



## Canada's International Travel Account

### Third Quarter 2009 (preliminary)

#### Key Highlights

Third quarter travel deficit expanded for the fifth consecutive year to \$1.3 billion (up 33.4%) in 2009.

Canada's third quarter travel deficit with the US increased for the fifth consecutive year, up 0.4% in 2009, reaching \$662 million.

Overseas third quarter travel deficit ballooned to record high \$662 million, nearly doubling the previous third quarter travel deficit.

#### ***Balance of Payments: Canada experiences decline in the travel deficit***

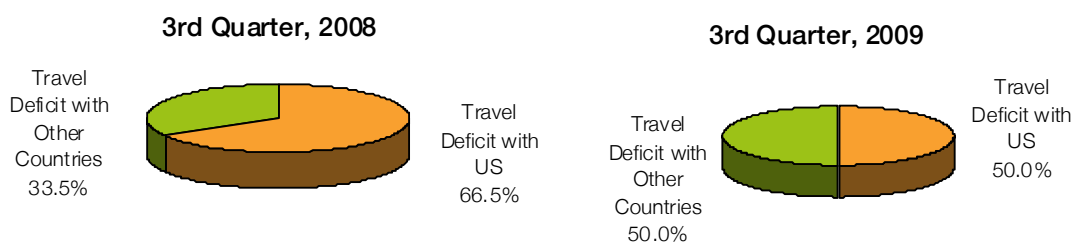
- Canada's travel account: Canada's third quarter travel deficit continued to climb in 2009, reaching \$1.3 billion, up 33.4% over the same period in 2008 (see Table 1). The significant increase in Canada's travel deficit was due to a large decline in foreign visitor spending in Canada, down 9.9% to \$5.2 billion, while Canadians travelling abroad also reduced their spending, but at a slower rate, down 3.6% to \$6.6 billion.
- The travel deficit with US: Canada's travel deficit with the US in the third quarter of 2009, edged up slightly by 0.4% to \$662 million. Canada experienced a decline in receipts of 8.3% by US visitors during the third quarter of 2009, which exceeded the contraction in spending by Canadians across the boarder (down 6.8%), causing the fifth consecutive third quarter travel deficit with the US.

**Table 1: International Travel Account  
Balance of Payments  
(Not seasonally adjusted, Revised Figures, \$ millions)**

	3rd Quarter 2008	3rd Quarter 2009	Percent Change
<b>United States</b>			
Receipts from Americans travelling in Canada	3,117	2,859	-8.3%
Payments by Canadians travelling in US	3,777	3,522	-6.8%
<b>Balance</b>	<b>(- 660)</b>	<b>(- 662)</b>	<b>0.4%</b>
<b>All Other Countries</b>			
Receipts from Overseas visitors travelling in Canada	2,705	2,386	-11.8%
Payments by Canadians travelling Overseas	3,038	3,048	0.3%
<b>Balance</b>	<b>(- 333)</b>	<b>(- 662)</b>	<b>98.9%</b>
<b>Total</b>			
Total Receipts from all visitors travelling in Canada	5,822	5,245	-9.9%
Total Payments by Canadians travelling outside of Canada	6,815	6,570	-3.6%
<b>Balance (travel deficit)</b>	<b>(- 993)</b>	<b>(- 1,325)</b>	<b>33.4%</b>

- There has been a major shift in the proportion of Canada’s travel deficit in the third quarter of 2009, with the US and overseas markets now sharing the same proportion of Canada’s travel deficit. The sharp decline (down 11.8%) in overseas spending in Canada combined with a slight increase in receipts by Canadians travelling overseas, improved the share of the overseas travel deficit with Canada from 33.5% in the third quarter 2008 to 50.0% in the same period of 2009.

**Chart 1: Canada’s Travel Deficit with US and Other Countries<sup>1</sup>**



<sup>1</sup> Other Countries are those countries other than the US.

### ***Receipts (spending by non-residents while traveling in Canada)***

- Spending during the third quarter by international visitors travelling to Canada has been trending downward and collapsed by 9.9% in 2009, as the number of visitors to Canada fell 11.6% during the same period. This was the most significant decline in overseas expenditures in Canada since 2003.
- US spending in Canada was limited in the third quarter of 2009 and declined 8.3% to \$2.9 billion, while US visitation to Canada dropped 11.0% relative to the same quarter in 2008. The reduction in spending by US residents travelling to Canada, amounted to the fifth consecutive year of third quarter declines in receipts.
- Overseas receipts declined for the first time in three years, contracting 11.8% in the third quarter of 2009 compared to the same period in 2008. The decline in overseas spending in the third quarter was fuelled by a 14.4% decrease in visitation to Canada by overseas residents, including significant declines in trip volume to Canada from Europe (down 10.8%), Asia (down 15.3%), Oceania (down 17.0%), Mexico (down 47.7%) and South America (down 12.0%).

### ***Payments (spending by Canadians while traveling outside of Canada)***

- Total Canadian spending abroad in the third quarter of 2009 decreased 3.6% to \$6.6 billion and marked the first contraction in expenditures by Canadians travelling abroad since 2001. Canadian residents took 9.9% fewer trips abroad in the third quarter of 2009, relative to the same period in 2008.
- The reduction in Canadian spending abroad in the third quarter of 2009 was largely influenced by Canadian spending in the US, down 6.8% over the previous year. Although the Canadian dollar appreciated against the US dollar in the third quarter of 2009, it wasn't enough to entice Canadians to travel across the border, as trip volume by Canadians travelling to the US declined 11.4%, lead by a 16.7% drop in same day auto trips (accounting for 49.7% of total Canadian trips to the US).
- Third quarter overseas spending by Canadians has increased year over year since 2000 and edged up slightly in 2009 by 0.3% to \$3.1 billion over the same quarter in 2008. Canadian residents increased their overseas travel by 0.8% in the third quarter of 2009.

**Note to readers:**

*The International Travel Account (ITA)* measures the difference between what Canadians spend abroad and what foreigners spend in Canada. This international travel account analysis is based on preliminary quarterly data that is seasonally unadjusted. Amounts are in Canadian dollars and are not adjusted for inflation.

*Receipts* represent spending by foreigners traveling in Canada, including education spending and medical spending. *Payments* represent spending by Canadian residents traveling abroad, including education spending and medical spending. The ITA does not include airfares.

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

The *Balance of Payments* revise their data once a year for the previous four years' data, and every quarter for the current year's data. This analysis is based on preliminary quarterly data that is not seasonally adjusted. Amounts are in Canadian dollars and are not adjusted for inflation.

The next International Travel Account for the fourth quarter of 2009 will be available in March 2010. For more information, please contact Steven Binkley by phone at 604.638.8328 or by email [binkley.steven@ctc-cct.ca](mailto:binkley.steven@ctc-cct.ca)