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## Canada Benefitting from Cruising Boom

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They are becoming the new highways for international tourism traffic to Canada – cruise ships sailing the Atlantic and Pacific Oceans are bringing international visitors to Canada in unprecedented numbers. In 2000, international cruise passengers<sup>1</sup> to the East and West coasts of Canada reached 636,000, a 17% increase over 1999 (Table 1) and almost three times the number recorded in 1990 (221,000). In comparison, total international visitation to Canada decreased slightly (-0.9%) between 1999 and 2000 and grew 28% over the decade.



Table 1  
International Cruise Arrivals to the East and West Coasts of Canada, 1990 to 2000

Year	Cruise Arrivals			Year over Year Change		
	Total	East	West	Total	East	West
	000s			%		
1990	221	27	194			
1991	247	36	211	12	33	9
1992	258	29	229	4	-19	9
1993	264	35	229	2	21	0
1994	307	49	258	16	40	13
1995	317	47	270	3	-4	5
1996	369	52	317	16	11	17
1997	424	57	367	15	10	16
1998	454	64	390	7	12	6
1999*	544	107	437	20	67	12
2000*	636	149	487	17	39	11

\* The figures for the East Coast exclude overseas residents arriving at Fortune, Newfoundland from St. Pierre de Miquelon by ferry.  
Source: International Travel Survey.

<sup>1</sup> Refers to overseas and United States residents only.

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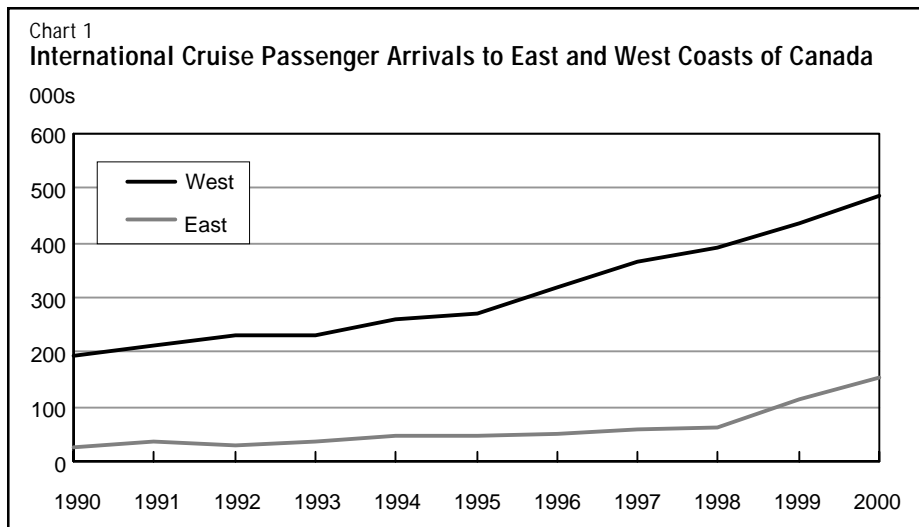
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As shown in Chart 1, international cruise arrivals to Canada have been expanding, particularly over the last five years which averaged an annual growth rate of 15%. The annual growth rate for the East coast cruise passenger arrivals expanded 29% over the same period. The West Coast cruise market, namely the Alaskan cruise, has enjoyed an annual growth rate of 12% between 1995 and 2000. For Canada it represents a more mature market, whereas cruising in the Atlantic region is still in the infancy stage of development.

West coast cruise arrivals accounted for approximately three-quarters of the international cruise arrivals in Canada in 2000. The Atlantic region's share has increased significantly in recent years – rising from a 15% share in 1995 to 24% in 2000. This has been due to the rapid development of new routes in the New England and Atlantic region. For instance, during the 2000 cruising season there were 67 cruise ship calls at Saint John compared to just 30 calls a year earlier. Carnival Cruise Lines made 19 of these calls with two of its ships, the Carnival Destiny and the Carnival Triumph, the newest in the Carnival fleet.

### Background – cruise trends worldwide

According to Cruise Lines International Association (CLIA), the cruise market continued to grow throughout 2000, with a record of almost 6.9 million cruise passengers worldwide, up 8% over 1999. Based on CLIA's figures, this industry has achieved substantial growth since 1980,

the first year that these statistics were collected. In that year, fewer than 1.5 million people embarked on cruise vacations. By 1989, the number had surged to 3.2 million and by 1999, it had more than doubled. With record increases in capacity, the industry appears to be testing the limits of the market's growth. In the year 2000 alone, the industry was projected to add almost 18,000 new berths, an increase of 50% and greater than any recorded in previous years.

### Keeping pace with changing times

The cruise industry has been quick to adapt to the marketplace. One notable trend is the increase in larger ships where the facilities and amenities rival many large-scale resorts with everything from a wedding chapel, ice rink, in-line skating track, rock-climbing wall, to name a few. What was considered innovative just a few years ago is now almost standard on several ships: multiple restaurants, private balconies, golf programs, etc.

Short cruises are reported as the fastest growing segment of the cruise industry by the CLIA. In the 1980s, the industry used the three-night cruise to introduce travellers to the concept of cruising. But the short cruise grew in popularity as a product unto itself and now three-night cruises are more popular than ever. Popular short-cruise destinations include the Bahamas, Mexico, the Caribbean, the Mediterranean and more recently, New England/Atlantic Canada. A recent report from the World Tourism Organization predicts that since Americans will not

# Travel-log

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### 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.

likely get more vacation time in the future, tourism growth among the employed will be particularly strong for weekends and public holidays<sup>2</sup>. This should bode well for the continued healthy growth of the short cruise market.

The cruise industry is making inroads in capturing a younger market. According to CLIA, the average age of North American cruise passengers fell from 56 in 1985 to 46 in 1999. A well-diversified cruise product has helped in expanding cruise customer demographics. Cruise packages cater to many interests and activities including guest lecturers, on-board educational classes and cooking lessons. Cruising also received an unexpected boost with the younger market in 1998 with the release of the blockbuster motion picture, *Titanic*<sup>3</sup>. The city of Halifax capitalized on its close connections to the famous ship by developing specific on-shore tours centered around the Titanic-related sites in the area, including the *Maritime Museum of the Atlantic*, which houses a permanent exhibit of Titanic artifacts and the burial site of many Titanic victims.

The cruise lines have also carved out a niche in the family travel market, recognizing the need among two-income households for a holiday that is cost effective and caters to the needs of children. Cruise itineraries range from short cruises of three to five days to week-long or longer cruises. Most ships provide kid-friendly menus and lots of activities on board including special children's clubs, tours and amenities.

