LATIN AMERICA SEES SIGNS OF TOURISM RECOVERY

After two years of uncertainty and almost a complete pause in activities, tourism in Latin America is showing solid signs of recovery, even reaching the pre-pandemic levels.

Both outbound and inbound tourism have registered positive numbers that provide the basis for the regional tourism GDP growth of 48.2% over 2021 predicted last May by the World Travel and Tourism Council, with a revenue generation of US$233 billion throughout the Americas.

Reflecting this tourism recovery is the fact that passenger traffic has increased by 180.5 % up to May compared to last year, according to the International Air Transport Association (IATA).

This data is accompanied by the findings of the Mastercard Institute, according to which bookings made from the U.S. to the Dominican Republic, Mexico, Jamaica and Puerto Rico were up 84 %, 73 %, 65 % and 56 %, respectively, compared to those made before the pandemic, in 2019.

The same study by this agency indicates that "despite the incredible challenges in the cruise industry, worldwide spending, including bookings, is approximately one-tenth below 2019 levels," a reality that is felt in Latin American and Caribbean ports.

The Current Situation

"After having gone through the worst crisis in the history of tourism, we are emerging," told Pablo Singerman, director of the master's degree in Economics and Tourism at the University of Buenos Aires (UBA).

"Since 2020 we had been doing studies, market research in which we were measuring during the worst moments of 2020 and 2021 two variables: what was happening with people's income and whether the savings that were being generated would go to domestic tourism or abroad. This gave us very interesting data," adds Singerman, who explains that it was based on these prospections that they knew that "the recovery was going to be much faster than what had been predicted".

In **Colombia**, for example, air bookings for the June-August period were 304,315, 148% higher than in the same period in 2021, when the country was beginning to emerge from the pandemic, and 98% higher than the 311,763 recorded in the same period in 2019.

Peru has received more than 750,000 travelers so far this year, according to the Minister of Foreign Trade and Tourism, Roberto Sanchez, but is still far from the more than four million tourists who entered the country in 2019 and generated 3.7 billion dollars in foreign exchange.

Chile does not have it easy either. The country has not fully recovered from the double blow of the 2019 social protests and the pandemic since 2020, and as of May 2022 only 120,000 foreigners had arrived. The tourism guild estimates that it will take 51 months to return to pre-pandemic figures, when close to six million tourists were arriving in Chile.

In **Argentina**, it is domestic tourism which has flourished after the restrictions on the use of dollars abroad, the national tourist pre-sale programs and the eagerness to travel after the pandemic.

According to official data, between January and March close to 12.4 million Argentines traveled around the country, the highest figure over the last ten years, generating an economic flow (extraordinary expenditure) of 311,562 million pesos (some 2,440 million dollars).

The decline in outbound tourism is closely linked to restrictions on the purchase of dollars: Argentines can only exchange 200 dollars a month in the official foreign exchange market, have to pay a 65% tax on their purchases abroad and cannot finance their trips abroad in installments.

Solid Advancements

Meanwhile, the sun is rising on the beaches of the **Dominican Republic**, where the tourism sector has been a determining factor in the solid recovery of the economy, which expanded by 12.3% in 2021 and by around 5% in relation to the pre-pandemic level.

The World Tourism Organization (UNWTO) pointed out last May that the land of merengue and bachata became the number one country in tourism recovery, and so it is that in June 644,861 tourists arrived in the Dominican Republic, the highest number of visitors for that month in all history.

Little by little **Costa Rica** is also returning to 2019 numbers. During the first semester of 2022, the Central American country received 1,223,764 tourists, which corresponds to 71% of the visits registered in that same semester of the year in which the first cases of COVID-19 were detected in China.

Before the pandemic, this country of 5.1 million inhabitants received just over three million tourists each year and tourism employed some 400,000 people.

In **Cuba**, whose tourism sector contributed 10% to the gross domestic product (GDP) before the coronavirus, the Government expects the arrival of 2.5 million tourists, which would translate into an economic investment of 1.159 billion dollars.

Already during the first five months of the year, it has received 682,297 visitors, which represents an increase of 496 % compared to the same period of 2021. This figure exceeds the total number of visitors during the whole of last year (573,944), according to Cuba's National Statistics and Information Office (ONEI).

Another country that can already say it has returned to the pre-pandemic situation is **Brazil**. There, tourism advanced by 45.6 % with respect to May 2021 and registered a 2.6 % rise in relation to April, driven by revenues recorded mainly in air transport, restaurants and hotels.

According to the Brazilian Institute of Geography and Statistics (IBGE), the accumulated number of visitors up to May grew by 50.2 % in relation to the first five months of 2021, only 0.1 % below what was recorded in February 2020.

Mexico also used all its potential to be practically on the other side of the corner. According to the Secretary of Tourism, Miguel Torruco, more than 41 million passengers were transported in Mexican territory on domestic and international flights during this period.

This represents an increase of 82% with respect to 2021, and is only 5% below the number of passengers who flew to Mexico in 2019.

Inbound Tourism Recovery: A Great Ally

Several factors, including the war in Ukraine, are causing some currencies such as the U.S. dollar to appreciate sharply against regional currencies.

This, while worrying for some sectors, could become a great ally to increase inbound tourism in Latin America.

"Today we see that for travelers from the United States, with its appreciation of the dollar, it is convenient to go to Latin America because with those dollars they can do more things in our countries, they can consume more products and services, they can enjoy more", concludes Pablo Singerman.

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