

Papers

Tourism analysis and perspectives in Brazil

Análise e perspectivas do turismo no Brasil

Análisis y perspectivas del turismo en Brasil

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Abstract

This paper provides a summary of tourism activity in Brazil, presenting and analyzing statistics from an economic perspective. To this end, data are collected from the main official sources available, as well as from tourism surveys conducted by the Institute of Economic Research Foundation (FIPE). The first section presents an analysis of the global tourism market. Next, the paper discusses Brazil's inbound tourism, including the effects of income, prices, and exchange rate. Three analyzes of tourism in Brazil are highlighted: the importance of domestic tourism, the opportunities of inbound tourism, and the impacts of tourism on regional income distribution. Finally, the paper presents some recommendations for tourism in Brazil.

Resumo

Este texto traz uma síntese da atividade turística no Brasil, apresentando e analisando estatísticas sob a perspectiva econômica. Para tanto, são reunidos dados das principais fontes oficiais disponíveis, bem como informações sobre o turismo produzidas pela Fundação Instituto de Pesquisas Econômicas (FIPE). Inicialmente são apresentadas análises sobre o mercado mundial de turismo. Em seguida, é discutida a realidade do turismo internacional receptivo do Brasil, incluindo relações entre renda, preços, taxa de câmbio e turismo. Três análises sobre o turismo no Brasil são destacadas: a importância do turismo doméstico, as oportunidades existentes no turismo receptivo internacional e os impactos do turismo na distribuição regional de renda. Por fim, o texto apresenta algumas recomendações para o turismo no Brasil.

Resumen

Este artículo resume la actividad turística en Brasil, presentando y analizando estadísticas desde una perspectiva económica. Con este fin, se recopilan datos de las principales fuentes oficiales disponibles, así como información sobre turismo producida por el Instituto Fundação de Pesquisas Econômicas (FIPE). Inicialmente, se presentan análisis sobre el mercado turístico mundial. A continuación, se discute la realidad del turismo internacional receptivo de Brasil, incluidas las relaciones entre ingresos, precios, tipo de cambio y turismo. Se destacan tres análisis sobre el turismo en Brasil: la importancia del turismo interno, las oportunidades existentes en el turismo receptivo internacional y los impactos del turismo en la distribución regional del ingreso. Finalmente, el texto presenta algunas recomendaciones para el turismo en Brasil.

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1 OPENING REMARKS

Tourism has become a major economic force, capable of generating income, employment, foreign exchange, and regional income distribution (Haddad, Porse, & Rabahy, 2013). Tourism, as well as other activities involving private consumption activities, mostly occur in richer regions; however, in relative terms, the income generated by tourism can be more relevant in less developed regions and with more fragile productive sectors. Thus, the reduction of regional income inequalities is one of the major advantages of tourism.

On the other hand, as it is predominantly a labor-intensive service sector, the employment-generating potential of tourism is also very relevant. According to IBGE (2009), Brazilian traditional tourism activities account for about 6% of the total employment in the country, with the food sector accounting for more than 50%, which, as we know, also meets the consumption of non-tourist residents. A preliminary estimate of direct employment in tourism, made by the Economic Research Institute Foundation (FIPE) for the Brazilian Tourism Institute (Embratur) in 2002 and following the Tourism Satellite Account (CST) and the World Tourism Organization (UNWTO) guidelines, points to 2.3% of the total occupations in the country, and when considering the indirect effects, it totals 3.3% of the working population (Kadota & Rabahy, 2003).

Tourism is also considered an important source of foreign exchange, particularly for countries where international tourism is significant. This is not the case of Brazil, where domestic tourism revenue is about nine times higher than that of international tourism, and the country receives only 0.47% of the world's total international tourism and 0.35% of total spending (EMBRATUR, 2002; UNWTO, 2019; Ministério do Turismo, 2019; Banco Central do Brasil, 2019).

This situation is due, on the one hand, to the strength of the Brazilian domestic market, and, on the other, to its location, relatively distant from the main world issuers, Europe, Asia, and North America, which account for more than 80% of world tourism and are more than 9 hours away from Brazil, even by air transport. Only a small number of tourists from these regions is bound for Brazil (Rabahy, 2003; UNWTO, 2018; UNWTO, 2019).

