

Overview

Most Canadians are active travellers. Business people travel overseas frequently to buy and sell goods and services, Canadians regularly visit relatives in other parts of the world, and the backpacking tour of Europe or Australia is a tradition for thousands of students every year. For many of the same reasons, Canada has long been a popular destination for foreign tourists.

The Canadian dollar gained value against the American dollar and no major crises—such as the outbreak of severe acute respiratory syndrome (SARS) in 2003—arose to stall Canadians' wanderlust in 2004. So they travelled more than the year before: this strengthened tourism by 2.6% with 216.9 million trips.

Yet Canadians vacationed closer to home in 2004. Four-fifths of those trips, or 175.1 million, were taken within the country.

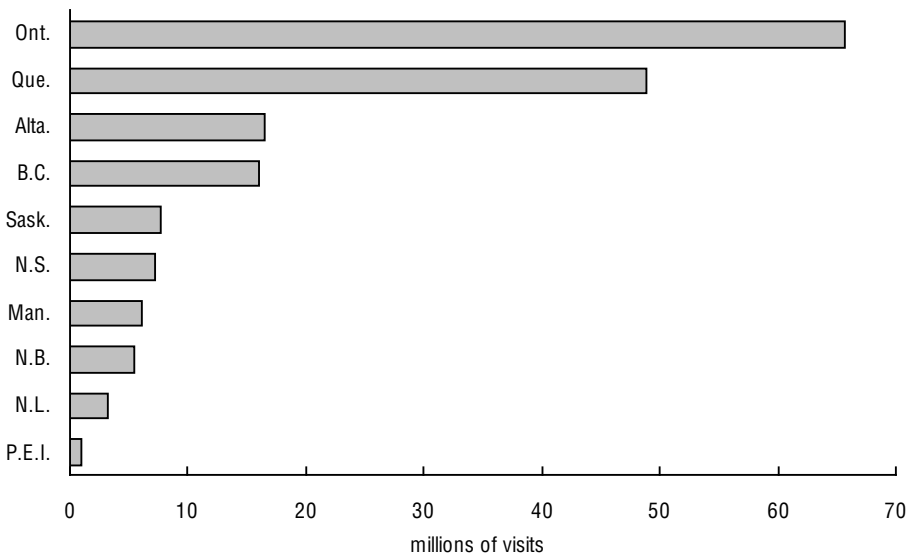
This marked a small recovery from 2003, when the number of trips taken in Canada dropped.

Domestic travellers boost tourism industry

The most popular destination for inter-provincial travel in 2004 was Ontario. Canadians made 65.2 million trips to Ontario, and 48.5 million trips to Quebec. Alberta and British Columbia, meanwhile, were the destination for close to 16 million trips. Nevertheless, intraprovincial travel—trips within one's home province—accounted for almost 9 out of 10 domestic trips in 2004.

Travelling is significant for the economy—Canadians spent nearly \$43 billion in 2005 on domestic travel, according to the National Tourism Indicators. Domestic spending was

Chart 31.1
Provinces visited by Canadians, 2004



Note: Same-day and overnight visits.

Source: Statistics Canada, CANSIM table 426-0004.

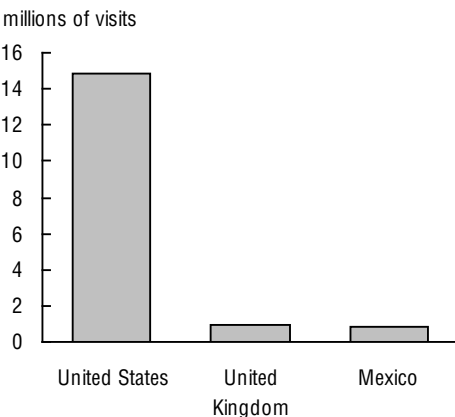
the only source of growth in the Canadian travel and tourism industry in 2005.

Canadian tourists boosted their travel spending in Canada by 5.9% in 2005, the largest annual gain since 2000. International visitors to Canada, meanwhile, spent slightly less while travelling here after a 9.0% increase in 2004. A downturn in visitors from the United States drove this decline, likely a result of the stronger loonie—it climbed 7.4% against the American dollar in 2005.

