

MEXICO'S TOURISM: FOREIGN DIRECT INVESTMENT DROPPED 50% IN 2018



Foreign direct investment in tourism plummeted by 50% in 2018, going from US\$585 million in 2017 to \$798.5 million, as revealed by figures from the Mexico's tourism ministry (SECTUR).

Data released by the government body detail that of the total resources that were invested last year, 61% was allocated to the construction of apartments and properties furnished to offer hotel services.

Additionally, 24.2% of the money was used for the construction of hotels with additional services, 5.7% for regular transportation on national airlines; 4.3% for administration of airports and heliports, and the remaining 4.8% in other aspects.

SECTUR explained that the method for calculating the index of foreign direct investment in Mexico's tourism was approved by the Specialized Technical Committee on Economic Statistics of the Tourism Sector, using references from the Organization for Economic Co-operation and Development (OECD) and the World Tourism Organization (WTO).

In its report, SECTUR stated that the US\$798.5 million investment represented 2.5% of all the foreign investment that was made in the country during last year, which amounts to 31.6 billion dollars.

Since 1999, the first year that this variable was registered, and up to 2018, there has been a flow of FDI in tourism of 20,382 million dollars. This index had a 3.8 percentage share of the total economic expenditure that occurred during that period.

The current government has reported that it would work on the creation of flagship products in the industry, seeking that major companies invest in the manufacturing of their own products.

In this sense, SECTUR also stated that the largest work in the sector will be the Tren Maya railway project, which will require a 150 billion pesos investment, of which 90% will be sought by the private sector and 10% by the government.

The National Fund for Tourism Promotion (FONATUR), the government agency under SECTUR and in charge of the project, highlighted that the plan is for the 15 railways stations to have several tourism products that not only represent high revenues, but also a territorial order.

Some of the investments that were made last year were the continuation of the construction of various hotels, such as the Accor hotel in Mexico City, Paseo de la Reforma, which will have 42 floors, and the hotel complexes of AM Resorts, Zoëtry Chamela Costalegre Mexico and Breathless Playa del Carmen

Resort & Spa, in the Caribbean.

In addition, Grupo Hotelero Santa Fe accommodations were developed by the Krystal and Hilton brands, as well as Grupo Posadas with its Live Aqua, Grand Fiesta Americana and Fiesta Americana accommodations.

Miguel Torruco, Secretary of Tourism, shared his opinion at the last of the three state forums on the Citizen Referendum for the preparation of the National Development Plan 2019–2024 held in Cancun, Quintana Roo, stating that according to data released by the WTO, in 2018, **Mexico went from sixth to seventh place in arrival of foreign visitors due to the recovery of Turkey** after a sharp decline before the social problems the destination experienced. Torruco also mentioned that the official figures of Germany and the United Kingdom remain unknown.

Regarding the development plan, the Secretary stressed that it will not only allow an adequate allocation of public resources to fight delays and inequality gaps but also lay the foundations for the development of sectoral, regional, special and institutional programs.

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