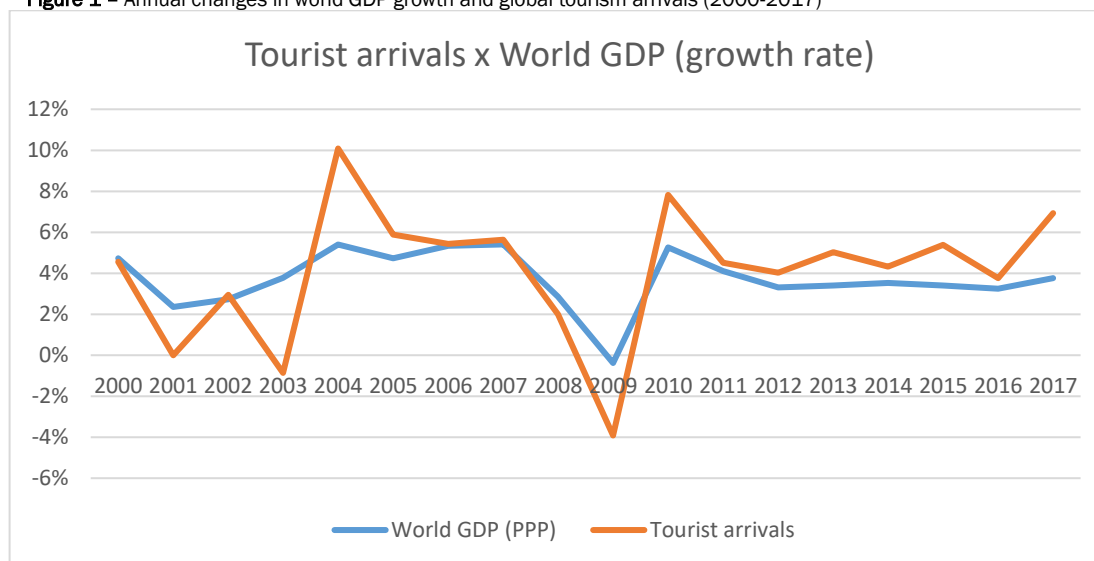
On the other hand, Brazilian spending abroad is closely related to income and, particularly, to exchange rate fluctuations. The appreciated Brazilian currency promotes outbound tourism and negatively affects inbound tourism, particularly from countries located in border locations, which, like Brazilians, in addition to foreign exchange, are responsive to changes in income (Rabahy, Silva & Vassallo, 2007).

O Brazil has unique conditions to sustain the growth of its tourism by strengthening the domestic market. Although not justified as a primary focus for the development of activity in the country, international tourism ends up benefiting from the structure developed and sustained by domestic tourism. Domestic and foreign markets are not mutually exclusive; on the contrary, they can complement each other improving tourism conditions in general. To this end, strategies should be established for each type of tourism (domestic and international) and destination in the country, where there are different types of attractions, capable of serving different market segments.

The size of territory and the wealth of cultural and natural attractions make Brazil a country with an enormous potential to serve a larger portion of the world tourism market.

2 THE GLOBAL TOURISM MARKET

The number of international trips made worldwide has grown considerably in recent years: annual growth rates of 4.01%, against 3.65% of world GDP in constant values from 2000 to 2017. However, over time, it fluctuates with the cycles of the world economy (Figure 1). Comparing the annual rates of global tourism arrivals and world GDP (Figure 1), we can observe a high correlation between the two variables, corroborating the hypothesis that tourism is considered an elastic activity in relation to income.

Figure 1 – Annual changes in world GDP growth and global tourism arrivals (2000-2017)

Source: World Economic Outlook Database (IMF) and UNWTO Highlights

Technological developments, particularly relating to transport and communication; advances in the process of globalization; increase in real income; increased free time for leisure; and the consequent changes in the consumption behavior, provided greater opportunities for tourism, previously an activity that only high-income individuals could access.

However, this significant growth in tourism, which has been taking place since the end of the last century, is not equal in all countries. In fact, analyzing the different continents, we observe a strong concentration of both inbound and outbound tourism in some regions.

As can be seen in Figure 2, there is a significant concentration of arrivals in some of the most developed regions of the world. No less than 51% of the world total (2018) goes to Europe, adding Asia Pacific (+ 24%) and North America (+ 10%) to 85% of the world total. It should be noted, however, that over time, travel destinations have become more diversified (in 1990 Europe accounted for 60.2%; loss of almost 10 percentage points).

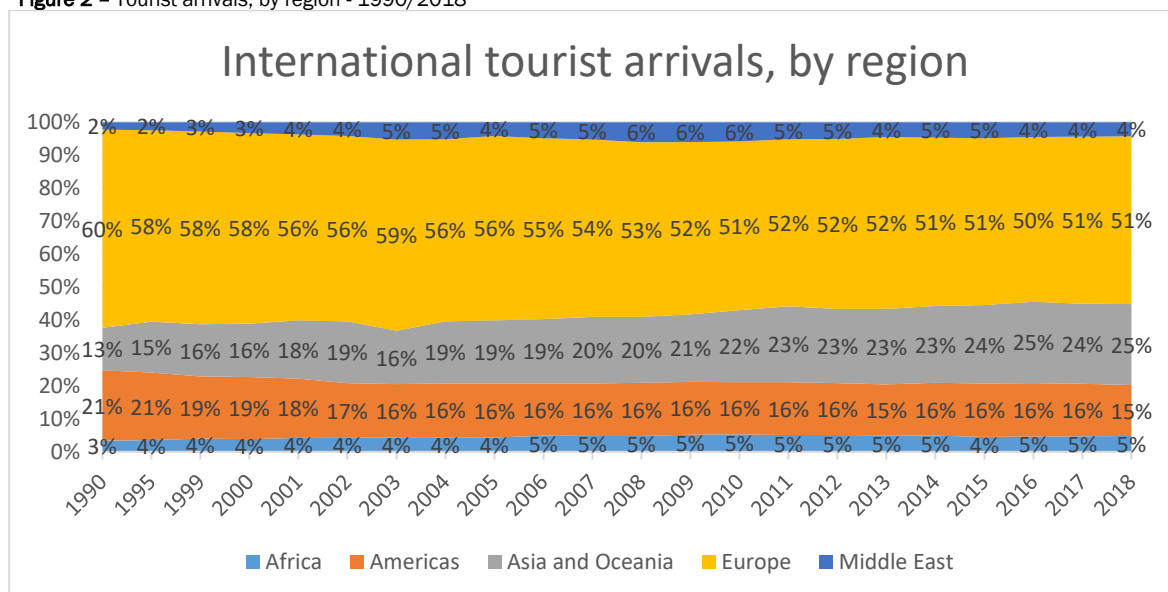
One of the reasons is the increase and better distribution of world income, along with the importance of the globalization process and the economic rise of new powers, the so-called emerging countries, specifically China. Asia Pacific increased from 55.9 million (12.9%) to 345.1 million tourists (24.6%), an increase of nearly 290 million tourists between 1990 and 2018 (+ 11.7 percentage points).

