



# Travel-log

Autumn 1996

## A Booming Travel Market

by Monique Beyrouti

The number of tourists from overseas countries who spent one or more night in Canada has nearly doubled in less than 10 years, rising from 2.0 million in 1986 to 3.9 million in 1995 (Chart 1). What's more, the number of overseas visitors grew an astounding 14.5% between 1994 and 1995.

This fascination with Canada augurs well for the country's tourist industry; overseas travel receipts jumped 20.7% in a single year (1995 compared with 1994).

While overseas tourists<sup>1</sup> are visiting Canada more often and in unprecedented numbers, the proportion of them coming from Asia is growing rapidly.

This boom in overseas trips arises from a continuous growth of tourists from Europe along with a sharp increase originating from travel from Asian markets. The latter has surpassed even the most optimistic expectations. For example, visits to Canada by residents of Japan quadrupled between 1986 and 1995, as did travel by Hong Kong residents. Visits by residents of Taiwan increased sixfold. And it's no fluke.

We will begin this analysis by examining the development of the Asian travel market in comparison with the European travel market, which remains the most important market for Canada.

Next we will explore certain characteristics of visitors from two countries in particular: first Japan, and then, more briefly, South Korea. Finally, we will describe a few of the events that contributed to the extraordinary expansion of this market. We decided to focus on Japan because so many Japanese tourists visit Canada and spend so much money, and on South Korea because it has the highest growth rate in travel to Canada.

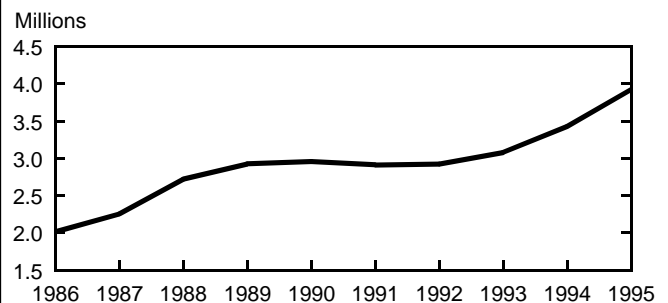
### Travel to Canada is growing by leaps and bounds

Despite the increase in overnight travel from major European tourist markets, Europe's share of travel to Canada is declining (Table 1).

<sup>1</sup> Throughout this article, the term tourists refers to residents of overseas countries who have stayed overnight in Canada; travellers who reside in the United States are excluded.

Chart 1

### Trips to Canada by Overseas Residents



Source: International Travel Survey.

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By contrast, the percentage of trips originating in Asia has grown phenomenally. Between 1986 and 1995, it ballooned from 24.6 per cent to 32.8 per cent (Table 2).

Asia is the only continent whose share of travel to Canada increased.

Over the same period, the European market's share fell from 57.6 per cent in 1986 to 53.9 per cent in 1995.

Travel originating in European countries is growing, to be sure: in 1995 it was up 9.4 per cent from the year before. But the number of trips from Asia has climbed even faster, jumping 27 per cent during the same period.

The decline in European tourism is due primarily to a decrease in the share of trips from the United Kingdom, which accounts for the largest share of European travel to Canada. Despite some fluctuations, the proportion of travel from other large European countries grew in the 10 years covered here. For example, Germany accounted for 10.7 per cent in 1995, compared with 9.9 per cent in 1986. France contributed 10.9 per cent of overseas tourists, versus 7.0 per cent in 1986.

While Britons' overnight travel to Canada is growing, the rate of growth is

Table 1

**Trips to Canada from Selected Countries**

	'000 trips		% Change
	1994	1995	1995/1994
<b>Europe</b>	<b>1,936</b>	<b>2,119</b>	<b>9.5</b>
United Kingdom	577	640	10.9
Germany	367	420	14.4
France	409	430	5.1
<b>Asia</b>	<b>1,014</b>	<b>1,288</b>	<b>27.0</b>
Japan	481	589	22.5
South Korea	78	112	43.6

Source : International Travel Survey.

Table 2

**Share of Trips in Canada for Selected Areas of Overseas Origin**

Year	1986	1990	1991	1992	1993	1994	1995
<b>Europe</b>	<b>57.6</b>	<b>55.1</b>	<b>56.3</b>	<b>57.3</b>	<b>58.7</b>	<b>56.5</b>	<b>53.9</b>
United Kingdom	19.8	18.7	18.2	18.4	18.2	16.8	16.3
Germany	9.9	8.6	9.4	9.9	11.0	10.7	10.7
France	7.0	8.3	8.4	10.6	11.7	11.9	10.9
<b>Asia</b>	<b>24.6</b>	<b>28.9</b>	<b>28.5</b>	<b>28.0</b>	<b>27.1</b>	<b>29.6</b>	<b>32.8</b>
Japan	9.8	13.9	13.5	13.4	13.3	14.0	15.0
<b>Other Asia</b>	<b>14.8</b>	<b>15.1</b>	<b>15.0</b>	<b>14.5</b>	<b>13.9</b>	<b>15.5</b>	<b>17.8</b>

Source: International Travel Survey.



