

TOURISM SNAPSHOT

Canadian Tourism Commission
canadatourism.com

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

MAY 2006

KEY HIGHLIGHTS

US non-auto travel to Canada increased by 5.0%, following seven consecutive monthly declines.

CTC key overseas target markets grew 2.2% in May 2006, with impressive growth from China (+42.2%).

For the fourth consecutive year, Canadian occupancy rates increased in May (+2.4%), surpassing the 2002 level.

TOURISM REVIEW

INTERNATIONAL TRIPS

- International travellers made 1.5 million trips to Canada this month, a slight decline (-0.8%) over May 2005.
- In May 2006, visits to Canada increased from all regions. South America posted the highest growth rate (+18.0%).
- Year-to-date, international visits to Canada declined 2.9%. However, Canada's key overseas markets increased 1.5%.
- Trips by non-US countries - which account for 26% of total international trips to Canada -- continued to climb, up 3.6% in the first 5 months of 2006.

UNITED STATES

- In May 2006, overnight trips from the US decreased (-2.3%) following an increase in April (+1.9%). US trips by plane increased 8.4% over May 2005, while non-automobile trips and other trips fell 7.1% and 1.9%, respectively.
- From Jan.-May 2006, US visits reached 3.9 million trips, however, 5.0% below the same period in 2005. While US trips to Newfoundland, Yukon, and New Brunswick increased (+44.5%, +0.1%, and +7.6%), trips to all other provinces decreased.
- Year-to-date, automobile trips to Canada declined by 5.6% to reach 2.3 million trips. Plane trips to Canada fell 2.1% to reach 1.2 million - surpassing the low in 2003 by about 155,000 trips. US trips by other modes of transportation fell 10.3% to reach 340,875 trips - a five-year low.

OVERNIGHT TRIPS TO CANADA

	May 2006	06/05 May % Change	Jan-May 2006	Year-to-date % Change
United States				
Automobile	652,248	-7.1	2,290,092	-5.6
Plane	334,165	8.4	1,240,693	-2.1
Other	148,553	-1.9	340,875	-10.3
US Total	1,134,966	-2.3	3,871,660	-5.0
Europe/Latin America Key Markets				
France	26,125	8.9	102,387	5.0
Germany	31,503	-8.8	81,661	-2.3
UK	82,534	1.3	266,870	-1.2
Mexico	15,449	6.0	62,382	16.4
Asia/Pacific Key Markets				
China	12,047	42.2	40,864	25.6
Japan	35,085	-6.4	124,628	-4.8
South Korea	15,660	10.2	59,994	5.0
Australia	27,268	6.1	66,616	-2.1
Overseas Key Markets	245,671	2.2	805,402	1.5
As % of Key Markets and US	17.8		17.2	
Other Overseas Countries	155,330	6.9	502,404	7.3
Total Non-US Countries	401,001	3.9	1,307,806	3.6
TOTAL INTERNATIONAL COUNTRIES	1,535,967	-0.8	5,179,466	-2.9

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

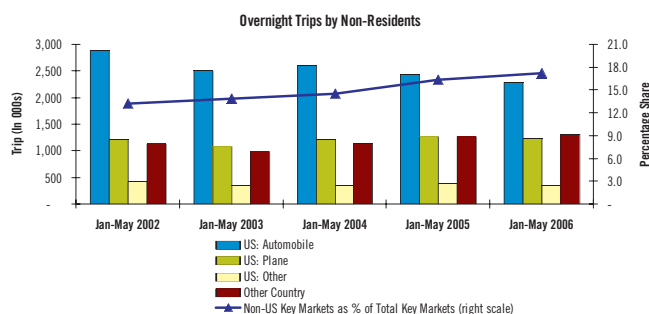
OVERNIGHT TRIPS BY CANADIANS

	May 2006	06/05 May % Change	Jan-May 2006	Year-to-date % Change
United States	1,339,691	2.5	6,315,941	6.3
Other Countries	499,868	1.3	3,348,049	5.5
Total Trips from Canada	1,839,559	2.2	9,663,990	6.1

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

OVERSEAS KEY MARKETS

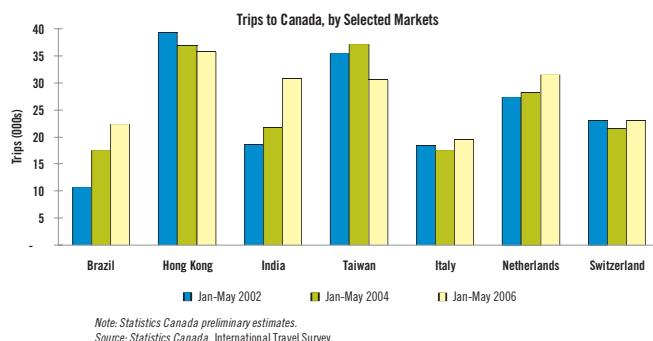
- In May, while trips from Germany and Japan fell (-8.8% and -6.4%, respectively), visits from all other non-US key markets increased. Notable is the large increase of trips from China (+42.2% or 3,577 visits).
- Year-to-date, visits from our non-US key markets increased 1.5% to reach 805,402 visits, surpassing the 2002 level by 115,181 trips.
- From Jan.-May, China posted the largest growth rate (+25.6%), followed by Mexico (+16.4%). France and South Korea also posted a healthy growth rate (+5.0%). Japan posted the largest decline (-4.8%), followed by Germany (-2.3%).



