

# RIO DE JANEIRO LOSES US\$1 BILLION DUE TO CARNIVAL CANCELLATION



Rio de Janeiro will lose around R\$5.5 billion (about US\$1 billion) in 2021 due to the Rio carnival cancellation, according to the calculations of the Brazilian Institute of Economics of the Getulio Vargas Foundation (FGV IBRE).

The study conducted by researchers Claudio Considera and Juliana Trece reveals that the amount is equivalent to 1.4% of Rio de Janeiro's GDP. As a point of comparison, although it may seem a low percentage, they refer that Bolsa Família is equivalent to 0.5% of Brazilian GDP and plays a major role, as verified during the pandemic.

"Rio de Janeiro is a city focused on tourism and events are especially important in this sector, in the service sector, and the economy as a whole. **It is important to underline that, for the festivities to happen at the beginning of the year, thousands of professionals work all year round, and these lost all their income in 2020 when everything came to a halt.** In other words, the event propels the economy, generating employment and income," stressed Considera, the associated researcher of FGV IBRE.

According to the researcher, if the festivities had not been cancelled due to the pandemic, Rio de Janeiro's economy would move R\$4.4 billion with the spending of Brazilian tourists (88%) - an average stay of 6.6 days and spending an average of R\$280.32 per day - and foreigners (12%) staying for 7.7 days, with average spending of R\$334.01 per day.

On the other hand, the Cariocas, who live in the Rio de Janeiro Metropolitan Region, would spend just over R\$ 1 billion in operational expenses.

For the economist Juliana Trece, the speed of economic recovery will depend on the vaccination schedule. "**Vaccinating the population is important for the health of Brazilians, but also the health of the economy.** The faster we can resume normal activities, the faster we will have a consistent recovery of the economy".

The calculations of the losses caused by the carnival cancellation were based on data from 2018 (FGV research for the Ministry of Tourism) and 2020, considering the same volume of foreign and non-foreign tourists, the same length of stay in the city and the equivalent average spending.

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