

International Visitations to the U.S. from

# BRAZIL

INTERNATIONAL INBOUND TRAVEL MARKET PROFILE



# 2018

## SUMMARY

In 2018, 2.2 million travelers from Brazil visited the United States. As the U.S.' fifth largest overseas inbound market, Brazilian visitors comprised 5.5% of overseas travel to the U.S. Accounting for 18% of total U.S. exports of goods and services to Brazil, travel is the top U.S. industry export to Brazil. Travel generated an \$11.2 billion trade surplus with Brazil in 2018, more than any other industry.

### BRAZIL MARKET SUMMARY, 2018

U.S. Visitations from Brazil	2.2 million
Travel Spending	\$7.8 billion
Average Spending per Visitor	\$5,206
Total U.S. Travel Exports	\$12.1 billion
U.S. Travel Trade Balance	\$11.2 billion

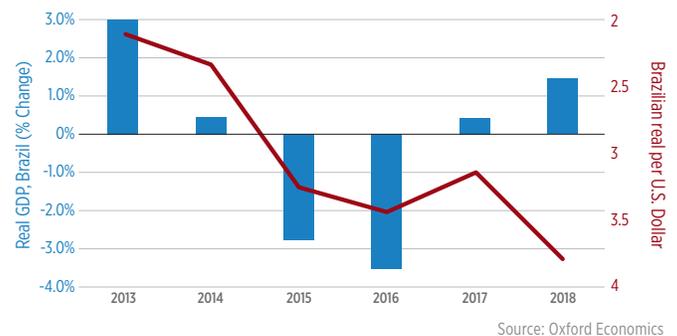
## MACRO OVERVIEW

With a \$1.9 trillion economy and a population of 210 million, Brazil ranks ninth in GDP and sixth in population globally. The country's economy is diverse, with a sizable manufacturing base and mineral riches. After seeing its share of global GDP rise from 1.9% in 2000 to 3.3% in 2012, Brazil's economy has entered a period of distress in recent years. Due to a combination of external and internal economic factors, as well as political instability, Brazil suffered the most severe recession in over a century in 2015 and 2016, with real GDP cumulatively falling by 6.3%. Between 2014 and 2017, the Brazilian real depreciated 26% against the U.S. dollar.

Following 13 years in office, Brazilian President Dilma Rousseff of the social democratic Workers' Party was impeached and removed from office in 2016. In late 2018, Brazil elected the conservative Jair Bolsonaro as president. While Brazil's economy has grown again (though very slowly) in 2017 and 2018, the state of the economic recovery remains unclear. An ongoing recession in nearby Argentina is likely also having negative spillover effects on Brazil. After increasing by 0.4% in 2017 and 1.5% in 2018, Brazil's GDP in 2018 remained 4.5% below its GDP in 2014 and is not expected to return to this level until 2022.

VWP Member	Free Trade Agreement	Global Entry	Preclearance	Open Skies
X	X	X	X	✓

Brazil GDP and Currency, 2013-2018



## TRAVEL IMPACT: VISITATION

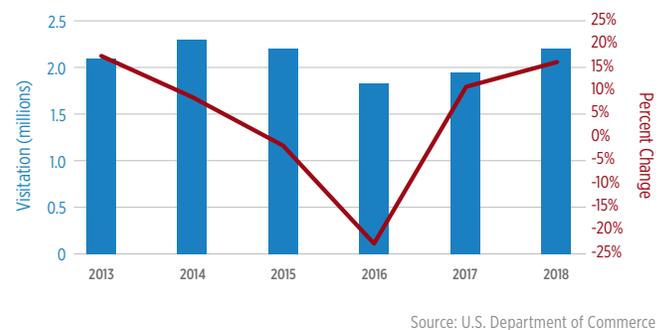
With 2.2 million visitations, Brazil ranked as the United States' fifth largest overseas inbound market in 2018.

Brazil had risen up the ranks from the ninth largest overseas inbound market to the U.S. in 2003 to the third largest in 2014, following 11 years of consecutive growth. But Brazil's economic and political crisis of 2014-2016—coupled with the severe depreciation of the Brazilian real versus the U.S. dollar—had a detrimental effect on travel to the United States in 2015 and 2016. Visitation declined by 1.6% in 2015 and by a staggering 22.6% in 2016. As a result, Brazil dropped to the sixth largest overseas market for the U.S. Strong growth resumed in 2017 (+10.8%) and 2018 (+15.5%).

Nevertheless, the number of visitations in 2018 was still 3% shy of its peak in 2014, and its ranking remained two places lower than in 2014. Visitations are not expected to grow at all in 2019, based on the U.S. Department of Commerce's latest forecast.

In the first nine months of 2019, visitation from Brazil was down by 3.7% compared to the first nine months of 2018.

