

A focus on the markets that the CTC and its partners are active in

June 2007

Volume 3, Issue 06

key highlights

Total international visits to Canada have increased (+1.3%) in June 2007 – the first increase in 5 months. Trips from the U.S. remained steady over June 2006 (0.0%) and trips from non-US key markets increased by 2.7%.

According to the May 2007 survey results, more Canadians (+7.6 percentage points) plan to take vacation trip in Canada in the next six months.

Most recent data shows Canadian occupancy rates increased by 1.3 percentage points to reach 68.3% in June 2007.

tourism review

International trips

- International travellers made over 2 million overnight trips to Canada in June 2007, an increase of 1.3% over the same month last year - this is the first increase of the 2007.
- US visits to Canada remained at the same level as last year. Non-U.S. trips to Canada rose by 5.6% in June 2007.
- Year-to-date, international visits to Canada reached 7.3 million, a decline of 2.4% over the same period in 2006.
- For the first half of 2007, visits from the U.S. fell 4.3% to 5.4 million trips, while visits from non-US countries increased 3.7% over 2006, to reach 1.9 million trips.
- Regionally, with the exception of Asia (-2.1%), visits from all other overseas regions posted increases in Jan-Jun 2007.

United States

- In June 2007, the volume of trips by Americans remained steady over the previous year - Non-automobile trips posted an increase of 0.6%, driven by the growth (+10.8%) in 'other non-automobile trips'. Automobile trips fell slightly (-0.5%) to reach 1 million.

Overnight Trips To Canada

	June 2007	07/06 Jun % Change	Jan-Jun 2007	Year-to-date % Change
United States				
Automobile	1,008,290	-0.5	3,129,591	-5.3
Plane	455,472	-4.4	1,658,165	-4.1
Other	260,807	10.8	585,516	0.3
US Total	1,724,569	0.0	5,373,272	-4.3
Europe/Latin America Key Markets				
France	36,234	6.4	143,389	5.1
Germany	38,355	8.0	122,365	4.3
UK	105,854	5.1	382,373	4.0
Mexico	28,587	24.4	102,520	20.1
Asia/Pacific Key Markets				
China	15,806	8.3	60,528	9.1
Japan	32,299	-22.8	138,861	-16.6
South Korea	20,638	-6.8	85,276	3.8
Australia	29,588	9.1	102,919	9.6
Overseas Key Markets	307,091	2.7	1,138,231	3.0
As % of Key Markets and US	15.1		17.5	
Other Overseas Countries	237,405	9.5	753,861	4.8
Total Non-US Countries	544,496	5.6	1,892,092	3.7
Total International Countries	2,269,065	1.3	7,265,364	-2.4

Note: Statistics Canada preliminary estimates.

Source: Statistics Canada, International Travel Survey.

Overnight Trips by Canadians

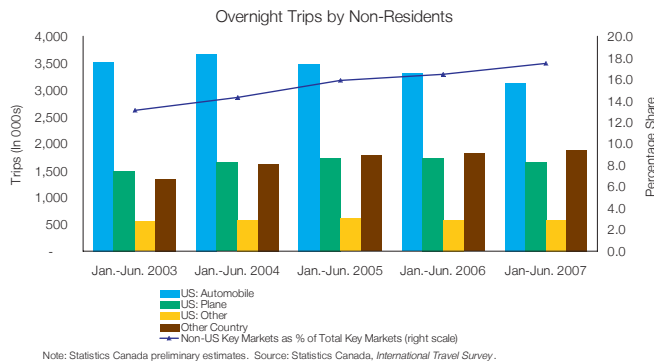
	June 2007	07/06 Jun % Change	Jan-Jun 2007	Year-to-date % Change
United States	1,200,474	8.5	7,784,903	4.9
Other Countries	461,451	7.9	4,159,983	10.2
Total Trips from Canada	1,661,925	8.3	11,944,886	6.7

Note: Statistics Canada preliminary estimates.
Source: Statistics Canada, International Travel Survey.

