



Hopewell Rocks
New Brunswick

Highlights from the National Tourism Indicators to the fourth quarter of 2020¹

<p>Tourism Activities in Canada</p> <p>2020 CAD 53.4 billion -49.2%</p> <p>Q2-Q4 2020 -58.0%</p>	<ul style="list-style-type: none"> Upended by COVID-19 since mid-March 2020, tourism spending in Canada fell to \$53.4 billion in 2020, losing 49.2% from the record high of \$105.1 billion achieved a year earlier. Adjusted for inflation, this represented the lowest level of tourism receipts over the last 25 years (Figure 1). Measures implemented to prevent the spread of COVID-19 stunted tourism spending at the end of the <u>first quarter</u> (-12.0%) and brought tourism activities to a near standstill over the <u>second quarter</u> (-67.8%) as restrictions closed borders to inbound and outbound non-essential travel within Canada. Respite from fewer COVID-19 cases allowed for restrictions to ease, spurring a partial recovery over the <u>third quarter</u> (-53.9%) as Canadians travelled close to home, a trend that, in spite of rising COVID-19 cases, was maintained to the close of the fourth quarter of 2020 (-53.8%) (Table 1).
<p>Domestics Tourism</p> <p>2020 CAD 49.5 billion -39.7%</p> <p>Q2-Q4 2020 -47.0%</p>	<ul style="list-style-type: none"> Tourism spending by Canadians on domestic goods and services fell to \$49.5 billion in 2020, down 39.7% from a year earlier. Between the second and fourth quarters of 2020, Canadians travelling domestically were vital to the survival of small and medium tourism businesses across Canada, contributing to 97% of total tourism expenditures in the country (Table 2). Over this period, domestic tourism spending fell across all commodities, except single purpose tourism consumer durable goods (pre-trip expenditures, such as camping equipments, luggages, tent trailers and RVs) which rose 12.6% and reflected Canadians' propensity to travel to open spaces amid COVID-19 uncertainties (Table 4). Canadian spending declined about 30% on each food and beverages; recreation and entertainment; and accommodation services. Relative to other locations, accommodation properties located in Canada's three major urban centres were hit particularly hard with occupancy rates averaging less than 17% over the last nine months of 2020² as a result of the downturn in air travel and in business and non-business events. In contrast to spending on other tourism goods and services, domestic expenditures on passenger air transportation dropped 88% over the last nine months of the year as Canadians unable to travel abroad or discouraged from travelling to other provinces, selected destinations within driving distance. Of note, after falling 5.2 percentage points in the second quarter of 2020 relative to previous quarter, the tourism implicit price index edged up in both the third and fourth quarters of 2020, indicating a slow but gradual recovery of demand for tourism goods and services.

¹ Unless otherwise specified, all numbers are in current Canadian dollars, not adjusted for inflation. Jobs attributable to tourism are seasonally adjusted. Unless otherwise specified, percentage changes are expressed on a year-over-year basis against the same period the previous year

² Source: STR Inc. for occupancy rates for Downtown Montreal, Toronto and Vancouver

<p>Tourism Export</p> <p>2020 CAD 3.9 billion -82.9%</p> <p>Q2-Q4 2020 -95.3%</p>	<ul style="list-style-type: none"> In the wake of border closures coming into effect at the end of March 2020, revenues from international visitors to Canada fell by 95.3% between the second and fourth quarters of 2020. The contraction in tourism exports accounted for 37% of total decline in tourism spending in Canada. The hardest hit were accommodation, food and beverage, and passenger rail and air transportations services.
<p>Tourism GDP CAD 22.0 billion</p> <p>2020 -49.7%</p> <p>Q2-Q4 2020 -58.4%</p>	<ul style="list-style-type: none"> The overall Canadian economy recovered closer to its pre-pandemic level in the 4th quarter of 2020 (-1.1% compared to 2019 Q4), tourism GDP stood well behind at 54.3% below its pre-pandemic level (Figure 2). Tourism was the greatest drag on the overall Canadian economy. Tourism's share of Canada's GDP contraction accounted 49.0% and 73.9% in the 3rd and 4th quarters of 2020, respectively. There was a steep 58.4% decline in tourism GDP over the last three quarters of the year, overall tourism GDP contracted 49.7% in 2020, bringing the tourism share of the Canadian GDP to 1.06% in 2020, down almost a full percentage point over 2019 (2.02%). Consistent with the drop in tourism GDP, tourism sustained the sharpest decline in the number of active businesses with employees in the Canadian economy throughout the period impacted by COVID-19 (Table 3).
<p>Jobs Sustained by Tourism Activities</p> <p>2020 533,100 -28.7%</p> <p>Q2-Q4 2020 481,600 -36.1%</p>	<ul style="list-style-type: none"> Even with government wage supports in place, employment directly generated from the consumption of tourism goods and services fell by an average of 36% over the pandemic period spanning the second to the fourth quarters of 2020. While the initial shock induced by public health measures and stay at home orders implemented in April 2020 led to the loss of 4 out of 10 jobs generated by tourism in the second quarter, a partial recovery led by domestic tourism stimulated a 27% gain in jobs over third quarter relative to the previous quarter. Over the fourth quarter, stricter measures to contain a rising second wave of COVID-19 cases triggered employment contractions in the food and beverage (-5.3%) and passenger air transportation (-0.5%) sectors, which together were matched by job gains in accommodation (+5.1%), non-air passenger transportation (+1.6%) and recreation and entertainment (+2.9%) sectors. Reflecting the overall contraction in jobs generated by tourism, the number of active businesses across the tourism industries remained well below their pre-pandemic levels at the end of 2020 (Table 4).
<p>Outlook To 2021</p>	<ul style="list-style-type: none"> Prospects for 2021 remain clouded by the ebb and flow of COVID-19 health and safety measures. Industry capacity to reactivate operations, along with the vaccination rates in Canada, in key tourism markets and globally will dictate the sustainable pace of tourism recovery in Canada from domestic and international demand sources. We anticipate that the domestic market will see an increase in momentum over the second half of 2021.

