Tourism

The tourism industry supplies goods and services to business and pleasure travellers. As such, the industry comprises to varying degrees, sectors and subsectors of other industries: accommodation, passenger transportation, travel agencies, tour operators, recreation and amusement, rental and private cars, food services and retail trade.

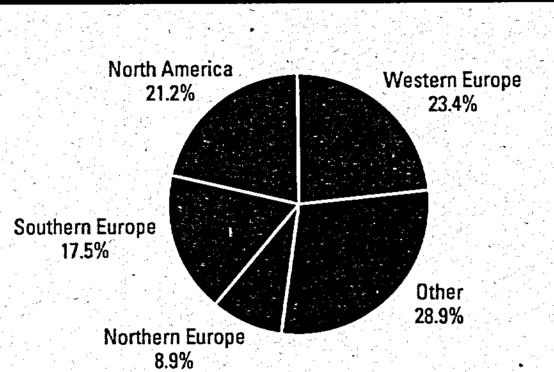
International Environment

Since the 1950s, tourism has emerged as one of the world's most important growth industries. Currently, it is a $2.65 trillion industry world-wide. The World Tourism Organization predicts that international trips will grow at an annual rate of 4 percent in the 1990s — a significantly lower rate than in the past. This slowdown, together with the growing availability of tourism products and services, has dramatically escalated international competition for travel revenue.

Western Europe is the most important tourist destination, with receipts of US$61.1 billion (see Figure 1). North America is the second-largest market, capturing US$55.4 billion in receipts. Significant emerging markets to generate revenue are the Republic of Korea, Taiwan, Brazil and Argentina.

Throughout the 1990s, travel within Europe is expected to continue to expand. Rapid growth in traffic from Europe to North America (via the North Atlantic) is also expected. At the same time, trips within the Asia-Pacific region, as well as between Europe and Asia, are expected to increase significantly.

Figure 1 — Top Tourist Destinations (Percent Share)



Source: World Tourism Organization, *Yearbook of Tourism Statistics*, 1993.

In recent years, the industry has shifted from its traditional focus on market growth to capturing market share. New entrants to the global tourism industry have significantly increased competition among countries for tourist dollars. The tourism market is now demand, rather than supply-driven. Travellers have become more sophisticated, value-conscious and discriminating in their choice of destinations, thereby forcing suppliers and producers to offer quality, competitively priced tourism products and services. Issues such as competitiveness, productivity, the use of technology, strategic partnering, transportation accessibility and sustainable tourism development, have a major impact on a country's ability to maintain and develop market share.

Canadian Position

The performance of the tourism industry has a significant impact on Canada's economy. In Canada, tourism is a $28-billion industry that accounts for 4 percent of GDP and 5 percent of employment, generating about 550 000 jobs. In 1992, tourism ranked fourth among Canada's exports generating $8 billion, after motor vehicles ($28 billion), auto parts ($10 billion) and business services ($9 billion).

Canada's tourism industry is the ninth-largest in the world, with receipts of US$5.5 billion and 2.12-percent share of the world market in 1991. The industry's annual 8.8-percent growth rate in the 1980s was surpassed only by the U.S. and Australia among OECD countries. Yet, like many