- Year-to-date, US trips to Canada declined 4.3%. Automobile trips (which accounted for 43% of all U.S. trips to Canada) declined at a faster rate (-5.3%) than non-automobile trips (-3.0%).
- US automobile trips to the Yukon (+3.1%), Saskatchewan (+2.6%), and Alberta (+1.4%) have increased in Jan.-Jun. 2007 while U.S. trips to other provinces have decreased over the same time last year. U.S. non-automobile trips increased to 5 provinces: Yukon (+64.7%), New Brunswick (+42.3%), Alberta (+5.7%), B.C. (+4.4%), and Manitoba (+1.7%).

Overseas Key Markets

- In June 2007, CTC's non-US key markets rose 2.7% (+8,126 trips) over the same month in 2006 to reach 307,091 overnight trips. Most notable, visits from Mexico increased by 24.4% (+5,598 trips) in the month of June.
- Year-to-date, trips from Canada's key overseas markets increased 3.0% (+ 33,407 visits) to reach 1.1 million visits.
- With the exception of Japan (-16.6%), trips from all CTC key overseas markets posted increases in the first two quarters of 2007. Mexico posted the highest year-over-year increase (+20.1%), followed by Australia (+9.6%) and China (+9.1%).



Note: Statistics Canada preliminary estimates. Source: Statistics Canada, International Travel Survey.

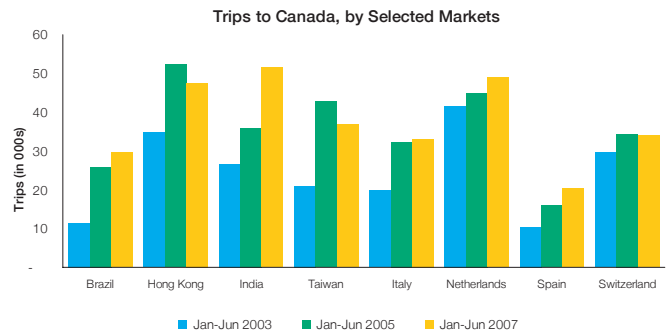
Share of Entry

- In the first six months of 2007, there were 5.4 million US visitors, accounting for 82.5% of the total visitors from our key markets. Nearly half (48.1%) are automobile trips and over a third (34.5%) are non-automobile visits.
- Year-to-date, key Europe/Latin America markets made 750,647 overnight trips to Canada, accounting for 11.5% of total key markets (5.9% are trips from the U.K.).

- 387,584 visitors from Asia/Pacific markets accounted for 6.0% of total tourists from our key markets (2.1% are trips from Japan).
- Asia/Pacific and Europe/Latin America key markets have gained share of entry over the US -- reaching a high of 17.5% in Jan-Jun. 2007 - up from 16.4% in 2006 and from 13.1% in 2003.

Market Watch

- In the first six months of 2007, India posted the highest volume of visitors (51,657 trips), followed by the Netherlands (48,946), and Hong Kong (47,608).
- Year-to-date, India posted the largest increase (+23%) over the same period in 2006, followed by Italy (+12%). Taiwan posted the largest decline (-14%).
- Trips from Taiwan, Hong Kong, and Switzerland have fallen below the Jan-Jun 2005 level (by 14%, 9%, and 1%, respectively). Trips from other countries have exceed the 2005 level - India (+43% or 15,632 trips), Spain (+28% or 4,429 trips), Brazil (+14%, or 3,605 trips), the Netherlands (+9% or 4,106 trips), and Italy (+3% of 940 trips).

