



Autumn 2001

International Tourist Travel to Canada – Before and After the Asian Crisis¹

by Monique Beyrouti

Tourism Statistics Program

SUMMARY

- According to data from the World Trade Organization (WTO), international tourist arrivals reached 650 million in 1999, up 3.8% from 1998.
- As an international destination, Canada benefited from this growth. Between 1998 and 1999 it received 6.4% more overnight trips made by overseas residents. With the recovery of the Asia-originating travel market, Canada received 9.5% more tourists from that continent.
- In all, trips by U.S. travellers to Canada rose slightly between 1998 and 1999, reaching 44.6 million.
- Overall, trips to Canada for all origins and trip lengths combined totalled 48.6 million in 1999, up 2.1% from the previous year.
- With increased international travel, expenditures in Canada were higher. This improved Canada's travel account with other countries, which showed a deficit of \$1.7 billion in 1999.



Growth of international tourism

In keeping with the upward trend worldwide, international travel to Canada (all durations combined) increased by 5.2% for arrivals from overseas and 1.8% for arrivals from the United States in 1999 (Table 1). Between 1998 and 1999, expenditures during those trips jumped by 9.5% and 6.5% for overseas and American visitors respectively (Table 2). When those expenditures were combined with spending by Canadians on domestic trips, total tourism expenditures in Canada came

¹ Adapted from an article presented in Statistics Canada, *Tourism Statistical Digest*, 2001 Edition, Statistics Canada Catalogue No. 87-403-XPE, Ottawa, Minister of Industry, 2001.

In This Issue...

Feature Article

International Tourist Travel to Canada – Before and After the Asian Crisis 1

Trends

Characteristics of International Travellers 7
International Travel Account 8
Travel Price Index 9

Travel Indicators 10

Table 1

Non Residents travelling to Canada

	1996	1997	1998	1999	Change		
					98/97	99/98	99/97
	thousands				%		
Total	43,256	45,076	48,064	49,055	6.6	2.1	8.8
United States	38,471	40,490	43,858	44,630	8.3	1.8	10.2
same day:	25,563	27,089	28,965	29,450	6.9	1.7	8.7
one or more nights:	12,909	13,401	14,893	15,180	11.1	1.9	13.3
Overseas	4,786	4,586	4,206	4,425	-8.3	5.2	-3.5
same day:	409	352	271	239	-23.0	-11.8	-32.1
one or more nights:	4,377	4,234	3,935	4,187	-7.1	6.4	-1.1

Note: Total may not add up due to rounding.

Source: International Travel Survey

Table 2

Spending by Non Residents Travelling in Canada

	1996	1997	1998	1999	Change		
					98/97	99/98	99/97
	millions of dollars				%		
Total	10,796	11,199	12,831	13,804	14.6	7.6	23.3
United States	6,258	6,669	8,357	8,903	25.3	6.5	33.5
same day:	1,108	1,314	1,654	1,754	25.9	6.0	33.5
one or more nights:	5,150	5,355	6,703	7,149	25.2	6.7	33.5
Overseas	4,538	4,530	4,474	4,901	-1.2	9.5	8.2
same day:	17	14	12	9	-14.3	-25.0	-35.7
one or more nights:	4,520	4,516	4,462	4,892	-1.2	9.6	8.3

Note: Total may not add up due to rounding.

Source: International Travel Survey

to \$50.1 billion, up 6.5% from 1998. Employment generated by tourism grew 1.2% during the period.² Buoyed by the growth of international travel, the increase in non-resident spending in Canada improved the travel account between Canada and other countries to a deficit of \$1.7 billion. In fact, Canada is becoming a more popular destination, attracting growing numbers of foreigners who spend increasing amounts of money every year.

Despite that good news, the tourism industry remains vulnerable to economic, political and other changes, as evidenced by the 1991 Gulf War and, more recently, the economic and financial crisis in Asia. Fortunately, the slowdown in travel growth did not last, and a number of

factors led travellers to resume their recreational, personal, business and other activities around the world.

Spending by foreigners travelling in Canada totalled \$13.8 billion in 1999 (Table 2), up about 8% from 1998. In 1999, spending incurred during one or more nights trips accounted for 87.2% of the total.

Strong economic recovery in Asia

In July 1997, what appeared to be an isolated financial and monetary crisis in

² Statistics Canada, *National tourism indicators: Quarterly estimates, Fourth quarter 1999*, Statistics Canada Catalogue No. 13-009-XPB, Ottawa, Minister of Industry, 2000.



Travel-log

Toll-free order service in Canada and United States
1-800-267-6677

Editor-in-Chief: Monique Beyrouti
Tel: (613) 951-1673

Assistant: Nadège Daudier

Composition: Bilquis Kabir
Chart Design: Sylvain Garceau
Printing: Statistics Canada
Printing Centre

Correspondence may be addressed to the Editor-in-chief, **Travel-log**, 1st floor, B11, Jean-Talon Building, Ottawa, Ontario, K1A 0T6. **Fax number 1-613-951-2909.**

Internet e-mail: monique.beyrouti@statcan.ca

Subscription Information

All prices exclude sales tax

This product, Catalogue no. 87-003-XPB, is published quarterly as a standard printed publication at a price of CDN \$13.00 per issue and CDN \$42.00 for a one-year subscription. ISSN 0713-2840

The following additional shipping charges apply for delivery outside Canada:

	Single issue	Annual subscription
United States	CDN \$ 6.00	CDN \$ 24.00
Other countries	CDN \$ 10.00	CDN \$ 40.00

This product is also available in electronic format on the Statistics Canada Internet site as Catalogue no. 87-003-XIE at a price of CDN \$5.00 per issue and CDN \$16.00 for a one-year subscription. To obtain single issues or to subscribe, visit our Web site at:

www.statcan.ca, and select Products and Services.

