

# Policy Brief

#2 — 2023

## Recommendations for the Design of Tourism Policies in Latin America and the Caribbean

**Despite the importance that tourism has come to acquire on the public agendas of Latin American and Caribbean countries, the outcomes have not led to improvements in the standard of living of their populations.**

For decades, there has been a widespread bid to boost inbound tourism and to promote the sector abroad as the main cornerstones of public policies in this field. The COVID-19 pandemic in 2020 brought to light the strong external dependence and vulnerability of this development model. Its difficulties in contributing to the achievement of certain professed objectives were also exposed, such as the goals of quality employment,

a reduction in poverty, a raised appreciation of local heritage, environmental care and social development. The post-pandemic reactivation of tourism seems to have reinforced this model, accentuating the problems and risks that it involves. In this scenario, an alternative approach to public policymaking is needed, able to contribute to more inclusive, sustainable, solidarity-based models of tourism development.

## Introduction

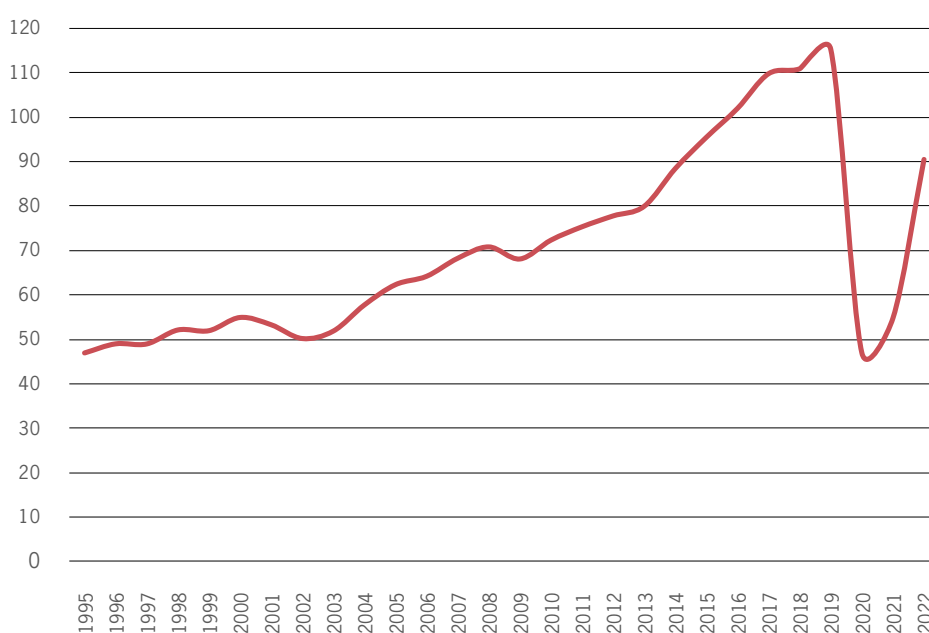
Public policymaking in the field of tourism in Latin America and the Caribbean is far from a recent phenomenon, with the first efforts being made in the early 20th century. Following the initial onset of tourism as an activity for wealthier sectors of society, its inclusion in policymaking in the early 20th century was characterized by a geopolitical interest, in many of these countries, in controlling areas on the fringes of their borders. From the 1940s, with the promotion of social tourism, more of the population gained access to tourism activities. However, from the mid 1960s, the Inter-American Development Bank (IDB), the International Monetary Fund (IMF), and other bodies attached to the United Nations imposed international tourism as a development strategy, conditioning foreign loans upon the introduction of policies that would promote it. Hence, **the belief was fostered that influxes of foreign currency from tourism would narrow the deficit in countries' balance of payments and help to reduce poverty.** This involved opening-up policies and tax incentives for foreign investors. The foreign debt crisis in the 1980s accelerated and extended this strategy.

Since then, successive governments in the region have endorsed policies of a neoliberal nature, promoted under the **Washington consensus** and its standard reform package, associated with privatizations, the deregulation of the economy and more flexible labour conditions.

