

EL SALVADOR AT THE FOREFRONT: BITCOIN HELPS THE TOURISM SECTOR



El Salvador was a forerunner and to date continues to lead the initiative to use bitcoin as legal tender. With this measure, the president of the country, Nayib Bukele, has seen the opportunity to give El Salvador's economy an asset that increases in value over time, but that is also what is called a reserve asset.

In fact, this crypto asset has become an important engine for the development of the tourism sector in El Salvador. **According to the minister of the area, Morena Valdez, the sector has experienced a growth of more than 30% since the adoption of the Bitcoin Law in September 2021.**

The adoption of bitcoin has also impacted the flow of foreign visitors, of which 60% are from the United States, according to Valdez. Before the enactment of the legal regulation, most of the visitors came from neighboring Central American countries.

Valdez added that El Salvador's tourism growth has exceeded the government's expectations. "We had projected to receive US\$800,000 in foreign currency, but we ended up obtaining more than US\$1.4 billion in foreign currency income," Valdez pointed out.

She reported that they did a survey to check tourism activity before and after bitcoin and the result was that the tourism sector increased more than 30% between the months of November and December.

For the minister, bitcoin is the ideal tool to promote the digitalization of the tourism sector in El Salvador and that is why this crypto-asset is linked to the flagship tourism project of her administration, known as Surf City.

"Being able to pay with a non-physical currency is a great advantage, everything can be done; it is crucial to increase tourism. El Salvador's tourism sector is ready for the adoption of bitcoin," she said.

Recently, Bukele announced an investment of US\$100 million to improve the infrastructure of the beaches that are part of the Surf City project and continue to boost El Salvador's GDP, which grew 10.3% in 2021.

The country's exports, an important driver of economic growth, also increased 13% year-on-year in January 2022. "El Salvador's GDP grew 10.3% in 2021... And exports grew 13% in January 2022, compared to January 2021. By the way, El Salvador never had double-digit GDP growth before 2021," said the president.

He said they're projecting a 45% increase in tourism and expect that the profits derived from it will be distributed among the greatest number of people.

As can be seen, **the Central American nation has made significant progress in terms of bitcoin adoption.** Moreover, Bukele is undertaking several reforms to grant citizenship to foreign investors and bitcoiners planning to move to El Salvador. The purpose is to continue taking steps

towards the consolidation of the so-called "digital gold" within the economy of that country.

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