Airlines were the big winner in the travel industry in 2005, as spending on air transportation soared 8.6%, which accounted for one-third of the travel industry's annual growth.

Other segments of the industry did not fare so well. Spending on fuel for vehicles rose only very slightly, as drivers were discouraged by higher prices at the gas pumps. Accommodation and food and beverage services also saw only slightly higher spending. And travel services companies were pinched by low-cost online travel bookings, though travel services spending increased 3.2%.

Chart 31.2
Top three countries visited by Canadians, 2005



Note: Visits of one night or more.
Source: Statistics Canada, International Travel Survey, 2005.

Table 31.a
Travel arrangement and reservation services, financial characteristics

	2004	2005
	\$ millions	
Operating revenue	1,501.1	1592.3
Operating expenses	1,414.7	1509.0
	%	
Operating profit margin	5.8	5.2
	number	
Active establishments	4,997	4,785

Source: Statistics Canada, CANSIM table 351-0003.

In 2005, the increase in domestic spending led travel and tourism's gross domestic product to rise 4.0%—faster than the overall economy's growth of 2.9%. The rise came on the heels of a similar gain the previous year. Employment in travel and tourism rose 1.7% to 626,000 jobs, the largest increase since 2000.

Canadians travelling abroad

Canadian residents made 44 million same-day and overnight trips abroad in 2005, spending \$20.2 billion doing so. Almost half of these, or 21.1 million trips, were overnight trips outside the country. About 6.2 million of these overnight trips were to overseas destinations (not the United States), with more than half of them to Europe. Canadians spent \$9.4 billion on overseas travel in 2005.

Still, Canadians' top destination continues to be the United States—Canadians made nearly 15 million overnight visits and spent \$9.5 billion there in 2005. Their second most popular destination was the United Kingdom, with 898,000 overnight visits, followed by Mexico, with 794,000 visits. Rounding out Canadians' top five international travel destinations were France, with 616,000 visits, and Cuba, with 518,000 visits.

Italy had the biggest jump in Canadian travellers in 2005, as visits there surged by half from the previous year.

Overnight travel to Asia totalled 1.1 million visits, up only 8.3% from 2004. Nevertheless, Canadian travel to Asia has soared 60.6% since 2000, possibly due to a rise in immigration to Canada from China and increased trade between the two countries.

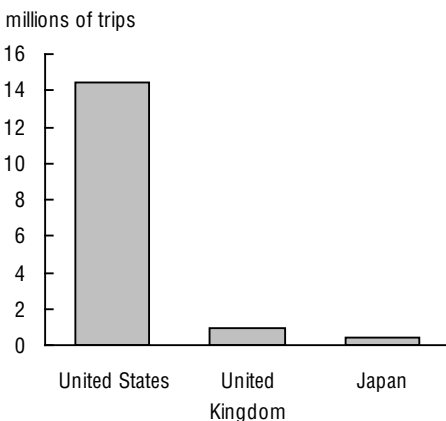
Tourism to Canada

In 2005, non-resident visitors made 36 million same-day and overnight trips to Canada, spending \$14 billion doing so. Following three consecutive declines, travel to Canada from overseas nations rose for a second year in a row.

Trips originating in the United States—the most important market for tourism to Canada—declined in 2005. Americans' number of overnight trips fell 4.6% to 14.4 million, and they spent about \$7.5 billion, 8.6% less than the year before.

The number of overnight trips to Canada from countries other than the United States increased 7.1% to 4.2 million trips. These overseas visitors spent \$5.8 billion in Canada in 2005, up 7.0% from 2004.

Chart 31.3
Top three countries of origin of travellers to Canada, 2005



Note: Overnight trips.

Source: Statistics Canada, International Travel Survey, 2005.

The most important overseas market for tourism to Canada is still the United Kingdom. The number of trips to Canada from the United Kingdom in 2005 reached 888,000, a 10.8% gain from the previous year.

After the United States and the United Kingdom, the top countries of origin for travellers to Canada in 2005 were Japan, France and Germany. China had the largest annual percentage increase in 2005 among the top 12 markets for travel to Canada—Chinese residents made 113,000 trips here that year.

