

British Columbia Trade in Services 2012 to 2021

PREPARED FOR THE MINISTRY OF JOBS,
ECONOMIC DEVELOPMENT AND INNOVATION
BY BC STATS – MAY 2023



BCStats

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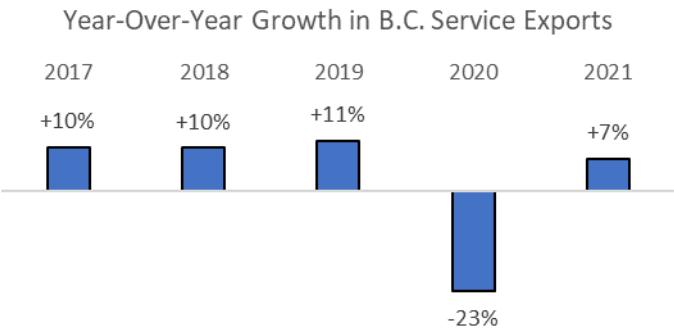
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Data Highlights

- In 2021, British Columbia (B.C.) exported approximately \$22.5 billion¹ worth of services and imported around \$11.8 billion, resulting in a trade in services surplus of \$10.7 billion.

- The value of B.C.’s service exports has grown 11% over the past five years since 2016, but this hides a 23% decline in 2020. Excluding 2020, B.C. has seen 10% yearly growth on average since 2016.

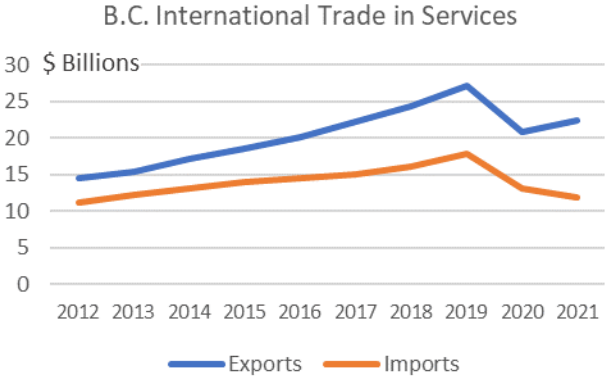


- Commercial services (including management, advertising, financial, engineering, etc.) was the largest category of B.C.’s service exports, at \$15.0 billion in 2021. Commercial service exports have grown 60% in the past five years and continued to grow even through the pandemic.
- Commercial services for management and consulting (\$3.5 billion), computer and information technology services (\$3.1 billion) and audiovisual services (\$2.2 billion) were also valuable export services for B.C.
- Travel service exports is the second largest at \$4.8 billion, representing foreign visitors coming to B.C. Travel service exports have declined 40% since five years ago, owing to 52% decrease in 2020. Education-related travel is the single largest type of B.C. service export, valued at \$3.8 billion in 2021.
- Transportation service exports were \$2.5 billion in 2021. They’ve fallen 11% since five years ago, again due to a large decline mainly of air transportation services.

¹ All funds are in Canadian dollars.

Executive Summary

International trade in services represents a growing part of B.C.'s exports to the world, from one-fifth (20%) of all exports in 2000 to over one-third (36%) in 2019. B.C.'s service exports totalled \$22.1 billion in 2021, a 7% increase over the year before. Meanwhile, service imports amounted to \$11.8 billion in 2021, having fallen for two years in a row.



Despite these gains, exports and imports of services remained below their pre-pandemic levels of 2019 – 17% lower exports and 34% lower imports – primarily because tourism activities (classified as travel services) and related air transportation services were badly impacted during the pandemic. Exports of commercial services, meanwhile, continued to grow.

While B.C. has historically had a trade deficit in goods, it has consistently had a surplus in services. With imports and exports combined, the balance of trade in services grew to an all-time high of \$10.7 billion in 2021.

Where are the exports going?

The United States is the main destination for B.C.'s service exports.² In 2021, B.C. exported \$11.1 billion worth of service there, half (50%) of the total, and growth to this market has been steady and strong, at 14% over the previous five years. Mexico was growing in importance up to 2018 when it took in



² This report focuses on markets where the Government of British Columbia currently has in-market trade representatives, such as the United States (US), the United Kingdom (UK), the European Union (EU), selected countries within the EU and Asia, as well as Australia and New Zealand. New markets of interest to B.C. are also presented: Mexico, Taiwan, and Vietnam. Appendix B contains a full list of the regions and countries included in this report.

\$400 million of our exports, though exports there fell back to \$230 million by 2021.

One quarter (25%) of B.C.'s service exports went to Asian countries³, or \$5.3 billion in total in 2021. This was primarily to “mature” trade partners like Mainland China (\$2.4 billion), Japan (\$560 million), South Korea (\$450 million) and Hong Kong (\$430 million).

However, newer markets have seen stronger growth. Service exports to India grew 230% over the past five years and reached \$500 million in 2021, exports to Vietnam grew 318% and reached \$330 million, and exports to the Philippines grew 169% to \$270 million.

The European Union was the destination of \$1.8 billion in service exports in 2021, led by Germany (\$320 million) and France (\$270 million). Growth in exports to the E.U. has been strong: 40% between 2016 and 2021, despite a 20% drop in 2020. While it is no longer a part of the EU, the United Kingdom also bought a large amount, \$680 million, of B.C.'s service exports.

What types of services are being exported?

Commercial services was the highest category of services exported from B.C in 2021, amounting to \$15.0 billion or just over two thirds of total service exports. There was an additional \$4.8 billion of travel services, \$2.6 billion of transportation services, and a much smaller amount (around \$55 million) of government services exported from the province.

Commercial services historically have been the largest category of services exported. Travel services (foreigners spending money travel in B.C.) was increasingly steadily before the pandemic hit.



³ Asian countries refers to the 13 Asian trading partners for which data is available, and which represent the vast majority of trade to that continent. Throughout the report this category is referred to as “Selected Asian Countries” to indicate that it is not every Asian nation.

Trade in Services – The Breakdown

Service Types

Compared to the physical goods, merchandise, and commodities that most people picture when they think about international trade, services cover a wide variety of transactions for products that are generally invisible or intangible in nature. For the purpose of this report, services are grouped into four broad categories.

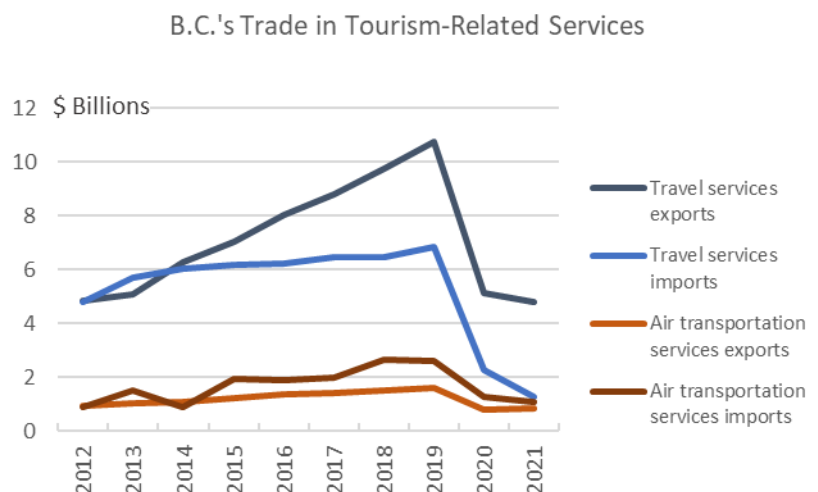
Commercial services comprised the largest category of services exported from B.C in 2021, amounting to \$15.0 billion or just over two thirds of total service exports. There was an additional \$4.8 billion of travel services, \$2.6 billion of transportation services, and a much smaller amount (around \$55 million) of government services exported from the province

B.C.'s international service exports have increased from \$14.5 billion in 2012 to \$22.5 billion in 2021. Commercial services play a major role in this growth, consistently increasing each year with the largest increases in 2017 (+12%) and 2019 (+15%). Travel services exports had increased as well, before falling in 2020.

Travel and transportation services have been heavily affected by the pandemic.

Travel services represent foreigners spending money in B.C. (exports) and British Columbians spending money abroad (imports). Air transportation services, a sub-category of transportation, is also an important marker of tourism activity.

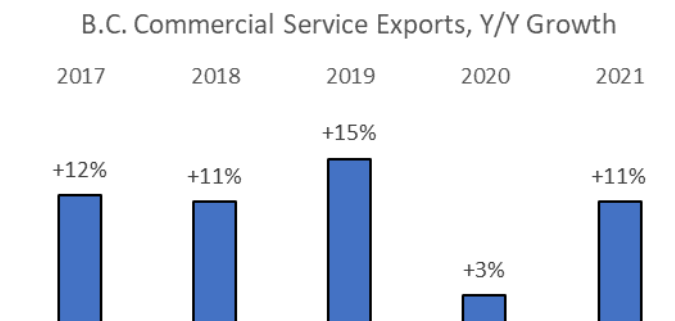
After reaching a height of \$10.8 billion in 2019, travel service exports fell 52% in 2020 and a further 6% in 2021, for an overall decline of 82% over two years. Travel service imports (the value of British Columbians spending money abroad) fell by a similar amount, 55% over those two years, while air transportation service exports (transportation services for foreigners coming to B.C.) fell 59% and imports fell by 47%.



When looking at the reasons for travel, spending by foreigners travelling to B.C. for personal vacations (in other words, travel service exports for personal reasons) used to be B.C.'s single largest service export, but that distinction has been replaced by education travel service exports – foreign students' spending while in B.C. Personal travel service exports fell 88% in 2020, from \$5.6 billion to just \$680 million, and recovered only 20% in 2021. While estimates are difficult to be sure of, it appears that education-related travel service exports didn't fall but remained flat in 2020 before declining about 10% in 2021. Foreign students are estimated to have spent about \$3.8 billion in B.C. in 2021.

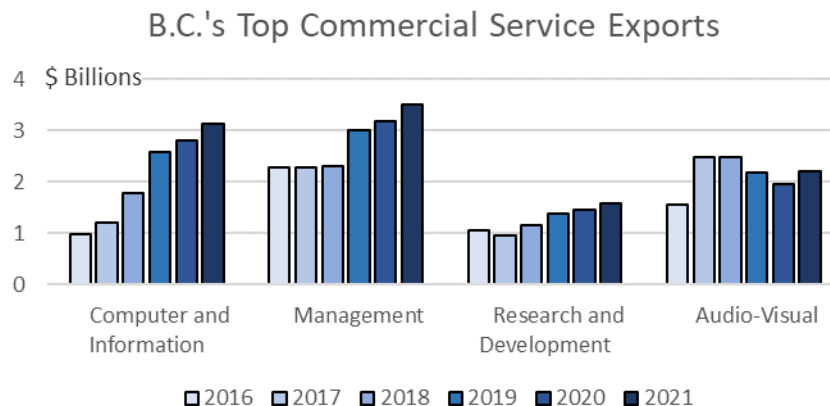
Commercial service exports continued to grow.

Both commercial service exports and imports continued to grow in 2020 but only exports grew in 2021. For imports, the largest increase was for advertising services, which jumped from just under \$100 million in 2019 to over \$700 million in 2021.