This has resulted in a **widespread bid to boost inbound tourism and for the foreign positioning of countries in order to attract investment and tourists.** This process intensified from the 1990s when the effects of these neoliberal policies began to be observed (Figure 1). Since then, international arrivals to Latin America and the Caribbean have grown steadily for almost three decades.

Nonetheless, the pattern in international arrivals to the region is not a uniform one for all its countries (Table 1). In the latest statistics gathered prior to the COVID-19 pandemic, Mexico was recorded as having 45.02 million tourism arrivals, followed, in second place, by Argentina at a substantial distance with 7.40 million arrivals.

**Figure 1. The evolution of international tourists to Latin America and the Caribbean, 1995-2022 (in millions).**



Source: UNWTO (2023) Compendium of Tourism Statistics.

**Table 1. International tourist arrivals to Latin America and the Caribbean by country, 2000-2022 (in millions).**

Countries / Year	2000	2010	2019	2020	2021	2022
Mexico	20.64	23.29	45.02	24.82	31.86	38.33
Argentina	2.91	6.80	7.40	2.09	0.30	3.89
Brazil	5.31	5.16	6.35	2.15	0.75	3.63
Dominican Rep.	2.98	4.13	6.45	2.41	4.99	7.16
Puerto Rico	3.34	3.19	3.18	2.62	2.75	3.,27
Chile	1.74	2.80	4.52	NO DATA	NO DATA	2.03
Cuba	1.74	2.51	4.26	1.09	NO DATA	NO DATA
Colombia	0.56	2.38	4.17	1.26	2.16	4.55
Uruguay	1.97	2.35	3.24	0.92	NO DATA	2.47
Peru	0.80	2.30	4.37	0.90	0.44	2.01
Costa Rica	1.09	2.10	3.14	1.01	1.35	2.35
Jamaica	1.32	1.92	2.68	0.88	1.46	2.48
El Salvador	0.80	1.15	1.77	0.55	1.22	1.89

Source: UNWTO (2023) Compendium of Tourism Statistics

This bid to promote international tourism has led to an increase in tourism’s contribution to the economy of each of the countries, to a greater or lesser degree. However, the results also reveal different levels of dependence on tourism. In terms of the Gross Domestic Product (GDP), an indicator with many limitations although it does serve as a pointer, there is one group of countries where tourism accounts for a higher share of the economy (Mexico, the Dominican Republic, Costa Rica and Uruguay) in contrast with others where it has a lesser share, particularly in the south of the region in countries such as Brazil, Ecuador, Chile and Argentina (Table 2).

As also occurred in the rest of the world, the **COVID-19 pandemic** in 2020 led to a severe crisis in tourism and, above all, in international arrivals. The reactivation of tourism has had contradictory results: while most countries in South America have still not recovered their 2019 tourism levels, the sub-regions of the Caribbean and Central America have surpassed them (Table 1).

**Table 2. Direct income from tourism as a share of the total GDP (%), 2019.**

País	% of GDP
Dominican Rep.	11.26
Mexico	8.61
Uruguay	7.00
Costa Rica	4.82
El Salvador	3.52
Chile	3.31
Colombia	2.64
Ecuador	2.28
Argentina	1.77

Source: UNWTO. The tourism direct GDP as a proportion of the total GDP (indicator 8.9.1). \*The source of the data for the Dominican Republic is its Central Bank (BCRD). \*\*The most recent data for El Salvador is for 2018.

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## Methodology

Alba Sud is an independent research centre that specializes in investigating tourism from a critical perspective. It has over fifteen years' experience in research into the transformation of tourism into more responsible models and over a decade's experience working in the Caribbean region, with an extensive network of collaborators in Mexico and the Dominican Republic.

This document, based on the experience that we have acquired, is mainly directed at policymakers at different levels of Latin America's public administration, and also at members of political parties and social movements that feel the need for an alternative approach to public policies in the field of tourism.

