CANADA EXPECTS A FULL TOURISM RECOVERY IN 2024

According to Destination Canada, the tourism industry is expected to recover by next year, although it is already recovering more quickly than expected. In a recent report, the Crown Corporation forecasts that the number of accredited and business visits with overnight stays in the country will be 2% lower in 2023 compared to 2019. However, their projections indicate that this number will slightly surpass the pre-pandemic numbers by 2024.

Destination Canada, an organization that promotes tourism in the country, predicts that the total spending in the industry will be $109.5 billion by 2023, exceeding the 2019 threshold of around $105 billion. **However, the expenditure for this year is expected to reach about $122 billion due to inflation**, matching the pre-pandemic spending in constant dollars as calculated by the Bank of Canada's inflation calculator.

Meaghan Ferrigno, the head of data and analytics at Destination Canada, says inflation has supported the spending. However, when measured realistically, industry revenues may take two to three years to reach the 2019 levels and reach full tourism recovery.

A Pivotal Moment for the Canadian Tourism Sector

According to a report, the importance of travel is still high among people, despite economic challenges. Consumers prioritize experiences over goods, which is good for the tourism recovery. The report suggests that the tourism sector can reach $160 billion annually by 2030, but capacity constraints may limit this total to $140 billion with no real growth when adjusted for inflation. To help the industry grow, attracting more affluent tourists, recruiting workers, and welcoming visitors outside peak season are essential. Marsha Walden, the CEO and president of the organization, said that this is a crucial moment for the industry.

The Recovery of Business Travel

The tourism sector in Canada is expected to grow by almost 6% annually until 2030. This growth rate is predicted to be higher than the country's economic growth, as reported by a recent study. However, compared to global tourism revenues, this pace seems slow, as the latter is estimated to grow by more than 7% annually.

Ferrigno, an industry expert, points out that Canada has yet to keep up with other G7 countries in terms of public and private investments in tourism. While Canada remains among the top long-haul destinations for five key markets, including the United States, the United Kingdom, Mexico, France, and Germany, other countries have made significant progress in their tourism sectors.

The Crown Corporation has stated that leisure has been the top driving force of the travel industry over the past two years, reaching pre-pandemic levels in 2022 with $72.4 billion in revenue. However, business travel is now beginning to recover, which is essential to filling hotels, restaurants, and conference centers outside of peak season.

According to experts, avenues for tourism recovery are expected to be seen next year, but it will take two or three years for events to take place, resulting in a more significant turnaround. While tourism revenues are increasing as expected, labor, food, and fuel costs are also rising. Large and small businesses across Canada are feeling this drop in profitability.

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