

# Market Updates

## 2026



Photo: Agnieszka Pajor

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# Canada

Canada's domestic travel market grew strongly in 2025 as more Canadians chose to explore their own country.

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1.4%

GDP

2.0%

INFLATION

6.6%

UNEMPLOYMENT

## ECONOMIC AND POLITICAL STATUS

As Canada enters the first quarter of 2026, the nation navigates a complex intersection of stabilizing macroeconomic fundamentals and escalating geopolitical fragility. Following the transformative political events of 2025, which saw the resignation of Justin Trudeau, the ascension of Mark Carney to the Prime Ministership, and a subsequent federal election that delivered a precarious Liberal minority government, the policy landscape has shifted decisively toward fiscal prudence and managed economic deceleration.

The Canadian economy, now operating under the shadow of the United States—Mexico—Canada Agreement (USMCA) renegotiation scheduled for July 2026, is projected to expand at a modest pace of roughly 1.4%.

While the acute inflationary pressures of the 2023—2024 period have abated, leaving headline CPI near the Bank of Canada's 2% target, the cumulative erosion of household purchasing power continues to shape consumer behaviour.

The economic narrative for Canada in 2026 is one of structural adjustment. Having navigated the «Make it or Break it» transition year of 2025, the economy has avoided a deep recession but remains constrained by productivity challenges and an abrupt halt to the population boom that previously masked underlying weaknesses. The labour market presents a statistical paradox: unemployment is falling, yet job creation is stagnant. This phenomenon is driven by the supply side

(labour force size) rather than the demand side (hiring).

The single largest external risk to the Canadian economy in 2026 is relations with the United States. The scheduled six-year review of the USMCA is the focal point of all economic anxiety. The US administration has threatened to use the review to terminate the agreement or impose sweeping new tariffs, with references to a 10% universal tariff and the enforcement of tariffs on steel and aluminum looming large. This uncertainty is the primary cause of the sluggishness in business investment. Corporate Canada is in a defensive crouch, stockpiling cash and delaying expansion until the trade rules are clarified.

# General Travel Sentiment and Outbound Travel

Canadian outbound travel in 2026 reflects a macroeconomic soft landing, a political focus on fiscal restraint, and ongoing geopolitical volatility.

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Photo: Taylor Burk

The era of «Revenge Travel» has ended, replaced by an era of «Strategic Mobility» as Canadian households enter the year with stabilizing but scarred balance sheets. The challenging fiscal conditions of previous years depleted pandemic-era savings buffers, and debt servicing costs remain at historical highs due to mortgage renewals at higher interest rates.

A fundamental shift in Canadian travel behaviour emerged in 2025, characterized by a deliberate choice to explore domestic destinations. This trend reflects multiple converging factors, beginning with patriotic sentiment and «staycation» culture. Canadians displayed what industry observers described as «national pride» in domestic travel choices, explicitly choosing to support Canadian tourism businesses and communities. This represents a conscious, values-driven travel decision rather than merely a default choice due to cost or proximity.



Photo : Tobin Seagel

The domestic travel pattern also shows geographic dispersion and rural revitalization. Rather than concentrating visits in major metropolitan centres, domestic travelers are spreading spending across smaller communities and rural regions. This represents a positive shift from traditional patterns where domestic tourists primarily visited gateway cities.

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Secondary and tertiary destinations, regional attractions, and rural experiences are capturing increased visitor interest and spending. The growth in visits to Parks Canada sites (up 13%) and national museums (up 15%), along with the prevalence of nature-based destinations in trending destination lists, suggests that Canadians are prioritizing outdoor experiences, natural attractions, and cultural immersion over transactional shopping or urban entertainment.

June 2025 marked only the third occurrence since 2006 when more US residents visited Canada than Canadian residents travelled to the US. This symbolic reversal was driven not by surging American demand but by Canadians actively avoiding US travel due to political sentiment, border concerns, and unfavourable exchange rates.

Looking ahead to 2026, Canadian travelers are demonstrating a clear preference for value. Nearly half of Canadian travelers enter the year undecided on their vacation destinations. This indecision is not born of apathy but of rigorous cost-benefit analysis, as travelers wait for deals and currency fluctuations to settle before committing.

While travel intent remains high (66% planning a trip), the execution is shifting. Middle-income households are trading down from long-haul European vacations to shorter, high-value trips.



Photo : Taylor Burk

Sun destinations are benefiting from this shift, with interest in the Caribbean up 21% and Barbados seeing a 96% surge. All-inclusive packages offer the cost certainty that risk-averse consumers crave in a volatile currency environment. Meanwhile, Asia is emerging as a value winner for 2026, with airfares forecast to drop by 10%. This contrasts with Europe, where inflation remains stickier and the exchange rate is less favourable.

The «Calm-cation» trend is gaining momentum among Canadian travelers in 2026. As daily life becomes increasingly high-stress, Canadians are gravitating toward «soft travel» experiences that prioritize relaxation, nature immersion, and spa retreats. These travelers are booking with shorter lead times. This shift toward wellness-focused, low-intensity travel represents a conscious rejection of the frenetic pace that characterized pre-pandemic tourism, as Canadians increasingly view travel as a necessary respite for mental and physical well-being rather than simply a leisure activity.

The outlook for transborder travel to the US is bearish. The weak Canadian dollar is a major deterrent, coupled with the antagonistic political climate and the potential for border delays during USMCA negotiations. Leisure travel to the US is expected to underperform. Canadian travelers are likely to substitute US city breaks with domestic alternatives, or sun destinations where the currency impact is mitigated by package pricing.

**The international long-haul outlook is divided. The luxury segment remains resilient, driving demand for bucket list trips to Europe and Japan. However, the mass market is extremely price-sensitive.**

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# Travel Trade and Airline Update

The Canadian aviation sector is currently defined by consolidation and a strategic pivot away from transborder U.S. markets. Following the departure of smaller players like Lynx Air and Canada Jetlines, the market has stabilized around a few key competitors. A major trend for early 2026 is a significant reduction in seat capacity to the United States – down approximately 10% industry-wide compared to the previous year – driven by softening demand and shifting consumer sentiment. Airlines are instead reallocating capacity to domestic routes and international sun destinations in Mexico, the Caribbean, and Latin America.

## AIR CANADA

As the country's flag carrier, Air Canada is forecasting improved conditions in 2026 following a resilient 2025 that saw the airline navigate labour unrest and rising costs to deliver strong financial results. Management's strategy for the upcoming year focuses on gradual recovery, margin expansion, and fleet transformation, including the arrival of new best-in-class aircraft. While the airline has trimmed its U.S. capacity by approximately 7% for early 2026, it is aggressively diversifying its network with a major expansion into Latin America and other international markets to capture premium revenue streams.

## WESTJET

WestJet enters 2026 as a significantly larger and more consolidated entity, having fully integrated the ultra-low-cost carrier Swoop and absorbed the Boeing 737 MAX 8 fleet from the defunct Lynx Air. The airline is actively reconfiguring its narrow-body fleet to a densified model, adding seats to the rear of the cabin to offer ultra-low fares while retaining a premium cabin upfront. Strategically, WestJet has made substantial cuts to its U.S. network – reducing capacity by roughly 20% – to refocus on strengthening its domestic stronghold in Western Canada and expanding its portfolio of sun destinations.

## PORTER AIRLINES

Porter Airlines continues to be the most aggressive expansionist in the market, challenging the duopoly of Air Canada and WestJet with its “elevated economy” service. Heading into 2026, the airline is increasing its winter capacity by up to 25%, launching new non-stop routes to major hubs like Phoenix, Miami, and Nassau. Porter is leveraging its growing fleet of Embraer E195-E2 jets to capture market share, focusing heavily on enhancing connectivity between Eastern Canada and popular leisure destinations while attempting to attract premium leisure travelers who prefer its lack of middle seats.

## AIR TRANSAT

Air Transat reported record-breaking adjusted EBITDA in 2025 and maintains a positive growth outlook for 2026, bolstered by the successful restructuring of its government debt. The leisure carrier is pivoting toward network diversification, with plans to accelerate growth in Africa, Europe, and South America. Operationally, Transat aims to optimize its fleet utilization as it moves past previous engine-related grounding issues, positioning itself to capitalize on the robust demand for long-haul leisure travel

## FLAIR AIRLINES

As the remaining pure-play ultra-low-cost carrier (ULCC), Flair Airlines is marketing itself heavily on operational reliability, claiming to be Canada's most on-time airline in 2025. Facing a challenging transborder market, Flair has executed the most dramatic network adjustment of any Canadian carrier, slashing its U.S.-bound capacity by nearly 58% for the first quarter of 2026. The airline is instead focusing its resources on domestic routes and reliable service delivery to prove the viability of the ULCC model in Canada after its peers failed

## TRAVEL TRADE

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Heading into 2026, the Canadian travel trade is in a state of resilient but modest growth, defined by a distinct pivot away from reliance on U.S. markets. According to TD Economics, tourism spending was projected to grow by 2–4% in 2025, largely driven by a booming domestic market as Canadians redirected travel budgets closer to home

### THE AI TRANSFORMATION IN TRAVEL PLANNING

Artificial Intelligence has moved from a buzzword to a fundamental operational tool within the Canadian travel trade. A 2025 study revealed that nearly half (49%) of Canadians now use AI tools for trip planning, prompting

## DEPARTED CARRIERS

The competitive landscape for 2025–2026 was shaped significantly by the exit of two low-cost competitors. Lynx Air ceased operations in February 2024, with its fleet largely absorbed by WestJet, further consolidating the market. Similarly, Canada Jetlines halted operations in August 2024, underscoring the extreme difficulty for new entrants to survive in Canada's high-cost aviation environment.



Photo: Peter Mather

travel agencies and Online Travel Agencies (OTAs) to integrate these technologies rapidly to remain competitive.

Corporate travel managers are leveraging AI for predictive analytics to manage rising costs and sustainability tracking, while leisure agencies are using it to hyper-personalize itineraries. Major players like Expedia and Booking.com have deepened their integrations with platforms like ChatGPT, pushing traditional travel advisors to shift their value proposition toward complex, high-touch services that AI cannot easily replicate, such as crisis management and verified «authentic» experiences.

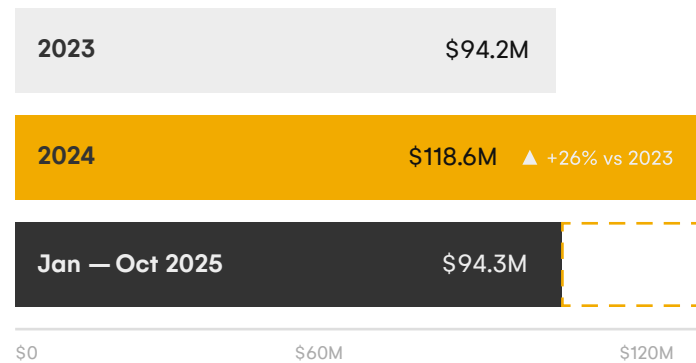
### EVOLVING CONSUMER PRIORITIES: VALUE AND PROTECTION

The role of the travel advisor is consolidating around value and security rather than just logistics. While consumer confidence in taking vacations remains high (rising to 70% in 2026), travelers are increasingly risk-averse regarding cancellations and medical emergencies.

# Yukon Specific Market Trends

## Yukon Inter-Provincial Visitor Spending

### 2025 YUKON PERFORMANCE



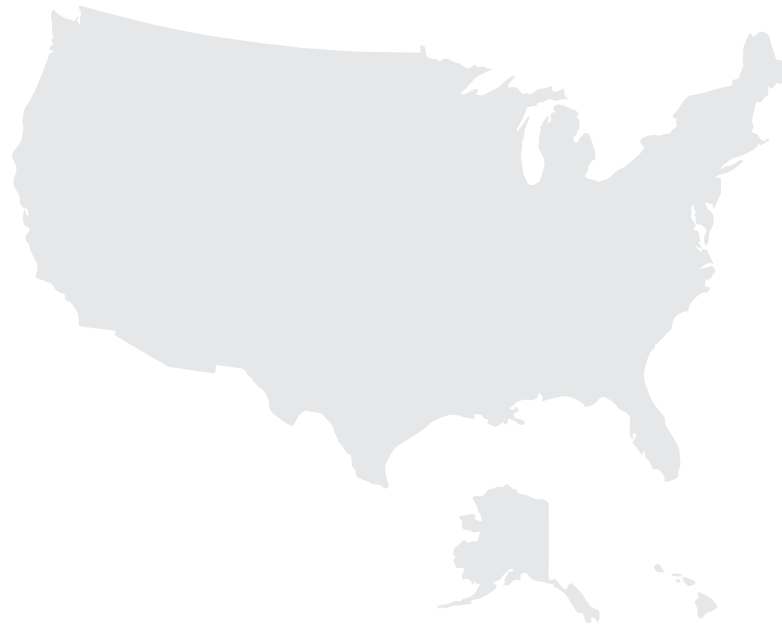
### 2026 POTENTIAL

	OUTDOOR EXPLORERS	CULTURE SEEKERS	REFINED GLOBETROTTERS
WHO THEY ARE	Adventure lovers who use travel to challenge themselves and connect with nature.	Open-minded travelers who seek authentic connection with people, history, and local communities.	Luxury travelers who want to «indulge» and cross unique, world-class experiences off their list.
MOTIVATION	«To push my limits and challenge myself.»	«To open my mind to new perspectives.»	«To just enjoy myself and have fun / Indulge.»
TOP ACTIVITIES	<ul style="list-style-type: none"> <li>• Nature Experiences</li> <li>• Water/Winter Sports</li> <li>• Hiking/Camping</li> </ul>	<ul style="list-style-type: none"> <li>• Cultural Attractions</li> <li>• Festivals &amp; Events</li> <li>• Local Cuisine</li> </ul>	<ul style="list-style-type: none"> <li>• Fine Dining</li> <li>• Guided Tours</li> <li>• Cultural Attractions</li> </ul>
IDEAL TRIP	Adventurous & Unexplored	Unique, Open & Accepting	Luxurious, Exclusive & Charming

# United States

In 2025, American travelers returned to international travel in record numbers.

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**2.1%**

GDP

**2.4–2.7%**

INFLATION

**4.6%**

UNEMPLOYMENT

## ECONOMIC AND POLITICAL STATUS

The United States enters 2026 at a complicated economic crossroads. While headline data points to ongoing GDP growth and a so-called “soft landing,” the reality is more uneven.

The country faces a “K-shaped” recovery, where resilient domestic demand supports expansion, but structural weaknesses persist. The International Monetary Fund projects 2.1% growth for 2026, noting that domestic strength is offset by challenges in the external sector – especially a strong US dollar and retaliatory trade measures.

Inflation is expected to remain above the Federal Reserve’s 2% target, driven less by consumer demand and more by policy

choices, especially the pass-through of higher tariffs to consumer prices. Unemployment is forecast to rise to 4.6%, reflecting ongoing mismatches in the labour market rather than large-scale job losses. Much of this economic climate is shaped by the current tariff regime, which continues to redefine the cost of imports and global trade relationships.

Politically, 2025 was a turbulent year, featuring the longest government shutdown on record, the rollout of the “Liberation Day” tariffs, and major shifts in immigration policy. The administration remains focused on trade protectionism and using fiscal measures to navigate uncertain terrain. As the US moves into 2026, policy decisions continue to generate debate among economists and

businesses, fueling uncertainty over the long-term impacts of monetary easing, recent legislative acts, and the broader direction of fiscal policy.

The USD has appreciated approximately 9.2% against the CAD over the past 5 years.

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# General Travel Sentiment and Outbound Travel

2025 marked a major milestone for U.S. outbound tourism. American travelers returned to international travel in record numbers, with departures exceeding not only 2024 levels but also consistently surpassing pre-pandemic 2019 benchmarks.

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Photo: Josh Miller

This growth was driven by a resilient, almost inelastic demand for foreign travel, despite inflation and geopolitical uncertainty. However, this outbound boom was not matched by inbound growth, resulting in a significantly widened U.S. travel trade deficit – estimated between \$47 billion and \$70 billion – with outbound spending projected at \$224 billion for the year.

Macroeconomic factors played a key role. Even as consumer sentiment reflected economic caution, Americans continued to prioritize travel as an essential expense. The strong U.S. dollar amplified purchasing power, especially in destinations like Europe and Japan, incentivizing longer and more expensive trips. High-profile events – including international concert tours and major sporting events – further fueled outbound

activity, with Americans willing to travel specifically for these occasions.

Throughout 2025, every month saw year-over-year growth in U.S. outbound departures. The year began with strong momentum in the first quarter, driven by demand for “winter sun” destinations and an unusually strong ski season in Canada (up 19.9% YOY in January). However, Canada was the exception to a broader trend: after January, travel from the U.S. to Canada declined for nearly every subsequent month. For instance, April saw an 11.1% drop and November a 13.6% decrease in air traffic to Canada, signaling a structural decline.

Meanwhile, other regions thrived. Mexico continued to dominate as the top destination, absorbing over a third of all U.S. outbound travelers, although growth plateaued toward year-end. Europe was the standout performer for long-haul travel, buoyed by a strong dollar and the appeal of cultural destinations. In June alone, over 3 million Americans traveled to Europe, with the United Kingdom, France, Italy, and Germany benefiting the most.

Asia also rebounded sharply as travel restrictions eased and capacity was restored, with Japan seeing particularly high growth due to the weak yen. The Caribbean remained a core destination, accounting for roughly half of all outbound travel alongside Mexico. South and Central America had mixed results but generally maintained volumes well above 2019 levels.

Traveler behavior continued its shift toward purpose-driven journeys. Events, wellness, and bleisure (business-leisure) trips all contributed to higher per-trip spending and longer durations, especially for long-haul markets. The “Taylor Swift effect” – where Americans traveled to European or Asian cities to attend concerts – was noted as a real economic driver, illustrating the power of event tourism in 2025.

