

Mexican tourism and the free trade agreement

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Tourism is a relatively new phenomenon which developed on an international level after the Second World War. Tourism has played a significant role in Mexico since the 1950's, and it was an important factor in the balance of trade until the end of the 1960's. Income from agricultural exports and tourism bolstered substitutional industrialization by providing funds for machinery and equipment imports.

Tourism has been considered a high-yield activity and is called an "industry without smokestacks", but there is little analysis of its impact on society and culture. Little is known of the changes in attitudes, consumption patterns, psychology or, in general, the values produced in a society by large scale tourism in the towns and areas where tourist services are the main source of income.

Outgoing tourism is also considered significant in Mexico, that is, Mexicans who travel outside the country, most of whom (90%) travel to the United States. In fact, since the 1960's, the balance between outgoing and incoming tourism has tended to

considerably reduce Mexico's tourist earnings.

Except for 1983-1988, when outbound tourism decreased, for every dollar that Mexico received from a visitor between 1970-1981 and from 1989 to the present, 70 cents were spent by Mexican tourists outside the country, particularly on U.S. products and services.

Tourist industry growth has followed the Mexican development model: monopolization, relatively high prices and deficient services, government investment for infrastructure and joint investment for first-class hotel mega-projects (five stars and grand class) through the National Tourism Fund (FONATUR), the National Foreign Trade Bank (BANCOMEXT) and large banks.

Favored are large-scale hotels linked to foreign capital, and magnet tourist areas tend to be virtually isolated with preferred access by air, through interconnections and with tourist packages that generally include all services (meals, tours, sports, etc.). Most of the benefits are for international hotel chains and some high-class domestic chains (four stars and higher).

Small domestic hotels (one, two and three stars) are generally developed without any kind of help and grow as peripheral business organizations, often they are forced to become part of the unregulated or semi-legal economy in order to survive.

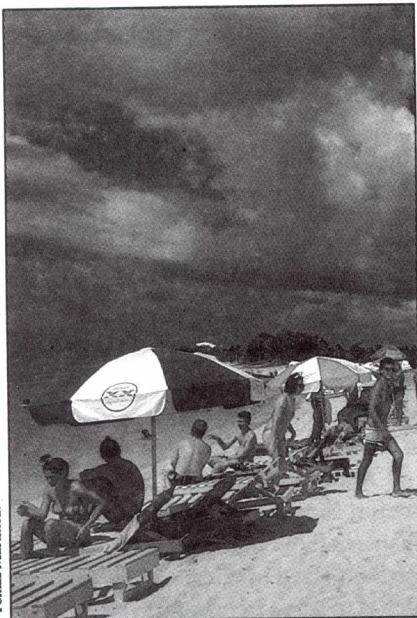
This situation can clearly be seen at the large beach tourist enclaves of Ixtapa, Acapulco, Puerto Vallarta, Mazatlán, Huatulco and Cancún, among others.

Other cities with significant tourist trade on the northern border are Tijuana, Nuevo Laredo, Ciudad Juárez, Reynosa and Matamoros. What is important here, however, is outgoing tourism with massive border crossings in order to work or to purchase products and services in the U. S.

Tourism also plays a major role in the economies of other large and small cities in Mexico like Guadalajara, Guanajuato, San Miguel Allende, Zacatecas, Morelia, Pátzcuaro, Oaxaca,

Mexico needs to revise priorities and redirect funding toward small and medium-size tourist facilities, without hurting the mega-projects which continue to develop the resorts that have traditionally been planned, financed and operated internationally.

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Tomás Martínez.

San Francisco Beach, Cozumel.

Veraacruz, Mérida, Puerto Escondido, Isla Mujeres and Cozumel.

Generally speaking, the impact of domestic tourism is not significantly different from that of foreign tourism. By and large, domestic tourism is mixed into the often similar and many times identical routes and tourist packages used by foreigners. It may be said that to the local inhabitant or worker in a resort area, a visitor or tourist is a foreigner, whether he comes from New York or the Federal District.

Some recent studies, however, show that several cities (Acapulco,

The main players and the risks

There are two well-defined participants in Mexico: first, the government through its agencies such as the Department of Tourism, FONATUR and the various state tourism departments.

Second, international and domestic capital within the hotel industry and, joined or associated with it, the international and domestic airlines.

Small and medium-size travel agency owners are a group within the private domestic sector that operate near the fringe of the large hotel promoters and airlines.

Rarely noticed yet potentially decisive groups are the domestic and foreign consumers and tourist service users themselves.

cities, as well as in Acapulco, Mazatlán and Cancún.

If the negotiating team for the Free Trade Agreement continues to give priority to mega-projects, this model will be reinforced, with undesirable social, cultural and ecological effects. It usually creates notorious local contrasts, with one group participating, and another that is left out and impoverished. Cancún, Huatulco and Acapulco are examples of this social and economic rift.

This has also caused a deterioration of local productive practices, with serious changes in food production and ecosystems. Furthermore, most of the income does not stay in the town or the region, but is "exported" outside the country, or to Mexico City.

“Tourism is a desirable high-yield "clean" industry”

Local and municipal authorities notoriously have no voice in decisions or approval of the large tourist mega-projects that later create a fast-growing demand for urban infrastructure and services (education, health, housing and public transport) among the local population.

Proposals

The trilateral Agreement could provide a magnificent opportunity to reorder and redefine the Mexican tourist industry. Luring a greater number of tourists to domestic one-, two- and three-star hotels would imply a diversification in tourism facilities, and increase the promotion of local attractions and new sites.

