

## **COVID-19 Canada Market Update** **May 28, 2020**

### **Canadian Border Policy & Travel Restrictions**

- Prime Minister Justin Trudeau has officially announced that the Canada-U.S. border will remain closed to non-essential travel for another 30 days. The border closure agreement with the U.S. was set to expire on May 21. The border will continue to be closed until June 21.

### **Travel Industry News**

- European regulators are launching an in-depth investigation into Air Canada's deal to buy travel company Transat AT amid European Commission concerns the deal may reduce competition and result in higher prices. The commission is worried the proposed deal could significantly reduce competition on 33 origin and destination city pairs between Europe and Canada.
- Air Canada will resume service to the U.S. on June 22, with six destinations being served, including New York-LaGuardia, Washington-Dulles, Los Angeles, San Francisco, Boston and Chicago. This is a significant reduction from 53 U.S. destinations served last year.
- Flight Centre says the company is already starting to see a surge in interest, mostly for travel next year. And providers are cutting prices and changing existing policies so consumers feel comfortable booking now.
- All Air Canada Vacations bookings are cancelled up to June 30, 2020 arrivals.

### **Airlines**

- **Sunwing** is suspending all southbound flights through June 25
- **Air Canada** plans to resume service to the U.S. June 22, subject to any further government restrictions beyond that date and AC has suspended most international flights outside of the U.S. until June.
- **Air Transat** is cancelling all trips until June 30
- **Porter Airlines** has pushed back its temporary suspension of flights by four weeks, with flights set to resume in July.
- **WestJet** is extending its temporary trans-border and international route suspensions through June 25, 2020

### **Canadian Economy**

- Over 3 million Canadians have been laid off, or had their work hours reduced. To combat this, the largest economic program in Canada's history has been rolled out.

### **Industry Survey Findings**

#### *Conference Board of Canada Summer Intentions Survey (2,000 Canadians)*

- January 2020 saw the highest outbound travel recorded with auto travel up five percent and air travel grew six percent.
- The Conference Board of Canada was projecting a good year prior to Covid-19
- Winter 19/20 was up five percent compared to the previous winter (Nov - March)
- April and May saw 2.2 million fewer seats (96 percent drop) just in Canadian carriers to the U.S.
- Of the Canadians surveyed on March 23<sup>rd</sup>, 58 percent had decided to cancel or delay their travel and when surveyed again on April 16 it jumped to 73 percent



- Most of the Canadians surveyed will stay in Canada this coming summer but are hopeful to travel again in the fall when they feel safe and confident. There will be a lot of pent up demand to travel.

#### **Travelweek Travel Agent Survey**

- 55 percent of agents surveyed expect their sales to be down more than 75 percent this year
- 55 percent of agents expect their bookings to pick up in fall/winter 2020 and 40 percent believe it will not be until 2021
- Agents believe travel to the U.S. will be the first International destination to recover
- Millennials will be the first to travel followed by Generation X and then Baby Boomers
- Agents see future travel including: small groups, more travel insurance, shorter booking windows, more stringent health protocols in destination and airlines will have to change their seating system

#### **Nanos Research Poll**

- According to the survey, 44 percent of those consumers polled said they agree or somewhat agree that they would be nervous about flying until a vaccine is available
- The most worried are 55-plus, 84 percent of whom agree or somewhat agreed that they would be worried without a vaccine, compared to 65 percent of those aged 18 to 54.
- Nearly one in four of overall survey respondents said they would not worry