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Mexican Tourism Sector Turns in Solid Performance in 2016

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A favorable exchange rate contributed to a significant increase in the number of foreign visitors to Mexico during 2016, but increased marketing and promotion, development of tourism infrastructure, and other factors also helped attract a stream of international tourists to Mexico. The tourism ministry (Secretaría de Turismo, SECTUR) said 35 million foreign tourists visited Mexico in 2016, compared with 32.1 million in 2015. The revenues from international tourism amounted to about US$20 billion, an increase of almost 11% from the previous year.

The UN World Tourism Organization (UNWTO) ranked Mexico as the eighth most popular country for foreign visitors in 2016, compared with ninth place in 2015.

Analysts said the growth in numbers and revenues are an indication of the strong health of the Mexican tourism industry, which is one of the top three sources of foreign exchange for Mexico, along with oil exports and remittances from expatriates in the US (SourceMex, Feb. 15, 2017).

“In terms of revenues, this was another double-digit increase,” financial columnist Carlos Velázquez wrote in the daily newspaper Excélsior. “This is the seventh consecutive year of positive results following a disastrous 2009.”

The Mexican tourism industry fell on hard times in 2009 because of a downturn in the US and global economies, an increase in reports of violence in areas dominated by criminal organizations, and the outbreak of swine flu in some areas of the country (SourceMex, Jan. 14, 2009, March 11, 2009, Aug. 5, 2009).

“There is always room for improvement, but the very fact that our tourism balance of payments attained a surplus of US$9.3 billion, with revenues reaching US$19.6 billion, is a sign of a global recognition of the attractive features of our country,” Velázquez wrote.

The balance of payments is measured by calculating the difference between the revenues attained from international tourism and the amount of money that Mexicans spent to travel overseas. According to the central bank (Banco de México, BANXICO), close to 4 million Mexicans traveled abroad by airplane during the first 10 months of the year, but the numbers fell significantly in December because of the sharp drop in the peso following the election of Donald Trump as US president.

BANXICO pointed out, however, that the number of foreign trips had still been strong during the month of November, even with the Mexican currency approaching 20 pesos per US$1.00. Nearly 428,000 Mexicans traveled abroad in November 2016, an increase of about 8,000 from November 2015.

“The increase in the number of Mexicans traveling abroad reveals the strength of the Mexican consumer even with the loss of purchasing power due to the decline of the peso versus the dollar,” Velázquez wrote.
With the peso expected to remain weak, the number of Mexicans traveling abroad by airplane is expected to drop by 1.2% in 2017, according to BANXICO.

**Weak peso helps boost tourism**

Conversely, the exchange rate was a major factor in the influx of international visitors. The US dollar and the Euro each gained about 20% against the peso during 2016. According to the foreign currency site X-Rates, the Mexican currency traded at an average of about 18 pesos per US$1.00 in January 2016, but the average had fallen to 20.52 pesos per US$1.00 in December. The story was similar in relation to the Euro. In January 2016, the average was 19.56 pesos for 1 Euro, but fell to about 21.62 pesos for 1 Euro by December.

According to SECTUR, visitors from the US made up 58% of the foreign tourists in 2016, an increase of 12% from 2015. The biggest year-to-year increase, however, was in the number of tourists from Cuba, which increased by more than 58% from the previous year. The number of visitors from Guatemala and Costa Rica also increased significantly from the previous year, rising by almost 36% and 30% respectively. Among European tourists, the largest increase came from Spain, with the number of Spanish tourists rising by 8.5% from the previous year. Spaniards represented slightly more than 2% of the visitors to Mexico during 2016.

Tourism Secretary Enrique de la Madrid Cordero said the number of visitors from several regions of the world has increased significantly over the last four years. Between 2013 and 2016, the number of travelers from Europe rose by 24%, while the influx of South American tourists grew by 70%. The biggest came from Asia, which doubled the number of visitors to Mexico since 2013. Tourism authorities continue to expand efforts to bring in tourists from Asia, including Japan. In mid-January, the tourism promotion council (Consejo de Promoción Turística de México, CPTM) announced the start of a route between Tokyo and Mexico City by Japanese airline All Nippon Airways. CPTM director Lourdes Berho said the Japanese airline reports that bookings are full on its daily flights through the end of April.

Air travel was the preferred mode for most foreign tourists visiting Mexico, with 16.9 million visitors flying into the country in 2016, an increase of almost 11% from the previous year. Some 14.5 million visitors entered Mexico by land, mostly via the US-Mexico border, an increase of more than 5% from 2015. There were 6.7 million visitors who came to Mexico by sea, including cruise ships, SECTUR reported.

The news was good also good on the domestic front. According to SECTUR, hotels reported a record 90 million bookings, an increase of 20% since 2013, the first full year of President Enrique Peña Nieto’s administration.

According to De la Madrid Cordero, the strong performance of the domestic and international tourist sector translates into the creation of jobs, increased business opportunities for enterprises of all sizes, transformation and renewal of urban areas, and the promotion of the nation’s natural and cultural patrimony. He said connectivity and increased use of the Internet to promote tourism, the expansion of tourist-related infrastructure, and the increase familiarity of foreign and domestic tourists with Mexican sites allowed the country to have one of its best years in terms of tourism.