Selected sources

Statistics Canada

- *Analytical Paper Series - Service Industries Division*. Occasional. 63F0002XIE
- *Canadian Travel Survey: Domestic Travel*. Annual. 87-212-XIE
- *International Travel: Advance Information*. Monthly. 66-001-PIE
- *National Tourism Indicators, Quarterly Estimates*. Quarterly. 13-009-XIB
- *Travel-log (Touriscope)*. Quarterly. 87-003-XIE

Changing times for cross-border travellers

Sharing the world's longest unprotected border has advantages for Canadian and American travellers. One-day shopping trips and overnight stays north or south of the border have become time-honoured traditions. But longer waits at border crossings, stricter security policies and higher gas prices are changing those traditions for both Canadian and American travellers.

In 2004, Americans made 34.6 million same-day and overnight trips to Canada, down 2.5% from the previous year. Their same-day travel fell 8% to 19.5 million trips, but their overnight travel increased 6% to 15.1 million trips. Americans' overnight trips to Canada have gone up every year since 1996.

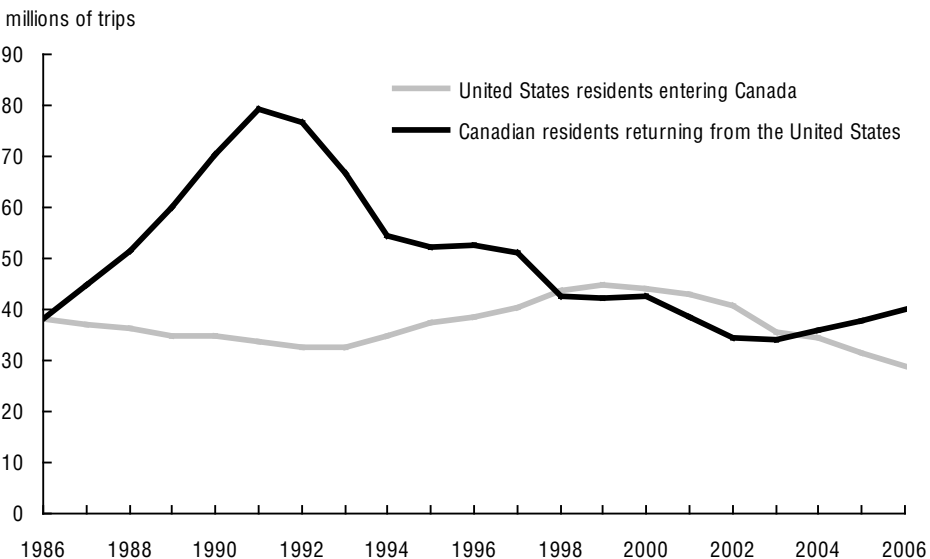
Americans visiting Canada on overnight trips spent \$8.2 billion here in 2004, up 12% from 2003. Visitors averaged about four nights per trip, and spent \$541 per trip.

Cross-border traffic heading south was also busy in 2004. Canadians took 22.2 million same-day trips to the United States, a 3% increase from 2003, and the first increase since 1991. Meanwhile, Canadians' overnight travel to the United States rose 9% to 13.9 million trips.

Among Canadians heading south, driving the family car has become an increasingly popular option—perhaps due to the costs and difficulties of air travel. In 2004, overnight car travel to the United States from Canada climbed to its highest level since 1997, reaching 8.1 million trips.

Canadian travellers stayed more than 107 million nights in the United States in 2004. And they spent \$8.7 billion, or an average of \$625 per trip, which is more than what Americans spent while travelling in Canada.

Chart 31.4
Travel between Canada and the United States



Note: Same-day and overnight trips.

Source: Statistics Canada, CANSIM table 427-0001.

2003: A bad year for tourism

Canada's natural beauty and popular attractions have long made it one of the world's most popular tourist destinations—and that means income for Canada's tourism industry. So when events occur that make travel less attractive, Canada is particularly affected. In 2003, lingering fears from September 11, the Iraq conflict and the unexpected SARS outbreak in Canada all combined to dampen tourism worldwide—making that year one of the most painful in recent memory for Canada's tourism industry.

