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Strong Resistance To President Felipe Calderon's Proposal To Eliminate Tourism Secretariat

by LADB Staff

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President Felipe Calderon's proposal to eliminate the Secretaria de Turismo (SECTUR) to help balance the budget has met with a growing chorus of dissent from governors, state tourism officials, and legislators mostly from the opposition parties, who believe the ministry is needed more than ever to help Mexico overcome the continued economic slump and renewed concerns about the H1N1 flu in coming months. The Calderon administration's own forecasts suggest that the number of foreign visitors to Mexico in 2009 could decline by as much as 17% from 2008. Amid the dire forecasts, there are some innovative proposals on the table, including a plan to promote Mexico as a location for "health tourism," by which the government would seek to attract US visitors in search of cheaper medical services.

Critics say ministry needed to promote economic development

Calderon proposed eliminating SECTUR and two other ministries in the 2010 budget plan that he presented to the Congress in early September (SourceMex, September 09, 2009). Under the plan, most SECTUR functions would be transferred to the Secretaria de Economia (SE). The proposed SECTUR elimination brought an immediate outcry from the business community, particularly organizations involved in tourism-related activities. Since then, the dissent has grown to include members of Congress, governors, and state tourism officials. Critics have voiced concerns that eliminating SECTUR could severely weaken Mexico's efforts to build up its tourism industry, which accounts for about 8% of the country's GDP.

The sector represents the third-largest source of foreign exchange, surpassed only by oil exports and remittances. Therefore, Calderon's proposal to transfer SECTUR functions to the SE has raised questions about the wisdom of the president's strategy regarding the tourism sector. The decision, critics say, would hinder recovery efforts for the industry in both the short and long term. "There is no doubt that the disappearance of SECTUR comes at the worst moment, when all sector indicators are down because of the combination of the global financial crisis, insecurity, and the influenza outbreak," said columnist Dario Celis.

There is talk that SECTUR may yet be saved because the decision is ultimately in the hands of the Senate committees dealing with domestic affairs (Comision de Gobernacion) and with legislative issues (Comision de Estudios Legislativos). The Senate tourism committee (Comision de Turismo) will also have significant input on whether SECTUR remains an independent entity.

At a committee hearing, PRI Sens. Raul Mejia Gonzalez, Adolfo Toledo Infanzon, and Fernando Castro Trenti presented a resolution urging Calderon to reconsider his decision. The PRI legislators argued that SECTUR was needed to foment growth in the tourism industry, which has seen gradual

increases in activity. They pointed out that, despite a decline in international tourism, 42.6 million international visitors brought the country revenues of about US\$6.4 billion. "It looks like the government is taking the wrong direction," said Sen. Jose Luis Garcia Zalvidea. "There is a lack of imagination on how to deal with this economic crisis." The PRI senators have the support of committee chair Sen. Luis Alberto Coppola, a member of Calderon's Partido Accion Nacional (PAN), who is also on record as opposing the elimination of SECTUR.

State tourism secretaries make their voices heard

There is also strong momentum in the Chamber of Deputies to save the tourism secretariat. On Sept. 27, which is World Tourism Day, deputies from all parties represented in the lower house except the PAN issued a statement supporting SECTUR. The tourism secretaries from Mexico City and the states of Baja California Sur, Baja California, Quintana Roo, Colima, Veracruz, Hidalgo, and Tamaulipas, along with Quintana Roo Gov. Felix Gonzalez Canto, have issued statements urging that SECTUR be allowed to remain in its current form. Baja California tourism secretary Luis Trevino is a member of the governing PAN. State tourism secretaries and other observers pointed out that tourism is a very viable source of development, with poverty levels lower in many municipalities around the country that rely heavily on tourism than in comparable nontourist destinations. "The capacity of tourism to serve as an engine of development is very clear in places like Quintana Roo," wrote columnist Francisco Madrid Flores in the Mexico City daily newspaper Reforma. "If you didn't have the growth in tourism that promoted the evolution of Cancun and the Riviera Maya, there is no doubt that this state would share in the high levels of poverty that exist in nearby states in the southeast." Quintana Roo tourism secretary Sara Latife offered a similar assessment. She noted that there are 76,000 hotel rooms in Quintana Roo, each of which generates about 1.5 direct jobs and four or five indirect positions.