With the growing popularity of casinos on cruise ships, changes in Canadian casino regulations in 1999 were welcomed by the cruise industry. As of 1999, international cruise lines can operate their on-board casinos once they are five nautical miles (3.45 miles) from a Canadian port of call. Previously, vessels had to close casinos as soon as they reached Canadian waters.

## Alaska – the third most popular worldwide cruise destination

In worldwide terms, Alaska is the third most popular cruise destination after the Caribbean and Europe. It is the second most popular cruise destination for North Americans. Most cruise ships sailing to Alaska use the Port of Vancouver as their home port (where passengers embark and/or disembark). This is in part due to US government regulations which prohibit foreign-owned ships from carrying passengers between US ports (i.e. embarking passengers at one US port and disembarking them at another).

As shown in Table 2, the number of international cruise arrivals to Vancouver recorded by Statistics Canada reached almost 450,000 in 2000, up 12% from 1999. This figure excludes Canadian residents as well as cruise passengers who did not disembark and were therefore not cleared by Canada Customs. Approximately 46 cruise ships dropped anchor in Victoria bringing an estimated 30,000 international passengers to the B.C. capital, up 8% over a year ago. Throughout 2000, a total of 13 cruise lines operated from the Vancouver Seaport, offering 333 sailings from May to October, up from 309 in 1999. Estimates from the Vancouver Port Authority show that cruise traffic recorded its 18<sup>th</sup> consecutive year of growth in 2000, with over one million Canadian and international passenger arrivals. This represented an 11% increase over 1999 Canadian and international cruise passenger arrivals (948,000).

The vast majority of Alaskan cruises involve seven nights while longer itineraries include up to 14 nights. Depending on the length of the cruise and where the cruise originates, ships drop anchor in the ports of Anchorage, Ketchikan, Juneau, Sitka and Seward, Alaska. Touring the whale-breeding area of Glacier Bay

National Park is part of some cruise itineraries, although there are some constraints on further developing this environmentally sensitive area. For example, the number of permits given to cruise lines to enter Glacier Bay was increased in stages from 1996 and is unlikely to be increased in the near future. As a result, cruise lines have had to be more creative in developing itineraries and side-trips in this region. For example, the increasing popularity of flying to one location to begin a cruise but returning home from a different location (referred to as "open-jaw" itineraries) and the growth in the number of land packages sold as add-ons to these cruises reflect this development. Cruise passengers can take land packages further north in Alaska to such destinations as Denali National Park.

## New homeports emerging

The emergence of new homeports is also another trend occurring in the West coast cruise market. In 2000, Norwegian Cruise Line (NCL) introduced Seattle as a new homeport for its Alaska cruises. Although NCL continued to make scheduled stops at Vancouver in 2000, berthing capacity limitations in Vancouver may limit calls in 2001 with ships opting for Victoria as an alternative port. In order to keep up with the continued growth of the Alaskan cruise ship business, the Vancouver Port Authority (VPA) is currently constructing a new cruise ship berth at Vancouver's Canada Place terminal which is to be completed by 2003. The VPA is also exploring opportunities for developing shorter cruises with calls at ports in Prince Rupert, Nanaimo and Campbell River. Existing facilities at these ports can accommodate "pocket" cruise-ships carrying up to 200 passengers.

Due to the success of three and four day getaway cruises operated by Royal Caribbean International (RCL) from Seattle to Vancouver and Victoria in 2000, RCL will increase the number of departures from six to 18 in 2001. According to RCL, these shorter cruises are popular among the younger clientele.

## Atlantic Canada charting unprecedented gains

The Atlantic Canada cruise market continues to prove itself as a viable cruise destination with double-digit gains being recorded in the last five years. The

Table 2

### International Passenger Cruise Arrivals to British Columbia

	1999	2000	Change 1999 to 2000 %
<b>British Columbia:</b>	<b>437,440</b>	<b>486,517</b>	<b>11.2</b>
<b>Sub-total</b>	<b>427,731</b>	<b>485,260</b>	<b>13.4</b>
Vancouver Seaport	399,903	447,024	11.8
Victoria Seaport	27,828	38,236	37.4

Source: International Travel Survey.

<sup>2</sup> World Tourism Organization.

<sup>3</sup> Cruise Lines International Association.

importance of the cruise market to the local and regional economies is reflected in the 1998 launch of the *Atlantic Canada Cruise Association* (ACCA), which is a partnership between cruise interests in each of the four Atlantic provinces and the Tourism Atlantic division of the Atlantic Canada Opportunities Agency (ACOA).

According to the *International Travel Survey*, international cruise passenger arrivals to the region jumped 39% to 149,000 in 2000 following a 67% increase a year earlier (Table 1). The unprecedented jump in 1999 was due in large part to the inaugural sailings of the Carnival Cruise Line's 2,758-passenger cruise ship, *Carnival Triumph*. New Brunswick saw cruise passenger arrivals swell 183% to almost 78,000 in 2000 (Table 3). On the other hand, Nova Scotia cruise arrivals dipped 17% in large part due to more cruise ships that started to call on Saint John, New Brunswick as their first port of call in 2000.

As well, the financial difficulties of Premier Cruise Lines, the most frequent cruise line caller to Halifax, resulted in the cancellation of several cruises in September and October after two of its ships were seized. Newfoundland welcomed almost 9,000 international cruise passengers to its ports in 2000, a 64% increase over a year earlier.

Most ships sail from New York or Boston and cruise to Saint John, New Brunswick and/or Halifax, Nova Scotia and return. The growing popularity of Atlantic Canada as a cruise destination has resulted in new stops in Atlantic Canada, including such smaller ports as Pictou and Digby, Nova Scotia, Rigolet, Newfoundland and Saint Andrews, New Brunswick. Cruise lines place most of their capacity (59%) in Atlantic Canada on the short-cruises (two to five-night sailings), followed by one-week cruises (27%) and 10-night or longer cruises (14%).

Fall-foliage shoulder season cruises were instrumental in starting the Atlantic Canada cruise market. However, summer cruise business has flourished and in 2000 more than two thirds of the scheduled cruise calls to Halifax arrived before the end of August (Chart 2).

