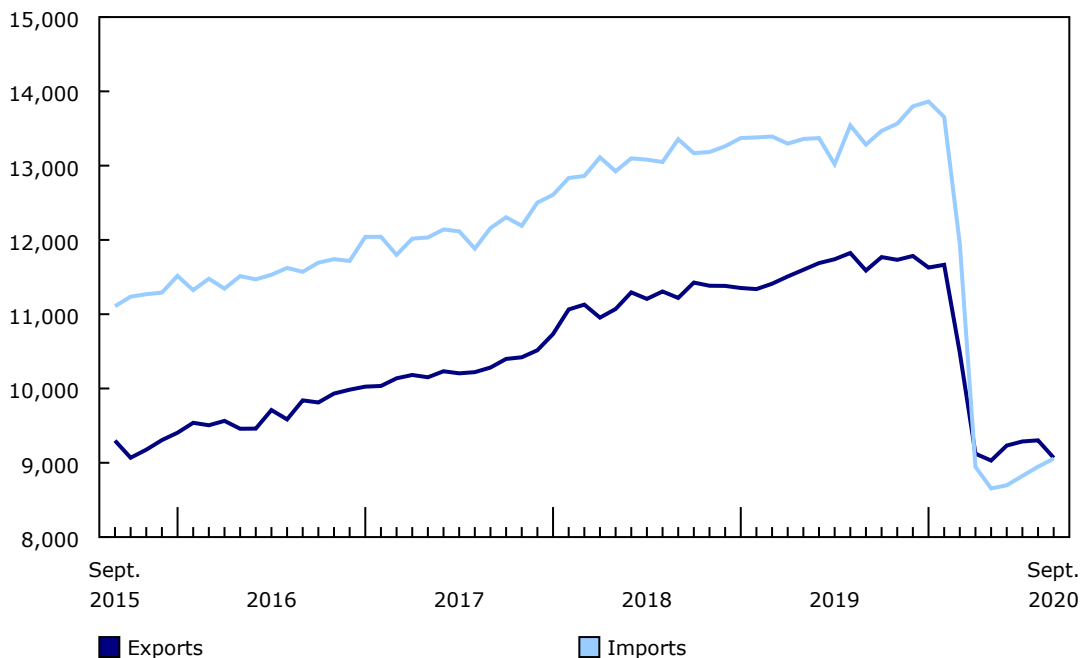# Canadian international trade in services, September 2020

Released at 8:30 a.m. Eastern time in The Daily, Wednesday, November 4, 2020

Canada's monthly international trade in services surplus declined from $355 million in August to $11 million in September. Overall, exports of services declined 2.5% to $9.1 billion, while imports increased 1.2% to $9.1 billion.