The U.S. enters 2026 with a sharp divide in outbound travel demand, driven by both economic and regulatory factors. Affluent households, bolstered by asset gains and accumulated savings, continue to fuel luxury

and experiential international travel, while middle-income Americans face mounting cost pressures from persistent inflation and a softening labor market. As a result, this segment is either cutting back on the frequency and length of international trips or pivoting to domestic travel.

The average leisure travel budget has dropped over 11%, highlighting increased cost sensitivity. More travelers are seeking value rather than simply chasing the lowest price. About 44% of travelers are concerned about a potential recession and are budgeting cautiously.

Outbound travel is also feeling the effects of regulatory friction, as new U.S. visa policies have triggered reciprocal restrictions from key destinations such as Brazil (reinstating e-Visas for Americans) and the launch of the EU’s ETIAS system, both adding extra cost and paperwork. These hurdles, along with currency shifts – where the U.S. dollar’s previous strength is ebbing – are influencing destination choices, with some Americans steering toward countries where their money still goes further.

Major events like the 2026 FIFA World Cup, hosted in North America, are expected to concentrate travel domestically during the event, potentially reducing international demand.



Photo: Danielle Lister

**Overall, the 2026 U.S. outbound travel market is becoming more selective and cautious, with regulatory and economic headwinds shaping both consumer behavior and industry strategy.**

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## TRAVEL TO CANADA

In 2025, the cross-border tourism landscape between the United States and Canada was highly volatile, characterized by significant swings rather than a steady recovery. The year began with an extraordinary 20.8% surge in U.S. visitor volumes to Canada in January – an anomaly that was not sustained.

Instead, this spike was followed by persistent declines for the remainder of the year (with the exception of October), resulting in an unpredictable pattern that broke away from standard seasonal trends. This period of contraction was particularly pronounced in the automobile sector, which struggled throughout the year due to a decline in same-day visitors and did not post growth after January.

Amid these headwinds, air travel proved the most resilient, managing to grow even as land travel faltered – especially in the summer and early fall months. Higher-income air travelers, who are less sensitive to economic fluctuations, continued to travel to Canada, while cruise travel acted as a variable “swing” factor, boosting monthly totals during the shoulder season.

Overall, the year highlighted both the vulnerability of land-based travel and the continued engagement of high-yield air and cruise travelers with the Canadian market.



Photo: Rachel Bertsch

# Travel Trade and Airline Update

The collapse in cross-border demand forced a radical restructuring of North American aviation networks. Airlines, operating on thin margins and high asset costs, moved quickly to redeploy capacity away from the stagnant US-Canada corridor toward high-growth international markets. This shift represents a long-term structural change rather than a temporary seasonal adjustment.

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US legacy carriers, traditionally the dominant force in transborder connectivity, led a massive retreat from the Canadian market in 2025. Facing soft transborder demand and the need to optimize fleet utilization, major airlines slashed capacity.

Overall, scheduled seat capacity between Canada and the US fell by nearly 10% for the first quarter of 2026 compared to the previous year. This reduction represents the removal of approximately 450,000 seats from the market. For US travel agencies, this capacity crunch translated into fewer options, higher fares on remaining flights, and a significant challenge in securing space for corporate clients.

**American Airlines** executed the most symbolic cut, announcing the suspension of its service between New York (JFK) and Toronto Pearson (YYZ) effective May 2026. This route had been a staple of business connectivity between the two financial capitals. American Airlines cited “capacity pressure” and a lack of verified demand recovery as the primary drivers. The exit from such a high-profile corridor

signaled a broader pessimism among US carriers regarding the near-term viability of the Canadian market.

**Delta Air Lines** followed a similar trajectory, cutting its year-round service between Salt Lake City (SLC) and Toronto (YYZ) and reducing frequencies from its Minneapolis and Detroit hubs. These cuts were part of a wider consolidation of Delta’s network, which prioritized high-yield domestic and transatlantic routes over the underperforming transborder segment.

**United Airlines** retained the largest U.S.-Canada schedule among American carriers, though it also made targeted reductions in 2025. This included trimming services from its Washington Dulles hub to Ottawa and Montreal and canceling a planned Los Angeles-Toronto route before launch, indicating a broader weakness in business/government travel. However, United showed flexibility by restarting Houston-Edmonton service, capitalizing on resilient energy sector demand. The airline’s overall Canada capacity rose significantly, but its route adjustments reflect a shift toward prioritizing high-demand, leisure-focused markets over government or business routes.

Faced with a hostile market to the south and a shrinking inbound flow of US tourists, Canadian airlines aggressively pivoted their networks away from the United States. This strategic realignment, termed the “Global Pivot,” saw carriers reallocating aircraft to Europe, Asia, and Latin America.

**Air Canada** responded to softening demand in the transborder market with a dual strategy: it reduced capacity and suspended routes in underperforming U.S. markets, while aggressively expanding into high-yield niches and investing in long-term infrastructure at Billy Bishop Toronto City Airport. The route cuts were targeted rather than across the board, focusing on spokes with lower demand while maintaining essential hub-to-hub connections. This rationalization included both permanent cancellations (such as Vancouver—Washington Dulles) and temporary suspensions intended for future restoration.

At the same time, Air Canada pursued selective expansion, launching new point-to-point routes in resilient leisure and business markets—particularly from Western Canada and into the U.S. Southeast. The strategic move at Billy Bishop, enabled by a new U.S. Customs Pre-clearance facility, is set to add major U.S. business destinations from downtown Toronto in 2026, directly challenging competitors. The upcoming introduction of Airbus A321XLR aircraft will allow for more direct transatlantic services from secondary Canadian cities, further reducing the airline’s exposure to transborder volatility.

**WestJet** suspended nine U.S. routes for the summer, citing declining U.S. demand and an unfavorable exchange rate. These cuts included key business and leisure links, such as Calgary—New York LaGuardia and Edmonton—Atlanta, reflecting both reduced corporate and alliance-driven demand. While WestJet exited several markets, it made select additions, including new Vancouver—Boston and Vancouver—Tampa services, and dramatically increased its winter Sun capacity – flying to destinations across Mexico and the Caribbean, capitalizing on Canadian vacationers shifting away from U.S. trips.

**Porter Airlines** broke from the defensive strategies of its larger competitors by pursuing aggressive expansion, enabled by the addition of ten new Embraer E195-E2 jets to its fleet. This allowed Porter to enter longer-range U.S. markets with point-to-point connections from cities like Ottawa and Montreal, bypassing the traditional reliance on Toronto Pearson. Key new transborder routes included Vancouver—Phoenix, Ottawa—Miami, Ottawa—Phoenix, Toronto—New York LaGuardia, and Montreal—Newark, signaling Porter’s ambitions to transition from an eastern regional player to a national carrier with a broader North American reach. Strategic partnerships, such as the codeshare with American Airlines, further strengthened Porter’s network and connectivity, particularly through American’s Miami hub.



Photo: Andrew Strain

However, Porter’s growth was tempered by a willingness to quickly cut underperforming routes in a soft demand environment. For example, it cancelled Toronto—San Diego service and suspended Las Vegas flights from Ottawa and Montreal, mirroring the broader Canadian pullback from Nevada. Overall, Porter’s approach in 2025 was marked by bold market entry, rapid network adaptation, and a clear intent to compete on a national scale.

**Flair Airlines** reduced its US-bound capacity by a staggering 58%, redeploying aircraft to domestic Canadian routes and sun destinations in Mexico and the Caribbean.



Photo: Destination Canada

## TRAVEL TRADE

In 2025, the rise of “Agentic AI” transformed the US travel agency sector, especially for corporate clients. Autonomous software agents, like Navan’s “Concierge by Ava,” advanced far beyond simple chatbots, managing the entire booking lifecycle – including analyzing traveler histories, negotiating rates, and handling disruptions such as flight cancellations caused by government shutdowns. These agents could autonomously rebook travelers and update expenses in real time, proving essential in a volatile travel environment with reduced staffing. Meanwhile, Spotnana’s “Cloud for TMCs” enabled traditional agencies to adopt modern, tech-driven service models by integrating direct airline content and offering scalable technology. This shift allowed even smaller agencies to compete with industry giants, delivering seamless, high-touch service backed by sophisticated AI infrastructure and expanded booking options.

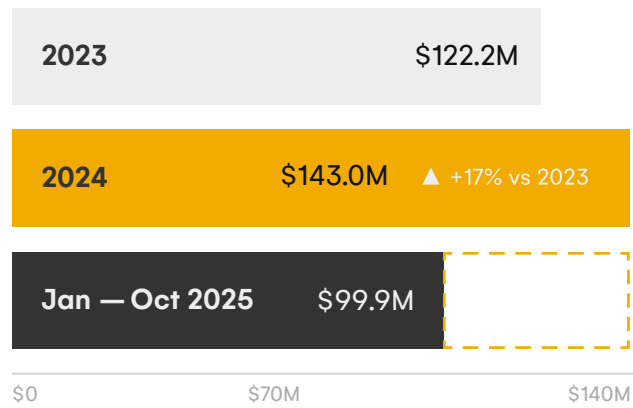
Despite the rise of AI, the human travel advisor became more, not less, essential in 2025. The “thickening” border, with its new biometric requirements and potential for refusal of entry, made unassisted travel risky. Virtuoso reported a 76% increase in consumers seeking advisors via their website.

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# Yukon Specific Market Trends

## Yukon US Travel Expenditure

### 2025 YUKON PERFORMANCE



### 2026 POTENTIAL

	REFINED GLOBETROTTERS	OUTDOOR EXPLORERS	FREE SPIRITS (INFERRED FROM DESCRIPTION)
WHO THEY ARE	Travelers who prioritize travel above all. They indulge in world-class destinations, gourmet dining, and exclusive experiences, always looking for unique places to «cross off their list.»	Nature explorers who crave the thrill of unknown landscapes and overcoming challenges. They see adventure travel as a way to grow, learn new skills, and establish personal traditions.	Sociable, free-spirited individuals who seek unique, authentic experiences and vibrant city life. They thrive on immersing themselves in local culture, arts, and making connections to boost their energy.
TOP ACTIVITIES	<ul style="list-style-type: none"> <li>Local Cuisine</li> <li>Cultural Experiences &amp; Attractions</li> <li>Shopping</li> </ul>	<ul style="list-style-type: none"> <li>Nature Experiences</li> <li>High-Intensity Sports</li> <li>Water / Winter-Based Sports</li> <li>Casual Sport</li> </ul>	<ul style="list-style-type: none"> <li>Local Cuisine</li> <li>Cultural Experiences &amp; Attractions</li> <li>Festivals &amp; Events</li> <li>Nightlife</li> </ul>
KEY INSIGHT	High-yield travelers seeking luxury and exclusivity.	Adventure seekers looking for physical activity and wilderness.	Social travelers looking for energy, cities, and shared experiences.

# Mexico

The long-haul Mexican traveler is increasingly affluent, sophisticated, and resilient to external shocks.

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## ECONOMIC AND POLITICAL STATUS

As of January 2026, Mexico's economy shows modest recovery signs after near-stagnation in 2025, with GDP growth projected at 1.3% – 1.5% amid USMCA trade uncertainties and fiscal consolidation. Inflation is expected to be around 3.0% by mid year, with minimum wage increases and tariffs exerting pressure. Unemployment remains near record lows of 3.1%.

President Claudia Sheinbaum's coalition holds legislative majorities. Elevated political risks stem from power concentration, judicial tensions, and foreign policy balancing acts like U.S. tariff threats and Venezuela responses.

The Mexican peso has appreciated 24% against the Canadian dollar in the past 5 years.

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2.1–1.5%

GDP GROWTH  
FORECAST

3.0%

INFLATION FORECAST

3.1%

UNEMPLOYMENT  
FORECAST

# General Travel Sentiment and Outbound Travel

2025 marked a fundamental shift in Mexican outbound travel, defined by a striking «value-over-volume» paradigm. While the national economy showed signs of cooling, Mexican travelers' propensity to spend internationally didn't merely sustain itself – it accelerated dramatically, revealing a market increasingly driven by affluent consumers seeking premium experiences.

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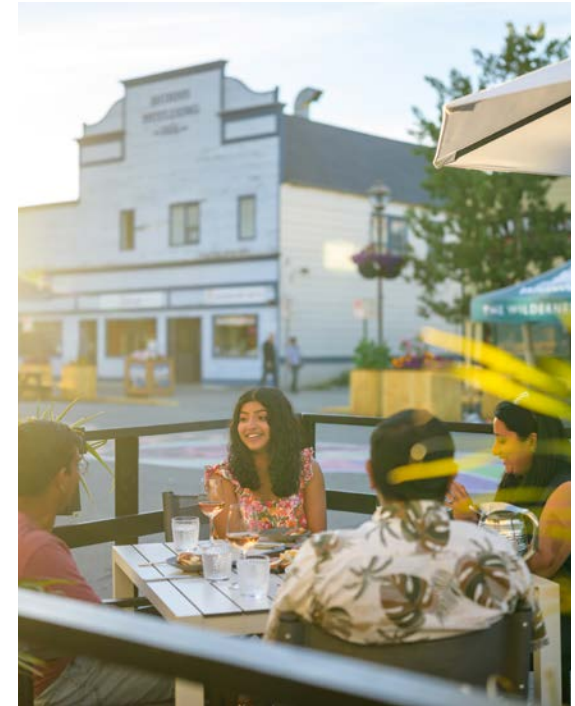


Photo: Andrew Strain

## THE DECOUPLING OF WEALTH AND ECONOMIC INDICATORS

The most remarkable feature of 2025 was the divergence between traveller volume and expenditure. While aggregate traveller numbers grew modestly, stabilising at low single digits by year-end, total expenditure grew by double digits throughout the year, peaking above 40% year-over-year growth in January and nearly 21% in November.

By August, total outbound tourism expenditure for the year to date had risen 21.78%

compared to 2024, even as Mexico's GDP contracted 0.2%. This disconnect reflects a «K-shaped» economic reality where affluent Mexicans remained insulated from broader economic headwinds. Rather than curtailing lifestyle spending, this demographic prioritizes experiences over domestic capital accumulation.

The numbers tell a compelling story. In the first eight months of 2025, 50.28 million Mexican

residents travelled abroad (up 18.12%), generating \$8.48 billion USD in expenditure (up 21.78%). This 3.6 percentage point gap between spending and volume growth quantifies the «value-up» trend: the average Mexican traveller in 2025 was worth significantly more to destination economies than in 2024.

## PREMIUM TRAVELERS DRIVE MARKET VALUE

The "non-border tourist" segment – those flying to destinations beyond the border zone – comprises the bulk of economic value. With 5.62 million travelers in just eight months, this globally mobile elite reached an average expenditure of \$665.78 USD per trip, a substantial 15.31% increase over 2024. By September, average spend climbed further to \$730.23 USD, reflecting costs associated with international airfare, mid-to-high-tier accommodation, and significant dining and shopping outlays.

Currency stability played a crucial role. A strong peso enhanced Mexican residents' purchasing power abroad, effectively discounting international hotels, dining, and retail. This enabled upgrades in service classes and longer lengths of stay, with travelers feeling wealthier when converting pesos to foreign currencies.

Current projections suggest the Mexican outbound market will surpass \$13 billion USD in total expenditure for 2025 – a massive wealth transfer solidifying Mexico's status as a top-tier source market for global tourism.

## THE GEOGRAPHIC PIVOT: "DE-AMERICANISATION" OF TRAVEL

One of the most consequential market changes is the shifting geography of Mexican travel. For generations, "overseas" meant the United States. That changed in 2025.

While the U.S. remains the volume leader, its grip is loosening. Between 2019 and 2024, Mexican travel to the U.S. grew only 19%. More telling, in the first four months of 2025, while 42.4% of Mexican travelers chose the U.S., 40.6% selected other international destinations. This near-parity is historic – for every Mexican vacationing in the U.S., another chose Europe, Canada, Asia, or Latin America.

The clearest evidence comes from cross-border aviation data. Despite a 3.3% increase in flights between Mexico and the U.S. from January to November 2025, total passenger traffic actually fell 0.5%. More planes flying fewer people signals declining load factors and confirms that "missing" travelers didn't stay home – they went elsewhere, likely driven by perceived high U.S. costs, visa processing bottlenecks, or simply desire for new cultural experiences.

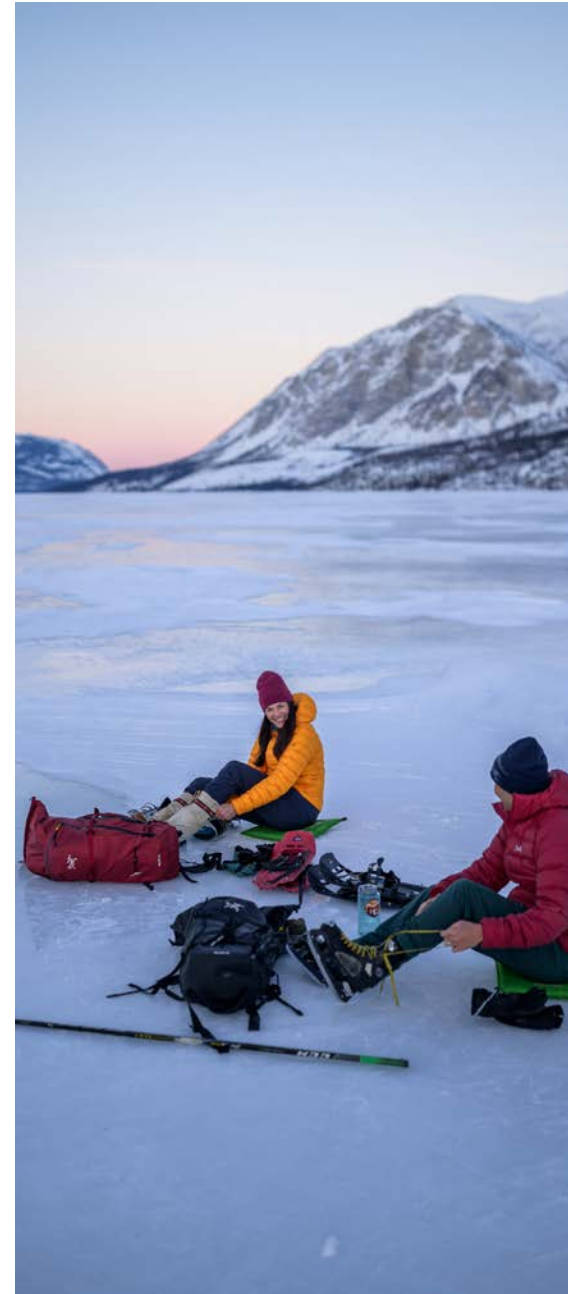


Photo: Andrew Strain



Photo: Andrew Strain

## STRATEGIC IMPLICATIONS FOR 2026

The data confirms Mexican outbound travel is becoming “richcession-proof.” Future economic volatility is unlikely to severely dampen demand amongst the top 20% of earners. Travel providers should abandon budget-focused marketing in favour of value-added and exclusive experiences, as price sensitivity is clearly secondary to experience quality for this demographic.