ISSN 1209-1340

The paper used in this publication meets the minimum requirements of American National Standard for Information Sciences - Permanence of Paper for Printed Library Materials, ANSI (Z39.48 - 1984.)



Published by authority of the Minister responsible for Statistics Canada. © Minister of Industry, 2001. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise without prior written permission from License Services, Marketing Division, Statistics Canada, Ottawa, Ontario, Canada K1A 0T6.

Note of appreciation

Canada owes the success of its statistical system to a long-standing partnership between Statistics Canada, the citizens of Canada, its businesses, governments and other institutions. Accurate and timely statistical information could not be produced without their continued cooperation and goodwill.

Thailand spread rapidly through Southeast Asia, reaching South Korea, Hong Kong and China by the fall of that year. As panic and anxiety reigned, Asians made fewer international trips in 1998. And that's not all: there were 0.9% fewer tourist arrivals in that region between 1997 and 1998. According to OECD estimates, Asia was the only continent that suffered a decline in the number of tourists that year.

In 1999, however, Asian economies began to recover. The situation improved, and Asian countries as a whole saw their economic growth accelerate from 3.8% in

1998 to 6% in 1999.³ The growth rate of the four "Asian tigers" (South Korea, Taiwan, Singapore and Hong Kong), now classified as developed countries,⁴ soared to 7.7% in 1999 (from -2.3% in 1998), highest among the developed countries. In fact, for over 30 years, the "tigers" have been growing at the phenomenal pace of 8.0% a year.

The results for 1999 and early 2000 indicate that the financial crisis failed to snuff out the vitality of the Asian economies.

Solid recovery in international travel

Travel to Canada from overseas countries up in 1999

Between 1998 and 1999, overnight travel to Canada from overseas countries grew by 6.4% (Table 1). More residents of every continent except South America visited Canada in 1999 than in 1998 (Table 3). Overall, however, the increase in arrivals actually reflected a recovery in overseas travel to Canada, which had slumped 7.1% between 1997 and 1998. In fact, in 1999 the number of overnight trips to Canada by overseas residents remained slightly below (1.1%) its 1997 level.

Impact of the Asian travel recovery on Canada

After staying at home a little more for two years, the residents of the Asian region buoyed by the economic recovery, resumed travelling in large numbers in 1999. Canada benefited from the recovery of international travel from the region, drawing 106,000 more visitors in 1999 than in 1998. Asian tourists spent \$1.4 billion during their one or more nights stays in Canada in 1999, up 13.3% from 1998 (Table 4). Of the four largest Asian markets for Canada, only Hong Kong residents visited Canada less often in 1999 than in 1998 (Table 5), a decline that was reflected in lower travel expenditures (Table 6).

Meanwhile, travel from South Korea grew more rapidly over the same period, posting a 52.3% increase (Tableau 5). The other side of the coin, however, is that the number of travellers from that country had dropped 55.8% between 1997 and 1998. Of the four biggest Asian sources of travellers, only Taiwan sent more tourists to Canada in 1999 than in 1997 (Table 5). Travel from Taiwan to Canada nearly quadrupled during the last decade.