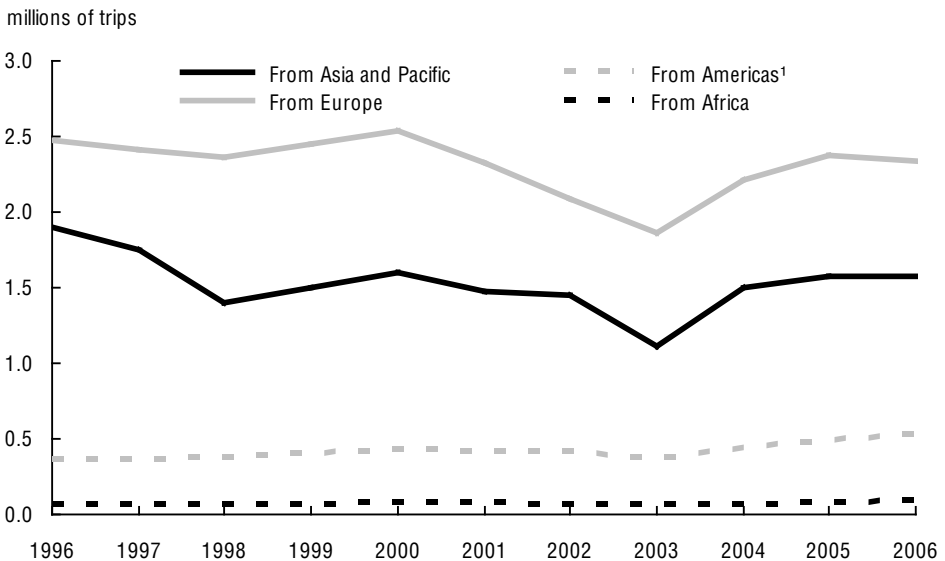
The largest single drop in tourism over the past two decades occurred in 2001, with Asian and North American travellers in particular accounting for a large part of the overall decline. When the Iraq conflict began in March 2003 and the SARS outbreak hit its peak in April and May, the tourism industry—especially in Toronto and Vancouver—was hit hard.

By May 2003, the total number of trips to Canada from overseas countries excluding the United States tumbled 33% from the previous year. Travel from Asia between April and May 2003 alone dropped 32%, likely because of the SARS epidemic.

Visits from Taiwan suffered the biggest decline, plunging nearly 94% from December 2002 to May 2003. Trips from Japan, China, Hong Kong and South Korea were down anywhere from 40% to 73%. All these countries had been on Canada's list of top-12 overseas tourism markets in December 2002.

Travel to Canada did not rebound until 2004. That year, Canada registered 1.3 million trips from China, Hong Kong, Japan, Thailand and other Asian countries, up from 923,000 in 2003. Moreover, spending by travellers from these countries also increased, from \$1.2 billion in 2003 to \$1.6 billion in 2004.

Chart 31.5
International travellers



Note: Same-day and overnight trips.

¹ Excludes travellers from United States.

Source: Statistics Canada, CANSIM table 387-0004.

International travel deficit highest ever

Tourism like other major sectors of the economy that involve trade, is measured in surpluses and deficits. For example, when Canadians spend more abroad than foreign visitors spend here, the international travel account posts a deficit and vice versa for a surplus.

The international travel deficit in 2006 reached \$6.7 billion—an all-time high. The major cause was Canadians' record spending in the United States and overseas, \$23.3 billion, a 5.7% increase from the previous high in 2005. Meanwhile, foreigners travelling in Canada spent slightly less than in 2005, \$16.6 billion.