While the disappearance of SECTUR might not halt tourist-related development in Quintana Roo, Latife said the absence of a federal government entity could hurt local promotion efforts. Alejandro Rojas Diaz-Duran, tourism secretary in Mexico City, concurred that the disappearance of SECTUR would make his job more difficult. He appealed to the Congress to reverse Calderon's decision. "We have to rectify this move, then strengthen [SECTUR] rather than eliminate it," said Diaz-Duran. Tourism Secretary Rodolfo Elizondo, who would lose his job under Calderon's plan, offered a lukewarm endorsement of his boss's proposal. He emphasized that the plan was only an administrative move that would simply shift SECTUR functions to another entity, which would be the SE. Still, Elizondo acknowledged that decision was entirely up to Congress. "I am confident that the legislators will make the best choice," said the secretary.

The possibility of a decline in the number of traditional foreign tourists has led the government to look for ways to attract visitors to Mexico. In early October, Mexico's foreign-investment agency ProMexico announced that the US and Mexican governments have been negotiating a plan that would allow US citizens to use their Medicare and Medicaid insurance at Mexican health-care facilities. "This would be a great opportunity for the industry in this country," said ProMexico director Bruno Ferrari. "[Mexican] authorities are interested. Let's see what comes from the US side." Ferrari said 10 US and Canadian companies have shown interest in building facilities to cater to US citizens seeking to take advantage of low medical expenses. He noted that some health

services in the US could cost 12 times what is charged in Mexico. Mexican authorities, who call the plan to attract Medicare and Medicaid users to Mexico "health tourism," are attempting to emulate similar successful programs in the Philippines and Japan.

Concerns grow that H1N1 might curtail visitors at end of year

The proposal to eliminate SECTUR and the possible decline in tourist activity come as the H1N1 flu is resurfacing in Mexico. An outbreak of the H1N1 virus in April dealt a major blow to the Mexican tourism industry during the first half of 2009 (SourceMex, April 29, 2009). Earlier this year, the government projected that revenues from foreign tourism would drop by 43% this year (SourceMex, August 05, 2009). At a conference sponsored by the Consejo Nacional Empresarial Turistico (CNET) in early October, Tourism Secretary Elizondo projected that activity in the tourist sector would fall by 15% to 17% this year, a trend that reinforces the expected loss of revenues." Statistics released by the Instituto Nacional de Migracion (INM) indicate that the number of foreign visitors to Mexico between January and August was about 12.2 million, a decline of almost 18% from the same eight-month period in 2008. The decline was in large part the result of the H1N1 outbreak. Because of concerns about H1N1, the INM is already anticipating a sharp decline in visitors to Mexico during the Christmas period.

Authorities are bracing for a major resurgence of H1N1 during the fall and winter months. The Centro de Control Epidemiológico (CCE) said the heaviest outbreak is expected sometime after Jan. 1, 2010. But the number of H1N1 cases is already increasing. Authorities reported more than 9,200 new cases in September, more than in any previous month. The states of Aguascalientes, Durango, and Baja California Sur have seen an increase of 20% in reported cases in recent weeks. But other states are also reporting large increases in new cases of people infected with the virus. "There is a new outbreak that coincided with the beginning of the school year," said Guerrero health secretary Ruben Padilla Fiero, who, as a result, recently ordered the closure of 10 schools in the state. One challenge for authorities will be to find sufficient hospital beds to handle the increased load. "For us, the biggest problem is the lack of capacity at hospitals to handle all the new cases," said Health Secretary Jose Angel Cordova Villalobos. The Secretaria de Salud (SSP) said there have been more than 45,800 cases of H1N1 flu in Mexico so far this year. The number of deaths caused by the virus had reached 271 by mid-October.

Almost 5,000 people have died worldwide from H1N1, the World Health Organization (WHO) reported in late October. Still, experience with the outbreak in April and May has allowed the Calderon administration to put together more rational contingency plans. Barring a massive nationwide emergency, the government has ruled out mass closures of schools, restaurants, and businesses. Instead, officials are adopting more focused measures, including placing individuals with confirmed cases under quarantine. "We're not taking drastic measures," Cordova told The New York Times. "With our past experience, we have learned that this is a relatively benign illness and that there are control measures that are not that effective and others, like washing your hands, that work." Calderon also said that Mexico would have a sufficient supply of vaccines for the seasonal flu and for the H1N1 virus during the coming weeks. The US-based pharmaceutical company Sanofi-Aventis has agreed to send Mexico close to 20 million doses of the vaccine by November and December.

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