It should be noted that, due to time and income restrictions, in addition to insecurity with the unknown, the most significant portions of travel occur in destinations closer to the place of origin, characterizing tourism as an activity in which intra-regional travel predominates. Almost 80% of world tourism is done within the same region (Rabahy, 2003).

Similar situation occurs among countries. Ten of the most developed countries accounted for 47.6% of world tourism receipts (Table 1).

On the other hand, the major tourist source markets are also located in more developed regions and countries. Tourism is characterized as an activity that involves non-essential goods and services and, as such, has high income elasticity of demand. Thus, distribution of spending is uneven across countries, being concentrated in the most populous and rich countries (Table 1). The top ten spending countries accounted for more than half of international tourism spending (55.7%). Among these, seven countries are both major tourist sources and destinations: China, the United States, Germany, the United Kingdom, France, Australia, and Italy, which together accounted for 48.8% of total spending and 35.3% of revenues. This finding is consistent with the expectation that flows between developed regions predominate.

Figure 2 – Tourist arrivals, by region - 1990/2018



Source: UNWTO Highlights (2001 - 2019)

Table 1 – Main source and destination countries of foreign exchange from international tourism – 2018

Main source countries	Expenditure (2018)		Main destination countries	Receipts (2018)	
	(USD billion)	(%)		(USD billion)	(%)
China (*)	277.3	19.2	United States (*)	214.5	14.8
United States (*)	144.2	10.0	Spain	73.8	5.1
Germany (*)	94.2	6.5	France (*)	67.4	4.7
United Kingdom (*)	75.8	5.2	Thailand	63	4.4
France (*)	47.9	3.3	United Kingdom (*)	51.9	3.6
Australia (*)	36.8	2.5	Italy (*)	49.3	3.4
Russia	34.5	2.4	Australia (*)	45	3.1
Canada	33.3	2.3	Germany (*)	43	3.0
Korea	32	2.2	Japan	41.1	2.8
Italy (*)	30.1	2.1	China (*)	40.4	2.8
Subtotal	806.1	55.7	Subtotal	689.4	47.6
Other countries	641.9	44.3	Other countries	758.6	52.4
TOTAL	1,448.0	100.0	TOTAL	1,448.0	100.0

(*) Countries that are both in the top 10 of sources and destinations

Source: UNWTO Barometer - 2019

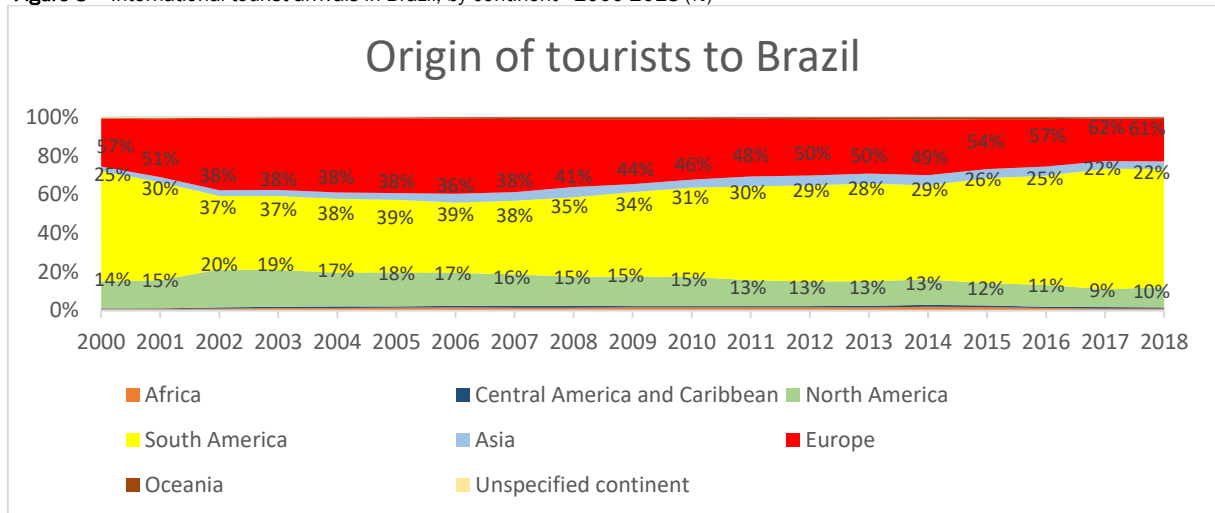
3 INTERNATIONAL TOURISM IN BRAZIL

3.1 Main source countries for Brazil

The main source region for Brazil, in number of tourists, is South America, with 61.2% of the total, followed by Europe (22.1%) and North America (10.4%), totaling 93.7% (Ministério do Turismo, 2019). From 2000 to 2018, South America's contribution grew by 4 percentage points, although in periods of crisis it fell by more than 20 points (2000 to 2006). South America growth was at the expense of Europe (-2.5 points) and North America (-3.6 points) – Figure 3.