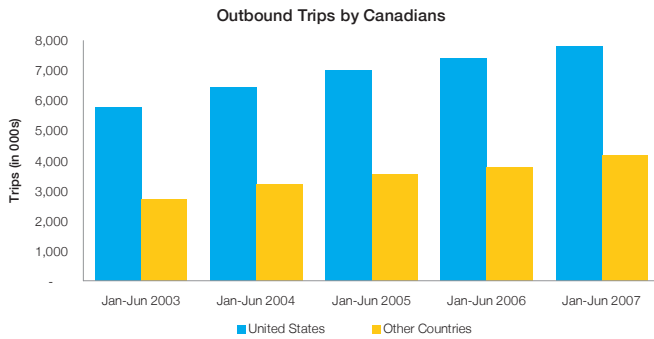


Note: Statistics Canada preliminary estimates. Source: Statistics Canada, International Travel Survey.

Canadian Outbound Trips

- Year-to-date, Canadians made 12 million trips abroad, an increase of 6.7% over Jan.-Jun. 2006.
- Visits to the U.S. reached a five-year high of 7.8 million. Automobile trips (+5.6%) grew at a faster pace than non-automobile trips (+4.3%)
- Trips to non-US countries reach a six-year high of 4.2 million in the first six months of 2007.

- From Jan.-Jun. 2007, total Canadian outbound travel rose in all provinces except PEI (-70.2%, or 99 overnight trips), Newfoundland (-35.0%, or 9,954 trips), and the Yukon (-16.2%, or 2,307 trips).



Note: Statistics Canada preliminary estimates. Source: Statistics Canada, International Travel Survey.

air capacity

- Notable are the large increases from France (+30.9%), China (+13.3%), and the U.K. (+12.3%) in Q2 2007.
- Germany, South Korea, and Japan posted a quarterly decline of 3.4%, 0.9%, and 0.7%, respectively in Q2 2007.

Air Capacity, Q2 (April - June) 2007

	Q2 2006	Q2 2007**	07/06 % Change
Australia*	22,324	22,324	0.0
China	90,289	102,300	13.3
Japan	103,978	103,301	-0.7
South Korea	61,306	60,750	-0.9
France	197,523	258,632	30.9
Germany	244,916	236,603	-3.4
United Kingdom	495,286	556,099	12.3
Mexico	98,634	99,717	1.1
United States	3,818,022	3,980,693	4.3

Note: Non-stop flights. *Includes one stop. **Estimates.
Source: OAG data as provided by the Conference Board of Canada.

consumer outlook

Travel Intentions

CANADA: About 68.9% of Canadians surveyed in May 2007 stated that they planned to take a summer vacation trip, up 9.4 percentage points over the previous year (April 2006 survey). 49.4% plan to take a leisure trip in Canada (+7.6 percentage points), 9.5% plan to vacation in the U.S. (+1.1 points), 8.5% stated that they will vacation in a non-US international destination (+1.1 points), and 1.5% stated that they did not know or did not provide an answer.

UNITED STATES: About 41.2%* of Americans surveyed in June 2007 said that they intended to take a vacation trip in the next 6 months, down half a percentage point from the same time last year. In June 2007, 34.5%* of Americans said that they plan to take their vacation trip in the U.S. (down 0.1 point) and 9.0% said that they intended to travel abroad (down 0.7 point).

*Preliminary figures, seasonally adjusted.
Sources: The Conference Board of Canada and the Consumer Research Center, the Conference Board Inc. (U.S.).

Consumer Confidence

CANADA: Compared to May 2007, the Canadian Consumer Confidence Index fell somewhat (0.9 of a point) to reach 98.1 in June 2007. Compared to the same month last year, the Canadian consumer confidence index is down by 2.8 percentage points.

UNITED STATES: Following an increase in May 2007, the U.S. Consumer Confidence Index fell 4.6 percentage points over the previous month to reach 103.9 in June 2007. In June 2006, the Index was somewhat higher at 105.7.