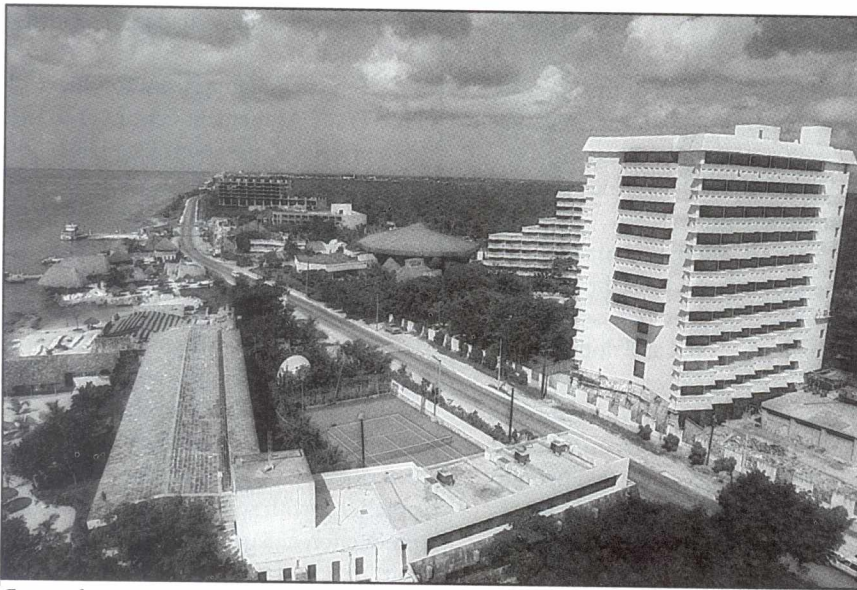
It would be important to reinforce the norms, standards and quality control of tourist services for economy and medium-priced hotels. Such types of establishment should have regulations corresponding to their size and resources, avoiding the requirements and the demands put on large hotel chains.

Changes are required to modernize and adapt tourism legislation to meet present needs of users and providers of services. At the same time, FONATUR should noticeably modify its criteria for granting credit and investment priorities.

“Mexicans spend 70 cents out of every incoming tourist dollar in the U.S.”

Tijuana and Ciudad Juárez) with a heavy tourist traffic have developed certain cultural resistances and a reaffirmation of their identities when confronted by the tourist "invasion". There are instances of social behavior which selects and discriminates between the "values" brought by tourism, and even generates dual or parallel patterns in the local residents.

Local and even state governments are also left out when it comes to obtaining tax funds, since the federal government receives 95 percent of taxes. This phenomenon of concentrating centralism versus local capabilities exists in all of the so-called "development areas". The urban infrastructure and basic services situation is particularly difficult and disturbing in large border



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It would be suitable to promote tourism for the local and foreign middle-class, as well as foster tourism for young people, senior citizens, government employees and business service personnel, among others, without discriminating against or eliminating mega-project resorts. This would create new possibilities for less expensive tourism committed to multiplying benefits for the local Mexican businessmen.

This could present attractive options for potential tourists looking for a more "natural" experience, one of better "interaction" with local people and without interference from the "standardized apparatus" of the large hotel chains.

To this end, specific policies for training personnel, granting credits to improve and rehabilitate installations, creating tax incentives and adequately promoting new sites should be initiated. In addition, centralization must be weakened and regulations reformed in order to yield more tax-collecting power to town and state governments.

On the other hand, Mexico needs to make visits easier for foreign tourists. Beginning in September 1991, Mexico began to grant long-term visas for up

to ten years. To stay in Mexico, tourists from the United States and Canada, including legal residents of both countries, need only present a valid passport, or for United States citizens, any proof of citizenship. In addition, visas good for up to one year are now being granted to businessmen, with multiple exits and entries and with quick and easy renewal.

“Mega-projects for first-class tourism have been favored in Mexico”

These changes, along with policies for assistance and protection to users of tourist services, which eliminate mistreatment or abuses, are key elements for increasing competitiveness and improving the image of Mexican tourism.

Conclusion

Mexican tourism policies now show a tendency to foster and consolidate megaprojects. For example, the Rajamar megaproject begun in the Tijuana, Baja California area in early 1991, will draw tourists from southern California, southwest Arizona and Baja California.

The idea is to connect the tourist zone of Tijuana-Ensenada to the Tijuana-Tecate-Mexicali-Rosarito-San Felipe-Ensenada loop, appealing to 500,000 golfers and 8,000 yacht owners. This megaproject requires a 1.67 billion dollar investment and the creation of 64,000 jobs.

Lobbyists for the Mexican Association of Hotels and Motels are pressuring for the authorization to operate casinos and gaming rooms in Mexican hotel complexes, particularly in beach tourist areas.

Another recent trend is the interest shown by some U.S. hotel chains in three star hotel ventures in medium-sized Mexican cities. The idea is to serve frequent travelers, such as salespeople, business representatives, business and government middle management, and others. For example, the Holiday Inn chain has begun "Holiday Inn Express" projects in several medium-sized Mexican cities.

According to the U.S. Tourist Office in Monterrey, N. L., the first two years after signing the North

American Free Trade Agreement will bring a ten percent increase in tourism between Mexico and the U.S. An increase of fifteen to twenty percent is expected later.

According to the director of that office, the main deterrents to increased tourist traffic are: unsafe Mexican highways and infrastructure that fall short of providing comfortable travel by car and camping for U.S. tourists.

In summary, if officials concentrate only on megaprojects and tourists who come to Mexico by air, the multiplier effects of millions of potential visitors in diverse regions of the country will be lost ❖