Table 3

Overseas Travellers to Canada, by Continent

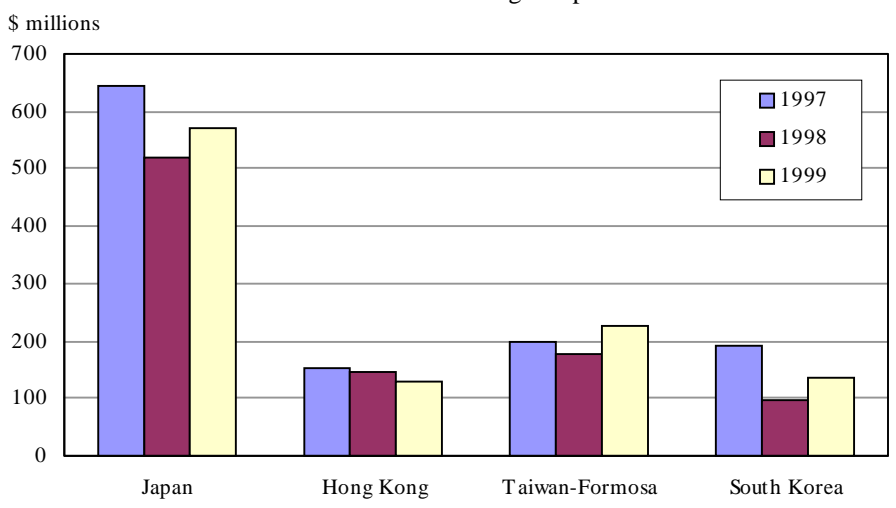
One or more night trips

	1996	1997	1998	1999	Change		
					98/97	99/98	99/97
	in thousands				%		
Total	4,377	4,234	3,935	4,186	-7.1	6.4	-1.1
Europe	2,288	2,260	2,211	2,320	-2.2	4.9	2.7
Africa	55	59	59	66	0.9	12.0	12.9
Asia	1,511	1,376	1,115	1,221	-19.0	9.5	-11.3
Central and Other							
North America	108	121	139	157	14.7	13.1	29.8
Caribbean	98	97	100	114	3.1	14.0	17.5
South America	126	122	124	113	1.6	-8.9	-7.4
Oceania	191	199	187	196	-6.2	4.8	-1.7

Source: International Travel Survey

Spending by Asian Travellers in Canada

One or more night trips



³ L'État du monde – Annuaire économique et géopolitique mondial 2001. Édition: La Découverte/Boreal.

⁴ According to the International Monetary Fund (IMF) classification.

Table 4

Spending in Canada - Overseas Travellers by Continent

One or more night trips

	1997	1998	1999	Change			share		
				98/97	99/98	99/97	1997	1998	1999
	millions of dollars			%			%		
Total	4,516	4,462	4,892	-1.2	9.6	8.3	100.0	100.0	100.0
Europe	2,340	2,485	2,649	6.2	6.6	13.2	51.8	55.7	54.1
Africa	70	80	111	14.3	38.8	58.6	1.6	1.8	2.3
Asia	1,517	1,270	1,439	-16.3	13.3	-5.1	33.6	28.5	29.4
Central and Other									
North America	110	130	150	18.2	15.4	36.4	2.4	2.9	3.1
Caribbean	116	108	127	-6.9	17.6	9.5	2.6	2.4	2.6
South America	173	198	180	14.5	-9.1	4.0	3.8	4.4	3.7
Oceania	189	191	236	1.1	23.6	24.9	4.2	4.3	4.8

Source: International Travel Survey

Table 5

Trips to Canada - Top four Asian Countries

One or more night trips

	1997	1998	1999	Change		
				98/97	99/98	99/97
	thousands			%		
Total	4,234	3,935	4,187	-7.1	6.4	-1.1
Asia	1,376	1,115	1,221	-19.0	9.5	-11.3
Japan	566	484	516	-14.5	6.6	-8.8
Hong Kong	146	148	134	1.4	-9.5	-8.2
Taiwan-Formosa	138	123	155	-10.9	26.0	12.3
South Korea	147	65	99	-55.8	52.3	-32.7
Sub-Total	997	820	904	-17.8	10.2	-9.3
Other Asia	379	295	317	-22.2	7.5	-16.4

Source: International Travel Survey

The fact that Taiwan's exchange rate did not fall as sharply as that of other countries explains, at least in part, the solid recovery in travel to Canada.

Finally, Japan, by far the largest source of Asian tourists, had essentially zero economic growth during the last decade. In 1999, Japan's growth rate (0.3%) was the lowest in the industrialized world.⁵ After peaking at 648,000 trips to Canada in 1996, travel from Japan has declined every year since then.

More European travellers

In 1999, residents of Europe took 109,000 more one or more nights trips to Canada than in 1998, a 4.9% rise

(Table 7). Britons increased their travel to Canada by 4.4% between 1998 and 1999. The number of visitors from France and Germany was up 3% in 1999 compared with 1998. Nevertheless, they travelled to Canada less often in 1999 than they did in 1996. Canada attracted a record number of travellers in 1996. With 780,000 trips to Canada in 1999, the United Kingdom surpassed its 1996 peak. Even though the value of the pound fell relative to the Canadian dollar over the same period, the decline was small (-1%), and it did not deter Britons from taking 12.9% more trips to Canada between 1996 and 1999. Of the three largest European tourist markets for Canada, Britons traditionally take

proportionally more trips to Canada to visit relatives and friends. In 1999, 35% of British visitors reported coming to Canada for that purpose. The corresponding proportions for French and German travellers were 27% and 19% respectively. That type of travel, usually less costly because it often does not involve accommodation expenses, appears to be less elastic with respect to exchange rate fluctuations.

Between 1998 and 1999, the number of overseas residents who came directly to Canada and stayed at least one night increased by 6%, while the number who entered via the United States rose by 9%. Since arrivals by way of the United States grew more quickly, the proportion of direct arrivals dipped from 63% to 62% during the period. Direct arrivals have a greater economic impact because they stay longer and spend more per trip in Canada than travellers who enter via the United States. For example, in 1999 an overseas resident who travelled directly to Canada spent an average of \$1,344 per trip, compared with \$882 for an overseas resident entering Canada by way of the United States. The increase in direct arrivals in 1999 boosted the corresponding travel receipts by 21%.

All types of travel to Canada by overseas residents were up between 1998 and 1999. Trips for the purpose of visiting friends and family posted the largest increase (8%). Business travel grew by 6%, and pleasure trips rose 5%.

