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Canada's Services Trade with the World: 2011

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Canada's Services Trade with the World: 2011
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International Comparison

Services trade is a significant and growing component of global economic activity. In 2011, the value of Canada's services trade with the world totalled \$174.3 billion, comprised of \$74.8 billion in Canada's services exports to, and \$99.5 billion in services imports from, the world.

The value of Canada's global services trade has grown in recent years, following a decline from 2008 to 2009 associated with the global financial and economic crisis. In 2011, the value of this trade was 5.4% higher than the 2010 value of \$165.3 billion. From 2010 to 2011, the value of Canada's services exports to, and imports from, the world grew by 5.0% and 5.8% respectively, surpassing their 2008 levels.

Canada's share of the value of global services trade has declined in recent years. In 2011, the value of Canada's services exports and imports accounted for 1.8% and 2.5% of the value of global services exports and imports respectively, lower than the 2006 shares of 2.1% and 2.7% respectively.

Using the measure of services exports as a proportion of gross domestic product (GDP), Canada's economy was less services trade-oriented than the global economy in 2011. In that year, the value of Canada's services exports as a proportion of the country's GDP was 4.4%, while the value of global services exports as a proportion of the world's GDP was 6.1%. In 2006, these proportions were 4.7% and 5.9% respectively.

The value of Canada's services imports as a proportion of the country's GDP, at 5.8% in 2011, was virtually identical to the value of global services imports as a proportion of the world's GDP, at 5.7%. In 2006, these proportions were slightly lower, at 5.7% and 5.6% respectively.

Figure 1

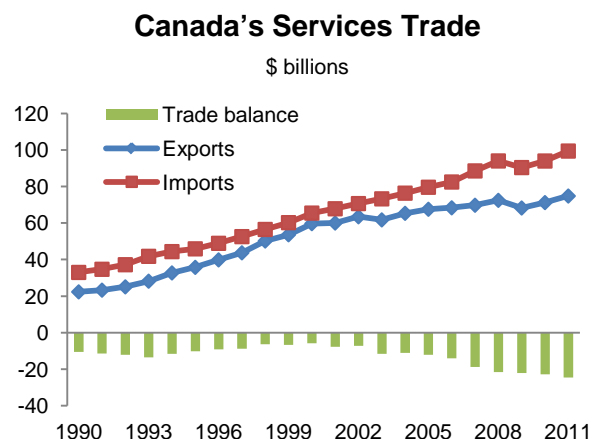


Figure 2

Canada's Share of Global Services Exports and Imports

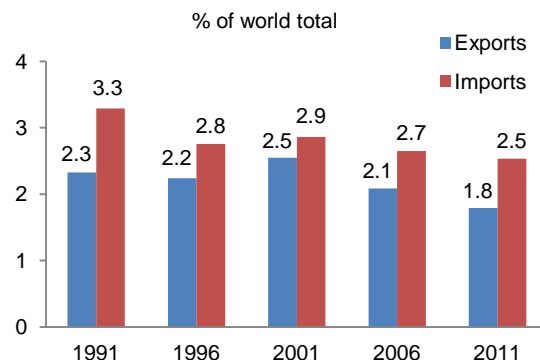
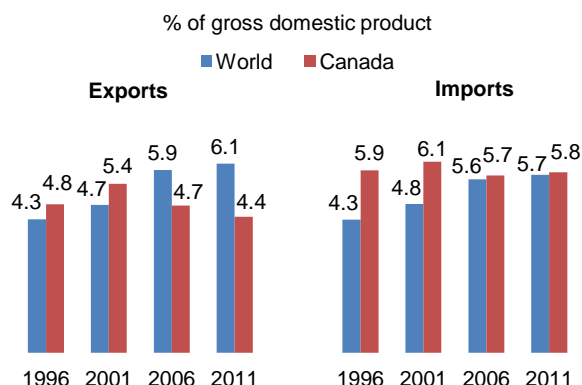


Figure 3

Services Trade



The authors prepared all figures, except figures 2 and 3, using Statistics Canada annual figures as of spring 2012. Figure 2 was prepared using data from the World Trade Organization (WTO); Figure 3 was prepared using data from the International Monetary Fund and the WTO. All services trade data are balance of payments-based.

Sources and Destinations

The United States continues to be Canada's largest services trading partner. In 2011, Canada's services exports to, and imports from, the United States were valued at \$39.6 billion and \$56.7 billion respectively.

In 2011, the value of Canada's services exports to the United States accounted for 52.9% of the value of Canada's total services exports, a slight decrease from 53.8% in 2006. The value of Canada's services imports from the country represented 57.0% of the value of Canada's total services imports in 2011, a slight increase from 56.6% in 2006. The value of Canada's services exports to, and imports from, the United States grew at average annual rates of 1.5% and 3.9% respectively over the 2006 to 2011 period.

