

TOURISM SNAPSHOT

Canadian Tourism Commission
canadatourism.com

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

DECEMBER 2005

KEY HIGHLIGHTS

Following a rebound in 2004, US travel to Canada declined 4.6% (0.7 million trips) in 2005. However, non-US trips to Canada increased 7.9% (0.3 million trips) in 2005.

For the third consecutive year, Canadian outbound travel has increased, rising 7.7% in 2005 to reach a five-year high of 21.1 million.

Canadian accommodation occupancy rates posted a higher rate in 2005 (59.9%) than in the previous three years.

TOURISM REVIEW

INTERNATIONAL TRIPS

- International travellers made 1.1 million trips to Canada in December 2005, a decline of 1.5% (17,663 trips) over the previous year. With the exception of the US, trips to Canada increased from all regions.
- Notable are trips from overseas markets that rose 10.6% in December 2005, but were offset by a drop in automobile trips from the US (-6.7%).
- Following a 9.2% rebound in 2004, total trips by non-residents declined slightly (-2.0%) in 2005 – The drop is mostly attributed to a decrease in US visits (down by 699,346 trips from the previous year).
- On an upward climb are trips by non-US countries – increasing 7.9% in 2005 to surpass 2001 levels. Non-US trips account for 23.3% of total international visits to Canada (up from 20.8% in 2001).

UNITED STATES

- For the ninth consecutive month, US trips to Canada have declined. In December 2005, US trips fell 5.1% (or 44,810 trips) to 838,170 visits.
- Both automobile and non-automobile US trips to Canada fell in 2005 (6.7% and 1.1%, respectively). Automobile trips to Canada have fallen below 2003 levels (by 345,560 trips).
- In 2005, total American trips to all provinces declined, with the exceptions of Yukon (up 0.3%, or 477 trips) and P.E.I. (up 464%, or 1,809 trips).

OVERNIGHT TRIPS TO CANADA

	December 2005	05/04 Dec % Change	Jan-Dec 2005	Year-to-date % Change
United States				
Automobile	516,863	-6.7	8,774,236	-6.7
Non-Automobile	321,307	-2.3	5,613,921	-1.1
US Total	838,170	-5.1	14,388,157	-4.6
Europe/Latin America Key Markets				
France	21,581	4.6	356,489	7.4
Germany	12,792	9.6	324,373	8.2
UK	62,670	14.5	906,179	9.9
Mexico	15,216	16.6	189,357	9.3
Asia/Pacific Key Markets				
China	8,377	31.0	117,490	15.3
Japan	21,756	7.7	423,881	2.4
South Korea	12,094	2.9	179,961	5.9
Australia	17,354	8.1	201,939	12.3
Overseas Key Markets	171,840	11.2	2,699,669	8.2
As % of Key Markets and US	17.0		15.8	
Other Countries	112,593	9.5	1,680,187	7.6
Total Non-US Countries	284,433	10.6	4,379,856	7.9
TOTAL COUNTRIES	1,122,603	-1.5	18,768,013	-2.0

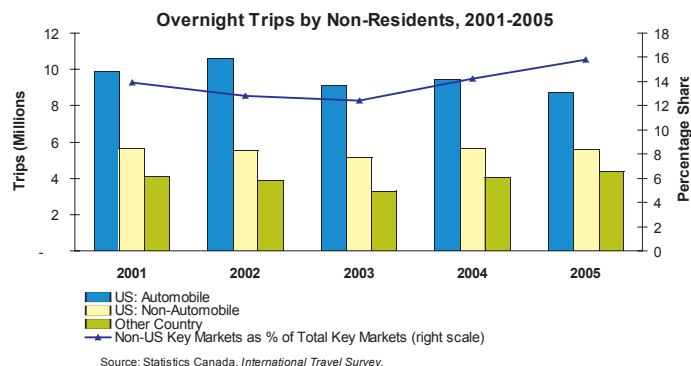
OVERNIGHT TRIPS BY CANADIANS

	December 2005	05/04 Dec % Change	Jan-Dec 2005	Year-to-date % Change
United States	892,664	-0.7	14,864,741	7.3
Other Countries	444,012	2.1	6,236,951	8.7
TOTAL TRIPS FROM CANADA	1,336,676	0.2	21,101,692	7.7

Source: Statistics Canada, International Travel Survey.

