



Latin America - Market Update – Q1 2023

BRAZIL

- According to a recent report from BC Travel, the budgetary situation in LATAM mirrors that of regions around the world, yet the added layer of complexity here is increasingly shorter lead times. This region has always been known as a short-lead market, but today, booking windows are even more abbreviated (think more days, in some instances), resulting in hotel and venue compression along with higher costs. As such, planners are being forced into booking Tier 2 and Tier 3 cities (i.e., instead of Sao Paulo, think Itu or Campinas; instead of Mexico City, Oaxaca or Cuernavaca), that come with extreme costs. On the bright side, however, the events business here has been recovering nicely post-pandemic. In the first quarter of 2023, this region expects to see an increase in creative and production services translating to a rise in memorable meeting experiences for attendees, along with more sustainability components.
- TMCs associated with Abracorp (the Brazilian Association of Corporate Travel Agencies) registered in January the best revenue of the last five years. Total sales reached BRL 982 million, compared to BRL 835 million in 2019 before the pandemic, which represents an increase of 17.6% and is mainly due to the performance of the airline ticket segment, which earned R\$ 632 million, almost 60% of the entire volume of the eleven sectors which have been analyzed. “Although the domestic airfare has presented a drop of 22% in the number of corporate tickets, there was an increase in the value of the ticket of 27.8%. On the other hand, there is a huge difference between corporate and leisure fares, which worries us. High rates make companies review their travel schedules and the corporate market is fundamental in the mix of travelers”.
- Despite the queue at US consulates recently breaking a record, in January of this year authorities issued more than 75,000 tourist visas, the highest number since May 2022, when 73,078 authorizations for tourism travel to the US were issued. A survey was carried out by Dell'Ome Law Firm based on data released by the US State Department. In the analysis of Liz Dell'Ome, a lawyer specializing in immigration of Brazilians to the US and founder of Dell'Ome Law Firm, the current record has other motivating factors than just the pent-up demand due to the pandemic. For Tourism it can consider different factors – among them, the new exchange rate framework in Brazil, which changed to US\$ 10,000 the currency value that one can enter and leave Brazil. Furthermore, visiting the country as a tourist is a way of living part of the experience and analyzing the possibilities of living in the United States”, commented Liz. “What cannot happen is one trying to get a residence visa based on the travel document”.
- Greece shall receive more Brazilians in 2023 than in 2019, in the pre-pandemic period. That's what Giorgi's Kataras, from the operator Athens Express, said during an event in Sao Paulo. The executive explains that in the reservations of Brazilians from January to March 2023, the country is above the levels of 2019. For him, if the year is "calm", without events that complicate transit between countries, the numbers should be positive at the end of the year. "Greece was one of the last countries to reopen its borders in May 2022,

and since then we have seen a rapid and drastic recovery of Brazilians. Although we missed the beginning of the year in 2022, a period that has the most bookings, Brazilian customer arrivals reached 70% of 2019 last year. Brazil is one of the countries that recovered faster", said Kataras. The operator also said that Mykonos and Santorini remain the preferred Greek destinations for Brazilians, but that there are other islands to be explored.

- United Airlines announced that it will resume daily operations between São Paulo/Guarulhos and Washington, DC on March 26th. With the return of this flight, the airline will start to make all the connections between Brazil and the United States that it carried out in 2019, before the pandemic.

ARGENTINA

- Inflation came in at 102.5% in February, up from January's 98.8%. Annual average inflation rose to 80.7% in February (January: 76.5%). Lastly, consumer prices increased 6.63% in February over the previous month, picking up from January's 6.03% increase. February's figure marked the highest reading since August 2022.
- The Minister of Tourism in Argentina has registered an increase of travel agencies in the country. For 2023, it is expected 150 to 200 new providers in the travel industry. The reason is the increase in travel after the pandemic.
- In April it is going to happen in Buenos Aires the third edition of the Meet Up Event. The tradeshow is a success on the MICE segment and unites important players on this market in South America. The event has appointments, network events and suppliers for the events industry.
- The Latin America travel and tourism industry is expected to see growth due to the increasing internet penetration in the region, improving economic status of the countries and as a result more availability and ability to travel across and within the country. Outbound travel is a major reason for the industry's growth. Argentina along with Brazil have the highest growth in outbound tour with Americas being the most favoured destination. The increasing disposable income among the population and the growing middle class has helped the tourism sector flourish even when the economy was sluggish.