### Halifax the busiest port in Atlantic Canada

According to *Halifax Port Authority* records of cruise passenger arrivals for 2000, Halifax was the busiest port throughout the Atlantic region. The 2000 cruising season brought 91 cruise ship calls and 139,000 international cruise passenger arrivals to the city of Halifax, up 29% from 1999. In response to the expansion of cruise ship calls to Halifax, local tourism and commercial interests recently established the *Halifax Cruise Industry Stakeholders Group*, which coordinates the welcoming program for the cruise ships. To accommodate the increased flow of cruise passengers, the Halifax Port Authority spent \$1 million on a new Cruise Pavilion in 1999 equipped with shops, a passenger reception area with telephones, restrooms and information kiosks. Exterior space includes a marshalling area for 40 motor coaches.

The Port of Saint John was the second busiest port with 67 cruise ship calls carrying over 104,000 passengers in 2000. This was a record year for Saint John with cruise arrivals surging 169% compared to 1999 due to the arrival of several new cruise lines. The port of Charlottetown welcomed approximately 20 vessels carrying 10,000 cruise passengers in 2000 while 18 cruise ships dropped anchor in St. John's Newfoundland, bringing approximately 8,000 passengers. About half of the ships travelling to St. John's were smaller vessels carrying less than 200 passengers.

### Cruising season busiest in August

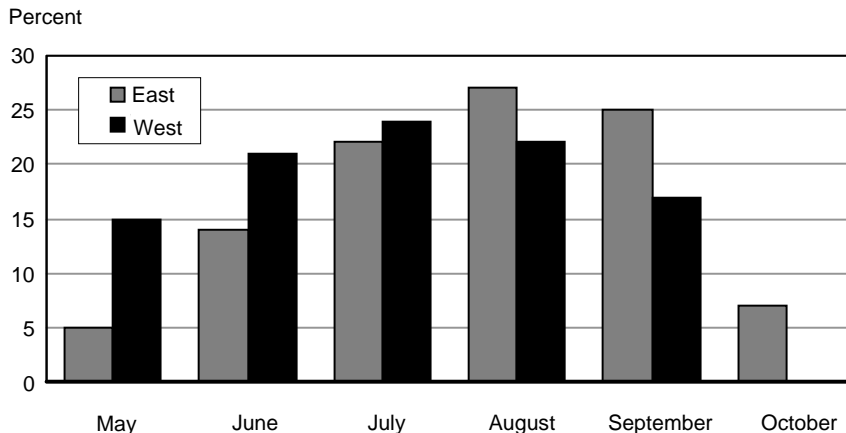
The cruise season runs from early May to the end of October, with most passengers arriving in the months of July and August. As Chart 2 illustrates, there are distinct differences in the seasonal patterns between Eastern and Western Canada. In Atlantic Canada, the cruise ship season has more fall cruise arrivals, while British Columbia welcomes the bulk of its cruise visitors in June, July and August. Accordingly, the cruise season peaks in

Table 3  
International Passenger Cruise Arrivals to Atlantic Region

	1999	2000	Change 1999 to 2000 %
<b>Atlantic Region:</b>	<b>106,732</b>	<b>148,987</b>	<b>39.5</b>
Nova Scotia	73,900	61,402	-16.9
New Brunswick	27,500	77,745	182.7
Newfoundland	5,332	8,647	60.8
Prince Edward Island	..	1,193	..

.. nil or zero.  
Source: *International Travel Survey*.

Chart 2  
Monthly Distribution of International Cruise Passengers, 2000



July on the West coast, but in August on the East coast.

**Americans are the prime market**

In 2000, nearly nine out of ten international cruise passengers to Eastern and Western Canada were U.S. residents. Although the U.S. supplies such a dominant share of the cruise market, the number of overseas residents taking cruises has risen from an 8% share in 1990 to 12% in 2000.

**Characteristics of American Cruise Passengers to Vancouver Seaport**

**An older crowd, but younger market expanding**

Almost seven out of ten American cruise passengers to Vancouver Seaport were aged 55 and over in 2000. As shown in Chart 3, the 65 and over age group represented the largest share with 43%, followed by the 55 to 64 age group at 26%. Those aged 35 to 54, a growing segment of the cruise market, accounted for 23% of American cruise passengers to Vancouver in 2000.

*Note: the following characteristics are based on cruise passengers that were given a questionnaire upon entering Canada at the Vancouver Seaport. The results are therefore representative of the West coast cruise passenger market and may or may not accurately reflect the Atlantic cruise market. Questionnaires are not currently given to cruise passengers arriving at other Canadian seaports.*

It was not until fairly recently that the cruise industry was able to develop a niche in the family travel market. Among the American Alaskan cruise market, families represented 11% of cruise passengers. As illustrated in Chart 4, couples still dominate the cruise passenger market with 68%. Adults travelling alone or in groups of three or more made up the remaining 21%.

**Women outnumber men**

Women outnumber men when it comes to American cruise travel to Canada, perhaps due to the older demographic profile and the greater longevity of women. In 2000, 60% of American cruise passengers to Vancouver were women compared to 48% for all the international visitors in Canada.

**California supplies largest cruise market**

Given the proximity of California, it is not surprising that this state accounts for 18% of the Vancouver American cruise customer base (Chart 5). Also the recent growth in cruises originating from San Francisco would explain the prominence of travellers from this state. Florida and Washington supplied the next largest shares at just over 7%. New York and Texas contributed almost 7% each, while Illinois and Ohio residents represented 5% and 4% respectively. Michigan, New Jersey and Oregon each contributed about 3% of American cruise passenger arrivals to Vancouver in 2000.

**Spend, spend, spend**

Estimates vary slightly on the amount visitors spend while visiting a port. The latest estimates from Statistics Canada show that American cruise passengers arriving at Vancouver Seaport spent an average of \$75 per visit. The Port of Halifax estimates visitor on-shore spending at approximately \$83 per passenger.