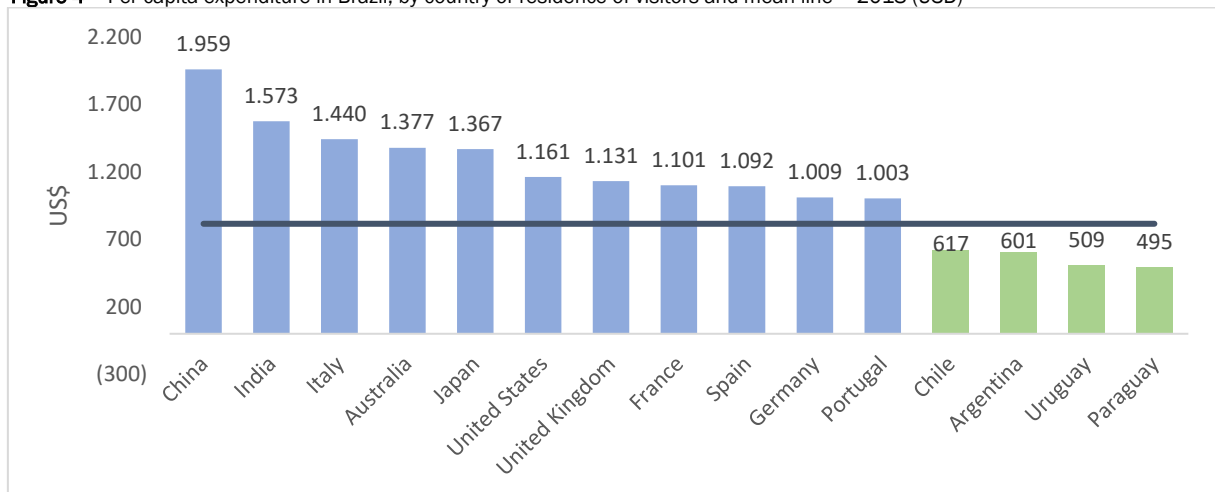
On the other hand, tourists from other continents are known to present per capita spending above the mean of visitors, which include those from neighboring countries. This also occurs in Brazil, the farther the origin and the higher the income level of the source countries, the higher the per capita spending - Figure 4. This is because long-haul tourism represents the least massified type, with longer length of stay, and higher income level.

Figure 3 – International tourist arrivals in Brazil, by continent - 2000-2018 (%)



Source: Tourism Ministry of Brazil – Statistical Yearbooks – 2001 to 2019

Figure 4 – Per capita expenditure in Brazil, by country of residence of visitors and mean line – 2018 (USD)



Source: Tourism Ministry of Brazil – International Tourism Demand – 2018.

The implicit theory of this analysis is that intracontinental travel from nearer countries are the most important in number of visitors, but they are the ones with the lowest per capita spending and are also the most sensitive to changes in exchange rates and relative prices. On the other hand, the farther the travel distance the lesser sensitive to context changes, the longer the stay and higher the per capita spending. For this market, the actions required to enhance the attraction of tourists and revenues are more complex, as these source markets are less sensitive to variables under the control of Brazil, and do not respond, with statistical significance, to exchange and price variations (Rabahy, 2003).

Tourism spending of the major countries of the world follows a historical pattern, with almost constant growth rates, susceptible to environmental variations, such as global economic crises or source countries' economies. Brazil's participation in global tourism as a destination of the world's major source countries is very small, ranging from 0.04% of China to 0.84% of Italy and with a world mean of 0.41% - Table 2. Due to this limited market share, spending of visitors from these countries are not significant for Brazil tourism.

Table 2 – Brazil as destination for the main tourism source markets

Source countries	Expenditure (USD Million)		
	Total	in Brazil	Brazil's market share (%)
China	277,300.00	110.00	0.04
United States	144,200.00	625.00	0.43
Germany	94,200.00	211.00	0.22
United Kingdom	75,800.00	175.00	0.23
France	47,900.00	262.00	0.55
Australia	36,800.00	58.00	0.16
Russia	34,500.00	23.00	0.07
Canada	33,300.00	72.00	0.22
Korea	32,000.00	25.00	0.08
Italy	30,100.00	254.00	0.84
Subtotal	806,100.00	1,818.00	0.23
Other countries	641,900.00	4,099.20	0.64
TOTAL	1,448,000.00	5,917.20	0.41

Source: UNWTO Barometer – 2019, Tourism Ministry of Brazil – International Tourism Demand – 2018 and Central Bank of Brazil – Balance of Payments 2018.

However, the prospects of marginal gains from this group of visitors—in the medium and long term—are very favorable to Brazil which, with its enormous potential, distinct features, adequate prioritization and aggressive marketing and promotion, can boost its tourism numbers.

In terms of spending, exchange rate variations are more decisive and have significant impacts on the international travel account of Brazil's balance of payments. The exchange rate affects, to varying degrees, the revenue side (foreign spending in Brazil) and the expenditure side (Brazilian spending abroad).

