

Current Canada Travel Summary

STATS-AT-A-GLANCE 2012 *Year-End*

Last Update: 2013-04-01

2012

USA Arrivals (inbound)

Canadian visitation of 1+ nights finished 2012 at a record 22.70 million, up 6.4% versus 2011, and easily representing the U.S.'s top visitor origin market. The 2012 monthly performance was uneven, ranging from a decline of 3% in May to 14% growth in December. The 1-night-only auto segment accounted for 12% of total 2012 overnight visitor volume, but a dominant 64% of the growth over 2011 by producing nearly one million additional travelers. The largest segment, 2+ night auto, accounted for 49% of travelers and 24% of the 2012 growth. The air travel segment accounted for 34% of travelers, and 16% of the growth.

For perspective, Canadian outbound volume to all other countries (30% of total outbound) finished the year up 5.1%, slightly lower than the growth rate of travel to the United States. The 2012 monthly performance was also uneven, ranging from +0.2% growth in May to +8% in December.

USA Departures (outbound)

American traveler volume to Canada of 1+ nights was 11.82 million in 2012, up 2.0% versus 2011 but was still well below the 2002 high of 16.2 million. Similar to inbound trends, the increase was led by the 1-night-only auto segment, which accounted for 12% of travelers to Canada, but 42% of the growth. For perspective, the United States accounts for 73% of total Canadian international visitors of one or more nights. Inbound visitor volume from non-U.S. countries was up 0.9% in 2012.

Spending

In 2012 Canadian spending¹ in the United States jumped up 9% to a record \$26.1 billion. This increase reflects the combined impact of 1) 6% growth in additional visitors, 2) an average 1% decrease in the currency exchange rate during the year; and 3) a 4% increase in the average spending per visitor (itself reflecting change in

several factors such as price increases and spending intent). The 2012 performance follows a strong 15% (revised) increase in 2011. Canada overtook Japan in 2007 to become the #1 country for visitor spending for the United States. Behind Canada are the top export countries of Japan (\$16.6B), U.K. (\$13.0B), and Brazil (\$9.3B).

Visitor Profile (1+ nights—2011)

The 2012 profile will be available Fall 2013.

Ontario accounts for 43% of overnight visitors (trending lower). More than one-half of Canadians visit the United States for leisure-related purposes (64%—trending higher). Business accounts for 11%, visiting friends or relatives is 15%, and the remaining small portion includes a multitude of other reasons. One-third of visitors arrive by air (35%—trend stable). Average party size is 2.11 persons and average stay length is 8.25 nights (among overnight travelers; the longest in at least 12 years). The median average is four nights. Activity participation rates are highest for shopping (76%), sightseeing (44%), visiting friends and relatives (32%), and outdoor sports (28%). The border states account for 59% of all Canadian visits, but only 21% of visitor-nights. Florida accounts for 16% of visitors, but a dominant 34% of visitor-nights. One-third of Canadian visitation occurs in the 3rd quarter (32%). The share for other quarters ranges from 21% to 25% of total annual visitors.

Basic Bullets

- #1 visitor origin market (22.70 million)
- #1 visitor spending (export) market (\$26.1 billion)
- #1 travel trade surplus country (\$18.5 billion)
- #1 source of international traveler growth from 2011 through 2017, accounting for 1/3 of expected growth

2012 Notable Events

- Brand USA launched a multi-million marketing campaign in May. Additional marketing planned for 2013.
- The duty-free limit on goods brought into Canada from the USA was increased substantially in June.
- The exchange rate was near par throughout the year.
- GDP growth of 1.9% was slightly less than that for the USA, but better than most developed countries.
- An estimated 4.7 million and growing number of Canadians drove across the U.S. border to fly out of U.S. airports to U.S. and foreign destinations.

¹ DOC/BEA estimates include travel receipts and passenger fare receipts of day trip and overnight visitors. This estimate is comparable to BEA estimates for other countries, but differs from estimates released by Statistics Canada. All spending estimates are subject to revisions.