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*Price: Canada: \$12.00 per issue, \$40.00 annually*

*United States: US\$15.00 per issue, US\$48.00 annually*

*Other Countries: US\$17.00 per issue, US\$56.00 annually*

*Periodicity : Quarterly ISSN 0713-2840*

The paper used in this publication meets the minimum requirements of American National Standard for Information Sciences – Permanence of Paper for Printed Library Materials, ANSI (Z39.48 – 1984.)



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insufficient to keep the United Kingdom's share unchanged. It would not be surprising to see Japan overtake the United Kingdom in a few years as the largest overseas market for travel to Canada.

### The opening of Asian markets

A quarter of a century ago, the Japanese economic revolution pulled South Korea, Taiwan, Hong Kong and Singapore along in its wake, making them the first affluent Asian countries. Previously, those countries, overpopulated and poor in natural resources, were still part of the Third World.

Today they are strong economic competitors as well as important economic partners. For Canada, whose trade relations with Asia have exhibited strong growth, this has meant substantial benefits.

It is indeed good news for the tourist industry in particular, since the economic boom is spilling over into international travel.

At almost 1.3 million in 1995, the number of overnight Asian visitors to Canada was up 27 per cent over 1994. Most of them were from Japan, Hong Kong and South Korea.

During their 1995 travels, they poured \$1.4 billion into the Canadian economy (Table 3). This amount is 34 per cent of the total spent in Canada by overseas travellers who stayed one or more night.

Owing to geographic proximity, and to the magnificent scenery of the Rockies, Asians are more inclined to visit western Canada than are residents of other continents. One fifth of their trips included at least one night in Alberta, and 47 per cent of them involved at least one night in British Columbia. Ontario, where nearly half of all Asian visitors spent at least one night, remains the most visited province, where Niagara Falls is a popular attraction for Asian travellers.

### Some characteristics of Japanese travellers...

With its 589,300 visitors to Canada, Japan is the second largest overseas tourist market. In addition, of all the tourist markets that are important to Canada, Japan has the highest proportion of international travel to Canada. Of the total of 15 million overnight international trips made all over the world by Japanese people in 1995, 3.9 per cent were to Canada. This is the largest proportion since 1989, when Canada was the

Table 3

#### Trip expenditures in Canada

	\$ millions		% Change
	1994	1995	1995/1994
<b>Europe</b>	<b>1,830</b>	<b>2,141</b>	<b>17.0</b>
United Kingdom	484	566	16.9
Germany	389	498	28.0
France	412	461	11.9
<b>Asia</b>	<b>1,049</b>	<b>1,366</b>	<b>30.2</b>
Japan	549	661	20.4
South Korea	68	126	85.3

Source : International Travel Survey.

Table 4

#### Canadian Share of International Travel, Selected countries of Origin

	Japan	France	Germany	United Kingdom
1986	3.6	0.9	0.4	1.6
1987	3.7	1.0	0.5	1.6
1988	3.9	1.3	0.5	1.8
1989	4.0	1.2	0.5	1.8
1990	3.7	1.3	0.4	1.8
1991	3.7	1.8	0.4	1.7
1992	3.3	1.8	0.4	1.6
1993	3.4	2.2	0.5	1.6
1994	3.5	2.3	0.5	1.4
1995	3.9	2.6	0.6	1.5

Source : International Travel Survey.  
World Tourism Organization (WTO).

destination of 4.0 per cent of Japanese travellers (Table 4).

Of all overseas residents visiting Canada for one or more nights, Japanese have the highest total expenditures. In 1995, they spent \$661 million.

Of this total, 46 per cent was spent in British Columbia, 24 per cent in Ontario and 20 per cent in Alberta.

In 1995, Japan accounted for 15 per cent of all overseas visitors to Canada and 16 per cent of all travel receipts. Receipts from Japanese travellers, up 20.5 per cent from 1994, surpassed receipts from visitors from any other country, and exceeded receipts from British travellers by \$95.8 million.

However, the Japanese do not stay long. In 1995, they spent an average of only 5.9 days in Canada, while Asian visitors stayed 8.4 days on average and European travellers spent 12.2 days. Yet a Japanese traveller spends more money per night than a German visitor and a French visitor combined.

#### Travel for pleasure!

The Japanese come to Canada mostly on pleasure trips. In 1995, 55 per cent of their total expenditures on travel to Canada were for pleasure trips, 25 per cent for

business trips and 12 per cent for trips to visit friends or relatives.

During their visits to Canada, 45 per cent of them spent at least one night in Ontario, and 27 per cent stayed one night or more in Alberta. British Columbia continues to lead in overnight visits, as 49 per cent of all Japanese travellers to Canada stay at least one night there.

The largest percentage of Japanese travellers – one quarter of them – visited Canada in couples. When travelling for pleasure or vacation trips, the proportion was 29 per cent.

Just over 20 per cent of them travelled alone in 1995, in most cases for the purpose of visiting friends or relatives.

#### The Japanese travel market then and now

Thirty years ago, the Japanese people hardly travelled at all. That changed following the 1964 Olympics in Tokyo, when the Japanese government finally removed its travel restrictions and relaxed the monetary controls on international travel. That year, 128,000 Japanese people ventured outside their country. They knew next to nothing about Canada, and Vancouver was sold to tourists as a port of entry for trips to Disneyland.