Table 1. National tourism performances in 2020

Indicator	Quarterly 2020 to 2019 Variance				Annual		
	Q1	Q2	Q3	Q4	2019	2020	2020/2019 Annual
Non-seasonally adjusted, Current dollar, % changes against the previous year							
Total Tourism Demand (\$million)	-12.3%	-69.4%	-55.9%	-53.8%	105,087	53,411	-49.2%
Domestic Demand (\$million)	-10.9%	-60.4%	-43.8%	-43.4%	81,995	49,458	-39.7%
Tourism Export (\$million)	-18.4%	-97.2%	-96.2%	-93.2%	23,092	3,953	-82.9%
Tourism GDP (\$million) ¹	-12.9%	-70.4%	-54.9%	-53.9%	43,662	21,968	-49.7%
Tourism GDP Share ² Annual change in % points	-0.22	-1.30	-1.47	-0.85	2.02%	1.06%	-0.96
Jobs attributable to tourism (thousands)	-5.9%	-47.2%	-33.1%	-32.0%	748	533	-28.7%
Seasonally adjusted, Constant 2012 dollar, % or % point change against previous quarter							
Tourism GDP(\$million) ¹	-15.0%	-65.8%	62.5%	-3.3%	39,715	20,673	-47.9%
Jobs attributable to tourism (thousands)	-6.3%	-42.8%	27.5%	-0.4%	748	533	-28.7%
Tourism Implicit Price Index (100=2012)	-0.4	-5.2	0.9	1.3	109	106	-3.0

¹ GDP at basic price, estimated for direct contribution only

Sources: Statistics Canada, National Tourist Indicators 2020 Q4 custom tables (Tables 36-10-0230-02, 36-10-0232-01, 36-10-0233-01, 36-10-0234-01/02);

Table 2. National Tourism Indicators, COVID-19 period of Q2-Q4 2020 compared to full year 2020

Indicator	Q2-Q4			Annual		
	2019	2020	2020/2019 Q2-Q4	2019	2020	2020/2019 Annual
Non-seasonally adjusted, Current dollar, % changes against the previous year						
Total Tourism Demand (\$million)	84,918	35,671	-58.0%	105,087	53,411	-49.2%
Domestic Demand (\$million)	65,542	34,767	-47.0%	81,995	49,458	-39.7%
Tourism Export (\$million)	19,376	904	-95.3%	23,092	3,953	-82.9%
GDP (\$million) ¹	35,405	14,727	-58.4%	43,662	21,968	-49.7%
Tourism GDP Share ² Annual change in % points	2.14%	0.95%	-1.20	2.02%	1.06%	-0.96
Jobs attributable to tourism (thousands)	754	482	-36.1%	748	533	-28.7%
Seasonally adjusted, Constant 2012 dollar, % or % point change against previous quarter						
Tourism GDP (\$million)	39,824	16,241	-59.2%	39,715	20,673	-47.9%
Jobs attributable to tourism (thousands)	749	476	-36.5%	748	533	-28.7%

¹ GDP at basic price, estimated for direct contribution only

Sources: Statistics Canada, National Tourist Indicators 2020 Q4 custom tables (Tables 36-10-0230-02, 36-10-0232-01, 36-10-0233-01, 36-10-0234-01/02);

