



# Unlocking Opportunities For Travel & Tourism Growth In Latin America



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## Foreword

Latin America is a vast region, stretching from the balmy Gulf of California, along the northwestern coast of Mexico, to the frigid Cape Horn in southern Chile. It is home to more than half a billion people and among the most culturally and linguistically diverse regions in the world, with over 400 languages spoken and over 100 UNESCO World Heritage sites.

It is no surprise, then, that the region attracts tens of millions of travellers every year that frequent the region's cities, beaches, mountains, and ancient sites to explore history, discover fascinating wildlife and biodiversity, and experience new cultures. Nor should it come as a surprise that the economic contribution of Travel & Tourism to the region is great. Our report shows that, last year, it added \$629 billion in GDP to the region's economy, or 9.6% of the total. It supported 24.7 million jobs, too, or 9% of all employment.

In 2024, we can anticipate even more growth, as the regional sector rebounds strongly from the COVID-19 pandemic. The global shutdown was devastating, of course, particularly in Panama and Peru where 65% of GDP from the sector was lost. By the end of 2023, 60% of the region had recovered to 2019 levels, including Brazil, Colombia, and Mexico. This year, countries such as Costa Rica and Uruguay are expected to make full recoveries. All countries – with the exception of Venezuela and Suriname are anticipated to achieve full recovery by 2025. In the coming decade, Travel & Tourism's contribution to Latin America's GDP will grow at 2.7% a year, faster than the wider regional economy.

There is good news, too, when it comes to the region's sustainable development. Between 2010 and 2019, the region began a relative decoupling of its growth from carbon emissions. Costa Rica, which draws 19.9% of its energy from sustainable sources, is a stand-out performer. We implore the sector to build on these successes as much more needs to be done to maximise the region's potential and ensure its sustainable development. In terms of female employment, the region is ahead of the Travel & Tourism sector globally, with women accounting for 47.5% of workers in 2022.

And foreign investment into Latin America is increasing, forecasted to grow at 2.3% per year over the next decade. That said, so far as the sector's foreign investment is concerned, the region's predicted growth rate is the slowest of all regions globally. Accordingly, we call on the public and private sectors in the region to work together with local communities. Intra-regional cooperation and public private collaboration need to improve in order to drive up investment and ensure Latin America's Travel & Tourism sector achieves its full potential. With its vast resources of ingenuity, we are confident this region will.



**Julia Simpson**  
President & CEO,  
World Travel & Tourism Council

## Introduction

This report from the World Travel and Tourism Council (WTTC) reveals the region's full economic, environmental, and social impact. While the future is bright for the sector, it does face significant challenges, many of which are common to the region, some of which are specific to individual countries. This report seeks to identify those challenges and proposes solutions to ensure the region's sustainable and inclusive growth.

The first section of the report looks at the economic, environmental and social impact of Travel & Tourism in Latin America, including the progress of the sector over the past fifteen years and forecasts for future growth. It then outlines the state of connectivity, including inbound air travel, along with the sector's strategies for promoting tourism, highlighting areas of focus that are crucial for the sector's success.

Next, the report examines specific regional challenges, including skills and training, and biodiversity loss. It also outlines the significant opportunities, with examples from successful countries that may provide lessons for others. These include investment

in tourism infrastructure, upskilling and recognition of informal skill development, smart taxation policies, and Nature Positive tourism.

Finally, it outlines four policy recommendations where, if the region harnesses the opportunities above, it can grow at a rate that is considerably higher than our baseline forecast. These areas include creating an enabling environment, maintaining effective transport infrastructure, efficient visa facilitation, and successful tourism marketing.

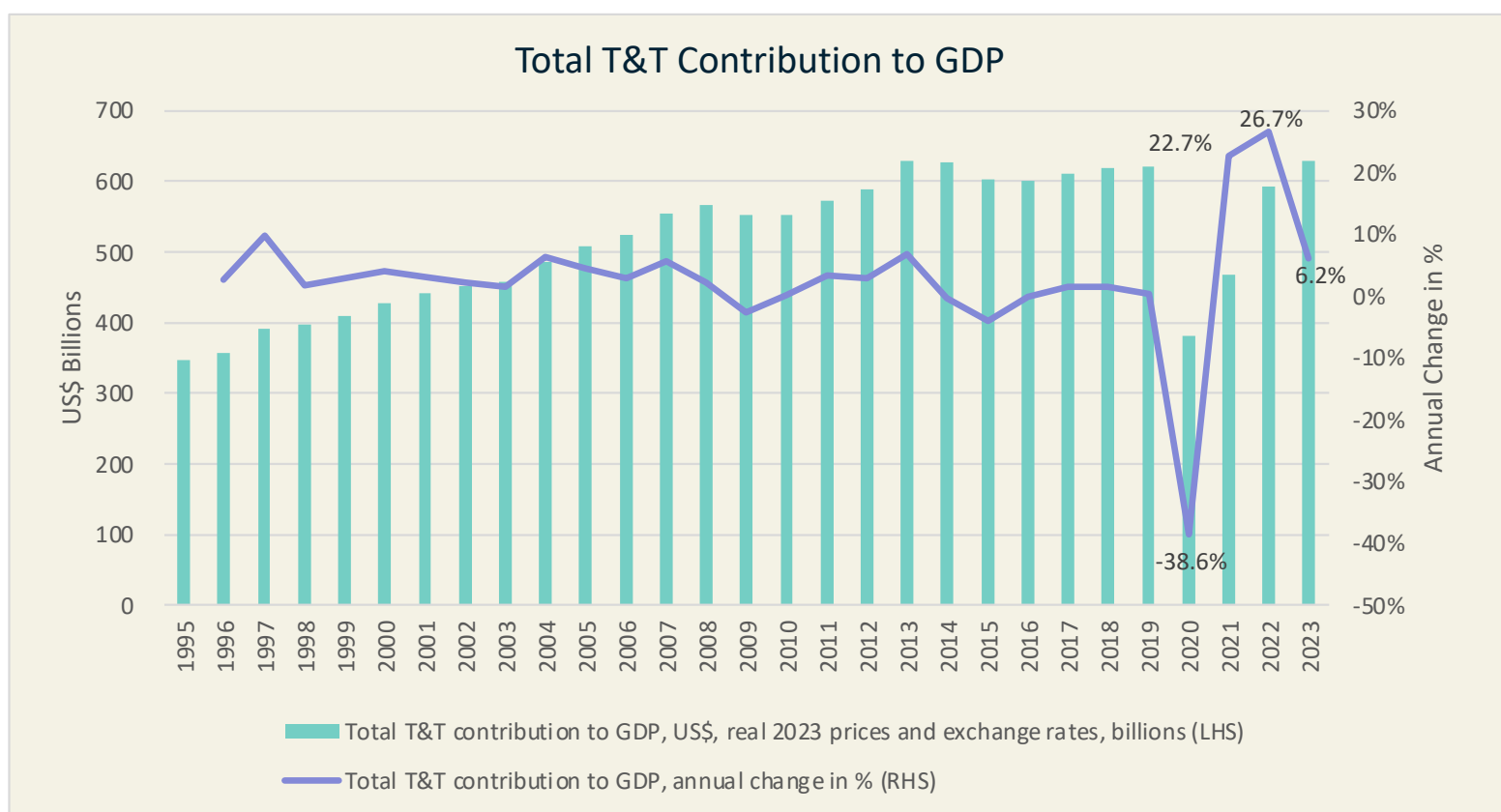
As definitions of Latin America vary, a list detailing which countries have been included in this report is provided at the end. Notably, Caribbean nations are not included in this analysis. For readers interested in the Caribbean, we invite you to read [WTTC's Travel & Tourism in the Caribbean: Prospects for growth](#). It includes important and detailed data and analysis of Travel & Tourism in the Caribbean as well as projections for future growth. It can be downloaded in the WTTC Research Hub: [researchhub](#).



## The Economic Value

Travel & Tourism is a vital economic sector for Latin America. Its total contribution (which is the sum of direct, indirect, and induced impacts) to the region's gross domestic product (GDP) enjoyed a continued period of positive growth between 1995

and 2008, increasing at a compound annual growth rate (CAGR) of 3.6%. However, in 2009, following the Global Financial Crisis, the sector's contribution to the regional economy contracted by 2.5% (Figure 1).



**Figure 1: Travel & Tourism's Total Contribution to GDP in Latin America (1995 - 2023)**

Between 2014 and 2016, Travel & Tourism in Latin America experienced a downturn again – in contrast with the sector at the global level which was registering positive growth rates. However, this episode of contraction was brought about largely by **Venezuela**, and, to a lesser extent, **Brazil**. The former entered an economic recession caused by a drop in oil prices, and the latter experienced a recession due to a much broader set of factors including fiscal mismanagement and corruption scandals that dented investment sentiments. Since Travel & Tourism in these countries was heavily dependent on domestic demand, a

weak economic backdrop resulted in the sector's contribution to Venezuela's GDP falling by 9.9% in 2014, 54.8% in 2015, and 22.4% in 2016. In **Brazil**, the sector's economic contribution fell by 1.38% in 2015 and 4.48% in 2016 – there was no decrease in 2014. This in turn resulted in decreases of 0.3% in 2014, 3.9% in 2015, and 0.2% in 2016 for Latin America's Travel & Tourism contribution to GDP. If **Venezuela** is removed from the regional aggregate, Latin America's Travel & Tourism sector shows a growth of 1.2% in 2014, 3.0% in 2015, and 1.1% in 2016.