The situation changed again in 1978, when the restrictions on the amount of foreign currency Japanese tourists could take out of the country were lifted. A year later, 4 million Japanese travelled outside their country.

The first decline in international travel by the Japanese occurred in 1980. It was probably due to a combination of factors, including a domestic recession, a drop in disposable income and higher international airfares. It took until 1984 for Japanese travel to Canada to return to its 1980 level.

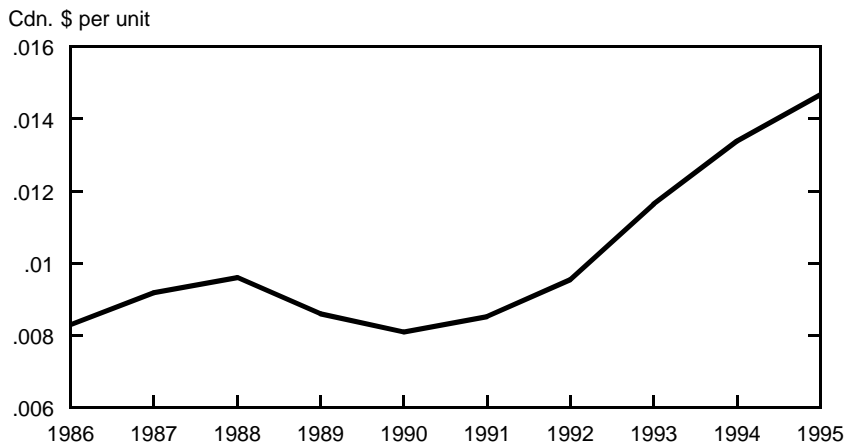
The number of international trips taken by Japanese people started rising in 1985. An important factor in the increase was a sharp upswing in the yen's value (Chart 2), which made travel affordable. Moreover, the Japanese government's policy of encouraging its workers to spend more of their income on consumer goods and services, including travel, and to take longer vacations started to work, as Japan's sustained economic growth continued apace. In the early 1990s, however, that growth was interrupted. A crash in the stock and real estate markets led to an economic slump in the second quarter of 1992. The recession, along with the outbreak of the Gulf War, dampened Japanese interest in international travel.

Slowly and gradually, travel began recovering in late 1993. A number of factors contributed to the recovery, and probably also helped mitigate the overall decline. First, the yen remained strong from 1991 on; except for brief interruptions, its value against the U.S. dollar has risen by an average of 5 per cent a year over the past 20 years. In addition, competition between travel agencies, which had proliferated in the late 1980s, led to a price war, which resulted in lower travel costs, particularly in early 1990.

Since the 1993 recovery, international travel by the Japanese has shown significant growth, climbing from 11.8 million that year to 15.0 million in 1995.

The rush to visit Canada was influenced by various factors. The depreciation of the Canadian dollar, along with the opening of a new international airport in Osaka in 1994, caused a surge in Japanese travel to Canada. The increase in frequency and capacity of flights has been highly beneficial; in particular, it has been easier for Japanese travellers to enter Canada directly, which they have been doing in growing numbers.

Chart 2

**Japanese Yen in Canadian Dollars, 1986-1995**

Source: Bank of Canada.

**An attraction for nature lovers**

In 1995, 61 per cent of Japanese visitors to Canada were on vacation or leisure trips (Table 5). They made most of their trips (42 per cent) between July and September. According to a detailed study of the Japanese leisure travel market funded jointly by the Canadian Tourism Commission, the U.S. Travel and Tourism Administration and the Mexican Secretaria de Turismo, the element with the greatest potential to attract future Japanese visitors to Canada remains the country's extraordinary natural beauty

and wildlife. This includes its mountains, its wilderness, its many national parks and forests, its lakes and rivers, its ecological sites, and so on. The Japanese are fascinated by wide open spaces, sparse population and "nature on a grand scale". These characteristics are advantages for Canada because conservation of the natural environment is extremely important in Japan.

Other good qualities the Japanese see in Canada are the clean, unspoiled environment, the many tourist areas, and the feeling of safety.

Table 5

**Trips in Canada by Major Purpose, Selected Areas, 1995**

	Business convention and employment	Visiting friends or relatives	Other pleasure recreation or holiday	Other	Total
	%				
<b>Europe</b>	<b>13</b>	<b>29</b>	<b>55</b>	<b>3</b>	<b>100</b>
France	11	21	64	4	100
Germany	11	21	65	3	100
United Kingdom	10	36	51	3	100
<b>Asia</b>	<b>20</b>	<b>23</b>	<b>53</b>	<b>4</b>	<b>100</b>
Japan	23	12	61	4	100
<b>Other Asia</b>	<b>17</b>	<b>33</b>	<b>46</b>	<b>4</b>	<b>100</b>

Source: International Travel Survey.

As Table 6 shows, three quarters of all Japanese visitors reported sightseeing as one of the things they did while in Canada, and nearly half of them visited a national or theme park or a historic site in 1995.