OVERSEAS KEY MARKETS

- Visits from non-US key markets grew 11.2% (204,300 trips) over December 2004.
- China, the second-fastest growing key market in November 2004, has overtaken Mexico to become the fastest growing key market in December, with an increase of 31.0% (15,607 trips). South Korea posted the smallest growth rate of 2.9% for these key markets.
- In 2005, visits from our non-US key markets increased for the second consecutive year (up 8.2% over 2004) to reach a 5-year high. Trips from the UK accounted for 40% of the increase.
- Trips from the UK have surpassed 900,000 in 2005 - more than double Canada's second largest overseas market, Japan.
- For the 2005 year, China posted the largest increase (15.3%), followed by Australia (12.3%) and the UK (9.9%). Japan posted the smallest growth rate (2.4%) of the key markets.
- Despite variations throughout the past half decade, the level of overnight visits to Canada in 2005 are higher than the number arriving in 2001 for the UK, Mexico, China, Japan, South Korea and Australia (by 7%, 26%, 45%, 1%, 26% and 22% respectively). This is not the case for trips from France and Germany, which are lower than 2001 levels by 1% and 5%, respectively.



SHARE OF ENTRY

- In 2005, there were 14.4 million US visitors, accounting for 84.2% of the total visitors from our key markets. Visitors from our key Europe/Latin America markets totaled 1.8 million, accounting for 10.4% of the total. 923,271 visitors from Asia/Pacific key markets visited Canada, accounting for 5.4% of total tourists from our key markets.
- Asia/Pacific and Europe/Latin America key markets have gained share of entry over the US (15.8% in 2005), surpassing the five-year average (13.8%) by 2 percentage points.

COMPETITIVE REVIEW (NOVEMBER)

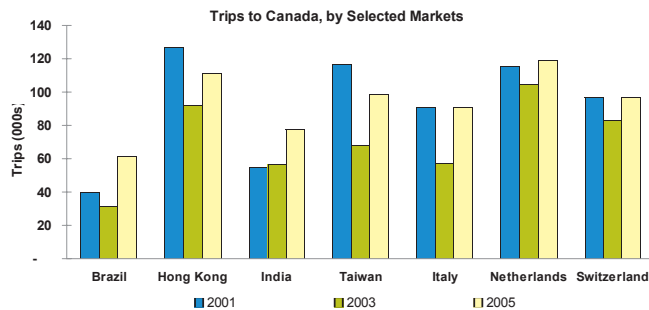
- In January-November 2005, trips to the **US** increased from all regions in the world to reach 37.7 million. Arrivals from its top 3 markets (Canada, the UK, and Mexico) posted increases of 8%, 1%, and 14% respectively - together, these 3 countries accounted for 58% of total international arrivals to the US. Notable, is that despite non-ADS status, trips from China and Hong Kong increased 24%.
- Year-to-date, **Australia** saw the largest increase in arrivals from India - up 23% to reach 61,400. Trips from Japan, a major market, fell 4% in the first eleven months of 2005. However, trips from its other top markets (New Zealand, UK and US) posted healthy increases of 7% (70,800 trips), 5% (31,200 trips), and 3% (12,700 trips), respectively. Notable are the double-digit increases from South Korea and China (19% and 14%, respectively). In the month of November, Australia saw the largest increase in arrivals from Former USSR and Baltic States -- up 24% to reach 11,600.

