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Foreign Tourism Shows Strong Signs of Recovery in Early Part of 2013

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Things are looking up for Mexico’s tourism industry, which has had to overcome a continued sluggish economy in the US and reports of violence and increased crime in popular resorts (SourceMex, Feb. 13, 2013) to attract a steady flow of foreign visitors to the country. In a recent report, the largest organization representing Mexico’s tourism industry, the Confederación de Cámaras Nacionales de Comercio, Servicios y Turismo (Concanaco-Servytur), estimated that 12.8 million foreigners would visit Mexico during the peak summer period (July 5-Aug. 19). The international visitors were expected to spend about 28 billion pesos (US$2.1 billion) during this period.

Concanaco-Servytur did not offer projections for the entire year. But if the estimated numbers for the summer are realized, they would represent more than half the total number of foreign tourists who traveled to Mexico in 2012. A recent estimate from the World Bank indicates that Mexico received a record 24 million international visitors last year, an increase of about 2.6% from the 23.4 million tourists who traveled to Mexico in 2011.

Concanaco-Servytur president Jorge Dávila Flores said the organization also anticipates an increase in domestic tourism during the summer season, with 42.1 million Mexicans visiting popular destinations in July and August. Expenditures by domestic tourists were projected at 278 billion pesos (US$21 billion).

Dávila said popular resorts were likely to receive the most visitors, including the Riviera Maya, Cancún, Playa del Carmen, Acapulco, Ixtapa-Zihuatanejo, Huatulco, Puerto Vallarta, Mazatlán, Manzanillo, La Paz, and Los Cabos. Historic and archeological sites were also expected to attract a large number of domestic and international visitors.

Hotel occupancy, airport activity up

Some analysts say the optimism about the summer period is based on strong activity during the earlier part of the year. "If we compare the numbers through May 19 with the same period a year ago, hotel occupancy was up 7.8% on the Riviera Maya, 11.3% in Cancún, and 2% in Los Cabos," said Carlos Velázquez, a columnist for the Mexico City daily newspaper Excélsior. Velázquez said hotel-occupancy numbers were also positive for Huatulco, but were down in Puerto Vallarta and Ixtapa-Zihuatanejo.

Strong activity at Mexico’s 54 airports, which collectively reported a 6.3% increase in passenger traffic during the first four months of the year, was another indicator that the tourism industry is on the rebound.

While tourists are traveling to Mexico by air, continued violence in northern states like Tamaulipas, Nuevo León, Coahuila, and Chihuahua continues to deter US visitors from driving to cities along the US-Mexico border (SourceMex, Feb. 13, 2013).
Velázquez credited the recovery in the tourism industry to strong promotion efforts by SECTUR at both the domestic and international levels. "Despite enormous challenges, such as recovering highway tourism through the northern borders, the general diagnosis is that the results of the promotion campaigns have been positive," said the Excélsior columnist.

Tourism Secretary Claudia Ruiz Massieu said Mexico is continuing its strong promotion campaign in the US and Canada, which have traditionally provided the lion’s share of foreign visitors. And US travelers are opting to stay closer to home, which means trips to Mexico for anyone venturing overseas. The US Commerce Department said the total number of US tourists who traveled to a foreign destination by air in the first quarter of 2013 was up only 1.5% relative to a year ago. But trips to Mexico in January-March were up more than 5% compared with the same quarter in 2012.

In addition to continuing the strong efforts with its North American neighbors, Mexico is also placing an emphasis on emerging economies such as Argentina, Brazil, China, and Russia, said Ruiz Massieu.

Tourism was the fifth-largest source of foreign exchange for Mexico last year, surpassed only by oil-export revenues, manufacturing, remittances from emigrants, and foreign direct investment (FDI). A recent report from JPMorgan Chase said tourism generated about US$12.7 billion in foreign exchange in 2012, an increase of 10.5% relative to 2011.

And officials expect tourist activity to continue to play a strong role in the country’s economic growth in the coming years. Ruiz Massieu predicted that tourism, which employs about 7 million Mexicans, could represent 9.4% of the country’s GDP by the end of President’s Enrique Peña Nieto’s administration. "We are confident that it can represent at least one point more of GDP at the end of the administration and that we can become the third [largest] source of revenue at least," said the tourism secretary.

**Investment a key to future growth**

SECTUR’s strategy also involves attracting increased private investments in tourism-related projects in order to modernize infrastructure and provide modern and comfortable facilities to would-be visitors.

The Peña Nieto administration expects to release its long-term infrastructure strategy later this year, and Ruiz Massieu said the plan will place a strong emphasis on tourism-related projects. The proposal is expected to include new airports, cargo and commercial ports, and railways and highways to link well-known transportation hubs with lesser-known tourism destinations.

In the meantime, private tourism-related companies continue to expand their presence in Mexico. On July 2, US-based Apple Leisure Group announced plans to invest about US$600 million on half a dozen hotel complexes in the resorts of Cozumel, the Riviera Maya, Los Cabos, and Puerto Vallarta.

"[These facilities] will employ more than 4,000 people and generate about US$350 million in revenues for the local economies in their first year of operation," Peña Nieto said in an official announcement of the projects. [Peso-dollar conversions in this article are based on the Interbank rate in effect on July 2, 2013, reported at 13.05 pesos per US$1.00.]