However, the Japanese have very high standards for service, and some of the negative comments they make about Canada concern services in hotels, the number of hotels and the hotel reservation system, all of which they consider inadequate. These are important factors for the Japanese, since a great many of them stay in hotels. In 1995, 60 per cent of them spent at least one night in a hotel. That year, they spent 23 per cent of their total budget in Canada on accommodation and 11 per cent on food.

They also complained that special services for older travellers were lacking and that the transportation system was poor.

In 1995, Japanese travellers spent 8 per cent of their total budget on transportation within Canada.

Most experts on Japan believe that the number of Japanese travelling abroad will reach 20 million by the year 2000. This bodes well for Canada since Japanese travellers tend to spend a great deal of money. Efforts by Canadian leaders have not been in vain. Japanese investment in Canada is growing. In addition, as the Canadian Minister of International Trade pointed out during an official visit to Japan last April, Canada remains a major supplier of certain products to Japan. Four of the seven key sectors identified in *Canada's Action Plan for Japan*, including tourism, benefited from the Minister's visit.

### South Korea outpaces all other major travel markets

Unprecedented numbers of South Koreans are choosing Canada as their holiday destination. Just five years ago, most South Koreans could not even get a passport.

In 1995, a record 112,000 of them stayed overnight in Canada. They left behind a total of \$126.2 million, up 86 per cent from 1994. On average, they spent \$171 per person per night in 1995 or \$1,138 per trip.

The lion's share – 55 per cent – of the receipts from South Korean visitors went to British Columbia. Ontario came second with 29 per cent.

Table 6  
**Selected Activities of Japanese Travellers in Canada, 1995**

	%
Shopping	75
Go sightseeing	79
Visit a zoo/museum natural display	29
Visit parks/historical site	49
Participate in sports/ outdoor activities	28

Source: *International Travel Survey*.  
Note: The sum of individual activities will be greater than a 100% since travellers can do more than one activity during a trip.

South Korea is now the eighth largest overseas market for Canada; only a year ago, it ranked eleventh, just behind Mexico. Between 1994 and 1995, it posted a larger increase (52 per cent) in visitors to Canada than any other major travel market.

South Korean travellers spent an average of 6.6 nights in Canada. Sixteen per cent of them stayed at least one night in Alberta, and 44 per cent at least one night in British Columbia. Ontario, however, came first, attracting 54 per cent of South Korean visitors staying overnight. Quebec, the only other province visited, had 5 per cent.

Half of the trips to Canada were for pleasure and vacation, while 20 per cent were for work, meetings and business and another 20 per cent were for the purpose of visiting friends and relatives.

### Ten years of travel

South Koreans have not always been permitted to travel. Between the founding of the Republic of Korea and September 1987, only residents aged 50 and over were allowed to travel outside the country. The government's reason for imposing this restriction on its people was that South Korea could not afford the luxury of using foreign exchange earnings. In July 1988, the age limit was reduced to 30. Finally, in 1989 the restriction was lifted for almost all residents.

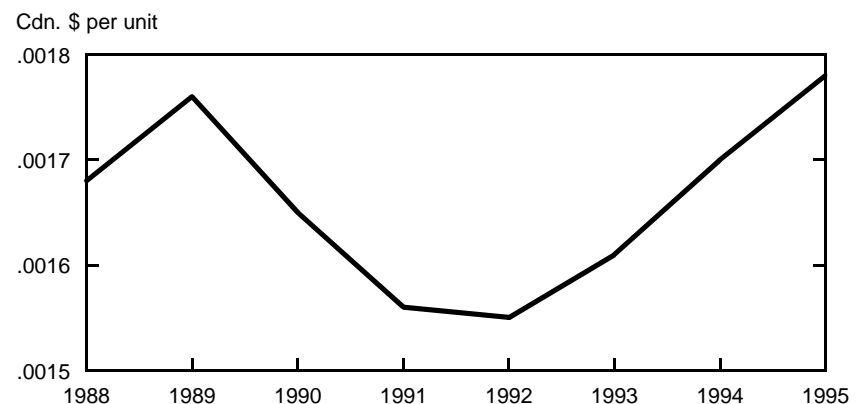
In 1986, South Korea ranked 25th in international tourism expenditures. After opening up to the rest of the world, it climbed to 13th place in 1995.

That year, South Korean residents spent US\$5.9 million on international travel, up 44.5 per cent from 1994. This is the largest increase of any major source of tourists (Table 7).

In 30 years, South Korea went from one of the world's poorest countries to one of its wealthiest. The phenomenal growth of South Korea's economy over the past 10 years (it grew by 9.0 per cent in 1995), the lifting of travel restrictions and the country's strong currency (Chart 3) are a few of the reasons for South Koreans' attraction to international travel.

Chart 3

### South Korean Won in Canadian Dollars, 1988-1995



Source: *Bank of Canada*.

Note: The Bank of Canada did not collect S. Korean data prior to 1988.

Chart 4

**Trips in Canada by Residents of South Korea, 1992-1995**



Source: International Travel Survey.

