

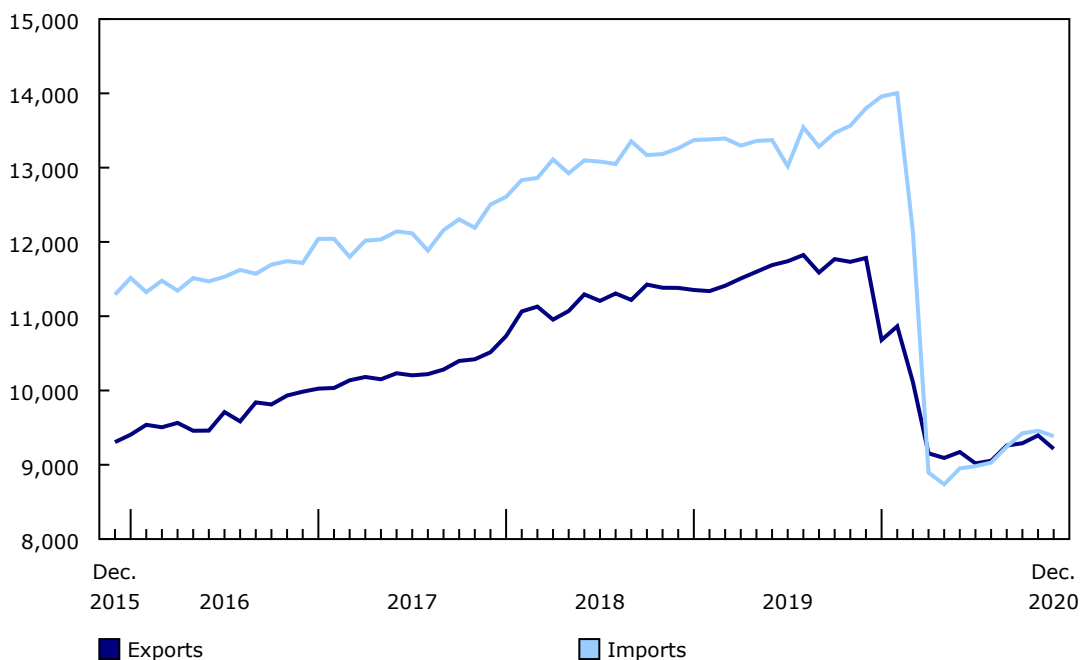
Canadian international trade in services, December 2020

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Canada's monthly international trade in services deficit widened from \$63 million in November to \$170 million in December. Overall, exports of services declined 1.9% to \$9.2 billion, and imports were down 0.8% to \$9.4 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 commercial services fell 2.6% to \$7.0 billion in December, and imports were down 1.3% to \$6.9 billion. A resurgence of COVID-19 cases in Canada and elsewhere in the world resulted in renewed restrictions on economic activity in December.

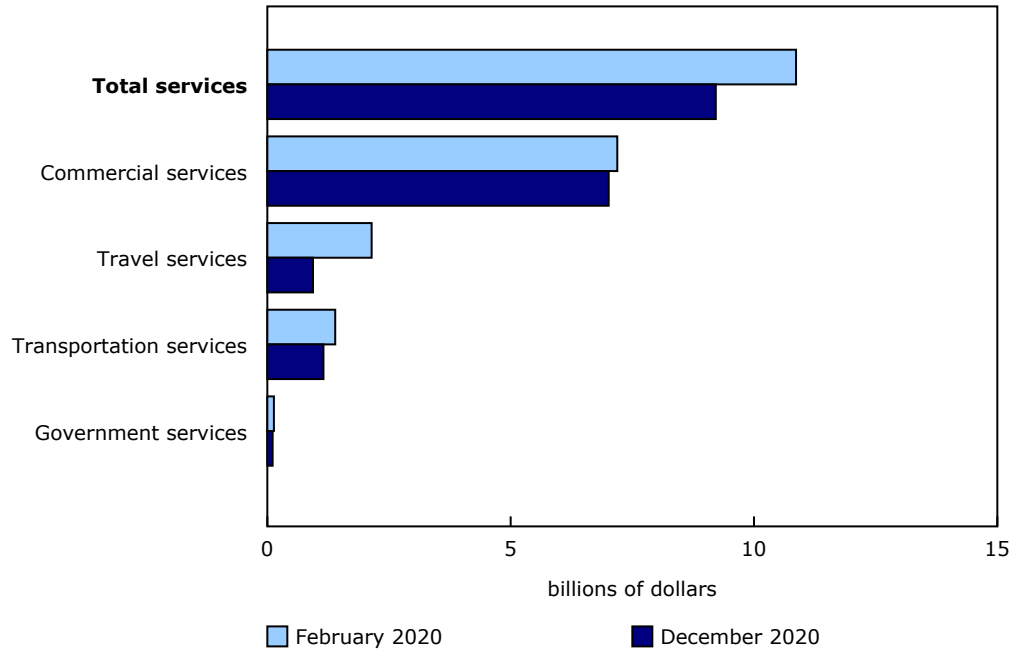
Imports of travel services rose 9.1% to \$553 million in December, due largely to more Canadians returning from non-US destinations. Exports of travel services rose 0.9% to \$938 million. Despite these increases, imports (88.4%) and exports (56.2%) of travel services remained well below their February levels.



