



Private Investment in Mexico's Tourism Sector Booming

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Sectur expects year-end total to surpass US\$12 billion

PR9.NET July 31, 2006 - Mexico City, Mexico - Exceeding US\$11.6 billion, private investment in Mexico's tourism sector has already surpassed federal goals for the 2001 to 2006 period by 29 percent, reports Sectur in its latest comprehensive study on the subject. Domestic and foreign private investment reached the original US\$9 billion goal in June 2005, after increasing at least 12 percent annually since 2002.

The report also shows that interest in Mexico's famous beaches remains high, with the sun and beach segment outpacing all other tourism products by garnering 48 percent of private investment. Three coastal states also ranked in the top three in amount of private investment received: Guerrero State (US\$2.63 billion), Quintana Roo State (US\$2.47 billion) and Nayarit State (US\$92.5 million) captured almost 52 percent of the total amount invested between 2001 and 2006.

Approximately 89 percent of private investment in Guerrero went to tried-and-true beach resort Acapulco on the Pacific Ocean, whereas 82 percent of the private investment Quintana Roo received was channeled to the Mexican Caribbean hot spots Cancun and Riviera Maya. More than 60 percent of Nayarit's private investment went to the Pacific resort town of Nuevo Vallarta.

Rounding out the top Mexican five states receiving the highest amount of public investment are border states of Baja California (US\$86.3 million) and Sonora (US\$78.4 million). Together, the states on the U.S./Mexico border, which also include Chihuahua, Coahuila, Nuevo Leon and Tamaulipas, received 19 percent of private investment in Mexico, ranking the region second overall.

Among the northern region's major tourism attractions are Copper Canyon in Chihuahua; the La Quemada archaeological sites in Zacatecas; the bustling city of Monterrey in Nuevo Leon and 200,000-acre Cuatro Ciénegas Valley in Coahuila. International sources account for 25 percent of all private investment, with the United States as the top foreign investor in Mexico's tourism infrastructure.

Mexico has long been taking strategic steps to stimulate tourism and attract private investors through its National Trust Fund for Tourism Development, Fonatur. This government agency is responsible for conceiving, planning and building five sea-side tourism destinations – Cancun, Los Cabos, Ixtapa, Loreto and the Bays of Huatulco – since its 1974 inception.

These resorts areas generate 54 percent of foreign revenue entering the country from tourism and benefit from a master plan, urban-resort planning mechanisms, and annual construction programs and enforcement.

Because fomenting international tourism is a national priority for Mexico, the country's regulatory framework legally protects foreign investors. Mexico allows foreign investors to have ownership in the majority of economic fields and activities, including real estate, allowing 100 percent participation in shared capital. Investors are also offered a profitability guarantee and investment security through Fonatur.

In addition to the ease of investing in Mexico, investors are also attracted by the security of investing in a proven destination: Mexico is the world's seventh most-visited country and ranks 12th in terms of foreign revenue earnings from tourism; in both categories, it is the leader in Latin America.

Fonatur's efforts have been recognized by industry organizations such as the Live in Spain association, which honored the agency with its development and promotion of residential tourism award during the 2006 edition of the Madrid Real Estate Exhibition.

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About Mexico Tourism Board

The Mexico Tourism Board (MTB) brings together the resources of federal and state governments, municipalities and private companies to promote Mexico's tourism attractions and destinations internationally. Created in 1999, the MTB is Mexico's tourism promotion agency, and its participants include members of both the private and public sectors. The MTB has offices throughout North America, Europe, Asia and Latin America.

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