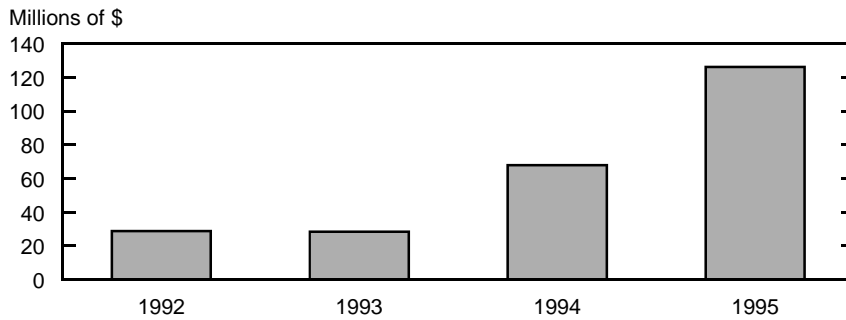
Canada is certainly benefiting from the emergence of this market, as it is becoming a more frequent travel destination. Between 1992 and 1995, South Koreans almost tripled their number of trips to Canada (Chart 4). The amounts they spent in Canada also increased by 338.4 per cent (Chart 5) over the same period. In 1995, South Korea accounted for 8.7 per cent of the Asian travel market, up 4 percentage points in only four years.

Canada is becoming more prominent in South Korea's economy as well; the country is now Canada's fourth largest trading partner.

Preliminary reports indicate that the number of overnight visits by South Koreans in the first six months of 1996 had already equalled the total for 1995. Thus, it appears that 1996 will be another record year for South Korean travel to Canada.

Chart 5

**Trips Expenditures in Canada by South Korean Residents, 1992-1995**



Source: International Travel Survey.

**Conclusion**

With globalization, the proliferation of free trade agreements and the explosion of tariff barriers, Canada is facing a growing challenge. In this era of cutthroat competition, Canada must assert itself in order to carve out a niche in the travel market and attract more visitors. At present, the weakness of the Canadian dollar in relation to strong currencies such as the yen, the deutschmark and the Swiss franc is itself an incentive for tourists because it helps lower travel costs. For Canada to keep pace with the rest of the world, however, its leaders must continue their efforts to promote this country as a destination of choice. In addition, improving services and tailoring them to the needs of foreign visitors will be essential factors in attracting an ever-changing travel market.

Table 7

**International Tourism Expenditures, Selected Countries, 1995**

	US\$ million	% change 1995/1994
Germany	48,101	16.1
United Kindgom	24,625	11.0
France	16,315	17.6
Japan	36,737	19.6
South Korea	5,919	44.8

Source: Tourism Market Trends, World Tourism Organization (WTO).  
Note: Excludes transport expenditures.

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If so, please contact:

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## Characteristics of International Travellers, First quarter of 1996

While New York state receives the most overnight visits by Canadians travelling outside the country during the course of a year (largely because of its proximity to Canada's two most populous provinces), Canadians most often head to Florida to escape winter's hardship. In the first quarter of 1996, Canadians returning from a trip abroad had made 915,000 overnight visits to the Sunshine state. It was a 17 % jump from the first quarter of last year. This compares to a 9 % increase in the number of trips to the United States by Canadians who did not visit Florida.

The increase in the number of trips to the United States which included a visit of at least one night in Florida was entirely due to a 33 % jump in air travel. In February 1995, Canada and the United States signed the Open Skies agreement, which has facilitated air travel between the two countries.

Winter stays of at least one night by Canadians in Florida peaked at 1.1 million in 1993. The weakness of the Canadian dollar compared to the American currency was one of the factors contributing to the decline in travel to Florida by Canadians in the following two years. Other factors included the reduction by several provinces of the coverage of medical expenses incurred by Canadians travelling outside the country, the increase in the cost of purchasing additional medical insurance and stricter enforcement of residency requirements to maintain medical coverage within Canada, as well as acts of violence against foreign tourists including some Canadians.

**After two years of decline, the number of winter visits by Canadians staying at least one night in Florida jumped in 1996** Canadians spent 42 % of their nights in Florida while travelling in the United States during the winter of 1996. They stayed an average of 15 nights in Florida, spending \$830 per visit. Overall, spending by Canadians during overnight visits to Florida amounted to \$762 million, a third of the total spending by all Canadians travelling in the United States.

Canadians who chose Florida as their favourite sunspot came mainly from Ontario and Quebec. They made 572,000

and 216,000 overnight visits respectively. Residents from Western Canada looking for milder climates favoured the states of California, Nevada and Hawaii.