Statistics Canada
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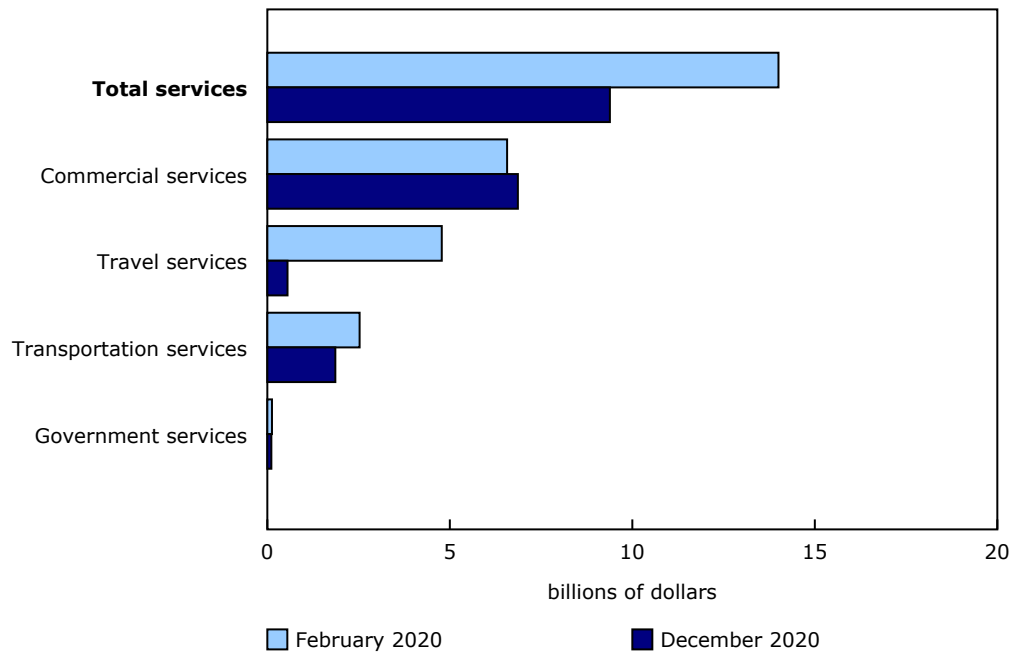
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Chart 2
International trade in services, exports



