

A focus on the markets that the CTC and its partners are active in

December 2006

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key highlights

International visits to Canada increased 1.9% in December 2006 – This is mainly attributed to a rise in U.S. trips to Canada this month – the first increase since April 2006.

For the year, international trips fell 3.2% over 2005. CTC key overseas markets decreased at a lower rate (-1.0%). Notable are the double-digit increases from China (+23%) and Mexico (+11%).

Survey data shows that Canadian occupancy rates increased 0.6 points over 2005 to reach 59%, surpassing the level reached in 2002.

tourism review

International trips

- International travellers to Canada rose by 1.9% in December 2006 to reach 1.1 million trips. US trips rose 1.1% and non-US trips increased by 4.0%.
- For the year, international visits to Canada declined 3.2%. Canada's key overseas markets decreased at a slower rate (-1.0%).
- Trips from non-US countries rose for the third consecutive year, increasing 0.7% over 2005 to reach 4.4 million trips -- accounting for 24% of total international trips to Canada.
- Regionally, visits from Oceania and Europe fell slightly (-1.46% and -1.47%, respectively) in 2006, while all other regions posted increases.

United States

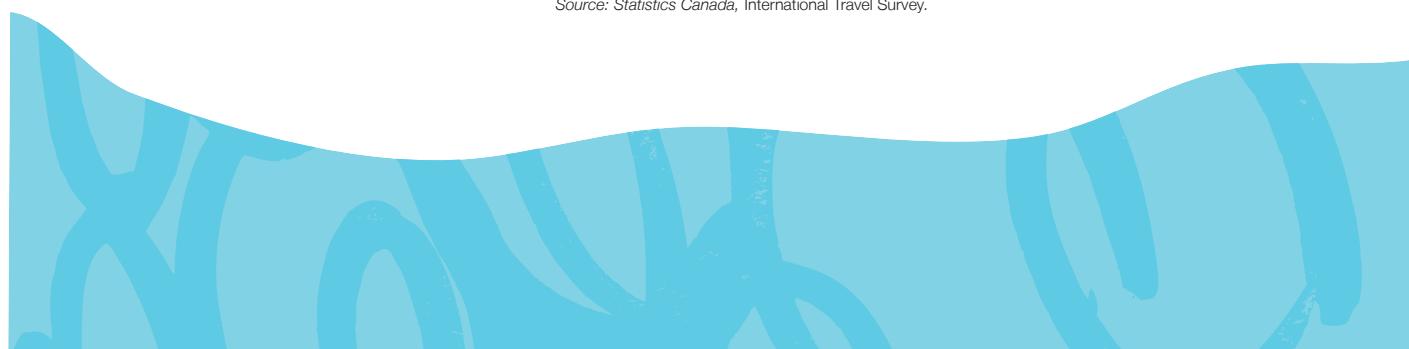
- In December 2006, trips by Americans rose 1.1% - the first monthly increase since April 2006. The increase is attributed to the 2.5% rise in automobile trips to Canada, though offset by a 1% decrease in non-automobile trips.
- For the year, US overnight trips to Canada fell 4.3%. Plane trips posted the smallest decline (-2.0%) while automobile trips and 'other trips' posted declines of -5.2% and -5.4%, respectively.

Overnight trips to Canada

	Dec. 2006	06/05 Dec % Change	Jan-Dec 2006	Year-to-date % Change
United States				
Automobile	529,598	2.5	8,317,953	-5.2
Plane	275,393	-0.1	3,837,162	-2.0
Other	41,560	-6.3	1,609,900	-5.4
US Total	846,551	1.1	13,765,015	-4.3
Europe/Latin America Key Markets				
France	25,282	17.1	369,624	3.7
Germany	14,609	14.2	302,323	-6.8
UK	60,072	-4.2	866,299	-4.4
Mexico	17,954	18.0	210,641	11.2
Asia/Pacific Key Markets				
China	9,702	15.8	144,601	23.1
Japan	16,942	-22.1	386,485	-8.8
South Korea	14,144	17.0	193,655	7.6
Australia	17,971	3.6	199,691	-1.1
Overseas Key Markets	176,676	2.8	2,673,319	-1.0
As % of Key Markets and US	17.3%		16.3%	
Other Countries	119,147	5.8	1,736,619	3.4
Total Non-US Countries	295,823	4.0	4,409,938	0.7
TOTAL COUNTRIES	1,142,374	1.9	18,174,953	-3.2

Note: Statistics Canada preliminary estimates.

