34.6 billion in May, while total imports of goods declined 3.9% to \$35.3 billion, resulting in a goods deficit of \$677 million. When combined, the trade balance for goods and services amounted to a deficit of \$562 million in May, a decrease of \$4.0 billion from April.

**Chart 3**  
**International trade in goods and services, May 2020**



**Note(s):** Data are seasonally adjusted. Trade in goods data are on a balance of payments basis.

**Source(s):** Tables [12-10-0011-01](#) and [12-10-0144-01](#).

The services trade surplus for April, first reported at \$302 million, was revised down by \$25 million with this month's release of May data. Exports of services for April were revised down by \$20 million, almost entirely on higher commercial services. Imports of services were revised up slightly, as a downward revision to travel services was almost entirely offset by upward revisions to transportation services and to commercial services.

## **Note to readers**

### **Adjustments to the methodological approach**

*Circumstances surrounding COVID-19 pose issues for the production of the monthly international trade in services statistics, particularly for travel services and transportation services.*

*Travel services and the passenger fares component of transportation services are estimated using tourist and traveller counts as indicators of monthly movement. These data are not available on a timely basis and are projected for the reference month before being replaced by the actual values in the following month. This approach worked in a typical month, but would not work in the current situation, where travel restrictions that reduce tourist and traveller numbers have been implemented very rapidly.*

*In order to better capture the effects of the COVID-19 pandemic, Statistics Canada is incorporating data from the Canada Border Services Agency's Primary Inspection Kiosks in the monthly international trade in services program. These are electronic customs declaration kiosks that are established in most major Canadian airports. While these data represent only a subset of total travellers, they provide relevant and timely insight.*

*Additionally, the methodology for the estimation of the monthly international trade in services statistics involves first projecting quarterly benchmark values and then dividing those quarterly values into monthly values using economic indicators. While the projected quarterly value was previously kept constant through the production of all three months of the quarter, with the current volatility, this particular element of the model was revisited and the benchmark values are being adjusted based on the most current data, as needed.*

### **Revisions**

*Due to the unprecedented circumstances related to the COVID-19 pandemic, larger than typical revisions may occur in subsequent months as additional, but less timely, indicator data are incorporated into the monthly services program.*

### **Methodology**

*Because several data sources used to compile the international trade in services program are only available on a quarterly or annual basis, the monthly statistics on Canada's international trade in services are generated using models when up-to-date information is not available. This follows the methodology used in many countries that produce monthly trade in services data.*

*In general, for most of the commercial services, travel, and some transport services, the modelling of monthly estimates follows a three-step approach. First, values for the upcoming quarter are estimated using statistical models (auto-regressive integrated moving average). Second, indicator series that proxy the monthly movement of trade in services are identified through relationships with other economic indicators, such as merchandise trade or gross domestic product by industry. Finally, a temporal disaggregation method (the Denton-Cholette method) is applied to distribute modelled quarterly services on a monthly basis, using the predicted values of monthly services generated in the second step. Adjustments are made each month as new information becomes available.*

*A more detailed description of estimation methodology for monthly trade in services is available upon request.*

**Table 1**  
**International trade in services – Seasonally adjusted**

	January 2020 <sup>r</sup>	February 2020 <sup>r</sup>	March 2020 <sup>r</sup>	April 2020 <sup>r</sup>	May 2020
millions of dollars					
<b>Total services, exports</b>	<b>11,009</b>	<b>11,127</b>	<b>10,207</b>	<b>8,094</b>	<b>7,886</b>
Commercial services	6,476	6,633	6,432	5,889	5,787
Travel services	2,854	2,825	2,309	1,073	1,049
Transportation services	1,543	1,532	1,330	995	912
Government services	137	136	136	137	138
<b>Total services, imports</b>	<b>13,245</b>	<b>12,842</b>	<b>10,881</b>	<b>7,817</b>	<b>7,771</b>
Commercial services	6,482	6,232	6,387	5,932	5,869
Travel services	4,020	3,947	2,139	238	298
Transportation services	2,629	2,550	2,244	1,536	1,495
Government services	114	113	112	111	109
<b>Total services, balances</b>	<b>-2,235</b>	<b>-1,716</b>	<b>-674</b>	<b>277</b>	<b>115</b>
Commercial services	-7	402	45	-43	-82
Travel services	-1,166	-1,122	171	835	751
Transportation services	-1,085	-1,018	-914	-541	-583
Government services	23	24	25	26	29

<sup>r</sup> revised

Source(s): Table [12-10-0144-01](#).

**Table 2**  
**International trade in goods and services – Seasonally adjusted**

	January 2020 <sup>r</sup>	February 2020 <sup>r</sup>	March 2020 <sup>r</sup>	April 2020 <sup>r</sup>	May 2020
millions of dollars					
<b>Exports</b>					
Goods	47,818	48,600	45,758	32,448	34,610
Services	11,009	11,127	10,207	8,094	7,886
Goods and services	58,827	59,727	55,965	40,542	42,496
<b>Imports</b>					
Goods	49,903	50,243	49,088	36,714	35,286
Services	13,245	12,842	10,881	7,817	7,771
Goods and services	63,148	63,085	59,969	44,531	43,057
<b>Balances</b>					
Goods	-2,085	-1,643	-3,330	-4,266	-677
Services	-2,235	-1,716	-674	277	115
Goods and services	-4,320	-3,359	-4,004	-3,989	-562

<sup>r</sup> revised

Source(s): Tables [12-10-0011-01](#) and [12-10-0144-01](#).

**Available tables: table [12-10-0144-01](#).**

**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, Japan, Belgium, Italy, the Netherlands and Spain.

The *Methodological Guide: Canadian System of Macroeconomic Accounts (13-607-X)* is available.

The *User Guide: Canadian System of Macroeconomic Accounts (13-606-G)* is also available. This publication will be updated to maintain its relevance.

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