The European Union (EU) continued to be Canada's second largest services trading partner in 2011. In that year, Canada's services exports to, and imports from, the EU were valued at \$12.9 billion and \$15.3 billion respectively, accounting for 17.3% and 15.4% of the value of Canada's total services exports and imports respectively. Over the 2006 to 2011 period, the value of Canada's services exports to the EU declined at an average annual rate of 0.2%, while the value of Canada's services imports from the region grew at an average annual rate of 1.2%.

At this time, complete country-specific services trade data are only available to 2009. In addition to the United States and the EU, Canada had significant services exports to Bermuda, China and Japan as well as significant services imports from Hong Kong, Mexico and Bermuda in that year. In 2009, the United Kingdom and France were the EU countries with which Canada had the largest services trade relationship.

The magnitude of Canada's services trade deficit has increased in recent years, rising from \$14.1 billion in 2006 to \$22.1 billion in 2009 to \$24.6 billion in 2011. In 2009, Canada had trade deficits with the United States, Europe, the remainder of the Americas, and Asia. In that year, Canada had services trade surpluses with Africa, the Middle East and Oceania.

Figure 4

Major Destinations for Canada's Services Exports

	Value (\$ billions)		Share (%)		Average Annual Growth (%)	
	2004	2009	2004	2009	2008–2009	2004–2009
United States	37.4	37.4	57.3	54.8	-3.5	0.0
European Union	10.9	11.8	16.7	17.2	-12.9	1.5
Bermuda	1.9	1.5	2.9	2.2	0.6	-4.5
China	1.0	1.1	1.5	1.7	1.1	3.4
Japan	1.6	1.0	2.4	1.5	-18.3	-8.2

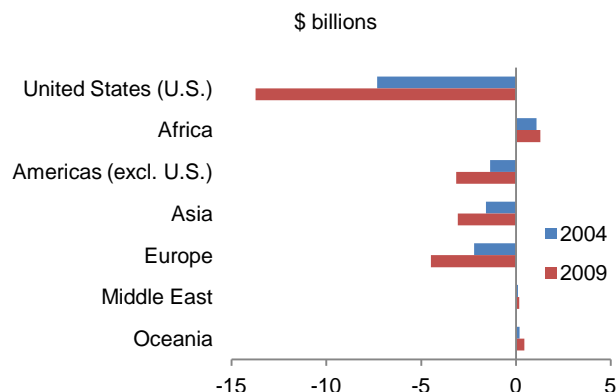
Figure 5

Major Sources of Canada's Services Imports

	Value (\$ billions)		Share (%)		Average Annual Growth (%)	
	2004	2009	2004	2009	2008–2009	2004–2009
United States	44.8	51.1	58.6	56.5	-3.3	2.7
European Union	12.8	15.6	16.8	17.3	-4.3	4.0
Hong Kong	1.6	2.5	2.0	2.8	-6.7	9.8
Mexico	1.0	1.8	1.4	2.0	13.0	11.3
Bermuda	1.3	1.6	1.7	1.8	0.9	4.3

Figure 6

Services Trade Balance by Region



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Categories of Services

There are four broad categories of services trade: commercial services, travel services, transportation services and government services.

Commercial services is the largest and fastest-growing category of services trade in Canada. In 2011, Canada's commercial services exports to the world were valued at \$43.2 billion, more than four times the 1990 value of \$9.1 billion. Similarly, in 2011, the value of Canada's commercial services imports from the world was \$42.3 billion, more than triple the 1990 value of \$12.6 billion.

In 2011, Canada's travel services exports to, and imports from, the world were valued at \$16.8 billion and \$32.7 billion respectively. In that year, Canada's exports of transportation services to the world were valued at \$13.3 billion, while imports of these services totalled \$23.1 billion. The country's exports and imports of government services totalled \$1.6 billion and \$1.3 billion respectively.

Commercial services accounted for 57.7% of the value of Canada's services exports to the world in 2011. In that year, travel services accounted for 22.4% of the value of Canada's exports to the world, while transportation services and government services comprised the remaining 17.7% and 2.2% respectively.

In 2011, commercial services accounted for 42.6% of the value of Canada's services imports from the world. In that year, travel services accounted for 32.8% of the value of Canada's imports from the world, while transportation services and government services comprised the remaining 23.2% and 1.3% respectively.

From 2010 to 2011, the value of Canada's exports of commercial services, travel services and transportation services grew, while the value of government services exports declined. The value of Canada's imports in all services trade categories grew over that year.