On the revenue side, it has been shown that only neighboring countries respond to changes in exchange rates and relative prices (Rabahy, 2003). They are also greatly affected by their own economic conditions. Although not prominent among the major global source markets, due to the predominance of interregional flows, the main sources for Brazil are South American countries. Among the top 5 countries, 4 of them are from South America and account for almost 55% of the total (Argentina, Chile, Paraguay, and Uruguay), only the United States appears in 2nd place - Table 3.

In order to accelerate revenue growth, given the current constraints of neighboring economies, it is necessary to prioritize this activity and promote actions that go beyond the use of conventional tools, with more aggressive and appropriately programmed actions for each type of market, particularly aimed at the international market.

Table 3 – Main Tourist Source Countries for Brazil – 2005 – 2018

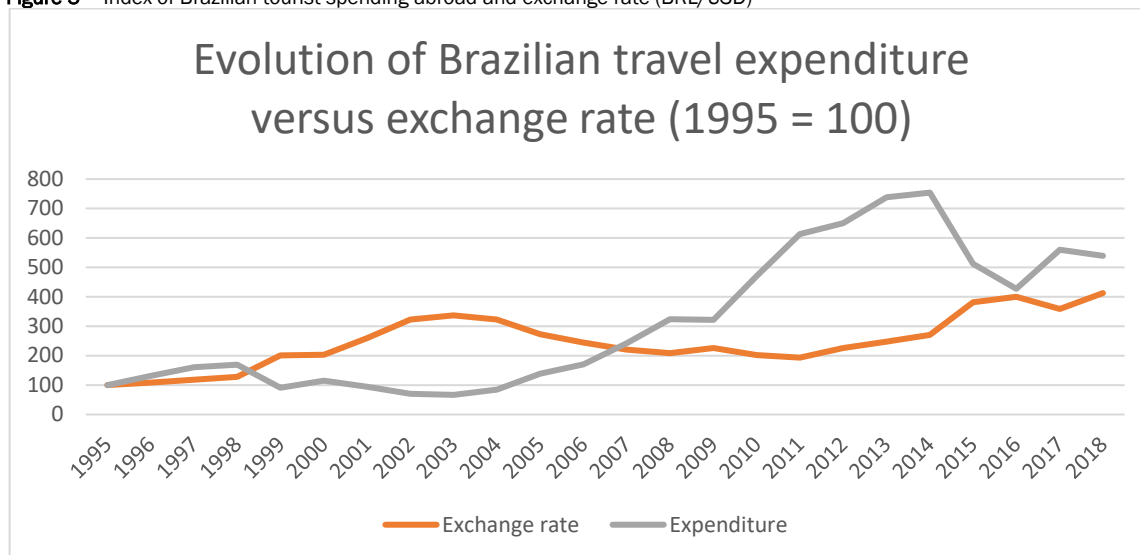
Country of residence	2005	2010	2011	2012	2013	2014	2015	2016	2017	2018
Argentina	992,299	1,399,592	1,593,775	1,671,604	1,711,491	1,743,930	2,079,823	2,294,900	2,622,327	2,498,483
United States	793,559	641,377	594,947	586,463	592,827	656,801	575,796	570,350	475,232	538,532
Chile	169,953	200,724	217,200	250,586	268,203	336,950	306,331	311,813	342,143	387,470
Paraguay	249,030	194,340	192,730	246,401	268,932	293,841	301,831	316,714	336,646	356,897
Uruguay	341,647	228,545	261,204	253,864	262,512	223,508	267,321	284,113	328,098	348,336
France	263,829	199,719	207,890	218,626	224,078	282,375	261,075	263,774	254,153	238,345
Germany	308,598	226,630	241,739	258,437	236,505	265,498	224,549	221,513	203,045	209,039
Italy	303,878	245,491	229,484	230,114	233,243	228,734	202,015	181,493	171,654	175,763
United Kingdom	169,514	167,355	149,564	155,548	169,732	217,003	189,269	202,671	185,858	154,586
Spain	172,979	179,340	190,392	180,406	169,751	166,759	151,029	147,846	137,202	147,159
Portugal	357,640	189,065	183,728	168,649	168,250	170,066	162,305	149,968	144,095	145,816
Colombia	47,230	85,567	91,345	100,324	116,461	158,886	118,866	135,192	140,363	131,596
Bolivia	68,670	99,359	85,429	112,639	95,028	95,300	108,149	138,106	126,781	126,253
Peru	60,251	81,020	86,795	91,996	98,602	117,230	113,078	114,276	115,320	121,326
Mexico	73,118	67,616	64,451	61,658	76,738	109,637	90,361	94,609	81,778	79,891
Other countries	985,975	955,639	1,042,681	1,089,528	1,120,989	1,363,334	1,154,040	1,119,358	924,075	961,884
TOTAL	5,358,170	5,161,379	5,433,354	5,676,843	5,813,342	6,429,852	6,305,838	6,546,696	6,588,770	6,621,376

Source: Tourism Ministry of Brazil - Statistical Yearbooks – 2006 to 2019.

3.2 Expenditure versus Exchange, Income and Prices

As for Brazilians' international travel expenses, given the pent-up demand for international travel by large portions of the population, income growth, real appreciation, and credit facilities have allowed a significant increase in Brazilians' spending abroad. The answer to one of these causal factors is evident in Figure 5, where the exchange and expenditure variables, transformed into index numbers, are negatively correlated.