INTERNATIONAL TRAVEL, JANUARY-NOVEMBER 2005 (IN 000s)

TRIPS FROM:	Canada		United States		Australia	
	#	05/04 Change	#	05/04 Change	#	05/04 Change
Total International	17,645	-2	37,684	8	4,896	6
United States	13,550	-5	...	...	402	3
Other Key Markets						
France	335	8	814	14	56	9
Germany	312	8	1,316	7	131	4
United Kingdom	844	10	3,976	1	598	6
Mexico	174	9	3933'	14	...	...
China	109	14	375*	24	259	14
Japan	402	2	3,565	3	625	-4
South Korea	168	6	648	12	229	19
Australia	185	13	521	11	...	...
Canada	...	...	13,972	8	90	5
Total Key Markets	2,528	8	29,121	8	2,389	5

...Data not available. *Includes Hong Kong, SAR. ^Estimation. 'Arrivals to the interior only.
 Sources: Statistics Canada; Tourism Australia; and ITA, Office of Travel and Tourism Industries (USA).
 Note: UK statistics are only available quarterly.

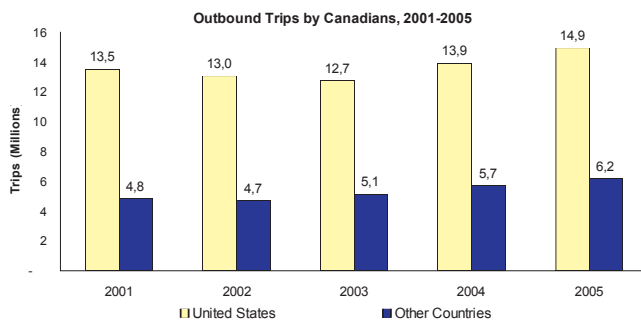
MARKET WATCH



Source: Statistics Canada, International Travel Survey.

- Brazil posted the largest growth rate (23%) over the previous year to reach 61,118 trips in 2005. Brazil has posted the largest recovery since 2003 (by 93% or 29,978 trips) and has surpassed 2001 levels by 53% (or 21,200 trips).
- India is the only country that has seen steady increases since 2001, with 77,849 trips to Canada in 2005 - a 42% increase over 2001.
- Trips from the Netherlands increased 2% over 2004 and have surpassed the number of trips in 2001 by 2,869.
- Switzerland, Hong Kong and Taiwan are still lagging behind their 2001 levels by 68, 15,514 and 18,671 trips respectively.

CANADIAN OUTBOUND TRIPS



Source: Statistics Canada, International Travel Survey.

- In 2005, Canadian outbound travel reached a 5-year high of 21.1 million trips. This growth was led by trips to the United States that increased by over 1 million trips.
- Spurred by a more favourable exchange rate, outbound travel from all provinces increased over 2004, with the exceptions of PEI (trips to the US fell 26%) and New Brunswick (trips to other countries decreased 32%).
- Trips to non-US countries grew at a faster pace (8.7%) than trips to the US (7.3%).

TRAVEL PRICE INDEX (TPI)

- In Q4 2005, prices for travel within Canada increased less than the rate of inflation. The TPI rose 2.0% over Q4 in 2004 to reach 142.6. The higher cost for Canadians travelling in Canada is related to the higher prices for the operation of automobiles and local/commuter transportation, which increased 6.6% and 4.5% respectively, over the same period last year.

Source: Statistics Canada, The Daily.

ACCOMMODATIONS

- This month, occupancy rates in Canada increased 1.6 percentage points over December 2004, reaching a five-year high of 43.7% in December 2005. Alberta took the lead in occupancy rates this month with 52.6%, followed closely by British Columbia (49.0%) and Quebec (47.8%). Manitoba registered the largest monthly decline, falling 1.8 percentage points.
- Nationally, occupancy rates in 2005 rose for the third consecutive year, increasing 3.0 percentage points over 2004 to reach 59.9% - however, this rate is 4.1 percentage points below the high in 1998.
- As of December 2005, 158,007 rooms were available, a decrease of 1.9% (or 3,128 rooms) from the previous year. In 1998, when the occupancy rate was at a peak (64%), 123,928 rooms were available (34,079 less rooms than in 2005).
- Canada's average room rate for 2005 was \$103, up slightly from \$101 in 2004. Quebec posted the highest average room rate (\$133), followed by B.C. (\$125) and Ontario (\$121). Saskatchewan posted the lowest average room rate of \$88.

