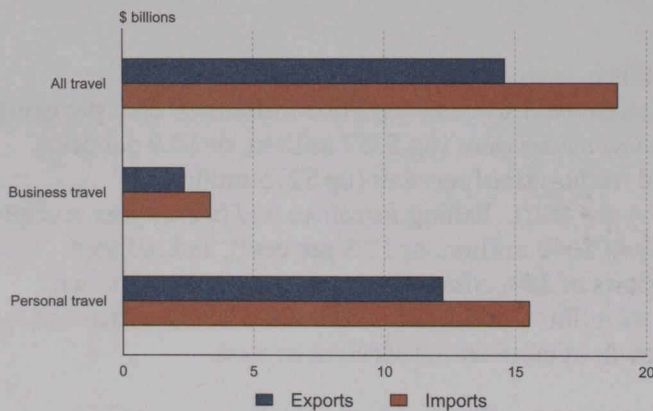


Travel services

Travel services are Canada's second largest category of services exports. At \$14.6 billion in 2003, they were also \$2.1 billion (or 12.8 per cent) lower than the \$16.7 billion high recorded the previous year. The two sub-categories that comprise travel services — *Business travel* and *Personal travel* — experienced reduced exports last year as the effects of the outbreak of SARS in the Toronto area in the Spring of 2003 and the rising value of the Canadian dollar with respect to the U.S. currency throughout the year impacted negatively on travel services. The bulk of the decline in these exports was concentrated in *Personal travel services*, which fell nearly \$1.8 billion (or 12.5 per cent). *Business travel services* were also down, falling almost \$0.4 billion, or 14.0 per cent. With the drop in exports, travel services declined to 25.9 per cent of total services exports last year, from 28.7 per cent in 2002 (Figure 2-3).

Figure 2-3
Travel services trade, 2003



Total travel services imports rose by 1.7 per cent in 2003 — the same pace recorded for total services imports. As a result, travel services maintained their 27.9 per cent share of total services imports from 2002 to 2003. Overall, travel services rose \$0.3 billion, to \$18.9 billion for the year. *Personal travel* imports were up \$0.4 billion, or 2.5 per cent, from a year earlier while *Business travel* imports were \$0.1 billion (or 2.1 per cent) lower than they were in 2002.

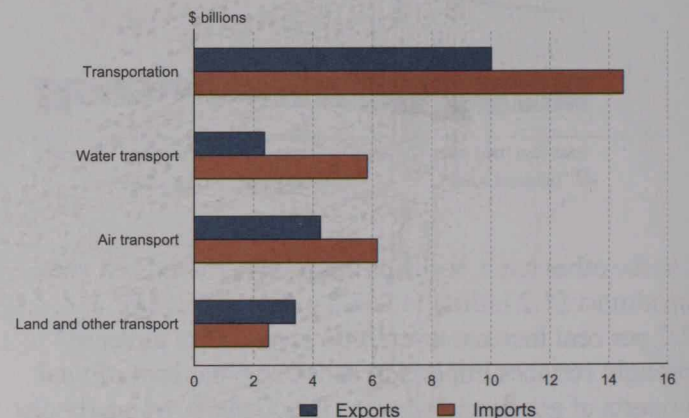
With these developments, the deficit in travel services widened by \$2.4 billion, to \$4.3 billion in 2003. Both components — *Business travel* and *Personal travel* — contributed to the deterioration in this trade balance.

Transportation services

Transportation services also experienced a fall in their exports last year. This sector, which accounts for slightly less than one-fifth of total services exports (or 17.8 per cent), saw exports fall \$0.8 billion to \$10.0 billion from 2002 to 2003. The bulk of the decline came in *Air transport services*, as these exports fell 14.6 per cent, from \$5.0 billion to \$4.3 billion. Also contributing to the losses were fewer exports of *Land and other transportation services*, which declined from \$3.6 billion to \$3.4 billion, or 4.9 per cent. Partially offsetting the declines was a \$0.1 billion (or 4.0 per cent) increase in exports of *Water transport services*. Exports of these particular services rose to \$2.4 billion last year (Figure 2-4).

Figure 2-4

Transportation services trade, 2003



On the import side, gains in *Water transport services* (up \$0.3 billion, or 5.7 per cent) and *Air transport services* (up \$0.2 billion, or 3.1 per cent) were partially offset by a \$0.2 billion (or 8.1 per cent) decline in *Land and other transportation services*. Thus, total transportation services imports advanced by \$0.3 billion to \$14.5 billion in 2003, a 2.0 per cent increase over 2002.

The combination of falling exports and rising imports meant that there was a \$1.1 billion widening of the transportation services deficit in 2003, to \$4.5 billion. Both the *Air transport* and *Water transport* sub-categories contributed to the increased trade deficit, while *Land and other transportation services* contributed a small surplus, thereby limiting the overall widening of the deficit in transportation services.