TOURISM SNAPSHOT

Canadian Tourism Commission
canadatourism.com

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

MARCH 2006

KEY HIGHLIGHTS

For the second consecutive month, visits from CTC's key overseas markets have fallen (-6.6%) -- However, visits in March 2006 are still higher than 2002 levels. US travel to Canada continues to decline (-8.5%).

As the Cdn$ strengthens, Canadians continue to travel more to the US and abroad, increasing 3.4% (or 75,828 trips) over March 2005.

Canadian accommodation occupancy rates continue to see steady gains, reaching a 5-year high in March 2006.

TOURISM REVIEW

International Trips

- International travellers made 952,956 trips to Canada in March 2006, a decline of 7.4% over the previous year - a slower rate of decline than in February 2006 (-10.5%, year-on-year).
- While international visits to Canada from South America (+12.2%), Africa (+7.6%), and Asia (+3.0) increased in March 2006, visits from all other regions decreased.
- Following a rebound in January-March 2005, total trips by non-residents declined 6.9% in the first three months of the year. The drop is mostly attributed to a decrease in trips from the US.
- Trips by non-US countries increased slightly (+0.5%) in Q1, 2006 -- accounting for a quarter of total international trips to Canada.
- Year-over-year, trips from Africa posted the largest growth rate (+16.4%) of all regions, while Oceania posted the largest decline (-7.9).

United States

- Americans made more trips to Canada this month than in January or February 2006. However, year-over-year, Americans made 67,294 less trips in March 2006 than in the same month last year.
- Following an increase in 2005, US trips to Canada fell 9.1% (190,684 trips) in Q1, 2006. Non-automobile trips fell at a slightly faster rate (-9.6%) than automobile trips (-8.7%).
- While US trips to Newfoundland (+8.8%) and Saskatchewan (+3.2%) increased, US trips to all other provinces fell in the first quarter of 2006.

Overnight Trips To Canada

	March 2006	06/05 Mar % Change	Jan-Mar 2006	Year-to-date % Change
United States				
Automobile	429,439	-10.1	1,130,785	-8.7
Non-Automobile	292,867	-6.2	779,191	-9.6
US Total	722,306	-8.5	1,909,976	-9.1
Europe/Latin America Key Markets				
France	16,456	4.8	56,273	3.6
Germany	12,745	-3.7	34,668	-1.2
UK	49,106	-13.3	130,130	-8.6
Mexico	10,612	-31.3	27,768	-3.0
Asia/Pacific Key Markets				
China	7,120	28.0	20,018	17.4
Japan	27,079	1.2	65,209	0.9
South Korea	10,740	3.3	32,820	5.0
Australia	8,202	-1.2	29,098	-9.6
Overseas Key Markets	**142,060**	**-6.6**	**395,984**	**-2.4**
As % of Key Markets and US	**16.4**		**17.2**	
Other Overseas Countries	88,590	1.9	238,811	5.7
Total Non-US Countries	**230,650**	**-3.5**	**634,795**	**0.5**
TOTAL INTERNATIONAL COUNTRIES	**952,956**	**-7.4**	**2,544,771**	**-6.9**

Source: Statistics Canada, International Travel Survey.

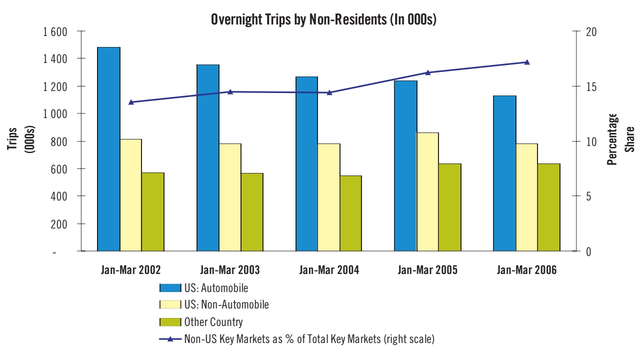
Overnight Trips by Canadians

	March 2006	06/05 Mar % Change	Jan-Mar 2006	Year-to-date % Change
United States	1,496,244	0.7	3,533,338	4.4
Other Countries	789,986	9.0	2,209,893	6.4
Total Trips from Canada	2,286,230	3.4	5,743,231	5.2

Source: Statistics Canada, International Travel Survey.