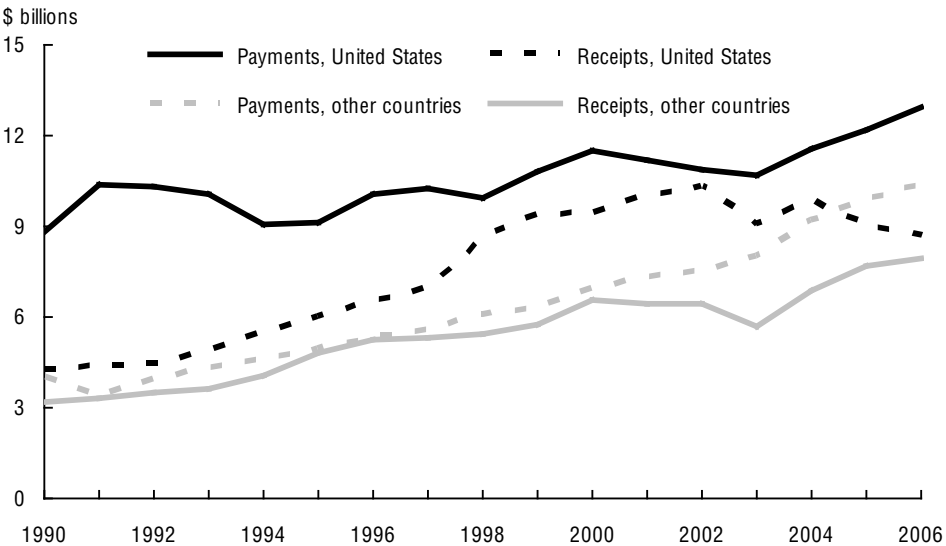
Still, foreign spending in Canada reached its fourth highest level in 2006. Prior to 2005, foreign spending in Canada had risen every year since 1987—except in 2003, when the SARS outbreak cut travel to Canada.

Canada's travel deficit with the United States climbed to \$4.3 billion in 2006, the highest since 1993. While a nine-year low in overnight travel from the United States cut American spending in Canada, Canadian spending south of the border climbed to a record \$12.9 billion.

Travelling overseas is a growing passion among Canadians. This continues to expand Canada's travel deficit with overseas countries, which has nearly tripled in the last five years, to \$2.5 billion in 2006. Over the past 25 years, Canadian spending overseas has actually decreased only once—in 1991. Travellers from overseas spent \$7.9 billion or 2.8% more here in 2006.

Canada's international travel deficit with all countries more than quadrupled from 2002 to 2006.

Chart 31.6
International travel account



Notes: Receipts represent spending by foreigners travelling in Canada, including education spending and medical spending. Payments represent spending by Canadian residents travelling abroad, including education spending and medical spending.
Source: Statistics Canada, CANSIM table 376-0001.

Vacation travel on the rise

Many Canadians book time off work to putter around the house or to enjoy the weather. But today more and more Canadians are using their annual leave to travel.

According to the Travel Activities and Motivation Survey, 74% of all adult Canadians—about 18 million people—travelled for vacation or pleasure sometime from 2004 to 2006. This compares with 73% of adults from 1997 to 1999.

More Canadians are vacationing overseas—28% of the population in 2006, compared with 20% in 1999. Meanwhile, 35% took a vacation to the United States, compared with 29% previously, and 41% took a vacation in Canada outside their home province, up from 36%.

The share of Canadians vacationing in their home province rose from 48% to 59%.

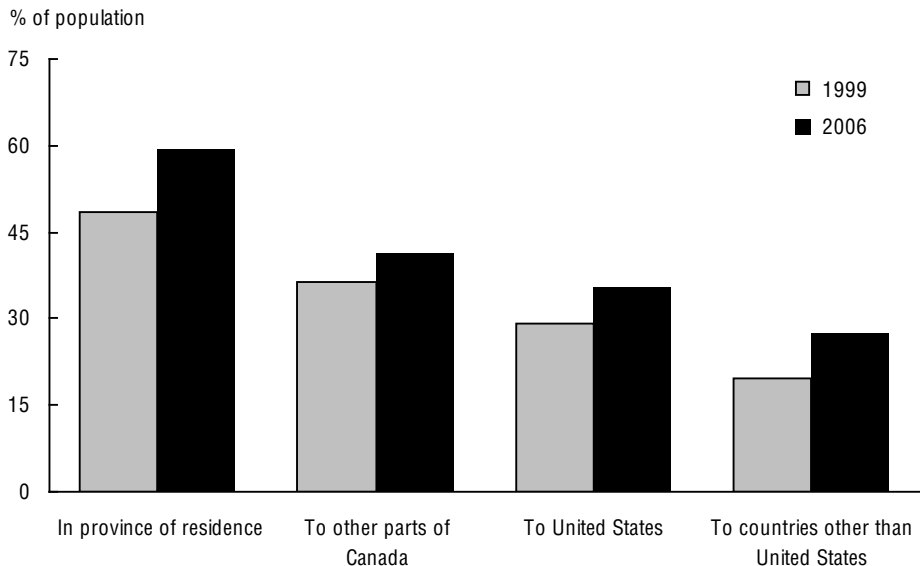
Younger adults and those in a household with above-average income took more overnight

vacations than older adults and people in lower-income households. From 2004 to 2006, 80% of Canadians aged 18 to 34 took at least one out-of-town, overnight vacation. Only 66% of those aged 55 and older took similar trips.