Source: The Conference Board Inc. (USA) and the Conference Board of Canada.

competitive review (April 2007)

- In the first four months of 2007, Canada posted a decline in international arrivals (-5%), while the U.S. and Australia posted increases (7% and 4%, respectively).
- The U.S. experienced double-digit growth rates in 4 of the 9 markets - France (23%), Mexico (19%), China (16%), and Australia (11%).
- Australia experienced the strongest growth from China (24%), followed by South Korea (10%) and France (8%). Visits from other countries such as Germany and the U.K. have remained at the same level achieved in Jan-Apr 2006.
- Notable is the German and the U.K. market which posted a higher growth rate in Canada than the U.S. or Australia. Compared to the U.S., Canada also saw higher growth from South Korea.
- All three countries experienced declines from Japan. Canada and Australia both experienced a decline of 12%; the U.S. saw a 6% decline.
- UK Q1 2007 travel statistics have just been released. Key highlights are:
 - Total international arrivals to the UK increased 8% over Q1 2006.

International Travel, January - April 2007 (In 000s)

Trips from:	Trips to:					
	Canada		United States		Australia	
	#	07/06 % Change	#	07/06 % Change	#	07/06 % Change
Total International	3,462	-5	13,874	7	1,936	4
United States	2,519	-8	...	...	160	0
Other Key Markets						
France	81	7	277	23	23	8
Germany	53	5	425	3	55	0
United Kingdom	192	4	1,311	0	284	0
Mexico	55	18	1,900	19	...	...
China	32	11	153	16	141	24
Japan	79	-12	1,125	-6	207	-12
South Korea	48	8	244	7	96	10
Australia	43	9	188	11	...	...
Canada	...	...	5,186	4	45	1
Total Key Markets	3,102	-6	10,809	6	1,011	1

...Data not available or not applicable. *Includes Hong Kong, SAR. ^Estimation. ^Arrivals to the interior only. Sources: Statistics Canada; Australian Bureau of Statistics; and ITA, Office of Travel and Tourism Industries (USA).

- Arrivals from Asia Pacific markets (China, Australia, and Japan) have increased at double digit rates (21%, 20%, and 16%, respectively).
- While visits from the U.S. posted an increase (+6%), visits from Mexico declined in Q1, 2007 (-31%).

Note: UK preliminary statistics. Source: National Statistics.

strategic performance

Travel Volumes, January - June 2007

	Trips Made (000s)		
	Target	Actual	% Difference
Europe/Latin America			
France	139	143	2.9
Germany	118	122	3.4
UK	377	382	1.3
Mexico	85	103	21.2
Asia/Pacific			
China	65	61	-6.2
Japan	138	139	0.7
S Korea	86	85	-1.2
Australia	86	103	19.8
United States	5,300	5,373	1.4
TOTAL	6,394	6,511	1.8

Note: As per strategic plans.

- Overall, trips to Canada from key markets have exceeded the targets set by 1.8% (or 117,000 overnight trips), in the first two quarters of 2007.
- Trips from Europe/Latin America key markets have exceeded its target by 4.3% (31,000 overnight trips). Asia/Pacific key markets and the US have also exceeded set targets by 3.5% (13,000 overnight trips) and 1.4% (73,000 overnight trips), respectively.
- The most notable performers are Mexico and Australia, which exceeded set targets by 21.2% and 19.8%, respectively.

Please note: Targets are based on Statistics Canada's preliminary estimates for 2006.

accommodations

Canadian Occupancy Rates, By Province

	June 2007	07/06 Change ^	Jan-Jun 2007 Occupancy Rate	Year-to-date Change^	07/06 % Change
Alberta	74.3	-1.2	67.0	-1.4	13.4
British Columbia	70.7	0.9	60.4	1.9	-1.4
Saskatchewan	68.2	3.5	58.6	4.9	9.1
Manitoba	73.0	6.5	62.5	3.6	-3.3
Ontario	70.4	1.5	57.1	-0.4	2.8
Quebec	66.9	0.9	53.0	1.4	9.3
New Brunswick	56.2	4.1	45.7	0.9	-10.1
Nova Scotia	59.0	-3.9	47.9	-1.9	0.7
Newfoundland	83.1	15.3	61.5	12.7	1.4
Prince Edward Island	57.7	-4.4	41.5	-8.5	7.2
Northwest Territories	...	...	...	...	87.9
Yukon	76.1	-4.7	54.7	-0.1	9.1
Canada	68.3	1.3	56.7	0.6	4.2

