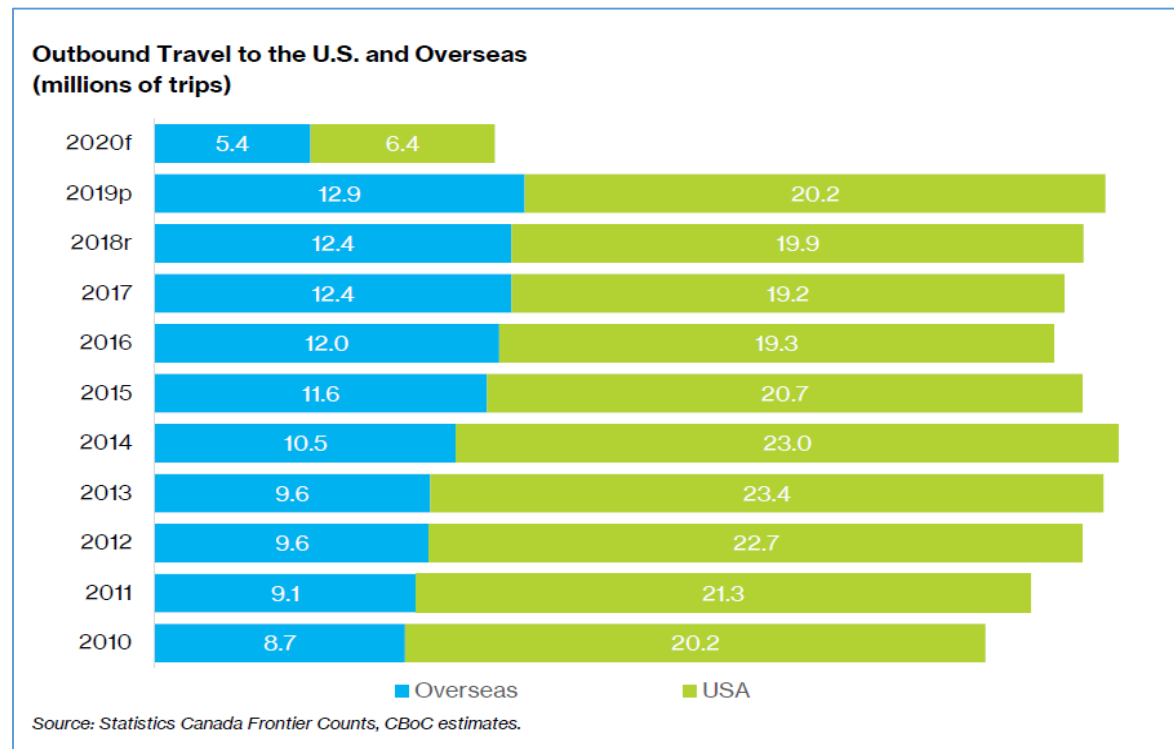


Travel Trends and Incentives

Canadians' Travel Levels

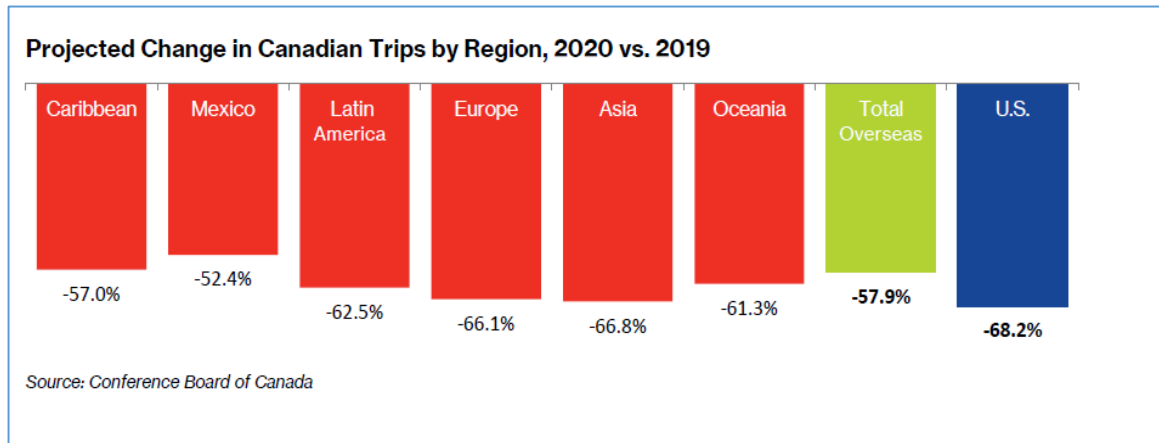
- The first half of 2020 registered a **loss of 8.6 million** outbound trips from Canada.
- Preliminary data suggests that there was a **78.7 per cent drop** in Canadians crossing into the United States via land borders from March-June, a loss of almost 3 million trips.
- According to the Conference Board of Canada, scenario modelling based on historical travel patterns, consumer sentiment and current capacity data suggests that there could be a **60-70 per cent decrease in outbound trips this year** compared to 2019¹. This translates into:
 - 13.8 million fewer trips to the United States expected in 2020; and
 - 7.4 million fewer trips overseas expected in 2020.