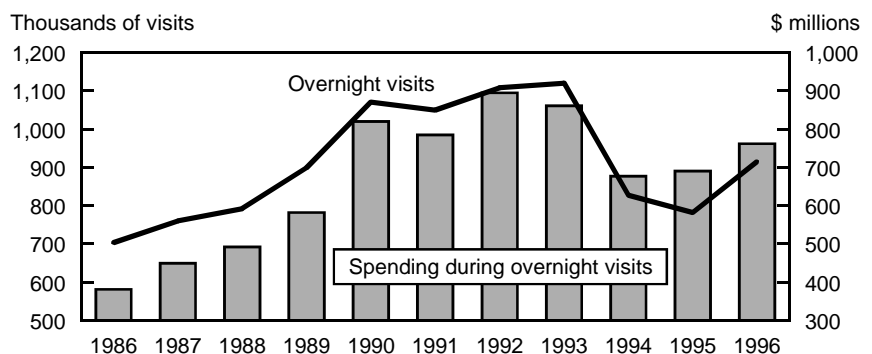
When it wasn't the Southern states, it was the states bordering Canada that welcomed Canadians most often for overnight stays. Residents of Western Canada, in particular, visited these states more frequently than the "warmer" states. However, Canadians' visits to bordering states were shorter in duration than the average visit to the Southern states (approximately three nights on average).

**Top 10 American States Visited by Canadians, by Region of Residence, First Quarter of 1996**

State	Canada	Atlantic	Quebec	Ontario	Prairies	British Columbia and Territories
(in thousands of overnight visits)						
Florida	915	47	216	572	50	30
New York	378	8	95	269	4	3
Washington	309	-	4	8	26	271
California	281	3	14	87	92	86
Nevada	235	3	4	53	111	63
Michigan	232	-	4	221	3	5
Georgia	157	3	17	130	5	2
Hawaii	154	5	2	22	63	61
Arizona	147	1	8	33	72	34
South Carolina	142	8	45	87	2	1

- less than .5

**After two years of decline, the number of winter visits by Canadians staying at least one night in Florida jumped in 1996**





**Note to users**

*Western Canada includes the provinces of Manitoba, Saskatchewan, Alberta and British Columbia as well as Yukon and the Northwest Territories.*

*States in the South Atlantic region of the United States are Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, Washington, D.C. and West Virginia.*

*The South Central region include Alabama, Arkansas, Kentucky, Louisiana, Mississippi, Oklahoma, Tennessee and Texas.*

**Winter in Mexico for residents of all provinces**

Although Canadians' favourite sunspots in the United States varied depending on the province of residence, Mexico was a unanimous choice among vacationing Canadians. It was the overseas country most often visited by residents of all provinces during the winter of 1996.

Canadians' attraction with Mexico has grown over the years. During the first three months of 1981, they made 60,000 overnight visits there. Between the winters of 1981 and 1986, this number more than doubled; it increased by an additional 60 % between the first quarters of 1986 and 1991. Since then, the growth was more modest, from 212,000 in 1991 to a high of 246,000 in the first quarter of 1996, when Canadians spent \$206 million during their overnight stays.

**Canadians discovering Cuba more and more**

In the last few years, Cuba has also gained in popularity. This Caribbean island received an unprecedented 139,000 visits from Canadians during the first quarter of 1996, compared to 65,000 during the first three months of 1991 and 87,000 last winter. Canadian tourists' contribution to the Cuban economy was \$110 million, double the amount of the previous year.

The 60 % jump in the number of visits recorded in the first quarter of 1996 compared with 1995 can be explained

partly by a slight breakthrough on the market of the Atlantic and Western provinces. Similar to Florida, and in contrast to Mexico, the main market for Cuba in Canada is concentrated in Quebec and Ontario. In the past, residents of these two provinces accounted for 90 % of Canadian visitors in winter; in the first quarter of 1996, this share stood at a little less than 80 %.

**There's more to travel in winter than fun in the sun**

Overall, Canadians made 4.6 million overnight trips abroad in the first quarter of 1996. While 70 % of overnight trips to the South Atlantic region of the United States and 87 % of trips to Bermuda and the Caribbean were for pleasure, recreation or holiday, many Canadians travelled to other regions of the world and for other reasons.

More than half of the trips of at least one night to the South Central region of the United States were business trips while close to 50 % of trips to the United Kingdom were to visit friends and relatives. Meanwhile, the main trip purpose of Canadians who travelled to Asia was split equally between visits to friends and relatives and pleasure, recreation or holiday, at 35 % of overnight trips each.

For further information, contact Luc Dubois (613-951-1674, fax:613-951-2909, Internet: [duboluc@statcan.ca](mailto:duboluc@statcan.ca)), International Travel Section.

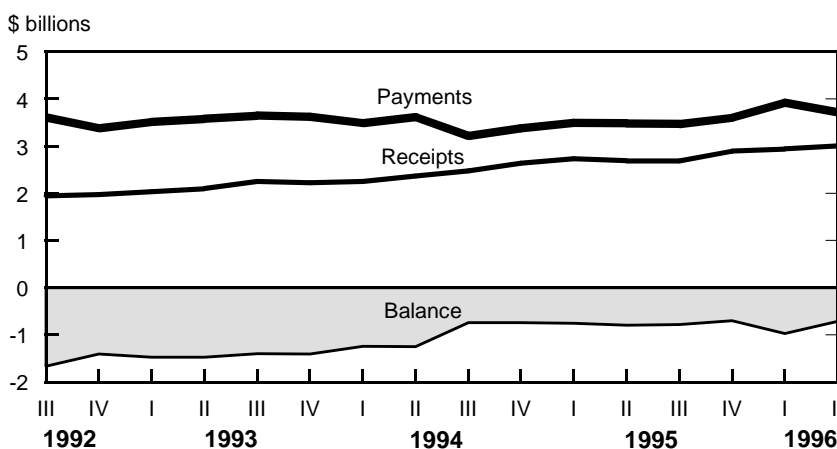
**International Travel Account  
Second Quarter 1996  
(preliminary)**

Foreign visitors spent a record \$3.0 billion in Canada between April and June. Combined with a drop in spending by Canadians travelling abroad, the result was a 26.5% decline in Canada's international travel account deficit.

