

STRONG U.S. DOLLAR HELPS TOURIST DESTINATIONS IN LATIN AMERICA



The economic outlook for Latin America and the Caribbean for the rest of this year and 2023 is quite bleak, but there is one sector that can shine thanks to the unusually strong U.S. dollar: tourism.

The International Monetary Fund (IMF) forecasts that the Latin American and Caribbean economies will grow by just 1.7% in 2023. **That is about half the region's estimated growth this year, and less than the projected economic expansion of China, India, sub-Saharan Africa and other parts of the developing world.**

However, the countries and destinations in Central America and the Caribbean that depend on tourism will do best in 2023. In fact, the strong U.S. dollar is helping tourist destinations and could be a boon for the entire region. While an expensive dollar makes it more expensive for Latin Americans to travel abroad, import goods and pay their foreign debts, it allows them to attract more U.S. and European tourists.

However, with the exception of Mexico and the Caribbean, which together account for much foreign tourism in Latin America, most of the region is barely taking advantage of the strong dollar to attract more international tourists.

A recent report by the World Travel and Tourism Council (WTTC) shows that while major global tourism destinations such as Spain rely on foreign visitors for 40% of their total tourism revenue, Brazil derives only 4% of its tourism revenue from foreign travelers, and Argentina 1%. In South America, international tourism is still underdeveloped.

The WTTC report projects that global travel and tourism revenues will grow by an average of 5.8% annually between 2022 and 2032, outpacing the projected 2.7% annual growth of the global economy.

WTTC forecasts that international tourism will return to pre-pandemic 2019 levels by 2023, and estimates that nearly 126 million new jobs will be created in the sector over the next decade. Of those new jobs, some 16 million will be in Latin America and the Caribbean, the report says.

One of the region's priorities should be to improve the air connections between countries. In addition, with the exception of Mexico and the Caribbean countries, few Latin American countries have long-term strategies to promote international tourism and tourist destinations. The challenge is that each new government changes what the previous one did. **There are not many places in the world that can offer as much natural beauty, cultural treasures and caring people as Latin America**, and on top of all that, exquisite dining at rock-bottom prices for Americans and Europeans.

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