CANADIAN OCCUPANCY RATES, BY PROVINCE

	Dec 2005	05/04 Change*	Jan-Dec 2005	Year-to-date Change*	No. of Rooms as of Dec 2005	05/04 Change*
Alberta	52.6	4.2	67.7	4.9	22,820	-4.1
British Columbia	49.0	3.3	63.8	3.4	26,820	-2.7
Saskatchewan	44.3	1.8	60.9	5.4	5,744	0.4
Manitoba	43.8	-1.8	60.6	0.8	4,711	-0.2
Ontario	44.9	1.1	62.5	1.8	65,733	-2.0
Quebec	47.8	2.4	64	1.2	21,866	-5.5
New Brunswick	40.4	-0.1	61.2	1.0	3,364	19.7
Nova Scotia	46.7	8.4	65.8	1.9	4,087	10.9
Newfoundland	38.3	1.3	62.7	-1.0	1,726	13.5
Prince Edward Island	27.4	1.0	51.1	0.4	889	0.0
Northwest Territories	...	...	...	...	66	0.0
Yukon	...	...	...	...	181	0.0
Canada	43.7	1.6	59.9	3.0	158,007	-1.9

* percentage points Source: HVS International and Smith Travel Research, Lodging Outlook.

AIR CAPACITY

AIR CAPACITY*, Q4 (OCTOBER-DECEMBER)

	Q4 2004	Q4 2005	05/04 Change
United States	3,727,573	3,982,711	7
France	153,258	174,436	14
Germany	164,152	171,151	4
United Kingdom	389,692	461,783	18
Mexico	85,348	100,380	18
China	69,889	93,246	33
Japan	103,648	115,390	11
S Korea	56,711	59,401	5
Australia	24,976	23,956	-4

* Direct flights.

Source: OAG data from the Conference Board of Canada.

- Air capacity from our largest market, the U.S., increased 7% over Q4 2004.
- The most notable shift is the air capacity from China to Canada that increased 33% from the same period in 2004.
- U.K., Mexico, France and Japan posted double-digit increases of 18%, 18%, 14%, and 11%, respectively.
- Air capacity from Australia fell 4% in Q4 2005.

CONSUMER OUTLOOK

TRAVEL INTENTIONS (DECEMBER SURVEY)

CANADA: 53.9% of Canadians surveyed stated that they planned to take a winter vacation between November 2005 and April 2006. 27.6% plan to travel within Canada (up from 12.4% in the October 2005 survey); 25.0% plan to travel internationally - 11.2% to the US and 13.8% to other countries. 1.3% was undecided.

UNITED STATES*: 44% of Americans surveyed in December 2005 stated that they planned to take a vacation in the next six months (January-June 2006). 35.2% plan to travel within the US and 9.9% plan to take an international trip.

* Preliminary figures.

Sources: The Conference Board of Canada, December 2005 Travel Intentions Survey and The Consumer Research Centre, The Conference Board, Inc. (USA).

CONSUMER CONFIDENCE

CANADA: Following a sharp increase in November, the Canadian Consumer Confidence Index declined 3.4 points to 116.2 in December 2005, due to weakening optimism regarding employment prospects and lowered enthusiasm for big-ticket purchases. The drop in December 2005 was mainly attributed to the decrease in consumer confidence from Canada's central provinces – Quebec and Ontario.

UNITED STATES: The U.S. Consumer Confidence Index rose for the second consecutive month to reach 103.6 – the highest level since the hurricanes during Q3, 2005. A decline in gas prices and growth in the labour market have contributed to the rise in December.

The Conference Board (USA) and The Conference Board of Canada.

STRATEGIC PERFORMANCE

TRAVEL VOLUMES, JANUARY-DECEMBER 2005

	Trips Made (000s)		
	Target	Actual	Difference (%)
Europe/Latin America			
France	350	356	2
Germany	316	324	3
UK	857	906	6
Mexico	182	189	4
Asia/Pacific			
China	107	117	9
Japan	435	424	-3
S Korea	182	180	-1
Australia	189	202	7
United States	15,587	14,388	-8
Total	18,205	17,086	-6

Note: As per strategic plans.