Overseas Key Markets

- In March 2006, CTC's non-US key markets fell 6.6% over the same month in 2005. Visits from the UK (-13.3% or less 7,516 trips) and Mexico (-31.3% or less 4,840 trips) accounted for the bulk of the decline.
- China continued to perform well in March, increasing by 28% (or 1,558 trips). France and South Korea posted moderate increases of 4.8% (750 trips) and 3.3% (344 trips), respectively.
- Year-to-date, key overseas markets posted a softer decline (-2.4%). The bulk of the decline is attributed to the drop in trips from the UK (-8.6%, or less 12,300 trips) -- falling to its lowest level in 5 years, and Australia (-9.6%, or less 3,086 trips).
- Noteworthy are trips from France, China, Japan, and South Korea which have increased by 3.6%, 17.4%, 0.9%, and 5.0% in Jan.-Mar. 2006, surpassing the peak in 2005 to reach a new high.
- Despite variations throughout the past five years, Q1 2006 trips from key markets (with the exception of the UK) are above 2002 levels.

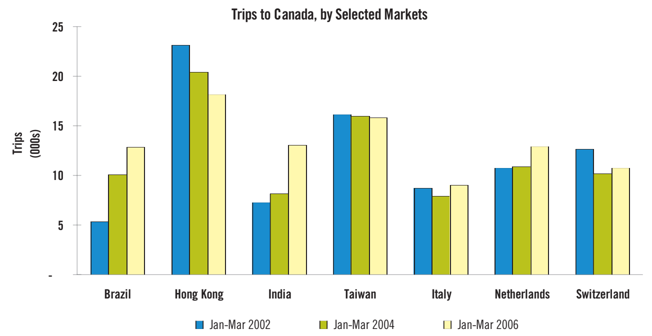


Source: Statistics Canada, *International Travel Survey.*

Share of Entry

- In the first 3 months of 2006, there were 1.9 million US visitors, accounting for 83% of the total visitors from our key markets (49% are automobile trips; 34% are non-automobile trips). Visitors from our key Europe/Latin America markets totaled 248,839, accounting for 11% of the total. 147,145 visitors from Asia/Pacific key markets visited Canada, accounting for 6% of total tourists from our key markets.
- Asia/Pacific and Europe/Latin America key markets have gained share of entry over the US (+1 percentage point), reaching 17.2% in Jan-Mar 2006 - up from 16.2% in 2005 and 13.5% in 2002.

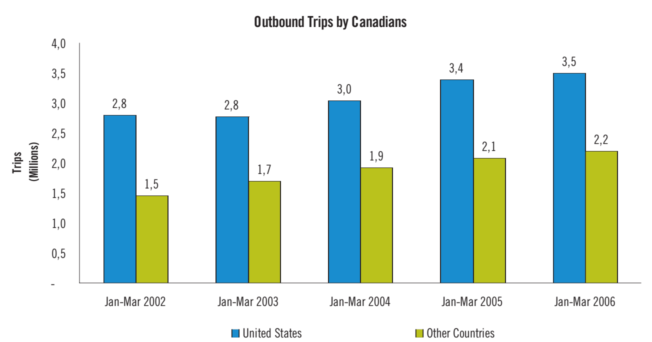
Market Watch



Source: Statistics Canada, *International Travel Survey*.

- Year-to-date, India posted the largest growth rate (+29.5%), followed by Brazil (+15.7%), and the Netherlands (+8.8%). These three countries have reached their highest level in 5 years.
- Trips from Italy have surpassed 2002 levels, however, 14% below the level achieved in 2005.
- Taiwan is close to regaining its 2002 levels (by 326 trips).
- Hong Kong and Switzerland are lagging behind their 2002 levels by 22% (4,997 trips) and 15% (1,921 trips), respectively.

Canadian Outbound Trips



Source: Statistics Canada, *International Travel Survey*

- Year-to-date, Canadian outbound travel reached a 5-year high of 5.7 million trips. Trips to the US increased 4.4% (150,480 trips) and trips to other overseas countries increased by 6.4% (133,094 trips).
- With the exceptions of Nova Scotia (trips abroad fell 7.7%), Newfoundland (trips to non-US countries fell 3.7%), and Saskatchewan (trips to the US fell 5.7%), outbound travel from the other provinces increased year-over-year.

CONSUMER OUTLOOK

TRAVEL INTENTIONS

CANADA: 59.5% of Canadians surveyed stated that they planned to take a summer vacation between May to September 2006 - up from 52.3% in 2005. 41.8% plan to travel within Canada, 16.0% plan to travel internationally - 8.4% to the US and 7.6% to other countries. 1.7% were undecided.

UNITED STATES: 47.2% of Americans surveyed in February 2006 stated that they planned to take a vacation in the next six months. 17.8% said that they plan to travel internationally and 1.7% said that they plan to travel to Canada.