Interestingly, adults born in Canada take proportionally more overnight vacations than those born outside the country. However, those born outside Canada are almost twice as likely to take an international vacation as their Canadian-born counterparts.

Sixty percent of adults who took an overnight vacation from 2004 to 2006 say the decision about where to travel was very or extremely important. Their top consideration in choosing a destination was feeling safe.

Chart 31.7
Domestic and international travel by Canadians



Note: Population reporting at least one overnight, out-of-town vacation in the past two years

Source: Statistics Canada, Travel Activities and Motivation Survey.

Table 31.1 Canadians travelling in Canada, by province and territory of destination, 1999 to 2004

	1999	2000	2001	2002	2003	2004
	thousands					
Canada	177,461	178,628	182,092	187,890	172,244	175,084
Newfoundland and Labrador	3,975	3,955	3,902	3,784	3,236	3,107
Prince Edward Island	864	977	966	1,125	897	911
Nova Scotia	7,006	7,034	7,019	8,287	7,164	7,066
New Brunswick	5,376	4,794	5,344	6,075	5,613	5,038
Quebec	38,745	40,842	40,608	45,928	47,216	48,484
Ontario	63,282	65,220	67,160	70,257	62,168	65,290
Manitoba	6,895	6,542	6,621	6,265	5,938	6,009
Saskatchewan	9,043	8,222	8,139	8,029	7,413	7,451
Alberta	20,998	20,022	21,256	19,186	15,775	15,890
British Columbia	21,183	20,893	20,984	18,842	16,742	15,738
Yukon, Northwest Territories and Nunavut	F	F	92 ^E	113 ^E	83 ^E	99 ^E

Note: Trips of 80 kilometres or more.

Source: Statistics Canada, CANSIM table 426-0001.

Table 31.2 Canadians travelling in Canada, by selected census metropolitan area of destination, 1999 to 2004

	1999	2000	2001	2002	2003	2004
	thousands					
St. John's	1,574	1,416	1,357	1,068	1,018	1,129
Halifax	2,786	2,905	2,999	3,513	2,769	2,870
Saint John	662	738	815	770	802	619
Saguenay	653	609	713	770	652	773
Québec	5,610	6,256	6,087	7,114	6,836	7,075
Sherbrooke	1,332	1,274	1,746	1,992	1,521	1,654
Trois-Rivières	1,151	1,188	985	1,293	1,434	1,512
Montréal	8,465	9,470	10,117	10,913	11,023	11,000
Ottawa-Gatineau	5,422	5,487	5,924	5,936	6,110	6,194
Toronto	13,752	14,708	14,144	13,894	12,706	13,738
Hamilton	1,968	1,712	2,308	1,966	1,675	1,766
St. Catharines-Niagara	3,010	4,110	4,056	3,949	3,806	4,157
Kitchener	1,858	2,618	2,371	2,833	2,031	2,337
London	3,647	3,124	3,107	3,478	3,282	3,341
Windsor	1,188	1,243	1,033	851	864	1,067
Greater Sudbury / Grand Sudbury	643	927 ^E	1,164	1,002	965	1,005
Winnipeg	2,346	2,395	2,533	2,297	2,305	2,294
Regina	1,329	1,289	1,422	1,357	1,305	1,447
Saskatoon	2,321	1,991	1,980	1,951	1,888	1,854
Calgary	3,734	3,535	3,734	3,701	2,976	2,963
Edmonton	5,043	4,450	4,813	4,448	3,782	3,564
Vancouver	4,275	3,942	3,904	3,437	3,029	2,765
Victoria	1,776	1,800	1,630	1,801	1,568	1,599

Note: Trips of 80 kilometres or more.

Source: Statistics Canada, CANSIM table 426-0001.

