

## Canada's International Transactions in Services - Description

This statistical program records Canada's annual exports and imports of services by type of service rendered and by partner country. Quarterly estimates of Canada's international trade in services are available through Canada's International Balance of Payments (record no. 1534). The quarterly estimates, however, contain far less detail in terms of type of service rendered and partner country.

An export of a service occurs when a transactor who resides in Canada provides a service to a non-resident transactor, regardless of the physical location of the transactors at the time of the transaction. Similarly, an import of a service occurs when a non-resident transactor provides a service to a Canadian resident transactor, regardless of the physical location of the transactors at the time of the transaction.

Special care needs to be taken in establishing the residency of the Canadian transactors involved for services, since it is not always clear if the services are provided by a resident or by a non-resident entity. For example, if a Canadian company has a subsidiary located in the United States, sales of services by the U.S. subsidiary to clients outside Canada are not to be recorded in Canada's international trade in services, since such sales are considered as non-resident to non-resident transactions. Services cover a wide and complex variety of transactions on products that are generally intangible in nature. Unlike goods, services are not separate entities over which ownership rights can be established. They cannot be traded separately from their production. Estimates of Canada's international trade in services are grouped under four major headings: travel, government services, transportation services, and commercial services.

In conformity with international standards, travel covers primarily the acquisitions of goods and services in an economy by an individual while traveling in this economy of which he is not a resident. Acquisitions of goods and services consist of expenditures for food, lodging, recreation, gifts and other incidentals, as well as local transportation in the country of travel. Travel excludes passenger fares for international travel, which are included in transportation.

Transportation covers international revenues (exports) and expenses (imports) arising from the transportation of goods and of cross-border travellers, as well as from supporting services related to transportation.

Government services cover international transactions arising largely from official representation and military activities, as well as commercial activities of governments not allocated to other accounts. They include expenses of staff at embassies and missions and of individuals stationed on military bases. Exports chiefly comprise expenditures in Canada by foreign governments and their staff recruited abroad. Exports also include overhead to administer official assistance. Imports cover expenditures abroad of both the Canadian federal and provincial governments and their staff recruited in Canada.

Commercial services cover all other international transactions primarily by non-governmental units for services not covered elsewhere.

Data concerning Canada's international trade in services are required for the compilation of Canada's Balance of International Payments (record no. 1534) and the National Income and Expenditure Accounts (record no. 1901). Other uses of these data include the development and monitoring of international trade agreements and for business planning, marketing and institutional research. Finally, these statistics are also needed to meet Canada's statistical obligations to supranational organizations, such as the International Monetary Fund (IMF) and the Organization for Economic Co-operation and Development (OECD).