

2008 - 2009
Tourism Yukon
Situation Analysis

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SITUATION ANALYSIS

Tourism Overview for 2007

Between January and December 2007, 329,203 travelers visited the Yukon, according to the Canada Border Services Agency. This figure represents a 4% increase in visitation over 2006, totaling 13,699 additional visitors. 2007 marked the 2nd highest year for visitation in the Yukon since 1994.

This increase in travel was substantial compared to the Canadian average. In 2007, total international visitors to Canada decreased by 2%, while international visitation to the Yukon rose by 5%. U.S visitors were down by 3% for Canada but up 5% for the Yukon. Overseas visitors grew by 3% for Canada and 10% for the Yukon. According to the Statistics Canada publication *International Travel: Advance Information*, in 2007 the Yukon posted the 2nd highest increase in visitation to a Canadian jurisdiction, behind only PEI.

The growth in travel to the Yukon was due primarily to an increase of cruise ship day tour activity out of Skagway, Alaska. During 2007, motorcoach traffic to the Yukon grew to almost 130,000 visitors, up 15% compared to 2006.

Private vehicle traffic declined in 2007 by a very small margin (down 1% or 2,702 visitors). This decline was part of a Canada-wide trend largely due to increasing fuel prices and the rising Canadian dollar.

By country of origin: U.S. visitors increased by 5% (up 10,667 visitors), Canadian visitors increased by 13% (up 3,395 visitors) and foreign visitors increased by 10% (up 2,574 visitors).

2007 was also marked by a significant growth in air travel. Between January and December 2007, nearly 230,000 people enplaned and/or deplaned at the Whitehorse International Airport, a 15% increase over 2006 (29,886 additional people enplaning/deplaning). Increases in airport traffic were experienced in 11 of 12 months. Additionally, European air charter flights increased in number from 37 in 2006 to 47 in 2007 (a 27% increase in capacity).

The Yukon's Visitor Information Centre's reported a corresponding increase in visitation. In 2007, nearly 240,000 visitors registered at the six Yukon Visitor Information Centres, a 6% increase over 2006 (13,812 additional visitors). All VICs reported increased visitation except Whitehorse.

Anecdotal reports from Yukon tourism operators indicate that 2007 was one of their most successful years since 1998. Operators attributed the excellent season primarily to a jump in visitation by Canadian travelers (up 13% over 2006). Yukon cruise-tour business reported a particularly successful season. The success of Yukon's 2007 season is likely due to increasing travel intentions among Canadians coupled with Tourism Yukon's National Marketing Campaign timed to correspond with the 2007 Canada Winter Games held in Whitehorse.

In addition to seeing a successful summer season, operators also reported a better than average winter tourism season. Increasing demand for dog sledding and aurora viewing bolstered the number of winter visitors, with a particular increase noted among Mexican travelers.

Tourism Outlook for 2008

Early indications show strong bookings for 2008 by Canadians, particularly those taking part in adventure tourism activities. The strength of the Canadian market is in large part due to Tourism Yukon's National Marketing Campaign and increased partnerships with the Canadian travel trade combined with a strong Canadian economy. Additionally, the number of Mexican visitors is expected to grow, due primarily to new air access from Mexico to Alberta and enhanced frequency to Vancouver.

Yukon's European trade partners are not as optimistic about the coming season as they were for 2007. The dramatic drop in the value of the U.S. dollar makes a visit to that country very attractive and the trade feels many Europeans will choose the U.S. over Canada and correspondingly the Yukon.

Visitation from Asia and Oceania is also expected to grow in 2008. New non-stop flights from Australia and New Zealand to Vancouver will facilitate Yukon's growth in these markets. Winter aurora viewing and combined fall hiking/aurora viewing tours continue to be popular with Asian visitors.

Much of the U.S. market, however, will likely not fare as well. American private vehicle traffic, cruise ship, cruise tour and independent motorcoach traffic will probably continue to be affected by the high price of fuel and the high value of the Canadian dollar. Additionally, American travel is likely to be negatively affected by an economic slowdown in the United States and the 2008 American presidential election. These factors may translate into a slight decline in U.S. visitors as a whole.

Considering all relevant information and tourism related indicators, the Department of Tourism and Culture is forecasting that overall visitation to Yukon in 2008 will closely reflect that of 2007.

WHAT IS TOURISM WORTH IN THE YUKON?

In 2000, it was estimated that \$164 million in revenue was directly attributable to non-resident tourism.

This figure is based on revenue estimated by Yukon businesses, generated by non-resident spending. It does not include Yukon resident spending in the territory which is a spin-off of tourism, such as new hotel construction, cleaning services, consulting, etc.

HOW MANY YUKON JOBS ARE SUPPORTED BY TOURISM?

Approximately 80% of all Yukon employees work for businesses which reported at least some level of tourism revenue.

- It is estimated that 1,900 jobs are directly dependent on tourism.
- This represents approximately 11% of all jobs in the Yukon.
- Tourism is the largest private sector employer.

HOW MANY BUSINESSES CREATE THOSE JOBS?

890 Yukon businesses (41% of Yukon businesses responding to the business survey) report revenue generated from tourism.

- 15% of Yukon businesses generate more than one-third of gross revenues from tourism.
- The traditional tourism sectors such as accommodations, food and beverage, retail, and transportation are the largest generators of tourism-related jobs.
- Over half of the non-traditional sector businesses such as wholesale trade, finance, insurance and real estate derive a portion of their revenues from tourism.

WHAT MAKES UP THE TOURISM INDUSTRY IN THE YUKON?

Tourism is spread throughout the Yukon economy. Businesses across nearly all sectors feel the impact of tourism, from large organizations and government to small, one-person companies. The tourism industry is grouped into eight sectors: Accommodations, Food & Beverage, Transportation, Adventure Tourism & Recreation, Events & Conferences, Travel Trade, Attractions and Tourism Services. In the Yukon, a large percentage of these businesses are small, sole proprietorships and are often seasonal operations. This diversity provides challenges to define tourism, quantify its size and measure its full economic impact.

BORDER CROSSING STATISTICS

Since 1999, over 2,700,000 travellers have visited the Yukon. This is a conservative estimate, as official border crossing statistics do not include air arrivals into Whitehorse from Vancouver, Edmonton or Calgary or those traveling up the Alaska Highway/Stewart Cassiar highway and entering at Watson Lake.

Although many of these travelers venture into Alaska and cross the border back into the Yukon (and thus would be captured in the border crossing statistics) many travel exclusively in the Yukon and are not included in the final border crossing figures. The annual number of border crossings made by visitors into the Yukon fluctuates each year.

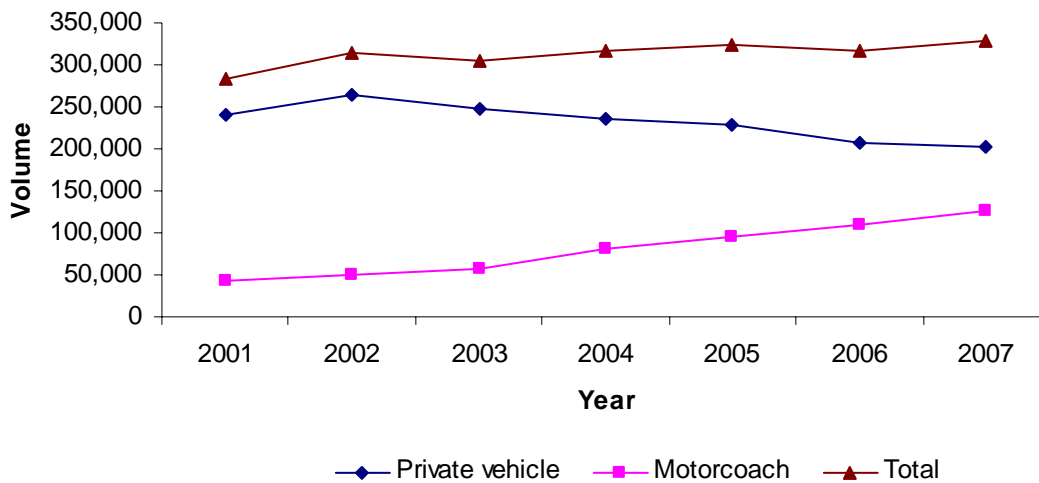
Annual Yukon Border Crossing Statistics 1999 - 2007 - By Origin

	Canada	U.S.	Other
1999	65,183	236,459	29,330
2000	61,299	218,390	28,768
2001	59,607	200,608	23,261
2002	62,053	229,000	22,237
2003	62,454	217,946	23,332
2004	64,893	224,897	26,107
2005	64,960	230,655	28,669
2006	60,218	228,279	27,077
2007	60,676	238,946	29,581
Total	561,343	2,025,180	238,362

Source: Annual Yukon Border Crossing Statistics - Canada Border Services Agency and Yukon Bureau of Statistics

VISITORS TO THE YUKON

Visitors to the Yukon by Year



Note: The number of travelers that have visited the Yukon is a conservative estimate, as official border crossing statistics do not include air arrivals in Whitehorse from Vancouver/Calgary/Edmonton or those traveling up the Alaska Highway/Stewart Cassiar Highway and entering at Watson Lake.

Total visitors to the Yukon include Yukon residents, they do not include those in commercial vehicles or train. Visitors arriving by air and marine arrivals (Dawson City) are not included.

The main sources of information included in this report are Yukon Border Crossing Statistics. Yukon border crossing statistics are annual (January - December) and are generated by the Yukon Bureau of Statistics from daily border crossing sheets provided by the Canada Border Service Agency. The figures include border crossings at the four official land border crossings into the Yukon - Fraser (Skagway), Pleasant Camp (Haines), Beaver Creek (Top of the World Highway) and Little Gold (Dawson City).

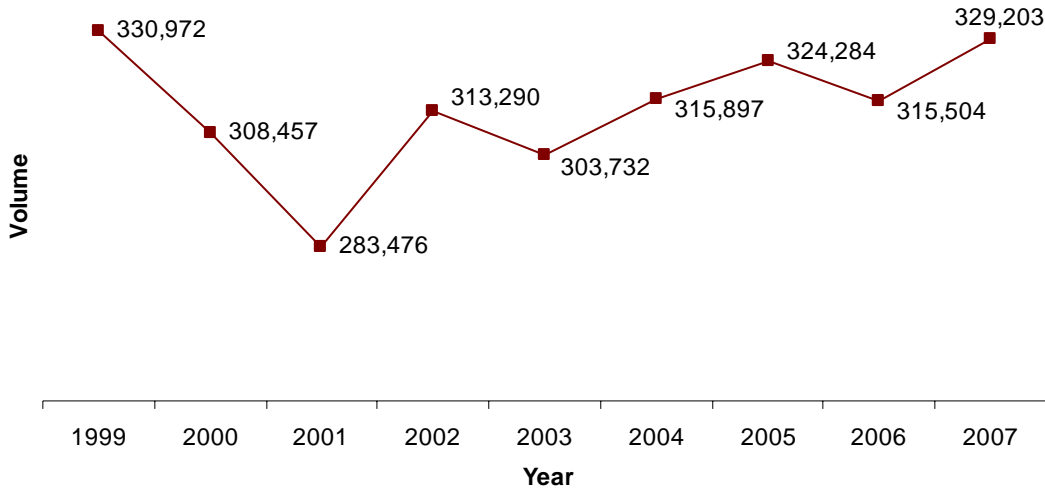
Utilizing border crossing statistics as an indicator, the top ten countries to visit the Yukon in 2007 were 1) United States, 2) Canada, 3) Germany, 4) United Kingdom, 5) Australia, 6) Switzerland, 7) Netherlands, 8) New Zealand, 9) Mexico, 10) France.

Annual Yukon Border Crossing Statistics 1999 - 2007 Totals

1999	330,972
2000	308,457
2001	283,476
2002	313,290
2003	303,732
2004	315,897
2005	324,284
2006	315,504
<u>2007</u>	<u>329,203</u>
Total	2,824,815

Source: Annual Yukon Border Crossing Statistics - Canada Border Services Agency and Yukon Bureau of Statistics

1999 TO 2007 YUKON BORDER CROSSING TRENDS



NORTH AMERICA

The majority of visitors traveling to the Yukon are from the United States. In 2007, 73% of Yukon visitors were American. However, many of these visitors are passing through the Yukon on their way to Alaska and as a result spend considerably less time and money in the Yukon per party than other groups of visitors (see results from the 2004 Visitor Exit Survey).

