

MEXICO'S TOURISM SECTOR SHOWS SIGNS OF COOLING OFF



Mexico's tourism sector slowed down in the first three months of the year, reports INEGI. The National Institute of Statistics and Geography revealed that the Tourism Gross Domestic Product (TGP) decreased by 0.8% from the previous quarter. Domestic Tourism Consumption also dropped by 0.7%. The fall was moderate as both indicators reported a slight increase from a year ago – 0.1% for the TGP and 0.2% for domestic tourism consumption.

The drop in the first quarter of the year was led by the services sector, which accounts for the largest tourism GDP fraction. **Tourism GDP of Services dropped by 1.1% from the previous quarter and by 0.1% from last year.** Meanwhile, the Tourism GDP of Goods increased by 0.3% from the previous quarter and by 0.7% from a year ago. It was similar for the consumption side as visitor spending declined by 0.7% from the previous three months in local currency. Inbound tourism dropped by 5.9% at a time when domestic tourism consumption increased by 0.5%.

Using INEGI's numbers, the tourism GDP grew to 112.2 points from 111.5 points in the first quarter of 2025. Domestic Tourism Consumption climbed to 103.9 points from 103.4 points in the same period last year. The domestic tourism component rose by 5.3% on an annual basis and inbound declined by 18.4%.

International Arrivals Continue to Slide at Key Beach Destinations

A similar slowdown can be seen in terms of the number of foreign tourists. Experts highlight that several factors are weighing on visitors interested in Mexico's beach resorts. These include increased competition from other tourist destinations and the ongoing challenges facing the airline industry.

Cancún International Airport, one of Mexico's most important gateways to the Quintana Roo state, saw a 6.5% decrease in the number of foreign tourists in the first nine months of the year. Los Cabos saw a drop of 8.4%, and Puerto Vallarta – a decrease of almost 20%. The decline is not limited to the Quintana Roo destination as other popular beach resorts also face the impact of lower visitor turnout.

The main reason for the weak performance in the first nine months of the year is the war in the Middle East and the surge in oil prices, which pushed up airfares. At the same time, Mexican Caribbean is faced with a reduction in the supply of airline seats. This happened after the bankruptcy of one of the major carriers, Spirit Airlines, and the reduction in the number of flights by other companies, including American Airlines, Delta, and Alaska Airlines.

Industry experts say that the current environment is extremely challenging for beach resorts in Mexico.

Proposed Fee Hike and Thin Promotion Budgets Add Pressure

According to the proposed budget, the Non-Resident Entitlement Fee, which is collected from foreigners who arrive in Mexico and do not engage in any paid activities, will rise by 35%. Currently,

this fee is about US\$50 per person; the proposed adjustment would raise it to around US\$75.

Tourism experts warn that this increases the risk of Mexico losing out on competition with other tourist destinations, which is especially dangerous given the current weakness of the international travel market.

Another factor which might have a negative impact on the development of Mexico's tourism sector is the insufficient allocation of funds for its promotion. Mexico's tourism budget amounts to only about US\$6 million for tourism promotion. By comparison, the Dominican Republic budgets roughly US\$80 million for the current fiscal year, while Spain allocates about US\$100 million, and Turkey - about €250 million. Experts warn that such a policy of "tourist starvation" will cause additional problems for the Mexican tourism sector, given the extremely high level of competition in this area.

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