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

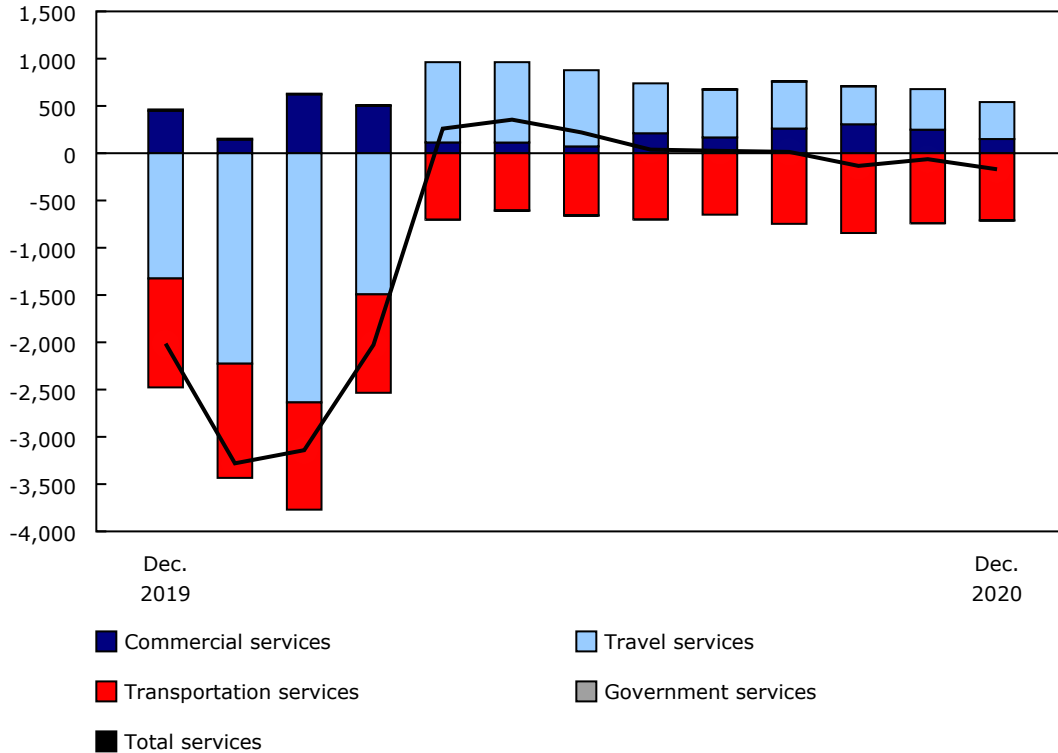
Chart 3
International trade in services, imports



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

Chart 4
International trade in services, balances

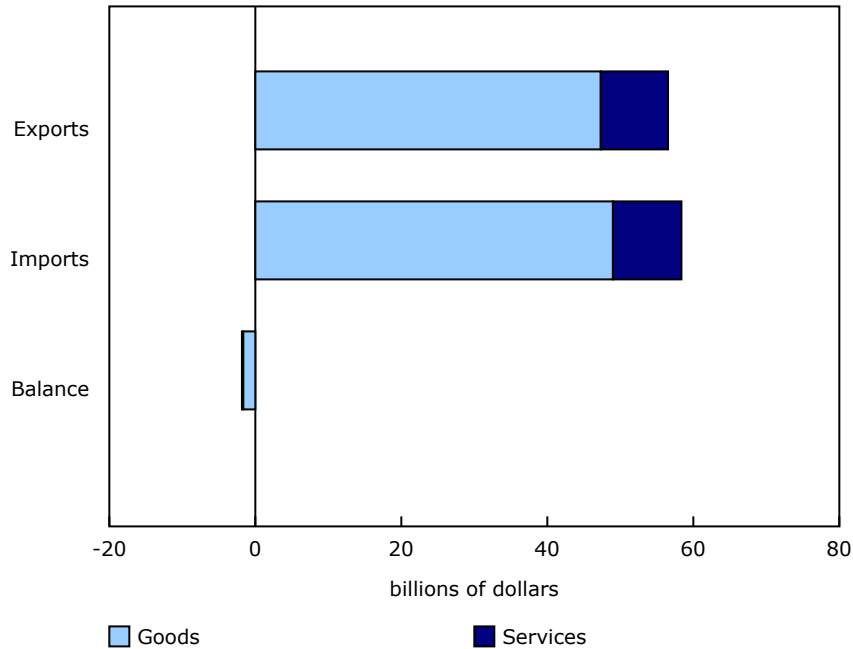
millions of dollars



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

In comparison, total imports of goods declined 2.3% to \$49.0 billion in December, while total exports increased 1.5% to \$47.3 billion, resulting in a goods deficit of \$1.7 billion. Combined, the trade balance for goods and services amounted to a \$1.8 billion deficit in December—down \$1.8 billion from November.

