

MEXICAN TOURISM: FOREIGN EXCHANGE EARNINGS BACK TO 2004 LEVELS



Mexican tourism data for 2020 revealed that the decrease in international arrivals was 45.9%, going back to 2013 levels. The slowdown could have been greater if air travel restrictions had been implemented in the country.

2020 was the year of empty beaches and cities over the new health protocols that put hotels, airlines, travel agencies and restaurants in crisis, now struggling without the much-needed government aid.

The COVID-19 pandemic caused Mexico to report record lows, losing 13,548.4 million dollars of tourism revenues and 20,708,690 international arrivals compared to 2019.

With these figures, the Secretary of Tourism Miguel Torruco summed up the effects of the pandemic at the local level. In several interviews, Torruco has said that 85% of international travelers visit only six destinations: Cancun, Mexico City, Playa del Carmen, Los Cabos, Puerto Vallarta and Nuevo Vallarta; which is why a mass diversification strategy is needed so that more locations can benefit from Mexican tourism.

The on-going vaccination process worldwide and the travel restrictions maintained by countries such as the United States and Canada, the main markets of origin for Mexico's tourism, make the light at the end of the tunnel to look far away.

The National Institute of Geography and Statistics (INEGI) reported that last year tourism receipts totaled 11,024.8 million dollars and 24,315,760 international tourists (border tourists and international tourists) visited attractions for leisure or business, which represented falls of 55.1% and 45.9% compared to 2019. Such levels of revenues and international arrivals had not been recorded in Mexico since 2004.

Based on the International Travelers Survey, the average expenditure of tourists fell 18.1% in its annual comparison, going from 496.49 to 406.73 dollars.

"It was a dark year for tourism, as many other economic sectors suffered strong falls over the pandemic. Air travel is the one that contributes the most revenue to the balance of payments (80% of total income) and reported a reduction of 12 dollars on average per tourist in 2020, which has been reflected both in international travel and in the airlines themselves, making it impossible to see an immediate recovery in 2021," wrote Brain Analytics consultancy in its analysis.

The Center for Research and Tourist Competitiveness (CICOTUR) Anáhuac, which closely follows the behavior of the activity, explains that the 2020 statistical report shows the greatest drop in all the variables of international tourism.

Since the Mexican government decided not to restrict air travel, even after the pandemic was made official, the falls were not greater and a slow recovery has been constant.

In December, the high season of winter, foreign currency earnings had a 48.2% growth compared to the previous month, which amounted to 1,269.9 million dollars (since last March, it had not exceeded 1 billion dollars).

April was the hardest month for Mexican tourism, dropping 90.4% in earnings compared to the previous month, and 93.7% compared to April 2019.

In terms of arrivals, last December, Mexico registered 2,627,455 international visitors, 25.7% more than the previous month and the largest increase since September, which was 35.8% compared to August. In April, the fall was 71.9% compared to the previous month and 78.5% in annual comparison.

According to INEGI, "the number of international tourists that entered the country showed a 44.3% decrease. In the case of international tourists, last December there was a decline at an annual rate of 45.4%: tourists who traveled by air decreased 48.9% and those who did so by land decreased 34.6%".

In the cruise industry, where the attractiveness of Cozumel makes Mexico a must-stop destination, the situation is more complicated because from April to date there is still no activity reported. The revenue generated by this industry was just 182.3 million dollars, 70.9% less than in 2019, and the 2,580,370 cruise passengers who arrived on the Mexican coast represented an annual decrease of 71.6%.

As for the nationalities of tourists who entered by air to the country, the American market showed more activity thanks to the attractiveness that Mexico gained as a nearby destination at a time when long-distance travel has been hit the hardest.

The Migration Policy Unit, dependent on the Secretariat for Home Affairs, reported at the end of January that during the past year 7,938,902 international travelers entered the country by air, **which represented a 58.3% fall compared to 2019, of which 64.9% came from the US, a market that fell 51%.**

In the case of Canada, the second market of origin for Mexico, the recovery is slower. Last year, 975,697 Canadian tourists visited the country, meaning a drop of 58.7% compared to 2019. However, in December, when there's usually more activity due to the holidays, there was an 86% drop.

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