SHARE OF ENTRY

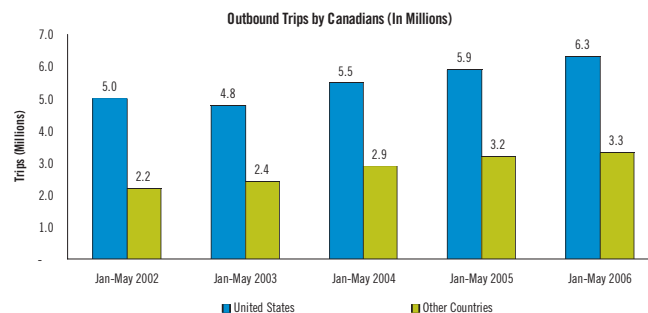
- Year-to-date, there were 3.9 million US visitors, accounting for 83% of the total visitors from our key markets (75% of all visitors to Canada). Visitors from our key Europe/Latin America markets totaled 513,300 (up 1.7% over Jan-May 2005), accounting for 11% of the total. 292,102 visitors from Asia/Pacific key markets visited Canada (up 1.2% over 2005), accounting for 6% of total tourists from our key markets.
- Asia/Pacific and Europe/Latin America key markets have gained share of entry over the US, reaching a 5-year high (17.2%) in Jan.-May 2006 -- up from 16.3% in 2005 and 13.2% in 2002.

MARKET WATCH



- Compared to Jan.-May 2005, India posted the largest growth rate (+24%), followed by Brazil (+13%), and the Netherlands (+7%). Italy posted the largest decline (-8%).
- Compared to Jan.-May 2002, trips from Brazil and India posted the largest growth rates (109% and 66%, respectively). Taiwan posted the largest decline (-14%).
- Trips from Hong Kong, Taiwan, and Switzerland, are still lagging behind 2002 levels by 9% (3,566 trips), 14% (4,856 trips), and 1% (113 trips), respectively.

CANADIAN OUTBOUND TRIPS



- Canadian outbound travel continued to increase in May (+2.2%), though at a slower rate than the previous month (+12.1%). Year-to-date, Canadian trips abroad increased 6.1%.
- With the exception of Nova Scotia (-8.5% or 3,038 trips), Canadian visits to the US increased from all provinces in Jan.-May 2006.
- Year-to-date, overseas visits by Canadians fell from the Yukon (-71.0%), Manitoba (-10.5%), Saskatchewan (-2.3%), and Newfoundland (-2.1%), but increased from all other provinces.

CONSUMER OUTLOOK

CONSUMER CONFIDENCE

CANADA: Despite a strong labour market, Canadians are feeling less confident in May 2006 than they were in April 2005 and May 2005. Canadian consumer confidence fell 3.9 points over the previous month to reach 120.5.

UNITED STATES: As apprehension about the economy continues, the US consumer confidence fell in May 2006 after reaching a four-year high in April. The confidence index fell 6.6 points from the previous month to reach 103.2.

Sources: The Conference Board (USA), and the Conference Board of Canada.

ACCOMMODATIONS

- In May 2006, occupancy rates in Canada increased 2.4 percentage points over the same month last year. Quebec posted the highest increase (+7.8 points), followed by Manitoba (+7.0 points). Saskatchewan registered the largest decline (-4.1 points).
- Year-to-date, Canada's occupancy rate increased for the second consecutive year (+1.6 percentage points in Jan-May 2006), following 6 years of declining / stagnant occupancy rates. Alberta posted the highest growth (+5.6 points), followed by P.E.I. (+4.2 points). Newfoundland registered the largest decline (-5.3 points).
- As of May 2006, 165,966 rooms were available in Canada, an increase of 8.1% (or 12,378 rooms) over 2005. Ontario accounted for 43% of the increase and B.C. accounted for 18% of the increase.
- Year-to-date, the average room rate in Canada was \$102.82, up from \$97.59 in Jan-May 2005. Again, Quebec posted the highest rate (\$127.58), followed by B.C. (\$123.72), while P.E.I. posted the lowest rate (\$72.98).

- The national average room revenue per available room (RevPAR) was \$56.96 in May, year-to-date. Alberta posted the highest RevPAR (\$77.77), followed by B.C. (\$74.85), and Quebec (\$74.38). P.E.I. posted the lowest RevPAR (\$34.53).

