

BRAZIL: TOURISM SECTOR REVENUE DROPS 33.6% IN 2020



The Brazilian tourism sector revenue was R\$ 70.4 billion between January and August 2020.

This is a decrease of 33.6% compared to the same period in 2019.

In the period under review, the sector's negative performance was mainly caused by the drop in the number of flights (down 68.8%) and accommodation and food services (down 43.2%).

Cultural, recreational and sports activities also fell by 33.3% between January and August 2020. **Despite the results, the sector has reason to be optimistic about the coming months.** In addition to the gradual departure from the lockdown period, during the national holidays of September and October many Brazilian tour operators have already sold travel packages for the first half of 2021.

The COVID-19 crisis led to the loss of 49.900 companies and their workers between March and August this year. These are data from the National Confederation for the Trade of Goods, Services and Tourism (CNC), published on October 5.

The negative balance in this period is equivalent to 16.7% of the number of companies with labor contracts that existed in this sector before the pandemic, according to Agência Brasil.

For the CNC, the COVID-19 outbreak affected companies of various sizes, but those that suffered most were micro (-29.200) and small companies (-19.100).

Regionally, several states and the Federal District registered a reduction in the number of tourism companies. In particular, São Paulo (-15.200), Minas Gerais (-5.400), Rio de Janeiro (-4.500) and Paraná (-3.800).

However, a recent study by the Forum of Brazilian Hotel Operators (FOHB) says that the national supply of accommodation is close to the pre-pandemic normalcy. According to this survey, 91% of the hotels of the 64 chains interviewed until October 18 are open, that is, there are 127.593 rooms available to receive tourists throughout the country.

Nevertheless, according to the president of CNC, José Roberto Tadros, most of the activities related to Brazilian tourism do not know yet when they will recover in the coming months, taking into account the non-essential character of these services.

"The fact that consumers and companies do not look for these services, let alone the rigid protocol imposed on their provision, will slow down the sector's recovery," Tadros said.

All tourism segments have been negative over the last six months, especially food services such as bars and restaurants (-39.500), hotels, inns (-5.400) and road transport (-1.700).

The CNC estimates that in the space of seven months (between March and September) tourism in Brazil has lost R\$ 207.85 billion.

“Even with the slightly less intense losses in recent months, the sector explored only 26% of its revenue potential during the period,” said Fabio Bentes, the CNC economist responsible for the survey.

According to the study, the tourism sector revenue fell by 56.7% by July compared to the average in the first two months.

Revenue figures show that the sector has been most affected by lower activity during the pandemic, particularly in comparison to retail sales (-1.6%), industrial production (-5.6%) and the service sector as a whole (-13%).

With fewer companies with labor contracts, the tourism sector also had a drop in employment.

In the six months of the pandemic, **481.300 formal jobs were lost, according to the General Register of Employed and Unemployed (Caged).**

“The loss of these jobs was equivalent to a fall of 13.8% in the number of people employed. And, when we look at the average for all sectors of the economy, the relative variation of the stock of formally employed people fell by 2.6%”, said Fabio Bentes.

Travel agencies (-26.1% or -18.500) and hotels, inns and the like (-23.4% or -79.900) had the largest drops in employment.

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