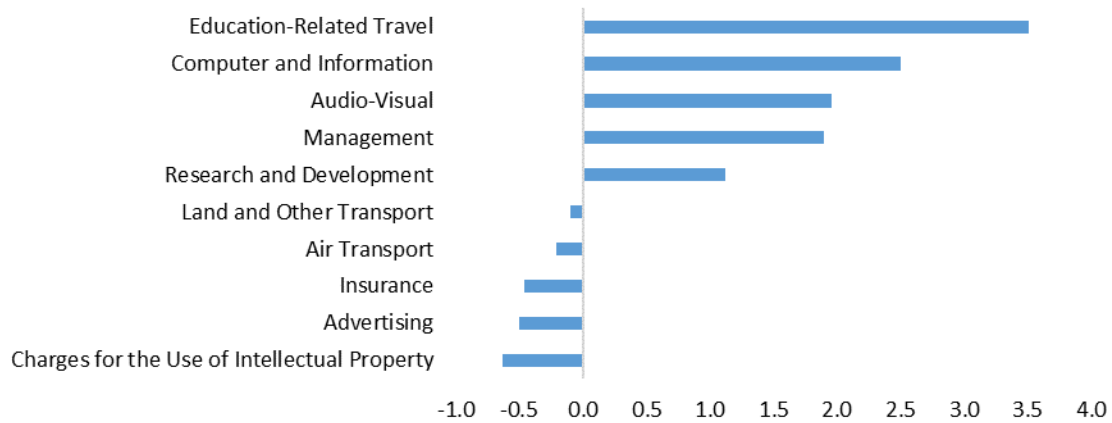
Overall, B.C.'s commercial service exports have grown 64% in the past five years, from \$9.2 billion in 2016 to \$15.0 billion in 2021. Management services is the largest type of commercial service export, at \$3.5 billion in 2021, and it saw strong growth of 53% over the previous five years. This includes services such as public relations, legal services, accounting, auditing, book keeping, tax consultancy and the like.

Computer and information technology services is the next largest category of B.C.'s commercial service exports and it has seen stronger growth. The value of these grew 224% in five years to reach \$3.1 billion in 2021.

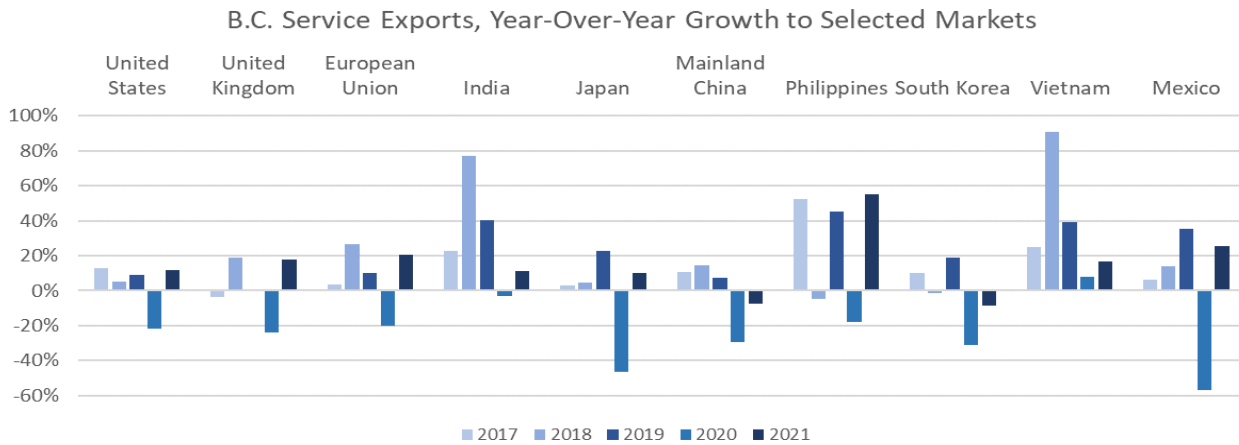


B.C.'s largest trade surpluses are now in education-related travel services (that is, the goods and services bought by foreign students) as well as in computer and information, audio-visual, management, and research and development services. However, British Columbia has an overall trade deficit for charges for the use of intellectual property, advertising, insurance, air transport, and land and other transport services.

B.C.'s International Trade Balance in Selected Types of Services, 2021 (\$ billion)



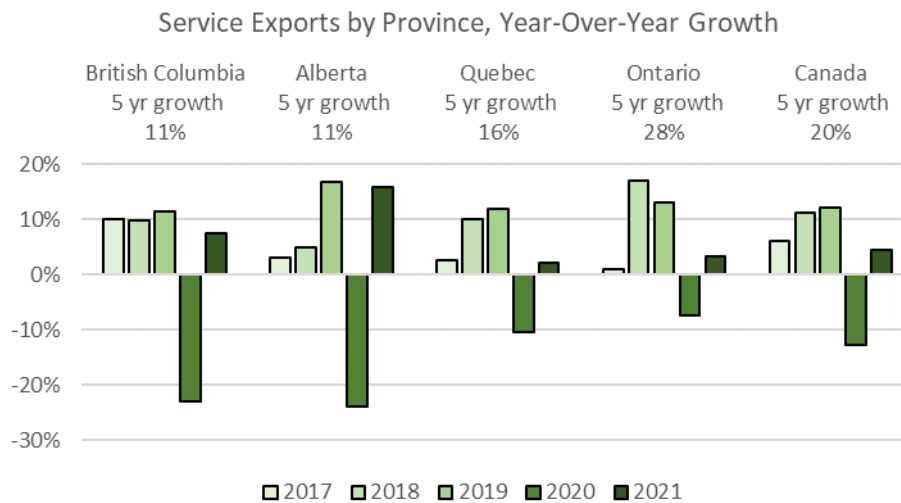
Strong trade growth in select ASEAN markets



B.C. enjoys a large trade surplus to the United States, where the value of exports is 72% larger than imports and which resulted in a \$4.7 billion surplus in 2021. We also saw surpluses with China (\$2.0 billion, where exports are 480% larger or almost six times larger), and the European Union (\$680 million, 60% larger). For newer Asian markets, B.C.'s service exports dwarf imports, resulting in trade surpluses of \$850 million to India where exports are over six times imports, \$390 million to South Korea (eight times larger) and \$150 million to Vietnam (42 times larger).

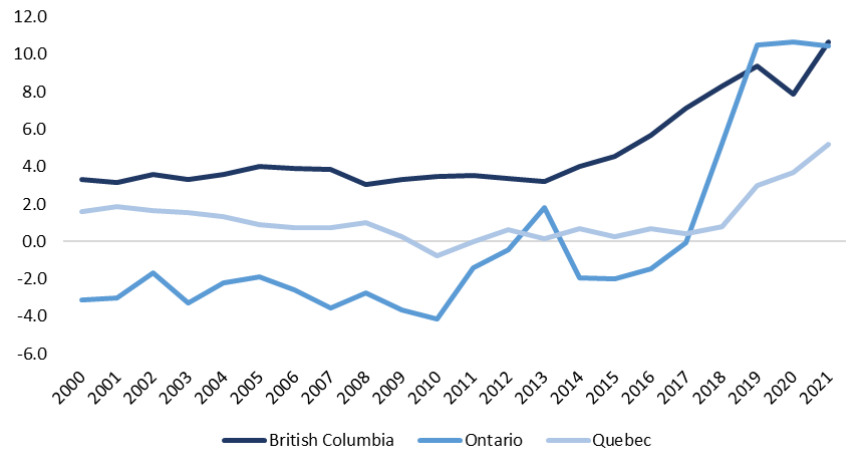
How B.C. stacks up to other provinces

Ontario has experienced the strongest growth in Canada over the past five years, with service exports growing 28% to \$75.3 billion. British Columbia, while experiencing good growth before the pandemic, also depends more heavily on tourism than other provinces. With the disproportionate impact the pandemic had on travel service exports, B.C.'s overall service exports grew only 11% between 2016 and 2021. Alberta also experienced a sharp 24% decline in service exports during the pandemic and has rebounded more quickly than B.C.



In comparison to other provinces, B.C. had the largest trade in services surplus in 2021. Ontario (a much larger province) ranked second with a surplus of \$10.5 billion followed by Quebec at \$5.2 billion. B.C. has generally had the country's largest surplus over time, with Ontario only surpassing B.C. for two years in 2019 and 2020.

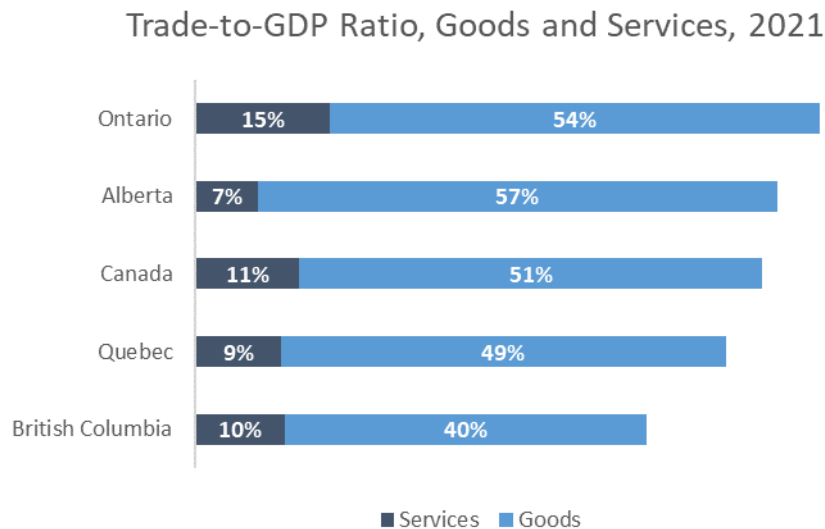
Top International Service Trade Surplus, by Year (\$ billion)



Trade in Services in Context

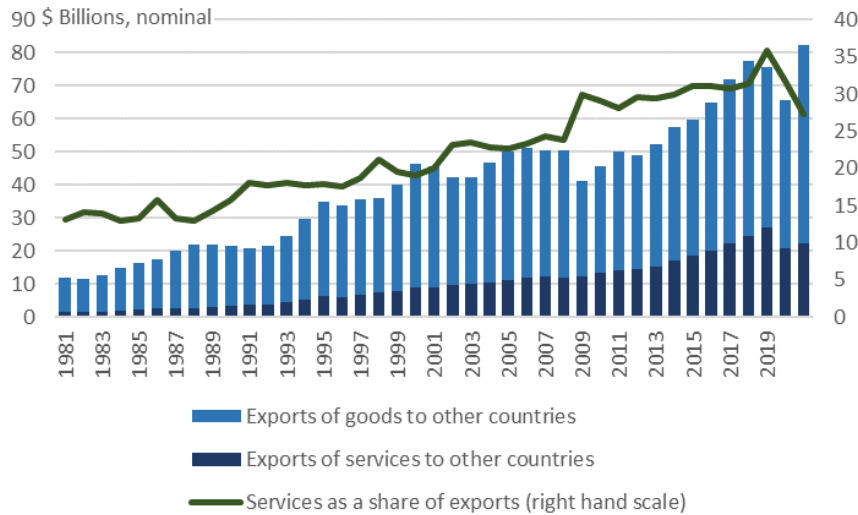
British Columbia (B.C.) depends heavily on trade to sustain the incomes and living standards of its people. In a relatively small jurisdiction that is open to trade, international demand for B.C.'s products and services provides many jobs directly, and also helps support the value of the Canadian dollar which allows us to buy the things other countries produce. Exports and imports are about \$33,000 per year for every person in B.C., or about \$470 million per day.

The trade-to-GDP ratio is an indicator of the relative importance of trade in the economy of a region. By this measure, the value of B.C.'s imports and exports were half (50%) of the overall economy. With respect to services specifically, B.C. is more open to international trade than any province but Ontario.



Services are also a growing part of B.C.'s overall trade. They represented about 20 per cent of B.C.'s international exports in 2000 but rose to 36 per cent by 2019 before falling again 27% in 2021, largely because of declining tourism during the pandemic.

