

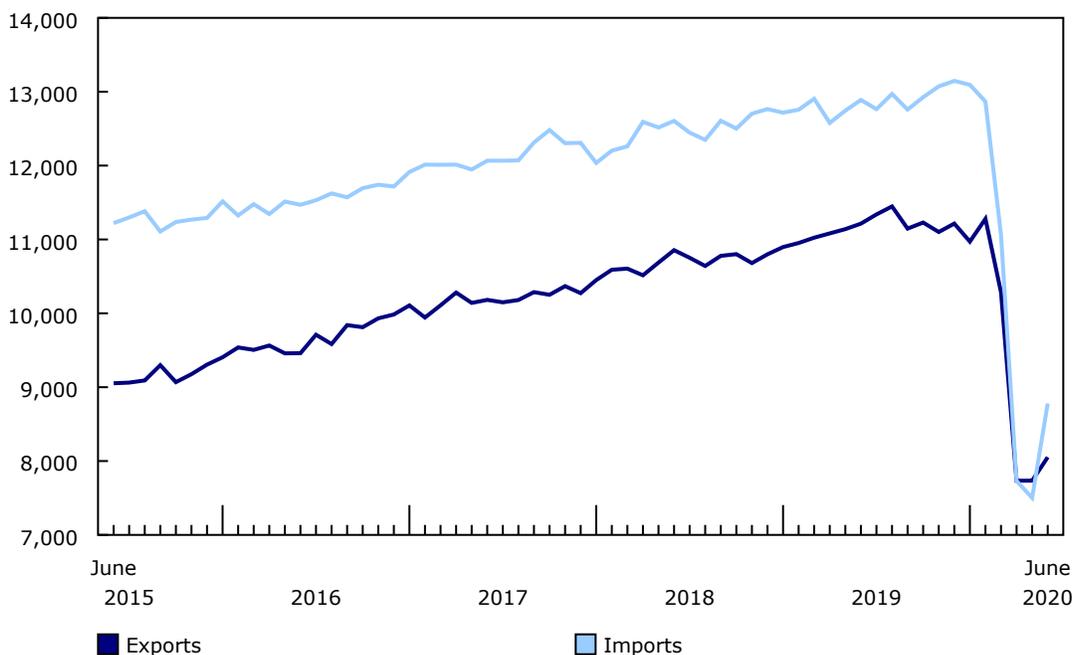
Canadian international trade in services, June 2020

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Canada's monthly international trade in services balance went from a surplus of \$232 million in May to a deficit of \$727 million in June. Overall, imports of services increased 17.0% to \$8.8 billion and exports rose 4.1% to \$8.1 billion, as Canada's international trade in services began to show signs of recovery following declines due to business closures and travel restrictions related to COVID-19.