The structural shift towards destination diversification appears permanent. Unless U.S. authorities streamline visa processes or adjust pricing strategies, Mexican tourist flow will continue elsewhere. The 2026 World Cup (hosted partly in the U.S.) may provide temporary reversal, but the long-term trajectory favours geographic diversification.

### MEXICAN TRAVEL TO CANADA

Mexico’s recovery outpaced all other international markets, with visits reaching 113% of 2019 levels in 2023 and spending climbing 47% above pre-pandemic benchmarks. The introduction of visa requirements in 2024 triggered a sharp 28% decline in visitor volumes, though spending levels remained resilient and slightly elevated. Visitor volume is projected to grow modestly by 4.1% year-over-year, but total arrivals are not expected to return to pre-pandemic levels again until 2028.

## MEANINGFUL EXPERIENCES OVER MASS TOURISM

Mexican travelers increasingly prioritise meaningful travel experiences characterised by cultural immersion, environmental connection, and personal enrichment. Industry surveys indicate 70% of Mexican Millennials and Gen Z plan trips focussed on “enjoying the journey” rather than merely reaching a destination, showing heightened interest in slow travel modes like luxury rail and cruising.

This shift reflects a desire to disconnect from digital saturation and reconnect with nature. It drives demand for nature-based tourism where engagement matters – hiking, skiing, and conservation-focused tours – rather than passive sightseeing.

Sustainability has evolved from niche interest to baseline expectation. While only 24% explicitly state eco-friendly options drive final booking decisions, 86% of Mexican travelers consider environmental friendliness crucial

for brand alignment. For this demographic, sustainability intertwines with cleanliness and order – attributes highly valued in contrast to chaotic domestic urban centres.

**The “bleisure” segment continues expanding, with business travelers extending stays for leisure, particularly in high-connectivity hubs. Upper-middle-class professionals leverage sunk flight costs to subsidise luxury weekend getaways, often bringing family members and supporting higher hotel occupancy during shoulder periods.**

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# Travel Trade and Airline Update



Photo: Destination Canada

A seismic shift occurred in Canadian aviation during 2025 as carriers collectively removed approximately 450,000 seats from the United States market for the first quarter of 2026 – a contraction of nearly 10% year-over-year. This capacity has been strategically reallocated, and Mexico has emerged as the primary beneficiary, with Air Canada, WestJet, Porter Airlines, and Flair Airlines increasing Mexican capacity by margins ranging from 5% to over 20%.

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This “U.S. Aversion” phenomenon, documented by industry analysts, represents a daily loss of approximately 5,000 seats from the transborder market. The drivers are explicitly linked to deteriorating political relations and rising anti-American sentiment amongst Canadian travelers, exacerbated by trade disputes and tariff threats. What began as political tension has crystallised into a fundamental restructuring of North American aviation networks.

## AIR CANADA

Air Canada's Winter 2025/2026 strategy centres on its "Global Horizons" initiative, emphasising the strengthening of its Toronto Pearson hub while diversifying its Mexican route network beyond traditional beach destinations. The carrier reported a 16% increase in capacity to Latin America, with Mexico as the primary beneficiary. Significantly, Air Canada launched routes to Guadalajara and Puerto Escondido from Toronto, signalling a pivot towards cultural, business, and VFR markets rather than purely leisure-focused planning.

Guadalajara, as Mexico's second-largest city and major technology centre, represents a dual-purpose route serving high-yield business travelers and the VFR market. Air Canada is positioning this route to capture Sixth Freedom traffic from Europe, offering seamless connections via Toronto rather than U.S. hubs. High-density leisure routes like Montreal—Cancún saw aircraft upgrades to Boeing 777-300ER aircraft during peak summer months to meet surging demand.

The Mexico expansion serves as a volume-driven hedge against yield pressure. By

increasing capacity in high-demand leisure markets, Air Canada aims to maintain load factors as per-seat yields soften from peak post-pandemic levels.

## WESTJET

WestJet solidified its position as the market's dominant carrier during 2025, operating 52% of all flights between Canada and Mexico by the start of the winter season. The airline's strategy focussed on leveraging its Calgary hub to connect Western Canada to Mexico's interior and Pacific coast, moving capacity from former Swoop and Sunwing configurations into its mainline network.

Major developments included resuming daily Calgary—Mexico City service in May 2025. The airline expanded to Guadalajara and Tepic from Calgary, moving beyond traditional beach hubs to capture emerging demand in Mexico's interior cities.

A strategically critical development was the expansion of WestJet's reciprocal codeshare partnership with Aeromexico (see below).

## AEROMEXICO

Aeromexico plays a pivotal role as the primary inbound and outbound connector, leveraging its Mexico City hub to link Canada with the broader Latin American region. The carrier celebrated significant milestones in 2025, marking its 15th anniversary of Montreal service and 10th anniversary of Toronto and Vancouver routes, maintaining its position as a critical facilitator of deep connectivity into Mexico's secondary markets.

The strategic expansion of Aeromexico's reciprocal codeshare partnership with WestJet represents a counter to Air Canada's Star Alliance advantages. This alliance allows WestJet to sell deep connectivity into Mexico without deploying its own aircraft, effectively providing access to 10 new destinations via Mexico City, including cities like Torreón and Veracruz. The partnership enables WestJet to offer comprehensive Mexico network coverage for both business and leisure travelers while focussing its own capacity on high-volume tourist routes, effectively outsourcing thinner routes to Aeromexico's hub-and-spoke system.

## NEW ENTRANTS AND MARKET DISRUPTION

**Porter Airlines** marked 2025 as a pivotal year, entering the Mexican market for the first time by leveraging its new Embraer E195-E2 fleet. In June, Porter announced inaugural Mexican routes to Cancún and Puerto Vallarta, launching service in late 2025 from Toronto–Pearson, Ottawa, and Hamilton. This multi-gateway approach challenges incumbents by bypassing traditional hub-and-spoke reliance for secondary cities, bringing its «elevated economy» model to a market previously dominated by legacy carriers and low-cost operators.

**Flair Airlines** differentiated its 2025 strategy by becoming the first Canadian ultra-low-cost carrier to offer direct service to Mexico City. After cutting U.S. capacity by 58% for Q1 2026, Flair launched nonstop flights to Mexico City from Vancouver and Toronto in October 2025, aggressively marketing low cost fares. This dramatic pivot suggests Flair sees higher yield potential and demand stability in the Mexico VFR and leisure market than in secondary U.S. cities.

**Air Transat** refined its leisure-focused model by launching Montreal—Guadalajara service on December 13, 2025, operating twice weekly. This route caters to Quebec’s significant Mexican community and cultural tourists seeking experiences beyond beaches. The carrier increased frequency on core performers like Montreal—Cancún and Montreal—Puerto Vallarta.

The collective effect of these developments represents not merely seasonal adjustments but a fundamental recalibration of Canadian aviation’s geographic priorities, with Mexico positioned as the cornerstone of future growth strategies.

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## TRAVEL TRADE

The Mexican travel trade sector navigated profound structural changes in 2025, driven by Canada’s visa reinstatement, shifting diplomatic dynamics, and an accelerated push towards digital transformation. These forces compelled the industry to fundamentally reimagine its approach to selling Canadian destinations.

## FROM SEASONAL TO YEAR-ROUND

The most significant strategic shift emerged in response to visa-related friction and the imperative to maximise yield per visitor. Destination Canada partnered with Mega Travel, a preeminent wholesale operator, to launch «Canada para descubrir los 365 días» (Canada to discover 365 days a year), marking a definitive departure from winter-centric marketing towards a four-seasons strategy.

Historically, Mexican outbound travel to Canada focussed heavily on winter sports and ski vacations. The new approach actively promotes The Laurentides, Niagara Falls,



Whistler, Vancouver, and Toronto as viable destinations for spring, summer, and autumn travel.

Critical to this transformation is upskilling the sales force. The Canada Specialist Program has been overhauled into a 24/7 interactive platform tailored for Mexican agents, comprising 39 distinct modules requiring 5 to 7 hours of study and culminating in official certification. This ensures agents can sell complex, multi-seasonal itineraries rather than simple ski packages, while managing the extended planning horizons necessitated by visa processing times.

## AI INTEGRATION

The adoption of artificial intelligence grew rapidly in 2025, with 80% of Mexican tourism companies expected to implement AI tools by year-end. Generative AI assistants have moved from experimental pilots to core business applications, enhancing sales capabilities and consumer planning experiences.

## THE ENDURING VALUE OF TRAVEL AGENTS

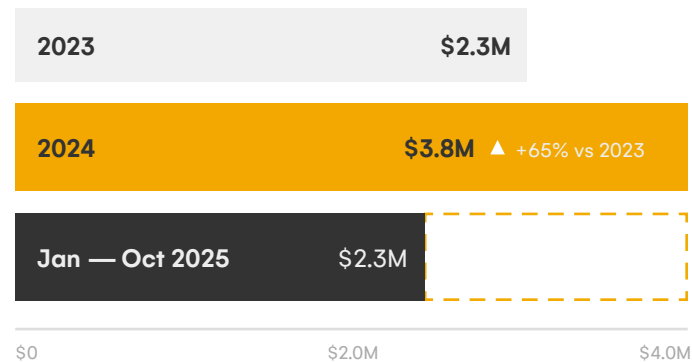
Contrary to global trends showing agent decline, Mexican agents remain indispensable for long-haul travel. Canada's visa reinstatement reinforced reliance on intermediaries, with 53% of Mexican travelers using agents for Canadian trips – likely higher for affluent segments. Travelers willingly pay service fees to navigate visa bureaucracy, while luxury clients value agents as concierges providing reassurance regarding health protocols, safety, and logistics.

For complex long-haul itineraries, 52% of travelers still utilize offline methods including in-person agencies and phone bookings, though simple trips increasingly flow through online channels. This bifurcation reflects the persistent value of human expertise in managing complexity, positioning Mexican travel agents as essential facilitators rather than obsolete intermediaries.

# Yukon Specific Market Trends

Mexican spending in the Yukon

## 2025 YUKON PERFORMANCE



## 2026 POTENTIAL

	REFINED GLOBETROTTERS	OUTDOOR EXPLORERS
WHO THEY ARE	Experienced travelers who prioritize travel above all. They indulge in world-class destinations, gourmet dining, and exclusive experiences, seeking unique places to «cross off their list.»	Nature explorers who crave the thrill of unknown landscapes and overcoming challenges. They view adventure travel as a way to grow, learn new skills, and establish personal traditions.
MARKET SHARE	<b>18% of MX visitors</b> (11% of MX adult population in target regions)	<b>23% of MX visitors</b> (15% of MX adult population in target regions)
ECONOMIC VALUE	26% of MX spend in Canada	24% of MX spend in Canada
AGE PROFILE	<b>Skew Very Young:</b> <ul style="list-style-type: none"> <li>• 18—34 years: 56%</li> <li>• 35—54 years: 29%</li> <li>• 55+ years: 15%</li> </ul>	<b>Balanced / Young:</b> <ul style="list-style-type: none"> <li>• 18—34 years: 38%</li> <li>• 55+ years: 32%</li> <li>• 35—54 years: 30%</li> </ul>
TOP ACTIVITIES	<ul style="list-style-type: none"> <li>• Local Cuisine</li> <li>• Cultural Experiences &amp; Attractions</li> <li>• Health &amp; Wellness</li> <li>• Guided Tours</li> </ul>	<ul style="list-style-type: none"> <li>• Nature Experiences</li> <li>• High-Intensity Sports</li> <li>• Water / Winter-Based Sports</li> <li>• Casual Sports</li> </ul>

# German Speaking Europe

Germany's outbound travel market in 2026 demonstrates robust growth with strong demand, rising spending, and evolving traveller preferences.

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## ECONOMIC AND POLITICAL STATUS

### Germany

**GDP = 1.2%**

**Inflation = 2.1%**

**Unemployment = 3.5%**

Despite the German economy's slow recovery from the pandemic, the war in Ukraine, and energy crisis aftershocks – which limited GDP growth to around 0.1% in 2025 – inflationary pressures eased to approximately 2.1%. This stabilization has boosted consumer confidence.

This modest rebound is supported by expansionary fiscal policies, including increased public spending and investment. However, export-oriented industries face headwinds from trade tensions and global uncertainty.

Politically, Friedrich Merz of the Christian Democratic Union became chancellor following 2025's federal election. His government is focused on defence spending, technological advancement, and managing relations with the US, while addressing domestic priorities including pensions, migration, and conscription.

The euro has appreciated by approximately 9% against the Canadian dollar over the past 5 years.

### Switzerland

**GDP = 1.1%**

**Inflation = 0.3%**

**Unemployment = 3.1%**

Switzerland's economy shows modest recovery amid global trade uncertainties, supported by domestic demand and a stable financial sector. Real GDP growth is forecast at 1.1% for 2026, with eased US trade tensions offset by weak export demand from key markets. Inflation is projected at just 0.3%, reflecting the Swiss franc's strength and falling energy prices. Unemployment is expected to reach 3.1% due to subdued labour market recovery. The Swiss National Bank will maintain its 0% policy rate throughout the year. Politically, Guy Parmelin will be president in 2026.

### Austria

**GDP = 0.9%**

**Inflation = 2.5%**

**Unemployment = 7.4%**

Austria's economy is emerging from stagnation, with 0.9% GDP growth forecast for 2026. Recovery is driven by domestic consumption and fiscal measures, though exports face global headwinds. Inflation should ease to 2.5%, supported by lower energy costs and stable wages. Unemployment is expected to decline slightly to 7.4% as employment rises in services and construction. Politically, Chancellor Christian Stocker leads a three-party centrist coalition formed in March 2025, focusing on economic stability, immigration reforms, and climate initiatives.

# General Travel Sentiment and Outbound Travel

Germany's outbound travel market continues to show robust growth heading into 2026, with demand remaining high despite ongoing price sensitivity among travelers. The Reiseanalyse survey indicates that 84% of German travelers plan to travel the same amount or more in 2026, though booking behaviour is shifting. Cost-conscious travelers are either securing early-bird rates in January and February or waiting for last-minute deals, while traditional mid-range booking windows are shrinking.

While full-year figures are not yet available, German travel spending is demonstrably up, with the outbound travel market projected to grow 7.3% in 2025, with 78.4 million trips abroad and a total market value of US\$126.2 billion. Tour operator product sales alone in 2025 are forecast to reach €40 billion (C\$64.51B), up 7% year-over-year.

In an assessment of summer 2025 travel, published by the German Travel Association, 93 million travelers generated €56.3 billion (C\$90.80B) in revenue, reflecting a 1% increase in traveller numbers and 6% revenue growth compared to summer 2024.

Early bookings for 2026 paint an optimistic picture. Summer season bookings are currently tracking a 3% y-o-y revenue increase, with traveller numbers holding steady.

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In terms of destination, the eastern Mediterranean is experiencing particularly strong demand, with sales up 22% among early bookers. Turkey accounts for roughly a quarter of bookings, followed by Egypt, Italy, mainland Spain, and Tunisia.

There are several key trends shaping German traveller preferences in 2026:

**Nature-based experiences** are increasingly important, with 34.9% ranking natural landscapes as a primary destination factor. Activities like mountain hiking, forest bathing, and eco-friendly accommodation are gaining traction both domestically in the Bavarian Alps and at international nature sites.

**Wellness and rejuvenation** have become central motivations, with 63% of Germans citing rest and recharge as their main reason for leisure travel. Beach escapes remain popular, favoured by 49% for relaxation and scenic beauty. This extends to purpose-driven "whycations" emphasizing emotional well-being and meaningful experiences.

**Sustainable train travel** is booming, with over 60% planning summer trips within Europe by rail for its eco-friendly appeal and scenic routes. Alpine rail journeys exemplify this trend toward slower, more environmentally conscious travel.

**Multi-generational family travel** remains significant, with 56% of Germans planning at least one annual whole-family trip. Among leisure travelers planning with children, 46% had already booked 2026 trips by late 2025, with 55% involving children or grandchildren in the planning.

## TRAVEL TO CANADA

Projections for 2025 and 2026 show a clear decoupling between visitor spending and visitor numbers, with financial recovery occurring well ahead of full volume recovery. Visitor spending is expected to increase by 13.6% in 2025 and a further 13.4% in 2026, indicating that total spending will have returned to, or exceeded, 2019 levels by 2025. In contrast, visitor arrivals are forecast to grow more modestly, rising by 5.0% in 2025 and 9.9% in 2026, with overall visitation not expected to fully recover to pre-pandemic levels until 2028. This points to a multi-year gap between revenue recovery and the return of total visitor volumes.