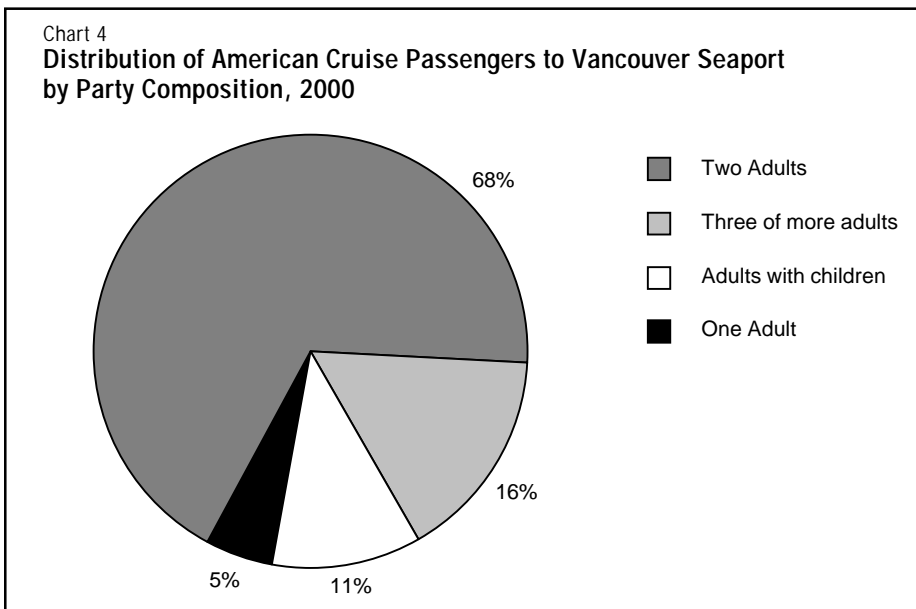
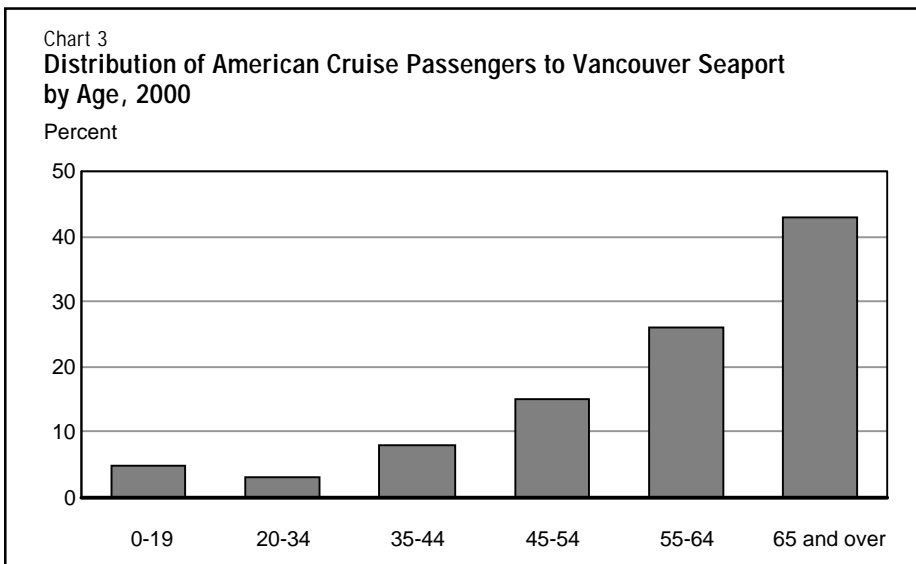
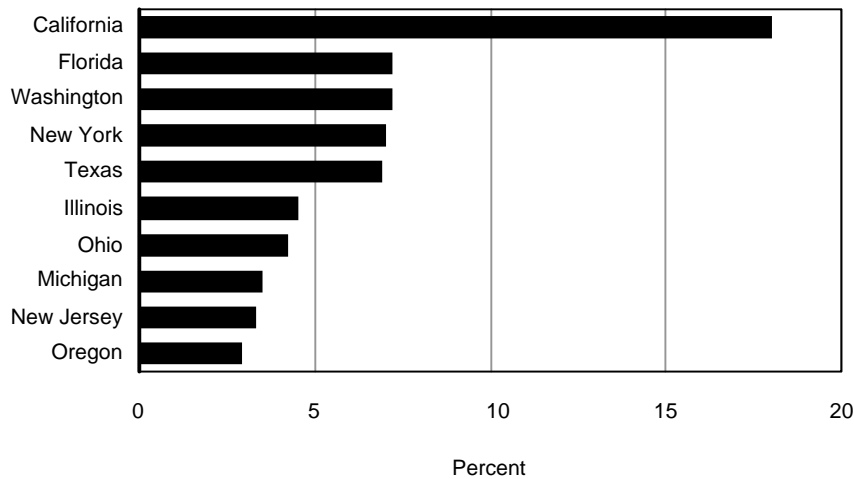


Chart 5  
Distribution of American Cruise Passengers to Vancouver Seaport  
by Top Ten States of Residence, 2000



Based on an Economic Impact Study conducted for the Port of Saint John, in 2000 approximately \$85 was spent by each passenger at a port of call<sup>4</sup>. The total economic impact of cruise visitors is substantial given the large number arriving at a port at one time. Many ships operating at full capacity carry upwards of 3,000 passengers, not including the crew.

### Full steam ahead for 2001

Most cruise ports are anticipating good cruising seasons in 2001. The Vancouver Port Authority has 350 ports of call scheduled between May and the end of October, bringing over one million cruise ship passengers to Vancouver. In Atlantic Canada there are 94 scheduled cruise ship calls for Halifax and 54 calls are anticipated for Saint John. The continued expansion and innovation by cruise lines coupled

<sup>4</sup> Port of Saint John, New Brunswick.

with a broadening consumer base should bode well for the development of cruise travel to Canada.

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- Vancouver Port Authority,  
[www.portvancouver.com](http://www.portvancouver.com);
- Prince Edward Island Capital Commission, Charlottetown, PEI.

### Data Sources

#### International Travel Survey

##### Border Counts Statistics

Canada, with the help of Canada Customs and Revenue Agency (CCRA), conduct a census count of the number of international travellers arriving at all ports of entry across Canada. For international cruise arrivals to Canada visitors are counted at the port where they first enter Canada. Visitors may make subsequent stops at Canadian ports, however these are not counted as international arrivals since these passengers were already cleared by Canada Customs. For example, a cruise passenger who disembarked at the Port of Halifax and then continued to the Port of Saint John would be counted as one international cruise visitor at Halifax, but not at Saint John. The same situation occurs in British Columbia where a cruise passenger arrives in Vancouver first then sails to Victoria. International cruise arrivals may include some visitors entering Canada by private boat. If an American or overseas resident takes a flight to Vancouver to start their cruise, Canada Customs records their entry into Canada as air travel. The same situation occurs where the international visitor enters Canada by car, bus or any other mode. In all such cases, these passengers are not included in the Statistics Canada estimates of cruise arrivals unless they return to Vancouver upon completion of a cruise that sailed in international waters.

##### Limits of the data

As a result of this collection methodology, Statistics Canada's international cruise arrival estimates do not directly compare with the cruise passenger statistics provided by the individual Port Authorities. The Port Authorities count all cruise passengers arriving at each specific port, irregardless of where they entered Canada. For example, in 2000 the Port of Halifax estimated that there were 139,000 cruise passenger arrivals, versus the 60,000 counted by Canada Customs and Revenue Agency. In 2000, many cruise lines sailed to the Port of Saint John then onto Halifax, which explains why the port of entry arrival estimates by Statistics Canada for Saint John are higher than Halifax.