Brazilian Visitation to the U.S., 2013-2018



## TRAVEL IMPACT: ECONOMIC

Travel exports to Brazil totaled \$12.1 billion in 2018, making Brazilians the fifth highest overseas spenders in the U.S. Brazil ranks fifth out of all overseas markets in total U.S. travel exports. Travel is the U.S.' largest industry export to Brazil, accounting for 18% of all U.S. exports of goods and services to the country. Average spending per Brazilian visitor to the U.S. was \$5,200 in 2018, among the highest of all international visitors.

With travel exports to Brazil valued at \$12.1 billion and travel imports (i.e., spending by U.S. travelers in Brazil) valued at \$924 million, travel generated an \$11.2 billion trade surplus with Brazil in 2018, more than any other industry.

For more about the contribution of visitations from Brazil to America's trade balance, see Addendum A, Page 4.

TOP U.S. EXPORTS TO BRAZIL, 2018		
INDUSTRY	U.S. EXPORTS IN BILLIONS (\$)	SHARE TOTAL EXPORTS OF GOODS AND SERVICES
Travel	12.1	18.0%
Chemicals	9.4	13.9%
Transportation Equipment	7.5	11.1%
Petroleum and Coal	6.6	9.8%
Computers and Electronics	4.4	6.6%

Source: U.S. Department of Commerce

## MAJOR TRAVELER CHARACTERISTICS

In 2018, more than half (55%) of Brazilian travelers visited Florida and 27% visited New York. Top cities visited included Orlando (35%), Miami (32%) and New York City (27%).

- ▶ The average Brazilian traveler spends 10 nights visiting the U.S.
- ▶ Their main purposes for visiting the U.S. are vacation (75%), visiting friends/relatives (10%), business (6%), convention/trade show (5%) and education (4%)
- ▶ Top activities in the U.S. include shopping, sightseeing, amusement/theme parks, National Parks/monuments, art gallery/museum and historical locations
- ▶ 17% of Brazilian travelers in 2018 indicated this was their first trip to the U.S.—down from 23% in 2010
- ▶ Brazilian travelers are relying less on pre-paid packages: 10% used a pre-paid package in 2018—down from 15% in 2014

### CHARACTERISTICS AT GLANCE



## THE COMPETITION

The United States is—by far—the most sought-out travel destination for Brazilians. Of all outbound travel from Brazil in 2018, 20% was headed to the United States.

While the United States' share of Brazilian international travel remains high and has increased in 2018 (from 19% to 20%), it remains smaller than in 2015 (23%).

In fact, while Brazilian visitation to the U.S. declined by a cumulative 0.8% between 2015 and 2018, total outbound visitation from Brazil *increased* by 10.5%. Competition from other markets is therefore becoming a significant risk to sustaining the impressive share that the U.S. commands in outbound travel from Brazil. The U.S. has an opportunity to further boost the interest of Brazilian travelers in the United States as a travel destination by simplifying visa requirements and starting the process of including Brazil in the Visa Waiver Program.

TOP BRAZILIAN OUTBOUND DESTINATIONS 2015 & 2018			
DESTINATION	VISITATIONS, 2015 (IN MILLIONS)	VISITATIONS, 2018 (IN MILLIONS)	% CHANGE IN VISITATIONS, 2015-2018
1 United States	2,228	2,209	-0.8% ▼
2 Argentina	1,175	1,205	2.5% ▲
3 Portugal	605	1,065	75.9% ▲
4 France	1,056	1,052	-0.4% ▼
5 Italy	461	549	18.9% ▲
<b>Total Outbound Travel</b>	<b>10,167</b>	<b>11,231</b>	<b>10.5% ▲</b>

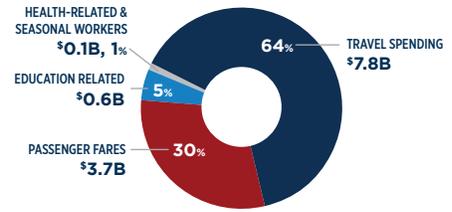
Source: Tourism Economics and U.S. Department of Commerce (for U.S. arrivals)

## TRAVEL FROM BRAZIL TO THE U.S. IS “MADE IN AMERICA”

### 1 Spending by Brazilians in the U.S. produced \$12.1 billion in export income for the U.S. economy.

Although Brazilians are physically on U.S. soil when they visit the United States, the goods and services they consume while in America are U.S. exports. In 2018, U.S. travel exports to Brazil totaled \$12.1 billion, which included travel spending by Brazilian visitors to the U.S. (\$7.8 billion), education and health-related expenses by Brazilians in the U.S. (\$634 million combined) and international passenger fares from Brazilians flying on U.S. airlines (\$3.7 billion).

Breakdown of U.S. Travel Exports to Brazil



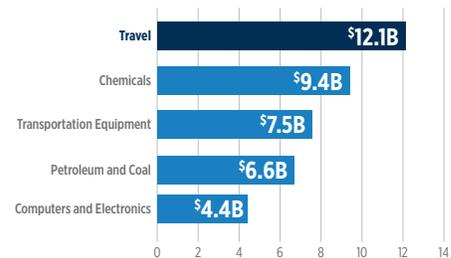
Total U.S. Travel Exports to Brazil = \$12.1 Billion

Source: U.S. Department of Commerce

### 2 Travel is the largest industry export to Brazil and accounted for 18% of all U.S. exports to Brazil in 2018.

Travel was, by far, the largest industry export to Brazil in 2018 (18% of total exports of goods and services), significantly ahead of second-place chemicals (14%).