Chart 1
International trade in services

millions of dollars

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

Exports of travel services fell 15.6% to $834 million in September, mainly on lower exports of education-related travel services. The estimated decline in education-related travel services is, in part, based on Immigration, Refugees, and Citizenship Canada data. The number of new international student permits that became effective in July and August 2020 was down more than 60% compared with the same period in 2019. This result suggests that there will likely be a lower number of international students studying in Canada in the fall 2020 semester compared with the same period in 2019. Additional information on the potential impacts of COVID-19 on international students studying in Canada can be found in Statistics Canada's recent release: "Financial information of universities for the 2018/2019 school year and projected impact of COVID–19 for 2020/2021." Exports of commercial services declined in September, down 1.1% to $7.0 billion.
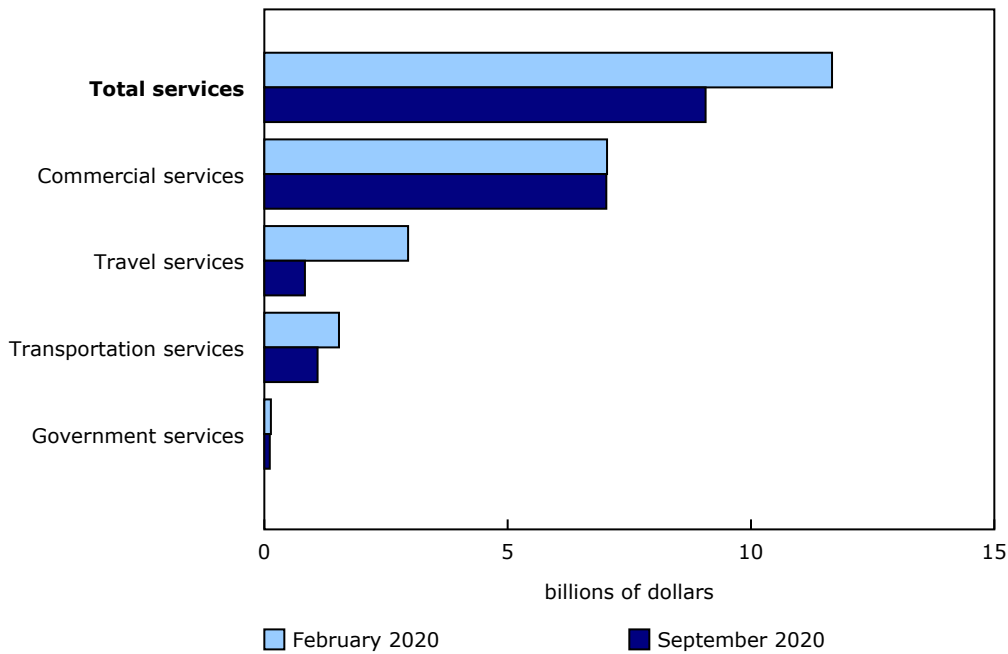
Chart 2
International trade in services, exports