The onset of the COVID-19 pandemic and the subsequent lockdowns shrank the sector’s economic contribution by 38.6%, resulting in a loss of 5.6 million (-23.2%) sector-supported jobs in the region in 2020. In comparison, Travel & Tourism globally witnessed a decline of 48.4% in its contribution to GDP in 2020 and the number of jobs supported fell by 20.8%.

In the same year, **Panama**, **Peru**, and **Venezuela** experienced the sharpest drops (-65%) in Travel & Tourism’s GDP contribution while **Guyana** proved to be the most resilient with a decrease of just 9.1% (Figure 2). In **Mexico** and **Brazil**, the two largest Travel & Tourism markets in the region, the sector’s economic contribution reduced by roughly 31% each. As for Travel & Tourism

jobs, **Panama**, **Costa Rica**, and **Venezuela** experienced the largest loss of jobs, while **Nicaragua** and **Guyana** experienced a much lower rate of job losses. In **Colombia**, Travel & Tourism jobs fell by 16.1%, and in **Peru** they reduced by 27.3%.

The drop in sector activity during the pandemic years wasn’t a region-specific phenomenon; it affected the sector globally. The downturn was driven by temporary policies to mitigate the spread of COVID-19 rather than an underlying structural weakness. Hence, as soon as travel restrictions were rescinded, the sector bounced back strongly – supported, initially, by the return of domestic travellers and then international travellers.

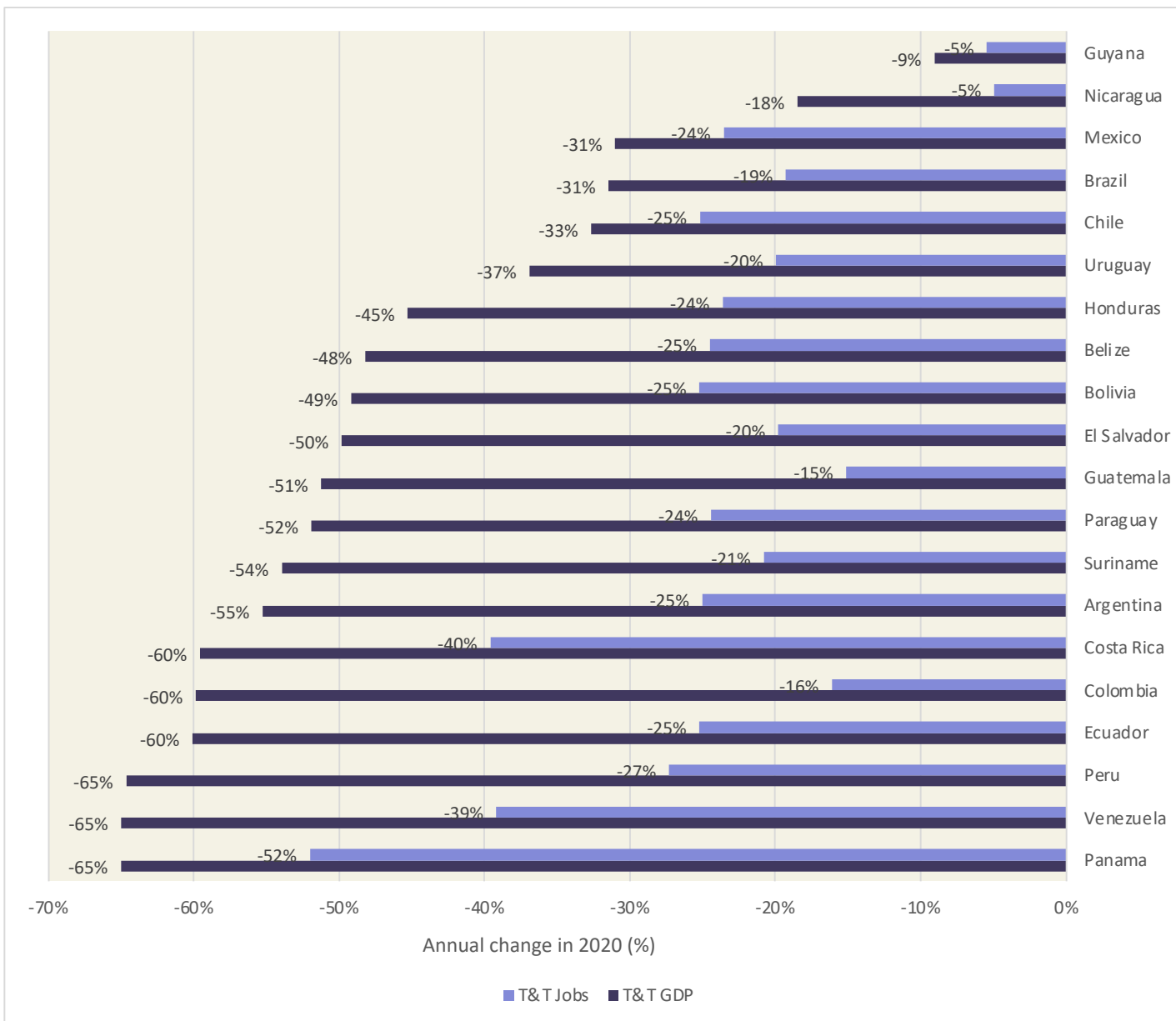


Figure 2: Travel & Tourism’s Total Contribution to GDP and Employment - Decline in 2020

## The Picture In 2023

In 2023, the total contribution of Travel & Tourism to Latin America's GDP stood at US\$629 billion, representing 9.6% of the region's overall economy. At the same time, the sector supported

a total of 24.7 million jobs, or 9% of all employment in the region. **Table 1** ranks Latin American countries based on their Travel & Tourism sector's dollar contribution to the national economy.

**Table 1: Travel & Tourism's Total Contribution to GDP (2023)**

Rank	Country	US\$ BN	% Share of Whole Economy
1	Mexico	261.61	14.4%
2	Brazil	165.45	7.7%
3	Argentina	58.33	8.8%
4	Chile	32.53	9.7%
5	Peru	18.27	6.8%
6	Colombia	17.78	4.7%
7	Venezuela	15.20	6.6%
8	Panama	12.89	15.2%
9	Uruguay	11.59	14.4%
10	Costa Rica	8.23	9.3%
11	Ecuador	5.47	4.6%
12	Guatemala	5.42	5.4%
13	El Salvador	4.95	14.5%
14	Honduras	3.59	10.5%
15	Bolivia	2.55	5.2%
16	Paraguay	2.02	4.7%
17	Nicaragua	1.68	9.9%
18	Belize	0.95	30.8%
19	Guyana	0.40	2.3%
20	Suriname	0.08	2.3%



The region's Travel & Tourism sector is heavily dependent on domestic travellers. Domestic spending totalled US\$417.4 billion in 2023 and accounted for 82.8% of internal Travel & Tourism spending. In contrast, spending by international travellers (including intra-regional travellers and standing at US\$86.5 billion) accounted for the remaining 17.2%. The sector can also be broken down based on the purpose of travel: leisure vs business travel. Spending by leisure travellers made up 89% of total Travel & Tourism spending while spending by business travellers made up 11%. All of these metrics are crucial indicators for gauging the health of the sector.

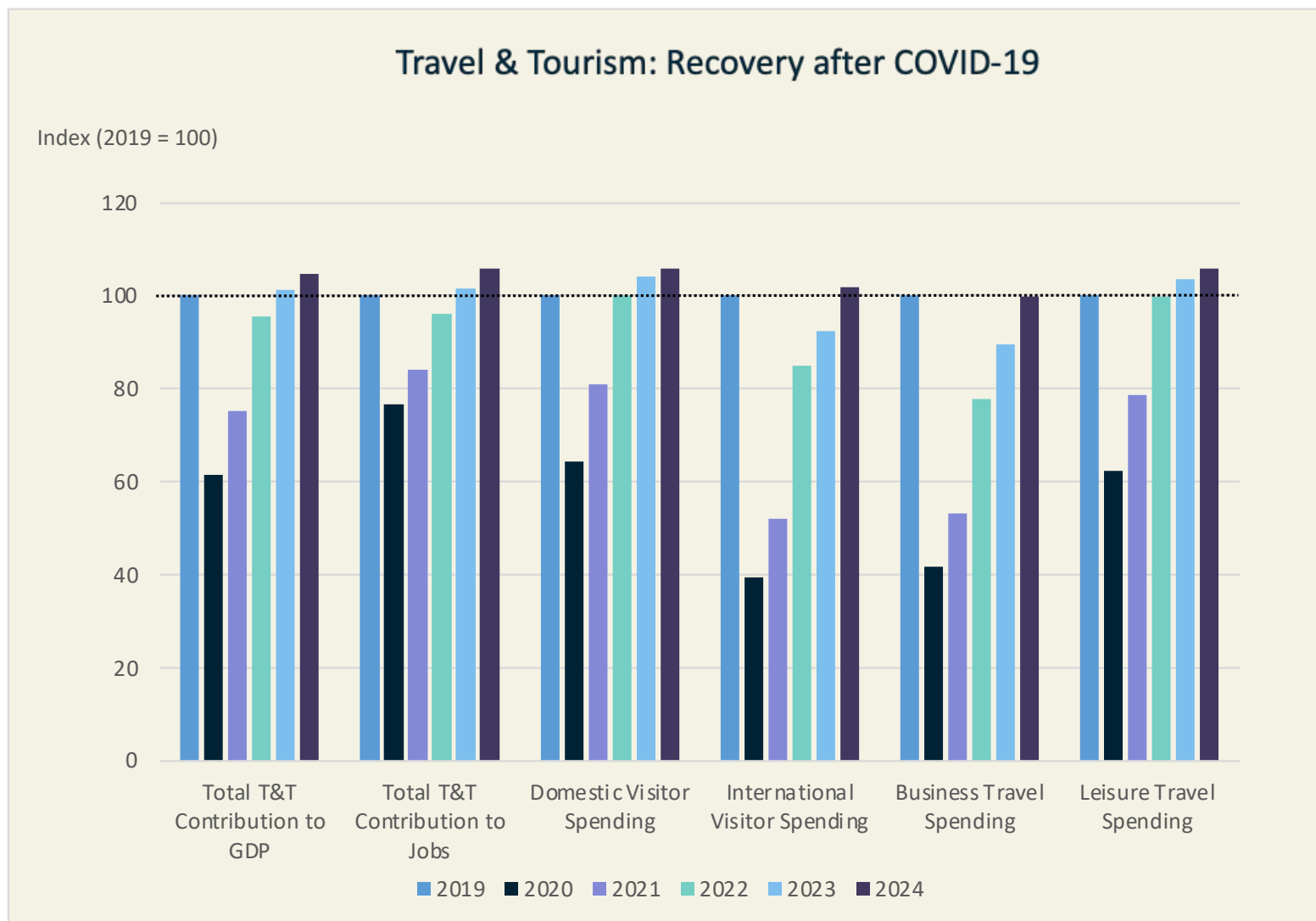
In 2023, their values either equalled or surpassed 2019 levels with the exception of international visitor spending and business travel spending (Figure 3). Overall, this paints a positive picture of a sector that has recovered nearly all the losses from the pandemic years.