Sources: The Conference Board of Canada, Travel Intentions Survey and The Consumer Research Centre, The Conference Board (USA).

CONSUMER CONFIDENCE

CANADA: The Canadian Consumer Confidence Index declined again in March 2006 as consumers felt less positive about finances. The Confidence Index fell by 1 point to 122.4.

UNITED STATES: After a decline in February (-5.1 points), the U.S. Consumer Confidence Index increased (+4.5 points) to reach 107.2 in March 2006. Consumers' expect business conditions and the labour market to improve.

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

AIR CAPACITY

AIR CAPACITY, Q1 (JANUARY - MARCH) 2006

	Q1 2005	Q1 2006	06/05 Change
Australia	30,680	27,984	-8.8
China	68,613	83,759	22.1
Japan	93,250	99,614	6.8
South Korea	53,483	54,831	2.5
France	126,780	142,653	12.5
Germany	151,755	147,404	-2.9
United Kingdom	346,320	365,681	5.6
Mexico	122,904	126,120	2.6

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

- The most notable increase is the air capacity from China to Canada (up 22% from Q1 2005). France also posted a large increase (+12.5%) in air capacity.
- Germany was the only country to post a decrease (-2.9%).
- Air capacity from the US grew very modestly (0.4%).

ACCOMMODATIONS

- Occupancy rates in Canada increased 3.2 percentage points over the same month last year, averaging 56.4% in March 2006. Alberta maintained a strong lead, posting the highest occupancy rate and growth rate (73.4% and 8.6 percentage points, respectively). Newfoundland registered the largest decline (-7.3 points) over March 2005.
- In the first quarter of 2006, the national occupancy rate rose for the third consecutive year to reach 52.3% -- surpassing the 2002 level (51.3%), however, 3.2 percentage points below the high in 1998.
- As of March 2006, 162,393 rooms were available, an increase of 6.3% (or 9,648 rooms) from the previous year. The large increases in rooms from Ontario, BC, and Alberta (+3,754, +2,397, +1,708 rooms, respectively) accounted for over 80% of the increase.
- Canada's average room rate for the period was $101.36, up slightly from $96.54 in Q1, 2005.
- In Jan.-Mar. 2006, the national average room revenue per available room (RevPAR) was $53.01. Alberta posted the highest RevPAR ($75.67), followed by BC ($69.91), and Quebec ($65.79).

Source: HVS International and Smith Travel Research, Canadian Lodging Outlook.

CANADIAN OCCUPANCY RATES, BY PROVINCE

	March 06	06/05 Change*	Jan-Mar 2006	Year-to-date Change*	No. of Rooms as of Mar 2006	06/05 % Change
Alberta	73.4	8.6	65.9	6.0	23,234	7.9
British Columbia	63.1	4.4	56.7	3.0	28,428	9.2
Saskatchewan	64.3	7.9	58.5	3.8	5,459	3.7
Manitoba	60.4	-1.2	56.5	1.1	4,792	3.6
Ontario	57.3	3.6	54.2	1.7	67,138	5.9
Quebec	56.5	2.0	53.3	1.2	22,404	-1.8
New Brunswick	59.6	1.4	53.6	0.7	3,512	24.1
Nova Scotia	61.2	3.2	52.5	0.9	4,482	27.4
Newfoundland	50.5	-7.3	46.6	-6.1	1,808	11.5
Prince Edward Island	38.3	-1.3	40.1	4.4	889	0.0
Northwest Territories	...	...	...	...	66	0.0
Yukon	...	...	...	...	181	0.0
Canada	56.4	3.2	52.3	1.8	162,393	6.3

** percentage points*
Source: HVS International and Smith Travel Research, Lodging Outlook.

COMPETITIVE REVIEW (FEBRUARY)

Please note: UK statistics are only available quarterly.

- In Jan-Feb 2006, total international arrivals to the **US** increased by 6%. While visits from Central America and Western Europe decreased, international arrivals increased from all other regions. Trips from its top 2 markets (Canada and Mexico) increased 6% and 19%, respectively, while trips from another top market, the UK, fell by 2%. Also notable is the 17% increase of visitors from China and Hong Kong.
- Overall, total international trips to **Australia** fell 1% over Jan-Feb 2005. Despite having ADS, trips from China fell 12% in the first two months of 2006. Trips from other Asian countries (Japan and S Korea) also fell (-1% and -8%, respectively). Trips from France, Canada, Germany, and the US increased by 13%, 6%, 5%, and 3%, respectively.