Main tourism markets, before and after the crisis

While the number of overnight trips to Canada by overseas residents was up in 1999 compared with 1998, it remained 1.1% lower than in 1997 (Table 1). The crisis on Asian financial markets unquestionably had a negative effect on travel from overseas countries. Indeed, the decline in overseas travel to Canada between 1997 and 1999 was primarily due to a 11.3% drop from the Asian market (Table 3). The European market increased 2.7% during the same period.

⁵ The industrialized world includes the United States, Japan, the four "tigers", the European Union, Germany, France, Italy, the United Kingdom and Canada.

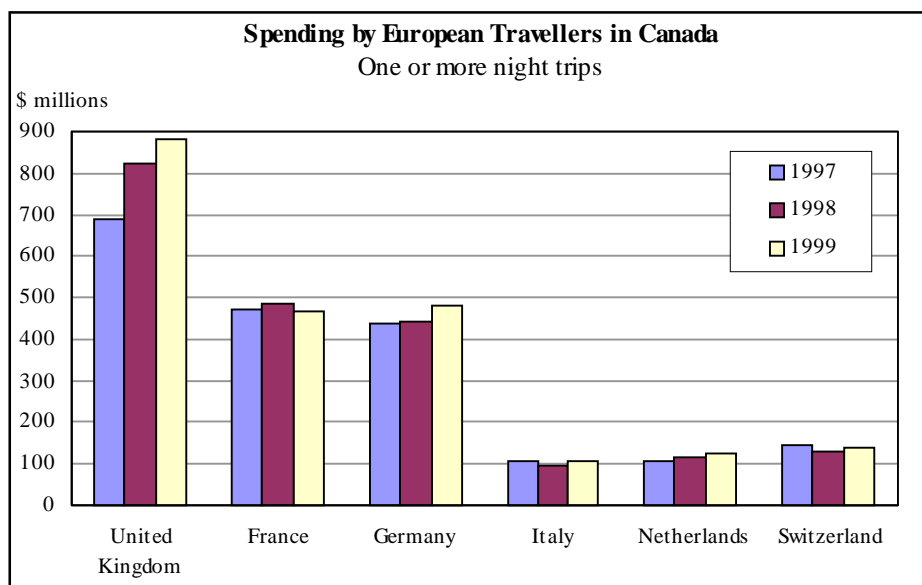


Table 6

Spending by Overseas Travellers in Canada

One or more night trips

				Change			Shares		
	1997	1998	1999	98/97	99/98	99/97	1997	1998	1999
	millions of dollars			%			%		
Total	4,516	4,462	4,892	-1.2	9.6	8.3			
United Kingdom	687	823	882	19.8	7.2	28.4	15.2	18.4	18.0
France	472	487	465	3.2	-4.5	-1.5	10.5	10.9	9.5
Germany	440	441	481	0.2	9.1	9.3	9.7	9.9	9.8
Italy	105	98	108	-6.7	10.2	2.9	2.3	2.2	2.2
Netherlands	106	114	125	7.5	9.6	17.9	2.3	2.6	2.6
Switzerland	142	132	141	-7.0	6.8	-0.7	3.1	3.0	2.9
Sub-Total	1,952	2,095	2,202	7.3	5.1	12.8	43.2	47.0	45.0
Japan	643	520	572	-19.1	10.0	-11.0	14.2	11.7	11.7
Hong Kong	154	145	128	-5.8	-11.7	-16.9	3.4	3.2	2.6
Taiwan-Formosa	199	177	227	-11.1	28.2	14.1	4.4	4.0	4.6
South Korea	190	96	136	-49.5	41.7	-28.4	4.2	2.2	2.8
Mainland China	87	75	80	-13.8	6.7	-8.0	1.9	1.7	1.6
Sub-Total	1,186	938	1,063	-20.9	13.3	-10.4	26.3	21.0	21.7

Source: International Travel Survey

The decline in the number of Asian travellers resulted in the decrease of their share of travel spending in Canada which stood at 29.4% in 1999 from 33.6% in 1997 (Table 4). Nevertheless, the repercussions of the Asian financial crisis appear to have faded. As a result, the proportion of receipts attributable to Asian visitors rose by one percentage point between 1998 and 1999.

Of Canada's biggest tourist markets in Asia, only residents of Taiwan made more trips (Table 5) and spent more in Canada in 1999 than in 1997 (Table 6). The increase in the number of trips to Canada by Taiwanese residents is especially important since of all Asian tourists, they spend the most during visits to Canada. They spend more because they stay in Canada twice as long as travellers from

other Asian countries. The Taiwanese market is a very promising one for Canada, having grown by 58% between 1995 and 1999. Taiwan rose from fourth on the list of Canada's top Asian sources of tourists and tourist dollars in 1995 to second in 1999, overtaking South Korea and Hong Kong.

Hong Kong residents curtailed their travel to Canada by 8.2% between 1997 and 1999 (Table 5). Since they cut back only slightly on the length of their stay and the amount they spent in Canada, the net result was a 16.9% drop in travel receipts from Hong Kong (Table 6).