Table 3. Tourism expenditures on Canadian goods and services, 2020

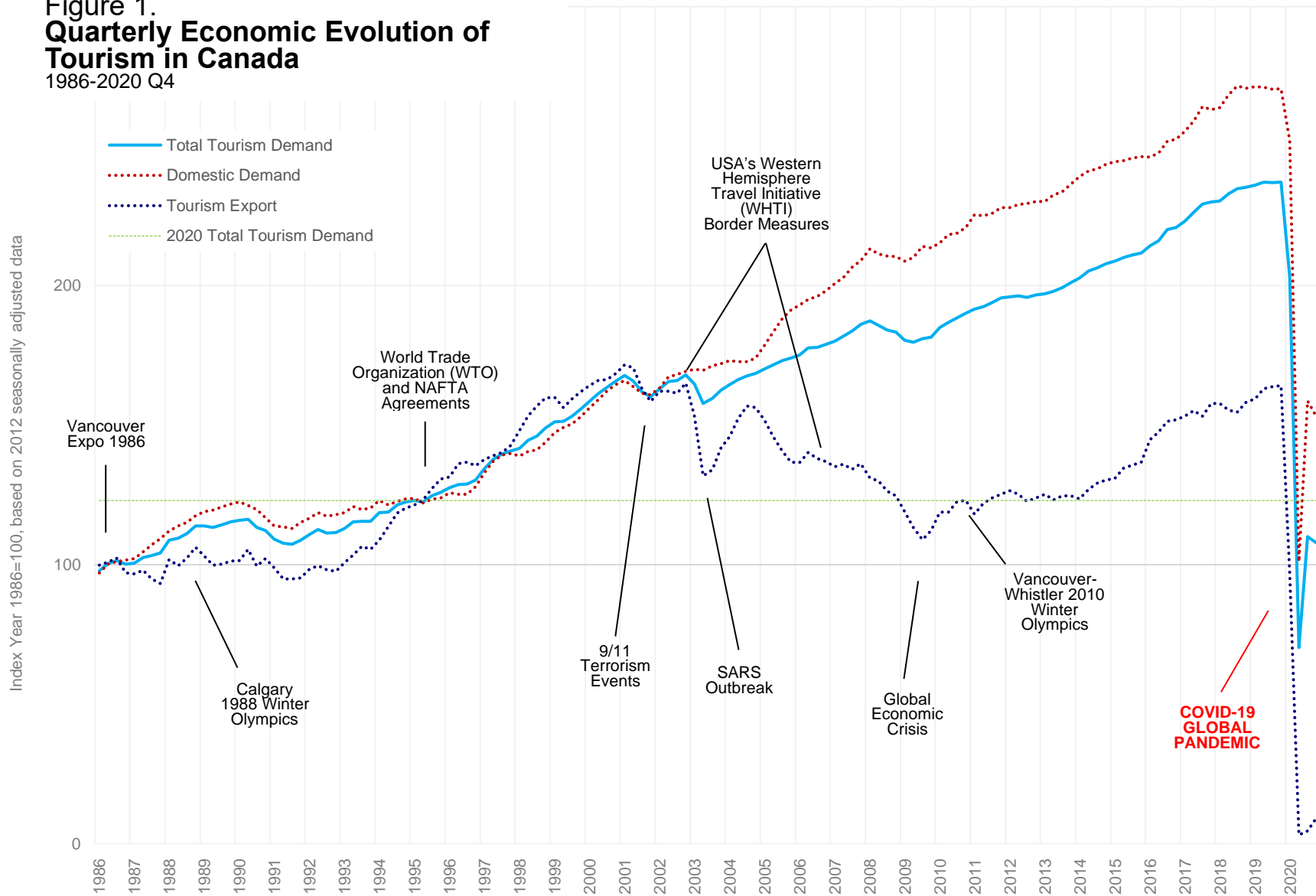
	Total Expenditures			Domestic Expenditures			Tourism Exports		
	\$ million	2020 /2019	Share of total	\$ million	2020 /2019	Share of total	\$ million	2020 /2019	Share of total
Transportation	16,197	-60.5%	30%	14,979	-56.1%	30%	1,218	-82.3%	31%
Passenger air transport	6,601	-72.1%	12%	5,734	-69.9%	12%	867	-81.3%	22%
Accommodation	7,660	-49.0%	14%	6,751	-27.6%	14%	909	-84.0%	23%
Food and beverage services	10,102	-41.7%	19%	9,433	-27.8%	19%	669	-84.4%	17%
Recreation and entertainment	2,935	-48.9%	5%	2,582	-25.6%	5%	353	-84.5%	9%
Pre-trip expenditures	5,252	12.9%	10%	5,252	12.9%	11%			0%
Travel Services	1,945	-59.6%	4%	1,906	-58.4%	4%	39	-83.8%	1%
Convention fees	138	-50.4%	0%	134	-43.2%	0%	4	-90.5%	0%
Other goods and services	9,182	-43.5%	17%	8,421	-33.0%	17%	761	-79.3%	19%
Total	53,411	-49.2%	100%	49,458	-39.7%	100%	3,953	-82.9%	100%