### Find out more:

Salient publications on the region by Alba Sud, with a critical insight into the hegemonic model of tourism development, include: [De la plantación al resort. El Caribe en el siglo veintiuno](#) (Pantojas, 2022); [La producción del espacio turístico en Puerto Morelos, México](#) (Calvario-Morales & Palafox, 2020); [El espejismo de Cancún. Análisis del desempeño y evolución de un destino turístico](#) (Mcoy, 2017); [El turismo como catalizador de la pobreza. Trabajo turístico y precariedad en Cozumel, México](#) (Rubí & Palafox, 2017), [Turismo placebo](#) (Blázquez & Cañada, 2011).

We have also published other material that could serve as a source of inspiration for the introduction of alternative public policies: [Turismo popular. Propuestas y debates](#) (Ernest Cañada, Jordi Gascón & Claudio Milano editors, 2023); [Válvulas verdes. Parques verdes urbanos en el Área Metropolitana de San Salvador](#) (Ernest Cañada & Xenia Ortiz, 2022); [SESC Bertioga: Building Hope Through Social Tourism](#) (Ernest Cañada, 2020); [Turismo social en América Latina. Aprendizajes de las experiencias regionales](#) (Érica Schenkel, 2019).

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## Key results

### Tourism policies at the service of the business sector

In most countries in Latin America and the Caribbean, a legislative framework has been created conducive to the promotion of international tourism and foreign investment. In planning terms, this legislation replicates the principles of the **Global Code of Ethics for Tourism** and it includes a reference to sustainability, competitiveness, quality and the formalization of tourism as a "right" of individuals. However, these policies are mainly based on the creation of infrastructure (airports, ports, roads, water supplies, electricity and the Internet); incentives; flexibility in the application of environmental, fiscal or labour policies in order to facilitate investment; and the country's international promotion. Public policies serve the interests of the private business sector of the country in question and at a transnational level, and these businesses become

major stakeholders, channelling their activities through public-private partnerships.

### A model that generates exclusion and vulnerability

This emphasis on a development model based on the promotion of international tourism has had limited effects in terms of the distribution of profits. The development of these tourism activities necessitated high adaptational costs and incentives, but it has resulted in increased foreign dependence and the reproduction of asymmetrical trading relations. Consequently, the region's dependence has been further intensified in its integration into the world economy. At a social level, the processes involved in the creation of tourism spaces for the reproduction of capital have only served to accentuate the **structural violence** of the dynamics of dispossession.

The crisis caused by the COVID-19 pandemic has not only cast the spotlight on the extremely high **foreign dependence and vulnerability** that this bid for international tourism generates, but it has also revealed the very meagre social benefits that this kind of strategy offers. For instance, from an employment perspective, statistics on the quality of employment by the International Labour Organization (ILO) demonstrate the high level of informal employment in the tourism sector. Indeed, in Latin America and the Caribbean, most tourism employment is informal labour (Table 3). If a breakdown is made by sex, generally speaking, informal employment is particularly prevalent among women.

This tourism development strategy, which most of the region undertook to follow, has not led to higher levels of wellbeing or to improvements in basic human development indicators (Table 4). In fact, in those countries where tourism accounts for a higher share of the economy, there has been no significant improvement in infant mortality (the likelihood of a new-born baby dying before it reaches the age of one) or poverty (the percentage of the total population whose average per capita income is below the cost of a basic food basket).

**Table 3. The rate of informal employment in the tourism sector by sex.**

Country	Informal labour in the tourism sector		Year
	Women	Men	
Argentina	61.8	57.2	2019
Brazil	46.2	52.4	2019
Chile	NO DATA	NO DATA	NO DATA
Colombia	57.1	78.4	2022
Costa Rica	57.4	47.2	2019
Cuba	S.D	S.D	S.D
Ecuador	75.4	65.5	2019
El Salvador	85.1	72.4	2019
Mexico	NO DATA	NO DATA	NO DATA
Nicaragua	NO DATA	NO DATA	NO DATA
Dominican Rep.	54.8	59.2	2019
Uruguay	36.5	24.7	2022

Source: Own based on ILOSTAT (OIT, 2024).

