

Our travel to U.S. worries top economist



Canadians took 4.8 million trips to the United States on a seasonally adjusted basis in June — up 2.6 per cent from May and up 2.4 per cent from the same month last year. Special to The Star

By: [Jeff Green](#) News reporter, Published on Tue Aug 20 2013

Statistics Canada's latest cross-border travel figures, highlight a worrisome trend in Canadian and American travel habits, says a leading economist.

"This is a bigger story that's been unfolding for years," said Doug Porter, chief economist at BMO Capital Markets, commenting on June figures.

"It's been a slow build. And there are two parts of it. One is that Canadians are going over the border in droves. And I think an almost equally important story is Americans are not coming to Canada anymore. If you look back years ago the two flows would be roughly similar."

"There's no comparison (now). It's almost three times as many trips by Canadians to the States as Americans into Canada," said Porter.

The federal agency says Canadians took 4.8 million trips to the United States on a seasonally adjusted basis in June — up 2.6 per cent from May and up 2.4 per cent from the same month last year.

Going the other way, the number of trips to Canada from the United States fell 0.5 per cent from May to 1.7 million trips in June. A year earlier, there had been 1.75 million trips to Canada from the United States.

The relatively small increase between June, 2012 and 2013 is more strongly associated to the currency than any other incentive, Porter said, and not the relaxed duty-free limits introduced roughly one year ago.

But that doesn't mean the deals are exclusively south of the border. Wendy Evans of Evans and Company Consultants Inc. pointed to a recently opened outlet mall in Halton Hills as well as Target's expansion into Canada as two factors that may potentially slow shopping trips to the U.S.

"Although that is definitely diminishing, and of course now with Halton Hills and with other U.S. stores opening up here at a great pace, the lure is less in terms of targeted, sorry about the pun, shopping trips," said Evans.

"If you were to compare Target prices this side of the border and the other side, you're not getting, I think what the public anticipated, was going to be terrific bargains here. I would have said there's still certainly incentive to go south," said Evans.

She added that higher duty-free limits are not lost on consumers.

"People are still cognizant of the fact that it's increased and the fact that it's given you more leeway to make bigger purchases," Evans said.

Matt Marchand, president and CEO of the Windsor-Essex Regional Chamber of Commerce, cautioned into reading too much into the StatsCan release.

"You don't want to read too much into one month's numbers so the fact remains we have a healthy trading relationship," said Marchand.

He did, however, point out to the increased number of airplane trips to Canada — the fifth month in a row of gains in that category — which he described "very positive indicator."

Still, Porter said, the major factor at play at the border has always been the dollar.

Travel levels between the two countries were at record highs in the early 1990s, when the Canadian dollar was trading at roughly 85 cents (U.S.). Today, it's at roughly 96 cents, and it would need to drop below 90 cents to make a significant impact on travel.

With files from the Canadian Press