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President Felipe Calderón Optimistic about Tourism in 2011, but Drug-Related Violence Could Put Damper on Prospects

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President Felipe Calderón’s administration insists that violence has not discouraged foreign visitors from traveling to Mexico. To prove the point, the administration, via the Secretaría de Turismo (SECTUR), released statistics in mid-February showing that 22.4 million foreign visitors traveled to Mexico in 2010, far surpassing the totals for 2008 and 2009. To underscore his optimism about the coming year, Calderón declared 2011 the Year of Tourism in Mexico and signed an agreement with state governments to promote tourism. Despite the administration’s rosy outlook, however, there are signs that the Mexican tourism industry is in a very precarious position because of drug-related violence. The newspaper headlines about violent clashes, kidnappings, and murders are far too frequent for tourists to ignore for very long. And, while it’s appears that many visitors traveled to Mexico last year despite the high level of drug-related violence, the trend might not hold in 2011.

Spring break provides early test

One of the early tests for Mexico will come during spring break, a period of about a week in March when US college students travel in droves to various destinations in Mexico. For most US universities, spring break falls either on March 7-11 or March 14-18.

Acapulco, one of the traditional destinations for spring-break visitors, is already feeling the pinch, with local officials reporting a sharp decline in hotel bookings and an increase in cancellations. Because of increasing violence, the number of spring-break visitors to Acapulco has fallen steadily in the past two years from 18,000 in 2009 to 9,000 in 2010 and perhaps 1,000 in 2011. "Based on what the hotels are telling us, I don’t know whether we’ll even have 1,000," said Pedro Falcón, president of the Guerrero chapter of the Asociación Mexicana de Agencias de Viajes (AMAV).

While violence has been growing steadily in Acapulco for the last couple years, conflicts appear to have escalated in recent months (SourceMex, Jan. 19, 2011). Three criminal organizations—the Zetas, the Beltrán Levy cartel, and the Michoacán-based La Familia—are entangled in a bloody struggle for control of Acapulco, an important entry point for cocaine shipments from South America. The cartels are killing not only members of each other’s organizations but also targeting innocent third parties. The attacks are brash and brutal, and sometimes the victims are decapitated or mutilated. On a single weekend in February, 12 taxi drivers or passengers were murdered, just hours before the start of a major tennis tournament in Mexico that attracts many international players and visitors. Taxi drivers are often victims of extortion or recruited by the cartels to act as lookouts or to transport drugs.

Accommodations bookings are so slow in Acapulco, that authorities anticipate extremely bad news this season, following a 30% decline in 2010. "We cannot just say that bookings have declined," said Ernesto Rodríguez Escalona, Guerrero state’s secretary for tourism promotion. "They have collapsed completely."
Rodríguez said Acapulco has not taken the route of other resorts, which have greatly reduced prices to attract US college students. "We do want the spring-break visitors to come, but we also want them to spend," said the Guerrero tourism official.

One popular spring-break destination offering deals to US college students is Cancún. The resort is reporting steady bookings this year. "Cancún has always been the most popular among students, and it's still tremendously safe, as long as someone is staying in the resort areas," said Patrick Evans of STA Travel, one of the biggest spring-break travel agencies.

But Cancún and nearby locations on the Riviera Maya in Quintana Roo state are the exception. Other traditional destinations like Mazatlán, Puerto Vallarta, and Puerto Peñasco also anticipate a significant decline in spring-break visitors.

Drug-related killings have also been prevalent in Mazatlán, a stronghold of the Sinaloa cartel and a target of rival organizations. The city experienced an explosion of violence three days before the start of its traditional Carnaval Internacional de Mazatlán, scheduled for March 3-8. Seven bodies were found hanging from bridges at different points in the city. All the victims were blindfolded, and their hands were tied behind their backs.

While authorities in Sonora state anticipated strong attendance for the Mazatlán carnival, mostly domestic visitors, there were other troubling signs. In late February, Carnival Cruise Lines cancelled a stop in Mazatlán for one of its cruise ships because violence had spilled over to some tourist areas of the city. "Representatives from the Asociación Mexicana para Atención de Cruceros Turísticos confirmed that the measure was taken because of insecurity, following the murder of two people in the vicinity of a hotel," said the Mexico City daily newspaper.

Tourism is expected to remain depressed in the northern states that border the US. Some states like Tamaulipas have been a spring-break destination for college students from Texas.

On March 1, the Texas Department of Public Safety (DPS) issued a warning, directed primarily at college students, to refrain from traveling to Tamaulipas or anywhere in Mexico. "While drug-cartel violence is most severe in northern Mexico, it is prominent in other parts of the country as well," said DPS Director Steven McCraw. "Various crime problems also exist in many popular resort areas, such as Acapulco and Cancún, and crimes against US citizens often go unpunished."

The warning pointed out that as many as 65 US citizens were killed in Mexico in 2010, and the violence has continued into this year. "Underestimating the violence in Mexico would be a mistake for parents and students," said McCraw. "Our safety message is simple: avoid traveling to Mexico during Spring Break and stay alive."

But the warnings from the various US government entities have angered Mexican officials, who have suggested that such alerts are unwarranted. Following an attack on two officials from the US Immigration and Customs Enforcement Agency (ICE) in February, the US State Department prohibited all US personnel working in Mexico from traveling to the state of San Luis Potosí and nearby states. One ICE agent was killed in the attack and the other was wounded seriously (SourceMex, Feb. 23, 2011).