Annual Yukon Border Crossing Statistics 1999 - 2007 - NORTH AMERICA

	Canada	U.S.	Mexico
1999	65,183	236,459	309
2000	61,299	218,390	242
2001	59,607	200,608	364
2002	62,053	229,000	395
2003	62,454	217,946	421
2004	64,893	224,897	525
2005	64,960	230,655	582
2006	60,218	228,279	553
<u>2007</u>	<u>60,676</u>	<u>238,946</u>	<u>668</u>
Total	561,343	2,025,180	4,059

MARINE ARRIVALS

Yukon Border Crossing Statistics 1999 - 2007 - Dawson - Yukon River

Dawson Marine (May to September)

2000	8,209
2001	7,630
2002	6,402
2003	7,041
2004	5,733
2005	7,360
2006	8,302
2007	8,995
Total	59,712

AIR TRAFFIC

Annual Whitehorse Airport Passenger Traffic 1999 - 2007

	Arrivals	Departures
1999	75,039	74,882
2000	76,159	76,666
2001	76,776	77,096
2002	75,219	76,472
2003	79,511	79,750
2004	85,600	88,924
2005	93,463	93,067
2006	98,517	99,620
2007	113,033	114,990
Total	773,317	781,467

MOTORCOACH MARKET

Since 1999, over 750,000 visitors entered the Yukon via motorcoach. The majority of motorcoach visitors are from the United States and are touring through the Yukon as part of an add-on land portion of an Alaskan cruise. 87% of motorcoach traffic is sameday in nature. The growth in motorcoach traffic to the Yukon is due primarily to an increase of cruise ship day tour activity out of Skagway, Alaska.

Cruise motorcoach visitors spend less in destination, stay fewer days, and typically do not have flexible schedules.

Annual Yukon Border Crossing Statistics 1999 - 2007 - Motorcoach

1999	65,528
2000	59,266
2001	43,838
2002	49,546
2003	56,802
2004	80,150
2005	95,936
2006	109,470

<u>2007</u>	<u>125,871</u>
Total	686,407

The annual number of border crossings made by motorcoach visitors into the Yukon fluctuates each year but has increased consistently since 2002.

NON-MOTORCOACH MARKET

(Personal vehicles i.e. cars, trucks, campers, RV's etc)

Since 1999, over 1,900,000 non-motorcoach visitors travelled to the Yukon. It is important to distinguish the non-motorcoach segment of travellers from the motorcoach segment as they have vastly different travel and spending patterns. Non-motorcoach visitors spend more time in the Yukon, spend more per person and also have more flexibility during their trip, when compared to motorcoach travellers.

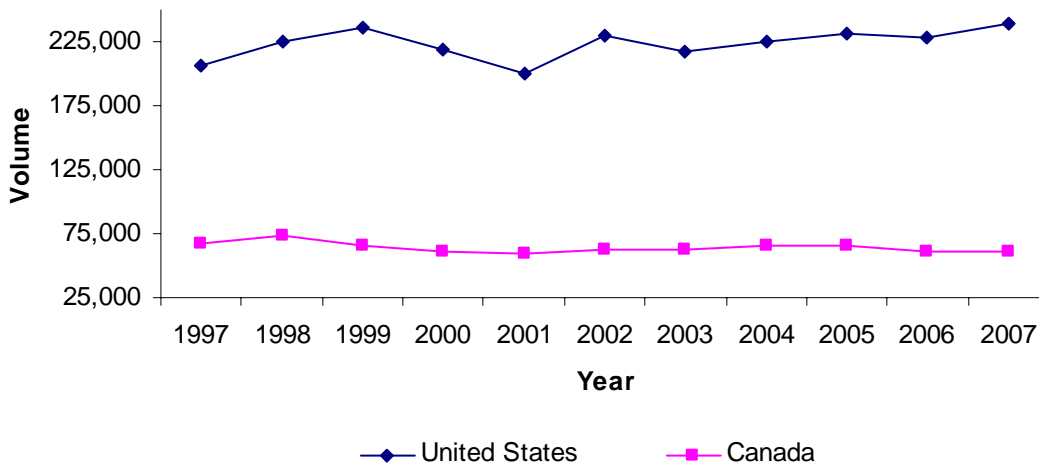
The annual number of border crossings made by non-motorcoach visitors into the Yukon fluctuates each year but has consistently declined since 2003.

Annual Yukon Border Crossing Statistics 1999 - 2007 - Non-Motorcoach

1999	265,444
2000	249,191
2001	239,638
2002	263,744
2003	246,930
2004	235,747
2005	228,348
2006	206,064
<u>2007</u>	<u>203,332</u>
Total	1,955,408

Source: Annual Yukon Border Crossing Statistics - Canada Border Services Agency and Yukon Bureau of Statistics

American and Canadian Comparative Arrivals



USA AT A GLANCE

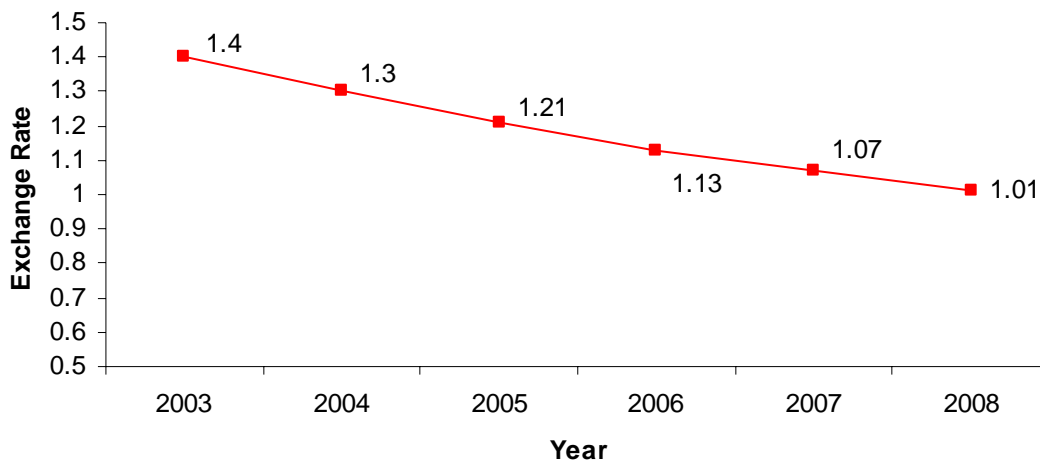
POPULATION	301.1M	INTERNET ACCESS	70%	
MAJOR MARKETS	New York	16.7M	INTERNET GROWTH 2000 - 2007	121%
	Los Angeles	3.8M	CANADA MARKET POSITION 2007	1
	Seattle	2.1M	TOTAL YUKON VISITORS 2007	238,946 (+5%)
	Chicago	7M	MARKET POSITION FOR YUKON 2007	1
	Washington DC	4M	SHARE OF YT NTH/AM MARKET	80%
	Boston	2.9M	SHARE OF TOTAL YT MARKET	73%
	Philadelphia	4.4M	MARKET PRIORITY	Primary
	San Diego	3M		
GST/VAT	Sales Tax - Varies	PARTNER WITH CTC IN-MARKET	Yes	
ANNUAL LEAVE ENTITLEMENT	13 days			

MARKET OVERVIEW

Economic environment

- A fiscal spending package centering on tax credits and rebates for individuals and tax incentives for business is likely to be implemented. Many households will, however, use their windfalls to pay down debt or to boost savings, suggesting that the impact of the package will be limited.
- The foreign exchange value of the dollar is regarded as fragile.
- Forecast GDP: 2008 - 0.8%
2009 - 1.4%

Value of the American Dollar



Demographics

The US population is forecast to grow by 18% to 2025. The 25 - 29 age group will grow by 11%; the 40 - 54 group will decline by 3% and the 55 - 69 group will increase by 51%.

TRAVEL TRENDS AND CHARACTERISTICS

Outbound Travel	2002	2003	2004	2005	2006	2007
Outbound ('000)	69,151	64,971	72,951	75,690	77,270	79,405
Year-to-year change	1.7%	-6.0%	12.3%	3.8%	2.1%	2.8%
Total trips to Canada ('000)	16,167	14,232	15,088	14,391	13,855	13,296
Year-to-Year Change (%)	-5%	-13%	-3%	-9%	-9%	-11%
Market Share (%)	23.4%	21.9%	20.7%	19.0%	17.9%	16.7%
Trips to Yukon	229,000	217,946	224,897	230,655	228,279	238,946
Year-to-year change	14%	-5%	3%	3%	-1%	5%
YT market share (of Canada total)	1.4%	1.4%	1.5%	1.6%	1.6%	1.8%

Since 2002, the American outbound market has increased by 14.8%, whilst the market to Canada has decreased by 17.8%. Canada's market share has decreased by 6.7% in that time.

Outbound Travel Market

- For 2008, given the economic slowdown led by the housing crisis, the continued increases in the price of gas, the weakening \$U.S., new WHTI security measures and border crossing hassles, overnight U.S. leisure travel volume and receipts to Canada are not expected to rebound.
- Americans are becoming more "time conscious" than "price driven" = shorter trips.
- The Hispanic and African-American markets are gaining share of US outbound travel.
- FIT travel is growing, but group travel is making a comeback among older, upscale travellers.
- US tour operators say that special interest group travel is expected to grow.
- Growth in self-improvement and self-enlightenment travel - looking to achieve or experience.
- Demand for leisure travel services will continue to outpace that for business travel services.
- Family travel will continue to grow at a faster rate than all other forms of leisure travel.
- The incidence of Internet usage by both business and leisure travellers to plan some aspect of travel will remain flat, while the incidence of its usage to actually book reservations will continue to grow.
- Comparison shopping of suppliers' fares and rates will become more commonplace.
- The concept of "inclusive pricing" (one price for a bundle of basic services) will grow in popularity.
- Interest in spa experiences will continue to grow.
- More travel suppliers are going green to match the growing consumer trend.

ONLINE ENVIRONMENT

A report from the Travel Industry Association shows that nearly three quarters of all online travel planners booked travel over the internet in 2005. Tourism Australia research shows that more converters book direct with the airline or travel website than traditional means such as wholesalers.

COMPETITIVE ENVIRONMENT
Top Ten Overseas Destinations 2005

1	Mexico	6	France
2	Canada	7	Germany
3	UK	8	China
4	Italy	9	Bahamas
5	Puerto Rico	10	Jamaica

Source: Global Tourism Navigator

According to the Anholt-GMI Nation Brands Index (Wave 3 2006), survey of the US online population (n=1000), Canada is ranked 3rd out of 30 destinations that would be likely for a leisure visit "if money were no object".

1	Australia	6	Sweden
2	Italy	7	Ireland
3	Canada	8	Spain
4	Switzerland	9	New Zealand
5	UK	10	Netherlands

Note: Not all potential destinations were asked about in this survey.

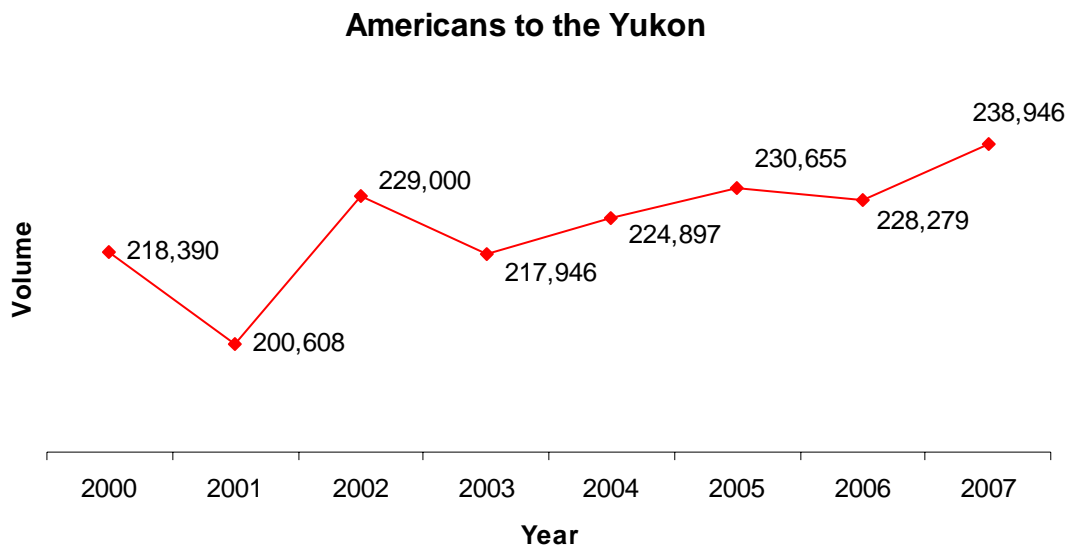
Key Competitors - Aspirational ("Dream" Vacation)

Opportunities for the Yukon

- Short, condensed activity vacations
- Hispanic and African-American markets
- Special interest and customized group niches
- Self-improvement/enlightenment trend - wilderness activities and challenges
- Highlight Yukon's unspoilt wilderness to appeal to environmentally aware travellers.

American Visitation to the Yukon

In 2007 there was a 5% increase in the number of Americans visitors to the Yukon. Since 2000, American visitation to the Yukon has grown by 9%.



CANADA AT A GLANCE

POPULATION	32.4M	INTERNET ACCESS	68%
MAJOR MARKETS	Vancouver 2.2 M	INTERNET GROWTH 2000 - 2007	73%
	Calgary 1.1 M	TOTAL VISITORS TO YUKON 2007 (NOT INCLUDING YUKONERS)	30,425 (+13%)
	Edmonton 0.7 M	MARKET POSITION FOR YUKON 2007	2
	GTA 5.6 M	SHARE OF YT NTH AM. MARKET	21%
	Montreal 3.6 M	SHARE OF YT TOTAL MARKET	20%
			MARKET PRIORITY
GST/VAT	5% GST	PARTNER WITH CTC IN-MARKET	No
ANNUAL LEAVE ENTITLEMENT	2 - 3 weeks		

MARKET OVERVIEW

Economic environment

- Robust economic growth in recent years.
- The Canadian dollar will remain strong against the US dollar in 2008 on the back of the weakening of the US economy, but it should weaken in subsequent years.
- Forecast GDP: 2008 - 1.4%
2009 - 2.3%

Demographics

The Canadian population is rapidly aging. The total population is forecast to grow by 16% to 2025. The 25 - 39 age group will grow by 8%; the 40 - 54 group will decline by 5% and the 56 - 69 age group will increase by 59%.

