

# Annual international trade in services, 2020

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Canada's deficit on international transactions in services contracted significantly to \$5.5 billion in 2020, from a deficit of \$18.0 billion in 2019. This was the lowest trade in services deficit since 2005.

Canada's exports of services totalled \$125.8 billion in 2020, a 15.9% decline from 2019. Meanwhile, imports amounted to \$131.3 billion, down 21.6% compared with 2019. The impact of the COVID-19 pandemic on global tourism activities has been the major factor in these unprecedented downward movements in overall international trade in services.

## Travel and transportation services are heavily impacted by the pandemic

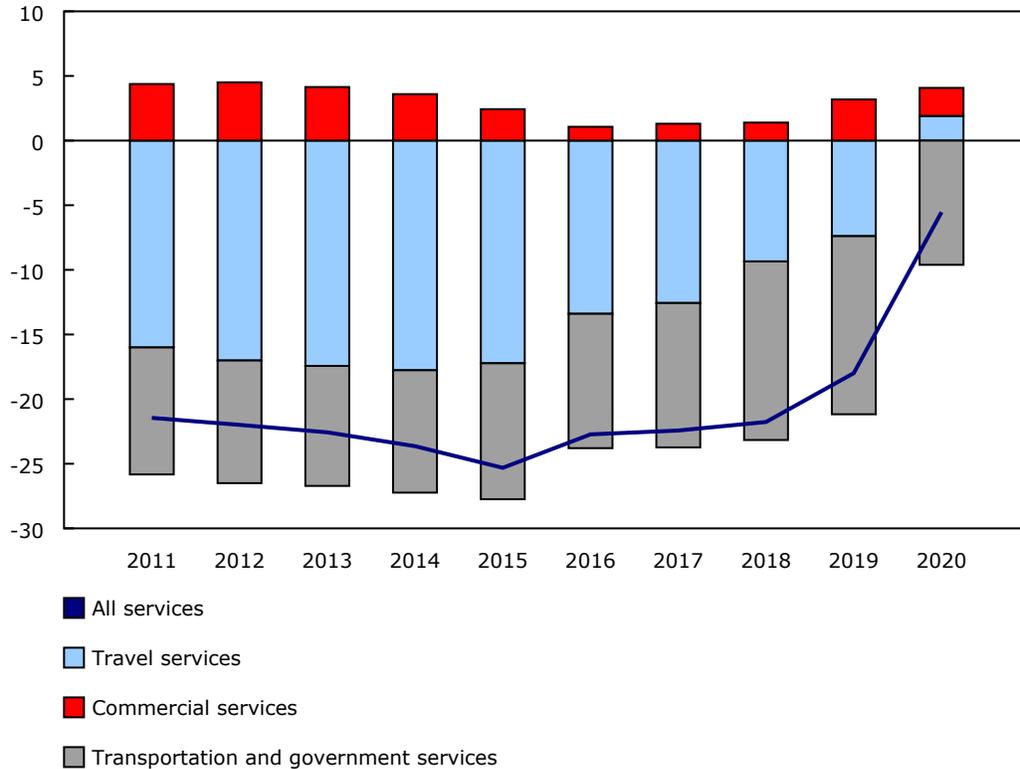
Travel services balance, traditionally in a deficit position, went from a \$7.4 billion deficit in 2019 to an unusual \$1.9 billion surplus in 2020. Exports dropped by \$21.4 billion to \$18.1 billion in 2020. The relative strength of expenses by foreign students in Canada moderated the overall export losses. In the meantime, imports fell sharply by \$30.7 billion to \$16.2 billion. Due to global travel restrictions put in place in 2020, the number of international travellers entering or returning to Canada dropped considerably compared with 2019.

Transport activities were also affected by the pandemic in 2020. The transport services' deficit narrowed by \$4.5 billion to \$9.6 billion. The passenger fares component of transport services accounted for most of this change, with imports and exports declining by \$7.9 billion and \$4.0 billion respectively. Transport services related to the movement of merchandise were also down, but to a much lesser extent as international merchandise trade recovered in the second half of 2020.



**Chart 1  
Services balances**

billions of dollars



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

### Trade in commercial services is up

In contrast to travel and transportation services, commercial service imports and exports were up in 2020, with imports rising by more than exports. As a result, the commercial service surplus decreased by \$1.0 billion to \$2.2 billion in 2020. Commercial services are, in general, more likely to be delivered and consumed remotely compared with the other types of services, which often require a physical presence.

On the imports side, the largest increases were in financial services and charges for the use of intellectual property. For exports, financial services and management services recorded the biggest gains. Exports of personal services were also up significantly in 2020, mostly reflecting tuition fees paid by foreign students who studied online from their home country. The growth in financial services, both imports and exports, was led by higher commissions on securities traded on the strength of financial markets.

### Trade in services is down in almost every region in 2020

On a geographical basis, exports and imports of services were down in almost every region in 2020, largely due to lower global travel activities.

Total exports and imports of services with the United States were down by 14.2% and 20.7% respectively. Trade in services with European countries also contracted, down 18.4% for exports and 19.6% for imports. Trade with Central and East Asian countries decreased 20.7% for exports and 22.4% for imports. All these reductions were largely the result of a significant slowdown in travel services.

