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Political Instability, Drug-Related Violence Hurt Mexican Tourism in 2006

by LADB Staff

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Mexico's tourism industry suffered a downturn in 2006, in part because of concerns about drug-related violence and political instability at some of the country's more popular destinations and the lingering effects from Hurricane Wilma in 2005.

In a report published in early November, the UN's World Tourism Organization (UNWTO) reported Mexico's tourism activity for the first eight months of the year was down about 3.8% from a year ago. This is in contrast to a 4.5% increase in tourism globally.

Tourism activity was strong in other areas of Latin America in January-August, with Central America up 8.7%, the Caribbean increasing by 5.1%, and South America reporting growth of 8.1% relative to a year ago. The Secretaria de Turismo (SECTUR) estimates that the number of foreign visitors to Mexico in January-August was down about 350,000 from the same period in 2005. Tourism Secretary Rodolfo Elizondo said security concerns including political instability and drug-related violence accounted for at least half of that decline.

Mexico received more than 22 million foreign visitors in 2005, resulting in US\$12 billion in revenues. The industry's revenues for 2006 are projected at about US\$10 billion.

Travelers warned not to visit Oaxaca

The UNWTO and SECTUR data were published before the US and some European governments issued travel warnings to their citizens to stay away from certain areas of Mexico because of political instability, particularly in the colonial city of Oaxaca.

A coalition of civil organizations (Asamblea Popular de los Pueblos de Oaxaca, APPO) took over portions of the city to support demands by the local chapter of the teachers union (Sindicato Nacional de Trabajadores de la Educacion, SNTE) for higher salaries and the ouster of Oaxaca Gov. Ulises Ruiz (see SourceMex, 2006-08-02 and 2006-09-13).

Federal law-enforcement personnel regained control of some areas taken over by APPO, but tensions remained high. "US citizens should avoid any travel to Oaxaca City, and, if they must travel there, they should exercise extreme caution throughout the state of Oaxaca until the government of Mexico restores order to the area," US Ambassador Tony Garza said in a prepared statement in late October. Garza's warning followed the murder of US journalist Brad Will, a documentary filmmaker for the media organization Indynews (see SourceMex, 2006-11-01).

The US warning elicited a response from President Vicente Fox's administration, which called the travel advisory exaggerated. "The presidency of Mexico contends that the city of Oaxaca is open

to visitors," said presidential spokesperson Ruben Aguilar. "All its streets have free access, and department stores, movie theaters, banks, markets, and gas stations are open." Aguilar went on to say, "We hope that the US government does not issue any more of these alerts." Still, the conflict in Oaxaca has caused significant losses to the local tourism industry, prompting the government to approve new financial support.

Magdalena Carral, director of the Consejo de Promocion Turistica de Mexico (CPTM), said her agency has allocated US\$5 million for a campaign to promote tourism in Oaxaca. Mexico City, another popular destination for US tourists, has also seen its share of political instability.

In early November, several bomb blasts rocked the Mexican capital, targeting a commercial bank affiliated with Canada's Scotiabank, a branch of the popular retailer Sanborns, and the headquarters of the electoral tribunal (Tribunal Electoral del Poder Judicial de la Federacion, TEPJF). A handful of leftist guerrilla groups took credit for the bombings and demanded the removal of Ruiz. "This [incident] fuels the mood of uncertainty," analyst Sergio Aguayo said, "because it is another reminder that political conflict is evolving into social conflict."

The bombings were just the latest problem affecting Mexico City, which saw one of its major boulevards blocked by post-electoral protests during the summer. Center-left candidate Andres Manuel Lopez Obrador and his supporters took over the Zocalo (central square) and blocked the Paseo de la Reforma for several weeks to protest what they considered electoral fraud on the part of the Fox administration and Fox's center-right Partido Accion Nacional (PAN).

Official figures gave PAN candidate Felipe Calderon Hinojosa the election victory by a mere 234,000 votes (see SourceMex, 2006-0830 and 2006-09-20). Paseo de la Reforma is near many shops, hotels, restaurants, and other businesses that cater to foreign visitors, and the protests on the boulevard raised concerns that tourism would suffer (see SourceMex, 2006-08-06).

Drug-related killings increase significantly

Mexican authorities are also concerned about an escalation in drug-related violence near areas popular with foreign visitors, including Acapulco, Tijuana, and Nuevo Laredo (see SourceMex, 2005-02-02, 2006-02-08, and 2006-07-26). Despite government efforts to control the violence, drug-related killings have continued in these areas and in some other locations attractive to domestic and foreign tourists such as Michoacan.