CHILE

- Monthly economic activity data suggests that GDP returned to growth in quarter-on-quarter terms in Q4. Rebounds in mining and services were the key drivers; in contrast, manufacturing fell at a steeper pace. However, the economy still shrank in annual terms due to a tough base of comparison. Turning to Q1, activity appears solid. The economy confounded market expectations by expanding year on year in January thanks to a stronger mining sector. In addition, business confidence rose in both January and

February, while higher copper prices since the start of the year will be buoying state coffers. In politics, on 8 March, Congress rejected the president's flagship fiscal reform, which had looked to raise taxes to the tune of 3.6% of GDP. This will limit government expenditure and the state's ability to respond to citizens' demands for better public services, risking future social unrest.

- In February 2023, the Chilean company LATAM registered passenger traffic (measured in revenue passengers) grew 28.6% compared to the same period in 2022, and operations measured in ASK (available seat-kilometers) increased 25.3%.

COLOMBIA

- Colombia's economy has recovered vibrantly from the COVID-19 crisis supported by a bout of consumption that had been repressed during the pandemic. GDP rebounded 10.7 percent in 2021 and it is projected to grow 7.1 percent in 2022. This exceptional dynamic has brought the economy to operate above its potential and, growth is projected to slow gradually to 2.8 percent by 2025. Strong domestic demand, the depreciation of the Colombian peso, indexation of wages and regulated prices, and price pressures from abroad have pushed inflation to over 10 percent. In response, the Central Bank increased the monetary policy rate to 10 percent at end-September. With some 1.4 million people exiting poverty in 2021, the national poverty rate has dropped to 39.3 percent, still above pre-pandemic levels. The middle class has also rebounded, and income inequality has declined.
- Although the pandemic generated an intense crisis, the MICE sector in Colombia has been activated with several new tools, as the creation of the Red de Bureau Convention & Visitors Bureau, which has contributed for the recovery of the business. According to latest report Destination Performance Index (DPI), Colombia and Mexico are sharing the same position on numbers of events, followed by Argentina and Brazil. The economy flow on this market has reached more than USD 10 million.
- The hotel occupancy in South America is one of the most important indicators corporate travel is recovering and it is reaching pre pandemic levels according to STR. The city of Bogota is reaching on a pick day during the week 67% occupancy, which has brought many investments back to the sector.

PERU

- Year-on-year GDP growth cooled in Q4: Consumer spending and exports weakened amid high inflation and nationwide protests following an attempted coup by former President Pedro Castillo and his subsequent imprisonment. Available data suggests activity remains subdued in Q1. The unemployment rate rose in January, inflation remained stuck above 8% in January-February, and interest rates were higher than in Q4 in the same two months. More positively, in late February, the government announced the launch of several public-private projects worth around USD 9 billion to boost activity and calm social unrest. Meanwhile, many of the country's copper mines resumed full activity and began sending the mineral ore to ports for export again in early March, following three months of reduced activity.

- American Airlines will reduce its flights to Lima as of May 5th. The company currently connects the Peruvian capital with Miami three times a day, on Airbus A321neo aircraft configured for 196 passengers.
- Lima's status as a global city continues to grow, with an impressive majority of Limeños in the travel industry speaking fluent English. Thanks to its strategic location in the center of LATAM and direct flights now available from American and European capitals, Lima is becoming a top destination for regional events. Nestled between the turquoise waters of the Pacific and the towering peaks of the Andes lies one of South America's hottest bleisure cities. Locals and tourists alike experience a feast of the senses as they stroll along the Miraflores Boardwalk, explore the bustling Barranco neighborhood and marvel at the colorful colonial architecture of the magnificent Centro Histórico. Home of pisco sours and ceviche, Lima has become the continent's gastronomic capital, thanks to a handful of the top restaurants in the world and 1,000 years of Incan culinary culture. Peru is one of the most biodiverse countries on the planet, and its capital city is fast becoming the primary port of entry for international visitors. Beyond the city limits, the country opens up to a diverse variety of landscapes from the peaks of Machu Picchu to the desert oasis of Ica to the pristine beaches of Paracas.

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