

An Update on the Canada Travel Market

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The U.S. travel industry's excitement over emerging visitor origin markets such as China, India, South Korea is well justified; these are the new travel origin markets of the future. But as manager of the Canada Travel Program at OTTI, one of my responsibilities is to remind the industry of *today's* importance of our northern neighbor. And the importance of the Canadian visitor origin market to the U.S. cannot be overstated—Canada is the #1 origin market for visitors (18.0 million— ahead of Mexico), #1 for visitor spending (\$16.1 billion—ahead of Japan), and #1 in travel trade surplus (travel exports less travel imports; +\$9.9 billion—ahead of Japan).

Looking ahead, the outlook for the Canada market looks very bright. OTTI's Spring 2010 forecast called for 2010 growth of seven percent; through July, actual growth is nearly 13 percent and is on pace to break the long-standing visitor volume record of 19.1 million set in 1991. Economic fundamentals are strong, especially compared to those of the United States and most Western Europe countries. These fundamentals include a moderately-growing economy (GDP), a stable-to-slowly declining unemployment rate, and an exchange rate that has hovered near "par" value with the U.S. dollar for more than a year. Also, any negative impacts resulting from the *Western Hemisphere Travel Initiative*, which requires Canada visitors to fulfill enhanced security measures, should be behind us because the full-implementation date was 15 months ago. In fact, year-over-year changes in monthly visitation to the United States has outperformed that to the rest of the world for each of the past nine months!

Moreover, Canada is a likely strong beneficiary of enhanced marketing efforts resulting from the *Travel Promotion Act of 2009* (TPA). This legislation creates a mechanism to potentially greatly enhance the ability of the U.S. travel industry to market this country as a travel destination. Canada is a likely target market, partly because of its current dominance and its solid economic outlook. It's also a good target market because Canada provides the best "geo-equity" of any visitor origin country—27 states host two or more percent of total visitors to the United States, the highest number of any origin country. That is, all states benefit from international travel from Canada. This is important because the TPA mandates marketing efforts benefit the entire U.S.

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