TRAVEL TRENDS AND CHARACTERISTICS

Domestic Travel	2002	2003	2004	2005	2006	2007
Total Domestic Trips (M)	187.8	172.2	175.1	207.0	206.4	n/a
Year-to-year change	3.2%	-8.4%	1.7%	18.2%	-0.3%	n/a
Trips to Yukon*	21,155	28,960	28,067	30,662	27,030	30,425
Year-to-year change	36%	-3%	9%	2%	-12%	13%
YT market share (of Canada total)	0.01%	0.02%	0.02%	0.01%	0.01%	n/a

*Trips to the Yukon do not include border crossing by Yukon residents.

Domestic Travel

- There is a greater focus on marketing Canadian destinations to Canadians by provincial and regional tourism agencies leading to a resurgence of domestic travel.
- The introduction of the WHTI could potentially provide a boost for domestic tourism.
- Canadian residents made 206.4 million visits within the country during 2006. Same-day visits accounted for 57.7% of the total, while the remainder were nights away from home.
- Domestic tourism spending in Canada rose 7.7% in 2006, the strongest annual advance since 1997. After two consecutive years of robust growth, real spending on domestic travel will decelerate this year. However, the slowdown is best characterised as a return to more normal conditions.
- Business travel within Canada is expected to grow by CA\$14 Billion in the next 10 years.

ONLINE ENVIRONMENT

Online travel e-commerce has become the fastest growing segment of the travel industry. In 2005, travel was the second most popular item purchased online. Other research indicates that in the last year, 1.2 million Canadians made an online travel purchase.

COMPETITIVE ENVIRONMENT

Top Ten Overseas Destinations 2005

1	USA	6	China
2	UK	7	Italy
3	France	8	Mexico
4	Cuba	9	Germany
5	Dominican Republic	10	Hong Kong

Source: Global Tourism Navigator

Opportunities for the Yukon

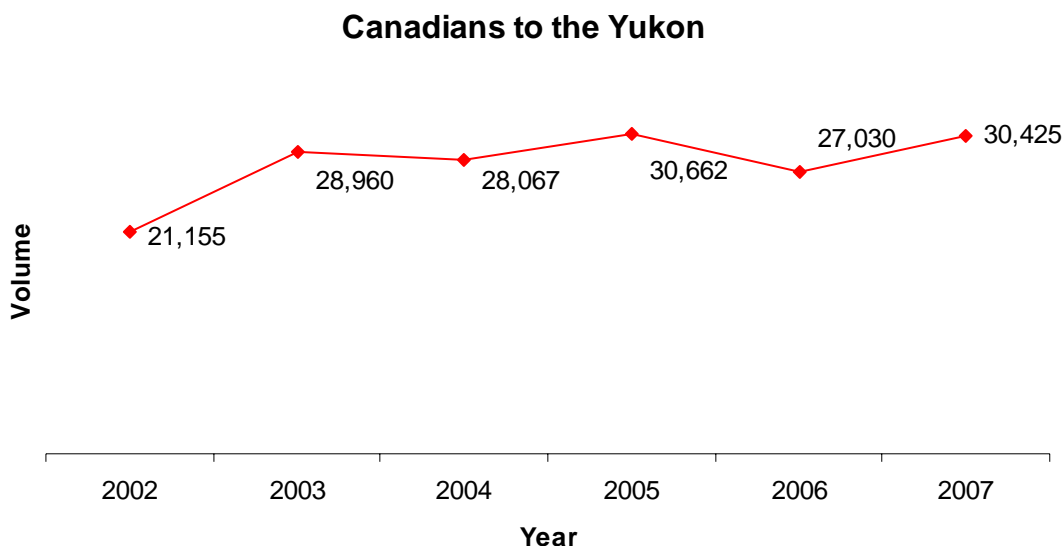
- Increased interest in domestic travel offers excellent potential for the Yukon to grow its domestic traffic. The introduction of WHTI could also mean even further increases in domestic travel as people without passports look to Canadian destinations rather than US destinations.
- The gateways of Vancouver, Edmonton and Calgary remain prime marketing targets.

Barriers

- Strong competition from other provinces and international destinations
- Lack of awareness

Canadian Visitation to the Yukon

In 2007 there was a 13% increase in the number of Canadians visitors to the Yukon. Since 2000, Canadian visitation to the Yukon has grown by 44%. Canadian trips to the Yukon do not include border crossings by Yukon residents.



GERMANY AT A GLANCE

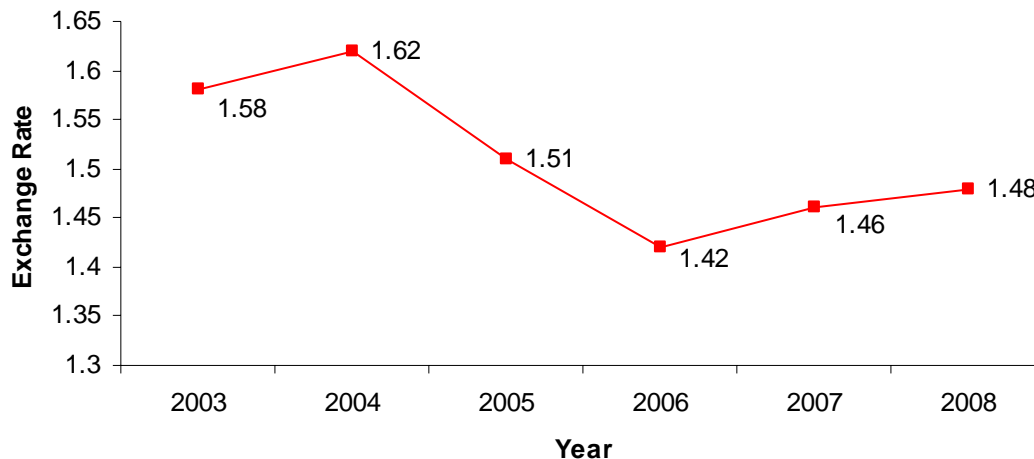
POPULATION	82.4 M	INTERNET ACCESS	61%	
MAJOR MARKETS	Berlin	3.9M	INTERNET GROWTH 2000 - 2007	110%
	Hamburg	3.3M	MARKET POSITION FOR CANADA 2007	4
	Munich	2.3M	VISITORS TO YUKON 2007	7,312 (+7%)
	Frankfurt	2.7M	MARKET POSITION FOR YUKON 2007	3
	Stuttgart	2.3M	SHARE OF YT EUROPE MARKET	36%
	Hanover	0.5M	SHARE OF YT OVERSEAS MARKET	25%
GST/VAT	19% VAT	MARKET PRIORITY	Primary	
ANNUAL LEAVE ENTITLEMENT	5 - 6 weeks	PARTNER WITH CTC IN-MARKET	Yes	

MARKET OVERVIEW

Economic environment

- Economic growth slowed to 2.5% in 2007. The economy is expected to grow at an average of just over 2% over the period of 2008-12.
- Forecast GDP: 2008 - 2.1%
2009 - 2.3%

Value of the Euro



Demographics

The population is forecast to decline 2% through to 2025. The 25 - 39 age group will decline by 14%; the 40 - 54 group will decline by 21% and the 55 - 69 group will increase by 27%.

TRAVEL TRENDS AND CHARACTERISTICS

Outbound Travel	2002	2003	2004	2005	2006	2007
Total Outbound ('000)	7,071	6,712	7,933	8,448	8,687	9,368
Year-to-year change	-8.8%	-5.1%	18.2%	6.5%	2.8%	7.8%
Trips to Canada ('000)	292	253	296	311	313	318
Year-to-Year Change (%)	-11.5%	-13.4%	17.0%	5.1%	0.6%	1.6%
Canada's Market Share (%)	4.1%	3.8%	3.7%	3.7%	3.6%	3.4%
Trips to Yukon	7,457	7,776	8,724	8,426	6,809	7,312
Year-to-year change	-11%	4%	12%	-3%	-19%	7%
YT market share (of CDA total)	2.6%	3.1%	2.9%	2.7%	2.3%	2.3%

Since 2002, the German outbound market has increased by 32.5%, whilst the market to Canada has increased by 8.9%. Canada's market share has decreased by 0.7% in that time.

Outbound Travel Market

- For 2008, Germany's international overnight travel volume and receipts are expected to increase. While the current economy remains strong, it is expected to dip slightly. The price sensitivities of Germans and the strong Canadian dollar are creating a competitive disadvantage for Canada compared to the U.S., Caribbean and most Asian destinations.
- Germany continues to be the largest travel market in the world with the highest propensity to travel.
- Holidays are very important to Germans - it is the commodity that they are least prepared to give up. Holiday taking appears to have little to do with the prevailing economic or social conditions. Value for money is a key issue for Germans. They are willing to spend considerable amounts of money for products and services if they think they are worth it.
- Major tour operator trends show the charter holiday market on the whole is nearing stagnation; however, there has been strong growth in individual modular products such as flights, which echoes the trend towards travelers making independent holiday arrangements.
- The Yukon offers many of the attributes sought by the German traveller - scenery, nature, rejuvenation.
- As there is a 50% repeat visitation to Canada from Germany, there is potential in targeting past Canada passengers through promotions with retailers/wholesalers.

ONLINE ENVIRONMENT

As with other European markets, Germans are increasingly using the internet to make their travel bookings. 38% of all users have already used the Internet to purchase travel-related products online, 77% will potentially do so in the future.

Key Competitors - Aspirational ("Dream" vacation)

According to the Anholt-GMI Nation Brands Index (Wave 3 2006), survey of the German online population (n=1000), Canada is ranked 2nd out of 30 destinations that would be likely for a leisure visit "if money were no object".

COMPETITIVE ENVIRONMENT

Top Ten Overseas Destinations 2005

1	France	6	UK
2	Spain	7	Greece
3	Austria	8	Netherlands
4	Italy	9	Switzerland
5	Turkey	10	Croatia

Source: Global Tourism Navigator

1	Australia	6	Spain
2	Canada	7	Switzerland
3	New Zealand	8	Ireland
4	Sweden	9	Italy
5	Norway	10	United States

Note: Not all potential destinations were asked about in this survey

Opportunities for the Yukon

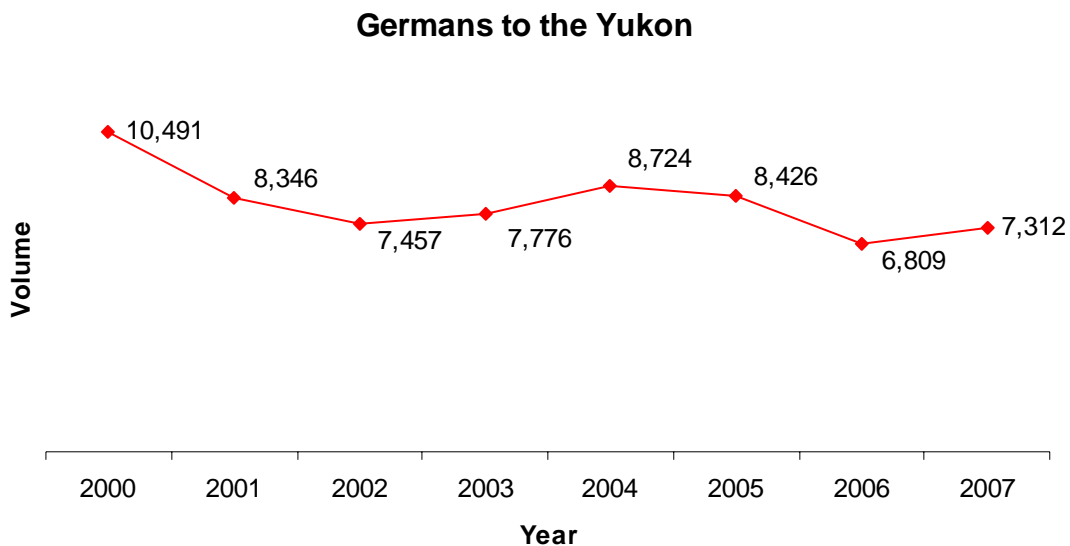
- The Yukon offers many of the attributes sought by the German traveller - scenery, nature, rejuvenation.
- As there is a 50% repeat visitation to Canada from Germany, there is potential in targeting past Canada passengers through promotions with retailers/wholesalers.
- Research by the CTC's Germany office indicates that the main competitive advantage for Canada in the German market is its outdoors. It is also seen as a culturally diverse destination. Their recommendations of strengths which should be promoted are: Outstanding scenery, parks and wildlife; exciting sports; a safe, civilized country with friendly people; interesting cities; a large variety of cultural opportunities; "Value for money" - a destination which offers quality accommodation, food and experiences for a reasonable price.
- Some of the perceived weaknesses in Canada's image present opportunities for the Yukon: lack of interesting local people; lack of interesting history; lack of diversified experiences beyond the "outdoors"
- Recent feedback from ITB suggests that marketing investments in winter product have not been as successful as hoped. Therefore, a redirection of resources to recovering the declining summer market may offer better ROI.