Table 4. Tourism expenditures on Canadian goods and services spanning the COVID-19 period of Q2 to Q4 2020

	Total Expenditures			Domestic Expenditures			Tourism Exports		
	\$ million	Q2 to Q4 2020 /2019	Share of total	\$ million	Q2 to Q4 2020 /2019	Share of total	\$ million	Q2 to Q4 2020 /2019	Share of total
Transportation	8,663	-73.3%	24%	8,450	-68.4%	24%	213	-96.2%	24%
Passenger air transport	1,679	-90.7%	5%	1,559	-89.1%	4%	120	-96.8%	13%
Accommodation	5,204	-57.5%	15%	5,052	-32.7%	15%	152	-96.8%	17%
Food and beverage services	7,324	-48.2%	21%	7,172	-31.5%	21%	152	-95.8%	17%
Recreation and entertainment	2,073	-56.6%	6%	2,013	-29.5%	6%	60	-96.9%	7%
Pre-trip expenditures	4,330	18.5%	12%	4,330	18.5%	12%			0%
Travel Services	1,146	-70.2%	3%	1,137	-68.7%	3%	9	-95.6%	1%
Convention fees	85	-61.2%	0%	85	-53.3%	0%	-	-100.0%	0%
Other goods and services	6,846	-49.7%	19%	6,528	-37.6%	19%	318	-89.9%	35%
Total	35,671	-58.0%	100%	34,767	-47.0%	100%	904	-95.3%	100%

Sources: Statistics Canada, National Tourist Indicators 2020 Q4 custom tables, values expressed in current dollars (Table 36-10-0230-02);

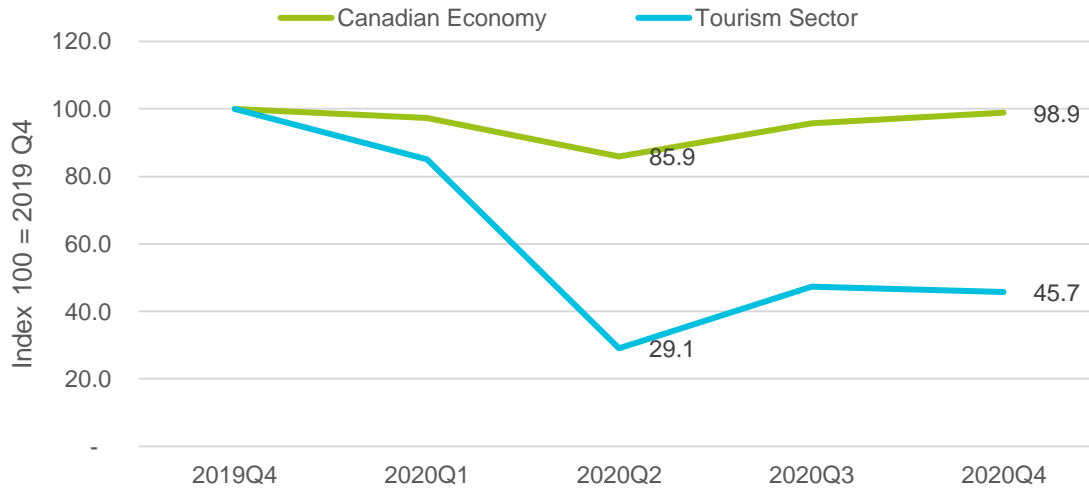
Figure 1.
Quarterly Economic Evolution of
Tourism in Canada
 1986-2020 Q4



Source: Destination Canada calculations based in Statistics Canada Table 36-10-0230-01