The recovery of Latin America's Travel & Tourism sector in 2023 was stronger than the world average and particularly stronger than the Caribbean and Asia-Pacific regions. While the sector's

contribution to the region's GDP was larger than in 2019, its contribution to global GDP remained 4.1% below the pre-pandemic level. In the Caribbean and Asia-Pacific, the sector's recovery lagged further as the deficit from 2019, in these regions, was 9.5% and 15.3% respectively. A similar trend is visible when comparing the recovery of Travel & Tourism employment. While the number of jobs supported by the sector in Latin America in 2023 outstripped the 2019 number, in Asia-Pacific and the Caribbean it was yet to recover completely. Even in terms of international visitor spending, which remained lower than in 2019 in Latin America, the rate of recovery was better than in the Caribbean and Asia-Pacific regions.

However, other regions such as Africa, the Middle East, and Europe have fared better than Latin America on some metrics. For example, in 2023 the Middle East's sector-supported jobs were 3.3% above the 2019 level compared to 1.5% for Latin America. In Europe and Africa (buoyed by strong recovery in North African destinations), international visitor spending was 2.1% and 2.6% below the 2019 level, as opposed to 7.6% below the 2019 level in Latin America.





**Figure 3: Latin America’s Travel & Tourism sector - Recovery after COVID-19**

Looking more closely at the country level, the recovery trends vary – from being 90% above the 2019 value in the case of **Guyana** to being 27% below the 2019 value in the case of **Venezuela**. For these two countries in particular, the sector’s performance is somewhat reflective of the performance of their wider economies which also moved in opposite directions. (Figure 4).

Travel & Tourism’s economic contributions in **Panama, Belize, Nicaragua, and El Salvador** were between 14% and 33% above

their 2019 levels. On the other hand, the sector’s contributions to GDP in **Suriname, Paraguay, Peru, and Ecuador** were more than 10% below the 2019 values. Among the G20 countries in the region, **Brazil and Mexico** surpassed the 2019 value of Travel & Tourism GDP contribution by 7% and 1.9% respectively, while in Argentina, the sector’s contribution to GDP remained 5% below the 2019 level.

### Travel & Tourism's Total Contribution to GDP in 2023: Comparison to 2019 (%)



Figure 4: : Travel & Tourism's Total Contribution to GDP - 2023 vs 2019 (in %)

## 2024 And Beyond



In 2024, the sector's contribution to the regional economy is projected to increase by 3.4% year-on-year, and to support an additional 1 million sectoral jobs. International visitor spending is set to increase by 10.2% and reach US\$95.3 billion, eclipsing its 2019 value.

In 2024, Travel & Tourism in **Argentina, Costa Rica, and Uruguay** is expected to complete its recovery to 2019 values of economic contribution. This leaves **Ecuador, Paraguay, Peru, Suriname, and Venezuela** as countries that are projected to recover fully after 2024. Projections suggest that these economies will have all recovered or surpassed 2019 levels by 2025, apart from Suriname and Venezuela which are forecast to take longer.

In the coming decade (2024 to 2034), Travel & Tourism's total contribution to GDP in Latin America is forecast to grow at an annual rate of 2.7%, slightly faster than the 2.2% CAGR projected for the region's wider economy. As a result, Travel & Tourism's total economic contribution is forecast to reach US\$852 billion by 2034 which equates to 10.3% of the region's overall economy. Over the same period, the number of jobs supported by the sector is expected to increase by 5.94 million to reach 31.7 million. Consequently, the sector's share of all jobs is forecast to be 10.6%, or approximately 1 in 10 jobs.

Table 2 shows the projected annual growth rates in the next ten years for all the Latin American countries in this report's scope, arranged by the strength of growth. **Guyana, Paraguay, and Costa Rica** are forecast to have the strongest growth potential in the next decade. **Mexico** is expected to grow at an annual rate of 3.0% whereas **Brazil** is forecast to grow at an annual rate of 1.4% – the lowest CAGR of all the countries in the region.

**Table 2: Travel & Tourism's Total Contribution to GDP - Forecast growth for next ten years**

Country	2024 - 2034 CAGR
Guyana	7.0%
Paraguay	6.0%
Costa Rica	5.3%
Suriname	5.0%
Honduras	4.9%
Peru	4.6%
Bolivia	3.7%
Guatemala	3.5%
Panama	3.5%
Nicaragua	3.4%
Argentina	3.3%
Colombia	3.0%
Chile	3.0%
Uruguay	3.0%
Ecuador	3.0%
Mexico	3.0%
Belize	2.8%
El Salvador	1.9%
Venezuela	1.8%
Brazil	1.4%

## Travel & Tourism Investment

Spending on capital formation is crucial for scaling up operations and increasing capacity to meet growing demand. In 2023, investment into Latin America's Travel & Tourism sector was US\$58.4 billion, or 4.4% of economy-wide investment. This share is higher than the global average of 3.6% and similar to the European Union average of 4.5%.

Travel & Tourism investment was largest in Brazil (US\$19.1 billion), followed by **Mexico** (US\$14.7 billion). Regarding share of total investment, Travel & Tourism was 4.9% of investment in **Brazil** compared to 3.3% in **Mexico**.

Between 2024 and 2034, Travel & Tourism investment in Latin America is forecast to grow at 2.3% per annum. This includes development projects such as Xala<sup>1</sup>, in Mexico's Costalegre region, which aims to draw in luxury travellers. Despite these large-scale investment programmes, the 10-year projected growth rate for investment in the region is the slowest globally. In comparison, Travel & Tourism investment in South Asia and Southeast Asia is forecast to grow by 9.3% per annum and 5.0% per annum respectively. Thus, it is clear that both the private and the public sectors must cooperate and coordinate to drive up investment in the sector if it aims to remain competitive.



## Environmental & Social Impact

### Travel & Tourism's Impact On The Environment

While the growth of Travel & Tourism's economic contribution is beneficial, it is crucial that this growth does not come at a significant environmental expense. Therefore, a balanced assessment of the sector's contribution should consider its environmental and social footprint, and WTTC's Environmental & Social Research (ESR) allows just that.

Between 2010 and 2019, Latin America's Travel & Tourism sector achieved a relative decoupling of its economic contribution from its greenhouse gas emissions. In other words, the growth of the sector's economic contribution outpaced the growth

of its emissions. While the sector's contribution to GDP (direct and indirect) grew at an annual rate of 3.8%, its greenhouse gas (GHG) emissions grew at an annual rate of only 0.6% (Table 3). This relative decoupling is accompanied by a decrease in the sector's greenhouse gas emissions intensity which measures emissions per unit of economic contribution. The emissions intensity for the region's sector fell from 0.68kg of GHG emissions per unit of GDP contribution in 2010 to 0.51kg of GHG emissions per unit of GDP contribution in 2019. **Belize, Paraguay, and Ecuador** had the largest gap between Travel & Tourism's economic contribution growth and Travel & Tourism GHG emissions growth.

