Services is a growing element of the world economy, yet data on services, relative to goods, are not well developed. Canada has instituted a number of work programs to improve data on services. Work within Canada is currently proceeding on two fronts: the development of a data base for the various service industries; and, improving the recording of that portion of services which is traded internationally for the preparation of the balance of payments accounts.

Canada is also participating with international organizations in the development of an international framework for services statistics. Though we recognize that it will be several years before this framework will be established, useful data on services can be gathered using existing frameworks.

The following describes the Canadian progress and future activities in the development of data in both domestic and international trade in services:

I. Service Industry Statistics

Survey coverage is being extended on an industry-by-industry basis to cover all service industries. An experimental set of data for thirteen selected industries was released on May 29, 1987 in Statistics Canada Catalogue Number 62-231, Selected Service Industries in Canada, 1982-1984. Comparable data for the reference year 1985 will be available in December.

These new data provide estimates of service sector revenues, sources of receipts, full-time versus part-time employment and provincial detail for industries not presently covered by ongoing surveys. Industries featured include advertising, employment agencies and personnel suppliers, machinery and equipment rental and leasing services, among others.

A series of special in-depth studies of specific service activities and industries is being undertaken to probe measurement problems and new developments in these areas. This involves field work, including discussions with respondents and industry specialists to obtain the required technical information. Work is proceeding to obtain details on the types of service activities in the area of computer services, engineering, architectural and scientific services and telecommunication. Management and accounting services will also be studied and other areas will be added as resources permit.
II. International Trade in Services

Statistics on international trade in business services have been revamped. The results were published in June 1986 in Statistics Canada Catalogue Number 67-510, Canada's International Trade in Services, 1969-1984. Comparable data for the reference year 1985 will be available in July.

Business services (excluding freight and shipping) have been classified under sixteen categories:

Categories of services

- Consulting and other professional services
- Transportation related services
- Management and administrative services
- Research and development
- Commissions
- Royalties, patents and trademarks
- Films and broadcasting
- Advertising and promotional services
- Financial services
  - Insurance
  - Other financial
- Computer services
- Equipment rentals
- Franchises and similar rights
- Communications
- Tooling and other automotive charges
- Other

For each category of services, the following additional information is available:

- Industrial breakdown of companies performing or receiving the services
  - Petroleum and mining
  - Manufacturing
  - Services

- Country of control of companies performing or receiving the services
  - Canada
  - United States
  - Other countries

- Geographical distribution of service receipts and payments
  - United States
  - European Economic Community
  - Other countries

- Affiliation between transactors
  - Identification of transactions between related and non-related parties.
1. Current developmental work

Work is underway to obtain more detailed and comprehensive data on international service transactions, notably in the area of business services:

- Coverage and methodology for business services: The data are derived from annual surveys supplemented with a benchmark for firms which are small and hence not surveyed. A system is being developed to extend the survey coverage through an ongoing monitoring and analysis of international transactions reported in the financial press.

For the year 1983, Canadian withholding tax data were used to assess data derived from the surveys, to improve the coverage and to update the benchmark. It is intended that tax information be used to update the benchmark periodically. Discussions are underway with Revenue Canada to redesign the Canadian tax form to make it more suitable for statistical purposes.

Various public and private departments and agencies which oversee specific service activities (such as telecommunications, transport, broadcasting) will be contacted to determine what information on services may be available. Some agencies currently provide useful information which is integrated with the estimates on trade in services.

- Geographical distribution of business services: A finer geographical distribution is being developed, as information on an individual country basis has been collected since 1983 for each category of services.

- Labour income: Labour income is currently included with services. These data will be developed and recorded separately.

2. Future developmental work

- Financial services: While information on insurance transactions is available, there are gaps in other areas. Banking services, for which little information is currently available, are embedded with the investment income statistics. Given the growing importance of international banking activities, these estimates will be developed and integrated with the service accounts. While the fees and commissions on new securities are recorded as part of business services, commissions from trading in the secondary market will also be estimated.

- Consulting services: More details will be provided on the types of consulting services rendered, such as engineering, architectural, and legal services.
Transborder data: Research will be undertaken to examine the coverage of services in relatively new areas such as: a) data flows through electronic mail, telephone, satellites, cables; b) services embedded in merchandise trade (tapes, disc, etc.). Special studies of these topical areas are needed.

Travel: While data on the volume of international travellers are felt to be good, there are concerns regarding the information on expenditure characteristics obtained from sample surveys. Work will be undertaken to improve these data.