Services as Share of B.C.'s International Exports



And a lot of jobs depend on this. Almost one out of every six jobs in B.C. is supported by foreign demand for the goods and services created here – 447,000 jobs in total as of 2018. These include the jobs directly in exporting industries as well as industries supplying goods and services to them.⁴

Moreover, the exports of B.C.'s service-producing sectors support more jobs than goods-producers. Even though the value of their exports is smaller overall, due to the fact that service sectors are more labour intensive and a larger share of the value embodied in them comes from B.C. workers, as of 2018 industries in service-producing sectors were responsible for 38% of B.C.'s exports⁵ but those exports supported over half (53%) of the jobs which depend on foreign demand.

⁴ See Statistics Canada, Value added in exports by industry, table 12-10-0100. This data product measures how much of an industry's output contributes directly or indirectly to international exports from B.C. or other provinces.

⁵ *Ibid.* Note that this table measures exports by *industry* and its figures will not align with estimates elsewhere in this report which focus on *products*. That is, industries classified in the services sector primarily produce services but may export some physical merchandise as well, and vice versa. For the purposes of this analysis, retail and wholesale trade have been categorized with the goods-producing sectors.

Economic Impact of Exports by B.C.'s Goods and Services Sectors in 2018

Total industries	
Direct Exports (\$ million)	\$73,260
Contribution of exports to B.C. GDP (\$ million and % of total)	\$51,319 (19%)
Total Jobs, all industries	2,635,965
B.C. jobs supported by foreign demand for B.C. exports	447,155
Canadian jobs supported by foreign demand for B.C. exports	507,087
Goods Sector Industries*	
Goods sector direct exports (\$ million)	\$45,775
Contribution of goods sector exports to B.C. GDP (\$ million)	\$30,823
B.C. goods sector jobs, total	474,755
B.C. jobs supported by foreign demand for B.C.'s goods sector exports	173,544
Canadian jobs supported by foreign demand for B.C.'s goods sector exports	242,999
Service Sector Industries	
Service sector direct exports (\$ million)	\$27,486
Contribution of service sector exports to B.C. GDP (\$ million)	\$20,496
B.C. service sector jobs, total	1,752,825
B.C. jobs supported by foreign demand for B.C.'s service sector exports	238,474
Canadian jobs supported by foreign demand for B.C.'s service sector exports	264,077

Source: Statistics Canada, Value added in exports.

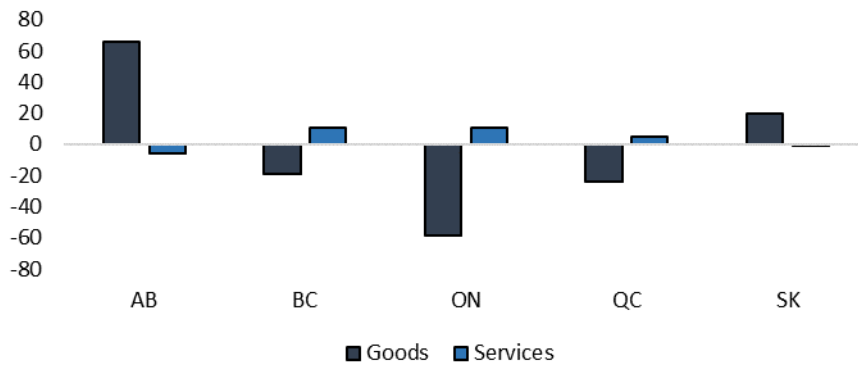
* Note: Retail and wholesale trade sectors have been classified with goods-producing sectors for the purpose of this table.

As an economic multiplier, service exports are stronger. Every million dollars of exports from service sectors create 8.7 jobs while the same value from goods sectors creates 3.8 jobs. Put another way, as of 2018 1-in-11 B.C. jobs relied on exports by the service sector while 1-in-15 of all jobs were due to goods sector exports.

Balance of trade: Goods vs. Services

British Columbia typically has an international trade deficit in goods but a surplus in services; in 2021 there was a \$18.8 billion deficit in goods but a \$10.7 billion surplus in services. In comparison to other provinces, B.C. had the largest trade in services surplus in 2021. Ontario ranked second with a surplus of \$10.5 billion followed by Quebec at \$5.2 billion.

International Trade Surplus or Deficit for Canadian Provinces in 2021 (\$ billions)



Statistical Profile of British Columbia's Trade in Services

Definition and Approach

Services cover a wide variety of transactions on products that are generally intangible in nature. While international trade in services is a major part of the economy, it is also inherently difficult to measure. Unlike physical goods, services aren't counted by customs officials when they cross political borders. Nevertheless Statistics Canada gathers information from many sources and this report estimates B.C.'s share of it.

Based on surveys filled out by companies and travellers and a wide variety of administrative records, Statistics Canada produces estimates of the value of the nation's international transactions in services in its annual *international trade in services* data release. Using a classification system established by the United Nations to facilitate international comparisons, Statistics Canada's groups services into four broad categories (commercial services, government services, travel services and transportation services) and numerous sub-categories.

This report uses those estimates of *international trade in services* as a foundation. It estimates B.C.'s portion using a custom methodology and presents the results in the same scheme as Statistics Canada's annual *international trade in services* data release. The methodology is described in more detail in Appendix A.

This report employs a custom model developed by BC Stats. Following initial consultations with Statistics Canada, future work to improve the data sources and methodology is being planned.

Commercial Services

Commercial services cover international transactions primarily by non-governmental entities for services which are not covered in other categories. They include:

- *Maintenance and repair services*, such as for office and accounting equipment, transport machinery.
- *Telecommunications services*, which include fees for telephone, internet telecommunications, broadcasting, programming and programme distribution services.

- *Construction services*, mainly for construction projects done abroad by Canadian companies and construction services provided in Canada by non-residents.
- *Insurance services*, such as life insurance, freight insurance, accident and health insurance, motor vehicle insurance, property insurance, travel insurance, and reinsurance. Also included are pension services for individual and group pensions.
- *Financial services*, not including insurance and pension services, such as investment banking services.
- *Computer and information services*, which include charges for computer software such as original software or online software/games/downloads. This category includes IT consulting, design and development for applications, networks and systems; hosting and information technology infrastructure; network management services; maintenance and repair services of computers and peripheral equipment, and education and training services. It includes fees for news agency services such as online newspapers and periodicals, directories and mailing lists, adult content, web search portal content, and original compilations of facts or information.
- *Charges for the use of intellectual property*, including for royalties and licences, patents and industrial designs, trademarks, and franchises.
- *Non-financial commissions*, also called *trade-related services*, includes merchanting activities such as international wholesaling or retailing (buying and selling goods, internet retail trade), commodities trading, etc.
- *Equipment rentals*, also called *operating leasing services*, which may be for machinery and equipment (typically without an operator), household items, vehicles, etc.
- *Management services*, includes administrative, business and management consulting and public relations services, legal services, accounting, auditing, book keeping, tax consultancy, etc.
- *Advertising and related services*, such as provision of advertising space or time, advertising and related photography services, market research and public opinion polling.
- *Research and development services*, which are provision of customized and non-customized research and experimental development in physical sciences, natural sciences, social science, industrial design services, and technical testing and analysis services. Also includes the sale of proprietary rights arising from research and development.
- *Architecture, engineering, and other technical services*, which may include scientific services such as those incidental to agriculture, forestry, fishing, mining and oil and gas extraction, waste treatment and decontamination; may include manufacturing services on physical inputs owned by others (contract production).
- *Miscellaneous services to businesses*, which may include trade services of buildings, real estate services on a fee or contract basis, event photography, interior design, translations,

employment services, investigation and security services, cleaning services, credit reporting services.

- *Audiovisual services*, including online audio and video content, and licenses to reproduce and/or distribute audiovisual products.
- *Other personal, cultural and recreational services*, including performing arts and other live entertainment, event presentation and promotions, services of performing and other artists, online books, health services, heritage and recreational services, education and training services, sports and recreational sports, services of athletes, social services, domestic services, etc.

Government Services

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 expenses to administer official assistance. Imports cover expenditures abroad of both the Canadian federal and provincial governments and their staff recruited in Canada.

Travel Services

Travel services cover expenses for the acquisition of goods and services by foreigners while travelling outside their home country, primarily of food, lodging, recreation, gifts and other incidentals, as well as local transportation in the country of travel. It excludes passenger fares for international travel, which are included in transportation services. Spending by non-residents in Canada is recorded as exports while spending by Canadians abroad is recorded as imports.

For the United States, separate estimates are made based on a person's reason for travel: business, education, health, or personal reasons.

The main sources used to estimate travel services are surveys completed by Canadian and non-Canadian travellers, the National Travel Survey and Visitor Travel Survey, respectively, in combination with Frontier Counts. Statistics on enrollments are used to estimate spending by foreign students from the United States.

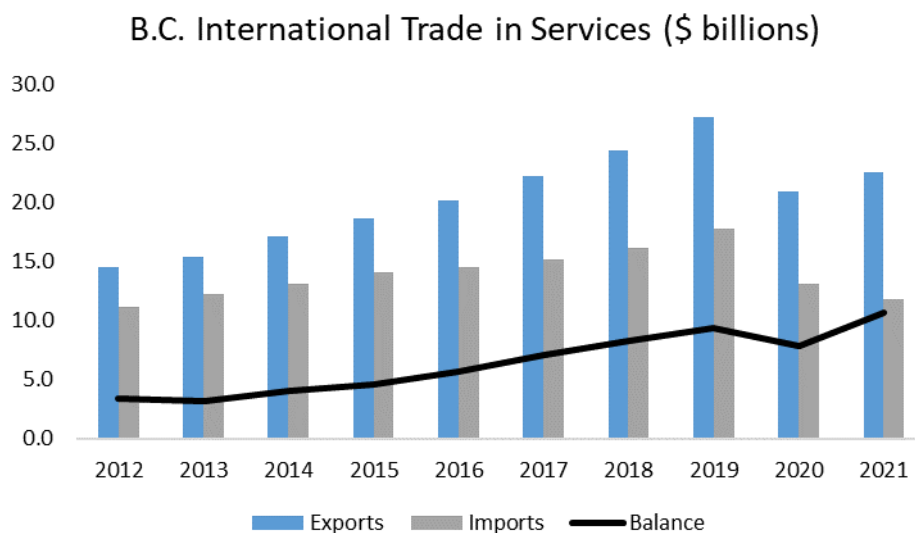
Transportation Services

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. It includes the cross-border air transport of goods and passengers, sea transport (in Canada, almost exclusively of goods), and land and other transport. The latter includes transport of goods and passengers by road as well as miscellaneous types of transportation such as cross-border electricity transmission, pipelines, and post and courier services.

British Columbia Exports and Imports of Services

In 2021, British Columbia exported approximately \$22.5 billion worth of services and imported around \$11.8 billion, resulting in a trade in services surplus of \$10.7 billion. On a year-over-year basis, British Columbia's trade in services surplus increased by 35.6% (from \$7.9 billion to \$10.7 billion), the largest year-over-year increase in over a decade.