- According to the Conference Board of Canada, the **United States (68%), Asia (67%) and Europe (66%) (including the United Kingdom) will see the largest declines in the number of Canadian**

¹ Due to changes in methodology from 2017 onwards, Statistics Canada recommends that year-to-year comparisons be avoided. GAC (Consular Program Management and Analytics) purchases data on Canadian travellers abroad from Statistics Canada, however it contains yearly information only (with no monthly breakdowns) and only goes up until 2018.

travellers due to the severity of the outbreaks in these regions, the normal volume of travel, and the seasonal pattern of trip activity.



- Based on CNA’s latest available Statistics Canada data, leisure travel was the most frequent reason for travel abroad (67%) in 2018, followed by visiting family and friends (22%). Business travel accounted for 7% of travel; while personal and shopping accounted for 8% combined.
- There has also been a massive decline in air capacity. In the second quarter alone, Canadian carriers reduced outbound service by 6.3 million seats, a 96.3 per cent drop over last year.
- On a regional basis, lost service to destinations in the U.S. and Europe accounts for 70 per cent of the capacity reductions.

Changes in Direct Seat Capacity

Region	2019	2020	Percentage Change	+/-
Asia and Oceania	4,604,225	2,826,824	-38.6%	-1,777,401
Caribbean and Mexico	6,564,785	4,260,729	-35.1%	-2,304,056
Europe and Great Britain	8,618,849	3,509,843	-59.3%	-5,109,006
United States	19.8 million	9.5 million	-52.1%	-10.3 million

- While Canadian consumers are starting to think about travelling again, they are still wary about what this activity will look like in the COVID environment.
- The Conference Board of Canada is reporting that various polling suggests that activities associated with large crowds will continue to be viewed with caution until at least next year.

- As such, when flights come back online, and the border closure begins to ease, a return to normal trip levels is not anticipated.
- Canadian outbound travel market is not expected to return to normal monthly activity until at least late 2021.
 - According to public opinion research conducted September 10 – 15 through PCO’s COVID-19 Snapshot Monitoring in Canada (COSMO), only 12% of those surveyed are likely to fly in the next year.
 - Certain groups, such as those living in Alberta, younger people, and men, have somewhat greater intentions to travel (although still a small proportion overall).

Snowbirds Travel

- The Canadian Snowbird Association (CSA) estimates that the snowbird population to be **over one million people**².
- Normally 70% of their members would drive to the US annually³.
- Of these, at **least 350,000 Canadians** spend from three to six months in Florida. Upwards of **100,000 more** snowbirds spend between one and three months in Florida each year.
- The CSA indicates that it is difficult to determine how many of these snowbirds will head south this winter.
- Notwithstanding the Conference Board’s projections, Canadians are only restricted from travelling to the United States by land, and can continue to do so by air.
- Many states have far fewer restrictions in place than Canada. In Florida, for example, Governor Ron DeSantis has lifted all COVID restrictions on restaurants, businesses and individuals. Local public health authorities have the ability to put their own restrictions in place; however, the governor has banned local fines on individuals who refuse to wear masks.
- Despite the risks, news reports suggest that some snowbirds are still determined to head south for the 2020-21 winter stating that they would prefer to isolate somewhere with warmer weather.
- Several travel insurance providers have recently restarted selling COVID-19 medical coverage, after dropping it in March when the pandemic began.
- However, reports also suggest that many snowbirds have cancelled their plans citing concerns with rising case counts and the possibility of being stranded if borders close.

² CSA defines snowbird a snowbird as an individual who is 55 years of age or older and travels outside of Canada for 31 or more consecutive nights.

³ CSA does not have any data on members that travel to non-US countries.

Travel Advice for Canadians

- The Government of Canada continues to maintain a global travel advisory recommending that Canadians avoid non-essential travel and all cruise ship travel outside of Canada until further notice. 14-day quarantine continues to be required for returning Canadians.
- Other countries continue to tailor their travel advice and requirements to the risk level of partner countries. For example, the UK tailors its quarantine requirements based on the risk level of partner countries.
 - However, trends abroad in COVID-19 transmission are volatile. For example, the UK has made over 50 changes to its risk assessments since it instituted its methodology in late August, in some cases within a 14-day period leaving travellers to adapt to changing epidemiological conditions and new quarantine or other public health requirements mid-trip.
 - This type of risk assessment could be implemented in Canada, but may prompt similar confusion to that experienced in the UK.