**Table 3: Travel & Tourism: Contribution to GDP vs Contribution to GHG emissions, 2010 - 2019 CAGR (ordered by the size of T&T GDP contribution in 2019)**

Country	T&T GHG	T&T GDP
Latin America	0.6%	3.8%
Mexico	0.0%	4.2%
Brazil	0.1%	3.8%
Argentina	-1.0%	-0.1%
Chile	3.7%	5.5%
Colombia	2.6%	6.9%
Peru	2.3%	5.3%
Panama	7.1%	9.0%
Uruguay	4.4%	7.6%
Bolivia	4.0%	6.6%
Ecuador	4.4%	8.8%
Venezuela	-5.0%	-8.8%
El Salvador	4.2%	7.7%
Honduras	0.6%	2.0%
Costa Rica	2.6%	5.8%
Guatemala	1.5%	1.1%
Paraguay	5.6%	10.1%
Nicaragua	1.9%	3.2%
Belize	0.9%	6.3%
Guyana	0.1%	1.5%
Suriname	2.8%	2.0%

Energy represents a considerable source of GHG emissions. The sector uses energy to power aeroplanes, light up hotels, produce and deliver food to tourists, etc., and identifying the source of energy provides the opportunity to reduce those emissions. In 2019, 4.9% of Travel & Tourism energy needs in Latin America were met by low-carbon energy sources such as solar energy, hydropower, and geothermal energy. By 2022, the share of low-carbon sources of energy improved marginally to 5.1%. This share remains lower than the global average of 6.1%. Decarbonisation of the energy used in the region's sector needs to increase pace in order to meet Goal 7.2 of the UN's Sustainable Development Goals (SDGs). This goal aims to substantially increase the share of renewable energy in the global energy mix.

Among countries in the region, **Costa Rica** used the highest share of low-carbon energy – at 19.9% in 2022 (Figure 5). Its share was also the 10th highest globally. **Nicaragua** (19.5%) and **El Salvador** (13.6%) also derived sizable shares of their energy needs from low-carbon sources whereas **Guyana** (0.3%) and **Venezuela** (1.3%) – two oil-rich nations – were least reliant on low-carbon energy sources. **Brazilian** Travel & Tourism sourced 7.3% of its energy from low-carbon sources, which was higher than the 4.2% and 3.1% shares for **Argentina** and **Mexico** respectively.



## Travel & Tourism energy usage: % Share of low-carbon energy sources

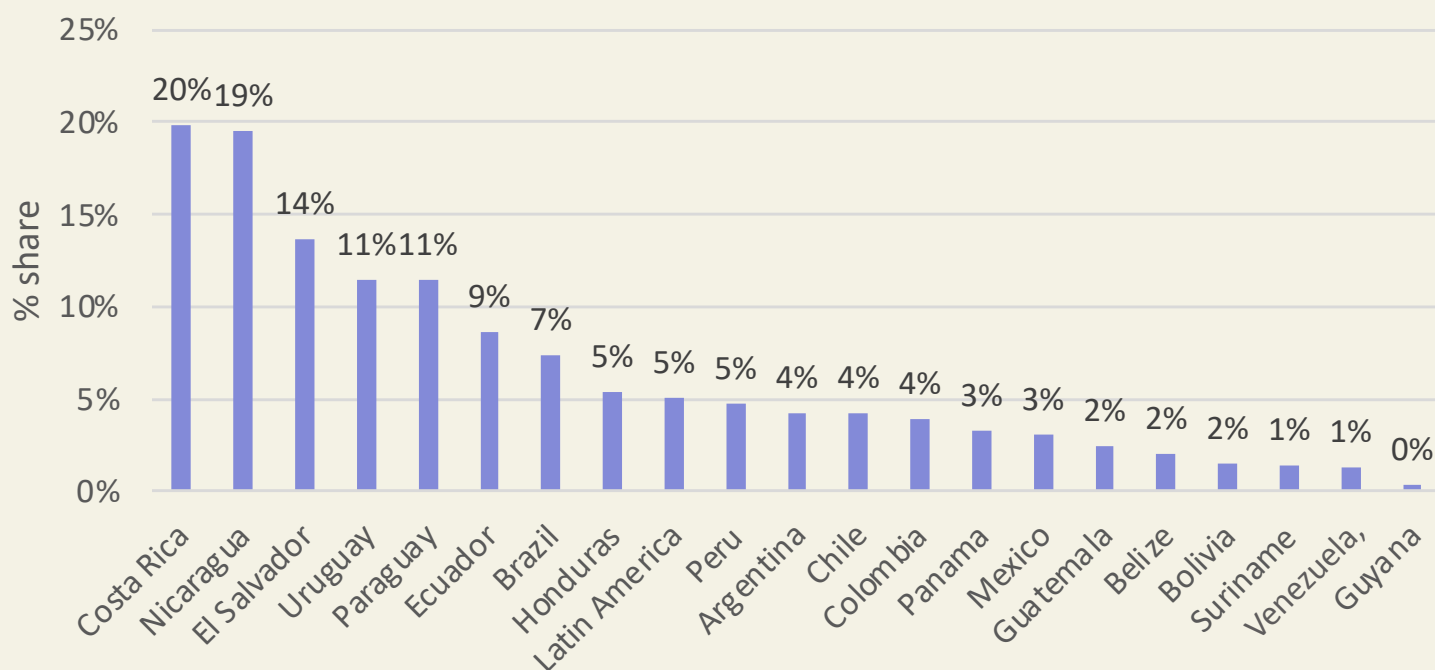


Figure 5: Travel & Tourism’s energy usage: % share of low-carbon energy sources (2022)

Another important measurement in ESR relates to water usage by the sector. In 2022, for every thousand dollars of the sector’s contribution to Latin America’s economy, it used 36.9m<sup>3</sup> of water. This water intensity increased from 32.7m<sup>3</sup> of water use per US\$ 1000 of GDP contribution in 2019. Although deteriorating water efficiency is worrisome, it may have been caused by shifts in industries and countries where Travel & Tourism spending occurred during the pandemic period rather than underlying environmental performance. **Guyana** and **Suriname** had the highest water intensities in 2022 and interestingly they also had the lowest share of Travel & Tourism water use that is derived from high or critically-water stressed areas. In **Chile** and **Mexico**, the sector sourced 93% and 92% (respectively) of its water usage from high and critical water-stressed areas. Thus, it is imperative that these countries focus on alternative solutions and implement measures to better conserve water.





## Travel & Tourism's Social Impact

Gender equality, reducing youth unemployment, and providing decent work are part of the UN SDGs. As a leading global employer, Travel & Tourism plays a significant role in achieving those targets. The sector represents an important source of employment for women and youth across the globe. It also provides high-wage employment – particularly in developing economies.

### Female employment

In 2022, Travel & Tourism's workforce in Latin America had a more equal gender distribution than the wider regional economy and the sector at the global level. Women accounted for 47.5% of workers directly employed in Travel & Tourism. In comparison, women made up 41.8% of the region's entire workforce and 39.3% of Travel & Tourism's direct workforce at the global level. Female workers were least represented in **Panama** where their share of employment stood at 37.5%, and they were most represented in **Paraguay** with a 60.2% share.

### Youth employment

In Latin America, the number of young workers, i.e., those aged between 15 and 25 years of age, directly employed in the sector was 22% higher in 2022 compared to 2010. As a result, young workers' share of direct Travel & Tourism employment increased marginally from 16.5% in 2010 to 16.8% in 2022. This was still higher

than 15.2% in the overall economy. Youth share of the sector's workforce was lowest in **Chile** at 8.9% and it was highest in **Guatemala** at 24.2%.

### High-wage employment

High-wage employment is defined as employment within industries whose average wage is above the 65th percentile of earnings. In 2022, 30.7% of the region's Travel & Tourism jobs were high wage. This is lower than the 43.4% share in the wider regional economy. In **Paraguay**, the share of high-wage employment in the sector reached as high as 89.8%. On the other hand, high-wage employment in Travel & Tourism was less widespread in **Peru**, **Ecuador**, and **El Salvador**, where the shares ranged between 11% and 19%.





## The State Of Connectivity

Flight connectivity plays a pivotal role in driving Travel & Tourism's growth. This includes providing access from a range of other regions from fellow Latin American countries, or – as is the case in large countries such as **Brazil** and **Mexico** – domestically. Flight capacity data from Mabrian Travel Intelligence shows promising signs of growth in access to many Latin American countries from most regions. The number of scheduled seats into Latin America for the first half of 2024 was anticipated to be 9.7% higher than in the same period in 2019, before aviation was affected by COVID-19.

However, the extent of post-COVID-19 recovery in seat capacity varies across departing regions. **Latin America** and **North America**, the primary source markets for the region, are displaying positive signs of recovery. Despite changes in distribution, airline seats from North America in H1 2024 were expected to surpass pre-pandemic levels by 25.4%, while intra-regional seats were projected to reach 7.9% above the 2019 benchmark. **Asia and the Middle East** also show a significant increase of 34.1% compared to the first half of 2019. Conversely, seat capacity from **Africa** was projected to have dropped by nearly 40% compared to H1 2019, despite a notable 83.1% increase since H1 2023, while seats from **Australia** and **New Zealand** were scheduled to be 27% below 2019 levels.

The rate of recovery also varies significantly across destination countries. **Guatemala** leads with the strongest rebound, anticipating seats in the first half of 2024 to have surged nearly 50% above 2019 levels. **Colombia** follows closely with a projected growth of 40.5% compared to H1 2019, while **Mexico** – the region's

largest Travel & Tourism economy – is expected to exceed the 2019 benchmark by 17%. **Brazil** – the second-largest market – expects inbound seats to broadly align with 2019 levels, but **Argentina** and **Paraguay** in particular appear to be struggling – with respective drops of 19% and 29% below the pre-pandemic level in H1 2024.

Certain countries in Latin America are also reliant on intra-regional connectivity to access long-haul markets. In some cases, travellers from their key source markets must transit in neighbouring countries before taking a regional flight to access their final destination. This has cost implications, as travellers are paying for more flights, and time implications as they are travelling for longer. This can lead to those travellers opting to end the journey in the transit destination instead.

There are opportunities for governments to enable better air connectivity and some have implemented policies accordingly.