Spending by foreigners in the second quarter was up 2.0% from the first three months of the year. Meanwhile, Canadians reduced their spending abroad by 5.1% to \$3.7 billion. Despite these record receipts and lower payments, the balance of the international travel account remained in a deficit position of \$715 million.

**Record receipts and lower payments contributed to the improvement in the international travel account balance**

Despite its substantial decline, the deficit remained slightly higher than the most recent low of \$701 million reached in the

**Record receipts and lower payments contributed to the improvement in the international travel account balance**

fourth quarter of 1995. However, it was considerably lower than the \$1.9 billion peak registered in the fourth quarter of 1991.

**Travel account with countries other than the United States showed a surplus**

For the third time in the last four quarters, visitors from countries other than the United States spent more in Canada than Canadians spent in their countries. The travel account balance with countries other than the United States improved from a \$23 million deficit in the first quarter to a \$97 million surplus in the second. This deficit peaked at \$297 million in the first quarter of 1990.

The trend in overseas residents' trips to Canada has been up since mid-1992. Trips of at least one night peaked in the second quarter of 1996. Spending by overseas visitors also reached an unprecedented high (\$1.4 billion) between April and June, increasing 6.9% from the first quarter.

**Note to readers**

*Unless otherwise specified, data used in this text are seasonally adjusted. Amounts are in Canadian dollars and are not adjusted for inflation. Receipts represent spending by foreigners travelling in Canada, including education-related spending and medical-related spending. Payments represent spending by Canadians travelling abroad, including education-related spending and medical-related spending. Overseas countries are countries other than the United States.*

Overseas residents make substantially fewer trips to Canada than Americans, but they stay longer. The majority of Americans' trips to Canada are same-day trips and their overnight stays averaged only 4 nights in 1995, compared with 11 for residents of countries other than the United States.

On average, overseas residents spend considerably more each trip than our American neighbours. In 1986, overseas visitors' contribution to the Canadian economy was 26.6% of the international travel receipts; this share

stood at 46.2% in the second quarter of 1996.

Meanwhile, Canadians travelled a little less to overseas countries in the second quarter than they did in the previous three months. Their spending fell 2.3% to \$1.3 billion.

**Improvement in the travel account deficit with the United States**

Americans travelling in Canada between April and June spent \$1.6 billion, slightly less than the record amount of the previous quarter (-1.8%). However, the 6.4% reduction of Canadians' spending in the United States – which totalled \$2.4 billion – was greater. The net result was a 14.5% improvement in the travel account deficit with the United States, at \$812 million.

Canadians' spending in the United States peaked at \$2.8 billion in the fourth quarter of 1991. At that time, the Canadian dollar was worth US\$0.88 and same-day car trips south of the border, often used as an indicator of cross-border shopping, had also peaked.

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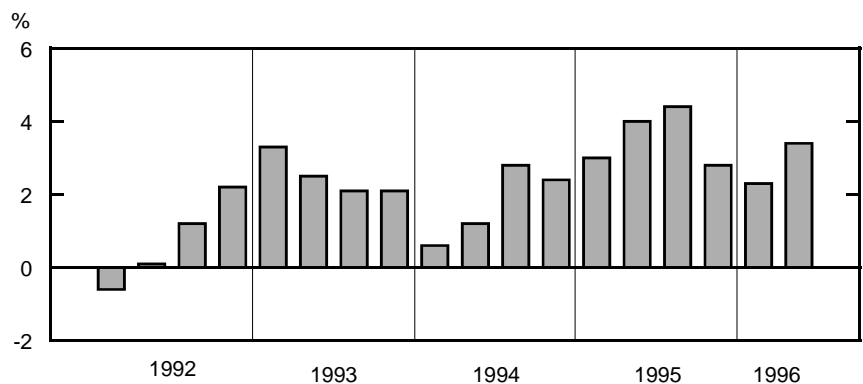
**Travel Price Index, Second Quarter 1996**

The Travel Price Index (TPI) is an aggregate index of goods and services used by travellers in Canada. Price movements are drawn from the derived Consumer Price Index (CPI) series.

**TPI up 3.5% from the same period last year**

In the second quarter 1996, consumers saw an increase of 3.5% in the prices of goods and services included in the Travel Price Index, compared to the same quarter last year. Driving this increase was a rise

**Travel Price Index, Percentage Change from Preceding Year**



Source: Travel, Tourism and Recreation Section.

of 9.9% in the cost of inter-city transportation and 7.7% in local and commuter transportation. The cost of using automotive vehicles also rose. In fact, in the second quarter 1996 it cost travellers more for all goods and services used in travel within Canada except for clothing and shoes and photographic services and supplies. The prices of clothing and shoes fell 1.6% in June after declining 0.5% in April and 0.4% in May.