Travel to Canada from some European countries was also down, though to a lesser extent than travel from Asia. The decline was partly due to a combination of lower exchange rates relative to the Canadian dollar and increased travel to other European countries. Between 1997 and 1999, residents of France reduced their visits to Canada by 5.7%, and residents of Germany by 1.5% (Table 7). In contrast, the number of French and German tourists visiting Canada jumped by 79% and 76% respectively between 1990 and 1996. The British market, which is generally more stable, experienced less dramatic fluctuations. After taking 25% more trips to Canada in 1996 than in 1990, Britons increased their visits by 6.3% between 1997 and 1999. Unlike the numbers of French and German visitors, the number of British travellers to Canada has never declined.

The international travel market for the last decade can be divided into two distinct periods. Between 1990 and 1996, the growth rate of overseas travel to Canada (48%) was higher than that of world arrivals (31%). What's more, the period was marked by an explosion in travel throughout the world. The promising Asian market sent 77% more travellers to Canada in 1996 than in 1990. Between 1997 and 1999, however, the number of trips to Canada from Asia dropped 11.3% to a level lower than in 1996. At the height of Canada's popularity with Asian residents in 1996, 1.5 million of them visited Canada, accounting for 35% of all tourists from overseas countries. That was a few months before the financial crisis.

Table 7

Overseas Travellers to Canada

One or more night trips

	1996	1997	1998	1999	Change			
					98/97	99/98	99/97	99/96
	thousands				%			
Total	4,377	4,234	3,935	4,187	-7.1	6.4	-1.1	-4.3
Europe	2,288	2,260	2,211	2,320	-2.2	4.9	2.7	1.4
United Kingdom	691	734	747	780	1.8	4.4	6.3	12.9
France	459	439	402	414	-8.4	3.0	-5.7	-9.8
Germany	447	398	379	392	-4.8	3.4	-1.5	-12.3
Italy	106	102	101	111	-1.0	9.9	8.8	4.7
Netherlands	113	115	110	121	-4.3	10.0	5.2	7.1
Switzerland	107	101	102	101	1.0	-1.0	0.0	-5.6
Sub-Total	1,923	1,889	1,841	1,919	-2.5	4.2	1.6	-0.2
Other Europe	365	371	370	401	-0.3	8.4	8.1	9.9

Source: *International Travel Survey*

Travel from European countries increased 3.5 %, due mainly to record travel by British tourists, who took 866,000 trips to Canada in 2000. The growth rate for trips made by British travellers more than doubled from the previous year.

Travel from France and Germany, the third and fourth-ranked overseas tourist market for Canada, declined 2%.

While lower than the record number reached in 1996, the number of trips from Asia increased by 6.1% between 1999 and 2000. Travel from Asia was led by a 35.4% increase from South Korea.

Taiwanese travel to Canada rose 3.2% to a record 160,000. Travel from Japan, the largest source of Asian tourists in Canada, was down 3.1 % from last year.

Smaller travel markets in Asia showed new vigour. Thus, the Chinese and Israelis increased their trips to Canada by 23.3% and 21.0% respectively.

Finally, since 1995, Canada has received 50.0% more travellers from Africa. In 2000, 73,000 Africans visited Canada.

Overview of the international travel to Canada in 2000

Propelled by a strong world economy and special events commemorating the arrival of the new century, international tourism surged 7.4% between 1999 and 2000. This was the strongest increase since 1992. That year, it may be recalled, was marked by a resurgence in leisure travel at the end of the Gulf War.

International tourism receipts reached \$476 billion in 2000, up 4.5% from 1999.

Worldwide, Canada ranked 8th in terms of international tourist destinations in 2000.

Record number of international travellers to Canada in 2000

International overnight trips to Canada increased for the eighth consecutive year, reaching a record 19.6 million in 2000. Overnight trips from overseas countries

advanced 4.9% to 4.4 million whereas the roughly 15.2 million overnight trips that Americans made to Canada in 2000 marked a slight increase (0.3 %) from 1999.

International Travel Survey (ITS)

Methodology

The number of travellers arriving in Canada is recorded by border authorities at every point of entry to Canada and indexed by category and mode of transportation used. All foreign travellers are counted at all but seven points of entry, where the volume of automobile and bicycle traffic is calculated from samples.

Statistics Canada's information on expenditures and the characteristics of international trips is derived from questionnaires distributed by Customs authorities on a sample basis.

Number of questionnaires completed by travellers (overnight trips):

	1995	1996	1997	1998	1999	2000
American visitors	47,616	46,762	46,056	44,770	43,355	40,700
Overseas visitors	14,384	15,838	14,544	11,830	11,944	12,500

For more information on the methodology and definitions used in the ITS, please consult the publication *International travel*, Statistics Canada Catalogue No. 66-201-XPB.



Characteristics of international travellers First quarter 2001

A resurgence in American trips to Canada and continued growth in travel by overseas residents helped boost overall tourism in the first quarter. About 2.8 million tourists arrived from foreign countries between January and March, up 5.5% from the first quarter of 2000.

U.S. residents took 2.2 million overnight trips in the first quarter, up 6.0% from the first quarter of 2000 and the first year-over-year increase since the second quarter of 2000. About 600,000 tourists arrived from overseas countries during the first quarter, up 3.8%, the ninth consecutive quarterly increase.

