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Mexico Concerned About New U.S. Passport Regulations

by LADB Staff

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Mexico is worried that its tourism industry will suffer because of the US government's decision to begin to require passports for US citizens who return from trips to Mexico, Canada, and the Caribbean. The Mexican tourism industry already had a difficult year in 2006 because of political instability, drug-related violence, and the lingering effects from Hurricane Wilma in 2005 (see SourceMex, 2006-11-29 and 2007-01-24).

The US instituted the new policy, effective Jan. 23, as part of its Western Hemisphere Travel Initiative (WHTI). Under the regulations, all returning air travelers are now required to produce a passport. The rule will be expanded to include passenger ships in 2008 and all travelers who cross into the US by land in 2009.

US territories, which require no passport, are expected to take some of the business that would have gone to Mexico and Caribbean countries. Puerto Rico is aggressively branding itself a no-passport destination with a US\$36 million advertising campaign, while the US Virgin Islands has labeled itself "America's Caribbean."

In a recent report, the US Department of Homeland Security (DHS) said 6% of US citizens who had traveled by air to Mexico, Canada, and the Caribbean did not have a passport last year. Critics said this figure is very conservative. "In reality, the figure is closer to 17%," said Roberto Mena, a columnist for the Mexico City daily business newspaper *El Economista*.

The Secretaria de Turismo (SECTUR) has raised concerns that the new regulations will discourage some US citizens from making trips to Mexico. According to SECTUR projections, the passport requirement could reduce the number of US citizens traveling to Mexico by as many as 318,000 in 2007. This estimate is based on the number of US citizens who went through Mexican airport customs last year without presenting a passport.

Some organizations such as the World Tourism and Travel Council (WTTC) see a much more difficult situation. "Our statistics indicate that as many as 30% of the 1.5 million [US] visitors who came to Mexico by air last year lacked a passport," said the WTTC, whose members include several major hotel chains.

US citizens comprise 84% of foreign tourists to Mexico, said SECTUR. Tourism industry could lose jobs, millions of dollars. Officials estimate the decline in US visitors could cost the Mexican tourism industry about US\$254 million in lost business during the year. Tourism is Mexico's third-largest source of foreign earnings, after oil and remittances from expatriates living in the US. Revenues from foreign tourism totaled US\$10.8 billion in January-November 2006, SECTUR statistics indicate.

Tourism Secretary Rodolfo Elizondo Torres attempted to put a positive spin on the situation. While acknowledging concern about the potential loss of business, he noted that the decline represents a small portion of the tourism industry. "[The losses] are equivalent to 2.2% of the estimated US\$12 billion that the Mexican tourism industry earned last year," said Elizondo.

Still, the WTTC said the regulations could result in the loss of tens of thousands of jobs in the Mexican tourism industry. About 4.9 million Mexicans are employed in tourism-related jobs, it said. Some Mexican tourism officials say the cost of the passport is as much a concern as the time and effort required to obtain the document. The US State Department charges a US\$97 fee for adults and US\$87 for children and youth.

"Of course we're worried," Artemio Santos, director of the Cancun visitors and convention office, told The Houston Chronicle. "When a family has to spend US\$400 to get passports for everyone, this may be a decisive factor in choosing whether to travel or not." "Some Americans have not had a passport in 40 years. Now...it is indispensable," said Carlos Flores Vizcarra, consul general of Mexico in Arizona. "We think that is going to have an impact on Mexico tourism that is considered negative."

Cancun, nearby resorts would feel the most impact

For now, the Mexican tourist destinations expected to feel the most immediate impact from the WHTI are Cancun and nearby resorts in Quintana Roo state, which are popular with US tourists and most easily accessible by air. Authorities in Cancun, the destination of 40% of all foreign air arrivals in Mexico, are clearly worried that the passport situation will damage the local tourism industry just as it is beginning to recover from the impact of Hurricane Wilma (see SourceMex, 2005-11-02).

Local tourism officials launched a campaign in October by handing out fliers to US visitors to remind them to get their passports. The fliers, which mimicked US dollar bills, carried the slogan "VIP: Very Important Passport." Javier Aranda Pedrero, Quintana Roo state's deputy secretary for tourism, said many travel agencies, airlines, and hotels are beginning to report cancellations from US citizens who had booked trips to the region in the first half of 2007.

Mexicana Airlines estimates that its business will decline by 10% because of cancellations from US citizens who do not have passports. "We have seen a reduction in reservations of 5% for January and February," said Mexicana director general Emilio Romano.

Jorge Luis Moya Hurtado, vice president of the Camara Nacional del Aerotransporte (CANAERO), projects that the passport regulations could reduce the total number of passengers traveling from the US to Mexico by 5%. The total includes US tourists, business travelers, returning Mexican citizens, and citizens from other countries traveling from the US to Mexico. The Asociacion Mexicana de Hoteles y Moteles (AMHM) is very concerned because the WHTI is expected to reduce the number of US customers by 15%. The industry could lose about US\$810 million because of the US measure, said AMHM president Rafael Armendariz.

Some hotel chains like Marriott Resorts, which has 13 properties in Mexico, are offering US\$100 in travelers checks for US visitors who obtain their first passport for their trip to Mexico. A few

observers say the impact of the US regulations could subside once more US citizens get their passports. US passports are good for 10 years for adults, which means that some of the lost business this year could be recovered soon, perhaps as early as this summer. "Viewing the situation with realistic optimism, this problem could last only a quarter of the year," said El Economista columnist Mena. "The US State Department expects to issue about 18 million passports this year, compared with only 12 million in 2006."

Still, Mexican officials criticized the US government for doing little to reduce the damage on the Mexican tourism industry. "US authorities are not doing anything to help us. They don't care," said Elizondo. "On the contrary, they believe that the fewer US tourists that leave the country and instead visit sites at home, the better for the US tourism industry." (Sources: www.marriott.com; Reforma, 01/08/07, 01/22-24/07; Milenio Diario, 01/22/07, 01/23/07; El Economista, 01/24/07, 01/30/07; Associated Press, 01/22/07, 01/23/07, 01/27/07; Notimex, 01/22/07, 01/24/07; La Jornada, 01/23/07; La Cronica de Hoy, 01/23/07, 01/24/07; The Houston Chronicle, 01/24/07; The Arizona Republic, 01/26/07)

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