

A question of priorities

INTERVIEW WITH RODOLFO ELIZONDO TORRES

SECRETARY OF TOURISM, UNITED MEXICAN STATES



RODOLFO ELIZONDO holds a BA in Administration from the Technological Institute of Superior Studies in Monterrey. In addition to his career in the private sector, Mr Elizondo has participated actively in politics for the past 20 years. As a member of the National Action Party (PAN), he has been Secretary for International Affairs, a member of the National Executive Committee and president of the State Directive Committee in Durango. He was Political Coordinator of the successful election campaign of President Vicente Fox and Spokesperson for the Presidency of the Republic from January 2002-03, following which he was appointed Secretary of Tourism. He was re-appointed to the same post by President Felipe Calderón in December 2006.

What is the current contribution of the tourism sector to the Mexican economy?

The tourism sector accounts for around 8 per cent of Mexico's Gross National Product (GNP), a position it has occupied for the past decade, although this figure understates its true value to the economy in terms of employment generation and other factors. The sector currently provides almost two million direct jobs for Mexican workers, and has a significant impact on other economic activities such as construction, textiles, agriculture and manufacturing.

Tourism is the country's third largest source of foreign currency, after oil exports and remittances from expatriate Mexicans, generating US\$11.8 billion in 2005. Furthermore, the sector's contribution to the country's balance of payments has registered sustained surpluses over the past decade (reaching US\$4.2 billion in 2005), making it an important source of compensation for Mexico's trade deficit with the rest of the world.

The tourism sector is also a major generator of direct investment in the Mexican economy. In 2006, the private sector invested approximately US\$3.1 billion in tourism, of which 74.1 per cent came from Mexican investors and 30 per cent from overseas.

The Ministry of Tourism (SECTUR) recently completed its first six-year National Tourism Plan. How successful has this been in achieving its stated objectives?

Leaving to one side the substantial decrease we have suffered in tourism this year, which has been the result of a series of factors from natural phenomena to events of a political nature, I would say we have been largely successful in meeting our goals.

In the last five years, Mexico's tourism sector has outperformed that of the rest of the world, posting growth rates of between six and seven per cent, compared to the global average of 4.5 per cent. Mexico is now ranked 7th in the world in terms of international visitors, with a 14 per cent share of the global travel and tourism market, and is expected to become the world's second fastest growing tourism destination by 2013.

It is no secret that tourism in Mexico was affected negatively in 2006 by problems such as Hurricane Wilma, which hit the Mayan Riviera in Yucatán, and Cancún in particular, very hard, although we have seen

a strong recovery there in the last months of 2006. Other negative impacts included the political events in Mexico City in the aftermath of the elections, the security problems we saw in Michoacán and Guerrero and the unrest in Oaxaca, so it has been a challenging environment, to put it mildly.

I feel confident, however, that the new administration will be able to put the difficulties of 2006 behind us and get back to the 6 per cent growth rates we saw previously, with the goal of reaching 10 per cent annual growth by 2012. I think that the measures which President Calderón is adopting, particularly in terms of bringing law and order to the country, will make a significant contribution in this respect.

As the only cabinet Secretary from the Fox government to be re-appointed to the new administration, what will your priorities be for your second term in the post?

My re-appointment to the position by President Calderón gives me the opportunity to develop a much broader vision than the one I had when I first assumed the responsibility given to me by President Fox. I now have a much clearer vision of the needs of our country in terms of tourism and a better understanding of the different things that need to be done in order to truly realise the country's tourism potential, and that involves developing the sector in a much more orderly fashion than has previously been the case. Of course President Calderón intends to create well-paid, skilled jobs in tourism, but equally importantly, his intention is to spur greater investment and responsible development in the sector.

One of the biggest challenges facing the new administration is balancing the development of 'sun and beach' tourism with that of cultural and historical tourism in the interior of the country, which is our biggest comparative advantage vis-à-vis our competition, at least among the other Caribbean countries. Mexico offers an enormous variety and diversity of tourism products, and that undoubtedly make us more competitive than our neighbours in the region. We need to focus on this more strongly in the future.

We are also working together with the legislative authorities on a law that will help to regulate and control the development of the tourism sector in Mexico, with the consensus of the states, the municipalities, local

deputies, federal deputies and senators. By involving all these different stakeholders we hope to make it a solid piece of legislation that will enable the country to develop its tourism sector, whilst carefully managing the ecological impact of that development on the most sensitive sites, of which there are many. We also intend to have a more active participation in matters of security in our country.

What changes will you be introducing to the country's promotion strategy?

Firstly, we intend to put greater effort and resources into market intelligence in our countries of origin, in order to enable us to be much more effective and efficient in determining the requirements of our target customers. Obviously we want them to keep coming, but we want more travellers than tourists; we want people to stay here for longer, and to spend more money. We have nothing against the short-term tourists who come here for three-four days, and we will continue to offer the services they require, but our intention is to go beyond that, to be more competitive and to improve the quality of tourism and tourist services in our country.

Improved market intelligence will also enable us to plan better the long-term development of our tourism industry, to ensure that our precious ecological and cultural heritage is not jeopardised by ill-thought out or reckless development. We shouldn't build new developments if we don't know who we're building them for, so we need to take a 25-30 year view of market trends and plan accordingly.

As I said before, we are fortunate to have practically the whole range of products that a tourist might want here in Mexico, from golf tourism to adventure tourism, eco-tourism and cultural tourism, not to mention world-class premium resorts and, of course, sun and beaches. What we want is to segment the markets more clearly so that we do not waste our attention on markets that ultimately are too competitive and will not be profitable for us.

We also want to seek out new markets. We now have direct flights between Tokyo's Narita airport and Mexico, which we hope will enable us to open the door to the Asian market, with Japan as our testing ground, and thereafter markets such as China, Hong Kong and Korea. It's very important for us to establish a foothold in this key market in order for us to expand in that part of the world in the future.

How do you intend to secure greater funding for the tourism sector with so many other priorities facing the government?

If SECTUR is given a 50 per cent increase in its budget it will not have any discernable effect upon the amounts received by the other government

departments because our share of the overall federal budget is such a small one.

The Chamber of Deputies recently voted to increase our budget by 37 per cent – approximately US\$50 million – which is small compared to say, transport or education, but it means a great deal to us. Of this, the government proposes to allocate 20 per cent to the Mexico Tourism Board, which will also in future receive 50 per cent of the money received from visitors' visa fees, with the remainder going to the National Institute of Migration. So, in total, we will have US\$70 million more in the budget, with approximately US\$20 million of this increase going to support the Mexico Tourism Board much more energetically.

Whilst this increase in funding is certainly to be welcomed, it is not the most important thing from our point of view. Our job depends on the government working in tandem; in other words, it depends on the Ministry of Transport and Communications, it depends on the Ministry of Environment and Natural Resources (SEMARNAT), it depends on the Ministry of Foreign Affairs and it depends on the Ministry of the Interior in matters of immigration. What is most important is the will and the readiness and the understanding of the government, and of the President himself, so that the institutions in the sector – such as the Mexico Tourism Board, FONATUR and SECTUR – are able to support tourism together.

We don't need large amounts of money; what we need is the will and determination to do things, and I think we're moving ahead on that front. There is even a cabinet being formed at Los Pinos (the Office of the President) entitled 'Infrastructure and Tourism', which speaks of a vocation, a readiness and a will far greater than that of the last six-year period, and this marks a crucial difference. F

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Pyramid of the Niches, El Tajín, Veracruz state (Toltec civilisation, 300-1200 AD)