Barriers

- Increased competition
- Overall declining market to Canada
- Perceptions of Canada as lacking in good weather; lack of interesting history and lack of diversified experiences

German Visitation to the Yukon

In 2007 there was a 7% increase in the number of German visitors to the Yukon. Since 2000, German visitation to the Yukon has declined by 30%.



UNITED KINGDOM AT A GLANCE

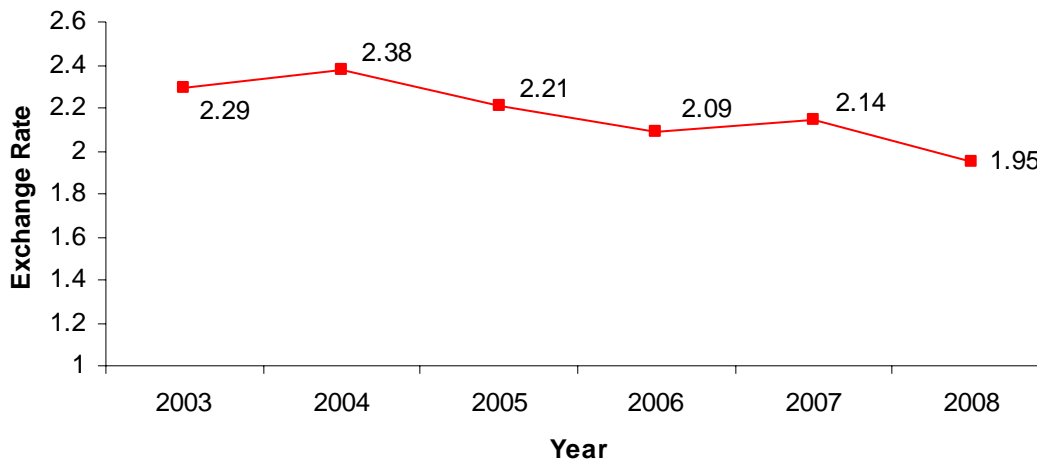
POPULATION	60.6M	INTERNET ACCESS	62%	
MAJOR MARKETS	London	7.6M	INTERNET GROWTH 2000 - 2007	144%
	Birmingham	2.3M	MARKET POSITION FOR CANADA 2007	1
	Manchester	2.3M	VISITORS TO YUKON 2007	5,777 (-2%)
	Leeds	1.4M	MARKET POSITION FOR YUKON 2007	4
	Tyneside	1.0M	SHARE OF YT EUROPE MARKET	29%
	Liverpool	0.9M	SHARE OF YT OVERSEAS MARKET	20%
GST/VAT	17.5%	MARKET PRIORITY	Primary	
ANNUAL LEAVE ENTITLEMENT	23 days	PARTNER WITH CTC IN-MARKET	Yes	

MARKET OVERVIEW

Economic environment

- Real GDP growth is estimated to have been a robust 3.2% in 2007, but with the impact of the credit crunch in international financial markets being felt in the previously dynamic financial services sector and through tighter lending conditions for households and businesses, domestic demand growth is expected to moderate in 2008-09. Nevertheless, over the forecast period as a whole real GDP growth is expected to average a respectable 2.3% per year.
- Forecast GDP: 2008 - 1.7%
2009 - 2.2%

Value of the British Pound



Demographics

The UK population is forecast to increase 6% by 2025. The 25 - 39 age group will remain unchanged; the 40 - 54 age group will decline by 2% and the 55 - 69 age group will increase by 31%.

TRAVEL TRENDS AND CHARACTERISTICS

Outbound Travel	2002	2003	2004	2005	2006	2007
Total Outbound ('000)	13,200	13,139	15,131	16,563	17,289	18,308
Year-to-year change	-1.2%	-0.5%	15.2%	9.5%	4.4%	5.9%
Trips to Canada ('000)	721	691	801	888	881	925
Year-to-Year Change (%)	-12.7%	-4.2%	15.9%	10.9%	-0.7%	5.0%
Canada's Market Share (%)	5.5%	5.3%	5.3%	5.4%	5.1%	5.1%
Trips to Yukon	3,720	3,977	3,869	5,454	5,867	5,777
Year-to-year change	4%	7%	-3%	41%	8%	-2%
YT market share (of CDA total)	0.5%	0.6%	0.5%	0.6%	0.7%	0.6%

Since 2002, the UK outbound market has increased by 38.6%, whilst the market to Canada has increased by 28.3%. Canada's market share has decreased by 0.4% in that time.

Outbound Travel Market

- Travel demand for Canada is expected to increase in 2008, despite the anticipated slight waning in the U.K.'s economic growth. Assisted by cuts in personal income tax and low stable unemployment rates, consumer spending could be constrained by growing concern over inflation. On balance, it is still expected to be trending up.
- Since 2001 the number of independent travellers has increased 49%, against a decline of around 6% for package trips. Independent travel now accounts for 58% of the outbound market. This growth is expected to continue, but forecasters anticipate independent travel eventually reaching a plateau at around two thirds of the overseas market.
- The growth in tailor-made, 'dynamic packaging' will also blur the previously clear-cut distinction between inclusive and independent holidays, offering mass-market customers a 'halfway house' between the two. The development of dynamic packaging comes as a timely response to customers wanting greater choice and empowers customers to buy precisely what they need.
- Increasingly, holidays that are experiential, aspirational, exclusive and unknown are being sought.
- UK tour operators are showing great interest in new higher yield Yukon product - such as guided tours, fishing lodges, and some fly/drives - as the FIT air, hotel and car margins are near record lows with the onslaught of online offers.

ONLINE ENVIRONMENT

The internet continues to be increasingly important both for research and point to point/limited land product bookings.

COMPETITIVE ENVIRONMENT

- There is intense competition for the UK consumer by long-haul destinations and the travel advertising marketplace is crowded, making it difficult to be noticed.
- Canada's major competition has always come from Australia and to a lesser extent New Zealand.
- Short-haul destinations, (e.g. Turkey), are reportedly taking a large share of growth.

- With the US dollar exchange rate continuing to offer good value to the GBP, the USA represents a short-haul travel proposition.

Top Ten Overseas Destinations 2005

1	Spain	6	India
2	France	7	Australia
3	Non-EU Europe	8	Canada
4	USA	9	South America
5	Caribbean	10	South Africa

Source: National Statistics, International Travel Survey

Opportunities for the Yukon

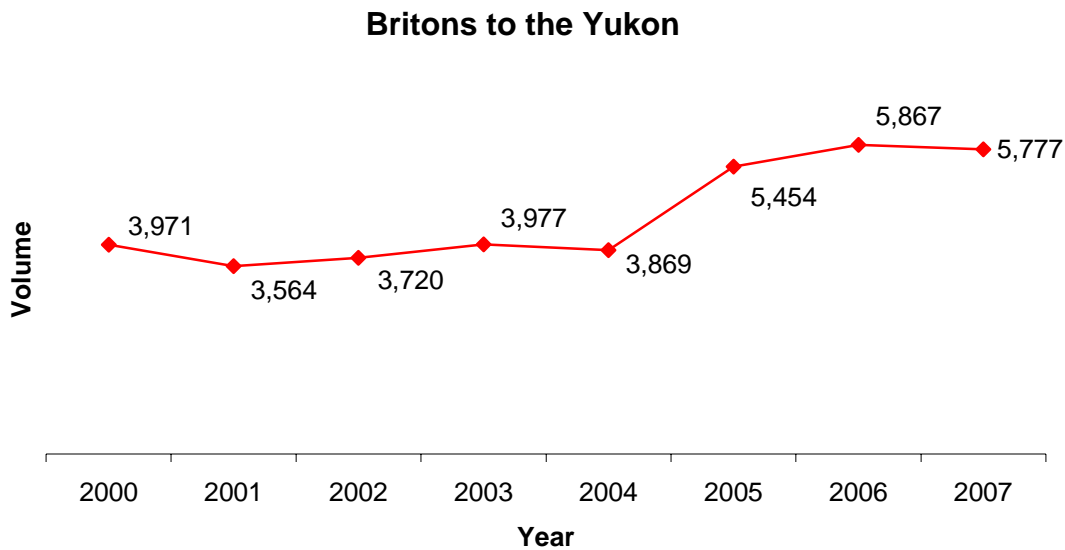
- The US has identified that RV rentals continue to attract more UK customers, and given the growing appeal for the “great outdoors” it is expected that growth in this segment will continue.
- Given the British traveler’s desire to experience new things and new places, as well as the already high visitation to the rest of Canada, there is an opportunity to target repeat passengers.

Barriers to Travel

- Decline in UK pound against the Canadian Dollar
- Strong competition particularly from low-cost carriers/packages

British Visitation to the Yukon

In 2007 there was a 2% decrease in the number of British visitors to the Yukon. Since 2000, British visitation to the Yukon has grown by 45%.



AUSTRALIA AT A GLANCE

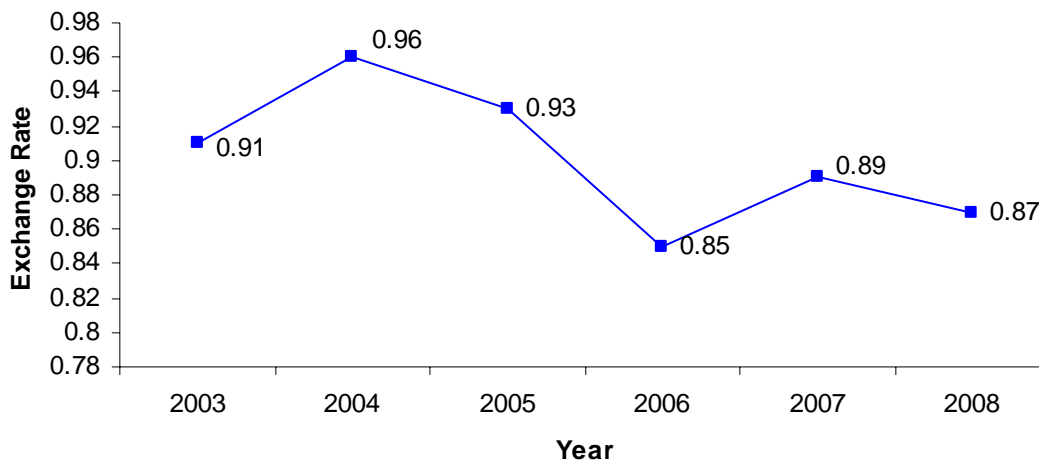
POPULATION	20.6 million	INTERNET ACCESS	70%
MAJOR MARKETS	Sydney 4.2M	INTERNET GROWTH 2000 - 2007	123%
	Melbourne 3.6M	MARKET POSITION FOR CANADA	6
	Brisbane 1.7M	TOTAL YUKON VISITORS 2007	4,417 (+2%)
	Adelaide 1.1M	MARKET POSITION FOR YUKON 2007	5
	Perth 1.4M	SHARE OF YT ASIA/PAC MARKET	57%
GST/VAT	10% GST	SHARE OF YT OVERSEAS MARKET	15%
ANNUAL LEAVE ENTITLEMENT	20 days	MARKET PRIORITY	Secondary
		PARTNER WITH CTC IN-MARKET	Yes

MARKET OVERVIEW

Economic environment

- The continued strength of domestic demand, a tight labour market and capacity constraints mean that inflationary pressures are likely to remain strong in 2008-2009.
- Government has promised a large package of tax cuts, but is also looking to cut the spending increases proposed by the previous government. The fiscal surplus will average a healthy 1.5% of GDP in 2008-09.
- Forecast GDP: 2008 - 3.2%
2009 - 2.8%

Value of the Australian Dollar



Demographics

The total population is expected to grow 15% by 2025. The 25 - 39 age group will increase by 4%; the 40 - 54 group will increase by 5% and the 56 - 69 group will increase by 46%.

TRAVEL TRENDS AND CHARACTERISTICS

Long Haul Travel	2002	2003	2004	2005	2006	2007
Total Long-haul ('000)	4,846	4,448	5,992	6,763	7,194	7,810
Year-to-year change	-0.8%	-8.2%	34.7%	12.9%	6.4%	8.6%
Trips to Canada ('000)	149	136	174	179	207	229
Year-to-Year Change	-6.2%	-8.3%	14.2%	2.9%	15.6%	10.6%
Canada's Market Share	3.1%	3.1%	2.9%	2.6%	2.9%	2.9%
Trips to Yukon	2,128	2,261	2,721	3,797	4,315	4,427
Year-to-year change	12%	6%	20%	39%	14%	2%
YT market share (of Canada total)	1%	2%	2%	2%	2%	2%

Since 2002, the Australian outbound market has increased by 61.2%, whilst the market to Canada has increased by 53.7%. Canada's market share has decreased by 0.2% in that time.