Chart 1
International trade in services

millions of dollars



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

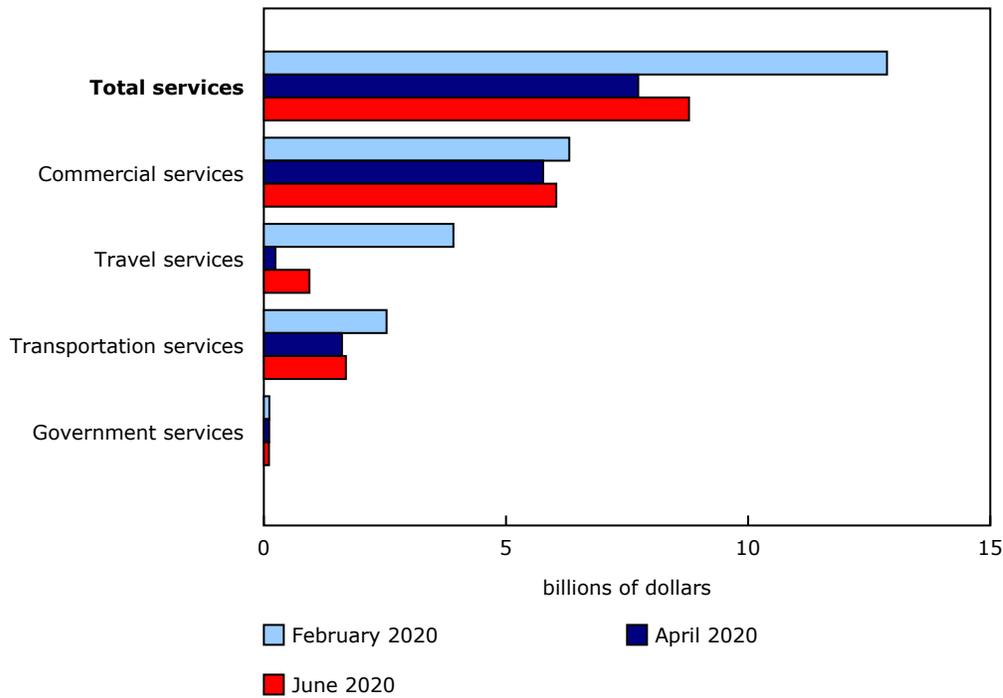
In June, imports of services increased at a faster rate than exports, largely due to higher imports of travel services. This is in contrast with what was observed during earlier stages of the COVID-19 pandemic, where imports of services declined at a quicker pace than exports.

Imports of travel services rose \$607 million to reach \$941 million in June. While travel services imports were up significantly, they were still 76.0% below their February 2020 level. In comparison, the value for May 2020 was 91.5% lower than the February 2020 value. Travel restrictions remained in place in many countries, and Canadians were still advised against any non-essential international travel in June.

Imports of commercial services increased 8.4% to \$6.0 billion in June, as COVID-19-related restrictions on businesses were relaxed in some parts of the world. Imports of transportation services were up 13.8% to reach \$1.7 billion in June, related to increased trade in goods activity as well as a modest increase in passenger fares.



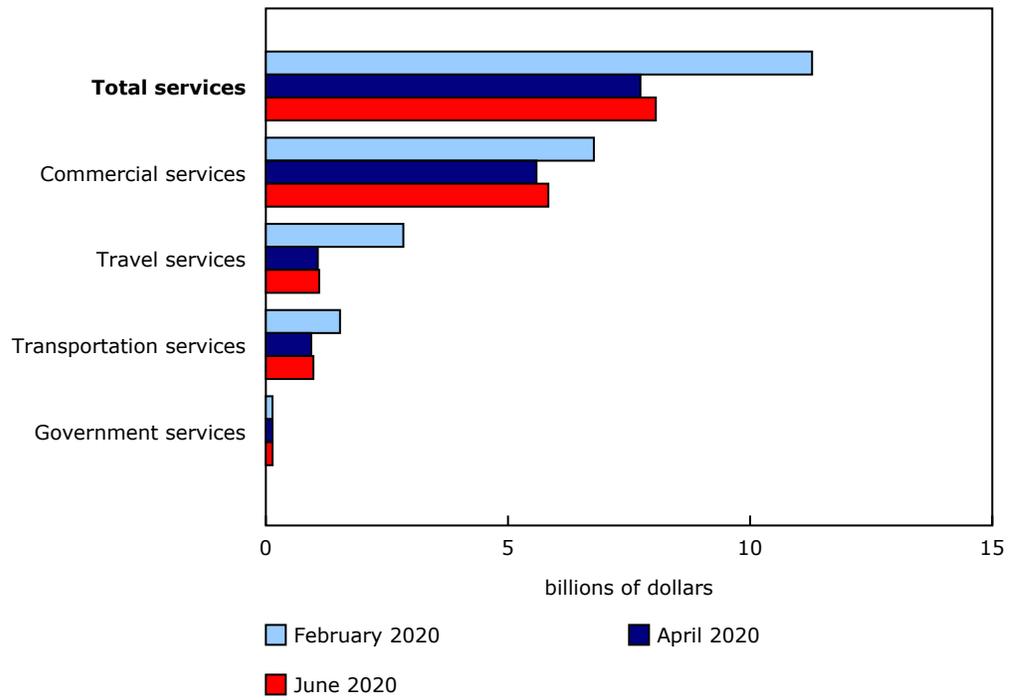
Chart 2
International trade in services, imports



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

Exports of commercial services increased 2.9% to \$5.8 billion in June as COVID-19-related restrictions on businesses also continued to be relaxed across Canada and more businesses were able to resume operations. While exports of commercial services increased for a second consecutive month, they were still 13.9% below their February 2020 level. Exports of travel services also increased, up 10.3% to \$1.1 billion.