##### Questionnaire Surveys

Statistics Canada also conducts a questionnaire survey of international visitors to Canada on a sample basis at selected ports of entry. Each quarter, Canada Customs officers distribute questionnaires to visitors as they enter Canada. The questionnaires include a number of questions concerning purpose of trip, transportation, spending, length of trip, activities, and so forth. For international visitors entering Canada by cruise ship, the Vancouver Port Authority is currently the only port where questionnaires are distributed to cruise passengers as they enter Canada.



## Characteristics of international travellers Third quarter 2000

Overnight international travel to Canada declined in the third quarter, the first year-over-year quarterly drop since the second quarter of 1997. About 8.3 million tourists arrived from foreign countries from July to September, down 1.6% from the same three months in 1999.

The majority, about 6.5 million or 78%, came from the United States, a 2.2% decrease from 1999. About 1.8 million tourists arrived from overseas countries during the third quarter, up 0.8%, the seventh consecutive quarterly increase. However, this was the slowest rate of growth over that period.

Travel from Asian markets grew 1.8% to 505,000 in the third quarter, following a 10.5% increase in the third quarter of 1999. The number of travellers from Europe stalled at just over 1 million.

### Large decline in American visits to Ontario

In the third quarter, 3.2 million Americans made overnight visits to Ontario, a 6.1%

drop. This decline was responsible for most of the fall in overnight visits to Canada by Americans. Declines were also noted in Nova Scotia (-2.1%), Prince Edward Island (-5.2%) and Manitoba (-3.7%). Alberta recorded the largest gain (+7.2%) in U.S. visitors in the third quarter. Among the top 10 states of origin for U.S. tourists to Canada during the third quarter, Texas had the strongest percentage increase (+13.9%) followed by Massachusetts (+11.7%). In contrast, travel from New York State, the largest in absolute numbers, slipped 8.3%.

The vast majority of Americans who travelled to Canada did so for a holiday. In the third quarter, they took close to 4.3 million such trips, down 5.3% from the third quarter of 1999. Americans took more than one million trips to see friends or relatives living in Canada, up 2.5%. Business travel increased 2.3% to 666,000.

Americans took 4.2 million trips by car to Canada in the third quarter, down 5.1%; in contrast, the number of air trips rose 2.7% to 1.3 million. Rising fuel costs during the summer likely contributed to the decline in auto traffic.

Americans spent \$3.4 billion on their overnight travels to Canada in the third quarter, a 2.4% increase. Travellers spent an average \$517 per trip, up 4.7% from 1999.

### United Kingdom market set new overseas travel record

Overnight travel from the United Kingdom increased 8.5% to a record 345,000 in the third quarter. However, residents of France made 7.6% fewer trips, and those from Germany made 1.6% fewer. Most of this decline was due to double-digit decreases

in the number of travellers arriving in Canada via the United States. Direct arrivals from Germany increased 5.1%, while those from France declined 2.0%.

Travel from Asian markets rose 1.8% in the third quarter, owing mainly to traffic from South Korea, which reached 52,000, up 33.3%. South Korea is still making up ground lost during the Asian crisis, when travel tumbled from a high of 68,000 trips in the third quarter of 1996 to a low of 26,000 in the same quarter of 1998.

In the third quarter of 2000, traffic from Japan, Canada's second largest overseas market, dipped 6.3% to 208,000 trips. An 18.5% drop in the number of Japanese travellers arriving in Canada via the United States was responsible for the decline. In contrast, the number of Japanese residents travelling directly to Canada in the third quarter increased 9.2%. These direct trips account for about one-half of Japanese travel to Canada.

As is the case with many Asian countries, trips from Japan remained below the record highs of 1996. The sole exception was Taiwan. About 60,000 Taiwanese visited Canada in the third quarter, surpassing the pre-Asian-crisis level of 57,000 in 1996.

Visits from overseas climbed 8.0% in Manitoba and Saskatchewan, the largest provincial or regional increase. Ontario saw a 7.3% jump in the third quarter, the second largest increase. Traffic dipped 8.4% in British Columbia, primarily because of declines in European tourist markets.

Residents of overseas countries spent 1.2% more, or \$2.2 billion, on their overnight trips to Canada in the third quarter, compared with the third quarter of 1999. Average spending remained fairly steady at \$1,226 per trip.

### Canadian travel to United States slowed

Canadians took 4.8 million overnight trips to the United States in third quarter, up 1.0% compared with the same three months in 1999. This marked the lowest year-over-year quarterly increase since the second quarter of 1999.

Vermont remained popular for Canadians, who made 290,000 visits to the Green Mountain State between July and September, up 25.0%. Maine recorded a 10.1% increase in travel from Canada. The state of Washington incurred the largest decline in Canadian visits (-9.6%).

Top 10 states of origin for U.S. tourists to Canada

	Third quarter 1999	Third quarter 2000	Third quarter 1999 to third quarter 2000
		'000	% change
New York	855	784	-8.3
Michigan	722	738	2.2
Washington	570	563	-1.2
California	420	438	4.3
Ohio	358	351	-2.0
Massachusetts	248	277	11.7
Illinois	269	264	-1.9
Pennsylvania	281	251	-10.7
Minnesota	267	251	-6.0
Texas	158	180	13.9

Canadians took 1.1 million flights to the United States in the third quarter, up 5.8% from the third quarter of 1999. Auto trips south of the border remained virtually unchanged (-0.5%) at just 3.2 million trips.

Canadians spent \$2.1 billion on overnight trips to the United States in the third quarter, up 0.9% from a year earlier. Average spending remained steady at \$445 per trip.

### Record Canadian travel overseas

Canadians made a record 1.1 million overnight trips to overseas countries in the third quarter, up 12.6 % from the same period in 1999.

The United Kingdom remained the most popular overseas destination for Canadians, although travel there fell 7.3%. However, Canadians travelled to other European destinations such as France and Germany in record numbers.

Canadians spent over \$1.7 billion on their overseas travels in the third quarter, up 15.0% from the same quarter of 1999. Average spending rose 2.1% to \$1,571 per trip.

Tables and various statistical profiles and micro-data files of characteristics of international travellers for the third quarter are now available on request.

To obtain data, contact Michel Campbell (613-951-9169; fax: 613-951-2909; [michel.campbell@statcan.ca](mailto:michel.campbell@statcan.ca)). For more information, or to enquire about the concepts, methods or data quality of this release, contact Laurie McDougall (613-951-6766; fax: 613-951-2909; [laurie.mcdougall@statcan.ca](mailto:laurie.mcdougall@statcan.ca)), Tourism Statistics Program.



