

MEXICO'S TOURISM SECTOR RECORDED A SLOWDOWN



The consulting firm Gemes has released a report titled "Evolution of Tourism in 2023.". The report analyzes how the Mexican economy, which showed signs of recovery in 2022 after the impact of the COVID-19 pandemic, experienced a slowdown in 2023. The report highlights the latest figures published by INEGI through the Tourism Satellite Account.

While Mexico's tourism contributed to an 8.5% growth in the country's GDP in the previous year, consolidating its historical importance, 2023 failed to maintain this upward trend.

Mexico's tourism GDP had a promising increase of 13.8% in real terms in 2022. **However, it still hasn't fully recovered from the impact of the pandemic, falling by -0.4% below pre-pandemic levels in 2019.** Even though the consumption of tourism goods and services exceeded 4 billion pesos in 2022, with domestic tourism accounting for 81.9%, this value was still 6.8% lower than that recorded in 2019.

As for the overall economic performance in 2023, the Mexican economy grew by 1.1% in the third quarter compared to the second quarter, marking eight consecutive quarters of growth. Nevertheless, tourism activities showed signs of slowing down, especially in the temporary accommodation and food and beverage preparation sectors.

Mexico's tourism industry experienced a record high in employment during the third quarter of 2023, with 4.8 million direct jobs created. This represents a 4.7% increase compared to the same period in the previous year. However, despite these positive indicators, the sector still faces challenges. For example, some services, such as food and beverage preparation, experienced annual declines in the first two quarters of 2023.

Regarding international tourism, the number of tourists arriving in Mexico until October 2023 has increased by 11% compared to the previous year. However, it still has not reached pre-pandemic levels, as it shows a decrease of -6.5% compared to the same period in 2019. Despite this decrease in tourist arrivals, international visitor revenue has surpassed pre-pandemic levels since 2022, reaching \$24,931 million in the first ten months of 2023.

However, there are significant challenges due to the weakening of visitor flows from key international markets such as the United States, Colombia, the United Kingdom, and Spain. This situation is due to international competition, the appreciation of the peso against the dollar, and the decline in the share of U.S. tourism. According to data from the U.S. National Travel and Tourism Bureau, Mexico lost 4.2 percentage points in the share of U.S. tourists traveling by air in the first nine months of 2023.

In 2023, domestic tourism in Mexico reached pre-pandemic levels, with 52.8 million domestic tourists arriving at hotels. However, despite growing by 6.5% compared to the previous year, the sector still experienced a slowdown.

The data shows that 2023 was challenging for Mexican tourism, reflecting the complexity of the post-pandemic recovery. Although some critical milestones were achieved, the industry faced issues

such as international competition, declining tourist arrivals, and variability in average spending per tourist. These challenges require specific strategies and policies to revitalize the sector in the future.

Date: 2024-01-15

Article link:

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