Source: Statistics Canada, International Travel Survey.



Overnight trips by Canadians

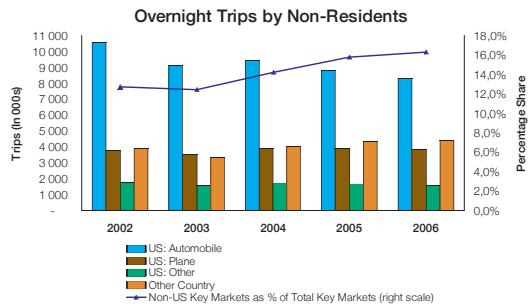
	December 2006	06/05 Dec % Change	Jan-Dec 2006	Year-to-date % Change
United States	1,007,315	12.9%	15,993,061	7.6%
Other Countries	521,806	17.5%	6,738,938	8.0%
Total Trips from Canada	1,529,121	14.4%	22,731,999	7.7%

Note: Statistics Canada preliminary figures. Source: Statistics Canada, International Travel Survey.

- Overall, US trips to all provinces fell in 2006, with the exception of Newfoundland and PEI that posted modest increases in volume (+3,588 and 461 overnight trips, respectively).

Overseas Key Markets

- In December 2006, CTC's key overseas markets increased 2.8% over the same month in 2005 to reach 176,676 overnight trips.
- Notable in December 2006, are the double-digit increases in 5 of the 8 overseas key markets - Mexico (+18.0%), France (+17.1%), South Korea (+17.0%), China (+15.8%), and Germany (+14.2%).
- In 2006, trips from Canada's key overseas markets fell slightly (-1%) to 2.7 million visits.
- Impressive growth in 2006 from China (+23.1%) and Mexico (+11.2%), along with healthy growth rates from South Korea (+7.6%) and France (+3.7%), partially offset declines from Japan (-8.8%), Germany (-6.8%), the UK (-4.4%), and Australia (-1.1%).



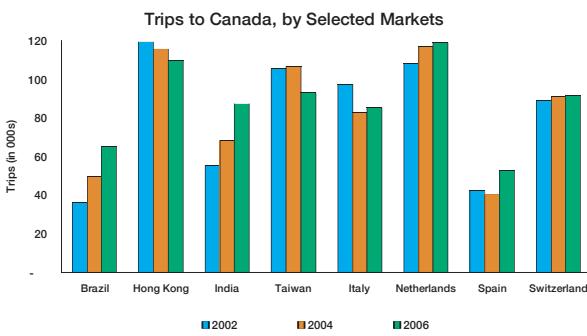
Note: Statistics Canada preliminary estimates. Source: Statistics Canada, International Travel Survey.

Share of Entry

- In 2006, there were 13.8 million US visitors, accounting for 84% of the total visitors from our key markets (down from 87% in 2002). 51% were automobile trips; 23% were plane trips; and 10% were other non-automobile trips.
- This year, key Europe/Latin America markets made 1.7 million trips to Canada, accounting for 11% of total key markets (up from 8% in 2002).
- Almost 1 million overnight trips to Canada were from Asia/Pacific markets, accounting for 6% of total tourists from our key markets (up from 5% in 2002).
- Asia/Pacific and Europe/Latin America key markets have gained share of entry over the US -- reaching a high of 16.3% in 2006 - up 0.5 percentage point from 2005 and 3.5 percentage points from 2002.

Market Watch

- For the year, Spain and India posted the largest increases, both with a growth rate of +12%. Brazil (+6.6%) and the Netherlands (+0.2%) also posted increases over 2005.
- Notable in 2006, trips from India surpassed the number of trips from Italy for the first time.
- With the exception of Italy, Taiwan, and Hong Kong all other countries have surpassed 2002 levels - Brazil by 79% (28,776 trips), India by 57% (31,718 trips), Spain by 26% (10,789 trips), the Netherlands by 10% (11,229 trips), and Switzerland by 3% (2,636 trips).