INTERNATIONAL TRAVEL, JANUARY - FEBRUARY 2006 (IN 000S)

	TRIPS TO:					
	Canada		United States		Australia	
TRIPS FROM:	#	06/05 Change	#	06/05 Change^	#	06/05 Change
Total International	1,592	-7	5,547	6	955	-1
United States	1,187	-9	...	...	81	3
Other Key Markets						
France	40	3	99	-2	12	13
Germany	22	0	162	4	29	5
United Kingdom	81	-6	529	-2	147	-1
Mexico	17	30	629'	19	...	...
China	13	12	67*	17	68	-12
Japan	38	1	595	3	125	-1
South Korea	22	6	123	5	50	-8
Australia	21	-12	79	4	...	...
Canada	...	...	2,037	6	25	6
Total Key Markets	**1,441**	**-8**	**4,320**	**6**	**537**	**-2**

*...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).

ECONOMIC INDICATORS

- **Canada**'s economic growth and inflation rate both grew at a faster pace in Q1 2006 (3.2% and 2.4%, respectively) than in the previous quarter.
- In **Japan**, there has been a shift from deflation in Q4, 2005 to inflation in Q1, 2006. The Japanese economy posted another quarter of healthy growth (+3.6%).
- Following the hurricanes of 2005, the **US** economy grew at its fastest pace (+3.2%) in 2 1/2 years. The US$ has weakened significantly against the Cdn$, falling 33% from Q4, 2005.
- **Mexico**, with a growth rate of 4.2%, posted the highest rate of inflation of all key markets (4.0%).
- **European countries** continue to post low economic growth. The UK posted the highest growth rate (+2.2%) of the European key markets.
- **China** continued to grow at near double-digits, posting an increase of 9.8% over the previous year.
- **South Korea** posted the second-highest growth rate of all key markets. The Won was the only currency to strengthen against the Cdn$ in Q1 2006.

ECONOMIC INDICATORS, Q4 2005 - Q1 2006

N. America	CANADA		USA		Mexico	
	Q4 2005	Q1 2006	Q4 2005	Q1 2006	Q4 2005	Q1 2006
Real GDP growth (yoy, %)	2.9	3.2	3.2	3.5	2.6	4.1
Consumer Price Index (yoy,%)	2.2	2.4	3.7	3.4	3.2	4.0
Exchange Rate (1LCU:C$)	1.000	1.000	1.732	1.155	0.110	0.109

Europe	France		Germany		UK	
	Q4 2005	Q1 2006	Q4 2005	Q1 2006	Q4 2005	Q1 2006
Real GDP growth (yoy, %)	1.4	1.5	1.6	1.7	1.8	2.2
Consumer Price Index (yoy,%)	1.7	2.0	2.3	2.1	2.1	2.0
Exchange Rate (1LCU:C$)	1.395	1.389	1.395	1.389	2.051	2.024

Asia Pacific	Australia		China		Japan		South Korea	
	Q4 2005	Q1 2006	Q4 2005	Q1 2006	Q4 2005	Q1 2006	Q4 2005	Q1 2006
Real GDP growth (yoy, %)	2.7	2.8	9.9	9.8	4.5	3.6	5.4	6.6
Consumer Price Index (yoy,%)	2.8	3.0	1.5	2.2	-0.5	0.3	2.5	2.7
Exchange Rate (1LCU:C$)	0.873	0.854	0.145	0.143	0.010	0.010	0.0011	0.0014

Source: Bank of Canada; and Global Insight, World Overview, *First Quarter 2006.*

STRATEGIC PERFORMANCE

- Against the set target of all CTC's core markets, we have a shortfall of 209,000 overnight trips, as of March 2006.
- Trips from the US have fallen short from its target by 8% (or 171,000 trips). Trips from both Europe/Latin America and Asia/Pacific have fallen short by about 10% (or 30,000 and 16,000 trips, respectively).
- Mexico exceeded the targets set by about 1,000 in the first quarter of 2006.

Please note: While these figures are indicative, generalizations concerning the state of visits from Canada's key markets should not be drawn from only 3 months of data.

TRAVEL VOLUMES, JANUARY-MARCH 2006

	Trips Made (000s)		
	Target	Actual	Difference (%)
Europe/Latin America			
France	60	56	-7
Germany	37	35	-5
UK	155	130	-16
Mexico	27	28	3
Asia/Pacific			
China	22	20	-10
Japan	70	65	-7
S Korea	34	33	-3
Australia	37	29	-21
United States	2,080	1,909	-8
Total	**2,514**	**2,305**	**-8**

Note: As per strategic plans.