

# Canada's international trade in services deficit continued to contract in 2019

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Canada's deficit on international transactions in services contracted by \$0.9 billion to reach \$21.5 billion in 2019. This was the fourth consecutive annual reduction of the services deficit. While the reductions in the previous years were mainly the result of lower travel deficits, the larger commercial services surplus was the main contributor in 2019.

Canada's exports of services totalled \$139.3 billion in 2019, a 3.9% increase from 2018. Imports amounted to \$160.8 billion, up 2.8% compared with 2018. Commercial services accounted for the largest share of exports and imports.

The surplus in commercial services increased \$1.2 billion to \$2.5 billion in 2019 as exports rose more than imports. On the exports side, maintenance and repair services, as well as audio-visual services recorded the largest gains. For imports, the largest increase was in architectural, engineering, and other technical services. While, in the case of imports, most of the categories were up in 2019, financial services declined \$0.6 billion.

In 2019, there was a slight deterioration in the travel services deficit, which increased by \$0.5 billion. After a small reduction in 2018, imports of travel services were up \$2.7 billion. On the exports side, higher expenses by foreign students in Canada accounted for the majority of the \$2.3 billion increase.

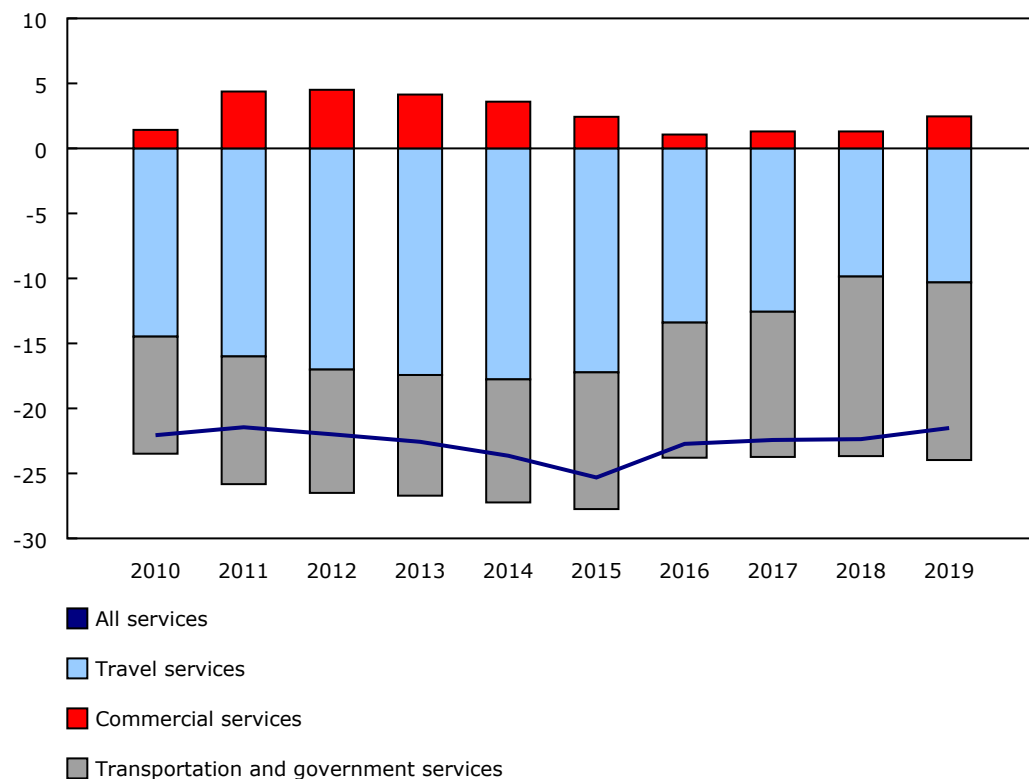
The transport deficit slightly improved during 2019 as exports and imports increased by almost the same amount. Helped by stronger transactions in passenger fares, both exports and imports of air transport recorded the largest gains.

These data will serve as a benchmark to better measure the impacts of the pandemic on international trade in services in the coming year. These impacts can already be followed on an aggregated basis in Canada's quarterly balance of international payments and Canada's monthly international trade in services.



## Chart 1 Services balances

billions of dollars



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

## United States and Central and East Asia countries dominate the growth of services trade in 2019

Exports of services to Central and East Asia recorded the largest increase in 2019, up \$1.9 billion from 2018. This progression reflected higher expenses by foreign students from India and China. Meanwhile, exports of services to the United States increased by \$1.4 billion, driven mainly by the growth in commercial services exports.

Imports of services from United States were up \$2.6 billion in 2019, split evenly between higher commercial services and travel transactions. Imports of services from Central and East Asia rose \$1.3 billion on higher travel imports.

