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The Impact of the Visitor Economy on Canadian Exports

Destinations International
February 2026



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Foreword

Destinations International is pleased to present this important report examining the linkage between Canada's visitor economy and its export industries. This research adds to the body of knowledge supporting what Destination organizations have known for a long time: that smart investments in destination promotion yield lasting impacts that extend far beyond the tourism and hospitality industries.

Canada is engaged in an ongoing national conversation about competitiveness, productivity, trade diversification and evolving global market relationships. Too often, the visitor economy is left out of this conversation.

The visitor economy is a strategic enabler of trade and investment outcomes. International visitors create commercial relationships that mature into trade over time. Conferences and business events serve as platforms for dealmaking, partnership development and sector development. Air service development driven by visitor demand establishes trade corridors that benefit export-oriented industries. Strong destination brands reinforce national reputation, trust and market access for Canadian firms abroad.

This important perspective is captured in Destinations International's Community Vitality Wheel, a framework that illustrates the crucial role destination organizations play in improving the long-term social and economic health of communities.

The Community Vitality Wheel below identifies the visitor economy as part of a continuum: A great place to visit is a great place to live; a great place to live is a great place to work; a great place to work is a great place to invest – and it all starts with a visit. Destination organizations are uniquely positioned to help their communities inspire that visit.

THE WORK OF A DESTINATION ORGANIZATION



Destinations that succeed in attracting visitors also position themselves to attract broader investment, including business capital, skilled talent, new residents and expansion of export-driven industries.

Using a multidecade, panel data econometric analysis, this report quantifies the relationship between inbound visitation to Canada and Canadian export performance. The findings demonstrate a statistically significant link between increases in international visitors and subsequent growth in Canadian goods and services exports that extends well beyond the direct export of tourism services themselves.

This study provides an empirical foundation for what destination leaders have long observed in practice: the visitor economy is not an isolated sector, but a foundational platform for broader economic development; that by driving the visitor economy, destination organizations are catalysts for community vitality.

Destinations International is proud to collaborate with EY-Parthenon on this research, which was made possible through the generous support of the Destinations International Foundation and financial contributions from our members. We are grateful to the Executive Committee of the Canadian Destination Leadership Council for their stewardship of this project on behalf of Canada's destination organization community.

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Executive summary

Background and context

The visitor economy serves as a powerful catalyst for long-term economic engagement, extending far beyond the immediate impact of visitor spending. A visit to Canada often marks the beginning of a deeper economic relationship, one that can evolve into sustained demand for Canadian goods, services, and investment. This dynamic is evident across both leisure and business segments of the visitor economy. Leisure travellers experience Canadian quality and innovation firsthand, creating lasting impressions that often translate into advocacy and demand abroad. Similarly, business events and conferences amplify this effect by connecting Canadian firms with global networks, fostering partnerships, and opening pathways for export growth and international market expansion.

EY-Parthenon was engaged by Destinations International (DI), in partnership with the Canadian Destination Leadership Council (CDLC), to perform the following:

- ▶ Conduct econometric modelling using data from publicly available sources to measure the causal link between Canadian inbound tourism volumes and export growth.
- ▶ Interview relevant stakeholders to collect broader qualitative insights that could be used to supplement quantitative findings from the econometric analysis in the form of case studies that demonstrate how individual destination marketing organizations are seeking to drive international visitation.

Modelling conclusion – How the visitor economy impacts Canadian exports

Our analysis reveals a statistically significant relationship between inbound tourism volumes and Canadian exports. Specifically, a 1% increase in non-resident visits to Canada is associated with approximately **\$1.06 billion in additional exports over a two-year period**. This estimate reflects the combined effect on goods and non-tourism services exports, beyond the direct contribution of the visitor economy as a service export.



Note: The above results are presented in 2025 CAD.

The broader impact of the visitor economy on exports

The visitor economy is more than tourism, it's a strategic enabler of trade and economic diversification. When international visitors come to Canada, they create ripple effects that extend far beyond hotels and attractions, influencing air connectivity, global business relationships and Canada's brand in international markets.

Table 1 below presents a summary of the key themes identified based on insights gathered from stakeholders within the visitor economy ecosystem.

Table 1: Summary of visitor economy, economic development mechanisms

Theme	Summary
Trade corridor development 	<ul style="list-style-type: none"> ▶ International tourism demand often serves as the catalyst for establishing new air routes. Once these routes are operational, they not only carry passengers but also create essential infrastructure for cargo movement. This connectivity enables Canadian exporters, especially in sectors such as agri-food, seafood, and high-value perishables, to efficiently access global markets.
Role of business events 	<ul style="list-style-type: none"> ▶ Destination Organizations (DOs) play a critical role in attracting major international conferences and industry gatherings to Canada. These events bring global decision-makers together, creating opportunities for Canadian businesses to showcase innovation, negotiate deals, and form strategic partnerships across sectors such as life sciences, advanced manufacturing, and clean energy.
Trade diversification 	<ul style="list-style-type: none"> ▶ The visitor economy supports Canada's trade diversification efforts by fostering strong ties with established markets in Asia and Europe, as well as other emerging markets around the world. Visitors from countries such as Japan, South Korea, China, and ASEAN nations contribute to the visitor economy while also building relationships that lead to long-term trade agreements and commercial engagement.
National identity & global brand 	<ul style="list-style-type: none"> ▶ The visitor economy acts as a powerful tool for projecting Canada's national identity and global brand. Every international visitor experiences Canadian values, which strengthens trust in Canadian products and services abroad and enhances Canada's reputation in global markets.