The escalation in violence has prompted the US State Department to issue a special advisory. "Public sources suggest that narcotics-related violence has claimed 1,500 lives in Mexico this year," said the advisory. "In recent months there have been execution-style murders of Mexican and US citizens in Tamaulipas [particularly Nuevo Laredo], Michoacan, Baja California, Guerrero, and other states." The number of drug-related murders in January-October is twice as high as it was during the same time last year. The trend is especially apparent in Acapulco. "In the last 50 years, we have never seen anything like this," said Jorge Valdez Reyce, a spokesperson for the Acapulco police. "This is a police force not trained for war, it is trained for tourism."

While the violence is primarily aimed at rival drug cartels, law-enforcement officers, and journalists, the brutality of some of the incidents has tended to discourage visitors. "It's the recent, and growing, viciousness of the acts that has been most unsettling," said a report in *The Christian Science Monitor*. "Acapulco has seen grenade attacks and decapitations haunt its front pages. Bodies have been wrapped in garbage bags, heads hung on the fence outside government offices." There have also been some particularly gruesome incidents in Michoacan, another area popular with tourists.

In September, armed assailants wearing ski masks rolled five severed heads on the floor of a local bar, in what was believed to be an incident related to a turf war among local drug organizations. Elizondo is quick to note that the drug cartels are not targeting the general populace, including tourists. But he acknowledges that the spike in violence has hurt tourism. "This is not an issue of generalized insecurity because [the drug cartels] don't go after the local population," Elizondo said. "But no one wants to be in the middle of a shootout, right?"

The government is taking steps to make tourists feel more secure, such as increasing security in places like Acapulco. These measures, however, have proven to be a two-edged sword. "With soldiers with machine guns patrolling the beaches, you can become a little nervous as a tourist," said political commentator Homero Aridjis.

Cancun still recovering from Hurricane Wilma

Another factor that has hurt the Mexican tourism industry is the long recovery process for Cancun from the effects of Hurricane Wilma. The hurricane slammed into the Yucatan Peninsula in late October, damaging much of Cancun's infrastructure, including several beaches (see SourceMex, 2005-11-02). The damage to Cancun, one of Mexico's top destinations for foreign visitors, resulted in the loss of about US\$500 million to the Mexican tourism industry in 2005, a trend that carried over into 2006.

The lack of bookings in Cancun in late 2005 and early 2006 had a negative impact on travel agencies, hotels, and the Grupo Aeroportuario del Sureste (ASUR), which operates the Cancun and Cozumel airports. The government has poured millions of pesos into helping restore the resort city, which accounts for a large share of Mexico's tourism revenues. "The devastating power of Wilma wrought some damage that could not possibly be fixed within 12 months, and signs of the wreckage can still be found in corners of the Caribbean retreat," said the Associated Press.

The government's efforts have paid off, with tourists gradually returning to the resort city. The numbers still lag behind levels from a year ago, however, with hotel occupancy estimated at 79% in August of this year, compared with 86% during the same month in 2005.

Tourism to become priority in new administration

The tourism industry is pushing for President-elect Felipe Calderon to make the tourism industry a centerpiece of economic development during his administration. "The World Tourism Organization has ranked Mexico as one of the four-most-important countries for tourism in Latin America with 22 million international visitors last year," said the Cancun daily newspaper *Novedades de Quintana Roo*. This means the new [Calderon] administration will have to make this industry a priority to ensure that tourism-related revenues reach US\$20 billion."

Calderon has taken a step in that direction by grouping SECTUR in his economic cabinet and retaining Elizondo as tourism secretary. The economic cabinet also includes the Secretaria de Hacienda y Credito Publico (SHCP), Secretaria de Economia (SE), Secretaria de Energia (SENER), and the Secretaria de Comunicaciones y Transportes (SCT). "The tourism industry becomes more of a priority because it is now part of the economic cabinet," said Elizondo. "This industry will be able to attract more investment and contribute to economic growth, development, and employment.

Elizondo said one of his priorities during his tenure in the Calderon administration would be to restructure the CPTM and the Fondo Nacional de Fomento al Turismo (FONATUR). "Our goal is to ensure that these agencies become more involved in planning and development," said Elizondo.

Still, Elizondo agrees that tourism-related policy must go beyond promoting investment in infrastructure. "[President-elect Calderon] just told a meeting of businesspeople that the most important thing for generating tourism in this country and growth and development and jobs is security," Elizondo said. "I would be the happiest man on earth if Mexico could offer security in each and every place where we have tourism potential." (Sources: La Cronica de Hoy, 01/10/06, 01/13/06; The Christian Science Monitor, 01/19/06, 09/14/06; Associated Press, 10/09/06; The Dallas Morning News, 10/31/06; Reuters, 09/13/06, 11/06/06; Excelsior, Notimex, 11/06/06; El Financiero, Spanish news service EFE, Copley News Service, Los Angeles Times, The Herald-Mexico City, 11/07/06; Milenio Diario, 11/17/06; Novedades de Quintana Roo, 11/24/06; El Diario de Yucatan, El Diario de Mexico, 11/27/06; La Jornada, 11/17/06, 11/28/06; Milenio Diario, 11/28/06)

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