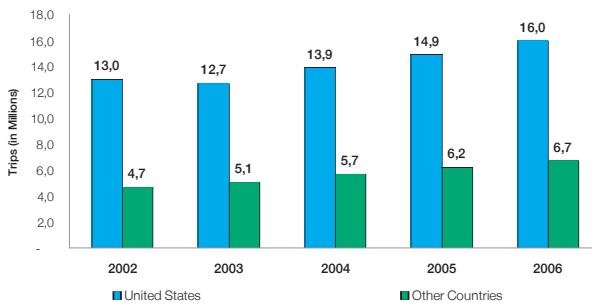


Note: Statistics Canada preliminary estimates. Source: Statistics Canada, International Travel Survey.

Canadian Outbound Trips

- For the year, overnight trips by Canadians increased by 7.7% (consistent with the level of increase in 2005) to reach 22.7 million trips. Trips to non-US countries increased 8.0% while trips to the U.S. increased by 7.6%.
- Compared to 2005, Canadian outbound travel to the US rose in all provinces except Yukon (-9.3%) and Nova Scotia (-1.1%). In 2006, Canadian travel to non-US countries increased over the previous year with the exceptions of Newfoundland (-12.5%), Manitoba (-6.4%), and Yukon (-5.7%).

Outbound Trips by Canadians (In Millions)



Note: Statistics Canada preliminary estimates. Source: Statistics Canada, International Travel Survey.

consumer outlook

Travel Intentions

CANADA*: About 83% of Canadians surveyed in December 2006 stated that they planned to take a summer leisure trip, up from 69% from the previous year. Of those planning to take a summer leisure trip, 73% plan to travel within Canada (+7.5 percentage point from 2005); 10% planned to travel to the US (down from 18.2%); and 17% planned to travel internationally to non-US destinations (similar to the previous year).

UNITED STATES**: 46% of Americans surveyed in December 2006 stated that they planned to take a vacation in the next six months (38% to U.S. destinations and 9% to non-US international destinations). Vacation intentions in 2006 are similar to intentions stated in the 2005 survey.

*Note: The new passport rule for air travellers entering or re-entering the U.S. takes effect January 23, 2007. * 2006 survey was conducted by telephone, while the 2007 survey was conducted through an online panel. ** Preliminary figures.*

Sources: The Conference Board of Canada and the U.S. Conference Board Inc. as part of the US consumer confidence survey.

Consumer Confidence

CANADA: Compared to November 2006, the Canadian Consumer Confidence Index increased 1.5 points to reach 120.5 in December 2006. Compared to the same month in 2005, the Canadian consumer confidence index was up by 4.3 points in 2006.

UNITED STATES: Compared to November 2006, the U.S. Consumer Confidence Index gained 3.7 points to reach 109.0 in December 2006 as consumer assessment of economic conditions improved. In December 2005, the Index stood at 103.6.

Source: The Conference Board (USA), December 2006; and the Conference Board of Canada, December 2006.

accommodations

- This month, Canada's occupancy rate increased slightly (+0.2 percentage point over December 2005). Alberta took the lead in occupancy rates in both 2005 and 2006 (53.7% and 56.1%, respectively). According to survey results, Manitoba posted the largest increase (+5.5 percentage points) while Nova Scotia posted the largest decline (-6.1 points).
- For 2006, the national occupancy rate rose 0.6 of a percentage point to reach 59.4% -- surpassing the level achieved in 2002 (58.7%), but about one percentage point below 2001.
- As of December 2006, the number of rooms available in Canada increased 8.7% over the same time last year. The average room rate was \$106, up from \$98 in 2005. The national room revenue per available room (RevPAR) was \$46.69 in Dec. 2006, up from \$42.65 in Dec. 2005.
- For the year, the RevPAR was \$64.84, up \$3.79 2005. Alberta and British Columbia posted the highest RevPAR (\$90.27, and \$84.12, respectively).

Source: HVS International and Smith Travel Research, Canadian Lodging Outlook.