1. Introduction

1.1 Project background and context

The visitor economy serves as a powerful catalyst for long-term economic engagement, extending far beyond the immediate impact of visitor spending. A visit to Canada often marks the beginning of a deeper economic relationship, one that can evolve into sustained demand for Canadian goods, services, and investment. This dynamic is evident across both the leisure and business segments of the visitor economy.

Leisure travellers experience Canadian quality and innovation firsthand, creating lasting impressions that often translate into advocacy and demand abroad. Similarly, business events and conferences amplify this effect by connecting Canadian firms with global networks, fostering partnerships, and opening pathways for export growth and international market expansion.

Foundational research by Keum (2011) established a causal link between international tourism and trade flows using panel data and Granger causality testing, while Poole (2010) demonstrated the role of business travel in initiating new export relationships. Deloitte's 2013 Passport to Growth report translated these academic insights into the Canadian context, estimating the dollar impact of increased inbound tourism volumes. More recently, DI's *Destination Promotion: A Catalyst for Community Vitality* report expanded the lens beyond trade, highlighting how DOs contribute to broader community and economic outcomes.

This research study will expand on previous research and focuses solely on the linkage between the visitation and exports. Leveraging previous research, our study is underpinned by a quantitative economic model that will investigate the linkage of inbound tourism on Canadian export growth. This quantitative econometric analysis was supplemented by stakeholder consultations to gather insights into the role and efforts of Canadian destination marketing organizations in driving international visitation.

EY-Parthenon was engaged by DI, in partnership with the CDLC to perform the following:

- ▶ Create an econometric framework to estimate the relationship between inbound tourism and Canadian export growth.
- ▶ Interview relevant stakeholders to collect broader qualitative insights that could be used to supplement quantitative findings from the econometric analysis in the form of case studies that demonstrate how individual destination marketing organizations are seeking to drive international visitation.

This report presents a summary aligned with the activities outlined above, including the methodology and findings of the econometric modelling and the broader narrative examples to support the case for the impact of the visitor economy on exports.

1.2 Summary approach and methodology

This study builds on a foundation of academic and industry research that has explored the relationship between inbound international tourism and export performance. The previous research; Keum (2011)¹, Poole (2010)², and Deloitte (2013)³ formed the basis for the methodology employed in this research study.

Using a panel data regression model, we estimate the relationship between inbound tourism volumes (international visitors to entering Canada) and Canadian goods and services exports. The dataset collated to conduct this analysis tracks quarterly historical data from 2002 to 2025. Both inbound tourism volumes and export data covers 24 countries that together account for more than 95% of Canada's exports.

The analysis uses a country-level panel dataset, combining observations across multiple countries and quarters over more than two decades. This analysis framework allows us to capture both differences between countries and changes within each country over time. By leveraging panel data, we can control for characteristics that remain constant within each country while focusing on how variations in the visitor economy and economic indicators relate to export performance. This approach improves reliability compared to models that treat all observations as independent.

The key result of the analysis is to estimate how a 1% increase in inbound tourism volumes impacts Canada's exports over a two-year horizon. This elasticity-based interpretation provides a clear measure of the potential trade benefits linked to the visitor economy, offering a perspective into how policies that attract visitors may translate into export gains across goods and non-tourism services.

1.3 Report structure

The remainder of this report is structured as follows:

- ▶ **Section 2: Overview of modelling framework:** Provides an overview of the econometric methodology applied in this report, including the model specification, data sources and modelling structure.
- ▶ **Section 3: Modelling results – how the visitor economy impacts exports:** Summarizes the results of the econometric modelling, including an estimation of the impact inbound tourism volumes could have on Canadian exports.
- ▶ **Section 4: Broader impact of the visitor economy on exports:** Presents perspectives on the role of the visitor economy in trade development, gathered via the stakeholder consultations.

¹ Kiyong Keum, "International tourism and trade flows: A causality analysis using panel data" *Tourism Economics*, October 2011, <https://journals.sagepub.com/doi/10.5367/te.2011.0054>

² Jennifer Poole, "Business travel as an input to international trade". *Review of Economics and Statistics*, February 2010 https://www.researchgate.net/publication/228810548_Business_travel_as_an_input_to_international_trade

³ "Passport to Growth: How International Arrivals Stimulate Canadian Exports," *Deloitte LLP*, 2013, <https://www.deloitte.com/content/dam/assets-zone3/ca/en/docs/services/consulting/2024/ca-en-ib-tourism-and-trade.pdf>

2. Overview of modelling framework

The section below provides a brief literature review of the three studies that form the empirical foundation for this engagement and a high-level overview of the methodology employed in the econometric modelling.

2.1 Literature review

This study builds on a foundation of academic and industry research that has explored the relationship between inbound international tourism and export performance. Three key studies; Keum (2011), Poole (2010), and Deloitte (2013), form the core of this literature review, each contributing distinct methodological and contextual insights that inform the analytical framework of this project.