Outbound Travel Market

- Australia's outbound market continues to grow. The long-term forecast for 2005-15 is for an average increase of 3.9% a year.
- Australian international travel demand is expected to increase in 2008 as the strong Australian economy continues to bolster the value of the Australian dollar - fuelling demand for overseas travel. The launch of non-stop flights will help facilitate the growth of visitors from Australia to Canada.
- Small group travel is increasing in popularity as well as interest in lifestyle/experiential travel
- The most common demand from the Australian visitor is for good value product.
- Travel to Canada from Australia was at a record high in 2005.
- Recent airline developments mean increased air capacity.

ONLINE ENVIRONMENT

The Internet is primarily used for research - over 40% research destination activities on line. However, consumers continue to look to travel agents (off line) for expertise and service.

COMPETITIVE ENVIRONMENT

Australia is not a large market by world standards, but it is an affluent one, and one with a very high propensity to travel. Therefore, it is one of the most competitive markets in the world.

Key Competitors - Aspirational ("Dream" Vacation)

According to the Anholt-GMI Nation Brands Index (Wave 3 2006), survey of the Australian online population (n=1,000), Canada is ranked 3rd out of 30 destinations that would be likely for a leisure visit "if money were no object".

Top Ten Overseas Destinations 2005

1	New Zealand	6	China
2	USA	7	Fiji
3	UK	8	Singapore
4	Indonesia	9	Hong Kong
5	Thailand	10	Malaysia

Source: ABS

1	New Zealand	6	Sweden
2	UK	7	Ireland
3	Canada	8	Netherlands
4	Italy	9	Denmark
5	Switzerland	10	Spain

(Note: Not all potential destinations were asked about in this survey.)

Opportunities for the Yukon

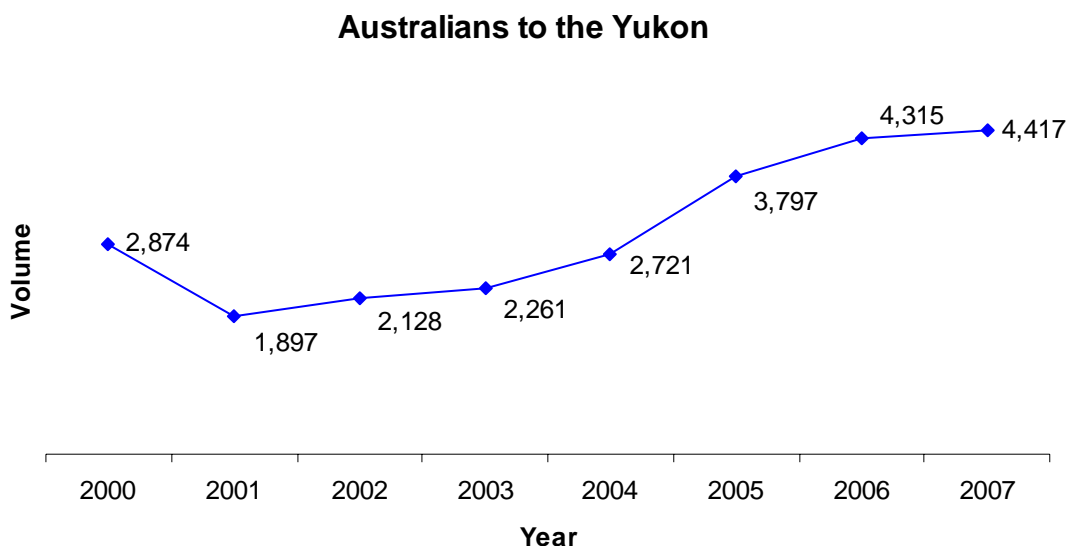
- Canada is perceived as a destination with strong nature-based offerings, and the opportunity to participate in outdoor activities and winter non-ski - these are key product offerings in the Yukon.
- The Yukon can leverage off the already high awareness of Canada in the Australian market.
- Canada is attracting high yield niche consumer segments: wildlife viewing, adventure/trekking, gay market and winter non-ski - the Yukon is uniquely placed to offer exceptional adventure and winter non-ski high yield products.
- Keen interest in FIT and fly/drive product - the Yukon can attract this growing Australian market.
- Strong interest from partners, especially travel wholesalers willing to partner and develop new Canada products - co-op marketing and product expansion opportunities.
- Maturing market - looking for new destinations and products within Canada for repeat visits. Opportunity to target past passengers with Yukon offerings.
- Canada grants 8,000 working holiday visas to young Australians each year. Through partnership with operators specializing in this market the Yukon could potentially attract some of these visitors. They generally stay a year and work on a seasonal basis, spending the rest of their time travelling. In addition, market to the families of these young people to encourage them to come and visit.

Barriers to Travel

- Lack of awareness of the Yukon
- Limited Yukon product in market
- Expense

Australian Visitation to the Yukon

In 2007 there was a 2% increase in the number of Australian visitors to the Yukon. Since 2000, Australian visitation to the Yukon has grown by 54%.



SWITZERLAND AT A GLANCE

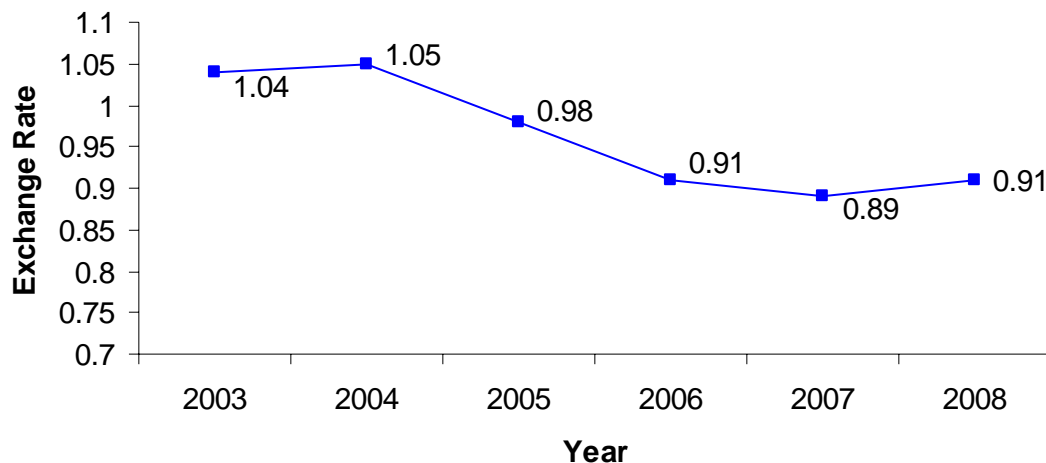
POPULATION	7.5M	INTERNET ACCESS	68%
MAJOR MARKETS	Zurich 1.1M Geneva 0.2M	INTERNET GROWTH 2000 - 2007	139%
		MARKET POSITION FOR CANADA 2007	12
		TOTAL VISITORS TO YUKON 2007	2086 (+15%)
		MARKET POSITION FOR YUKON 2007	6
		SHARE OF YT EUROPEAN MARKET	10%
		SHARE OF YT OVERSEAS MARKET	7%
GST/VAT	N/A	MARKET PRIORITY	Secondary
ANNUAL LEAVE ENTITLEMENT	6 weeks	PARTNERSHIP WITH CTC IN-MARKET	No

MARKET OVERVIEW

Economic environment

- GDP growth hit a peak of 3.2% in 2006, driven by private consumption and exports, but fell to 2.9% in 2007 and expected to fall to 2% in 2008 and 1.8% in 2009.
- The Swiss traveler not only enjoys one of the world highest per capita incomes, but also a stable and strong currency.
- Forecast GDP: 2008 - 2.0%
2009 - 1.8%

Value of the Swiss Franc



Demographics

The Swiss population is forecast to grow 4% by 2025. The 25 - 39 and 40 - 54 age groups will both decline by 9% and the 55 - 69 group will increase by 39%.

TRAVEL TRENDS AND CHARACTERISTICS

Outbound Travel	2002	2003	2004	2005	2006	2007
Total Outbound ('000)	11,427	11,296	11,484	11,657	12,473	n/a
Year-to-year change	-1.1%	-1.1%	1.7%	1.5%	7%	n/a
Trips to Canada ('000)	88	83	89	97	92	96
Year-to-Year Change	-9.3%	-5.7%	7.2%	9.0%	-4.1%	n/a
Canada Market Share	0.8%	0.7%	0.8%	0.8%	0.7%	n/a
Trips to Yukon	2,213	2,601	2,206	2,145	1,814	2,086
Year-to-year change	-26%	18%	-15%	-3%	-15%	15%
YT market share (of Canada total)	2.5%	3.1%	2.5%	2.2%	1.9%	2.1%

Since 2002, the Swiss outbound market has increased by 9.6%, whilst the market to Canada has increased by 9.1%. Canada's market share has decreased by 0.1% in that time.

Outbound Travel Market

- The Swiss are still among Europe's most independent travellers - the share of independently organized holidays is currently around 80%. They tend to be rather well informed, sophisticated travelers willing to pay for quality.
- The number of Swiss outbound travellers is limited; however, its small size is compensated to a considerable degree by the large disposable income of the average Swiss traveller. On a per-capita basis, they rank second after the Germans as the world's most frequent international travelers.
- Switzerland is an extremely mature travel market, almost spoiled for choice of overseas destinations, with high expectations and discerning taste.
- The Swiss market requires continuity and credibility. Tour operators, travel agents and consumers like to establish long lasting relationships. Presence at relevant trade events is crucial.
- The RV market segment continues to grow and Swiss interest in experiential and adventure travel (including fishing) offers a marketing opportunity for the Yukon.
- With 46% of the Swiss relying on tour operator brochures as their main source of information, relationships with the tour operators are critical, as well as offering them a broad range of product. Yukon continues to maintain relationships with key trade partners in Switzerland.
- Use of the internet for tactical offers and marketing campaigns in conjunction with local wholesalers also presents an opportunity as the Swiss have the highest Internet penetration rate in Europe.

ONLINE ENVIRONMENT

Switzerland has the highest Internet penetration in the German-speaking markets, and is indeed among the highest in the world. 43% of Internet users use the Internet for travel planning. However, 40% of trips are still booked through travel agents.

COMPETITIVE ENVIRONMENT

The US is Canada's key long haul competitor. Last year saw an increase of Swiss visitors to the US of 4.4% over 2005.

Top Ten Overseas Destinations 2005

1	France	6	UK
2	Germany	7	United States
3	Italy	8	Greece
4	Spain	9	Turkey
5	Austria	10	Netherlands

Source: Global Tourism Navigator

Opportunities for the Yukon

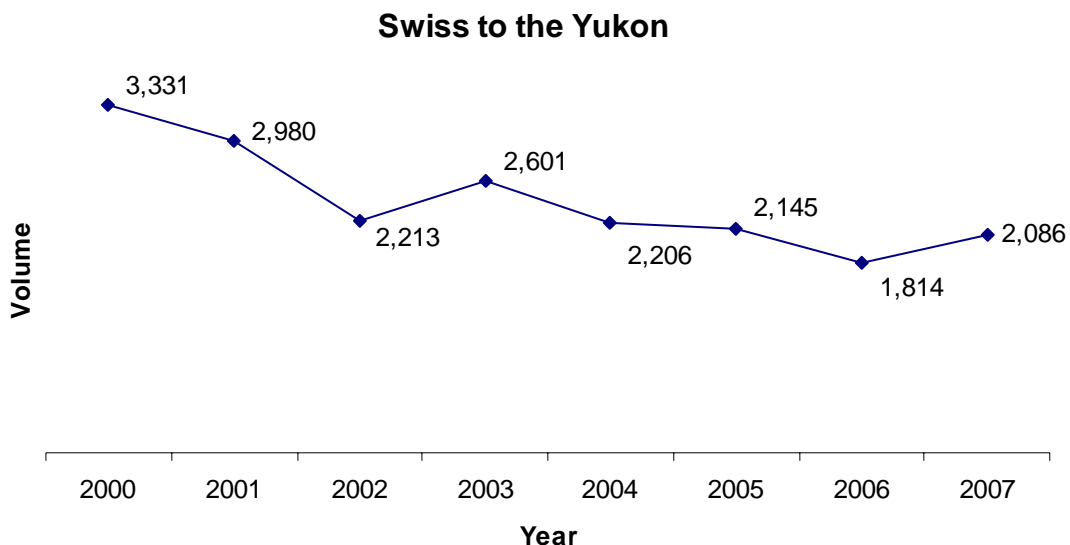
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- Use of the internet for tactical offers and marketing campaigns in conjunction with local wholesalers also presents an opportunity as the Swiss have the highest Internet penetration rate in Europe.

Barriers to Travel

- Decline in Swiss Franc against Canadian Dollar
- Increasing competition from direct marketing companies and internet
- Growing interest in short break holidays and declining vacation length

Canadian Visitation to the Yukon

In 2007 there was a 15% increase in the number of Swiss visitors to the Yukon. Since 2000, Swiss visitation to the Yukon has declined by 37%.