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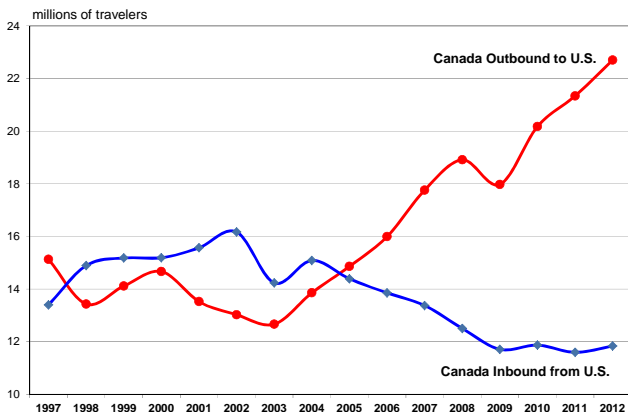
STATS-AT-A-GLANCE 2012 *Trends*

Last Update: 2013-03-27

USA Arrivals (inbound from Canada)

Canada outbound traveler volume to the United States and U.S. outbound to Canada continue to experience diverging trends. **Chart 1** (red line) shows inbound to the U.S. declined over the 2001-2003 period due to several factors (economy, 9/11, and SARS) but has since increased 8 of the past 9 years. Looking ahead, visitor volume is expected to increase a total of 24% by 2017 year end, starting with a 5% increase forecasted for 2012 (OTTI Fall Travel Forecast), which, as we have previously seen, was lower than actual performance. For perspective, the U.S. accounted for 70% of all overnight Canada outbound travel in 2012. This proportion has been consistent for several years, but is lower than the 77% level of the late 90s. Conversely, the number of auto day trips to the U.S. in 2012 was 32.4 million, a hefty increase over 2011, but still about half the level of that of the early 90s.

Chart 1: Visitor Volume Trends (1+ nights)



USA Departures (outbound to Canada)

Chart 1 (blue line) also shows departures from the U.S. to Canada had an upward climb from the late 90s through 2002, but has since declined in 7 of the past 10 years. The downward trend in auto day trips is more pronounced; 2012 auto day visitor volume of 7.7 million is up from 2011, but remains one-fourth the level of the late 90s.

Spending

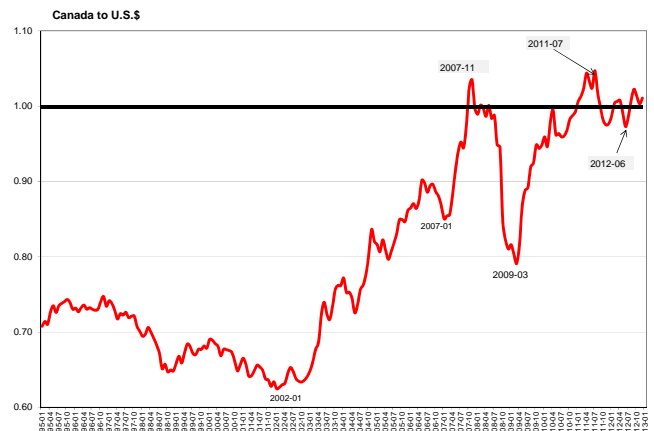
Traveler spending has grown in nine of the past ten years, following two years of declines in 2001 and 2002. A 12% decline in 2009 was followed up with impressive gains of 30% in 2010, 15% in

2011 and 9% in 2012. Change in spending reflects numerous factors including changes in visitor volume, exchange rate, prices for travel goods and services, travelers' choice of national or non-national carriers, and spending level "intent." For this reason, OTTI does not forecast traveler spending.

Exchange Rate

Chart 2 shows the Canadian dollar exchange rate in 2012 remained within a couple pennies above or below par throughout the year, but lower than the 15-year peak in 2011. The International Monetary Fund's October 2012 forecast calls for the Canadian dollar to remain near par through 2017. Sensitivity to the exchange rate appears fairly strong, based on tracking over the past decade. This sensitivity is likely to be even greater for the border states, that receive a large number of day-trip visitors.

Chart 2: Currency Exchange Rate
(\$U.S. per \$1Can)



Visitor Profile

Most visitor profile trends are very stable at a national level. The greatest changes are the increase in spending per traveler and increase in shopping and souvenirs spending.

For More Information on Canadian Travelers:

Visit the OTTI website at www.tinet.ita.doc.gov.

Sources: U.S. Department of Commerce/Office of Travel and Tourism Industries; Statistics Canada; Bank of Canada.

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