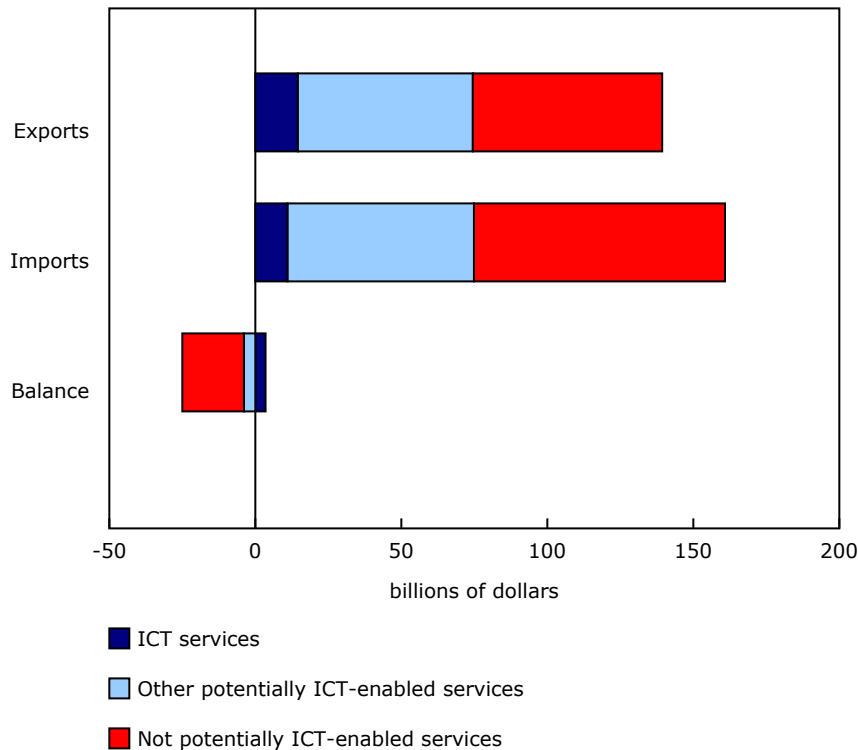
The United States remained the largest trading partner for Canada in 2019 and accounted for slightly more than half of the total service exports and imports. China was second with 6% of the total service exports, followed by the United Kingdom with 5%. For imports, the second largest trading partner, after the United States, was the United Kingdom with 5% of all imports.

## Approximately 1 in 10 of the services exported are information and communication technology services

In 2019, Canada's exports of information and communication technology (ICT) services were \$14.6 billion, representing approximately 10% of total exports of services. About two-thirds of these were exported to the United States and one-fifth to European Union countries. Imports of ICT services totalled \$11.1 billion in 2019. Slightly more than half of these imports were from the United States and close to 30% were from the European Union countries.

ICT services include telecommunication services, computer services, and charges for the use of intellectual property related to computer software. While ICT services capture the value of services categories that enable or fulfill the transmission of digital information, a wider definition allows for 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.

**Chart 2**  
Trade in information and communication technology (ICT) services, other potentially ICT-enabled services and not potentially ICT-enabled services, 2019



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

On a country basis, ICT services were the most exported to the United States, France, the United Kingdom and Ireland in 2019. For imports, the largest trade partners were the United States, Ireland and India.

For 2018, the most recent year for which details on the trade by affiliation are available, 44% of the ICT services exports and 51% of the ICT services imports were traded between affiliated parties. These proportions were larger for trade with European Union countries, notably because of France and Ireland on the export side, and Ireland and Germany on the import side.

### 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 2019 reference year are preliminary and were derived from a combination of the latest 2018 benchmark surveys and 2019 quarterly surveys.

### Commercial services by category and by selected country

With this release, transactions by principal category of commercial services are now available for 75 countries, compared with 41 previously, from 2010 onward. For more information, please consult the new table 12-10-0145-01.

### Trade in commercial services by enterprise characteristics

Statistics on trade in commercial services by enterprise characteristics, which breaks down traditional services trade statistics by enterprise size class and enterprise industry, will be published later this year.

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

	2013	2014	2015	2016	2017	2018	2019
	millions of dollars						
<b>All services</b>	<b>-22,570</b>	<b>-23,641</b>	<b>-25,315</b>	<b>-22,728</b>	<b>-22,429</b>	<b>-22,365</b>	<b>-21,510</b>
Travel services	-17,430	-17,768	-17,228	-13,399	-12,565	-9,858	-10,310
Commercial services	4,142	3,594	2,430	1,067	1,304	1,304	2,462
Transportation services	-9,617	-9,877	-10,811	-10,701	-11,556	-13,944	-13,837
Government services	335	410	294	305	388	133	175

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**

	2013	2014	2015	2016	2017	2018	2019
	millions of dollars						
<b>All regions</b>	<b>-22,570</b>	<b>-23,641</b>	<b>-25,315</b>	<b>-22,728</b>	<b>-22,429</b>	<b>-22,365</b>	<b>-21,510</b>
United States	-15,851	-14,958	-13,861	-12,030	-11,498	-11,134	-12,387
Europe	-3,038	-4,748	-6,599	-6,149	-8,598	-7,111	-6,802
Central and East Asia	-1,407	-1,637	-1,808	-643	376	71	691
All other regions	-2,274	-2,298	-3,047	-3,906	-2,709	-4,191	-3,012

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

**Available tables:** [12-10-0141-01](#), [12-10-0145-01](#) and [36-10-0004-01](#) to [36-10-0007-01](#) .

**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.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; [STATCAN.infostats-infostats.STATCAN@canada.ca](mailto:STATCAN.infostats-infostats.STATCAN@canada.ca)) or Media Relations (613-951-4636 [STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca](mailto:STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca)).