It should not be overlooked that the German tourist travel business to the United States is expected to experience a drastic decline in 2026, with North American tour operators anticipating a drop of up to 30%. The number of German travelers to the U.S. had already decreased in 2025; however, this decline was partially mitigated by bookings made as early as 2024. German tour operators now expect that Canada will be able to capture at least part of these “lost” U.S. trips in 2026.

## SWITZERLAND – HIGHER SPENDING, MORE FREQUENT TRIPS

Switzerland’s outbound travel market showed modest volume growth in 2024 but significant spending increases. Swiss travelers took approximately 15.4 million trips with overnight stays in 2024, a 1% increase from 15.2 million in 2023. However, spending grew 7.8% y-o-y, driven by inflation in flights and accommodation and preferences for higher-quality travel services. This meant considerably higher per-trip spending despite marginal volume growth.

Looking ahead to 2026, Swiss travelers are planning more frequent trips abroad – an average of 2.2 trips per person, up from 1.9 in 2025. This includes 33% planning two trips, 13% planning three, and 11% planning four to five. City breaks rank as the top choice, followed by beach holidays and active holidays.

Similarly, and for the same reasons as in the German market, an additional increase in travel to Canada from Switzerland is expected, driven by the “Donald Trump effect.”



Photo: Josh Miller

## AUSTRIA – MARKET CONTRACTION

Austria’s outbound travel market shows a contrasting trend. The first half of 2025 recorded 5.95 million outbound holiday trips, representing a 4.5% decrease compared to the same period in 2024.

# Travel Trade and Airline Update

The aviation sector serving the Germany–Canada corridor in 2025 has been defined by two parallel developments: the physical expansion of route networks focusing on leisure hubs, and the commercial restructuring of ticket distribution mechanisms.

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Photo: Cathy Archbould

Germany's aviation sector is experiencing strong international demand. However this is offset by high regulatory costs and incomplete post-pandemic restoration. While major hubs like Frankfurt and Munich are recording robust passenger numbers, particularly on transatlantic routes and to holiday destinations in Southern Europe, overall the sector operates at approximately 90% of pre-2019 capacity, lagging behind European neighbours.

This sluggish recovery stems largely from Germany having some of Europe's highest

location costs, driven by increased aviation taxes, security fees, and new Sustainable Aviation Fuel (SAF) mandates introduced in 2025.

Consequently, legacy carriers like Lufthansa are stabilizing by diversifying long-haul networks into Asia and Africa, while low-cost carriers such as Ryanair have reduced domestic services. This has made international connectivity increasingly expensive and focused on premium and intercontinental travel rather than short-haul European routes.

## CHANGES TO DISTRIBUTION

The airline industry has accelerated the shift to New Distribution Capability (NDC), fundamentally changing how flights are priced and sold. NDC replaces older, static booking systems with dynamic, retail-style offers that allow airlines to control pricing, bundles, and ancillary products more directly.

Both Lufthansa Group and Air Canada implemented NDC in the German market, using fee structures and content advantages to push agencies away from legacy booking channels. For travel agents, the impact is practical rather than theoretical: agencies that cannot access NDC face higher costs or reduced content, while those that can gain access to more flexible pricing, bundled offers, and streamlined booking of complex itineraries. The overall effect is increased pressure on the trade to upgrade technology and workflows, as NDC is no longer optional but an emerging standard for airline distribution.



Photo: Manu Keggenhoff

### LUFTHANSA / DISCOVER AIRLINES

(LUFTHANSA'S SUBSIDIARY COMPANY)

In 2025, Lufthansa added new direct flights to Calgary as part of its summer schedule, contributing to the Lufthansa Group's 87 weekly flights to Canada during peak season. The airline maintained its transatlantic network without major cuts for winter 2025/26, keeping routes to key Canadian cities including Vancouver, Toronto, Montreal, and Calgary intact.

### SWISS INTERNATIONAL AIR LINES

Swiss International Air Lines expanded its Canadian presence in 2025. Through its leisure carrier Edelweiss, the airline launched a new non-stop Halifax-Zurich route operating twice weekly during summer 2025. The airline also extended its codeshare partnership with Air Canada from July 2025, adding coverage to additional routes to and from Halifax.

Looking ahead to 2026, Edelweiss is expanding its Western Canada presence with daily Zurich-Vancouver service during peak summer (up from fewer frequencies) and three-times-weekly Zurich-Calgary flights.

### AUSTRIAN AIRLINES

Austrian Airlines expanded its codeshare partnership with Air Canada from mid-August 2025, covering three additional routes via Vienna. The airline continued existing services to Montreal and Toronto.

### AIR CANADA

In late 2025, Air Canada announced the return of its direct Montreal-Berlin service for the summer 2026 season, restoring a key transatlantic link. The route will operate three times weekly, with departures from Berlin on Tuesdays, Thursdays, and Saturdays, and return flights from Montreal on Wednesdays, Fridays, and Sundays. The airline also enhanced services to Germany, Switzerland, and Austria through increased codeshares.

### CONDOR

Condor discontinued its Edmonton flight in summer 2025 due to the loss of feeder flights from Lufthansa. Condor had relied on Lufthansa to transport passengers from across Europe into Frankfurt to fill the



Photo: Andrew Strain

Edmonton aircraft, but no longer has guaranteed access to those connecting passengers at the rates needed to make secondary long-haul routes like Edmonton profitable.

The airline maintained its Toronto service from Frankfurt and plans to increase frequency on Vancouver and Calgary routes in 2026.

### LUFTHANSA-CONDOR LEGAL DISPUTE RESOLUTION

The long-running legal dispute between Lufthansa and Condor over feeder routes reached a turning point in August 2025 when the Higher Regional Court ruled in favour of Lufthansa. This ruling set aside the 2022 Federal Cartel Office order that had required

Lufthansa to continue providing Condor with special feeder flight conditions. The court cited formal procedural issues, including concerns about bias in the Cartel Office's proceedings.

This decision became legally binding in October 2025 after neither Condor nor the Cartel Office filed appeals. As a result, Lufthansa no longer has to offer Condor preferential terms, though it continues providing standard interlining access for feeder flights on the same basis as other competitors. Condor has responded by building its own limited feeder network, including domestic and European routes launched in 2025, to reduce dependency on Lufthansa's hub connectivity.

### TRAVEL TRADE

The tour operator landscape in Germany remains a dominant force in outbound travel distribution. In 2025, these entities adapted to market conditions by deepening destination expertise and catering to high-yield niches.

In 2025, the large travel groups focused on education, flexible products, and brand trust rather than pushing radically new destinations. **DETOUR Group** invested heavily in training travel agents about Western Canada, choosing Alberta as the base for a long-running, in-destination "Campus" program that brings agents on study trips through early 2026. At the same time, DETOUR expanded its global round-trip catalogue to more than 1,000 itineraries, with Canada positioned around easy-to-sell themes like road trips

and iconic landscapes. On the premium end, the group also grew its DERTOUR Deluxe range for 2026, reflecting continued demand for high-end travel that prioritises space, privacy, and exclusive accommodation.

**TUI Group** took a slightly different but complementary approach. Its Canada strategy centred on modular travel products that allow customers to build personalised itineraries from flexible components, aligning with the growing “individual package” trend. TUI also leaned hard into brand consistency, using its global “Live Happy” platform and deliberately sticking with high-quality real photography (not AI-generated visuals) for North American road trips, reinforcing trust and authenticity at a time when travelers are increasingly cautious about marketing claims.

Specialist operators provided the clearest signal on changing demand patterns. **Canusa Touristik** reported a strong “Canada boom” in 2025, with double-digit booking growth, while demand for the US softened. The company directly linked this shift to political concerns in the United States, with Canada seen as a stable and comparable alternative. Looking ahead to 2026, Canusa is expanding rail journeys, RV itineraries, and even adding bookable sports tickets (such as NHL games) as standalone add-ons. Meanwhile, **CRD International** concentrated on luxury travel and B2B partnerships, working with premium agencies across Germany and Austria—signalling a more consolidated,

cross-border marketing approach within the German-speaking European market.

In 2025, AI moved from experimentation to practical use in the German travel trade, with a clear focus on improving how trips are planned, sold, and managed. **TUI Group** led this shift through its cooperation with Mindtrip, allowing travelers to plan trips through natural language prompts and then book directly within the same interface. This marks one of the first real commercial uses of generative AI for package travel in Germany. At the same time, TUI rolled out AI internally, enabling staff to build hundreds of task-specific AI assistants.

### Elsewhere, Lufthansa Group and Amadeus introduced AI-driven retailing tools that create dynamic, personalised offers rather than fixed fares.

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However, 2025 also showed the limits of change: travel agents successfully pushed back against workflow tools they felt reduced efficiency, underlining that while AI adoption is accelerating, usability and human control remain critical to acceptance in the German market.



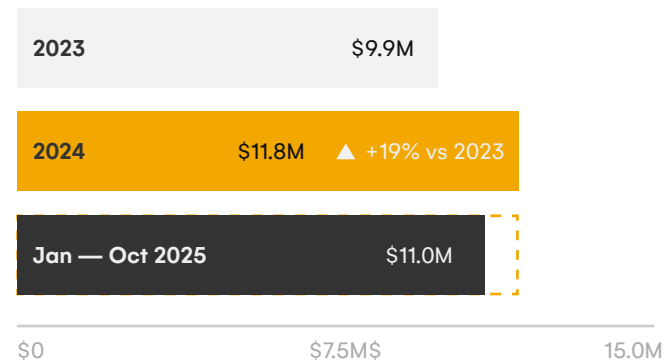
Photo: Dan Carr

# Yukon Specific Market Trends

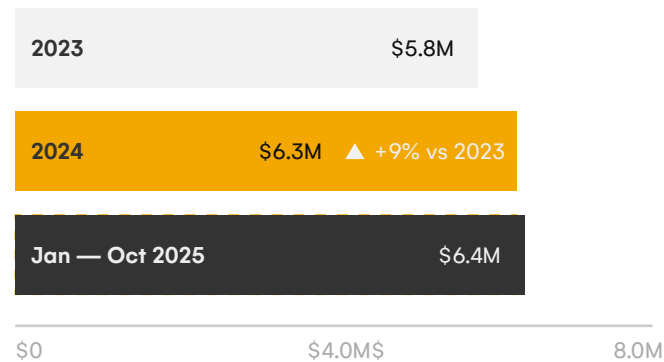
Spending by German Speaking Europe visitors in the Yukon

## 2025 YUKON PERFORMANCE

### GERMAN



### SWISS



### 2026 POTENTIAL

	REFINED GLOBETROTTERS	OUTDOOR EXPLORERS
WHO THEY ARE	Travelers who prioritize travel above all else, indulging in world-class destinations, gourmet dining, and exclusive experiences. They are always looking for unique places to «cross off their list.»	Nature explorers who crave the thrill of unknown landscapes and overcoming challenges. They see adventure travel as a way to grow, learn new skills, and establish personal traditions.
MARKET SHARE	20% of German visitors (11% of total German adult population)	28% of German visitors (14% of total German adult population)
ECONOMIC VALUE	24% of German spend in Canada	29% of German spend in Canada
AGE PROFILE	<b>Skew Older:</b> <ul style="list-style-type: none"> <li>55+ years: 48%</li> <li>35—54 years: 31%</li> <li>18—34 years: 21%</li> </ul>	<b>Balanced Distribution:</b> <ul style="list-style-type: none"> <li>55+ years: 35%</li> <li>18—34 years: 34%</li> <li>35—54 years: 32%</li> </ul>
TOP ACTIVITIES	<ul style="list-style-type: none"> <li>Local Cuisine</li> <li>Cultural Experiences &amp; Attractions</li> <li>Health &amp; Wellness</li> <li>Guided Tours</li> </ul>	<ul style="list-style-type: none"> <li>Nature Experiences</li> <li>High-Intensity Sports</li> <li>Water / Winter-Based Sports</li> <li>Casual Sports</li> </ul>

# United Kingdom

British travelers continue to prioritize travel despite high living costs.

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## ECONOMIC AND POLITICAL STATUS

The UK economy is recovering slowly, with 1.3% GDP growth forecast for 2026. Inflation is expected to ease to around 2.2–2.5%, supported by lower energy and food costs. However, unemployment is forecast to climb to 5.3% by mid-year, driven by business closures and weaker demand. Consumer spending remains constrained by rising taxes and higher household saving rates.

Structural challenges persist, including low productivity and ageing infrastructure that hamper competitiveness compared to global peers. Growth is primarily supported by public spending.

Prime Minister Keir Starmer's Labour government, now in its second year, faces mounting

challenges and public dissatisfaction with only 12% of Britons expecting financial improvements this year. Political volatility is increasing, with high-profile defections to the populist Reform UK party signalling potential realignment. Upcoming local elections and healthcare policy debates could amplify uncertainty throughout 2026.

The UK pound has strengthened against the Canadian dollar by around 7.7% over the past 5 years.

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**1.3%**  
GDP

**2.2%–2.5%**  
INFLATION

**5.3%**  
UNEMPLOYMENT





Photo: Destination Canada

# General Travel Sentiment and Outbound Travel

In the first half of 2025, UK residents made 44.7 million trips abroad, marking a 6.4% increase year-over-year. Associated spending reached £38.6 billion (C\$71.75B) which was up significantly. This growth highlights a shift toward higher-spend experiences despite ongoing economic headwinds.

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The Association of British Travel Agents (ABTA) reports that UK outbound travel rebounded strongly in 2025, with 87% of adults taking holidays, which matches pre-pandemic participation levels. Travel remains a top spending priority, with over two-thirds planning overseas trips and most intending to spend the same or more than previous years. Package holidays retained popularity at 54%, valued for their protection and simplicity.

Key trends include strong growth in long-haul destinations beyond Europe, particularly Asia, with 34.2% planning trips outside Europe and North America. Younger travelers aged 18–34 are driving demand for experiential, adventure-based, nature-focused, and sustainable travel options. There's also growing interest in multi-destination itineraries, rail journeys offering slower and greener travel, premium five-star accommodations, couples-only “baecations,” and unique winter experiences. Overall, British travelers are prioritizing meaningful, authentic experiences and expanding their horizons.

Looking ahead to 2026, the UK's outbound travel market is poised for steady growth. British travelers continue to show resilience amid higher living costs, with 2026 bookings starting strong. Higher average values signal a focus on quality experiences. Overall, trip volumes are expected to rise modestly by around 0.8%.



Photo: Andrew Strain

### Off-Peak and Shoulder-Season Travel

British travelers are increasingly booking trips outside peak summer months, such as September getaways, autumn in Japan, or spring in Morocco, to secure lower prices, avoid crowds, and enjoy richer local experiences. One in four plan September trips, up notably across age groups, which could ease pressure on traditional hotspots and create opportunities for shoulder-season destinations.

**Rail Revival for Greener Journeys** Rail-based travel is experiencing an uptick, especially among 18–24-year-olds where interrailing has doubled in popularity. Travelers favour scenic, sustainable routes over flights, with bookings up 25% year-on-year, positioning rail as a growing mode for leisurely, eco-conscious outbound trips.

**Wellness and Mindful Escapes** Cognitive health holidays are gaining traction as British travelers seek neurosurfing experiences such as breathwork, sound baths, or community-focused wellness in destinations like Peru or Romania, to combat stress and foster connections. Over half agree holidays help manage mental balance, making restorative travel a priority.

### Exploration of Non-Viral and Long-Haul Destinations

Britons are avoiding overcrowded spots in favour of lesser-known gems like Colombia's Coffee Triangle, northern Laos, or inland Croatia, with bookings jumping 20–100% in these areas. Interest in long-haul destinations like Australia and New Zealand.

Solo travel is a fast-growing sector, especially with those over 30. They are drawn to adventurous group tours with like-minded middle-aged people and seniors.

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## TRAVEL TO CANADA

In 2025, the UK travel market to Canada is characterized by a value-driven recovery, where favorable currency exchange rates are fueling a resurgence in high-yield tourism. With the British Pound regaining strength against the Canadian Dollar, Canada has solidified its position as a competitively priced long-haul destination. This makes it particularly attractive compared to the US, helping to offset lingering cost-of-living concerns.

This economic leverage has translated into robust spending habits. While total visitor volume is still on its final trajectory toward full pre-pandemic levels (expected by 2026), the expenditure per visitor is outpacing previous years, with spending projected to grow by over 6% in 2025 alone.

Canada is also benefitting from the current geo-political situation with travellers wanting to visit North America but turning away from the US. There are mixed feelings about the upcoming World Cup with many UK travel trade partners experiencing a significant move away from travel to Vancouver in June. Travellers are planning travel for spring or fall instead, which is causing compression in some areas during these periods.

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# Travel Trade and Airline Update



Photo: Andrew Strain

The UK international airline sector showed strong recovery and growth throughout 2025, with passenger numbers reaching record levels. The first half of the year saw 141 million passengers, up 3% year-over-year and exceeding pre-pandemic figures.

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Europe dominated as the top region for outbound travel, with popular destinations like Dublin, Amsterdam, and Spanish cities leading the way.

Despite economic headwinds leading to more budget-conscious choices, demand for holidays and premium perks like Wi-Fi and lounges kept the market buoyant, with continued expansion forecast into 2026.

## AIR CANADA

Air Canada bolstered its UK–Canada connectivity with key expansions – extending its Ottawa–London Heathrow route to year–round service for winter 2025–26 – with three weekly flights on Boeing 787–8 aircraft starting November 2025.

## BRITISH AIRWAYS

British Airways ramped up its Canada offerings, notably increasing Vancouver flights from London Heathrow by four weekly services for summer 2025, bringing the total to eleven to meet rising West Coast demand. The airline marked 65 years of Toronto–London service with promotional discounts, underscoring the route’s importance. Overall North American schedules hit record levels with boosts to Vancouver and Montreal.

## WESTJET

WestJet made headlines with ambitious transatlantic expansions, launching new routes like Toronto–Cardiff starting May 2026 on Boeing 737 MAX 8. This marks the first direct Wales–Canada link in nearly 20 years and opens fresh tourism avenues. The airline also added several European connections from Toronto and Halifax, including Glasgow, as part of a broader summer 2026 push while enhancing domestic feeders to support international traffic. No UK–Canada routes were dropped, and capacity appears stable.