Canadians reported a record 4.8 million trips of one or more nights outside Canada, the second highest first quarter result in the history of the survey. (The highest first quarter result, 5.0 million trips, was posted in 1992.) A record number of Canadians travelling to overseas countries contributed to the overall growth (+4.0%) - travel to U.S. locations dipped 2.0%.

Winter holiday traffic to Canada surges United States residents took almost 1.1 million holiday-related overnight trips to Canada during the January-to-March period, 16.8% more than in the first quarter of 2000; it was the highest-ever first quarter holiday figure. Approximately half a million trips were for business, up marginally (+0.4%) compared with the first quarter of 2000. Trips for visiting friends or family were down 4.9% over the same period.

Downhill ski resorts are becoming increasingly popular among U.S.

travellers; approximately 400,000 trips, or 18.0% of first quarter overnight travel, involved downhill skiing or snowboarding.

Americans took 1.3 million trips by car to Canada in the first quarter, up 6.7%, and the number of trips by air rose 3.5% to 0.7 million.

U.S. travellers spent an estimated \$1.1 billion (excluding international fares) on their overnight trips to Canada in the first quarter, a 12.5% increase. Travellers spent \$482 on average per trip, up 6.1% from 2000.

Ontario receives biggest gain in American tourists

American tourists reported more than 1 million overnight visits to Ontario in the first quarter, up 7.6% from the first quarter of 2000 and the largest provincial/regional gain across the country. British Columbia enjoyed a 5.0% increase, or 619,000 visits, the second largest increase.

Among the top five states of origin for U.S. tourists to Canada during the first quarter, New York had the strongest percentage increase (+23.8%) followed by Massachusetts (+15.9%). However, travel from the sunshine state of California, the fourth largest tourist-generating state for Canada, dropped 13.0%.

Asian markets spur growth from overseas

Overnight travel from the Asian countries increased 8.5% to 189,000 in the first quarter. Traffic from Japan, Canada's second largest overseas market, rose 7.9% to 68,000 trips. However, European residents made 1.6% fewer trips to Canada in the winter quarter. Most of this decline was due to decreases in the number of German (-7.7%) and French (-8.3%) travellers.

Overseas residents spent \$0.8 billion on their overnight trips to Canada in the first quarter, up 14.8% from the first quarter of 2000. Average spending expanded 11.7% to \$1,297 per trip.

A large contingent of overseas tourists visited Canadian ski resorts. In the first quarter, one-quarter of overseas trips involved downhill skiing or

Note to readers

"Tourism" in this analysis is defined as trips of one or more nights for the purposes of pleasure or holiday, visiting friends or relatives, business and for personal reasons.

snowboarding. This figure rises to 42.0% when only vacation/holiday trips are counted.

Canadian travel to United States declined

Canadians took 3.2 million overnight trips to the United States in the first quarter, down 2.0% compared with the first quarter of 2000. This marked the second consecutive year-over-year quarterly decrease.

New York, Virginia and Florida were the only states among the top 10 visited by Canadians to see increases in the number of travellers. The gambling state of Nevada saw a 20.9% reduction in Canadian traffic. Pennsylvania and South Carolina also saw double-digit declines.

Pleasure and holiday travel was the main reason for 1.7 million Canadian trips to the U.S. in the first quarter, down 2.1% from the first quarter of 2000. Business-related trips also declined 2.1% to 661,000. Canadians took 3.8% fewer trips to visit friends or family living south of the border in the first quarter.

Canadians took 1.6 million flights to the United States in the first quarter, down 1.8% from the first quarter of 2000. Auto trips south of the border declined 2.5% to 1.4 million.

Canadians spent almost \$2.7 billion on overnight trips to the United States in the first quarter, up 6.2% from the first quarter of 2000. Average spending rose 8.3% to \$843 per trip.

Record Canadian travel overseas

Canadians made a record 1.7 million overnight trips to overseas countries in the first quarter, up 17.6% from the first quarter of 2000.

Travel to Asian destinations jumped 64.6% to 258,000 overnight visits in the first quarter, the largest regional gain in Canadian traffic. Locations in Oceania

followed with a 47.7% increase. Sun destinations in the Caribbean drew more than half a million Canadians in the winter quarter, a 29.4% jump from the first quarter of 2000.

Canadians spent almost \$2.0 billion on their overseas travel in the first quarter, up 16.6% from the same three months of 2000. Average spending remained fairly steady at \$1,200 per trip.

This release summarizes data now available from the International Travel Survey. The tables and various statistical profiles and microdata files of characteristics of international travellers for the first quarter are now available on request.



International travel account Second quarter 2001 (preliminary)

Canada's international travel deficit - the difference between what Canadians spend abroad and what foreigners spend in Canada - posted its lowest level in two years during the second quarter. It fell from a revised \$485 million in the first quarter to \$440 million in the second quarter, extending a downward trend that started in the third quarter of 2000.

This result was mainly due to lower spending by Canadians travelling abroad. From April to June, Canadian residents spent an estimated \$4.6 billion outside the country, 2.5% less than in the first quarter. At the same time, foreign travellers injected close to \$4.2 billion in the Canadian economy, down 1.8% from the first quarter.

Note to readers

This international travel account analysis is based on preliminary quarterly data, which are seasonally adjusted. Amounts are in Canadian dollars and are not adjusted for inflation.