Figure 7

Canada's Services Trade by Type, 2011

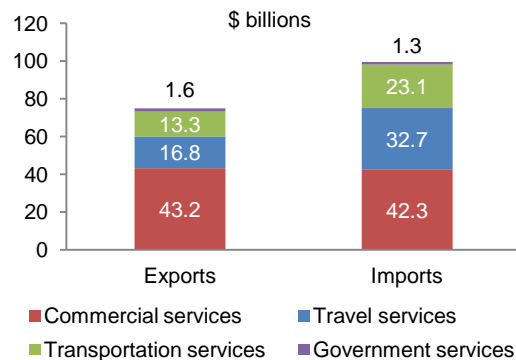


Figure 8

Canada's Services Exports by Type

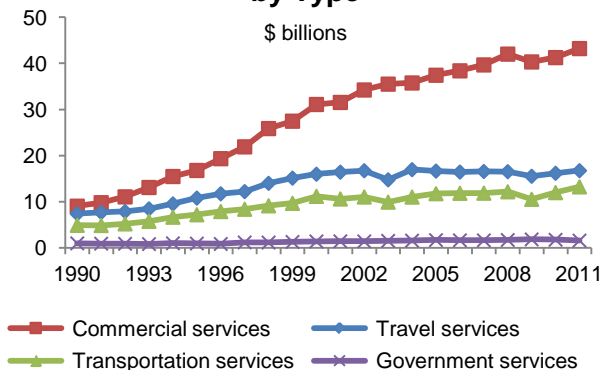
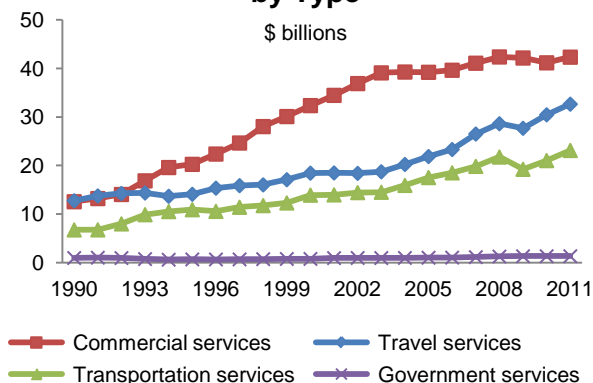


Figure 9

Canada's Services Imports by Type



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Services by Type

According to Statistics Canada, the commercial services category includes international service transactions not included in the other categories. It includes, for example, financial, advertising, cultural, and architectural and engineering services.

At this time, detailed category-specific services trade data are only available to 2010. In that year, Canada's most highly valued commercial services exports to the world were management services, and computer and information services, as well as architectural, engineering and other technical services, accounting for 12.7%, 12.2% and 12.0% respectively of the value of Canada's commercial services exports. In that year, Canada's most highly valued commercial services imports from the world were royalties and licence fees, insurance services and management services, accounting for 21.7%, 15.6% and 12.7% respectively of the value of Canada's commercial services imports.

The travel services category includes expenses incurred by individuals while in a foreign country, including payments for food, lodging, recreation and local transportation; passenger fares for international travel are *not* included. In 2010, personal travel accounted for 83.2% of the value of Canada's travel services exports to the world, while business travel comprised the remaining 16.8%. Personal travel and business travel accounted for 87.2% and 12.8% respectively of the value of Canada's travel services imports from the world in that year.

The transportation services category includes revenues and expenses arising from the transportation of goods or people across international borders. In 2010, air transport accounted for 47.2% of the value of Canada's transportation services exports to the world, with land transport and water transport representing 27.2% and 25.6% respectively. In that year, air transport accounted for 46.1% of the value of Canada's transportation services imports from the world, with water transport and land transport representing the remaining 42.4% and 11.5% respectively.

Finally, the government services category, for which detailed data are not available, includes transactions arising from official representation and military activities in foreign countries.

Figure 10

Canada's Trade in Commercial Services, Selected Categories, 2010

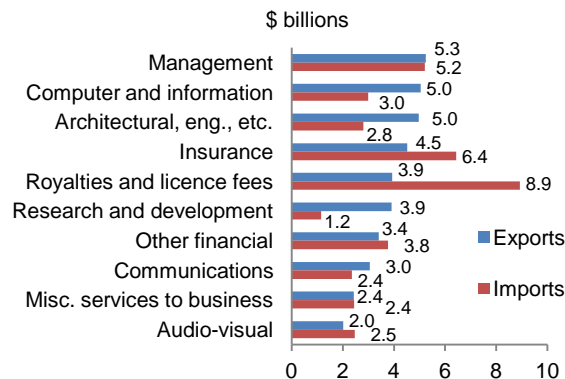


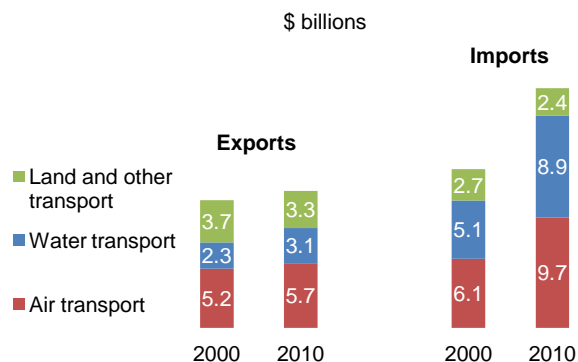
Figure 11

Canada's Trade in Travel Services



Figure 12

Canada's Trade in Transportation Services



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