Top 5 U.S. Exports to Brazil, 2018

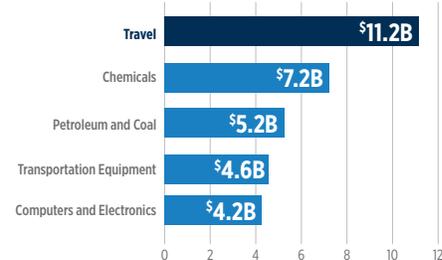


Source: U.S. Department of Commerce

### 3 Travel generated an \$11.2 billion trade surplus in 2018.

After taking into account U.S. resident spending in Brazil (\$924 million), the U.S. had an \$11.2 billion travel trade surplus with Brazil. Without this surplus, the U.S. trade surplus with Brazil (\$31.7 billion) would have been only \$20.5 billion, or 35% smaller. Of all industries in which the U.S. trades with Brazil, travel, by far, generated the largest trade surplus.

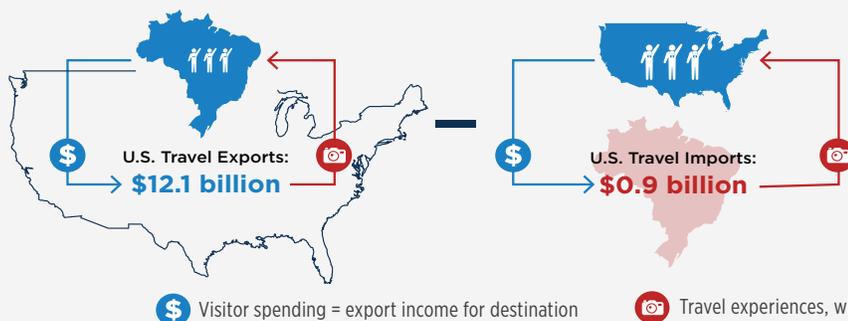
Top 5 Industries by U.S. Trade Surplus with Brazil, 2018



Source: U.S. Department of Commerce

## CALCULATING THE TRAVEL TRADE BALANCE WITH BRAZIL

Spending by Brazilian visitors constitutes a U.S. travel export while spending by U.S. residents in Brazil constitutes a U.S. travel import.



= \$11.2 Billion

Travel Trade Surplus with Brazil

Since travel exports are far greater than travel imports, the U.S. enjoys a strong travel surplus with Brazil.

## TRAVEL CHARACTERISTICS AND DEMOGRAPHICS

### TOP MOTIVATIONS FOR INTERNATIONAL TRAVEL<sup>1</sup>



Cultural/Historical Attractions



Local Lifestyle



Shopping



Dining and Gastronomy



Urban Attractions

### IMPRESSIONS OF THE U.S.<sup>1</sup>

DIVERSE

SOPHISTICATED

DOWN-TO-EARTH

CREATIVE

ENERGETIC



**54%** say the U.S. is a top desired destination<sup>2</sup>

#### PLANNING/BOOKING BEHAVIORS

	2018	2017
Use of social media to plan trip <sup>2</sup>	24%	38%
Pre-paid package <sup>3</sup>	10%	11%
Average trip decision time in days <sup>3</sup>	120	109

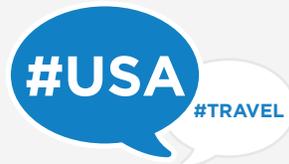
### MOST INFLUENTIAL CONTENT WHEN DECIDING ON DESTINATION<sup>2</sup>

SHOPPING

THEME PARKS

SIGHTSEEING

HOTELS AND LODGING



**24%** use social media to plan trip<sup>2</sup>

DETERRENENTS TO VISITING THE U.S. <sup>2</sup>	2018	2017
Airfare is too expensive	41%	
Too expensive	26%	47%
Unfavorable currency exchange rate	39%	43%
I don't have enough holiday time	18%	14%
Strict security policies	16%	
Uncomfortable with national politics	14%	20%

PRIMARY TRIP PURPOSE <sup>3</sup>	2018	2017
Vacation/holiday	75%	74%
Visit Friends and Relatives	10%	10%
Business	6%	6%
Convention/trade show	5%	5%
Education	4%	4%

ACTIVITY PARTICIPATION <sup>3</sup>	2018	2017
Shopping	87%	89%
Sightseeing	77%	77%
Amusement/Theme Parks	46%	49%
National Parks/Monuments	36%	33%
Art Gallery/Museum	31%	27%
Historical Locations	28%	24%

DEMOGRAPHICS <sup>3</sup>	2018	2017
Average age	40.3	41.1
Average annual household income	\$64,543	\$64,565

1. Brand USA

2. Destination Analysts, 2018

3. National Travel and Tourism Office