Canadian Occupancy Rates, By Province*

	Dec 2006	06/05 Change^	Jan-Dec 2006	Year-to-date Change^	06/05 % Change
Alberta	56.1	2.4	71.6	3.3	12.0
British Columbia	50.0	-0.2	65.0	1.3	6.2
Saskatchewan	50.0	2.7	63.8	2.0	4.3
Manitoba	50.1	5.5	63.2	2.5	-1.8
Ontario	45.4	0.1	63.1	0.4	9.0
Quebec	47.1	-0.8	63.9	-0.1	12.6
New Brunswick	42.0	1.9	61.7	0.4	10.3
Nova Scotia	39.7	-6.1	64.6	-1.2	10.4
Newfoundland	38.7	0.4	61.6	-0.9	6.5
Prince Edward Island	29.6	2.4	53.0	1.9	0.0
Northwest Territories	...	...	...	...	0.0
Yukon	...	...	...	...	29.3
Canada	43.8	0.2	59.4	0.6	8.7

* Note: Data based on survey of hotels (15+ rooms) across Canada. ... Insufficient data; ^ Percentage points.

Source: HVS International and Smith Travel Research, Canadian Lodging Outlook.

competitive review (October 2006)

- During the first ten months of 2006, **Australia** registered a slowdown in international visitors (-1%), compared to Canada (-4%). Australia experienced stronger growth from the US (+2%) and top European markets -- France (+7%) and Germany (+1%). However, Canada registered stronger growth from top Asian markets, China (+26%) and South Korea (+6%). Both countries experienced declines from Japan and the UK.
- The **United States** registered an increase (+5%) in international visitors in the Jan.-Oct. 2006 period. The US experienced stronger growth from Mexico (+29%) and Australia (+5%); while Canada experienced stronger growth in China (+26%) and France (+3%) - In France, the US posted a sharp decrease (-13%). Both countries experienced declines in Germany, the UK, and Japan.

Please Note: UK statistics are only available quarterly.

International Travel, January-October 2006 (In 000s)

TRIPS FROM:	TRIPS TO:					
	Canada		United States		Australia	
#	06/05 % Change	#	06/05 % Change	#	06/05 % Change	
Total International	16,163	-3.6	36,472	5	4,396	-1
United States	12,242	-4.8	...	...	375	2
Other Key Markets						
France	331	2.5	662	-13	54	7
Germany	278	-7.3	1,183	-3	118	1
United Kingdom	774	-4.6	3,474	-4	525	-1
Mexico	184	10.2	4,576	29	...	...
China	125	26.3	390	13	251	9
Japan	350	-7.4	3,091	-5	537	-4
South Korea	170	6.3	645	7	208	1
Australia	174	-1.7	501	5	...	...
Canada	...	...	13,843	7	87	9
Total Key Markets	14,628	-4.3	28,365	6	2,155	1

...Not applicable or data not available. Note: 1. US figures for China includes Hong Kong, SAR; US figures for Mexico include arrivals to interior only. 2. Statistics Canada preliminary figures.

Sources: Statistics Canada; Australian Bureau of Statistics; and ITA, Office of Travel and Tourism Industries (USA).

strategic performance

Travel Volumes, January - December 2006

Trips Made (000s)		
Target	Actual	% Difference
Europe/Latin America		
France	369	370
Germany	323	302
UK	937	866
Mexico	190	211
Asia/Pacific		
China	127	145
Japan	412	386
S Korea	190	194
Australia	190	200
United States	13,707	13,765
TOTAL	16,445	16,439
-0.04		

Note: As per strategic plans.

- Stronger performance in December 2006 have closed the gap between the performance of CTC's core markets and the set targets, from a difference of 0.5% in November 2006 (or 69,000 overnight trips) to a difference of 0.04% (or 6,000 visits) this month.
- Shortfalls in certain markets were offset with gains in other markets. Notably, Mexico and China have exceeded the targets set by about 21,000 and 18,000 overnight trips, respectively.

Please note: Targets are based on Statistics Canada's final data.

air capacity

- Most notable are the double-digit increases from China (+25.2%) and Mexico (+12.2%) in Q4, 2006.
- France, Australia, Germany and the U.S. posted healthy growth rates in air capacity (+9.1%, +8.2%, +7.7%, and +4.1%, respectively).
- Air capacity from the UK (+0.2%) and Japan (-0.7%) remained stable, while capacity from South Korea fell 2.4%.