In **Brazil**, the national tourism agency, Embratur, launched the International Tourism Acceleration Program (PATI) in 2024. Supported by government funding, the scheme aims to expand international connectivity and promote flights to Brazil through public-private partnerships with airlines and airports. By May, Embratur had received 123 proposals for new flight routes or increased frequency of flights. It will prioritise routes from countries or airports that do not yet have direct flights to Brazil and from large international markets. It will support promotion by paying R\$40 (US\$8) for each seat on a new flight that lands in Brazil during the period from October 2024 to March 2025<sup>2</sup>.





Liberalising the rules around the number of airport slots allocated to foreign-based airlines tends to boost connectivity. Cross-border agreements are integral to ensuring new routes can be established and existing ones can be strengthened. **Argentina's** government, elected in 2023, has signed memorandums of understanding with the governments of Chile, Ecuador, and Peru<sup>3</sup> to allow the generation of new air markets and greater connectivity between each of these countries and Argentina. It also signed a bilateral agreement with Brazil<sup>4</sup>, meaning that both Brazilian and Argentine airlines can freely determine the number of flights that they intend to offer between the two countries.

At an industry level, airlines that face restricted access to international airport slots can address this through measures such as codeshare agreements with partner airlines. One recent example of this is the new codeshare partnership between **Avianca and Emirates** which enables more seamless connectivity on flights from Emirates' network to **Colombia** via Madrid, Barcelona, and London<sup>5</sup>. There are also opportunities for foreign investment to help create more local airlines to better support the existing long-haul network and allow improved access to Latin American destinations.





## Tourism Promotion

As most destinations know, tourism promotion is a key ingredient in Travel & Tourism growth. In the wake of COVID-19, travellers are rediscovering travel and many have changed their travel patterns – from embracing blended travel (combining business and leisure) to taking longer trips. The pandemic also highlighted the need to diversify source markets. How and what is promoted is integral to whether visitors ultimately choose to travel to a destination. Given some connectivity challenges in certain Latin American countries, there is a significant opportunity for combined promotion efforts – especially between countries with lower budgets than others in the region. This approach is particularly important in the current global context as several countries, around the world, that were previously less prominent in key source markets are investing in unique and interesting tourism promotion methods.

It will also be key to constantly review and adapt promotion strategies, as traveller demands change and as new technologies become available. Destinations can use these promotion strategies as an opportunity to showcase how their destination meets growing traveller demands such as environmental sustainability and cultural immersion. While positive perceptions can increase the likelihood of a traveller visiting a destination, negative perceptions can have a detrimental impact. Along with this is travellers' need for safety and security. Leading firm Global Rescue found, in its 2024 traveller survey, that safety and security

is a key factor for travellers. It reports that their concerns around civil unrest and terrorism surpass concerns around accidents or injuries while travelling<sup>6</sup>.

One destination came up with some effective ways to address issues of safety and security. On the back of the historic signing of a peace treaty in 2016 and celebrating the significant influence of Colombian artists on the global music scene, Colombia's tourism promotion agency ProColombia launched its **“Colombia: Land of Sabrosura”** campaign in 2017<sup>7</sup>. Using the hard-to-translate Spanish word – Sabrosura – as a catalyst to engender positive feelings, the campaign highlights Colombia as the place where people can be charmed by all the country has to offer. The campaign featured a set of music videos, each starring top Colombian recording artists representing genres and styles of music that were coupled with different parts of the country<sup>8</sup>. The success of the campaign is notable. Bogota-born, Latin Grammy-winning artist Fonseca's *Simple Corazones* is part of the campaign. The official music video is still available on his YouTube channel with a description explaining the video's connection to his hometown and the campaign. It currently has over 100 million views on that platform alone, despite being posted on other social media platforms at the time of the campaign. The government agency had previously run a campaign in 2012 referred to as “Only risk”. The campaign provocatively highlights that “You run risks when you go to Colombia”. Through a series of captivating footage



and the stories of expatriates living in Colombia, the campaign explains that visitors run the risk of never wanting to leave Colombia because of all the nation has to offer<sup>9</sup>.

Promotion is integral to success, with more and more destinations competing for travellers from all over the world. In a number of Latin American countries, Travel & Tourism businesses feel that there is a lack of effective tourism promotion. Thus, destinations should consider their unique selling points as well as traveller concerns in their priority markets to make informed decisions about the campaigns they launch. This should all be coupled with the appropriate financial support to get those campaigns to their chosen audience.

The next section of the report aims to tackle particular regional challenges and propose some opportunities to help address them. The first relates to infrastructure.





## Challenge: Infrastructure

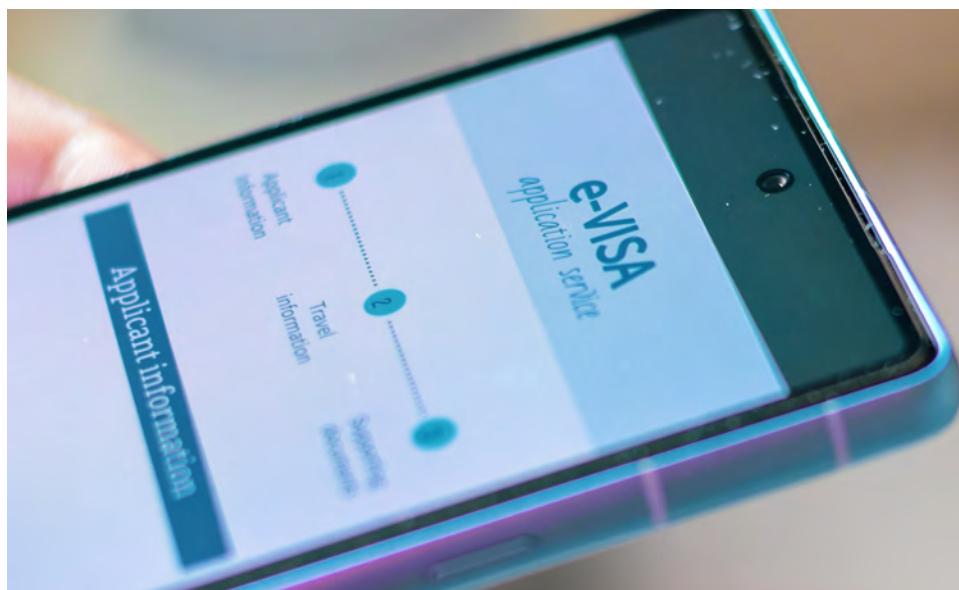
As the sections above highlight continued Travel & Tourism growth in the region, with most markets having recovered to or exceeded 2019 levels, travel infrastructure to support this growth is imperative. This ranges from physical infrastructure such as ports of entry and transportation solutions to electronic infrastructure in the form of easy and efficient visa and border processes. In the latest global Travel & Tourism Development Index from the World Economic Forum (WEF), no Latin American countries feature in the top 55 global economies under the metric ‘Ground and Port Infrastructure’ – which measures the availability of efficient and accessible ground and port transportation to important business centres and tourist attractions. In contrast, nine of the 25 lowest ranking countries were from the region (**Paraguay, Venezuela, Guatemala, Bolivia, Honduras, Nicaragua, Peru, Brazil, and Colombia**)<sup>10</sup>.

The International Air Transport Association (IATA) Americas, at its 2024 AGM, highlighted some significant challenges with airport infrastructure in the region<sup>11</sup>. In **Peru** obstacles to effective infrastructure exist at Jorge Chavez International Airport in Lima. Most recently, in June 2024, the sudden loss of runway lighting caused the diversion of over 200 flights to other airports. Reports indicate that over 10,000 passengers were affected<sup>12</sup>. In **Mexico**, a regional hub, airport capacity is at a maximum. While the construction of a new airport – Felipe Angeles International Airport (AIFA) – was aimed at addressing this, it is located at least 1.5 hours from Benito Juarez International Airport (AICM)<sup>13</sup>. AIFA is

intended for low-cost airlines to help ease congestion at AICM. However, the longer journey between the two – in infamous road traffic – is expected to add to difficulties in the region instead of ease them.

Further challenges exist around visas. While some intra-regional travel is visa-free for citizens of fellow Latin American countries, a few source markets still need to follow visa application processes. Travellers increasingly value convenience and simplicity in their travel journey. Around two thirds of travellers reported process complexity as the main deterrent to travel, while 12% cited visa costs, and 8% cited the additional time<sup>14</sup> that meeting immigration requirements can take. A further challenge is the costs and time involved for travellers if there is a lack of embassies and/or consulates in their city of origin.

Undoubtedly, access to the destination is key to long-term tourism growth. Latin America has exhibited a robust recovery from the COVID-19 pandemic, with the Travel & Tourism sector’s total contribution to GDP fully rebounding to 2019 levels by 2023. Therefore, it is imperative to bolster capacity, upgrade infrastructure, and improve direct connectivity to accommodate this increasing demand. This should be supported by the implementation of systems and processes that provide a seamless travel experience for all passengers.



## Opportunity: Investment In Tourism Infrastructure

To support the clear inbound demand, better tourism infrastructure is required. Pre-pandemic, the Development Bank of Latin America and the Caribbean (CAF) reported that an estimated US\$53.15 billion was needed to increase capacity<sup>15</sup> between 2016 and 2040. Post-pandemic, Airports Council International (ACI) argues this figure is even higher, at about US\$94 billion<sup>16</sup>. Of this, an estimated US\$41 billion will be needed in new greenfield development.