## AIR TRANSAT

Air Transat’s pilot strike threat in late 2025 led to preemptive December flight cancellations, disrupting UK–Canada services. However, a tentative deal was reached quickly, allowing a swift return to normal operations and averting major holiday disruption. The airline announced new European destinations for summer 2026, maintaining core routes to Toronto, Montreal, and Vancouver without permanent cancellations.

## VIRGIN ATLANTIC

Virgin Atlantic relaunched London Heathrow–Toronto flights in March 2025 after a 10–year hiatus, operating daily on Boeing 787s with seamless connections to 13 Canadian destinations via partners.

On the regulatory front, the UK’s Sustainable Aviation Fuel Mandate kicked in at 2% of jet fuel in 2025, ramping to 10% by 2030, which could slightly increase operational costs and fares on transatlantic routes.

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Photo: Andrew Serack

## TRAVEL TRADE

ABTA's Holiday Habits Report 2025-26 emphasizes the enduring value of agents and operators, with consumers prioritizing excellent service, value for money, and ABTA protection. These findings reinforce the trade's role in delivering reassurance amid travel complexities.

While digital tools and AI are gaining traction for inspiration, traditional booking through professionals remains resilient, supporting a robust industry outlook as outbound demand drives significant economic contributions.

The sector demonstrated strong resilience in 2025. After gross revenue climbed 7% in 2024, 2025 projections point to continued expansion driven by strong demand for longer holidays and premium experiences.

Structurally, the industry shifted toward digital and mobile-first booking, with AI adoption skyrocketing – UK travelers' use of AI for trip planning jumped 61% from the prior year, especially among Gen Z and Millennials who now see it as essential for deals and personalization. However 25% of customers still book through traditional agents for tailored advice,

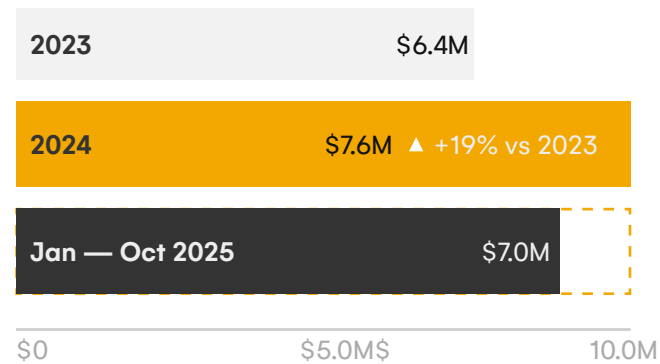
though independent travelers now comprise 48% of the market, signalling a hybrid model.

Major challenges for 2025 included economic uncertainties, regulatory updates like revised package travel rules, affordability pressures, and disruptions from delays or cybersecurity threats, all testing resilience without derailing overall momentum.

# Yukon Specific Market Trends

Spending by British visitors in the Yukon

## 2025 YUKON PERFORMANCE



## 2026 POTENTIAL

### REFINED GLOBETROTTERS

### OUTDOOR EXPLORERS

#### WHO THEY ARE

Culturally curious travelers who prioritize travel above all. They seek exclusive, unique experiences to «cross off their list» and appreciate high-end service.

Nature lovers who crave the thrill of unknown landscapes and physical challenges. They use travel to grow, learn new skills, and establish personal traditions.

#### MARKET SHARE

**28% of UK visitors** (15% of total UK adult population)

**20% of UK visitors** (11% of total UK adult population)

#### ECONOMIC VALUE

35% of UK spend in Canada

22% of UK spend in Canada

#### AGE PROFILE

##### Skew Older:

- 55+ years: ~49%
- 35—54 years: 30%
- 18—34 years: 22%

##### Balanced Distribution:

- 55+ years: ~41%
- 18—34 years: ~35%
- 35—54 years: ~24%

#### TOP ACTIVITIES

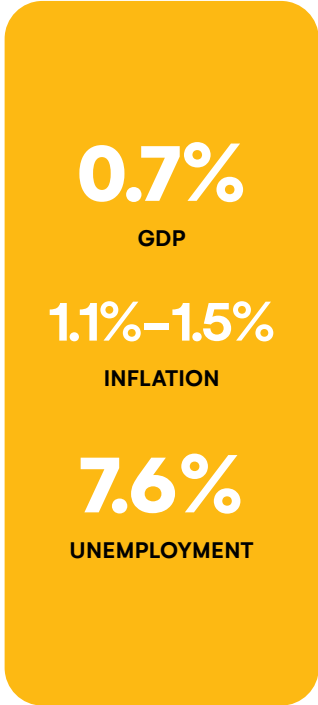
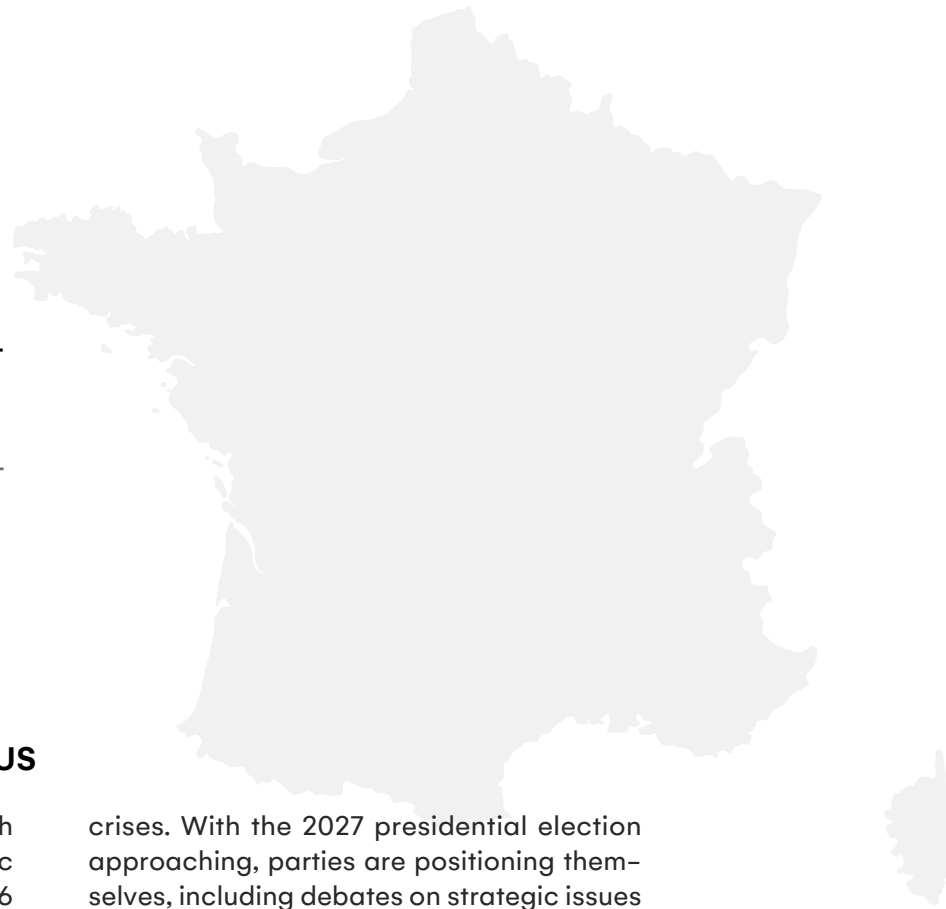
- Local Cuisine
- Cultural Experiences & Attractions
- Health & Wellness
- Guided Tours

- Nature Experiences
- High-Intensity Sports
- Water / Winter-Based Sports
- Casual Sports

# France

The French outbound travel market presents a unique set of opportunities and challenges for tourism stakeholders.

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## ECONOMIC AND POLITICAL STATUS

The French economy shows modest growth amid ongoing challenges like high public debt and deficits exceeding 6% of GDP. 2026 growth is expected to be modest – projected at around 0.7%. Inflation forecasts range from 1.1% to 1.5%. Unemployment is expected to reach 7.6%.

Politically, France enters 2026 with instability following the failure to pass a 2026 budget, leading to emergency stopgap measures to avoid a government shutdown. President Emmanuel Macron’s government faces multiple no-confidence motions from opposition parties, intensifying pressure amid protracted

crises. With the 2027 presidential election approaching, parties are positioning themselves, including debates on strategic issues like NATO involvement. Macron has outlined priorities that include national service for youth and bolstering armed forces.

The euro has appreciated by approximately 9% against the Canadian dollar over the past 5 years.

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# General Travel Sentiment and Outbound Travel

Despite significant macroeconomic headwinds – including historic increases in aviation taxation – French demand for long-haul, high-value leisure travel remains remarkably resilient. The market has evolved from post-pandemic “revenge travel” into a sustained period of “priority travel,” where escapism and authentic immersion are considered essential to well-being rather than discretionary luxuries.

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Today’s French traveler operates within a framework of “considered consumption.” While travel remains a priority, destination choices are scrutinized for value, sustainability, and authenticity. Approximately 35% of French adults take at least one international trip annually, with the high-value segment (top 15% by spend) accounting for 42% of total outbound expenditure.

In 2024, French travelers made 37.9 million outbound visits, generating US\$54 billion in international tourism expenditure. Industry

projections suggest 2025 will close with approximately 45 million outbound trips, representing 3.7% year-over-year growth.

However, recent data reveals emerging volatility. While outbound air traffic increased 4.8% in the first half of 2025, summer months showed declines. Medium-haul departures dropped nearly 10% in July and 8.2% in August, while long-haul destinations experienced even sharper decreases of 16% and 15.6% respectively.



Photo: Andrew Strain

## SUSTAINABLE AND NATURE-BASED TRAVEL

French travelers increasingly prioritize sustainable, nature-based destinations, particularly cooler regions like Nordic and Baltic countries. Overnight stays in the Nordics have already surpassed pre-pandemic levels, with 9–18% growth anticipated in 2026.

## PERSONAL NETWORKS DRIVE PLANNING

Approximately 34% of French travelers rely on friends and family for travel inspiration, surpassing online travel agencies (25%) and television (18%). Generative AI tools remain nascent at just 8% adoption, indicating a continued preference for blending personal networks with technology.

## EXPERIENTIAL AND CULTURAL TOURISM

Adventure, culinary, and pop culture-driven experiences are fuelling outbound demand. The experiential and cultural tourism segment is projected to grow from US\$38.6 billion in 2025 at a 4.4% compound annual growth rate through 2035.

## HYPER-PERSONALIZATION

Accommodation providers are embracing hyper-personalization, offering customizable hotel experiences – from sports equipment to soundproofing – through AI-driven platforms like iHotelier, catering to increasingly sophisticated traveller expectations.

## FRENCH VISITORS TO CANADA

In 2025, France solidified its position as one of Canada’s most resilient and high-performing overseas source markets, consistently ranking among the top three throughout the year. In October, it surpassed the United Kingdom to become Canada’s leading international market that month. Summer data showed strong recovery, with French arrivals in July alone exceeding 100,000.

The market has shifted from quantity to quality. French travelers demonstrated higher per-trip spending and longer stays compared to other European visitors. While total arrivals expectations were at 2019 levels, overall spending was projected to exceed those benchmarks by 13–20%, driven by demand for unique, sustainable, and authentic accommodations.

Shoulder-season travel expanded notably, with record growth during spring and autumn as travelers avoided summer crowds and capitalized on competitive pricing.



Photo: Andrew Strain

**Looking ahead, Canada projects 697,800 French visitors in 2026, generating \$1.3 billion in spending.**

The French traveller profile has evolved toward «slow travel» and immersive experiences. Quebec remains the primary destination due to linguistic and cultural connections, but multi-destination itineraries increasingly include Western Canada and the Maritimes. These travelers seek wide-open spaces, nature, and Indigenous cultural experiences, aligning with the «Outdoor Explorer» segment.

# Travel Trade and Airline Update

The French market for international flights demonstrated steady growth, with revenue projected to reach US\$20.80 billion in 2025. Air traffic across Europe, including France, averaged 35,565 daily flights in mid-2025 – up 3% from 2024 and reaching 101% of 2019 levels.

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## EVOLVING CARBON PRICING FRAMEWORK

The EU Emissions Trading System (ETS) for aviation will eliminate free emissions allowances in 2026, requiring airlines to purchase all allowances for intra-EEA flights – increasing costs on those routes. Currently, long-haul extra-EEA flights remain unaffected by these carbon pricing policies. However, the EU is assessing a potential extension of the ETS to all departing flights in 2026, which could significantly impact long-haul travel economics. If implemented, this expansion would increase ticket prices by 2% to 6% by 2030 on affected routes – potentially adding around €40 to a direct economy flight from Amsterdam to Hong Kong.

## AIR FRANCE

Air France maintained 36 weekly flights from Canadian cities to Paris-Charles de Gaulle during winter 2025-2026, increasing to 47 weekly frequencies during peak holiday periods. The carrier reduced Ottawa-Paris service to four weekly flights from January to March 2026.

## AIR CANADA

Air Canada announced a new Montreal-Nantes service with three weekly flights starting summer 2026, alongside a planned Montreal-Toulouse service using A321XLR aircraft from June 2026.

## AIR TRANSAT

Air Transat launched Quebec City-Marseille service with one weekly non-stop flight from May 21 to October 8, 2026. The carrier resumed direct services from Montreal to Bordeaux, Lyon, Marseille, Nantes, Nice, and Toulouse in early May 2025, converting several seasonal European routes to year-round operation for summer 2026.

## WESTJET

WestJet launched seasonal St. John's-Paris CDG service starting May 2025, operating Sundays, while expanding its codeshare partnership with Air France in May 2025.



Photo: Andrew Strain

## TRAVEL TRADE

The French travel trade is adapting to higher operating costs by emphasizing high-value, unique itineraries. Industry consolidation continues, with major players like Marietton and TUI strengthening market positions through mergers and acquisitions to achieve economies of scale.

Economic uncertainty remains the sector's primary challenge, with macroeconomic pressures and geopolitical tensions impacting consumer budgets and demand in 2025.

Online travel agencies dominate with 70—71% market share, forcing traditional operators to differentiate through complex, personalized trip offerings.

Regulatory changes and sustainability requirements, including environmental standards and new tourism compliance mandates, add operational complexity.

The distribution landscape is rapidly digitizing. Online bookings surpassed 2019 levels by 2023, with 86% of travelers now organizing trips independently via digital platforms. AI adoption enables dynamic pricing and personalized itinerary creation across booking channels, while mobile-optimized and contactless technologies have become standard in 2026 distribution networks.

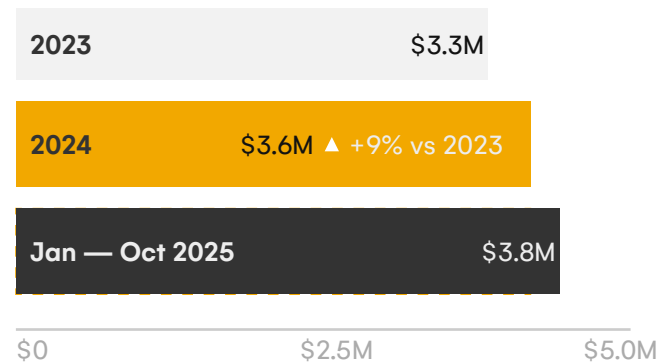


Photo: Dann Carr

# Yukon Specific Market Trends

Spending by French visitors in the Yukon

## 2025 YUKON PERFORMANCE



## 2026 POTENTIAL

	REFINED GLOBETROTTERS	OUTDOOR EXPLORERS
WHO THEY ARE	Experienced travelers who prioritize travel above all. They indulge in world-class destinations, gourmet dining, and exclusive experiences, always looking for unique places to cross off their list.	Nature explorers who crave the thrill of unknown landscapes and overcoming challenges. They view adventure travel as a way to grow, learn new skills, and establish personal traditions.
MARKET SHARE	<b>23% of French visitors</b> (11% of total French adult population)	<b>23% of French visitors</b> (13% of total French adult population)
ECONOMIC VALUE	31% of French spend in Canada	27% of French spend in Canada
AGE PROFILE	<b>Skew Older:</b> <ul style="list-style-type: none"> <li>• 55+ years: 56%</li> <li>• 35—54 years: 29%</li> <li>• 18—34 years: 15%</li> </ul>	<b>Balanced / Skew Younger:</b> <ul style="list-style-type: none"> <li>• 18—34 years: 38%</li> <li>• 55+ years: 32%</li> <li>• 35—54 years: 30%</li> </ul>
TOP ACTIVITIES	<ul style="list-style-type: none"> <li>• Local Cuisine</li> <li>• Cultural Experiences &amp; Attractions</li> <li>• Health &amp; Wellness</li> <li>• Guided Tours</li> </ul>	<ul style="list-style-type: none"> <li>• Nature Experiences</li> <li>• High-Intensity Sports</li> <li>• Water / Winter-Based Sports</li> <li>• Casual Sports</li> </ul>
TRAVEL TRADE USE	Very High for Group Travel Very High for Non-Group Travel	Average for Group Travel Average for Non-Group Travel

# Benelux

The Benelux outbound travel market demonstrated remarkable resilience in 2025, with continued growth expected in 2026.

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## ECONOMIC AND POLITICAL STATUS

### Netherlands

**GDP = 1.3%**

**Inflation = 2.5%**

**Unemployment = 4.1%**

The 2026 outlook indicates a «soft landing» for the Dutch economy – moderate growth without contraction – preserving purchasing power among consumers. Inflation, the primary challenge to household budgets, is expected to ease to 2.5% in 2026 and 2.1% by 2027. However, substantial wage increases negotiated through collective labour agreements in 2023–2024 largely offset inflation,

keeping real disposable income stable or slightly positive.

Unemployment will rise marginally to 4.1% in 2026, reflecting a mismatch between labour supply and employment rather than job losses.