NETHERLANDS AT A GLANCE

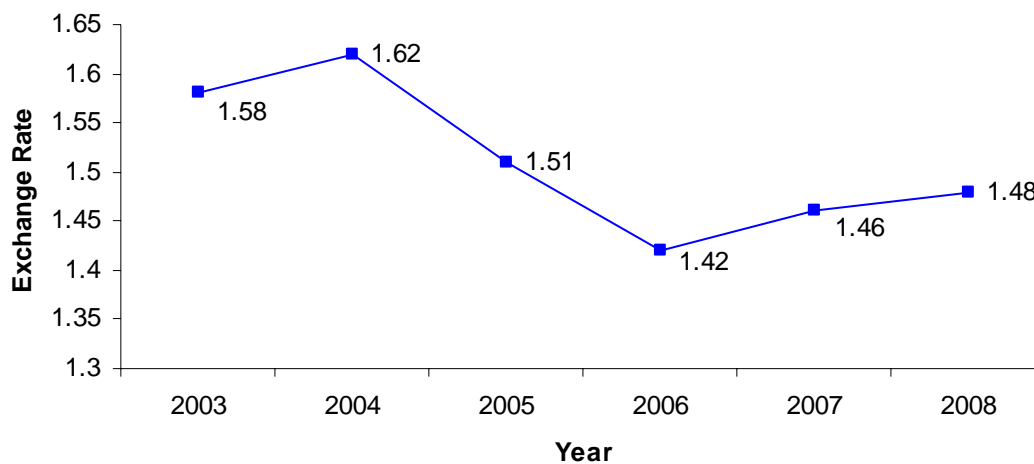
POPULATION	16.5M	INTERNET ACCESS	73%
MAJOR MARKETS	Amsterdam 1.1M Rotterdam 1.1M	INTERNET GROWTH 2000 - 2007	209%
		MARKET POSITION FOR CANADA 2007	9
		VISITORS TO YUKON 2007	1,361 (+18%)
		MARKET POSITION FOR YUKON 2007	7
		SHARE OF YT EUROPEAN MARKET	7%
		SHARE OF YT OVERSEAS MARKET	5%
GST/VAT	19% VAT	MARKET PRIORITY	Secondary
ANNUAL LEAVE ENTITLEMENT	4 weeks	PARTNER WITH CTC IN-MARKET	No

MARKET OVERVIEW

Economic environment

- The tightening of liquidity conditions as a result of global financial market turmoil has had little effect on consumer confidence, and investment is likely to continue to grow robustly.
- Forecast GDP growth:
 - 2008 - 1.9%
 - 2009 - 2%

Value of the Euro



Demographics

The Netherlands population is rapidly aging. The population is forecast to increase 7% by 2025. The 25 - 39 age group will decrease 26%; the 40 - 54 age group will decrease 11% and the 55 - 69 group will increase by 36%.

TRAVEL TRENDS AND CHARACTERISTICS

Outbound Travel	2002	2003	2004	2005	2006	2007
Total Outbound ('000)	16,756	16,463	19,960	17,207	17,500	n/a
Year-to-year change	17.9%	-1.7%	3.0%	1.5%	1.7%	n/a
Trips to Canada ('000)	107	104	114	118	122	124
Year-to-Year Change (%)	-6.1%	-2.8%	9.6%	3.5%	0.7%	n/a
Canada Market Share (%)	0.6%	0.6%	0.7%	1.0%	0.7%	n/a
Trips to Yukon	1,355	1,237	1,209	1,343	1,155	1,361
Year-to-year change (%)	18%	-9%	-2%	11%	-14%	18%
YT market share (of Canada total)	1.3%	1.2%	1.1%	1.1%	0.9%	1.1%

Since 2002, the Dutch outbound market has increased by 4.4%, whilst the market to Canada has increased by 14.0%. Canada has increased its market share by 6.8% in that time.

Outbound Travel Market

- Research undertaken at the 2007 Vakantiebeurs Holiday Fair by the Fair's organizer, VNU Exhibitions, indicates the following:
 - Long-haul destinations are very popular amongst Dutch travelers
 - Holiday expenditure increased from €2.642 in 2006 to € 2.763 in 2007.
 - Culture (31%) and nature (23%) were reported as the most important reasons to choosing a destination, with sun, sea and the beach the key individual factors
- The Dutch are traditionally passionate about independence when travelling - self drive campervan components are popular.
- Good value experiential or self enrichment products are likely to be popular in the medium term. 'Green' travel products are also increasingly in demand.

ONLINE ENVIRONMENT

The internet is a strong force in the Dutch tourist industry, with on-line travel bookings increasing exponentially.

COMPETITIVE ENVIRONMENT

Top Ten Overseas Destinations 2005

1	France	6	Austria
2	Germany	7	Italy
3	Spain	8	Greece
4	Belgium	9	Portugal
5	UK	10	Norway

Source: Global Tourism Navigator

Key Competitors - Aspirational ("Dream" vacation)

According to the Anholt-GMI Nation Brands Index (Wave 3 2006), survey of the Dutch online population (n = 1000), Canada is ranked 4th out of 30 destinations that would be likely for a leisure visit "if money were no object".

1	Australia	6	Italy
2	New Zealand	7	Portugal
3	Belgium	8	Sweden
4	Canada	9	Norway
5	Spain	10	Switzerland

Note: Not all potential destinations were asked about in this survey.

Opportunities for the Yukon

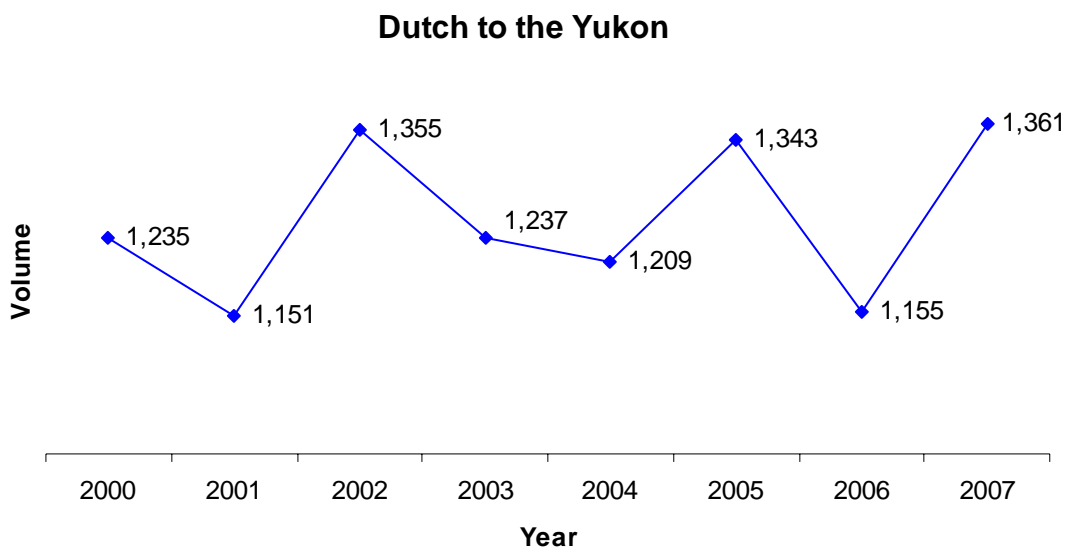
- The Dutch passion for independence means that the Yukon is an ideal destination for them.
- Their preference for R.V. self-drive vacations offers an ideal marketing opportunity.
- Increased demand for 'green' tourism products and desire to escape crowded urban life also offers the Yukon a strong marketing proposition.

Barriers to Travel

- Decline in Euro against Canadian Dollar
- Strong competition from other destinations, particularly other European destinations

Dutch Visitation to the Yukon

In 2007 there was an 18% increase in the number of Dutch visitors to the Yukon. Since 2000, Dutch visitation to the Yukon has grown by 10%.



FRANCE AT A GLANCE

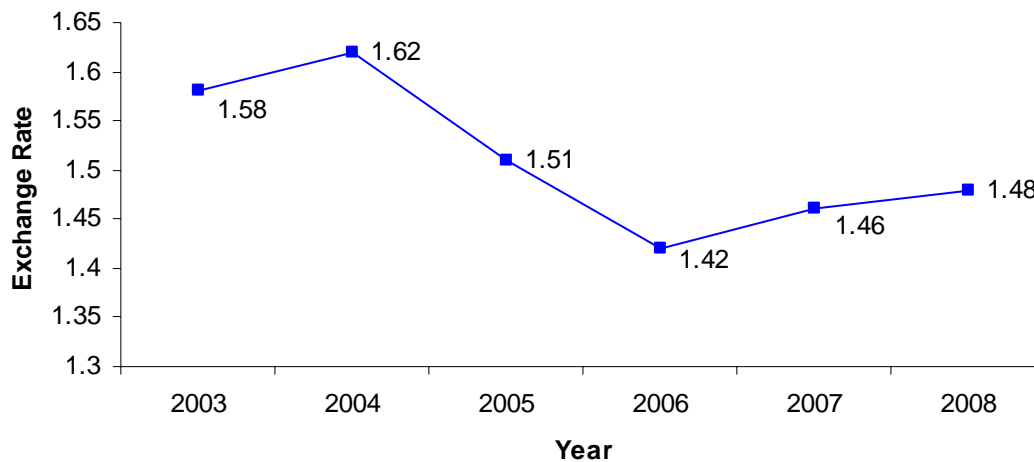
POPULATION	60.9M	INTERNET ACCESS	50%
MAJOR MARKETS	Paris 9.6M Lyon 1.3M	INTERNET GROWTH 2000 - 2007	261%
		CANADA MARKET POSITION 2007	3
		VISITORS TO YUKON 2007	539 (-29%)
		MARKET POSITION FOR YUKON 2007	10
		SHARE OF YT EUROPEAN MARKET	3%
		SHARE OF YT OVERSEAS MARKET	2%
GST/VAT	5.5% - 19.6%	MARKET PRIORITY	Secondary
ANNUAL LEAVE ENTITLEMENT	5 - 6 weeks	PARTNER WITH CTC IN-MARKET	No

MARKET OVERVIEW

Economic environment

- Real GDP growth is estimated to have slowed to 1.9% in 2007. Deteriorating consumer confidence, a slowdown in investment and weaker external demand will cause growth to slip in 2008, before a slight recovery in 2009.
- Forecast GDP:
 - 2008 - 1.6%
 - 2009 - 1.9%

Value of the Euro



Demographics

The French population is forecast to grow 4% by 2025. The 25 - 39 age group will decline by 9%; the 40 - 54 group will decline by 6% and the 55 - 69 group will increase by 28%.

TRAVEL TRENDS AND CHARACTERISTICS

Long Haul Travel	2002	2003	2004	2005	2006	2007
Total Outbound ('000)	8,004	7,980	9,396	10,275	10,360	11,111
Year-to-year change	-2.9%	-0.3%	17.7%	9.4%	0.8%	7.2%
Trips to Canada ('000)	312	275	337	351	374	379
Year-to-Year Change	-12.6%	-11.9%	22.5%	4.2%	6.6%	1.3%
Canada Market Share	3.9%	3.4%	3.6%	3.4%	3.6%	3.4%
Trips to Yukon	592	703	669	631	760	539
Year-to-year change	-7%	19%	-5%	-6%	20%	-29%
YT market share (of Canada total)	0.2%	0.3%	0.2%	0.2%	0.2%	0.1%

Since 2002, the French outbound market has increased by 38.8%, whilst the market to Canada has increased by 21.4%. Canada's market share has decreased by 0.5% in that time.

Outbound Travel Market

- 90% of French Nationals choose to holiday in France.
- Generally, the French market remains comparatively small relative to France's population and affluence.
- Consumers are increasingly driven by airline deals and growing numbers book airfares direct through airlines or internet.
- There is an increase in French health-related/spa travel.
- Major tour operators say the trend is to sell fewer packages but at higher than average costs.
- The last minute booking tendency continues to develop in France, with approximately one third of all travellers deciding on their destination, accommodation and transport method at the last minute.

ONLINE ENVIRONMENT

The number of people booking travel via the internet has dramatically increased in France in the past 12 months, up 33%, with some major operators reporting internet sales having risen as much as 77%.

COMPETITIVE ENVIRONMENT

Key Competitors - Aspirational ("Dream" vacation)

According to the Anholt-GMI Nation Brands Index (Wave 3 2006), survey of the French online population (n = 1000), Canada is ranked 1st out of 30 destinations that would be likely for a leisure visit "if money were no object".

Top Ten Overseas Destinations 2005

1	Spain	6	Germany
2	UK	7	Belgium
3	Italy	8	Portugal
4	Morocco	9	Greece
5	Tunisia	10	United States

Source: Global Tourism Navigator

1	Canada	6	Sweden
2	Australia	7	Ireland
3	Italy	8	Brazil
4	Spain	9	Denmark
5	Norway	10	Portugal

Note: Not all potential destinations were asked about in this survey.