Table 2: Literature Review of Key Studies

Key document	Summary description	Summary findings on link between the visitor economy and exports
"Passport to Growth: How International Arrivals Support and Stimulate Canadian Exports", Deloitte (2013)	Analyzes the relationship between international tourist arrivals to Canada and the growth of Canadian exports. The report presents an argument that international tourism is not only a service export but a potent catalyst for broader Canadian goods and service exports.	<ul style="list-style-type: none">▶ A 1% rise in international arrivals to Canada leads to an \$817 million increase in exports over two years, indicating a strong link between tourism and export performance.▶ Tourism boosts demand in sectors like accommodations, food, transportation, and events, creating nearly 1,400 full-time jobs for every \$100 million in direct spending.▶ A \$100 million increase in tourism spending generates \$69 million in indirect output, supporting jobs and tax revenues across various sectors.▶ International visitors, especially business travellers, enhance familiarity with Canadian products, increasing awareness and demand for goods upon their return home.▶ Canada's global tourism ranking fell from 2nd in 1970 to 18th by 2011, with a 20% drop in international visits since 2000, highlighting a missed chance to use tourism for export growth.
"International tourism and trade flows: A causality analysis using panel data", K. Keum (2011)	The research paper investigates the causal relationship between international tourism and trade flows. The analysis aims to determine whether there is a causal link between the movement of	<ul style="list-style-type: none">▶ The study applies a Granger causality test to assess whether increases in international tourism led to increases in exports.▶ Using 12 years of panel data between South Korea and 21 trading partners, the study finds a statistically significant causal link from inbound tourism to trade.▶ The results suggest that international travel can be a leading indicator of future trade growth, supporting the idea that tourism helps build trade relationships.

<p>"Business Travel as an Input to International Trade", University of California; J. P. Poole (2010)</p>	<p>goods (trade) and people (tourism) across borders.</p> <p>The paper explores the critical role of a business travel in facilitating international trade. The core argument is that business travel facilitates face-to-face meetings that fosters business travel.</p>	<ul style="list-style-type: none"> ▶ The strength and direction of the tourism-trade relationship vary by country pair, indicating that the impact of inbound tourism on exports is context-specific. ▶ The study provides empirical evidence that policies aimed at increasing international tourist arrivals can contribute to export performance. <ul style="list-style-type: none"> ▶ The study finds that lagged business travel is positively associated with trade, in particular, the formation of export relationships. This suggests that business travel plays a role in initiating trade, not just expanding existing flows. ▶ Business travel helps overcome informational asymmetries and language barriers. This supports the idea that tourism (particularly business tourism) can reduce non-tariff trade barriers. ▶ The effect of business travel is stronger for differentiated goods, which require more information exchange and trust-building. ▶ The study finds that technical or higher-skilled travellers are more effective in generating trade, suggesting that the quality of inbound visitors matters for export outcomes. ▶ The findings support the rationale behind government export promotion programs that facilitate international business travel and matchmaking.
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Together, these studies provide a comprehensive framework for understanding and measuring the visitor economy-trade relationship. Keum offers a Granger causality testing methodology, Poole elucidates the mechanisms of business travel, and Deloitte delivers Canadian-specific impact estimates using a panel data econometrics model.

Building on these studies, EY-Parthenon used a panel data econometric model to deliver an updated Canadian-specific impact estimate, based on the most recent publicly available data. The literature review informs both the analytical design and the narrative structure of the final deliverables, ensuring alignment with established research while contributing new evidence to the field.

2.2 EY-Parthenon's modelling methodology

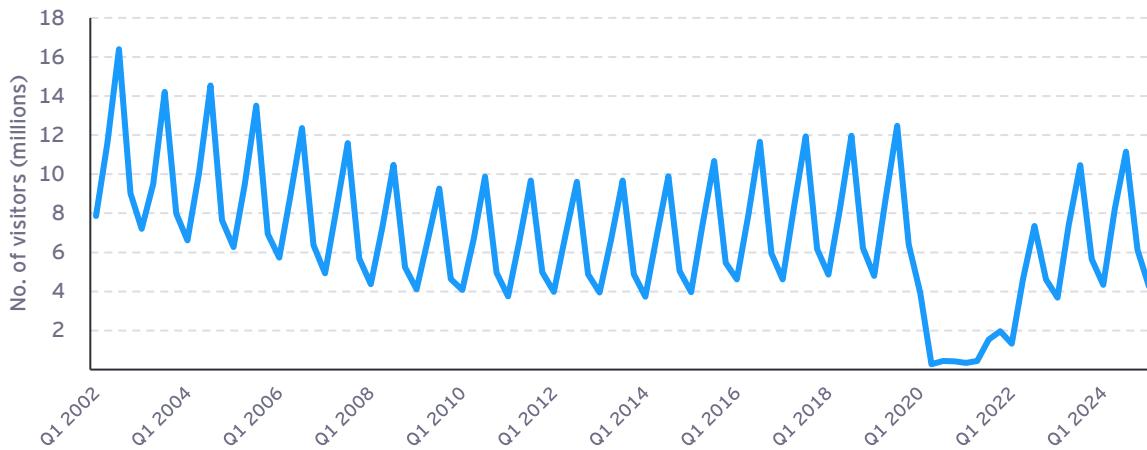
EY-Parthenon's econometric analysis builds on the foundation established by prior studies examining the relationship between the visitor economy and export performance. To generate a Canada-specific estimate of the economic impact of the visitor economy, we applied a panel data econometric model using publicly available Canadian data.

DATA INPUTS

To assess the relationship between inbound tourism volumes and exports, EY-Parthenon examined Canadian data tracked quarterly from Q1 2002 to Q2 2025. We extracted and analyzed quarterly export and visitation data, which form the core datasets for this study and serve as the independent and dependent variables.