Following the collapse of the previous right-wing Schoof cabinet after eleven months, a new minority coalition formed in January 2026 under Rob Jetten’s centrist administration, relying on ad-hoc parliamentary majorities.



The euro has appreciated about 9% against the Canadian dollar over the past 5 years.

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Photo: Josh Miller

## Belgium

**GDP = 1.1%**

**Inflation = 1.8%**

**Unemployment = 6.2%**

Belgium's growth remains modest, reflecting the general Eurozone slowdown and cooling domestic demand. Belgium's unique automatic wage indexation legally adjusts salaries with inflation, protecting purchasing power. With inflation dropping sharply, households may experience a «real wage surplus» in 2026 as previous high-inflation wage adjustments materialise, while current prices rise more slowly.

Despite wage protection, consumer confidence remains fragile. Government deficit projections may trigger future austerity measures or tax increases, creating psychological barriers to spending.

## Luxembourg

**GDP = 1.9%**

**Inflation = 1.7%**

**Unemployment = 6.7%**

Luxembourg, though small, concentrates high-net-worth individuals unmatched regionally. GDP is forecast to accelerate to 1.9% in 2026, suggesting robust recovery in the financial and services sectors underpinning the nation's wealth. Inflation remains controlled, declining to 1.7% in 2026. Unemployment is expected to stabilize around 6.7%.

The Grand Duchy is in a period of historic transition following the abdication of Grand Duke Henri in October 2025. Grand Duke Guillaume has now acceded to the throne.

# General Travel Sentiment and Outbound Travel

The Dutch outbound travel market demonstrated remarkable resilience and growth in 2025. Dutch residents took an estimated 23.9 million international trips, up 7% from 22.3 million trips the previous year. This growth is notable as it surpasses pre-pandemic 2019 levels of approximately 22 million departures, signalling not just recovery but expansion beyond the previous benchmark.

Dutch travelers are significant spenders, with an average of €1,680 (C\$2,709) per international trip. This figure jumps considerably for long-haul destinations beyond Europe, where travelers spend an average of €3,450 (C\$5,564) per trip and typically stay 12+ nights, making this a particularly valuable market.

## DESTINATION PREFERENCES AND EMERGING TRENDS

Europe remains the cornerstone of Dutch outbound travel, accounting for 80–85% of all international trips. Spain consistently holds the top position as the most popular destination, followed by other Mediterranean favourites including Portugal, Greece, France, and Italy.

However, 2025 saw a significant shift in long-haul travel patterns. According to the ANVR (Dutch travel trade association), Dutch travelers are increasingly favouring Asia over North America. Destinations like Japan, Indonesia, and China experienced substantial increases, driven by lifted post-COVID restrictions, expanded flight capacity from Schiphol (up 12% in 2025), and a growing appetite for experiential, exotic travel.

Conversely, travel to the United States and Canada grew more slowly, with ANVR noting «much lower numbers of Dutch travelers to the U.S.» in 2024–2025. Factors including geopolitical tensions, stricter border controls, and shifting safety perceptions contributed to this trend, with some travelers substituting North American trips with Asian alternatives.

## THE MULTI-TRIP PHENOMENON

An important emerging pattern is the Dutch tendency to take multiple holidays annually. Rather than choosing between European and long-haul destinations, many travelers are doing both – combining a major intercontinental trip with shorter European getaways. This trend is reflected in late-2025 booking data, with September bookings up 13% year-on-year, demonstrating sustained demand throughout the shoulder season.

## TRAVEL PREFERENCES AND MOTIVATIONS

Dutch travelers in 2025–2026 are shifting toward more thoughtful, intentional travel experiences. Key preferences include:

**Relaxation Over Intensity** 61% of Dutch travelers explicitly favour restorative vacations over high-intensity itineraries, seeking stress-free logistics and opportunities to recharge.

**Slow Travel Movement** There's growing demand for authentic connections with local culture and nature, with travelers choosing depth over distance through fewer destinations, off-season trips (particularly May and September), and nature-based activities.

**Sustainability Focus** 75% of travelers express desire to travel more sustainably, with regenerative tourism interest increasing 26% year-on-year. Dutch travelers increasingly prioritize climate-friendly transport options and providers offering transparent CO<sub>2</sub> emissions data. Meanwhile Belgian rail usage increased 31% in 2024 compared to 2023.

**Hyper-Personalization** Dutch travelers seek experiences tailored to individual needs, life stages, and values – from solo wellness trips to multi-generational road trips.

## DIGITAL BEHAVIOUR AND BOOKING PATTERNS

The Dutch market is among Europe's most digitally sophisticated. Key insights include:

- 78% book international travel experiences online
- 54% of bookings occur via mobile devices
- 74% prefer organizing their own trips rather than relying on packaged tours, though they may consult agents for complex long-haul logistics

Prime booking windows include November–December for spring/summer travel, May–June for last-minute summer trips and autumn planning, and September–October for business and educational travel.

## 2026 OUTLOOK AND GROWTH DRIVERS

The 2026 forecast remains positive, with continued moderate growth expected. Travel intent remains exceptionally high, with 88% of Dutch consumers planning to take a holiday in 2026. Early booking trends are particularly encouraging, with travelers reserving summer 2026 holidays earlier than ever before.



Photo: Destination Canada

Several key factors are driving this growth. The expanding senior segment (aged 65+) with substantial disposable income is travelling more frequently and prioritizing quality, comfort, and certainty. This demographic often travels outside school holiday periods and takes multiple vacations annually. Simultaneously, younger generations remain travel-hungry, favouring experiential journeys and multi-generational family trips.

# Travel Trade and Airline Update

For 2026, the aviation pipeline from the Benelux to Canada is expanding significantly, reducing friction for travelers and opening new gateways.

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## AIR CANADA

Air Canada is undertaking major transatlantic network expansion for Summer 2026, which will directly benefit the Benelux market. The airline will launch a new Halifax to Brussels route operating three times weekly from mid-June to early September, creating

a direct link to Atlantic Canada and facilitating «Eastern and Western» combination trips – European travelers often book open-jaw tickets, flying into Halifax and departing from Vancouver.

Additionally, Air Canada is upgrading its Montreal to Brussels service, which operates daily year-round, by replacing smaller aircraft with the high-capacity 777-300ER, signaling strong confidence in demand. The airline will also maintain daily summer service between Montreal and Amsterdam, sustaining capacity for the Dutch market.

## KLM ROYAL DUTCH AIRLINES

As the national carrier, KLM remains the primary conduit for Dutch travelers. For summer 2026, KLM is increasing frequency on the Amsterdam—Edmonton route to six times weekly during peak season.

The deployment of Boeing 787-10 aircraft on long-haul routes increases seat capacity while improving passenger experience. However, KLM is implementing a cost-cutting programme to improve margins. While this ensures airline stability, it may lead to stricter yield management, making early booking increasingly essential for tour operators seeking competitive group rates.

## AIR TRANSAT

Air Transat continues targeting the leisure segment with increased frequencies for summer 2026. Service from Montreal to Brussels increases to four times weekly, while Montreal to Amsterdam increases to three times weekly. Toronto to Amsterdam moves to daily service during peak summer.

## TRAVEL TRADE

Industry data from Dutch travel agencies showed 2025 ending with roughly a two percent increase in bookings compared to 2024, suggesting a slight cooling but still positive growth trajectory heading into the new year.

## THE AI AND DIGITAL TRANSFORMATION OF THE TRADE

The integration of Artificial Intelligence has moved well beyond consumer-facing chatbots to become a core operational pillar for Benelux tour operators and wholesalers. The trade is shifting towards «agentic AI» systems that actively execute complex tasks. AI agents now autonomously rebook disrupted itineraries, manage inventory in real time, and personalise tour packages without human intervention.

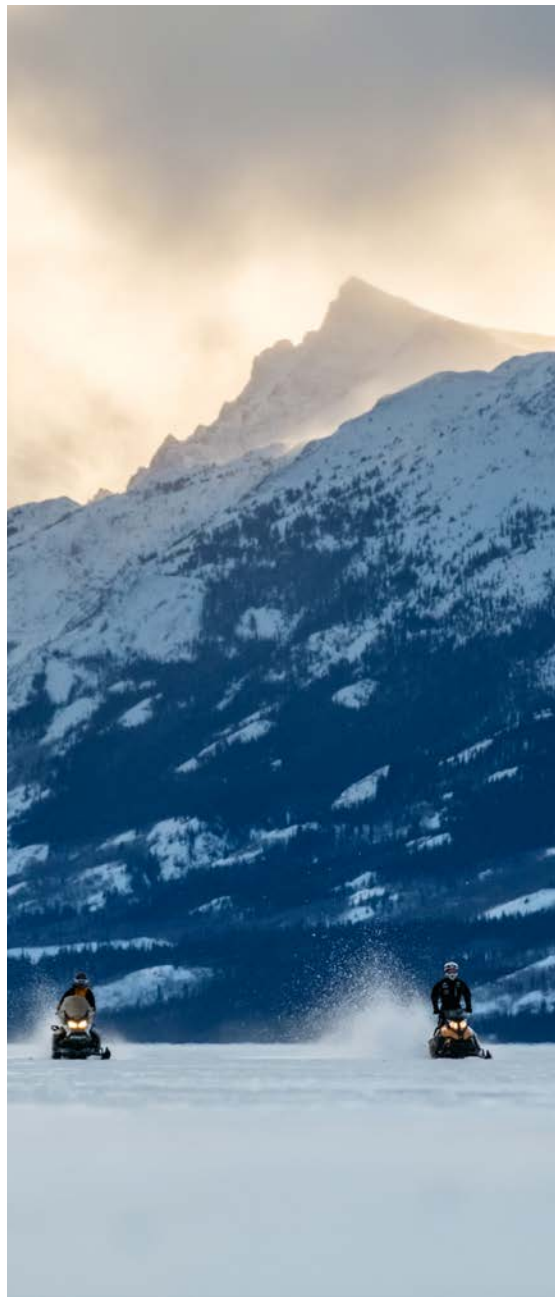


Photo: Destination Canada

Major players like TUI are restructuring their content to be «AI-visible» and «AI-bookable», optimising product data for AI-driven travel assistants and third-party platforms. Smaller Benelux agencies are leveraging AI for group travel coordination and complex logistics. The ANVR has highlighted that data quality is now the primary asset for travel companies, with those unable to structure their data for AI integration risking loss of visibility in the new digital ecosystem.

### **THE SHIFT TO HYPER-PERSONALISATION**

The Benelux market is witnessing a decisive shift from «one-size-fits-all» packages to hyper-personalised, needs-driven itineraries. Travelers are demanding bespoke travel based on specific psychological needs and passions such as «silence seeking», «culinary curiosity», or «digital detoxing». This trend is facilitated by a hybrid service model where travel agents leverage AI tools to manage logistical complexity while applying human expertise to add nuance and emotional value.

### **CONSOLIDATION AND MARKET EVOLUTION**

The Benelux trade sector is experiencing consolidation that will alter the distribution landscape moving forward. Private equity activity is ramping up, targeting specialist tour operators and luxury travel brands.

### **REGULATORY AND ECONOMIC PRESSURES**

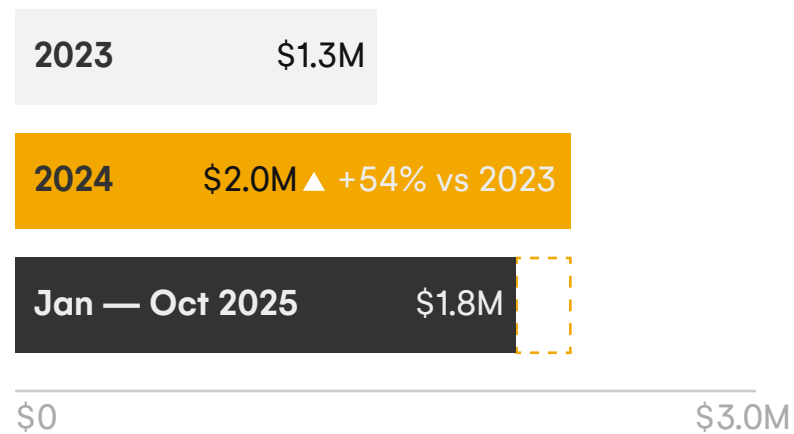
Government policies are creating new headwinds. The Dutch government's raised air passenger taxes, potentially reaching seventy euros for long-haul flights by 2027, may encourage «border hopping» to Brussels or Düsseldorf. Additionally, the EU's Corporate Sustainability Reporting Directive now requires larger operators to legally report their carbon footprint, with Benelux operators increasingly demanding carbon data from tourism partners to fulfil compliance requirements.

# Yukon Specific Market Trends

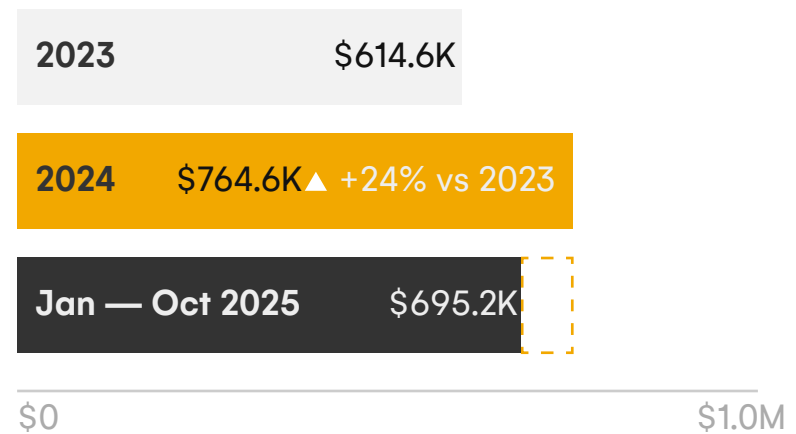
Spending by Dutch and Belgian visitors in the Yukon

## 2025 YUKON PERFORMANCE

### Netherlands



### Belgium



Note: Market segmentation not available.

# Australia

Australians have returned to international travel at record pace.

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## ECONOMIC AND POLITICAL STATUS

As of January 2026, Australia's economy is experiencing steady but modest growth after navigating post-pandemic recovery and global uncertainties. The IMF forecasts 2.1% real GDP growth for 2026 – a slight increase from 2025. Inflation remains a key concern, with headline inflation expected to reach 3.7% by June 2026, moderating to 3.2% by December. Unemployment should remain relatively low at 4.5% through 2026–27.

Politically, Prime Minister Anthony Albanese's Labor government holds a strong majority following a landslide victory in May 2025. The national agenda is shaped by several

critical issues: fallout from the 2025 Bondi terrorist attack has intensified focus on social cohesion, gun laws, and antisemitism inquiries. Meanwhile, economic challenges persist, including high housing costs and the need for budget measures to address structural deficits.

The Australian Dollar has decreased against the Canadian dollar by approximately 5.2% over the past 5 years.

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**2.1%**

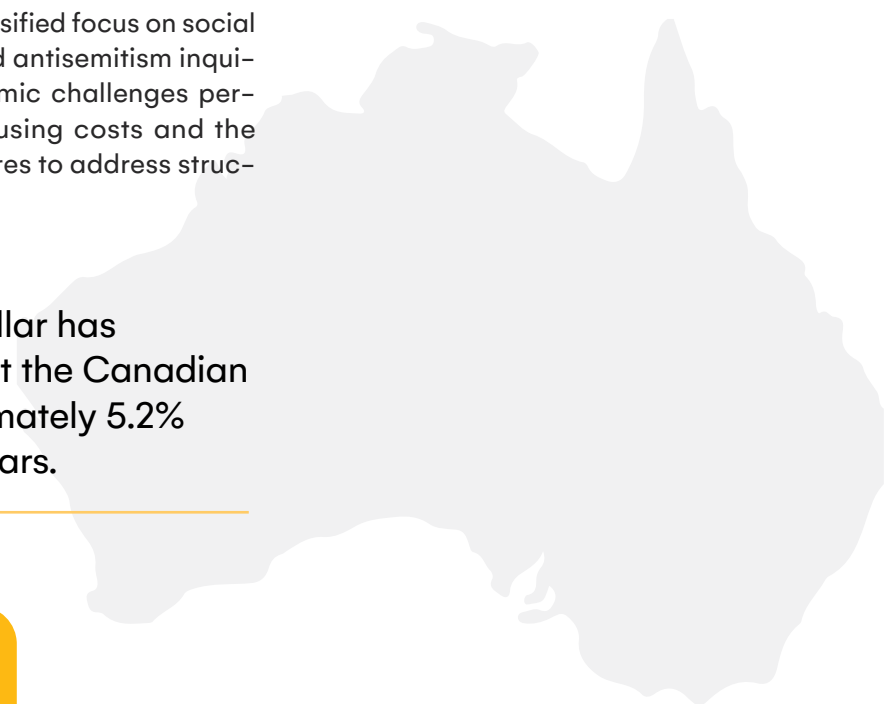
GDP

**3.2%–3.7%**

INFLATION

**4.5%**

UNEMPLOYMENT



# General Travel Sentiment and Outbound Travel

Australians have returned to international travel at record pace. In the 2024–25 financial year (July 2024 to June 2025), short-term resident departures from Australia totalled 12.26 million – up 11.6% from 10.98 million the previous year. Tourism Research Australia forecasts full-year departures will reach 12.6 million, an 8% increase over 2024. While outbound travel growth is expected to ease to around 5% in 2026, Tourism Research Australia’s 2025–2030 forecast indicates absolute volumes will continue climbing toward 14.9 million trips by 2030.

The top destinations in 2024–25 were Indonesia, New Zealand, Japan, the United States, and China. Marketing intelligence firm MassCom Global reports the average 2025 trip budget reached AUD \$9,800 (C\$9,100) – 15% above pre-pandemic levels – with one-third of Australians planning multiple overseas holidays annually.