Figure 5 – Index of Brazilian tourist spending abroad and exchange rate (BRL/USD)



Source: Central Bank of Brazil – Balance of Payments BPM6 and Ipeadata.

The exchange/expenditure ratio is almost the reflection of a “mirror”: the real appreciates, travel expenses (and imports) grow and the opposite happens when the real depreciates. The significant reduction in international travel expenses is evident from the exchange rate easing policy (1999): the Brazilian currency depreciates, from BRL 1.0/USD to BRL 2.3 and 3.1/USD (and up to 4.0 BRL/USD in 2003). Due to the reduction in expenses, the international travel account has even registered positive balances (2003 and 2004). In 2005 and 2006, the real appreciation accelerated, stimulating the increase in expenses with international travel.

Certainly, factors other than the exchange rate contributed to the growth of tourism spending: income increase, better income distribution, cost reduction, credit facilities, among others.

3.3 Brazil's International Travel Account

As for the international travel account balance, some periods stand out. Initially, with the appreciated real, particularly in 1997 and 1998, the deficit in this account reached almost USD 4.4 billion, due to the acceleration in spending. The policy of foreign exchange easing in 1999 led to a devaluation of the Brazilian currency, especially in the period from 2001 to 2005, with the mean annual price ranging from 2.4 to 3.1 BRL/USD. In this period, international travel expenditure fell sharply, from USD 5.5 billion in 1997/1998 to USD 2.2 to 2.4 billion in 2002/2003, even producing positive travel account balances in 2003 and 2004 (Table 4).

With the appreciation trend of the real against the US dollar beginning in 2005, there is a growing evolution of international travel expenses. In fact, since 2005, international travel expenses have evolved from below USD 5 billion to USD 10 billion in 2008 and 2009, reaching more than USD 20 billion in 2011 and over USD 25 billion in 2013 and 2014, leading to a deficit of USD 18.7 billion. From a level of BRL 3.3 to 3.8 and the Brazilian internal crisis (falling income in Brazil), travel expenses had slightly reduced to USD 15 to 18 billion. As seen, expenditure growth without corresponding revenue created deficits, reaching nearly USD 19 billion in 2014, and currently around USD 12 billion,

Ministry of Tourism's international demand studies, made by FIPE, show that, in addition to the larger contingent of Brazilians joining the international tourism consumer market, average tourist spending has also been rising. According to results presented in Table 5, average spending at current prices (in USD) grew by 47% between 2005 and 2012, corresponding to an average annual rate of 5.7%. Only in 2008 and 2009, because of the international crisis, average spending drops, -9.2% and -6.4%, respectively. Since 2012, spending has fallen from 47% to 14% in 2018 compared to 2005.

Table 4 – International Travel Account Results vs. Exchange Rate

Year	Exchange rate	International Travel Account (USD million)		
	BRL/USD	Receipts	Expenditure	Balance
1995	0.93	971.60	3,391.30	-2,419.70
1996	1.00	839.82	4,438.27	-3,598.45
1997	1.09	1,068.96	5,445.81	-4,376.86
1998	1.19	1,585.65	5,731.71	-4,146.06
1999	1.85	1,628.18	3,085.29	-1,457.11
2000	1.88	1,809.85	3,894.06	-2,084.21
2001	2.40	1,730.59	3,198.62	-1,468.03
2002	2.98	1,997.97	2,395.80	-397.84
2003	3.12	2,478.67	2,261.09	217.58
2004	2.99	3,222.05	2,871.28	350.78
2005	2.52	3,861.44	4,719.86	-858.42
2006	2.26	4,315.89	5,763.72	-1,447.84
2007	2.04	4,952.97	8,211.18	-3,258.22
2008	1.93	5,785.03	10,962.36	-5,177.33
2009	2.09	5,304.56	10,898.16	-5,593.60
2010	1.87	5,261.03	15,965.38	-10,704.35
2011	1.79	6,094.69	20,801.82	-14,707.13
2012	2.09	6,378.06	22,038.72	-15,660.66
2013	2.29	6,473.99	25,028.31	-18,554.33
2014	2.50	6,842.63	25,566.80	-18,724.17
2015	3.53	5,843.95	17,356.83	-11,512.87
2016	3.70	6,023.80	14,496.91	-8,473.11
2017	3.32	5,809.21	19,001.63	-13,192.42
2018	3.82	5,920.64	18,265.50	-12,344.87

Source: Central Bank of Brazil – Balance of Payments BPM6 and Ipeadata,

Table 5 – Average spending of Brazilian tourists abroad and exchange rate

Year	Exchange rate BRL/USD	Average per capita expenditure abroad	expenditure index (2005=100)	Annual expenditure variation (%)
2005	2.52	1,139.19	100.0	-
2006	2.26	1,158.89	101.7	1.7
2007	2.04	1,601.85	140.6	38.2
2008	1.93	1,454.75	127.7	-9.2
2009	2.09	1,361.96	119.6	-6.4
2010	1.87	1,515.56	133.0	11.3
2011	1.79	1,638.90	143.9	8.1
2012	2.09	1,677.16	147.2	2.3
2013	2.29	1,611.11	141.4	-3.9
2014	2.50	1,646.53	144.5	2.2
2015	3.53	1,375.22	120.7	-16.5
2016	3.70	1,281.00	112.4	-6.9
2017	3.32	1,402.51	123.1	9.5
2018	3.82	1,294.58	113.6	-7.7

Source: Tourism Ministry of Brazil – FIPE – International Demand Study – 2005 to 2018.