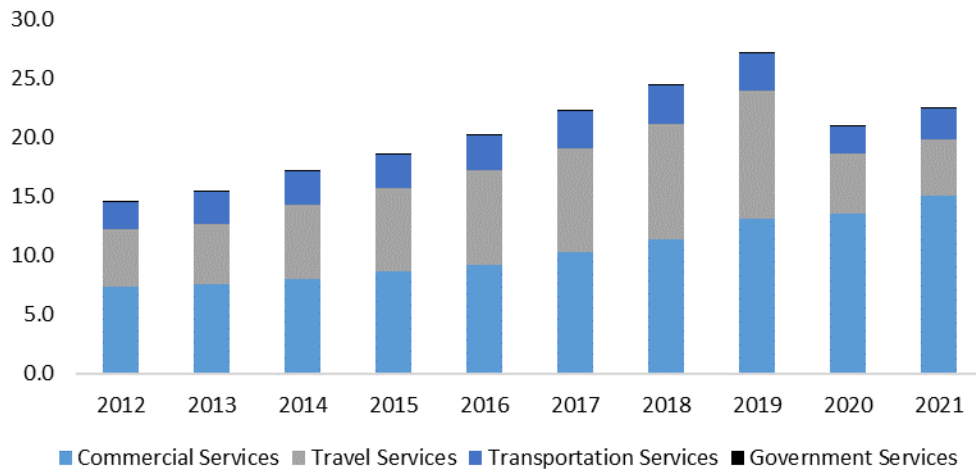
Prior to 2021, British Columbia's trade in services surplus had consistently increased year-over-year since 2014 before falling in 2020 during the COVID-19 pandemic.



Commercial services comprised the largest category of services exported from B.C in 2021, amounting to \$15.0 billion or just over two thirds of total service exports. There was an additional \$4.8 billion of travel services, \$2.6 billion of transportation services, and a much smaller amount (around \$55 million) of government services exported from the province.

On a year-over-year basis, commercial (+\$1.5 billion), transportation (+\$339 million), and government (+\$6 million) service exports increased, while travel service exports (-\$328 million) decreased.

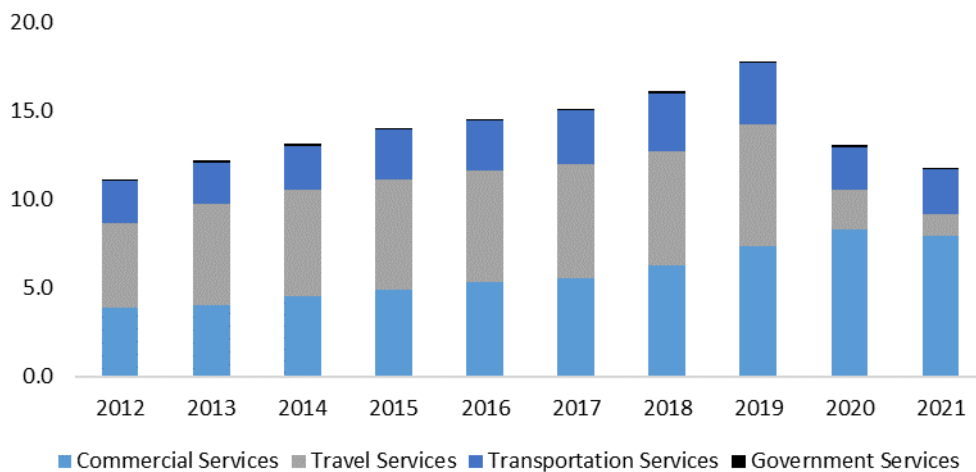
B.C. Trade in Service Exports, by Category (\$ billions)



Similarly to exports, commercial services also accounted for over two-thirds of British Columbia’s import services in 2021. British Columbia imported approximately \$7.9 billion worth of commercial services, \$2.5 billion worth of transportation services, \$1.3 billion worth of travel services, and a much smaller amount (\$111 million) worth of government services.

When compared to 2020, British Columbia’s total service imports decreased by \$1.2 billion in 2021. This was in large part due to travel service imports, which decreased by \$1.0 billion (or -44.4%). Commercial service imports also decreased (-\$359 million or -4.3%) while small increases were observed for transportation (+\$102 million) and government (+\$2 million) services.

B.C. Trade in Service Imports, by Category (\$ billions)



B.C. service exports by detailed category

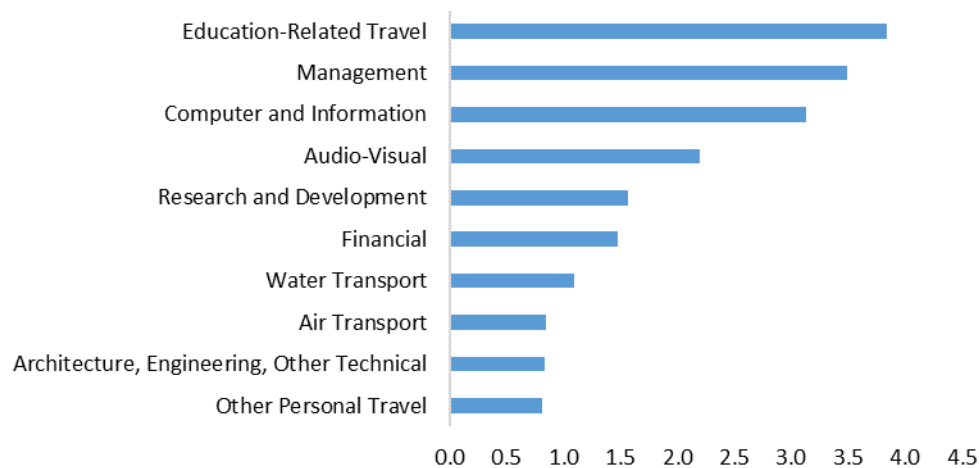
In 2021, education-related travel was B.C.'s top service export at around \$3.8 billion. This is likely driven by post-secondary education services provided to foreign students. Educational-related travel services accounted for nearly 80% of British Columbia's total travel service exports in 2021. This may be because, unlike other personal travel, education-related travel services include those staying in British Columbia for more than 12 months. Therefore, it may not be affected as sharply by changes in short-term travel due to the pandemic.

British Columbia's additional top service exports fall under the commercial services category. Management services ranked second overall at \$3.5 billion. Management services include administrative, business and management consulting, as well as public relations services.

Computer and information services were the third highest valued service exports in 2021, at \$3.1 billion. These services include the design, engineering, and management of computer systems as well as online informational retrieval services such as database services, computer-assisted document searches and retrievals, and news agency services.

Audio-visual services were the fourth highest valued service export in 2021, at just under \$2.2 billion. These services are mainly originated in B.C.'s film and television production sector.

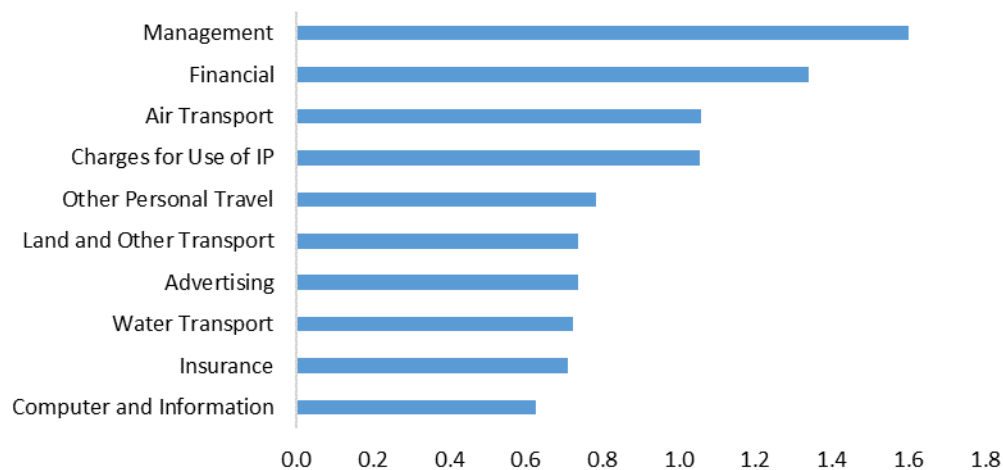
B.C.'s Top Service Export Categories, 2021 (\$ billions)



B.C. service imports by detailed category

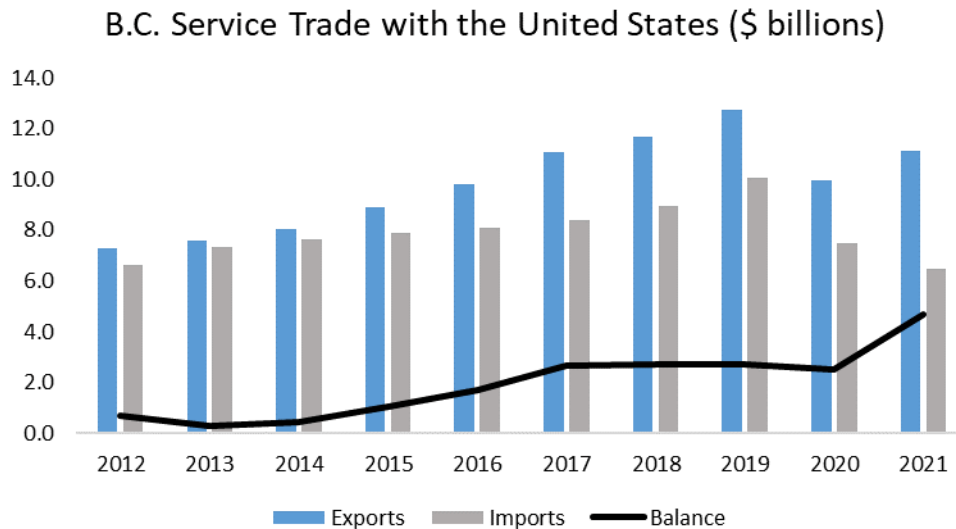
Management, financial, and air transport services were British Columbia’s top service imports in 2021. Management services (including administrative, business and management consulting, and public relations) ranked first at \$1.6 billion. Financial service imports were second at \$1.3 billion. Financial services include any services related to financial activity (e.g. financial advice, asset management, etc.) but does not include fees or commissions on securities trading. Air transport services were B.C.’s third largest service import at \$1.1 billion. These services cover international revenues arising from the transportation of goods and cross-border travellers. Charges for use of intellectual property ranked as the fourth largest import, worth \$1.0 billion. This subcategory includes expenses for royalty or license fees for the use of intellectual property. Fees can be paid for properties such as patents and industrial designs, trademarks, franchises, computer software, and other forms of intellectual property.

B.C.'s Top Service Import Categories, 2021 (\$ billions)



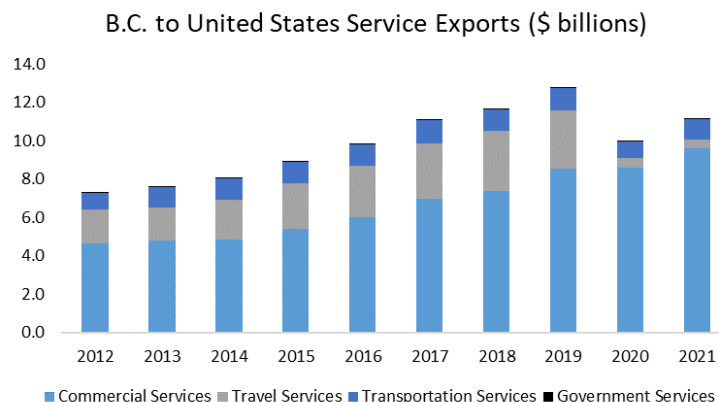
British Columbia's Trade in Services by Country and Region

B.C.'s Trade in Services with the United States



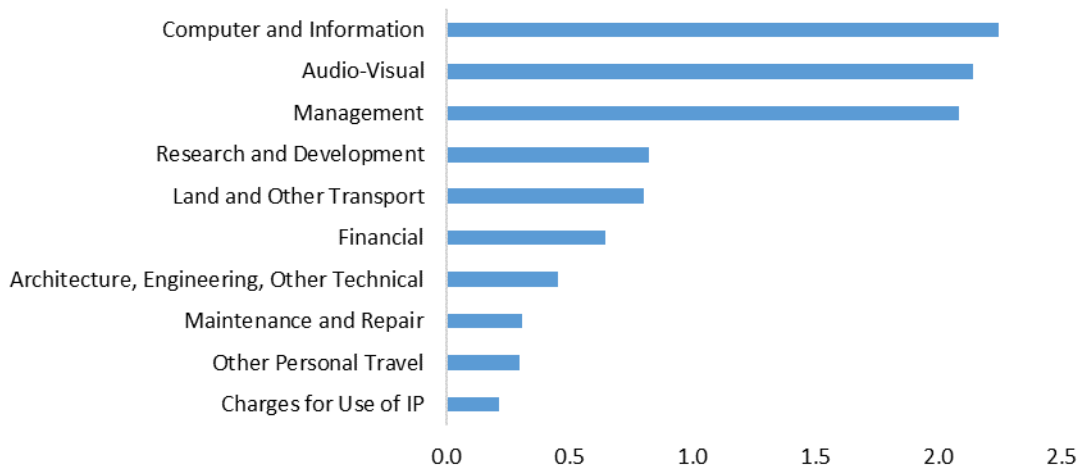
In 2021, B.C. exported around \$11.1 billion worth of services to the United States and imported about \$6.5 billion, resulting in a trade in services surplus of \$4.7 billion.