## KEY MARKET DRIVERS

Several macro forces are fuelling this boom. Seat capacity was forecast to be 23% higher by December 2025, supported by visa-free access to 12 new countries and an Australian dollar that remains strong against key Asian currencies. Airlines are adding significant long-haul capacity, with Qantas set to launch non-stop «Project Sunrise» flights from Sydney to New York and London in the second half of 2026. The airline is also increasing Vancouver—Sydney service to daily from January 2026, representing a 68% increase in seats.



Photo: Andrew Strain

## EMERGING TRAVEL TRENDS

### “COOLCATIONS” AND NORDIC DESTINATIONS

Australian travelers are increasingly drawn to cooler Nordic and Baltic destinations. Outbound trips to Estonia, Lithuania, Norway, Finland, and Iceland have grown 20–30% year-on-year, with particularly strong increases to Estonia (60%) and Norway (40%). These travelers are seeking nature experiences like fjords and the midnight sun.

### NATURE-IMMERSIVE WELLNESS

There’s rising demand for restorative experiences including multi-day hikes, digital detoxes in destinations like Mongolia, and forest walks. This trend blends adventure with wellness, offering travelers opportunities to recharge while connecting with nature.

### ACTIVE ADVENTURE PURSUITS

Cycling holidays have surged 24% year-on-year in 2025, with Australians favouring leisurely, nature-based tours that emphasize scenery and cultural immersion over intense athletic challenges.

### OFF-PEAK AND SHOULDER SEASON TRAVEL

Australian travelers are increasingly shifting to quieter travel periods for nature and adventure experiences. Off-peak (November to March) visits to European destinations like Italy are up 14% year-on-year, while off-season (November to March) safaris in Zimbabwe offer wildlife sightings with fewer crowds. Shoulder season is April – May and September – October.

### GEOGRAPHIC SHIFT: SHORT-HAUL PREFERENCE

Australians increasingly favour short-haul Asia-Pacific destinations over long-haul markets. Outbound traffic to Japan, Vietnam, Thailand, and China grew 18–27% in 2025, while American-bound travel dropped 12.7% in September 2025 alone. This shift is driven by cost-of-living pressures and competitive airfares on Asian routes.

### AUSTRALIAN TRAVEL TO CANADA

The Australian travel market to Canada in 2025 is characterized by a «value-over-volume» recovery trajectory, where visitor spending has rebounded faster than arrival numbers. While Destination Canada predicts that visitor volume may not fully return to 2019 levels until 2029, spending by Australian travelers exceeded pre-pandemic levels in 2023 and is projected to continue growing.

Despite economic headwinds such as a softening Australian dollar which impacts affordability, Australians remain resilient travelers, prioritizing longer stays and high-quality experiences over budget constraints. Connectivity is also improving with bilateral agreements set to increase flight capacity between Canada and Australia (see airline section below).

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# Travel Trade and Airline Update

Australia's international airline sector demonstrated strong growth throughout 2025. Passenger traffic reached 43.89 million for the year ended September 2025, up from 40.20 million the previous year. International capacity surpassed 7.1 million departure seats in the first quarter of 2025, representing a 6.1% year-on-year increase. Between 2020 and 2025, the international airline industry expanded at a compound annual growth rate of 2.4%.

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## WESTERN SYDNEY INTERNATIONAL AIRPORT

Western Sydney International Airport (Nancy-Bird Walton Airport) is scheduled to open in late 2026, offering 24/7 operations for international, domestic, and freight services. The facility will provide a crucial alternative to Sydney's Kingsford Smith Airport, with initial capacity for up to 10 million passengers annually.

Singapore Airlines has committed to non-stop services between the new airport and Singapore's Changi Airport, while Air New

Zealand plans Auckland routes. The airport is projected to handle 200 flights daily by 2030, with ongoing discussions for additional domestic and international services from other carriers.

## AIR CANADA

In 2025, Air Canada adjusted its Brisbane-Vancouver service from daily to five weekly flights between February and October, operated with Boeing 787-900 aircraft. This reduction reflected operational constraints including aircraft availability related to global

network expansion. The adjustment followed a 30% seat capacity increase on the route in 2024.

From late December 2025, Air Canada expanded its codeshare partnership with Virgin Australia to include additional domestic routes from Brisbane, covering Brisbane-Hobart, Brisbane-Mackay, and Brisbane-Townsville.

## QANTAS

Qantas received approval for four additional weekly frequencies on its Canada route, effective August 2025. This allows an increase from three to seven weekly Sydney-Vancouver services in January 2026 using Boeing 787 aircraft with 236 seats, followed by four weekly services in February and March 2026.

This expansion adds approximately 11,000 seats – a 68% capacity increase during the period – and supports codeshare services with American Airlines and WestJet. Tourism Yukon co-invested in the Qantas Airways Inflight Magazine campaign with Destination Canada, Manitoba and NWT, which is running from October 2025 to March 2026.

## BILATERAL AIR TRANSPORT AGREEMENT

In October 2024, Australia and Canada significantly updated their bilateral air transport agreement, aimed at boosting connectivity by easing restrictions on flights between both countries.

Previously, Canadian airlines faced a cap of 9,000 seats per week when flying into Australia's four major airports – Sydney, Melbourne, Brisbane, and Perth – though they had unlimited access to other Australian airports. The updated agreement immediately raised the limit to 50 weekly flights to Canada for direct services.

Starting in 2026 – specifically from the Northern Summer scheduling period – airlines from both nations will have unlimited capacity for passenger and cargo flights between Australia and Canada. Carriers will be able to set their own frequencies, seat capacities, and aircraft types without restrictions.

This phased approach strengthens commercial and cultural links between the two countries and aligns with Canada's Blue Sky policy for liberalizing air agreements.



Photo: Andrew Strain

## TRAVEL TRADE

The Australian outbound travel trade is experiencing a structural reset following extraordinary post-pandemic growth, with 2025 marking a peak performance year unlikely to repeat in the near term.

Despite persistent predictions of decline, over 70% of international airfares and over 90% of corporate travel bookings continue flowing through professional agents – evidence that the traditional trade remains essential for complex, multi-component itineraries and duty-of-care requirements that self-service booking cannot replicate.

While online travel agencies control approximately 85–90% of accommodation bookings, travel agents maintain commanding influence over airfare distribution and corporate programmes. The primary challenge isn't whether the trade survives – 2025 bookings proved its resilience – but how it adapts to shifting consumer behaviour.

## AI ADOPTION AND THE COMPETENCE GAP

Artificial intelligence adoption is advancing rapidly but unevenly. Content creation and social media management dominate current applications, while flight routing automation – exemplified by Flight Centre's 50,000 full-time equivalent hours saved annually – demonstrates significant back-office efficiency gains.

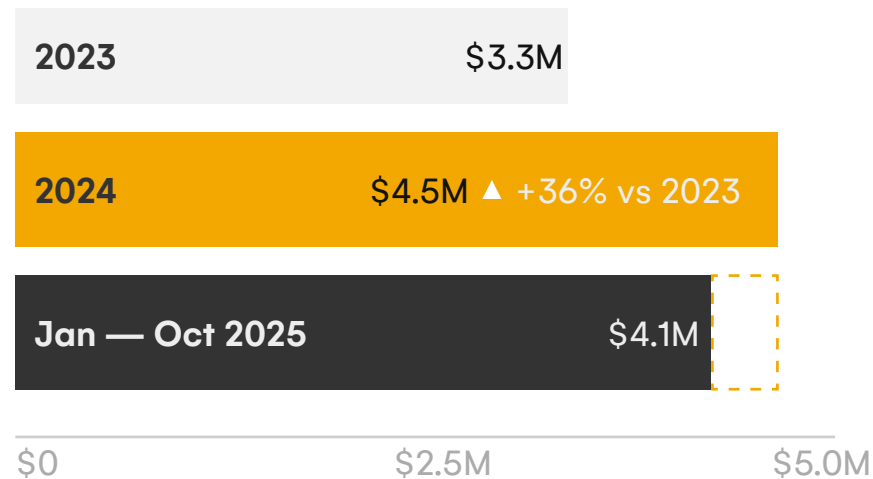
The gap between adoption and competence highlights a critical training need for 2026. Simultaneously, consumers are embracing AI faster – 28.8% of Australians now use AI to plan holidays – creating pressure for agents to integrate AI-powered tools into customer interactions rather than resist them.

Despite a «chaotic and correctional» 2025 marked by flight disruptions, visa complications, and geopolitical volatility, the industry's resilience signals confidence in the sector's structural fundamentals, even as short-term headwinds persist.

# Yukon Specific Market Trends

Spending by Australian visitors in the Yukon

## 2025 YUKON PERFORMANCE



## 2026 POTENTIAL

	REFINED GLOBETROTTERS	OUTDOOR EXPLORERS
WHO THEY ARE	Experienced travelers who prioritize travel above all. They seek world-class destinations, gourmet dining, and exclusive experiences to "cross off their list."	Nature explorers who crave the thrill of unknown landscapes and physical challenges. They view adventure travel as a way to grow, learn new skills, and establish personal traditions.
MARKET SHARE	<b>19% of AU visitors</b> (11% of total AU adult population)	<b>23% of AU visitors</b> (12% of total AU adult population)
ECONOMIC VALUE	25% of AU spend in Canada	26% of AU spend in Canada
AGE PROFILE	<b>Even Split:</b> <ul style="list-style-type: none"> <li>• 18—34 years: 35%</li> <li>• 35—54 years: 34%</li> <li>• 55+ years: 31%</li> </ul>	<b>Skew Younger:</b> <ul style="list-style-type: none"> <li>• 18—34 years: 51%</li> <li>• 35—54 years: 27%</li> <li>• 55+ years: 22%</li> </ul>
TOP ACTIVITIES	<ul style="list-style-type: none"> <li>• Local Cuisine</li> <li>• Cultural Experiences</li> <li>• Health &amp; Wellness</li> <li>• Guided Tours</li> <li>• Nature Experiences</li> </ul>	<ul style="list-style-type: none"> <li>• Nature Experiences</li> <li>• High-Intensity Sports</li> <li>• Water / Winter-Based Sports</li> <li>• Casual Sports</li> </ul>

# Japan

The Japanese outbound travel market has fundamentally matured. The era of «cheap and cheerful» mass tourism is over, replaced by a more resilient, sophisticated, and high-value market.

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## ECONOMIC AND POLITICAL STATUS

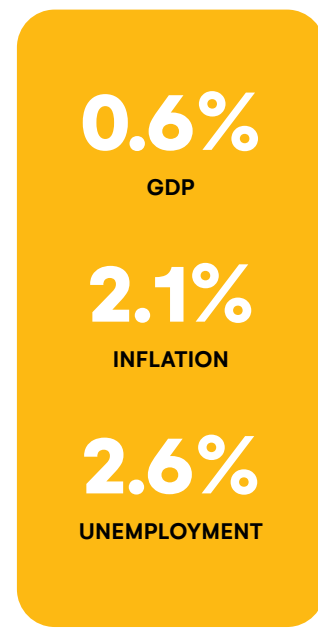
Japan's economy is heading into 2026 on a steadier footing, shifting away from an export-driven rebound toward growth led more by domestic demand. Rising real wages are expected to lift household spending, partly offsetting weaker global trade and the impact of U.S. tariffs returning to more normal levels. Inflation has eased from its peak but remains high enough for the Bank of Japan to continue a slow, cautious move away from ultra-loose monetary policy.

Prime Minister Sanae Takaichi begins the year in a politically sensitive position, with a strong chance of calling a snap election in early 2026 to strengthen her mandate. While tensions with China and defence spending remain important issues, the immediate focus

at home is building enough political support to pass the budget and maintain consumer confidence.

The Yen has declined in value against the CAD by approximately 29.2% over the past 5 years.

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# General Travel Sentiment and Outbound Travel



Photo: Dan Barham

The Japanese outbound travel market is evolving from a volume-driven model to one prioritized by value and purpose. The revenge travel boom observed in Western markets has been more muted in Japan, replaced by a cautious, deliberate recovery where travelers select destinations that offer high safety, unique experiences, and perceived value for money.

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By late 2025, the number of Japanese outbound travelers had recovered to approximately 14.1 million, representing a 108.5% increase over 2024, but still only reaching about 70.3% of 2019 levels. This halfway

recovery stands in stark contrast to other East Asian markets. South Korea and Taiwan, for instance, had already achieved near-full recovery to pre-pandemic levels by 2024.

Japan's slower recovery is attributed to several structural factors: low passport ownership rates and costly renewal processes that discourage casual travel, a strong cultural emphasis on safety and ongoing concerns about global instability that make Japanese travelers more risk-averse, and a surge in inbound tourism that has led to crowded flights and higher airfares, making outbound travel less accessible for Japanese residents.

The performance of the outbound travel sector in 2025 was inextricably linked to Japan's broader macroeconomic health. Throughout the year, the Japanese Yen remained the primary governor of outbound demand. The valuation of the yen against the US Dollar and Euro remained historically weak, acting as a severe tax on consumption abroad

and effectively doubling the cost of ground arrangements in North America and Western Europe compared to pre-pandemic norms.

The psychological impact of this valuation cannot be overstated. For the average Japanese consumer, whose wages have seen only modest growth, the sticker shock of overseas pricing became a deterrent for the mass market. The currency situation also created a substitution effect, with the perceived value of domestic travel increasing relative to international options. With the domestic travel market projecting 305 million trips and spending of ¥14.59 trillion (C\$127.94B), it is evident that disposable income for leisure was available; it was simply redirected toward high-quality domestic alternatives where the yen retained its purchasing power.

While overall volume remained suppressed, total outbound travel spending grew to ¥4.71 trillion (C\$41.29B), a 115.2% year-on-year increase. This indicates that those who did travel spent significantly more per capita, approximately ¥334,100 (C\$2,930) per person, which is 140.9% of the 2019 average. This signals a major shift to high-yield travel. The average spend per traveller increased not from luxury upgrades, but because of currency weakness and longer trip durations, as travelers sought to maximize value from high fixed costs like airfare. For many Japanese, international travel has become a high-investment luxury rather than a middle-class norm.

Demographically, women in their 20s are now the main drivers of Japan's outbound travel recovery, with a 29.4% travel rate in 2024/25, far higher than any other group. Motivated by social media, pop culture, and a desire for unique, shareable experiences, they favour visually appealing destinations and authentic self-expression. Economically, many benefit from living with parents, allowing for greater discretionary spending despite modest wages. This demographic is less sensitive to currency fluctuations, prefers FIT travel, and books independently using digital tools and OTAs, relying on travel agents mainly for inspiration rather than logistics.

In contrast, older travelers and business segments remain hesitant, with corporate austerity and household economics suppressing demand in the 40s-50s male and senior markets. The «Silver Market» has largely shifted to domestic luxury travel.

Travel destinations have been reshaped by proximity and cost. Short-haul markets like South Korea and Taiwan rebounded fastest, supported by the expansion of low-cost carriers. Long-haul travel to places like Hawaii and Europe has become more exclusive, gentrifying into luxury or milestone trips. Destinations able to offer unique experiences or respond to evolving travel motivations, such as medical or wellness tourism, are best positioned to attract Japanese visitors.



Photo: Dan Carr

Japanese travelers are increasingly motivated by a desire for nature and wilderness experiences, but typically favour soft adventure options that balance outdoor immersion with comfort, such as glamping, gentle guided walks, and scenic train trips. This shift is driven by a lasting appreciation for open spaces post-pandemic and a focus on mental wellness, with many seeking travel experiences that provide relaxation and stress relief, including the concept of «forest bathing» abroad.

Looking ahead to 2026, growth in outbound travel is expected to plateau. JTB forecasts a modest 2.6% increase, reaching 15.5 million outbound travelers, which is about 75% of the 2019 peak. Most Japanese who do not travel abroad cite economic reasons, not health or safety, as the main barrier. Without a stronger yen, a return to former volumes appears unlikely.

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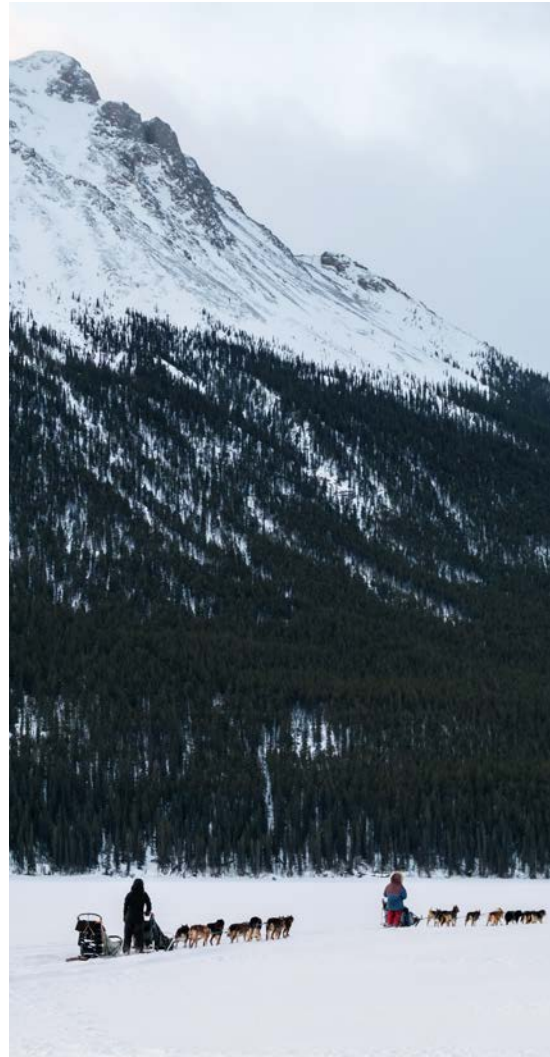


Photo: Destination Canada

## TRAVEL TO CANADA

Year-over-year growth in Japanese travel to Canada has strengthened, particularly during shoulder seasons, with visitor spending forecast to grow 32.2% in 2025. While overall visitation is not expected to reach 2019 levels by 2030 due to ongoing demographic and economic challenges, spending is projected to fully recover by 2027. The weaker yen has made Canada more expensive, though recent currency gains have provided some relief. In 2026, Canada is expected to receive 204,700 Japanese visitors with total spending estimated at \$491 million.