Investment in tourism should also be, where possible, holistic. The sheer cost of investment in infrastructure often requires a phased approach to upgrades. Collaboration across government departments can also facilitate effective solutions. One such example is **Chile**, which has recently executed a Tourism Infrastructure Masterplan, in co-ordination with the Ministry of Public Works. The CLP 1.4 billion (US\$1.5 million) plan is focused on infrastructure for national parks, scenic routes development, coastline recovery and renovation, provision of tourism attractions, and road connectivity<sup>17</sup>.

Capital investment into airports and the improvement of transport networks beyond airports is a particularly important driver for increasing the flow of international visitors. In **Honduras**, public and private investment of more than US\$200 million led to the construction of Palmerola International Airport which opened in 2021<sup>18</sup>. This replaced the Toncontín International Airport, which had infrastructure and topographical limitations. The new

airport's location, its extensive runway, and 24/7 operation has enabled the arrival of larger aircraft, and so the introduction of new routes and airlines, particularly to and from long-haul destinations. For example, in November 2023, Honduras saw the launch of its first-ever direct flights to South America, with Avianca flying from Palmerola to Bogotá three times a week<sup>19</sup>. There are also flights from long-haul destinations such as Madrid and US cities. The success of Palmerola airport is likely to be a significant factor in the anticipated uptick of 34% in inbound flight seats to Honduras in January to June 2024 compared to the same period in 2019<sup>20</sup>.

**Colombia** has also seen a sharp increase in scheduled inbound seats since 2019; capacity is expected to have risen by 40.5% to 31 million seats in January-June 2024<sup>21</sup>. In the Latin American region, only **Brazil** and **Mexico** have more seat capacity. More airlines are establishing new routes from the capital, Bogotá, on their international network. Some of these in 2024 include Avianca to Montreal, Chile-based LATAM Airlines to Madrid, and Brazil-based GOL Airlines to Sao Paulo. Investment in airport infrastructure is needed to manage this increasing demand for international flights. In March 2024, the National Infrastructure Agency (ANI) agreed an investment of more than US\$920 million into the international airport at Cartagena<sup>22</sup>. This will enable the expansion and remodelling of the airport, including a new international terminal. The ANI will also support the 'El Dorado Max' initiative which plans to transform and expand

the infrastructure of Bogotá's international airport, including a new terminal four times larger than the current one<sup>23</sup>. However, funding for El Dorado Max is not due until at least the end of 2025.

Investment in effective visa infrastructure is also key as complicated or ineffective visa processes can be a deterrent before travellers can even book their experiences. Enlisting the services of private sector specialists such as VFS Global can help governments provide solutions for travellers without losing the power to approve who crosses their borders. Indeed, solutions differ according to the needs of each government.

The user-pay model reduces the burden on government infrastructure and budgets while ensuring secure, efficient, and user-friendly visa processes. For in person solutions, VFS Global has the capability to open multiple Visa Application Centres (VACs) in various cities within a country, making visa services more accessible and reducing the need for applicants to travel long distances to a single embassy or consulate. This decentralisation allows more people to access visa services conveniently, enhancing the overall efficiency and appeal of the destination.

As digital solutions are increasingly favoured by travellers, e-visas offer a digital solution where travellers can apply for a visa at any time of the day from a place of their choosing. These applications can be accessed using an email address and used digitally during travel. Digital solutions are working well in Argentina, Brazil, Colombia, Chile, Suriname, and Mexico where electronic travel authorisations (SAE) are issued.

E-visa solutions can help improve security in the visa process while decreasing opportunities for human error and fraud. They

can also enable travellers to apply for visas without the added costs of travelling to the nearest consulate or embassy. In markets where there is no embassy or consulate and e-visas are not yet feasible, location-independent document processing solutions can be implemented. For these models, VFS Global facilitates the secure collection and transfer of visa applications globally, irrespective of time zone differences. Digital document checking solutions are working particularly well in Brazil and Mexico and could have applications for other countries in the region.

Where budget and other constraints do not allow for these types of solutions, more models exist. These include digital "lockers" which securely save user information and can be verified by governments through encrypted links. Another solution, providing the opportunity for visa applications at a location of choice, is the Visa At Your Doorstep (VAYD). It enables applicants, or a group of applicants, to have their visa application submission completed securely with the use of a mobile biometric kit at the comfort and safety of their home or office. This offers several benefits with applications for large group travel.

VFS Global's technology facilitates sustainable and secure handling of travel documents. These best practices and outsourcing solutions are anticipated to be adopted across the region starting from 2025, allowing time for implementation and integration.

The travel experience does not begin when travellers arrive at their local accommodation – their experience obtaining access to the destination is just as important. Thus, strategic investments in the travel infrastructure that facilitates lifechanging journeys is paramount.





## Challenge: Unemployment & Skills Shortages

Following COVID-19 and the significant loss of jobs in Travel & Tourism, there exist staff shortages in a number of global markets. Latin America is no exception. This section focuses on the issues of unemployment and skills shortages. For more information on the impact of COVID-19 on Travel & Tourism staffing, visit WTTC's Research Hub and explore our reports on staff shortages and the impact of COVID-19 on the sector's workforce<sup>24</sup>.

The issue of unemployment is a multifaceted challenge in the region. Firstly, there exists a significant gap in access to the skills required to enter the job market. This gap often results from deficiencies in educational systems that fail to adequately equip individuals with the practical skills demanded by the labour market. Secondly, even among those who possess the necessary skills, there is a notable scarcity of job opportunities that match their qualifications. This could be attributed to various factors including sluggish economic growth, limited investment in certain sectors, and regulatory hurdles that inhibit business expansion and job creation. Thirdly, the rapid pace of technological advancement and changes in consumer demand post-COVID-19 have led to a growing mismatch between the skills possessed by the current workforce and those demanded by emerging roles, highlighting the need for continuous upskilling and reskilling initiatives to ensure competitiveness in the job market. Addressing these complex issues requires a concerted effort from governments,

educational institutions, and the private sector to foster an environment conducive to skill development, skill recognition, entrepreneurship, and sustainable economic growth.

The challenge of youth unemployment is also a pressing concern. The International Labour Organization (ILO) reports that the youth unemployment rate for young people aged 15-24 in Latin American countries reached a worrying 21.6% in 2021<sup>25</sup>. This is significantly higher than the global average of 13.5% for the same year.

Young people, eager to enter the workforce and contribute to society, often face barriers to employment due to various factors such as limited job opportunities, lack of experience, and mismatched skillsets. This issue not only affects their economic well-being but also has broader societal implications, including decreased productivity and potential social unrest. For example, **Mexico's** economy has undergone significant transformation in recent years, with a shift towards automation and service industries. Without the provision of alternative roles or a cost-free option to reskill for emerging roles, young people with degrees or training from traditional sectors can struggle to find suitable employment.

Furthermore, a significant portion of the population in Latin

America could face exclusion from the workforce due to barriers related to formal education or credentials. Those who acquire skills through non-traditional routes, such as self-study or informal training, encounter difficulties in having their capabilities acknowledged in the formal sector. This lack of recognition further constrains their access to employment opportunities and impedes their potential for economic advancement. For example: in 2021, 52% of employers in Chile said that they had difficulty filling open positions due to a lack of skills<sup>26</sup>.

In societies where individuals lack access to formal training that aligns with the evolving needs of industries, unemployment or underemployment can persist. This disparity perpetuates cycles of economic inequality and hinders societal progress.



## Opportunity: Upskilling And Recognition Of Informal Skill Development

While a number of opportunities exist, this section will highlight two, of many, strong examples. The chosen initiatives focus on meeting the changing needs of the workplace while also enabling skilled workers to enter and grow in the job market.

### Skills Certification Initiatives And Teaching Specialised Skills

More certification is needed for less traditional skills, often obtained through unconventional avenues such as self-study or informal training. This will allow for formal recognition of these skills. A great example of this comes from **Chile** and its “ChileValora” programme which allows participants to validate skills obtained in areas such as hospitality, cultural awareness, and customer service. Following verification that the skills obtained through self-study or informal training are indeed valid, workers can certify said skills. This forward-thinking initiative empowers individuals and supports greater participation in the workforce by enabling the recognition of skills obtained outside of existing, formal avenues<sup>27</sup>.

As well as validating pre-existing skills, it’s also helpful to teach comprehensive and specialised training to those who want and/or need it. **Colombia’s** Servicio Nacional de Aprendizaje (SENA) blends classroom instruction with practical training and apprenticeship programmes, empowering individuals with hands-on experience directly applicable to their chosen fields. This holistic approach not only enhances participants’ skills but

also ensures they are well-prepared for the demands of the job market. Moreover, SENA’s strategic collaboration with private sector partners guarantees that training programmes remain attuned to the evolving needs of industries, thereby optimising participants’ employability upon completing the programme<sup>28</sup>.

### Targeted Initiatives For Youth Unemployment

Travel & Tourism employs a higher share of young workers than the wider regional economy (16.8% compared to 15.2%, respectively, in 2022). But in order to enhance its impact on reducing youth unemployment, targeted initiatives must be devised and implemented. These should include traditional teaching methods as well as experiential learning to enhance students’ confidence and their technical abilities.

