

BRAZILIAN TOURISM SECTOR TO GET OUT OF CRISIS IN 2020



An exclusive survey on the Brazilian tourism sector conducted by the National Confederation for the Trade of Goods, Services and Tourism (CNC), for the National Congress of Hotels (Conotel), shows that the Brazilian hospitality sector has grown in the past decade, generating greater employability, despite a crisis that has been affecting the industry in the last three years.

While the production industry and retail are already rehearsing a recovery, the segments of services and tourism have yet to step out of the crisis. **The revenue loss of Brazilian tourism reached R\$ 157 billion between 2015 and 2017.**

For the head of the Economic Division of CNC, Fábio Bentes, if the economy keeps the current reaction pace, the services will eventually come out of the crisis in February 2019 and tourism in January 2020. "The crisis has yet to be over for tourism. Despite the growth of the world (+3%) and national (+2.5%) economies, the forecast indicates that the sector's revenue is expected to retreat 4% in 2018", predicts Fábio Bentes.

In the period ranging from 2015 to 2017, accommodation services lost almost seven thousand employing establishments (which have at least 1 employee), the equivalent of 13.600 formal jobs. "Between 2016 to 2017, one can see that the crisis lost its strength, but it is still present in the accommodation sector. The nonessential services tend to take longer to come out of a recession," says the head of the Economic Division of the CNC.

The volume of the Brazilian tourism revenue dropped 6.5% in 2017, accumulating the third consecutive annual decline since 2015, showing that not even the Olympic Games, held in 2016, changed the sector's reality. "The Olympics were a short-lived relief for tourism in Rio de Janeiro, in August 2016, not enough to change the downward trend in revenues," explains Bentes.

Even with lower revenues in 2017, Brazilian tourism sector still had a positive balance, generating 7.910 formal job vacancies in the country. "For a sector that usually employs more than three million people, job generation in 2017 almost indicates some stability, since it accounts for an increase of 0.2%," explains the economist.

In 2017, among the country's states, the negative highlight is Rio de Janeiro, which endured a revenue loss of 19.5%, eliminating 13.400 jobs. The Federal District (-19.3%), Rio Grande do Sul (-8.0%) and São Paulo (-7.1%) also struggled.

Employment recovery in the Brazilian labor market started in 2018, but remains quite slow and informality-focused, with lower wages, something evidenced by the data from the National Household Sample Survey (PNAD) of IBGE.

Among the main initiatives conducted by the hospitality sector to tackle the crisis, there is an effort to cut the prices and improve the financing conditions, lowering the average daily rate of hotels, which dropped 12%, from 2015 to April 2018. It is also possible to notice a decrease in the provision of tourist services, which started in 2017. The confidence of the consumer and productive sector,

albeit still low, is at the highest level of the past four years, mainly due to the expectations for the coming months.

“The conditions for domestic tourism are more favorable than a year ago, justified by the moderate improvement in income, financing conditions and price of tourist products. Even the higher exchange rates end up favoring the demand for tourism services in Brazil,” says the CNC economist.

Despite the crisis, a long-term look on the segment of the means of accommodation shows an average growth of 22% in the country, particularly in the North and Northeast. The higher number of establishments generated more jobs and a labor increase of 39%, mainly in the North, Northeast and Midwest. The worker’s profile also changed during this period, with an increase in the number of women over 65 years old and with high school diploma.

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