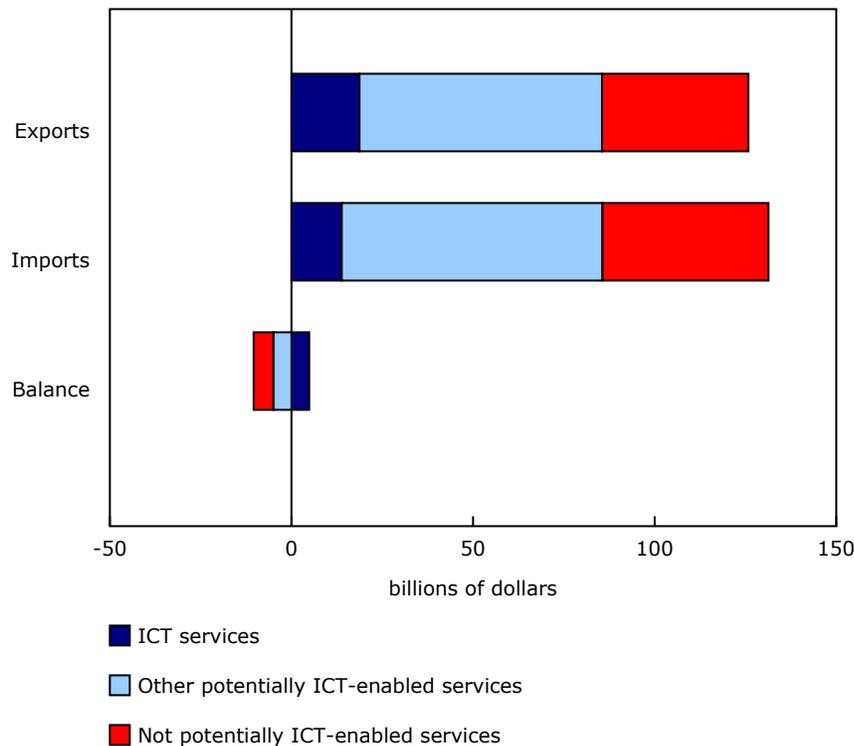
The United States remained Canada's largest trading partner in 2020, accounting for slightly more than half of total exports and total imports of services. In comparison, the United States accounted for a larger share of Canada's goods exports (71.8%) and imports (62.2%).

### Exports of information and communication technology services edge up

In 2020, Canada's exports of information and communication technology (ICT) services were up \$0.2 billion to \$18.7 billion, representing 14.9% of total exports of services. About two-thirds were exported to the United States and one-fifth to European Union countries, particularly France, Germany, United Kingdom, and Ireland. Imports of ICT services totalled \$13.9 billion in 2020, up \$0.5 billion from 2019. Slightly more than half of these imports were from the United States and close to 30% were from European Union countries, with Ireland being the largest partner.

#### Chart 2

Trade in information and communication technology (ICT) services, other potentially ICT-enabled services and not potentially ICT-enabled services, 2020



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

### 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.

### Revisions and coverage

The results for the 2020 reference year are preliminary and were derived from a combination of the latest 2019 benchmark surveys and 2020 quarterly surveys.

The education-related travel estimates for expenses by foreign students in Canada have been revised upward due to updates to enrollment statistics and average spending estimates. Enhancements to the methodology to convert the enrolment data, usually available on a school-year basis, into calendar-year values were introduced.

Coverage of enterprises in the digital economy was enhanced, as was coverage of imports of digital products and services, such as digitally downloaded software and online gaming, both included in computer services, and video and audio streaming, which are covered in audio-visual services.

### Information and communication technology services

Information and communication technology (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 makes it possible to examine other possible digital services categories (including ICT services).

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

	2014	2015	2016	2017	2018	2019	2020
	millions of dollars						
<b>All services</b>	<b>-23,641</b>	<b>-25,315</b>	<b>-22,728</b>	<b>-22,429</b>	<b>-21,769</b>	<b>-17,989</b>	<b>-5,536</b>
Travel services	-17,768	-17,228	-13,399	-12,565	-9,349	-7,394	1,911
Commercial services	3,594	2,430	1,067	1,304	1,394	3,184	2,165
Transportation services	-9,877	-10,811	-10,701	-11,556	-13,951	-14,034	-9,576
Government services	410	294	305	388	137	255	-36

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**

	2014	2015	2016	2017	2018	2019	2020
	millions of dollars						
<b>All regions</b>	<b>-23,641</b>	<b>-25,315</b>	<b>-22,728</b>	<b>-22,429</b>	<b>-21,769</b>	<b>-17,989</b>	<b>-5,536</b>
United States	-14,958	-13,861	-12,030	-11,498	-11,799	-11,729	-4,156
Europe	-4,748	-6,599	-6,149	-8,598	-6,887	-6,957	-5,249
Central and East Asia	-1,637	-1,808	-643	376	456	2,542	2,383
All other regions	-2,298	-3,047	-3,906	-2,709	-3,539	-1,845	1,486

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. 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.

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