

# What Next for Travel and Tourism in Peru?

Torrential rain in the South of Peru destroyed all routes leading to the ancient Inca citadel of Machu Picchu late in January 2010. As mudslides and flood waters washed out rail tracks and bridges across the Urubamba River, access to the little town of Aguas Calientes and the world famous Inca Trail were cut off, trapping around 2,000 tourists for days until helicopters came for rescue.

Located at 2,430 meters above sea level or the equivalent of approximately 8,000 feet, Machu Picchu was not damaged by the flood. Nevertheless, the UNESCO World Heritage site was cut off for weeks. This presents a major threat to the Peruvian travel and tourism industry, given the site is the most popular tourist attraction in Peru.

### Machu Picchu: Number One Destination in Peru

Machu Picchu is the leading tourist attraction in Peru, receiving around 1,500 tourists per day. Since it has been declared a UNESCO heritage site, interest to the historical site increased across the globe. This led to heightened tourist activity in Machu Picchu, its surrounding areas and even Peru as most tourists tend to buy packages at Cuzco to other destinations such as Puno, Arequipa, Paracas and Lima. Following the floods, however, a reverse trend have been seen due to the devastating impact they have caused so far, damaging the most important source of income in that particular area.

### Access Routes Temporarily Closed

There are two different ways of reaching Machu Picchu, by rail or by land through the Inca trails of Chachabamba, Piscacucho and Qorywayrachina. In 2008, 84% of tourists that visited the historical site did so by train. The torrential rain that hit the region destroyed at least three parts of the rail track leading to Machu Picchu as well as sections of the Inca trails. Therefore, access to the historical site was closed temporarily to avoid risking the lives of tourists visiting the region.

### Estimated Loss Bigger Than Earthquake Disaster

Industry experts have estimated total losses to add up to US\$1 million per day that the site remained closed. In a year, total losses related to travel and tourism are expected to add up to US\$400 million. If this happens, the financial loss would represent 0.6% of the country's GDP in 2010. In the last disaster that hit Peru, the Pisco Earthquake of



2007, total losses corresponded to 0.3% of total GDP.

In order to keep travel and tourism indicators from declining in 2010, government authorities analyzed alternatives to reestablish access to Machu Picchu through alternative routes, to keep all informed about the latest undertakings in the region and to develop a promotional campaign to advertise other interesting tourist sites in Peru.

As of now, government authorities believe it is still viable to attract a total of 2.2 million tourists to the country in 2010, particularly if considering the Inca Trails close every year on February for maintenance. Moreover, the city of Cuzco and its numerous archeological

sites remain opened to the public. It is worth noting, however, that if the access to Machu Picchu remained closed for a longer period of time, the region would likely to lose approximately 160,000 tourists per month.

### “Conozca el Perú Ahora” Campaign

Get to Know Peru Now is the slogan of the promotional campaign developed to invite tourists to visit other regions in Peru that have not been impacted by the rain like the walls of Sacsayhuamán, the Coricancha palace and the Písac and Moray monuments. One way of doing so, is through the offer of tempting discounts of 5% and 10% on package holidays to the Cuzco region.

The initiative was announced by the National Chamber of Tourism (Canatur) and it is implemented by a number of public and private entities associated to the travel and tourism industry in Peru such as the Ministry of Foreign Trade and Tourism, PromPerú, airlines and associations.

### Bright Outlook

It is not the first time that Peru dealt with rain in the Cuzco region, particularly at this time of the year. In 2010, however, the 'El Niño' climate pattern made things worse, causing the flooding of small towns and blocking access to Machu Picchu. While this is already impacting travel and tourism activity in Peru, the quick reaction of local authorities in determining appropriate lines of action to ensure the safety of all people in the area and to restore the damage caused by the rain is likely to reverse the situation soon.

Meanwhile government authorities are building an alternative route to reach Machu Picchu through Santa Teresa. This presents some challenges as the Ministry of Transport needs to rehab a highway that passes by Santa Rosa to get to Santa Teresa.

The promotional campaign is key to avoid further cancellations and/or the rescheduling of visits to the region. Additionally, discounting is expected to serve as a magnet to domestic tourists in particular, given tourism in the region is priced very high and mostly accessible to wealthy Peruvians and international tourists.

According to the Hotel Association of Peru (SHP), total investments expected for the Cuzco region will not be impacted. Indeed, there are a number of hotels within the region that are scheduled to open between 2010 and 2011, such as the Inka Luxury Collection Hotel from the Libertador Peru chain.

<http://www.euromonitor.com/>

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