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Canada's Services Trade with the World

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(Trade and Investment Series)

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International Comparison

In 2012, the value of Canada's services trade with the world totalled more than \$191.1 billion, comprised of \$83.3 billion in Canadian services exports to, and \$107.9 billion in services imports from, the world. The magnitude of Canada's services trade deficit has increased in recent years, rising from \$12.3 billion in 2007 to \$24.6 billion in 2012.

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 2012, the value of this trade was 1.4% higher than the 2011 value of \$188.6 billion.

From 2011 to 2012, the value of Canada's services exports to, and services imports from, the world grew by 0.6% and 1.9% respectively. In 2012, the value of Canada's services exports and services imports accounted for 1.8% and 2.5% of the value of global services exports and services imports respectively, which is similar to the 2007 shares of 1.9% and 2.5% 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 2012. 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 6.2%. In 2007, these proportions were 4.5% and 6.2% respectively.

In 2012, the value of Canada's services imports as a proportion of the country's GDP, at 5.8%, was virtually identical to the value of global services imports as a proportion of the world's GDP, at 5.9%. In 2007, these proportions were 5.7% and 5.9% respectively.

Figure 1

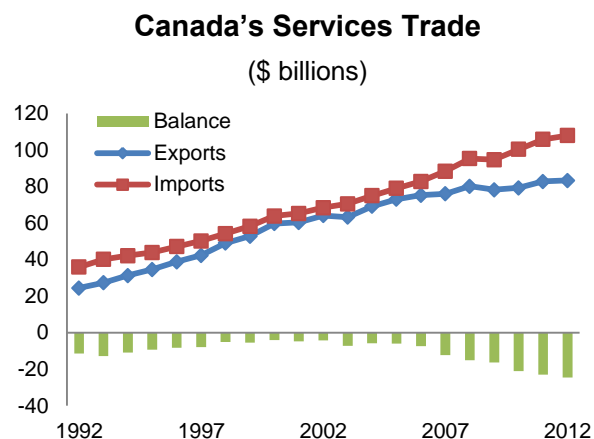


Figure 2

Canada's Share of Global Services Exports and Imports

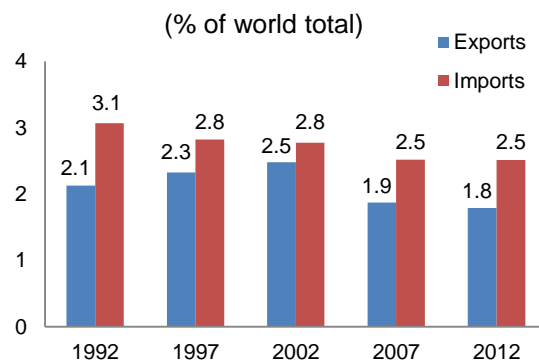
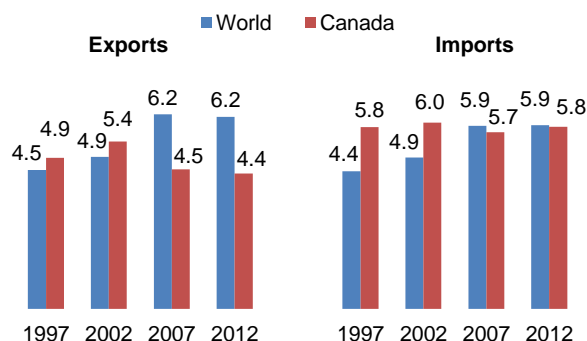


Figure 3

Services Trade

(% of gross domestic product)



All figures and tables, except figures 2 and 3, were prepared using Statistics Canada data available in spring 2013. 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 continued to be Canada's largest services trading partner. In 2012, Canada's services exports to, and imports from, the United States were valued at \$44.5 billion and \$62.8 billion respectively.

In 2012, the value of Canada's services exports to the United States accounted for 53.4% of the value of Canada's total services exports, an increase from 52.9% in 2011 and a decrease from 56.2% in 2007. The value of Canada's services imports from the country represented 58.2% of the value of Canada's total services imports in 2012, an increase from 57.3% and 57.6% in 2007 and 2011 respectively. The value of Canada's services exports to, and services imports from, the United States grew at average annual rates of 0.8% and 4.4% respectively over the 2007 to 2012 period.

The European Union (EU) continued to be Canada's second largest services trading partner in 2012. In that year, Canada's services exports to, and services imports from, the EU were valued at \$14.5 billion and \$16.8 billion respectively, accounting for 17.4% and 15.6% of the value of Canada's total services exports and services imports respectively. Over the 2007 to 2012 period, the value of Canada's services exports to the EU increased at an average annual rate of 2.3%, while the value of Canada's services imports from the region grew at an average annual rate of 0.8%.