Commercial services accounted for over 86% of British Columbia's service exports to the United States, amounting to \$9.6 billion in 2021. In the same year B.C. also exported \$1.1 billion worth of transportation, \$0.4 billion worth of travel, and a small amount (around \$16 million) of government services to the United States.



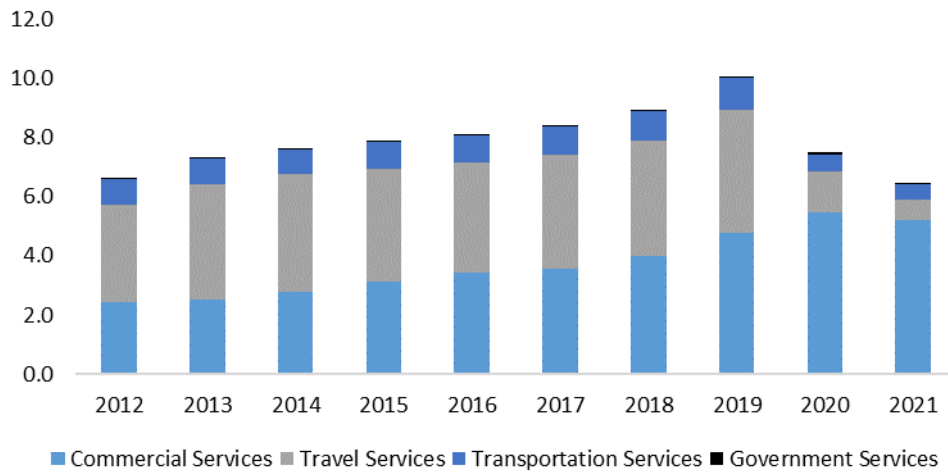
When compared to 2020, B.C.'s trade in exports services with the United States increased for all major categories except travel. The largest increase by far was in commercial services (+\$1.0 billion), followed by transportation services (+\$169 million), and government services (+\$1 million). A small year-over-year decrease was observed for travel services (-\$14 million).

B.C. Top Service Exports to United States, 2021 (\$ billions)



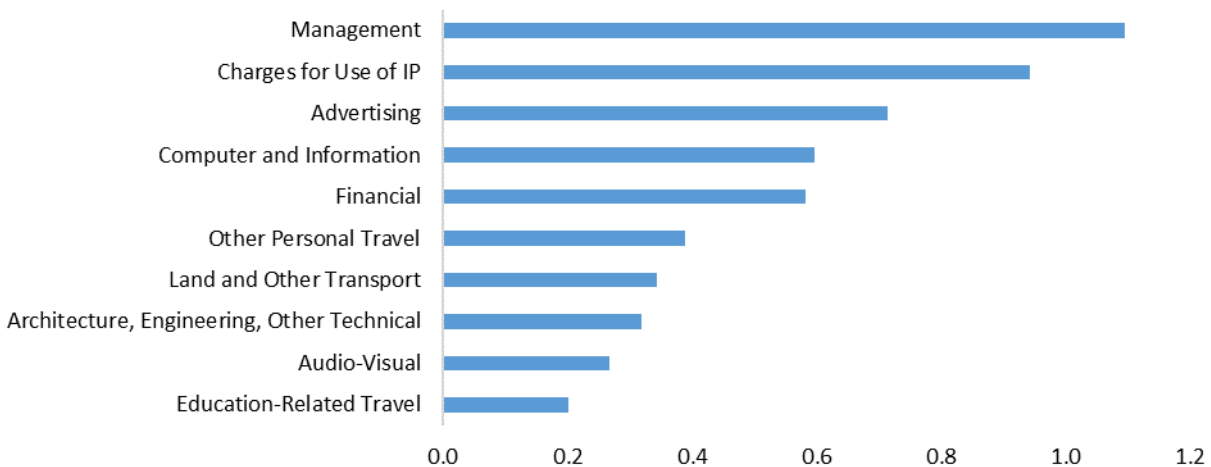
British Columbia's top service exports to the United States in 2021 were computer and information, audio-visual, and management services. Computer and information services were B.C.'s largest service export at \$2.2 billion. These services include the design, engineering, and management of computer systems as well as online informational retrieval services such as database services, computer-assisted document searches and retrievals, and news agency services. Audio-visual services ranked second at \$2.14 billion. These services are mainly comprised of B.C.'s film and television sector. Management services ranked third at \$2.08 billion and includes administrative, business and management consulting and public relations services, legal services, accounting, auditing, bookkeeping, tax consultancy, etc.

B.C. from United States Service Imports (\$ billions)



With respect to imports of services from the US, the top category of imports to B.C. in 2021 were commercial services at just over \$5.2 billion. British Columbia also imported \$688 million worth of travel services from the U.S., \$516 million worth of transportation services, and a small amount (around \$64 million) of government services that same year.

B.C. Top Service Imports from the United States, 2021 (\$ billions)



British Columbia’s largest commercial service imports from the U.S. included management services, charges for the use of intellectual property, and advertising services. Management service imports totalled \$1.1 billion and include administrative, business and management consulting, and public relations services. Import services for charges for the use of intellectual property (such as fees for royalties and licences, patents and industrial designs, trademarks, and franchises) came second and totalled \$942 million. Advertising services ranked third at \$714 million and include services such as

provision of advertising space or time, advertising and related photography services, market research, and public opinion polling.

On a year-over-year basis, most major service category imports from the U.S. decreased, except for a small increase in government services. Travel services imports from the U.S. had the largest decrease (-\$693 million), followed by commercial services (-\$243 million), and transportation services (-\$76 million). A small increase (+\$5 million) of government service imports was observed in 2021.

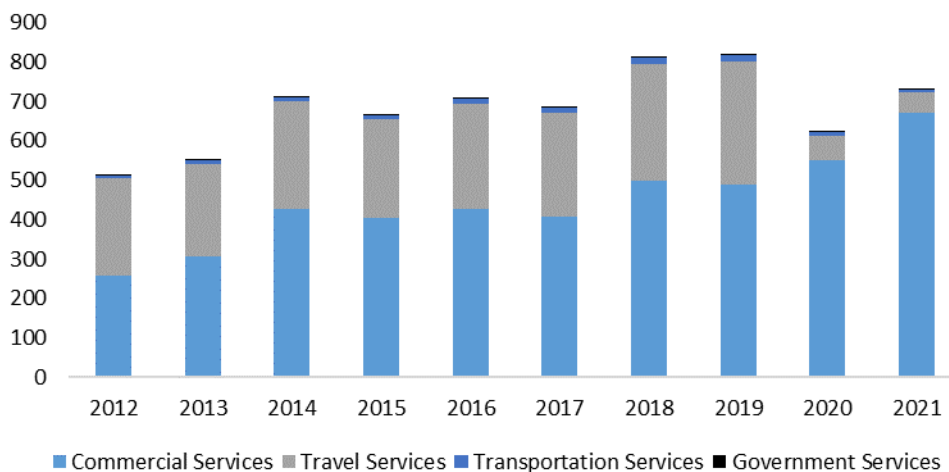
B.C.'s trade in services with the United Kingdom

B.C. exported approximately \$734 million worth of services to the United Kingdom in 2021, and imported around \$503 million, resulting in a service trade surplus of \$230 million. This is the highest B.C.'s trade in services surplus with the U.K. has been since 2014 and represents a year over year increase of 530%.

Commercial services were by far the top service export category from B.C. to the United Kingdom in 2021 at approximately \$672 million. In the same year, British Columbia also exported \$51 million in travel services, \$8 million in transportation services and \$3 million in government services.

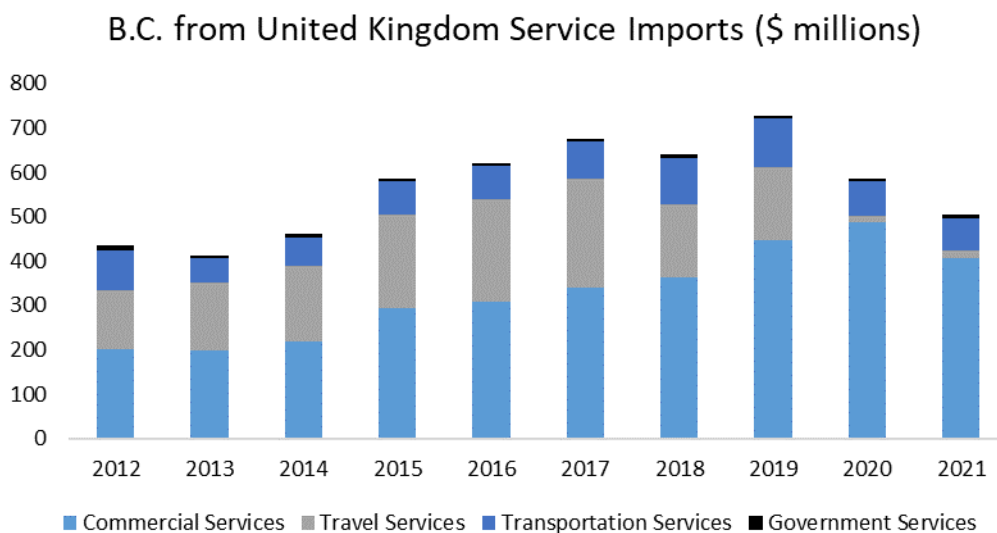
When compared to 2020, B.C.'s service exports to the United Kingdom increased by approximately \$110 million. While increases were observed for commercial service exports (+\$122 million), this was offset by decreases in travel (-\$11 million) and transportation (-\$1 million) service exports. There was virtually no observable year-over-year change for government service exports.

B.C. to United Kingdom Service Exports (\$ millions)



In 2021, B.C. imported around \$406 million worth of commercial services from the UK, followed by \$71 million in transportation services imports, \$19 million in travel services imports, and \$7 million in government service imports.

On a year-over-year basis, B.C.'s service imports from the United Kingdom decreased by \$83 million in 2021. Commercial (-\$81 million) and transportation (-\$6 million) import services both decreased, while a small increase was observed for travel services (+\$3 million). There was virtually no change in government service imports from the United Kingdom in 2021.