billions of dollars

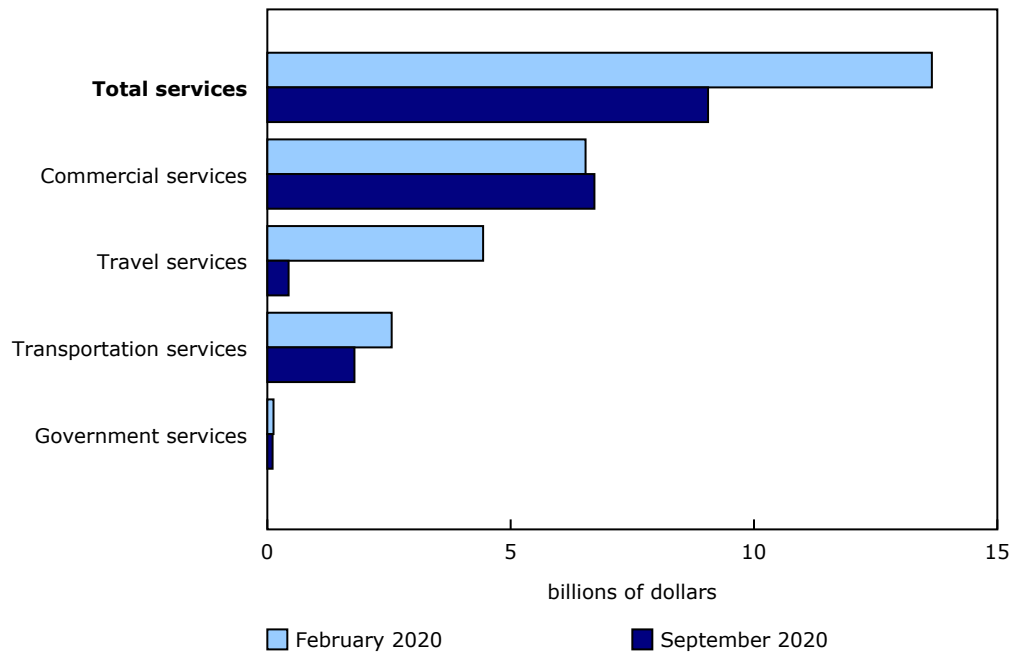☐ February 2020   ■ September 2020

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

Imports of transportation services increased 5.9% to $1.8 billion in September, mainly due to higher payments related to the marine shipment of goods. In September, the passenger fares component of transportation services imports was 86.7% below its February level, while the non-passenger fares component has almost completely recovered to its pre-pandemic level, at 0.8% below its February level.
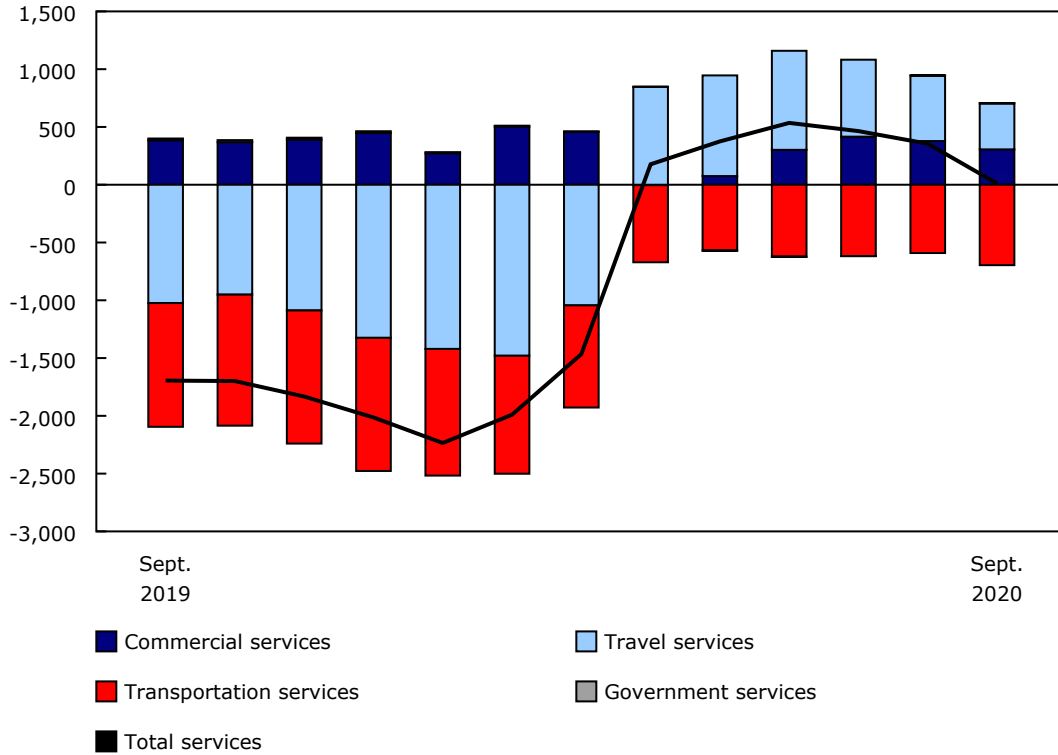
Chart 3
International trade in services, imports

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

Chart 4
International trade in services, balances

millions of dollars

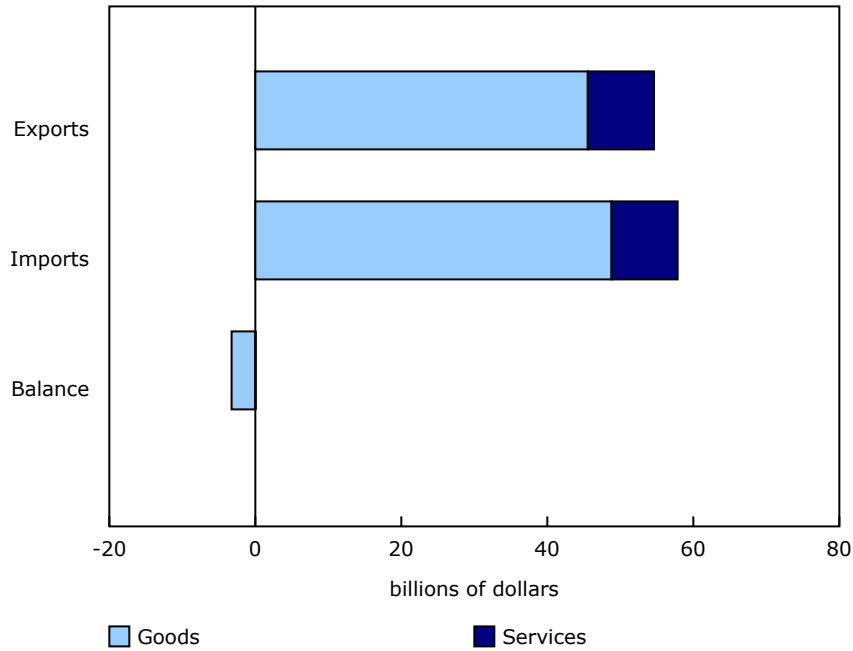**Note(s):** Data are seasonally adjusted.
Source(s): Table 12-10-0144-01.