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

CANADIAN OCCUPANCY RATES, BY PROVINCE

	May 2006	06/05 Change*	Jan-May 2006	Year-to-date Change*	No. of Rooms as of May 2006	06/05 % Change
Alberta	72.3	5.7	67.5	5.6	23,935	4.8
British Columbia	69.2	2.8	60.5	2.5	29,039	8.4
Saskatchewan	61.2	-4.1	60.2	1.5	5,712	15.0
Manitoba	65.9	7.0	58.8	1.0	4,673	5.3
Ontario	67.8	3.2	58.3	1.6	68,058	8.5
Quebec	71.9	7.8	58.3	1.9	22,935	1.7
New Brunswick	63.4	2.3	56.3	0.2	3,697	37.0
Nova Scotia	69.1	-1.6	57.2	-0.5	4,482	30.7
Newfoundland	64.2	2.4	51.2	-5.3	1,895	16.8
Prince Edward Island	51.4	5.7	42.4	4.2	889	7.0
Northwest Territories	...	...	...	...	66	0.0
Yukon	52.6	-1.3	49.7	-1.6	585	-8.3
Canada	62.8	2.4	55.4	1.6	165,966	8.1

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

COMPETITIVE REVIEW (APRIL 2006)

- In January to April 2006, **Australia** saw stronger growth from top European markets, the UK (+1%), France (+7%), and Germany (+8%) than Canada (-2%, +4%, +2%, respectively). However, Canada saw stronger growth from top Asian markets, China (+20%) and South Korea (+3%) than Australia (1% and -7%, respectively). Overall, Canada saw a larger decline in international visitors (-4%) than Australia (-1%) - mainly due to the 6% decline in US visitors to Canada; US visits to Australia increased by 4%.
- International visits to the **US** increased 6% as its top 2 markets (Canada and Mexico) performed strongly (+7% and +32%, respectively). European markets (France and Germany) posted stronger performance in Canada (+4%, +2%, respectively) than in the US (-16%, and 1%). However, Asia/Pacific markets, S Korea and Australia, posted stronger performance in the US (+8%, +6%, respectively) than Canada (3%, and -7%). Both countries experience declines in visitation from the UK (Canada, -2%; US, -5%) and Japan (Canada, -4%; US, -2%).
- The **UK's** recently released Q1 (January to March) 2006 figures show that total international arrivals have increased by 3% over Q1 2005, while Canada's international arrivals fell 7% in the same period. Both countries saw a large increase of Chinese visitors (UK, +38.1% and Canada, +20%) and a decrease of Australian visitors (UK, -13% and Canada, -10%). While the number

INTERNATIONAL TRAVEL, JANUARY - APRIL 2006 (In 000s)

TRIPS FROM:	TRIPS TO:					
	Canada		United States		Australia	
	#	06/05 Change	#	06/05 Change^	#	06/05 Change
Total International	3,643	-4	12,985	6	1,869	-1
United States	2,736	-6	...	...	160	4
Other Key Markets						
France	76	4	225	-16	21	8
Germany	50	2	413	1	55	7
United Kingdom	184	-2	1,308	-5	284	1
Mexico	47	20	1,597	32	...	...
China	29	20	132*	14	114	1
Japan	90	-4	1,195	-2	234	-4
South Korea	44	3	227	8	88	-7
Australia	39	-7	169	6	...	...
Canada	...	...	4,973	7	45	7
Total Key Markets	3,296	-5	10,239	7	1,000	0

...Data not available or not applicable. *Includes Hong Kong, SAR. ^Estimation. ^Arrivals to the interior only. Sources: Statistics Canada; Australian Bureau of Statistics; and ITA, Office of Travel and Tourism Industries (USA).

of Japanese visitors fell in the UK (-16%), Canada saw a slight increase of Japanese visitors (+1%). The UK saw a slight increase from the US (+0.3%) and steady levels in Mexico (13,000 trips in Q1 2005 and 2006), while US and Mexican visits to Canada fell 9% and 3%, respectively.

Source: National Statistics, MQ6 Transport Travel and Tourism.

STRATEGIC PERFORMANCE

- Against the set target of all CTC's core markets, we have a shortfall of 262,000 overnight trips, as of May 2006.
- Trips from the US have fallen short from its target by 5% (or 213,000 trips). Trips from Europe/Latin America have a short fall of 6% (or 32,000 trips), and Asia/Pacific has fallen short by 5% (or 17,000 trips).
- Mexico and China exceeded the targets set by about 4,000 and 2,000 trips, respectively, in the first five months of 2006.

Please note: While these figures are indicative, generalizations concerning the state of visits from Canada's key markets should not be drawn from only 5 months of data.

TRAVEL VOLUMES, JANUARY-MAY 2006

	Trips Made (000s)		
	Target	Actual	Difference (%)
Europe/Latin America			
France	105	102	-3
Germany	86	82	-5
UK	297	267	-10
Mexico	57	62	9
Asia/Pacific			
China	39	41	5
Japan	136	125	-8
S Korea	61	60	-2
Australia	74	67	-9
United States	4,085	3,872	-5
Total	4,940	4,678	-5

Note: As per strategic plans.