### International travel account Year 2000 and fourth quarter 2000 (preliminary)

Canada's international travel deficit rose for the first time since 1997, as Canadian travellers spent a record amount outside the country in 2000.

Canadians spent a record \$18.0 billion in foreign countries, up 6.7% from 1999. Non-residents injected \$15.7 billion into the Canadian economy in 2000, up 4.2%. The resulting overall travel deficit reached just over \$2.2 billion, well above the revised \$1.7 billion in 1999, which was the lowest level in more than a decade. It was the first time the deficit had increased since 1997.

Most of this increase was attributable to Canadian travellers, who made a record

#### Note to readers

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

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

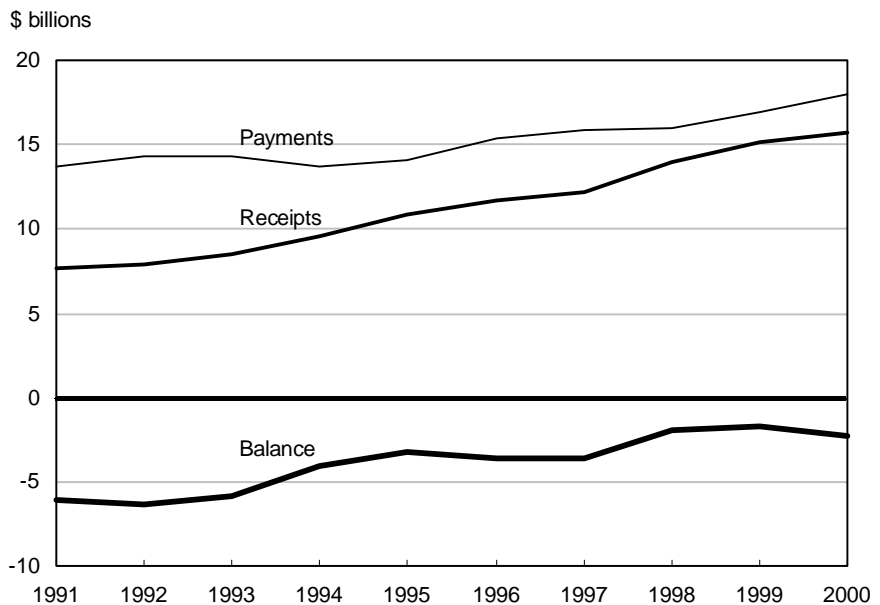
*Overseas countries are countries other than the United States.*

47.2 million international trips in 2000, up 1.6% from 1999 and the first annual increase since 1996. For their part, foreigners made 48.6 million trips to Canada in 2000, down 0.9%. This was the first annual decline in the last eight years.

### Travel deficit with United States rose with record spending by Canadians south of the border

Canada's travel deficit with the United States rose in 2000, as growth in spending by Canadians south of the border outpaced

**Canada's annual International Travel Account Deficit increases for the first time since 1997**





spending by American travellers in Canada.

Canadians spent a record \$11.2 billion in the United States in 2000, up 4.7% from the previous high of \$10.7 billion in 1999. At the same time, Americans spent \$9.5 billion this side of the border, a 2.9% increase.

As a result, the travel deficit with the United States grew from a revised \$1.4 billion in 1999 to slightly less than \$1.7 billion in 2000, the highest since 1997. The rise in the travel deficit occurred with the Canadian dollar averaging US\$0.67, practically unchanged from 1999.

Canadians took 42.7 million trips to the United States in 2000, up 1.1% over 1999. Americans, conversely, made 44.0 million trips to Canada, down 1.4%. This decrease was attributable mainly to a 2.5% drop to 26.6 million in the number of same-day car trips to this side of the border. American overnight travel to Canada declined 0.4% to just over 15.1 million trips.

### Deficit with overseas countries rose despite record spending in Canada by overseas residents

Spending by overseas visitors to Canada climbed 6.2% in 2000 to a record high of \$6.2 billion. However, this was not enough to offset a 10.1% jump in overseas spending by Canadians to just under \$6.8 billion.

As a result, the travel deficit between Canada and countries other than the United States almost doubled from a revised \$300 million in 1999 to \$557 million last year. The appreciation of the Canadian dollar against many European currencies was one factor that may have contributed to the increase of Canada's travel balance with overseas countries.

Overseas residents took just over 4.6 million trips to Canada in 2000, up 4.9%, partly the result of a significant increase in overnight travel from Asia and the United Kingdom. Overnight travel from

Asia grew 6.8% to 1.4 million trips, while residents from the United Kingdom accounted for 914,000 such trips, a 10.9% increase. By comparison, Canadians made 4.5 million trips to overseas destinations, up 6.2% from 1999.

### Travel deficit unchanged in fourth quarter

Canada's travel deficit with the rest of the world remained practically unchanged during the fourth quarter compared with the third. From October to December, Canadians spent \$586 million more abroad than foreign visitors spent in Canada, following a revised deficit of \$582 million in the third quarter.

In the fourth quarter, American spending in Canada declined 2.5% from the third quarter to just over \$2.3 billion. Canadian spending south of the border decreased 2.1% to slightly less than \$2.8 billion. In

both cases, this was the lowest quarterly spending level recorded in 2000. The resulting quarterly travel deficit with the United States was \$426 million, practically unchanged from the third quarter.

Overseas residents spent a record of just under \$1.6 billion in Canada in the fourth quarter, up 3.2% from the third quarter. Meanwhile, overseas spending by Canadians rose 3.0% to almost \$1.8 billion in the fourth quarter, resulting in a travel deficit with overseas countries of \$160 million, practically unchanged from the third quarter.

To obtain data, contact Michel Campbell (613-951-9169; fax: 613-951-2909; michel.campbell@statcan.ca). For more information, or to enquire about the concepts, methods or data quality of this release, contact Jocelyn Lapierre (613-951-3720; fax: 613-951-2909; jocelyn.lapierre@statcan.ca), Tourism Statistics Program.