In comparison, total imports of goods increased 1.5% to $48.8 billion in September and total exports of goods were up 1.5% to $45.5 billion, resulting in a goods deficit of $3.3 billion. When combined, the trade balance for goods and services amounted to a deficit of $3.2 billion in September—an increase of $385 million from August.

Chart 5
International trade in goods and services, September 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 August, first reported at $168 million, was revised up by $187 million to $355 million with this month's release. Exports of services for August were revised up by $479 million, almost entirely on upward revisions to commercial services. Partially offsetting the overall upward revision, exports of travel services were revised down by $121 million. Imports of services were revised up by $292 million, almost entirely because of an upward revision to commercial services. The larger than typical revisions to commercial services are primarily due to revisions made to harmonize data for 2020 with new annual benchmark survey data for 2019.

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 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 works in a typical month but does not work in the current situation, in which travel restrictions to reduce tourist and traveller numbers have been implemented very rapidly.

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 into its monthly international trade in services program. These are electronic customs declaration kiosks that have been installed in most major Canadian airports. While these data represent only a subset of total travellers, they provide relevant and timely insights.

In addition, the methodology used to estimate the monthly international trade in services statistics involves first projecting quarterly benchmark values, then dividing these quarterly values into monthly values using economic indicators. While the projected quarterly value was previously kept constant throughout the production process for all three months of the quarter, with the current volatility, this particular element of the model was revised and the benchmark values are being adjusted based on the most current data, as needed.

Revisions

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

This release integrates revisions to international commercial, travel, transportation, and government services from 2017, reflecting the newest annual benchmark surveys and data published in Statistics Canada's recent annual release of international trade in services for 2019. These revisions will also be integrated into Canada's national and international accounts at the end of November 2020.

Methodology

Because several data sources used to compile the international trade in services program are available only 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 commercial and travel services, as well as some transportation 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. Third, 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.

Table 1
International trade in services – Seasonally adjusted

	May 2020[r]	June 2020[r]	July 2020[r]	August 2020[r]	September 2020
	millions of dollars				
Total services, exports	**9,030**	**9,232**	**9,287**	**9,302**	**9,067**
Commercial services	6,800	6,907	7,032	7,105	7,027
Travel services	1,186	1,219	1,049	988	834
Transportation services	930	996	1,097	1,100	1,094
Government services	114	110	109	109	112
Total services, imports	**8,655**	**8,697**	**8,823**	**8,947**	**9,056**
Commercial services	6,725	6,605	6,616	6,727	6,721
Travel services	315	362	383	421	437
Transportation services	1,499	1,618	1,714	1,691	1,790
Government services	116	112	110	108	108
Total services, balances	**375**	**535**	**464**	**355**	**11**
Commercial services	75	302	416	378	306
Travel services	871	857	666	567	397
Transportation services	-569	-622	-617	-591	-696
Government services	-2	-2	-1	1	4

[r] revised
Source(s): Table **12-10-0144-01**.

Table 2
International trade in goods and services – Seasonally adjusted

	May 2020[r]	June 2020[r]	July 2020[r]	August 2020[r]	September 2020
	millions of dollars				
Exports					
Goods	34,099	41,167	45,676	44,864	45,541
Services	9,030	9,232	9,287	9,302	9,067
Goods and services	43,129	50,399	54,963	54,166	54,608
Imports					
Goods	35,460	42,580	47,947	48,075	48,794
Services	8,655	8,697	8,823	8,947	9,056
Goods and services	44,115	51,277	56,770	57,022	57,850
Balances					
Goods	-1,361	-1,413	-2,271	-3,211	-3,252
Services	375	535	464	355	11
Goods and services	-986	-878	-1,807	-2,856	-3,241

[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.