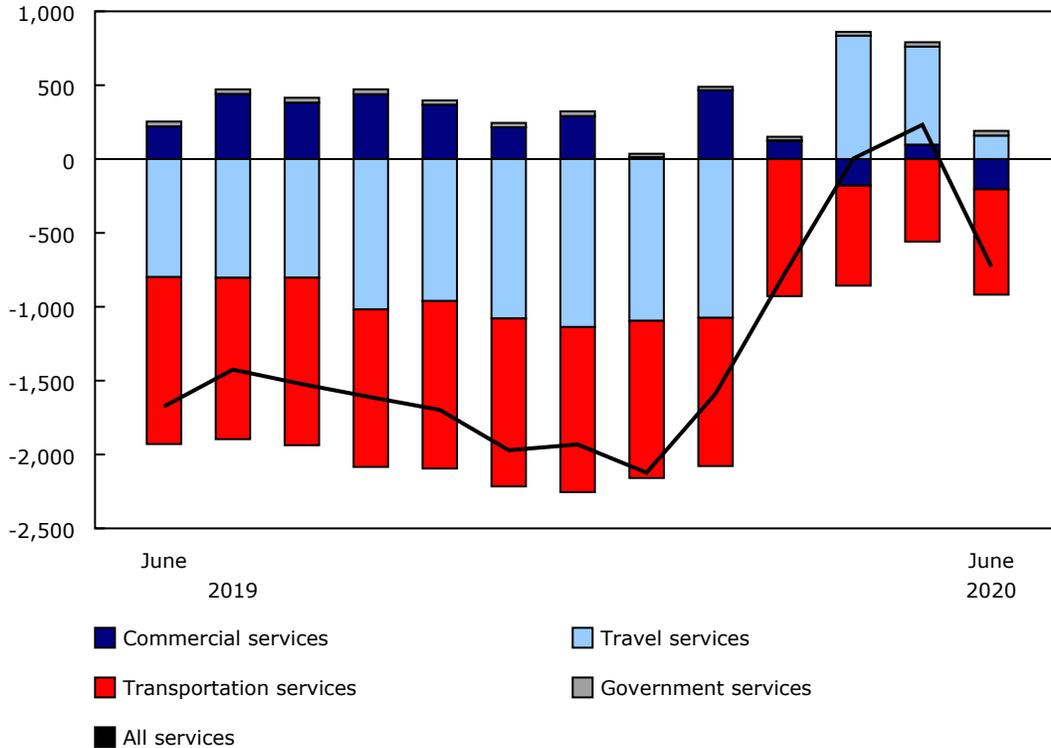
Chart 3
International trade in services, exports