The Programa Jóvenes Construyendo el Futuro (Youth Building the Future Programme) represents a strategic initiative by the **Mexican** government to confront the pressing challenge of youth unemployment. Launched in 2018, this programme targets individuals aged 18 to 29. It aims to provide them with opportunities for on-the-job training and apprenticeships. Central to its approach is the establishment of partnerships with a wide array of businesses spanning diverse industries, including, but not limited to, hotels, travel agencies, and tourism attractions. Through these collaborations, the programme not only seeks to address the immediate issue of unemployment among young people but also to equip them with practical skills while fostering invaluable professional networks within their chosen fields. According to the most recent data, the programme has benefitted more than two million young people across Mexico<sup>29</sup>.





Creating a more socially sustainable future requires a concerted focus on empowering individuals with the skills and opportunities they need to thrive in the workforce. Key initiatives prioritise hands-on training and apprenticeships, providing practical experience and professional networks – both of which are crucial for success. Similarly, efforts to recognise and certify skills gained through non-traditional avenues bridge the gap between education and employment while ensuring alignment with industry needs. By fostering a culture of experiential learning, formal skills recognition, and comprehensive training across diverse sectors, these strategies enhance individual employability and contribute to overall social equity and economic development.

## Challenge: High Taxes And Fees

The sheer distance involved in reaching Central and South American countries from major international source markets such as Europe has a significant impact on the cost of airfares. In addition, there are the high costs of imported aviation fuel where countries can't rely solely on domestic supply. Government taxes and fees levied on Travel & Tourism providers also create additional costs. In most cases, these taxes and levies are passed on to travellers from all markets, resulting in higher costs for transport and accommodation, even in short-haul markets.

Some Latin American countries did temporarily curb certain taxes during the COVID-19 pandemic. For instance, the **Colombian** government reduced the VAT on airfares from 19% to 5% in 2020; but in 2023, it was hiked back to 19%<sup>30</sup>. There have been other

examples of rising aviation taxes in recent months, including a fee of US\$1,000 (plus taxes) that the **El Salvador** government began charging to airlines for every passenger from nationalities of all African countries and India that arrive only in transit<sup>31</sup>. In January 2024, **Mexico** City International Airport (AICM) announced it would be raising several of its fees to airlines by around 77% to make the airport more efficient and to strengthen its financial position<sup>32</sup>. These include the fees payable by airlines for landing, the boarding and disembarkation of passengers, baggage handling, and overnight stays for aircraft. The 77% rise was criticised by Mexico's National Chamber of Air Transport (Canaero) for adversely affecting aviation companies and airline passengers and for taking away competitiveness from the country's main air connectivity centre.

The Latin American and Caribbean Air Transport Association (ALTA) also voiced its concern about the tax increase on flight tickets in **Argentina**, with “a departure tax that represents 30% of the average ticket price in the second quarter of 2022, 84% higher than the average in the region”<sup>33</sup>. Its 2022 Air Transport Competitiveness Index, produced in collaboration with Amadeus, shows that Argentina is the least competitive country in the Latin America and Caribbean region in terms of taxes on the price of the ticket<sup>34</sup>. This is an unhelpful constraint considering that the Travel & Tourism sector's contribution to GDP in Argentina in 2023 remained 5% below the 2019 level.

Furthermore, some countries charge a “reciprocity fee” to citizens of countries that impose their own fee, as in the case of **Colombia** which imposed a reciprocity fee of 256,000 Colombian pesos (US\$66) on most arriving Canadian citizens from November

2023<sup>35</sup>. Certain destinations also impose a provincial arrivals or departure tax. Since 2020, all foreign tourists visiting the Mexican state of **Quintana Roo** must pay the 'VisiTAX' of US\$21<sup>36</sup>.

As in other regions of the world, travellers within Latin America are also often faced with national or local charges added to their accommodation rate. For example, in **Panama**, a Movable Goods and Services Transfer Tax (ITBMS) of 10% is charged on hotel accommodation<sup>37</sup>.

## Opportunity: Smart Taxation Policies

Taxes provide an opportunity to help fund necessary changes in Travel & Tourism infrastructure. However, these taxes can also increase the cost of travel, thus acting as a deterrent to potential travellers. Where taxes are required, it is imperative that the revenue gained from taxes levied on Travel & Tourism providers and visitors is used to further support the Travel & Tourism sector. Where possible, taxes can be discounted for certain travellers, such as domestic travellers, or only levied for a short period of time to fund particular projects.

### Reduced aviation taxes

Establishing tax incentives for airlines operating in Latin America – such as reductions in taxes on airport services, flights, and fuel – can stimulate increased tourism through lower ticket prices for passengers. In 2023, the **Ecuadorian** government replaced its fixed rate Eco Delta and Tourist Power taxes on flights (which were US\$50 and US\$10, respectively) with a lower-impact fee charging 5% of the net value of the air ticket, with a ceiling at the previous rates<sup>38</sup>.

### Tax reductions, exemptions, or refunds

VAT that applies to goods and services can be one of the most onerous taxes facing tourism-related businesses. Governments that enact measures to ease this burden are likely to bring in extra revenue by incentivising more people to travel to their country, spend more, and so boost the economy. Measures to ease the burden of taxes include reducing or even abolishing the VAT rate on accommodation or allowing international visitors to claim a VAT refund on goods bought in the country.

Several Latin American governments have introduced progressive policies in this area.

In **Uruguay**, the general rate of VAT is 22%, although hotel

services are charged to nationals at a reduced rate of 10%. To further stimulate domestic tourism, the government temporarily introduced zero-rate VAT on hotel-related services for Uruguayan residents between December 2023 and March 2024<sup>39</sup>. International visitors are exempt from paying VAT on any kind of accommodation<sup>40</sup>. This is also the case in **Bolivia**<sup>41</sup>.

In **Argentina**, where VAT on accommodation is 21%, international visitors get a direct and automatic reimbursement of the VAT when paying with their foreign credit card<sup>42</sup>. In **Colombia**, foreign tourists can claim a refund for the 19% VAT rate on purchases of taxable goods that exceed COP 127,236 (US\$33) each when leaving the country<sup>43</sup>. International visitors to **Peru** can claim a refund of its general sales tax (IGV) on purchases before leaving<sup>44</sup>, and **Chile** included a similar policy in its tourism bill introduced in April 2024<sup>45</sup>.

### Smart taxation to benefit tourism and communities

Any taxes levied on Travel & Tourism should be used to stimulate and promote, not hinder, economic growth and job creation in the sector. As a labour-intensive sector, Travel & Tourism has a large, indirect impact on the wider economy. Well-designed tourism taxes can be both practical and meaningful tools in the sustainable management of the destination's resources and the development of tourism infrastructure. Taxes on the sector should be earmarked and ringfenced, with revenues put back into tourism promotion and/or for regenerative development linked to the goals and essence of the destination in collaboration with the wishes of local communities. Relevant infrastructure projects could also be given funding from Travel & Tourism revenue and ultimately enhance growth potential, attracting investment and thus supporting further job creation.

In several Latin American countries, the revenues from fees and taxes charged to visitors do indeed feed into tourism-related funding. In Mexico, the **Quintana Roo** VisiTAX mentioned earlier was introduced to promote local economic reactivation, employment generation, the development of new tourist attractions, and to help develop infrastructure that improves access to and surveillance of Mayan archaeological sites. In **Argentina**, revenues from its 7% tax on the price of tickets for international air, sea, and river journeys departing Argentina feed into its National Tourism Fund<sup>46</sup>. In Chile, the bill introduced in April 2024 includes a measure to bring in a 1.25% bed tax for international tourists, with proceeds feeding into tourism promotion abroad. In **Belize**, the 9% tourist accommodation tax is used by the tourism board for marketing as well as to sustain and develop Belize's tourism sector<sup>47</sup>.



## Challenge: Environmental Sustainability

Latin America is home to 40% of the Earth's species, one quarter of all forests, and one-third of all fresh water<sup>48</sup>. Countries such as **Brazil**, **Colombia**, **Peru**, **Ecuador**, and **Mexico** have some of the highest levels of biodiversity in the world, ranging from hummingbirds in the Andean cloud forests and pink river dolphins in the Amazon rainforest to the jaguars in Brazil's grassy wetlands and the giant tortoises of Ecuador's Galapagos islands.

However, over the past half century, the Latin America-Caribbean region has seen a greater decline in biodiversity than anywhere else globally – a 94% drop in the abundance of the average wildlife population<sup>49</sup>. This is principally due to the depletion of natural habitats, often to make way for agriculture. Deforestation has now reduced the original extent of the Amazon rainforest by 17% with an additional 17% degraded.

Another critical threat to the region's ecosystems and wildlife populations comes from the effects of climate change. In 2022, flooding and landslides triggered by heavy rains caused hundreds of deaths and billions of dollars in economic losses across the region. South America suffered wildfires during long, intense heatwaves and there was an almost total loss of snow cover in the glaciers of the central Andes<sup>50</sup>. Coastal areas favoured by tourists, such as in the Yucatan coast in **Mexico**, are particularly vulnerable, seeing a rise in sargassum, sewage, and flooding from more frequent storm surges linked to climate change and

hurricanes. The warmer waters are also causing unprecedented coral bleaching of the reefs along **Brazil's** Coral Coast marine park, threatening not just the fishing industry but also tourism<sup>51</sup>.

In addition, as mentioned earlier in this report, energy represents a considerable source of GHG emissions, and there is a challenge for the Travel & Tourism sector in Latin America to increase the share of low-carbon energy sources such as solar, hydropower, and geothermal energy. By 2022, this share of overall energy use stood at 5.1% – lower than the global average of 6.1%.

