

# MEXICAN TOURISM REPORTED LOWER REVENUES



Between the months of January and April, the Mexican tourism revenue reached 8,008.4 million dollars, a 4.9% increase in foreign currency income (with a 7.2% increase registered during the first three months of 2018), while the average expenditure of international tourists decreased by 4.7%, from 545.7 to 520.1 dollars.

By the end of the first four-month period, the arrival of foreign tourists (including regular tourists and border tourists) maintained its double-digit growth, totaling 13,957,200 people (a 10.2% increase) who visited some local attraction. **However, in the first quarter, the figure represented a 12.6% increase.**

Foreign currency income rose by 5.5%, totaling 7,257.9 million dollars; in comparison, this was a 7.6% in the first quarter.

Despite these reports, the head of the government department SECTUR, Enrique de la Madrid, highlighted the “importance of the two-digit increase” that has been registered in recent years, which has strengthened the country's economy.

“We have grown above the national GDP despite the impending challenges of insecurity and uncertainty, so it is essential that the next administration continues the public policy efforts we have set,” he mentioned.

The low average expenditure generated by international tourists is still a cause for concern in the private sector, since it implies that the amount of foreign currency may not have the economic impact it should.

“Yes, we are progressing, we continue to see more tourist arrivals and we believe that we’ll close the year with just over 43 million, but the question still is: do we care about the number of tourists or the income they represent? The average expenditure remains low, and it’s inferior to countries whose markets we compete with, and that shouldn’t happen,” said Pablo Azcárraga, President of the National Tourism Business Council (CNET, in Spanish).

In the first two months of the year there was a fall of 6.9% in the average expenditure, at the end of the quarter it dropped by 4.2%, which outlined an upward trend for the rest of the year; but between the months of January and April, the expenditure decreased by 4.7%. **With regards to cruise tourists, the most impacted segment after the insecurity crisis back in 2010, they begin to resume an upward trend,** registering between January and April a foreign currency income of 210.1 million dollars, an 8.5% increase in comparison to last year’s period, with over 3,420,800 foreign arrivals.

Security issues are one of the most important problems that Mexican tourism authorities need to face. In Cancun for example the situation is critical according to local hoteliers. In the first five months of the year, hotel occupancy rate remains below the 2% registered in the same period of 2017.

Abelardo Vara Rivera, Vice President of the Cancun and Puerto Morelos Hotel Association, admitted that they are currently facing a “critical situation” in terms of losses for tourist occupancy and decline in hotel rates.

The main reason is the poor image projected to the rest of the world due to the insecurity incidents that took place in Quintana Roo and that have had an impact mainly on American tourism, although there’s also the Peso–Dollar currency pair issue, which is affecting the exchange rates of emerging markets such as the South American economy.

This is evident when considering the unusually low rates that dropped by 12% in the first five months of the year, and despite this, the market trend for reservations and hotel occupancy remains downward.

Vara Rivera praised the announcement of an **emerging promotion campaign in the United States as a strategy to move forward, in order to try to reverse the impact of the downward trend** that Cancun is currently experiencing.

“We got used to high occupancy rates for a long time, and now that we’re going through a rough patch, we see it as a critical situation,” he explained.

Last weekend, the Tourism Promotion Council of Quintana Roo (CPTQ, in Spanish) reported that the insecurity crisis and negative image that affects the state resulted in the loss of 300,000 American arrivals in 2017.

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