Assessing the Determinants of Cross-Border Traveler Flows between Canada and the United States

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Canada and the US border accommodate the greatest portion of international cross-border traffic. Given its magnitude, the cross-border traffic is important for the national economies of both countries. There are, however, a number of factors that determine the volume of cross-border traffic.

This paper examines a number of economic, socioeconomic, and geopolitical determinants and their impact on the Canada-US car traffic between 2000 and 2017. Data are drawn from Frontier Counts. This is a database built by Statistics Canada from an extraction of administrative files comprising same-day and overnight car trips collected by Canadian Border Service Agency (CBSA).

To explain the variations in cross-border travel, Autoregressive Integrated Moving Average (ARIMA) models with economic variables such as the exchange rate, the gasoline prices, unemployment, and income were used. In addition to economic conditions, events such as 9/11 and the initiatives for increased border safety and security are taken into account. While the relationship between examined variables and the cross-border travel is complex and intertwined, a number of key conclusions can be drawn.

**Keywords**: Cross-Border travel, the Canada-US car traffic, economic determinants, ARIMA