* Note: Data based on survey of hotels (15+ rooms) across Canada. ... - Insufficient data; ^ - Percentage points.
Source: HVS International and Smith Travel Research, Canadian Lodging Outlook.

- In June 2007, occupancy rates in Canada increased 1.3 percentage points over the same month last year. Newfoundland posted the highest occupancy rate and growth over June 2006.
- Year-to-date, Canada's occupancy rate increased for the fourth consecutive year (+0.6 percentage point in Jan.-Jun. 2007). Despite a decline in occupancy (-1.4 percentage points), Alberta posted the highest occupancy rate (67.0%).
- As of June 2007, the number rooms available in Canada increased 4.2% over the same period last year. The Northwest Territories and Alberta experienced the largest growth rates.
- Year-to-date, the average room rate in Canada was \$110.26, up from \$105.35 in Jan.-Jun. 2006 (+4.7%). Alberta, Ontario, B.C., and Quebec posted room rates above the average national rate.
- The national average room revenue per available room (RevPAR) was \$62.52 in June, year-to-date. Alberta, B.C., Newfoundland, and Ontario posted RevPAR above the national RevPAR.

economic indicators

- North American markets posted higher economic growth in Q2 2007, while European key markets have slowed down somewhat when compared to growth rates in Q1 2007.
- Despite a slight slowdown (compared to Q1 2007), China still posted double-digit growth rate of 10.8% in Q2 2007. South Korea and Japan also saw an increase in economic growth, while Australia posted a slight decline.
- With the exception of the U.K. and the U.S., all other key markets posted a higher inflation rate in Q2 2007 than the previous quarter. Japanese consumer prices have fallen back into negative territory in Q1 and Q2, 2007.
- The Canadian dollar has strengthened relative to currencies of our key international markets.

Economic Indicators, Q1 - Q2, 2007

N. America	Canada		USA		Mexico	
	Q1 2007	Q2 2007	Q1 2007	Q2 2007	Q1 2007	Q2 2007
Real GDP growth (yoy, %)	2.0	2.2	1.9	2.0	2.6	3.4
Consumer Price Index (yoy,%)	1.8	2.1	2.4	2.4	4.1	4.2
Exchange Rate (1LCU:C\$)	1.000	1.000	1.172	1.098	0.106	0.101

Europe	France		Germany		UK	
	Q1 2007	Q2 2007	Q1 2007	Q2 2007	Q1 2007	Q2 2007
Real GDP growth (yoy, %)	2.0	1.7	3.6	3.1	2.9	2.8
Consumer Price Index (yoy,%)	1.2	1.6	1.8	1.9	2.8	2.5
Exchange Rate (1LCU:C\$)	1.535	1.481	1.535	1.481	2.290	2.182

Asia Pacific	Australia		China		Japan		South Korea	
	Q1 2007	Q2 2007	Q1 2007	Q2 2007	Q1 2007	Q2 2007	Q1 2007	Q2 2007
Real GDP growth (yoy, %)	3.8	3.6	11.1	10.8	2.2	2.3	3.9	4.5
Consumer Price Index (yoy,%)	2.4	2.8	2.7	3.2	-0.1	-0.2	2.0	2.5
Exchange Rate (1LCU:C\$)	0.921	0.913	0.151	0.143	0.0098	0.0091	0.0013	0.0012

Source: Bank of Canada; and Global Insight, World Overview, Second Quarter 2007.

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