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

Chart 4
International trade in services, balances

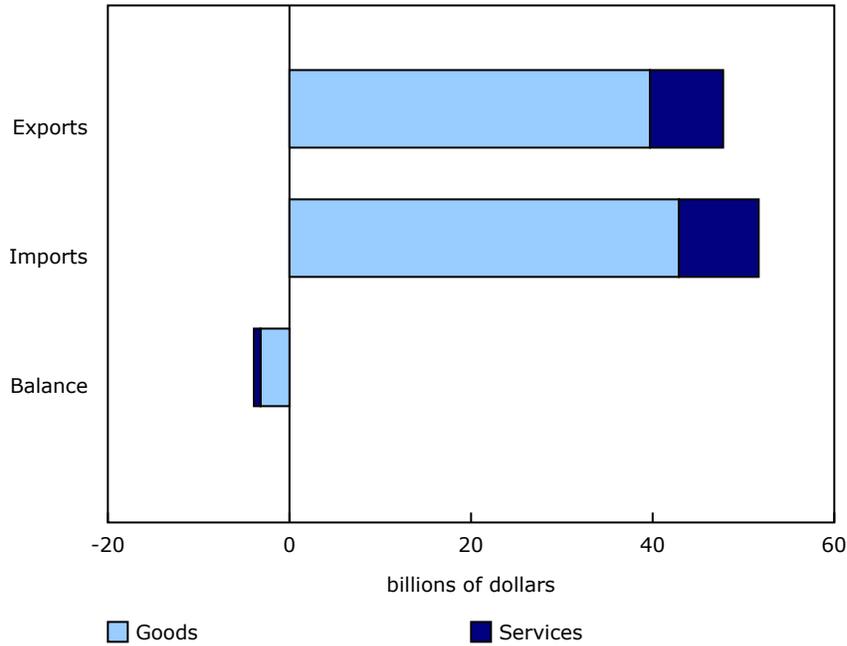
millions of dollars



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

In comparison, total imports of goods increased 21.8% to \$42.9 billion in June, while total exports of goods rose 17.1% to \$39.7 billion, resulting in a goods deficit of \$3.2 billion. When combined, the trade balance for goods and services amounted to a deficit of \$3.9 billion in June, an increase of \$2.8 billion from May.

Chart 5
International trade in goods and services, June 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 May first reported at \$115 million, was revised up by \$117 million with this month's release of June data. Imports of services for May were revised down by \$269 million, almost entirely on lower commercial services. Exports of services were also revised down, by \$152 million, on lower commercial services and travel 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.

Because of the unusually small values in travel services since April 2020, future revisions to seasonally adjusted data for the months of 2020 can be expected to be larger than usual. With uncertainty about how long the impacts of COVID-19 on world tourism activities will continue, the unadjusted (raw) travel data may provide more useful information for users on the short-term changes in international travel services data.

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

	February 2020 ^r	March 2020 ^r	April 2020 ^r	May 2020 ^r	June 2020
millions of dollars					
Total services, exports	11,279	10,284	7,734	7,734	8,052
Commercial services	6,773	6,532	5,588	5,669	5,833
Travel services	2,839	2,288	1,073	997	1,100
Transportation services	1,531	1,328	936	930	981
Government services	136	136	137	138	138
Total services, imports	12,867	11,061	7,730	7,502	8,779
Commercial services	6,307	6,410	5,768	5,571	6,038
Travel services	3,914	2,283	238	334	941
Transportation services	2,534	2,256	1,613	1,489	1,694
Government services	113	112	111	108	106
Total services, balances	-1,588	-777	4	232	-727
Commercial services	466	122	-180	98	-205
Travel services	-1,075	5	835	663	159
Transportation services	-1,003	-928	-677	-559	-713
Government services	23	24	26	30	32

^r revised

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

Table 2
International trade in goods and services – Seasonally adjusted

	February 2020 ^r	March 2020 ^r	April 2020 ^r	May 2020 ^r	June 2020
millions of dollars					
Exports					
Goods	48,356	44,350	32,086	33,897	39,707
Services	11,279	10,284	7,734	7,734	8,052
Goods and services	59,635	54,634	39,820	41,631	47,759
Imports					
Goods	50,053	48,924	36,939	35,226	42,896
Services	12,867	11,061	7,730	7,502	8,779
Goods and services	62,920	59,985	44,669	42,728	51,675
Balances					
Goods	-1,696	-4,574	-4,853	-1,328	-3,189
Services	-1,588	-777	4	232	-727
Goods and services	-3,284	-5,351	-4,849	-1,096	-3,916

^r 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.

For more information, contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca).

To enquire about the concepts, methods or data quality of this release, contact Alec Forbes (613-668-6454; alec.forbes@canada.ca), International Accounts and Trade Division.