

1. BACKGROUND

Mexico is a country with close to 7,000 miles of coastlines, important archaeological sites, a great variety of museums, recreational sport centers and vacation resorts. The Mexican Government considers tourism one of its highest priorities since it creates a large number of jobs and generates foreign income in excess of \$2.5 billion dollars annually, making it the second most valuable earner of foreign exchange.

Mexico had its first tourism surplus in 1945. Between 1946 and 1952 Mexico's tourism infrastructure grew to become one of the world's most important, through the development of roads, airports, new air routes to the U.S. and within the country, and through financial support to build hotels and restaurants. Major efforts were made to make Acapulco a competitive tourism resort. As early as in 1954, some of the most prominent resorts were identified, such as the Caribbean and the coasts of Jalisco, although it was to be many years later that these were to be developed. The first tourism plan was proposed in 1962 in order to promote a nationwide orderly development of the industry. Between 1966 and 1968, tourism was planned more thoroughly, identifying the potential areas of the Caribbean, Ixtapa, Los Cabos, Loreto and Huatulco for their gradual development.

The Tourism Infrastructure Promotion Fund INFRATUR (Fondo de Promoción de Infraestructura Turística) was created in 1969 to develop new tourism destinations. The National Trust Fund for Tourism Development (FONATUR) was created in 1973, and in 1974 the Tourism department was transformed into the Secretariat for Tourism (SECTUR). New tourism destinations began to flourish, such as the Caribbean (Cancún, Cozumel and Isla Mujeres), the Pacific coast (Ixtapa-Zihuatanejo and Manzanillo) and Baja California (Cabo San Lucas, San José del Cabo and La Paz) and the Acapulco convention center was built in 1973. A series of trusteeships were created to develop and build in certain areas, such as the states of Guerrero (Acapulco and Zihuatanejo), Nayarit (Bahía de Banderas), Jalisco (Puerto Vallarta), Quintana Roo (Xel-Ha and the Caribbean), Morelos (Tequesquitengo), Oaxaca (Puerto Escondido) and Baja California (La Paz and Cabo San Lucas).

However, it was not until 1979 that a series of efforts were made to reorganize the official tourism sector around the Federal Tourism Law, which properly regulated matters related to tourism areas, demand and supply, and which properly defined the functions of FONATUR. The National Tourism Plan came into effect, which defined the objectives and short and long term targets regarding tourism on a national and regional basis. In 1986, the extraordinary tourism resort of Cancún was created from a small fisherman's village and the basis was set for a similar development in Huatulco, on the coasts of Oaxaca. Tourism is now Mexico's top dollar earner after oil and is a huge revenue-generating industry that constantly grows larger. Over six