At this time, 2010 is the most recent year for which complete country-specific services trade data are available. In addition to the United States and the EU, Canada had significant services exports to Bermuda, China and Hong Kong, as well as significant services imports from Hong Kong, Mexico and Switzerland, in that year. In 2010, the United Kingdom and France were the EU countries with which Canada had the largest services trade relationship.

In 2010, Canada had services trade deficits with the United States, Europe, the Americas (excluding the United States) and Asia. In that year, Canada had services trade surpluses with Africa, Oceania and the Middle East.

Table 1

Major Destinations for Canada's Services Exports

	Value (\$ billions)		Share (%)		Average Annual Growth (%)	
	2005	2010	2005	2010	2009–2010	2005–2010
United States	42.7	43.4	58.5	54.8	0.3	0.3
European Union	13.0	13.7	17.8	17.3	-0.7	1.1
Bermuda	0.9	1.8	1.2	2.3	6.1	15.2
China	1.1	1.4	1.5	1.8	12.0	6.2
Hong Kong	1.1	1.2	1.5	1.6	13.5	2.1

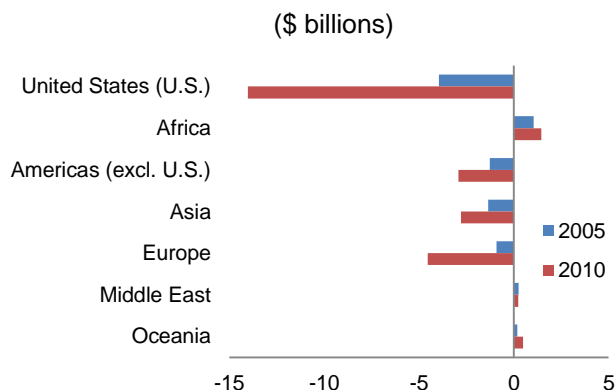
Table 2

Major Sources of Canada's Services Imports

	Value (\$ billions)		Share (%)		Average Annual Growth (%)	
	2005	2010	2005	2010	2009–2010	2005–2010
United States	46.6	57.4	59.1	57.2	5.3	4.3
European Union	13.1	16.9	16.5	16.8	0.4	5.3
Hong Kong	1.7	2.8	2.2	2.8	13.2	10.4
Mexico	1.2	2.1	1.5	2.1	13.6	11.3
Switzerland	1.1	2.0	1.3	2.0	25.7	13.3

Figure 4

Services Trade Balance by Region



All figures and tables, except figures 2 and 3, were prepared using Statistics Canada data available in spring 2013. 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.

Categories of Services

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

Commercial services is Canada's largest and fastest-growing category of services trade. In 2012, Canada's commercial services exports to the world were valued at \$50.0 billion, more than five times the 1990 value of \$8.5 billion. Similarly, in 2012, the value of Canada's commercial services imports from the world was \$47.4 billion, more than four times the 1990 value of \$11.4 billion.

In 2012, Canada's travel services exports to, and travel services imports from, the world were valued at \$17.4 billion and \$35.2 billion respectively. In that year, Canada's exports of transportation services to the world were valued at \$14.3 billion, while imports of these services totalled \$24.0 billion. In 2012, the country's exports and imports of government services totalled \$1.6 billion and \$1.2 billion respectively.

Commercial services accounted for 60.0% of the value of Canada's services exports to the world in 2012. In that year, travel services accounted for 20.8% of the value of such exports, while transportation services and government services comprised the remaining 17.1% and 2.0% respectively.

In 2012, commercial services accounted for 43.9% of the value of Canada's services imports from the world. In that year, travel services accounted for 32.6% of the value of such imports, while transportation services and government services comprised the remaining 22.3% and 1.1% respectively.

From 2011 to 2012, the value of Canada's exports of all services trade categories remained virtually unchanged. The value of Canada's imports of all services trade categories grew between 2011 and 2012, with the exception of commercial services, for which the value was virtually unchanged.

