

quarterly market report

FRANCE

January - March 2008

Market Highlights

of outbound visitors:

% change from previous quarter:

of visitors to Canada: 19,055 January 2008

% change from previous quarter: +4.64 (January 2007)

Comments / Other information:

Air Capacity

Jet Airways provides service to the city of Toronto 4 times a week via Brussels, and Icelandair provides service to Toronto via Reykjavik with 5 flights per week and to Halifax with 3 flights per week.

Economic / Political Environment

GDP growth: 0.3%

forecasted economic growth: 1.9%

unemployment rate: - 8%

inflation: + 2.8%

consumer price index: + 0.2%

exchange rate: 1 EUR = 1.56 CAD

net national disposable income:

Comments / Other information

The unemployment rate dropped by 7.5% of the labour force at the end of the year, resulting in an average of 8% for all of 2007. This unemployment rate is equivalent to nearly 2.1 million jobless people.

The Institut national de la Consommation reports skyrocketing prices for certain food products, with increases ranging from 31 to 50%. The Ministère de l'Economie disputes these figures and argues that the increase is only between 11.5 and 18.2%.

The Ministre de l'Economie has revised French growth projections downward for 2008, expecting figures close to 2% and no longer counting on an increase from 2 to 2.5%.

Household confidence continued to fall in January (-34 points), reaching its lowest level in history, reflecting the discontent of the French about the deteriorating economic situation and their fears regarding their purchasing power. Household consumption is the essential driver of French growth. It is likely that the French are rebuilding their precautionary savings, which means that less money will be available for consumption.

According to a recent survey, 58% of French people deem the government's economic policy to be "bad." Only 36% support it. This lack of public support is now the norm across all population categories.

82% of French people consider that President Sarkozy's behaviour in his private life does not match their idea of how a President should behave.

The approval rating for the Head of State has dropped by four points and settled at 37%, while the approval rating for the Prime Minister has risen by six points, with favourable opinions held by 53% of the population. The French are now calling into question government policy on two key matters: increasing purchasing power and lowering unemployment. The only positive aspect concerns security-building measures, which are still viewed as effective (53%).

The erosion of President Sarkozy's image occurred just before the municipal elections, the first big test of his electoral mandate. This explains, in part, the blistering defeat of the right wing in these elections (about thirty cities switched to electing a leftist government).

The Mayor of Paris, Bertrand Delanoë (Parti Socialiste) was returned with strong support, but the right wing nevertheless retained eight arrondissements in Paris.

Emerging Tourism Trends

According to a study carried out by Acxiom, more and more French households are taking advantage of the winter period to go on vacation. While the mountains are still their main destination, holidays in the sun are increasingly attractive to the French. Flight departures increased by 10.4% this winter, with 3 feature destinations: Egypt (+44%), Mauritius (+31%) and the Dominican Republic (+4.6%).

Asian countries are also faring well, with Hong Kong recording a 15.1% increase in tourist arrivals from France in 2007, i.e. 231,091 French visitors.

Australia is also doing well with guest occupancy from France up by 9% in 2007, i.e. 73,500 visitors, and South Africa reports an 8.5% increase in French tourists.

The biggest winner of all remains the United States, as French travellers are still being seduced by the American dream. More than 910,310 French people visited the United States in 2007, representing a 26% hike compared to 2006.

Market Development Activities

Two promotional evenings organized by New Brunswick Tourism and Parks on the themes of lobster and Acadia. Guests included the media, tour operators, airlines, and travel agents.

Air Transat/VAT evenings to promote the launch of flights to Calgary and

Vancouver, attended by representatives from Alberta and Vancouver.

Vacances Transat promotional evenings in several French cities, for travel agents.

Training days organized by different tour operators to launch their brochures.

Evening events organized by Canada Specialists (two) for their clients, in partnership with tour operators.

CTC Activities

Trade Development

Familiarization tour in Quebec to promote winter activities and Euram products (B2B sales through their website) for 10 travel agents.

Familiarization tour in Manitoba to develop a program around the Festival du Voyageur and winter activities in Winnipeg and Churchill, in partnership with the tour operator Caractères d'Amérique and the Manitoba Economic Development Commission. Guests included four leisure and incentive agencies.

Seminar on Western Canada for 17 Canada Specialist travel agents. Presentation about Vancouver, Whistler and Alberta.

Canada was promoted as a destination to committee chairs at enterprise committee shows in Lyon and Paris. More than 50 contacts were made with registered companies.

Training provided by JetTours for 20 reservation agents.

Preparation of a three-page article for the magazine Media CE, a quarterly magazine intended for the enterprise committees of French companies (advertising value: \$28,670 CAD).

Luncheon hosted by the Canadian Ambassador, with guests representing Air Canada, Corsairfly and Nouvelles Frontières following the announcement of the merger of the latter two companies.

Consumer Development

Production and publication of the Manuel des Voyages au Canada Printemps-été-automne 2008. Distribution: media, travel agencies and consumers.

Participation in the largest consumer trade show in France (Le Monde à Paris – over 110,000 visitors) with an 82.5 m² kiosk and 14 partners (Travel Alberta, Ontario Tourism, New Brunswick Tourism and Parks, Congrès mondial acadien, Via Rail, Nunavut, Northwest Territories and Yukon Economic Development Commission, Star Suites Motorhomes, Air Canada, Corsair and tour operators – Vacances Canada, Vacances Transat and Terre Canada.)

Salon Koala organized by the Sélectour OVP Group. CTC attended in partnership with the tour operator Vacances Transat.

Partnership with the magazine Voyages Plus, a publication distributed in several travel agency networks (100,000 copies). Two articles, each eight pages long, about Quebec City and the Province of Alberta were published.

Non-traditional partnership with the Fédération Française de hockey sur glace and the Ministère du Tourisme du Québec in connection with the finals of the French Cup in ice hockey: quiz game for the spectators, advertising on the boards of the ice rink, distribution of the promotional video about Canada, regular announcements about Canada made by the master of ceremonies, distribution of Canada plaques in VIP rooms (1,000 people).

Media

Participation in the workshop organized by the Association des Offices du Tourisme Étrangers for the French press as a whole (70 participants). Future projects were discussed.

Press breakfast organized to launch the promotional campaign (21 participants). Guests were given the press kit that had been produced. To date, four articles have been published.

Six journalists sent to Canada.

Publication of 19 articles in the print media (total advertising value: \$2,265,990 CAD) as a follow-up to our various initiatives.

Invitations for the Carrefour GoMedia sent to journalists. Follow-up is currently being done.

Participation in the Journée de la Presse organized in connection with the tourism showcase "Le Monde à Paris."

Public Relations

Promotional evening organized in Lyon (second largest city in France) in partnership with Air Canada, featuring a hockey game. Guests included the media in the Lyon Region, as well as Air Canada's best business clients. A draw to win a trip to Canada was also organized for the spectators.

Competitive Environment

Workshops organized by Tourism Australia in Paris and in the various regions for travel agents.

Re-opening of the Malta Sales Office and organization of workshops.

Promotional day about the City of Tokyo for the general public.

Increase in the number of specialist programs for travel agencies provided by the various foreign tourism offices.

Future Outlook

The beginning of the year augurs well for Canada, with a 4.64% increase in travel to our country, including a high level of demand for Western Canada, supported by the introduction of direct flights to Calgary and Vancouver.

Given that capacity for the Western United States has already been reached, tour operators are succeeding in their recommendation of Western Canada as an alternative to the US.

