

# INBOUND MARKET PROFILE: CANADA (2020/21)

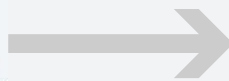
## AND THE ECONOMIC OPPORTUNITY FROM A REOPENED LAND BORDER

### TRAVEL IN 2019

#### Canada was the United States' largest inbound market:

- There were **20.7 million Canadian overnight visitations**, excluding millions of additional day trips
- Overnight travel from Canada accounted for **more than a quarter (26%) of all (overnight) inbound travel to the U.S.**
- Travel from Canada **generated more than \$20 billion in U.S. travel exports**
- Land travel—across the world's longest international border—**accounted for more than half (56%) of all overnight trips to the U.S. by Canadians** (and a much higher share if day trips were included).

**20.7 MILLION**  
Canadian visitors



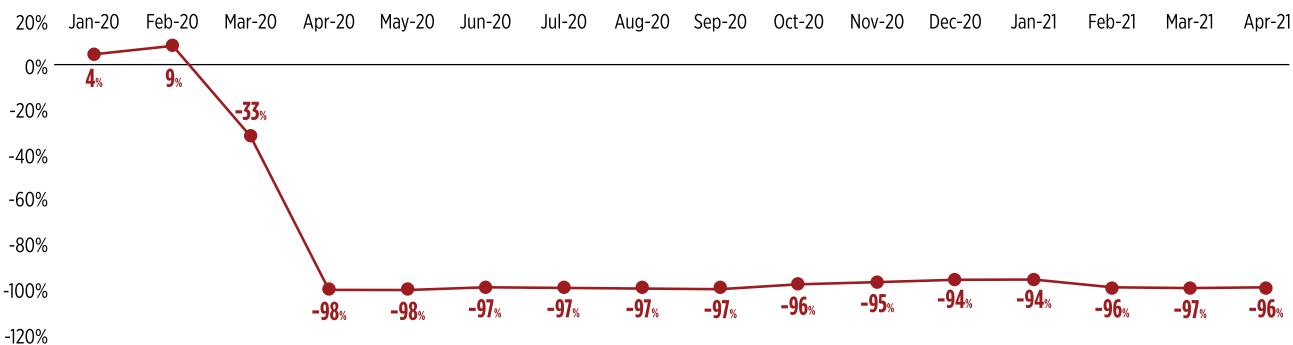
**\$20 BILLION**  
export income

### TRAVEL STOPS AS BORDERS CLOSE

With the closure of the U.S./Canada land border in March 2020—and the enactment of required quarantines related to all (including air) travel—inbound travel from Canada reached a near standstill.<sup>1</sup>

**Arrivals from Canada fell by 77% in 2020 and by 94-98% each month since April 2020, through April 2021 (latest available).**

#### CHANGE IN CANADIAN VISITATIONS TO THE U.S. IN 2020/EARLY 2021 COMPARED TO SAME MONTH IN 2019



Last year, there were only 4.8 million overnight visitations by residents of Canada, and 4.3 million of them (89%) took place in the first quarter, prior to the March 14 border closure.

<sup>1</sup>On March 14, 2020, the U.S. and Canada agreed to close their shared border to non-essential traffic. The land border has remained closed ever since. Air travel from Canada to the U.S. remains technically possible but has been subject to stiff quarantines by the Canadian government, which has deterred nearly all Canadians from visiting. These quarantines, at least for vaccinated travelers, are now ending on July 5. This will pave the way for increased air travel from Canada starting in July, but the land border needs to open as well for a true recovery.

Excluding the first quarter, visitations from Canada plummeted by 97% in 2020 compared to the same period in 2019.

### YEAR-OVER-YEAR INTERNATIONAL INBOUND TRAVEL COMPARISON

	Full Year		First Quarter 2020		Rest of 2020	
	2019	2020	2019	2020	2019	2020
Overnight Visitations from Canada (units)	20,720,068	4,808,888	4,794,505	4,301,458	15,925,563	507,430
<i>Y/Y % change</i>	<b>-77%</b>		<b>-10%</b>		<b>-97%</b>	

**These declines have so far persisted into 2021.** In April 2021, for example, visitations from Canada were down by 96% compared to April 2019.