#### International travel account receipts and payments

	Seasonally adjusted				
	Fourth quarter 1999 <sup>r</sup>	Third quarter 2000 <sup>r</sup>	Fourth quarter 2000 <sup>p</sup>	1999 <sup>r</sup>	2000 <sup>p</sup>
	\$ millions				
<b>United States</b>					
Receipts	2,403	2,386	2,326	9,257	9,529
Payments	2,807	2,810	2,752	10,701	11,206
Balance	-404	-424	-426	-1,444	-1,677
<b>All other countries</b>					
Receipts	1,513	1,542	1,592	5,857	6,220
Payments	1,644	1,700	1,751	6,157	6,777
Balance	-131	-158	-160	-300	-557
<b>Total</b>					
Receipts	3,917	3,929	3,918	15,114	15,749
Payments	4,451	4,511	4,503	16,858	17,983
Balance	-534	-582	-586	-1,744	-2,235

<sup>r</sup> Revised figures.

<sup>p</sup> Preliminary figures.

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



## Travel Price Index Fourth quarter 2000 and year 2000

### 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.

### TPI up 3.2% from same period last year

In the fourth quarter of 2000, consumers experienced a 3.2% increase in the prices of goods and services included in the Travel Price Index basket compared with the same quarter of last year. This is lower than the increase reported on the corresponding date last year (5.6%). The largest price increases were for operation of automotive vehicles and traveller accommodation, at 7.4% and 5.8% respectively. Combined with a slight decrease of inter-city transportation (1.1%) cost during the same period, consumers have devoted a larger share of their budget on accommodation (11%) and reduced the share allocated to inter-city transportation (16%).

In comparison, the price of all goods and services, as measured by the Consumer Price Index (CPI), reached 114.9, up 3.0% from the same period last year. The real gap between the TPI and the CPI, which was nil in the base year 1992, reached 14.7 points in the fourth quarter of 2000.

### TPI down 4.3% from preceding quarter

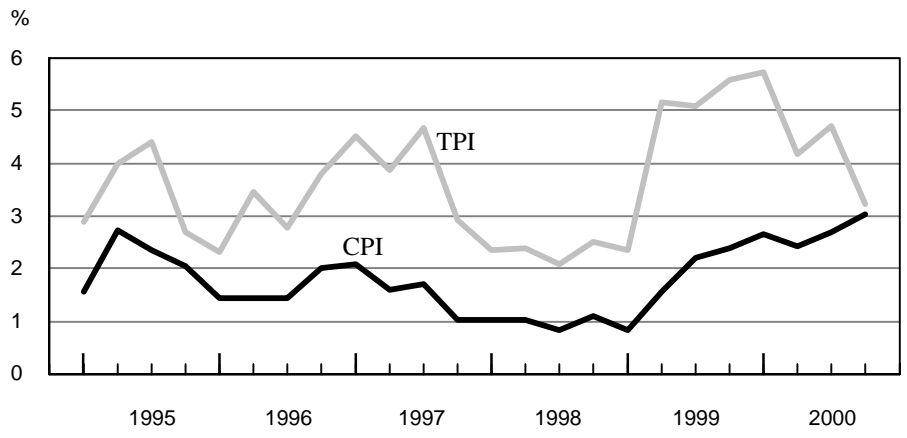
In the fourth quarter of 2000, the Travel Price Index was down 4.3% compared to the third quarter of 2000. Accommodation costs fell 16.5%, while the costs of inter-city transportation declined 7.2%. At the end of the year, the drop in accommodation costs that typically occurs in the off-peak season is generally enough to reduce the TPI as a whole. Since 1996, drops in accommodation prices from the third to the fourth quarter have been particularly high ranging between 17% and 18%. The prices of most other component were slightly higher in the fourth quarter of 2000 than in the previous quarter. During the fourth quarter of 2000, the cost of all goods and services recorded by the Consumer Price Index was up 0.7% from the preceding quarter.

### Average annual TPI for 2000 up 5.5 points from 1999

In 2000, the average TPI rose to 129.8 overall, up 4.4% from 1999 or 5.5 points. However, this advance was slightly less than the 4.6% increase recorded between 1998 and 1999, which was the strongest year-over-year increase since 1991. The rise in the TPI in 2000 was mainly attributable to higher prices for operation of automotive vehicles and accommodation. The gap between the TPI and the CPI widened substantially. Whereas the TPI was lower than the CPI from 1981 to 1990, it exceeded the CPI by 16.3 points in 2000, the largest gap ever recorded.

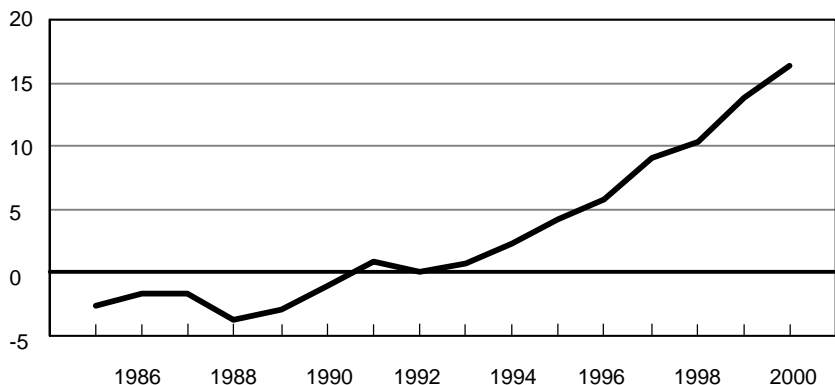
Of all the components of the TPI, inter-city transportation is by far the one whose price has increased the most over the years. The inter-city transportation price

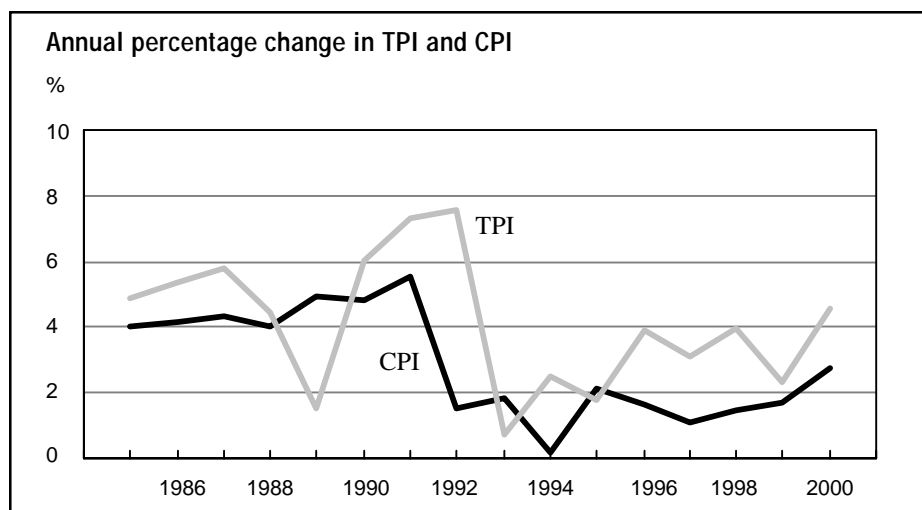
Quarterly Percentage Change in TPI and CPI from Preceding Year



