



Latin America - Market Update – Q1 2024

BRAZIL

TAP has increased its operations in Brazil during the European summer. For this period, they will offer 96 flights per week between Portugal and Brazil, surpassing the 80 weekly flights operated last European summer. They fly directly from São Paulo, Rio de Janeiro, Belém, Belo Horizonte, Brasília, Fortaleza, Natal, Maceió, Porto Alegre, Recife and Salvador, to Lisbon, in addition to connecting Porto to São Paulo and Rio de Janeiro. In total, there are 11 cities in Brazil (13 routes, from Lisbon and Porto) that TAP connects directly to Europe.

European tourists will stay, on average, longer in Brazil during trips in the 1st quarter of the year, according to research by ForwardKeys, a Spanish company specialized in analyzing data from the airline market. The average length of stay for Europeans will be 21 nights. Study predicts a 21% increase in foreign arrivals in Brazilian territory, compared to the same time in 2023. Canadians come next with the second highest average length of stay, totaling 19 nights, and in third place are US citizens, with an average stay of 13 nights and Latin American tourists, with an average stay of 10 nights. ForwardKeys reveals that the increase in the average length of stay, especially in the case of Europeans and Canadians, is due to the large distance traveled, which leads visitors to extend their stay in Brazilian territory.

December 2023 recorded a 150% increase in Brazilian arrivals to South Africa, compared to the same period in 2022. This is the highest growth among all countries outside the African continent, according to the South African Tourism Board in Brazil. With LATAM and South African Airways resuming direct flights between the two countries, the volume of Brazilians on South African soil should increase even further. “We have to consider that the flight is just over seven hours between São Paulo and Cape Town, a distance equivalent to São Paulo-Miami”, recalls the Press Relations Manager of South African Tourism (SAT) in Brazil, Diogo Boiler. “Furthermore, having a national airline on the route, such as Latam, offers extra comfort to Brazilians, as the entire team speaks Portuguese”.

Around three million people visited Salvador during Carnaval 2024, a record year, and almost 90 cities in the interior where the party took place. This movement injected R\$6.6 billion into the economy, hotels had between 95% and 100% occupancy, and the airport in the capital of Bahia received 26% more flights compared to the same period last year.

In January, Brazil and China signed a bilateral cooperation agreement that extends the validity of visas for passports of citizens of both countries to ten years, instead of five. This initiative will facilitate travel, encourage the promotion of direct contacts between the business communities and boost tourism between these two countries.

The Brazilian economy exceeded economist's expectations and grew by 2,9% in 2023. Growth was mainly driven by the agricultural sector. In 2023, production rose by 15.1%. In the industrial sector, the increase was 1.6% and, in services, 2.4%. Rise in GDP, inflation under control and falling dollar: Brazil's economy surpasses expectations in Lula's first year back.

ARGENTINA

The Organization for Economic Co-operation and Development (OECD) has nearly doubled its inflation forecast for Argentina since November. According to its February 2024 Economic Outlook interim report, the organization expects prices in Argentina to soar by 250.6% in 2024, up from its 134.5% forecast in November. The economy is also expected to shrink by 2.3%, one percentage point more than forecast in November, before rebounding by 2.6% in 2025, according to the report published on Monday morning. "High inflation and sizable fiscal tightening are projected to result in an output decline in Argentina in 2024 before growth recovers in 2025 as reforms start to take effect," the report noted. Its inflation forecast for 2025 is 64.7%.

According to the newspaper Panrotas, since the pandemic the Argentinian travel has changed. Their behavior is more centered on experiences and motivational travel, as participating in shows and musicals as well as celebrations and family & friends travel. In this context, Rio de Janeiro and the northeast beaches are the top destinations.

CHILE

Latam Airlines Brasil announced the revival of the new route Brasilia-Santiago. It will be three days weekly and the expectation is to have 24.000 more passengers on this new route. One million Brazilians have travel to Chile in 2023.

Chile's annual inflation rate eased for the 14th consecutive month to 3.8% in January 2024, the lowest since June 2021, compared to 3.9% in the previous month. Politics in 2024 will be dominated by efforts of the left-wing administration, led by Gabriel Boric, to pass its keynote tax and pension reforms, and to establish a state-owned lithium company. However, right-wing parties will be emboldened by the government's low approval ratings and will resist these initiatives. Proposals to streamline environmental approvals for major mining and infrastructure projects are likely to pass.

COLOMBIA

Colombia's economy is forecast to grow 1.8% in 2024, while inflation is expected to slow to 5%, paving the way for the central bank to cut its benchmark interest rate to some 8%. GDP growth for 2023 is expected to have reached 1.2%, he added, lower than the minister's previous forecast

of 1.8% late last year. Latin America's fourth-largest economy sputtered through the previous year, while inflation has remained persistently high, hitting 10.15% for the 12 months through November.

The ANATO tourism tradeshow took place in Bogota in the last week of February and the fair had 24% more suppliers than the previous year, totalizing 50.000 tourism professionals. Aviatur, the giant tourism holding also organized their supplier tradeshow and it was the first one organized since the pandemic. They had a total of 80 suppliers in a 3 day event in Bogota. The expectations for travel demand is high for 2024 and Colombians are travelling more to Europe than ever. USA due to the distance is a common destination and it is very common for the luxury segment to have housing in NYC and Miami.

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