

# EFFECT OF THE STRIKE: ECUADOR'S TOURISM SECTOR REPORTS 80% CANCELLATIONS



According to the Ministry of Tourism, each day of demonstrations and blocked roads and highways causes USD 2 million to USD 5 million in losses to Ecuador's tourism sector.

The tourism sector is concerned about the impact on its business caused by the indigenous strike, which has been extended for three days and has been joined by truckers and students.

**One of the consequences is the cancellation of 80% of reservations of the 52 economic activities of the sector**, says Holbach Muñetón, president of the National Federation of Chambers of Tourism of Ecuador.

Among the businesses affected are hotels, airlines, tour operators, catering services and event companies. This is due to the fact that tourists prefer not to travel because of the blockades in interprovincial roads, as well as those that connect to the Mariscal Sucre International Airport in Quito, in addition to the acts of violence that have occurred during the strike.

"People traveling to Guayaquil from Quito, for tourism or business, have suspended their trips and reservations," says Muñetón. The sector also calculates a drop in income due to the closure of restaurants and commercial premises, in cities such as Quito and Guayaquil. This is due to the violence of the protests and threats of looting, says Muñetón.

The U.S. Embassy in Ecuador issued a warning to its citizens about the strike in Ecuador. "The situation is evolving rapidly and could continue to worsen and spread to other areas without warning," said a statement issued on June 14, 2022.

It also reads "we urge citizens to remain alert, closely monitoring the situation for updates and to be cautious when traveling to urban and rural areas of the country". "That message makes tourists from the United States, who are the ones who come to Ecuador the most, decide to return to their country or not to leave," Muñetón says.

Losses for each day of demonstrations represents losses to Ecuador's tourism sector ranging between USD 2 million and USD 5 million. This has been stated by the Ministry of Tourism. This means that in the three days of demonstrations the tourism sector has lost between USD 6 million and USD 15 million.

That is the price that must be paid by the sector thanks to these events, which is still not recovering from the October 2019 demonstrations, the pandemic and insecurity issues, which scare away tourists, Muñetón explains.

Between January and May 2022, the tourism sector has recorded a revenue of USD 939 million, according to the Internal Revenue Service (SRI in Spanish). That means a recovery of 28% compared

to the first five months of 2021, and 34% compared to the same period of 2020, an atypical year due to the pandemic. Although the sector had some recovery in 2022, it still does not reach the pre-pandemic levels. Between January and May 2019, the sector's sales were USD 1,117 million.

Like the productive sector, which in two days of strike recorded losses of more than USD 26 million, the tourism sector fears that the protests will spread and intensify, resembling the violent demonstrations of October 2019. **The 12 days of protests in October 2019 cost the country USD 821 million, according to Central Bank and World Bank estimates.**

Of that amount, about USD 82 million were losses for the tourism sector. The 2019 demonstrations were held between October 3 and 14, so they coincided with the holiday for the Independence of Guayaquil. On that holiday, tourist spending in the past reached USD 35 million. In October 2019 it was only USD 10 million, that is, a reduction of 71%, according to the Ministry of Tourism.

"For Ecuador's tourism sector, the negative effects of the October 2019 demonstrations extended for months, reflecting a significant decrease in reservations and sales," says a statement from the Hotel Federation of Ecuador.

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