The independent variable used in this study was non-resident visitors entering Canada (broken down by country), based on Statistics Canada data:

Figure 1: Non-resident visitors entering Canada, quarterly



The dependent variable was a combination of Canadian goods and services exports data (broken down by country), based on Statistics Canada data:

Figure 2: Canadian goods and services exports



The above data was collected for 24 countries that make up over 95% of Canada's total exports. Table 3 below outlines the countries included in the data collection and econometric analysis.

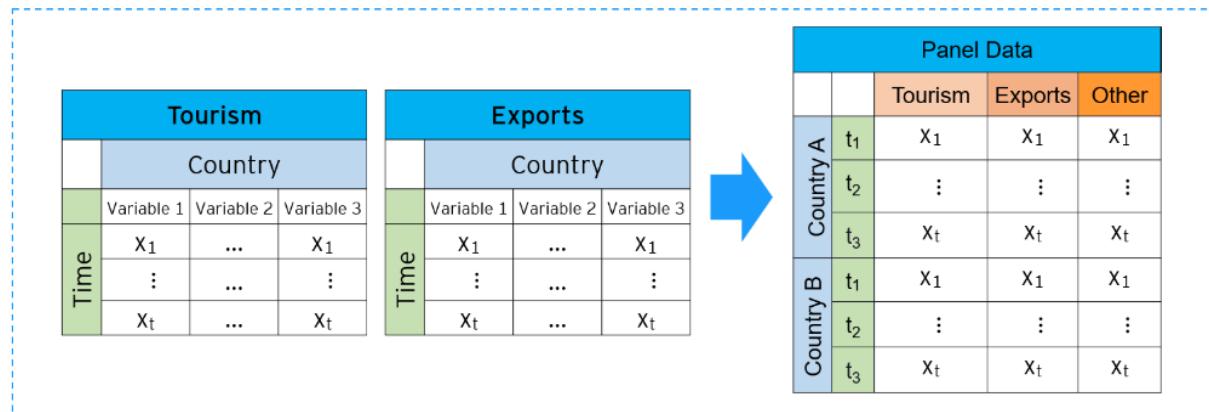
Table 3: Countries included in the econometric analysis

Countries			
Australia	Hong Kong	Netherlands	Spain
Belgium	India	Norway	Switzerland
Brazil	Indonesia	Russian Federation	Taiwan
China	Italy	Saudi Arabia	Turkey
France	Japan	Singapore	United Kingdom
Germany	Mexico	South Korea	United States

MODEL STRUCTURE

The modelling framework uses a country-level panel dataset, which combines observations across multiple countries, quarterly from 2002 to 2025. This structure allows us to capture both cross-country differences and within-country changes over time. By leveraging panel data, we can control for unobserved characteristics that remain constant within each country while focusing on how year-to-year variations in the visitor economy and economic indicators relate to export performance. This approach improves the reliability of estimates compared to models that treat all observations as independent.

Figure 3: Panel data illustrative structure



Model specification

The modelling framework relies on a Fixed Effects (FE) panel regression with country and time controls. This model was selected because it accounts for unobserved, time-invariant country characteristics that could bias results in pooled or random-effects models. Alternative specifications, including instrumental variable (IV) and dynamic panel models, were tested as robustness checks and confirmed the consistency of the FE estimates.

Figure 4: Simple econometric model specification

$$Exports_{it} = \alpha_{it} + \beta \cdot Tourism_{it} + \delta \cdot Control\ Variables_{it} + \varepsilon_{it}$$

- ▶ In the subscript, *i* represents a given country and *t* denotes a given time period.
- ▶ The above model is designed to estimate the additional exports (\$CAD millions) associated with a 1% increase in inbound visitor volumes.

Where:

- ▶ **Exports_{it}** represents the value of Canadian exports to country *i* in quarter *t*. This is the primary dependent variable of interest.
- ▶ **Tourism_{it}** is the number of non-resident visitors from country *i* entering Canada in quarter *t*. This is the primary independent variable of interest.
- ▶ The **control variables (X_{it})** included in the model are designed to isolate the effect of tourism by accounting for structural and contextual differences across countries. These include:
 - **GDP**: Reflects the economic size and purchasing power of the partner country.
 - **Geographic area**: Larger countries may have more diversified economies and trade patterns.
 - **Landlocked status**: Indicates whether a country lacks direct access to maritime trade routes, which can affect export logistics.

- **Commonwealth country:** Captures historical trade and cultural ties that may influence both tourism and exports.
- **Shared language (English):** Reduces communication barriers, potentially facilitating both travel and trade.
- **Distance between major cities:** Measured as the distance between Toronto and the largest city in each partner country, this variable reflects physical proximity, which is a key component in gravity models of trade.

In addition to the Fixed Effects model, EY-Parthenon conducted Granger causality testing to assess whether increases in inbound tourism precede and help predict increases in exports. This test adds a temporal dimension to the analysis, helping to evaluate whether the visitor economy acts as a leading indicator of trade growth.

For a detailed description of the econometric methodology employed, please refer to [Appendix A](#).

3. Modelling results – how the visitor economy impacts exports

Our analysis reveals a statistically significant relationship between the visitor economy and Canadian exports. Specifically, a 1% increase in non-resident visits to Canada is associated with approximately **\$1.06 billion in additional exports over a two-year period**. This estimate reflects the combined effect on goods and non-tourism services exports, beyond the direct contribution of the visitor economy as a service export.