### STIFF ECONOMIC COST

The near-complete cessation of inbound travel from Canada has cost the U.S. economy tens of billions of dollars in export income since March 2020. **In 2020 alone, \$14 billion was already lost** and an **additional nearly-\$10 billion in export income is expected to be lost in the first half of 2021.**

In fact, each month that travel from Canada remains at a standstill, the **U.S. economy loses \$1.5 billion in potential travel exports.**

### OPENING THE BORDER AND RECOUPING THE LOSS

While Canada is now planning to loosen its stiff quarantine requirements for incoming travelers—at least for those who are vaccinated—on July 5, benefitting air travelers who can freely come to the U.S., there is no timeline yet for the opening of the land border.

Land border traffic accounted for 56% of all overnight visits prior to the pandemic—and a significantly higher share if day trips were included. These travelers spend billions of dollars in the U.S. each year. While many Canadians drive to areas throughout the U.S., their spending is most critically needed in dozens of U.S. communities along the border whose economies were largely built around cross-border travel. U.S. border communities specifically rely on land traffic and will be completely bypassed if travel only resumes by air.

Even when quarantines related to air travel are loosened, many Canadians wanting to travel to areas beyond the border would not necessarily rush to get on a plane; they may be more inclined to travel in the comfort of their own vehicles.

According to a recent (June 2021) survey by [XBorder Canada](#) of Canadian travelers who planned to travel to the U.S. in 2020, **26% are now more likely to drive rather than fly**, compared to past visits. Without the land border reopening, many of those trips may be delayed or cancelled completely. Limited direct flights from Canada to the U.S. will likely further add to the demand to drive. It will take time for airlines to re-establish routes, making drive travel paramount for those that can't find or afford a flight.

## STRONG INTEREST IN CROSS BORDER TRAVEL

Despite ongoing concerns about the pandemic among some residents of Canada, many Canadians who are frequent travelers to the U.S. are eager to once again travel freely to the U.S.

According to the survey cited above by XBorder Canada about the future intentions of Canadian travelers, 87% of Canadians who had cancelled plans to visit the U.S. in 2020 are now planning to visit the U.S. in the next 12 months. Further, 30% of these Canadian travelers are ready to do so “Now” if there were no government restrictions or stiff regulations on doing so.

In terms of their actual expectation of travel to the U.S., 19% are planning for this summer, 36% are planning for the fall, 16% are planning for the winter of 2021/22 and 29% are planning for later in 2022.

## EXCHANGE RATE IS FAVORABLE FOR TRAVEL

In the past, the single most important factor affecting the scope of cross-border travel from Canada was the exchange rate. Whenever the Canadian dollar gained strength against the U.S. dollar, the cost of vacation to the U.S. dropped and interest in cross-border travel surged; now is that time. Compared to 2019, the Canadian dollar exchange rate is considerably more favorable to Canadians. While one Canadian dollar was able to purchase 74 U.S. cents on May 30, 2019, it was able to purchase 82 U.S. cents on May 30, 2021.

## THE TIME TO OPEN THE BORDER IS NOW

The only way for the U.S. to truly start recouping the massive economic loss caused by the halt of travel from Canada is by opening land border crossings to all Canadian visitors. The second half of 2021 need not follow the lead of the first half. Borders must reopen immediately so that valuable export income can again flow in from Canada.

If travel from Canada returns to just half of late-2019 levels in Q3 and Q4, an additional \$3.3 billion in U.S. export income will be generated. This is achievable if, and only if, the expected loosening of quarantines affecting air travel by the Canadian government **is coupled with a full reopening of the land border**. This is a step in which the United States can, and must, take an active role and prioritize immediately.

With the significant progress in Canada’s vaccination campaign , a drop in COVID cases and a loosening of quarantine requirements for returning vaccinated Canadians—coupled with a favorable exchange rate and strong interest in summer travel—now is the time to fully open our land border with Canada.