**Table 4. Socioeconomic indicators by country.**

Country	Infant mortality	Poverty	Gini coefficient	Year
Dominican Rep.	27.8	19.0	0,432	2019
Nicaragua	14.0	46.3	0,495	2014
Brazil	13.3	20.2	0,538	2019
Mexico	12.0	35.5	0,464	2018
Colombia	11.6	30.4	0,529	2019
Ecuador	11.4	25.7	0,456	2019
El Salvador	11.3	30.4	0,406	2019
Argentina	9.8	26.0	0,404	2019
Costa Rica	7.0	16.5	0,495	2019
Chile	6.6	10.7	0,462	2017
Uruguay	5.3	3.0	0,392	2019
Cuba	4.2	NO DATA	NO DATA	2019

Source: CEPAL.



## Domestic tourism: a future option

From the few statistics that are available, **there is still unequal minority access to tourism among the region's inhabitants**. For instance, Peru, Paraguay and Chile have a tourism participation rate of around 20%, while the figure for Colombia is even lower. In the region, a lack of access to tourism is one of the many inequalities that people in lower socioeconomic positions face. The higher the income precarity and employment instability and the lower the level of education, the less possibility a person has of taking a holiday. The highest levels of tourism participation correspond to Argentina, Brazil and Mexico, with a figure of around 40%.

In this context, the pandemic opened a window of opportunity for Latin American countries to make

a new bid for **domestic tourism**. The centrality of international tourism shifted, and the spotlight was cast on local residents: a new prime target of tourism policies. As for tourism practices and destinations, a new appreciation of relatively uncustomary types of tourism and locations could be observed, while traditional destinations innovated in order to encourage visits during the pandemic. This was the case of countries like Argentina, Chile, Colombia, Ecuador and Uruguay, where programmes were devised to reactivate domestic tourism when the first tourism establishments reopened but the countries' borders were still closed, with the application of a wide variety of instruments (loans, subsidies, tax benefits, infrastructure and services) to support tourism services and boost the domestic demand. When the pandemic came to an end, however, very few of these policies were continued.

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## Proposals

Today, with the post-pandemic reactivation of tourism, we witness a return to an approach to tourism policymaking that continues to overlook the needs of most of the population and, in particular, the popular classes. This leads to the ongoing reproduction of inequalities and, furthermore, to increased vulnerability to any critical event or factor that might jeopardize the growth of international tourism.

In this scenario, a change in tourism policies in Latin America and the Caribbean is needed, based on the following criteria:

- To make the local population and, in particular, those with fewer resources the main beneficiaries of tourism policies.
- To pay serious attention to the risks of social and environmental crises and other factors that boost the vulnerability of destinations specializing heavily in tourism, in particular international tourism.
- To promote a tourism model based on domestic markets and proximity tourists.
- To contribute to a more balanced model of economic development, aimed at reducing dependence on just a few economic activities in each country.
- To boost public policies in the field of social, associative and community-based tourism. In turn, to foster links between the public sector and different agents from the social and solidarity-based economy.
- To boost quality leisure and cultural services accessible to the local population, with tourism policies directed at the needs of local people.
- To increase the number of green spaces in metropolitan areas through public policies and to make improvements to the public transport system to ensure access to these spaces.
- To promote a greater awareness of responsible tourism consumption.
- To guarantee decent tourism employment under equal conditions, with public incentives and monitoring procedures, creating secure conditions for trade union representation in companies.

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**Alba Sud**

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Authors: Ernest Cañada & Érica Schenkel

This *policy brief* has been published within the framework of “The post COVID-19 reactivation of tourism: the risk of growing global inequalities”, a project promoted by Alba Sud with the support of the Catalan Development Cooperation Agency (2020 call).

ISBN: 978-84-09-55660-1

An initiative of

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With the support of



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de Cooperació  
al Desenvolupament



Generalitat  
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