Opportunities for the Yukon

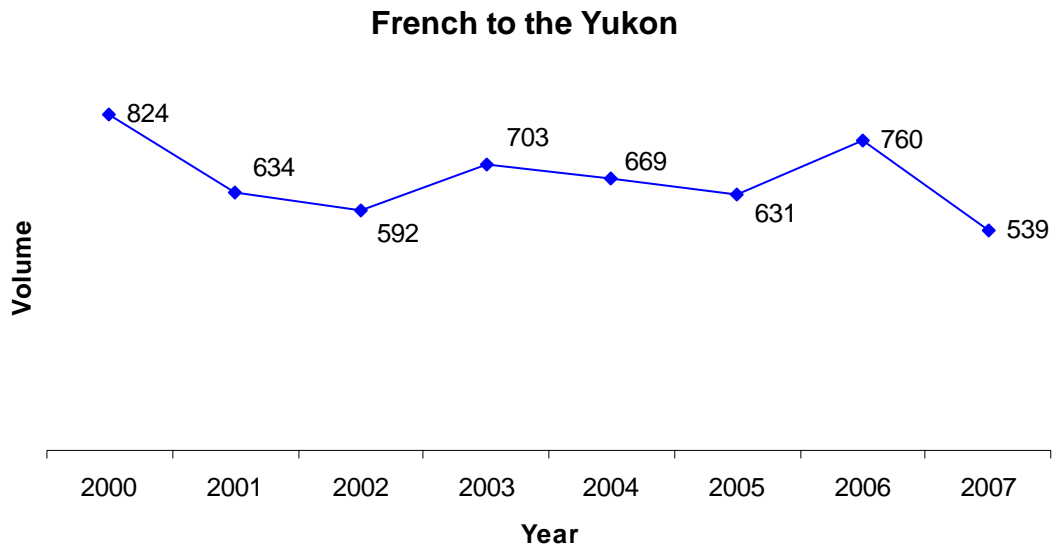
- There is an opportunity via involvement of the RDÉE Yukon.
- Training of the travel trade on Yukon destination and product is key as they are the most common source of information for consumers planning a vacation.
- As travel is the second most popular on-line purchase - and use of the internet for travel purposes is growing - there is opportunity to provide tactical offers via the website.

Barriers to Travel

- Lack of destination awareness
- Decrease in value of Euro against Canadian Dollar
- Preference towards Quebec as a Canadian destination

Canadian Visitation to the Yukon

In 2007 there was a 29% decrease in the number of French visitors to the Yukon. Since 2000, French visitation to the Yukon has declined by 35%.



JAPAN AT A GLANCE

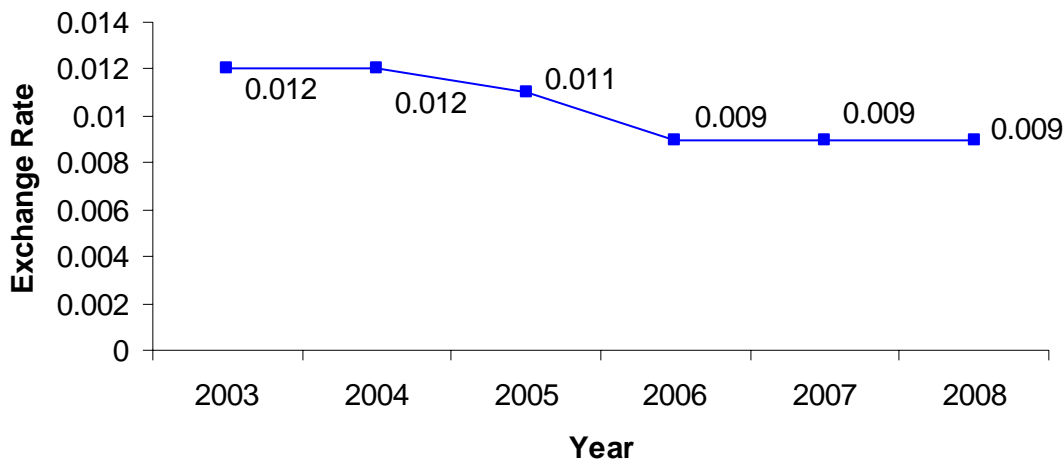
POPULATION	127.4M	INTERNET ACCESS	67%
MAJOR MARKETS	Tokyo 40M	INTERNET GROWTH 2000 - 2007	83%
	Osaka 20.7M	MARKET POSITION FOR CANADA 2007	2
	Nagoya 11M	TOTAL VISITORS TO YUKON 2007	446 (+12%)
	Fukuoka 13.4M	MARKET POSITION FOR YUKON 2007	13
	Sapporo 5.7M	SHARE OF YT ASIA/PAC MARKET	6%
GST/VAT	5% Consumption Tax	SHARE OF YT OVERSEAS MARKET	2%
ANNUAL LEAVE ENTITLEMENT	15 - 20 days	MARKET PRIORITY	Secondary
		PARTNER WITH CTC IN-MARKET	Yes

MARKET OVERVIEW

Economic environment

- GDP growth is forecast to average 1.4% a year in 2008-12. What is disturbing about this forecast is that growth will barely exceed most experts' estimates of the annual increase in Japan's potential output. As a result, Japan's output gap may well persist at roughly its current size for several years, and the economy will consequently remain vulnerable to deflationary shocks.
- Forecast GDP:
 - 2007 - 1.2%
 - 2008 - 1.2%

Value of the Japanese Yen



Demographics

The Japanese population is forecast to decline 6% by 2025. The 25 - 39 age group will decline by 32%; the 40 - 54 group will increase by 5% and the 55 - 69 group will decline by 12%.

TRAVEL TRENDS AND CHARACTERISTICS

Outbound Travel	2002	2003	2004	2005	2006	2007
Total Outbound ('000)	10,056	8,558	9,392	9,840	9,813	9,592
Year-to-year change	-3.8%	-14.9%	9.7%	4.8%	-0.3%	-2.3%
Trips to Canada ('000)	423	250	391	398	401	343
Year-to-Year Change (%)	3.1%	-41%	56.7%	1.8%	0.76%	-14.5%
Canada's Market Share	4.2%	2.9%	4.2%	4.0%	4.1%	3.6%
Trips to Yukon	419	385	732	563	399	446
Year-to-year change	-4%	-8%	90%	-50%	-29%	12%
YT market share (of Canada total)	0.01	0.15	0.19	0.14	0.01	0.13%

Since 2002, the Japanese outbound market has decreased by 4.6%, whilst the market to Canada has decreased by 18.9%. Canada's market share has decreased by 0.6% in that time.

Outbound Travel Market

- The Japanese market has stagnated since the mid-1990s, but the recent revival in economic growth brings some hope for renewed growth in outbound tourism.
- The expansion of low-cost airlines has favoured travel to shorter-haul destinations, a trend expected to continue in the short to medium term - perhaps to the detriment of long-haul destinations.
- More Japanese seek quality 'spiritual and mental' experiences and shorter, cheaper, closer vacations. There is also an increasing interest in special interest tourism.
- The recent CTC "Japan Project Summary" indicated the following factors as contributing to the decline in travel to Canada: destination trend toward Asia; Canada is off the radar screen; needs are changing; Canada's core products now out of date; Canada's current market reflects its image; Canada is receiving little trade support; lack of airline sensitivity.
- Essential for success in the Japanese market - long-term commitment from DMO and products.
- Japan is not as sophisticated as some of the Yukon's other source markets = a higher requirement for education and information on the destination.

ONLINE ENVIRONMENT

Use of the internet for travel is, as in most countries, for information rather than booking, the exception being for domestic and short haul airline ticket purchases.

COMPETITIVE ENVIRONMENT

Overall bookings to Europe, Asia, and China continue to be strong while those in Hawaii, Micronesia, and mainland US look sluggish with the exception of Mainland US package tours.

Top Ten Overseas Destinations 2005

1	United States	6	Taiwan
2	China	7	Hong Kong
3	South Korea	8	Germany
4	Italy	9	Australia
5	Thailand	10	Singapore

Source: Global Tourism Navigator

Key Competitors - Aspirational ("Dream" Vacation)

According to the Anholt-GMI Nation Brands Index (Wave 3 2006), survey of the Japanese online population (n=1000), Canada is ranked 4th out of 30 destinations that would be likely for a leisure visit "if money were no object".

1	Australia	6	France
2	Italy	7	UK
3	Switzerland	8	Spain
4	Canada	9	Germany
5	New Zealand	10	United States

(Note: Not all potential destinations were asked about in this survey.)

Opportunities for the Yukon

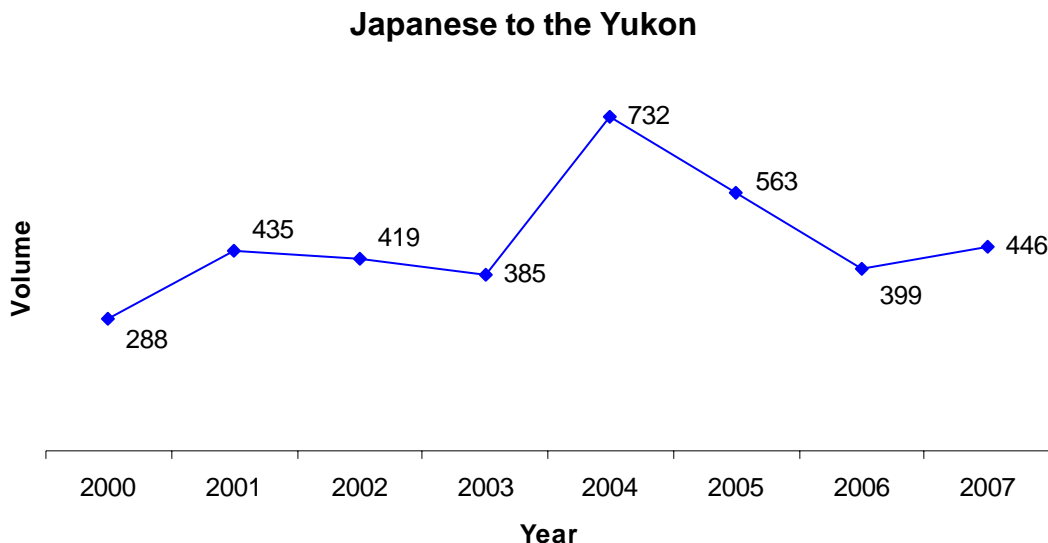
- Essential for success in the Japanese market - long-term commitment from DMO and products.
- Japan is not as sophisticated as some of the Yukon's other source markets = a higher requirement for education and information on the destination.
- The rapidly growing "Baby Boomer" sector is where major growth will be seen. This group has shown an increased interest in "active nature" travel = opportunity for the Yukon
- Less structured and special interest travel trend will also create opportunities.
- The wide use of mobile phone technology presents opportunities to reach Japanese consumers
- Japanese language website is essential in reaching and educating the consumer and promoting specific product offerings. Interactive internet experiences could also possibly tap into the "sharing" trend amongst the Japanese.
- Heavy usage of media in Japan makes means VJP needs to be a key element in the marketing mix.

Barriers to Travel

- Trend towards shorter, cheaper, closer vacations
- Strong competition from Scandinavia and Alaska for the aurora market (including direct flights)
- Lack of direct air service
- Drop in overall Canada awareness in Japan
- Decline in Japanese Yen against Canadian dollar

Japanese Visitation to the Yukon

In 2007 there was a 12% increase in the number of Japanese visitors to the Yukon. Since 2000, Japanese visitation to the Yukon has grown by 55%.



MEXICO AT A GLANCE

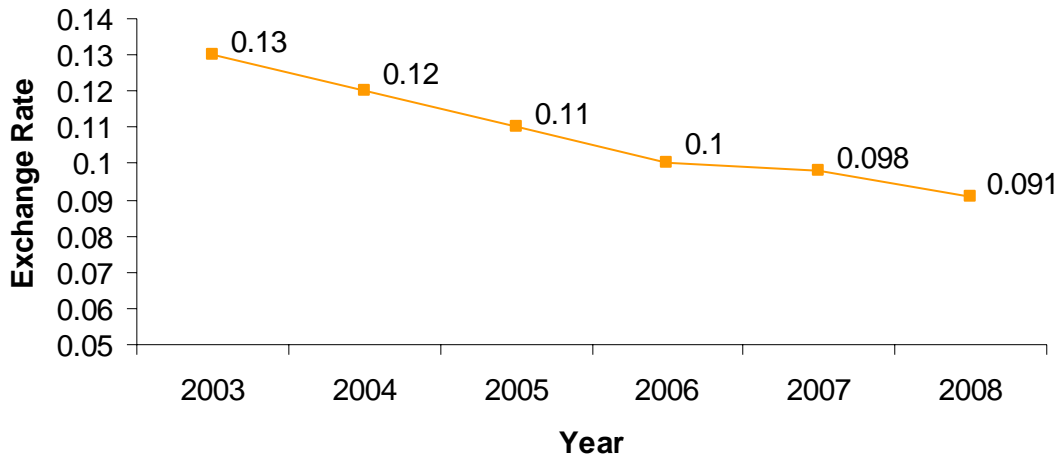
POPULATION	107.4M	INTERNET ACCESS	19%
MAJOR MARKETS	Mexico City 8.6M	INTERNET GROWTH 2000 - 2007	645%
		MARKET POSITION FOR CANADA 2007	5
		VISITORS TO YUKON 2007	668 (+21%)
		MARKET POSITION FOR YUKON 2007	9
		SHARE OF NTH AM. MARKET	0.2%
GST/VAT	IVA 15%	SHARE OF TOTAL OVERSEAS MARKET	2%
ANNUAL LEAVE ENTITLEMENT	6 days	MARKET PRIORITY	Tertiary
		PARTNER WITH CTC IN-MARKET	Yes

MARKET OVERVIEW

Economic environment

- With the U.S. now entering recession in the first half of 2008 substantial downward revisions have been made to GDP forecasts for Mexico, to growth of 1.9% in 2008 and 3% in 2009
- Forecast GDP: 2008 - 1.9%
2009 - 3%

Value of the Mexican Peso



Demographics

The population is forecast to increase by 23% to 2025. The 25 - 39 age group will increase by 16%; the 40 - 54 age group will increase by 57% and the 55 - 69 age group will increase by 107%.

