



EBTC INFORMATION BULLETIN

DATE: August 21, 2007

SUBJECT: Decline of US visits to Canada

SOURCE: USA Today

For many U.S. travelers this summer, the response is "no, thanks."

Overall U.S. visits have slumped by more than one-third over the past five years, and same-day car trips are down nearly 50%. And the outlook for 2007 isn't much better, says Randy Williams of the Tourism Industry Association of Canada.

"We thought things couldn't get worse after 9/11 and SARS (the health scare that sparked a sharp drop in Canadian tourism in 2003). But they have," says Anna Pierce, head of Niagara Falls Tourism. The Ontario-based organization has seen foreign visitors (nearly 70% of whom are from the USA) decline from almost 14 million in 2000 to 11 million last year, and it expects another drop of about 5% this year.

What's dampening U.S. demand:

- Confusion over new passport regulations. Since Jan. 23, U.S. citizens re-entering the country by air from Canada must carry a passport; land and sea travelers can still use a birth certificate plus a photo ID until sometime between summer 2008 and June 2009. On June 8, after an unanticipated surge of applications and processing delays, the U.S. State Department announced that it would accept a government-issued photo ID and a passport application receipt from air travelers through Sept. 30. Meanwhile, the U.S. Department of Homeland Security is proposing a limited-use passport card that would be a less-expensive alternative for U.S. citizens who cross the Canadian border by land or sea.

- Concern about security-related delays at border crossings. Though heavy traffic associated with Monday's Canadian holiday sparked lengthy backups for U.S.-bound lanes on Niagara Falls' Rainbow Bridge, typical waits are 10 minutes or less, Pierce says.

- A strong Canadian dollar and higher gas prices. The Canadian "loonie" has gained more than 10% in value this year, hitting a 30-year high against the U.S. dollar last month. This week, the loonie was worth 94.92 U.S. cents, and, according to GasBuddy.com, gas cost an average of \$3.26 a gallon in Canada vs. \$2.82 in the USA.

- Canada's elimination of a tax-rebate program for individual foreign travelers. Before April 1, visitors who spent at least \$200 Canadian on goods and short-term accommodations could apply for a refund of a 6% federal sales tax.