Travel Incentives

- A number of other countries and companies are offering incentives in an attempt to increase travel and tourism as part of economic recovery efforts.

Incentive	Description	Examples
Free Medical Coverage	Air lines offering free COVID-19 medical coverage and related expenses, such as quarantine costs.	<ul style="list-style-type: none"> ▪ Air Canada and WestJet are now offering complimentary COVID-19 insurance for eligible passengers for travel to certain regions; WestJet’s coverage includes the US, Europe, the UK, Mexico and the Caribbean, and is valid through August 2021. The policy includes up to \$200,000 against unforeseen medical costs. ▪ The Emirates has offered a free funeral as part of its COVID-19 travel insurance if a passenger is diagnosed with COVID-19 during their journey.
	Countries offering coverage or pay out for tourists who fall ill with COVID-19 while visiting.	<ul style="list-style-type: none"> ▪ The Uzbekistan: “Safe Travel Guaranteed” campaign hopes to reassure travellers by promising the equivalent sum of \$3,000 CAD in compensation to any tourists infected with COVID-19 during their stay. ▪ In Cyprus, any travellers testing positive for the virus will have their accommodation, medical treatment, and food covered.

<p>Discounted/ Subsidized Travel Expenses</p>	<p>A number of countries are offering targeted discounts on different aspects of travel including: hotel stays, flights, cruises, admission to tourist attractions, as well as vouchers for local shops and restaurants.</p>	<ul style="list-style-type: none"> ▪ Examples include: Mexico, Italy, Prague, Greece, Bulgaria, Egypt, Japan
<p>Bypassing Quarantine Requirements</p>	<p>Over 30 countries are now offering airport testing so that travellers can either reduce or eliminate their quarantine time.</p> <p>Some airports offer testing, while others accept recent test results. Some tests are provided free of charge; however, travelers often have to cover the cost.</p>	<ul style="list-style-type: none"> ▪ In Iceland, arrivals are swabbed at the airport and if they test positive, they must self-isolate for 14 days. With a negative result, they get a text message on their fourth day of quarantine telling them how to get a second test. If that is negative, they can leave quarantine. Each test costs 50,000 ISK, or about US\$360. Travellers can skip the test if they bring sufficient proof that they have already been tested and do not have the virus. ▪ Austria is also offering the option of taking a COVID-19 test at the Vienna International Airport, where results are available in two to three hours and, if negative, allows travelers to skip the 14-day quarantine. The tests cost 190 euros, or about US\$206, but visitors may present a medical certificate which confirms negative COVID-19 test results no older than four days. ▪ At international airports in France, compulsory testing for those arriving from high-risk countries has been in operation since August 1, although those with proof of a recent negative test can avoid it. The list of countries linked to the tests includes the US, Israel and Serbia, but not the UK. ▪ UAE's Ras Al Khaimah Emirate has announced they will offer free PCR tests for visitors to the region, with results available in 12 – 24 hours.
<p>Changes to Visa Requirements</p>	<p>Some countries have adapted visa requirements to make travel and staying in country easier for travellers</p>	<ul style="list-style-type: none"> ▪ Egypt has eliminated the need for visitors to have obtained a travel visa in advance of visiting the country. Instead, until the end of April 2021, passengers are required to present a negative PCR test certificate when arriving in Egypt, with the test conducted no more than 72 hours before departure to allow travel to Egypt's

		<p>touristic governorates.</p> <ul style="list-style-type: none"> ▪ Bermuda and Barbados are among the countries that have changed rules to allow non-residents to live and work remotely in country for up to 12-months.
<p>Health Requirements and Supports for the Tourist Sector</p>	<p>Some countries are adding health requirements or supports to the tourist sector to increase safety of visitors and bolster the image of their tourist industry.</p>	<ul style="list-style-type: none"> ▪ Hotels in Cuba are staffed with a resident nurse, doctor and epidemiologist and are staffed by a full team of mask-wearing Cuban employees who are bussed in to work three-week shifts. ▪ Egypt has introduced a range of new hygiene standard regulations for hotels, based on guidelines from the Egyptian government and the WHO, including mandatory sterilisations, temperature tests for COVID-19, contactless check-ins, sterilization of luggage, provision of PPE to guests, and limits to the number of occupants in each room (two adults and one child). Hotels must pass an audit to ensure they are meeting the new hygiene standards. Each hotel must also have a resident health specialist to respond to emergencies.

- In addition to direct incentives to travellers, there are a number of counties that are applying fiscal or regulatory measures in order to support their tourism industries and attract visitors in the short or medium term. For example, Spain put in place a COVID recovery package for the industry with the goal of attracting tourists over the summer while other jurisdictions were closed. The Spanish aid package included targeted promotional activities on the part of the government, which also reduced tariffs for airlines landing in Spain.