The gap widens between TPI and CPI

TPI-CPI





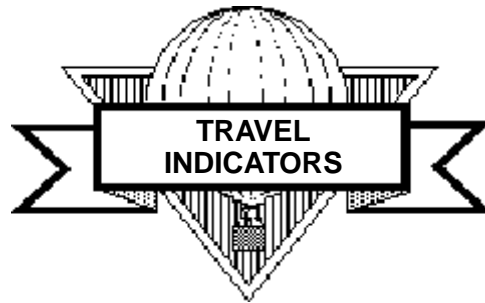
index was 172.3 in 2000, representing an average annual increase of 8.4 points since 1990. With an index that hit 136.6 in 2000, traveller accommodation ranked second in terms of price growth. This represents an average annual increase of 3.8 points since 1990.

While down only marginally, clothing, footwear, photographic equipment and photographic services and supplies were the only components in which prices declined between 1999 and 2000. However, the change in the prices of these items had little effect on the overall TPI because travellers devote only a small part of their budget to them. All other components of the TPI registered substantial increases over the same period.

**Selected Components of the Travel Price Index (TPI)  
(not seasonally adjusted, 1992 = 100)**

Components of the TPI	Fourth Quarter 2000	Year 2000	Percentage Change		
			Third Quarter 2000	Fourth Quarter 1999	2000/1999
Inter-city transportation	168.0	172.3	-7.2	-1.1	3.3
Local and commuter transportation	129.8	128.6	0.1	3.3	3.4
Rental of automotive vehicles	119.3	118.7	0.6	-2.2	0.3
Operation of automotive vehicles	131.3	128.5	1.2	7.4	9.3
Traveller accommodation	132.5	136.6	-16.5	5.8	5.6
Food purchased from stores	112.3	111.5	0.0	2.5	1.1
Food purchased from restaurants	115.7	114.8	0.5	2.0	2.1
Served alcoholic beverages	112.9	111.5	0.7	3.2	2.7
Alcoholic beverages purchased from stores	115.0	114.0	0.7	2.4	1.4
Spectator entertainment	138.2	134.3	3.3	4.6	4.9
Clothing	105.6	105.1	0.1	0.7	-0.3
Footwear	107.6	106.3	1.7	-1.0	-0.4
<b>Travel Price Index (TPI)</b>	<b>129.6</b>	<b>129.8</b>	<b>-4.3</b>	<b>3.2</b>	<b>4.4</b>
<b>Consumer Price Index (CPI)</b>	<b>114.9</b>	<b>113.5</b>	<b>0.7</b>	<b>3.0</b>	<b>2.7</b>

Sources: The Consumer Price Index, Cat. No. 62-001-XPB and the Tourism Statistics Program



	Fourth Quarter		Percentage Change	Year		Percentage Change
	1999	2000		1999	2000	
<b>FOREIGNERS TO CANADA (000s)</b>						
From United States	9,171	8,853	-3.5	44,630	43,994	-1.4
One-or-more-night trips	2,656	2,612	-1.6	15,180	15,199	0.1
- By auto	1,591	1,565	-1.6	9,609	9,457	-1.6
From Overseas	799	837	4.7	4,425	4,644	4.9
One-or-more-night trips	766	802	4.7	4,231	4,438	4.9
Top Seven Countries:						
United Kingdom	138	160	15.7	795	879	10.6
Japan	99	107	7.3	521	508	-2.6
France	71	67	-5.9	415	404	-2.5
Germany	58	52	-9.4	396	387	-2.2
Australia	29	36	21.5	154	175	13.2
Taiwan	35	29	-15.7	158	164	3.7
Hong Kong	23	23	0.0	139	142	1.9
<b>CANADIANS OUTSIDE CANADA (000s)</b>						
To United States:	9,832	9,384	-4.6	42,196	42,666	1.1
One-or-more-night trips	2,994	2,930	-2.1	14,105	14,627	3.7
- By auto	1,469	1,419	-3.4	7,869	7,967	1.3
To Overseas (one or more nights)	855	944	10.4	4,252	4,516	6.2
<b>INDUSTRY</b>						
Airline passengers (Level I) (000s)	5,651	5,708	1.0	24,047	24,480	1.8
Airline passenger-km (Level I) (000,000s)	14,865	15,734	5.8	65,711	68,517	4.3
<b>PRICES 1992=100 (not s.a.)</b>						
Travel Price Index	125.5	129.6	3.2	124.3	129.8	4.4
Consumer Price Index	111.5	114.9	3.0	110.5	113.5	2.7
- Food purchased from restaurants	113.4	115.7	2.0	112.4	114.8	2.1
- Inter-city transportation	169.9	168.0	-1.1	166.8	172.3	3.3
- Renting of automotive vehicles	122.0	119.3	-2.2	118.4	118.7	0.3
- Gasoline	118.2	136.7	15.7	108.0	131.7	21.9
<b>ECONOMIC 1992=100</b>						
Gross Domestic Product (s.a.) (000,000s)	766,953	795,294	3.7	753,047	786,642	4.5
- Amusement and recreation (000,000s)	7,790	8,114	4.2	7,681	7,947	3.5
- Accommodation and food services (000,000s)	20,515	21,517	4.9	20,269	21,043	3.8
Personal disposable income per capita (s.a.)	19,641	20,719	5.5	19,392	20,307	4.7
<b>LABOUR (000s)</b>						
Labour force (s.a.)	15,789	16,137	2.2	15,721	16,002	1.8
Unemployed	1,100	1,109	0.8	1,189	1,091	-8.2
Employed	14,689	15,028	2.3	14,533	14,911	2.6
- Accommodation and food services (not s.a.)	927	941	1.5	925	960	3.8
<b>EXCHANGE RATES (in Canadian dollars)</b>						
American Dollar	1.4727	1.5257	3.6	1.4857	1.4854	-0.0
British Pound	2.4011	2.2055	-8.1	2.4041	2.2499	-6.4
Japanese Yen	0.0141	0.0139	-1.5	0.0131	0.0138	5.2
German Mark	0.7817	0.6769	-13.4	0.8106	0.7007	-13.6
French Franc	0.2331	0.2019	-13.4	0.2417	0.2089	-13.6

(s.a.) seasonally adjusted.