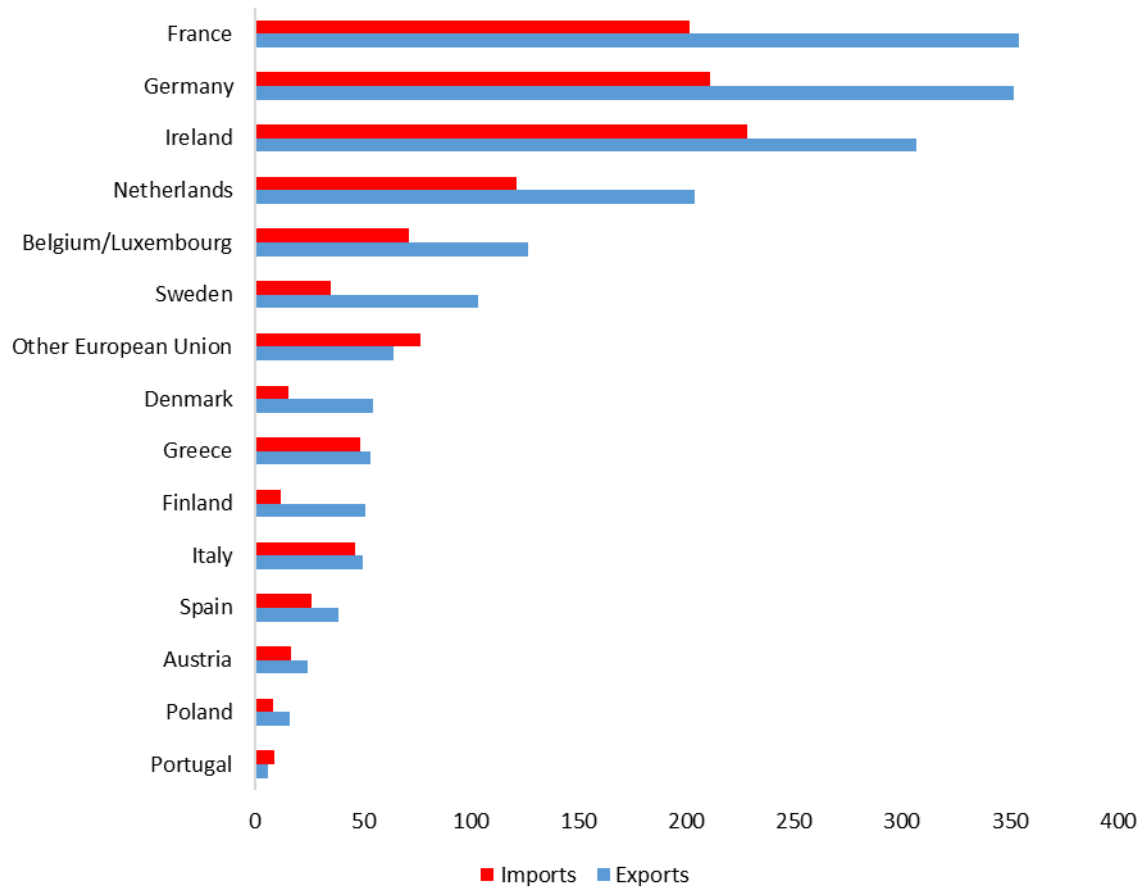


B.C.'s Trade in services with the European Union

In 2021, B.C. exported approximately \$1.8 billion in services to the EU, while importing about \$1.1 billion, resulting in a trade in services surplus of nearly \$0.7 billion. On a year-over-year basis, B.C.'s service trade surplus with the European Union increased by nearly 90% (\$0.4 billion to \$0.7 billion).

France, Germany, and Ireland were the main destinations for B.C. service exports within the EU. In 2021, B.C. exported around \$354 million worth of services to France while importing around \$202 million. Germany was B.C.'s next largest trading partner with \$352 million worth of service exports and \$211 million worth of service imports. Ireland ranked third among EU countries, with \$306 million worth of services exported and \$229 million worth of service imports.

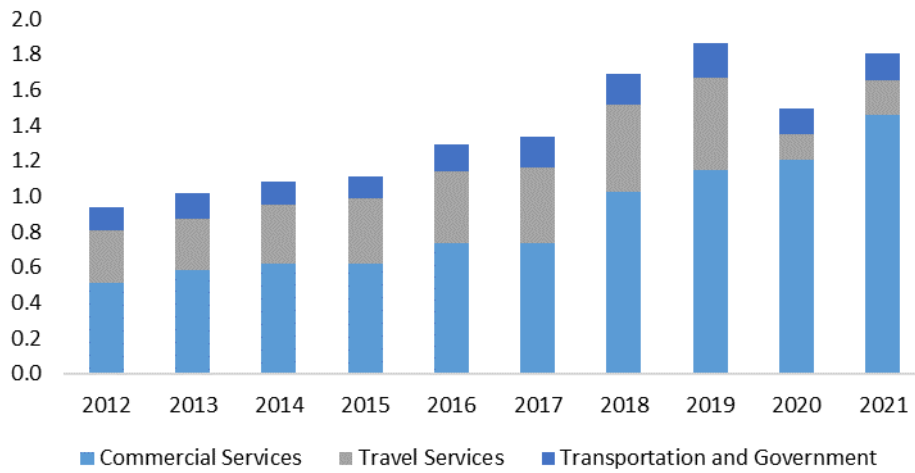
B.C. Trade in Services with E.U., by country (\$ millions), 2021



Commercial services accounted for over 80% B.C.’s service exports to the EU in 2021. British Columbia’s largest commercial services exports to the EU include management services (\$408 million), research and development services (\$323 million) and computer and information development services (\$294 million). B.C. also exported \$196 million worth of travel services, and \$149 million worth transportation and government services combined to the EU in 2021.

In comparison to 2020, B.C.’s exports to the EU increased for all service categories. Commercial service exports had the largest increase (+\$251 million) while smaller increases were observed for travel services (+\$55 million) and transportation and government services combined (+\$5 million).

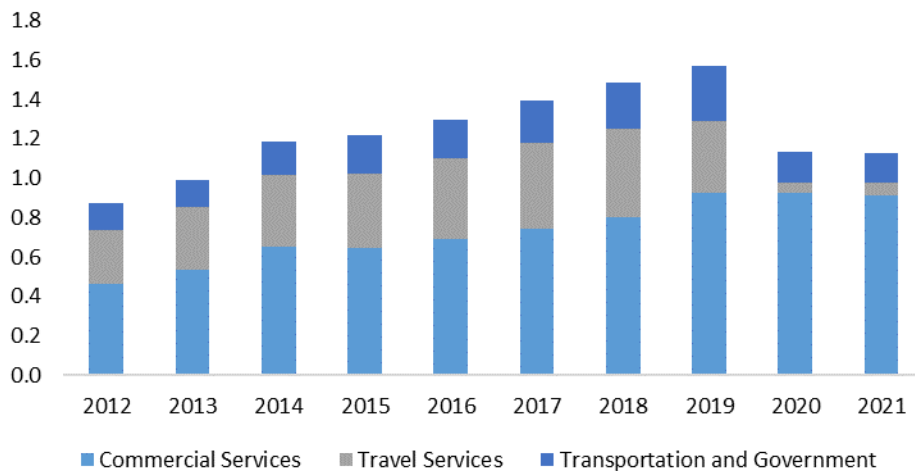
B.C. to E.U. Service Exports (\$ billions)



Similar to exports, commercial services accounted for around 80% of B.C.’s total service imports to the E.U. in 2021. In addition to \$915 million worth of commercial services, B.C. also imported \$153 million worth of transportation and government services (combined) and \$61 million worth of travel services.

On a year-over-year basis, B.C.’s service imports from the EU had a slight decrease of about \$8 million. While travel services increased (+\$10 million), commercial services (-\$10 million) and transportation and government services (-\$8 million) decreased.

B.C. from E.U. Service Imports (\$ billions)



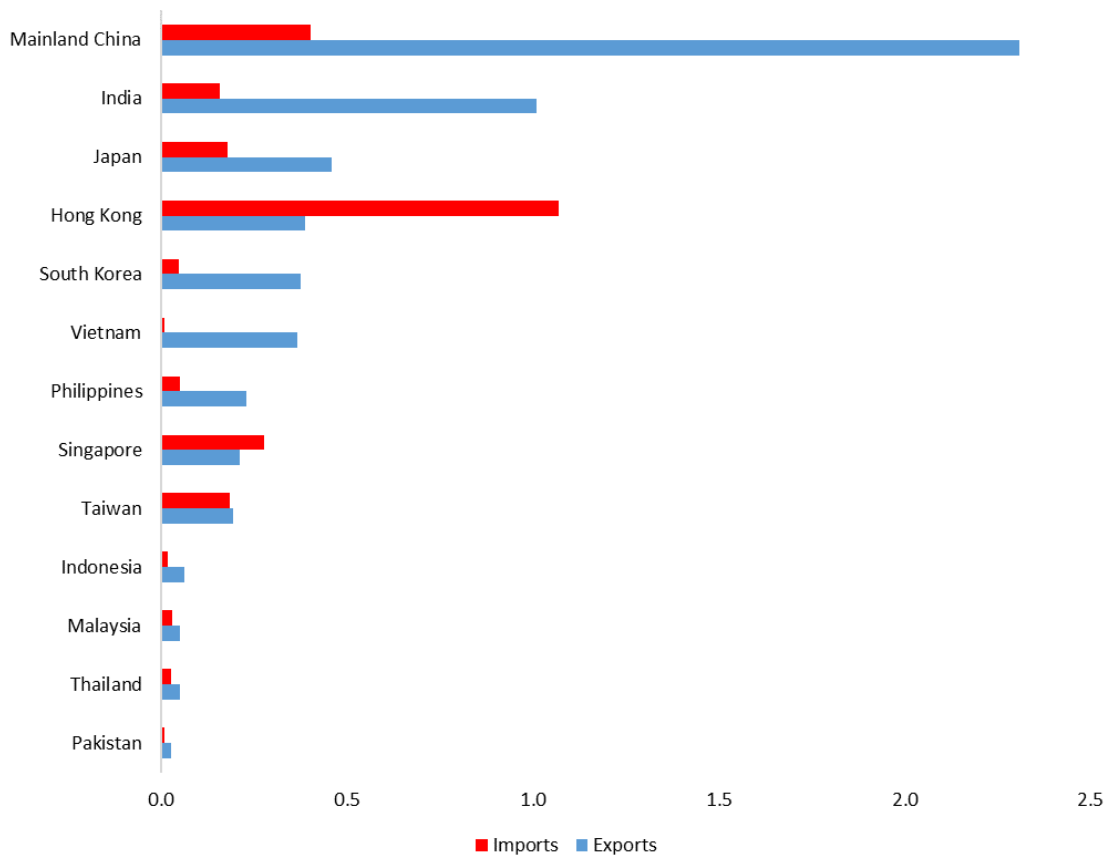
B.C.'s Trade in services with Selected Countries in Asia

B.C. exported over \$5.7 billion worth of services to Asia in 2021, while importing \$2.5 billion, resulting in a trade in services surplus of around \$3.3 billion.

Mainland China, India, and Japan are B.C.'s top service export destinations within Asia. In 2021, B.C. exported around \$2.3 billion worth of services to Mainland China, while importing around \$0.4 billion. India received the second most service exports at \$1.0 billion and imported about \$158 million. Japan ranked third with under \$0.5 billion services exported and \$177 million services imported.

Hong Kong was the main source of service imports from Asia, totalling over \$1.0 billion in 2021. Hong Kong alone accounted for over 43% of service imports from Asia to British Columbia. This was mainly in the form of transportation services, which covers international expenses arising from the transportation of goods and of cross-border travellers, as well as from supporting services related to transportation.