By analyzing these results, it is possible to verify the relationship between the variations of the average expenses with those of the exchange rate and appreciation of the real: as the real appreciates, the average expense grows. Alongside the exchange rate issue, there is the problem of income reduction for Brazilians, with the crisis that began in 2015.

That being said, it is essential to examine how these expenses of Brazilian travelers are composed, in order to understand other reasons for their growth. Table 6 shows that average spending on lodging and food, despite the slight increase in the period, it clearly ceased to be the main contributor to total spending. Among other items typically associated with tourism spending, we observe that only average transport expenses at destinations increased significantly until 2011, returning to the initial level thereafter. On the other hand, visits to attractions registered significant setbacks at the beginning and then remain constant.

The item that stands out regarding expenditure growth, and which contributed most to the increase in total average expenditure, was personal purchases, which even became, on average, the main expense item for Brazilians traveling abroad from 2009 to 2015.

Table 6 – Expenditure composition of Brazilian tourists abroad - 2006 – 2018 (%)

Expenditure items	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Accommodation	25.3	29.8	25.4	22.4	21.6	22.1	24.4	23.8	23.8	25.5	28.9	27.0	27.7
Food and drinks	26.3	26.0	24.8	24.2	24.9	23.4	24.3	23.6	23.9	26.0	26.5	27.0	27.1
Transport	10.5	10.0	15.5	15.4	14.5	13.5	9.6	10.0	9.7	8.9	10.0	10.1	10.4
Shopping	17.6	16.7	23.9	27.7	28.2	30.5	30.7	29.8	28.6	26.8	22.3	23.2	21.4
Attractions	17.7	16.2	9.3	9.1	9.4	9.2	10.0	11.4	10.3	10.8	9.6	10.5	10.0
Other expenditures	2.7	1.2	1.1	1.3	1.3	1.4	1.1	1.3	3.8	2.0	2.7	2.2	3.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Tourism Ministry of Brazil – FIPE - International Demand Survey – 2005 to 2018.

Although shopping is naturally part of the activities involved in tourism travel, at the levels it has reached, even surpassing food and lodging expenses, they can hardly be considered in their entirety as tourism expenses. For some time now, it has been observed that the appreciation of the real has stimulated the substitution of the purchase of domestic products by imported ones, a stimulus that evidently occurs with greater emphasis on Brazilians traveling abroad. In fact, it has become commonplace in recent times for foreign trips to be made only for purchases.

Thus, although the appreciation of the Brazilian currency is expected to stimulate international tourism of Brazilians, it should be emphasized that not all the amount of overseas spending of the international travel account is due to tourism spending. In fact, not a small portion of foreign exchange outflows are related much more to the importation of goods than to tourism expenses, since, according to the current criteria of the Central Bank of Brazil, foreign purchases with credit cards, even when not made at destination, are recorded as travel expenses for tourism. That is, even a purchase made by a consumer in Brazil, using the internet on foreign sites, is accounted for as international travel expenses in the Central Bank of Brazil criteria.

As for the flow of foreign tourists to Brazil, the situation is unfavorable, with small positive advances over time. In 2018, the country received 6.6 million tourists, while 19 years earlier (in 2000) had already reached 5.3 million. Brazil's market share in number of international arrivals, in turn, fell from 0.8% in 2000 to 0.47% in 2018.

4 TOURISM PROSPECTS for BRAZIL

4.1 Domestic Tourism: Tourism Foundation in Brazil

Although the importance of tourism for a given economy is often measured by the relevance of international tourism, data shows that tourism growth in most countries is based on the formation and development of the internal market. Even in some cases where the foreign market is the most important, the domestic market, in absolute values, is highly significant. Table 6, inspired by Bull's (1994) work, presents the relationship between the participation of domestic and international tourism in some of the major world tourism countries.

From the 13 countries in the table, only in Austria and Spain the receipts from the international market are higher than those from the domestic market, in the remaining countries the domestic market share is always higher, being 9.5 and 14.4 times higher in China and Japan. It should be noted that in Brazil the main driver of tourism is the domestic market, which represents 9.9 times more tourism consumption than that of foreigners in Brazil.

Table 7 – Domestic versus international tourism

Country	Year of reference	Tourism receipts (USD billion)		Ratio D/I
		International (I)	Domestic (D)	
United States	2006	84	593.7	7.1
France	2005	54	126.6	2.3
Spain	2004	49.3	48.7	1.0
Austria	2005	17.9	17	0.9
Mexico	2006	15.3	96.2	6.3
Japan	2007	12.6	181	14.4
Australia	2003	11.5	32.4	2.8
Canada	2002	11.5	24.5	2.1
Switzerland	2005	9.6	14.8	1.5
Holland	2007	9.3	39.1	4.2
China	2002	1.1	10.4	9.5
Chile	2003	1.1	3.8	3.5
Brazil	1999	3.9	38.8	9.9

Source: UNTWO – TSA data around the world, 2009 and Embratur, FIPE - Tourism Satellite Account, 2002

4.2 Opportunities in the world tourism market

A new perspective of destination diversification stems, in addition to the available income and time factors, from a process of saturation of traditional markets, with the progressive crossing of its borders, towards new destinations and spillovers to more distant locations, in search of unique and/or exotic attractions, characteristic of pioneering segments of travelers, which then spread to other types of consumers.

