

# TOURISM INDUSTRY IN PANAMA LOSES ITS POTENTIAL DUE TO HIGH PRICES



Tourism experts in Panama claim that travelers prefer to visit other places such as Colombia, which is 30% cheaper than Panama. Due to expensive services, the country loses its competitiveness in the tourism industry.

Coming to Panama for sightseeing or any other tourism-related activities is not attractive to visitors who explore the rest of the region and realize that the country is not as cheap as they believe.

Michell de Guizado, president of the Panama Association for Travel and Tourism Agency (APAVIT), confirmed that the country is too expensive and is not attractive for many tourists.

**She highlighted that Colombia is 30% cheaper than Panama, which greatly affects the industry.**

From January to June of this year, a total of 1,267,956 visitors entered the country, a 2.8% decrease compared to the same period in 2017 according to data submitted by the Panama Tourism Authority (ATP).

The ATP report details that, in Panama, the average stay of a visitor is about 8 days with expenditure of \$2,032 per stay on average, which is roughly \$254 every day.

Armando Rodríguez, president of the Panamanian Hotel Association (APATEL), agreed with Guizado and added that tourism industry in Panama is the only one in the region that did not grow. According to him, the reason are several years of poor tourism promotion.

“Because of the costs of visiting Panama, tourists prefer to go to other destinations that are cheaper and attractive,” he pointed out.

A report from the Office of the Comptroller General of the Republic on the Consumer Price Index (CPI) details that ticket price suffered a significant increase of 15.6% from July 2017 to July 2018. However, it decreased by 14.2% in July compared to the month of June.

Meanwhile, tourism packages also show an 8% increase between July 2017 and July 2018. The restaurant and hotel service have also been affected by the situation, showing an increase of 2.9% for the same period.

According to Michell de Guizado, the figures of the Comptroller's Office reflect the reality that the tourism industry in Panama currently experiences.

She stressed that the ticket sales volume has decreased, since the situation is not positive, but the price still continues to increase.

**Guizado also mentioned that the increase is largely explained by the fact that there is no competition in prices.** “The airlines raise and lower the price of the tickets whenever they want, which is affecting the sector,” she said.

In recent years, the tourism industry has contributed more than 10% to the country's GDP.

The restaurant and hotel service add up to 2.5% of GDP, and generate 104,528 jobs, according to figures released by the Comptroller General of the Republic.

Some experts point out that the numbers are not that bleak as they may seem. Many tourists spend more on average than the visitors in other countries. Panama last year generated 4,451.4 million dollars with the arrival of 2.5 million tourists, while Colombia reported 5,700 million with 6.5 million tourists.

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