Receipts represent spending by foreigners travelling in Canada, including education and medical spending. Payments represent spending by Canadians travelling abroad, including education and medical spending.

Overseas countries are countries other than the United States.

Canadians made 11.4 million same-day and overnight trips outside Canada in the second quarter, a 3.8% decline from the previous quarter. Foreign travel to Canada fell slightly (-0.4%) to just under 12.6 million trips.

Lower Canadian spending brought down the travel deficit with the United States

Canadians took 10.2 million same-day and overnight trips south of the border, 4.8% fewer than in the first quarter. They spent an estimated \$2.8 billion in the United States from April to June, down 4.0% from the first quarter.

U.S. residents spent just under \$2.6 billion in Canada, up slightly (+0.3%) from the first quarter; their number of trips was practically unchanged at about 11.5 million.

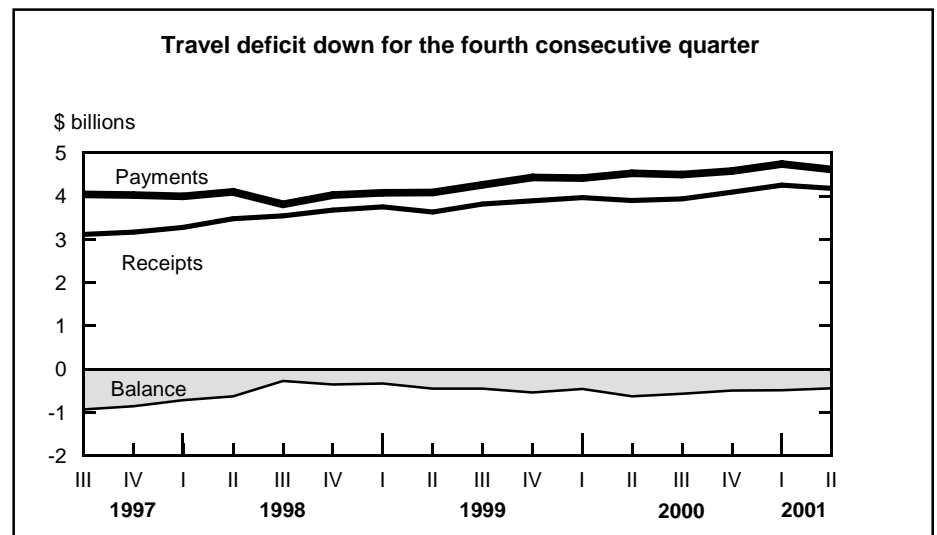
As a result, the travel deficit with the United States declined for the fourth consecutive quarter to \$233 million. This represents the lowest travel deficit with the United States since the first quarter of 1999.

Travel deficit with overseas nations increased

Canada's travel deficit with countries other than the United States climbed from a revised \$128 million in the first quarter to \$207 million in the second quarter, the highest since the fourth quarter of 1998.

Canadians took 1.2 million trips to overseas destinations in the second quarter, down 0.4% from the first quarter. Their spending on those trips remained nearly unchanged at just over \$1.8 billion.

Overseas residents, for their part, spent and travelled less in Canada in the second quarter than they did in the first quarter. They made 4.8% fewer same-day and overnight trips to this country and spent just over \$1.6 billion, down 4.9% from the first quarter. During this period, most European currencies depreciated against the Canadian dollar.



International travel account receipts and payments

	Second quarter 2000 ^r	First quarter 2001 ^r	Second quarter 2001 ^p	First quarter to second quarter 2001
Seasonally adjusted				
\$ millions				
United States				% change
Receipts	2,336	2,566	2,573	0.3
Payments	2,816	2,924	2,806	-4.0
Balance	-480	-358	-233	
All other countries				
Receipts	1,565	1,692	1,610	-4.9
Payments	1,713	1,820	1,817	-0.2
Balance	-148	-128	-207	
Total				
Receipts	3,901	4,259	4,183	-1.8
Payments	4,529	4,744	4,623	-2.5
Balance	-628	-485	-440	

^r Revised figures.

^p Preliminary figures.

Note: Data may not add to totals due to rounding.

Among the components accounting for a fairly large share of consumers' budgets, local and commuter transportation led the increase with a gain of 3.4 percent between the two periods. Since last year, traveller accommodation has risen by 2.1 percent. Such a modest increase has not been seen since the same period in 1996. As the following chart shows, traveller accommodation accounted for 18.3 percent of all travel expenditures in the second quarter of 2001.

In comparison, the CPI was up 3.6 percent in the second quarter of 2001 compared with the same quarter of last year.

TPI up 2.1 percent from preceding quarter

In the second quarter of 2001, the Travel Price Index was up 2.1 percent from the preceding quarter. The rise in the TPI is mainly attributable to higher rates for traveller accommodation. Accommodation costs were up 8.0 percent between the first and second quarters of 2001, owing to the introduction of summer rates in response to the seasonal increase in the demand for hotel services. The seasonal increase in accommodation prices is the lowest recorded since the past five years. For a third consecutive quarter, the cost of inter-city transportation was down (-1.0%).