Table 31.3 Expenditures by Canadians on trips in Canada, by province and territory of destination, 1999 to 2004

	1999	2000	2001	2002	2003	2004
	\$ thousands					
Canada	23,764,527	26,845,970	29,692,470	30,926,146	28,454,953	29,708,136
Newfoundland and Labrador	629,831	745,069	795,488	812,691	791,499	722,995
Prince Edward Island	209,213	245,001	249,143	254,211	240,243	239,427
Nova Scotia	904,459	983,217	1,177,481	1,309,866	1,260,350	1,206,290
New Brunswick	748,223	798,979	856,011	970,911	842,605	812,595
Quebec	4,665,194	5,146,754	5,581,632	6,652,815	6,476,795	6,782,331
Ontario	7,483,373	9,241,261	10,497,261	10,246,161	9,541,466	10,154,235
Manitoba	871,953	865,858	1,033,426	905,212	919,443	967,300
Saskatchewan	942,592	1,024,053	1,151,025	1,112,872	1,076,599	1,120,068
Alberta	3,135,557	3,414,852	3,895,231	4,068,107	3,071,985	3,466,705
British Columbia	4,136,020	4,278,782	4,407,321	4,525,894	4,162,907	4,162,189
Yukon, Northwest Territories and Nunavut	F	F	F	67,405 ^E	F	F

Note: Trips of 80 kilometres or more.

Source: Statistics Canada, CANSIM table 426-0001.

Table 31.4 Travel by Canadians to foreign countries, by selected destinations, 2000 and 2005

	2000			2005		
	Visits	Nights	Spending in country	Visits	Nights	Spending in country
	thousands		CAN\$ millions	thousands		CAN\$ millions
Austria	97	579	74	128	640	79
China	92	1,868	175	161	2,996	304
Cuba	260	2,290	206	518	4,574	470
Dominican Republic	187	1,714	150	506	4,488	457
France	461	4,918	583	616	7,770	829
Germany	284	2,573	238	317	3,205	276
Hong Kong	97	1,449	103	151	2,793	209
Italy	232	2,967	340	383	4,860	616
Japan	119	1,874	182	143	1,866	220
Mexico	692	7,470	691	794	8,780	910
Netherlands	155	1,389	107	197	1,601	132
Spain	142	2,069	173	170	2,300	223
Switzerland	145	996	109	139	937	122
United Kingdom	797	10,438	976	898	11,376	1,091
United States	14,666	109,062	9,191	14,862	117,164	9,537

Note: Visits of one night or more.

Source: Statistics Canada, International Travel Survey.

Table 31.5 Travel by Canadians to the United States, by selected destinations, 2000 and 2005

	2000			2005		
	Visits	Nights	Spending in state	Visits	Nights	Spending in state
	thousands		CAN\$ millions	thousands		CAN\$ millions
California	1,036	8,591	950	1,008	8,641	861
Florida	2,042	36,232	2,227	2,038	38,802	2,348
Maine	682	2,255	155	734	2,359	182
Massachusetts	473	2,043	204	505	2,183	204
Michigan	1,237	3,142	228	1,239	3,257	252
Minnesota	511	1,343	134	593	1,663	162
Nevada	811	3,761	592	931	4,354	777
New York	2,314	6,358	628	2,344	6,914	658
Ohio	508	1,297	114	511	1,589	116
Pennsylvania	648	1,680	146	646	1,533	125
Vermont	608	1,729	100	644	1,757	108
Washington	1,581	4,567	257	1,612	4,588	310

Note: Visits of one night or more.

Source: Statistics Canada, International Travel Survey.

Table 31.6 Travel to Canada, by selected countries of origin, 2000 and 2005

	2000			2005		
	Visits	Nights	Spending in Canada	Visits	Nights	Spending in Canada
	thousands		CAN\$ millions	thousands		CAN\$ millions
Australia	173	2,099	231	179	2,447	287
China	74	1,561	120	113	3,723	219
France	402	6,052	480	351	5,836	463
Germany	380	5,770	498	311	4,900	410
Hong Kong	138	1,894	167	109	2,161	151
India	66	1,398	79	94	1,771	82
Italy	110	1,609	135	91	1,061	95
Japan	493	4,628	687	398	4,750	557
Mexico	140	1,788	174	179	3,149	240
Netherlands	131	1,767	139	118	1,580	131
South Korea	129	3,507	221	173	4,466	247
Switzerland	105	1,851	154	97	1,684	163
Taiwan	163	2,043	239	98	1,536	110
United Kingdom	862	10,261	1,074	888	11,882	1,246
United States	15,188	58,447	7,321	14,390	57,331	7,463

Note: Visits of one night or more.