In comparison, the CPI rose 1.4% in the second quarter of 1996 from the same quarter last year.

#### **TPI up 2.9% from last quarter**

After declining for two consecutive quarters, the Travel Price Index rose 2.9% in the second quarter of 1996 from the previous quarter. During the second quarter of 1996, travellers had to pay 6.2% more for accommodation. Although especially strong for this period of the year, the 8.1% increase in accommodation prices registered in May reflects summer rates coming into effect.

Consumers also spent 4.9% more for inter-city transportation and 3.7% more for the use of automotive vehicles.

Consumers benefitted from slight reductions in the cost of leasing automotive vehicles as well as in the costs of clothing and shoes.

During the second quarter of 1996, the cost of all goods and services included in the Consumer Price Index was up 0.7% from the previous quarter. (See Travel Indicators, page 12)

The Travel Price Index Technical Report is available from the Travel, Tourism and Recreation Section at (613) 951-1673.

### **The Travel Price Index (TPI) and its Components,**

(not seasonally adjusted, 1986 = 100)

Components of the TPI <sup>1</sup>	2nd Quarter 1996	% Change	
		1st Quarter 1996	2nd Quarter 1995
Inter-city transportation	159.4	4.9	9.9
Local and commuter transportation	171.0	1.6	7.7
Rental and leasing of automotive vehicles	133.7	-0.4	3.3
Operation of automotive vehicles	147.2	3.7	3.2
Traveller accommodation	131.8	6.2	2.0
Food	128.2	1.1	0.8
Alcoholic beverages	146.9	0.6	2.2
Clothing and footwear	131.0	-0.3	-0.8
Medicinal and pharmaceutical products	153.4	0.9	0.7
Personal care	131.1	0.0	-0.1
Photographic equipment	111.8	0.6	2.3
Photographic services and supplies	116.6	-1.3	-0.5
Reading materials and other printed matter	169.6	1.7	4.9
Tobacco products and smoker's supplies	143.3	0.7	1.3
<b>Travel Price Index (TPI)</b>	<b>144.7</b>	<b>2.9</b>	<b>3.5</b>
<b>Consumer Price Index (CPI)</b>	<b>135.5</b>	<b>0.7</b>	<b>1.4</b>

<sup>1</sup> The following TPI components are not published by the Division: Admission to entertainment; Use of recreational vehicles; Records, compact discs and pre-recorded audio magnetic tapes; Use of recreational sports and health facilities.

Source: Prices Division; The Consumer Price Index, Cat. No. 62-001XPB.



	Second Quarter		% Change
	1995	1996	
<b>VISITORS TO CANADA (000s)</b>			
From United States	9,678	10,127	4.6
Overnight visits	3,467	3,512	1.3
- By auto	2,294	2,192	-4.5
From Overseas	1,135	1,317	16.1
Overnight visits	1,040	1,213	16.6
Top Seven Countries:			
United Kingdom	173	196	13.3
Japan	149	171	15.2
France	115	124	7.8
Germany	109	120	10.1
Hong Kong	42	58	39.8
South Korea	28	45	62.4
Australia	36	43	18.3
<b>CANADIANS OUTSIDE CANADA (000s)</b>			
To United States	13,356	13,640	2.1
Overnight visits	3,591	3,730	3.9
- By auto	2,374	2,331	-1.8
To Overseas	781	791	1.3
<b>INDUSTRY</b>			
Airline passengers (Level I) (000s)	5,276	5,856	11.0
Airline passenger-km (Level I) (000,000s)	12,505	14,294	14.3
<b>PRICES 1986 = 100 (not s.a.)</b>			
Travel Price Index	139.9	144.7	3.4
Consumer Price Index	133.6	135.5	1.4
- Restaurant meals	141.7	144.0	1.6
- Inter-city transportation	145.1	159.4	9.9
- Renting and leasing of automotive vehicles	129.5	133.7	3.2
- Gasoline	127.4	133.0	4.4
<b>ECONOMIC</b>			
Gross Domestic Product, 1986 prices (s.a.) (000,000s)	540,600	547,942	1.4
- Amusement and recreation (000,000s)	5,123	5,360	4.6
- Accommodation and food services (000,000s)	11,990	11,789	-1.7
Personal disposable income per capita (s.a.)	17,224	17,261	0.2
<b>LABOUR (000s)</b>			
Labour force (s.a.)	14,913	15,113	1.3
Unemployed	1,421	1,450	2.0
Employed	13,493	13,663	1.3
- Accommodation and food services (not s.a.)	857	906	5.7
<b>EXCHANGE RATES (in Canadian dollars)</b>			
American Dollar	1.3713	1.3645	-0.5
British Pound	2.1901	2.0800	-5.0
Japanese Yen	0.0163	0.0127	-21.9
German Mark	0.9825	0.8967	-8.7
French Franc	0.2792	0.2646	-5.2
<i>(s.a.) seasonally adjusted.</i>			