The two-year period reflects the realistic timeline over which tourism-related export impacts tend to materialize. When international visitors engage with Canadian businesses, products, or services during their stay, the resulting commercial relationships and purchasing decisions often unfold gradually. Measuring the export impact over two years allows the analysis to capture both immediate and delayed effects, offering a more complete view of how inbound tourism contributes to export growth beyond its direct service value.



Note: The above results are presented in 2025 CAD equivalents.

These findings underscore the strategic importance of promoting the visitor economy as a driver of broader economic activity. Ultimately, the promotion of the visitor economy is not only about attracting visitors, but can position Canada as a trusted and desirable source of high-quality products and services. By integrating visitor economy strategies with trade objectives, Canada can strengthen exports and ensure that the benefits of the visitor economy ripple across the entire economy.

4. The broader impact of the visitor economy on exports

The visitor economy is more than tourism. It is a strategic enabler of trade and economic diversification. When international visitors come to Canada, they create ripple effects that extend far beyond hotels and attractions, influencing air connectivity, global business relationships, and Canada's brand in international markets.

Table 4 below outlines a summary of the key points EY-Parthenon heard in stakeholder interviews with members of the visitor economy ecosystem:

Table 4: Summary of visitor economy, economic development mechanisms

Theme	Summary
Trade corridor development	 <ul style="list-style-type: none">▶ International tourism demand often serves as the catalyst for establishing new air routes. Once these routes are operational, they not only carry passengers but also create essential infrastructure for cargo movement. This connectivity enables Canadian exporters, especially in sectors such as agri-food, seafood, and high-value perishables, to efficiently access global markets.
Role of business events	 <ul style="list-style-type: none">▶ DOs play a critical role in attracting major international conferences and industry gatherings to Canada. These events bring global decision-makers together, creating opportunities for Canadian businesses to showcase innovation, negotiate deals, and form strategic partnerships across sectors such as life sciences, advanced manufacturing, and clean energy.
Trade diversification	 <ul style="list-style-type: none">▶ The visitor economy supports Canada's trade diversification efforts by fostering strong ties with established markets in Asia and Europe, as well as other emerging markets around the world. Visitors from countries such as Japan, South Korea, China, and ASEAN nations contribute to the visitor economy while also building relationships that lead to long-term trade agreements and commercial engagement.
National identity & global brand	 <ul style="list-style-type: none">▶ The visitor economy acts as a powerful tool for projecting Canada's national identity and global brand. Every international visitor experiences Canadian values, which strengthens trust in Canadian products and services abroad and enhances Canada's reputation in global markets.

For more detailed information on each theme presented in Table 4, please refer to the sections below:

The visitor economy makes air routes viable – then they become trade corridors

International tourism demand plays a foundational role in establishing and sustaining air routes between Canada and global destinations. Airlines often rely on consistent passenger volumes to justify launching new routes, particularly long-haul flights. Once these routes are operational, they not only serve leisure and business travellers, they also create essential infrastructure for cargo movement.

This dual-purpose connectivity enables Canadian exporters, especially in sectors such as agri-food, seafood, pharmaceuticals, and other high-value perishables, to access international markets efficiently and reliably.

For example, WestJet's expansion of transpacific passenger routes to Tokyo and Seoul in 2024 was driven by tourism demand but resulted in a 60% year-over-year increase in cargo revenue. These flights now carry Canadian exports such as Alberta beef and Pacific seafood to Asia, demonstrating how tourism-driven connectivity directly supports trade.⁴ In Atlantic Canada, seasonal tourism helps sustain direct flights to Europe, which are used to ship live seafood to overseas buyers.⁵ Without sufficient tourism demand, many of these routes would be economically unviable, limiting exporters' access to key markets.

The strategic implication is clear: tourism demand underpins the viability of air logistics that exporters rely on. Policies that support route development such as bilateral air agreements, airport incentives, and coordinated tourism marketing, should be recognized as dual-purpose investments that benefit both the visitor economy and Canada's export capacity. Strengthening air connectivity through the visitor economy not only enhances Canada's competitiveness in global trade but also supports regional economic development by linking producers to international buyers.

Destination Organizations and business events as catalysts for trade

Business events, including international conferences, conventions, and trade shows, serve as high-impact platforms for trade facilitation and economic engagement. DOs across Canada play a central role in attracting these events, which bring global decision-makers into direct contact with Canadian businesses, researchers, and innovators. These face-to-face interactions foster trust, accelerate deal-making, and create opportunities for long-term partnerships across strategic sectors.

Through the International Convention Attraction Fund (ICAF), Canada secured 21 major international conferences in 2024, expected to bring more than 51,000 delegates and generate \$122 million in direct spending.⁶ These events span key industries such as life sciences, advanced manufacturing, clean energy, and digital technologies. Beyond their immediate economic impact, they create opportunities for Canadian firms to showcase capabilities, negotiate deals, and form strategic partnerships that may not have materialized through virtual or remote engagement alone.

Business events function as reverse trade missions by bringing buyers and investors to Canada rather than sending sellers abroad. Continued investment in event attraction, streamlined visa processes for business travellers, and integration of trade promotion into event programming will enhance Canada's ability to convert the visitor economy into trade outcomes. By treating business events as part of Canada's trade infrastructure, policymakers can unlock new pathways for export growth and innovation exchange.