TRAVEL TRENDS AND CHARACTERISTICS

Outbound Travel	2002	2003	2004	2005	2006	2007
Total Outbound ('000)	12,564	11,764	13,282	14,313	15,189	16,924
Year-to-year change	-0.3%	-6.4%	12.9%	7.8%	6.1%	11.4%
Trips to Canada ('000)	161	132	169	179	214	251
Year-to-Year Change	8.8%	-18.0%	28.0%	5.9%	19.5%	17.2%
Canada's Market Share	1.3%	1.1%	1.3%	1.3%	1.4%	1.5%
Trips to Yukon	395	421	525	582	553	668
Year-to-year change	9%	7%	25%	11%	-5%	21%
YT market share (of Canada total)	0.25%	0.32%	0.31%	0.33%	0.25%	0.27%

Since 2002, the Mexican outbound market has increased by 34.7%, whilst the market to Canada has increased by 55.9%. Canada has increased its market share by 0.2% in that time.

Outbound Travel Market

- For 2008, Mexico's international overnight travel volume and receipts are expected to climb, though at a slower pace than in 2006 and 2007. While Mexico is experiencing healthy annual growth, the close economic ties on the export front with the U.S. which is experiencing a slowdown, could have a dampening effect on Mexico; as well, the strength of the Canadian dollar is making travel to Canada less competitive.
- Short planning and booking times are the norm for travel.

ONLINE ENVIRONMENT

As a source of destination information, word of mouth and contact amongst friends and family is still rated more highly than Internet access.

COMPETITIVE ENVIRONMENT

Key Competitors - Aspirational ("Dream" vacation)

According to the Anholt-GMI Nation Brands Index (Wave 3 2006), survey of Mexican online population (n=1000), Canada is ranked 6th out of 30 destinations that would be likely for a leisure visit "if money were no object".

Top Ten Overseas Destinations 2005

1	United States	6	France
2	Spain	7	UK
3	Italy	8	Brazil
4	Canada	9	Germany
5	Cuba	10	Chile

1	Italy	6	Canada
2	France	7	Germany
3	Spain	8	Sweden
4	Switzerland	9	Japan
5	Netherlands	10	Egypt

Source: Global Tourism Navigator

Note: Not all potential destinations were asked about in this survey.

Opportunities for the Yukon

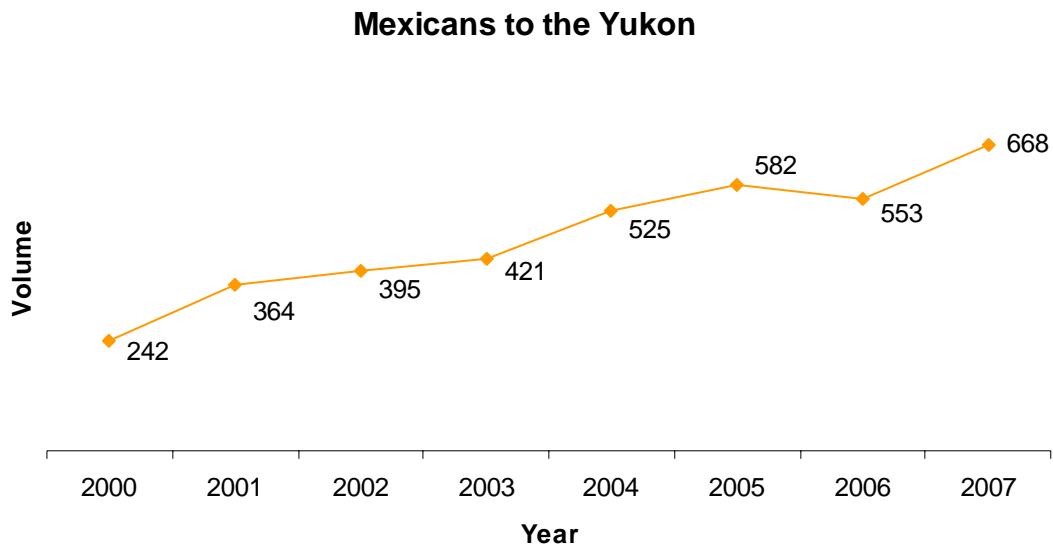
- Opportunities exist in the ESL market.
- Use of the Internet to provide promotional offers could be one way of encouraging Mexican travelers.
- As use of the trade is low, direct to consumer marketing tactics are key - print media advertising, non-traditional partnerships and e-marketing.

Barriers to Travel

- Lack of destination awareness
- Lack of direct air access (even direct air access to other Canadian hubs)

Mexican Visitation to the Yukon

In 2007 there was a 21% increase in the number of Mexican visitors to the Yukon. Since 2000, Mexican visitation to the Yukon has grown by 176%.



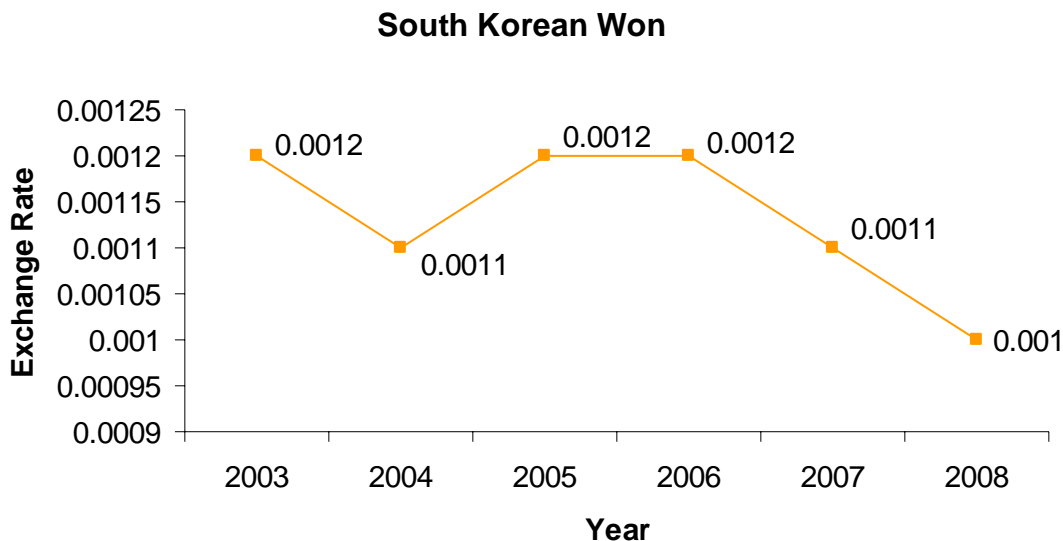
SOUTH KOREA AT A GLANCE

POPULATION	48.6M	INTERNET ACCESS	67%
MAJOR MARKETS	Seoul 9.9M Pusan 3.8M	INTERNET GROWTH 2000 - 2007	79%
		MARKET POSITION FOR CANADA 2007	7
		VISITORS TO YUKON 2007	254 (-11%)
		MARKET POSITION FOR YUKON 2007	19
		SHARE OF YT ASIA/PAC MARKET	3%
GST/VAT	10% VAT	SHARE OF YT OVERSEAS MARKET	1%
ANNUAL LEAVE ENTITLEMENT	10 days + 1/yr up to 20 days	MARKET PRIORITY	Tertiary
		PARTNER WITH CTC IN-MARKET	No

MARKET OVERVIEW

Economic environment

- Korea's economy is showing excellent signs of growth. It is the fourth largest economy in Asia.
- Real GDP is forecast to expand by an average of 4.6% a year in 2008-09, following estimated growth of 5% in 2007.
- GDP Forecast: 2008 - 4.6%
2009 - 4.6%



Demographics

The South Korean population is forecast to increase 4% by 2025. The 25 - 39 age group will decline by 21%; the 40 - 54 group will increase by 4% and the 55 - 69 group will increase by 92%.

TRAVEL TRENDS AND CHARACTERISTICS

Outbound Travel	2002	2003	2004	2005	2006	2007
Total Outbound ('000)	1,815	1,855	2,030	2,316	2,480	2,678
Year-to-year change	5.2%	2.2%	9.5%	14.1%	7.1%	8.0%
Trips to Canada ('000)	143	133	164	173	202	213
Year-to-Year Change (%)	2.9%	-7.0%	23.3%	5.5%	16.8%	5.4%
Market Share (%)	7.8%	7.1%	8.1%	7.5%	8.1%	7.9%
Trips to Yukon	187	83	143	201	287	254
Year-to-year change	137%	-56%	72%	41%	43%	-11%
YT market share (of CDA total)	0.13%	0.06%	0.09%	0.12%	0.14%	0.12%

Since 2002, the South Korean outbound market has increased by 47.5%, whilst the market to Canada has increased by 49.0%. Canada has increased its market share by 0.1% in that time.

Outbound Travel Market

- In 2008, the forecast for South Korean international travel demand remains upbeat as the Korean economy is expected to maintain its growth with strong exports, high technology products and unemployment rates at a low level.
- FIT and SIT (special interest tours - particularly for golf, food & wine and trekking activities) segments are growing.
- South Korean consumers are largely driven by price rather than product inclusions.
- For Canada, South Korea represents a market with huge potential - Canada's image in the South Korean market is overwhelming positive. South Korea is the only key Asia/Pacific market where Canada has increased its market share.

ONLINE ENVIRONMENT

South Koreans infrequently use the web for travel planning information (only 35% - even among online panel survey respondents). The most common websites for travel information are online travel agencies.

COMPETITIVE ENVIRONMENT

International competition is fierce. Canada's key competitors for South Korean travellers are: Australia, Europe, and the U.S. Mainland. Asia is the primary destination for South Korean travellers.

Key Competitors - Aspirational ("Dream" Vacation)

According to the Anholt-GMI Nation Brands Index (Wave 3 2006), which surveys a representative n=1000 sample of the online population in South Korea, Canada is ranked 5th out of 30 destinations that would be likely for a leisure visit "if money were no object".

Top Ten Overseas Destinations 2005

1	China	6	Singapore
2	Japan	7	Hong Kong
3	Thailand	8	Australia
4	United States	9	Indonesia
5	Philippines	10	Italy

1	France	6	UK
2	Switzerland	7	Italy
3	Australia	8	Germany
4	New Zealand	9	Netherlands
5	Canada	10	Sweden

Source: Global Tourism Navigator

Note: Not all potential destinations were asked about in this survey.

Opportunities for the Yukon

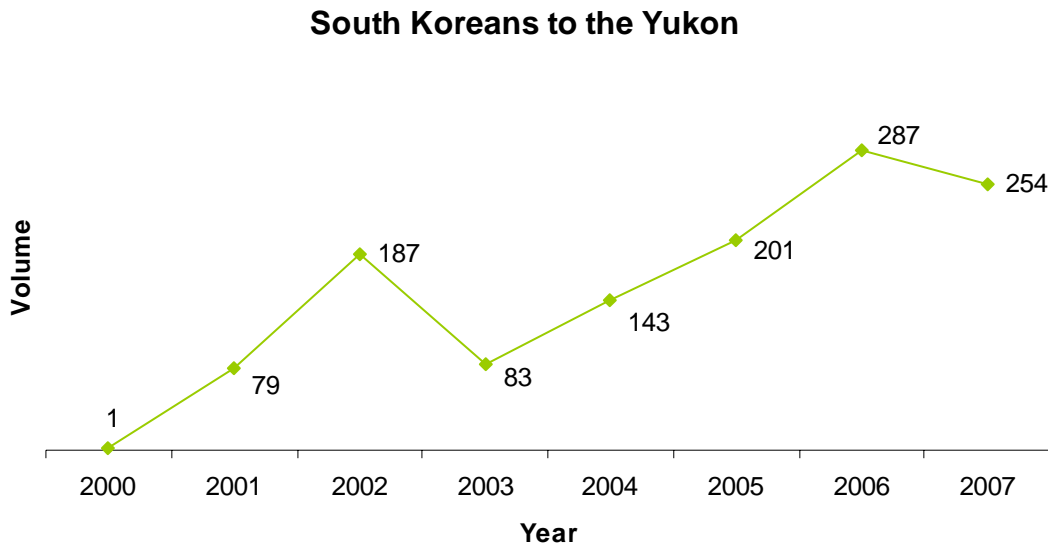
- A Korean language website and language-versioned materials are needed to reach Korean consumers.
- High end lodges would appeal to the growing luxury market.
- Growth in the Korean backpacker market also represents an opportunity.
- Aurora viewing also represents an opportunity (Yellowknife is currently brochured and promoted)

Barriers to Travel

- Lack of destination awareness
- Increasing competition - particularly price-driven making it difficult for the Yukon to compete

South Korean Visitation to the Yukon

In 2007 there was a 11% decrease in the number of South Korean visitors to the Yukon. Since 2000, South Korean visitation to the Yukon has grown tremendously.



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