In this context, there is room for the medium and long term to compete for the absorption of the natural redistribution of tourist flows to new destinations, even if in a small scale.

Considering the high concentration of travel in the region of origin itself, the country's location in relation to the main tourist source countries is a significant determinant of inbound tourism growth. In 2018, world tourism revenues reached USD 1,488 billion. Of this total, Brazil, with revenues of USD 5.92 billion, accounts for only 0.41% of the total. Considering the major source countries, Brazil is in the group of the most distant destinations. Usually, these places are not mass-tourism destinations, on the contrary, they are for more sophisticated consumers who, although in small numbers, are gradually increasing but that have not yet prioritized Brazilian destinations.

In this context, the growth possibilities of international tourism in Brazil depend mainly on the economic performance of its neighboring countries, including in terms of exchange rate, income, and prices, and on the enhancement of Brazil's unique attractions through improved infrastructure, tourism support services, and more intense and competitive tourism marketing and promotion actions, supported by the strengthening of domestic tourism.

The current situation does not yet represent the full potential of Brazil in the world tourism market. As presented in Table 2, among the main source countries of international tourism, except Italy (0.84%) and France (0.55%), all the others allocate less than 0.5% of their expenses to Brazil.

4.3 Tourism Impacts on Income distribution

Tourism can be considered an important economic activity, capable of boosting the growth of some regions that present conditions for its development. Among the benefits from this activity, those that contribute to the reduction of regional and personal inequalities stand out. In this respect, as it is predominantly a service

sector activity, notably labor-intensive, the job creation potential of tourism is very important, being also the basis of the economic growth of regions or even countries.

As shown in Table 8, tourism plays an important role in regional income redistribution. In fact, for every real spent by the Northeast in the Southeast, the Southeast disburses 3 reals in the Northeast.

Table 8 – Tourism spending and revenue flows in domestic travel in Brazil (%)

	Destination					Total
	Center West	Northeast	North	Southeast	South	
Middle West	4.05	3.88	0.66	3.41	1.44	13.43
Northeast	0.89	12.22	0.51	3.66	0.79	18.06
North	1.09	1.64	2.96	1.25	0.38	7.32
Southeast	3.59	10.88	0.75	23.49	5.08	43.80
South	0.73	2.20	0.12	3.16	11.18	17.39
Total	10.35	30.82	5.00	34.97	18.86	100.00

Source: Tourism Ministry of Brazil, FIPE. Domestic Demand Survey, 2012.

On the other hand, the relative importance of this sector of activity is evident in less developed regions. Table 9 shows that, although the Southeast is the region that most gains from tourism in absolute terms (35% of the total), in relative terms, it represents 1.88% of its gross domestic products against 6.84% of the Northeast, proving to be an important industry for this region. Thus, clearly, tourism promotes regional income redistribution.

Table 9– Relative share of tourism in GDP, by Brazilian region

	Center West	Northeast	North	Southeast	South	Brazil
Direct Impact of Tourism	12,455	39,913	6,578	46,145	25,245	130,337
GDP (2011)	400,153	583,413	241,028	2,455,542	696,247	4,376,382
Tourism/GDP (%)	3.11	6.84	2.73	1.88	3.63	2.98

Source: Tourism Ministry of Brazil, FIPE. Domestic Demand Survey, 2012 and IBGE,

5 SOME RECOMMENDATIONS FOR TOURISM IN BRAZIL

For a long time, the acceleration of tourism growth in Brazil has been a permanent challenge for its development. The recommendations contained herein reinforce some already known, along with others that emerge specifically from the analysis performed and other considerations.

Brazil must base tourism growth on the strengthening of the internal market that, besides its benefits, generates externalities to sustain the growth of international tourism.

International tourism should occur in combination with the other market segments, bearing in mind two main aspects. The first refers to the prioritization of the most typical market segments for a given region, whether regarding their origin—domestic or foreign—or sociodemographic characteristics—income level, travel motivation, psychographic profile, among others.

The second aspect concerns the strategy to be adopted in a given region to promote the growth of tourism activities: on the demand side, organizing and facilitating the emergence of spontaneous trends, or, alternatively and complementarily, on the supply side, orienting and stimulating new public and private investments in the region.

Special attention should be given to tourism seasonality, carrying out actions to mitigate it, attracting visitors throughout the year and diluting fixed costs and thus reducing unit costs. Several possibilities exist: one is to expand specific programs for the elderly. In Brazil, there is a clear trend of aging of the population, with the number of elderly people increasing significantly each year.

A significant number of people in this age group is retired and has no work-related restrictions that would make it impossible to engage in tourism activities outside the holidays. Along these lines, it would also be appropriate to plan the possibility that some tourist locations would be equipped with special assistance services for this segment of the population, particularly off season.

Finally, greater integration should be sought with other sectors, particularly the environment and sports. And in the specific case of inbound tourism, one of the recommended actions is the installation of outlets for marketing abroad, near the main international airports, integrating the public and private sectors, in this case especially the airlines and travel agencies, and in the public sector, the agencies of the referred sectors, together with the state bodies.

It does not seem appropriate that there be distancing from the agencies that somehow deal with these tourism issues. More articulated actions, in addition to cooperation, will result in the rise of these activities in government priorities.

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