⁴

"WestJet Cargo celebrates significant growth in belly cargo business and outlines strategic network shifts and digital initiatives,". *WestJet Newsroom*, April 8, 2025, <https://www.westjet.com/en-ca/news/2025/westjet-cargo-celebrates-significant-growth-in-belly-cargo-busin>

⁵

⁵ "WestJet returns seasonal transatlantic service to Halifax with Non-Stop Flights to London, Dublin and Edinburgh," *WestJet Newsroom*, November 15, 2023, <https://www.westjet.com/en-ca/news/2023/westjet-returns-seasonal-transatlantic-service-to-halifax-with-n>

⁶ Destination Canada. "Destination Canada's International Convention Attraction Fund Secures 21 Major International Events," Destination Canada, October 30, 2024, <https://www.destinationcanada.com/en-ca/news/destination-canadas-international-convention-attraction-fund-secures-21-major-international>

Visitor economy as a partner for trade diversification

The visitor economy supports Canada's trade diversification strategy by fostering relationships with emerging markets and expanding engagement beyond the United States. Visitors from countries such as Japan, South Korea, China, and ASEAN nations contribute to the visitor economy while also building familiarity and trust that can lead to long-term commercial relationships. These people-to-people connections often precede formal trade agreements and serve as a foundation for economic diplomacy.

Canada's Indo-Pacific Strategy aims to double non-US exports within the next decade. The visitor economy plays a complementary role by creating cultural and commercial bridges with high-growth markets. For example, the resumption of Chinese group tours to Canada in 2025 marked a diplomatic thaw and renewed opportunities for trade dialogue. Similarly, increased tourism from South Korea and Japan has coincided with expanded trade agreements and investment flows, reinforcing the link between visitor engagement and economic cooperation.⁷

The visitor economy can be viewed as a strategic tool for economic diplomacy and market development. Coordinated efforts between tourism marketing and trade promotion agencies can amplify Canada's presence in priority markets, using visitor engagement as a lead indicator and facilitator of trade growth. By investing in the visitor economy from emerging economies, Canada strengthens its export potential and builds resilient, diversified trade relationships.

The visitor economy as a driver of national identity and Canada's global brand

The visitor economy serves as a powerful channel for projecting Canada's national identity and global brand. Each international visitor experiences Canadian values such as sustainability, innovation, and cultural diversity firsthand. These experiences shape perceptions of Canada abroad, enhancing trust in Canadian products and services and strengthening the country's reputation in global markets. A strong national brand increases the competitiveness of Canadian exports and supports long-term trade relationships.

In 2023, the visitor economy was Canada's second-largest service export, accounting for 13.8% of total services exports, generating \$28.9 billion in international revenue and supporting over 2 million jobs. These figures underscore the visitor economy's role not only as an economic driver but also as a soft-power asset that reinforces Canada's image as a reliable and innovative trading partner.⁸ Positive visitor experiences reinforce Canada's brand attributes, which are increasingly important in global trade. For example, exposure to Canada's environmental stewardship and inclusive society can influence foreign consumer preferences and business decisions. Strategic investments in visitor economy infrastructure, cultural programming, and destination marketing help ensure that Canada's brand remains strong and aligned with its trade objectives. By integrating the visitor economy into national branding efforts, Canada can enhance its global reputation and unlock new opportunities for export growth and international collaboration.⁹

⁷ "Prime Minister Carney advances new trade, economic, and defence partnerships with Indo-Pacific nations," *Canada Newswire*, November 1, 2025, <https://www.newswire.ca/news-releases/prime-minister-carney-advances-new-trade-economic-and-defence-partnerships-with-indo-pacific-nations-820470260.html>

⁸ "The Value of Travel and Tourism in Canada: Travel and Tourism's Impact on the Canadian Economy and Destination Canada's Return on Investment," *Tourism Data Collective*, April 2025, https://www.tourismdatacollective.ca/system/files/2025-05/The%20Value%20of%20Travel%20and%20Tourism%20in%20Canada_2023%20Final%20Report.pdf

⁹ "Canada's Surprising Economic Superpower," *Destination Canada*, <https://www.destinationcanada.com/en-ca/news/canadas-surprising-economic-superpower>

4.1 Case study: Cape Breton, Nova Scotia

From tourist to investor – how a visit sparked a \$500m transformation in Cape Breton

Nearly two decades ago, Joseph Balaz, a Czech-born engineer and developer based in New York City, purchased land on Nova Scotia's Red Head peninsula. Over the years, he returned regularly for summer stays, eventually building a striking oceanfront home that deepened his connection to the region. What began as a personal experience through tourism would later evolve into one of Atlantic Canada's most ambitious resort developments.

In 2019, when the struggling Ski Cape Smokey went up for sale, Balaz saw an opportunity to bring new life to the region. He assembled Cape Smokey Holding Ltd., a consortium of Czech and European investors, and



acquired the 162-hectare property from the Nova Scotia government for \$370,000. Drawing on experience from a successful year-round resort in Lipno, Czech Republic, Balaz and his team envisioned transforming Cape Smokey into a four-season destination that could rival the best in North America. Their vision was not just about revitalizing a ski hill – it was about creating a world-class destination that would attract visitors year-round and inject new energy into the local economy.

The investment plan includes Atlantic Canada's first year-round gondola, a treetop walk with a panoramic observation tower, upgraded ski facilities, and extensive accommodations such as townhomes and a future hotel. Plans also feature a craft brewery, a marina, and a vibrant village inspired by Czech architecture, with long-term ambitions for up to 2,000 homes. Over the next two decades, the projected investment could reach half a billion dollars, creating hundreds of jobs and positioning Cape Smokey as a cornerstone of the Cabot Trail's visitor economy.