Air Capacity, Q4 (October-December) 2006

	Q4 2005	Q4 2006	06/05 Change
Australia*	23,956	25,920	8.2
China	85,464	106,965	25.2
Japan	108,818	108,056	-0.7
South Korea	59,439	58,032	-2.4
France	178,473	194,747	9.1
Germany	165,829	178,604	7.7
United Kingdom	436,927	437,712	0.2
Mexico	97,428	109,306	12.2
United States	3,894,617	4,053,520	4.1

Note: Non-stop flights. *Includes one stop.

Source: OAG data as provided by the Conference Board of Canada.

economic indicators

- In 2006, **Canada's** economy grew 2.9% - a healthy growth rate, yet weaker than the US growth rate of 3.3%.
- The Canadian inflation rate grew by 2.0% and private consumption grew 3.9%; while US inflation and consumption rates rose by 3.3% and 3.2%, respectively.
- Mexico's** economy grew 4.4% in 2006 (compared to 3.0% in 2005), while inflation fell to 3.5% and private consumption fell to 4.6%.
- European economies** posted stronger growth rates in 2006 -- the UK (+2.6%), Germany (+2.5%), and France (+2.3%). Private consumption rates have also increased in all 3 countries.
- France** and **Germany**'s higher unemployment rates have decreased over 2005.
- China** maintains its robust growth rate, increasing 10.6% in 2006. Private consumption increased 5.1%, up from 2.5% in 2005.
- South Korea** posted the second-highest economic growth rate (+5.0%) of key markets in 2006.
- The **Australian** and **Japanese** economy have remained relatively stable, decreasing 0.1 percentage point over 2005.
- Japanese** consumer prices moved into positive territory in 2006.
- The **Canadian dollar** strengthened relative to all currencies from key markets.

Economic Indicators, 2005-2006

	Canada		USA		Mexico	
	2005	2006	2005	2006	2005	2006
N. America						
Real GDP growth (yoY, %)	2.9	2.9	3.2	3.3	3.0	4.4
Private Consumption (yoY, %)	3.9	3.9	3.5	3.2	5.3	4.6
Unemployment rate (yoY, %)	6.76	6.38	5.06	4.73	n/a	n/a
Consumer Price Index (yoY, %)	2.2	2.0	3.4	3.3	4.0	3.5
Exchange Rate (1LCU:C\$)	1.000	1.000	1.212	1.134	0.111	0.104
Europe						
	France	2005	2006	Germany	2005	2006
Real GDP growth (yoY, %)	1.2	2.3	1.1	2.5	1.9	2.6
Private Consumption (yoY, %)	2.1	2.6	0.3	1.0	1.4	2.2
Unemployment rate (yoY, %)	9.93	9.15	11.72	10.88	4.83	5.50
Consumer Price Index (yoY, %)	1.7	1.9	2.0	1.7	2.0	2.3
Exchange Rate (1LCU:C\$)	1.509	1.424	1.509	1.424	2.207	2.088
Asia Pacific						
	Australia		China		Japan	
	2005	2006	2005	2006	2005	2006
Real GDP growth (yoY, %)	2.7	2.6	9.9	10.6	2.6	2.5
Private Consumption (yoY, %)	3.2	3.2	2.5	5.1	2.1	1.8
Unemployment rate (yoY, %)	5.09	5.26	n/a	n/a	4.43	4.14
Consumer Price Index (yoY, %)	2.7	3.4	1.8	2.2	-0.6	0.4
Exchange Rate (1LCU:C\$)	0.924	0.854	0.148	0.142	0.011	0.010
	South Korea					
	2005	2006	2005	2006	2005	2006
Real GDP growth (yoY, %)	4.0	5.0	4.0	5.0	4.0	5.0
Private Consumption (yoY, %)	3.2	4.1	3.2	4.1	3.2	4.1
Unemployment rate (yoY, %)	3.73	3.43	3.73	3.43	3.73	3.43
Consumer Price Index (yoY, %)	2.8	2.6	2.8	2.6	2.8	2.6
Exchange Rate (1LCU:C\$)	0.0012	0.0012	0.0012	0.0012	0.0012	0.0012

Note: Exchange rates, average of 250 days.

Source: Bank of Canada; and Global Insight, Quarterly Review and Outlook (November 2006).

CTC Marketing
Market Research