Figure 2. Gross Domestic Product at Basic Prices

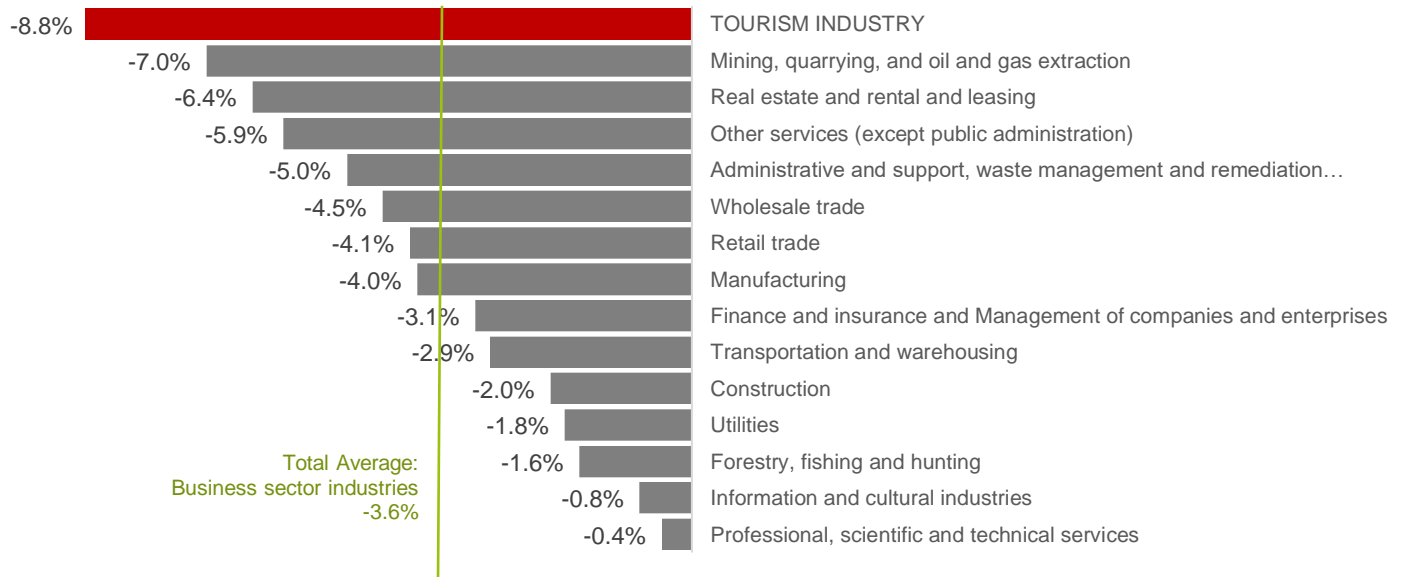
Seasonally adjusted, constant dollar



Source: Destination Canada calculation from Statistics Canada, tables 36-10-0103-01 and 36-10-0234-01

Figure 3. Active Businesses by Sector

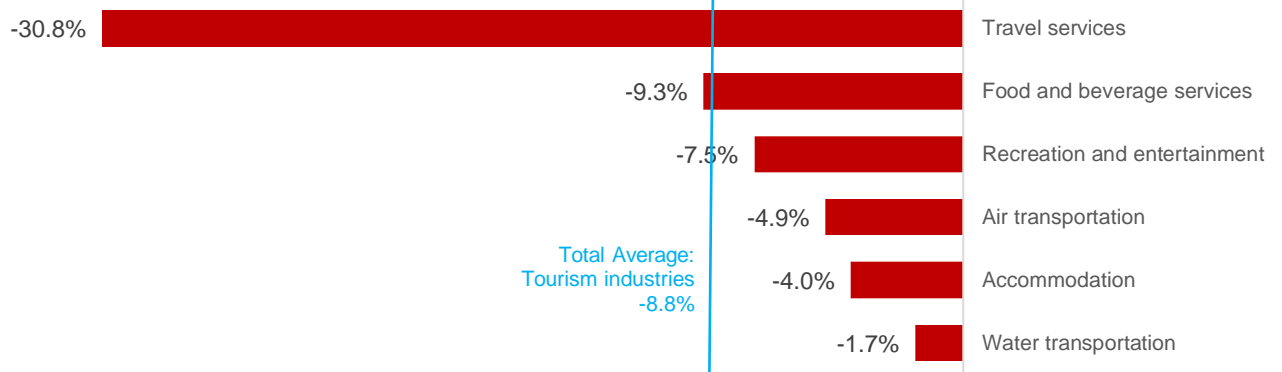
% change from January 2020 to December 2020



Source: Statistics Canada. Table 33-10-0270-01 Experimental estimates for business openings and closures for Canada, provinces and territories, census metropolitan areas, seasonally adjusted

Figure 4. Active Tourism Businesses by Sector

% change from January 2020 to December 2020



Source: Statistics Canada. Table 33-10-0270-01 Experimental estimates for business openings and closures for Canada, provinces and territories, census metropolitan areas, seasonally adjusted