Source: Statistics Canada, International Travel Survey.

Table 31.7 Travel to Canada from the United States, by selected states of origin, 2000 and 2005

	2000			2005		
	Visits	Nights	Spending in Canada	Visits	Nights	Spending in Canada
	thousands		CAN\$ millions	thousands		CAN\$ millions
California	1,011	5,160	820	877	4,348	611
Florida	353	2,467	277	466	2,815	338
Illinois	520	2,139	331	477	2,038	308
Maine	264	878	87	284	1,074	123
Massachusetts	678	2,448	306	554	2,078	265
Michigan	1,821	4,895	527	1,689	4,794	589
Minnesota	540	2,075	256	545	2,389	257
New Jersey	356	1,422	218	417	1,629	238
New York	1,907	6,197	654	1,771	5,833	680
Ohio	816	2,669	350	698	2,377	285
Pennsylvania	629	2,612	312	642	2,751	361
Texas	415	1,972	332	419	2,018	325
Washington	1,644	5,443	523	1,464	4,914	496
Wisconsin	308	1,431	162	328	1,549	200

Note: Visits of one night or more.

Source: Statistics Canada, International Travel Survey.

Table 31.8 Financial characteristics of the travel arrangement industry, 2000 to 2005

	2000	2001	2002	2003	2004	2005
	\$ millions					
Operating revenue						
Accommodation services	11,804.6	12,165.4	12,780.2	12,314.6	13,220.9	14,311.6
Hotels, motor hotels and motels	10,421.0	10,755.4	11,291.0	10,902.6	11,528.4	12,431.5
Other accommodation industries	1,383.6	1,410.0	1,489.2	1,412.0	1,692.5	1,880.1
Travel agencies	1,782.6	1,518.3	1,542.1	1,480.0	1,501.1	1,592.3
Tour operators	5,418.9	5,738.1	5,735.4	6,105.8	6,288.0	7,019.0
Other travel arrangement and reservation services	222.6	218.4	216.5	229.5	240.7	264.7
Operating expenses						
Accommodation services	10,301.7	10,682.7	11,231.0	10,993.6	11,267.9	12,124.4
Hotels, motor hotels and motels	9,050.5	9,372.9	9,875.3	9,710.0	9,860.1	10,525.9
Other accommodation industries	1,251.2	1,309.8	1,355.8	1,283.5	1,407.7	1,598.5
Travel agencies	1,660.2	1,421.2	1,435.7	1,455.6	1,414.7	1,509.0
Tour operators	5,141.0	5,691.7	5,684.7	6,130.9	6,188.6	6,942.2
Other travel arrangement and reservation services	205.3	201.4	199.1	211.2	221.7	243.8
	%					
Operating profit margin						
Accommodation services	12.7	12.2	12.1	10.7	14.8	15.3
Hotels, motor hotels and motels	13.2	12.9	12.5	10.9	14.5	15.3
Other accommodation industries	9.6	7.1	9.0	9.1	16.8	15.0
Travel agencies	6.9	6.4	6.9	1.6	5.8	5.2
Tour operators	5.1	0.8	0.9	-0.4	1.6	1.1
Other travel arrangement and reservation services	8.5	8.0	8.0	8.0	7.9	7.9
	number					
Active establishments						
Accommodation services	16,924	16,330	16,407	16,355	15,463	16,630
Hotels, motor hotels and motels	9,419	9,015	8,814	8,624	8,026	8,538
Other accommodation industries	7,505	7,315	7,593	7,731	7,437	8,092
Travel agencies	4,962	5,341	5,362	5,364	4,997	4,785
Tour operators	1,117	1,147	1,207	1,237	1,238	1,238
Other travel arrangement and reservation services	295	281	282	294	306	338

Source: Statistics Canada, CANSIM tables 351-0002 and 351-0003.