- Against the set target of all CTC's core markets, we have a shortfall of 1.1 million overnight trips in 2005. This drop is primarily driven by US trips falling short from its target by 8% (or 1.2 million trips).
- Australia and China, along with the Europe/Latin America key markets (France, Germany, UK and Mexico) have exceeded the targets set by about 13,000, 10,000, 6,000, 8,000, 49,000 and 7,000 trips respectively.

ECONOMIC INDICATORS

ECONOMIC INDICATORS, 2004-2005

N. America	CANADA		USA		Mexico			
	2004	2005	2004	2005	2004	2005		
Real GDP growth (yoy, %)	2.9	2.9	4.2	3.7	4.4	3.1		
Private Consumption (yoy, %)	3.4	3.9	3.9	3.5	5.5	4.1		
Unemployment rate (yoy, %)	7.17	6.78	5.52	5.09	14.76	15.36		
Consumer Price Index (yoy,%)	1.8	2.4	2.7	3.4	4.7	4.0		
Exchange Rate (ILCU:C\$)	1.000	1.000	1.302	1.212	0.115	0.111		
Europe	France		Germany		UK			
	2004	2005	2004	2005	2004	2005		
Real GDP growth (yoy, %)	2.1	1.5	1.1	1.1	3.2	1.6		
Private Consumption (yoy, %)	2.3	2.0	0.2	-0.1	3.6	1.8		
Unemployment rate (yoy, %)	10.00	9.98	10.55	11.63	4.75	4.77		
Consumer Price Index (yoy,%)	2.1	1.8	1.7	1.9	1.3	2.1		
Exchange Rate (ILCU:C\$)	1.617	1.509	1.617	1.509	2.384	2.207		
Asia Pacific	Australia		China		Japan		South Korea	
	2004	2005	2004	2005	2004	2005	2004	2005
Real GDP growth (yoy, %)	3.3	2.4	10.1	9.9	2.6	2.4	4.7	3.9
Private Consumption (yoy, %)	5.4	2.7	3.0	2.4	1.5	1.8	-0.5	3.3
Unemployment rate (yoy, %)	5.53	3.28	4.71	4.41	3.67	3.75
Consumer Price Index (yoy,%)	2.3	2.7	3.9	1.7	0.0	-0.3	3.6	2.9
Exchange Rate (ILCU:C\$)	0.958	0.924	0.157	0.148	0.012	0.011	0.0011	0.0012

Note: Exchange rates, average of 250-262 days. China figures reflect the government's GDP revisions.

Source: Bank of Canada, Global Insight, Quarterly Review and Outlook, Fourth Quarter 2005; and Global Insight, Interim Fore Analysis Overview, February 2006.

Note: Exchange rates, average of 250-252 days. China figures reflect the government's GDP revisions.
Source: Bank of Canada; Global Insight, Quarterly Review and Outlook, Fourth Quarter 2005; and Global Insight, Interim Forecast Analysis Overview, February 2006.

- In 2005, Canada's economy grew at the same pace as the previous year (2.9%). The unemployment rate fell to 6.78%; and inflation grew 2.4% -- staying within the inflation target bands of 1-3%.
- Despite hurricanes and high oil prices, the US economy grew 3.7%.
- Mexico's economy slowed, growing 3.7% in 2005 (compared to 4.4% in 2004).
- Notable is private consumption in South Korea that increased 3.3% in 2005, after a decline (-0.3%) the previous year.
- Japan exceeded expectations with 2.4% growth in 2005. However, consumer prices declined into negative territory.
- China maintained robust growth of 9.9% in 2005; inflation fell 2.2 percentage points to 1.7%.
- In Australia, both economic growth and private consumption slowed.
- Germany's growth has maintained modest growth, following a recession in 2002.
- Growth slowed in both France and the UK.
- Canadian dollar strengthened relative to currencies from our key markets.