Figure 5

Canada's Services Trade by Type, 2012

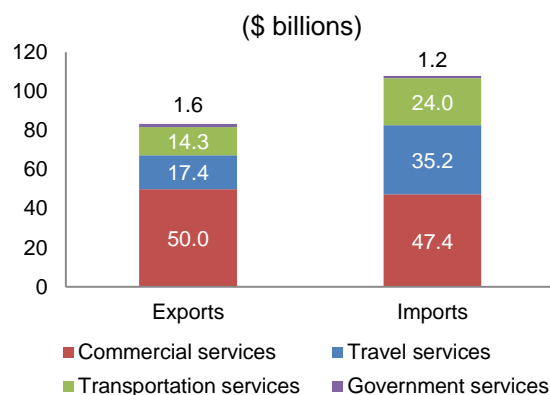


Figure 6

Canada's Services Exports by Type

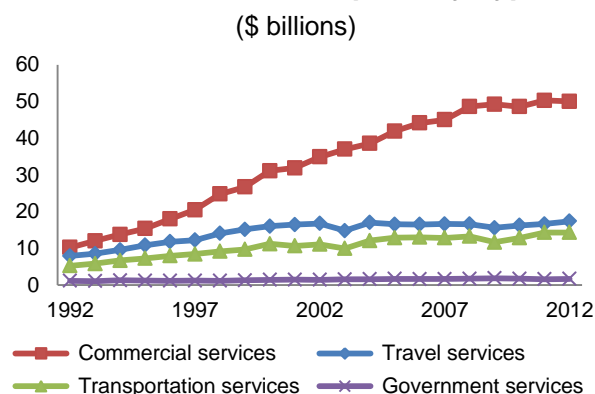
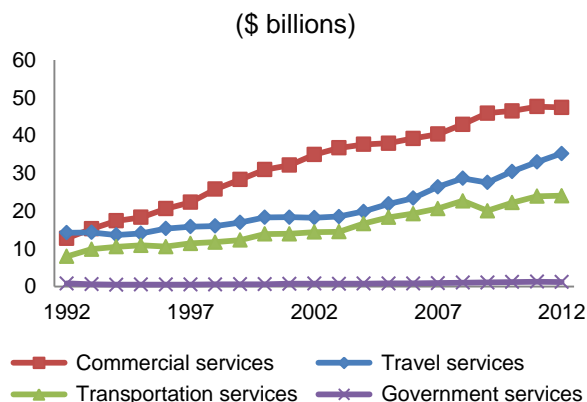


Figure 7

Canada's Services Imports by Type



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All services trade data are balance of payments-based.

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, 2011 is the most recent year for which detailed category-specific services trade data are available. 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 20.4%, 13.8% and 10.5% 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, management services and insurance services, comprising 21.5%, 18.9% and 9.8% 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 2011, personal travel accounted for 82.8% of the value of Canada's travel services exports to the world, while business travel comprised the remaining 17.2%. Personal travel and business travel accounted for 87.5% and 12.5% 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 2011, air transport accounted for 44.7% of the value of Canada's transportation services exports to the world, with land transport and water transport representing 31.9% and 23.5% respectively. In that year, water transport accounted for 43.4% of the value of Canada's transportation services imports from the world, with air transport and land transport representing the remaining 42.8% and 13.8% 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 8

Canada's Trade in Commercial Services, Selected Categories, 2011

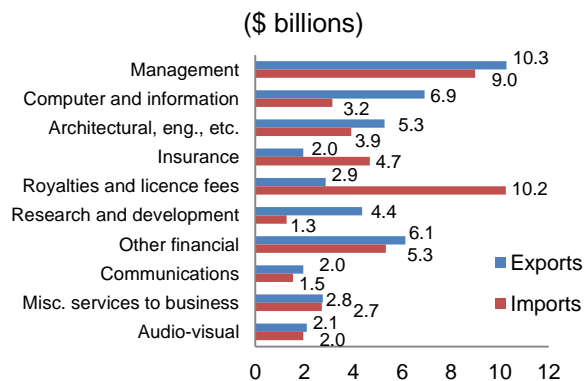


Figure 9

Canada's Trade in Travel Services, 2011

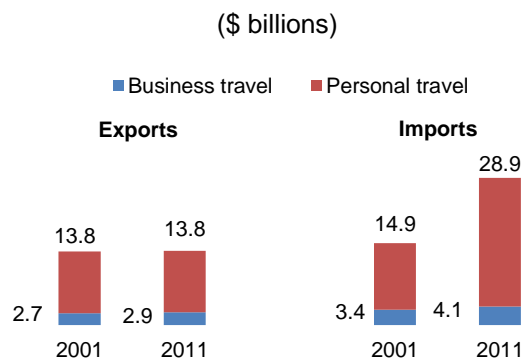
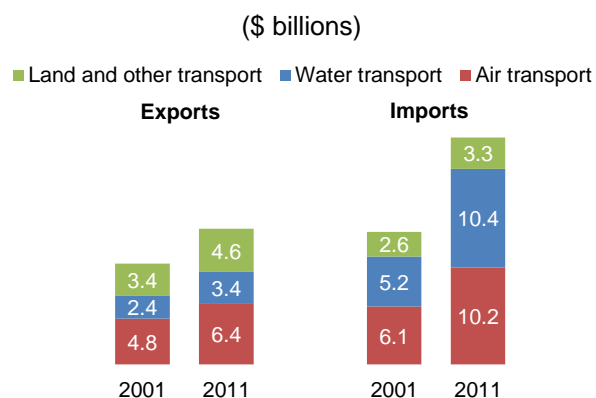


Figure 10

Canada's Trade in Transportation Services, 2011



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All services trade data are balance of payments-based.