During the second quarter of 2001, the cost of all goods and services recorded by the Consumer Price Index was up 1.6 percent from the preceding quarter.



components of the Travel Price Index were up compared with the same quarter of last year. However, a decline in the cost of inter-city transportation (-5.1%), which accounts for nearly one-fifth of travellers' expenditures, largely explains why the Travel Price Index was only slightly higher than last year. This is the first time since 1993 that the cost of inter-city transportation has declined in a second quarter.

**Travel price index
Second quarter 2001**

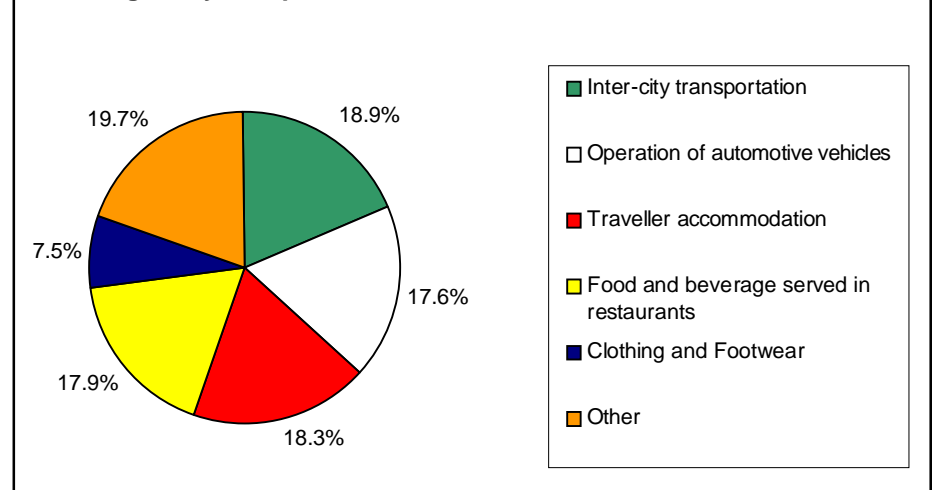
TPI up 1.5 percent from same period last year

Note to readers

The Travel Price Index (TPI) is an aggregate index of goods and services used by travellers in Canada. Price movements are derived from detailed Consumer Price Index (CPI) series. A technical report on the Travel Price Index is available from the Tourism Statistics Program at (613) 951-1673.

In the second quarter of 2001, consumers experienced a 1.5 percent increase in the prices of goods and services included in the Travel Price Index basket. Most

TPI Weights by Component, Second Quarter 2001





	CANSIM II	Second quarter		Percentage Change
		2000	2001	
VISITORS TO CANADA (000s)				
From United States	V125185	11,500	11,951	3.9
One or more nights visits	V129509	4,019	4,235	5.4
- By auto	V125188+V125189	2,441	2,577	5.6
From Overseas	V125217	1,284	1,229	-4.3
One or more nights visits	V129521	1,222	1,174	-3.9
Top Seven Countries:				
United Kingdom		242	238	-1.5
Japan		129	122	-5.7
Allemagne		109	98	-10.0
France		94	87	-7.0
Australie		49	50	1.1
Hong-Kong		41	39	-4.6
Taiwan		51	38	-25.4
CANADIANS OUTSIDE CANADA (000s)				
To United States:	V125228	10,898	10,383	-4.7
One or more nights visits	V129534	3,698	3,554	-3.9
- By auto	V125231+V125232	1,959	1,874	-4.3
To overseas (one or more nights)	V125260	1,046	1,132	8.2
INDUSTRY				
Airline passengers (Level I) (000s)	V11743	6,438	6,251	-2.9
Airline passenger-km (Level I) (000,000s)	V11744	17,589	17,394	-1.1
PRICES 1992 = 100 (not s.a)				
Travel Price Index	V121654	129.4	131.3	1.5
Consumer Price Index	V735319	113.0	117.1	3.6
- Restaurant meals	V735392	114.4	117.6	2.8
- Inter-city transportation	V735515	173.6	164.7	-5.1
- Renting and leasing of automotive vehicle	V735499	117.6	120.5	2.5
- Gasoline	V735501	130.0	139.0	6.9
ECONOMIC				
Gross Domestic Product, 1992 prices (s.a.) (000,000s)	V329529	784,116	798,133	1.8
- Amusement and recreation (000,000s)	V329815	7,856	8,022	2.1
- Accommodation and food services (000,000s)	V329811	20,901	21,443	2.6
Personal disposable income per capita (s.a.)	V498186/V1	20,461	21,102	3.1
LABOUR (000s)				
Labour force (s.a.)	V159560	15,946	16,237	1.8
Unemployed	V159713	1,065	1,136	6.6
Employed	V159599	14,881	15,101	1.5
- Accommodation and food services (not s.a.)		976	985	0.8
EXCHANGE RATES (in Canadian dollars)				
American Dollar	V37426	1.4802	1.5411	4.1
British Pound	V37430	2.2701	2.1903	-3.5
Japanese Yen	V37456	0.0139	0.0126	-9.4
German Mark	V37454	0.7071	0.6884	-2.6
French Franc	V37453	0.2108	0.2053	-2.6
<i>(s.a.) seasonally adjusted.</i>				