Tourism itself can also add to the strains on nature, particularly in areas with fragile infrastructure that have seen a rapid development of tourism facilities and greater visitor arrivals, in general. Both the presence of rapid development and more people in fragile areas can result in the use of significantly higher amounts of energy and natural resources such as water. With an increasing awareness of, and interest in, sustainable tourism among travellers, destinations need to balance the economic benefits of tourism with the preservation and regeneration of natural resources.



## Opportunity: Nature Positive Tourism

It is imperative for the sector – aided by government policies, funding, and incentives – to adopt a Nature Positive approach that ensures economic growth is also environmentally sustainable. Specific recommendations to help with this can be found in WTTC’s two recent reports on Nature Positive Travel & Tourism<sup>52</sup>.

The region’s rich natural and scenic diversity is, understandably, a major incentive for Travel & Tourism. In 2018, wildlife tourism (tourism for which wildlife sighting or wildlife interaction is an important motivator) in Latin America contributed a total of US\$28.9 billion to the region’s economy and supported 1.4 million jobs. Put another way, wildlife tourism represented a significant 8.6% of Travel & Tourism’s overall contribution to GDP: a far larger share than the global average of 4.4%<sup>53</sup>.

Through the support of governments – in the form of funding, incentives, and policies – nature-based tourism can grow in a sustainable way. This includes identifying ways to reinvest tourism revenues into nature and biodiversity protection at the community level. For example, visitors to **Ecuador’s** wildlife-rich Galapagos islands must pay an entry fee which is doubling to US\$200 for most international travellers from August 2024<sup>54</sup>. The government has said that the extra funds will be channelled directly into conservation initiatives, infrastructure upgrades, and community programmes aimed at mitigating the ecological footprint of tourism on the islands.

Governments can have a powerful influence over the Travel & Tourism sector, often through tourism authorities and regulations, but also by implementing sustainable tourism policies and facilitating sustainable practices by businesses and travellers.

For example, since 2019, the **Peruvian** government has been developing manuals of good environmental practice to support better management of tourism activities in coastal marine habitats. The **Costa Rican** government was involved in creating the Tourism Local Development Engine (Tu-MoDeLo) initiative in 2021 which helps tourism businesses identify market opportunities for sustainable agricultural and fishing products as well as value chains adapted to climate change<sup>55</sup>.

National and state governments can also nudge tourism businesses into implementing more sustainable practices through respected certification schemes. The **Costa Rican** Tourism Board (ICT) operates a Certificate of Tourism Sustainability (CST) programme, where tourism providers that prove they are adhering to sustainable practices such as minimising waste, energy, and water use not only make efficiency savings but also have the incentive of receiving the CST mark and the marketing benefits that flow from that<sup>56</sup>.

Meanwhile, the state of Nayarit in western **Mexico**, which is positioning itself as a growth tourism destination, plans to enact legislation that will ensure all new hotels have a form of

sustainability certification<sup>57</sup>. In the meantime, it is encouraging hotels to sign up to WTTC's Hotel Sustainability Basics programme, a verification scheme that enables accommodation providers to take the first steps on their sustainability journey by meeting 12 key criteria<sup>58</sup>.

## Governmental Nature Positive Policies

**Colombia** has been a leading light in Latin America for embracing sustainability policies. For example, by 2021, renewable energy was already accounting for a significant 29% of the country's energy consumption<sup>59</sup>. The government placed great importance on the conservation of Colombia's rich biodiversity and in December 2023, it opened a new national park. The Serranía de Manacácias, which stretches approximately 68,030 hectares, safeguards an essential wildlife corridor that connects the Orinoquia – the second largest tropical savanna on the continent – and the Amazon<sup>60</sup>.

Sustainability is a central pillar of the government's most recent Tourism Sector Plan (2022-2026). Its many objectives include agreements aimed at eradicating deforestation in places with high value for nature tourism, introducing programmes that encourage the recycling and reuse of products in the Travel & Tourism sector, and training programmes to reskill locals as interpreters and forest rangers to encourage the protection of jungles and forests.

The government already provides incentives to potential sustainable tourism investors. These incentives include rent deductions for investors who acquire land for tourism activities that are in line with the conservation and restoration of biological diversity and/or use renewable natural resources<sup>61</sup>.

## Collaboration For Coastal Restoration

A number of the successful Nature Positive initiatives in Latin America stem from partnerships between governments or governmental organisations, NGOs, and the private sector. For example, in October 2023, the Suriname government and ACTO (Amazon Cooperation Treaty Organisation), together with Suriname's Institute of Green Economy, began a project to rehabilitate flooded and degraded coastal mangrove forests that are vital aids for coastal protection<sup>62</sup>. This project shows a clear understanding that a more stable coastline will encourage more tourism.

Financing and research assistance from the Inter-American Development Bank (IDB) features in varied initiatives. In 2021, the IDB undertook an economic valuation of the **Mesoamerican Reef** to inform the development of an insurance product that covers

hurricane risk to the Western Hemisphere's largest barrier reef and the communities that depend on it<sup>63</sup>. The Mesoamerican Reef provides coastal protection for nearly two million people and attracts US\$14 billion through tourism in **Belize, Guatemala, Honduras, and Mexico**. The project is being co-funded and implemented by the Mesoamerican Reef Fund (MAR Fund), which also partners with NGO The Nature Conservancy (TNC) in helping all four countries establish insurance coverage, reef repair brigades, and protocols<sup>64</sup>.

In 2022, TNC collaborated with six hotel corporations that invested in and restored sand dunes within their properties. In 2023, TNC and its partners trained over 300 personnel from local hotels, consultancies, and dune vegetation nurseries. Evidently, a varied range of partnerships are needed to address particular challenges. Travel & Tourism decisionmakers have the opportunity to partner across the public and private sectors as well as with local communities and NGOs to create the solutions needed to protect nature and biodiversity.



## +US\$57 billion

Increase in Travel & Tourism's contribution to GDP compared to baseline forecast for 2034

## +2.1MN jobs

Increase in Travel & Tourism's contribution to employment compared to baseline forecast for 2034

## Unlocking The Opportunity

As mentioned in the first section of this report, Travel & Tourism's contribution to Latin America's economy is forecast to reach US\$852 billion by 2034, with its contribution to employment expected to reach 31.7 million jobs. This projection serves as a baseline forecast. There exists an alternative scenario wherein the region harnesses the opportunities detailed above and adopts policies that are focused on the following key areas: creating an enabling environment, maintaining effective transport infrastructure, efficient visa facilitation, and successful tourism marketing.

First, we explain what these key areas are and then we will share how this can bolster Travel & Tourism in the region.

- 1. Investing to improve Latin America's enabling environment and transport infrastructure.** The World Economic Forum's (WEF) Travel and Tourism Development Index (TTDI) measures factors that facilitate the development of Travel & Tourism within a destination<sup>65</sup>. The TTDI has identified an enabling environment and transport infrastructure as areas where Latin American countries lag. To clarify: an enabling environment includes the business environment and safety and security. Investment in these areas is likely to result in further growth for the overall sector.
- 2. Improving visa facilitation and ease of access across Latin America.** Current visa regimes across the region are analysed to model the impact of implementing best practices for visa facilitation. Best practices include digitisation of the visa application process, transitioning from embassy/consulate visas to e-visas, and outsourcing visa services to specialised providers. The adoption of such best practices is anticipated to occur from 2025 onwards due to the time required for implementation.

- 3. Implementation of auxiliary tourism marketing activity for Latin America as a destination.** The scenario analysis assumes a significant boost to the destination marketing budget in the region between 2025 and 2028, before tapering the allocated budget to reflect a long-term strategy.

Should the above-mentioned measures be implemented, the Latin American Travel & Tourism sector could see significant returns, above the baseline forecast. There would be an additional US\$57 billion added to the region's GDP and 2.14 million more jobs would be supported by Travel & Tourism. Consequently, in this upside scenario, the sector's total contribution to the region's GDP could reach US\$909 billion in 2034 and its contribution to jobs is forecast to total 33.8 million.

Travel & Tourism's Total Contribution to GDP: 2024 - 2034 Forecast Growth (CAGR)	
Baseline Scenario	Upside Scenario
2.7%	3.4%

Since the policy package is geared towards improving inbound arrivals, its implementation is expected to lead to an uplift of 24.4 million international visitor arrivals to the region over the baseline projection. These inbound travellers are expected to spend an additional US\$28 billion, primarily on leisure activities. The domestic market is also likely to benefit from these investments and therefore, spending by domestic travellers is forecast to exceed the baseline by US\$18 billion.



## CONCLUSION

Travel & Tourism is the engine of the global economy. In Latin America, it supports almost 25 million jobs and generates over US\$620 billion in GDP. This sector is integral to the future of the region. With its rich biodiversity, vibrant cultures, and fascinating attractions, it is a tourism hotspot that offers something unique for each person that visits. Not only does it benefit from a robust intra-regional Travel & Tourism sector, but international arrivals are set to increase over the coming decade.

Currently, around 86 million international travellers make their way to Latin American destinations<sup>66</sup>. If the sector is to grow at the projected rate of 3.4% per year and reach US\$909 billion while also employing 33.8 million people by 2034, solutions to the region's key challenges need to be implemented.

These solutions require concerted efforts by governments and the private sector working with local communities. These types of partnerships are integral to the future growth of the sector, with immense benefits to both people and planet.



## Contributors

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### **Definition of Latin America used in this report**

For the purposes of this report, WTTC has defined Latin America as including the following countries:

**Argentina, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Suriname, Uruguay, and Venezuela.**



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