"We consider [these alerts] exaggerated," said Guanajuato Gov. Juan Manuel Oliva, following a meeting with fellow governors from San Luis Potosí, Zacatecas, and Aguascalientes. "We are consulting with the Secretaría de Relaciones Exteriores (SRE) on this very important topic."
Tamaulipas, Nuevo León launch promotion campaigns

Tamaulipas authorities are acting proactively to keep visitors flowing into the state, not only from the US but also from other parts of Mexico. On Feb. 28, the Tamaulipas state government announced plans to launch extensive advertising efforts in the Rio Grande Valley of Texas and northeast Mexico, including Monterrey, to promote the beaches in Tampico, Soto La Marina, and Matamoros.

"Our economic and tourism ministry is planning an intensive campaign in Monterrey, with large billboards, radio and television spots, and posters at bus and radio stations to promote these sites," said Zonia Torres Saeb, deputy tourism secretary in Tamaulipas state. "Every one of us, as Mexicans, is very worried about the situation. It is our duty to take steps to counter the effects of the violence and to support the service providers."

Monterrey, a frequent destination for business travelers, appears to have its own image problems and a potential drop-off in visitors. Nuevo León authorities reported more than 670 drug-related murders in 2010, many in the Monterrey metropolitan area, which consists of nine municipalities. The violence has continued into 2011, with 118 murders reported statewide between January and mid-February.

"We have clearly identified this situation as a war between two cartels," said state security spokesperson Jorge Domene, referring to the territorial dispute between the Gulf cartel and the Zetas. The Zetas, who once worked as enforcers for the Gulf cartel, started their own operations in the territory of their former ally (SourceMex, Jan. 1, 2010).

The violence last year included 50 grenade attacks in Monterrey, and in several instances cartels blockaded city thoroughfares with buses and other large vehicles to deny access to members of the Mexican military in the city.

The problems in Monterrey have had some negative economic impact on the city, such as a reduction in GDP. For now, the violence has only had minimal impact on foreign investment and job growth, but there are concerns that the city’s economy could suffer further if violence persists.

Nuevo León tourism secretary Luis Treviño said it is difficult to quantify the impact that the violence has had on the tourism industry. But he agreed that it is a safe assumption that the conflicts have served as a deterrent to domestic and foreign visitors. "We cannot really measure to what extent it affects us," said Treviño.

The Nuevo León tourism official said the state has taken a two-pronged strategy to shore up tourism in Monterrey: developing new tourist sites in the state and promoting major recreational and cultural activities. "Last year, there were 142 concerts, which means that people continue to have confidence in Monterrey as a site for concerts or other gatherings," said Treviño.

Tourism is down even in some states that have had minimal violence, such as Baja California Sur, home of the popular resort community of Los Cabos. The state experienced a 20% decline in the number of foreign visitors in 2010, in part the result of negative publicity that Mexico as a country has received because of the violence. "According to the government’s statistics, we are the third-safest state after Yucatán and Campeche," said Jacobo Turquié, Baja California Sur tourism secretary.
Positive spin from federal government

A much different message is coming from the federal government, which has put a positive spin on the situation. The administration is aware that more than 30,000 people have been killed since Calderón launched an intensive campaign against drug cartels in late 2006 (SourceMex, Jan. 24, 2007). But the executive is also fully confident that tourism, Mexico’s third-largest source of foreign exchange, will remain viable in 2011. To ensure that this is the case, the government has taken certain steps such as in January declaring 2011 the Year of Tourism (Año del Turismo) in Mexico and signing a national tourism agreement (Acuerdo Nacional por el Turismo) in February with the governors of Mexico’s 31 states and the mayor of Mexico City.

At both events, the administration was keen to highlight the strong results for 2010, including improvements in both the numbers and the earnings from international tourism. The administration said foreign tourism resulted in revenues of about US$11.87 billion, an increase of 5.3% from 2009. In numbers, the administration said Mexico received 22.4 million foreign visitors, up about 4.4% from 2009. Calderón made sure to point out that 99.99% of the visitors had "pleasant vacations."

The improvement in tourist traffic and revenues in 2010 contrasted, however, with a severely depressed year in 2009, when the outbreak of the H1N1 virus in Mexico discouraged many foreigners from visiting Mexico (SourceMex, May 6, 2009). The rosy outlook was consistent with the administration’s positive outlook on tourism at the end of last year (SourceMex, Oct. 13, 2010).

Still, the Calderón government acknowledges that it faces challenges, given the unrelenting violence around the country. "We know that it is important to not only address this issue but also to offer tourists a climate where we have some certainty, a clear sense of security," the president said.

Calderón was quick to predict a good year for tourism in 2011 despite the violence. "This year, we will most likely receive US$40 billion in tourism income and create more than 12 million indirect jobs," the president said, referring to the total earnings anticipated by the tourism industry, including foreign investment. "True, sometimes political parties tend to bicker and have different opinions, but tourism is one of the things that really brings us together, because, after all, we want a better Mexico for everyone and ourselves."

At the ceremony with governors, Calderón unveiled a 10-point plan for government investment in the tourism sector, including expenditures of 5% of GDP on roads, airports, and other infrastructure. "We will work hard to encourage investors to put their trust in Mexico and promote sustainable development," he said.

Calderón said one goal of the national tourism agreement is to put Mexico in the world’s top-five destinations by 2018. This effort resonated with several governors, who said they would do their part to help achieve this goal. "Mexico is No. 10 on the list of most visited countries in the world. We’ve achieved this despite the dire problems we face every day. Last year, we saw 22.3 million tourists tasting a bit of this country, including the nearly 6 million visitors who came on cruise ships," said Nayarit Gov. Ney González.

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