This story illustrates the powerful link between the visitor economy and economic development. A single visit sparked a vision that attracted international capital, expertise, and innovation to rural Nova Scotia. Today, Cape Smokey stands as a testament to how the visitor economy can open doors for trade, investment, and community revitalization – turning a scenic ski hill into a global destination and showcasing Canada's potential to the world.

Source: Interviews with Canadian tourism ecosystem stakeholders, augmented by additional research and analysis.

4.2 Case study: Edmonton, Alberta

Canadian Hydrogen Convention – building global trade bridges through industry events

The Canadian Hydrogen Convention began as a strategic initiative to position Canada as a global leader in clean energy and hydrogen technology.

Developed in partnership with Edmonton Global, the event was designed to attract international attention and foster collaboration with key markets. Over the years, it has grown into the largest hydrogen-focused gathering in North America, drawing thousands of participants and



creating a platform for trade, investment, and knowledge exchange.

International engagement has been central to its success. Japan and South Korea, two of the world's most advanced hydrogen economies, have become regular participants. Delegations from both countries attend annually, including senior government officials and executives from major corporations. At the 2024 convention in Edmonton, representatives from Kawasaki Heavy Industries and the Japan Bank for International Cooperation shared insights on liquefied hydrogen supply chains and financing models. Korean conglomerates such as Hyundai, SK, and LG Chem have also been active, signalling strong interest in Canadian hydrogen exports and technology partnerships.

These interactions have translated into tangible trade outcomes. Memorandums of Understanding (MOUs) have been signed between Canadian ports and Korean cities like Ulsan to develop future hydrogen and ammonia export terminals. Canadian delegations, organized by the Canadian Hydrogen Association and provincial governments, have reciprocated by participating in major Asian events such as the H2 & FC Expo in Tokyo and Hydrogen World Expo in Seoul. This two-way engagement strengthens Canada's position in emerging hydrogen supply chains and opens doors for Canadian technology providers, engineering firms, and clean energy exporters.

The convention demonstrates how industry events, fuelled by international attendance, can act as catalysts for trade and investment. What begins as a tourism-driven visit to a Canadian conference often evolves into long-term business relationships, joint ventures, and infrastructure projects. By showcasing Canadian expertise and building trust through face-to-face engagement, the Canadian Hydrogen Convention has become a cornerstone of Canada's clean energy export strategy—turning global interest into concrete trade opportunities.

Source: Interviews with Canadian tourism ecosystem stakeholders, augmented by additional research and analysis.

4.3 Case study: Victoria, British Columbia

International Seaweed Symposium – opening doors for Vancouver Island’s aquaculture sector

In May 2025, Victoria, British Columbia, hosted the 25th International Seaweed Symposium (ISS25), bringing together global academics, industry leaders, and innovators to advance the seaweed sector. Among the local participants was Cascadia Seaweed, one of Canada’s leading seaweed producers, which played a prominent role by hosting the Industry Night social event—a showcase of innovation and a platform for networking with international delegates.

The symposium was not just a scientific gathering; it was a strategic opportunity for Canadian operators to gain visibility in a rapidly growing global market. Delegations from Asia, Europe, and North America attended, creating connections that could shape future trade relationships. For companies like Cascadia, these interactions are critical as they position themselves to meet rising global demand for sustainable seaweed products used in food, agriculture, and bioplastics.

While Cascadia’s growth trajectory was already underway, through its plan to scale harvests from 600 tonnes in 2025 to up to 2,000 tonnes the following year, the symposium amplified its international profile. Exposure to potential buyers, research partners, and investors lays the groundwork for future export expansion, even if immediate results are not yet measurable. Events like ISS25 accelerate knowledge exchange and foster trust, which are essential precursors to trade agreements and long-term partnerships.

The Seaweed Symposium illustrates how tourism-driven industry events can catalyze economic opportunities beyond the local market. By attracting global delegates to Canada, these gatherings showcase Canadian innovation and create pathways for export growth. For the seaweed sector, international engagement is not just about science. It’s about building the relationships that will enable Canadian companies to compete in a global marketplace.



Source: Interviews with Canadian Tourism Ecosystem Stakeholders, augmented by additional research and analysis.

Appendices



Appendix A: Additional methodological notes

BACKGROUND

This study builds on a robust foundation of academic and industry research that has explored the relationship between inbound international tourism and export performance. Three key studies: Keum (2011), Poole (2010), and Deloitte (2013) form the core of this literature review, each contributing distinct methodological and contextual insights that inform the analytical framework of this project.

Specifically, we examine whether increases in inbound tourism volumes are associated with incremental growth in Canada's exports across sectors. The analysis uses quarterly data from 2002 to 2025 for 24 countries that together account for more than 95% of Canada's exports.

The key result of the analysis is to estimate how a 1% increase in inbound tourism volumes from a given country affects Canada's exports to that same country over a two-year horizon. This elasticity-based interpretation provides a clear measure of the potential trade benefits linked to tourism, offering insights into how policies that attract visitors may translate into export gains across goods and non-tourism services.

