



## **Latin America - Market Update – Q3 2023**

### **BRAZIL**

- The Brazilian economy started the third quarter on a strong footing: Economic activity posted a 0.4% month-on-month seasonally adjusted expansion in July, accelerating from the prior month's 0.2% increase. The upturn surprised markets on the upside; a Reuters poll had penciled in a 0.3% increase. Retail sales growth accelerated to a seasonally adjusted 0.7% mom in July from the 0.1% expansion clocked in June.
- According to ALAGEV, the Brazilian corporate travel association the sector of business travel has reached BRL 6,8 billions in July, the highest number since 2013. The main destinations are Brazil, Argentina, United States and Europe.
- Brazil once again attracts international tourists and had the best August in 28 years. In the first eight months of this year, our country received more than 4 million visitors from abroad, generating US\$4.45 billion in revenue – almost 7.5% more than in the same period in 2019. The goal set by EMBRATUR, the Brazilian Tourist Board, is to reach 6 million this year, and 8 million in 2026. To do this, they have been reinforcing their actions abroad, promoting the country in fairs and events. Further to this, they are advancing in the creation of new products and segments, as well as partnerships with airlines to expand the international flight network – one of the limitations to the advancement of inbound tourism. Although expanding the airline network is still a challenge, companies have announced new flights. Latam plans to start the Confins-Santiago routes in October, and Florianópolis-Santiago in November. And it will connect Brazil with Aruba, Havana and Atlanta, all via Lima. TAP will also expand flights to Brazil in the European summer of 2024.
- One of the hardest difficulties encountered by luxury agencies and operators today is the lack of qualified labor. With that in mind, the four largest luxury tour operators in Brazil decided to come together with a common goal: to professionalize the market. Latitudes, Matueté, Primetour and Teresa Perez jointly have launched the first tourism course in Brazil that aims the luxury segment. Named Radix, the course lasts three months, 180 hours, and is open to the public, with the aim of preparing and providing experience in the role of travel designer.

## ARGENTINA

- Economic activity decreased again in annual terms in July, albeit at a softer pace than in Q2, while in the same month, the pace of decline in industrial production sharpened. Meanwhile, in late September, the Senate approved a bill to cut taxes on millions of workers. This represents an attempt by the government to shore up political support ahead of a general election on 22 October and could aggravate the country's grim economic and fiscal situation, according to a recent IMF statement; libertarian presidential candidate Javier Milei currently has a solid poll lead. Inflation jumped to 124.4% in August from 113.4% in July, marking the highest rate in the current series.
- Sky Airlines Argentina has recently presented new routes to Santiago and Lima and also the arrival to different destinations in Brazil and the reinforcement of frequencies in other cities plus the important novelty of operations from Uruguay: "We are currently in more than eight countries and more than fifty destinations and we are to build sequentially. Next year the airline will receive more aircraft and this will guarantee that we have new routes and strengthen the current network. Montevideo is a commitment to continue promoting the region, destinations that have grown this year, and we will have more news in 2024.
- Argentina recently hosted the FIT tradeshow and reached a record of visitors with a presence of 45 countries (15 more than last year), 162 internal summits and 4000 business meetings. They have had a larger presence of cruise lines and airlines. Also they had for the first time the participation of Italy destination with several Italian tourism players from local tour operators to hotel chains.

## CHILE

- After shrinking 0.3% quarter-on-quarter in Q2, it is expected that the economy saw mild growth in both qoq and annual terms in Q3. Weak services output was to blame amid a teachers' strike and the suspension of school classes in some parts of the country due to flooding. Recent intense rains have also damaged crops but should have boosted hydroelectric output and alleviated a water shortage that has hampered mining. In politics, the likelihood of Chileans rejecting a new constitution in December's referendum is rising, after the right-wing constitutional council began approving conservative-leaning articles for the text that are unlikely to obtain broad support among voters.
- Sky Airlines, a Chilean based company has recently presented new routes from Buenos Aires to Santiago and Lima. Also announced the arrival to different destinations in Brazil and the reinforcement of frequencies in other cities plus the important novelty of operations from Uruguay: "We are currently in more than eight countries and more than fifty destinations and we are to build sequentially. Next year the airline will receive more aircraft and this will guarantee that they have new routes and strengthen the current network.
- The Chilean based airline LATAM has celebrated the first year of the joint venture with Delta Airlines. The balance reported by both airlines has been very positive and they have

increased the routes between the US and South America. One of the highest impacted reported by the companies is the increase of the hub Miami with an increase in flight occupancy in 10%.

## **COLOMBIA**

- Economic activity deteriorated more than anticipated in Q2, roughly stagnating year on year and contracting quarter on quarter. The stagnation in year-on-year GDP growth was due to slowing exports and private spending as well as a stronger decline in fixed investment.
- Avianca has transported 270 thousand customers between Brazil and Colombia on the first semester of the year, registering an increase of 70% compared with 2022. Sao Paulo, Rio de Janeiro, Manaus and Belo Horizonte have direct flights to Bogota.
- According to the World Tourism Organization Colombia is the second country in the Americas to recover travel after the pandemic. The country is a high attractive for the international market to the natural and cultural diversity. International arrivals have reached 23% higher than 2019, being only after El Salvador. Colombia also has a great air capacity only being after Mexico and Brasil with a total of 26 international airlines that connects 11 cities with 26 countries and 49 cities.

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