Chart 5
International trade in goods and services, December 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](#).

On an annual basis, exports of services declined 18.0% to \$114.3 billion in 2020, the lowest level since 2015. Imports fell 24.0% to \$122.2 billion, the lowest level since 2013. As a result, Canada's international trade in services deficit narrowed significantly from \$21.5 billion in 2019 to \$7.9 billion in 2020. The declines for both imports and exports were largely the result of declines in travel services, and, to a lesser extent, the passenger fares component of transportation services, amid travel restrictions and border closures related to COVID-19 in place for most of the year. In comparison, during the economic downturn of 2008-2009, Canada's international trade in services declined 2.2% for exports and 0.3% for imports from 2008 to 2009.

The services trade balance for November, first reported as a surplus of \$119 million, was revised down by \$182 million with this month's release to a deficit of \$63 million. Imports of services for November were revised up by \$133 million, on upward revisions to commercial and transportation services. Exports of services were revised down by \$48 million, on downward revisions to travel and transportation services.

Note to readers

Revisions

In light of travel restrictions and border closures related to COVID-19, atypical values for travel services not related to education and for the passenger fares component of transportation services were reported for most of 2020.

To publish consistent estimates of seasonally adjusted values, seasonal factors from 2019 were applied to the unadjusted data for 2020. While using 2019 factors allowed for a certain amount of coherence and consistency in the seasonally adjusted estimates, it resulted in a larger than usual discrepancy between the annual seasonally adjusted series and the unadjusted series that must be reconciled at the end of the year, as is common practice.

As a result, significant revisions to the seasonally adjusted data were introduced with this month's release, in particular to exports for the first months of the year. These revisions have created a substantial decrease in exports from December 2019 to January 2020. Data for 2019 will be open for revisions in the fall of 2021, and seasonal adjustment models may be revised at that time.

Under more typical seasonal patterns, this decline would not have been as large. Users are advised to use caution when analyzing month-over-month movements for seasonally adjusted exports for the two series, especially during this period, and may wish to include unadjusted data their analysis.

Adjustments to the methodological approach

Circumstances surrounding COVID-19 pose issues for the production of 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 the following month with the actual values. 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 were implemented very quickly.

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.

Methodology

Because several data sources used to compile the data from 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, 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 act as a proxy for 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

	August 2020 ^r	September 2020 ^r	October 2020 ^r	November 2020 ^r	December 2020
millions of dollars					
Total services, exports	9,054	9,259	9,290	9,395	9,215
Commercial services	6,935	7,097	7,145	7,202	7,014
Travel services	941	949	888	930	938
Transportation services	1,069	1,104	1,148	1,153	1,153
Government services	109	109	110	110	109
Total services, imports	9,029	9,245	9,424	9,457	9,385
Commercial services	6,768	6,836	6,838	6,953	6,864
Travel services	434	451	491	507	553
Transportation services	1,719	1,851	1,991	1,894	1,863
Government services	108	108	109	110	110
Total services, balances	25	14	-134	-63	-170
Commercial services	167	261	306	249	150
Travel services	507	498	402	429	391
Transportation services	-650	-747	-844	-741	-710
Government services	1	1	1	0	-2

^r revised

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

Table 2
International trade in goods and services – Seasonally adjusted

	August 2020 ^r	September 2020 ^r	October 2020 ^r	November 2020 ^r	December 2020
millions of dollars					
Exports					
Goods	45,229	45,688	46,614	46,601	47,318
Services	9,054	9,259	9,290	9,395	9,215
Goods and services	54,283	54,947	55,904	55,996	56,533
Imports					
Goods	48,502	49,613	50,544	50,160	48,983
Services	9,029	9,245	9,424	9,457	9,385
Goods and services	57,531	58,858	59,968	59,617	58,368
Balances					
Goods	-3,272	-3,925	-3,930	-3,560	-1,665
Services	25	14	-134	-63	-170
Goods and services	-3,247	-3,911	-4,064	-3,623	-1,835

^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. It illustrates the nature and extent of Canada's economic and financial relationship with the world using interactive charts 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.