MATERIALS

Given the variables of interest in this study, as well as other variables of interest gleaned from related literature, we use the following datasets in our main model and/or in other specifications we tested:

Table 5: Datasets

Modelling Input	Description	Source
Exports	Combination of the dollar value of Canadian goods and services exports	Statistics Canada
Tourism	Non-resident visitors entering Canada.	
GDP	Gross Domestic Product, current prices	World Economic Outlook database
Geographical variables	Including: geographic area, landlocked status, commonwealth country, indicator of having English as a shared language, distance between most populated cities (between Toronto and other country's major cities in this study)	Centre d'Etudes Prospectives et d'Informations Internationales (CEPII)
Exchange rates	Canadian dollar historical exchange rates	World Bank Open Data

DATA STRUCTURE: TIMING AND GEOGRAPHY

The analysis uses **quarterly data spanning from 2002 to 2025**, providing a long-term view of trends and relationships over more than two decades.

Our panel dataset includes 24 countries that collectively account for over 95% of Canada's export activity, ensuring broad coverage of key trading partners. Table 6 below outlines the countries included in the study:

Table 6: Countries included in the econometric analysis

Countries	Australia	Hong Kong	Netherlands	Spain
Belgium		India	Norway	Switzerland
Brazil		Indonesia	Russian Federation	Taiwan
China		Italy	Saudi Arabia	Turkey
France		Japan	Singapore	United Kingdom
Germany		Mexico	South Korea	United States

MODEL SELECTION AND ROBUSTNESS CHECKS

To estimate the relationship between international tourism and Canadian exports, we evaluated several panel data approaches. **Pooled OLS** was considered but rejected because it treats all country-year observations as a single group, ignoring country-specific characteristics such as geography, infrastructure, and trade policy. This omission risks biased estimates when these traits correlate with tourism or export outcomes.

We also examined the **Random Effects (RE) model**, which accounts for country-level differences but assumes these differences are unrelated to explanatory variables, a condition unlikely to hold in our context. Given the strong likelihood that country-specific factors influence both tourism and exports, this assumption was implausible.

For these reasons, we adopted a **Fixed Effects (FE) model** with country and time controls. FE implicitly accounts for all time-invariant country characteristics, allowing us to focus on within-country changes over time. This approach strengthens causal interpretation by eliminating bias from unobserved heterogeneity and ensures that results reflect dynamic relationships rather than static cross-country differences.

To address potential endogeneity and reverse causality, we explored **instrumental variable (IV) strategies** using exchange rate-based instruments.¹⁰ While these offered broad coverage, they proved weak, as regressions of tourism on these instruments yielded statistically insignificant coefficients. We then tested **dynamic panel estimators** (Arellano-Bond and system GMM) using lagged tourism as internal instruments. These produced results broadly consistent with our FE specification, reinforcing its validity. However, dynamic models introduce complexity such as sensitivity to lag structure and

¹⁰ For an instrument to be valid, it must be strongly correlated with tourism (relevance) while influencing exports only through its effect on tourism (exogeneity). Past literature such as Gupta et al. (2024) and Bella et al. (2025) suggest multiple potential instruments, but given the characteristics of our panel data and time constraints, exchange rates offered the best coverage across countries and time period. In this study, we tested various transformations of exchange rates (percent change, volatility, and their logs) as potential instruments.

instrument proliferation, making interpretation less straightforward. We therefore retained these as robustness checks rather than as our primary specification.

In summary, the FE model with country and time fixed effects was selected as the headline specification. It differences out time-invariant country heterogeneity and absorbs common time shocks, delivering transparent within-country interpretations and stable, statistically significant coefficients across reasonable specifications. The consistency of FE estimates with dynamic panel checks further supports its use as the most reliable approach for this analysis.

MODEL SPECIFICATION

For this study, we aim to determine the correlation between inbound tourism volumes and Canadian exports abroad. This will involve gathering country-level time series datasets and compiling them into a panel dataset. Given the cross-country and panel structure of the data, a Fixed Effects (FE) model is the standard analytical approach (equation shown below).

$$\log(\text{exports}_{it}) = \alpha + \beta_1 \log(\text{tourism}_{it}) + \beta_2 \log(\text{tourism}_{it-1}) + \beta_3 \log(\text{GDP}_{it}) + \beta_4 \log(\text{GDP}_{it-1}) + \beta_5 \log(\text{GDP}_{CANt}) + \delta_i + \lambda_t + \varepsilon$$

where:

- ▶ α : constant, β : regression coefficients
- ▶ exports_{it} : Combined goods and services exports to country i and quarter t
- ▶ tourism_{it} : Number of visitors from trade partner country i to Canada in year t
- ▶ GDP_{it} : GDP of country i in year t
- ▶ $\text{GDP}_{CA,t}$: Canadian GDP in year t

CAVEATS

The following points outline key assumptions and constraints that should be considered when interpreting the results of this analysis:

- ▶ Regression models were not cross-validated with independent hold-out samples; coefficients should not be used for predictive purposes.
- ▶ Visitor classification at the border may involve ambiguity. For simplicity, all visitors were consolidated into a single category rather than segmented by class.
- ▶ Several variables exhibit inherent time correlation (e.g., GDP). Temporal decorrelation was not performed, contributing to relatively low Durbin-Watson statistics across regression models.
- ▶ All monetary values were converted to 2025 Canadian dollars using historical Bank of Canada inflation rates.
- ▶ The analysis relies on data provided for Canada as originally sourced.
- ▶ All statistical estimates were calculated at a 95% confidence level.
- ▶ The analysis is based on a cross-sectional snapshot of data between 2002 and 2025.

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