

## Dufry's Gustavo Fagundes talks Brazil and the South American economy

By **Hibah Noor** on February, 27 2018 | Retailers



Gustavo Fagundes, Dufry's General Manager Brazil and Bolivia

When the economy in Brazil is up, the entire region benefits, and that is especially true in the travel and tourism industry. When people have confidence, they spend more on what they consider luxuries, with travel being one of the top choices. "A strong economy will help the region and will drive better indicators, such as tourism and travel related business," says Gustavo Fagundes, Dufry's General Manager Brazil and Bolivia.

According to Itau BBA estimates, Latin America growth will more than double this year when compared to 2017, from 0.9% to 2%. "The main reason for the increase is the recovery of Brazil, which is expected to grow 2% in 2018, after recording two consecutive years of contraction in 2015 and 2016," says Fagundes.

When Brazil's economy improves, the country's position as a tourism destination usually improves greatly, according to Fagundes. "Argentina leads the ranking of the countries that sent most tourists to Brazil, followed by Paraguay, Chile and Uruguay," he says. "We expect to receive 3.5 million foreign tourists here in Brazil over the summer season, and at least 2.3 million of them will be Latin Americans."

While Brazil's economy has improved greatly since the recession, recovery doesn't happen overnight. "We are confident about Brazil's recovery, but we understand that this could take some time," says

Fagundes. "Positive indicators include the GDP growth, lower inflation rates, improvement of unemployment rates and, to a lesser extent, a stable US rate (which benefits the travelers in Brazil). The presidential election this year could put pressure on the economy and impact the recovery. Nevertheless, we keep using our tools and initiatives in order to drive further our performance based on the current economic scenario."

Fagundes says on the whole investors see the economy recovering, but warns that Brazil still faces a delicate political moment. This year's election and the Pension Reform decision could put pressure on the recovery. "We are waiting for the approval of the Pension Reform, which will make the government accounts more balanced and bring more stability to the country, both economically and politically," says Fagundes.