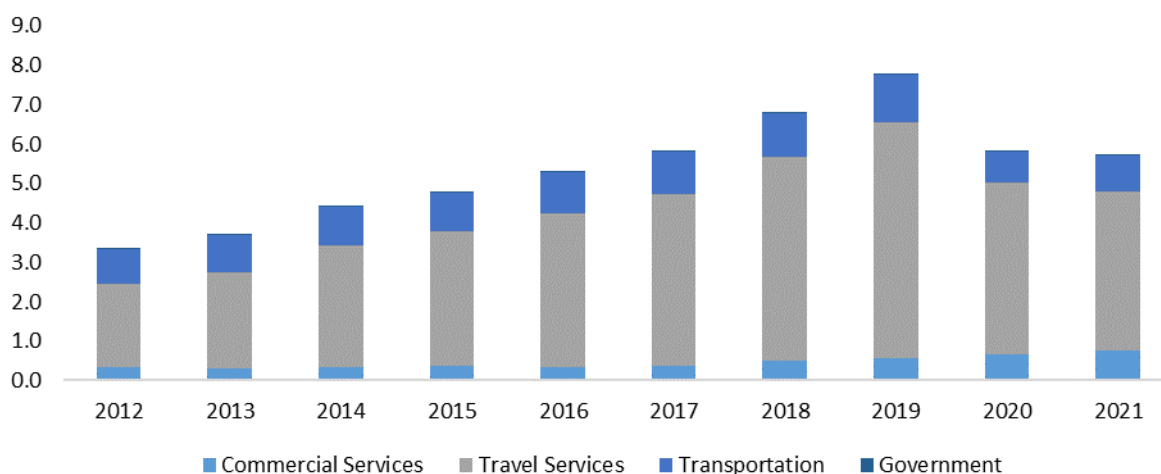
B.C. Trade in Services with selected countries in Asia (\$ billion), 2021



Travel services were British Columbia’s largest service export category to Asia in 2021, at around \$4.0 billion. This is likely the result of education-related travel services, which are services paid for by international students enrolled in post-secondary institutions. Since education-related travel include those staying in British Columbia for more than 12 months, it is not affected as sharply by changes in short-term travel due to the pandemic.

Compared to 2020, B.C.’s service exports to Asia decreased by about \$74 million year-over-year. Travel services (+\$ 356 million) increased while transportation (-\$169 million), commercial (-\$111 million), and government (-\$2 million) service exports decreased.

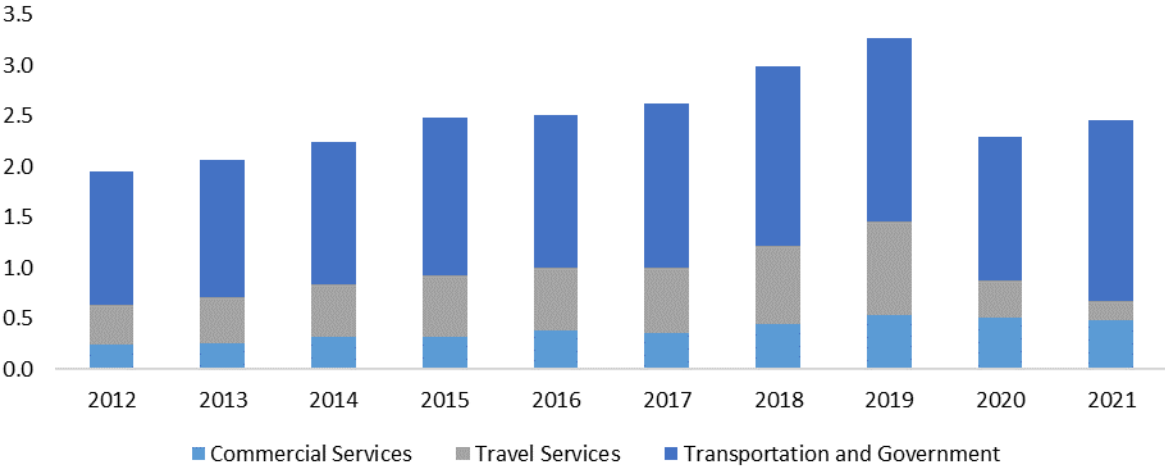
B.C. to Selected Countries in Asia Service Exports (\$ billions)



In 2021, the top service import category from Asia to B.C. were transportation and government services (combined) at around \$1.8 billion. These service were mainly from Hong Kong, which accounted for over \$1.0 billion of the combined transportation and government service imports from Asia. Commercial services were second with \$0.5 billion imported, followed by travel services at \$0.2 billion.

On a year-over-year basis, import services from Asia to B.C. increased by about \$155 million in 2021. While transportation and government service imports increased (+\$367 million), travel (-\$176 million) and commercial (-\$36 million) services decreased.

B.C. from Selected Countries in Asia Service Imports (\$ billions)



3. British Columbia's Trade with High Performance Markets

The Ministry of Jobs, Economic Recovery, and Innovation developed an evaluation model to help identify new markets for targeted trade and investment activities—this supported the development of the BC Trade Diversification Strategy. The model included using a standardized tool to assess the markets against socioeconomic indicators including economic size and potential, political and cultural alignment, shared values (inclusive growth, Indigenous reconciliation, sustainability), market conditions and ease of doing business, strategic location, and trade partnerships and agreements. A weighting system was applied based on B.C. growth potential, alignment to B.C. values, and policy priorities to each of the categories to determine the market's score and based on the overall score, ranked from high to low potential. As result of using this tool, new markets identified with high potential for B.C. were Mexico, Taiwan, and Vietnam.

B.C.'s Trade in Services with Mexico

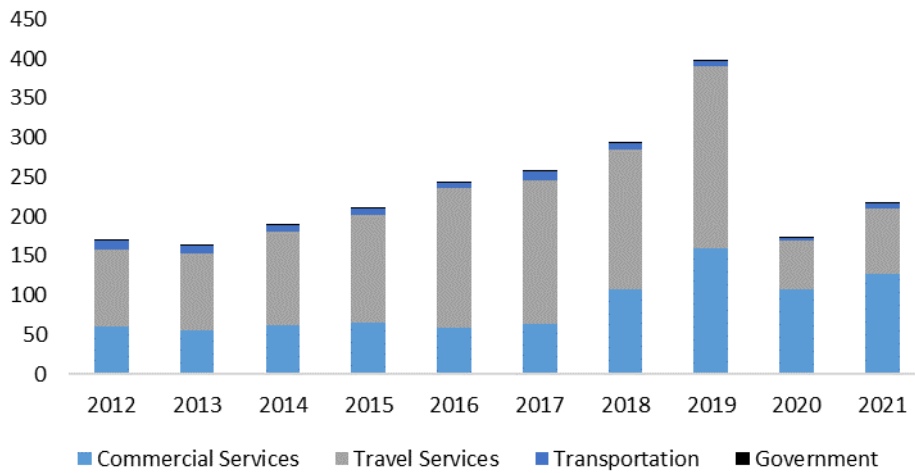
B.C. exported approximately \$216 million worth of services to Mexico in 2021 and imported around \$177 million, resulting in a service trade surplus of \$40 million.

Commercial services were the top service export to Mexico in 2021, at \$127 million. B.C. also exported \$83 million in travel services, \$6 million in transportation services, and \$1 million in government services that same year.

In comparison to 2020, British Columbia's export of services to Mexico increased by around 25% (\$173 million to \$216 million) in 2021. Travel services exports had the largest increase (+\$21 million) followed closely by commercial services (+\$20 million). Transportation services had a much smaller increase (+\$2 million) while there was no observable change for government service exports.

Prior to 2020 (the year of the COVID-19 pandemic), B.C.'s service exports to Mexico had increased every year since 2013. The largest increase occurred in 2019, when total service exports increased by \$105 million year-over-year.

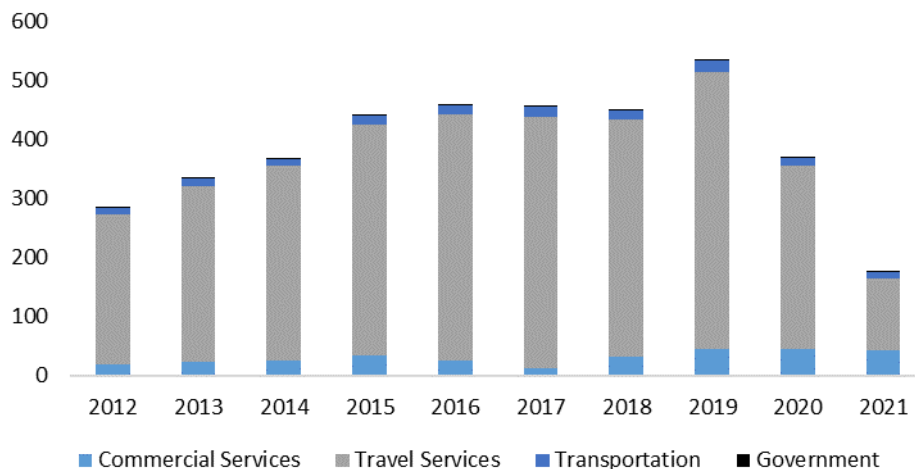
B.C. to Mexico Service Exports (\$ millions)



Mexico’s largest service imports to British Columbia in 2021 were, by far, travel-related services at \$122 million. This was followed by commercial service imports at \$43 million, transportation service imports at \$11 million and government service imports at \$1 million.

On year-over-year basis, service imports from Mexico to British Columbia decreased by more than half (\$369 million to \$177 million) in 2021. The largest decrease by far was in travel services imports (-\$186 million), followed by transportation (-\$3 million) and commercial (-\$3 million) service imports. There was no observable changes in government service imports in 2021.

B.C. from Mexico Service Imports (\$ millions)

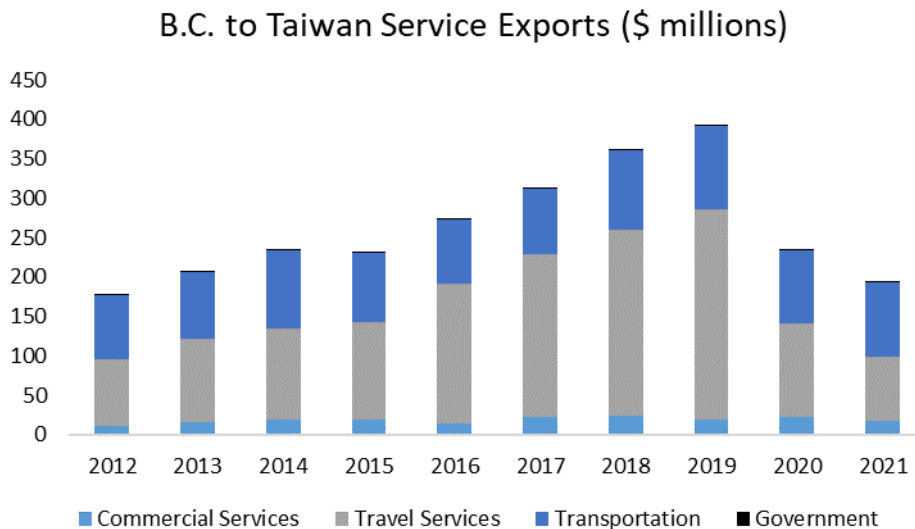


B.C.'s Trade in Services with Taiwan

In 2021, B.C. exported approximately \$194 million worth of services to Taiwan and imported around \$184 million, resulting in a services trade surplus of \$10 million.