For Canadian tourism, the key takeaway is that the Japanese outbound market is now smaller but higher-yield, driven by digitally savvy younger travelers and premium FIT segments. The era of mass, low-cost outbound travel from Japan is effectively over, shifting the focus to value over volume. This aligns well with Canada's strengths as a safe, high-quality destination offering distinctive, pristine experiences, and reinforces the need for digital engagement, personalized products, and a clear emphasis on exclusivity and value.

# Travel Trade and Airline Update

Airlift is the lifeline of the long-haul recovery. In 2025, capacity is estimated to reach 106% of 2019 levels.

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The transpacific aviation corridor between Japan and Canada in 2025–2026 is marked by growing competition, strategic expansion, and differentiated service models. Both Canadian and Japanese carriers are adapting their networks and capacity to capture high-value leisure, business, and cargo demand.



Photo: Josh Miller

## AIR CANADA

Air Canada remains the largest capacity provider, with daily flights from Vancouver to both Tokyo Narita and Haneda, serving a mix of business and leisure travelers. The carrier has extended its Vancouver—Osaka Kansai service to nearly year-round, aligning with demand spikes around major events. Air Canada also maintains direct service from Toronto and Montreal to Tokyo, and seasonally from Toronto to Osaka, positioning itself as the only North American airline with such network depth. Future plans include potential routes to Nagoya and Sapporo, targeting both winter sports and automotive sector demand. Starting December 17, 2026, Air Canada will operate the only non-stop service between North America and Sapporo (Chitose) with three weekly seasonal flights on Boeing 787 Dreamliners.

## WESTJET

WestJet has elevated its Calgary—Tokyo Narita route from a seasonal to a daily, year-round operation starting October 2025. This upgrade is designed to serve both corporate and leisure markets, especially capitalizing on inbound ski tourism to the Canadian Rockies during winter. WestJet also leverages its partnership with Japan Airlines to offer codeshare access to secondary Japanese cities, such as Osaka and Nagoya, broadening its reach without adding its own flights to those destinations.



Photo: Andrew Strain

## JAPAN AIRLINES

JAL offers daily premium service between Tokyo Narita and Vancouver, focusing on business travelers and providing smooth onward connections throughout Asia via Narita. JAL adjusts its fleet between B767 and B787 according to seasonal demand and is upgrading its North American trunk routes with new Airbus A350-1000 aircraft. The airline's inbound-focused network planning takes advantage of strong North American demand for Japan travel, while codeshare with WestJet extends its virtual Canadian footprint.

## ALL NIPPON AIRWAYS

ANA operates daily flights between Vancouver and Tokyo Haneda, catering primarily to the time-sensitive business segment due to Haneda's proximity to central Tokyo. As part of the Star Alliance, ANA coordinates closely with Air Canada, ensuring strong connectivity across both networks. All Nippon Airways (ANA) will operate a seasonal daily service between Tokyo Narita and Vancouver from June 5 to August 31, 2026, which, combined with its existing Haneda route, will offer double daily flights during this period.

## ZIPAIR

ZIPAIR, JAL's low-cost subsidiary, operates three weekly Vancouver—Tokyo Narita flights during the winter season, down from higher peak frequencies. ZIPAIR targets budget-conscious and VFR travelers, maintaining profitability through unbundled fares and efficient B787-8 deployment. Its competitive pricing and flexible capacity management pressure legacy carriers to keep economy fares in check.

Slot constraints at Tokyo Haneda limit future frequency growth, pushing carriers to explore and expand service to secondary Japanese gateways like Osaka and Sapporo.

## TRAVEL TRADE

During 2025, Japan's major travel agencies – JTB, HIS, KNT-CT, HNK and NTAA – undertook significant restructuring to move away from low-margin commission models and toward more diversified, higher-value revenue streams. This included global expansion, destination management, and the use of proprietary data and B2B services.

A major strategic development was JTB's August 2025 agreement to acquire Northstar Travel Group, giving it access to influential brands such as Travel Weekly and Phocuswright and providing deep insight into travel buyer behaviour across North America and Europe. This data-driven capability allows the company to anticipate shifts in destination demand earlier than competitors.

At the same time, a clear channel shift is reshaping the market. Online platforms such as Rakuten Travel, Expedia, and Booking.com are gaining share among travelers under 40, while traditional agencies continue to dominate long-haul, family, and senior travel.

To stay relevant, established agencies are evolving from fixed package tours to dynamic packages that combine the flexibility of FIT travel with the reassurance of agency-backed support. As digital, à la carte booking becomes the norm, agencies are repositioning themselves as high-touch travel concierges, focusing on complex or high-value trips where expertise and personal service matter most.

Overall, the trade is no longer focused on volume discounts, but on premium, exclusive elements that justify higher prices to consumers. HIS's pivot illustrates this shift clearly. Long known for discount travel, HIS rebranded itself as a "Global Experience Creator" in 2025, setting ambitious growth targets for dynamic packages and escorted tours to serve both younger, flexibility-seeking travelers and older clients prioritising security. The result was higher average transaction values, driven by long-haul travel and premium experiences.

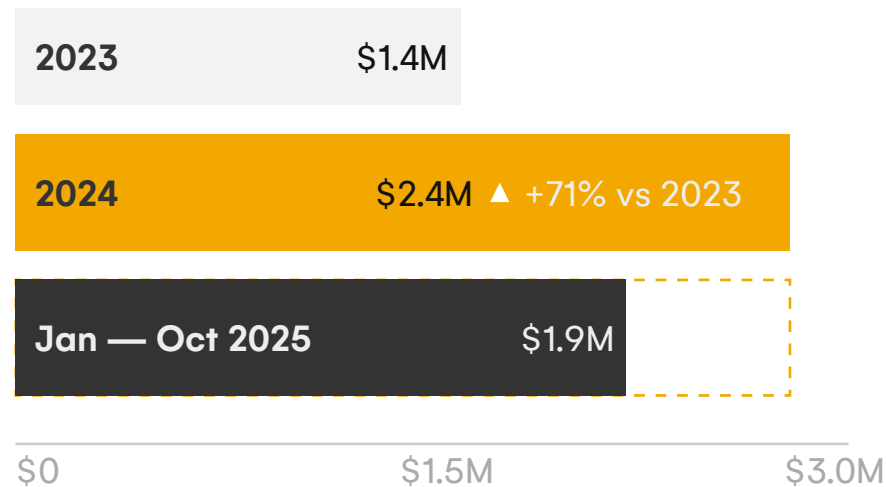
Underpinning all this is rapid AI adoption. With a shrinking labour force, Japanese travel companies increasingly use AI to automate operations and enhance both efficiency and customer-facing consultation, further blurring the line between traditional agents and digital platforms.

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# Yukon Specific Market Trends

Spending by Japanese visitors in the Yukon

## 2025 YUKON PERFORMANCE



## 2026 POTENTIAL

	REFINED GLOBETROTTERS	OUTDOOR EXPLORERS
WHO THEY ARE	Travelers who prioritize travel above all. They indulge in world-class destinations, gourmet dining, and exclusive experiences, seeking unique places to "cross off their list."	Nature explorers who crave the thrill of unknown landscapes and overcoming challenges. They view adventure travel as a way to grow, learn new skills, and establish personal traditions.
MARKET SHARE	<b>23% of JP visitors</b> (8% of total JP adult population)	<b>18% of JP visitors</b> (7% of total JP adult population)
ECONOMIC VALUE	29% of JP spend in Canada	21% of JP spend in Canada
AGE PROFILE	<b>Skew Significantly Older:</b> <ul style="list-style-type: none"> <li>• 55+ years: 66%</li> <li>• 35—54 years: 22%</li> <li>• 18—34 years: 13%</li> </ul>	<b>Skew Older:</b> <ul style="list-style-type: none"> <li>• 55+ years: 46%</li> <li>• 35—54 years: 31%</li> <li>• 18—34 years: 23%</li> </ul>
TOP ACTIVITIES	<ul style="list-style-type: none"> <li>• Local Cuisine</li> <li>• Cultural Experiences &amp; Attractions</li> <li>• Shopping</li> <li>• Guided Tours</li> <li>• Nature Experiences</li> </ul>	<ul style="list-style-type: none"> <li>• Guided Tours</li> <li>• Nature Experiences</li> <li>• Winter Based Sports</li> </ul>



Photo: Stefan Gottermann

# Taiwan & SE Asia

Taiwan is a resilient, high-value source market characterized by sophisticated consumer preferences, robust economic fundamentals, and a distinct affinity for experiential travel.

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**3.5%**

GDP

**1.6%**

INFLATION

**3.3%**

UNEMPLOYMENT

## ECONOMIC AND POLITICAL STATUS

# Singapore

**GDP = 2.3%**

**Inflation = 1.5%**

**Unemployment = 2.2%**

Singapore's economy grew 4.8% in 2025, driven by manufacturing and diversification. Analysts anticipate moderation in 2026, with GDP growth forecast at 2.3%, headline inflation at 1.5%, and unemployment rising slightly to 2.2% amid cautious hiring trends favouring contract roles. The government is focused on enhancing productivity and value while addressing global challenges, including US tariffs and geopolitical tensions. Politically,

Singapore maintains stability under the People's Action Party following the 2025 general election.

The Singapore Dollar has increased approximately 11.8% in value against the Canadian dollar over the past 5 years.

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# Taiwan

Economically, Taiwan is experiencing a moderation in growth following a boom in 2025 driven by the global artificial intelligence surge. While the semiconductor and high-tech sectors remain robust, traditional manufacturing industries face headwinds from global supply chain adjustments and tariff uncertainties. The outlook is generally positive but uneven, where high-tech strength offsets weakness in other sectors.

Taiwan's political environment is defined by a «divided government» dynamic, with the Democratic Progressive Party (DPP) holding the presidency, while the opposition and its allies control the legislature. This has led to significant legislative gridlock. Cross-strait relations remain tense but stable. While Beijing continues its «grey zone» military pressure and cognitive warfare operations,

the immediate risk of conflict is viewed by analysts as contained.

The TWD has decreased approximately 2.2% in value against the CAD in the past 5 years.

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# General Travel Sentiment and Outbound Travel



Photo: Andrew Strain

Data from the first half of 2025 indicates a 10.56% year-over-year increase in outbound trips from Taiwan, with total annual departures expected to exceed 15.5 million. This volume is rapidly approaching the pre-pandemic peak of roughly 17 million departures, signaling a near-complete market recovery. Favourable economic conditions support travel demand: controlled inflation, low unemployment, and a strengthened Taiwan dollar enhance purchasing power.

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Ongoing geopolitical tensions with China have created a notable "seize the day" mentality among many Taiwanese travelers, particularly younger consumers and affluent seniors. Many now prioritize immediate travel experiences over long-term savings, viewing international trips as essential for well-being and global connection.

Japan remains the undisputed leader in volume, capturing over 35.8% of all outbound travelers in the first half of 2025. The cultural affinity, short flight time, and favorable exchange rate (weak Yen) make Japan the default choice for repeated short breaks. South Korea and Thailand are key regional competitors.

While Asia dominates volume, long-haul travel to North America and Europe is recovering in value. The United States remains the top long-haul destination, largely driven by business travel, education, and visiting friends and relatives.



Photo: Andrew Strain

## DEMOGRAPHIC DRIVERS

Taiwan’s outbound travel market is sharply segmented by age, with the “Silver Hair” demographic (age 55+) representing a substantial share of the country’s wealth. This segment leads demand for premium group tours. Travelers prioritize comfort, comprehensive service, and upscale accommodations, consistently choosing four- and five-star hotels. They prefer direct or seamless flight connections and often pay for business class upgrades.

In contrast, Gen Z and Millennials (20s to early 40s) are fueling the rise of the FIT segment. These younger, digitally savvy travelers use platforms like Instagram, Threads, and Xiaohongshu for trip inspiration and planning. They assemble their trips independently through OTAs such as KKday and Klook, rather than choosing bundled packages. While they tend to be price-conscious about airfare, they will readily invest in unique or highly shareable experiences, including adventure activities, standout meals, and opportunities for “Instagrammable” moments. Authentic local food and a sense of adventure are key drivers for this segment.

## HEALTH, WELLNESS, AND ACTIVE TRAVEL

Post-pandemic health awareness has catalyzed a boom in active tourism. Hiking, walking pilgrimages (such as the Camino de Santiago in Spain or the Kumano Kodo in Japan), and cycling tours are growing in popularity.

## SINGAPORE'S OUTBOUND TRAVEL MARKET

Singapore recorded 9.98 million outbound resident departures from January to November 2025, marking a 2.59% year-over-year increase. Air departures rose 1.90%, while sea departures surged 22.05%. The full-year 2025 total is estimated to reach approximately 11.3 million, reflecting sustained post-pandemic growth.

# Travel Trade and Airline Update

## EVA AIR

EVA Air leads Taiwan—Canada traffic with daily non-stop flights from Taipei to Vancouver and Toronto using Boeing 777-300ER aircraft. The airline aggressively targets transit traffic from Southeast Asia (Vietnam, Philippines, Thailand) to North America. This maximises yields but creates inventory constraints for point-to-point Taiwan travelers, with seats often sold out or premium-priced. EVA plans to retrofit its B777-300ER fleet starting in 2026 with new cabin products and is expanding its North American network, including a new Dallas route.

## CHINA AIRLINES

China Airlines operates non-stop flights from Taipei to Vancouver and a five-times-weekly service to Seattle, serving as an alternative gateway for Western Canada. The airline is in a fleet renewal phase, with Boeing 787-9 and 787-10 aircraft entering service in 2025—2026 to replace older A330s. A new interline agreement with Air North, Yukon's Airline enables seamless single-ticket booking and baggage transfer from Taipei to Whitehorse via Vancouver. In August, 2025, The Minister of Tourism, John Streicker, and a delegation of Tourism Yukon visited Taiwan to conduct an Interline Agreement ceremony between Air North and China Airlines. The event was

very successful and helped boost bookings for Air North and China Airlines.

## AIR CANADA

Air Canada has not resumed direct service between Vancouver and Taipei since the pandemic suspension and is currently servicing the market solely through codeshare agreements with EVA Air and China Airlines. Industry analysis suggests a strong possibility of resumption in summer 2026, contingent on Boeing 787 deliveries and pilot availability. If resumed, this would significantly boost capacity and competition.

## STARLUX AIRLINES

Starlux Airlines, Taiwan's newest luxury carrier, has rapidly expanded its U.S. network with flights to Los Angeles, San Francisco, Seattle, and Ontario, California. Through a codeshare partnership with Alaska Airlines, Taiwanese travelers can book single-ticket itineraries via Seattle to Vancouver, Victoria, or Kelowna. While Starlux doesn't yet serve Canada directly, industry sources suggest a Taipei—Vancouver route is a high priority for late 2026 or 2027 once their Airbus A350-1000 fleet is fully operational. In January, 2026, STARLUX Airlines launched a direct service between Taipei and Phoenix, Arizona, marking one of the very few non-stop connections between Asia and the US Southwest.



Photo: Andrew Strain

Operating three times per week, with plans to expand, it is primarily for business travel and strategic demand rather than leisure. STARLUX also organized multiple fam tours for Taiwanese outbound travel companies in December 2025.

### SINGAPORE CONNECTIONS

Air Canada currently holds a monopoly on direct Singapore–Canada connectivity, operating the sole non-stop service between Singapore and Vancouver. This ultra-long-haul flight takes 14–15 hours and operates 4–5 times weekly, increasing to daily during peak seasons. Singapore Airlines exited the Canadian market in October 2023 and now relies on its Star Alliance codeshare with Air Canada.

For alternatives to the premium-priced direct flight, travelers use connecting flights through Hong Kong (Cathay Pacific), Taipei (EVA Air/China Airlines), and Tokyo (ANA/JAL).

While 2025 has seen robust leisure and VFR demand, high operational costs and limited capacity have kept fares elevated. Many Singaporean travelers now book 3–6 months in advance to secure better rates, particularly for the Canadian summer and university intake periods.

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## TRAVEL TRADE

### DIGITAL TRANSFORMATION AND AI INTEGRATION

Taiwan's tour operator landscape is undergoing a digital pivot, with traditional agencies transforming into tech-driven platforms to compete with global online travel agencies and meet the needs of younger, tech-savvy demographics.

Market leaders are investing heavily in artificial intelligence – from dynamic pricing and personalised itinerary generation to automated customer service and recommendation engines. This technological investment is being funded through strategic workforce restructuring, shifting resources from traditional sales roles to AI and research and development.

### SUSTAINABILITY AND B2B SOLUTIONS

Sustainability has evolved from marketing concept to operational reality, with major operators pursuing environmental certifications to attract eco-conscious travelers and corporate clients with ESG mandates.

Beyond consumer-facing innovations, operators are expanding into B2B technology solutions, developing software-as-a-service platforms that help smaller suppliers digitise inventory and connect to global distribution networks. Traditional operators are partnering with established technology providers to upgrade digital infrastructure, accessing richer airline content, ancillary services, and improved connectivity with global wholesalers and destination management companies.

### INDUSTRY OUTLOOK

The clear trend for 2025–2026 is technological stratification. Large players are becoming tech companies that sell travel, investing heavily in AI for efficiency and personalisation, while mid-sized traditional operators rely on third-party tech partners to remain competitive. For suppliers, API connectivity, structured digital content, and technological readiness are now prerequisites for doing business with Taiwan's top-tier operators. The ability to integrate seamlessly with operator platforms and provide real-time inventory data will increasingly determine market access and partnership viability.

## YUKON SPECIFIC MARKET TRENDS

Note: Yukon performance and potential not available