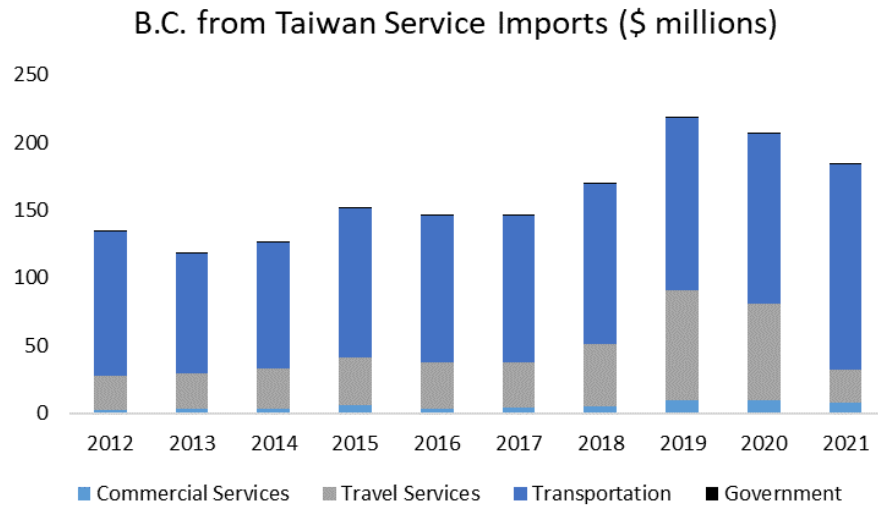
At \$94 million, transportation services accounted for the majority of B.C.'s service exports to Taiwan in 2021. Travel services were second at \$82 million, followed by commercial services at \$17 million. B.C.'s government service exports to Taiwan were estimated to be less than \$500,000 in 2021.

In comparison to the previous year, B.C.'s service exports to Taiwan decreased by \$41 million in 2021. This decrease was in large part due to the decline in travel services exports (-\$37 million). A small decrease was also observed for commercial (-\$4 million) and transportation (-\$1 million) services while government service exports remained the same.



With respect to import services from Taiwan, the top imports to B.C. in 2021 were transportation services (\$151 million) followed by travel services (\$25 million) and commercial services (\$8 million). Government import services were estimated to be less than \$500,000.

Service imports from Taiwan to B.C. decreased by less than 10% year-over-year in 2020. While transportation (-\$20 million) and travel (-\$3 million) services imports decreased, commercial service imports (+\$1 million) increased. Government service imports had no observable change.

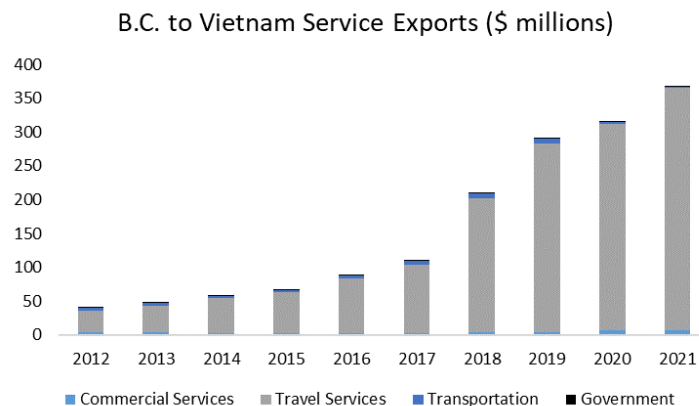


B.C.'s Trade in Services with Vietnam

B.C. exported approximately \$367 million in services to Vietnam in 2021, and imported about \$9 million, resulting in a service trade surplus of \$358 million.

Travel services, by far, were B.C.'s largest service export to Vietnam in 2021 amounting to \$358 million. A much smaller amount of commercial (\$8 million) and transportation (\$1 million) services were also exported, while government service exports were estimated to be less than \$500,000.

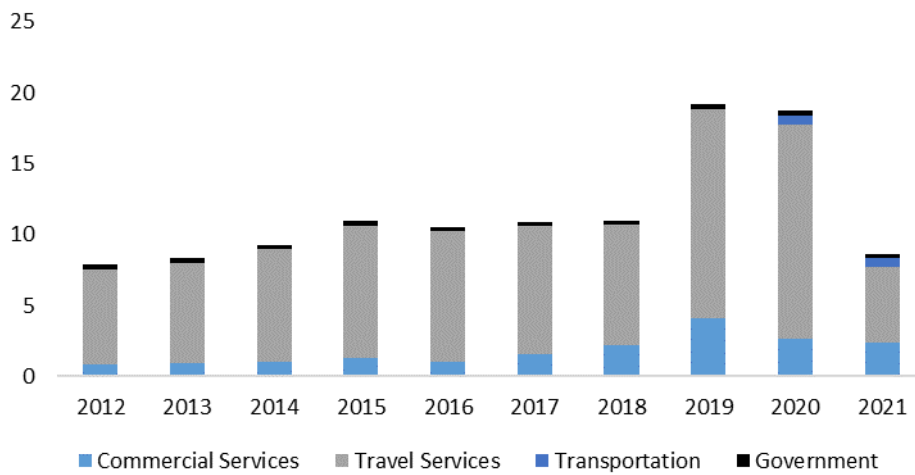
On a year-over-year basis, British Columbia's service exports to Vietnam increased by \$52 million in 2021. While travel service exports increased (+\$52 million), small decrease was observed for transportation services (less than \$1 million). Commercial and government services remained virtually unchanged year-over-year.



Service imports from Vietnam to British Columbia were mostly travel-related, totalling \$5 million in 2021. That same year, B.C. also imported \$2 million worth of commercial services and \$1 million worth of transportation services, while government service imports were estimated to be less than \$500,000.

In comparison to 2020, import services from Vietnam to British Columbia decreased by over 50% (\$19 million to \$9 million). This decrease was almost entirely due to the decline in travel import services, which fell from \$15 million to \$5 million year-over-year. Commercial, transportation, and government services imports remained virtually unchanged during this time.

B.C from Vietnam Service Imports (\$ millions)



Appendix A: Methodology

The main sources of data for this report are Statistics Canada's *annual international trade in services* release ([link](#)), the provincial *supply-use tables*, and *B.C.'s official economic accounts*. Supplementary data sources are also used, as summarized below. These estimates are preliminary and may be subject to revision as the methodology is refined and/or more information becomes available.

Statistics Canada's *trade in services* release groups services into four broad categories (commercial services, government services, travel services and transportation services) and numerous sub-categories and gives estimates for transactions with specific countries. Notably this source gives estimates only for Canada as a whole. This report estimates B.C.'s portion and presents its results in the same classification scheme. This classification scheme is based on Central Product Classification (CPC) version 2, developed by the United Nations to facilitate international comparisons.

The *supply-use tables* are the most detailed picture we have of the Canadian and provincial economies and are integral to the System of National Accounts. This report uses them as the first step to estimate B.C.'s share of total Canadian trade in services. For each category and sub-category of trade in services we assemble similar groups in the supply-use tables and compare B.C.'s export and import of those to the national totals. The supply-use tables don't become available until almost three years after the reference date, so a major assumption we rely on is that B.C.'s shares haven't changed significantly in the two most recent reference years.

Additional data sources include trade in goods by mode of transport, Air Canada revenue data frontier accounts, travel surveys, and education enrollment data. We take advantage of the best available data to apportion and adjust the B.C. estimates for the various categories and sub-categories of trade in services with specific countries and regions.

Finally, export totals are adjusted to match the estimates of international service imports and exports found in B.C.'s official economic accounts of gross domestic product.

Commercial Services

BC Stats' methodology of estimating BC's exports and imports of commercial services to particular countries takes available data from Statistics Canada's surveys of international transactions in commercial services and estimates the B.C. portion using (1) the supply-use tables' ratios of BC-to-Canada's exports of a given service, (2) B.C. service exports and imports by industry to the U.S. and areas outside the U.S., and (3) normalizes it to the components of B.C.'s official GDP. The weakest assumptions we rely on are that (1) B.C.'s shares of exports for particular services haven't changed

significantly since the latest reference year in the supply-use tables; and (2) that, because of limitations in data sources, B.C.'s share of Canadian trade is the same for all non-U.S. countries.

Government Services

Government services include services purchased by embassies or military bases located abroad and services purchased from foreign providers by any level of the Canadian government. Government services also cover services sold to non-residents by the government such as visas and working permits.

The estimate of BC's exports and imports of government services to specific countries uses the same method as for trade in commercial services.

Travel Services

Travel services cover expenses for the acquisition of goods and services by foreigners while travelling outside their home country. Spending by non-residents in Canada is recorded as exports while spending by Canadians abroad is imports.

However, the cost of international transportation (for example plane tickets between Canada and Europe) is accounted as transportation services (passenger fares) rather than travel services.

For the United States, separate estimates are made based on a person's reason for travel, that is: business, education, health, or personal reasons.

B.C.'s shares of particular countries are calculated using multiple methods, including ratios calculated using the Visitor Travel Survey, the National Travel Survey, the Frontier Counts program, and counts of foreign postsecondary student enrolment (for the U.S. and non-U.S.). The calculated totals are normalized so that they are compatible with the estimate derived from the supply-use tables and B.C.'s official GDP estimate of trade in services. Estimates for travel services rely on the assumption that the various surveys used accurately reflect the spending habits, reasons for travel and destinations of foreign and Canadian travellers.

Transportation Services

B.C.'s shares for the United States are derived using trade in good by mode of transport (2) the National Travel Survey, (3) the Frontier Counts program, and (4) counts of foreign postsecondary student enrolment. B.C.'s shares for individual countries are derived using trade in good by mode of

transport data. The calculated totals are normalized so that they sum to a total estimated according to (1) B.C.'s share of total Canadian travel services as estimated by ratios derived from the supply-use tables, and (2) B.C.'s official GDP estimate of trade in services. The weakest assumptions we rely on are that (1) the supply-use tables accurately reflect B.C.'s share of trade in travel services by reason of travel; and (2) that the various surveys we rely on accurately reflect the spending habits, reasons for travel and destinations of foreign and Canadian travellers.

Appendix B – World Regions

REGIONS AND COUNTRIES

United States

Mexico

United Kingdom

EUROPEAN UNION

Austria

Belgium

Bulgaria

Croatia

Cyprus

Czech Republic

Denmark

Estonia

Finland

France

Germany

Greece

Hungary

Ireland

Italy

Latvia

Lithuania

Luxembourg

Malta

Netherlands

Poland

Portugal

Romania

Slovakia

Slovenia

Spain

Sweden

ASIA

Hong Kong

India

Indonesia

Japan

Mainland China

Malaysia

Pakistan

Philippines

South Korea

Singapore

Taiwan

Thailand

Vietnam

Appendix C - Services

SERVICE SUB SECTORS AND THEIR COMPONENTS

COMMERCIAL

- Maintenance and Repair
- Telecommunications
- Construction
- Insurance
- Financial
- Computer and Information
- Charges for the Use of Intellectual Property
- Non-Financial Commissions
- Equipment Rentals
- Management
- Advertising
- Research and Development
- Architecture, Engineering, Other Technical
- Miscellaneous Services to Businesses
- Audio-Visual
- Other Personal, Cultural and Recreational.

GOVERNMENT

TRANSPORTATION

- Water Transport
- Air Transport
- Land and Other Transport

TRAVEL

- Business Travel
- Education-Related Travel
- Other Personal Travel



BCStats

BC Stats is the provincial government's leader in statistical and economic research, information and analysis essential for evidence-based decision-making. The goal is to increase overall business intelligence—information decision makers can use.

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